

General Secretariat of the Council  
of the European Union

**FORTY-SECOND  
REVIEW  
OF THE COUNCIL'S WORK**

**The Secretary-General's Report**

1 January — 31 December 1994





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# Introduction

*The year 1994 was a year of transition in which, against the background of the Union's enlargement with the accession of three new Member States, the Council under its successive Greek and German Presidencies worked hard in every area to implement the changeover from Community to Union, consolidate the acquis and prepare for the next stages of European construction*

*The Council's first task in implementing the new Treaty, which entered into force on 1 November 1993, was to apply as fully as possible the new provisions strengthening the Union's democratic legitimacy, whether in the form of the co-decision procedure, which involves the European Parliament directly in the legislative process, the principle of subsidiarity, which ensures that, in achieving the Community's objectives, decisions are taken at the most appropriate level, or the various political and cultural dimensions of citizenship. In all these areas, the Council, often liaising closely with the European Parliament, strove to give practical and operational content to the ambitions set out in the Treaty on European Union and to put into practice the guidelines on transparency formulated in particular in the conclusions of the Birmingham, Edinburgh and Copenhagen European Councils.*

*The same determination was manifest in the area of foreign policy, which saw the gradual introduction of the common foreign and security policy (CFSP), with methodological discussion on CFSP structures and instruments continuing side by side with the development of concrete political action on the ground through the adoption of a number of joint actions and common positions on issues vital for stability and peace. Similar efforts were deployed to achieve the objectives of the Treaty on European Union in the fields of justice and home affairs but with, as yet, mixed results.*

*As well as realizing the institutional and political advances of Maastricht, the Council, in collaboration with the other institutions, was engaged in actively developing the Community's traditional policies, giving priority to implementing the programme on growth, competitiveness and employment adopted in Brussels in December 1993 on the basis of the Commission White Paper. The three priority action areas of the programme's strategy, i.e. the reform of labour systems to combat unemployment effectively, a major ongoing concern, the effective launch of the trans-European networks, and mastering the information society, were extended and amplified by the Corfu and subsequently the Essen European Councils. At the same time the Council looked to ensure the smooth functioning of the internal market, extending its principles to new sectors such as energy and telecommunications and generally furthering the drive to adapt sectoral policies to the Union's new economic and social reality.*

*While busy dealing with the implications of the Community's recent transformation and striving to meet current internal and external challenges, the Council has been preparing for the next stages of European integration:*

- (i) the imminent accession (on 1 January 1995) of Austria, Finland and Sweden, which, with observer status in Council bodies, were already conversant with the Union's policies and procedures;*
- (ii) as a later stage, enlargement incorporating the countries of Central and Eastern Europe, Cyprus and Malta;*
- (iii) the new and decisive institutional stage: the 1996 Intergovernmental Conference on the revision of the Treaties, for which the terms of reference and certain preparatory arrangements (Reflection Group and reports by the institutions) were detailed by the Corfu European Council and confirmed by the European Council in Essen.*

\*  
\* \*

*To conclude, we should mention that in the course of the 92 meetings held in 1994, the Council, acting either on its own or with another Institution, adopted 299 Regulations, 161 Decisions and 49 Directives. These have been published in the Official Journal for the year.*

# **Part I — Summary**



# 1. Institutional questions

In the institutional area, 1994 was a year of transition which included both the implementation of the innovations arising from the Treaty on European Union (which came into force on 1 November 1993) and the start of preparations for its revision as part of the Intergovernmental Conference (IGC) in 1996.

On 24 and 25 June, the European Council in Corfu initiated the process for the preparation of the 1996 IGC by requesting each institution to prepare a report on the operation of the Treaty on the Union as a contribution to the proceedings of the think-tank it had set up. The think-tank will meet for the first time in June 1995 and its task will be to prepare for the Intergovernmental Conference.

The fourth legislature of the European Parliament elected by direct universal suffrage opened on 19 July with its inaugural session in Strasbourg following the elections which were held between 9 and 12 June. The Decision of 1 February of the Representatives of the Governments of the Member States increasing and amending the distribution of seats in the Parliament to take account of German unification applied to those elections, bringing to 567 (instead of 518) the number of members in the new Parliament. Following enlargement, that number was raised to 626 (Austria: 21, Finland: 16, Sweden: 22).

For the first time also, thus giving effect to one of the new provisions of the Treaty which established citizenship of the Union, Community nationals residing in a Member State other than their State of origin could stand for election and vote in the European elections in their State of residence.

Arrangements for the exercise of the same right to vote and to stand as a candidate but in municipal elections were also adopted by the Council on 19 December for transposition before 1 January 1996.

A feature of interinstitutional relations was the negotiations on the setting-up of temporary committees of inquiry by the European Parliament which had to be determined by common accord of the European Parliament, the Council and the Commission.

The co-decision procedure led the Parliament to return to the problem of the procedure for the exercise of implementing powers of Community acts (what is known as committee procedure) and the delegation of such power.

These negotiations were concluded at an Interinstitutional Conference on 20 December when the European Parliament, the Council and the Commission reached an agreement on the draft Decision on the procedure for the exercise of the right of inquiry of the European Parliament and a *modus vivendi* on the committee procedure. This allows for a certain involvement of the European Parliament in the matter, pending a review of the procedure at the Intergovernmental Conference in 1996.

On the subject of law-making in general, the European Parliament was consulted by the Council or associated with it in connection with 153 legislative proposals affecting all areas of Union activity.

The coming-into-force of the Maastricht Treaty meant the implementation of the Article 189b procedure of the EC Treaty (known as the co-decision procedure), which applies to the following areas: free movement of workers, the right of establishment, the approximation of laws in the setting-up of the internal market, education, culture, health, consumer protection, trans-European networks and research.

The novelty of this procedure lies in the fact that it introduces, in the form of a conciliation committee, a structured dialogue between the two institutions with the involvement of the Commission where the Council is unable to accept all the amendments proposed by the Parliament at second reading.

At the Interinstitutional Conference on 25 October 1993, in Luxembourg, the institutions in question reached agreement on the operational procedure for the proceedings of the Conciliation Committee laid down in Article 189b.

In the period under review, 23 legislative acts were adopted by the European Parliament and the Council according to the procedure under Article 189b of the EC Treaty. Of these, eight acts were referred to the conciliation procedure. The Conciliation Committee held 12 meetings in all, and there was a total of 19 sittings.

There was only one proposal for a Directive of the European Parliament and the Council referred to the conciliation procedure, that on the application of the principles of open network provision (ONP) to voice telephony, which was unsuccessful. The Conciliation Committee could not reach agreement on a joint text and the European Parliament rejected the Council's common position within the prescribed time.

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 replied to 238 questions at Question Time and 35 oral questions with debate. In addition, the Council replied to 175 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 every major event in the life of the Community or in connection with Titles V (CFSP) and VI (JHA) of the Treaty on European Union. The beginning and end of the Greek and German Presidencies and the three meetings of the European Council were the occasion for general policy debates, during which the Presidency presented the Council's views and heard the Parliament's opinion on the main issues of the time.

Ministers representing the Council appeared before European Parliament committees or attended meetings with Parliament delegations on more than 60 occasions. The custom whereby the Presidents of the three institutions meet in Strasbourg was strengthened, enabling them to discuss questions 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 Councils in Corfu, Brussels and Essen. This was an opportunity for the Heads of State or Government to exchange views with the President of the European Parliament and to gain insight into its positions, which could be applied in discussions.

Another important event was the introduction of the procedure for the appointment of the Commission which assumes its functions in January 1995 until the end of the term of office of the European Parliament, i.e. five years, in accordance with the new wording of Article 158 of the EC Treaty. On 20 July 1994, the European Parliament delivered a favourable opinion on the nomination of Mr Santer as the person the Governments of the Member States intended to appoint as President of the Commission. By 1 November, the Member States had nominated the other people they intended to appoint by common accord as members of the Commission. The European Parliament had then to give its approval by a vote on the whole college in January 1995.

On 26 July, the Conference of the Representatives of the Governments of the Member States appointed the Judges and Advocates-General in the partial replacement of the membership of the Court of Justice for the period from 7 October 1994 to 6 October 2000.

The Council appointed the members of the Economic and Social Committee for the period to 21 September 1998. The inaugural meeting of the new Committee was held in Brussels from 18 to 20 October 1994. The Council spoke at this meeting of the importance it attaches to the Committee's opinions and views.

The Council forwarded to the Committee 91 requests for opinions and took due account of the opinions it received when adopting the legislative acts in question.

The President of the Council took part in two plenary sessions of the Economic and Social Committee.

In 1994, the Council took the decisions laid down in the Treaty on European Union whereby a new organ of the Union, the Committee of the Regions, could be established. The Committee is an advisory body to the Council and the Commission consisting of representatives of regional and local bodies.

On 26 January 1994, the Council appointed 189 members and the same number of alternate members on a proposal from the respective Member States. On 25 May it adopted the rules of procedure of the Committee of the Regions on the basis of a text prepared by the Committee. On 30 August, the Council took the decision appointing the Secretary-General of the Committee on a proposal from the Bureau of the Committee as laid down in the Committee's rules of procedure.

The inaugural meeting of the Committee was held in Brussels on 9 and 10 March 1994. The Committee was assisted by the Economic and Social Committee secretariat in the organization of the early meetings.

The President-in-Office of the Council addressed the inaugural meeting of the Committee; he welcomed the establishment of this body, which would bring the Union closer to its citizens.

The Council forwarded 20 or so requests for opinions to the Committee. The opinions delivered by the Committee of the Regions received the Council's particular attention. The Committee, which has thus become part of the Union's legislative procedure, has repeatedly expressed its desire to give political opinions which would reflect the regional and local interests of the Union.

On 28 November 1994, the Council adopted a Regulation (EC) setting up a Translation Centre for bodies of the European Union; the Centre is located in Luxembourg within the translation departments of the European Commission.

In the period under review, the Working Party on General Affairs held 15 meetings, at which it prepared Permanent Representatives Committee and Council discussions on various aspects of the Council's relations with the other institutions.

In 1994, the Council was involved in 20 cases before the Court of Justice.

Thirteen cases were brought under Article 173 of the EC Treaty. Six cases concerned proceedings brought by Member States for the annulment of Council acts. The European Parliament instituted three sets of proceedings for annulment against the Council. The Commission twice brought such proceedings against the Council. Two appeals were introduced by legal persons.

The Council also intervened in six cases concerning requests for preliminary rulings from national courts under Article 177 of the EC Treaty, in order to defend the validity of one of its acts.

In addition, an appeal was brought against a judgment in one case involving the Council.

Under Decision 93/351/Euratom, ECSC, EEC of 8 June 1993 the Council transferred to the Court of First Instance the jurisdiction to hear all actions brought by natural or legal persons.

However, the Council decided to defer the entry into force of its Decision in respect of measures to protect trade in the case of dumping and subsidies under the ECSC and EEC Treaties.

Following a reform of the rules governing the decision-making procedures in the area of the protection of trade, the Council set 15 March 1994 as the date for entry into force of this part of its Decision.

On 11 May, in agreement with the Court of Justice, the Court of First Instance forwarded to the Council draft amendments to the Court of First Instance rules of procedure, changes made necessary by the extension of its jurisdiction. The Council approved the amendments on 27 July 1994 and the Court amended its rules of procedure accordingly on 15 September 1994.

In 1994, the Council was involved in 194 cases before the Court of First Instance.

Of these cases, 164 concerned actions brought by natural or legal persons under the second paragraph of Article 215 in conjunction with Article 178 of the EC Treaty for damages attributable to action by the Council, notably as a result of the entry into force of the additional milk levy arrangements.

Twenty-five actions were brought by natural or legal persons under Article 173 of the EC Treaty for the annulment of a Council act. The Council intervened in five actions brought by natural or legal persons for the annulment of a Commission act.

On 28 July 1994, the United Nations General Assembly adopted, with 121 votes for, none against and seven abstentions, the Resolution adopting the Agreement relating to the implementation of Part XI of the United Nations Convention on the Law of the Sea, which included provisions interpreting and supplementing those of the United Nations Convention on the Law of the Sea.

The Agreement has entered into force provisionally for Belgium, France, Italy, Luxembourg, the Netherlands, the United Kingdom and the European Community. Germany is implementing the Agreement as a ratifying State.

## 2. Internal market

The Internal Market Council, which held three meetings in 1994 (on 10 March, 16 June and 8 December), devoted particular attention to the management of the single market and to measures to ensure that it runs smoothly. Applying the co-decision procedure with the European Parliament for the first time, it also adopted a number of measures to strengthen and extend Community legislation.

### Management and reinforcement of the internal market

In the light of the Commission's strategic programme 'Making the most of the internal market' presented in December 1993, the Internal Market Council in particular:

- examined at each meeting the progress made in transposing Community internal market directives into national law;
- at its 16 June meeting adopted a resolution on the development of administrative cooperation in the implementation of Community legislation, which established contact points in national administrations to cover the key areas of the internal market;
- reviewed information policy, including the organization of 'internal market weeks'.

The Council considered, in particular, measures designed to prevent the creation of technical barriers to trade and to enhance the transparency of national technical regulations and their application. Thus, in March 1994, it adopted an amendment to Directive 83/189/EEC, extending the notification requirement to *de facto* technical regulations such as voluntary agreements to which public authorities are parties and to technical specifications linked to fiscal measures affecting the consumption of a product.

The Council also examined a proposal for a Decision establishing a procedure for the exchange of information on national measures derogating from the principle of the free movement of goods within the Community.

### Legislative activities

#### *Checks on goods — Customs Union*

The Council's work in this area during 1994 was focused on strengthening checks at the European Union's external borders. The Council devoted particular attention to two proposals for Regulations, the one designed to prohibit the release for free circulation, export and transit of counterfeit goods, the other to strengthen cooperation between the

Member States' administrative authorities and between those authorities and the Commission to ensure the correct application of the law on customs and agricultural matters.

### ***Harmonization of legislation***

The Council continued its efforts on completing the harmonization of Community legislation in key industrial sectors.

The Council adopted two Directives in the motor-vehicle sector. On 22 March it adopted a Directive imposing, from September 1994, a further swingeing cut in the limit values for pollutant emissions from motor vehicles. The Directive also requires the Commission, as part of a global approach, to submit a proposal for another substantial reduction in emissions by the year 2000.

The second Directive, adopted on 16 May, introduces harmonized requirements for the coupling devices of motor vehicles and their trailers. This, too, will make a significant contribution to the drive for a cleaner environment: by making vehicles interchangeable, unladen journeys by heavy lorries will be avoided.

On 8 December, the Council adopted a common position on a proposal for a Directive aimed at improving safety on buses and coaches by laying down requirements for the flammability of materials used in constructing the interior of such vehicles.

In 1994, the Council continued with its examination of a number of Directives, which, once adopted, will provide an approval procedure for two- and three-wheel motor vehicles.

Directives adopted in other industrial sectors included:

- (i) the Directive on equipment and protective systems intended for use in potentially explosive atmospheres, adopted by the Council at its meeting on 10 March. This applies, in particular, to equipment intended for use in the underground parts of mines and to the surface parts of their installations and covers hazards from both electrical and non-electrical sources;
- (ii) the Directive relating to the labelling of the materials used in the main components of footwear for sale to the consumer. This Directive, adopted by the Council on 21 March, is designed to ensure the free movement of footwear in the Community and to provide the consumer with reliable information through a simple but effective labelling system;
- (iii) the Directive on recreational craft, adopted by the Council on 6 June. This applies to recreational craft between 2.5 and 24 metres in length and lays down the essential safety requirements which such craft must meet.

### ***Financial area***

In 1994, the Council continued its work on completing the Community financial area, focusing on ensuring that depositaries and investors are adequately protected. On 16 May, it adopted a Directive on deposit-guarantee schemes. This Directive introduces a

minimum number of rules, harmonized throughout the Community, in order to protect depositors in the event of a credit institution failing and to prevent sudden withdrawals of funds that could affect the stability of the banking system. The Directive requires, in principle, all credit institutions to belong to a guarantee scheme and that, should a credit institution fail, deposits must be repaid up to a minimum standard amount which as a general rule is set at ECU 20 000.

The Council also made certain changes to the *acquis communautaire* in this area, adopting, on 16 May, a Directive which simplifies certain procedures for the listing particulars to be published for the admission of securities to official stock-exchange listing. On 6 June, it adopted a common position on a Directive reinforcing prudential supervision in the field of financial services following a number of cases of fraud, notably the BCCI affair.

## **Intellectual property**

At its meeting on 7 February, the Council adopted its common position on the proposal for a Directive on the legal protection of biotechnological inventions, a Directive designed to harmonize the requirements for granting patents for such inventions.

On 19 September, the Council, unable to approve the amendments voted by the European Parliament at second reading, decided to invoke the conciliation procedure. An initial meeting of the Conciliation Committee was held on 28 November. A joint text adopted by the Committee in January 1995 was not approved by the Parliament in plenary session, with the result that the Directive was not adopted.

## **Data protection**

Council bodies examined in detail the provisions of the proposed Directive on the protection of individuals with regard to the processing of personal data and on the free movement of such data. A very wide measure of agreement was reached by the Council in late December 1994. The common position was adopted in February 1995.

The aim of this Directive is to facilitate the free movement of data within the European Union, while at the same time ensuring a high level of protection for individuals with regard to the processing of personal data.

### **3. Fiscal harmonization**

During 1994, the Council concentrated first on making necessary improvements to the proper functioning of transitional VAT arrangements and the new system of excise duties which had been in place since 1 January 1993. In all these areas, simple solutions had to be found to satisfy both economic operators and tax authorities.

In the field of VAT this involved the fiscal approach to chain transactions and the supply of services in transport and ancillary services linked with intra-Community transport of goods. Community legislation was found to be necessary to clarify and simplify the movement and monitoring system in the excise duties arrangements.

In 1994, it was also necessary to define the basis for the definitive VAT system due to enter into force on 1 January 1997.

To this end, on 25 October, the Council adopted conclusions on the essential criteria for the introduction of a definitive VAT system. These criteria would mean fewer administrative obligations for business and administration and a fundamental simplification of taxation, no diminution of Member States' revenue from turnover tax, no increase in the risk of tax fraud and the preservation of the neutral effect of VAT on competition.

Moreover, on 22 December the Council adopted transitional measures applicable to VAT and travellers' allowances in the framework of the accession of Austria, Finland and Sweden.

In the field of direct taxation the Council continued throughout the reference period to discuss the taxation of savings.

Finally, it should be noted that the Essen European Council took note of the Commission's intention of submitting guidelines for the tax on CO<sub>2</sub> emissions and energy to enable each Member State wishing to apply such a tax to do so on the basis of common parameters. The Economic and Financial Questions Council was invited to study these parameters.

## 4. Export credits

The Council continued to discuss export credits. It contributed, *inter alia*, to the discussions of the participants in the arrangement on export credits (most of the OECD countries). In 1994 these discussions culminated in an agreement on further improvements in discipline in this area.

At the Community level, discussions continued on the prevention of distortions in competition by means of a system of mutual consultation.

In addition, the Commission submitted to the Council a proposal for a Directive to encourage harmonization of the Member States' conditions for medium- and long-term credits.



## **5. Progress towards economic and monetary union**

### **The economic situation and convergence**

The year was marked by the beginnings of an economic recovery which now seems to have faded; Community GDP growth was estimated at 2.6%. Increased price stability was another salient aspect of economic trends in 1994. Annual inflation fell to its lowest level for seven years (approximately 3%).

Moreover, under the combined impact of cyclical influences, lower borrowing costs and efforts towards budgetary consolidation, the total government deficit in the Community began to decline from the high point it reached in 1992. This favourable change was nevertheless insufficient to stabilize the level of government debt against GDP, which was expected to exceed 70%.

Community currency exchange rates continued to follow the same trends as they have since the European monetary system's crisis of two years ago. The strong currencies continued to appreciate, nominally and in real terms, while the Italian lira and the pound sterling, which left the EMS, weakened. Altogether, European currencies appreciated significantly against the United States dollar and this helped to worsen the Community's competitive position in comparison with other industrialized countries. Nevertheless, these developments did not prevent the creation of a significant Community trade surplus in 1994.

The continuing weakness of the United States dollar and the risk of a rise in long-term interest rates were the two most important factors likely to slow down the economic recovery essential to a reduction in unemployment. Unemployment reached a peak of 11% in the spring of 1994 and towards the end of the year seemed to begin a sharper decline than had been expected.

### **Economic policy**

The Ministers for Finance of the Member States meeting within the Council continued to monitor economic trends in the Community throughout 1994 and to formulate policies aimed both at achieving economic and monetary union and at relaunching growth and employment in Europe.

The year 1994 was the first year of the second stage of economic and monetary union. The Council therefore implemented new measures under the provisions of the Treaty on European Union in the field of economic policy.

### ***Broad guidelines of the economic policies of the Member States and of the Community***

On 11 July 1994, the Council adopted the recommendation on the broad guidelines of the economic policies of the Member States and of the Community, thus creating the necessary reference framework for national economic policies in time for the preparation of the 1995 budgets of most of the Member States.

These guidelines confirmed the medium-term strategy outlined by the Council in December 1993. The aim was to bring the Community's economy back to a path of stronger, durable and more employment-creating growth. They also reaffirmed the Community's commitment to the process of achieving EMU and to the timetable as defined in the Treaty on European Union. The main guidelines that emerged from the 1994 Council recommendation were price and exchange rate stability, the consolidation of government finances, a significant increase in the proportion of investment in GDP, improvement of competitiveness and the Community's job-creation capacity, wage moderation, the reduction of indirect labour costs where appropriate, an active employment policy to improve education and training systems and the completion of the internal market.

At the end of the year the Council examined the implementation of these guidelines and reaffirmed the priorities needed to support economic growth. The outcome of the examination was forwarded to the European Parliament and to the European Council for approval.

### ***Procedure regarding excessive government deficits***

With the beginning of the second stage of economic and monetary union on 1 January 1994, the provisions of the Treaty on European Union on excessive government deficits entered into force. More specifically, it is during the second stage that the Member States must endeavour to avoid excessive government deficits. The sustainability of public finances is one of the convergence criteria which must guide the Community in the decisions it is to take when moving on to the third stage of economic and monetary union. Implementation of the new procedure is one of the Council's most effective mechanisms for countering the budgetary imbalances of the Member States.

The Member States informed the Commission of their budgetary positions in March 1994. On the basis of those data the Commission submitted 10 proposals for Council Decisions on the existence of excessive public sector deficits in 10 Member States (Belgium, Denmark, Germany, Greece, Spain, France, Italy, the Netherlands, Portugal and the United Kingdom). The Council adopted the 10 Decisions on 26 September.

On 7 November, on a proposal from the Commission, the Council adopted 10 recommendations addressed to the 10 Member States in question setting out measures to enable them to bring an end to their excessive government deficits as soon as possible.

### ***Convergence programmes***

One of the most significant aspects of the process of achieving economic and monetary union was the presentation and subsequent discussion by the Council of the Member States' convergence programmes.

At the Council meeting on 14 February 1994, the Monetary Committee submitted guidelines for the content and presentation of these programmes. The guidelines cover, *inter alia*, the reference period for the programmes (at least three years), macro-economic projections, the main aspects to be taken into consideration (in particular the convergence criteria laid down in the Treaty) and the measures for achieving these objectives.

In the course of the year the following were examined:

- (i) the revised convergence programme for Portugal for the period 1993-97 (meeting on 14 February);
- (ii) the convergence programme for Denmark for 1994-2000 (meeting on 21 March);
- (iii) the revised convergence programme for Greece for the period 1994-99 (meeting on 19 September);
- (iv) the convergence programme for Ireland for the period 1994-96 (meeting on 19 September);
- (v) the revised convergence programme for Spain for the period 1995-97 (meeting on 10 October);
- (vi) the convergence programme for the Netherlands for the period 1995-98 (meeting on 5 December).

### **White Paper on growth, competitiveness and employment**

Also of importance during the Finance Ministers' discussions was the implementation of the action plan adopted by the Brussels European Council in December 1993 on the basis of the White Paper on a medium-term strategy for growth, competitiveness and employment.

Discussions on the action plan progressed in six directions: completion of the internal market, the qualitative and quantitative development of research, trans-European transport and energy networks, achieving what is known as the information society, improvement of employment systems and examining the link between growth and the environment.

At the Council's suggestion a working group on the completion of the internal market (the 'Molitor' Group) was set up. It was made up of independent experts and given the task of examining the impact of Community legislation on employment and competitiveness with a view to deregulation and simplification.

Regarding the improvement of employment systems, the Council examined reports submitted by the Economic Policy Committee identifying the main obstacles to the proper functioning of national labour markets and priorities in employment policy. As a result of that examination the Council drew up recommendations to be submitted to the Essen European Council, which urged the Member States to transpose them into a multiannual programme having regard to the specific features of their economic and social situation. The Essen European Council also invited the Labour and Social Affairs and Economic and Financial Affairs Councils and the Commission to keep close track of employment trends, monitor the relevant policies of the Member States and to report to it annually on further progress.

Regarding the implementation of the trans-European networks, the Finance Ministers' discussions within the Council paid particular attention to the question of their financing.

At Corfu the European Council had confirmed that measures would be taken, within the limits of the financial perspective, to ensure that the 11 priority projects selected would not run into financial obstacles that might jeopardize their implementation.

In this specific area, in March 1994 the Commission submitted a proposal for a Regulation with a view to fixing general rules for the granting of Community financial aid to infrastructure projects in the fields of transport, telecommunications and energy. The cost of these measures was estimated at ECU 2 400 million for the period 1994-99.

## **Financial assistance to third countries**

Throughout 1994 the Community continued to give financial support to the process of structural adjustment in the economies of the countries of Central and Eastern Europe as well as to other third countries in view of their specific situations.

### ***Bulgaria***

On 21 March, the Council agreed to give Bulgaria ECU 110 million in financial assistance against the amount in the Decision of October 1992. The assistance was granted subject to the approval of a new stand-by arrangement between Bulgaria and the IMF covering Bulgaria's economic programme for 1994. An initial tranche of ECU 70 million was disbursed in November.

### ***Moldova***

On 16 May, the Council approved ECU 45 million of macrofinancial assistance for Moldova over 10 years in view of that country's specific political and economic situation. The legal act was adopted by the Council on 13 June.

### ***Romania***

On 16 May, the Council agreed to the payment of ECU 90 million in financial assistance to Romania as part of a global operation which could involve as much as ECU 125 million. The legal act was adopted on 20 June.

### ***Algeria***

On 16 May, the Council agreed to the Commission releasing the second tranche (ECU 150 million) of the loan granted to Algeria in September 1991.

On 16 May and 5 December the Council also examined the granting of additional macrofinancial assistance up to a maximum of ECU 200 million, to be disbursed in two tranches, to help Algeria to continue its adjustment efforts and structural reforms in close collaboration with international financial institutions. The formal act for granting the aid was adopted on 22 December.

### ***Albania***

On 28 November 1994, after long negotiations, the Council adopted a Decision granting Albania further macrofinancial assistance of ECU 35 million in the form of a grant to be disbursed in two tranches. An initial grant of ECU 70 million had been made in September 1992.

### ***Slovak Republic***

On 11 July and 5 December, the Council examined the granting of further macrofinancial assistance to Slovakia of up to ECU 130 million to be disbursed in two tranches. The assistance was to be implemented subject to the Slovak authorities continuing the extensive reform process supported by the international financial institutions and the G24.

### ***Ukraine***

On 5 December the Council agreed, in principle, to a loan to Ukraine of up to ECU 85 million for a period of no more than 10 years and to be paid in a single tranche. The formal Decision was adopted on 22 December.

As part of the preparation for the accession of the countries of Central and Eastern Europe to the Community, the members of the Economic and Financial Questions Council met their counterparts on 5 June and 7 November 1994. These meetings *inter alia* provided opportunities for a detailed exchange of views on assistance in the structural transformation of those countries and on stepping up trade and investment.

## **6. Industrial policy**

### **Restructuring the Community steel industry**

Efforts continued throughout 1994 to finalize the steel industry restructuring plan with a view to re-establishing competitiveness in the sector on a sustainable basis.

The restructuring programme approved by the Council in February 1993 rested on two pillars, namely the industry's presentation of an adequate and credible programme of voluntary capacity reduction and the adoption by the Commission and/or the Council of flanking measures to facilitate the restructuring process. In this context and notwithstanding favourable market trends the Council confirmed that the minimum objective of the restructuring plan was a capacity reduction of 19 million tonnes, to be achieved by both the public and the private sector.

In the public sector, on the basis of half-yearly reports from the Commission, the Council exercised rigorous control over the State aid that had been authorized in December 1993 to enable production capacity in the sector to be reduced by 5.4 million tonnes.

In the private sector, the Council noted in November 1994 that the private sector's capacity reduction programme had proved insufficient, amounting to only 16.2 million tonnes, and that the Commission had therefore had to abandon the restructuring plan, which meant that there was no reason to continue certain flanking measures that had been implemented in advance and had already been extended more than once.

In this situation the Council reaffirmed its serious concern at the persistence of structural overcapacity, the main cause of the difficult situation in which the European steel industry found itself, and remained of the opinion that a lasting solution to the problem of overcapacity should be found.

The Council therefore

- invited the Commission to continue to monitor the situation closely and to prepare appropriate measures in keeping with the particular market situation,
- appealed to the industry's sense of responsibility for it to continue cooperating actively in the search for lasting solutions,
- invited the Commission to report to it regularly on developments in this sector and on the measures it is planning to take.

### **Competitiveness in European industry**

On the basis of the White Paper and reports and communications from the Commission, the Council continued its discussions on the competitiveness of European industry, at

the end of which it adopted conclusions and resolutions on the competitiveness of European industry in general and of certain specific sectors.

The Essen European Council stated its intention of continuing in future to pay special attention to questions concerning the competitiveness of the European economy.

## **Policy on SMEs and the craft sector**

After examining the integrated programme submitted by the Commission and further to the conclusions of the Corfu European Council, the Council adopted a resolution drawing appropriate operational conclusions from the programme and aiming in particular at reducing the legal and bureaucratic obstacles encountered by SMEs.

## **Telecommunications/postal services**

Throughout 1994 the Council pursued its efforts, based on work undertaken in 1993, to provide the necessary framework and conditions for the gradual liberalization of the whole telecommunications sector within the European Union and to facilitate the functioning of the internal market by providing for the efficient interchange of data between administrations.

Work in the telecommunications sector has concentrated in the following main areas: information society; liberalization of telecommunications infrastructures; trans-European and data networks; mutual recognition of licences; advanced television services.

## **Information society**

A key element for the European Union in 1994 was the political impetus given by the Member States to the development of an information society, which is considered of prime importance for the socioeconomic well-being of the European Union in terms of growth, competitiveness, employment, social progress and improved quality of life. The rapid development of digital technology is transforming the telecommunications, computer, information and audiovisual industries on a worldwide basis and in the near future is likely to have a profound effect not only on the business environment but also on the everyday lives of European citizens.

This initiative is based on the work undertaken by the Bangemann Group, which was set up by the European Council in December 1993 as a think-tank to report on specific measures needed on infrastructures in the field of information and communication technology.

The Council recognizes that the prime responsibility in this area rests with the private sector and that the role of the Member States and the Community is to provide the

necessary conditions for progress (i.e. by creating a clear and stable regulatory framework and providing the necessary political backing). In this context, the European Council of Corfu in June 1994 confirmed the need for rapid action to set in place cost-effective information infrastructures.

The joint Industry/Telecommunications Council of 28 September 1994 welcomed the rapid submission of the Commission's action plan relating to an information society. The Council is concerned to ensure that European industry remains competitive in an increasingly globalized world economy and in particular called for urgent action with regard to liberalization of telecommunications infrastructures and voice telephony, as being two areas of fundamental importance for the development of an information society.

The European Council at Essen in December 1994 welcomed the steps already undertaken with respect to the creation of an information society (such as the liberalization of telecommunications infrastructures) and called for the Commission to propose measures in the audiovisual sector and for the Council to create the necessary legal framework.

## **Infrastructures**

One of the most significant developments in the telecommunications sector in 1994 was the agreement by the Council on the principle and timetable of liberalizing telecommunications infrastructures within the European Union. Member States agreed on the same date as that for the liberalization of voice telephony services, i.e. 1 January 1998, with the same derogations for certain countries.

In the area of open network provision (ONP), the Council regrets that little concrete progress has been made with regard to the application of ONP to voice telephony, owing to the rejection of the Council's text by the European Parliament at the end of the co-decision procedure.

## **Trans-European networks and data exchange**

In accordance with the provisions of Title XII of the Maastricht Treaty relating to trans-European networks, the Council worked on proposals for the development of the integrated services digital network (ISDN) as a trans-European network and reached a common position under the German Presidency on guidelines for the development of ISDN taking into consideration the overall context of the information society.

As regards exchange of data, the Council called for the coordination of all activities relating to the implementation of data exchange systems between administrations in order to avoid duplication and undue bureaucracy. The Council adopted a Decision on telematic networks for statistics relating to the trading of goods between Member States



(Edicom) and reached political agreement on a broader decision covering different projects in the area of telematic interchange of data between administrations (IDA).

## **Advanced television**

The Council worked on proposals to create the suitable legal framework to take account of technological developments such as digital television. After some delay due to an extensive process of consultation with the industry, progress was made under the German Presidency when a common position was adopted on the draft Directive on use of standards for the transmission of television signals.

## **Postal sector**

At the beginning of the year, the Council adopted a resolution setting out broad guidelines for Community policy in the postal sector which involve two main facets: maintenance of universal service and the gradual liberalization of services.

## **7. Research and technological development**

The conditions for the Union's R&TD policy are currently set by both the position of research in the 1994-99 financial perspectives and the new legislative procedures in the field of R&TD policy after the entry into force of the Maastricht Treaty. The framework programme is adopted on the basis of the co-decision procedure and the unanimity of the Council. The specific programmes are adopted on the basis of a simple consultation of the European Parliament and a qualified majority in Council.

It is recalled that the Brussels European Council of 10 and 11 December 1993 earmarked ECU 12 billion as a planned budgetary allocation for R&TD policy in the period to be covered by both framework programmes, i.e. (under EC and Euratom Treaties respectively) with a possible supplement of ECU 1 billion.

### **Framework programme**

At its meeting on 14 January 1994, the Research Council adopted a common position on the fourth framework programme and also confirmed its political orientation on the Euratom framework programme and transmitted the above common position to the European Parliament under the co-decision procedure.

At its sitting on 9 February, the European Parliament approved the Council's common position subject to 10 amendments.

The Council found on 4 March that it could not accept, in particular, Parliament's amendments on an increase of the global amount of the framework programmes to ECU 12.4 billion and on specific appropriations for the Joint Research Centre. Other amendments, some of them strongly supported by the Commission, were generally acceptable. Given the divergence of views between the Council and Parliament on its main amendments, the Presidency of the Council asked for a meeting of the Conciliation Committee, which convened on 21 March.

At that meeting, the Council and Parliament agreed to a common understanding, the key elements of which are:

- (i) an increase of the global amount to ECU 12.3 billion;
- (ii) a commitment to decide on a further possible increase of ECU 700 million at the latest by the end of 1996;
- (iii) subdivision of the increased ECU 300 million as to 50, 40 and 10% respectively between activities 1, 2 and 3 of the framework programme;
- (iv) the establishment of a global budget of ECU 900 million for the Joint Research Centre spread over the two parts (EC and Euratom) of the framework programme.

The above agreement was formalized on 26 April 1994 in a common decision of the Parliament and the Council adopting the fourth framework programme.

## **Rules for participation and on the dissemination of results**

At its meeting on 27 June, the Council reached political agreement on the common positions as to the rules for participation in the EC and Euratom framework programmes, as well as on the rules on dissemination for the EC framework programme, the Euratom Treaty having its own provisions on dissemination.

The Council having formally adopted these common positions at its meeting on 18 July, the European Parliament approved the three Council common positions on this subject at its sitting on 26 October without further amendment. Final adoption by the Council took place on 21 November.

## **Specific programmes**

The framework programme having been adopted in April, the Council embarked upon the task of adopting 20 specific programmes before the end of 1994, namely 17 programmes under Article 130i of the EC Treaty and three under Article 7 of the Euratom Treaty.

At the Council meeting on 27 June, agreement was reached on two specific programmes, namely 'Advanced communications and Industrial' and 'Material Technologies'. Formal adoption by the Council took place on 27 July.

Further agreement by the Council was reached at its meeting on 29 September on the following seven specific programmes:

- (i) telematics,
- (ii) standardization, measurement and testing,
- (iii) agriculture and fishery,
- (iv) non-nuclear energy,
- (v) information technologies,
- (vi) marine science and technologies,
- (vii) cooperation with third countries and international organizations.

The Council formally adopted the above programmes by Decisions taken on 23 November.

At the same meeting, the Council reached a favourable orientation on the fusion programme, on which Parliament's opinion, requested optionally, had not been received. Final adoption by the Council took place on 8 December.

At the Council meeting on 1 December, agreement was reached on the remainder of the specific programmes. These Community programmes relate to:

- biomedicine and health,
- biotechnology,
- dissemination and optimization of results,
- environment and climate,
- the Joint Research Centre programme and competitive support activities,
- socioeconomic research,
- stimulation of the training and mobility of researchers,
- transport.

At the same meeting agreement was reached on two Euratom programmes, the nuclear fission safety programme and the Euratom part of the Joint Research Centre programme.

Formal adoption by the Council in all Community languages of the above 10 Decisions took place on 15 December.

## **International cooperation**

The Council authorized the Commission to negotiate agreements in 1994 for scientific and technological cooperation with Israel and Switzerland. An overall agreement in this sector with Australia was concluded on 27 June 1994.

The European Atomic Energy Community concluded on 21 March an agreement on cooperation in the engineering design activities for the international thermonuclear experimental reactor with the United States, Japan and the Russian Federation. The decision for conclusion was adopted by the Council on the same day.

## **CREST**

The Scientific and Technical Research Committee (CREST) was this year intensively engaged in the preparation of the Council Decisions on the EC fourth framework programme and its specific programmes. Early in September, CREST delivered its opinions on the scientific and technical content of all specific programmes, thus contributing to the Council's work. The Council, at its meeting on 1 December, adopted a resolution inviting CREST to re-examine its mandate.

## **COST**

The COST cooperation framework comprises 25 individual European States. Two of its fields of activity, research on transport and socioeconomic research, are now incorporated in the fourth framework programme. Work began in COST on possible new cooperative challenges (neurosciences, physics, etc.), which may reconfirm its role of front runner. COST continues to represent a considerable force in the field of European science. There are currently 115 concerted actions in progress, involving 1 200 teams from 25 European countries as well as from research institutes from non-COST countries which are allowed, after approval by the COST Senior Officials Committee, to participate on a project-by-project basis.

## 8. Energy

The first direction in which the Council turned its attention in the field of non-nuclear energy was the consolidation of the internal market in energy, including harmonization of the regions of the Community by setting up trans-European networks for electricity and natural gas. Still under the heading of the internal market, the European Parliament and the Council adopted in the framework of the co-decision procedure a Directive on the conditions for granting and using authorizations for the prospecting for, exploration and production of hydrocarbons in the Community.

The Council also considered the question of developing new energy policy guidelines, given that the current guidelines expire in 1995. The Council also gave thought to the role of energy in an important area, that of economic and social cohesion. Finally, as the European Parliament had forwarded its opinion to the Council, the latter was able to continue its examination of the Commission proposal containing a programme of financial support for the promotion of energy technology (Thermie II).

In the field of nuclear energy, on 19 December the Council adopted a resolution on radioactive waste management. In addition, although the text of the new Directive laying down the basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation was not finalized, the Council continued to discuss the matter intensively in order to update the current Directive so as to maintain a high standard of protection within the European Union.

On 22 December, in the context of the European Atomic Energy Community's bilateral and multilateral relations, the Council adopted a Decision authorizing the Commission to conclude two nuclear cooperation agreements with the Russian Federation in the fields of controlled nuclear fission and nuclear safety. In addition, steady progress was made in the negotiation of a new nuclear cooperation agreement with the United States. Moreover, proposals for mandates for the Commission to negotiate nuclear cooperation agreements with five new independent States were examined in detail.

Stressing the importance it attaches to nuclear safety in the countries of Central and Eastern Europe and the new independent States, on 25 May the Council adopted conclusions on nuclear safety in the context of the electricity sector in those countries and States.

Finally, the negotiations to establish a Treaty to implement the provisions of the European Energy Charter were concluded and led to the signing of an initial Treaty in Lisbon on 17 December. After the signing of this initial Treaty, negotiations would continue to finalize a second text to solve the problem of the protection of investors in the pre-investment phase.

## 9. Transport

During 1994, the Council continued to develop the common transport policy, in particular taking account of the amendments introduced by the Treaty on European Union. A new title on trans-European networks was included in the Treaty, transport safety was added as an objective to be achieved and the procedures for the adoption of Community acts were changed.

Thus the Council began examining a proposal for a Decision of the European Parliament and the Council on Community guidelines for the development of the trans-European transport network covering all transport infrastructures with a view to intermodal integration.

In addition its attention focused on transport safety, especially in the sectors of shipping and the transport of dangerous goods by road.

The Council paid special attention to examining relations with a number of third countries, in particular the Swiss Confederation, as regards air and land transport and the countries of Central and Eastern Europe in the field of land transport. It also resumed discussions on the development of rules for rail transport.

In the area of questions linked with all forms of transport the Council adopted a Directive on provisions relating to summer time and a resolution on telematics in the transport sector.

The Council also adopted a resolution on the European contribution to the development of a global satellite navigation system.

### Land transport

In the area of road transport the Council paid special attention to safety. In this connection the Council adopted a Directive on the approximation of the laws of Member States with regard to the transport of dangerous goods by road (ADR) and a common position on uniform procedures for checks on the transport of dangerous goods by road. The Council also adopted a general resolution on road freight transport.

Dealing with rail transport, the Council adopted a common position on two proposals for Directives supplementing and facilitating the application of Directive 91/440/EEC on the development of the Community's railways. One of the proposals involved licences for railway undertakings and the other the allocation of railway infrastructure capacity and the charging of fees. The Council also began examining a proposal for a Directive on the interoperability of the European high-speed train network.

In connection with inland waterway transport the Council adopted a Regulation on structural improvements in inland waterway transport extending a previous Regulation. It also adopted a resolution on the same subject advocating further extensive structural improvements.

## **Air transport**

Once the single market in air transport had been established on 1 January 1993 the Council continued its discussions with a view to improving the situation of European civil aviation. To this end the Council adopted a resolution inviting the Commission to draw up as soon as possible proposals to step up competitiveness in the sector by improving the air traffic management and control system, standardizing the provisions on air transport safety, improving the use of air infrastructures and eliminating State aid which had, or could have negative effects on competition.

The Council also adopted a Directive on establishing the fundamental principles governing the investigation of civil aviation accidents and incidents. The main basis for the Directive is the conviction that determining the causes and circumstances of accidents (by means of a detailed technical investigation) is of fundamental importance if better preventive measures are to be developed within the framework of a common air safety policy.

Since it was set up in July 1993, the activities of the Working Party on Aviation have enabled the Member States to consult each other to assess and hold exchanges of views on various questions arising between the Community and certain third countries. It has also facilitated in-depth consultations between the Member States on the European Community's participation as an observer in the discussions of the International Civil Aviation Organization (ICAO) and the European Civil Aviation Conference (ECAC).

## **Shipping**

The seas surrounding the Community having once again been the scene of serious accidents the Council has made great efforts to speed up the adoption of the measures relating to safety at sea arising from its resolution of 8 June 1993. It therefore adopted Directives on the minimum level of training for seafarers and on ship inspection organizations and a Regulation on port charges for segregated ballast oil tankers. It also adopted conclusions on marine safety and marine pollution prevention and a resolution on the safety of roll-on roll-off passenger ferries based on the lessons drawn from the accidents that occurred in 1994 involving the *Sherbro* and the *Estonia*.

At the same time the Council reached a political agreement on the proposal for a Directive on port controls on vessels and began discussions on the reporting of vessels carrying dangerous or polluting goods in transit along the Community's coasts (Eurorep).



Finally the Council continued to concern itself over the difficult competitive position of the Community's fleets. Against this background it discussed the application of the competition rules, relations with third countries and a proposal on the EUROS register.

## **10. Regional policy**

### **Cohesion Fund**

After the adoption in July 1993 of the new rules for the Structural Funds, on 16 May the Council adopted the Regulation establishing the Cohesion Fund. This took place after the Committee of the Regions had delivered its opinion on 5 April and the European Parliament its assent on 5 May.

This was the first time the assent procedure laid down in the Maastricht Treaty had been applied to a legal act.

The Regulation stipulated that the Fund's purpose was to help reinforce the Community's economic and social cohesion by financing projects relating to the environment and projects of common interest relating to transport infrastructure.

The Fund was helping Greece, Spain, Ireland and Portugal.

The Fund's total resources for the period 1993-99 amounted to ECU 15.15 thousand million at 1992 prices. This amount was allocated indicatively between the four beneficiary countries: Spain 52 to 58%, Greece 16 to 20%, Portugal 16 to 20% and Ireland 7 to 10%.

These amounts added to those the countries would receive from the Structural Funds in accordance with the rules for the latter adopted in 1993 would double the Community's contribution to those four countries for the period 1994-99 as compared with 1988-93 and as decided by the Edinburgh European Council in December 1992.

The rate of assistance from the Fund was set between 80 and 85% of public or equivalent expenditure.

Provision has been made for the suspension of financing for new projects if the Council decides that an excessive government deficit exists in a Member State and where the Decision is not abrogated during the period laid down by the Council for the Member State to correct that deficit. The suspension of financing, which could not take effect before 1 November 1994, would cease as soon as the Council abrogated the Decision that an excessive deficit existed.

### **International Fund for Ireland**

On 31 October the Council adopted the Regulation on Community financial contributions to the International Fund for Ireland.

The Fund was set up in 1986 in the context of the Anglo-Irish Agreement of 15 September 1985 with the aim of facilitating economic and social progress and promoting reconciliation between nationalists and unionists throughout Ireland. Since its creation the Fund has supported some 3 000 projects. Recognizing that the Fund's objectives were the same as its own, the Community has made an annual contribution to the Fund of ECU 15 million since 1989.

The Regulation adopted makes provision for the payment by the Community of ECU 20 million a year to the International Fund for Ireland from 1995 to 1997.

## 11. Social policy

The Council continued its activities in the field of employment, drafting a report on combating unemployment for the European Council in Essen (9/10 December 1994).

The Commission White Paper entitled 'European social policy — A way forward for the Union' and an initiative by the German Presidency led the Council to examine the future of European social policy.

In the field of legislation, the most significant developments were the adoption of the Directive, based on the Social Policy Protocol, introducing European Works Councils or a procedure in Community undertakings for informing and consulting employees, and the Decision establishing a multiannual programme in the field of vocational training (Leonardo da Vinci).

Where health and safety at work were concerned, the Council adopted the Regulation establishing the European Agency for Safety and Health at Work with headquarters in Bilbao (Spain) and the Directive on the protection of young people at work.

The Council also adopted a Regulation transferring the headquarters of the European Centre for the Development of Vocational Training from Berlin to Thessaloniki and a Regulation extending the powers of the European Training Foundation (Turin) to the independent States of the former Soviet Union and to Mongolia.

## 12. Education

On 18 July 1994, the Council adopted its common position on the Socrates programme, the aim of which is to contribute to the development of quality education and of an open European area for cooperation in education, taking the substance of current Community programmes as a basis and extending its scope to include school education.

The overall sum estimated necessary in the common position for implementation of the programme was ECU 760 million for a period of five years (1 January 1995 to 31 December 1999).

The programme was subsequently adopted in 1995, under the co-decision procedure, for the same period but for an amount of ECU 850 million.

At its meeting on 21 June 1994, the Council adopted conclusions on the cultural and artistic aspects of education and at its meeting on 5 December, it adopted a resolution on the quality and attractiveness of vocational training and another on the promotion of education and training statistics in the European Community.

## 13. Youth

On 11 July 1994, the Council adopted its common position on the third phase of the 'Youth for Europe' programme. This phase covers the period from January 1995 to December 1999 and provides for an expansion of the second programme, particularly with regard to youth exchanges between the Member States and the training of youth workers. The programme also aims to support exchanges with young people, particularly those from non-member countries with which cooperation agreements have been established.

The common position estimates the overall amount deemed necessary for implementation of the programme at ECU 105 million. For the part of the programme which concerned non-member countries, the Council took account of the annual rate of expenditure for young people from countries covered by the Tempus programme, which is currently ECU 3.5 million.

The programme was adopted in 1995, under the co-decision procedure, for the same period but for an amount of ECU 126 million.

In addition, the Council and Ministers responsible for young people meeting within the Council adopted at their meeting on 30 November 1994 conclusions concerning the promotion of voluntary service periods for young people.

## 14. Culture

The Council's conclusions of 17 June 1994 on cultural heritage, outline the framework for and possible content of future Community action and call upon the Commission to make a proposal in that connection.

The Council also adopted conclusions on cooperation in the field of archives and on the theme 'children and culture'.

During the same Council a decision was taken designating St Petersburg and Ljubljana host cities for the European Cultural Month for 1996 and 1997 respectively.

Pursuant to new Article 128 of the EC Treaty, the Commission forwarded to the European Parliament and to the Council a communication on European Community action on culture comprising two proposals:

- one concerning a support programme for artistic and cultural activities with a European dimension (Kaleidoscope 2000)
- the other concerning a support programme on books and reading (Ariane).

It also outlined to the Council at the meeting on 10 November 1994 its initiatives regarding the submission of a proposal on the protection of the cultural heritage of Europe.

# 15. Health

As far as health is concerned, 1994 essentially saw:

- (i) the definition of a new framework for action in the field of public health, in line with Article 129 of the Treaty. Further to a Commission communication, the Council adopted a new resolution on how it saw this action, its scope, its methods, its priorities, and
- (ii) the launching of preliminary initiatives for multiannual projects of encouragement within this framework. The Commission's new initiatives, some of which will carry on from the current activities and programmes, cover several of the priority areas of action for the prevention of certain 'major scourges' and for the prevention of disease in general, namely:
  - action to combat cancer,
  - action to combat drug abuse,
  - action on the prevention of AIDS and other communicable diseases,
  - health promotion, information, education and training.

For each of these action areas, it is proposed that a plan or programme of action be adopted for the next five years.

The Council concentrated on examining these proposals during the second half of 1994. They were finally adopted in 1995.

It also decided to extend, on a temporary basis, the 'Europe against AIDS' programme which expired at the end of 1994.

The Council also concerned itself with more specific questions such as the potential risks of the transmission of BSE to man, the sufficiency of blood supplies and the safety of blood products, and with certain public health requirement aspects to be taken into account, where appropriate, within the general framework of Community policies.



## 16. Environment

After the period of intense activity which followed the summit in Rio in June 1992, the Council continued to give the international aspect of its action top priority. Particular mention should be made here of the role played by the Community at the second Conference of the Parties to the Basle Convention on the Control of Transboundary Movements of Wastes which led to the prohibition of exports of hazardous waste from OECD to non-OECD countries. Within the framework created in Rio, the Community took part in the first Conference of the Parties to the Convention on Biological Diversity — which defines the practical conditions for the Convention's implementation — and continues, within the wider context of the Community strategy on climate change, to play a leading role in the preparation of the first Conference of the Parties to the Framework Convention on Climate Change held in early 1995.

Continuing its action to promote environmental protection in the countries of Central and Eastern Europe, the Council defined, at a joint meeting with these countries, guidelines as to the objectives and framework for cooperation in this area.

On an internal level, six common positions were submitted to the European Parliament under the cooperation procedure and three ('noise emitted by earth moving machines', 'emissions of volatile organic compounds', 'packaging and packaging waste') under the co-decision procedure.

Some of the instruments adopted by the Council include the Directive amending Directive 74/409/EEC on the protection of wild birds which updates the annexes, the Directive on the control of volatile organic compound emissions resulting from the storage of petrol and its distribution from terminals to service stations, the Regulation on substances that deplete the ozone layer, which combines the provisions of the Regulation in force (594/91) with those corresponding to the second amendment of the Montreal Protocol, the decision adopting a four-year programme (1994-97) to develop statistics on the environment and a resolution on groundwater protection.

As in 1993, the question of waste occupied an important place in the work of the Council which adopted the Directive on packaging and packaging waste, the Directive on the incineration of hazardous waste and the Decision drawing up the list of hazardous waste provided for by Directive 91/689/EEC, and reached agreement on the substance of the Directive on the landfill of waste.

The Council also adopted a common position on the Directive amending Directive 86/662/EEC on the limitation of noise emitted by earthmoving machines which marks a new stage in the reduction of these emissions.

# 17. Consumer protection — civil protection

## Consumer protection

As with the environment, 1994 will have seen full use being made of the new provisions introduced by the Treaty on European Union with regard both to legal bases and interinstitutional procedures. The Council and the European Parliament adopted, on the basis of Article 129a 'Consumer protection', the Decision setting up a Community system of information on home and leisure accidents extending the Ehlass system for the years 1994-97. They also adopted, following the conciliation procedure, the Directive on the protection of purchasers in respect of certain aspects of contracts relating to the purchase of a right to utilize one or more immovable properties on a time-share basis, which is intended to ensure consumer protection by specifying the information which must appear in these contracts and the detailed arrangements enabling the consumer to withdraw from the contract.

The Council also took part in the consultation process initiated by the Commission's Green Papers on access by consumers to justice and the settlement of consumer disputes in the single market, and on consumer goods guarantees and after-sales service and made progress with the examination of the proposal for a Directive on distance contracts.

## Civil protection

The Treaty establishing the European Community provides for the possibility of civil protection measures and envisages a subsequent review of the provisions on civil protection.

The Council therefore felt it would be useful, within the framework of a resolution on strengthening Community cooperation on civil protection, to confirm all the current cooperation projects and to outline new channels for this cooperation.

## 18. Common agricultural policy

The year 1994 was the second year of the transitional phase leading to full application of the reform of the CAP decided on in 1992; during the year the main reform measures produced their effects, making it possible to achieve the objectives the Council had set itself. Control of production of arable crops was continued through the application of the set-aside programme (areas under cereals fell for the Union as a whole from 35.26 to 32.10 million hectares between 1992/93 and 1993/94, i.e. a 9% reduction); the reduction in official prices offset by an increase in compensatory aid ensured that farmers' incomes were maintained; the higher degree of competitiveness achieved made possible greater recourse to internal production of animal feed — 6 million tonnes more than the previous year; the stable performance of exports and this increased use of internal production for animal feed had favourable effects on the disposal of cereal stocks which, in comparison with the worrying level of 1993, fell considerably in 1994.

Confronted by the current trends in agriculture, the Council set about implementing a policy which, while being consistent with the principles embodied in the reform, introduced improvements and greater flexibility with the aim of providing better protection for the incomes and work of farmers in the Union.

Following the January 1994 meeting given over to the formal adoption of the statutory texts for the implementation of the December agreements (in particular improvements in the set-aside scheme including increased allowances, fixing of the area under oil seeds and distribution of that area between Member States), the Council embarked upon the negotiation of the prices and related measures package for the marketing year 1994/95; these negotiations continued until July 1994 when the Council reached an agreement.

In July, following intensive negotiations, the Council managed to obtain a qualified majority on an overall package consisting in particular, in relation to the Greek Presidency's previous compromise, of the following points:

- (i) smaller reductions in the monthly increases for cereals, rice and sugar;
- (ii) the adoption of aid amounting to ECU 115 per hectare for an area of 50 000 ha in France intended for growing durum wheat outside the traditional regions;
- (iii) an increase of 20 000 ha for Spain and 5 000 ha for Portugal in the areas under durum wheat;
- (iv) the inclusion of Umbria in Italy (up to 5 000 ha) in the list of traditional regions qualifying for aid for durum wheat;
- (v) a new formula for aid for potato starch and for dried fodder which took more account of the interests of producers;
- (vi) the abolition of the 1% reduction in milk quotas for all Member States for 1994/95 and 1995/96;

- (vii) a smaller reduction in the price of butter (1% instead of 3%);
- (viii) the acceptance of the Commission's proposals for increases in milk quotas for Spain, Italy and Greece with an undertaking from the Presidency to organize the Council's proceedings in an appropriate framework with a view to reaching a solution rapidly on the issue of the retroactive application of the increase in milk quotas;
- (ix) the adoption of a new proposal concerning the grubbing-up of apple trees to be implemented even before the end of 1994 with a premium of ECU 5 000 per hectare in the event of the grubbing-up of an entire orchard and ECU 3 500 per hectare in other cases;
- (x) a more balanced distribution of regional ceilings concerning rights to premiums for suckler cows.

Fortified with the experience gained in the application of the reform of the CAP over the past two years and with the aim of making it more acceptable to farmers who had always criticized the surfeit of bureaucracy inherent in the setting-up of new schemes, the Member States continued their discussions in order to achieve greater simplification of the rules applicable.

Following the conclusion of the Uruguay Round culminating in the signing of the Final Act setting out the results of the multilateral negotiations on 15 April 1994 in Marrakesh, the Commission submitted to the Council during October 1994 the proposals needed to implement the undertakings given. These proposals contained an agricultural section which was closely examined by the agricultural bodies of the Council and on several occasions by the Agriculture Council itself. A number of adjustments to the current schemes governing the CMO were necessary as well as the adoption of some transitional measures. On this matter the key problem encountered in the preparatory discussions was that of how to allocate powers between the Commission and the Council in the adoption of the measures to be taken to comply with the obligations arising from the Uruguay Round Agreement. The proceedings of the Agriculture Council reached a conclusion on 15 December and on 19 December the General Affairs Council unanimously adopted all the texts concerning the GATT Agreement.

In the fruit and vegetables sector, the Commission submitted a communication on the development and future of Community policy in that sector.

In October 1994 the Council held a policy discussion which focused on the priority aspects of the Commission's communication, namely strengthening the role of the producer organizations, the system of withdrawals and inter-branch arrangements.

Another important deadline to be met was the definition of the agrimonetary arrangements to be applied as from 1 January 1995.

In fact Regulation (EEC) No 3813/92, adopted by the Council on 28 December 1992, on the unit of account and the conversion rates to be applied for the purposes of the CAP, stated that the switch-over mechanism would apply 'for a period not exceeding two years from the date of entry into force' of that Regulation. Before that period

expired, the Commission had to submit to the Council a report together with appropriate proposals so that the Council could decide on future policy in that area.

At the end of November the Commission submitted the report and the proposals concerned to the Council. On that basis the Council decided in December 1994 by a qualified majority on the new agrimonetary arrangements to be applied as from 1 January 1995 (the Danish and United Kingdom delegations voted against and were supported by the Swedish representative). The main points of these arrangements were as follows:

- (a) The neutral margin was maintained at the level of 5 points. It could fluctuate between -2 and +5.
- (b) A reduction in the neutral margin between two currencies could be made, so as to avoid risks of distorting trade flows, by the Commission in accordance with the protective clause procedure laid down in the new Regulation.
- (c) The national compensatory payments laid down by the reform of the common agricultural policy (flat-rate aid determined per hectare or per livestock unit, compensatory premiums per sheep or goat) were not affected by the revaluations.
- (d) In the event of a major revaluation, the Council, acting by a qualified majority on a Commission proposal, would adopt all the necessary measures which, mainly to ensure compliance with the obligations arising from the GATT Agreement and budgetary discipline, could entail derogations from the provisions of that Regulation
  - concerning aid,
  - concerning the amount of the dismantling of monetary gaps;however, such derogations could not result in the neutral margin being extended.
- (e) The monetary gap of the Austrian schilling was fixed, at the time of accession, on the basis of the monetary gap of the German mark.
- (f) The regions in Objective 6 were to be treated in the same way as those coming under Objective 1.

As regards structures, the Council, in connection with the reform of the CAP, approved changes to the measures for speeding up the adjustment of the production, processing and marketing structures. This adjustment was needed to take account in particular of current developments in the conditions for pursuing farming, following the reform of the CAP and certain special situations.

On various occasions the Council examined the Commission's proposal for the protection of animals in transport, which had major repercussions on public opinion, but failed to bring this contentious matter to a close. A decision was finally taken in 1995.

With regard to the harmonization of laws concerning the plant health sector, the Council adopted the Directive adopting uniform principles for evaluation and authorization of plant protection products by Member States in accordance with the rules laid down by

Directive 91/414/EEC concerning the placing of plant protection products on the market.

When making these evaluations and giving these authorizations, Member States will have to comply with certain requirements, notably as regards the protection of man, animals and the environment.

In connection with the Community protection of plant variety rights, the Council agreed in June 1994 on the entire Regulation, examination of the agricultural aspect of which, involving 'farmer's privilege', had already been completed in 1993.

## 19. Common fisheries policy

In fisheries, the year was dominated by the issues, which were politically linked, of the full integration of the Iberian fleets into the CFP as from 1996 and the negotiations for the accession of Norway, Sweden and Finland to the European Union. To that end the Council, when completing the accession negotiations, declared (and subsequently formally confirmed) that the measures relating to the conditions of access to waters and resources referred to in the Act of Accession of Spain and Portugal and applicable to all Community vessels would be adopted before 1 January 1995. This commitment was fulfilled with the agreement reached after extensive negotiations by the Council during its meeting on 19 to 22 December 1994.

This integration, virtually completed in the case of the acceding States, and to be completed in the case of Spain and Portugal, is being implemented with full respect for the Community *acquis*, in particular the principle of relative stability of fishing activities, and, given the current state of many major stocks, that of no increase in present levels of fishing effort.

The Council also adopted a Regulation harmonizing certain technical conservation measures in the Mediterranean as a first step towards establishing a common policy for the conservation and management of fisheries resources in that area, taking into account Member States' national regulations already in force (thus far Community conservation policy had been applied in particular to the Atlantic Ocean, the North Sea and the Baltic). This initiative is to be followed before the end of the year by an international conference, organized by the Commission and hosted by the Greek Government, to which the riparian States of the Mediterranean have been invited, with a view to covering the wider aspects of fisheries conservation and management in the Mediterranean.

The Community's concern with fisheries conservation is illustrated by the ongoing debate in the Council on the Commission's proposals to ban within four years the use of driftnets by the Community fleet. Scientific advice is being urgently gathered on the impact of driftnetting on target species, especially tuna, and on by-catches of marine mammals and birds, as well as on the regional aspects of fisheries in such areas as the Bay of Biscay, the Mediterranean and the Baltic, to enable the Council to reach decisions as soon as possible.

The Community's external fisheries relations continued to undergo active development, with the negotiation *inter alia* of a new Fisheries Protocol with Greenland, steps towards implementation of the Agreement with Argentina (the relations with these two countries provide for certain 'second generation' elements of cooperation through joint ventures and joint enterprises of operators), and arrangements for the updating of the current relations with Morocco by way of a new agreement to enter into force next year.

As far as its internal policy is concerned, apart from the normal management of the various facets of the common fisheries policy, the Community devoted much attention

to the continuing market crisis, especially in respect of whitefish. The Council concluded that cooperative efforts need to be undertaken at the level of the Union, the Member States and the industry to re-establish the competitiveness of the whole sector in relation to the world market and, by so doing, improve the functioning of the Community market itself. Particular stress should be laid on conservation of stocks, the adaptation of capacity to resources, strengthening of producer organizations and the promotion of quality standards. Recent legislation on amending the common organization of the market is designed to this end.

Finally, it is worth noting that, in the area of control policy, the Community system of licences giving basic information about fishing vessels has been reinforced by a framework Regulation providing for special fishing permits for Community vessels, to be administered at national level, and for third country vessels fishing in Community waters.

The Council also adopted in December 1994 the annual package of total allowable catches (TACs) and quotas and related Regulations.



## 20. External economic relations

### European Economic Area

The entry into force on 1 January of the Agreement on the European Economic Area (EEA) ushered in a qualitatively different period in the relations between the European Union and its Member States and Austria, Finland, Iceland, Norway and Sweden. The aim of the Agreement is to create a dynamic and homogenous economic area from among the contracting parties, based on common rules and equal terms 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 benefits, rights and obligations.

The European Economic Area has been provided with institutions responsible for maintaining its dynamism and homogeneity. They are the EEA Council (the EEA's highest political body), the EEA Joint Committee (the decision-taking body responsible in particular for ensuring the homogenous development of legislation throughout the EEA), the EEA Joint Parliamentary Committee (the parliamentary body responsible for promoting better understanding between the Community and the EFTA States, through dialogue and debate), and the EEA Consultative Committee (the body that will provide the representatives of the social and economic partners with a structured framework for cooperation). These institutions met on a number of occasions in 1994 and performed their tasks effectively.

The creation of the EEA undoubtedly represented an important step in the long process of rapprochement between the EFTA States which are contracting parties to the EEA Agreement, and the European Union. However, for Austria, Finland and Sweden, it was destined to be only a momentary step on their way towards full integration into the European Union as full Member States on 1 January 1995.

The EEA Council accordingly applied itself, at its meeting on 20 December, to the question of the operation and evolution of the EEA following the accession of Austria, Finland and Sweden to the European Union. In that connection the EEA Council also examined the question of the entry into force of the EEA Agreement for the Principality of Liechtenstein. The amendments that Liechtenstein and Switzerland agreed to make to their customs treaty will ensure that the smooth functioning of the EEA Agreement is not hindered by the regional union between those two countries. After giving its political agreement to the adjustments to be made to the Protocols and Annexes to the EEA Agreement, for the purpose of its application to Liechtenstein, the EEA Council set 1 May 1995 as the date of entry into force of the EEA Agreement for Liechtenstein.

## **Switzerland**

In response to Switzerland's request for cooperation to continue on a bilateral basis for the moment, leaving open the options of participation in the EEA and accession to the European Union, the Council reiterated its willingness to negotiate new sectoral agreements with Switzerland and described in greater detail the approach it intended to apply, which would take into account the result of the referendum on Alpine transit held in Switzerland in February 1994.

At its meeting on 31 October 1994 the Council thus agreed to the opening of sectoral negotiations with Switzerland in the fields of free movement of persons, research and technological development, agriculture, mutual recognition in relation to conformity assessment and access to public procurement. For transport, the Council's aim was to adopt a negotiating brief in March 1995. The Council also said that the Community's objective must be to secure a balance of mutual advantage within each sectoral agreement and between the various agreements, and that it intended to make sure that, where necessary, there was an appropriate parallelism between the various sectoral agreements concerned.

## **Malta and Cyprus**

With regard to Malta and Cyprus, the Commission, in accordance with the Council's conclusions of 4 December 1993, conducted substantive discussions with the Cypriot Government to help it to prepare for the accession negotiations under the best possible conditions, and opened an in-depth dialogue with the Maltese Government in order to define by common agreement the content and timetable for the priority reforms to be implemented by Malta. Negotiations were also opened with these two countries for the conclusion of a fourth Financial Protocol, intended among other things to support the efforts they were making towards their integration into the European Union. As a result, the Corfu European Council was able to state that, given these conditions, the next enlargement of the European Union would include Cyprus and Malta. That conclusion was confirmed by the European Council in Essen.

## **Central and Eastern Europe**

The European Council held in Copenhagen in 1993 opened up the prospect of accession for the countries of Central and Eastern Europe that were linked to the Union by Europe (association) Agreements (Hungary, Poland, Czech Republic, Slovakia, Romania, Bulgaria). The year 1994 constituted a further very important step, which brought a qualitative change to relations with these countries, of which Hungary and Poland formally applied for accession to the Union.

The European Council decided to inject the preaccession process with fresh impetus and qualitative improvements, and to that end adopted the strategy to be followed in

preparing the way for the associated countries of Central and Eastern Europe towards accession. The European Council indicated that the institutional conditions essential for the proper functioning of the Union would have to be defined at the 1996 Intergovernmental Conference, which would therefore have to take place before the start of accession negotiations. The Council also wanted the Commission to prepare a detailed analysis of the impact of enlargement in the context of the current policies of the Union and their development.

The key element of the strategy to narrow the gap is the preparation of the associated countries for integration into the Union's internal market. With that in mind, the European Council asked the Commission to prepare a White Paper in time for its next meeting, providing the associated countries with a step-by-step plan setting out priorities and the measures necessary for participation in the single market.

Preparation for the internal market is to be backed up by a variety of measures to assist integration through the development of infrastructure and cooperation, mainly in fields with a pan-European dimension (including energy, environment, transport, science and technology, etc.), and in those of the common foreign and security policy and justice and home affairs. The PHARE programme which, appropriately funded within a multiannual financial framework in accordance with the preparatory strategy agreed on, will provide financial support for that purpose. Measures are also envisaged to improve the trade situation. Lastly, a programme has been set up to encourage cooperation between the associated countries in order to stimulate economic development and good neighbourliness and, in the same spirit, to contribute to the realization of the objectives of the Stability Pact.

The strategy adopted by the European Council is implemented at political level through the 'structured relations' established between the associated States and the institutions of the European Union, which will encourage mutual trust and provide a framework for addressing topics of common interest.

Regarding the Baltic States, the signing, on 18 July, of three free trade agreements to enter into force on 1 January 1995 was also consistent with this policy of preparation for accession, the next stage of which will be the conclusion of Europe (association) Agreements for which negotiating Directives were adopted by the Council in November.

In relations with Slovenia, there are also plans for a Europe (association) Agreement to be concluded, the negotiating Directives for which are being finalized by the Council.

The strategy of preparation for accession will be extended to these countries once the Europe (association) Agreements have been signed.

Lastly, mention should be made of the Union's continued efforts of assistance to the countries of Central and Eastern Europe, particularly under the PHARE programme and in the form of macrofinancial assistance which the Council decided to grant to Romania, Bulgaria and Slovakia.

## Republics of the former USSR

The intensification of contacts with the countries of Central and Eastern Europe, including the Baltic States, and the prospects for their future accession, have led the Union to establish close partnership relationships with Russia and with the other republics of the former USSR, involving complementary policies which contribute to stability, prosperity and peace in Europe.

The conclusion of partnership and cooperation agreements constitutes a central element of the support which the Union has brought to the process of reform under way in the former USSR.

Three partnership and cooperation agreements have already been signed: with Ukraine and with Russia in June and with Moldova in November. The negotiations with Kazakhstan, Kyrgyzstan and Belarus have been finalized and the agreements are due to be signed shortly.

These agreements are based on respect for human rights and democratic principles and establish the framework for close cooperation in the political, commercial, economic and cultural fields. They are also aimed at integrating the newly independent States into the world economic system. In the case of Russia and the other republics geographically closer to the Union (Belarus, Ukraine, Moldova), when the conditions have been met there could be negotiations for the establishment of free-trade areas. Pending the accomplishment of the procedures for ratification of the partnership agreements by the national parliaments, interim agreements will enable the commercial aspects of the partnership agreements to be implemented forthwith.

For the other republics, the differential approach adopted by the Council is based on the following guidelines:

- in view of the encouraging developments in the political situation in the Caucasian republics (Georgia, Armenia, Azerbaijan), and particularly the ceasefire between Armenia and Azerbaijan, the Council deemed it timely to recommence contacts in the Joint Committees (established by the 1989 EC/USSR agreement) with a view to the possibility of strengthened contractual relations;
- similar contacts are planned with Turkmenistan and Uzbekistan, in the context of which the Union will pay particular attention to the human rights situation;
- because of the current instability in Tadjikistan, there are no plans at present for establishing institutionalized cooperation relations.

With regard to assistance, the contribution of the Community and its Member States represents two thirds of the total international amount to the newly independent States of the former USSR. In this connection special mention should be made of the TACIS programme, the macrofinancial assistance decided on for Moldova and Ukraine, and the large-scale food aid operation for certain republics (Caucasian republics, Tadjikistan, Kyrgyzstan and Moldova).

In accordance with the instructions of the European Council in Corfu, the Council established a global strategy for the Union with regard to Ukraine. It adopted a common position of the European Union regarding objectives and priorities in respect of Ukraine, under the common foreign and security policy (CFSP). The main objectives were to establish stronger political relations with Ukraine, to encourage it to pursue vigorously democratic and economic reform and to undertake constructive cooperation in implementing the European Union and G7's action plan on nuclear safety.

On the latter point, the European Council in Corfu particularly emphasized the need for the Chernobyl nuclear power station to be closed down as soon as possible.

On the basis of the Corfu conclusions, the representatives of the Union introduced an initiative at the G7 Summit in Naples (8 and 9 July 1994) which, recognizing the urgency attached to this question, established a plan which was presented to the Ukrainian authorities in the autumn. Under this plan, the closure of Chernobyl would be accompanied by finalization of the construction of three new reactors according to adequate safety standards and a comprehensive reform of the energy sector in Ukraine comprising, *inter alia*, energy conservation measures and the use of alternative sources.

## **Turkey**

A significant feature of relations with Turkey were the preparations for the Customs Union provided for in the 1964 Association Agreement and the 1973 Additional Protocol.

The Essen Council confirmed the great importance it attached to the conclusion of the negotiations with Turkey on the completion and full implementation of the Customs Union as well as to the strengthening of relations with Turkey.

The 35th meeting at ministerial level of the EC-Turkey Association Council, held in Brussels on 19 December 1994, provided an opportunity to review association relations with Turkey and to hold a useful exchange of views on political matters of common interest. At the end of the meeting it was noted that work remained to be done if the common objective of entering the final stage of customs union by the scheduled date of 1 January 1996 was to be attained, and that the French Presidency accordingly intended to hold the next Association Council meeting simultaneously with the meeting of the Council of Ministers of the European Union on 6 and 7 March 1995.

## **Mediterranean, Middle East, former Yugoslavia**

The European Council in Corfu confirmed the importance it attached to the close links already existing with the Mediterranean partners and its wish to develop them still further, so that the Mediterranean area could become an area of cooperation guaranteeing peace, security, stability and well-being.

Against that background the Union's Mediterranean policy took a qualitative leap in 1994, based on the idea of paying special attention to the partnership relationships.

A process for the negotiation of a new generation of agreements was instituted, in order to replace the more limited agreements concluded in 1975-76-77 in the framework of the overall Mediterranean approach. Negotiations were begun with Israel, Tunisia and Morocco. Negotiating directives were adopted for Egypt and similar negotiations with Jordan were envisaged. Syria and Lebanon are also eligible for such agreements. As soon as the situation permits, a similar agreement can be negotiated with Algeria.

Also, in response to the conclusions of the European Council in Corfu, the Council received a communication, at the end of October 1994, on the enhancement of the European Union's Mediterranean policy through the establishment of a Euro-Mediterranean partnership.

On that basis, the Council adopted a report setting out the objectives for a future European Union Mediterranean policy: creation of a Euro-Mediterranean area of political stability and security, creation of a Euro-Mediterranean economic area through the establishment of a free trade area and increased financial assistance backed up by appropriate cooperation.

The European Council in Essen welcomed that report, the conclusions of which it adopted: in particular, it endorsed the idea of a Euro-Mediterranean Ministerial Conference of all the Mediterranean countries concerned to be held in the second half of 1995. That Conference should reach agreement on a series of economic and political guidelines for Euro-Mediterranean cooperation into the 21st century, and establish a permanent, regular dialogue on all topics of common interest.

More specifically, Cooperation Council meetings took place with Algeria (7 February 1994), Egypt (16 May 1994), Israel (13 June 1994) and Syria (28 November 1994). In the case of Syria, it was the first meeting of the Cooperation Council since the conclusion of the Agreement in 1978.

In the framework of the Middle East peace process, the Union gave its support to the considerable progress made in the negotiations between Israel and the PLO by immediately increasing its aid by ECU 500 million for the development of the Occupied Territories for the period 1994-98. The Union also supported the development of the countries of the region in the framework of the substantial aid provided for the whole of the Mediterranean area under the Union's new policy for the Mediterranean countries, which amounts to ECU 4.5 billion for the period 1992-96. Certain Member States were invited to contribute to the Temporary International Presence in Hebron. For its part, the Council adopted a joint action in support of the Middle East peace process.

In the case of the former Yugoslavia, the Council decided at its meeting on 7 March to extend until 30 September 1994 the joint action of support for the provision of humanitarian aid in Bosnia-Herzegovina. It also agreed that, in view of developments in the situation since the action was adopted in 1993, priority needs on the ground to aid the victims of the war there to the greatest possible extent should be reappraised without delay.

At its meeting on 10 October the Council also adopted, in accordance with the United Nations resolution:

- (i) a Council Regulation introducing a further discontinuation of the economic and financial relations between the European Community and the areas of Bosnia-Herzegovina under the control of Bosnian Serb forces;
- (ii) a Council Regulation suspending certain elements of the embargo on the Federal Republic of Yugoslavia (Serbia and Montenegro).

## **Relations with the ACP States and Southern Africa — development policy**

### *Relations with the ACP States*

The implementation of ACP-EEC cooperation, which establishes special partnership links between the Union and 70 African, Caribbean and Pacific States (Lomé Convention), occupied the Council on a number of occasions. In February, the Council adopted the negotiating directives for the mid-term review of the fourth ACP-EEC Convention for a second five-year period (1995 to 2000). The object of the review is to adjust the Convention to recent developments in the political and international economic fields and to improve its effectiveness in the light of the problems encountered during the first five years of its application. The negotiations between the Community and the ACP States opened in Mbabane (Swaziland) on 20 May. They were concluded in the first six months of 1995.

The Union actively contributed in seeking solutions to the crises which seriously affected a number of ACP States. Thus, following the adoption of Resolutions by the United Nations Security Council, it adopted, in May, a series of decisions to strengthen the embargo on Haiti. Those restrictions were lifted in October, following the return of President Aristide to Haiti. On a number of occasions the Union made statements on the particularly disturbing situation in Rwanda. In a statement in October, it defined its objectives and priorities in respect of Rwanda, called for the return of refugees and announced its willingness to play an active part in the reconstruction of the country.

### *Southern Africa*

Aware of the considerable effort involved in the organization of the first democratic and multiracial elections in South Africa, the European Union undertook a series of measures to accompany developments in the situation in Southern Africa. South Africa therefore benefited from measures to support transition, the lifting of sanctions in May 1994, and the granting of the generalized system of preferences in August; in October the Union approved a draft framework cooperation agreement with South Africa. Reinforced cooperation between the Union and the countries of Southern Africa meeting within the SADC (South African Development Cooperation) was put in hand following the ministerial conference held in Berlin in September.

### ***Development policy***

The Development Council continued its work adjusting the Community development policy in line with the objectives and priorities laid down in the Treaty on European Union. The Treaty focuses the Community strategy on developing and consolidating democracy, sustainable economic and social development, particularly in the more disadvantaged of the developing countries, the campaign against poverty and the gradual integration of the developing countries into the world economy.

With the aim of increasing the effectiveness of this policy the Council, further to its statement on development cooperation in the run-up to 2000, adopted conclusions and resolutions on strengthened coordination of the policies of the Community and its Member States in the priority areas of food security, education and training and health and AIDS.

### ***Generalized system of preferences***

The Council adopted a new generalized preferences scheme for industrial products in a Regulation covering a four-year period (1995-98). The current arrangements for agricultural products have for the most part been extended for 1995 and they will be reviewed in 1995.

### ***Commodities***

Negotiations for the conclusion of new international agreements on coffee and natural rubber continued throughout the year.

The 1993 international Agreement on cocoa was signed by the Community and most of its Member States on 16 February 1994 and entered into force provisionally on 22 February 1994.

The 1994 international Agreement on coffee was signed by the Community and most of its Member States on 19 September 1994 and entered into force provisionally on 1 October 1994.

The question of Community participation in the international Agreement on tropical timber, adopted at the fourth session of the United Nations Conference on 26 January 1994, was discussed during 1994.

## **Relations with Asia**

The huge changes that have taken place in the last few decades, both in Asia and in Europe, require a more active and resolute policy of the European Union toward the countries of Asia, and a new partnership must be developed to give shape to future relations between the Union and the countries of Asia.



In this spirit, the European Union continued to develop and improve its bilateral contractual relations with most of those countries.

The third generation cooperation Agreement with India entered into force on 1 August and a similar agreement with Sri Lanka was signed on 15 July. Negotiations were opened with Vietnam and Nepal.

The 11 EU/ASEAN meeting at ministerial level was held in Karlsruhe on 22 and 23 September, enabling both sides to carry out a comprehensive review of economic, political and security matters. The conclusions published following the meeting provide a solid basis on which the Union can develop and intensify cooperation with this important group of countries. In this connection, an informal *ad hoc* Group of Eminent Persons to promote EU-ASEAN relations was set up.

Prior to that meeting, the European Union participated, as usual, in the ASEAN post-ministerial meeting held in Bangkok on 26 and 27 July and in the first meeting of the ARF (ASEAN Regional Forum).

More generally, and on the basis of a Commission communication, the Council of Ministers of the European Union prepared a report on the future strategy for Asia. In the light of that report, the European Council in Essen particularly emphasized the economic and political significance of the States of the Asia-Pacific region and confirmed that the European Union and its Member States intended to strengthen cooperation and dialogue at all levels with these countries and the regional organizations of the Asia-Pacific region, particularly ASEAN. The European Council also asked the Council and the Commission to report to it as soon as possible on practical measures taken to implement this strategy.

## **Relations with Latin America**

The progress made by the countries of Latin America in the fields of democracy and human rights, peace and disarmament, economic reform and regional integration led the European Council in Corfu to reaffirm the importance it attached to relations with these countries and their regional groupings.

In the light of that European Council's conclusions, the European Union defined general guidelines for the implementation of a new partnership between the two regions and, more specifically, began working out approaches that might intensify and strengthen its relations with Mercosur, Mexico and Chile in particular. For that purpose the European Council in Essen asked the Council and the Commission to commence negotiations with Mercosur on an interregional framework agreement and to give form to its ideas on the future form of treaty relations with Mexico and the extension of relations with Chile without delay.

In Brussels on 22 December, the representatives of the Council and the Commission and of the member countries of Mercosur signed a joint solemn declaration setting out the main features of a strategy for treaty relations.

In relations with the Rio Group, in adopting the São Paulo Declaration at the ministerial Conference held on 22 and 23 April 1994, both parties agreed to commence joint measures — within the UN in particular — on the basis of common values and principles and through the intermediary of a structured, reinforced dialogue.

With its partners in Central America, at the Ministerial Conference held in Athens on 28 and 29 March the European Union was able to review the achievements of a decade of cooperation which had decisively supported the moves towards peace, economic modernization and democratic stabilization in the region.

## **Uruguay Round**

In the field of international economic relations, the signing in Marrakesh (Morocco) on 15 April of the agreements embodying the results of the Uruguay Round of multilateral negotiations constituted a decisive moment in the economic history of the modern world. In the view of the European Union and its partners, this historic event is of immense political and economic significance. In political terms, the agreements, by establishing a series of reciprocal rights and obligations, represent a genuine collective contract the aim of which is to develop world trade through ever-closer multilateral cooperation. In economic terms, the opening up of markets, the thorough reform of the multilateral trade system with strengthened rules and regulations and the extension of the scope of multilateral activities to fields of the future such as services and intellectual property should invest the world economy with dynamism and a lasting stimulus. These achievements should thus constitute a fresh framework which responds to the globalization and interdependence of changing economies. The coherence of the system will be ensured by the setting up of the new World Trade Organization (WTO), which will ensure that undertakings are complied with, will cooperate more closely with the international organizations set up following Bretton Woods, and will constitute the forum for subsequent negotiations to adapt the trade system at regular intervals to changing economic realities and to take on board new subjects.

In order to give a fresh stimulus to the economic recovery, and in accordance with the undertakings given by the European Council in Corfu in June 1994 and in Essen on 9 and 10 December 1994, the Community institutions and the Member States took the necessary steps to complete in time the procedures for ratification of the results of the Uruguay Round and for adoption of national implementing legislation so that, as provided for at the WTO Implementation Conference in Geneva on 8 December, they could enter into force on 1 January 1995. After receiving the opinions of the European Parliament and the Economic and Social Committee, the General Affairs Council on 19 and 20 December approved an overall political package on the conclusion and implementation of the Uruguay Round agreements. Those texts were formally adopted by the Council on 22 December and the Community and its Member States deposited their instruments of ratification with the Director-General of GATT in Geneva on 30 December.

## **Export controls on dual-use goods**

Legislation on the control of exports of dual-use goods (i.e. goods which normally have a civilian use but which could also be used for manufacturing arms) was adopted by the Council on 19 December and will apply from 1 March 1995. It comprises a Regulation based on Article 113 of the EC Treaty and a joint action under Article J.3 of the Treaty on European Union. The two legal acts are therefore distinct but linked by cross-reference and together constitute an integrated system.

In this legislation, the Council considers it has succeeded in reconciling two objectives of equal importance, namely:

- (i) to help combat the proliferation of weapons, through the introduction of a common system of controls on exports of dual-use goods to third countries;
- (ii) to prevent the efforts to stop proliferation becoming barriers to the liberalization of trade within the Community market. Certain forms of control will continue for some time, particularly for a small number of especially sensitive products, but they will not involve systematic controls at intra-Community borders.

The introduction of this system of controls on trade in dual-use goods was a particularly complex task as, until now, controls were carried out by the Member States on the basis of national legislation which differed from one country to another, and there was not even an internationally agreed list of dual-use goods. As a result, the legislation adopted by the Council is only a first step and in future it will probably need to be reviewed and possibly amended in the light of experience.

## 21. Common foreign and security policy (CFSP)

The year 1994 was the first full year of operation of the European Union's foreign policy. In terms of organization, first of all, the operating structures of the CFSP are now well in place: like the European Commission one year before, the Council General Secretariat acquired at the beginning of 1994 the necessary structures and resources for its part in the policy's implementation, including the merger of certain working parties; in addition, the arrangements for relations between the European Union institutions and the Western European Union (WEU) were formalized. In terms of activities, nine joint actions were decided on (supplementing or extending the first four that began during the last quarter of 1993, when the Treaty came into force) and nine common positions were adopted. The geographical scope and the subject matter of these joint actions and common positions reflect the priority given by the European Union to its neighbours, with reference to such matters as the Stability Pact in Europe, the peace process in the Middle East, Libya, the former Yugoslavia or Russia. In addition, the EU seeks to make a timely contribution either in other regions of the world, such as Africa in particular, or by way of a shared concern on the part of the international community in connection with, for example, preparations for the conference on the revision of the Non-proliferation Treaty (NPT) in 1995.

To complete this overview, we should add the recommendations and 'guidelines on the functioning of the CFSP': these were approved by the Council in July 1994 and supplemented by the Political Committee meeting on 5 and 6 September. Their aim is to improve the procedures and rules concerning the CFSP's day-to-day operation. At the same time, the principles and conclusions worked out by the Council in February, March, April and June 1994 with regard to the 'financing of the CFSP' sought primarily to establish the relevant practical arrangements.

Faced with the ongoing tragedy of the former Yugoslavia, the EU continued to be in the forefront in promoting peace and in relieving, for the time being, the suffering of the civilian population.

The EU began by reiterating its condemnations of the constant spread of violence and the repeated infringement of international humanitarian laws. It steadfastly maintained that the conflict had to be resolved by negotiation and not by force. Under the action plan which it approved in November 1993, establishing the framework for a political solution, the EU continued to work towards a settlement, this commitment being reflected in concrete terms by five joint-action decisions and three common-position decisions.

As a result, the EU brought about an increased diplomatic commitment on the part of the international community, involving not only the United Nations but also the United States and the Russian Federation, with the aim of achieving some convergence between their initiatives. On 6 July the international contact group submitted to the parties a proposal based very largely on the EU's action plan for a peaceful solution to the crisis

in Bosnia-Herzegovina. Following the acceptance of this 'peace plan' by the Croat-Bosnian Federation and the Federal Republic of Yugoslavia (Serbia and Montenegro), the EU invited the Bosnian Serbs to accept the plan as well. Their refusal to do so led it to support the adoption by the UN Security Council of a Resolution reinforcing the sanctions against the Bosnian Serbs and authorizing the suspension of a number of sanctions imposed on the Federal Republic of Yugoslavia subject to its continuing to close its border with Bosnia-Herzegovina.

In another practical contribution to the quest for a political solution, the EU decided to take on the administration of Mostar for two years. Under the Agreement Protocol signed on 3 July, Mr Hans Koschnik, the former mayor of Bremen, took up his post as Administrator on 23 July, and the policing arrangements provided by the WEU began to be gradually put in place. The EU's aim is to restore cooperation between the communities in Mostar and to provide a model for the rest of Bosnia-Herzegovina. Living conditions in the town have already improved considerably.

The countries of Central and Eastern Europe and the new States of the CIS, including those of Central Asia, continued — with varying degrees of success — their efforts to democratize their political institutions and introduce economic and social reforms.

The EU remains especially attentive to the particular situation of Ukraine, both from the strategic point of view — notably as regards nuclear safety — and on the political and socioeconomic level. The Council adopted a common position — within the meaning of Article J.2 of the Treaty on European Union (TEU) — setting out the European Union's foreign-policy aims and priorities towards Ukraine.

In the implementation of the conclusions of the Copenhagen European Council (June 1993) concerning the countries of Central and Eastern Europe which had concluded Europe Agreements with the Union, 1994 was a key year. This was the basis on which the EU intensified its multilateral dialogue with those countries: on 7 March, the General Affairs Council adopted conclusions offering these countries the possibility of being involved in certain EU initiatives — such as joint actions — *vis-à-vis* third countries. On the basis of a report by the Council setting out a strategy on accession preparation and cooperation (28 November), the Essen European Council confirmed the Copenhagen and Corfu conclusions and discussed in detail the process of approximating laws which had been started.

As part of the political dialogue established with the signing of trade and cooperation agreements in 1992, the EU held several meetings with the Baltic States.

Reaffirming the link between continued economic assistance to Albania and the political and economic reforms undertaken by that country, the Council decided on 28 November to make available to Albania a first instalment of ECU 15 million in macroeconomic aid.

With regard to southern Europe, the European Councils in Corfu (24 and 25 June) and Essen (9 and 10 December) welcomed the progress made in preparing Malta and Cyprus for accession, and confirmed that 'the next phase of enlargement of the Union will involve Cyprus and Malta'.

In the Middle East, there were three spectacular new developments in the peace process:

- (i) the Cairo agreements (4 May) between Israel and the PLO on the autonomy of the Gaza Strip and Jericho, which marked an important step towards the full implementation of the Declaration of Principles signed the previous year in Washington (13 September 1993);
- (ii) the setting up of the Palestinian Authority on 7 July;
- (iii) the signing of a peace treaty between Israel and Jordan on 26 October, which marked a further step towards the establishment of a 'just and lasting peace throughout the Middle East'.

The EU did not confine itself to simply welcoming each of these steps. Through the active, constructive and balanced role which it has played since the beginning of the peace process, especially the political and material support it provides on a continuous basis, the EU has made a clear commitment to helping the process succeed, both in overall terms and at each of its stages.

Firstly, under the CFSP, the EU adopted (19 April) a joint action in support of the peace process. This provides for the EU's political, economic and financial resources to be mobilized to promote and consolidate peace in the region.

At the same time, the EU continues to be the principal donor in the Occupied Territories, including finance for the starting up and operation of the Palestinian Authority (in particular the Palestinian police force).

The EU chairs the Regional Economic Development Working Group (REDWG) in connection with the multilateral aspect of the process. At its meeting in Rabat on 15 and 16 June the Working Group agreed to set up the REDWG Monitoring Group to encourage the regional parties themselves to take greater responsibility for regional economic development. The EU has also played an active part in the proceedings of the four other working groups (water, environment, refugees, and arms control and regional security) and also the steering committee which oversees all the work done on the multilateral aspect.

Faced with the uneven situation in the Gulf, the EU is pressing ahead with an overall policy to promote stability, involving specifically adapted bilateral relationships.

With Iran the EU is maintaining its policy of critical dialogue as defined at the Edinburgh European Council (11 and 12 December 1992). The EU recognizes Iran's importance in the region, and seeks with this dialogue to encourage it to play a constructive, or at least positive role, especially with regard to the Middle East peace process. The second purpose of the dialogue is to address together with Iran the problems that are giving rise to concern: Iran's attitude to human rights, especially in the case of Salman Rushdie; terrorism; Iran's arms-purchasing policy, and the forms of nuclear cooperation which the country is developing.

The EU voiced its concern at the civil war in Yemen. Since the end of that war, it has urged the Yemeni authorities to engage in a political dialogue and to honour the undertakings they gave the UN Secretary-General.

Relations with the Gulf Cooperation Council (GCC) are developing along the lines of ever broader cooperation. This was confirmed by the fifth meeting of the Joint Cooperation Council and the Ministerial meeting in Riyadh on 8 May. These two meetings were an opportunity to strengthen cooperation on the political level (especially with regard to the Middle East peace process and to the non-proliferation of arms of mass destruction) and the economic level (with a view to free trade) with an important partner of the EU.

As in previous years, the attitudes expressed by Iraq and Libya continue to arouse the greatest vigilance where these countries are concerned. The EU expressed its concern at Iraqi troop movements near the Kuwaiti border in September. It remains committed to full implementation of the Security Council Resolutions on Iraq as a precondition for the lifting of sanctions. Likewise, the EU has expressed similar expectations and demands in regard to Libya.

The EU is endeavouring to put into practice the guidelines issued by the Copenhagen European Council (June 1993) concerning the countries of sub-Saharan Africa. Political cooperation involves growing support for the process of democratization undertaken in these various countries. The principles of such support were developed during the course of 1994. In essence they concern: promotion of the rule of law and methods of good governance; peaceful resolution of conflicts and — in line with the Council's resolution of 28 November 1991 — drawing African Governments' attention to the links between respect for human rights, democracy and development. With reference to the conference on the mid-term review of the fourth Lomé Convention, the Essen European Council confirmed the priority given by the EU to its relations with the ACP States.

The new situation in South Africa has enabled that country to reintegrate its immediate regional environment, i.e. southern Africa and its regional cooperation structures as constituted by the Southern African Development Coordination Conference (SADCC). The EU-Southern Africa Ministerial Conference in Berlin (5 and 6 September) gave a dual impetus to this regional process on the one hand, and to more extensive cooperation between the EU and the SADCC on the other.

The EU welcomed a series of positive developments — to which it had given its support — towards democratization and the peaceful resolution of conflicts: the normalization of relations between Ethiopia and Eritrea; the success of the electoral processes in Malawi, Guinea-Bissau, São Tomé and Príncipe, Togo, and also Mozambique.

But there was a different situation in a number of African countries undergoing serious, mostly internal crises, such as Sudan, Somalia, Sierra Leone, Liberia, Nigeria, Gambia, Zaire and Angola. Under its policy of preventive diplomacy, the EU made targeted contributions geared to each particular situation and involving substantial humanitarian aid plus, where appropriate, determined support for the efforts of international organizations, and in the first instance the UN.

In response to the genocide in Rwanda, the Corfu European Council (25 and 26 June) not only expressed its abhorrence but also demanded that those responsible be brought to justice. Referring to the Arusha Agreement (1993) between the parties involved, the EU called on them peacefully to seek new political solutions. The EU also made a direct contribution with the common position, adopted by the Council on 24 October, concerning the achievement of the conditions whereby displaced persons within the country and refugees in the neighbouring countries could return home. At the same time, and in view of a certain similarity of circumstances, the Council drew attention to the delicate situation in Burundi. It emphasized the longer-term need to reinforce Africa's own capacities for preventing and resolving conflicts, especially the capacities that could be mobilized by the OAU.

The EU is reviewing its relations with Asia, in particular on the basis of Commission proposals (13 July) for a new European strategy towards Asia. The EU believes that the growing importance of certain Asian countries and regional groupings on the world stage calls for an overall study of the aims and means of a European presence in Asia.

The intensification of cooperation with ASEAN is a significant example of the need for such reconsideration, given that security matters are addressed within it. At the first Asean Regional Forum (ARF), which was held in Bangkok (25 to 27 July) to consider regional security in Asia, the EU proposed the idea of exchanges of information and the establishment of a dialogue in the context of preventive diplomacy.

On two occasions the case of Indonesia, a member of ASEAN, raised the question of the actual degree of democratization achieved by the country: firstly, the fresh cases of arbitrary arrest and of censorship; secondly, there was the question of East Timor, when the EU supported the bilateral negotiations between Portugal and Indonesia under the aegis of the United Nations, and condemned the incidents at Dili (18 July).

On a global level, the EU continued to give active support to the efforts at openness and democratization currently being made. It encouraged the resumption of the dialogue between India and Pakistan on the question of Kashmir and invited those two countries to commit themselves resolutely to achieving greater transparency. While the overall picture of the countries of South-East Asia is relatively encouraging, the situation as regards human rights and democracy is still a cause of concern in Myanmar, despite some limited attempts at compromise on the part of the ruling SLORC. The EU has also been worried by the fundamentalist unrest surrounding the case of the writer Talisma Nasrin in Bangladesh.

China too has given the EU cause for concern owing to the new wave of arrests of dissidents and the treatment being meted out to ethnic minorities. Now that the basis has been laid for an institutionalized political dialogue with Peking, the EU should be able to address these problems too with its Chinese partner.

The EU monitored very closely the situation in the Korean peninsula. It strongly condemned the equivocation shown by Pyong Yang over the nuclear issue and called for the undertakings to the IAEA to be honoured unconditionally.



In Latin America most countries continued consolidating democracy and making progress in achieving peace and national reconciliation. This was particularly the case in Central America and the Caribbean, where the EU expressed satisfaction (7 July) at the agreements reached in Oslo between the Government of Guatemala and the Guatemalan National Revolutionary Union (URNG) and also at the return to power of President Aristide in Haiti (October).

The EU confirmed the value it placed on the OSCE (formerly CSCE) in view of its global nature and because it brought together the governments and peoples of the continent of Europe and of the United States and Canada. The General Affairs Council (4 and 5 October) adopted a document entitled 'EU guidelines for the Budapest Review Conference', to be used by the Member States when defining their position at the Conference, especially in the following areas: human dimension, economic cooperation, regional cooperation and cooperation with the Mediterranean.

Among the topics submitted to the Review Conference (10 October to 2 December) and the summit of Heads of State or Government (5 and 6 December) — both held in Budapest — consideration was given to institutional aspects, in particular the question of the CSCE becoming an organization 'in its own right' as from 1 January 1995.

The Stability Pact initiative launched at the Brussels European Council (10 December 1993) led to a negotiating process being initiated in 1994, with an Inaugural Conference in Paris on 26 and 27 May.

The aim of this EU initiative was to use preventive measures to increase stability in Europe. It sought to promote good-neighbourly relations, with reference to frontiers and minorities, among other issues, and to further regional cooperation and the strengthening of democratic institutions through cooperation arrangements.

Since July all of these questions have been addressed at two round-table meetings, one for the Baltic region and one for the countries of Central and Eastern Europe. To emphasize the importance it attached to the achievement of the objectives stated in the concluding documents of the Paris Conference, the EU made the actual conclusion of the Pact the subject of a joint action which was adopted by the Council on 14 June.

On 6 December in Budapest, under the chairmanship of the Union, the participating countries and international organizations held an interim conference to assess the progress made with a view to the final Conference (scheduled for 20 and 21 March 1995 in Paris).

In the field of security, the implementation of the Treaty on European Union led Member States to step up the mutual information and consultation process that had been going on for some years in the context of political cooperation, their aim being to achieve greater unity in the presentation of their positions and in the conduct of EU actions on the international stage.

The Union was thus in a position to present coordinated positions in the various international bodies and conferences dealing with disarmament and non-proliferation. In accordance with an objective already identified as a priority by both the European

Council and the European Parliament, the Council, on 25 July, adopted a joint action under Article J.3 with a view to the Conference of States party to the Non-proliferation Treaty concerning the Treaty's extension. Under the joint action, which is concerned with promoting the NPT and extending it indefinitely and unconditionally, approaches were made to third countries to further the EU's objective and to secure their participation in the Revision Conference. On 19 December, the Council adopted a set of provisions (a joint action plus a Regulation) on controlling exports of dual-use goods.

The importance attached by the EU to human rights, as reaffirmed in the Maastricht Treaty, found expression both in its dialogue with third countries and in the multilateral forums where these matters were being discussed. Throughout the year the EU devoted considerable efforts to ensuring the implementation of the recommendations made at the World Conference on Human Rights (Vienna, 14 and 15 June 1993), in particular: the appointment of a High Commissioner for human rights, the allocation of extra funds to the UN human rights budget, and the universal ratification of international legal instruments concerning human rights.

At the same time, the Union continued to monitor and implement the Development Council's resolution (28 November 1991) linking human rights, democracy and development. In this connection it offered its assistance — sometimes including the use of joint actions — to the electoral processes begun in a number of countries, and especially the Russian Federation (in 1993) and in South Africa.

The EU supported the UN Secretary-General's request for appropriate coordination between the United Nations and the regional organizations operating under the UN Charter. The EU also cooperated with the UN on humanitarian aid, human rights and electoral assistance.

Within the United Nations, the commitment of the EU itself, and that of the Member States in the light of their particular responsibilities, continues to be very strong, as shown by the EU's perception of the financial crisis facing the UN as it approached its 50th anniversary, and by the active role which the EU played in the discussions on reforming the UN budget's scale of assessments to ensure that the States' financial contributions are paid in full and on time.

Terrorism and drug trafficking are permanent challenges to the international community.

Against the background of its political dialogue with third countries the EU has voiced its concerns regarding terrorism and is closely watching the development of terrorism at world level. It is also keeping up a dialogue with the drug-producing countries and with the countries of transit, which provides a basis for its own analysis of the way the problem is developing internationally. The results of such exchanges and analyses fuel the relevant discussions and analyses in the areas of justice and home affairs.

## 22. Justice — home affairs

Work on JHA was done primarily on the basis of the action plan and priority work programme which were drawn up in December 1993.

The Council has nearly completed the preparation of a resolution on the determination of the minimum guarantees for asylum procedures. This will assure refugees of appropriate protection in accordance with the Geneva Convention of 1951. It should also facilitate the implementation of the Dublin Convention, which is based on the assumption that Member States deal with asylum applications in accordance with equivalent procedures.

At the same time, work has continued, without conclusion as yet, on harmonizing the application of the definition of 'refugees' within the meaning of Article 1A of the 1951 Geneva Convention.

The Dublin Convention determining the State responsible for examining applications for asylum lodged in one of the Member States, which was signed in 1991, should come into effect fairly soon. The remaining Member States are about to complete their ratification procedures.

On the subject of immigration, the Council adopted, at its meeting in June, a resolution on limitation on admission of non-EC nationals for employment. At its recent meeting it adopted corresponding provisions concerning self-employed persons and students.

These texts will enable Member States' practices in these areas to be brought closer together through the gradual adaptation of their legislation.

Substantial progress has been made on the gradual harmonization of Member States' policies on the important issue of readmission. A standard text for bilateral readmission agreements between a Member State and a third country has been drawn up.

In a broader context, the emphasis is now being placed more on the link between the Europe Agreements (of association or cooperation) and third countries' practices concerning readmission, especially with regard to their own nationals.

The last JHA Council meeting adopted a joint action to facilitate travel on school excursions for school pupils who are third-country nationals residing in a Member State.

This action is intended to help integrate these pupils and make it easier for such excursions to be arranged in other countries of the Union.

At the same meeting, the JHA Council examined, without yet reaching a conclusion, a draft resolution on a further improvement in security at external borders. This concerned improved cooperation to deal with the growing pressure of illegal immigration and international organized crime. A series of measures were identified.

Many discussions were held on the question of burden-sharing with regard to the admission and residence of displaced persons on a temporary basis. As there were still some disagreements, mainly over the criteria to be applied for such burden-sharing, the JHA Council was not yet able to adopt conclusions on this subject.

As regards police and customs cooperation and the fight against drugs, absolute priority was given to the framing of a Convention on the establishment of Europol. A large number of technical problems were resolved, but there were still considerable differences of opinion over major questions such as the aims of Europol, the role of the liaison officers and the architecture of the system, and also some general matters, such as means of redress. At its meeting in Essen, the European Council stressed the fundamental importance of this instrument, and decided that the Convention should be concluded by the time of its meeting in Cannes in June 1995.

At the same time, the Europol Drugs Unit (EDU) began its work in The Hague at the beginning of 1994 on the basis of the Ministerial Agreement signed in Copenhagen on 2 June 1993. This forerunner of Europol provides Member States with a means of greatly speeding up and facilitating the exchange of information between law-enforcement agencies in their fight against drug-trafficking and the laundering of the proceeds from it. This is done by grouping the relevant information obtained from different sources, including customs sources.

At its meeting in Essen on 9 and 10 December 1994, the European Council agreed to extend the EDU's terms of reference to cover the illegal trade in radioactive and nuclear materials, the smuggling of illegal immigrants, the illegal trade in vehicles and the money-laundering associated with these types of crime.

The fight against drugs will now be assisted by the European Monitoring Centre for Drugs and Drug Addiction which is gradually being set up in Lisbon.

Following the Brussels European Council, the Commission put forward the draft of a new plan of action of the Union for combating drugs. This is now being examined.

In accordance with the instructions of the JHA Council, a strategy for the aspects concerning Title VI is being drawn up.

The recommendations adopted by the appropriate ministers on 2 June 1993 with regard to money-laundering have been broadly implemented by the Member States. A very detailed inventory concerning cooperation between law-enforcement agencies and customs authorities is being drawn up, to establish how information can be exchanged between Member States, through effective cooperation between central contact authorities.

On a more general level, organized crime has been the subject of a detailed analysis aimed at identifying trends in the various forms taken by such crime. Alongside the 'traditional' types of organized crime, such as the traffic in persons, smuggling of illegal immigrants, trade in stolen vehicles, trade in stolen works of art and crimes against the environment, other forms of crime have emerged, such as the theft and illegal trade in radioactive or nuclear products. Situation assessments and current national measures

make it possible, in each of these areas, to take common measures and establish lines of cooperation. Some of the areas mentioned will also be covered by Europol.

Much work has been done on the illegal trade in radioactive or nuclear materials. In the light of the significant increase in the number of cases recorded, the German Presidency took various initiatives to enable a practical, effective response to be made, using the various instruments available to the European Union.

A provisional report was sent to the Essen European Council, on the basis of which the Council approved a set of measures and guidelines for combating the problem.

Work will have to continue in the context of an overall approach that will include prevention, nuclear non-proliferation and the investigation and suppression of illegal trade.

In the customs field, in line with the priority programme, the Council received from its preparatory bodies a contribution to the formulation of a strategic plan for the Union to combat fraud in the internal market. It contains short-, medium- and long-term measures, and particularly emphasizes the importance of adopting the Convention establishing the Customs information system.

As regards judicial cooperation, attention is drawn to extradition, protection of the Community's financial interests and, in the civil sector, the extension of the Brussels Convention.

The discussions concerning extradition focused on the conditions and grounds for refusing extradition and also the actual procedures for extradition, with particular reference to the simplification of extradition decisions where the person concerned consents to his extradition. The Council saw this last aspect as a matter of priority and asked for a draft Convention on it to be submitted by the end of the first half of 1995.

The Council adopted a resolution on protection under criminal law of the financial interests of the Community, which constitutes the first substantial agreement in this area. The Essen European Council asked the Council (JHA) to draw up a legal instrument during the first half of 1995, on the basis of drafts from the United Kingdom and Commission.

As to judicial cooperation in civil matters, in accordance with the terms of reference laid down by the European Council in December 1993, the discussions concentrated on the extension of the Brussels Convention. The Presidency put forward a draft Convention dealing with marriage (existence, annulment, effects), divorce, legal separation and related matters concerning matrimonial property.

The current discussions will continue in the light of the June 1995 deadline set by the Council. Matters concerning custody of children will also be considered in this context.

Relations with third countries proceeded on the basis of the old TREVI contacts and were also extended to other countries. The Council took a pragmatic approach to ensure that the common objective was not impeded by excessive administration. Cooperation

with the countries of Central and Eastern Europe is of particular importance here. In accordance with the conclusions of the Berlin Conference on 8 September 1994, which was attended by the Member States of the European Union and the countries of Central and Eastern Europe, the European Union will widen and deepen its cooperation with these countries.

Another area of activity should be mentioned, given the importance it now has: the combating of racism and xenophobia.

The Corfu European Council established a detailed work programme to combat all forms of racism and xenophobia, including acts of racist and xenophobic violence, and to help bring about tolerance and understanding. Initial work under the First Pillar dealt with police cooperation and judicial cooperation.

In accordance with the wishes of the Corfu European Council, a Consultative Commission, composed of eminent persons, was set up.

Interim reports were submitted to the Essen European Council. It is intended that the current discussions should lead to an overall strategy at Union level being formulated by the European Council in June 1995.

## 23. Budget — financing the Community

During 1994, the three institutions which on 29 October 1993 had signed the Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure set about implementing, each within its sphere of competence, the various points of the conclusions of the Edinburgh European Council.

Until the conclusion of the new Decision on own resources, the 1995 budgetary procedure was overshadowed by uncertainty as to the position of the Parliament, which from the outset of the procedure wanted the 1995 budget to be financed on the basis of that new Decision.

The Council submitted its draft budget for first reading in accordance with the current legislation; the Council's adoption of the Decision on own resources, which coincided with the Parliament's first reading of the budget, and the agreement reached on the adjustment of the financial perspective to include the three new Member States, which allowed a sufficient margin to accommodate the expenditure proposed by the Parliament, enabled the subsequent stages of the budgetary procedure to be concluded within the bounds of the new legal framework.

The 1995 budget amounts to ECU 80 892.9 million in commitment appropriations, i.e. a 12.68% increase over the 1994 budget.

The 1995 budgetary procedure saw the Parliament and the Council implement for the first time the conciliation procedure on compulsory expenditure provided for in the Interinstitutional Agreement; the results were encouraging.

Prior to the Commission's submission of the 1995 PDB, the two arms of the budgetary authority and the Commission met for the dialogue on the possible priorities of the budget of that year, as required by the Interinstitutional Agreement.

When the Parliament came to adopt the budget, the changes it had made at second reading to many of the EAGGF-Guarantee Section headings, hitherto always regarded as compulsory expenditure, prompted the Council to make a sharp statement through its President, reserving its rights on that class of expenditure.

The timetable for the applicant countries' referendums on accession made it materially impossible to incorporate all the budgetary implications of accession into the ordinary budgetary procedure for 1995. As a precautionary measure, amounts were entered in the new specially created headings in the budget reserves. A supplementary and amending budget in 1995 will be necessary to mobilize these funds.

Two supplementary and amending budgets were necessary in 1994 to take account of the start-up of the Committee of the Regions, certain expenditure on translation and publication of Community legislation and the budgetization of the 1993 negative balances.

In December 1992 the Edinburgh European Council had outlined the future financing of the Community for the period 1993 to 1999.

The process of translating the Edinburgh conclusions into law was completed in 1994. This legislation consisted of texts on new own resources, the establishment of a Guarantee Fund to cover risks arising from loans and guarantees to third countries, new rules on budgetary discipline and two Financial Regulations implementing the new measures.

These texts, especially those on the Guarantee Fund and budgetary discipline, underwent complex negotiation in the Council. The joint guidelines reached by the Council were put to the conciliation procedure with the European Parliament as required under the Joint Declaration of 4 March 1975.

Negotiations with the European Parliament began at ministerial level on 25 July and ended in October. The dialogue between the institutions succeeded in narrowing the gap between their positions and culminated in a series of commitments enabling the concerns of the parties to be taken into account during the period of application of the legislation in question. The outcome of the conciliation procedure was approved by the Council on 24 October and by the Parliament on 25 October.

The legislative texts were adopted by the Council on 31 October 1994.

In November and December the European Parliament and the Commission held the talks required under paragraph 24 of the Interinstitutional Agreement of 29 October 1993 on the adjustment, for the period 1995 to 1999, of the various headings of the financial perspective annexed to that Agreement, in order to take account of the European Union's enlargement to include Austria, Finland and Sweden.

The Decision adjusting the financial perspective was signed by the three institutions in Strasbourg on 13 December 1994.

On 31 October 1994 the Council adopted the new Decision on the system of the Communities' own resources. This was notified to Member States for ratification in accordance with their respective constitutional requirements.

The Decision, which takes effect on 1 January 1995, makes two substantial changes to the earlier system:

- (i) a graduated increase in the total amount of own resources allocated to the Communities; this amount may rise to 1.27% of the total GNPs of the Member States in 1999;
- (ii) new financing rules, which involve reducing the VAT-based share of the resource and increasing the GNP-based share of resource.

The mechanism for correcting budget imbalances in respect of the United Kingdom remains unchanged.



The system of own resources will be reviewed before the end of 1999 in the light of a Commission report on the system's operation.

It should be pointed out that the adoption of the new Decision on own resources was preceded by highly complex political negotiations relating to the payments required of certain Member States for failure to comply with milk quotas for the period 1989 to 1993. A political solution to this series of issues was thrashed out at an extraordinary meeting of the Council on 21 October.

The Regulation establishing a Guarantee Fund for external actions was adopted by the Council on 31 October.

This Fund is to be used to repay the Community's creditors in the event of default by the beneficiary of a loan granted or guaranteed by the Community. The lending and guarantee operations concerned are those carried out for the benefit of a third country or for the purpose of financing projects in third countries.

The core concept of the Decision on budgetary discipline, like that of 1988, whose basic principles it strengthens and confirms, is that all Community expenditure should be subject to the principles of sound public finance and budgetary discipline.

Whereas for certain types of expenditure, the application of budgetary discipline is referred to other texts, namely the Financial Regulation and the Interinstitutional Agreement of 29 October 1993, EAGGF-Guarantee Section expenditure continues to be covered by detailed provisions in the Decision itself.

These cover, in particular, the definition and calculation of the agricultural guideline, the operation of the early-warning system designed to ensure compliance with the guideline, and the level and operation of the monetary reserve.

The Decision also establishes the two reserves for external operations which the Edinburgh European Council decided to set up, i.e. a reserve for loans and loan guarantees, mainly intended to cover the Guarantee Fund, and a reserve for emergency aid to non-member countries in order to permit a rapid response to specific emergency aid requirements resulting from unforeseeable events, with priority being given to humanitarian operations. The decision to use these reserves is to be taken by mutual agreement of the Council and the European Parliament on a proposal from the Commission.



# Part II



# Chapter I

## Functioning of the institutions

### A — Council

1. During the first half of 1994 the Presidency of the Council was held by Greece, and during the second half by Germany.

Meetings in the first half were chaired by:

Mr Alexandros Baltas	State Secretary for Trade
Mr Ioannis Charalambous	Minister for Transport and Communications
Mr Floros Constantinou	State Secretary for Agriculture
Mr Dimitrios Fatouros	Minister for Education and Religious Affairs
Mr George Katsifaras	Minister for Merchant Shipping
Mr Georgios Kouvelakis	Minister for Justice
Mr Dimitrios Kremastinos	Minister for Health
Mr Thanos Mikroutsikos	Minister for Culture
Mr Georges Moraitis	Minister for Agriculture
Mr Theodoros Pangalos	Deputy Minister for Foreign Affairs
Mr Yiannos Papantoniou	Minister for the National Economy
Mr Stelios Papathemelis	Minister for Public Order
Mrs Elizabeth Papazoi	State Secretary for the Environment, Town and Country Planning and Public Works
Mr Karolos Papoulias	Minister for Foreign Affairs
Mr Georges Romeos	Deputy Minister for the National Economy
Mr Constantin Simitis	Minister for Industry, Energy and Technology
Mr Apostolos Tsohatzopoulos	Minister for the Interior
Mr Evangelos Yiannopoulos	Minister for Labour

Meetings in the second half were chaired by:

Mr Norbert Blüm	Minister for Labour and Social Affairs
Mr Jochen Borchert	Minister for Food, Agriculture and Forests
Mr Wolfgang Bötsch	Minister for Posts and Telecommunications
Mr Franz-Josep Feiter	State Secretary for Food, Agriculture and Forests
Mr Gert Haller	State Secretary for Finance
Mr Manfred Kanther	Minister for the Interior
Mr Klaus Kinkel	Minister for Foreign Affairs
Mr Paul Krüger	Minister for Research and Technology
Mrs Sabine Leutheuser-Schnarrenberger	Minister for Justice
Mrs Angela Kerkel	Minister for the Environment
Mr Bernd Neumann	Parliamentary State Secretary for Research and Technology
Mrs Claudia Nolte	Minister for Women's Affairs, Youth, the Family and the Elderly
Mr Gerhard O. Pfeffermann	State Secretary for Posts and Telecommunications
Mr Günther Rexrodt	Minister for the Economy
Mr Jürgen Rüttgers	Minister for Education, Science and Research
Mr Horst Seehofer	Minister for Health
Mrs Ursula Seiler-Albring	State Minister for Foreign Affairs
Mr Carl-Kieter Spranger	Minister for Economic Cooperation
Mr Clemens Stroetmann	State Secretary for the Environment
Mr Klaus Töpfer	Minister for the Environment
Mr Theo Waigel	Minister for Finance
Mr Matthias Wissmann	Minister for Transport
Mr Franz-Christoph Zeitler	State Secretary for Finance

The 92 meetings held in 1994 were devoted to the following subjects:

14 to General affairs

11 to Agriculture

11 to Economic and financial questions

5 to the Environment<sup>1</sup>  
5 to Industry<sup>2</sup>  
5 to Fisheries  
5 to Transport<sup>1</sup>  
4 to Justice and home affairs<sup>3</sup>  
4 to Research  
4 to Labour and social affairs  
3 to the Internal market  
3 to Health  
3 to Telecommunications<sup>2</sup>  
2 to Relations with ACP countries  
2 to Budget  
2 to Consumer protection and information  
2 to Cultural affairs  
2 to Development cooperation  
2 to Education  
2 to Energy  
2 to Youth  
1 to Civil protection

## **B — Relations with the European Parliament**

### **Presentation of the programmes and reports of the Greek and German Presidencies**

2. On 19 January 1994 Mr Pangalos, deputy Greek Minister for Foreign Affairs and President-in-Office of the Council, presented the Greek Presidency's programme to the European Parliament meeting in plenary session in Strasbourg. He emphasized the need for the Community to provide an institutional balance during the current period of transition. He also stressed the need to honour the requirement to inform and consult the European Parliament. He concluded by announcing that the two main priorities of the Greek Presidency were the campaign to combat unemployment, in particular through financing actions set out in the White Paper, and efforts to establish a citizen's Europe with a view to winning over European public opinion.

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<sup>1</sup> Including a joint meeting on environment and transport.

<sup>2</sup> Including a joint meeting on industry and telecommunications.

<sup>3</sup> Including a meeting devoted exclusively to home affairs.

On 20 July 1994, the outgoing President of the Council, Mr Kranidiotis, summarized the results of the Greek Presidency before the European Parliament meeting in plenary session in Strasbourg. He referred to the progress that had been made in the internal market, research, education, energy and the environment.

3. On 20 July 1994 Mr Kinkel, German Minister for Foreign Affairs and President-in-Office of the Council presented the German Presidency's priorities, namely, employment, the environment, economic policy and the common foreign and security policy. Freedom of movement also had to be guaranteed and contact with the citizens improved and moves made towards a new widening of the Union without neglecting the need to deepen it.

On 14 December 1994 Mr Kinkel also reported on the German Presidency to the European Parliament meeting in plenary session. He said there was no longer any doubt that the Community would be enlarged to include the countries of Central and Eastern Europe and that in the meantime Association Agreements should be concluded with these countries without neglecting the Community's Mediterranean policy. He also referred to the enormous challenges still confronting the European Union's foreign and security policy.

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

4. On 20 July 1994 the outgoing President of the Council, Mr Pangalos, informed the European Parliament meeting in plenary session of the outcome of the European Council in Corfu (24 and 25 June). He thought the decisions taken in the main areas of activity under the Greek Presidency had enabled the Community to make progress. He referred in particular to employment, SMUs, research and development and the trans-European networks.

On 21 July Mr Kinkel, President-in-Office of the Council, presented the results of the extraordinary European Council held in Brussels on 15 July and presented Mr Santer as the nominated candidate as President of the Commission. He also referred to other items on the agenda: the situation in former Yugoslavia and in Rwanda and the G7 Summit in Naples.

On 14 December 1994 the President-in-Office of the European Council, Chancellor Helmut Kohl, presented the results of the European Council held in Essen on 9 and 10 December to the European Parliament meeting in plenary session in Strasbourg. He welcomed the enlargement of the Community to the three new Member States and raised the possibility of the future accession of other Central and Eastern European States. On internal matters, he mentioned the undertakings regarding Europol, measures to combat unemployment and the launching of the initial trans-European network projects. He ended by paying tribute to Mr Delors, the outgoing President of the Commission.



## Debates in plenary session in which the Council took part

5. Mr Pangalos, President-in-Office of the Council, took part on 9 February 1994 in the debate in plenary session on Community enlargement. He also reported on discussions in the Council on the situation in Bosnia.

Mr Pangalos also took part in the debates in plenary session in Brussels on 23 and 24 February. Again the discussion centred on the problems of the former Yugoslavia including measures taken by Greece in regard to the former Yugoslav Republic of Macedonia.

These two important issues, the accession negotiations and the situation in Bosnia, were discussed again at the plenary session in Strasbourg on 9 March. Mr Papoulias, Greek Minister for Foreign Affairs and President-in-Office of the Council, made statements to the meeting and took part in the debate.

Mr Pangalos took part in the debate in plenary session in Brussels on 23 and 24 March. He spoke in particular on the importance that should be given to employment when the Community's main economic guidelines were being examined.

On 20 April the President-in-Office of the Council, Mr Pangalos, spoke in the debate in plenary session on the Ioannina compromise regarding the blocking minority in Council votes. He said that the rules agreed in Ioannina would remain in force only until 1996 when the Treaty on European Union would be revised.

On 4 May 1994 Mr Pangalos took part in the debate in plenary session on the Corfu Summit. He outlined the progress made in preparation for the European Council. He noted that it would be held after the elections for the European Parliament and would deal, among other issues, with economic and social questions and the designation of the future President of the Commission.

6. On 14 September 1994, Mr Waigel, Federal Minister for Finance and President-in-Office of the Council presented the draft general budget of the European Communities for 1995 to the European Parliament meeting in plenary session in Brussels. On the same day, Mrs Seiler-Albring replied on behalf of the Council to oral questions on the situation in Rwanda.

On 27 September Mrs Seiler-Albring, Federal German Minister at the Ministry for Foreign Affairs and President-in-Office of the Council, made a statement in Strasbourg on behalf of the Council on the peace process in Northern Ireland.

Mrs Seiler-Albring also made a statement in Strasbourg on 28 September on a multi-speed Europe and took part in the ensuing debate in plenary session. She replied to several oral questions on traffic in plutonium; she also made another statement on behalf of the Council on the International Population Conference in Cairo.

On 25 October, Mr Haller, President-in-Office of the Council, took part in the debate on the general budget for 1995 in a plenary session of the European Parliament in Strasbourg. Mrs Seiler-Albring replied to an oral question with discussion on racism

and xenophobia. On 27 October, Mr Wissman, Federal German Minister for Transport and President-in-Office of the Council, replied to an oral question with discussion on safety at sea. Mrs Verhulsdonk replied on behalf of the Council to several oral questions on social exclusion and poverty.

On 16 November 1994 Mrs Seiler-Albring, President-in-Office of the Council, made a statement on behalf of the Council on the situation in Bosnia-Herzegovina. This was followed by a debate in plenary session.

On 30 November 1994 Mr Hoyer, President-in-Office of the Council, spoke at the plenary session of the European Parliament in Brussels on the referendum in Norway and the present and future enlargement of the Community. He also took part on the following day, 1 December 1994, in the debate on employment policy.

On 1 December 1994 Mr Kinkel made a statement on the situation in Bosnia-Herzegovina to the European Parliament meeting in plenary session in Brussels.

On 13 December 1994 Mr Haller, President-in-Office of the Council (Budget) took part in the debate in plenary session in Strasbourg on the financial perspective, the 1995 budget and excessive budget deficits.

On the same day, Mr Kanter and Mrs Leutheuser-Schnarrengerger reported on the progress made in home affairs and justice, following oral questions put to the Council.

Mrs Nolte, President of the Council (Social Affairs) took part in the debate on the situation of the family in plenary session on 13 December on the basis of several oral questions put to the Council.

Also on 13 December, Mr Kober replied on behalf of the Council to oral questions on the protection of financial interests and the establishment of a convention on the subject.

On 14 December 1994 Mr Eekhoff replied to oral questions put to the Council on the conclusions of the Uruguay Round negotiations and on the future activity of the World Trade Organization (WTO).

## **Appearances and Question Time**

7. The Council took part in Question Time on many occasions and the President made a number of appearances before various bodies.<sup>1</sup>

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<sup>1</sup> See paragraph 12 of the review (Section D — Statistics).

## **C — Relations with other institutions or bodies**

### **Court of Justice**

8. On 26 July 1994 the Conference of the Representatives of the Governments of the Member States appointed judges and advocates-general as part of the partial renewal of the Court of Justice.

The following Judges were appointed for the period from 7 October 1994 to 6 October 2000:

Mr Edward, David A.O.  
Mr Hirsch, Günther  
Mr Kapteyn, P.J.G.  
Mr La Pergola, Antonio Mario  
Mr Mancini, Giuseppe Federico  
Mr Moitinho de Almeida, José Carlos  
Mr Püissochet, Jean-Pierre.

As a replacement for Mr Ole Due, who has retired,

Mr Gulmann, Claus

was appointed for the remainder of his term of office, namely from 7 October 1994 to 6 October 1997.

The following Advocates-General were appointed for the period from 7 October 1994 to 6 October 2000:

Mr Cosmas, Georgios  
Mr Leger, Philippe  
Mr Tesauero, Giuseppe

As a replacement for Mr Claus Gulmann who has been appointed a Judge,

Mr Elmer, Michael

was appointed for the remainder of his term of office, namely from 7 October 1994 to 6 October 1997.

### **Economic and Social Committee**

9. With the coming into force of the Treaty on European Union, relations between the Council and the Economic and Social Committee have changed. The Committee now

has greater budgetary autonomy and can also adopt its own rules of procedure. Further, Protocol No 16 to the Treaty lays down that the Economic and Social Committee and the new Committee of the Regions will have a common organizational structure. Considerable efforts by the administrations concerned have been devoted to making this new structure operational.

On 26 September the Council appointed the members of the Economic and Social Committee for the period to 21 September 1998. The inaugural meeting of the new Committee was held in Brussels between 18 and 20 October 1994. The Council spoke at this meeting of the importance it attaches to the Committee's opinions and views.

At the 312th plenary session of the Committee, Mr Baltas, Greek Secretary of State for Trade and President-in-Office of the Council, outlined the programme of the Greek Presidency. He emphasized in particular the Presidency's interest in the question of administrative cooperation between the Economic and Social Committee and the Committee of the Regions.

In March 1994, Mr Jacques Blanc, the new President of the Committee of the Regions, addressed the plenary session of the Economic and Social Committee. He thanked the latter for the assistance it had given at the inaugural meeting of the Committee of the Regions but confirmed the intention of the Committee of the Regions to have its own independent administration as soon as possible and to allow the Economic and Social Committee to pursue its own activities.

On 2 June 1994 the Economic and Social Committee adopted its new rules of procedure which came into force immediately. The rules of procedure lay down that all officials of the Committee will in future be appointed by the Bureau, the President or the Secretary-General, as the case may be, but independently of the Council.

Mr Rexrodt, German Minister for Economic Affairs and President-in-Office of the Council, attended the 317th plenary session of the Committee on 7 July 1994. He outlined the programme of the German Presidency and stressed the fight against unemployment. As regards the roles of the Economic and Social Committee and the Committee of the Regions he thought their value would depend on their ability to issue opinions of a high quality and that, to do so, they should have the human and financial resources necessary.

Finally, Mr Lammert, Parliamentary State Secretary at the German Ministry for the Economy and President-in-Office of the Council addressed the 321st plenary session of the Committee on 21 December 1994. He informed the Committee on the outcome of the European Council in Essen and thanked it for its efforts to support the Presidency programme for the rights of the European citizen.

It should be noted that in 1994 the Community adopted the supplementary and amending budget No 1, draft supplementary and amending budget No 2 and the draft general budget for 1995. As regards the Economic and Social Committee, the effect of these instruments is to establish a common administrative structure with the Committee of the Regions which is distinct from the Committee's own secretariat. This common structure which will be administered on the basis of a cooperation agreement between

the said Committee and the Committee of the Regions will be responsible for the administration of all services (e.g. translation, production of documents, library, buildings, etc.) required by the two Committees without prejudice to their working independence.

## **Committee of the Regions**

10. In 1994 the Council took the decisions laid down in the Treaty on European Union whereby a new organ of the Union, the Committee of the Regions could be established. The Committee is an advisory body to the Council and the Commission consisting of representatives of regional and local bodies.

On 26 January 1994 the Council appointed 189 members and the same number of alternate members on a proposal from the respective Member States. On 25 March 1994 it also adopted the rules of procedure of the Committee of the Regions on the basis of a text prepared by the Committee. Finally, on 30 August, the Council took the decision to appoint the Secretary-General of the Committee on a proposal from the Bureau of the Committee as laid down in the Committee's Rules of Procedure.

The inaugural meeting of the Committee was held in Brussels on 9 and 10 March 1994. The Committee was assisted by the ESC Secretariat in the organization of the early meetings.

At the inaugural meeting, Mr Tsohatzopoulos, Greek Minister for the Interior and President-in-Office of the Council, addressed the new members. He said he was pleased such a body had been established because it would help to bring the Union closer to its citizens. The Council forwarded 20 requests for opinions to the Committee. The Council gave all due attention to the opinions delivered by the Committee of the Regions. The Committee had therefore become a part of the legislative procedure of the Community. On several occasions it expressed the desire to give political opinions which would reflect the regional and local interests of the Community.

Consultation of the Committee as laid down in Article 198c of the Treaty is mandatory in the fields of education, culture, public health, trans-European networks, economic and social cohesion, Structural Funds and the Cohesion Fund and ERDF implementing decisions. The Committee can also give opinions on its own initiative.

## **Council of Europe**

11. For the Council of Europe 1994 was the year of implementation of the conclusions adopted by the Summit of the Heads of State or Government of the Member States of the Council of Europe held in Vienna in October 1993, particularly as regards enlargement to include the Central and East European countries. On 7 February 1994 the Council adopted a statement on the accession application made to the Council of Europe by the Russian Federation. In this statement the Council reaffirmed its support for the

admission of Russia to the Council of Europe as soon as possible when all the accession criteria were met.

Despite the efforts made on all sides, it was not possible to organize in 1994 quadripartite meetings between the Presidents of the Council, the Commission, the Committee of Ministers and the Secretary-General of the Council of Europe as had been agreed between the Council and the Council of Europe in 1989.

On 19 April 1994, the Council decided to seek the opinion of the Court of Justice on the implications for the EC Treaty of the European Communities acceding to the European Convention on Human Rights.

## **D — Statistics**

12. Attendance by Presidents-in-Office of the Council at meetings of European Parliament Committees: see tables in Annexes 1 and 2.

### **Parliamentary questions**

In 1994 the Council replied to 238 questions during Question Time, to 35 oral questions with debate and to 175 written questions.

Consultations of the European Parliament: 153;  
Common positions: 43;  
Consultations of the Economic and Social Committee: 91;  
Consultations of the Court of Auditors: 4;  
Consultations of the Committee of the Regions: 25;  
Consultations of the European Monetary Institute: 5;  
Consultation of the Court of Justice: 1;  
Consultation of the Monetary Committee: 1;  
Requests for urgent procedure: 40.

## **E — Institutional affairs — Community law**

13. In the institutional area, 1994 was a year of transition which included both the implementation of the innovations arising from the Treaty on European Union (which came into force on 1 November 1993) and the start of preparations for its revision as part of the Intergovernmental Conference in 1996 in the context of an enlarged Union,

since the Accession Treaty of Norway, Austria, Finland and Sweden was signed in Corfu on 24 June. The latter was due to come into force on 1 January 1995 after the European Parliament gave its assent during its May part-session and the national ratification procedures took their course during the second half of 1994, particularly in those acceding countries requiring referenda (Austria on 12 June, Finland on 16 October, Sweden on 13 November and Norway, unfortunately with a negative result, on 28 November).

Following Norway's failure to accede, the Accession Treaty was adapted by the Council by written procedure expiring on 1 January 1995 in order to make the amendments made necessary by Norway's non-accession.

The Governments of the Member States initiated by written procedure also expiring on 1 January 1995 the procedure for appointing nationals of the acceding States as members of the Commission, judges of the Court of Justice and members of the Court of First Instance.

14. The fourth legislature of the European Parliament elected by direct universal suffrage opened on 19 July with its inaugural session in Strasbourg following the elections which were held between 9 and 12 June. The Decision of 1 February of the Representatives of the Governments of the Member States increasing and amending the distribution of seats in the Parliament to take account of German unification applied to those elections. There are now 567 (instead of 518) members in the new Parliament.

For the first time also, thus giving effect to one of the new provisions of the Treaty (Article 8b(2) of the EC Treaty) which established citizenship of the Union, Community nationals residing in a Member State other than their State of origin could stand for election and vote in the European elections in their state of residence.

Arrangements for the exercise of the same right to vote and to stand as a candidate but in municipal elections (on the basis of Article 8b(1) of the EC Treaty) were also adopted by the Council on 19 December for transposition before 1 January 1996.

15. A feature of interinstitutional relations was the negotiations on the setting up of temporary committees of inquiry by the European Parliament (Article 138c of the EC Treaty) which had to be determined by common accord of the European Parliament, the Council and the Commission.

The co-decision procedure (Article 189b of the EC Treaty) led the Parliament to return to the procedure for the exercise of implementing powers of Community acts (what is known as committee procedure) and on the delegation of such power.

These negotiations were concluded at an Interinstitutional Conference on 20 December when the European Parliament, the Council and the Commission reached an agreement on the draft Decision on the procedure for the exercise of the right of inquiry of the European Parliament and a *modus vivendi* on the committee procedure. This allows for a certain involvement of the European Parliament in the matter pending a review of the procedure at the Intergovernmental Conference in 1996.

As regards relations with the European Parliament in the fields of the common foreign and security policy (CFSP) and of justice and home affairs (JHA), the second and third pillars of the Maastricht Treaty, there was a series of contacts to establish the terms of arrangements clarifying the reciprocal rights and obligations in the matter. Guidelines were worked out to that effect in the Council. There were also discussions on the financing of these policies to come up with an agreement on procedures which safeguard both the budgetary powers of the Parliament and the need for expeditious mobilization of the means needed for actions already decided.

16. Another important event was the introduction of the procedure for the appointment of the Commission which assumes its functions in January 1995 until the end of the term of office of the European Parliament, i.e five years, in accordance with the new wording of Article 158 of the EC Treaty. On 20 July 1994 the European Parliament delivered a favourable opinion on the nomination of Mr Santer as the person the Governments of the Member States intended to appoint as President of the Commission. The appointment was formally adopted by the representatives of the Member States on 26 July.

By 1 November the Member States had nominated the other persons whom they intended to appoint by common accord as members of the Commission. The European Parliament had then to give its approval by a vote on the whole college in January 1995 which would enable the members who are nationals of the acceding States to take part in the vote on a Commission of 20 members. The Parliament was due to hold hearings of the Commissioners-elect in early January 1995.

On 24 and 25 June the European Council in Corfu initiated the process for the preparation of the 1996 Intergovernmental Conference by requesting each institution to prepare a report on the operation of the Treaty on the Union as a contribution to the proceedings of the Think Tank it had set up. The Think Tank will meet for the first time in June 1995 and its task will be to prepare for the Intergovernmental Conference.

17. In the Council statement on the 1994 legislative programme, adopted on 7 February 1994, the Council noted the Commission proposal on the 1994 legislative programme and the European Parliament's resolution of 19 January 1994 on the matter. The Council said priority should be given to the implementation of the Treaty on European Union within the times laid down and listed a number of questions for particular emphasis.

Both because of the coming into force of the Treaty on the Union and the beginning of a new European Parliament, a great deal of interinstitutional adaptation was required to establish the new framework of legislative procedure.

18. The coming into force of the Maastricht Treaty meant the implementation of the Article 189b procedure of the EC Treaty (known as the co-decision procedure) which applies to the following areas: free movement of workers (Article 49); the right of establishment (Articles 54, 56, 57 and 66); the approximation of laws in the setting up of the internal market (Articles 100a and 100b); education (Article 126); culture (Article 128); health (Article 129); consumers (Article 129a); trans-European networks (Article 129d); research (Article 130i) and environment (Article 130s). When completed, this



complex procedure lays down that the acts in question will be adopted by the European Parliament and the Council.

The novelty of this procedure lies in the fact that it introduces, in the form of a conciliation committee, a structured dialogue between the two institutions with the involvement of the Commission where the Council is unable to accept all the amendments proposed by the Parliament in second reading.

The Conciliation Committee is composed of members of the Council or their representatives and an equal number of representatives of the European Parliament. Its task is, with the help of the Commission, to reach agreement on a joint text within six weeks or at most two months to enable the European Parliament and the Council to adopt the act in question.

One of the main aspects of the procedure involves the Council (acting by qualified majority apart from some areas where the Treaty requires unanimity), after obtaining the opinion of the European Parliament, adopting a common position which, together with the reasons for the position, are communicated to the European Parliament and published in the *Official Journal*. The Parliament has three months (which can be extended by one month at most by common accord of the Council and the European Parliament) to approve the common position, reject it or propose amendments. (It can also signal its intention to reject the common position which opens the possibility of pre-conciliation.)

The Council also has three months (also extendible to four months) either to approve the Parliament's amendments and adopt the act or to convene the Conciliation Committee.

At the Interinstitutional Conference on 25 October 1993 in Luxembourg the institutions in question reached agreement on the operational procedure for the proceedings of the Conciliation Committee laid down in Article 189b.

The institutions adopted practical arrangements to ensure that the Conciliation Committee (which meets alternately either at the European Parliament or at the Council) functions smoothly. The Conciliation Committee is a distinct entity for each act in question but it may hold several meetings within the time allowed.

In the period under review, 23 legislative acts were adopted by the European Parliament and the Council according to the procedure in 189b of the EC Treaty. Of these, eight acts were referred to the conciliation procedure. The Conciliation Committee held 12 meetings in all and there was a total of 19 sittings.

There was only one proposal for a Directive of the European Parliament and the Council referred to the conciliation procedure, that on the application of the principles of open network provision (ONP) to voice telephony, which was unsuccessful. The Conciliation Committee could not reach agreement on a joint text and the European Parliament rejected the Council's common position within the prescribed time.

19. In accordance with the Decision of the European Council in Brussels on 29 October 1993 on the location of the seats of certain bodies and departments of the European Communities and of Europol, on 28 November 1994 the Council adopted a Regulation (EC) setting up a Translation Centre for the bodies of the Union.

The centre is based in Luxembourg within the Commission's translation departments located in Luxembourg.

# Chapter II

## Internal market — White Paper

### A — Abolition of physical frontiers

#### Controls on goods and customs union

##### COMMON CUSTOMS TARIFF

20. The Council adopted 16 Regulations opening or managing tariff quotas or suspending autonomous Common Customs Tariff duties on a significant number of products in agriculture and fisheries and in various industrial sectors including the chemical, microelectric and civil aeronautical sectors.

##### CUSTOMS UNION

21. On 14 February 1994 the Council adopted a Regulation amending Regulation (EEC) No 918/83 setting up a Community system of reliefs from customs duty.<sup>1</sup> This Regulation, which goes hand in hand with Directive 94/4/EC (on duty-free allowances) lays down rules whereby travellers are entitled, since 1 April 1994 when the new measures came into force, to an allowance of ECU 175 (instead of the old allowance of ECU 45) when they enter the Community from a non-Community country.

On 21 June 1994 the Council also adopted a Regulation amending Commission Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code.<sup>2</sup> This is a technical measure submitted by the Commission to the Council under the so-called 'Committee procedure' laid down in Article 249 of the Customs Code since the Customs Code Committee could not reach agreement on the draft regulation submitted by the Commission.

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<sup>1</sup> OJ L 46, 18.2.1994.

<sup>2</sup> OJ L 162, 30.6.1994.

## INTERNATIONAL CUSTOMS CONVENTIONS

22. On 10 March 1994 the Council adopted two Decisions 94/166/EC and 94/167/EC. The first accepts Resolution No 47 on the introduction of an additional TIR carnet with higher guarantee adopted on 2 July 1993 by the Working Party of the Economic Commission for Europe (UN/ECE) on customs questions affecting transport.<sup>1</sup> The aim of this resolution is to reinforce the campaign to combat fraud in international alcohol and tobacco transport.

In the second Decision, the Council revised the reservations entered by the Community in respect of a series of annexes to the international convention on the simplification and harmonization of customs procedures,<sup>1</sup> the so-called 'Kyoto Convention', of the Customs Cooperation Council. This is an exercise which each contracting party to the Convention has to engage in periodically pursuant to Article 5 thereof.

## MUTUAL ASSISTANCE

23. At its meeting on 5 December 1994, the Council succeeded in reaching a political agreement on a file which had been on the table since January 1993 and the importance of which as an instrument in the fight against fraud had been unanimously acknowledged. It is a proposal for a Regulation on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters. However, these texts cannot be approved finally until the Parliament has given its opinion to the Council on the new legal basis proposed by the Council for the act.

## COUNTERFEIT AND PIRATED GOODS

24. At its meeting on 22 December 1994 the Council formally adopted a Regulation laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods. This Regulation was awaited with impatience by economic operators who were anxious, given the extent of the commercial damage caused by such illegal practices, that existing protection measures in the Community be reinforced. This Regulation not only strengthens significantly the legal instrument set up in 1986 by Regulation (EEC) No 3842/86 on counterfeit goods but it widens its scope by ensuring that other intellectual property rights (copyright, designs, models) are protected. In particular, it introduces a procedure whereby the customs authorities can prevent the release for free circulation or entry for a suspensive procedure (transit, customs warehouse, processing under customs control, temporary admission) of goods suspected of being counterfeit or pirated goods.

## RELIEF FROM CUSTOMS DUTY IN GERMANY AND AUSTRIA

25. At its meeting on 22 December 1994 the Council adopted a Regulation aligning the arrangements for duty-free allowances for travellers in Austria on those which apply

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<sup>1</sup> OJ L 76, 18.3.1994.

in Germany while raising from 1 January 1995 the amount of duty-free goods travellers can import from countries other than Member States or EFTA countries from ECU 45 to ECU 75. These arrangements will remain in force until 1 January 1998 when the allowance will be raised to ECU 175, the amount which applies in the other Member States. A parallel measure was adopted in the fiscal domain.

## **B — Abolition of technical frontiers**

### **Technical barriers**

26. 23 March 1994 will be regarded as an historic day in the development of the Community legislative process because at a unique ceremony on that day the Presidents of the Council and the European Parliament placed their signatures for the first time on Directives adopted following the co-decision procedure introduced by Article 189b of the Maastricht Treaty.

**DIRECTIVE 94/9/EC OF THE EUROPEAN PARLIAMENT AND THE COUNCIL OF 23 MARCH 1994 ON THE APPROXIMATION OF THE LAWS OF THE MEMBER STATES CONCERNING EQUIPMENT AND PROTECTIVE SYSTEMS INTENDED FOR USE IN POTENTIALLY EXPLOSIVE ATMOSPHERES. <sup>1</sup>**

27. This is a 'new approaches' type Directive which applies to equipment and protective systems intended for use in a potentially explosive atmosphere and to security arrangements outside potentially explosive atmospheres which have implications for equipment installed in such atmospheres. It covers risks from electrical and non-electrical sources and replaces the former optional Directives 76/117/EEC and 79/196/EEC (surface equipment) and 82/130/EEC (mining equipment) and successive amendments made thereto (84/47/EEC, 88/517/EEC, 90/487/EEC, 88/35/EEC and 91/269/EEC), which deal only with electrical equipment.

The Directive has a twin purpose: the abolition of barriers to trade and the introduction of a high level of safety protection.

Very many categories of material are covered by this Directive since they are widely used in key sectors of the industry: the extraction of solid, liquid and gaseous fuels, chemical and metallurgical industries, plants for the treatment of wood and plastics, printworks, etc.

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<sup>1</sup> OJ L 100, 19.4.1994.

On 11 November 1993 the Council had unanimously adopted a common position which was approved by a decision of the Parliament on 9 February 1994. As mentioned above, the Act was signed by the Presidents of the two institutions on 23 March 1994.

**DIRECTIVE 94/10/EC OF THE EUROPEAN PARLIAMENT AND THE COUNCIL OF 23 MARCH 1994 MATERIALLY 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.**<sup>1</sup>

28. As indicated in the title this Regulation significantly amends Directive 83/189/EEC which introduced a procedure for the provision of information in the field of technical standards and regulations.

This new legal instrument forms part of the actions undertaken to ensure the proper functioning of the single market by obviating potential obstacles to the free movement of goods. Its main purpose is to enhance the transparency of national actions and to bring about increased discipline within the framework of the common action. Directive 83/189/EEC had already laid the foundations for a cooperation policy in the field of standards and technical rules by requiring Member States to notify any new technical regulation at the project stage (notification procedure) and to refrain from adopting them for a fixed period which varied depending on the circumstances (standstill rule).

29. The new Directive confirms and reinforces existing mechanisms. Its scope is widened by a new definition of the 'technical regulation' which in future will include *de facto* technical regulations, among others, national provisions which refer to technical specifications, professional codes or other requirements, the so-called 'voluntary' agreements to which public authorities are parties and, finally, technical specifications which are linked to fiscal measures affecting the consumption of a product. The standstill procedure has also been refined by changing the time-limits which vary from 3 to 18 months depending on circumstances.

The consequence of this reinforced notification procedure will be to reduce the burden on undertakings of the divergent technical specifications, since cases liable to be a problem for them can be detected and a solution provided either by including the principle of mutual recognition in a national technical regulation or by means of a Community harmonization initiative.

The Council adopted its common position on 11 November 1993 and subsequently accepted two amendments proposed by the European Parliament in second reading. The Directive was signed on 23 March 1994 by the Presidents of the two institutions.

**DIRECTIVE 94/11/EC ON THE APPROXIMATION OF THE LAWS, REGULATIONS AND ADMINISTRATIVE PROVISIONS OF THE MEMBER**

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<sup>1</sup> OJ L 100, 19.4.1994.

## STATES RELATING TO LABELLING OF THE MATERIALS USED IN THE MAIN COMPOSITION OF FOOTWEAR FOR SALE TO THE CONSUMER.<sup>1</sup>

30. The Directive has a twin purpose:

- (a) to ensure the free movement of such articles within the Community, thus providing the widest possible access to the market in a sector made up largely of small and medium-sized undertakings;
- (b) to guarantee an adequate level of consumer protection by means of a simple and effective labelling system.

On 11 November 1994 the Council adopted a common position by qualified majority; the German delegation voted against and the Netherlands delegation abstained. The European Parliament then approved the common position and the act was signed on 23 March 1994 by the Presidents of the two institutions.

## DIRECTIVE 94/25/EC OF THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE APPROXIMATION OF THE LAWS, REGULATIONS AND ADMINISTRATIVE PROVISIONS OF THE MEMBER STATES RELATING TO RECREATIONAL CRAFT.<sup>2</sup>

31. This Directive is aimed at eliminating significant barriers to trade in certain countries of the European Union where there are large numbers of recreational craft users and major recreational craft undertakings; and at obviating the need for other Member States to legislate on the matter. The Directive is based on Article 100a and also aims to achieve a high level of risk protection by laying down a certain number of essential safety requirements for the construction of recreational craft. All branches of the recreational craft sector are covered by the Directive apart from a small number of undertakings which construct craft excluded from its scope (racing craft, canoes, kayaks, air cushion vehicles, etc.).

On 16 December 1994 the Council adopted a common position by qualified majority. Subject to the involvement of the Conciliation Committee on three amendments voted by the European Parliament, the Directive was adopted by the Council on 16 June 1994 with the French delegation voting against and the United Kingdom delegation abstaining.

## DANGEROUS SUBSTANCES

32. In the sector on the harmonization of measures on the marketing of dangerous substances and preparations, the Council and the European Parliament adopted three Directives amending Directive 76/769/EEC. The purpose of these three Directives is to widen the list of substances and preparations whose use is limited for reasons of

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<sup>1</sup> OJ L 100, 19.4.1994.

<sup>2</sup> OJ L 164, 30.6.1994.

consumer health and/or environmental protection. The first of these Directives amending for the 12th time Directive 76/769/EEC was adopted on 16 June 1994. In order to protect consumers from the allergic reactions liable to be caused by nickel, it limits the use of nickel in personal objects intended to come into direct and prolonged contact with the skin such as jewellery and clothing accessories.<sup>1</sup>

The second, amending for the 13th time Directive 76/769/EEC and adopted on 31 October 1994, prohibits the manufacture, import and marketing of aerosols containing flammable gases and intended for sale to the general public for entertainment and decorative purposes, such as metallic glitter, artificial snow and decorative foams. This prohibition is justified by the fact that these aerosols are often used by adults and children at parties in close proximity to candles, open fires and other flames and can cause serious accidents.<sup>2</sup>

Finally, the third, amending for the 14th time Directive 76/769/EEC, restricts the marketing and use of the following three types of substances which are a danger to the health of the consumer and to the environment:

- carcinogens, mutagens and substances toxic for reproductive purposes;
- creosote and its derivatives;
- chlorinated solvents.

This Directive was adopted on 8 December 1994; the German, Danish and Netherlands delegations voted against.

#### MUTUAL RECOGNITION AGREEMENTS ON CONFORMITY ASSESSMENT PROCEDURES BETWEEN THE COMMUNITY AND CERTAIN THIRD COUNTRIES

33. In accordance with a 1992 Council Decision, the Commission is currently negotiating with certain third countries (United States, Canada, Australia and New Zealand) the conclusion of mutual recognition agreements on conformity assessment in different sectors. These negotiations are prepared in the Council by a specialized technical committee set up by the 113 Committee which meets regularly to give guidelines to the Commission representatives and to assess the outcome of the discussions with each third country concerned.

#### PROPOSAL FOR A COUNCIL DIRECTIVE ON THE APPROXIMATION OF THE LAWS OF THE MEMBER STATES CONCERNING PRESSURE EQUIPMENT

34. This proposal for a Directive, which is currently being examined at a technical level in the Council, is intended to allow the free circulation of all pressure equipment

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<sup>1</sup> OJ L 188, 22. 7.1994.

<sup>2</sup> OJ L 331, 21.12.1994.



since there is only a modicum of harmonization in the sector at present provided by Directives for specific items of equipment.

The opinion of the Parliament was delivered on 19 April 1994 and the Commission submitted its amended proposal on 30 June 1994.

#### PROPOSAL FOR A COUNCIL DIRECTIVE ON THE APPROXIMATION OF THE LAWS, REGULATIONS AND ADMINISTRATIVE PROVISIONS OF THE MEMBER STATES RELATING TO ARTICLES OF PRECIOUS METAL

35. This proposal for a Directive which is also currently being examined at a technical level in the Council is intended to allow the free circulation of articles of precious metals while ensuring a high level of consumer protection and fair trading. It covers provisions relating to the marking of such articles and those relating to certification procedures.

The opinion of the Parliament was delivered on 19 April 1994 and the Commission submitted its amended proposal on 1 July 1994.

## **Motor vehicles**

### COUPLING DEVICES

36. Following the co-decision procedure and subject to the involvement of the Conciliation Committee referred to in Article 189b of the Treaty, the Council adopted on 16 May 1994 Directive 94/20/EC relating to the mechanical coupling devices of motor vehicles and their trailers and their attachment to those vehicles.<sup>1</sup>

This Directive will apply from 1 December 1995 and, although highly technical, should have a major economic and environmental impact. The use of standardized coupling devices Community-wide should substantially reduce the transport costs of goods as the interchangeability of towing vehicles and trailers should lead to a considerable reduction in the number of unladen journeys. This is bound to have a beneficial effect on fuel consumption, air pollution, the life span of vehicles and the road infrastructure (reduction of use and repairs).

### REDUCTION OF POLLUTANT EMISSIONS FROM MOTOR VEHICLES

37. This concerns Directive 94/12/EC of 23 March 1994<sup>2</sup> relating to measures to be taken against air pollution by emissions from motor vehicles and amending Directive 70/220/EEC.

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<sup>1</sup> OJ L 195, 29.7.1994.

<sup>2</sup> OJ L 100, 19.4.1994.

The proposal for a Directive was presented in accordance with Article 4 of Directive 91/441/EEC which amends Directive 70/220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution by motor vehicles. That Article requires the Commission to propose before 31 December 1992 a new reduction of limit values based on an evaluation of the best technology which will be available for all the vehicles concerned in 1996.

On 9 March 1994 the Parliament adopted a decision approving the Council common position thus enabling the Council to adopt the Directive which, as mentioned in the introduction dealing with the internal market, was also signed by the Presidents of the two institutions on 23 March 1994.

## FLAMMABILITY

38. On 8 December 1994 the Council adopted a common position with a view to the adoption of the Directive by the European Parliament and the Council on the approximation of the laws of the Member States relating to the burning behaviour of materials used in the interior construction of certain categories of motor vehicle. This is a Directive whose aim is to improve the security of buses and coaches and is intended to meet *inter alia* the concern expressed by the European Parliament and various authorities in the Member States as a result of several serious accidents in the Community in which coaches caught fire causing many casualties.

## MAXIMUM POWER OF TWO OR THREE-WHEEL MOTOR VEHICLES

39. At its meeting on 22 December 1994 the Council adopted a Directive, in accordance with the joint text established with the Parliament under the Conciliation procedure, on the maximum design speed, maximum torque and maximum net engine power of two or three-wheel motor vehicles.

This Directive forms part of the approval procedure for such vehicles covered by Directive 92/61/EEC (framework directive). It deals with the maximum design speed, maximum torque and maximum net engine power of two or three-wheel motor vehicles. It deals with the requirements concerning the methods of measuring those characteristics of the vehicles concerned which, together with the other factors and characteristics provided for in Annex I to the framework directive, are requirements which must be met if those vehicles are to be approved and placed on the Community market. The adoption of the Directive will be finalized when the act is signed by the Presidents of the two institutions.

## Medicinal products

40. The Council continued its examination of a proposal for a Regulation on fees payable to the European Agency for the Evaluation of Medicinal Products. The Regulation fixes the fees payable to the Agency by pharmaceutical undertakings for delivering and maintaining a Community marketing authorization of medicinal prod-

ucts for human and veterinary use. At its December meeting the Council noted that positions on the proposal were closer; it still awaited the opinion of the European Parliament before adopting the Regulation. The Agency was due to open in London on 1 January 1995.

At its meeting on 16 June 1994 the Council also adopted a Decision accepting, on behalf of the European Community, the Convention on the elaboration of a European Pharmacopoeia. The purpose of this Convention, which was initiated by the Council of Europe, is to harmonize specifications for medicinal substances and pharmaceutical preparations to enable them to circulate in Europe. It is also designed to make the monographs of the European pharmacopoeia the official technical rules applicable in the countries of the contracting parties to this Convention.

## **C — Financial area**

### **Banking services**

#### **DEPOSIT-GUARANTEE SCHEMES**

41. Following conciliation between the Council and the European Parliament on 12 April 1994, the Council, on 16 May 1994, adopted by qualified majority with the German delegation voting against, the Directive on deposit-guarantee schemes.<sup>1</sup> This Directive is one of the final basic instruments for the completion of the financial area in the banking sector.

The aim of the Directive is to introduce a minimum of harmonized rules in the Community as a whole for the protection of depositors in the event of the failure of a credit institution and the prevention of sudden withdrawals of funds to the detriment of the stability of the banking system.

The future harmonized system with which all Member States must comply by 1 January 1995 at the latest will be based on the following main characteristics:

- in principle, all credit institutions must belong to a guarantee scheme;
- deposits must as a general rule be repaid in full, up to a minimum standard amount;
- special rules must be laid down for branches of a credit institution located outside the Member State of its principal place of business — the basic principle being that deposits taken by these branches must be guaranteed by the home Member State's scheme;

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<sup>1</sup> OJ L 135, 31.5.1994.

- provision is made for some exemptions, so that Member States will not have to give up certain recognized practices.

The Directive also contains the following features:

- recognition of alternative schemes protecting credit institutions themselves as being equivalent to deposit-guarantee schemes;
- exemptions for certain institutions or categories of institutions from the obligation to belong to a deposit-guarantee scheme.

#### TREATMENT ACCORDED BY THIRD COUNTRIES TO CREDIT INSTITUTIONS AND INSURANCE UNDERTAKINGS OF THE EUROPEAN COMMUNITY

42. Pursuant to the decisions taken by the Council,<sup>1</sup> the Commission provided it with a general review of the treatment accorded to Community undertakings by third countries. Following a recommendation referred to it on 22 December 1993 aimed at authorizing the Commission to negotiate bilateral agreements to ensure better supervision of credit institutions on a consolidated basis, the Council instructed the Commission to enter into negotiations with Canada, the United States of America, Japan and Switzerland. These negotiations are continuing.

### Transferable securities

#### UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITS)

43. The Council continued its examination of an amended proposal for a Directive amending the 1985 UCITS Directive. The amended 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).

#### REINFORCING PRUDENTIAL SUPERVISION

44. On 6 June 1994 the Council adopted its common position on a Directive aimed at reinforcing prudential supervision in financial undertakings (credit institutions, insurance firms, investment firms and undertakings for collective investment in transferable securities (UCITS)).

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<sup>1</sup> See 2nd Banking Directive 89/646/EEC, 15.12.1989:

- Directive 90/619/EEC, life assurance;
- Directive 90/618/EEC, vehicle insurance;
- EC Treaty, Article 228(1).

The four cardinal points of the Council's common position are as follows:

- transparency is required of the group of companies to which a financial undertaking belongs;
- a financial undertaking is required to have its registered office and its head office in the same Member State;
- the scope for exchanging information between authorities is extended;
- auditors are required to report to the supervisory authorities any irregularities, as defined by this Directive, discovered in financial undertakings.

At its sitting on 26 October the European Parliament proposed amendments to the Council common position. On 2 December the Council noted that it could not approve all the Parliament's amendments; accordingly the Conciliation Committee must be convened.

## LISTING PARTICULARS

45. On 30 May 1994 the Council adopted a Directive of the European Parliament and of the Council amending Directive 80/390/EEC coordinating the requirements for the drawing up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing, with regard to the obligation to publish listing particulars.

The Directive seeks to simplify the requirements concerning companies listed on a stock exchange with regard to the obligation to publish listing particulars, by expanding the scope of Article 6 of Directive 80/390/EEC. That Article already allows for a number of cases in which the competent authorities of each Member State may grant total or partial exemption from the obligation to publish listing particulars. The proposed Directive would extend that possibility to two further cases:

- where a company already admitted to official stock exchange listing in one Member State seeks admission to official stock exchange listing in another;
- where a company the shares in which were admitted to listing on a regulated second-tier market at least two years previously seeks admission to official listing in the same Member State.

## INVESTOR COMPENSATION

46. The Council began its examination of a proposal for a Directive on investor compensation schemes which was submitted by the Commission on 22 October 1993. The main aim of the proposal is to round off the single market in investment services and ensure its smooth operation by bringing investor compensation arrangements under home-country supervision.

On 16 December 1994 the Commission submitted an amended proposal further to the Opinions of the European Parliament and the Economic and Social Committee. The Council will examine the matter further on the basis of the amended proposal.

## **Retirement funds**

47. This proposal for a Directive on the freedom of management and investment of funds held by institutions for retirement provision was submitted by the Commission on 12 November 1991 and amended on 26 May 1993. When the Council (Internal Market) noted at its June 1994 meeting that further examination of the proposal on the basis of this text would be pointless, it was withdrawn by the Commission on 21 December 1994.

## **D — Creation of a favourable legal and fiscal business environment**

### **Company law**

#### **BUSINESSES IN THE 'ECONOMIE SOCIALE' SECTOR**

48. The Council is still examining the statutes of businesses in the 'economie sociale' sector which consists of three proposals for Regulations, on European cooperative, association and mutual company together with three complementary proposals for directives on worker participation in the cooperative, association and mutual company respectively. The purpose of these proposals is to extend the advantages of the internal market to entities in the field of social economy. Discussions in the Council are continuing on a regular basis.

#### **BANKRUPTCY CONVENTION**

49. Member States kept up their efforts to negotiate in Council a European Convention on insolvency proceedings designed to resolve questions relating to the intra-Community impact of insolvency proceedings. To this end the Convention creates uniform conflict-of-laws rules, ensures the recognition and enforcement of judgments given in such matters, makes provision for the possibility of opening secondary insolvency proceedings and guarantees information for creditors and their right to lodge claims.

## E — Intellectual property

50. At its meeting on 7 February 1994 the Council adopted its common position on the draft proposal on the legal protection of biotechnological inventions.<sup>1</sup>

The purpose of the Directive, which comes under the co-decision procedure, is to harmonize the conditions for delivering patents for biotechnological inventions and certain other germane provisions, for instance the extension of the protection conferred by such patents.

On 5 May 1994 the European Parliament, in second reading, voted three amendments to the Council common position. The Council could not approve all the amendments and decided on 19 September 1994 to invoke the conciliation procedure as laid down in Article 189b (3) of the EC Treaty.

An initial meeting of the Conciliation Committee was held on 28 November 1994 and the conciliation procedure will continue in January 1995.

51. In accordance with Article 120 of Council Regulation (EC) No 40/94 on the Community trade mark,<sup>2</sup> the Council appointed the President (on 16 June 1994) and two Vice-Presidents (on 27 June 1994) of the Office for Harmonization in the Internal Market (trade marks and designs) for five years.

The Council adopted :

- on 27 June 1994 a Decision on the extension of the legal protection of topographies of semiconductor products to persons from the United States of America;<sup>3</sup>
- on 24 October 1994 a Decision on the extension of the legal protection of topographies of semiconductor products to persons from Canada;<sup>4</sup>
- on 19 December 1994 a Decision on the extension of the legal protection of topographies of semiconductor products to persons from certain territories.<sup>5</sup>

The provisional protection — which had been extended since 7 November 1987 on a reciprocal basis to persons from the United States of America by a series of decisions — expired on 1 July 1994 and the Decision of 27 June renewed that protection until 1 July 1995 pending the application of the Agreement on trade-related aspects of intellectual property rights (TRIPs) which is part of the Uruguay Round multilateral trade negotiations package set out in the Final Act in Marrakesh on 15 April 1994.

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<sup>1</sup> OJ C 101, 9.4.1994.

<sup>2</sup> OJ L 11, 14.1.1994.

<sup>3</sup> OJ L 170, 5. 7.1994.

<sup>4</sup> OJ L 284, 1.11.1994.

<sup>5</sup> OJ L 351, 31.12.1994.

The Decision of 24 October 1994 extends the same protection on a reciprocal basis to persons from Canada from 1 November 1994 pending the application of the TRIPs Agreement.

Finally, the Decision of 19 December 1994 renewed till 31 December 1995 the provisional protection extended to persons from 17 territories pending the application of the TRIPs Agreement.

52. The Council bodies made a technical examination of the proposal for a European Parliament and Council Regulation on Community design<sup>1</sup> and the proposal for a European Parliament and Council Regulation on the legal protection of designs<sup>2</sup> pending the opinion of the European Parliament in first reading. The Economic and Social Committee delivered its opinion on 6 July 1994. The purpose of the proposal for a Regulation is to create a system for the protection of designs which is modern and suited both to the reality of industrial aesthetics and to the needs of the users of the system. Like the Community trade mark, the Community design will confer a uniform right for the whole of the Community and will be administered by the Office for Harmonization in the Internal Market (trade marks and designs).

The purpose of the proposal for a Directive is to ensure effective legal protection for industrial designs in Member States of the Community, to reduce legal obstacles to the free movement of goods involving the designs and to establish in the common market a system of competition without distortions.

53. Throughout 1994 the Council bodies continued their examination of the amended proposal for a Directive on the legal protection of databases.<sup>3</sup>

The Directive provides both for the protection of the copyright of databases as collections within the meaning of Article 2(5) of the Berne Convention for the Protection of Literary and Artistic Works and for a specific right *sui generis* protecting the content of databases which applies whether or not these are protected by copyright.

54. The representatives of the Member States and of the Commission coordinated their positions according to the usual procedures as regards the following meetings under the auspices of the World Intellectual Property Organization (WIPO):

- 4th meeting of the Committee of Experts on developing the Hague Agreement concerning the International Deposit of Industrial Designs (31 January-4 February 1994);
- 6th meeting of the Committee of Experts on the Settlement of Intellectual Property Disputes (21-25 February 1994) and the second part of the preparatory meeting for the Diplomatic Conference on the conclusion of a Treaty on the Settlement of Intellectual Property Disputes (23-25 February 1994);

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<sup>1</sup> OJ C 29, 31. 1.1994.

<sup>2</sup> OJ C 345, 23.12.1993.

<sup>3</sup> OJ C 308, 15.11.1993.



- 15th meeting of the Assembly of the Berne Union (28 and 29 April 1994);
- 25th series of meetings of the Governing Bodies of the WIPO and of the unions administered by the WIPO (26 September-4 October 1994);
- Diplomatic Conference for the conclusion of a Trade Mark Law Treaty (10-28 October 1994);
- 4th meeting of the Committee of Experts on a possible Protocol to the Berne Convention (5-9 December 1994);
- 3rd meeting of the Committee of Experts on a possible Instrument for the Protection of Performers and Producers of Phonograms (12-16 December 1994).

## **F — Data protection**

### **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**

55. This proposal which was originally put forward in July 1990 and modified following the opinion of the Parliament given in March 1992, has been discussed in detail at working group level and in the Committee of Permanent Representatives throughout the year.

An initial debate of the amended proposal was held at the Internal Market Council on 16 June 1994 and the Internal Market Council of 8 December 1994 reached broad agreement on a common position following examination of the main outstanding points (sound and image data, inclusion of manual files, regime for the press, regime for research and statistics, processing of sensitive data). Other issues such as comitology required further discussion before allowing formal adoption of a common position. This is expected in early February 1995.



# **Chapter III**

## **Economic and monetary policy — Sectoral policies — Regional policy**

### **A — Economic and monetary affairs — Fiscal harmonization — Export credits**

#### **Financial assistance to third countries**

56. In addition to the information already provided in Part I, it should be noted that on 24 January 1994 the Council adopted a Decision establishing a separate liability of the Czech Republic and the Slovak Republic with regard to the loan facility granted to Czechoslovakia pursuant to Decision 91/106/EEC. By virtue of this Decision the Czech Republic and Slovakia assumed separate liability for two thirds and one third respectively of all the payments of principal, interest and fees associated with the servicing of the loan of ECU 375 million granted to the CSFR in February 1991.<sup>1</sup>

Council Decisions to grant macrofinancial assistance to third countries, generally in the form of medium-term loans varying in duration from 7 to 10 years according to the needs of the countries concerned, were in many cases accompanied by a number of detailed rules or conditions. These are summarized below.

#### **BULGARIA**

57. On 16 May 1994 the Council took note of the Commission proposal<sup>2</sup> to increase from ECU 110 million to ECU 150 million the maximum amount of financial assistance for Bulgaria laid down in the Decision of October 1992.<sup>3</sup>

The Council agreed that it would subsequently examine the granting of this ECU 40 million in additional assistance proposed by the Commission.

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<sup>1</sup> OJ L 28, 2.2.1994.

<sup>2</sup> OJ C 134, 17.05.1994.

<sup>3</sup> OJ L 317, 31.10.1992.

## MOLDOVA

58. In granting Moldova macrofinancial assistance up to a maximum amount of ECU 45 million, the Council and the Commission stressed that the operation was quite exceptional and hence could not under any circumstances be taken as a precedent for granting of macrofinancial assistance to other countries of the former Soviet Union. The Council asked the Commission to inform the relevant international financial bodies of this position.

## ROMANIA

59. When deciding to grant up to ECU 125 million in financial assistance, with an initial instalment of ECU 90 million to be disbursed as soon as possible, the Council reserved the right to review the situation before the second instalment of ECU 35 million was paid.

## ALGERIA

60. In granting Algeria additional macrofinancial assistance of ECU 200 million, the Council took note of the Commission's intention to mobilize as a first tranche an amount of ECU 100 million. The payment of the second tranche would depend on the progress made by Algeria in implementing its economic reform programme and would take into account the financial contributions of other donors and of the international financial institutions.

## ALBANIA

61. In agreeing to donate a further ECU 35 million to Albania, the European Union stressed the importance it attached to the process of political and economic reform in Albania. It was also following closely the situation in Albania, particularly as regards human rights. It called upon the Albanian Government to respect its CSCE agreements and to guarantee the Greek minority respect for its fundamental rights including, *inter alia*, freedoms of religion and education in the framework of internationally accepted standards. The European Union is of the conviction that Albanian leniency towards the five members of Omonia convicted by an Albanian court would have contributed to the improvement of Greek-Albanian relations. The European Union also stated its readiness to assist the Albanian Government in accelerating the process of necessary reform of its legal system.

The Council decided to disburse the first tranche of ECU 15 million as soon as possible. The Commission would prepare a report on Albania's progress in the above areas and submit it to the Council before the second tranche was granted.

## SLOVAK REPUBLIC

62. When mobilizing ECU 130 million of macrofinancial assistance to the Slovak Republic the Council noted that the Commission intended to pay an initial tranche of ECU 65 million only after the new Slovak Government had confirmed its intention of

continuing to implement the ambitious programme of economic reforms supported by the international financial institutions and the G 24.

Before the second tranche is paid the Commission will report to the Council on the economic and financial situation in the country and on the effective mobilization of the additional financial commitments made by non-Community G 24 countries.

## UKRAINE

63. The Council and the Commission stated that the macrofinancial assistance granted to Ukraine was of an exceptional nature. They reiterated that this form of aid was normally reserved for countries with which the Union maintained close economic and political links. The Decision of 22 December 1994 thus in no way prejudged further discussions due to take place on the geographical definition of the Union's macrofinancial assistance to third countries. The Council asked the Commission to inform the relevant international financial bodies of this position.

## GEOGRAPHICAL DELIMITATION OF MACROFINANCIAL ASSISTANCE TO THIRD COUNTRIES

64. On 5 December 1994 the Council held an exchange of views on the geographical delimitation of macrofinancial assistance to third countries. It agreed that this form of assistance is of an exceptional nature and normally reserved for countries with which the Union maintains close political and economic links. The Council invited the Commission to explore further in consultation with the Monetary Committee the eligibility criteria that should apply to the mobilization of this type of assistance.

## **Financing the Community (follow-up to the Delors II Package)<sup>1</sup>**

### NEW OWN RESOURCES

65. The new Decision on own resources fixed new ceilings for the own resources that may be made available to the Communities as from 1995. Expressed as a percentage of the sum of the GNPs of the Member States for the year in question, the ceilings are as follows:

- 1995: 1.21% - 1996: 1.22% - 1997: 1.24% - 1998: 1.26% - 1999: 1.27%

Commitment appropriations entered in the budget must progress in an orderly fashion during the period 1995 to 1999 and must not exceed 1.335% of the total GNPs of the Member States in 1999.

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<sup>1</sup> See also Chapter IX (Financing the Community's activities) (paragraphs 594 *et seq.* of this Review).

In the absence of a further Decision on own resources the above ceilings will remain applicable after 1999.

Own resources are essentially made up of revenue from:

- (i) levies, premiums, compensatory amounts deriving from trade with non-member countries under the common agricultural policy;
- (ii) Common Customs Tariff duties deriving from trade with non-member countries;
- (iii) application of a rate to the VAT assessment base determined in a uniform manner for Member States according to Community rules;
- (iv) application of a rate to the sum of all the Member States' GNP so as to ensure full cover of Community expenditure.

The new Decision on own resources also contained a further amendment to the rules on financing to make allowance for each Member State's ability to contribute and to correct the regressive aspects of the previous system for the least prosperous Member States. The amendments to the 1988 system were as follows:

- the ceiling for the rate to be applied to the VAT assessment base would be lowered in equal steps between 1995 and 1999;
- from 1995 onwards the VAT base for the least prosperous Member States (i.e. Greece, Spain, Ireland and Portugal) would be restricted to 50% of their GNP; for the other Member States the VAT base would be lowered from 55 to 50% in equal steps over the period 1995-99.

The formula defined in 1988 for calculating the correction of budgetary imbalances remained unchanged.

The operation of the new system would be re-examined before the end of 1999 on the basis of a Commission report.

66. As indicated in Part I of this report, the Council's adoption of the new Decision on own resources was accompanied by a political agreement on milk quotas. On 21 October 1994 the Council and the Commission agreed joint conclusions in this context whereby:

- The Council agreed to extend its decisions increasing milk quotas to the 1991/92 and 1992/93 marketing years. The Commission would make the relevant proposals.
- The Commission would revise its clearance decisions for 1989 and 1990, which the European Court of Justice had been asked to annul, in such a way that the financial adjustments for the States concerned were based on the quotas allocated at the time and on the most reliable statistical data. It would take a similar decision regarding clearance for 1991.
- The appeals against the clearance decisions pending before the European Court of Justice would be withdrawn as being void of object in the context of this overall solution.

- The additional costs to be borne by the States affected by the increase in the financial adjustments for 1989 to 1991 would be recovered in four equal annual instalments from 1995 to the end of 1998 on the basis of existing rules on the clearing of accounts.

## GUARANTEE FUND FOR EXTERNAL ACTION

67. The Guarantee Fund was established to cover the risks related to loans to third countries and guarantees covering loans for projects executed in third countries. The Fund therefore does not cover risks related to loans granted to Member States or in Member States.

The creation of the Fund fulfils two objectives: it is both an instrument of budgetary discipline since it must be financed by the Member States each time the Community budget takes on a new risk and it will protect the budget against the effects of possible default by a debtor.

The Fund is financed from the budget by means of the 'reserve relating to lending and guarantee operations for the benefit of and in third countries' provided for in the Interinstitutional Agreement of 29 October 1993.<sup>1</sup>

Until the Fund reaches the target amount, namely 10% of the Community's total outstanding capital liabilities arising from each lending or guarantee operation, payments to the Fund are equivalent to 14% of the capital value of the operations adopted by the Council. If, at the end of the year, the target amount is exceeded, the surplus is paid back to the budget.

The rate of provisioning will be raised to 15% for new operations if the resources of the Fund fall below 75% of the target amount as a result of the activation of guarantees following default.

The Regulation establishing the Fund lays down detailed rules for financing the Fund depending on the different types of operation and the possible options for amending the rate of provisioning.

The Commission is responsible for the budgetary administration of the Fund. Financial management is entrusted to the EIB.

The European Parliament, the Council and the Court of Auditors will receive an annual report on the situation of the Fund and the management thereof in the previous year.

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<sup>1</sup> OJ C 331, 7.12.1993.

## **Fiscal harmonization**

68. In 1994 the Council adopted the following texts:

(a) On VAT

- Council Directive 94/5/EC of 14 February 1994 supplementing the common system of value-added tax and amending Directive 77/388/EEC — Special arrangements applicable to second-hand goods, works of art, collectors' items and antiques;
- Council Decision 94/501/EC of 27 July 1994 authorizing the Kingdom of Spain to apply a measure derogating from Articles 2(1) and 17 of the sixth Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover taxes;
- the Council conclusions of 24 October 1994 on the essential criteria for the introduction of a definitive VAT system;
- Council Directive 94/76/EC of 22 December 1994 amending Directive 77/388/EEC by the introduction of transitional measures applicable in the context of the enlargement of the European Union on 1 January 1995 with regard to value-added tax.

(b) On excise duties, Council Directive of 22 December 1994 amending Directive 92/12/EEC on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products, Directive 92/81/EEC on the harmonization of the structures of excise duties on mineral oils and Directive 92/82/EEC on the approximation of the rates excise duties on mineral oils.

(c) On allowances for travellers

- Council Directive 94/4/EC of 14 February 1994 amending Directives 69/169/EEC and 77/388/EEC and increasing the level of allowances for travellers from third countries and the limits on tax-free purchases in intra-Community travel;
- Council Directive 94/75/EC of 22 December 1994 amending Directive 94/4/EC and introducing derogations applicable to Austria and Germany.

## **Export credits**

### **ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS**

69. Since 1978 the Community has participated in the above Arrangement, whose aim is to regulate export credits.

During 1994 the Council took part in discussions on improving the provisions of the Arrangement in order to achieve greater transparency and greater compliance with the rules on export credits, in particular with regard to the use of tied aid credits. In September 1994 these discussions culminated in an agreement between the Participants



in the Arrangement on a series of measures which further improve discipline in this area. The Council will adopt these provisions formally as soon as they are submitted in an appropriate form by the Commission.

#### INTRA-COMMUNITY CONSULTATIONS

70. In accordance with Decision 73/391/EEC<sup>1</sup> Member States consult each other on all officially supported export credits exceeding five years' duration. These consultations continued in the normal way during 1994.

In this context, there were regular exchanges of views between the Member States on trends not only in risks in various purchasing countries but also in policies on cover. Special attention was paid to certain 'sensitive' countries, in particular the countries of the Gulf and of Eastern Europe, including the republics of the former Soviet Union.

#### SINGLE MARKET

71. A Council group completed its task of identifying the problems raised by 'medium- and long-term' credit insurance in the context of the single market. Its discussions assisted the Commission in drawing up a proposal for a Council Directive on harmonization of the main provisions concerning export credit insurance for transactions with medium- and long-term cover<sup>2</sup> forwarded to the Council in September 1994.

The Council began examining the proposal during the second half of 1994.

## **B — Industrial policy**

72. In 1994 the Council met four times: on 22 April, 22 June, 28 September and 8 November. The following items were among those on its agenda.

### **Restructuring the Community steel industry**

73. At its meetings on 22 April and 28 September 1994 the Council decided to extend the accompanying measures agreed on 25 February 1993 until a conclusive discussion was held on the item.

At its meeting on 22 June 1994 the Council confirmed the minimum target for the restructuring plan, set at 19 million tonnes of production capacity to be shed, which the industry was committed to honouring and called on the Commission to press ahead with implementing the restructuring plan, with most delegations supporting the Commis-

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<sup>1</sup> OJ L 346, 17.12.1973.

<sup>2</sup> OJ C 272, 30.09.1994.

sion's approach, as regards the Italian private-sector industry, of applying Article 4(2) of the Aid Code under the conditions outlined by the Commission in its document.

At its meeting on 8 November 1994 the Council held a conclusive discussion on restructuring the Community steel industry and adopted conclusions on this item.

The Council noted that, taking the view that the private sector had not submitted a satisfactory capacity reduction programme, the Commission had consequently abandoned the restructuring plan approved by the Council in February 1993.

## **State aids**

74. At its meeting on 8 November 1994 the Council took note of the second half-yearly Commission report on the monitoring of aids to the steel industry under Article 95 of the ECSC Treaty and Community rules for aids to the steel industry and adopted conclusions on this item.

The Council gave its assent to the privatization and restructuring plan for EKO Stahl GmbH, Eisenhüttenstadt, at its meeting on 8 December 1994.

## **Future of the ECSC Treaty**

75. At its meeting on 22 April 1994 the Council adopted conclusions<sup>1</sup> on the future of financial activities and of the ECSC Treaty.

## **Requests for assent**

76. After agreeing in principle to a number of requests for assent pursuant to the second paragraph of Article 54 and Article 56(2) of the ECSC Treaty at its meeting on 22 April 1994, the Council formalized those assents on 6 May 1994.<sup>1</sup>

## **White Paper: Improving the competitiveness of European industry**

77. At its meeting on 22 April 1994 the Council adopted conclusions on improving the competitiveness of European industry (White Paper).

At its meeting on 21 November 1994 the Council approved a resolution<sup>2</sup> on the strengthening of the competitiveness of Community industry.

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<sup>1</sup> OJ L 142, 25.5.1994.

<sup>2</sup> OJ C 343, 6.12.1994.

## **Policy to assist SMEs**

78. At its meeting on 22 June 1994 the Council adopted conclusions on the policy to assist SMEs and the craft sector.

At its meeting on 28 September 1994 it approved a resolution<sup>1</sup> on the same subject, which was formally adopted on 10 October 1994.

## **Textile and clothing industry**

79. At its meeting on 22 April 1994 the Council adopted conclusions on the textile and clothing industry.

## **Automobile industry**

80. At its meeting on 22 April 1994 the Council adopted a resolution<sup>2</sup> on the automobile industry.

## **Competition rules**

81. The Council received both a communication from the Commission concerning cooperation with the United States of America regarding the application of their competition rules and a proposal for a Council Decision concluding the Agreement between the European Communities and the Government of the United States of America regarding the application of their competition rules, and a communication from the Commission concerning cooperation with Canada regarding the application of their competition rules.

Discussions on these two communications are continuing within Council bodies.

## **Shipbuilding**

82. At its meeting on 19 December 1994 the Council adopted a Directive amending Directive 90/684/EEC on aid to shipbuilding.

This Directive, not yet published in the Official Journal, extends Directive 90/684/EEC until 31 December 1995.

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<sup>1</sup> OJ C 294, 22.10.1994.

<sup>2</sup> OJ C 149, 31.5.1994.

## C — Research

83. During the year a number of Council meetings were specifically devoted to Community policy on research. These meetings took place on 4 and 21 March in Brussels, 27 June in Luxembourg and 29 September and 1 December in Brussels.

### Decisions in the field of research policy

#### FOURTH FRAMEWORK PROGRAMME OF COMMUNITY ACTIVITIES IN THE FIELD OF RESEARCH, TECHNOLOGICAL DEVELOPMENT AND DEMONSTRATION

84. The proposal was forwarded to the Council on 17 June 1993.

The European Parliament delivered its opinion on the first reading on 18 November 1993; the Economic and Social Committee delivered its opinion on 25 November 1993.

Applying the new co-decision procedure, the Council forwarded its common position, adopted on 14 January 1994, to the European Parliament, which proposed amendments on the second reading on 9 February 1994.

At its meeting on 4 March 1994 the Council decided that it could not agree to all the European Parliament's amendments and on the same day an initial meeting of the Conciliation Committee provided for in Article 189b(3) of the Treaty was convened, but was unable to reach a global agreement. On 21 March the Council continued its examination of the amendments proposed by the European Parliament and succeeded in drawing up a global position which enabled the Conciliation Committee, which was holding a second meeting on the same day, to approve a draft joint Decision. This text was approved by the European Parliament at its April part-session and became the Decision of the European Parliament and of the Council on the 4th framework programme, adopted on 26 April.

The fourth framework programme, thus adopted, involves an overall amount of ECU 12 300 million, including ECU 11 046 million for the EC framework programme and ECU 1 254 million for Euratom. Provision was made for a possible increase of ECU 700 million to be decided no later than 30 June 1996. Moreover, the overall budget for the Joint Research Centre (JRC) was increased to ECU 900 million, of which ECU 600 million was for the budget of the EC framework programme and ECU 300 million for the budget of the Euratom framework programme. The Council thus adopted two Decisions relating to the JRC (one for the Community and one for Euratom).

85. The respective shares for the four proposed actions and the breakdown between the headings of the first action and between the Euratom programmes are set out in the table below:

FOURTH FRAMEWORK PROGRAMME (1994-98):  
AMOUNTS AND BREAKDOWN

*EC framework programme*

	<i>Million ECU (current prices)</i>
First activity (research, technological development and demonstration programmes)	9 432 <sup>1</sup>
Second activity (cooperation with third countries and international organizations)	540
Third activity (dissemination and optimization of results)	330
Fourth activity (stimulation of the training and mobility of researchers)	744
Maximum overall amount	11 046

<sup>1</sup> Including ECU 600 million for the operational budget of the JRC.

*Indicative breakdown of the themes and subjects in the first activity*

	<i>Million ECU (current prices)</i>
A — Information and communication technologies	<b>3 405</b>
1. Telematics	843
2. Communication technologies	630
3. Information technologies	1 932
B — Industrial technologies	<b>1 995</b>
4. Industrial and materials technologies	1 707
5. Measurements and testing	288
C — Environment	<b>1 080</b>
6. Environment and climate	852
7. Marine sciences and technologies	228
D — Life sciences and technologies	<b>1 572</b>
8. Biotechnology	552
9. Biomedicine and health	336
10. Agriculture and fisheries (including agro-industries, food technologies, forestry, aquaculture and rural development)	684
E — 11. Non-nuclear energy	<b>1 002</b>
F — 12. Transport	<b>240</b>
G — 13. Targeted socioeconomic research	<b>138</b>
	<b>9 432</b>

***Euratom framework programme (1994-98)***

	<i>Million ECU (current prices)</i>
— Safety in nuclear fission	414
— Controlled thermonuclear fusion	840
	<b>1 254<sup>1</sup></b>
<b>Total</b>	<b>12 300</b>

<sup>1</sup> Including ECU 300 million for the operating budget of the JRC.

**RULES FOR PARTICIPATION IN RTD PROGRAMMES AND RULES FOR DISSEMINATING THE RESULTS OF THESE PROGRAMMES**

86. It was noted that, further to the entry into force of the Treaty on European Union, the Council must determine the rules for participation and dissemination (Article 130j of the Treaty).

A series of three proposals on these rules were forwarded to the Council on 18 February 1994.

The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 1 June respectively.

The Commission submitted an amended proposal on 7 June 1994.

Following the political agreement reached at its meeting on 27 June, on 18 July the Council adopted a common position on these three Decisions to lay down horizontal rules for implementing all specific RTD programmes.

These common positions were forwarded to the European Parliament pursuant to the cooperation procedure (Article 189c of the Treaty).

After the European Parliament had approved these common positions without amendment on 27 October, the Council formally adopted the rules on 21 and 22 November.

87. Two of the Decisions (one for the Community and one for Euratom) embody the rules for the participation of undertakings, research centres and universities in specific programmes. They stipulate that the usual method consists of making payments in good time on justification, by the participant, of the real cost of the action. If the participants were specifically agreed, another method, that of fixed composite rates, could be used.

The third Decision covers the rules for the dissemination of the results of European Community specific programmes. The Euratom Treaty lays down its own provisions in this area.

## SPECIFIC PROGRAMME FOR ADVANCED COMMUNICATIONS TECHNOLOGIES AND SERVICES

88. This proposal was forwarded to the Council on 13 April 1994.

The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 2 June respectively.

The Council adopted the programme on 27 July. The programme makes provision for an amount of ECU 630 million indicatively allocated to the various actions as follows:

Area	Million ECU
1. Interactive digital multimedia services	162
2. Photonic technologies	104
3. High-speed networking	75
4. Mobility and personal communications networks	115
5. Intelligence in networks and service engineering	100
6. Quality, security and safety of communication services and systems	43
Horizontal actions	31
Total	630

## SPECIFIC PROGRAMME ON INDUSTRIAL AND MATERIALS TECHNOLOGIES

89. This proposal was forwarded to the Council on 13 April 1994.

The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 2 June respectively. The Commission forwarded a re-examined proposal on 15 July. The Council adopted this programme by a qualified majority on 27 July 1994, the Netherlands delegation having voted against it.

The programme, for which the amount deemed necessary is ECU 1 617 million, covers three main areas in the following proportions:

36.5% production technologies;

35% materials and technologies for product innovation;

28.5% technologies for transport means, half which is for the aeronautics sector.

The Joint Research Centre will also contribute ECU 90 million to this programme through direct action.

## SPECIFIC PROGRAMME IN THE FIELD OF INFORMATION TECHNOLOGIES

90. This proposal was submitted by the Commission on 30 March 1994. The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 14 September respectively.

A re-examined proposal was forwarded to the Council on 15 June.

The Council adopted this programme, which takes the largest share of the financing of the fourth framework programme, on 23 November. The total amount of ECU 1 911 million covers eight areas, broken down as follows:

Area	Million ECU
1. Software technologies	268
2. Technologies for components and subsystems	487
3. Multimedia systems	153
4. Long-term research	191
5. Open microprocessor systems initiative	172
6. High performance computing and networking	244
7. Technologies for business processes	167
8. Integration in manufacturing	229
Total	1 911

## SPECIFIC PROGRAMME IN THE FIELD OF TELEMATICS APPLICATIONS

91. This proposal was submitted by the Commission on 30 March 1994. The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 6 July respectively. The Council adopted this programme on 23 November. The amount deemed necessary to carry out the programme is ECU 843 million, with the following indicative breakdown:

Area	Million ECU
A — Telematics for services of public interest	<b>255</b>
1. Administrations	50
2. Transport	205
B — Telematics for knowledge	<b>146</b>
3. Telematics for research	50
4. Education and training	66
C — 5. Libraries	30



Area	<i>Million ECU</i>
C — Telematics for improving employment and the quality of life	<b>268</b>
6. Urban and rural areas	48
7. Health care	135
8. Elderly and disabled people	65
9. Exploratory (telematics for the environment)	20
10. Other exploratory actions	p.m.
D — Horizontal RTD activities	<b>133</b>
11. Telematics engineering	15
12. Language engineering	81
13. Information engineering	37
E.— Support actions	<b>41</b>
<b>Total</b>	<b>843</b>

#### SPECIFIC PROGRAMME IN THE FIELD OF AGRICULTURE AND FISHERIES

92. This proposal was forwarded on 30 March 1994. An amended Commission proposal was forwarded to the Council on 15 June in response to the European Parliament's opinion (5 May 1994). The Economic and Social Committee delivered its opinion on 14 and 15 September. The Council adopted the programme on 23 November. The programme involves a total amount of ECU 607 million, allocated as follows:

	<i>Million ECU</i>
1. Integrated production and processing chains	91
2. Scaling-up and processing technologies	42
3. Generic sciences and advanced technologies for nutritious foods	97
4. Agriculture, forestry and rural development	225
5. Fisheries and aquaculture	103
6. Other activities, mainly implemented by concertation	49
<b>Total</b>	<b>607</b>

#### SPECIFIC PROGRAMME IN THE FIELD OF MARINE SCIENCE AND TECHNOLOGY

93. The European Parliament and the Economic and Social Committee delivered opinions on 5 May and 14 and 15 September respectively on the proposal forwarded to the Council on 30 March 1994. The Commission forwarded an amended proposal on

15 June. The Council adopted the programme on 23 November. The amount deemed necessary, totalling ECU 220 million, is allocated to four areas as follows:

Area	Million ECU
A — Marine science	91
B — Strategic marine research	51
C — Marine technology	69
D — Supporting initiatives	17

#### SPECIFIC PROGRAMME IN THE FIELD OF NON-NUCLEAR ENERGY

94. This proposal was forwarded on 30 March 1994. The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 2 June respectively.

On 23 November the Council adopted the programme, whose aim is to design and demonstrate efficient technologies that guarantee compatibility between the use of energy, the equilibrium of the biosphere and economic development. The amount deemed necessary, ECU 967 million, is allocated to three areas and divided between R&D and demonstration as follows:

Area	Million ECU		
	Total	R & D	Demonstration
Rational use of energy	27	12	15
Renewable energies	45	28	17
Fossil fuels	28	5	23

#### SPECIFIC PROGRAMME IN THE FIELD OF STANDARDIZATION, MEASUREMENT AND TESTING

95. The Commission submitted this proposal on 30 March 1994. The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 14 and 15 September respectively. The Commission submitted a re-examined proposal on 15 June. On 23 November the Council adopted the programme.

The amount deemed necessary, ECU 173 million, to develop new methods of measurement and testing is allocated to the following areas in the proportions:

25% measurement related to the needs of society

35% research related to written standards and technical support to trade

40% measurements for quality European products.

## PROGRAMME IN THE FIELD OF COOPERATION WITH THIRD COUNTRIES

96. This proposal for a programme comprising the whole of the second area of activity of the fourth framework programme was forwarded to the Council on 30 March 1994.

The European Parliament and the Economic and Social Committee delivered their opinions on 5 May and 14 September respectively. The amended proposal was forwarded to the Council on 15 June 1994. The Council adopted the programme, with an amount of ECU 540 million, on 23 November.

The indicative breakdown by field covers cooperation with:

- developing countries 43%
- the countries of Central and Eastern Europe and the new independent States of the former Soviet Union 43%
- other fora for scientific and technological cooperation in Europe, such as COST, Eureka 8.5%
- non-European industrialized third countries 5.5%

## SPECIFIC PROGRAMME IN THE FIELD OF CONTROLLED THERMONUCLEAR FUSION

97. This proposal was forwarded on 30 March 1994. The Economic and Social Committee delivered its opinion on 14 and 15 September.

At its meeting 29 September, the Council reached a favourable position on the content of the programme, on which the Council exercised its option of requesting the opinion of the European Parliament.

The indicative breakdown of the appropriations allocated to carry out the programme until 31 December 1998 is as follows:

- Next step activities 40-46%
- JET Joint Undertaking 23-32%
- Concept improvements 22-25%
- Long-term technology 5%

It should be noted that in 1978 the Community set up the JET (Joint European Torus) designed to achieve controlled nuclear fusion by toroidal magnetic confinement using a Tokamak configuration. The JET became operational in 1983 and is acknowledged to be the world's most important fusion experiment. For 1994-98 the priority objective is to draw up plans for the Next Step (experimental reactor) within the framework of quadripartite cooperation between Euratom, Japan, Russia and the United States on the International Thermonuclear Experimental Reactor — Engineering Design Activities (ITER-EDA). Europe (in this area the EU together with Sweden and Switzerland) is designing and building its own machine, NET (Next European Torus) for the Next Step.

## SPECIFIC PROGRAMMES IN THE FIELD OF TRANSPORT

98. This proposal for a programme, in an area not included in the previous framework programme, was submitted to the Council on 30 March 1994.

The European Parliament delivered its opinion on 17 and 18 November. The Economic and Social Committee delivered its opinion on 14 September 1994.

The Council reached a political agreement on this programme for ECU 240 million on 1 December and formally adopted the Decision on 15 December. The indicative breakdown of the amount in question is to the following areas:

Area	(%)
1. Strategic research for a trans-European multimodal network (definition, demonstration and validation)	20
2. Network optimization	80
2.1. Railways	16
2.2. Integrated transport chains	7
2.3. Air transport	16
2.4. Urban transport	11
2.5. Maritime transport and inland waterways	19
2.6. Road transport	11
(ECU 240 million)	100

## SPECIFIC PROGRAMME IN THE FIELD OF BIOTECHNOLOGY

99. The Commission submitted a proposal for a Decision on this programme on 30 March 1994. The European Parliament delivered its opinion on the proposal on 17 and 18 November. The Economic and Social Committee delivered its opinion on the proposal on 14 September.

At its meeting on 1 December the Council reached an agreement on the programme. The Council formally adopted the Decision on 15 December.

The programme makes provision for an amount of ECU 552 million with the following indicative breakdown for its eight areas of activity:

	(%)
<i>Objectives requiring concentrated means</i>	
Area 1 — Cell factories	22
Area 2 — Genome analysis	16
Area 3 — Plant and animal biotechnology	24
Area 4 — Cell communication in neurosciences	6

	(%)
<i>Objectives mainly addressed by concertation</i>	
Area 5 — Immunology and transdisease vaccinology	7
Area 6 — Structural biology	10
Area 7 — Prenormative research, biodiversity, social acceptance	9.5
Area 8 — Infrastructures	5.5
(ECU 552 million)	100

#### SPECIFIC PROGRAMME IN THE FIELD OF TARGETED SOCIOECONOMIC RESEARCH

100. This proposal was forwarded to the Council on 30 March 1994. The European Parliament delivered its opinion on the proposal on 5 May and the Economic and Social Committee its opinion on 14 September.

On 6 June the Commission submitted an amended proposal.

At its meeting on 1 December the Council reached an agreement on the programme and it adopted the Decision on the programme on 15 December.

This new programme in the framework programme involves an amount deemed necessary of ECU 105 million and covers three areas in the following percentages:

48% evaluation of science and technology policy options;

23.5% research on education and training;

28.5% research into social integration and social exclusion in Europe.

#### SPECIFIC PROGRAMME IN THE FIELD OF STIMULATION OF TRAINING AND MOBILITY OF RESEARCHERS

101. This proposal for the fourth area of activity in the 1994-98 framework programme was forwarded to the Council on 30 March 1994. The European Parliament delivered its opinion on 5 May and the Economic and Social Committee its opinion on 14 September. The Commission submitted an amended proposal on 6 June.

The Council adopted a consensus on the programme on 1 December. The Council adopted the Decision on the programme on 15 December.

An amount of ECU 744 million was deemed necessary for the programme in the following percentages to cover four areas:

45% research networks;

15% access to large-scale facilities;

35% training through research;

5% accompanying measures.

#### SPECIFIC PROGRAMME IN THE FIELD OF ENVIRONMENT AND CLIMATE

102. The proposal was forwarded to the Council on 30 March 1994.

The Economic and Social Committee delivered its opinion on 14 September. The European Parliament delivered its opinion on 17 and 18 November. The Council agreed to the programme at its meeting on 1 December.

It was formally adopted on 15 December.

The programme involves an amount of ECU 532 million with the following indicative breakdown in percentage terms for its four themes:

	(%)
<i>Theme A</i> The natural environment, environmental quality and global change	47
<i>Theme B</i> Environmental technologies	25
<i>Theme C</i> Space techniques applied to environmental monitoring and research	20.5
<i>Theme D</i> Human dimensions of environmental change	7.5
Total	100

#### SPECIFIC PROGRAMME IN THE FIELD OF BIOMEDICINE AND HEALTH

103. The proposal was forwarded to the Council on 30 March 1994. The Economic and Social Committee and the European Parliament delivered their opinions on 14 September and 17 and 18 November respectively. The indicative breakdown of the ECU 336 million amount deemed necessary to carry out the programme is as follows:

	(%)
1. Pharmaceuticals research	11
2. Research on biomedical technology and engineering	11
3. Brain research	12
4. Research on diseases with major socioeconomic impact: from basic research into clinical practice	42
4.1. Cancer research	10
4.2. Research on AIDS, tuberculosis and other infectious diseases	8
4.3. Research on cardiovascular diseases	8
4.4. Research on chronic diseases, ageing and age-related problems	10

	(%)
4.5. Research on occupational and environmental health	4
4.6. Research on 'orphan' illnesses	2
5. Human genome research	<b>10</b>
6. Public health research, including health services research	<b>10</b>
7. Research on biomedical ethics	<b>2</b>
	<b>100</b>

At its meeting on 1 December the Council reached an agreement on the programme. The Council formally adopted the Decision on the programme on 15 December.

#### SPECIFIC PROGRAMME ON THE DISSEMINATION AND OPTIMIZATION OF RESULTS

104. This proposal, which contains a programme for the whole of the framework programme's third area of activity, was submitted by the Commission on 30 March 1994. The European Parliament and the Economic and Social Committee delivered their opinions on 17 and 18 November and 14 September respectively. The Council reached agreement on the programme on 1 December. The programme involves a total amount of ECU 293 million allocated as follows:

	(%)
A — Dissemination and exploitation of the results of research	48.5
B — Dissemination of technology to enterprises	46.5
C — Financial environment for the dissemination of technology	5

The Council formally adopted the Decision on the programme on 15 December.<sup>1</sup>

#### SPECIFIC PROGRAMME FOR ACTIVITIES TO BE CARRIED OUT BY THE EC BY MEANS OF JOINT RESEARCH CENTRE (JRC) DIRECT ACTIONS AND FOR ACTIVITIES FORMING PART OF A COMPETITIVE APPROACH AND INTENDED TO PROVIDE SCIENTIFIC AND TECHNICAL SUPPORT FOR COMMUNITY POLICIES

105. This proposal was submitted to the Council on 30 March 1994. The European Parliament delivered its opinion on 5 May. The Economic and Social Committee delivered its opinion on 14 September.

The Commission submitted its amended proposal on 6 June. At its meeting on 1 December the Council reached agreement on this programme, which essentially determines the work to be done by the JRC over the next four years. Of the ECU 600 million

<sup>1</sup> OJ L 361, 31.12.1994.

amount deemed necessary, ECU 128 million is earmarked for activities forming part of a competitive approach. Under that approach provision has been made for certain activities to be implemented by third parties by means of invitations to tender.

The Council adopted the Decision on this programme on 15 December.

106. The area-by-area indicative breakdown of the programme for JRC direct actions is as follows:

	<i>Million ECU</i>
<i>First activity</i>	
— Information and communications technologies	
— Information technologies	11
— Industrial technologies	
— Industrial and materials technologies	90
— Measurements and testing	105
— Environment	
— Environment and climate	294
— Life sciences and technologies	
— Agriculture and fisheries	47
— Energy	
— Non-nuclear energy	20
— Targeted socioeconomic research	33
<b>Total</b>	<b>600</b>

107. The area-by-area indicative breakdown of the amount of ECU 128 million for the competitive support activities is as follows:

	<i>Million ECU</i>
<i>First activity</i>	<b>91</b>
— Information and communications technologies	
— Information technologies	10
— Industrial technologies	
— Measurements and testing	10
— Environment	
— Environment and climate	26
— Life sciences and technologies	
— Agriculture and fisheries	30
— Energy	
— Non-nuclear energy	15
<i>Third activity</i>	<b>37</b>
<b>Total</b>	<b>128</b>



## JRC PROGRAMME (EURATOM)

108. This programme lays down the work to be done by the JRC in two areas that are also covered by specific programmes: controlled thermonuclear fusion and nuclear fission safety.

The Commission submitted the proposal for a Decision on this programme on 30 March 1994. The Economic and Social Committee delivered its opinion on 14 September. The European Parliament delivered its opinion on 17 and 18 November.

The Council agreed to it on 1 December. The Council formally adopted the Decision on 15 December.

The indicative breakdown of the amount of ECU 300 million allocated to the programme from the two Euratom specific programmes is as follows:

ECU 254 million — nuclear fission safety

ECU 46 million — controlled thermonuclear fusion.

## SPECIFIC PROGRAMME IN THE FIELD OF NUCLEAR FISSION SAFETY

109. The proposal was sent to the Council on 30 March 1994.

The European Parliament delivered its opinion on 17 and 18 November and the Economic and Social Committee its opinion on 14 September. On 15 December the Council adopted the programme with its amount deemed necessary of ECU 160 million and the following indicative breakdown in percentage terms:

	(%)
Area A — Exploring innovative approaches	4.5
Area B — Reactor safety	30.0
Area C — Radioactive waste management and disposal	27.0
Area D — Radiological impact on man and the environment	31.0
Area E — Mastering events of the past	7.5
Total	100.0

## Authorizations for the Commission to negotiate scientific and technical cooperation agreements

110. The Council adopted Decisions authorizing the Commission to negotiate scientific and technical cooperation agreements between the Community and both Israel and Switzerland on 29 September and 31 October 1994 respectively.

These agreements should provide for reciprocity in the opening of those countries' research activities equivalent to those of the fourth framework programme to bodies established within the European Union. In exchange those countries would be allowed full participation in the programmes subject to a contribution to the budget for the programmes in the proportion their GNP bears to the Community's.

## **Conclusion of agreements**

111. On 21 March 1994 the Council adopted the Decision concerning the conclusion by the Commission of Protocol 2 to the Agreement between the European Atomic Energy Community, the Government of Japan, the Government of the Russian Federation and the Government of the United States of America on engineering design activities (EDA) for the International Thermonuclear Experimental Reactor (ITER). The Protocol was concluded in Vienna on the same day.

At its meeting on 27 June the Council adopted the Decision concerning the conclusion of an Agreement relating to scientific and technological cooperation between the European Community and Australia, signed in Canberra on 23 February 1994.

The purpose of the Agreement is to encourage and facilitate cooperation between Australia and the Community in certain fields of common interest, in particular biotechnology, environment, information and communication technologies, marine science and technology and medical and health research.

## **International cooperation in the fourth framework programme**

112. In adopting the specific programmes the Council created the possibility, on a project-by-project basis, for participation by research organizations from non-member countries in certain specific programmes or certain fields. It was stipulated that the possibility covered only those countries that have not concluded cooperation agreements with the Community pursuant to Article 130m of the Treaty. All programmes are open, in principle, to third countries that have concluded such agreements with the Community.

This possibility of participation on a project-by-project basis by countries that do not have such agreements was set up for the following programmes:

- advanced communications technologies;
- information technologies;
- standardization, measurements and testing;
- transport;
- environment and climate,

and for parts of or fields in the following programmes:

- non-nuclear energy (R&D section);
- biotechnology (Area 7: prenormative research and biodiversity);
- biomedicine (the whole programme except the areas 'Pharmaceutical research' and 'Research on biomedical technology and engineering');
- socioeconomic research (Area 1: evaluation of science and technology policy options);
- nuclear fission safety (in the areas: 'Radiological impact on man and the environment' and 'Mastering events of the past').

## **D — Energy: Inventory of work in progress and decisions adopted**

### **Non-nuclear energy**

#### **CONDITIONS FOR GRANTING AND USING AUTHORIZATIONS FOR THE PROSPECTION, EXPLORATION AND PRODUCTION OF HYDROCARBONS**

113. The proposal for a Directive on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons was submitted by the Commission on 11 May 1992.

At the first reading on 18 November 1992 the European Parliament adopted a resolution in favour containing 12 amendments to the Commission proposal.

The Economic and Social Committee delivered a favourable opinion on 25 November 1992.

Pursuant to Article 149(3) of the EEC Treaty, on 21 December 1992 the Commission submitted an amended proposal integrating five of the amendments presented by the European Parliament at the first reading.

The Council adopted a common position on 22 December 1993.

At the second reading on 9 March 1994 the European Parliament adopted a resolution in favour containing one amendment to the common position aimed at clarifying the meaning of Article 13 of the Directive.

As the Commission took the view that the amendment to the common position proposed by the European Parliament clarified the Directive as a whole and was fully consonant with the aims of the proposal, the Council and the European Parliament adopted the Directive on conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons on 30 May 1994. The purpose of the act

is to ensure non-discriminatory access to the above activities in conditions which encourage greater competition in the sector and thereby to favour the best approach with a view to reinforcing the integration of the internal energy market.

## INTERNAL ELECTRICITY MARKET

114. On 24 February 1992 the Commission forwarded to the Council a proposal concerning common rules for the internal market in electricity.

The Economic and Social Committee and the European Parliament (on the first reading) delivered their opinions on 27 January and 17 November 1993 respectively. Following the entry into force of the Treaty on European Union, the procedure provided for in Article 189b of the Treaty (co-decision procedure) became applicable.

On 11 February 1994 the Commission forwarded to the Council and the European Parliament an amended proposal in response to the opinions of the European Parliament and the Economic and Social Committee. This proposal is currently being examined by Council bodies.

The necessity of completing the internal energy market and aiming at a more open, transparent, efficient and competitive electricity market in the European Union was stressed without prejudice to the different situations in Member States and basic principles such as security of supply, environmental protection and appropriate transitional periods.

The Presidency's conclusions at the Council meeting on 25 May 1994 highlighted the need for further examination of the key aspects of this dossier with a view to harmonizing delegations' positions on these matters.

115. The conclusions that the Council adopted on this issue at its meeting on 29 November 1994 showed a degree of harmonization of principles in the electricity sector, namely:

- (i) As regards the production of electricity and with the goal of achieving competition within the branch, Member States should be given the right to choose between authorization and/or tender procedures for new production capacity. Authorization and tender procedures shall take place according to objective and non-discriminatory criteria. For monitoring the organization and execution of the tender procedure, Member States shall appoint an independent public or private body; the treatment of certain types of power production to be authorized in parallel to tender procedures needs further analysis.
- (ii) Vertically integrated companies shall keep on a comparable basis separate accounts for the activities of production, transmission and distribution, in a way which will avoid discrimination and cross subsidies and will ensure undistorted competition. To guarantee adequate transparency, these separate accounts must be accessible to the independent entities defined by the Member States, as well as to dispute settlement authorities as provided for in the proposed Directive.

- (iii) The provisions of the Directive concerning the network operator are to be limited to those necessary to ensure the implementation of the internal electricity market in a non-bureaucratic way.
- (iv) In so far as Member States impose public service obligations on undertakings in the electricity sector in the general economic interest, — which may include, for instance, services in the fields of environment and security of supply — these must be clearly defined, transparent, non-discriminatory and monitorable. They shall be published and communicated to the Commission. The requirements of Article 90(2) of the EC Treaty have to be respected.

At the same time the Council noted that further discussion was necessary on how to open the markets beyond the area of electricity production, especially on the question of the possible simultaneous introduction of a negotiated TPA and a so-called single-buyer system.

In this context, it was necessary to verify that both approaches, in the spirit of reciprocity, led to equivalent economic results and, therefore, to a directly comparable level in the opening of markets and to a directly comparable degree of access to electricity markets and that they conform with the provisions of the Treaty.

To this end the Commission was called on to examine and outline the anticipated consequences of the side-by-side application of both approaches, in particular with respect to the potential for competition and the impact on the various groups of suppliers and purchasers.

#### TRANS-EUROPEAN ENERGY NETWORKS

116. On 8 February 1994, pursuant to Articles 129b, 129c and 129d of the Treaty, the Commission proposed two Decisions:

- one to lay down a series of guidelines containing an indicative list of projects of common interest (co-decision procedure pursuant to Article 189b of the Treaty);
- the other laying down a series of measures aimed at creating a more favourable context for the development of trans-European networks (cooperation procedure pursuant to Article 189c of the Treaty).

The Economic and Social Committee delivered its opinion on 27 April and the Committee of the Regions delivered its opinion on 17 May.

Pending the opinion of the European Parliament, at its meeting on 25 May the Council reached an agreed position on the first of the above Decisions on the understanding that, *inter alia*, the examination of the list of projects of common interest had not been completed.

117. Continuing its examination of the two proposals pending the opinion of the European Parliament, at its meeting on 29 November the Council reached common positions on both of the Decisions, including on the list of some 40 projects of common interest.

Title XII of the Treaty establishing the European Community expresses the political will of the Governments of the Member States to see the Community take an interest in the development of trans-European networks, including those in the energy sector, and in their adaptation to the new conditions of the internal market.

The proposed Community action on trans-European energy networks will help to achieve several of the Community's objectives. Among these are the general objectives of economic growth, the internal market and integration of the Community area, strengthening economic and social cohesion and cooperation with other European and Mediterranean countries.

## NEW COMMUNITY ENERGY POLICY GUIDELINES

118. At its meeting on 25 May 1994 the Council restated the importance it attached to establishing new post-1995 energy policy guidelines.

On 29 November it adopted conclusions with a view, *inter alia*, to the preparation by the Commission of a Green Paper on future energy policy guidelines.

In adopting those conclusions the Council:

- (i) confirmed that improved competitiveness, strengthened security of supply and enhanced protection of the environment in the light of the obligations under the Framework Convention on Climate Change were main objectives to be considered in the context of energy policy;
- (ii) recalled the importance of the completion of the internal energy market in the framework of Union policy;
- (iii) recommended that these elements were developed further in the Green Paper, which in particular should facilitate a debate on:
  - the effective operation of the energy markets;
  - long-term supply prospects;
  - reconciling energy and environmental policies;
  - the promotion of energy efficiency and renewable energies;
  - the further development of cooperation with third countries in the field of energy;
- (iv) desired that the dialogue between the Commission and the Member States and the European associations of industry, energy companies, the trade unions and the consumer be continued with the aim of reaching as broad as possible a consensus on the future orientation of energy policies;
- (v) invited the Commission to submit the Green Paper to the Council and the other European Community institutions as soon as possible with a view to continuing the debate.

## ENERGY AND ECONOMIC AND SOCIAL COHESION

119. On 15 February 1994 the Commission forwarded to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions a communication whose purpose was to propose an overall approach to the problems of energy and Community cohesion. The Council adopted conclusions on this communication on 25 May.

The Council was anxious to strengthen economic and social cohesion and to reduce the disparities between the levels of development of the various countries and regions of the Union, and aware

- of the influence energy decisions have on the fundamental parameters of economic and social cohesion;
- and of the role that an increasingly efficient energy sector throughout the Community can have on its economic growth.

120. The Council also recommended that Member States take into account energy components in development plans and programmes,

(i) by integrating supporting measures, such as:

- extension and improvement of natural gas and electricity networks, also taking into account the interconnections between Member States and third countries;
- promotion of energy efficiency and reduction of environmental impact;
- optimum use of endogenous energy potential, mainly renewable energy resources;

(ii) adoption of the necessary supporting measures, such as:

- support for regional and local energy bodies,
- introduction of training programmes;
- removal of barriers to the exploitation of local energy resources;
- support for the dissemination of the results of energy programmes;
- mobilization of financial resources to supplement, where appropriate, Community aid.

### 'THERMIE II'

121. Following the entry into force of the Maastricht Treaty, it became possible to integrate a number of measures covered by 'Thermie' into the fourth RTD framework programme. On 15 April 1994 the Commission forwarded to the Council a proposal for a Regulation covering those aspects of support for European energy technology 1995-98 that could not be included in the fourth RTD framework programme ('Thermie II'). As

the Regulation was based on Article 235 of the EC treaty its adoption required unanimity.

The opinion of the European Parliament was delivered on 15 November and that of the Economic and Social Committee, consulted on an optional basis, on 14 September.

The financial allocation proposed by the European Union's budgetary authority amounted to ECU 30 million for the 1995 financial year.

At its meeting on 29 November 1994 the Council agreed to continue examining the proposal in order to adopt it as soon as possible.

## REVIEW OF COMMUNITY LAW IN THE ENERGY SECTOR

122. Further to the European Council conclusions of 10 and 11 December 1993, at its meeting on 29 November 1994 the Council adopted a series of conclusions on the importance of simplifying and reducing the burden of Community law in the energy sector, especially for the economy and in particular for small and medium-sized enterprises.

## INTERNATIONAL RELATIONS

123. In the framework of relations with the countries of Central and Eastern Europe and the new independent States as regards energy, the Council continued to attach very great importance to nuclear safety in those countries. In this context it examined in detail the Commission communication on nuclear safety in the context of the electricity sector in these countries and States.

At its meeting on 25 May 1994 it adopted conclusions stressing both its commitment to continue assistance with nuclear safety, which should lead to improvements in reactor safety and the implementation of effective safety measures, and the development of other sources of electricity to replace the less safe nuclear power plants. The measures must *inter alia* promote investment and industrial cooperation in the energy sector. Assistance to the countries in question forms part of a coordinated package of measures, particularly from the G-24.

## EUROPEAN ENERGY CHARTER

124. The Council took an active part in negotiations on the Treaty on a European Energy Charter which culminated in the signing of the Final Act of the Treaty and the Protocol on energy efficiency and related environmental aspects in Lisbon on 17 December 1994.

At its meeting on 29 November 1994 the Energy Council had decided that the European Communities would sign the Treaty. With the delivery of the European Parliament's opinion on 15 December, the Council definitively adopted the Commission proposal on the provisional application of the Treaty on 16 December.



The Treaty provides that certain questions, in particular investor protection during the pre-investment phase, should be settled by negotiating a second Treaty at the beginning of January 1995.

125. The Council took part in the discussions on the nuclear protocol negotiated in the framework of the European Energy Charter. The debate centred on the means of ensuring compatibility between the provisions of the nuclear protocol and those of the Convention on nuclear safety concluded in September 1994 and on the need to retain two binding legal instruments.

## **Nuclear energy**

126. The Council's activities regarding nuclear energy, which are covered by the provisions of the Treaty establishing the European Atomic Energy Community (EAEC), focused on the following two main areas:

- further development of Community law and measures relating to the European Union, and
- the strengthening of bilateral and multilateral international relations on nuclear matters.

### **COMMUNITY LAW AND MEASURES WITHIN THE EUROPEAN UNION**

127. Council bodies completed the first reading of the proposal for a Directive forwarded to the Council on 20 July 1993 laying down the basic safety standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiation. The Directive constitutes one of the key elements of Community action in the field of health protection as defined in Chapter III of the EAEC Treaty. It determines in particular the levels of protection applicable in the European Union.

The aim of the Commission proposal, based on Article 31 EAEC, is to supplement and update the existing provisions of Directive 80/836/EEC of 15 July 1980, as amended in 1984, particularly with regard to scientific developments. In particular it introduces provisions on natural sources of radiation in the workplace and a procedure for temporary adjustment of the level of protection in exceptional circumstances.

The European Parliament delivered its opinion on 20 April 1994. On 8 July the Commission forwarded to the Council an amended proposal for a Directive.

Discussions on the adoption of the Directive are continuing among Council bodies in the light of these different considerations.

128. Council bodies completed a detailed examination of the Commission communication forwarded to the Council on 3 March 1993 on a Community strategy for radioactive waste management.

The communication followed on from the Council resolution of 15 June 1992 on the Community plan of action in the field of radioactive waste. Its aim was to stress the

medium- and long-term importance of radioactive waste and the elements of a Community strategy which might be implemented to provide solutions.

On 19 December 1994, after examining the communication, the Council adopted a resolution on radioactive waste management. The Council resolution noted that all the Member States produced radioactive waste and stressed that each Member State was responsible for the management of that waste as well as the opportunities for cooperation between them. In addition to pressing on with efforts to reduce the volume and radiotoxicity of radioactive waste, it emphasized the importance of Community and national research and the optimum use of national facilities. It also stressed the need for the public to be informed of such management and for continued cooperation with various international bodies to ensure the safe management of radioactive waste.

129. Council bodies examined the Commission report forwarded to the Council on 14 December 1993 on implementation of the Council resolution of 18 June 1992 on the technological problems of nuclear safety.

The examination provided an opportunity to recall that the implementation of the resolution was based in particular on continuing the convergence towards general guidelines on nuclear safety with a view to arriving at national standards which would make possible an equivalent level of safety.

Council bodies examined the Commission report forwarded to the Council on 7 July 1994 on the operation of Euratom safeguards during the period 1991-92. The examination focused on aspects relating to the cost of Euratom safeguards and the introduction of the New Partnership Approach policy involving Euratom and the International Atomic Energy Authority.

## INTERNATIONAL RELATIONS

130. In the framework of bilateral relations between the EAEC and third States, Council bodies regularly followed progress in negotiations for a new nuclear cooperation agreement between the EAEC and the United States. The agreement should replace the existing 1958 Agreement and the 1960 amendment, which are due to expire on 31 December 1995.

The Directives for the Commission to negotiate a Nuclear Cooperation Agreement with the United States were adopted by the Council on 16 December 1991 on the basis of Article 101(2) of EAEC Treaty.

The Commission continued the negotiations and reported regularly to Council bodies. A number of points remain under discussion, in particular with regard to the United States' nuclear non-proliferation act.

On 19 December 1994, after taking note of the ongoing discussions between the two parties, the Council confirmed its Directives for the negotiation by the Commission of an agreement for cooperation between the EAEC and the United States, as adopted on 16 December 1991, and in this context invited the Commission to continue to explore possible solutions.

131. Council bodies also examined the draft Council Decision authorizing the Commission to conclude with the Russian Federation all the cooperation agreements based on the second paragraph of Article 101 of the EAEC Treaty in the fields of controlled nuclear fusion, nuclear safety and trade in nuclear materials. The three draft agreements were negotiated on the basis of Directives for the Commission to negotiate these agreements with the Soviet Union contained in a Council Decision of 17 June 1991.

In examining the draft agreements some of the provisions of the draft agreement on trade in nuclear materials, in particular those involving the concept of market price, raised difficulties. In the meantime an interim solution to the problem of regulating trade in nuclear materials with Russia had been found in the framework of the cooperation and partnership agreement with the Russian Federation signed on 24 June 1994. It will take place under the provisions of that agreement until the end of 1996. During that time a solution within the framework of the EAEC Treaty must be found on the basis of a new Commission proposal for negotiating directives.

132. On 22 December 1994 the Council adopted a Decision authorizing the Commission to conclude two agreements with the Russian Federation in the fields of controlled nuclear fusion and nuclear safety.

The aim of the two agreements is to develop cooperation in the field of nuclear research. The objective of the agreement on controlled nuclear fusion is to maintain and intensify cooperation in the areas covered by the respective fusion programmes on the basis of equality and mutual benefit in order to develop the scientific understanding and technological capability underlying a fusion power system. Cooperation under the agreement on nuclear safety is intended to contribute, on the basis of mutual benefit, to the improvement of nuclear safety, including the definition and application of scientifically warranted and internationally agreed nuclear safety guidelines. The areas covered by such cooperation on nuclear safety include reactor safety research, radiation protection, nuclear waste management, decommissioning, decontamination and dismantling nuclear installations and research and development on safeguards of nuclear material.

133. Council bodies conducted an initial examination of the proposal for a Council Decision forwarded by the Commission on 25 July 1994 issuing Directives to the Commission to negotiate bilateral agreements for nuclear cooperation between the EAEC and Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine and Uzbekistan.

The proposal covers the same areas as those covered by the draft agreements with the Russian Federation, namely controlled nuclear fusion, nuclear safety and trade in nuclear material. This would in particular enable the European Union to have nuclear trade agreements with all the uranium-producing new independent States. The draft negotiating directives for the negotiation of agreements in the field of controlled nuclear fusion and nuclear safety involve only Ukraine and Kazakhstan.

134. On the basis of the Commission communication on illicit traffic in radioactive substances and nuclear materials forwarded on 20 September 1994, Council bodies also examined various operational measures which might be considered in the fight against this illegal trade either in the Member States where nuclear materials are seized or in the States where the nuclear materials were stolen. The preparatory discussions took place within the framework of preparations for the Essen European Council in Decem-

ber 1994. On 28 November the Council adopted the final summary report which was forwarded to the European Council. The conclusions of the European Council on 9 and 10 December approved a series of measures and guidelines designed to combat the nuclear material smuggling phenomenon.

135. In the field of multilateral international relations, Council bodies examined the proposal for a Council Decision forwarded by the Commission on 28 September 1993 laying down Directives for the negotiation by the Commission of an international convention on nuclear safety. The proposal aims to promote a high level of nuclear safety worldwide and to strengthen international cooperation in the field of nuclear safety.

In so far as the negotiations on this convention were in their final phase, it was agreed that care should be taken that EAEC participation would be possible under the provisions of the Convention, but on the other hand it was felt that the time was not yet ripe to decide on possible EAEC participation in the Convention.

In this context, as the Convention has now been signed by 53 countries, including the Member States, on 8 September 1994 the Commission forwarded a proposal for a Council Decision concerning the approval of the conclusion by the European Atomic Energy Community of the Nuclear Safety Convention. Council bodies have since then continued examining the second proposal for a Decision.

# E — Transport

## Texts adopted

### LAND TRANSPORT

#### *Road transport*

*Council Directive 94/55/EC on the approximation of the laws of Member States with regard to the transport of dangerous goods by road (ADR)*

136. On 21 November the Council, under the procedure referred to in Article 198c of the Treaty,<sup>1</sup> adopted a Directive on the approximation of the laws of Member States with regard to the transport of dangerous goods by road.<sup>2</sup>

The aim of the Directive is to harmonize the rules applicable to national and intra-Community transport of dangerous goods and to ensure both an acceptable level of safety and the creation of a single market for transport services within the Community.

Its aim is thus to transpose into Community law the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) to which all the Member States are contracting parties, except in the case of Ireland, which should become a contracting party during the first half of 1995.

The Directive makes provision for national laws to be maintained in specific cases. These derogations, which are mostly temporary, affect only a small part of the transport market.

*Council Regulation (EC) No 3315/94 amending Regulation (EEC) No 3118/93 laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State*

137. On 22 December 1994 the Council adopted a Regulation amending Regulation (EEC) No 3118/93 laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State.<sup>3</sup> The Regulation amends the number of Community cabotage authorizations laid down by Regulation (EEC)

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<sup>1</sup> Decision-making process: Article 189c (cooperation procedure):

- Commission proposal: forwarded on 25.11.1993
- EP opinion on first reading: delivered on 3.5.1994
- Amended Commission proposal: forwarded on 2.6.1994
- Council common position: adopted on 19.9.1994
- EP approval of the Council's common position: November 1994
- Adoption of the Directive by the Council: 21.11.1994.

<sup>2</sup> OJ L 319, 12.12.1994.

<sup>3</sup> OJ L 350, 31.12.1994.

No 3118/93<sup>1</sup> for the period from 1 January 1994 to 30 June 1998 to take account of the accession of Austria, Finland and Sweden.

The Regulation grants:

- a number of Community cabotage authorizations to the three new Member States (in the case of cabotage involving Austria as from 1 January 1997);
- additional Community cabotage authorizations to the 12 existing Member States to take account of the increase in the road haulage market as a result of the enlargement of the Community.

In addition to a number of technical adjustments to Regulation (EEC) No 3118/93, the Regulation also includes transitional measures for the period from 1 January 1995 to 30 June 1995.

*Council resolution on road freight transport in the single European market*

138. On 24 October 1994,<sup>2</sup> further to a Presidency initiative, the Council adopted a resolution referring to the constructive analysis contained in the Committee of Enquiry's report on road freight transport in the single European market.

The resolution stresses the measures still needed to complete the internal market and further liberalization of the conditions of fair competition. Similarly, it draws attention to the importance of applying and complying with rules already in force, in particular in the social sector.

In the resolution the Commission is invited to examine in particular the conditions of access to the profession (professional competence and financial capacity) and the training of long-distance drivers of heavy goods vehicles.

The Council also affirmed its intention of acting rapidly on a proposal from the Commission amending certain social provisions and those relating to recording equipment in road transport.

*Council Directive amending Directive 91/439/EEC on driving licences*

139. On 19 December 1994 the Council adopted a Directive amending Directive 91/439/EEC on driving licences with a view to granting Finland and Sweden a temporary derogation.

Article 1(1) of Directive 91/439/EEC stipulates that Member States shall introduce national driving licences based on the Community model laid down in the Directive. The driving licences currently issued in Finland and Sweden differ from the Community model in that they consist of plastified 'identity card' type documents.

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<sup>1</sup> OJ L 279, 12.11.1993.

<sup>2</sup> OJ C 309, 5.11.1994.

Given that the Commission intends to examine soon the possibility of introducing a different model of driving licence, in a plastic 'credit card' format, this Directive authorizes Finland and Sweden to continue issuing their current driving licences from the time of accession until 31 December 1997.

### ***Inland waterway transport***

*Council Regulation (EC) No 844/94 of 12 April 1994 amending Regulation (EEC) No 1101/89 on structural improvements in inland waterway transport*<sup>1</sup>

140. This Regulation, based on Article 75 of the EC Treaty<sup>2</sup> extends for a further five-year period, up to 28 April 1999, the arrangements designed to combat structural overcapacity in the inland waterway sector, known as 'old-for-new', whereby the entry into service of an additional vessel must be offset:

- either by the scrapping of tonnage equivalent to that of the new vessel;
- or by the payment of a special contribution proportionate to the tonnage of the new vessel.

The Council incorporated an amendment requested by the European Parliament concerning the active fleet based on the idea of preventing vessels which have not participated in traffic for a long time from benefitting from a scrapping premium or being accepted as compensation tonnage under the 'old for new' rule.

*Council Regulation (EC) No 3314/94 amending Regulation (EEC) No 1101/89 on structural improvements in inland waterway transport*

141. On 13 December 1994 the Commission submitted a proposal for a Regulation containing a further amendment to Regulation No 1101/89. By exempting Austrian vessels, for a three-year period, from the obligation of paying three annual contributions to the scrapping fund this amendment should enable Austria to take part in the Community structural improvement scheme as from accession.

The Regulation was adopted on 22 December 1994.<sup>3</sup>

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<sup>1</sup> OJ L 98, 16.4.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 16.11.1993
- Council's agreement in principle, pending the opinion of the European Parliament: 29 and 30.11.1993
- Amended Commission proposal: forwarded on 24.2.1994
- Council common position: adopted on 14.2.1994
- EP approval of the Council's common position: 9.3.1994
- Adoption of the Regulation by the Council: 12.4.1994.

<sup>3</sup> OJ L 350, 31.12.1994.

### *Council resolution on structural improvements in inland waterway transport*

142. On 24 October 1994<sup>1</sup>, further to a Presidency initiative, the Council adopted a resolution in which it considered that a mere extension of the existing structural improvement scheme resulting from the adoption of Regulation (EC) No 844/94 will not be sufficient to ensure the competitiveness of the inland waterway transport sector, where for a number of years there has been a surplus of capacity supply while freight rates have tended to go down.

The Council therefore considered that further extensive structural improvement was necessary. A first step would be the increase in the ratio of tonnage to be broken up to new tonnage to 1.5:1 announced by the Commission. The Commission was also invited to submit an overall proposal for the sector covering the future organization of the market and scrapping operations.

## AIR TRANSPORT

### *Council resolution on the situation in European civil aviation*

143. Further to the report by the 'Comité des Sages' presented on 1 February 1994, the Council endeavoured on a number of occasions to examine the situation of Europe's civil aviation industry. The opportunity arose when the Commission submitted to the Council a communication entitled 'The way forward for civil aviation in Europe'.

The proper functioning of the single aviation market as from 1 January 1993, when the third package of liberalization measures entered into force, raised very important questions during a period of general crisis in the industry.

On 24 October 1994 the Council<sup>2</sup> adopted a resolution on this issue, inviting the Commission to take forthwith the measures necessary in the following areas:

- speeding up work on the harmonization and integration of European air traffic control systems;
- setting up the high-level coordinating group whose task is to create a favourable environment for the implementation of measures to develop a global satellite navigation system and the convergence of the various initiatives of the bodies concerned;
- creating a uniform airworthiness certificate and possibly establishing a European Regulatory Authority on Air Safety based on the JAA (Joint Aviation Authorities);
- clear and transparent granting of national aids;
- ground-handling services;
- relocation of companies;

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<sup>1</sup> OJ C 309, 5.11.1994.

<sup>2</sup> OJ C 309, 5.11.1994.



- the possible development of flags of convenience.

***Council Directive 94/56/EC establishing the fundamental principles governing the investigation of civil aviation accidents and incidents***

144. On 21 November, on the basis of Article 84(2) of the EC Treaty, the Council adopted<sup>1</sup> a Directive establishing the fundamental principles governing the investigation of civil aviation accidents and incidents.<sup>2</sup> The Directive is based, *inter alia*, on the conviction that determining the causes and circumstances of accidents (by means of a detailed technical investigation) is of fundamental importance if better preventive measures are to be developed within the framework of a common air safety policy. The basic principles are as follows:

- obligation to carry out an investigation into every accident or serious incident, and into certain incidents in civil aviation, with the sole purpose of preventing their recurrence;
- clear separation between the judicial investigation (intended to establish liabilities) and the technical investigation, and strengthening the status of the latter;
- permanence and independence of the organizations or bodies carrying out the investigation;
- obligation for the organizations or bodies to publish an investigation report as soon as possible, and where possible containing conclusions and safety recommendations;
- monitoring the action taken on these recommendations;
- protection of the investigation against use for other purposes than the prevention of accidents.

Generally speaking the Council adopted most of the amendments recommended by the European Parliament further to its opinion on the first reading of the draft Directive.

At the second reading the European Parliament approved the common position of the Council adopted on 16 May 1994, recommending one amendment. That amendment was not taken up by the Council when it approved the text of the Directive.

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<sup>1</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 1.9.1993
- Council's agreement in principle, pending the opinion of the EP: 30.11.1993
- EP opinion on first reading: delivered on 9.3.1994
- ESC opinion delivered on: 24.11.1994
- Amended Commission proposal: forwarded on 29.3.1994
- Council common position: adopted on 16.5.1994
- EP approval of the Council's common position with amendment: 26.10.1994
- Adoption of the Regulation by the Council: 21.11.1994.

<sup>2</sup> OJ L 319, 12.12.1994.

## SHIPPING

### ***Council conclusions on maritime safety and marine pollution prevention***

145. Several serious accidents occurred in the Channel, the Bay of Biscay and in the Straits of Bonifacio in December 1993 and January 1994. *Inter alia* the *Sherbro* lost several containers filled with dangerous pesticides. At a joint meeting of Ministers for Transport and for the Environment on 24 March the Council discussed the measures to be adopted. It adopted conclusions on maritime safety and the prevention of marine pollution in support of the work carried out by the IMO with a view to improving the management and supervision of vessels carrying dangerous or polluting goods, urging Member States to improve their search capabilities, pilotage services and emergency towing facilities and capabilities for locating lost cargoes and to speed up their efforts to protect maritime environmentally sensitive areas (MESAs) and inviting the Commission to study financial liability for the transport of hazardous goods in substandard ships and the harmonization of information systems.

### ***Council resolution on the safety of roll-on roll-off passenger ferries***

146. The shipwreck of the *Estonia* on 28 September 1994, with the loss of more than 900 lives, deeply moved the Council. Remembering also the capsizing of the *Herald of Free Enterprise* on 6 March 1987 and the fire on the *Scandinavian Star* at the beginning of 1990, the Council recorded, in a resolution adopted on 22 December,<sup>1</sup> its determination to support the IMO's initiatives to improve the stability of roll-on roll-off ferries, evacuation procedures, accident investigation, etc. The resolution urged Member States to implement their GMDSS (Global Maritime Distress and Safety Systems) and to ensure that vehicles were well secured on ferries leaving their ports and invited the Commission to submit as soon as possible proposals on the management of ferries, drawing up passenger lists and stepping up structural inspections of ferries.

At its meeting on 13 and 14 June the Council also noted Lord Donaldson's report on the accident of the *Braer* submitted by the United Kingdom delegation.

### ***Council Directive 94/58/EC on the minimum level of training for seafarers***

147. On 22 November 1994, on the basis of Article 84(2) of the EC Treaty,<sup>2</sup> the Council adopted a Directive on the minimum level of training for seafarers.<sup>3</sup>

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<sup>1</sup> OJ C 379, 31.12.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 27.5.1993
- EP opinion on first reading: delivered on 9.3.1994
- Amended Commission proposal: forwarded on 21.4.1994
- Council common position: adopted on 19.9.1994
- EP approval of the Council's common position: 16.11.1994
- Adoption of the Directive by the Council: 22.11.1994.

<sup>3</sup> OJ L 319, 12.12.1994.

The Directive lays down that all seafarers serving on board ships registered in a Community Member State must hold a certificate issued or recognized by a competent authority of a Member State and certifying that they have received appropriate training in compliance with the International Maritime Organization (IMO) 1978 International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW Convention). The text also defines a stringent procedure for recognition, within the Community, of certificates delivered by third countries.

The Directive also requires that at all times there is effective oral communication relating to safety between crew members on vessels registered in a Member State or calling at a Community port and between crews and coastal authorities and passengers. Ships flying the flag of a third country which has not ratified the STCW Convention, or which have a master, officers and ratings holding certificates not recognized under the Directive will be inspected, as a matter of priority, by the competent authority of the port State to check whether the level of vocational training and competence of their crews meet the standards laid down in the STCW Convention.

The Council included most of the amendments proposed by the European Parliament. The main aim of these was to align the text of the Directive with that of the STCW Convention, to clarify the recognition of certificates and to strengthen measures regarding communication between seafarers. The European Parliament approved the Council's common position as it stood.

Member States must comply with the Directive by 31 December 1995 at the latest.

***Council Directive 94/57/EC on common rules and standards for ship inspection and survey organizations***

148. On 22 November 1994, on the basis of Article 84(2) of the EC Treaty,<sup>1</sup> the Council adopted a Directive on common rules and standards for ship inspection and survey organizations.<sup>2</sup>

The Directive lays down that administrations with competence in the inspection, survey and certification of ships have to be capable of ensuring effective implementation of international agreements. If Member States wish to delegate their tasks to private bodies, such as classification societies, they will approach only bodies which they have approved and which comply with certain criteria.

The Directive lays down a procedure whereby a Member State may be forced to withdraw approval of a body which no longer meets those criteria.

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<sup>1</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 19.5.1993
- EP opinion on first reading: delivered on 9.3.1994
- Amended Commission proposal: forwarded on 6.4.1994
- Council common position: adopted on 19.9.1994
- EP approval of the Council's common position: 16.11.1994
- Adoption of the Directive by the Council: 22.11.1994.

<sup>2</sup> OJ L 319, 12.12.1994.

Ships from third countries not classified by an approved classification society will be subject to priority port control.

The Council included in the Directive most of the amendments proposed by the European Parliament. These aimed in particular at strengthening the quality criteria imposed on classification societies and clarifying those societies' freedom to provide services. The European Parliament approved the Council's common position as it stood.

Member States must comply with the Directive before 1 January 1996.

***Council Regulation (EC) No 2978/94 on the implementation of IMO resolution A.747(18) on the application of tonnage measurement of ballast spaces in segregated ballast oil tankers (SBTs)***

149. On 21 November 1994, on the basis of Article 84(2) of the EC Treaty,<sup>1</sup> the Council adopted the proposal for a Regulation on the implementation of IMO resolution A.747(18) on the application of tonnage measurement of ballast spaces in segregated ballast oil tankers (SBTs).<sup>2</sup>

The purpose of the Regulation is to cancel out the loss suffered, in terms of port and pilot charges, by segregated ballast oil tankers, where the charges are calculated on the basis of a vessel's gross tonnage:

- either by deducting the tonnage of the segregated ballast tanks from the total tonnage of the ship;
- or by ensuring that the fee for segregated ballast oil tankers is at least 17% lower than the fee for a tanker without segregated ballast tanks of the same gross tonnage.

Where the fees are assessed other than on the basis of gross tonnage, port and harbour authorities as well as pilotage authorities shall ensure that segregated ballast oil tankers receive treatment no less favourable than when fees are calculated in accordance with the above two methods.

The Council followed the European Parliament's opinion in introducing the above flat-rate deduction system, but did not agree to the 20% rate recommended by the European Parliament. In the end the European Parliament approved the Council's common position as it stood.

The Regulation is scheduled to enter into force on 1 January 1996.

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<sup>1</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 8.12.1993
- EP opinion on first reading: delivered on 3.5.1994
- Amended Commission proposal: forwarded on 2.6.1994
- Council common position: adopted on 19.9.1994
- EP approval of the Council's common position: 16.11.1994
- Adoption of the Regulation by the Council: 21.11.1994.

<sup>2</sup> OJ L 319, 12.12.1994.

## MEASURES AFFECTING ALL FORMS OF TRANSPORT

### ***Council resolution on telematics in the transport sector***

150. On 24 October<sup>1</sup> the Council adopted a resolution on telematics in the transport sector. Taking into account discussions on the information society and the objective of interoperability of technical systems and of the trans-European transport networks, the aim of the resolution is to give priority to discussions on the introduction of information and communication systems at the European level in the fields of road, rail, maritime and air transport.

In the resolution the Council also invited the Commission and the Member States to take appropriate steps especially *vis-à-vis* the users concerned.

In the resolution the Council invited the Commission to draw up an action programme for the measures required at Community level for the implementation of telematics in the transport sector and to support the work of standardization in air traffic management while submitting proposals which are in conformity with the principles of proportionality and subsidiarity and do not create more bureaucracy.

### ***Council resolution on the European contribution to the development of a global satellite navigation system***

151. The resolution adopted by the Council on telematics in the transport sector contained, *inter alia*, an invitation to examine without delay the Commission communication on satellite navigation services and to submit recommendations as soon as possible. The Commission communication was accompanied by a draft Council resolution on the European contribution to the development of a global satellite navigation system.

On the basis of a Presidency draft, the Council adopted on 19 December<sup>2</sup> a resolution on the European contribution to the development of a global satellite navigation system. The aim of the resolution is to support by every possible means the measures to be implemented by the Commission and the Member States with a view to introducing a global satellite navigation system (GNSS 2) for civil use, taking into account the development and augmentation of the system to be established in the short term (GNSS 1).

The resolution also aims to enhance close cooperation between the European Union and other international organizations in the satellite navigation field and to expedite implementation of the necessary measures by a high-level coordinating group provided for in the resolution on the situation in European civil aviation.

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<sup>1</sup> OJ C 309, 5.11.1994.

<sup>2</sup> OJ C 379, 31.12.1994.

## GENERAL MATTERS

### *Summer time*

152. On 30 May 1994 the European Parliament and the Council adopted the seventh Directive 94/21/EC, based on Article 100a<sup>1</sup> on summer-time arrangements fixing the summer-time periods for 1995, 1996 and 1997.<sup>2</sup>

For these three years the summer-time period will begin on the same date and at the same time throughout the Community, namely the last Sunday in March at 1 a.m. Greenwich Mean Time, i.e.:

- in 1995: on 26 March,
- in 1996: on 31 March,
- in 1997: on 30 March.

Full harmonization of the dates and times for the end of the summer-time period is however scheduled only for 1996 and 1997, namely at the end of October at 1 a.m. Greenwich Mean Time.

For 1995 the Directive lays down an extension of the current system, i.e. two different dates, one for Ireland and the United Kingdom and the other for the other Member States.

Thus the summer-time period ends at 1 a.m. Greenwich Mean Time:

- in 1995: on 24 September in 10 Member States and on 22 October in Ireland and the United Kingdom.
- in 1996: on 27 October,
- in 1997: on 26 October.

When the Directive was adopted it was agreed that provisions should be adopted for no more than three years as the summer-time period should be re-examined in the meantime. In this connection the Commission undertook to carry out detailed studies in collaboration with representatives of interested circles and national experts from the Member States of the economic and other consequences of the transition from summer time to winter time and vice versa and of the application of summer time itself.

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<sup>1</sup> Decision-making process: Article 189b (codecision procedure)

- Commission proposal: forwarded on 28.9.1993
- EP opinion on first reading: delivered on 17.12.1993
- Council common position: adopted on 4.3.1994
- EP Decision of 22.4.1994 approving the Council's common position
- Adoption of the Directive by the Council: 30.5.1994.

<sup>2</sup> OJ L 164, 30.6.1994.

## Common positions

### LAND TRANSPORT

#### *Road transport*

##### *Uniform procedures for checks on the transport of dangerous goods by road*

153. On 21 November 1994 the Council adopted a common position with a view to adopting a Directive on uniform procedures for checks on the transport of dangerous goods by road.<sup>1</sup> The Commission proposal was based on Article 75 of the EC Treaty.<sup>2</sup>

The purpose of the Directive is to harmonize procedures for checks, thus improving compliance with safety conditions for this type of transport; it complements the 'ADR Directive', which transposes into Community law the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR).

The basic principles are as follows:

- non-discriminatory roadside checks;
  - covering a significant proportion of road transport of dangerous goods,
  - to be carried out by means of a checklist with a copy or a certificate to be given to the driver;
- the option of other detailed checks;
- in the event of infringements being established at the roadside, application of appropriate measures ranging from immobilization of the vehicle to requiring it to be brought into conformity or refusal to allow it to enter the Community;
- the option of checks on the premises of the undertaking, especially as a preventive measure;
- Member States assisting one another, particularly in the event of apparently serious or repeated infringements or with a view to taking appropriate measures with regard to offenders;
- the requirement that Member States report annually to the Commission indicating the number of vehicles checked, the infringements recorded and the penalties imposed;

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<sup>1</sup> OJ C 354, 13.12.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 15.12.1993
- EP opinion on first reading: delivered on 3.5.1994
- Amended Commission proposal: forwarded on 29.7.1994
- Council common position: adopted on 21.11.1994.

- the requirement that the Commission report to the Council on the application of the Directive.

## ***Rail transport***

### *Licensing railway undertakings — Access to railway infrastructures*

154. On 21 November 1994 the Council adopted two common positions<sup>1, 2</sup> with a view to adopting two Directives aimed at facilitating the application of Directive 91/440/EEC on the development of the Community's railways.<sup>3</sup> One Directive covers the licensing of railway undertakings, the other the allocation of railway infrastructure capacity and the charging of infrastructure fees.

The scope of these Directives, as laid down in the Commission proposals<sup>4</sup> and approved by the European Parliament, includes all railway undertakings established in the Community in respect of all the national or international transport services they provide.

The scope adopted by the Council in its common positions is, however, more restrictive and corresponds to that of Directive 91/440/EEC. The Council in fact suggests:

- licensing only the railway undertakings and international groupings referred to in Article 10 of Directive 91/440/EEC where those undertakings and groupings provide the services referred to in that article;
- applying common conditions of access to the Community rail market within the framework of the rights of access granted under Article 10 of Directive 91/440/EEC.

The aforementioned Article 10 grants rights of access to private or publicly owned railway undertakings which are or will be established in a Member State, when they provide combined international goods services, and to international groupings of two or more of these undertakings, where they provide international transport services.

155. In accordance with the Commission proposal, the common position on licensing stipulates that in order to obtain a licence that is recognized as valid throughout the Community the railway undertaking must fulfil the conditions laid down in the Directive regarding good repute, financial fitness professional competence and liability cover.

In itself, a licence does not give an undertaking any right to operate transport services, but once the undertaking holds a licence it is in a position to request the rights of access provided for in the corresponding Directive. In this connection and in accordance with

<sup>1</sup> OJ C 354, 13.12.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 15.12.1993
- EP opinion on first reading: delivered on 3.5.1994
- Amended Commission proposal: forwarded on 18.7.1994
- Council common position: adopted on 21.11.1994.

<sup>3</sup> OJ L 237, 24.8.1994.

<sup>4</sup> OJ C 24, 28.1.1994 and OJ C 225, 4.8.1994.



the Commission's proposal, the Council's common position on the allocation of railway infrastructures fixes the general framework for a uniform non-discriminatory Community system for the allocation of train paths and the charging of infrastructure fees and leaves it to the Member States to establish the detailed rules for the practical implementation of the system thus set up.

The Council therefore made provision that:

- railway undertakings with licences should first apply to the body appointed for that purpose in the Member State where the infrastructures are to be used, for a certificate of safety stating that they fulfil the safety conditions laid down by national and Community law;
- the railway undertaking then applies to the allocation body set up by the Member State on the territory of which the departure point of the service concerned is situated, for one or more train paths;
- the infrastructure manager charges infrastructure fees according to common general criteria.

The Council also made provision for the two Directives to be implemented two years after their entry into force.

## Work in progress

### LAND TRANSPORT

#### *Weights and dimensions*

156. Council bodies have begun examining a proposal for a Council Directive laying down maximum authorized weights and dimensions for road vehicles over 3.5 tonnes circulating within the Community.<sup>1</sup> The purpose of this proposal, based on Article 75 of the EC Treaty<sup>2</sup> is, *inter alia*, to:

- consolidate in a single text Directive 85/3/EEC of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles<sup>3</sup> as last amended, for the seventh time, by Directive 92/7/EEC of 7 February 1992<sup>4</sup> and Directive 86/364/EEC relating to proof of compliance of vehicles with Directive 85/3/EEC;<sup>5</sup>

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<sup>1</sup> OJ C 38, 8.2.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)  
Commission proposal: forwarded on 15.12.1993  
EP opinion on first reading: delivered on 15.11.1994.

<sup>3</sup> OJ L 2, 3.1.1985.

<sup>4</sup> OJ L 57, 2.3.1992.

<sup>5</sup> OJ L 221, 7.8.1986.

- extend to national transport the provisions of the Directive that significantly affect the conditions of competition in the transport sector, in particular the maximum authorized dimensions of vehicles and vehicle combinations and maximum authorized weights (MAW) for combinations with 4, 5 and 6 axles;
- increase the maximum permissible width for non-refrigerated vehicles from 2.50 m to 2.55 m;
- increase from 40 to 44 tonnes the maximum authorized weights for vehicle combinations with 6 axles where these are equipped with road-friendly suspensions.

### ***Recording equipment (tachograph)***

157. Council bodies began examining a proposal for a Regulation, forwarded by the Commission on 22 July 1994, amending Council Regulation (EEC) No 3821/85 and Council Directive 88/599/EEC on recording equipment in road transport.<sup>1</sup> The proposal is based on Article 75 of the EC Treaty.<sup>2</sup>

The proposal, based on Article 75, provides for the mandatory fitment of an additional element to the monitoring system currently used by professional drivers with the aim of improving the enforcement of, and compliance with, social legislation relating to road transport, as laid down in Council Regulation (EEC) No 3820/85.<sup>3</sup> It takes account of experience acquired in applying the Regulation.

### ***Interoperability of the European high-speed train network***

158. The aim of this proposal,<sup>4</sup> based on the third paragraph of Article 129d of the EC Treaty,<sup>5</sup> is the progressive achievement of an integrated, coherent and interoperable European network of high-speed trains on the most economically efficient terms.

A policy debate took place at the Council meeting on 21 and 22 November 1994. A number of general guidelines emerged from the debate which should facilitate future work on aspects such as the scope of the Directive (as regards infrastructures and rolling stock), content (to cover technical compatibility and possibly certain regulations or operational provisions), committee procedure, taking into account the cost of measures required to ensure interoperability and the transitional period needed to achieve that end.

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<sup>1</sup> OJ C 243, 31.8.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)  
Commission proposal: forwarded on 22.7.1994.

<sup>3</sup> OJ L 370, 31.12.1985.

<sup>4</sup> OJ L 134, 17.5.1994.

<sup>5</sup> Decision-making process: Article 189c (cooperation procedure)  
Commission proposal: forwarded on 15.4.1994.

## AIR TRANSPORT

### *Working Party on Aviation*

159. Regular consultation between the Member States on relations with third countries is one of the objectives of the Working Party on Aviation. This consultation led to an assessment of and an exchange of views on various matters involving the Community and third countries in the field of civil aviation. Detailed discussions took place on certain United States legislative and administrative initiatives with a view to the adoption by all the Member States of a harmonized and coordinated position *vis-à-vis* all the bodies concerned. These initiatives mainly affect the rule concerning high density for the allocation of slots and computerized reservation systems (CRS).

The Working Party on Aviation also provided a forum for prior consultation between the Member States on the Community's presence as an observer at ICAO and ECAC meetings, in particular the 'World-wide Transport Conference on International Air Transport Regulation: Present and Future' organized by ICAO in Montreal from 23 November to 6 December 1994.

## SHIPPING

### *Enforcement in respect of shipping using Community ports and sailing in the waters under the jurisdiction of the Member States of international standards for ship safety, pollution prevention and shipboard living and working conditions.*

160. On 22 November 1994 the Council reached full political agreement on the above proposal for a Directive<sup>1</sup> which aims to reduce the number of vessels which fail to meet IMO standards entering Community ports.<sup>2</sup>

The Council instructed the Permanent Representatives Committee to continue its discussions to prepare the Council's common position to be forwarded to the European Parliament.

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<sup>1</sup> OJ C 107, 15.4.1994 and OJ C 347, 8.12.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 16.3.1993
- EP opinion on first reading: delivered on 27.10.1994
- Amended Commission proposal: forwarded on 15.11.1994.

### ***Setting up a European vessel reporting system in the maritime zones of the Community Member States (Eurorep)***

161. At its meeting on 22 November the Council reached agreement in principle on the above proposal for a Directive submitted to it by the Commission on 17 December 1993.<sup>1</sup> Under this proposal,<sup>2</sup> ships carrying dangerous or polluting goods in transit along the coasts of the Member States should make themselves known to the coastal authorities and supply information on their cargoes and routes.

The aim of the proposal is to supplement the system set up by Directive 93/75/EEC<sup>3</sup> on reporting ships carrying dangerous or polluting goods bound for or leaving Community ports.

The Council instructed the Permanent Representatives Committee to continue examining the outstanding questions.

### ***Improving the competitiveness of the Community's fleets (positive measures)***

162. At its meeting on 13 and 14 June the Council took note of a Commission report on its consultations with the Member States with a view to resolving the question of adoption of the proposal on the creation of a Community ship register (EUROS). The Council also took note of a report on the discussions of a high-level working party on the same subject.

On 22 November the Council held a policy debate on the relaunch of positive measures in the light of an introductory statement by the Commission.

### ***Application of the competition rules to shipping***

163. On 13 and 14 June 1994 the Council took note of Commissioner Van Miert's presentation of a report on application of the rules of competition to shipping. In particular the report concluded that the price-fixing agreements on multimodal transport concluded by owners who are members of shipping conferences or other sea transport carriers would in future have to be subject to individual exemptions based on Article 85(3) of the Treaty.

The Council examined the report on 22 November. Further to delegations' comments and observations, the Commission was willing to report to the Council on the application of its new approach.

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<sup>1</sup> OJ C 22, 26.1.1994 and OJ C 193, 16.7.1994.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 17.12.1993
- EP opinion on first reading: delivered on 20.4.1994
- Amended Commission proposal: forwarded on 8.6.1994.

<sup>3</sup> OJ L 247, 5.10.1993.

### ***Freedom to provide services to maritime transport***

164. On 13 and 14 June the Council took note of a Commission report on the implementation of Regulation (EEC) No 4055/86 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries. After noting that there had been delays in the implementation of this Regulation, the Council instructed the Permanent Representatives Committee to use the report to carry out the evaluations necessary if implementation of the above Regulation was to make progress.

### ***Shipping relations with West and Central Africa***

165. At its meeting on 13 and 14 June the Council took note of the Commission report on the outcome of its recent fact-finding mission in West and Central Africa, which was conducted with a view to overcoming the stalemate in consultations between the Community and those countries concerning shipping.

Following an exchange of views, the Council stated its intention of assessing the situation on the basis of the Commission report with a view to the possible resumption of negotiations.

## **MEASURES CONCERNING ALL MODES OF TRANSPORT**

### ***Officer for the prevention of the risks inherent in the carriage of dangerous goods in undertakings which transport such goods***

166. The aim of this proposal,<sup>1</sup> based on Articles 75 and 84 of the EC Treaty,<sup>2</sup> is to require undertakings which transport dangerous goods to appoint one or more officers responsible for the prevention of the risks inherent in this type of carriage, regardless of the mode of transport used.

An initial policy debate took place at the Council meeting on 21 and 22 November concerning the scope, the purpose of the Directive and the duties of the risk prevention officer, the demarcation of those duties, the exemption of small- and medium-sized undertakings, training and the submission of a report by the risk prevention officer.

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<sup>1</sup> OJ C 185, 17.7.1991 and OJ C 233, 11.9.1992.

<sup>2</sup> Decision-making process: Article 189c (cooperation procedure)

- Commission proposal: forwarded on 19.6.1991
- EP opinion on first reading: delivered on 15.5.1992
- Amended Commission proposal: forwarded on 14.8.1992.

## TRANSPORT INFRASTRUCTURES

### *Trans-European network*

167. On 7 April 1994<sup>1</sup> the Commission forwarded to the Council a proposal for a European Parliament and Council Decision on Community guidelines for the development of the trans-European transport network.

The aim of this proposal, based on Article 129d(1) of the EC Treaty, is to implement in the transport sector the provisions of Title XII of the Treaty on trans-European networks.

The proposed guidelines therefore cover the objectives, priorities and broad lines of the measures envisaged to achieve the trans-European transport network; they identify the projects of common interest whose completion should contribute to the development of the network.

The guidelines cover the whole range of transport infrastructures — land, sea and air — with a view to intermodal integration. They therefore replace the three 'modal' Decisions adopted by the Council on 29 October 1993 (road, inland waterway and combined transport networks<sup>2</sup> and also include railways, ports, airports and information and management systems for the whole network.

168. Pending the opinion of the European Parliament,<sup>3</sup> the Council held two policy debates at its meetings on 26 September and 21 and 22 November 1994. It was thus in a position to draw up general guidelines on the following aspects of the proposal under examination:

- nature of the guidelines to be established by the Community,
- deadlines for the implementation of projects of common interest,
- identification of projects of common interest,
- inclusion of telematics in the guidelines,
- inclusion in the Decision of interconnection points such as seaports, airports, river ports and transshipment centres,
- harmonization of Annexes I and II to the proposal for a Decision,
- objectives and types of projects of common interest for traffic management systems,

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<sup>1</sup> OJ C 220, 8.8.1994.

<sup>2</sup> Decision 93/628/EEC on the creation of a trans-European combined transport network (OJ L 305 of 10.12.1993, p. 1);  
Decision 93/629/EEC on the creation of a trans-European road transport network (OJ L 305 of 10.12.1993, p. 1);  
Decision 93/630/EEC on the creation of a trans-European inland waterway transport network (OJ L 305 of 10.12.1993, p. 39).

<sup>3</sup> The Committee of the Regions delivered its opinion on 27 September; the Economic and Social Committee delivered its opinion on 23 November.

- inclusion in the maps annexed to the Decision of indicative links in and through third countries,
- inclusion of a clause for a regular review of the guidelines.

## EXTERNAL RELATIONS

### *Opening of negotiations between the European Community and the Swiss Confederation on road and air transport*

169. The Council felt that the conditions were right for the resumption of discussions to draw up negotiating directives. The Council also agreed on the importance, at these negotiations, of linking the legislative process and the Alps Initiative and in particular to ensure compliance with certain principles set out by the Commission, namely: freedom of choice for operators (application of market-oriented measures), no discrimination between Swiss and Community operators, no re-routing of road traffic through neighbouring States and compatibility with the transit agreement in force between the Community and Switzerland.

### *Opening of negotiations between the Community and certain third countries concerning the carriage of goods and passengers by road*

170. The Council agreed that the main priority in opening these negotiations was to make arrangements to govern transit for intra-Community transport to and from Greece through the third countries in question, namely Hungary, Romania and Bulgaria. Technical aspects relating to market access and harmonization would be examined at the same time.

### *Relations with third countries in the field of air transport*

171. A proposal for a Decision in this area is still being discussed within the Council. The Council has been unable to make progress on this issue beyond setting up a Working Party on Aviation<sup>1</sup> and implementing Council Decision 80/50/EEC setting up a consultation procedure on relations between Member States and third countries in the field of air transport and on action relating to such matters within international organizations.

The Council wishes first to consider the questions of competence raised by this issue, referred to in opinion 1/94 delivered by the Court of Justice on 15 November, and developments in the regulations governing international air transport.

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<sup>1</sup> See paragraph 159 of this Report.

# F — Telecommunications and postal services

## Information society

172. In response to the conclusions of the June European Council, the Commission put forward an action plan on 'Europe's way to the information society' which was discussed at the joint Industry/Telecommunications Council on 28 September. The Action Plan covers the following four main areas:

- Regulatory and legal framework (infrastructure liberalization; standardization/interconnection/interoperability; tariffs; worldwide dimension; intellectual property rights; privacy; electronic/legal protection and security; media ownership; competition; audiovisual);
- Networks (including EURO-ISDN, integrated broadband communications, mobile and satellite communications), basic services, applications and content;
- Social, societal and cultural aspects;
- Promotion activities.

The Council has stressed the special role of telecommunications in relation to the development of an 'information society' and at the joint Industry/Telecommunications Council in September called for urgent action in this area, particularly in respect of:

- the liberalization of telecommunications infrastructures (the deadline of 1 January 1998 was agreed at the Telecommunications Council on 17 November);
- enactment of the liberalization of voice telephony by means of specific legal measures in accordance with Council resolution of July 1993 and measures to guarantee the provision of universal service in accordance with the Council resolution of 7 February 1994.

173. The Council has undertaken to adopt the regulatory and legal measures necessary for the development of an 'information society' as soon as possible. The European Council in Essen in December 1994 welcomed the Council Decision to liberalize telecom infrastructures by 1 January 1998 as a crucial step in establishing information infrastructures for the future. The European Council called on Industry and Telecommunications Ministers to coordinate the other measures to be taken and in particular called on the Council to provide rapidly the necessary regulatory framework in areas where it was lacking, such as market access, data protection and protection of intellectual property.

The Essen European Council also stressed the role of the private sector in providing adequate financing for the establishment of the 'information society' and pointed out the need for strengthened international cooperation.



The G-7 Ministerial Conference in Brussels on 25 and 26 February 1995 on the global information society was considered to be an important initiative in this respect.

## **Infrastructures**

### **COUNCIL RESOLUTION ON THE PRINCIPLES AND TIMETABLE FOR THE LIBERALIZATION OF TELECOMMUNICATIONS INFRASTRUCTURES**

174. In response to the first part of the Commission's Green Paper of 28 October 1994 on the liberalization of telecommunications infrastructures and cable television networks and with a view to completing the process of liberalization within the telecommunications sector in the Community, the Council on 17 November unanimously agreed on a resolution on the principles of liberalizing telecommunications infrastructures, with formal adoption of the text on 22 December. The resolution establishes a deadline of 1 January 1998 in parallel with the timetable for the liberalization of voice telephony services. The same transitional periods of up to 2003 as for voice telephony are envisaged, if necessary, for those countries with less developed networks<sup>1</sup> and up to 2001 for countries with very small networks.

However, consensus at Council level was not reached at this stage on the need for early liberalization of alternative networks for the provision of services that are already liberalized, as proposed by the Commission in its Green Paper, Part One.

It was also agreed that by January 1998 the Council should finalize the regulatory framework including the definition of common principles relating to universal service, interconnection regulations, granting of licences, reciprocity with third countries, and equitable conditions of competition between different networks. These issues will be dealt with in the second part of the Commission's Green Paper which is due by 1 January 1995.

### **AMENDED PROPOSAL FOR A COUNCIL DIRECTIVE RELATING TO THE APPLICATION OF OPEN NETWORK PROVISION TO VOICE TELEPHONY (ONP)<sup>2</sup>**

175. The original proposal was drafted in 1992 in the context of the importance for the Internal Market of improvements in telecommunications and growth of trans-European telecommunications networks and services. The Council Directive on ONP<sup>3</sup> of 1990 laid the foundations for the use of ONP in the Community and contained a timetable for the phased implementation of ONP to specific areas, identifying voice telephony as one of the priority areas.

The proposed application of ONP to voice telephony services has three basic goals:

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<sup>1</sup> Spain, Portugal, Greece and Ireland.

<sup>2</sup> OJ C 147, 27.5.1993, amending OJ C 263, 12.10.1992.

<sup>3</sup> Directive 90/387/EEC of 28.6.1990, OJ L 192, 24.7.1990.

- to establish the rights of users of voice telephony services;
- to improve access to the public telephone network infrastructure for all users, including services providers;
- to enhance Community-wide provision of voice telephony services.

176. The Commission amended its proposal in May 1993 following the opinion of the European Parliament and the Council adopted a common position in June 1993 which incorporated some of the European Parliament's amendments. The Council was unable to reach a majority to accept the amendments proposed by the European Parliament in its second reading in January 1994, leading to recourse to the conciliation procedure. This procedure failed to produce agreement, the main difficulty being the procedure chosen for the exercise of implementing powers conferred on the Commission for this Directive (committee procedure).

The Council confirmed its adoption of its common position at the Telecommunications Council on 30 May 1994 whilst agreeing to resume discussions on the committee procedure as a horizontal issue.

The new European Parliament in September 1994, confirmed its rejection of the Council text but, given the importance of a Community Directive on this matter, called on the Commission to put forward a new proposal which would take account of the progress made in the conciliation procedure. It is to be noted, however, that such a proposal would only be valid for a short period of time and would have to be adapted to the context of the liberalization of voice telephony services scheduled for 1998.

## **Exchange of data between administrations**

### **COUNCIL RESOLUTION ON COORDINATION FOR THE EXCHANGE OF INFORMATION BETWEEN ADMINISTRATIONS<sup>1</sup>**

177. The resolution, agreed by the Telecommunications Council on 30 May 1994, calls for coordination of all activities relating to the introduction and operation of communications and information exchange systems between administrations. This includes the development of a common framework for the future development of communication/information exchange systems, and progressive introduction, where needed and appropriate, of operational communications and information exchange systems between administrations.

The Council resolution calls on the Commission to submit a biannual report and appropriate proposals if need be.

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<sup>1</sup> Council resolution of 20.6.1994, OJ C 181, 2.7.1994.

## TELEMATIC INTERCHANGE OF DATA BETWEEN ADMINISTRATIONS (IDA)

178. In this context, the Council is currently discussing two Commission proposals relating respectively to guidelines on trans-European data communications networks between administrations (IDA) and a Community action programme to support the implementation of IDA.

The proposals introduce a set of measures to enable national administrations and Community institutions to process and interchange certain information by means of trans-European data communications networks. These proposals were drawn up with a view to facilitating the proper functioning of the internal market and the implementation of common policies.

The Committee of the Regions drew up an opinion<sup>1</sup> on the above proposals on 17 and 18 May 1994. The European Parliament gave its opinion on 17 November 1994.

In response to a Council request in December 1993, the Commission convened in 1994 a series of groups covering a wide range of sectors (e.g. agriculture, customs, indirect taxation, statistics, social security) in order to obtain comprehensive information as to the need for and the current status of interchange of data systems between administrations in these different sectors. Following these studies and a debate at the Telecommunications Council on 30 May, the Council of 17 November (Telecommunications) reached broad consensus on a decision on the basis of a compromise text put forward by the German Presidency, including a general orientation on the use of Article 235 for the legal basis. The Council has decided to consult the European Parliament on the envisaged change to the legal basis before formal adoption of this Decision.

## COUNCIL DECISION ON INTER-ADMINISTRATION TELEMATIC NETWORKS FOR STATISTICS RELATING TO THE TRADING OF GOODS BETWEEN MEMBER STATES (EDICOM).<sup>2</sup>

179. The purpose of the Decision to continue and consolidate the developments begun with the Caddia programme<sup>3</sup> in order to ensure rapid implementation of Council Regulation (EEC) 3330/91 on the statistics relating to the trading of goods between Member States by increased use of automatic processing and electronic transmission of information.

The Decision provides for a set of measures for the period 1994-98 to create harmonized systems at European Union level for the collection of returns on the trading of goods and on production from businesses, the validation and pre-processing of such returns and the dissemination of the statistics derived. These systems will be based on the use of electronic data interchange (EDI) and computerized procedures. This Decision should be seen in the context of continuing initiatives undertaken before the entry into force of the Treaty on European Union.

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<sup>1</sup> OJ C 217, 6.8.1994.

<sup>2</sup> Council Decision 94/445/EC of 11.7.1994, OJ L 183, 19.7.1994.

<sup>3</sup> Cooperation in automation of data and documentation for imports/exports and agriculture.

The Commission, assisted by the Committee on the Statistical Programme of the European Communities, shall annually draw up a programme of implementing measures.

The European Parliament gave its first reading in October 1993 on the Commission proposal (COM(93) 73) which was based on Article 100A and in May 1994 rejected the legal base of Article 235 which was considered as the appropriate base by the Council in view of the fact that no real harmonization measures are envisaged in the proposal as it relates to a specific set of actions. In September 1994, the European Parliament took legal proceedings before the Court of Justice aimed at annulling the Council Decision.

## **Mutual recognition of licences**

### **AMENDED PROPOSAL FOR COUNCIL AND EUROPEAN PARLIAMENT DIRECTIVE ON MUTUAL RECOGNITION OF LICENCES AND OTHER NATIONAL AUTHORIZATIONS FOR TELECOMMUNICATIONS SERVICES**

### **PROPOSAL FOR COUNCIL AND EUROPEAN PARLIAMENT DIRECTIVE ON MUTUAL RECOGNITION OF LICENCES AND OTHER NATIONAL AUTHORIZATIONS FOR THE PROVISION OF SATELLITE NETWORK SERVICES AND/OR SATELLITE COMMUNICATIONS SERVICES<sup>1</sup>**

180. The proposals are designed to facilitate the provision of telecommunications services in the Community. The first, which is broader in scope, covers all telecommunications services except for voice telephony, telex and satellite mobile communications services. The second proposes specific measures in the field of satellite communications and takes account of the positions adopted by the Council in its resolution of December 1991 on satellite communications and of July 1993 on the telecommunications review. The proposals set out in particular procedures for the mutual recognition of national authorizations for the supply of such services. Access to licences is extremely important for the expansion of these services in a liberalized market.

The European Parliament gave its opinion on the satellite proposal on 19 April 1994, calling for the legal basis to be changed from Article 235 to Article 113.

Both proposals are subject to the co-decision procedure. The Economic and Social Committee gave its opinion on the first proposal in February 1993.<sup>2</sup>

The telecommunications proposals was amended following the opinions of the European Parliament and the Economic and Social Committee, and first discussions within the Council.

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<sup>1</sup> OJ C 36, 4.2.1994.

<sup>2</sup> OJ C 108, 19.4.1993.

Work within the Council concentrated in 1994 on the satellite proposal and discussions covered the following main areas: harmonization of conditions for authorization and mutual recognition; legal base; one-stop shopping procedure; coordination of frequency and sites; access to space segment, powers of the Commission; and applicability.

The Council of 17 November (Telecommunications) noted that there was general agreement on the principle of creating a single market for satellite services, but that further work was required in particular with regard to the respective roles of mutual recognition, harmonization and one-stop-shopping. The Council charged the Permanent Representatives Committee to continue its work under the next Presidency in order to reach agreement as soon as possible.

## **Space segment capacity**

### **COUNCIL RESOLUTION ON THE FURTHER DEVELOPMENT OF THE COMMUNITY'S SATELLITE COMMUNICATIONS POLICY, ESPECIALLY WITH REGARD TO THE PROVISION OF, AND ACCESS TO, SPACE SEGMENT CAPACITY**

181. In June 1994, the Commission issued a communication in relation to space segment capacity which follows up Council resolutions of December 1991<sup>1</sup> and deals with the future regulatory approach to national, international and private satellite communications systems and with the access arrangements to be laid down to enable the operators of satellite services to make use of them.

The Commission considers that the further development — of and access to — the space segment constitutes a major factor in securing Europe's potential to participate in the development of the new satellite communications technologies and to maximize the potential of the sector for developing the European Union's communications infrastructure as a whole. The Commission thus suggests that further measures should be taken in this area.

It is to be noted that development of a Community satellite communications policy and its related regulatory framework needs to be considered within the context of the International Satellite Organizations (Intelsat, Inmarsat and Eutelsat) which currently offer 66% of the available space segment capacity in Europe.

Following the Commission's communication on the subject, the Council on 17 November 1994 adopted a resolution outlining in particular the following political priorities in this area:

- non-discriminatory access to space segment capacity;
- adjustment of the intergovernmental satellite organizations;
- comparable and effective access to third-country markets;
- effective management of orbit and frequency resources.

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<sup>1</sup> OJ C 8, 14.1.1992.

Formal adoption of the resolution took place on 22 December.

## Advanced television

### COUNCIL RESOLUTION FOR A COMMUNITY FRAMEWORK POLICY CONCERNING DIGITAL VIDEO BROADCASTING<sup>1</sup>

182. On 30 May 1994, the Council agreed on the above resolution following the Commission's communication of November 1993 regarding a Community policy for digital television and in recognition of the benefits of digital technology for the future of television and for the future electronic information highways.

The Council supported the proposed policy of the Commission and stressed the following aspects:

- the potential possibilities of digital technology;
- the necessity of developing research activities;
- the importance of the adoption of common standards;
- the objectives concerning 'conditional access';
- the need for a harmonious evolution of the market;
- continuation of the political dialogue with third countries.

### MODIFIED PROPOSAL FOR A EUROPEAN PARLIAMENT AND COUNCIL DIRECTIVE CONCERNING THE USE OF STANDARDS FOR THE TRANSMISSION OF TELEVISION SIGNALS<sup>2</sup>

183. The Commission submitted a proposal<sup>3</sup> in November 1993 in response to the Council resolution of July 1993.<sup>4</sup> This proposal aims to repeal Directive 92/38/EEC and to replace it with a new Directive providing a flexible legal framework to take into account future changes in market demands and technological developments.

Although this approach was in general welcomed by the Member States, it was not possible to adopt a common position at the Council of 30 May 1994. Proceedings within the Council have been influenced by discussions within the 'Digital Video Broadcasting Group'<sup>5</sup> on conditional access (a technical system which scrambles television signals so only authorized, i.e. paying persons, can watch certain programmes).

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<sup>1</sup> Council resolution of 27.6.1994, OJ C 181, 2.7.1994.

<sup>2</sup> OJ C 321, 18.11.1994.

<sup>3</sup> OJ C 341, 18.12.1993.

<sup>4</sup> OJ C 209, 3.8.1993.

<sup>5</sup> The DVB Group consists of the relevant interested parties throughout the Community.

It should be noted that the Economic and Social Committee and the European Parliament delivered their opinions on 23 March 1994 and 19 April 1994 respectively.

The Commission submitted a modified proposal on 25 October which takes into account the view of the European Parliament and the conclusions reached by the DVB Group. The Telecommunications Council of 17 November reached agreement on a common position, which was formally adopted on 22 December.

In general the common position of the Council takes up the changes introduced by the Commission in its modified proposal. The other changes made by the Council to the Commission proposal related to the desire to legislate only where necessary taking into account the results of industry consultation; the need for a sufficiently flexible regulatory framework to take into account technological change and evolution of the market; and the need to ensure a balance between the interests of the consumer and those of the relevant economic sectors.

## **ISDN**

### **PROPOSAL FOR A COUNCIL DECISION ON A SERIES OF GUIDELINES FOR THE DEVELOPMENT OF THE INTEGRATED SERVICES DIGITAL NETWORK (ISDN) AS A TRANS-EUROPEAN NETWORK**

### **PROPOSAL FOR A COUNCIL DECISION ADOPTING A MULTI-ANNUAL COMMUNITY ACTION CONCERNING THE DEVELOPMENT OF ISDN AS A TRANS-EUROPEAN NETWORK (TEN-ISDN)**

184. In order to optimize the operation of the internal market, the Treaty on European Union calls for the creation of trans-European networks in the field of transport, energy and telecommunications. The Council<sup>1</sup> has recognized the importance of developing ISDN in this respect, as ISDN is an already existing technology which is suited to the needs of SMEs (small and medium-sized enterprises).

The proposals are designed to ensure the availability of Euro-ISDN facilities, including basic services and the full geographical coverage, in all Member States, and in particular to facilitate access of the peripheral regions.

Although the objectives were in general accepted, the Telecommunications Council of 30 May 1994 was unable to adopt a common position. In particular, certain Member States sought clarification regarding the positioning of ISDN in a global framework of trans-European telecommunications networks. Following presentation of the report of the 'Bangemann Group' at the Corfu European Council in June, the Commission undertook to produce a report on the positioning of ISDN.

A common position was reached on the guidelines for the development of ISDN at the Telecommunications Council of 17 November pending examination of the Commis-

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<sup>1</sup> Council recommendation of 5.6.1992, OJ L 200, 18.7.1992.

sion's findings. The changes to the Commission's original proposal, contained in the Council's common position which was formally adopted on 22 December, were made with a view to taking into account the report of the 'Bangemann Group' and the conclusions of the Corfu European Council, but the changes do not alter the objectives set out by the Commission's proposal.

## **Mobile and personal communications**

185. In its resolution of July 1993, the Council stressed that a Community policy in the area of mobile and personal communications was in the short term one of the main aims of the European Union's telecommunications policy.

In the last few years, mobile communications have become one of the most important growth sectors in the European Union, particularly in the area of mobile cellular telephones. The number of subscribers to mobile communications services in the EU is expected to expand to 40 million by the year 2000 and possibly to 80 million by the year 2010.

The growth of mobile communications is expected to have a considerable impact on the whole of the telecommunications sector, leading to a global increase in the use of telecommunications.

At the Telecommunications Council of 30 May 1994, the Commission introduced its Green Paper,<sup>1</sup> the purpose of which is to provide a basis for discussions with all interested parties. The Council welcomed the Commission's initiative and urged rapid progress on the matter. The Green Paper proposes that the Community policy should take account of the following points:

- the main commercial and technical developments at EU level as well as at an international level;
- current trends within the EU towards a more open and competitive environment;
- the EU's principles of a balance between liberalization and harmonization in the telecommunications sector;
- the enlarged international dimension, as well as the current framework for cooperation in this sector, which goes beyond the confines of the European Union;
- development of the internal market in this area so as to provide a solid basis for negotiations at all levels with regard to equivalent access in third countries.

On 17 November 1994, the Council took note of the oral presentation by Commissioner Bangemann on the results of the consultation process and undertook to respond to the Commission's communication on this matter.

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<sup>1</sup> Green Paper on a common approach in the field of personal mobile communications within the EU.



## Postal services

### COUNCIL RESOLUTION<sup>1</sup> ON THE DEVELOPMENT OF COMMUNITY POSTAL SERVICES

186. The resolution of February 1994 provides political guidelines for future Community policy in the postal sector. The main objectives are to ensure throughout the European Union a universal service<sup>2</sup> which remains economically viable, and to reconcile the gradual liberalization of services with the provision of a quality universal service with tariffs based on real costs. The Council states that the interests of users, consumers and employees in the postal sector should be taken into account as well as the objectives of economic and social cohesion.

The Council also called on the Commission to put forward rapidly the necessary measures in this regard. At the end of 1994, the Council had not received any such proposals from the Commission.

## G — Regional policy

### Cohesion Fund

187. On 16 May 1994, after consultation of the Committee of the Regions and obtaining the assent of the European Parliament, pursuant to Article 130d of the Treaty, the Council adopted the Regulation establishing the Cohesion Fund.

On 5 May the European Parliament delivered its assent to the text that the Council had drawn up at its meeting on 18 April, after consultation of the Committee of the Regions on 5 April, and forwarded to the European Parliament on the same day.

It should be noted that certain principles for the implementation of the Fund had been laid down by the Edinburgh European Council on 11 and 12 December 1992.

The purpose of the Fund is to help reinforce the Community's economic and social cohesion through the financing of projects relating to the environment and projects of common interest relating to transport infrastructure.

The Regulation as adopted established preference for major projects involving amounts exceeding ECU 10 million but did not rule out projects involving smaller amounts that met the needs of the beneficiary States.

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<sup>1</sup> Council resolution of 7.2.1994, OJ C 48, 16.2.1994.

<sup>2</sup> Universal service: in the telecommunications and postal sector this is generally understood as meaning access to a minimum set of quality services and provision of these services to all users at an affordable price and on a non-discriminatory basis.

188. The Fund will assist Member States with per capita GNP of less than 90% of the Community average which have introduced a programme to meet the conditions of economic convergence. The Member States that currently fulfil the GNP criterion and are eligible under the Fund are Greece, Spain, Ireland and Portugal. The GNP level will be reviewed in 1996 and any Member State which exceeded the 90% level would lose entitlement to support from the Fund for new projects.

Provision has been made for suspending financing for new projects if the Council decides that an excessive government deficit exists in a Member State and if that decision is not abrogated during the period laid down by the Council for the Member State to correct that deficit. The suspension of financing, which could not take effect before 1 November 1994, will cease as soon as the Council has abrogated the decision that an excessive deficit exists.

The Fund's total resources for 1993-99 amount to ECU 15.15 thousand million at 1992 prices. This amount is allocated indicatively between the four beneficiary countries: Spain 52 to 58%, Greece 16 to 20%, Portugal 16 to 20% and Ireland 7 to 10%.

The rate of assistance from the Fund is between 80 and 85% of public or equivalent expenditure.

As from its entry into force the Cohesion Fund replaced the cohesion financial instrument created in 1993 and extended until 31 December 1994.

The Regulation will be reviewed before the end of 1999.

The Regulation includes an annex on the implementing provisions of the Regulation establishing the Fund. The annex sets out the content of the proposal laying down detailed rules for implementing the Regulation establishing the Fund submitted by the Commission. The annex was therefore also submitted to the European Parliament for assent and will be again when the whole Regulation is reviewed.

Nevertheless, under a final provision, in the light of experience, the annex may be amended by the Council on a proposal from the Commission after consultation of the European Parliament.

As in the case of the Structural Funds, the purpose of the implementing rules is to carry out appraisals, monitoring, checks and the modulation of commitments and payments in such a way as to ensure efficient use of Community financing.

## **International Fund for Ireland**

189. On 31 October 1994 the Council adopted the Regulation on Community financial contributions to the International Fund for Ireland.

The Fund was set up in 1986 in the context of the Anglo-Irish Agreement of 15 September 1985 with the aim of facilitating economic and social progress and promoting reconciliation between nationalists and unionists throughout Ireland. Since its creation the Fund has supported some 3 000 projects. Recognizing that the Fund's

objectives were the same as its own, the Community has made an annual contribution to the Fund of ECU 15 million since 1989.

The Regulation makes provision for the payment by the Community of ECU 20 million a year to the International Fund for Ireland from 1995 until the end of 1997. This aid must be used for projects of a cross-border and cross-community nature, in accordance with the Agreement establishing the International Fund for Ireland.

The contributions must be used in addition to private and public expenditure.

Before the end of 1996 the Commission will draw up an evaluation report for the European Parliament and the Council to assess the appropriateness of continuing to pay contributions beyond 1997.

## **Structural Funds**

190. On 19 December 1994, on the basis of Article 169 of the Act of Accession, the Council adopted a Regulation to make certain technical adjustments to the legislation on the Structural Funds to take account of the accession of Austria, Finland and Sweden.

These adjustments mean that:

- exceptionally, the Commission will programme and implement aid under objective 2 for Austria, Finland and Sweden for the whole of the 1995-99 period (amendment to Article 9(6) of Regulation (EEC) No 2052/88);
- expenditure by Austria, Finland and Sweden over a four-month period as from the date of entry into force of the Accession Treaty is eligible for aid from the Structural Fund (amendment to Article 33(2) of Regulation (EEC) No 4253/88).

## **Most remote regions**

191. On 22 December 1994 the Council adopted the Regulation amending Council Regulation (EEC) No 1602/92 temporarily derogating from implementation of Community anti-dumping measures on imports into the Canary Islands of certain sensitive products.

This amendment inserts into Regulation (EEC) No 1602/92 a clause specifically stating that exemption from anti-dumping duties is granted to products intended for the Canary Islands market and that the duties are collected if the products in question are dispatched to other parts of the Community. On 22 December 1994 the Council also adopted the Regulation amending Regulation (EEC) No 1657/93 temporarily suspending the autonomous Common Customs Tariff duties on certain industrial products intended to equip the free zones of the Azores and Madeira.

The amendment provides for the suspension of CCT duties on certain capital goods other than those provided for by Regulation (EEC) No 1657/93.



# Chapter IV

## Common agricultural policy and common fisheries policy

### *I — Common agricultural policy*

#### **A — Guidelines for the common agricultural policy**

192. In the agricultural sector, 1994 saw the conclusion of the accession negotiations, the continuation of measures for the reform of the common agricultural policy begun in 1992, the incorporation into Community legislation of the conclusions reached in the Uruguay Round negotiations and the annual fixing of agricultural prices.

#### **Accession**

193. Unlike the previous accessions, the negotiations with Norway, Austria, Finland and Sweden took place in the framework of the single market, which greatly influenced the nature of the transitional arrangements for agriculture. It was therefore agreed that these arrangements had to abide by the principle whereby all border controls were to be abolished as from the date of accession and the new Member States had to apply Community prices and all the basic mechanisms of the common agricultural policy as from the same date.

In view of the fact that the support level for agriculture in Austria, Finland and Norway was considerably higher than in the Union of Twelve and that agriculture in the Nordic countries was faced with geo-climatic situations hitherto unknown in the present Union, a whole series of measures were agreed to ensure the harmonious integration of the new Member States' agriculture into the Community system. It was thus decided that:

- degressive national aid for farmers in the event of a major discrepancy between support levels would be authorized for a period of five years;

- long-term national aid would be authorized for particular regions of the Nordic countries provided that such aid did not cause any distortion of competition and was not linked to future production but rather to physical production factors;
- Community legislation concerning mountain and hill areas or less-favoured regions would be applied to the newly acceding States on the understanding that the geographical criterion of latitude 62° north was dealt with in the same way as the 800 metres altitude which triggers intervention in connection with mountain and hill farming;
- the agri-environmental measures provided for in Community legislation would apply to the whole territory of the new Member States;
- steps were also taken to cope with any market disturbances in the new Member States.

The agricultural scheme was supplemented by specific measures in the regional policy and structural instrument areas. In particular, a new objective was introduced to assist Nordic countries with a very low population density. The appropriate procedural arrangements were made so that Community assistance under the various objectives laid down by the regional policy could be put into effect as from the date of accession.

## **Reform of the common agricultural policy**

194. During 1994 the Council gave the utmost attention to the question of the reform of the common agricultural policy. In the sectors which had already undergone reform, the Council initiated an analysis exercise to determine how far mechanisms for implementing the reform could, without bringing into question the principles behind the decisions taken previously, be simplified for the benefit of both producers and national authorities.

The Council also began examining Commission proposals for the reform of the wine sector and the sugar sector. Furthermore, in the context of its decisions on prices and marketing measures for 1994/95, the Council agreed on the main features of the future arrangements in the dried fodder sector and received from the Commission a discussion paper on the reform measures that might be envisaged in the fruit and vegetables sector.

### **WINE SECTOR**

195. On the basis of the experience gained in recent years and in the face of the increasing difficulties encountered in the management of the current common organization of the wine market, the Commission sent the Council in July 1993 a discussion paper on the broad outlines of a reform of the rules of that market organization. On 13 June 1994 it then submitted a proposal with the aim of implementing instruments and rules which would ultimately make it possible to achieve balance on the wine market and to improve the quality of production. This proposal, which is still being considered by the Council, essentially provides for:

- the determination of production targets through the introduction of Community reference production set at a level which would ensure a satisfactory balance on the market and split between producer Member States;
- the implementation of four-pronged multiannual regional programmes for the adjustment of wine-growing: measures to reduce yields by means, in particular, of green cropping;
- programmes for the permanent abandonment of wine-growing areas together with environmental preservation measures; structural measures; measures involving technical training, dissemination of the results of research and commercial exploitation;
- market rationalization measures based on an obligation to achieve results in connection with production control and on dissuasive penalties where the production target is not met;
- effective Community monitoring of whether commitments are honoured, based, in particular, on the establishment of a simplified vineyard register;
- the adjustment of practices and oenological processes, and in particular limitation of the use of chaptalization and the abolition of aid for using concentrated must and rectified concentrated must;
- additional measures, including measures to promote wine products, the recognition of a number of measures by inter-branch organizations, the introduction of common yield rules for registered designations and the adjustment of the current system for the abandonment of wine-growing areas.

## SUGAR SECTOR

196. The scope of the proposed reform in the sugar sector is more modest than the reforms already adopted or under consideration in other sectors. Although it is proposed that the two main principles of the organization of the markets — the quota system and the self-financing mechanism — be retained, it is nevertheless planned that adjustments should be made as regards in particular the arrangements concerning the supply of the Community refining industry, the reimbursement of storage costs for C sugar carried over from one marketing year to another and the use of sugar products in the chemical industry and the adjustment of the national aid system. It is also proposed that arrangements be introduced so that the commitments accepted in the context of the Uruguay Round negotiations can be honoured. The decision on this proposal which, at the end of 1994 was still under discussion in the Council, should be taken during the first half of 1995 so that the new scheme can be applied as from 1 July 1995, since the old arrangements concerning the quota system expire on 30 June 1995.

## DRIED FODDER SECTOR

197. In the context of the political agreement reached during the negotiations in July 1994 on the agricultural prices for 1994/95, the Council decided on the features on which a new Community scheme in the dried fodder sector should be based. It was thus

planned to set aid at a flat-rate amount of ECU 57 per tonne for dehydrated fodder and ECU 32 per tonne for sun-dried fodder. Such aid would be limited to a maximum guaranteed quantity (Community of Twelve) of 4 394 million tonnes for dehydrated fodder and 432 500 tonnes for sun-dried fodder, the maximum guaranteed quantity being allocated between Member States on the basis of their production which had qualified for aid during the 1992/93 and 1993/94 marketing years. If in the European Community of Twelve production exceeds the maximum guaranteed quantity, the aid is to be reduced by 1% for every excess point for all producers for the first 5% by which the maximum guaranteed quantity is exceeded. In the event of an excess beyond 5%, the aid will be reduced in the Member States exceeding their maximum guaranteed quantity by more than 5%. The reduction in aid must be proportional to the amount by which they exceed the 5% threshold so that budget expenditure is not greater than it would have been if the maximum guaranteed quantity had not been exceeded.

In November 1994 the Commission submitted to the Council a proposal comprising these points; the Council will act on the text in 1995 once the European Parliament has delivered its opinion on the matter.

## FRUIT AND VEGETABLES SECTOR

198. In August 1994 the Commission sent the Council a discussion paper on the development and future of Community policy in the fruit and vegetables sector. In its document, which was designed to stimulate a wide-ranging debate on the prospects for this sector, the Commission advocates a limited reform of the present arrangements centred on:

- a better grouping of supply based mainly on the strengthening of producer organizations;
- a new method of managing surpluses by means of a revolving fund managed by producer organizations and jointly financed by the Community, Member States and producers;
- a more balanced relationship between fresh and processed products;
- the redefinition of standardization, which was sometimes badly received by public opinion;
- the intensification of checks.

In October 1994 the Council held an in-depth policy debate on the communication; in the light of the reactions of the Council and the European Parliament the Commission will submit formal proposals for the future of this sector.

## GATT

199. Of the agreements negotiated by the Community in the framework of the Uruguay Round, several meant that some provisions concerning the application of the common agricultural policy needed to be adjusted. At its meeting on 22 December 1994



the Council adopted the amendments needed to transpose these agreements into Community law.<sup>1</sup> The following are the main changes:

- with reference to imports, stable and degressive tariffs were introduced to replace the fluctuating charges applied in the past; this system of charging was supplemented by the introduction of an arrangement whereby, under certain conditions, additional customs duties could be applied to protect the Community market against the harmful effects which might result from the system of charging; the Commission was assigned the task of opening and managing the tariff quotas proposed under the 'current access' and 'minimum access' schemes;
- on the subject of exports, appropriate steps were taken to comply with the commitments made to limit in terms of value export refunds and to limit in terms of volume the products qualifying for an export refund;
- with particular reference to wine and spirit drinks and aromatized wines,<sup>2</sup> particular steps were taken to protect designations of origin in these sectors.

## **Agricultural prices for 1994/95**

200. As in recent years, in its overall decision on agricultural prices and related measures for the 1994/95 marketing year, agreed at its meeting on 18 and 19 July 1994, the Council in general upheld the prices applicable in 1993/94. The Regulations giving these decisions legal form were formally adopted on 27 July 1994 when the Council also adopted a number of related measures concerning in particular:

- a reduction in the monthly increases in the cereals sector;
- the introduction, in the potato starch sector of a production quota of 1.6 million tonnes divided up between the five producer Member States and valid for three marketing years as from 1995/96;
- a reduction in the amount of storage costs refunded in the sugar sector;
- the pursuit of the policy aimed at transferring consumption aid for olive oil to production aid;
- the extension of the grubbing measures for apple trees, decided on in 1990, to include the 1994/95 marketing year;
- a permanent increase of 100 000 t in milk quotas for Spain and an increase of 500 000 t and 900 000 t for Greece and Italy respectively for one year;<sup>3</sup>

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<sup>1</sup> Regulation (EC) No 3290/94; OJ L 349, 31.12.1994.

<sup>2</sup> Regulation (EC) No 3378/94; OJ L 366, 31.12.1994.

<sup>3</sup> The question of the possible retroactive application of decisions on the increase in milk quotas to the 1991/92 and 1992/93 marketing years was resolved at the special meeting of the Council on Economic and Financial Affairs on 21 October 1994.

- a further 1% reduction in the intervention price of butter compared with the price already decided in 1993 for the 1994/95 marketing year and an agreement to seek a single definition of intervention butter;
- a review of the reference years forming the basis of the calculation of the special premium for young male bovine animals;
- a reduction in the threshold for triggering the opening of private storage measures for sheepmeat;
- a number of one-off measures concerning whisky/whiskey, rice, cotton and non-textile flax.

The Council also considered

- adjusting the reference area for durum wheat in several Member States (Spain, France, Italy and Portugal) (80 000 ha for 1995/96);
- amending the common organization of the market in tobacco so that 10% of surplus production could be carried over from one marketing year to another under certain conditions.

## **B — Management of the common agricultural policy**

201. As it does each year, in 1994 the Council adopted a number of measures for the management of the various markets and adjustment of the basic regulations, the essential features of which are set out below.

### **Plant products**

#### **ARABLE CROPS**

202. On 18 July 1994 the Council adopted a Regulation on special arrangements for imports of maize and sorghum into Spain for the year 1994.<sup>1</sup> Under this Regulation the agreement concluded with the United States in 1987 was extended by the opening of a quota for the import into Spain of 2 million tonnes of maize and 0.3 million tonnes of sorghum.

In the context of the reform of the common agricultural policy decided on in 1992 a compulsory set-aside rate of 15% was applied to arable crops. In view of the market

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<sup>1</sup> Regulation (EC) No 1799/94: OJ L 189, 23.7.1994.

situation, a feature of which was a reduction in cereal stocks, the Council decided on 5 December 1994 to reduce the set-aside rate to 12% for the 1995/96 marketing year.<sup>1</sup>

Further to the political agreement reached at the time of its decision on agricultural prices for the 1994/95 marketing year the Council, meeting on 12 December 1994, amended Regulation (EEC) No 1765/92 on arable crops so as to extend the aid scheme for durum wheat to certain non-traditional, well-established areas of cultivation in France (50 000 ha) where production may receive, as from 1995/96, aid amounting to ECU 115/ha, i.e. 50% of the amount of aid granted to traditional producers. In Spain, Italy (Umbria) and Portugal such producers were granted at the same time an increase in the areas eligible for aid (20 000, 5 000 and 5 000 ha respectively). The amendment also involved the introduction of a mechanism which, without bringing into question the sanctions imposed where the national reference area was exceeded, enabled Member States to limit, on a regional level, the areas for which a producer may receive specific payments for growing oilseeds.<sup>2</sup>

## SUGAR

203. Pending a Commission proposal on the reform of the sugar arrangements in the Community, the Council decided on 27 January 1994 to extend until 30 June 1995 the provisions of the current common organization of the market, while incorporating specific provisions on the production of inulin syrup.<sup>3</sup>

With regard to imports of preferential sugar, the Council authorized the Commission on 14 November 1994 to negotiate the prices of that sugar for the 1994/95 delivery period with the ACP States concerned and with the Republic of India. On the same date the Council also adopted a decision on the conclusion of the negotiations on preferential sugar prices for the 1993/94 delivery period.<sup>4</sup>

## FRUIT AND VEGETABLES

204. In the context of the amendment of the arrangements applicable to dried grapes decided on in 1990 it had been agreed to implement measures concerning promotion, vocational training, the improvement of storage conditions and research relating to that product. Following on from this undertaking, the Council adopted on 21 February 1994 a Regulation concerning specific measures for dried grapes;<sup>5</sup> this Regulation provides for a Community contribution, of up to ECU 12.2 million, for specific measures to improve the possibilities of marketing dried grapes from Greece in the Community.

As the conflict in the territories of the former Yugoslavia had hindered the direct overland transport of certain Greek products to other Member States, the Council

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<sup>1</sup> Regulation (EC) No 2990/94; OJ L 316, 9.12.1994.

<sup>2</sup> Regulation (EC) No 3116/94; OJ L 330, 21.12.1994.

<sup>3</sup> Regulation (EC) No 133/94; OJ L 22, 27. 1.1994.

<sup>4</sup> Decision 94/902/EC; OJ L 355, 31.12.1994.

<sup>5</sup> Regulation (EC) No 399/94; OJ L 54, 25. 2.1994.

decided in 1992 to provide compensation for the additional costs incurred in respect of the transport by lorry of certain fresh fruit and vegetables originating in Greece dispatched during the second half of 1991 to other Member States, with the exception of Italy. By Regulation (EEC) No 3438/92 the Council extended these measures for 1992 and 1993, while adapting them to exclude consignments to Italy, Spain and Portugal and to introduce compensation for consignments by boat. In view of the continuing conflict in the former Yugoslavia the Council decided on 3 May 1994 to extend Regulation (EEC) No 3438/92 until 31 December 1994.<sup>1</sup>

205. On 17 May 1994 the Council approved an exchange of letters on the conclusion of an agreement between the European Community and the Republic of Chile on imports of apples and pears. Under the agreement the Community would relax the import arrangements applicable to Chilean apples and pears and Chile would withdraw the complaint it had made to GATT about those arrangements.

On the same date the Council adopted a Regulation laying down special provisions for imports of apples and pears into the Community.<sup>2</sup> Under the Regulation the method of calculating representative prices and the conditions for applying the countervailing charge on imports were amended as laid down in the agreement.

As a premium was granted for products processed from tomatoes provided that a significant quantity of the fresh tomatoes concerned was the subject of a contract concluded with producers' groups, the Council decided on 12 December 1994 to maintain that quantity at 80% of the total quantity of processed tomatoes for the 1994/95 marketing year.<sup>3</sup>

## WINE

206. On 30 May 1994 the Council adopted two Regulations amending, firstly, Regulation (EEC) No 2390/89 laying down general rules for the import of wines, grape juice and grape must<sup>4</sup> and Regulation (EEC) No 1873/84 authorizing the offer or disposal for direct human consumption of certain imported wines which may have undergone oenological processes not provided for in Regulation (EEC) No 822/87.<sup>5</sup> The aim of these two amendments was to extend, until 31 December 1994, the derogations granted to wines originating from the United States in order not to disrupt trade in that sector pending completion of the negotiations with that country.

Following on from the agreements concluded at the end of 1993 for reciprocal protection of names of wines, the Council adopted on 14 November 1994 an amendment to Regulation (EEC) No 3677/89 as regards the total alcoholic strength by volume of certain quality wines imported from Hungary and Romania.<sup>6</sup> This measure made it

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<sup>1</sup> Regulation (EC) No 1016/94; OJ L 112, 3. 5.1994.

<sup>2</sup> Regulation (EC) No 1165/94; OJ L 130, 25. 5.1994.

<sup>3</sup> Regulation (EC) No 3097/94; OJ L 328, 20.12.1994.

<sup>4</sup> Regulation (EC) No 1276/94; OJ L 140, 3. 6.1994.

<sup>5</sup> Regulation (EC) No 1277/94; OJ L 140, 3. 6.1994.

<sup>6</sup> Regulation (EC) No 2796/94; OJ L 297, 18.11.1994.

possible to import into the Union wines rich in natural sugar originating from those two countries when their alcoholic strength by volume exceeded the Community ceiling of 15%.

## HOPS

207. On 10 October 1994 the Council took note of a report from the Commission on the production and marketing of hops from the 1993 harvest and at the same time laid down the amount of aid to producers for the same year. Compared with the previous marketing year, the amounts were increased in general by around 6% and were set at ECU 395/hectare for aromatic varieties, at ECU 435/hectare for bitter varieties and at ECU 307/hectare for other varieties and for experimental strains.<sup>1</sup>

## TEXTILE FIBRES

208. Council Regulation (EEC) No 1964/87 adjusting the system of aid for cotton fixed at 20% the maximum reduction in the norm price applied if the maximum guaranteed quantity was exceeded as from the 1994/95 marketing year, while the limit for the 1993/94 marketing year was 15%. In order to avoid the increase in the maximum limit from 15 to 20% having harmful consequences for operators, the Council decided on 10 November 1994 that the adjustment should be introduced progressively by applying an intermediate limit of 18.5% for the 1994/95 marketing year.<sup>2</sup>

## Animal products

### MILK PRODUCTS

209. On 29 March 1994 the Council adopted a Regulation derogating from Regulation (EEC) No 1637/91 as regards the payment of compensation to milk producers for the reduction of reference quantities.<sup>3</sup> The purpose of the measure was to authorize Member States to allocate to the financing of the national programmes for the definitive discontinuation of milk production the amount still available as compensation laid down by Regulation (EEC) No 1637/91 for producers having suffered a reduction in their quotas.

Following protracted negotiations the Council reached agreement on 5 December 1994 on a Regulation laying down standards for spreadable fats.<sup>4</sup> General Community rules for the definition, categorization and designation as well as the placing on the market of spreadable yellow oils and fats intended for the end-consumer were thus established. These rules cover yellow milk and non-milk fats and oils and fats composed of vegetable and animal products.

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<sup>1</sup> Regulation (EC) No 2483/94; OJ L 265, 15.10.1994.

<sup>2</sup> Regulation (EC) No 2760/94; OJ L 294, 15.11.1994.

<sup>3</sup> Regulation (EC) No 777/94; OJ L 91, 8.4.1994.

<sup>4</sup> Regulation (EC) No 2991/94; OJ L 316, 9.12.1994.

210. In the context of its overall decision on agricultural prices for 1994/95 the Council, with the aim of rationalizing the intervention scheme and simplifying rules, had said it was willing to draw up a single definition of intervention butter and had set in motion the appropriate technical discussions to produce such a definition. The definition concerned was formally adopted by the Council on 14 November 1994.<sup>1</sup>

By Regulation (EEC) No 2990/82 the Council introduced arrangements for selling butter at reduced prices to persons receiving social assistance. As this measure was due to expire on 31 December 1994, the Council decided on 12 December 1994 to extend the measure until the end of 1996, while reducing the amount of the aid in the light of the experience gained and bearing in mind the situation on the butter market.<sup>2</sup>

Finally, pending the entry into force on 1 July 1995 of the measures resulting from the GATT negotiations during the Uruguay Round, the Council decided on 20 December 1994 to continue importing New Zealand butter into the United Kingdom from 1 January to 30 June 1995 under the same conditions as those applicable in 1994.<sup>3</sup>

## BEEF AND VEAL

211. During the year the Council opened several tariff quotas in the beef and veal sector. First of all and with a view to honouring the Union's international commitments, the Council met on 24 January 1994 to set Community tariff quotas for 1994 concerning:

- high-quality, fresh, chilled or frozen beef and veal of a volume of 34 300 tonnes, expressed in terms of product weight, at 20% duty without a levy;
- frozen meat of the bovine species of a volume of 53 000 tonnes, expressed in terms of boneless meat, at 20% duty without a levy;
- frozen buffalo meat of a volume of 2 250 tonnes, expressed in terms of boneless meat, at 20% duty without a levy;
- the frozen thin skirt of bovine animals of a volume of 1 500 tonnes at 4% duty without a levy.<sup>4</sup>

On the same date the Council also adopted estimates for 1994 concerning, firstly, young male bovine animals of a weight of not more than 300 kg and intended for fattening<sup>5</sup> and, secondly, beef and veal intended for processing.<sup>6</sup>

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<sup>1</sup> Regulation (EC) No 2807/94; OJ L 298, 19.11.1994.

<sup>2</sup> Regulation (EC) No 3096/94; OJ L 328, 20.12.1994.

<sup>3</sup> Regulation (EC) No 3232/94; OJ L 338, 28.12.1994.

<sup>4</sup> Regulations (EC) Nos 129/94, 131/94, 132/94; OJ L 22, 27.1.1994.

<sup>5</sup> Estimate 94/36/EC; OJ L 22, 27.1.1994.

<sup>6</sup> Estimate 94/37/EC; OJ L 22, 27.1.1994.

In the light of these estimates the Council adopted on 29 March 1994 a Regulation opening for 1994 a quota of 11 430 tonnes of high-quality beef and veal ('Hilton beef') at 20% duty without a levy.<sup>1</sup>

212. On 18 July 1994 the Council adopted a Regulation opening and providing for the administration of Community tariff quotas for bulls, cows and heifers, other than those intended for slaughter, of certain Alpine and mountain breeds, 80% of which are reserved for 'traditional operators' and 20% for 'newcomers', and the distribution of which was determined as follows:

- 21 300 head from 1.7.1994 to 31.12.1994 at 4% quota duty;
- 10 000 head from 1.1.1995 to 30.6.1995 at 6% quota duty;
- 5 000 head from 1.7.1994 to 30.6.1995 at 4% quota duty.<sup>2</sup>

Finally, on 12 December 1994 and pending the application as from 1 July 1995 of the provisions of the agreement concluded under the Uruguay Round, the Council decided to extend pro rata until 30 June 1995 the quotas and estimates adopted for the calendar year 1994.<sup>3</sup>

Following on from the commitments given in the context of the reform measures decided on in 1992 the Council adopted on 26 April 1994 a Regulation authorizing Portugal to convert up to 200 000 hectares of land under arable crops in certain regions to extensive livestock farming over an eight-year period.<sup>4</sup> This conversion follows on from the redistribution of land which previously had been officially collectivized in that Member State.

## SHEEPMEAT AND GOATMEAT

213. On 30 May 1994 the Council decided, by means of an amendment to Regulation (EEC) No 338/91 determining the Community standard quality of fresh or chilled sheep carcasses and Regulation (EEC) No 2137/92 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses, to extend the existing definition of the Community standard quality of ovine animals until 1997, while adapting the quality requirements regarding the fat content.<sup>5</sup>

Pending the application on 1 July 1995, in the shecpmeat and goatmeat sector, of the provisions of the agreement concluded under the Uruguay Round, the Council, meeting on 12 to 15 December 1994, agreed on the decision extending until 30 June 1994 the voluntary restraint agreements concluded between the Community and Argentina, Australia, Bulgaria, Hungary, New Zealand, Poland, the Slovak Republic, the Czech

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<sup>1</sup> Regulation (EC) No 775/94; OJ L 91, 8.4.1994.

<sup>2</sup> Regulation (EC) No 1800/94; OJ L 189, 23.7.1994.

<sup>3</sup> Regulations (EC) Nos 3071/94, 3072/94, 3073/94, 3074/94; OJ L 325, 17.12.1994.

Estimates 94/791/EC, 94/792/EC; OJ L 323, 16.12.1994.

<sup>4</sup> Regulation (EC) No 1017/94; OJ L 112, 3. 5.1994.

<sup>5</sup> Regulation (EC) No 1278/94; OJ L 140, 3. 6.1994.

Republic and Uruguay on trade in sheepmeat and goatmeat and in live sheep and goats. This decision was formally adopted by the Council on 20 December 1994 and on the same date the Council also adopted the Regulation on the suspension of the import levy applicable to products in that sector from the abovementioned countries, within the limit of the agreed quantities, for the period running from 1 January to 30 June 1995.<sup>1</sup>

## EGGS AND POULTRY

214. With a view to facilitating intra-Community trade in the eggs sector the Council adopted on 12 December 1994 a Regulation amending Regulation (EEC) No 1907/90 on certain marketing standards for eggs.<sup>2</sup> This amendment of the rules entails the granting of more flexibility to egg packing centres as regards the use of open re-usable containers and information relating to 'extra' eggs and the adjustment of the definition of 'batch' in accordance with the law governing the compulsory indication of the date of minimum durability. Finally, in view of the special conditions for marketing eggs in certain regions of Finland, the new text provides for an exemption from the scope of Regulation (EEC) No 1907/90 for sales by producers to retail outlets in those regions.

## Processed agricultural products

215. With the aim of facilitating monitoring procedures to be applied by Member States in the context of payments of refunds for milk products exported in the form of products not covered by Annex II to the Treaty, the Council repealed on 29 March 1994 Regulation (EEC) No 3035/80 and made the necessary amendments to Council Regulation (EEC) No 876/68 on export refunds for milk products.<sup>3</sup>

## Transitional measures concerning the accession of Spain and Portugal

216. The Act of Accession of Spain and Portugal provided for a period during which the Commission may adopt the necessary adjustment measures to facilitate transition to Community systems from the existing agricultural systems in those two Member States prior to accession. This period, which was determined by the Act of Accession and then last extended by Regulation (EEC) No 3876/92, expired on 31 December 1993. As a number of specific difficulties remained in the wine sector in those Member States, the Council decided on 14 February 1994 to extend the period in question from 1 January to 31 December 1994.<sup>4</sup>

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<sup>1</sup> Regulation (EC) No 3234/94; OJ L 338, 28.12.1994.

<sup>2</sup> Regulation (EC) No 3117/94; OJ L 330, 21.12.1994.

<sup>3</sup> Regulation (EC) No 776/94; OJ L 91, 8. 4.1994.

<sup>4</sup> Regulation (EC) No 370/94; OJ L 48, 19. 2.1994.



## Measures arising from the 1994 Act of Accession

217. Article 150 of the 1994 Act of Accession provided the possibility of authorizing national aid corresponding to not more than the difference between the price recorded in a new Member State prior to accession and the price that would result from application of the Accession Treaty; such aid would be granted to private operators holding, on the date of accession, stocks of basic agricultural products or processed products. As such a difference in price was to be expected in Austria and Finland on 1 January 1995, the Council adopted on 12 December 1994 a Regulation permitting, in those two new Member States, the national aid envisaged by the Accession Treaty.<sup>1</sup>

## C — Agricultural structures policy

### Horizontal measures (Objective 5a)

218. During 1994 discussions continued within the Council with a view to supplementing and adapting Community legislation on the agricultural structures policy. It will be recalled that in December 1993, at the time of deliberations on the adjustment of Objective 5a measures in accordance with the reform of the Structural Funds decided on in July 1993, the Council had considered that other adjustments were necessary to take account of developments which currently affect the conditions governing the pursuit of farming, in particular the consequences of the reform of the CAP and the GATT Agreements as well as the fresh needs which emerged, in particular as regards environmental protection and the welfare of animals. The Council had consequently invited the Commission to examine these matters and to submit a proposal; after a thorough discussion in its subordinate bodies, the Council decided<sup>2</sup> in November 1994 on a number of measures which amend important features of Regulations (EEC) No 2328/91 and (EEC) No 866/90 on production, processing and marketing agricultural structures.

### MEASURES RELATING TO PRODUCTION STRUCTURES

219. The measures decided on by the Council are basically designed to simplify and improve implementation of the structural measures taking into account developments in the CAP and the financial framework for Objective 5a. In accordance with wishes expressed by various delegations, the European Parliament and the Economic and Social Committee, the Council introduced some flexibility in the conditions for granting aid, in particular for measures for environmental protection, the hygiene of holdings and animal welfare, and for measures which make it easier for young farmers to become

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<sup>1</sup> Regulation (EC) No 3095/94; OJ L 328, 20.12.1994.

<sup>2</sup> Regulation (EC) No 2843/94; OJ L 302, 25.11.1995.

established. However, the Council saw to it that production capacity in sectors which have surpluses would not increase.

The Council also decided to make the investment aid scheme optional; the optional nature better suits the subsidiarity criteria and enables each Member State to optimize the allocation of the financial resources which are allocated to it under Objective 5a by choosing the measures most suited to its particular conditions for the pursuit of farming. Any public aid must, nevertheless, comply with the prohibitions and sectoral limitations and the framework for State aid laid down by Regulation (EEC) No 2328/91.

220. With reference to the relaxation of the conditions for granting aid, the most important changes are as follows:

- Holdings where labour income per MWU<sup>1</sup> does not exceed 120% of the reference income before the improvement plan was submitted, are now eligible. This provision, which replaces a dual ceiling of 100% of the reference income prior to submission of the improvement plan and of 120% following implementation of the plan, makes it possible to extend the range of eligible holdings.
- With regard to milk products, the eligible investment may not bring the number of cows per MWU to more than 50 (instead of 40) or to more than 80 per holding (instead of 60), or if the holding has more than 1.6 MWU, may not increase the number of dairy cows by more than 15%. This relaxation is introduced with the aim of making investments more profitable and ensuring the competitiveness of dairy farms, naturally in compliance with the quota scheme currently in force.
- Investments in the pigmeat sector are still subject to the condition that on completion of the plan, at least the equivalent of 35% of the quantity of feed consumed by the pigs can be produced by the holding (35% food clause); however, the Commission may now authorize Member States to derogate exceptionally from that condition in respect of certain types of investment aimed at better protection of the environment.
- Investments in the eggs and poultry sector become eligible provided that they concern the hygiene of holdings and animal welfare or environmental protection and provided that such investments do not increase production capacity; as for the beef and veal sector, investments are still subject to the restrictions in force with derogations which, in addition to those already existing in relation to environmental protection, also take account of investments in the hygiene of holdings and animal welfare.
- It is made easier for young farmers to become established, in particular by also taking account of young persons who take up farming as one of several activities.
- Several financial amounts provided for in the Regulation are increased in order to take account, *inter alia*, of the increase in costs to date; by way of example, the maximum amount of investment qualifying for aid is increased from ECU 73 999 to 90 000 per MWU and from ECU 147 997 to 180 000 per holding.

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<sup>1</sup> Man work unit.

## PROCESSING AND MARKETING MEASURES

221. The scope of Regulation (EEC) No 866/90 on aid for processing and marketing was extended.

The basic criteria governing the eligibility of investments were supplemented by a number of additional criteria; investments which:

- help adapt the sectors concerned by the new situations arising from reform of the common agricultural policy;
- help facilitate the adoption of new technologies focusing on environmental protection;
- encourage the implementation of the improvement and monitoring of quality and of health conditions, are thus eligible.

In addition, investments may now cover products processed from products covered by Annex II to the Treaty provided that it can be duly justified that there are links proving the importance for producers of the basic agricultural products.

## Sectoral measures

222. In June 1994 the Council received a communication from the Commission concerning a discussion paper on European apiculture; this communication was in response to the request made by the Council to the Commission in January 1994 to examine the problems in this production sector and to table, where appropriate, suitable measures. After the relevant bodies had examined the document, the Council held an in-depth discussion at its meeting on 24 and 25 October 1994 on the problems of European apiculture; generally speaking, the Council acknowledged that the Commission document constituted a good starting point for an assessment of the situation in that sector and called upon the Commission to submit specific proposals which reflected the discussions.

## Regional measures

223. On 29 March 1994 the Council adopted Regulation (EC) No 787/94<sup>1</sup> on special measures for farmers affected by the 1992/93 drought in Portugal. It will be recalled that in November 1992 the Council had adopted Regulation No 3311/92<sup>2</sup> in favour of Portuguese farmers affected by the exceptional drought that their country had experienced during the period between the autumn of 1991 and the spring of 1992. As the drought had continued in some regions of Portugal until the spring of 1993 the Council, when adopting the 1993/94 prices package, had called upon the Commission to submit a new proposal using the appropriations earmarked in Regulation (EEC) No 3311/92 which had not been utilized. The Regulation decided on by the Council lays down that

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<sup>1</sup> OJ L 92, 9.4.1994.

<sup>2</sup> Regulation (EEC) No 3311/92; OJ L 332, 18.11.1992.

the ECU 28 million available should be used for granting special aid to compensate for some of the loss of income incurred by farmers; the Community funding is set at ECU 5 million in the cereal sector and ECU 23 million in the livestock sector.

## **D — Agricultural and research statistics**

### **European forestry information and communications system (EFICS)**

224. On 21 February 1994 the Council adopted Regulation (EEC) No 400/94<sup>1</sup> extending Regulation (EEC) No 1615/89<sup>2</sup> establishing a European forestry information and communications system (EFICS).

It should be recalled that the EFICS system, which forms an integral part of the package of forestry measures approved by the Council in May 1989, had been set up for an initial period of four years, its purpose being to collect, coordinate, standardize and process data concerning the forestry sector and its development. As the complexity of the task required a special effort in particular because of the small degree of harmonization in the forestry statistics field and of the total absence of data for a whole series of activities in the chain, it was found that the schedule set by the Regulation for the introduction of the system could not be met. In the meantime it emerged that the need for appropriate information in the forestry sector had increased even more, firstly for the purposes of implementing Community measures and, secondly in connection with the United Nations Conference on Environment and Development, held in Rio in June 1992, and in connection with the Ministerial Conference on the Protection of Forests in Europe, held in Helsinki in June 1993. Against this background, the Council decided to extend the EFICS system for the period until 1997.

### **Application of remote detection to agricultural statistics**

225. On 14 November 1994 the Council adopted Decision 94/753/EC<sup>3</sup> on the continued application of remote sensing to agricultural statistics during the period 1994 to 1998. It will be recalled that in September 1988 the Council had adopted Decision 88/503/EEC<sup>4</sup> adopting a pilot project on remote sensing, the aim of which was to implement methods to improve agricultural statistics in the Community using remote sensing techniques. Such methods were to be tested on fairly vast areas and should be capable of becoming operational after the experimental stage; the research and devel-

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<sup>1</sup> OJ L 54, 25.2.1994.

<sup>2</sup> OJ L 165, 15.6.1989.

<sup>3</sup> OJ L 299, 22.11.1994.

<sup>4</sup> OJ L 273, 5.10.1988.

opment work was planned for a period of 10 years, although the 1988 Decision covered only the first five years. On the basis of a report from the Commission on that first phase, the Council recognized that the pilot project had achieved its aims and decided to continue operational measures with Community funding of ECU 15.7 million.

## **Agricultural research**

226. On 20 June 1994 the Council adopted Regulation (EC) No 1467/94<sup>1</sup> on the conservation, characterization, collection and utilization of genetic resources in agriculture. The Council recognized the importance of implementing at Community level a programme to preserve biological and genetic diversities in agriculture, thus contributing to the aims of the common agricultural policy and to the protection of biodiversity in accordance with the Convention on Biological Diversity ratified by the Community in 1993.

The programme comprises in particular the keeping of a permanent inventory of genetic resources in the Community, the coordination of measures undertaken in the Member States, support for shared-cost projects and the implementation of back-up measures to support in particular the organization of seminars, workshops and training activities. The programme receives Community funding of ECU 20 million over a five-year period.

# **E — Agri-monetary and agri-financial matters**

## **Agri-monetary matters**

227. The agri-monetary system as decided by the Council in December 1993 operated during the whole of 1994.<sup>2</sup> During that period the currencies belonging to the European monetary system were able to fluctuate within a margin of 15% and were therefore, from an agri-monetary standpoint, to be regarded as floating. The switchover mechanism applied only to fixed currencies (in the agri-monetary sense) and therefore did not entail any changes to the correcting factor in 1994.

Any revaluation of green rates and hence any fall in prices in national currency for agri-monetary reasons was avoided, however, by means of the threshold. Under this mechanism, as it operated in 1994, the ACRs (agricultural conversion rates) are not

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<sup>1</sup> OJ L 159, 28. 6.1994.

<sup>2</sup> Regulation No 3528/93; OJ L 320, 28.12.1993.

amended provided that the monetary gaps vary between  $-2$  and  $+5$  and provided that the gap between two currencies does not exceed five points.

Several provisions of the agri-monetary Regulation expired on 31 December 1994 and the Council had to take a decision, on the basis of a report from the Commission<sup>1</sup> and on its proposal, on the new agri-monetary system for 1995.

228. At its meeting on 12 to 15 December 1994 the Council reached a majority political agreement on the guidelines for the agri-monetary system to be introduced as from 1 February 1995.

- The switchover will no longer appear in the rules. The correcting factor will be abandoned and prices in ecu will be increased by the corresponding percentage.
- The current threshold (5 points, movable between  $-2$  and  $+5$ ) will be retained.
- The provision which, in the event of a fall in an ACR, provides for an increase in ecu of the amounts of aid resulting from the reform of the CAP and structural and environmental aid will be retained.
- The concept of 'considerable fall' will be introduced. A fall in an ACR is to be regarded as inconsiderable when it was preceded by an equivalent increase. If the mechanism for adjusting the ACRs should lead to a considerable fall in an ACR, a period of 'confirmation' will first be observed. The Council will also be seized before any considerable fall in ACR in order to take the requisite measures. In that case, mainly to ensure compliance with the GATT obligations and with budgetary discipline, the Council may derogate from certain provisions of the Regulation.
- Where a situation involving a considerable fall in an ACR continues for a year (considerable fall in the average of the ACR), aid may be triggered by the Member State concerned. Such temporary and degressive aid over three years will be jointly financed by the Community.

A definitive decision was put off pending the Parliament's opinion.

229. In the absence of the European Parliament's opinion on this proposal the Council first of all decided at its meeting on 20 December 1994 to extend the arrangements in force for a month.<sup>2</sup> In addition, in preparation for the accession of the new Member States on 1 January 1995, the Council determined the conditions for fixing the ACRs for the acceding countries. The ACRs will be fixed on the basis of the representative market rate; however, the ACR for the Austrian schilling, because of the close and long-standing links with the German mark and the geographical proximity, will have the same gap as the latter in relation to the market rate.

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<sup>1</sup> OJ C 360, 17.12.1994.

<sup>2</sup> Regulation (EC) No 3311/94; OJ L 350, 31.12.1994.

## **Agri-financial matters**

### **EARLY-WARNING SYSTEM**

230. The Council's subordinate bodies regularly examined the Commission's monthly reports to the Budget Authority on EAGGF Guarantee Section expenditure.

The development of expenditure compared with the indicator that constitutes the profile of expenditure, established at the beginning of the year and contained in the first report of each year, showed right from the very first months of implementation of the budget (for the EAGGF Guarantee Section from 16 October 1993 to 15 October 1994) that expenditure would be less than the budget appropriations, which in 1994 amounted to ECU 36 465 million.

This under-utilization of appropriations was confirmed during the year and affected in particular the beef and veal, sheepmeat and goatmeat, arable crops, tobacco and wine sectors. Drawing conclusions from this development, the Budgetary Authority adopted an amending and supplementary budget, which reduced the original appropriations for the EAGGF Guarantee Section by ECU 1 678 million, bringing them down to ECU 34 787 million.

Compared with these revised appropriations, at the end of the financial year there was still a positive final balance of around ECU 1 884 million.

In the 1994 financial year the impact of changes in the dollar/ecu parity resulted in savings estimated at ECU 233 million for the EAGGF Guarantee Section. As this amount was less than the threshold of ECU 400 million fixed by the rules of budgetary discipline, it was not necessary to make a transfer from the EAGGF Guarantee Section to the monetary reserve.

### **ACCESSION**

231. At its meeting on 20 December 1994 the Council decided on the procedures for part-financing in favour of the new Member States of certain monitoring measures in the agricultural sector for which a financial contribution from the Community is envisaged.<sup>1</sup>

## **Combating fraud**

232. At its meeting on 24 January 1994 the Council introduced more stringent measures in Regulation No 386/90 on the monitoring carried out at the time of the export of products receiving refunds or other amounts.<sup>2</sup> The aim is to apply to all sectors checks at the minimum level of 5% if the checks are based on risk analysis and to introduce a

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<sup>1</sup> Regulation (EC) No 3235/94; OJ L 338, 28.12.1994.

<sup>2</sup> Regulation (EC) No 163/94; OJ L 24, 29. 1.1994.

minimum level of checks to be carried out by the customs office on leaving the Community and involving export declarations accepted in an internal customs office, with a view to avoiding substitution of the goods.

At that meeting the Council also decided to contribute to the costs incurred by Member States in using air or space remote detection for checking on agricultural areas.<sup>1</sup> As a result of its newness and its complexity, remote detection gives rise to even greater expenditure which should partly be covered by Community funds so that all Member States can modernize their monitoring techniques more rapidly.

In accordance with the recommendations of the Ecofin Council on 11 July 1994 on combating fraud, the Council stepped up its work in this area.

233. At its meeting on 12 December 1994 the Council amended Regulation (EEC) No 4045/89<sup>2</sup> on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the EAGGF.<sup>3</sup> The aim of the Regulation is to make it possible to improve scrutiny by attributing greater importance firstly to risk analysis as a new principal instrument of work and, secondly, to requests for scrutiny between Member States.

On 20 December 1994 the Council decided to extend for 1995 the Community part-financing arrangements for work carried out by Member States in connection with the implementation of an integrated administration and control system for certain Community aid schemes.<sup>4</sup> This system requires the identification of agricultural parcels, in particular by means of remote detection, and the establishment of powerful computerized databases. The Council took that decision on the grounds that the transitional period for implementing the system was still running and that a considerable amount of work had still to be done by Member States.

A Community mechanism designed to introduce a system for identifying and reporting operators at risk (better known as the 'black list') received favourable support in principle in the Council's subordinate bodies, pending Parliament's opinion on the matter.

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<sup>1</sup> Regulation (EC) No 165/94; OJ L 24, 29. 1.1994.

<sup>2</sup> OJ L 388, 30.12.1989.

<sup>3</sup> Regulation (EC) No 3094/94; OJ L 328, 20.12.1994.

<sup>4</sup> Regulation (EC) No 3233/94; OJ L 338, 28.12.1994.



## F — Harmonization of legislation

### Veterinary sector

234. By its Decision 94/117/EC<sup>1</sup> adopted on 21 February 1994, the Council laid down the minimum requirements as regards structure and equipment to be met by certain small establishments ensuring the distribution of fishery products in Greece.

The purpose of the Decision is to recognize the small smoking and salting establishments which play a vital role in supplying the local market on the islands and in the coastal regions of Greece.

By its Decision 94/370/EC<sup>2</sup> adopted on 21 June 1994, the Council amended Decision 90/424/EEC on expenditure in the veterinary field with a view to improving the effectiveness thereof, in particular as regards the submission of applications for Community funding for measures envisaged in connection with the implementation of the aims of the internal market.

On 20 June 1994 the Council, which had received a Commission proposal which had not been given a qualified majority within the Standing Veterinary Committee, adopted specific public health conditions for the putting on the market of certain types of eggs. Decision 94/371/EC<sup>2</sup> lays down minimum conditions to be met — in particular as regards the sell-by date and the temperature for storage premises — for hen eggs intended for human consumption and which are not used for the production of egg products.

235. On 23 June 1994 Directive 94/28/EC<sup>3</sup> laid down the principles relating to the zootechnical and genealogical conditions applicable to imports from third countries of animals, semen, ova and embryos, and amended Directive 77/504/EEC on pure-bred breeding animals of the bovine species.

The aim of the Directive is to supplement the area already harmonized as regards the zootechnical and genealogical rules to be satisfied with regard to pure-bred animals, by extending them to trade in semen, ova and embryos.

By its Decision 94/936/EC<sup>4</sup> adopted on 20 December 1994, the Council amended Decision 90/218/EEC concerning the placing on the market and administration of bovine somatotrophin (BST). While upholding the ban on Member States authorizing the placing on the market of BST with a view to marketing and administration to dairy cows, this text allows Member States to carry out limited practical trials concerning the use of BST.

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<sup>1</sup> OJ L 54, 25.2.1994.

<sup>2</sup> OJ L 168, 2.7.1994.

<sup>3</sup> OJ L 178, 31.12.1994.

<sup>4</sup> OJ L 366, 31.12.1994.

On 14 December 1994 Directive 94/64/EC<sup>1</sup> amended the Annex to Directive 85/73/EEC on the financing of veterinary inspections and controls of animal products covered by Annex A to Directive 89/662/EEC and by Directive 90/675/EEC.

The purpose of this act is to maintain, in respect of meat originating from third countries which have begun exploratory talks with the Community with a view to concluding a comprehensive agreement on the equivalence of veterinary guarantees, the application of a reduced level of fees until 30 June 1995.

236. On 14 December 1994 Directive 94/65/EC<sup>1</sup> laid down the requirements for the production and placing on the market of minced meat and meat preparations. Under this Directive the entire placing on the market of products not covered by Directives 64/433/EEC (fresh meat) and 77/99/EEC (meat products) is regulated with regard to the health and hygiene rules to be observed at the time of their production. However, this text maintains specific requirements to take account of consumer habits in certain Member States and of the risk arising from some of the products if they are consumed undercooked.

By its Directive 94/70/EC<sup>1</sup> adopted on 13 December 1994, the Council kept in force until 28 February 1995 the decision taken in Directive 92/120/EEC to fix the minimum output laid down for slaughterhouses benefiting from the derogation at 20 LU (livestock unit) per week and at 1 000 LU per year pending the outcome of the review of the provisions of Directive 64/433/EEC under way within the European Parliament and the Council.

On 13 December 1994 Directive 94/71/EC<sup>1</sup> amended Directive 92/46/EEC laying down the health rules for the production and placing on the market of raw milk, heat-treated milk and milk-based products. The purpose of the Directive is to make some technical adjustments to the Annexes to the Directive in order to ensure a better application.

By its Decision 94/941/EC<sup>2</sup> adopted on 14 December 1994, the Council laid down transitional measures applicable to imports of fishery products from third countries in order to maintain, pending the introduction of harmonized rules, the national rules applicable to such imports.

## **Plant health**

237. Council proceedings in this sector led firstly to the adoption of a Directive<sup>3</sup> amending Directive 77/93/EC on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community. It is intended, on the one hand, to extend the provisions of Directive 77/93/EC to the Canary Islands and, on the other hand, to introduce others

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<sup>1</sup> OJ L 368, 31.12.1994.

<sup>2</sup> OJ L 366, 31.12.1994.

<sup>3</sup> Directive 94/13/EC of 29.3.1994; OJ L 92, 9.4.1994.

with a view to safeguarding the special nature of local agricultural production. It also adapts to internal market requirements its provisions concerning derogations from the general rules.

The Council then adopted two Directives<sup>1</sup> amending Directives 86/362/EEC, 86/363/EEC and 90/642/EEC relating to the fixing of maximum levels for pesticide residues. These two Directives relate to a second series of priority lists of pesticides which have not yet been harmonized under Community law on pesticide residues. They aim to establish maximum levels for 12 major pesticides which are likely to leave residues in food and are not covered by earlier Community legislation.

Finally, at its meeting on 27 July 1994 the Council adopted Directive 94/43/EC establishing Annex VI to Directive 91/414/EEC concerning the placing of plant protection products on the market.<sup>2</sup> Annex VI contains uniform principles for ensuring that, in their decisions concerning the authorization of plant protection products, Member States apply the requirements of that Directive in a uniform manner and with the strictness desired by that Directive with regard to the protection of human and animal health and the environment.

## Seeds and plants

238. In this sector the Council introduced a system for the granting of industrial property rights, relating to plant varieties, valid throughout the Community. The act in question is Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights.<sup>2</sup> The implementation and application of that Community system are the responsibility not of the Member States' authorities but of an office having legal personality, called the 'Community Plant Variety Office'.

The system takes account of developments in selection techniques, including biotechnology, and, in order to encourage the development of new varieties, breeders benefit from better protection than in current circumstances, without however jeopardizing in an unjustified manner access to protection in general or in the particular case of certain selection techniques.

## Food quality

239. With regard to the organic production of agricultural produce, the Council discussed a proposal in 1994 aimed at revising a number of provisions to facilitate its application in practice. As it was not possible to complete the discussion before the end of the year and in order to make further discussion possible, the Council has since extended by a year the provisions concerning the labelling of products containing an

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<sup>1</sup> Directives 94/29 and 94/30 of 23.6.1994; OJ L 189, 23.7.1994.

<sup>2</sup> OJ L 227, 1.9.1994

ingredient of agricultural origin produced by producers converting from conventional farming to organic farming.<sup>1</sup>

## **Foodstuffs**

240. During 1994 the Council and the European Parliament adopted a series of directives concerning the individual provisions laid down by the 'framework Directive on additives', including existing specific directives, which comprise the entire 'additives' sector and supplement the harmonization of Member States' laws in this sector.

Firstly, Directive 94/34/EC of 30 June 1994, amending Directive 89/107/EEC,<sup>2</sup> introduced a specific derogation enabling Member States to prohibit the use of certain additives in particular foodstuffs considered as traditional and manufactured on their territory. Then, Directives 94/35/EC and 94/36/EC<sup>2</sup> which concern respectively sweeteners and colours for use in foodstuffs. Finally, in December 1994 the Council approved a Directive which will be published in an Official Journal of 1995 and which concerns foodstuffs other than colours and sweeteners. With the latter Directive, it may be considered that, apart from technical updates, the approximation of Member States' laws concerning additives which may be used in foodstuffs intended for human consumption is complete.

On 7 December 1994 the European Parliament and the Council adopted Directive 94/52/EC<sup>3</sup> amending for the second time Directive 88/344/EEC on the approximation of the laws of the Member States on extraction solvents used in the production of foodstuffs and food ingredients. This is a technical update which provisionally reinstates use of the solvent cyclohexane in the preparation of flavourings, while following the criterion adopted by the Scientific Committee for Food and pending the definitive opinion of that Committee.

# **G — International affairs with respect to agriculture**

## **International Sugar Agreement**

241. The Community took an active part in all the meetings of the International Sugar Organization, notably those convened in connection with meetings of the Council of the International Sugar Agreement held in May and November 1994.

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<sup>1</sup> Regulation (EC) No 1468/94 of 20.6.1994; OJ L 159, 28.6.1994.

<sup>2</sup> OJ L 237, 10.9.1994.

<sup>3</sup> OJ L 331, 21.12.1994.

## **International Wheat Agreement**

242. The 1986 International Wheat Agreement comprises two interlinked conventions: the Wheat Trade Convention, administered by the International Wheat Council, and the Food Aid Convention, administered by the Food Aid Committee. The Conventions, as extended, are due to expire on 30 June 1995 and, in both cases, it was decided that they should not be extended again but replaced instead by new conventions; talks to this end took place during the second half of 1994. In December 1994 the Council decided to authorize the Commission to take part in the negotiations proper and at the same time drew up the negotiating directives to be followed. At the end of the year these negotiations led to the drafting of the text of a new International Grains Agreement which, following ratification, is due to enter into force on 1 July 1995.

## **International Olive Oil Council (IOOC)**

243. In 1994 the IOOC continued its discussions on the administration of the International Agreement on Olive Oil and Table Olives, notably as regards measures to promote olive oil in a number of countries.

The Community took part in the IOOC meetings and organized coordination meetings in advance.

## **International Vine and Wine Office (IWO)**

244. The IWO held its 74th General Assembly in Paris on 6 to 10 June 1994 on the general subject of 'Tools for the Future' and met in special assembly to complete its discussions on 2 December 1994, again in Paris.

The Council followed these proceedings coordination meetings having been convened for this purpose between the Member States and the Commission.

## **FAO**

245. When it became a full member of the United Nations Food and Agriculture Organization (FAO) in 1991, the Community submitted a general declaration listing the powers which had been transferred to it by its Member States in the FAO's fields of activity. At its meeting on 4 October 1994 the Council adopted, for submission to the FAO, an update of that declaration which takes account of the new distribution of competence between the Community and its Member States following the entry into force of the Treaty on European Union on 1 November 1993.

Moreover, following prior coordination on the various topics to be discussed, the Community took an active part in 1994 in the proceedings of the FAO at the level of the Council and the various committees and working groups.

## ***II — Common fisheries policy***

### **A — Integration of the Iberian fleets into the common fisheries policy**

246. On 30 May 1994, the Council adopted a Regulation<sup>1</sup> to ensure the full integration into the general rules of the common fisheries policy as from 1 January 1996, of the Iberian fleets by the abolition of the specific arrangements applying to these fleets pursuant to the Act of Accession and the establishment of new Community measures to replace them.

It stipulates that the new Community measures in respect of access to zones and resources are to apply to all Community vessels without distinction on the grounds of the flag flown.

It specifies furthermore that these new Community measures must, in particular:

- comply fully with the *acquis communautaire*, especially with regard to the principle of relative stability;
- not entail an increase in the overall levels of existing fishing effort nor adversely affect resources subject to quantitative catch restrictions;
- preserve the balance of resources in highly sensitive zones.

After an intense political debate, agreement on the measures to be adopted was reached at the December Fisheries Council. These measures comply with the principles of non-discrimination, of relative stability and of no increase in existing fishing effort levels.

247. These measures, due to be adopted in the form of a Regulation early in 1995, concern in particular:

- (a) The areas covered by the Act of Accession of Spain and Portugal (i.e. Community waters west of 4°W);
- (b) In respect of demersal fisheries, Member States, using as a basis the list of named vessels over 15 metres in length entitled to fish, assess per fishery, the fishing effort necessary and, where appropriate, establish fishing effort regulations. Corresponding fishing plans are to be approved at Community level;
- (c) As regards pelagic fisheries, fishing effort shall be regulated in particular cases:

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<sup>1</sup> Regulation (EC) No 1275/94; OJ L 140, 3.6.1994.

- (d) The activity of vessels flying the flag of Spain in the waters surrounding Ireland is restricted to 40 vessels. Historically equivalent restrictions apply to all the other Community fleets in that area;
- (e) Fishing efforts in ICES divisions VIIa and VIII<sup>f</sup> north of 50° 30'N are allocated in accordance with traditional fishing activities;
- (f) Member States adopt rules to guarantee that possible limitations on fishing effort are not exceeded; to this effect recourse can be made to the issuing of special fishing permits;
- (g) Vessels fishing in areas where fishing effort limitations apply must report their entry and exit simultaneously to the flag State and the coastal States concerned. This obligation is also applicable to the waters surrounding Ireland;
- (h) As soon as the necessary Community infrastructures are in place (no later than 1 January 1998), these communications are to be supplemented by catch declarations on entry and exit;
- (i) Additional financial Community aid is to be provided for Ireland in order to improve surveillance.

## **B — Community arrangements for the conservation and management of resources**

248. In 1994, the Council twice amended Regulation (EEC) No 3676/93<sup>1</sup> fixing for certain fish stocks and groups of fish stocks, the total allowable catches for 1994 and certain conditions under which they may be fished:

- (a) (i) establishing seasonal limitations on fishing activities in the Celtic Sea in order to limit fishing for herring,
- (ii) increasing the TACs for stocks of sprat and whiting in the North Sea, and stocks of haddock to the west of Scotland respectively;<sup>2</sup>
- (b) (i) decreasing the shares of the TAC for herring in Skagerrak and Kattegat and for cod in the Skagerrak which were allocated to Sweden for 1994 within the framework of the bilateral consultations on the reciprocal fishing rights

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<sup>1</sup> OJ L 341, 31.12.1993.

<sup>2</sup> Regulation (EC) No 2761/94; OJ L 294, 15.11.1994.

between the Community and Sweden; and, for the same period, increasing the share of the TAC for Northern Prawn in zone IIIa allocated to Sweden.

- (ii) increasing the Community share for 'other species' within the framework of the bilateral consultations on reciprocal fishing rights between the Community and Norway, and decreasing the part of the TAC of North Sea sprat available to Member States,
- (iii) increasing the TAC for Norway lobster in the North Sea,
- (iv) obtaining an additional quota of cod in the Baltic Sea for the Community for 1994 by virtue of the application of the recommendations agreed during the 20th session of the International Baltic Sea Fisheries Commission.<sup>1</sup>

The Council adopted an amendment to Regulation No 3680/93<sup>2</sup> laying down certain conservation and management measures for fishery resources in the Regulatory Area as defined in the Convention on Future Multilateral Cooperation in the North West Atlantic Fisheries suspending directed fishing for cod in zone 3NO for 1994, while allowing by-catches of cod in other fisheries.<sup>3</sup>

The Council amended:

- (a) Regulation (EC) No 3691/93<sup>4</sup> allocating, for 1994, certain catch quotas to vessels flying the flag of Norway in Community waters, increasing the catch quota for sprat in ICES division IV to 24 000 tonnes<sup>5</sup>;
- (b) Regulation (EC) No 3692/93<sup>6</sup> allocating, for 1994, certain catch quotas between Member States fishing in the Norwegian Exclusive Economic Zone and the fishery zone around Jan Mayen, increasing the catch quota for 'other species' to 10 000 tonnes.<sup>7</sup>

The Council adopted a Regulation opening and providing for the administration of Community tariff quotas for 1994, for certain agricultural and fishery products originating in Austria, Norway and Sweden.<sup>8</sup>

249. At its session on 19/20 December 1994, the Council fixed, for certain fish stocks or groups of fish stocks, the TAC for 1995, and allocated the quotas as well as specifying the conditions under which they can be fished.<sup>9</sup>

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<sup>1</sup> Regulation (EC) No 3021/94; OJ L 321, 14.12.1994.

<sup>2</sup> OJ L 341, 31.12.1993.

<sup>3</sup> Regulation (EC) No 1043/94; OJ L 114, 5. 5.1994.

<sup>4</sup> OJ L 341, 31.12.1993.

<sup>5</sup> Regulation (EC) No 3260/94; OJ L 339, 29.12.1994.

<sup>6</sup> OJ L 341, 31.12.1993.

<sup>7</sup> Regulation (EC) No 3261/94; OJ L 339, 29.12.1994.

<sup>8</sup> Regulation (EC) No 369/94; OJ L 48, 19. 2.1994.

<sup>9</sup> Regulation (EC) No 3362/94; OJ L 363, 31.12.1994.



For certain stocks in the North Sea which are subject to joint management with Norway and for North Sea herring and Western mackerel, the Council adopted an interim arrangement for the period 1 January-31 March 1995. Following consultations with Norway, the TAC and quotas Regulation will have to be completed accordingly.

In accordance with the Act of Accession, the Council adopted the usual Regulations laying down for 1995 certain measures for the conservation and management of fishery resources, applicable to vessels flying the flag:

- (a) of a Member State, other than Spain and Portugal, in Portuguese waters;<sup>1</sup>
- (b) of a Member State, other than Spain and Portugal, in Spanish waters;<sup>2</sup>
- (c) of Portugal in waters falling under the sovereignty or within the jurisdiction of a Member State other than Spain and Portugal.<sup>3</sup>

The Regulations are, except for the date of implementation, identical to the corresponding 1994 regulations.

The Council adopted a Regulation fixing, for 1995, certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of certain third countries in the 200-mile zone situated off the coasts of the French Department of Guiana.<sup>4</sup>

The Council adopted a Regulation laying down for 1995, certain conservation and management measures for fisheries resources in the Regulatory Area, as defined in the Convention on Future Multilateral Cooperation in the North West Atlantic Fisheries.

New elements include a catch reporting scheme and control measures for Greenland halibut, revised sorting grid sizes of 22mm for shrimp and regulation for vessels fishing for shrimp which requires a change of fishing area when by-catches exceed 5%.<sup>5</sup>

## C — Technical conservation measures

250. The Council adopted a Regulation, to enter into force on 1 January 1995, harmonizing various technical measures for the conservation of fishery resources in the Mediterranean, while taking existing national Regulations into account. So far, such a process of introducing a common policy for the conservation and management of fishery resources has been confined to the Atlantic, the North Sea and the Baltic. In particular,

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<sup>1</sup> Regulation (EC) No 3291/94; OJ L 341, 30.12.1994.

<sup>2</sup> Regulation (EC) No 3292/94; OJ L 341, 30.12.1994.

<sup>3</sup> Regulation (EC) No 3293/94; OJ L 341, 30.12.1994.

<sup>4</sup> Regulation (EC) No 3189/94; OJ L 340, 29.12.1994.

<sup>5</sup> Regulation (EC) No 3366/94; OJ L 363, 31.12.1994.

it bans fishing gear which contributes to the degradation of the marine environment or to the depletion of the fish stocks; defines minimum mesh sizes for other types of gear and minimum sizes for certain species of fish; reserves part of the coastal zone for the most selective gear used in non-industrial fishing and protects certain areas where juvenile fish congregate. Stricter national measures may be maintained or introduced if they are compatible with Community law and in conformity with the common fisheries policy.<sup>1</sup>

The Council amended, for the 15 time, Regulation (EEC) No 3094/86<sup>2</sup> laying down certain technical measures for the conservation of fishery resources:

- (i) establishing seasonal limitations on fishing activities in the Firth of Clyde and the Irish Sea in order to limit fishing for herring;
- (ii) establishing seasonal limitations on certain fishing activities in the Skagerrak and the Kattegat;
- (iii) allowing certain species destined to be transformed into fish-meal or oil to be caught with a derogatory mesh size providing such catching operations do not have a negative influence on other demersal stocks, in particular cod and haddock.<sup>3</sup>

251. The debate surrounding the use of driftnets by the Community fleet continued throughout the year following the Commission proposal on this issue presented in April 1994.

It will be recalled that the Commission proposed that all driftnet activities should be banned by 31 December 1997 for vessels both in Community waters and on the high seas. The proposal does, however, permit the continued use of driftnets of up to 2.5km in length until the end of 1997, and the use of driftnets of up to 5km for the albacore tuna fleet and up to 21km in the Baltic Sea until the end of 1994.

The Scientific, Economic and Technical Committee on Fisheries (SETCF) is due to be consulted in relation to an examination of the scientific data available before the end of January 1995, to enable the Council to reach a decision on the proposal.

## **D — Common organization of the markets**

252. The Council amended Regulation (EEC) No 3759/92<sup>4</sup> on the common organization of the market in fisheries products and aquaculture.

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<sup>1</sup> Regulation (EC) No 1626/94; OJ L 171, 6. 7.1994.

<sup>2</sup> OJ L 288, 11.10.1986. Regulation as last amended by Regulation (EEC) No 3676/93, OJ L 341, 31.12.1993.

<sup>3</sup> Regulation (EC) No 1796/94; OJ L 187, 22.7.1994.

<sup>4</sup> OJ L 388, 31.12.1992.

The main amendments introduced by the new Regulation, which enters into force on 1 January 1995, are:

- (a) A revision and simplification of the compensatory scheme mechanism and the conditions under which it is triggered for tuna.
- (b) Adjustments of the common market organization scheme with a view to improving the competitiveness of the fishing sector whilst continuing to respect the Community's international obligations. They concern in particular the following elements:
  - (i) the role of producer organizations is strengthened. As a result, the validity of any decision taken by the Member State obliging non-members of these producer organizations to comply with their rules is checked after the event to promote quicker adjustments to market trends,
  - (ii) Non-members who trade within the area of activity of a representative producer organization are obliged to comply with the rules adopted by the said organization as regards restricting supply. In this case, the Member State must grant these non-members an indemnity under certain conditions,
  - (iii) Specific recognition giving right to financial aid under certain circumstances is provided for so as to assist any initiatives of the producer organizations towards the improvement of the quality of their products,
  - (iv) Special financial compensation is made available under certain conditions once significant withdrawals occur over a limited period,
  - (v) The use by the producer organizations of the 10% margin of tolerance below the Community withdrawal or selling price is banned in cases where minimum prices are applied to imports.
- (c) The possibility of recognizing producer organizations exclusively for a specific area of activity. This scheme is Norwegian in origin and was initially incorporated into the text in anticipation of Norway's accession to the Union.<sup>1</sup>

253. The Council fixed the guide prices for fisheries products listed in Annex I(A), (D) and (E) (fresh products) and in Annex II (frozen products) of Regulation (EEC) No 3759/92 as well as the production price for tuna destined for the canning industry for the year 1995.

In the case of fresh products, the general situation of the markets allowed for the maintenance of about one third of the guide prices at the level set for 1994. A large proportion of the 1994 levels were lowered by between 1% and 6% and a few products saw their levels rise by 1% with the exception of grey shrimps (+4%). In particular, with respect to herring, the dual price system, with a lower price applying from 15 July to 30 September 1995, when most herring are caught, and a higher price for the other

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<sup>1</sup> Regulation (EC) No 3318/94; OJ L 350, 31.12.1994.

months of the year, was eventually retained despite suggestions by the Commission that it should be abandoned.<sup>1</sup>

In the case of frozen products, there was a fairly even split, with half the products having their 1994 levels increased by between 1 and 4% and the other half lowered within the same margins.<sup>2</sup>

The production price for tuna, after much discussion, was finally maintained at its 1994 level.<sup>3</sup>

The Council adopted a Regulation, effective until 31 December 1994, opening and providing for the administration of autonomous Community tariff quotas for certain fishery products, in order to secure supplies for the Community processing industry.<sup>4</sup>

Since production in the Community of certain industrial fisheries products remained unable to meet the specific requirements of the user industries in the Community throughout the course of 1994 and the Community supply therefore had to rely heavily on imports from third countries for this type of product, the Council adopted a Regulation, entering into force on 1 July 1994, opening and providing for the administration of Community tariff quotas at zero duty within the limits of appropriate volumes for these products for a period up to 30 June 1995, taking account of the need not to disturb the markets for such projects.<sup>5</sup>

In the same context, the Council adopted a Regulation, entering into force on 1 January 1995, temporarily suspending totally or partially the customs duties for certain industrial fisheries products. In order not to jeopardize the development prospects of production of competitive products in the Community and to ensure an adequate supply to satisfy user industries, these suspension measures are limited to a period of 1 January to 31 December 1995.<sup>6</sup>

The terms under which fishing vessels flying a third country flag may land and market their catches at Community ports were set by the Council. This Regulation aims to ensure that the health and veterinary checks required by Community legislation are respected and that landings not intended for processing are subject to minimum prices.<sup>7</sup>

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<sup>1</sup> Regulation (EC) No 3136/94; OJ L 332, 22.12.1994.

<sup>2</sup> Regulation (EC) No 3137/94; OJ L 332, 22.12.1994.

<sup>3</sup> Regulation (EC) No 3138/94; OJ L 332, 22.12.1994.

<sup>4</sup> Regulation (EC) No 845/94; OJ L 98, 16. 4.1994.

<sup>5</sup> Regulation (EC) No 1502/94; OJ L 162, 30. 6.1994.

<sup>6</sup> Regulation (EC) No 2892/94; OJ L 305, 30.11.1994.

<sup>7</sup> Regulation (EC) No 1093/94; OJ L 121, 12. 5.1994.

to satisfy user industries, these suspension measures are limited to a period of 1 January to 31 December 1995.<sup>1</sup>

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## **E — Control and monitoring**

254. Following on from a resolution adopted in November 1992 by the International Convention for the Conservation of Atlantic Tunas (to which the Community acceded by Council Decision 86/238/EEC of 9 June 1986<sup>3</sup> and participates as an observer, pending completion of ratification procedures), the Council adopted a Regulation introducing a system for the statistical monitoring of trade in bluefin tuna within the Community.

This system has been applied to all catches of bluefin tuna by Community vessels or producers and entry for free circulation (including direct landings) of such tuna from third countries, from 1 July 1994.<sup>4</sup>

As a supplement to the Regulation adopted by the Council in December 1993 on the minimum information to be contained in fishing licences (vessel 'identity cards'<sup>5</sup>), the Council adopted a Regulation, which will apply from 1 January 1995, laying down general provisions concerning special fishing permits applicable to Community fishing vessels and to vessels flying the flag of a third country operating in Community fishing waters. It is for the Council to decide in each case on the most appropriate definition of a fishery and to which fisheries the system of special fishing permits applies. The Member State issues and manages the special fishing permits applicable to vessels flying its flag whereas the Commission issues and manages licences supplemented by special fishing permits applicable to vessels flying the flag of a third country and operating in Community fishing waters.

The system will not apply to vessels under 10m in length flying the flag of a Member State and fishing exclusively in the territorial waters of the flag Member State.<sup>6</sup>

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<sup>1</sup> Regulation (EC) No 2892/94; OJ L 305, 30.11.1994.

<sup>2</sup> Regulation (EC) No 1093/94; OJ L 121, 12. 5.1994.

<sup>3</sup> OJ L 162, 18.6.1986.

<sup>4</sup> Regulation (EC) No 858/94; OJ L 99, 19. 4.1994.

<sup>5</sup> Regulation (EC) No 3690/93; OJ L 341, 31.12.1993.

<sup>6</sup> Regulation (EC) No 1627/94, OJ L 171, 6. 7.1994.

The application of the system of special fishing permits was extended to vessels flying the flag of a Member State and operating in the waters of a third country under a fisheries agreement signed between the Community and that country, taking into account the legal implications for Member State laws of applying the system.<sup>1</sup>

255. The Council established detailed rules for the application of the trade monitoring system provided for by the Act of Accession for certain fishery products coming from Norway to operate from 1 January 1995 until 31 December 1998.<sup>2</sup> However, since Norway elected not to join the Union, the Regulation was later declared to have lapsed.<sup>3</sup>

The Council amended Regulation (EEC) No 2930/86<sup>4</sup> defining the characteristics of fishing vessels.

Regulation (EEC) No 2930/86 extended the provisions of Annex I of the Convention on Tonnage Measurement of Ships signed in London on 23 June 1969 (ICTM 1969) under the aegis of the International Maritime Organization (IMO) to Community vessels as from 18 July 1994. The practical difficulties arising partly from the need to remeasure a very large number of small and medium-sized vessels have made it impossible to implement the Regulation properly. This proposal is designed to remedy the situation by providing for appropriate formulae and deadlines.<sup>5</sup>

The Council amended Decision 89/631/EEC of 27 November 1989<sup>6</sup> on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring compliance with the Community system for the conservation and management of fishery resources.

Before 1 January 1996, the Council is to decide on the introduction of satellite and/or automatic data recorder systems for locating the position of fishing vessels, following the implementation by Member States, before 30 June 1995, of pilot projects for certain types of Community fishing vessels.<sup>7</sup>

The Community will, by way of exception, provide 100% funding for these pilot projects as a result of this new Decision.<sup>8</sup>

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<sup>1</sup> Regulation (EC) No 3317/94; OJ L 350, 31.12.1994.

<sup>2</sup> Regulation (EC) No 2905/94; OJ L 307, 1.12.1994.

<sup>3</sup> Regulation (EC) No 3359/94; OJ L 356, 31.12.1994.

<sup>4</sup> OJ L 274; 25.9.1986.

<sup>5</sup> Regulation (EC) No 3259/94; OJ L 339, 29.12.1994.

<sup>6</sup> OJ L 364, 14.12.1989. Decision as last amended by Decision 92/393/EEC (OJ L 213, 27.7.1992).

<sup>7</sup> Article 3 of Council Regulation (EEC) No 2847/93, 12 October 1993 (OJ L 261, 20.10.1993).

<sup>8</sup> Decision No 94/207/EC; OJ L 101, 20.4.1994.

## F — Structural policy

256. The Council established a system of compensation, at Community level, for the additional costs incurred in the processing and marketing of certain fishery products from the Azores, Madeira, the Canary Islands and the French Department of Guiana, as a result of their very remote location.

The scheme follows on from others already undertaken in this context and is as follows:

- (i) For the Azores and Madeira, the system involves the payment of ECU 155 per tonne up to a maximum of 15 000 tonnes of tuna per year delivered to local industry (10 000 tonnes for the Azores and 5 000 tonnes for Madeira).
- (ii) For the Canary Islands, this system involves the payment of:
  - (a) ECU 125 per tonne of tuna for marketing fresh (up to a maximum of 10 400 tonnes per year);
  - (b) ECU 45 per tonne of frozen tuna (up to a maximum of 3 500 tonnes per year);
  - (c) ECU 85 per tonne of sardines and mackerel for canning (up to a maximum of 10 500 tonnes per year); and
  - (d) ECU 45 per tonne of sardines and mackerel for freezing (up to a maximum of 7 000 tonnes per year).
- (iii) For the French Department of Guiana, the system involves the payment of:
  - (a) ECU 865 per tonne of prawns up to a maximum of 3 500 tonnes per year for industrial fishing; and
  - (b) ECU 930 per tonne of prawns for non-industrial fishing up to a maximum of 500 tonnes per year.

This measure, which applies for one year (1994) is financed by the European Agricultural Guidance and Guarantee Fund (EAGGF), Guarantee Section.<sup>1</sup>

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<sup>1</sup> Regulation (EC) No 1502/94; OJ L 162, 30. 6. 1994.

# **G — Fisheries relations between the Community and certain third countries**

## **Scandinavian and Nordic countries**

257. The Council adopted Regulations allocating between Member States, for 1994, certain additional catch quotas obtained under the European Economic Area (EEA) Agreement, namely:

- (i) Regulation (EC) No 859/94<sup>1</sup>
  - 500 tonnes, 190 tonnes and 810 tonnes for redfish in Norwegian waters (ICES Division I and II) for vessels flying the flags of Germany, Spain and Portugal respectively;
  - 660 tonnes and 240 tonnes for cod in Swedish waters (ICES Division III d) for vessels flying the flags of Denmark and Germany respectively;
  - 860 tonnes and 640 tonnes for herring in Swedish waters (ICES Division III d) for vessels flying the flags of Denmark and Germany respectively.
- (ii) Regulation (EC) No 1092/94.<sup>2</sup>
  - 3 260 tonnes for cod in Norwegian waters north of 62°N (ICES Division I and II) each for vessels flying the flags of Spain and Portugal, and 365 tonnes each for vessels flying the flags of Ireland and Greece;
  - 1 690 tonnes, 1 160 tonnes, 100 tonnes and 50 tonnes for redfish in Icelandic waters (ICES Division Va) for vessels flying the flags of Germany, United Kingdom, Belgium and France respectively.

## **ICELAND**

258. The catch quotas for vessels fishing in the Icelandic waters were allocated between the Member States concerned for 1995.<sup>3</sup>

## **NORWAY**

259. Since Norway elected not to join the Union, it was agreed at the December Council

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<sup>1</sup> OJ L 99, 19.4.1994.

<sup>2</sup> OJ L 121, 12.5.1994.

<sup>3</sup> Regulation (EC) No 3373/94, OJ L 363, 31.12.1994.



meeting to operate a roll-over system in order not to stop fishing activities on 1 January 1995.

The Council, therefore, adopted Regulations:

- (i) laying down, for the period until 31 March 1995, certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway.<sup>1</sup>
- (ii) allocating, for the period until 31 March 1995, certain catch quotas between Member States fishing in the Norwegian Exclusive Economic Zone and the fishery zone around Jan Mayen.<sup>2</sup>

Fisheries arrangements for 1995 will be agreed with Norway early in 1995.

## GREENLAND

260. The catch quotas for 1995 for Community vessels fishing in Greenland waters were allocated.<sup>3</sup>

The Council adopted a Regulation on the conclusion of the Third Protocol laying down the conditions relating to fishing provided for in the Agreement on fisheries between the European Economic Community, on the one hand, and the Government of Denmark and the local Government of Greenland, on the other.

The main features of the Community's future fisheries relations with Greenland are as follows:

- (i) the introduction of a quota accumulation system allowing the carry-over with no additional cost of part of the Community's unutilized cod quotas for the duration of the Protocol;
- (ii) a flexibility regime for shrimps providing for transfer arrangements from East to West Greenland;
- (iii) increased quotas for certain traditional species, in particular an additional by-catch quota for Atlantic halibut, an overall increase for Greenland halibut and a fixed share of 70% of the overall Greenland quota of capelin;
- (iv) allocation of additional quotas, in particular two quotas for roundnose grenadier, one for experimental deep-water fisheries, and a quota for pelagic fishery of polar cod;
- (v) a flexibility clause on by-catches of Atlantic halibut providing for the full utilization of the Community's cod and redfish quotas.

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<sup>1</sup> Regulation (EC) No 3376/94, OJ L 363, 31.12.1994.

<sup>2</sup> Regulation (EC) No 3377/94, OJ L 363, 31.12.1994.

<sup>3</sup> Regulation (EC) No 3363/94, OJ L 363, 31.12.1994.

Joint ventures and other types of associations for the development of new fisheries in Greenland waters are also included.<sup>1</sup>

## FÆROE ISLANDS

261. The Council adopted a Regulation opening and providing for the administration of Community tariff quotas and ceilings and establishing Community surveillance for certain fish and fishery products originating in the Færoe Islands, for 1994.<sup>2</sup>

Certain measures were laid down, for 1995, for the conservation and management of fishery resources applicable to vessels flying the flag of the Færoe Islands.<sup>3</sup>

Certain catch quotas were allocated for 1995 between Member States for vessels fishing in the waters of the Færoe Islands.<sup>4</sup>

## BALTIC COUNTRIES

262. Certain measures were laid down, for 1995, for the conservation and management of fishery resources applicable to vessels flying the flags of Estonia,<sup>5</sup> Latvia<sup>6</sup> and Lithuania.<sup>7</sup>

Certain catch quotas were allocated for 1995 between Member States for vessels fishing in the waters of Estonia,<sup>8</sup> Latvia<sup>9</sup> and Lithuania.<sup>10</sup>

## POLAND AND THE RUSSIAN FEDERATION

263. Certain measures were laid down, for 1995, for the conservation and management of fishery resources applicable to vessels flying the flags of Poland and the Russian Federation.<sup>11</sup>

Certain catch quotas were allocated for 1995 between Member States for vessels fishing in the waters of Poland and the Russian Federation.<sup>12</sup>

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<sup>1</sup> Regulation (EC) No 3354/94; OJ L 351, 31.12.1994. A Council Decision amended this Agreement to include joint ventures and joint enterprises: No 94/829/EC; OJ L 351, 31.12.1994.

<sup>2</sup> Regulation (EC) No 261/94; OJ L 38, 9. 2.1994.

<sup>3</sup> Regulation (EC) No 3364/94; OJ L 363, 31.12.1994.

<sup>4</sup> Regulation (EC) No 3365/94; OJ L 363, 31.12.1994.

<sup>5</sup> Regulation (EC) No 3367/94; OJ L 363, 31.12.1994.

<sup>6</sup> Regulation (EC) No 3369/94; OJ L 363, 31.12.1994.

<sup>7</sup> Regulation (EC) No 3371/94; OJ L 363, 31.12.1994.

<sup>8</sup> Regulation (EC) No 3368/94; OJ L 363, 31.12.1994.

<sup>9</sup> Regulation (EC) No 3370/94; OJ L 363, 31.12.1994.

<sup>10</sup> Regulation (EC) No 3372/94; OJ L 363, 31.12.1994.

<sup>11</sup> Regulation (EC) No 3374/94; OJ L 363, 31.12.1994.

<sup>12</sup> Regulation (EC) No 3375/94; OJ L 363, 31.12.1994.

## North America — NAFO

264. The Council adopted a Regulation modifying Regulation (EEC) No 3928/92,<sup>1</sup> extending the NAFO Pilot Observer Scheme applicable to Community vessels operating in the Regulatory Area of the Northwest Atlantic Fisheries Organization (NAFO) by six months to 31 December 1994.

This move will allow the NAFO Fisheries Commission to weigh the effects of the programme on the conservation of resources and thereby determine its future.<sup>2</sup>

As concerns the TACs and quotas for 1995, the outcome of the annual meeting in Nova Scotia in September can generally be viewed as favourable to the Community.

## Countries in the African continent and the Indian Ocean

### GUINEA-BISSAU

265. The Council adopted a Regulation on the conclusion of the Protocol establishing, for the period 16 June 1993 to 15 June 1995, the fishing possibilities and financial compensation provided for in the Agreement between the European Economic Community and the Republic of Guinea-Bissau on fishing off the coasts of Guinea-Bissau.

These fishing possibilities are as follows:

- (i) freezer shrimp trawlers: 11 000 GRT per month, annual average;  
freezer fin fish and cephalopod trawlers: 4 000 GRT per month, annual average;
- (ii) freezer tuna seiners: 22 vessels;
- (iii) pole-and-line tuna vessels and surface longliners: 10 vessels.

The financial compensation for the said period is set at ECU 12 000 000. The sum of ECU 450 000 will also be contributed by the Community towards the financing of a Guinea-Bissau scientific and technical programme. Awards, not exceeding ECU 250 000, will be provided by the Community for the purpose of improving the skills of those involved in sea fishing.<sup>3</sup>

### GAMBIA

266. The Council adopted a Regulation on the conclusion of the Protocol establishing the fishing possibilities and financial compensation provided for in the Agreement between the European Economic Community and the Government of the Republic of the Gambia on fishing off the Gambia for the period 1 July 1993 to 30 June 1996.

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<sup>1</sup> OJ L 397, 31.12.1992. Corrigendum to the Regulation in OJ L 44, 22.2.1993.

<sup>2</sup> Regulation (EEC) No 2762/94; OJ L 294, 15.11.1994.

<sup>3</sup> Regulation (EC) No 410/94; OJ L 60, 3. 3.1994.

These fishing possibilities are as follows:

- (i) tuna vessels
  - (a) freezer seiners: 23 vessels
  - (b) pole-and-line: 7 vessels
- (ii) trawlers and other vessels
  - (a) fresh fish trawlers: 410 GRT
  - (b) freezer trawlers:
    - fishing for shrimps: 2 000 GRT
    - fishing for other species: 750 GRT.

The total number of fishing days by fresh fish vessels and freezer trawlers in the Gambia's fishing zone is limited to 1 000 and 4 000 fishing days respectively in each fishing year.

The financial compensation for the said period is set at ECU 1 100 000. The sum of ECU 80 000 will also be contributed by the Community towards the financing of scientific programmes in the Gambia. Awards, not exceeding ECU 220 000, will be provided by the Community for the purpose of improving the skills and knowledge of those involved in sea fishing.<sup>1</sup>

## MAURITIUS

267. The Council adopted a Regulation relating to the conclusion of the Protocol defining, for the period of 1 December 1993 to 30 November 1996, the fishing possibilities and the financial contribution provided for by the Agreement between the European Community and the Government of Mauritius on fishing in the waters of Mauritius<sup>2</sup>.

These fishing possibilities are as follows:

- (i) For ocean-going tuna seiners: licences for 20 vessels; for vessels flying by line (except tuna trollers and tuna surface longliners): licences for 100 GRT/month on an annual average.
- (ii) Possible fishing licences for tuna trollers and surface tuna longliners.

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<sup>1</sup> Regulation (EC) No 634/94; OJ L 79, 23. 3.1994.

<sup>2</sup> Council Decision No 94/289/EC; OJ L 124, 18.5.1994, provided for the provisional application of this Protocol.

The financial compensation for the said period is set at ECU 975 000. A contribution of ECU 380 000 will be paid by the Community towards the financing of scientific and technical programmes and an amount of ECU 100 000 will be made available to improve the skills and know-how of persons engaged in sea fishing <sup>1</sup>.

## MAURITANIA

268. The Council adopted a Regulation on the conclusion of the Protocol setting out the fishing possibilities and financial contribution provided for in the Agreement between the European Economic Community and the Islamic Republic of Mauritania on fishing off the coast of Mauritania for the period of 1 August 1993 to 31 July 1996.

These fishing possibilities are as follows:

- (i) Specialized vessels
  - (a) fishing vessels specializing in crustaceans, with the exception of crawfish: 4 500 GRT/month, annual average;
  - (b) black hake trawlers and bottom longliners: 12 000 GRT/month, annual average;
  - (c) vessels fishing for demersal species other than black hake gear other than trawls (fixed gillnet, longliner, line): 2 600 GRT/month, annual average;
  - (d) trawlers fishing for deep-water demersal species other than black hake: 4 200 GRT/month, annual average;
  - (e) pot vessels (crawfish): 300 GRT/month, annual average.

Vessels with licences for crawfish fishing may keep on board no fishing gear other than pots and are not authorized for live-bait fishing. Crawfish fishing is prohibited between 1 July and 30 September each year.

- (ii) Vessels fishing for highly migratory species
  - (a) pole-and-line vessels and surface longliners: 11 vessels;
  - (b) freezer tuna seiners: 34 vessels.

The total financial compensation for the said period is set at ECU 26 000 000. The sum of ECU 900 000 from this total will go towards the financing of scientific and technical programmes in the Mauritanian fishing zone and ECU 360 000 of the total will be devoted to study and practical training relating to fisheries.<sup>2</sup>

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<sup>1</sup> Regulation (EC) No 1799/94; OJ L 197, 22.7.1994.

<sup>2</sup> Regulation (EC) No 1348/94; OJ L 149, 15.6.1994.

## ANGOLA

269. The Council adopted a Regulation on the conclusion of the Protocol defining, for the period from 3 May 1994 to 2 May 1996, the fishing possibilities and financial compensation provided for in the Agreement between the European Economic Community and the Government of the Republic of Angola on fishing off Angola.<sup>1</sup>

These fishing possibilities are as follows:

- (i) Shrimp vessels: 6 550 GRT/month, as an annual average (maximum 22 vessels). The quantities to be fished by Community vessels are to be made up of 30% prawns and 70% shrimps.
- (ii) Demersal trawlers: 1 900 GRT/month, as an annual average (maximum 5 vessels).
- (iii) Bottom set longliner, fixed gillnet: 900 GRT/month, as an annual average. Directed fishing for *centrophorus granulosus* is prohibited.
- (iv) Freezer tuna seiners: 19 vessels.
- (v) Surface longliners: 5 vessels.

The financial compensation for the said period is set at ECU 13 900 000. The Community will also contribute ECU 2 800 000 towards the financing of Angolan scientific and technical programmes and grants not exceeding a total of ECU 1 800 000 towards improving the skill and knowledge of persons employed in sea fishing.<sup>2</sup>

## SOUTH AFRICA

270. The Council adopted Decisions authorizing the extension until 7 March 1995 of the Agreement on mutual fishery relations between the Republic of South Africa and:

- (i) the Kingdom of Spain;<sup>3</sup>
- (ii) the Portuguese Republic.<sup>4</sup>

## MOROCCO

271. The Council authorized the Commission to open negotiations with Morocco on a new Fisheries Agreement to enter into force in 1995 in order to ensure that Community vessels can continue to fish in waters under Moroccan sovereignty or jurisdiction.

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<sup>1</sup> Council Decision No 94/646/EC; OJ L 251, 27.9.1994, provided for the provisional application of this Protocol.

<sup>2</sup> Regulation (EC) No 3020/94; OJ L 324, 16.12.1994.

<sup>3</sup> Decision No 94/317/EC; OJ L 142, 7.6.1994.

<sup>4</sup> Decision No 94/318/EC; OJ L 142, 7.6.1994.

272. The Council adopted Decisions concerning the provisional application of the Protocols establishing the fishing possibilities and financial compensation provided for in the Agreements between the European Economic Community and:

273. Equatorial Guinea on fishing off the coast of Equatorial Guinea for the period of 1 July 1994 to 30 June 1997.

The Community fishing possibilities include:

- (a) freezer tuna seiners: 47 vessels;
- (b) pole-and-line tuna vessels: 4 vessels;
- (c) surface longliners: 2 vessels.

The financial compensation for the said period is set at ECU 412 500. The Community will also contribute ECU 120 000 towards the financing of a scientific or technical Equatoguinean programme and ECU 127 500 towards improving the skill and knowledge of persons employed in sea fishing <sup>1</sup>.

274. Cape Verde on fishing off the coast of Cape Verde for the period 6 September 1994 to 5 September 1997.

The Community fishing possibilities include:

- (a) Highly migratory species:
  - (i) freezer tuna seiners: 23 vessels
  - (ii) pole-and-line tuna vessels and surface longliners: 17 vessels.
- (b) Other species: deep-sea longliners: 3 vessels, each vessel having a tonnage of less than 210 TJB.

The financial compensation for the said period is set at ECU 1 063 500. The Community will also contribute ECU 261 900 towards the financing of a scientific or technical programme in the Cape Verde and ECU 174 600 towards improving the skill and knowledge of persons employed in sea fishing.<sup>2</sup>

275. The Comoros on fishing off the Comoros for the period 20 July 1994 to 19 July 1997.

The Community will be granted licences authorizing simultaneous fishing in the Comorean waters to 37 ocean-going tuna freezers.

The financial compensation for the said period is set at ECU 675 000. The Community will also contribute ECU 26 000 towards the financing of a scientific or technical

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<sup>1</sup> Decision No 94/743/EC; OJ L 297, 18.11.1994.

<sup>2</sup> Decision No 94/744/EC; OJ L 297, 18.11.1994.

programme in the Comoros and ECU 145 000 towards improving the skill and knowledge of persons employed in sea fishing.<sup>1</sup>

276. The Ivory Coast on fishing off the Ivory Coast for the period 1 July 1994 to 30 June 1997.

The Community fishing possibilities include:

- (a) demersal freezer trawlers fishing for deepwater crustaceans, cephalopods and demersal fish: 6 000 GRT/month, annual average;
- (b) pole-and-line tuna vessels and surface longliners: 7 vessels;
- (c) tuna seiners: 46 vessels.

The total financial compensation for the said period is set at ECU 2 500 000.<sup>2</sup>

277. Guinea on fishing off the Guinean coast for the period 1 January 1994 to 31 December 1995.

The fishing possibilities are as follows:

- (a) trawlers: 4 200 GRT/month, annual average;
- (b) freezer tuna seiners: 24 vessels;
- (c) pole-and-line tuna vessels and surface longliners: 10 vessels;
- (d) surface longliners: 5 vessels.

The financial compensation for the said period is set at ECU 1 700 000. The Community will also contribute the sum of ECU 450 000 towards the financing of a Guinean scientific or technical programme and awards not exceeding ECU 550 000 to provide for the purpose of improving the skills and knowledge of those involved in sea fishing.<sup>3</sup>

## **H — International organizations**

278. Work at the United Nations Conference, whose object is to come up with an instrument ensuring the effective implementation of the provisions of the UN Convention on the Law of the Sea concerning straddling stocks and highly migratory species, could not be concluded in August and will therefore be continued in 1995.

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<sup>1</sup> Decision 94/745/EC: OJ L 297, 18.11.1994.

<sup>2</sup> Decision 94/746/EC: OJ L 297, 18.11.1994.

<sup>3</sup> Decision 94/456/EC: OJ L 188, 22. 7.1994.



Substantial work on the drafting of the Code of Conduct for Responsible Fishing started in September in the context of a technical consultation organized in the framework of the FAO.

At the 20th Session of the International Baltic Sea Fishery Commission (IBSFC) a satisfactory outcome was achieved in the establishment of TACs for 1995 in the Baltic Sea.

The Council also adopted a Decision authorizing the Commission to negotiate amendments to Article VII of the Convention on Fishing and Conservation of the Living Resources in the Baltic Sea and the Belts (1973 Gdansk Convention). These amendments are aimed at establishing a more equitable sharing of the breakdown of contributions to the IBSFC budget.

279. In the context of fisheries relations with the United States of America (GIFA — Governing International Fisheries Agreement), no TALFF (Total Allowable Level of Foreign Fishing) was fixed for 1995. The issue will be re-examined at the spring meeting in 1995.

The Community also participated in proceedings conducted within the organs of various international fisheries conventions including:

- Convention on Future Multilateral Cooperation in the North-west Atlantic (NAFO);
- Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR);
- International Convention for the Conservation of Atlantic Tunas (ICCAT);
- Convention of the North Atlantic Salmon Conservation Organization (NASCO).

The Community attended:

- the Diplomatic Conference on Fisheries Management in the Mediterranean, held in Crete in December, and;
- the annual meeting of the General Fisheries Council for the Mediterranean (GFCM).



# **Chapter V**

## **Social policy — Education — Culture — Youth — Health — Environment — Consumer protection — Civil protection**

### **A — Social policy**

#### **General**

280. The Council held four meetings (in Luxembourg on 19 April and 22 June and in Brussels on 22 September and 6 and 21 December).

In addition, the Presidency organized informal meetings:

of the Ministers for Labour and Social Affairs: on 10 and 11 March in Athens and on 8 and 9 July in Dortmund (Germany); the discussions covered implementation of the conclusions of the Brussels European Council of 10 and 11 December 1993, and in particular a new initiative to combat unemployment, the progress made with certain dossiers and certain aspects of European social policy;

of the Ministers for Family Affairs: on 14 and 15 September in Berlin; Ministers discussed family affairs policy instruments and machinery and the implementation of the International Year of the Family (1994);

of the Ministers responsible for women's questions: on 15 September in Berlin; discussions covered the promotion of equal opportunities in the European Union and the preparation of the Fourth World Conference on Women.

The dialogue with the social partners continued in the Standing Committee on Employment, which held its 46th meeting, on 30 March, on the topic 'New forms of work: Job creation' and, on 22 September, its 47th meeting devoted to 'Part-time work and job creation'.

281. After dealing with the Commission Green Paper entitled 'European social Policy — Options for the Union', the Council held an in-depth discussion on the Commission White Paper entitled 'European social policy — a way forward for the Union'.

The Council discussed implementation of the Social Policy Protocol on the basis of a note from the Belgian delegation drafted following a communication from the Commission on this point.

On 6 December 1994, the Council adopted for the first time, on the basis of the Social Policy Agreement, an 11 member resolution on certain aspects of a European Union social policy: a contribution to economic and social convergence in the Union.<sup>1</sup>

This resolution was drafted at the instigation of the German Presidency: it is aimed *inter alia* at:

- improving the competitiveness of the Union and increasing the opportunities for job-creating growth;
- protecting the rights of employees by means of minimum social standards;
- respecting the principles of subsidiarity and proportionality;
- convergence rather than unification of systems;
- strengthening social dialogue;
- the coordination of economic and social measures.

282. The Council began the preparations for the World Summit on Social Development (Copenhagen, 6 to 12 March 1995) and agreed to:

- give full support to the concept, objectives and programme of the World Summit on Social Development;
- recommend the participation in the Summit of Heads of State or Government;
- consult the United States and the other G-7 countries;
- examine positively the undertakings proposed at the Summit, including the undertaking to increase significantly and allocate more effectively, by means of national action and international cooperation, the resources allocated to social development.

Member States also coordinated their positions on the topics dealt with at the 81st session of the International Labour Conference (Geneva, June 1994) and in particular on the following: health and safety in mines; part-time work.

They also coordinated their positions on the topics raised at the high-level regional preparatory meeting for the Fourth World Conference on Women (Vienna, October 1994) and particularly on the following points: review and evaluation of the Nairobi prospective action strategies (equality, development and peace); women and economy;

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<sup>1</sup> OJ C 368, 23.12.1994.

participation of women in public life and in the management of public affairs; regional action programme.

## **Employment and vocational training**

283. The situation in the employment sector, which continues to give rise to concern, was at the centre of the Council's activities.

As a follow-up to the Corfu European Council (24 and 25 June 1994) and on the basis of a draft prepared by the personal representatives of the Ministers for Employment and Social Affairs, the Council meeting on 22 September finalized its report on combating unemployment to the Essen European Council (9 and 10 December 1994).

This report emphasized the particular importance of four areas of action for employment policy:

- improvement of vocational qualifications;
- increased flexibility of working time;
- action to combat long-term unemployment;
- efficient use of public funds allocated to labour market policy.

284. On 6 December 1994, the Council adopted the Decision establishing an action programme for the implementation of a European Community vocational training policy.<sup>1</sup>

The 'Leonardo da Vinci' programme was brought into force for the period 1 January 1995 to 31 December 1999.

The Council agreed to earmark ECU 620 million as the amount deemed necessary for the programme's implementation. No later than three years after the programme's initiation, the Council will assess the results achieved by the programme. To that end the Commission will submit a report to it, accompanied by any proposals it deems appropriate, including any which concern the funds allocated to the programme and their breakdown, proposals on which the Council will act at the earliest opportunity.

The aim of the common framework of objectives is to contribute to the achievement of the objectives of Article 127 of the Treaty by pursuing a series of objectives such as:

- improving the quality and innovation capacity of vocational training systems and arrangements;
- developing the European dimension in vocational training and vocational guidance;
- promoting lifelong training;

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<sup>1</sup> OJ L 340, 29.12.1994.

- giving all young people in the Community who so wish the possibility of one, or if possible, two or more years of initial vocational training after their full-time compulsory education;
- encouraging specific vocational training measures for adults without adequate vocational qualifications;
- supporting vocational training policies in such a way that all workers in the Community have access to continuing vocational training without any discrimination;
- promoting equality of opportunity as regards access for men and women to vocational training and their effective participation therein;
- supporting activities aimed at developing linguistic skills;
- promoting the development of vocational guidance facilities.

285. The programme provides that:

- the Commission, in consultation with the Member States, shall implement the Community measures provided for in the Annex to the Decision and take measures to enable an appropriate transition to be made between the action already undertaken under the Comett, FORCE, Eurotecnet, Lingua and PETRA programmes and the Community measures to be implemented within the framework of this programme;
- Member States shall take the necessary steps to ensure coordination of the implementation of the programme, in particular by providing for the appropriate structures and mechanisms at national level.

The Commission shall be assisted by a mixed-type committee, i.e. a 'management' committee for the more important questions and a 'consultation' committee for the other questions, composed of two representatives from each Member State and chaired by the Commission representative. For some of the points, the committee shall be assisted by subcommittees and/or working parties in specific fields (in particular, initial vocational training, continuing vocational training, university/industry cooperation). A number equal to that of Member States' representatives, of representatives of the social partners, appointed by the Commission on the basis of proposals from the social partners at Community level, may participate in the work of the committee as observers.

The Commission shall ensure overall consistency between the Leonardo da Vinci programme and the Community action programme on education (Socrates) and other Community measures.

The Community measures provided for are divided into four strands:

- support for the improvement of vocational training systems and arrangements in the Member States;
- support for the improvement of vocational training measures, including university/industry cooperation, concerning undertakings and workers;

- support for the development of language skills, knowledge and the dissemination of innovation in the field of vocational training;
- support measures: cooperation network between the Member States; information, monitoring and assessment measures.

The programme is to be opened up to the participation of the associated countries of Central and Eastern Europe (CCEE) and of Cyprus and Malta.

286. At its meeting on 27 July 1994, the Council adopted Regulation (EC) No 2063/94 amending Regulation (EEC) No 1360/90 establishing a European Training Foundation.<sup>1</sup>

This new Regulation provides for an extension of the Foundation's responsibilities to cover the independent States of the former Soviet Union and Mongolia receiving assistance under the programme of assistance to economic reform and recovery (TACIS programme).

The Foundation's objective continues to be to contribute to the development of the vocational training systems of the countries concerned.

287. In addition, the Council adopted on 16 May Regulation (EC) No 1131/94 amending Regulation (EEC) No 337/75 establishing a European Centre for the Development of Vocational Training,<sup>2</sup> with a view to transferring the seat of the centre from Berlin to Thessaloniki.

On 22 December 1994, it recorded its agreement on a Regulation concerning the situation of the staff of the Centre.

## **Employment relationships**

288. On 22 September 1994, the Council adopted Directive 94/45/EC on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees.<sup>3</sup>

This is the first Directive adopted by the 11-member Council on the basis of the Agreement on social policy.

The purpose of the Directive is to improve the right to information and to consultation of employees in Community-scale undertakings and groups of undertakings.

The main provisions of the Directive are as follows:

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<sup>1</sup> OJ L 216, 20.8.1994.

<sup>2</sup> OJ L 127, 19.5.1994.

<sup>3</sup> OJ L 254, 30.9.1994.

A European Works Council or a procedure for informing and consulting shall be established in every Community-scale undertaking and every Community-scale group of undertakings, following an agreement between central management and a special negotiating body.

289. For the purposes of the Directive:

- Community-scale undertaking means any undertaking with at least 1 000 employees within the Member States as a whole and at least 150 employees in each of at least two Member States;
- group of undertakings means a controlling undertaking and its controlled undertakings;
- Community-scale group of undertakings means a group of undertakings with the following characteristics:
  - at least 1 000 employees within the Member States,
  - at least two group undertakings in different Member States, and
  - at least one group undertaking with at least 150 employees in one Member State and at least one other group undertaking with at least 150 employees in another Member State;
- controlling undertaking means an undertaking which can exercise a dominant influence over another undertaking by virtue, for example, of ownership, financial participation or the rules which govern it;
- consultation means the exchange of views and establishment of dialogue between employees' representatives and central management or any more appropriate level of management.

The central management will be responsible for creating the conditions and means necessary for the setting up of a European Works Council or an information and consultation procedure.

It shall initiate negotiations on its own initiative or at the written request of at least 100 employees or their representatives in at least two undertakings in at least two Member States.

The special negotiating body, composed of a minimum of three and a maximum of 17 members shall have the task of determining, with central management, by written agreement, the scope, composition, functions and term of office of the European Works Council(s) or the arrangements for implementing a procedure for the information and consultation of employees.

It may decide, by at least two thirds of the votes, not to open negotiations or to terminate the negotiations already opened. Such a decision would stop the procedure to conclude the agreement and would render the provisions in the annex to the Directive inapplicable.



Members of special negotiating bodies or of European Works Councils and any experts who assist them will not be authorized to reveal any information which has expressly been provided to them in confidence. Subsidiary requirements adopted in the legislation of the Member States in which the central management is situated shall apply.

These subsidiary requirements must satisfy the provisions set out in the Annex to the Directive.

290. The Council continued its discussions on the proposal for a Directive concerning the posting of workers in the framework of the provision of services.

The most recent discussions focused on the following questions:

- non-application of the Directive to undertakings established in non-member countries;
- limitation to the building sector of the terms and conditions of employment laid down in collective agreements;
- closed or open nature of the list of terms and conditions of employment covered by the Directive and the list of construction activities referred to in the annex to the Directive;
- non-application during an initial period of the Directive's provisions concerning minimum annual paid holidays and minimum rates of pay.

The Council's discussions on the proposal for a Directive on part-time and fixed-term employment relationships (from proposals for directives concerning non-standard employment) have been given new impetus.

On 6 December 1994, the Council examined a compromise suggestion submitted by the German Presidency which settled only some of the points proposed by the Commission and so failed to obtain unanimous approval.

The Commission then said it would initiate the procedure laid down in the social policy agreement.

The Council also began an examination of the proposal for a Directive on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.

## **Health and safety of workers at the workplace**

291. On 18 July 1994, the Council adopted Regulation (EC) No 2062/94 establishing a European Agency for Safety and Health at Work.<sup>1</sup>

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<sup>1</sup> OJ L 216, 20.8.1994.

The aim of the Agency — in order to encourage improvements, especially in the working environment, as regards the protection of the safety and health of workers as provided for in the Treaty and successive action programmes concerning health and safety at the workplace — shall be to provide the Community bodies, the Member States and those involved in the field with the technical, scientific and economic information of use in the field of safety and health at work.

The Agency will work as closely as possible with the existing institutions, foundations, specialist bodies and programmes at Community level in order to avoid any duplication.

An important element provided for by the Regulation for the smooth operation of the Agency is the establishment of a network comprising:

- the main component elements of the national information networks;
- the national focal points;
- any future topic centres.

Endowed with legal personality, the Agency has an Administrative Board and is headed by a director appointed by the Administrative Board on a proposal from the Commission.

The staff of the Agency will be subject to the rules and regulations applicable to officials and other servants of the European Communities.

292. At its meeting on 22 June 1994, the Council adopted the Directive on the protection of young people at work<sup>1</sup> which stipulates, *inter alia*, that Member States shall take the necessary measures to prohibit work by children and shall ensure that work by adolescents is strictly regulated and protected under the conditions laid down in this Directive.

Based on Article 118a of the EC Treaty, the Directive applies to any person under 18 years of age having 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.

According to the Directive:

- child means any young person of less than 15 years of age or who is still subject to compulsory full-time schooling under national law;
- adolescent means 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.

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<sup>1</sup> OJ L 216, 20.8.1994.

The Directive's primary objective is to prohibit work by children. However, the Directive enables Member States to make provision, under certain conditions, for the prohibition of work by children not to apply to:

- children pursuing cultural, artistic, sports or advertising activities, providing prior authorization has been given by the competent authority in individual cases;
- children of at least 14 years of age working under a combined work/training scheme, provided that such work is done in accordance with the conditions laid down by the competent authority;
- 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 carried out 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.

293. The Directive includes provisions on general obligations on employers (such as the protection of the safety and health of young people, assessment of the hazards to young people in connection with their work, assessment and monitoring of the health of young people, informing young people and the legal representatives of children of possible risks to health and safety) and on the work for which the employment of young people is prohibited (e.g. work which is beyond their physical or psychological capacity; work involving harmful exposure to dangerous agents).

The Directive also includes detailed provisions on the following aspects: working time, night work, rest periods, annual rest, annual holidays, breaks.

The United Kingdom may refrain from implementing some of the Directive's provisions for a period of four years from the date of its implementation. The Commission will submit a report on the effects of this temporary provision and on the basis of that report, the Council will decide, in accordance with the procedures laid down in the Treaty, whether it should be extended.

The Council continued its discussions on the proposal for a Directive on the protection of the health and safety of workers from the risks related to chemical agents at work.

## **Equal treatment for men and women**

294. At its meeting on 22 June 1994, the Council noted that there was deadlock on the proposal for a Directive on parental leave because of a substantive reservation by one delegation.

The Council took note of a statement by the Commission to the effect that it would start the procedure provided for in the agreement on social policy.

At the same time, the Council noted that there was also deadlock on the proposal for a Directive on the burden of proof in the area of equal pay and treatment for men and women because of a substantive reservation by one delegation.

The Commission said it would consider what course of action should be taken on its proposal.

At its meeting on 22 June 1994, the Council adopted the resolution on the promotion of equal opportunities for men and women through action by the European Structural Funds.<sup>1</sup>

The aim of this resolution is to promote equal opportunities for men and women on the labour market and in every sector of economic activity, in particular by means of all of the structural action carried out in the Member States.

To that end, the Council invited Member States:

- to contribute to the promotion of the principle of equal opportunities in measures co-financed by the Structural Funds;
- to help ensure that specific measures targeted at women are laid down with appropriate financial appropriations to promote equal opportunities for men and women in every sector of economic activity and in all areas linked directly or indirectly to the labour market by making use in particular of the achievements of the Community Initiative NOW;
- to mobilize competent bodies and social and economic partners so that full account is taken of the dimension of equal opportunities for men and women in measures co-financed by the Structural Funds.

The Council invited the Commission to continue its efforts to put into effect the policy of promoting equal opportunities through action by the Structural Funds.

295. The Council and representatives of the Governments of the Member States meeting within the Council adopted on 6 December 1994 the resolution on equal participation by women in an employment-intensive economic growth strategy within the European Union.<sup>2</sup>

The resolution aims, *inter alia*, to promote the access of women to the labour market, their continued integration and reintegration into that market and to promote the occupational advancement and self-employment of women.

To that end, the Council invited Member States to:

- develop policies for reconciling the obligations of family and work;
- ensure that both women and men benefit from measures to improve the organization of working time, the skills level and support for the creation of businesses;
- improve the integration into the economic, financial and social policies pursued in the Union and in the Member States of policies to help women.

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<sup>1</sup> OJ C 231, 20.8.1994.

<sup>2</sup> OJ C 368, 23.12.1994.

The Council called upon both sides of industry to:

- make equal opportunities and equal treatment the subject of collective bargaining;
- ensure that women are adequately represented on in-service training courses in undertakings;
- step up the social dialogue on how work and family responsibilities are to be reconciled.

The Commission was asked to develop initiatives designed to improve flexibility of working time, promote the acquisition of new skills and encourage the creation of businesses.

## **Freedom of movement — social protection**

296. The Council examined the Commission communication on immigration and asylum policies.

The Council continued its discussions on the proposal for a Decision establishing a medium-term programme to combat economic and social exclusion and promote solidarity.

On 22 June 1994, the Council noted that one delegation was unable to withdraw its general reservation and decided to return to the proposal at a future meeting.

On 6 December 1994, the Council adopted the Decision concerning the continuance of the Handynet system in the framework of the activities undertaken to date on the first technical aids module.<sup>1</sup>

The Decision provides that the computerized information and documentation system of the Helios II programme (Community action programme to assist disabled people 1993-96) should be continued from 1 January 1995 to 31 December 1996 in the framework of the activities relating to the first technical aids module which includes the following features:

- computer-based message service;
- electronic journal;
- multi-lingual data bank.

## **ECSC aid**

297. The Commission referred to the Council under Article 56(2)(a) of the ECSC Treaty, 20 requests for assent which would enable the Commission to ensure that

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<sup>1</sup> OJ L 316, 9.12.1994.

unemployed ECSC workers or those threatened with unemployment are reabsorbed into productive employment, by granting conversion loans to undertakings or global loans to finance organizations.

The Council responded favourably to these requests and authorized the grant of loans totalling approximately ECU 424 million with individual amounts varying between ECU 5 million and ECU 78 million.

## **B — Education**

### **Socrates programme**

298. On 3 February 1994, the Commission submitted to the European Parliament and to the Council on the basis of Articles 126 and 127 of the EC Treaty, a proposal for a Decision establishing the Community action programme Socrates.

In the light of the opinions delivered by the Parliament on 22 April 1994, the Economic and Social Committee on 27 April 1994 and by the Committee of the Regions on 31 May 1994, the Commission forwarded an amended proposal for a Decision on 16 June 1994.

On 18 July 1994, the Council adopted its common position on the Socrates programme. This programme, as it stands following the common position adopted by the Council, covers a period of five years (1 January 1995 to 31 December 1999) and aims to contribute to the development of quality education and of an open European area for cooperation in education, taking the substance of current Community programmes as a basis and extending its scope to include school education.

The programme comprises three areas of Community action:

- higher education (Erasmus);
- school education (Comenius);
- horizontal activities in the following areas:
  - language skills in the Community (Lingua),
  - open and distance education,
  - exchanges of information and experience (including Eurydice and ARION).

299. The specific objectives of the programme are to:

- develop the European dimension in education so as to strengthen the spirit of European citizenship;
- promote quantitative and qualitative improvement of the knowledge of the languages of the Union;

- promote cooperation between educational establishments in the Member States;
- encourage the mobility of teachers and students;
- encourage contacts among pupils in the Union;
- encourage the academic recognition of diplomas and other qualifications;
- encourage open and distance education;
- foster exchanges of information and experience.

The overall sum estimated necessary by the common position for implementation of the programme was ECU 760 million.

The Committee assisting the Commission in the programme's implementation will operate on two different levels: as an advisory committee and, for the most important questions, as a management committee.

The common position is largely based on the Commission proposal, including the Parliament's amendments, except with regard to the financial aspects and the Committee.

The common position was forwarded to the European Parliament which gave its opinion. As the Council was unable to adopt all of the Parliaments amendments, the Conciliation Committee met for the first time on 5 December and is continuing its discussions.

## **Conclusions on the cultural and artistic aspects of education**

300. At its meeting on 21 June 1994, the Council also adopted conclusions on the cultural and artistic aspects of education in which it called upon the Commission to give appropriate emphasis to the cultural and artistic aspects of education and to encourage the establishment of innovatory pilot projects and exchanges of experience involving cultural matters within the Socrates programme.

## **Resolution on the quality and attractiveness of vocational training**

301. At its meeting on 5 December 1994, the Council adopted a resolution on the quality and attractiveness of vocational training in which it called upon the Member States, *inter alia*, to increase their efforts to improve the quality and attractiveness of vocational training, whilst endeavouring to secure the participation of undertakings in the vocational training of young people.

It also invited the Commission to support the efforts of the Member States and the two sides of industry with a view to achieving these goals.

## **Resolution on the promotion of education and training statistics in the European Union**

302. On 5 December 1994 the Council adopted the abovementioned resolution in which it called upon Member States and their statistical offices to pay particular attention to the need for cooperation when developing further comparative education and training statistics in the European Union and beyond.

The Council also invited the Commission, in cooperation with the Member States, to expedite the development of education and training statistics.

Finally, the Council called upon those responsible for the statistical services at Union level (Eurostat) and the Working Party on Education Statistics to expedite the necessary development work to ensure the provision of quality data which is comparable and as up to date as possible, taking account of the data bases and instruments already in existence and observing the principle of data collection organized on a decentralized basis.

## **Strategy against racism and xenophobia**

303. On 5 December 1994, the Council recorded its agreement on the broad lines of a note from the Presidency on the contribution of education to a global strategy of the European Union against racism and xenophobia, with a view to submitting it to the Consultative Commission responsible for preparing this strategy and subsequently to the Corfu European Council.

# **C — Culture**

## **Cultural heritage**

304. Article 128 selects cultural heritage as a priority field of action and with this in mind, the Council adopted on 17 June 1994 conclusions<sup>1</sup> on the drawing up of a Community action plan in this area, in which it called upon the Commission to submit a communication on cultural heritage together with a proposal for specific actions with due regard for the procedures provided for in Article 128.

More specifically, the actions envisaged could cover the following aspects:

- conservation and safeguarding of cultural heritage of European significance;
- circulation of information;

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<sup>1</sup> OJ C 235, 23.8.1994.



- training;
- increasing public awareness;
- taking cultural heritage into account in regional development and job creation;
- tourism and environment;
- research;
- mass media and new technologies.

Such actions could be of practical application in specific areas of cultural heritage, such as archives and underwater heritage.

## Archives

305. On 17 June 1994, the Council adopted conclusions<sup>1</sup> on cooperation in the field of archives. Cooperation in this area falls within the framework of Article 128 EC given that archives constitute a significant part of the cultural heritage of European significance and that their exploitation can contribute to achieving the aim of improving knowledge of the culture and history of the European peoples.

Further to the resolution of the Council and of Ministers of 14 November 1991<sup>2</sup> on arrangements concerning archives, the Commission forwarded to the Council a report by a group of experts on archives in the European Union.

In its conclusions of 17 June 1994, the Council called upon the Commission to include archives in the communication it had undertaken to make on the Community's cultural heritage, providing for some of the action contemplated in the aforementioned report:

- organization of a multidisciplinary forum to be held in the framework of the Community on the problems of the management, storage, conservation and retrieval of machine readable data;
- stimulation, in conjunction with the Member States, of exchanges of students and archivists via Community action programmes in the field of education and vocational training or by other means;
- preparation and encouragement of the publication in all the official languages of the Community of a practical guide to the procedures and other provisions in force in the Member States and in the institutions for user-access to their archives and of appropriate technical publications intended to disseminate research carried out and any research findings concerning the preservation and restoration of archive documents and material;

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<sup>1</sup> OJ C 235, 23.8.1994.

<sup>2</sup> OJ C 314, 5.12.1991.

- encouragement of the publication of information about the contents of archives, including by means of various types of technology.

## **Children and culture**

306. Also adopted at the Council meeting on 17 June 1994 were conclusions<sup>1</sup> on children and culture emphasizing the beneficial effects of culture on young children and on adolescents with particular reference to equality and social responsibility, in which the Council expressed satisfaction that a debate on children and culture had begun within the European Union.

## **European cultural month**

307. On 17 June 1994, the Council designated St Petersburg and Ljubljana as hosts to European cultural month. Consequently, the complete list of this event since its creation stands as follows:

- 1992 Cracow
- 1993 Graz
- 1994 Budapest
- 1995 Nicosia
- 1996 St Petersburg
- 1997 Ljubljana.

## **Community action on culture**

308. At its meeting on 10 November 1994, the Council adopted conclusions on the Commission communication concerning European Community action on culture.

In these conclusions, referring to the wording of Article 128 of the Treaty, the Council considered that where cooperation with third countries was concerned, priority should be given to those countries with which the Community has agreements specifying cultural cooperation. The Commission was invited to report regularly to the Council on cultural cooperation by the Community with third countries and with international organizations.

The Council also emphasized that action in the cultural field should be based particularly on the following criteria: transparency and ongoing consultation; easy access to programmes; provision for a thorough evaluation; overall balance between programmes

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<sup>1</sup> OJ C 235, 23.8.1994.

set up in accordance with established priorities and funds available; procedures for cooperation with third countries.

Finally, the Council emphasized a number of specific points:

- pursuit of subsidiarity and complementarity in the cultural field;
- particular attention to be paid to the audiovisual sector;
- re-examination of existing priorities and activities on the basis of proposals for new actions;
- concentration on concrete artistic and cultural projects in the context of support to networks;
- continuity in the Commission's approach to public aid to promote culture.

Finally, the Council emphasized that cultural measures at European level should be organized with a view to maximum efficiency in the context of the financial perspective and called upon the Commission, pending consideration of its proposals and in order to avoid any interruption in Community cultural action already begun, to continue activities in 1995 on an interim basis, without taking decisions which could prejudice the content of future actions.

## **D — Youth**

### **Third phase of the 'Youth for Europe' programme**

309. Pursuant to the new Article 126 (paragraph 2) of the EC Treaty, the Commission submitted to the European Parliament and to the Council on 15 December 1993, a proposal for a Decision on the third phase of the 'Youth for Europe' programme. The first programme was adopted in June 1988 and the second phase covered the period January 1994 to December 1994.

In the light of the opinions delivered by the European Parliament, the Economic and Social Committee and the Committee of the Regions on 19 April 1994, 3 March and 18 May 1994 respectively, the Commission forwarded an amended proposal for a Decision on 2 May 1994.

On 11 July 1994, the Council adopted its common position on the third phase of the 'Youth for Europe' programme. This phase covers the period January 1995 to December 1999 and provides for an expansion of the projects conducted hitherto. In addition to developing youth exchange and youth leader training activities within the Community, the programme aims to diversify activities, to facilitate access for disadvantaged young people and to support exchanges with young people from non-member countries with which cooperation agreements have been established. It promotes exchanges of

information between Member States on youth questions. The programme calls on the creativity and sense of initiative of young people, and also on their commitment to and direct participation in the implementation of the programme.

The common position estimates the overall amount necessary for the programme's implementation at ECU 105 million. For the part of the programme concerning non-member countries, the Council took account of the annual rate of expenditure for young people from the countries covered by the Tempus programme, which is currently ECU 3.5 million.

310. The Committee assisting the Commission in the programme's implementation will operate on two different levels: as an advisory committee and, for the most important questions, as a management committee.

Except as far as the financial aspects and the Committee assisting the Commission are concerned, the common position takes over the Commission proposal's main features, including most of the amendments proposed by the European Parliament on the substance of the programme.

The common position was forwarded to the European Parliament which has given its opinion. As the Council was unable to adopt all of the Parliament's amendments, the Conciliation Committee held a first meeting on 5 December 1994 and is continuing its discussions.

## **Promotion of voluntary service periods for young people**

311. At their meeting on 30 November 1994, the Council and Ministers for Youth meeting within the Council adopted conclusions on the promotion of voluntary service periods for young people.

In these conclusions, the Council and Ministers contended *inter alia* that Member States should consider the desirability of facilitating the entry of young volunteers living in one or more Member States and taking part in the 'Youth for Europe III' programme, for the exclusive purpose of completing a period of voluntary service.

In addition, Member States could encourage activities of this type on the basis of agreements between organizations which may deal with voluntary service in the different countries of the Union.

In the same way, Member States should assess the need for adequate social protection for volunteers (sickness, accident and civil liability insurance), recognition (where such a procedure is required) of organizations which may deal with voluntary service, their rights and their responsibilities and the need for granting due importance to voluntary service periods within the framework of the national youth assistance education and training system (where such a system exists).

Finally, Member States should consider the need to promote the pursuit of activities in the area in question, notably by granting, where appropriate, aid compatible with the

existing system in their respective countries, taking account of the public service nature of these activities.

The Commission was called upon to report on the development of the situation regarding voluntary service periods for young people and to propose practical measures.

## **Combating racism and xenophobia**

312. On 30 November 1994, the Council decided to forward to the General Affairs Council a text on the 'youth' aspects of an overall strategy for the European Union to combat racism and xenophobia.

This text is part of the follow-up to the Corfu European Council at which the Heads of State or Government decided to set up a Consultative Commission with the task of preparing a final report for 1995 containing recommendations 'on cooperation between Governments and the various social bodies to encourage tolerance and understanding of foreigners'. The text approved by the Council of Ministers for Youth was intended as a contribution to the interim report which the Consultative Commission submitted to the Essen European Council.

# **E — Health**

## **Introduction**

313. During three meetings devoted to public health questions on 30 March, 2 June and 22 December 1994, the Council defined the new framework for action in this area, began its examination of proposals for new action programmes submitted in accordance with established priorities and worked out more specific guidelines for other preventive action to be taken within this framework (cardiovascular disease). It also continued its current discussions (extension of the 'Europe against AIDS' programme, proposal for a Directive on the advertising of tobacco products). Finally, it turned its attention to certain health-protection requirements and certain specific problems surrounding the prevention of epidemic risks, also in relation to other Community policies.

## **General framework for action**

314. Following the Commission communication on the framework for action in the field of public health<sup>1</sup> submitted by the Commission in accordance with the objectives

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<sup>1</sup> 41st Review, paragraph 233.

defined in Articles 3(0) and 129 of the Treaty, the Council adopted a resolution on this framework<sup>1</sup> on 2 June 1994.

This resolution, which refers to the one it adopted jointly with the Ministers for Health on 27 May 1993 on future action in the field of public health,<sup>2</sup> defines, in the light of the Commission's communication, the objectives, scope, methods and priorities of this action.

The Council reiterated the importance of encouraging cooperation between the Member States and coordination of their activities in cooperation with the Commission, and of giving further consideration in particular to:

- the setting up of mechanisms ensuring that Member States are fully involved in Community activities;
- how health requirements can be taken into account in the other policies;
- how cooperation with international organizations may be extended and strengthened and how it may be developed with third countries.

315. The Commission was invited to submit its proposals for action in the following priority areas: cancer, drug dependence, aids and other communicable diseases, health promotion, education and training as well as disease surveillance and the collection of reliable and comparable health data.

It was asked to

- bring forward proposals for the setting up of a consultative body for the formulation of health proposals,
- keep under regular review the areas in which specific action and measures need to be taken,
- submit a global multiannual programme plan of existing and future Community actions, together with a quantified estimate of the resources required to carry them out, taking account of guidelines defined in the Annex to the resolution; this concerned in particular the methodology for the selection of priorities, the nature and scope of the data and indicators used, the link with research, the context of action in the field of drug dependence and the action to be considered with regard to cardiovascular, mental and chronic diseases.

## Action programmes

316. In the course of 1994 the Council received a series of proposals for decisions from the Commission in the framework defined previously, on the basis of the new

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<sup>1</sup> OJ C 165, 17.6.1994.

<sup>2</sup> OJ C 174, 25.6.1993; see 41st Review, paragraph 233.

Article 129 of the Treaty, concerning priority action programmed over a five-year period.

Several of these proposals, which follow on from ongoing activities, concerned the prevention/combating of certain diseases or certain groups of diseases or associated scourges: cancer, drug dependence, aids and other communicable diseases.

Moreover, an initial, more horizontal programme was proposed which concerned more general prevention methods (health promotion, information, education, training).

The Council began its examination of them, holding a policy debate on several of them at its meeting on 22 December 1994 with a view to adopting a common position on these proposals once the European Parliament's opinion had been received and the work of examining them completed, if possible at its next meeting chaired by the French Presidency.

## CANCER

317. The proposal for a Decision by the European Parliament and the Council adopting an action plan (1995-99) to combat cancer within the framework of the public health action, which the Commission forwarded on 26 April 1994, and submitted to the Council at its meeting on 2 June 1994, is the first priority area of action proposed under Article 129 of the Treaty following its communication concerning this framework. This proposal also follows on from the first two plans of action to combat cancer already adopted and implemented during the years 1987-89 and 1990-94 and takes account of the opinions expressed by the European Parliament and by the Member States in the light of the report evaluating the 'Europe against Cancer'<sup>1</sup> programme and reflects the experience gained during implementation of the first two action plans.

At its meeting on 22 December 1994, the Council, pending the opinion of the European Parliament, held a policy debate on the future plan's basic features and structure, notably the arrangements to be made for its implementation, and on the scope of the plan's objectives and areas of actions.

## DRUG DEPENDENCE

318. On 22 August 1994, the Commission referred to the Council a communication concerning Community action in the field of drug dependence, accompanied by a proposal for a Decision of the European Parliament and of the Council adopting a programme of Community action on the prevention of drug dependence within the framework for action in the field of public health.

This proposal reflects the experience built up by the Commission in implementing a number of specific measures regarding drug dependence, recognizes the diversity of

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<sup>1</sup> See 41st Review, paragraph 235.

national settings and introduces appropriate consultation procedures and evaluation measures tailored to the activities undertaken.

This programme also forms a key component (under the first pillar) of implementation of the EU action plan to combat drug abuse which the Commission submitted at the same time to the Council and to the European Parliament on 23 June 1994, in response to a request from the European Council (Brussels, 10 and 11 December 1993) for a framework, in the form of an integrated European action plan, to combat drug abuse.

At its meeting on 22 December, in preparation for further discussions, the Council held a preliminary exchange of views on this proposal including the problem of coordinating the programme under examination with the global action plan mentioned above.

## AIDS AND COMMUNICABLE DISEASES

319. The Commission also referred to the Council a communication accompanied by a proposal for a Decision adopting a programme of Community action on the prevention of aids and certain other communicable diseases within the framework of action in the field of public health. This programme, of which it took note at its meeting on 22 December 1994, and which it agreed to examine at its next meeting, constituted both a follow-up to the action taken under 'the Europe against AIDS'<sup>1</sup> programme and an extension of the action to other diseases of the same type.

320. Pending this new programme the Council decided jointly with the European Parliament to extend 'the Europe against AIDS'<sup>2</sup> programme.

At its meeting on 2 June 1994, it adopted its common position on the proposal for a Decision concerning this extension.<sup>3</sup>

As the Parliament had given its opinion on 16 November 1994 on this common position, the Council recorded its agreement on 22 December 1994 on the sole amendment adopted by the European Parliament and adopted this Decision which extends until 31 December 1995 at the latest, by an interim action plan for the years 1994 and 1995, the programme launched in 1991.

This plan (outlined in Annex I to the Decision), adapted on the basis of a mid-term assessment of the initial plan's implementation, should enable the gap to be filled, on the basis of certain general implementation guidelines (Annex II), between expiry of the first plan (end 1993) and the proposed future programme. The Community contribution necessary for its implementation, for which appropriations were fixed in accordance with the budgetary procedure for 1994 and 1995, amounts to ECU 18 million.

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<sup>1</sup> OJ L 175, 4.7.1991.

<sup>2</sup> See 41st Review, paragraph 237.

<sup>3</sup> OJ C 213, 3.8.1994.



## HEALTH PROMOTION

321. The Commission communication, accompanied by its proposal for a Decision adopting a programme of Community action on health promotion, information, education and training, submitted on 26 July 1994, in accordance with the guidelines adopted within the framework for action in the field of public health, should make it possible, on a wider basis incorporating the intersectoral components as well as the strategic aspects of health promotion policies, to encourage cooperation between Member States, promote the coordination of these policies and provide support for their activities.

The general approach of this proposal was first discussed by the Council at its meeting on 22 December 1994.

## Other activities

### CARDIO-VASCULAR DISEASES

322. Acting within the framework for action in the field of public health, and in line with its resolution on this framework,<sup>1</sup> the Council, following an initiative by the Greek Presidency which had submitted a memorandum entitled 'Europe saves hearts', adopted at its meeting on 2 June 1994 a resolution on cardio-vascular diseases.<sup>2</sup>

This resolution highlights the importance to be given to the prevention and investigation of causes of cardio-vascular diseases and to combating these diseases which constitute one of the major causes of premature deaths and have both important consequences for the quality of life and significant socio-economic implications.

323. It outlines the possibilities of achieving these objectives within the framework of the powers conferred on the Community by the Treaty with regard to the prevention of diseases and in an overall public health context, in the light of experience and exploiting the possibilities afforded by existing programmes or instruments, namely:

- the launching of Community action to reduce morbidity and mortality from cardio-vascular diseases,
- the creation of cooperation and coordination mechanisms for Member States' policies and programmes, in particular the collection of comparable data and indices,
- the development of special health education and information programmes for the public and in particular for population groups which are particularly vulnerable,
- improvement of the knowledge of professionals in the field of health and other related fields with regard to the prevention of cardio-vascular diseases, and

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<sup>1</sup> Resolution of 2 June 1994 (Annex, point 5); see paragraph 314 of this Review.

<sup>2</sup> OJ C 165, 17.6.1994.

- on the basis of these guidelines, incentive measures (taking account of the experience acquired in particular in the context of the 'Europe against Cancer' programme).

The Commission was invited to

- examine, taking these guidelines into account, the incentive measures for the prevention of cardio-vascular diseases and for the investigation into the risk factors of these diseases,
- take, in close contact with the Member States, any useful initiative to promote the coordination of their policies and programmes in this area.

## REDUCTION OF TOBACCO CONSUMPTION — ADVERTISING FOR TOBACCO PRODUCTS

324. Regarding the amended proposal for a Directive on advertising for tobacco products,<sup>1</sup> which provides for a very wide-ranging ban on such advertising, the Council continued its discussions without arriving at a common position. It discussed this proposal on two occasions, at its meetings on 2 June and 22 December 1994 — *inter alia* in the light of certain suggestions put forward by the Presidency for consideration in an attempt to reach a compromise — but was unable to reach a sufficient consensus to arrive at any firm stance at this stage.

It will be recalled that the purpose of this proposal, which was submitted in 1992 on the basis of Article 100a of the Treaty, is to ensure the proper functioning of the internal market with regard to advertising media as well as a high-level of health protection by contributing to the reduction of the use of tobacco. Regarding the pursuit of this last objective, a wide range of projects is outlined within the framework of the action under examination to combat cancer proposed by the Commission.

## BLOOD AND BLOOD PRODUCTS

325. At its meeting on 22 December 1994, the Council noted with interest the communication forwarded by the Commission on the safety of blood transfusions and self-sufficiency in blood in the European Community.

This communication was issued in response to a request made by the Council on 13 December 1993 on the adoption of conclusions on the subject,<sup>2</sup> and to the undertaking given by the Commission to draw up an inventory of the provisions and practical arrangements regarding the collection, monitoring, processing, distribution and trading system for blood and blood products, and to draw up, where appropriate, common safety criteria.

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<sup>1</sup> See 41st Review, paragraph 236.

<sup>2</sup> See 41st Review, paragraph 239.

The communication, which the Council agreed to examine in depth, in addition to providing data, identifies the lines of action and steps to be taken at Community level in this area.

#### PREVENTION OF THE RISK OF TRANSMISSION OF BSE TO HUMANS

326. In the light of the concerns expressed by one Member State as to the potential risks of bovine spongiform encephalopathy ('mad cow' disease), the Council held an exchange of views on the subject at its meeting on 30 March, taking account of existing measures and possible appropriate additional protective measures that the Commission, which had assured the Council that it would maintain maximum vigilance, might be led to propose, should the need arise.

## F — Environment

327. During the year, the Council held four meetings specifically devoted to Community policy on environmental protection. These meetings took place in Brussels on 24 and 25 March, in Luxembourg on 8 and 9 June and on 4 October and in Brussels on 15 and 16 December. The Council also held a joint meeting on the environment and transport on 24 March in Brussels.

### Directives and other instruments adopted by the Council in 1994

#### COUNCIL DIRECTIVE AMENDING DIRECTIVE 79/409/EEC ON THE CONSERVATION OF WILD BIRDS (LEGAL BASIS 130S(1))

328. The proposal was submitted to the Council on 13 March 1991. The European Parliament delivered its opinion on 14 May 1992 and the Economic and Social Committee delivered its opinion on 29 May 1991. The amended proposal was submitted on 15 September 1992.

On 21 February 1994, the Council adopted by qualified majority, Denmark having voted against, the common position on the proposal for an amendment of this Directive. The purpose of the amendment is, *inter alia*, to include in Annex II/2 (species for which Member States have the option of authorizing hunting) certain species which cause damage to agriculture and/or to wild fauna.

The European Parliament having adopted this common position without amendment, the Council definitively adopted the act by qualified majority on 8 June 1994.

In a new proposal for amendment submitted to the Council on 1 March 1994, the Commission proposed adding to the Directive an annex defining the criteria which

Member States should apply to fix the end of the hunting season for migratory species. The examination of this new amendment is now underway.

#### DIRECTIVE 91/689/EEC ON HAZARDOUS WASTE (LEGAL BASIS 130S(1))

#### COUNCIL DECISION DRAWING UP A LIST OF HAZARDOUS WASTE PURSUANT TO ARTICLE 1(4) OF DIRECTIVE 91/689/EEC.

329. This Directive was amended by the Council on 27 June 1994 in order to extend the deadline (until end of 1994) for finalizing the list of hazardous wastes provided for in Article 1 of Directive 75/442/EEC which is essential to the application of several legislative instruments under the Community strategy for the management of waste.

The Technical Committee involved was unable to finalize this list. Consequently, a Commission proposal for a Decision, on which the Council decided by qualified majority at its meeting on 15 and 16 December 1994, adopting approximately 230 categories of wastes in this list, was directly referred to the Council on 21 September 1994.

#### COUNCIL DIRECTIVE AMENDING DIRECTIVE 88/609/EEC ON THE LIMITATION OF EMISSIONS OF CERTAIN POLLUTANTS INTO THE AIR FROM LARGE COMBUSTION PLANTS (LEGAL BASIS 130S(1))

330. This proposal was forwarded to the Council on 14 January 1993.

The European Parliament delivered its opinion on 14 September 1993 and the Economic and Social Committee delivered its opinion on 26 May 1993.

The Council adopted a common position on 8 June and definitively adopted the Directive on 15 December. This Directive sets a limit value for SO<sub>2</sub> of 2 000 mg/m<sup>3</sup> for new plants (authorized after 1 July 1987) of between 50 and 100 MWth using solid fuels.

Plants authorized between 1 July 1987 and the deadline for incorporation of the Directive into national law may be allowed an additional year to adapt.

#### DIRECTIVE ON THE CONTROL OF VOLATILE ORGANIC COMPOUND EMISSIONS (VOC) RESULTING FROM THE STORAGE OF PETROL AND ITS DISTRIBUTION FROM TERMINALS TO SERVICE STATIONS ('STAGE 1' DIRECTIVE) (LEGAL BASIS 100A)

331. The Commission submitted this proposal on 30 July 1992. The European Parliament and the Economic and Social Committee delivered their opinions on 24 June 1993 and 27 January 1993 respectively.

The Council adopted a common position on 4 October 1993.

In the light of the amendments made to the common position by the European Parliament aimed essentially at speeding up the implementation and extending the scope of the Directive, the Conciliation Committee was required to meet on three separate occasions (20.9, 19.10, 8.11) before arriving at an agreement between the European Parliament and the Council on this matter. The Council and the European Parliament finally adopted this Directive on 13 and 14 December respectively.

The purpose of the Directive is to reduce evaporation losses at different stages in the storage and distribution of petrol, providing in particular for:

- general rules relating to the recovery of petrol vapours in road tankers or from boats and inland waterway barges;
- requirements for the recovery of petrol vapour emissions produced during the operation of the terminals or during the loading of storage installations at petrol stations.

These provisions are supplemented by extremely detailed technical annexes on loading and unloading installations and procedures at petrol terminals.

#### DIRECTIVE ON PACKAGING AND PACKAGING WASTE (LEGAL BASIS 100A)

332. On 24 August 1992, the Commission submitted its proposal which, in accordance with the Treaty on European Union, subsequently formed the subject of the co-decision procedure. The European Parliament delivered its opinion on 21 June 1993 and the Economic and Social Committee delivered its opinion on 24 March 1993.

The Council adopted its common position on 4 March 1994, the Danish, German and Netherlands delegations having voted against. The European Parliament voted its amendments during a second reading on 4 May 1994. The Council having initially been unable to approve one of the 19 European Parliament amendments, the President of the Council, in agreement with the President of the European Parliament, convened the Conciliation Committee which met three times (for the last time on 8 November 1994) to obtain an agreement between the two institutions.

The Council and the European Parliament finally adopted this Directive on 13 and 14 December respectively.

The object of the Directive is firstly to ensure a high level of environmental protection and secondly to guarantee the operation of the internal market.

The Directive provides for the adoption by Member States of measures giving first priority to the prevention of packaging waste and incorporating other basic principles such as the re-use of packaging, the recycling and recovery of packaging waste and hence a reduction in the waste reaching the final stage of disposal.

333. As regards prevention, Member States should ensure that the measures implemented consist, for example, of national programmes or of similar projects adopted, where appropriate, in consultation with all economic operators.

Regarding re-use, Member States could encourage the re-use of packaging which could be re-used in an environmentally sound manner, in compliance with the Treaty.

Regarding recovery and recycling, Member States should take the necessary steps to achieve, within a first five-year period starting from the Directive's entry into force, the following objectives:

- recovery: a minimum of 50% and a maximum of 65% by weight of packaging waste;
- recycling: a minimum of 25% and a maximum of 45% by weight of the totality of packaging materials contained in waste with a minimum of 15% for each material.

After a 10-year period, the Council should decide, on a proposal from the Commission, to substantially increase these percentages.

Temporary derogations would be granted under certain conditions to Greece, Ireland and Portugal because of their specific geographical situation and the low level of consumption in these countries in this area.

In addition, Member States which had put or would be putting in place programmes whose recovery and recycling targets exceeded those laid down, and which had the appropriate capacities to achieve them, would be authorized to pursue these targets in the interests of a high level of environmental protection, provided these measures did not lead to distortion of the internal market and did not prevent the other Member States from complying with the Directive. A procedure enabling the Commission to verify the conformity of the measures in question with the internal market, in cooperation with the Member States, is planned to that end.

Other provisions are also planned particularly with regard to the setting up of return, collection and recovery systems in order to meet the objectives laid down.

In addition, with regard to the composition of packaging, the text stipulates *inter alia* that three years from the Directive's adoption, Member States should ensure that packaging may be placed on the market only if it meets the essential requirements of the Directive.

Member States should comply with the Directive no later than 18 months after its adoption.

#### COUNCIL DIRECTIVE ON THE INCINERATION OF HAZARDOUS WASTE (LEGAL BASIS 130S(1))

334. This proposal was forwarded by the Commission on 23 March 1992 and was the subject of a European Parliament opinion on 10 March 1993 and of an Economic and Social Committee opinion on 22 October 1992. The amended proposal was forwarded on 22 June 1993.

On 11 July 1994 the Council adopted a common position which was rejected by the European Parliament on 17 November 1994. The Council confirmed its common position and adopted the Directive on 15 December.

This Directive, which forms part of Community strategy on the management of waste, supplements existing Community legislation on the incineration of municipal waste.

It provides for measures and procedures to prevent or, where that is not practicable, to reduce as far as possible negative effects on the environment, in particular the pollution of air, soil, surface and ground water, and the resulting risks to human health and, to that end, to set up and maintain appropriate operating conditions and emission limit values for hazardous waste incineration plants within the Community.

The Directive also lays down strict conditions for the discharge of waste water resulting from the cleaning of exhaust gases and introduces restrictions on the incineration of hazardous waste in plants not intended primarily for that purpose.

Before 31 December 2000, and in the light of experience acquired and technological developments, the Commission will propose revised limit values.

#### REGULATION ON SUBSTANCES THAT DEplete THE OZONE LAYER (LEGAL BASIS 130S(1))

335. On 3 August 1993 the Commission submitted a proposal on which the European Parliament and the Economic and Social Committee delivered their opinions on 9 February 1994 and 21 December 1993 respectively.

The Council adopted a common position on 27 July 1994. The European Parliament approved this common position during a second reading on 17 November 1994.

The Council adopted the Regulation on 15 December. The purpose of the Regulation is to supplement and render more systematic Community legislation in this area. In particular, it introduces the provisions needed to guarantee compliance with the commitments entered into by the parties to the Montreal Protocol under the second amendment to that Protocol (Copenhagen Amendment), and provisions on the recovery of regulated substances and the measures to be taken in order to prevent leakages of such substances. These features combine with the provisions of Regulation (EEC) No 594/91 as amended by Regulation (EEC) No 3952/92, which was cancelled, to form a single text.

The provisions adopted by the Council, particularly with regard to CFCs, HCFCs and methyl bromide, are more stringent than those laid down in the Copenhagen Amendment (second amendment to the Montreal Protocol).

For HCFCs, a ceiling for consumption is set, from 1 January 1995, of 2.6% of the calculated level of consumption of CFCs and HCFCs in 1989 and a timetable for reduction beginning in 2004 and leading to elimination in 2015.

For methyl bromide, a 25% reduction by 1998 is set as well as a ceiling for production and consumption set at 1991 levels by 1 January 1995 under the amendment to the Protocol.

COUNCIL REGULATION AMENDING FOR THE FIRST TIME ANNEX I TO  
COUNCIL REGULATION (EEC) NO 2455/92 CONCERNING THE EXPORT  
AND IMPORT OF CERTAIN DANGEROUS CHEMICALS (LEGAL  
BASIS: 130S(1))

336. This proposal was submitted on 26 March 1993. The European Parliament and the Economic and Social Committee delivered their opinions on 9 March 1994 and 30 June 1993 respectively.

The Council adopted its common position on 8 June 1994.

The opinion of the European Parliament was delivered during the second reading in November 1994.

The Council adopted this Regulation on 15 December 1994.

This Regulation updates the list of banned products or products reserved for certain uses by Community legislation. Thus, 15 substances or groups of substances were added to the list and the status of six substances already featuring in the Annex was changed (from: 'severely restricted' to 'banned').

COUNCIL DECISION ADOPTING A FOUR-YEAR PROGRAMME (1994-97)  
TO DEVELOP REGULAR OFFICIAL STATISTICS ON THE ENVIRONMENT  
(LEGAL BASIS 130S(1))

337. The proposal was submitted on 1 August 1990.

The amended Commission proposal was forwarded to the Council on 30 November 1992 following the opinions of the European Parliament (13 December 1991 and 11 February 1992). The Economic and Social Committee delivered its opinion on 19 September 1990.

The common position was adopted by the Council on 8 June 1994. The European Parliament approved the common position during the second reading on 26 October 1994 and the Council adopted this Decision on 15 December.

The Decision created an appropriate framework for developing official statistics on the environment, facilitating coordination between the European Environment Agency and existing Community structures, in particular the Statistical Office of the European Communities (Eurostat), which is responsible, together with the statistical services of the Member States, for implementing this statistical programme. The programme aims to give an adequate description of those aspects of human activities which affect the environment either negatively by the pressure exerted on the environment and on natural resources, or positively by the technical or economic measures taken by society to reduce these pressures and their effects and improve the condition of the environment.



## COUNCIL RESOLUTION ON THE PROTECTION OF GROUND WATER

338. On 4 October, the Council recorded agreement on the substance of this resolution which essentially defines the factors to be taken into account for the preparation of an action programme for ground-water protection and calls upon the Commission to submit such a programme before the end of the first half of 1995.

## COMMON POSITION ON THE COUNCIL DIRECTIVE AMENDING DIRECTIVE 86/662/EEC ON THE LIMITATION OF NOISE EMITTED BY EARTHMOVING MACHINERY (LEGAL BASIS 100A)

339. The Commission submitted this proposal for a Directive to the Council on 12 May 1993.

The European Parliament and the Economic and Social Committee delivered their opinions on 14 July 1993 and 22 September 1993 respectively.

The Council's common position adopted on 8 June 1994 provides for a two-stage reduction in the noise emitted by earthmoving machinery with a maximum power of 500 kW: during the first stage, from 30 December 1996 onwards, the current limit values are to be reduced by about 4dB; a further 3dB reduction will take place during the second stage, which commences on 30 December 2001.

As the start of the first stage does not coincide with the deadline set by Directive 86/662/EEC, provision is also made for extending the applicability of the current limit values and the period of validity of certificates granted under this Directive until 29 December 1996 and 29 December 1997 respectively.

The European Parliament adopted two amendments during a second reading on 16 November 1994. In order to avoid a situation in which no Community legislation was in force on the subject and bearing in mind the conciliation procedure taking place on this dossier, the representatives of the Member States meeting within the Council adopted on 15 December a statement to the effect that their authorities undertook to ensure compliance with the limit values currently applicable until such time as the measures transposing into national law the Directive amending Directive 86/662/EEC entered into force.

## PROPOSAL FOR A COUNCIL DIRECTIVE ON THE LANDFILL OF WASTE (LEGAL BASIS ARTICLE 130S(1))

340. This proposal was submitted on 23 April 1991. The European Parliament delivered its opinion on 28 October 1992. The Economic and Social Committee delivered its opinion on 27 November 1991. The amended proposal was forwarded to the Council on 10 June 1993.

A substantive agreement was reached on this matter, at the Council meeting on 8 and 9 June 1994, in favour of adopting a Framework Directive establishing, on the basis of the classification of wastes (hazardous, non-hazardous, inert) and of landfills, the

procedures for issuing waste acceptance permits, for control and monitoring in the operational phase and for landfill closure.

Certain types of waste would be excluded from landfills and certain provisions may not apply to small landfills situated in island and mountainous regions or regions of low population density, underground landfills or dredging waste sites. The development of detailed criteria of acceptance will be assigned to a technical committee.

The fixing of prices for the landfill of waste so that the cost of creating and operating landfills is passed on to users is encouraged.

Three technical annexes specify the factors to be taken into account for the siting of a landfill, the criteria governing the acceptance of waste for landfill, the measures and monitoring procedures to be carried out during the operational and after-care phases.

In its agreement on the substance, the Council adopted as legal basis Article 130s(1) in place of Article 100a proposed by the Commission, thus favouring environmental protection rather than the harmonization of technical standards in this area. The European Parliament was recently reconsulted on this change in the legal basis.

#### PROPOSAL FOR A COUNCIL DIRECTIVE ON THE DISPOSAL OF POLYCHLORINATED BIPHENYLS AND POLYCHLORINATED TERPHENYLS (PCBS/PCTS) (LEGAL BASIS 130S(1))

341. This proposal was forwarded on 3 November 1988. The European Parliament delivered its opinion 12 December 1990 and the Economic and Social Committee on 28 February 1989. Following these opinions, the Commission forwarded its amended proposal on 11 December 1991.

The purpose of the proposal is to reduce the risks to human health and to the environment of PCBs. To that end, the proposal aims to amend and replace Council Directive 76/403/EEC of 6 April 1976 on the disposal of PCBs. The proposal provides for the approximation of the laws of the Member States on the controlled disposal of PCBs and equipment contaminated by these substances (especially transformers and condensers).

The Community's efforts with regard to the processing of waste in this area, and the undertaking given by certain Member States, following the Conference on the Protection of the North Sea, to dispose of PCBs altogether at an early date, indicate how important it is to review this Directive which had also become obsolete as a result of the ban on the marketing of these substances and the progress made in disposal techniques.

Given the progress made in the meantime, thanks in particular to a Commission study on the disposal capacities of the Member States, the Council arrived at a political agreement on the enacting terms of this Directive on 15 December 1994.

The main features of the agreement are as follows:

- deadline for decontamination and/or disposal of equipment containing PCBs to be covered by an inventory: end of 2010, except for certain transformers with a PCB content of between 50 and 500 ppm (particles per million), which could be in service until the end of their useful life;
- volume of PCB for the purpose of compiling the inventory: over 5 dm<sup>3</sup>;
- possibility of several decontamination operations.

## **Council proceedings currently in progress**

### COMMUNITY STRATEGY CONCERNING CLIMATE CHANGE

342. At its meeting on 8 and 9 June 1994, the Council extended and defined the mandate of the High-Level Group as follows:

‘The Council expresses its appreciation for the work of the High-Level Group on CO<sub>2</sub>/energy tax, established by the Council on 24 and 25 March 1994.

The Council considers it necessary that the High-Level Group continue its work in accordance with the mandate of 24 and 25 March 1994. The Council notes the report from the High-Level Group and the comments subsequently submitted by Member States; it instructs the High-Level Group to take them into consideration in its future discussions and to report back on them to the forthcoming Councils.’

After intense discussions and in the light of the contributions of the Ecofin Council and of the Essen European Council on the fiscal aspects, the Council arrived at an agreement at its meeting on 15 and 16 December, defining an integrated strategy covering, *inter alia*, energy savings and the transport sector and acknowledging the role of fiscal measures in this area.

### PROPOSAL FOR A COUNCIL DIRECTIVE ON INTEGRATED POLLUTION PREVENTION AND CONTROL (LEGAL BASIS 130S(1))

343. The Commission submitted this proposal on 30 September 1993. Pending the opinion of the European Parliament, the proposal formed the subject of a policy debate during Council meetings on 24 and 25 March 1994 and on 4 October 1994. The Economic and Social Committee delivered its opinion on 27 April 1994.

This proposal for a Directive, which was in response to a priority laid down in the fifth action programme, is based on the principle of an integrated approach to emissions from industrial plant found in air, water and soil and provides for a Community definition of the best available techniques and the setting by Member States of emission limit values on the basis of environmental quality standards.

PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL CONCERNING THE PLACING ON THE MARKET OF BIOCIDAL PRODUCTS (LEGAL BASIS 100A)

344. The Commission submitted this proposal on 27 July 1993. The Economic and Social Committee delivered its opinion on 28 April 1994.

Pending the opinion of the European Parliament, the Council held a policy debate on the proposal at its meetings on 4 October and 15 December 1994.

The proposal seeks to harmonize the sometimes highly divergent national regulations that exist with regard to biocidal products with the aim of ensuring their free circulation and guaranteeing a high level of protection for human beings and the environment. To that end, the proposal aims to introduce firstly a procedure centralized at Community level for authorizing the active substances that can be used in producing biocides using a positive list (Annex I to the proposal) and secondly a decentralized procedure of national authorizations for each product together with a mutual recognition system.

Whilst protecting intellectual property rights, the proposal also aims to prevent repeated tests being carried out on vertebrate animals.

PROPOSAL FOR A REGULATION LAYING DOWN PROVISIONS WITH REGARD TO POSSESSION OF AND TRADE IN SPECIMENS OF SPECIES OF WILD FAUNA AND FLORA (LEGAL BASIS 100A AND 113)

345. This proposal was submitted to the Council on 18 September 1991. The European Parliament and Economic and Social Committee delivered their opinions in June 1993 and on 26 May 1992 respectively.

The amended Commission proposal was forwarded to the Council on 21 January 1994.

Conceived as a Framework Regulation and intended to replace Council Regulation (EEC) No 3626/82, this Regulation is designed to govern internal and external Community trade in specimens of species of wild fauna and flora. It deals with the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and covers the more stringent measures to be adopted by the Community.

It aims both to adapt Regulation (EEC) No 3626/82 to developments in the laws on trade in wild flora and fauna, to improve its structure and to harmonize national legislation in this area.

To that end, and while based on the provisions of Regulation (EEC) No 3626/82, this proposal comprises a system of four Annexes, linked by the degree of protection and surveillance required by the species, which can extend well beyond the scope of the annexes to the CITES.

Discussions at this stage essentially produced a simplified version of the proposal and a finalized version of the first three annexes.

The main questions outstanding concerned:

- the relevant legal basis (100a + 113) as proposed by the Commission, or 130s(1);
- the adoption of more stringent national measures;
- the type of provisions on controls (trade and/or possession).

## **International action**

**FOLLOW-UP TO THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (UNCED), RIO DE JANEIRO, JUNE 1992**

346. Regarding the two Conventions produced by the UNCED and to which the Community became party at the end of December 1993 — the Framework Convention on Climate Change and the Convention on Biological Diversity — this year has been essentially devoted, both inside the Council and within the various UNEP Negotiating Committees, to preparation of the first Conference of the Parties to these Conventions, with particular reference to the financial aspects and the implementation of the undertakings given therein.

Following these preparations, the Community played an active part in the first Conference of the Parties to the Convention on Biological Diversity which defines the practical conditions for the Convention's implementation.

### **OTHER CONVENTIONS OR INTERNATIONAL AGREEMENTS**

347. Among the numerous agreements or international conventions to which the Community is party and for which a Conference of the Parties was held in 1994 (Bonn Convention on the Conservation of Migratory Species, Washington Conference on International Trade in Endangered Species of Wild Fauna and Flora), mention should be made of the second Conference of the Parties to the Basle Convention on the Control of Transboundary Shipments of Hazardous Waste.

Regulation (EEC) No 259/93 ensures application of this Convention in the Community. At its meeting in March, held alongside the Conference of the Parties, the Council defined a position which enabled all of the Parties to decide to ban the export of hazardous waste from OECD countries to non-OECD countries; the ban would be immediate for waste intended for disposal and from 1997 onwards for waste intended for recovery.

### **MANDATES AUTHORIZING THE COMMISSION TO PARTICIPATE, ON THE COMMUNITY'S BEHALF, IN NEGOTIATIONS ON CONVENTIONS AND/OR PROTOCOLS**

348. Negotiation with third countries of agreements and arrangements concerning the supervision and control of shipments of waste into and out of the European Community.

## SIGNING BY THE COMMUNITY, SUBJECT TO SUBSEQUENT CONCLUSION, OF CONVENTIONS AND/OR PROTOCOLS

349. Convention on Cooperation for the Protection and Sustainable Use of the Danube

Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution, on further reduction of sulphur emissions (SO<sub>2</sub>)

Protocols to the Convention on the Protection of the Alps relating to:

- conservation of nature and the countryside;
- town and country planning and sustainable development;
- mountain farming and the rural environment;
- accession to the Convention of Monaco

## CONCLUSION OF ACCESSION TO CONVENTIONS BY THE COMMUNITY

350. Accession to the Convention on the Protection of the Marine Environment of the Baltic Sea Area (Helsinki Convention 1974):

Conclusion of the Convention on the Protection of the Marine Environment of the Baltic Sea Area (revised Helsinki Convention 1992):

Conclusion of the Convention on the Protection and Use of Transboundary Water (courses and international lakes).

## **G — Consumer protection**

351. In 1994, the Council held a meeting specifically devoted to Community policy on consumer protection and information. The meeting took place in Brussels on 17 May 1994.

### **Directives and other instruments adopted by the Council in 1994**

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL CONCERNING THE PROTECTION OF PURCHASERS IN RESPECT OF CERTAIN ASPECTS OF CONTRACTS RELATING TO THE PURCHASE OF THE RIGHT TO USE IMMOVABLE PROPERTIES ON A TIME-SHARE BASIS

352. This proposal is based on Article 100a of the Treaty and was submitted to the Council on 2 July 1992. The European Parliament delivered its opinions on 26 May and

14 July 1993 and the Economic and Social Committee delivered its opinion on 24 February 1993. The Commission forwarded its amended proposal on 7 October 1993.

The Council adopted its common position by qualified majority on 4 March 1994. Following conciliation with the European Parliament on 20 September 1994, the Directive was adopted on 28 September by the European Parliament and on 25 October by the Council by qualified majority, the Portuguese delegation having voted against, and the Netherlands delegation having abstained.

The purpose of this Directive is to approximate the laws, regulations and administrative provisions of the Member States on the protection of purchasers in respect of certain aspects of time-share contracts, i.e. information on the minimum constituent parts of a contract and the arrangements for communicating such information and also the procedures and arrangements for cancellation and withdrawal.

By comparison with the common position adopted by the Council, the principal amendments made by the Conciliation Committee to the Directive are as follows:

- an extension of the possibilities available to the consumer to withdraw:
  - the right of the consumer to withdraw without giving any reason within 10 days of signing the contract is no longer subject to conditions,
  - the list of information in the contract which, if omitted, gives the consumer the right to cancel the contract within three months has been amplified: for immovable property under construction at the time of signing, the contract must specify how far the work has progressed and give a reasonable date for its completion;
- a reduction in the time limit for transposing the Directive from 36 months to 30 months from the date of publication.

#### DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL INTRODUCING A COMMUNITY SYSTEM OF INFORMATION ON HOME AND LEISURE ACCIDENTS

353. The proposal, which essentially provides for an extension for the years 1994-97 of the Community system established by the Council Decision of 29 October 1993 for the year 1993, was forwarded to the Council on 7 March 1994. The opinion of the European Parliament was delivered on 5 April and that of the Economic and Social Committee on 27 April. The Council used the co-decision procedure to adopt its common position on 11 July 1994 by qualified majority.

As the Parliament confirmed the Council's common position on 26 October 1994, the decision was definitively adopted by qualified majority, the German and French delegations having voted against, on 31 October 1994.

This Decision is the first legislative act to be adopted on the basis of Article 129a recently introduced under Title XI (consumer protection) created by the Treaty on European Union.

The aim of the system is to collect data on home and leisure accidents with a view to promoting accident prevention, improving the safety of consumer products and informing and educating consumers so that they make better use of products both at national and at Community level.

The system applies to home and leisure accidents which are followed by medical treatment and which occur in the home or in its immediate surroundings.

The agreement stipulates that the basic information should be obtained from the casualty departments of hospitals selected by the Member States, except in Germany, Spain and Luxembourg, where the basic information will be collected by means of household surveys.

Provision is made for Community financial support, up to a ceiling, at a standard rate representing 80% of the actual annual costs, both for the hospitals taking part in data collection and for the household surveys. The amount of Community financing deemed necessary to implement the system is ECU 2.5 million per year.

## **Council proceedings currently in hand**

### **PROPOSAL FOR A COUNCIL DIRECTIVE ON THE PROTECTION OF CONSUMERS IN RESPECT OF DISTANCE CONTRACTS**

354. This proposal was submitted to the Council on 21 May 1992 and the amended proposal on 17 October 1993 following the opinion of the European Parliament, delivered on 26 May 1993. The Economic and Social Committee delivered its opinion on 24 November 1992.

The proposal, which was based on Article 100a, entails recourse to the co-decision procedure. It covers a fast-developing sector particularly with regard to the distance selling of services (intellectual services by computers, all kinds of advice by telephone, tele-shopping by television).

It is a very complex subject. The proposal, which affects the often very different national legislations of the Member States, provides in particular for consumer information and the consumer's right of withdrawal.

At its meeting on 17 May 1994, the Council held a detailed discussion of the proposal during which it managed to clarify some important points, particularly through the exclusion of financial services, which made it possible to contemplate the adoption of a common position at an early date.

### **PROPOSAL FOR A COUNCIL DIRECTIVE ON THE LIABILITY OF THE PERSON PROVIDING SERVICES**

355. The Commission informed the Council on 5 July 1994 that it had decided to withdraw this proposal.



## H — Civil protection

356. The 'Civil Protection' Council held a meeting in Luxembourg on 21 April 1994.

On 31 October 1994, the Council adopted a resolution on strengthening Community cooperation on civil protection.

The adoption of this resolution and the work leading up to it were in response to the need perceived by the Council to take stock of the progress made with Community cooperation in this area and of its perspectives, notably following the introduction, through Article 3(t) of the Treaty establishing the Community, of the possibility of measures in the sphere of civil protection.

The resolution records the main cooperation projects currently under way (operational coordination, exchange of experts, etc.) and presents guidelines for the future of such cooperation.



# Chapter VI

## External economic relations

### A — Enlargement

357. The negotiations for accession to the European Union, opened on 1 January 1993 with Austria, Sweden and Finland and on 5 April 1993 with Norway, were completed just over a year later, on 30 March 1994.

As the European Parliament delivered its assent on 4 May 1994, the European Council was able to sign the Treaty of Accession at its meeting in Corfu on 24 June.

All the ratification procedures were completed by 31 December 1994, except in the case of Norway, whose Government, following the negative result of the referendum held on 28 November, decided not to propose ratification of the Treaty of Accession to the Norwegian parliament. The Accession Treaty accordingly entered into force on 1 January 1995 for Austria, Finland and Sweden.

In order to take into account the fact that Norway had not acceded, at its meeting on 19 December the Council recorded its political agreement to the texts adapting the instruments relating to the accession of new Member States to the European Union.<sup>1</sup>

358. In accordance with the conclusions of 4 October 1993 adopted by the Council on the basis of the Commission's opinions on the applications for accession from Cyprus and Malta,<sup>2</sup> the Commission held substantive discussions with the Cypriot Government to help it to prepare for the accession negotiations under the best possible conditions. The Commission also opened an in-depth dialogue with the Maltese Government so as to define by common agreement the content and timetable for the priority reforms to be implemented.

Negotiations were also opened with those two countries for the conclusion of a fourth Financial Protocol, intended among other things to support the efforts they were making

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<sup>1</sup> Those various texts were formalized by the 15 members of Council of the European Union which, on 1 January 1995, adopted the Decision adapting the instruments relating to the accession of new Member States to the European Union (OJ L 1, 1.1.1995), the Decision fixing the order in which the Presidency rotates (OJ L 1, 1.1.1995) and the Decision amending the Council Decision of 29 March 1994 concerning Council voting by qualified majority (OJ C 1, 1.1.1995).

<sup>2</sup> See 41st Review, paragraph 275.

towards their integration into the European Union. The Directives for those negotiations were adopted by the Council at its meeting on 13 and 14 June.

At its meeting in Corfu (24 and 25 June), the European Council welcomed the significant progress made regarding the application by Cyprus and Malta to the European Union and considered that an essential stage in the preparation process could be regarded as completed. It asked the Council and the Commission to do their utmost to ensure that the negotiations with Malta and Cyprus with a view to the conclusion of the fourth Financial Protocols, intended in particular to support the efforts of Malta and Cyprus towards integration into the European Union, were brought to a rapid conclusion.

In the course of 1994, the Commission kept the Council regularly informed of progress in the work being done in Malta and Cyprus. At its meeting on 31 October the Council noted that the Commission would be submitting reports on both countries at the beginning of 1995.

The Essen European Council (9 and 10 December) confirmed that the next enlargement of the European Union would involve Cyprus and Malta and invited the Council to examine in early 1995 new reports to be presented by the Commission.

## **B — European Economic Area**

### **Agreement on the European Economic Area (EEA)**

359. From the entry into force of the Agreement on the EEA on 1 January 1994, the institutions set up under the Agreement began to operate regularly and effectively.

#### EEA COUNCIL

360. The EEA Council, which among other things is responsible for providing the political impetus for implementing the EEA Agreement and defining the general guidelines for the EEA Joint Committee, held two meetings in 1994, on 17 May and 20 December.

At its first meeting, the EEA Council adopted its Rules of Procedure<sup>1</sup> and assessed the overall functioning and development of the EEA Agreement, including the prospects for participation by Liechtenstein. In that connection it emphasized the important role of the EEA Agreement in the process of European integration and firmly supported the EEA Joint Committee in its efforts to continue the development of the EEA Agreement in parallel with the rules of the European Union's internal market.

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<sup>1</sup> OJ L 138, 2.6.1994.

At its second meeting, held in Brussels on 20 December, the EEA Council applied itself to the question of the functioning and development of the EEA following the accession of Austria, Finland and Sweden to the European Union. In that connection the EEA Council also examined the question of the entry into force of the EEA Agreement for Liechtenstein.

Following its discussion of these matters, the EEA Council reaffirmed its commitment to the EEA Agreement and its institutional structure as the viable basis for dynamic and homogenous relations between Iceland, the principality of Liechtenstein, Norway and the European Union.

On the question of the entry into force of the EEA Agreement for Liechtenstein, the EEA Council:

- noted the amendments that Liechtenstein and Switzerland had agreed to make to their customs treaty in order to enable Liechtenstein to be a party to the EEA Agreement;
- gave its political agreement to the main adjustments to be made to the protocols and annexes to the EEA Agreement for the purpose of its application to Liechtenstein;
- concluded on that basis that the condition set out in Article 121(b) of the EEA Agreement, namely that the good functioning of the EEA Agreement must not be impaired by the regional union between Liechtenstein and Switzerland, had been fulfilled;
- agreed that the formal decision of the EEA Council on the entry into force of the EEA Agreement for Liechtenstein would be adopted as soon as possible in early 1995; that decision should enter into force on 1 May 1995 provided that the amendments to the customs treaty between Liechtenstein and Switzerland had entered into force by then.

## EEA JOINT COMMITTEE

361. The EEA Joint Committee has extensive decision-making powers which enable it to amend all the annexes to the EEA Agreement, and Protocols 1 to 7, 9, 10, 11, 19 to 27, 30, 31, 32, 37, 39, 41 and 47 to the Agreement (Article 98 of the EEA Agreement). Decisions of the EEA Joint Committee concern essentially the extension to the EEA of acts of Community legislation governing the Community's internal market, and the involvement of the EFTA States in the various policies of the Community covered by the EEA Agreement.

Apart from its decision-making function, the EEA Joint Committee is also the forum within which views and information are exchanged under the information and consultation procedure, in accordance with Article 99 of the EEA Agreement, in the phase preceding adoption of a Community act.

The Joint Committee held 14 meetings during 1994, in the course of which it dealt with a multitude of topics and adopted 44 decisions.

Among those decisions particular mention should be made of Decision 7/94 of the EEA Joint Committee of 21 March 1994, by which the so-called 'interim' *acquis communautaire* was incorporated into the EEA Agreement.<sup>1</sup> This involved approximately 400 acts of Community legislation which had been adopted between 1 August 1991 (the cut-off date set during the negotiations on the EEA Agreement for incorporation of such acts into the Agreement) and 1 January 1994 (the date on which the EEA Agreement entered into force). The adoption of this Decision had been regarded by all concerned as a priority, because without it the homogeneity of the EEA was incomplete. It entered into force on 1 July 1994.

However, it will be noted that a number of acts of Community legislation belonging to the 'interim acquis' were not incorporated into the EEA Agreement under the previously-mentioned decision of the EEA Joint Committee. These comprised a small number of acts which, because they had been adopted in the final days of 1993, there had been no time to examine in detail within the deadline imposed by the need for rapid adoption of Decision 7/94. However, those acts were subsequently incorporated by Decision 12/94 of the EEA Joint Committee of 28 September 1994.<sup>2</sup> Likewise, Regulation (EEC) No 3577/92 on maritime cabotage was not incorporated into the EEA Agreement by Decision 7/94 of the EEA Joint Committee. The question of its incorporation was to be reconsidered by the EEA Joint Committee in the light of the report on implementation of the Regulation in the Community, which the Commission was required to submit to the Council before 1 January 1995. The Commission report was also to take into account the implications of extension of the Regulation to the EEA.

#### EEA JOINT PARLIAMENTARY COMMITTEE

362. The role of the EEA Joint Parliamentary Committee is essentially that of a parliamentary forum intended to contribute, through dialogue and debate, to a better understanding between the Community and the EFTA States. For that purpose it may express its views in the form of reports or resolutions, as appropriate. In particular it examines the EEA Joint Committee's annual report on the functioning and development of the EEA Agreement (Article 95 of the EEA Agreement).

At its inaugural meeting on 24 and 25 January 1994, the EEA Joint Parliamentary Committee adopted a statement in which it pointed out that the EEA constituted the largest area for trade and economic cooperation in the world, that the EEA had a major role to play in combating the economic crisis in Europe and in contributing to sustained economic growth. With that in mind, it called for the conclusions of the European Council of December 1993 on growth, competitiveness and employment to be implemented rapidly.

At its second meeting, held in Helsinki on 26 and 27 April, the EEA Joint Parliamentary Committee examined the functioning of the EEA and adopted recommendations on the four freedoms, competition policy and horizontal policies and flanking measures.<sup>3</sup>

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<sup>1</sup> OJ L 160, 28. 6.1994.

<sup>2</sup> OJ L 292, 12.11.1994.

<sup>3</sup> OJ L 247, 22.9.1994.

At its third meeting, held in Brussels on 13 October, it discussed the future of the EEA following the enlargement of the European Union. It also received reports from its members of trans-European networks, State aids policy and social policy and adopted recommendations on the first and third of those subjects.

#### EEA CONSULTATIVE COMMITTEE

363. The EEA Consultative Committee, which held two meetings in 1994, dealt mainly with the subjects of growth, competitiveness and employment raised in the Commission's White Paper and, at its second meeting, adopted a resolution on that subject (OJ C 271, 29.9.1994, p. 19). In that resolution the Committee emphasized the pressing need to find a solution to the problem of structural unemployment confronting the countries of Europe.

### **Bilateral agreements between the Community and certain EFTA States negotiated in the context of the EEA**

364. In the framework of the negotiations which led to the signature in Porto, on 2 May 1992, of the Agreement on the EEA, bilateral agreements relating to certain arrangements in the field of agriculture were signed between the Community and Austria, Finland, Iceland, Norway and Sweden.<sup>1</sup> Those agreements, which applied provisionally from 15 April 1993 until the end of 1993, entered into force definitively on 1 January 1994, i.e. simultaneously with the EEA Agreement.<sup>2</sup> In order to carry out the undertakings entered into by the Community under those agreements, on 14 February 1994 the Council adopted Regulation (EC) No 369/94 opening and providing for the administration of Community tariff quotas for certain agricultural and fishery products originating in Austria, Norway and Sweden.<sup>3</sup>

Also in the framework of negotiations on the EEA, bilateral fisheries agreements were concluded between the Community and Iceland, Norway and Sweden (OJ L 346, 31.12.1993, pp. 19, 25 and 30 respectively). In order to allocate the fisheries quotas obtained under those agreements between the Member States, the Council adopted Regulations (EC) Nos 859/94 and 1092/94.<sup>4</sup>

### **Regulation concerning arrangements for implementing the Agreement on the EEA**

365. At its meeting on 28 November the Council, having obtained the assent of the European Parliament pursuant to Article 238 of the EC Treaty, adopted the Regulation concerning arrangements for implementing the Agreement on the EEA.<sup>5</sup>

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<sup>1</sup> OJ L 109, 1.5.1993.

<sup>2</sup> OJ L 346, 31.12.1993.

<sup>3</sup> OJ L 48, 19.2.1994.

<sup>4</sup> OJ L 99, 19.4.1994 and OJ L 121, 12.5.1994.

<sup>5</sup> OJ L 305, 31.11.1994.

The purpose of that Regulation is to make possible the effective implementation of various provisions of the EEA Agreement and for that purpose lays down the arrangements for implementing that Agreement within the Community. A simple, effective procedure has been introduced for determining the Community position on decisions of the EEA Council and the EEA Joint Committee. In the case of decisions of the Committee, as a general rule it will be up to the Commission to adopt the Community's position, in all cases where decisions of the EEA Joint Committee simply extend acts of Community legislation to the EEA. However, for decisions of the EEA Joint Committee which extend such acts to the EEA and in so doing introduce changes thereto, it will be for the Council to approve them, acting by the majority laid down in the EC Treaty provision adopted as the legal basis of the Community act in question. The Council will also be competent to approve decisions of the EEA Joint Committee which do not entail the extension of acts of Community legislation to the EEA. In actual fact these will be decisions of the EEA Joint Committee that enable EFTA States to participate in the various Community programmes. Lastly, decisions of the EEA Council must be approved by the Council, as a general rule acting unanimously.

The adoption of the Regulation implementing the Agreement on the EEA also rendered possible the effective implementation of the part of the EEA Agreement relating to the financial mechanism (Part VIII of the Agreement). The Regulation effectively provided the legal basis for the Commission to take a decision on the allocation between the beneficiary regions of the Member States of the overall financial assistance provided for under the financial mechanism (Article 8).

## **C — Commercial policy**

### **Uruguay Round**

366. In the field of multilateral trade relations, the major event of 1994 was the signing in Marrakesh, Morocco, on 15 April 1994, of the final act embodying the results of the Uruguay Round. That event was hailed the world over as a historical act of major political and economic importance. The signing was preceded by intensive preparations to settle the final outstanding questions following the Conference held in December 1993. After the signing, the main concern was to ensure that the results could be rapidly implemented.

367. Following the conference concluding the negotiations, held in December 1993, there remained a certain amount of unfinished business. Between January and the end of March 1994 substantive solutions were found and procedures finalized for the subsequent continuation of discussions.

One substantive issue was the finalization and verification of the lists of commitments to liberalize certain services. The final lists of tariff concessions, in particular that of the European Union, underwent last-minute improvements or adjustments. The partici-



pants also checked the negotiated texts for technical accuracy and legal consistency, in the three languages of the GATT.

In the case of procedures, negotiating groups were set up to continue and complete the negotiations in certain service sectors (maritime transport, basic telecommunications and financial services) after the entry into being of the WTO.

Lastly, talks were held on the possible interaction between world trade and other aspects of economic and social life, such as the environment, competition and working conditions. On trade and the environment the participants reached agreement on a structure and work programme for the next few years in the WTO framework. For other new subjects, particularly social aspects, the talks revealed divisions both within the industrialized countries, including those in the European Union, and with the developing countries, on whether or not to seek multilateral solutions within the WTO context. It was nevertheless agreed to give further consideration to suggestions from a number of countries to include additional subjects in the WTO's work programme.

368. The General Affairs Council was closely involved in the preparations for the ministerial meeting in Marrakesh and at every meeting it was given a detailed report by the Commission on the progress of the discussions in Geneva, after which it gave the Commission directions for finalizing the talks. The Article 113 Committee, both in Brussels and in Geneva, assisted the Commission in its conduct of the negotiations throughout the process.

At its meeting on 7 and 8 March the General Affairs Council decided, subject to verification of the final texts and subject to approval, to sign the agreements negotiated. It authorized the President of the Council and Sir Leon Brittan, Member of the Commission, to sign on behalf of the Council of the European Union the final act of the Uruguay Round and the Agreement establishing the WTO. At the same time the representatives of the Governments of the Member States also agreed to sign the acts on behalf of their Governments.

The dialogue between the Commission and the Member States was continued in Marrakesh, in order to take stock of the final preparations prior to signature and to discuss the continuation of proceedings following signature. In that connection the General Affairs Council, assisted by the Article 113 Committee, held a meeting in Marrakesh on 15 April at which it took note of the positions of the governments of the Member States on the subject of bananas, and of a statement by the Commission to the effect that it would submit a single proposal for a Community act for the internal decisions of Community law to be adopted to implement the results of the Uruguay Round. The Council also decided, subject to verification of the final text and approval, to sign the GATT Agreement on Government Procurement negotiated in parallel with the Uruguay Round negotiations. It was decided that that Agreement would be signed in Marrakesh by both the Community and its Member States.

369. The signing of the Agreements resulting from the Uruguay Round negotiations reflects the determination at political level of all the countries involved to commit their policies to a multilateral trade system which is open, but governed by specific rules and disciplines. In the case of the European Union it represents a genuine collective

agreement under which the States undertake to cooperate closely and to accept the primacy of multilateral law. This achievement is consistent with the European Union's own aspirations: contractual multilateral cooperation is the surest defence against protectionism and unilateral action. In economic terms, the agreements signed represent an unprecedented qualitative advance. Without entering into the details of the Agreements,<sup>1</sup> the opening-up of markets resulting from substantial reductions in customs duties, the gradual reintegration of the textiles sector into the strengthened trading system, the commitments to reduce support and agricultural subsidies, the new codes for conditions of competition (anti-dumping, industrial subsidies), the framework agreement and the commitments to liberalization of services, and the provisions to increase protection of intellectual property, should make a dynamic and lasting impression on the development of trade.

The new system for dispute settlement with quasi-judicial status, the task of which is to ensure that multilateral law prevails in conditions of impartiality constitutes, for the European Union, the cornerstone of the new World Trade Organization. The establishment of this new organization, the initiative for which came from the European Union, represents an innovation of substantial importance. The WTO will be responsible for ensuring that the results of the Uruguay Round are implemented coherently and in full and its status will be sufficiently established for it to cooperate more closely and more effectively with the international institutions that came out of Bretton Woods. It will also be the forum for periodical negotiations to adjust the multilateral trading system to the evolving economy.

The achievements at economic level correspond very broadly to the European Union's objectives, although the European Union would have liked to see more far-reaching results including, for example, greater opening-up of the markets of certain third countries, in particular in the textiles field, substantial liberalization of maritime transport services (which occupy an important place in the economies of several Member States) and the drafting of a new code for trade in civil aircraft. However, the European Union can now pursue its objectives in respect of these unfinished aspects within the framework of the WTO structure and the negotiating groups set up in Marrakesh in certain service fields.

Taking stock of these negotiations, the European Council in Corfu on 24 and 25 June welcomed the successful conclusion of the Uruguay Round negotiations and said that the new international climate that had been created could provide effective support for economic recovery and job creation.

370. After the signing, the European Union considered it to be of the greatest importance, for both political and economic reasons, that the Agreements should enter into force on 1 January 1995 so that economic operators could begin to benefit from the advantages and opportunities which they offered. The need to keep to that date was underlined by the European Council in Corfu and again by the General Affairs Council

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<sup>1</sup> The GATT Secretariat and the Commission have published brochures on the content of the Agreements.

on 4 October: the European Union expected third countries, in particular its main trading partners including the United States, to act with the same determination and to be ready by that date.

In order to keep to that date, the European Union took action on two fronts, both to step up work at multilateral level on drafting the decisions required to render the WTO operational by the set date and to accelerate the internal procedures for ratification of the agreements and to adopt the internal legislation in time to comply with the commitments entered into.

371. At external multilateral level, the Ministerial Conference in Marrakesh set up a Preparatory Committee, assisted by sub-committees, to deal with administrative, budgetary, financial, institutional, legal and procedural matters in order to render the WTO fully operational. That Committee was also given the task of convening and preparing the Implementing Conference which would have to decide that the conditions had been met for the WTO's entry into being. The European Union contributed actively and constructively to the preparation of the different texts discussed in the Committee and the subcommittees, to be submitted for formal adoption to the competent WTO bodies.

In parallel with that work, the negotiating groups provided for in certain service sectors began their discussions, which will be continued in 1995. As part of that work the European Union continued to promote the objectives it had previously defined, while reserving the right to clarify, amplify or amend them in the light of the negotiations. In the continued negotiations for a new agreement on trade in civil aircraft and a multilateral agreement on steel, talks in Geneva in the course of 1994 revealed the deep divergences that remained between the participants, making it impossible to advance further on these dossiers, discussions on which will be continued in 1995. In particular, the European Union remains very keen for a new agreement on trade in civil aircraft to be negotiated that would multilateralize the bilateral agreement between the European Union and the United States and extend the scope of the present code.

372. The process of ratification by the European Union was marked by the need to clarify the implications of the agreements for the distribution of competence between the Community and its Member States. The extension of multilateral activities to services and intellectual property raised the question of whether the matters in question fell within the exclusive competence of the Community (as the Commission argued) or were covered by joint competence involving the maintenance of national competence (as the Council argued), while both institutions agreed that it was necessary to request the assent of the European Parliament under the new procedures established by Article 228 of the Maastricht Treaty.

The Commission took the initiative, in April 1994, of requesting the Court of Justice for its opinion on the question of competence, and in the same month forwarded to the Council a proposal for a Decision concerning the conclusion of the Uruguay Round. As the Commission proposal was based on the assumption that the Community had exclusive competence, there were problems within the Council which maintained its position that competence would be shared, with the implications for the legal bases to be used. After an initial inconclusive attempt in the spring of 1994 to define the precise

list of the legal bases to be used and after similarly inconclusive efforts between then and September to arrive at a political solution based on a general code of conduct,<sup>1</sup> one element of which would have been the withdrawal by the Commission of its request for the Court of Justice's opinion, the General Affairs Council decided on 4 October 1994 that any further delay could jeopardize the European Union's ability to ratify the agreements by 1 January 1995. It therefore unanimously decided to amend the Commission proposal, in line with the thesis propounded by the Member States, so that the resulting draft decision could be forwarded to the European Parliament immediately for its assent, and to consult the Economic and Social Committee also. The Court of Justice delivered its opinion on 15 November and concluded that the Community had sole competence, under Article 113 of the EC Treaty, to conclude multilateral agreements relating to trade in goods but that competence to conclude the agreement on services and the agreement on the protection of intellectual property was shared between the Community and its Member States, thus vindicating the line taken by the Council.

373. Early in October, the Commission submitted to the Council a series of proposals to adapt Community legislation or to adopt new legislation. Those proposals formed a single package in line with the undertaking given by the Commission at the General Affairs Council meeting in Marrakesh on 15 April. At the end of October, the Council, adopting a different legal approach from that taken by the Commission, forwarded the proposals to the European Parliament for its opinion, which was delivered on 14 December.

After receiving the European Parliament's opinions, and its assent on the draft concluding Decision, also delivered on 14 December, the Council approved an overall political package concerning the conclusion and the implementation of the Uruguay Round agreements at its meeting on 19 and 20 December. Those texts were formally adopted by the Council on 22 December and the Community and its Member States were able to deposit their instruments of ratification with the Director-General of the GATT on 30 December.

374. The WTO Implementation Conference, held in Geneva on 8 December, established that the conditions had been met for the new World Trade Organization to enter into being as scheduled on 1 January 1995. One of the WTO's first tasks would be to designate the person to be appointed Director-General. The Essen European Council confirmed its support for the European candidature of Mr Renato Ruggiero.

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<sup>1</sup> It should be noted that in order to enable the European Union to participate fully in the continuing negotiations in certain service sectors, the Council, at its meeting on 16 and 17 May 1994, approved a code of conduct in this specific field, between the Council, the Commission and the Member States, enabling the Commission to continue to negotiate on behalf of the Community and its Member States and laying down certain rules for cooperation between the Commission and the Member States.

## Commercial policy instruments

375. Further to the political agreement reached on 15 December 1993 concerning the strengthening of the Community's trade policy instruments, the Council, at its meeting on 7 and 8 March, adopted Regulations concerning:

- common rules for imports;
- the streamlining of decision-making procedures for certain instruments of commercial defence;
- common rules for imports of textile products from certain third countries not covered by bilateral agreements, protocols or other arrangements, or by other specific Community import rules;
- establishing a Community procedure for the administration of quantitative quotas;
- the introduction of time limits for investigation procedures carried out against dumped or subsidized imports from countries not members of the European Community.

At the same time, the Council adopted a Decision on the date of entry into force (15 March 1994) of the transfer to the Court of First Instance of the Court's jurisdiction in matters relating to measures to protect trade in the case of dumping and subsidies.

Finally, the Council was called upon to approve some 30 measures relating to anti-dumping action during the course of 1994.

## Sectoral issues

### TEXTILES

376. At its meeting on 8 December the Council adopted a Regulation amending Regulation (EEC) No 636/82 regarding outward processing traffic.

This Regulation introduces the changes considered necessary by the Council and the Commission to bring the outward processing traffic (OPT) arrangements into line with the single market. In effect this involves introducing Community management of textile and clothing OPT quotas in order to guarantee the uniform application of certain criteria by all Member States and to harmonize the implementation of Regulation (EEC) No 636/82.

The Regulation also translates into legal form the tariff concessions decided by the Copenhagen European Council in favour of Eastern and Central European countries (duty-free import of OPT products).

At its meeting on 31 October, the Council agreed on the directives to be given to the Commission with a view to the renegotiation of more than 50 bilateral agreements in

connection with enlargement. A large majority of the negotiations had been concluded by 31 December.

Finally, in the context of the implementation of the Uruguay Round, on 22 December the Council approved the amendments to the relevant Community legislation in the textiles field (Regulations (EEC) Nos 3030/93 and 518/94).

#### OECD: SHIPBUILDING

377. At its meeting on 19 and 20 December the Council approved the results of the negotiations for an OECD Agreement which eliminates injurious competition, introduces an international discipline concerning aids and provides the means to fight against the unfair pricing practices of the Union's major competitors, namely Japan and Korea.

The agreement will enter into force on 1 January 1996 following ratification by all the parties (US, Japan, Korea, Sweden, Norway, Finland and the Community). It may be reviewed three years after entry into force.

The agreement lists all prohibited forms of support in the sector. It introduces the rules to apply in respect of direct and indirect aids including those in the field of export credits. However, fishing vessels for national (or Community) fleets and military vessels are excluded from the scope of these rules. Finally, the agreement sets up, for the first time, an instrument to fight against injurious pricing practices.

#### STEEL

378. In the multilateral context, the Community continued to participate constructively in the negotiations aimed at obtaining a multilateral agreement on steel.

##### On the bilateral level

- a number of adjustments were made to the administration of the tariff quotas for certain steel products originating in the Czech and Slovak Republics, in order to overcome difficulties which had emerged in the management of the quotas, and to take account of the impending accession of the three new Member States to the European Union;
- the autonomous quotas applied to certain steel products originating in the former USSR were extended in two stages to cover 1994;
- the Council, at its meeting on 13 and 14 June, authorized the Commission to negotiate bilateral agreements with Russia, Ukraine and Kazakhstan regarding the imports into the Union of certain steel products.

The Commission was able to conclude negotiations with both Russia and Ukraine shortly before the end of 1994.

## **Export controls on dual-use goods**

379. Following preparatory work lasting approximately two years, at its meeting on 13 and 14 June the Council reached agreement in principle on Community legislation on export controls on dual-use goods, i.e. goods which normally have a civilian use but which could also be used for military purposes.

The legislation was adopted by the Council on 19 December<sup>1</sup> after legal and linguistic finalization of the texts. It comprises two distinct legal acts which form an integrated system, and will apply as from 1 March 1995:

- a Regulation setting up a Community regime for the control of exports of dual-use goods;
- a Decision on a joint action, adopted on the basis of Article J.3 of the Treaty on European Union, concerning the control of exports of dual-use goods.

The joint lists of dual-use goods are contained in the Decision on the joint action, as they are covered by the foreign and security policy. The Regulation concerns in particular procedures for authorizing exports, customs procedures, administrative co-operation and control measures. The aim is to set up a common system for the control of exports to third countries, while preserving the free movement of such goods within the internal market. It should, however, be noted that particularly for certain especially sensitive goods, some forms of control on intra-Community trade will remain for a transitional period; however this will not result in systematic controls at borders.

## **External relations**

380. On 19 December, the Council decided that in future decisions taken by bodies set up under cooperation or association agreements vested with powers of decision would be published in the Official Journal.

By so doing, the Council hopes to contribute to the legal safety of persons who may be affected by such decisions which may have direct affect and be relied upon in judicial proceedings.

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<sup>1</sup> OJ L 367, 31.12.1994.

## **D — Bilateral relations with the EFTA States**

### **Free Trade Agreements with Austria, Finland, Iceland, Norway and Sweden**

381. As from the entry into force of the Agreement on the European Economic Area (EEA), which provided a multilateral framework for the development of the European Union's relations with Austria, Finland, Iceland, Norway and Sweden, the scope of the previously-concluded Free Trade Agreements between the Community and each of those countries was considerably reduced. As the provisions of the Agreement on the EEA prevail over those of the Free Trade Agreements to the extent the same subject-matter is involved (see Article 120 of the EEA), the Free Trade Agreements applied as from 1 January 1994 only to products covered by Protocol No 2 to those Agreements (processed agricultural products) and to products excluded from the scope of the EEA Agreement under Protocol No 2 thereto.

At its meeting on 4 March, the Council approved Decisions No 1/94 of the EC-Austria, EC-Finland, EC-Iceland, EC-Norway and EC-Sweden Joint Committees amending Protocol 3 to the Free Trade Agreements concerning the definition of the concept of 'originating products' and methods of administrative cooperation.<sup>1</sup> The purpose of the Decisions was to ensure, in so far as the Free Trade Agreements remained applicable, that the system of diagonal cumulation provided for in those Agreements was continued, even after the EEA Agreement entered into force. That system would be affected by the entry into force of the EEA Agreement, since the rules of origin contained in that Agreement are based on a full cumulation of processes within the EEA resulting in the definition of a single concept of 'EEA origin'.

382. Regarding more specifically the Free Trade Agreement with Austria, the Council, at its meeting on 7 February, adopted Regulation (EC) No 318/94 repealing Regulation (EC) No 317/94 withdrawing tariff concessions in accordance with the provisions of Articles 23(2) and 27(3)(a) of the Free Trade Agreement concluded between the Community and Austria.<sup>2</sup>

Under Regulation (EC) No 317/94 of 20 December 1993, the Council reintroduced a 14% duty on television sets produced by Grundig Austria GmbH, in order to remedy the distortion of competition and the effect on trade between the Community and Austria which arose from the aid granted by the City Council of Vienna in May 1991 and June 1992 towards investment at the factory making the television sets. It was decided to repeal that Regulation following the partial repayment (67 million schillings) of that

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<sup>1</sup> OJ L 204, 6.8.1994.

<sup>2</sup> OJ L 41, 12. 2.1994.



aid by Grundia Austria GmbH to the City of Vienna, the sum repaid being the amount of aid deemed incompatible with Article 23 of the Free Trade Agreement.

## Relations with Switzerland

### FREE TRADE AGREEMENT

383. In view of the outcome of the referendum on the EEA held in Switzerland on 6 December 1992, the European Union's relations with that country had to be based on bilateral instruments, and in particular on the 1972 Free Trade Agreement.

In order to maintain the liberalization achieved in trade between Member States of the EEA and Switzerland before the entry into force of the Agreement on the EEA, a feature of which was the possibility of 'diagonal cumulation', amendments had to be made to the Free Trade Agreement between the Community and Switzerland, the Agreement on the EEA and the Stockholm Convention setting up EFTA. The first of those amendments was made by Decision No 1/94 of the EC-Switzerland Joint Committee of 6 April 1994.<sup>1</sup> The second was made by Decision No 6/94 of the EEA Joint Committee of 8 March 1994.<sup>2</sup>

In order to implement the undertakings entered into by the Community under the Agreements in the form of Exchanges of Letters concluded with Switzerland in 1986 concerning agriculture and fisheries (OJ L 328 of 22.11.1986, p. 98), on 24 January the Council adopted Regulation (EC) No 218/94 opening and providing for the administration of a Community tariff quota for table cherries originating in Switzerland.<sup>3</sup>

### NEGOTIATION OF NEW BILATERAL SECTORAL AGREEMENTS

384. At its meetings on 8 and 9 November 1993 and 16 and 17 May 1994, the Council discussed the development of the European Union's relations with Switzerland following Switzerland's decision not to participate in the European Economic Area. The approach on this subject defined by the Council took account of the position adopted by the Swiss Federal Council on Switzerland's future European policy. The Swiss Government's policy on the subject is based on the desire to keep all options open in order to ensure active, close cooperation with the Community which, depending on the way in which the situation developed, could include participation in the EEA and accession to the European Union. However, in view of the Swiss people's rejection of participation in the EEA, for the immediate future the Swiss Government wished to develop bilateral relations with the Community.

Mindful of the close and mutually beneficial ties which had traditionally existed between the Community and Switzerland, the Council for its part confirmed the

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<sup>1</sup> OJ L 204, 6. 8.1994.

<sup>2</sup> OJ L 95, 14. 4.1994.

<sup>3</sup> OJ L 28, 2. 2.1994.

importance which the Council also attached to developing cooperation with Switzerland in both parties' interest and to their mutual advantage. The Council therefore expressed the Community's wish to negotiate with Switzerland new sectoral agreements on the basis of an overall balance of reciprocal advantages, and at the same time to develop the Free Trade Agreement. The following areas were regarded as having priority initially: transport, free movement of persons, research, market access for agricultural products, technical barriers to trade and access to public contracts. In that context, the Council drew particular attention to the following:

- the Community's aim should be to reach a balance of mutual advantages within each sectoral agreement and between the different agreements;
- it intended to ensure, where necessary, a suitable parallelism between the various sectoral agreements.

At its meeting on 31 October, the Council authorized the Commission to open sectoral negotiations with Switzerland in the abovementioned fields, with the exception of transport. In that field, the Council set itself the aim of adopting negotiating directives in March 1995.

385. The future agreement on free movement of persons should provide for the implementation of the entire Community *acquis* in this area; this included provisions for free movement of workers, the right of establishment, the right to provide services, the mutual recognition of diplomas, the coordination of social security schemes, and the right of residence for students, pensioners and other non-active persons. Switzerland should therefore adopt legislation equivalent to Community legislation in these areas. The agreement would be concluded for an initial period of seven years with the possibility of tacit renewal unless one of the parties decided otherwise.

The future scientific and technological cooperation agreement should enable Switzerland to participate in the fourth Community framework programme (1994-98) and the Community framework programme on nuclear research and training (1994-98) and also enable research bodies from the Communities to take part in Swiss research activities. The agreement would be under the mantle of the Framework Agreement for scientific and technical cooperation concluded between the European Communities and Switzerland in 1987.

The aim of the future agreement on agricultural trade is the broadest possible liberalization of trade in agricultural products by means of the removal or reduction of tariff and non-tariff barriers still affecting trade with Switzerland. In certain sectors, the Community could propose total and reciprocal liberalization of trade. The agreement should incorporate, and if possible improve, the agricultural concessions which were provided for in the draft bilateral agreement negotiated in the context of the EEA. It should also make provision for improved conditions of access to the Swiss market for a series of products not covered by that draft bilateral agreement. The agreement would be concluded for an initial period of seven years with the possibility of tacit renewal unless one of the parties decided otherwise.

386. The aim of the future agreement on mutual recognition in relation to conformity assessment is to facilitate trade between the Community and Switzerland through the mutual recognition of certificates, marks of conformity and reports drawn up and issued directly by the bodies designated in the agreement. Under the agreement, it would therefore be possible for bodies notified by the Member States to certify conformity of Community products with Swiss requirements. Similarly, Switzerland would be able to assess the conformity of Swiss products to Community requirements in laboratories and certification bodies situated in its territory. The agreement should have as wide a sectoral cover as possible, with Annex II to the Agreement on the EEA serving as a guideline. The agreement would also be concluded for an initial period of seven years with the possibility of tacit renewal unless one of the parties decides otherwise.

The aim of the future agreement on public procurement is to ensure the greatest possible reciprocal liberalization of public procurement in areas which have not been covered by the new GATT GPA. This includes in particular procurement carried out at regional or local government level, and by public or private entities operating in the railways, energy and telecommunications sectors. The envisaged agreement should also be for seven years with the possibility of tacit renewal unless one of the parties decides otherwise.

In adopting these negotiating directives, the Council once again pointed out that the objective of the Community must be to secure a balance of mutual advantages within each sectoral agreement and between the various agreements and that it intended to make sure that, where necessary, there was an appropriate parallelism between the various sectoral agreements concerned. The progress of the various sectoral negotiations would be the subject of regular reports by the Commission, to enable the Council to take stock of progress made on the various dossiers, with a final general assessment being made before the various negotiations were concluded.

## **E — Relations with non-European industrialized countries**

### **United States**

387. The summit meeting held in Brussels on 11 January in the context of the Transatlantic Declaration centred on the economy, competitiveness and employment and the following four aspects in particular were discussed in depth: finalization and ratification of the Final Act of the Uruguay Round, unemployment, the future of world trade and support for the integration of the new democracies of Central and Eastern Europe into NATO and the European Union.

The EU/USA summit which took place in Berlin on 12 July confirmed both sides' resolve to strengthen transatlantic relations by jointly tackling wherever possible major

challenges facing the European Union and the United States, and the dialogue was characterized by the same spirit of European/American cooperation on central issues that inspired the successful conclusion of the Uruguay Round. On the political level, talks focused on Central and Eastern European States/Russia/Ukraine, cooperation in combating international organized crime, growth and jobs particularly in the light of the July World Economic Summit, held in Naples.

On the economic front, trade relations continued to develop, with a tendency towards more balanced bilateral trade. Notwithstanding the improvement in trade relations, persistent and significant obstacles to trade and investment in 1994 were identified in a list published in April by the Commission following consultation of the Article 113 Committee.

## **Japan**

388. In accordance with the conclusions adopted by the Council in June 1992, the Union continued its efforts to intensify its political and economic relations with Japan in the context of a global approach.

On the trade front, the annual EC/Japan ministerial meeting was held in Tokyo on 19 November. That meeting was deemed satisfactory by the Community side despite the substantial problems of market access still encountered by Community economic operators on the Japanese market.

The meeting also provided the Community with an opportunity to manifest its special interest in the development of trade and economic relations between Japan and the USA, which in September were marked by the signing of a trade agreement the scope of which was very far-reaching, as it contained both macroeconomic policy undertakings by Japan and Japanese concessions in the fields of public procurement (in both telecommunications and medical technology) and insurance. The EU is anxious about the possible consequences of this agreement on its trade relations with Japan and intends to monitor very closely the process of implementation of this agreement, which should comply with the most-favoured-nation clause.

## **Canada**

389. In the context of the 1990 Transatlantic Declaration on EU/Canada relations, the President of the European Council, Mr Kohl, and the President of the Commission, Mr Delors, met the Canadian Prime Minister Mr Chrétien in Bonn on 6 July. The main points of the discussion concerned the Bosnian crisis, Ukraine, Canadian policy in the fishery sector and a preview of the G7 Summit in Naples.

## **Other countries**

390. Trade relations between the Community and other major industrialized countries were discussed both in the multilateral framework and bilaterally in the course of high

level consultations held at regular intervals between the Commission and these countries. The Council was kept regularly informed of these consultations.

## **F — Relations with the countries of Central and Eastern Europe**

### **Preparation of the associated countries of Central and Eastern Europe for accession to the Union**

391. In June 1993, the Copenhagen European Council decided that the associated countries of Central and Eastern Europe (CCEEs)<sup>1</sup> that so wished could become members of the European Union as soon as the relevant conditions had been fulfilled, taking into account both the ability of the countries in question to fulfil the obligations attendant upon membership of the Union and the capacity of the Union itself to assimilate new members.

In that spirit, the Corfu European Council on 24 and 25 June 1994 sketched out the main guidelines for the Union's future action. It considered that the Europe Agreements and the decisions taken in Copenhagen constituted the framework for deepening relations and that it was important to exploit their full potential now with a view to preparing for accession; the stability pact initiative could also have an important part to play in this connection. It invited the Commission to make specific proposals and asked the Presidency and the Commission to report to it for its next meeting on progress made on the process of alignment and on the strategy to be followed with a view to preparing for accession.

In response to the European Council's invitation, in July the Commission submitted two communications containing a number of proposals which the Council examined at its meetings on 4 and 5 and 31 October and 28 and 29 November, with a view to drawing up a report on pre-accession strategy which was submitted to the Essen European Council on 9 and 10 December.

392. The points established by the Council at the abovementioned meetings, and on which the conclusions of the Essen European Council were based, may be summarized as follows:

- establishment of a structured dialogue with the CCEEs in the various fields of cooperation, and practical arrangements for this dialogue such as the holding of joint annual meetings at Heads of State and Government level (alongside meetings of the

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<sup>1</sup> Countries at present associated to the Union are Bulgaria, Hungary, Poland, the Czech Republic, Romania and Slovakia.

European Council) and meetings at the level of the ministers competent for a whole range of subjects of mutual interest. From 1995 onwards, the following ministerial meetings will in principle be held regularly:

- Foreign Affairs: meetings every six months;
- Internal market (in particular the Ministers for Finance, Economic Affairs and Agriculture): annual meetings;
- Transport, Telecommunications, Research and Environment: annual meetings;
- Justice and/or Home Affairs: meetings every six months;
- Cultural Affairs, Education: annual meetings.

These EU/CCEE ministerial meetings started to take place in the second half of 1994, on 8 September (Ministers for Justice and Home Affairs), 24 September (Internal Market), 5 October (Environment), 31 October (Foreign Affairs) and 7 November (Economic and Financial Affairs);

- the idea of the preparation of a White Paper on approximation of legislation, which is a key element for the future adoption of the Community *acquis* by the associated countries, enabling them in due course to participate in the single market. The satisfactory implementation of a policy on competition and control of State aids in the associated countries is of particular importance, and will be sure to have a bearing on the Community's use of commercial defence instruments for industrial products;
- in the trade field, the adaptation of the Europe Agreements following enlargement (so as not to disrupt traditional trade flows) and the Uruguay Round, as well as further development of trade. At the same time, the timetable for implementation of the concessions provided for in the Agreements with Bulgaria and Romania will be scheduled to coincide with that for the four other associated CCEE. The same applies to the outward processing arrangements for textiles;
- in the particular field of trade in agricultural products — apart from the technical adaptations to the Europe Agreements following enlargement and the Uruguay Round — the Commission was asked to carry out studies on the effects of all subsidized exports on the agriculture of the associated CCEEs and also to identify the reasons for under-utilization of tariff quotas opened by the Community and how this situation could be remedied. In addition, as agriculture is a key element of the strategy, the Commission was asked to submit a study in the second half of 1995 on alternative strategies for the development of relations in the field of agriculture with a view to the future accession of the CCEEs to the Union;
- the identification of infrastructure projects with a trans-European dimension for road and rail links (but also in the telecommunications and energy fields). The financial instruments available (EIB loans, greater recourse to PHARE funds, Interreg, cofinancing) must be used to maximum possible effect in these projects;
- in financial cooperation, the PHARE programme must be appropriately endowed, taking into account the restructuring of priorities laid down in the pre-accession strategy, such as approximation of legislation, trans-European networks and investment promotion. PHARE could operate on the basis of an indicative multi-annual

programme over the next five years (1995-99). The Edinburgh financial perspective, including the planned rates of increase — which may be reviewed — and the increases resulting from enlargement, will continue to apply, and the 1995 budget estimates will in any event serve as a minimum level;

- the encouragement of regional cooperation between the CCEEs themselves, particularly in the trade field, and the creation of a new instrument for extended inter-regional cooperation in Central and Eastern Europe, intended to promote cooperation between the Member States of the Union and the CCEEs, among the CCEEs themselves and between the CCEEs and the border regions of the former USSR;
- intensification of cooperation between the Union and the associated CCEEs in other fields such as the environment, justice and home affairs and culture, education and training.

393. The implementation of certain specific decisions taken by the Copenhagen European Council continued hand in hand with the preparation of the global pre-accession strategy, in particular the opening-up of Community programmes to the associated CCEEs, in respect of which additional protocols to the Europe Agreements were negotiated. These additional protocols, which have been initialled and are shortly to be concluded by the Council, are intended to govern the CCEE's participation in almost all the Community programmes; they take into account the specific character of each country and allow the Association Councils to decide the arrangements and conditions for each associated country's participation.

## **Bilateral relations**

### **HUNGARY AND POLAND**

394. Relations with these two countries in 1994 were marked by particularly significant events.

The Hungarian and Polish governments submitted their applications for accession to the Union on 31 March and 5 April respectively. The Council responded on 18 April by deciding to implement the procedures provided for in Article O of the Treaty on European Union and the Commission was accordingly asked for its opinions on the applications for accession.

The Europe Association Agreements with Hungary and Poland entered into force on 1 February.<sup>1</sup> On 7 March the inaugural meetings of the two Association Councils were held in Brussels, at which their Rules of Procedure and those of the Association Committees were adopted. With the creation of the Parliamentary Association Committees, the institutional framework provided for under the Europe Agreements was fully installed.

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<sup>1</sup> OJ L 347 (Hungary) and L 348 (Poland), 31.12.1993.

The first meeting of the two Association Councils was also the occasion for a general exchange of views on present and future relations. This was followed by a detailed examination of the various topics connected with the implementation of the Agreement in the two Association Committees, which met for the first time on 19 and 20 April in Budapest and 23 and 24 June in Warsaw respectively. A second meeting of the Committees took place on 25 November (Hungary) and 1 and 2 December (Poland).

During the course of the year the Union concluded with both associated countries agreements in the form of exchanges of letters amending certain provisions on trade in the Europe Agreements. They were:

- an Agreement with Poland introducing amendments to the zero-duty tariff quota for imports into Poland of Community cars, in order to increase the number of cars with catalytic converters. The Council adopted the Decision concluding the Agreement<sup>1</sup> on 21 February, and it was signed on 11 March;
- an Agreement, also with Poland, setting up a tariff quota for imports into the Community of certain glass objects originating in Poland. The Council adopted the Decision concluding the Agreement on 11 July<sup>2</sup> and the implementing Regulation on 24 October,<sup>3</sup> the Agreement was signed on 29 September;
- an Agreement with Hungary making a number of adjustments to the reciprocal agricultural concessions. The Council took the Decision to conclude the Agreement on 24 October,<sup>4</sup> and it was signed on 25 October.

#### CZECH REPUBLIC AND SLOVAKIA

395. Following the dissolution of the former Czech and Slovak Federal Republic, the Europe Association Agreement signed with that country was replaced by two separate agreements, signed on 4 October 1993, with the Czech Republic and with Slovakia. Once the procedures for ratification by parliament had been completed, on 19 December the Council adopted the Decisions to conclude the two Agreements,<sup>5</sup> which were to enter into force on 1 February 1995.

In the meantime, the Interim Agreement concluded with Czechoslovakia to implement the trade provisions of the Agreement remained in force, under the two Additional Protocols signed in December 1993,<sup>6</sup> which *inter alia* provided for the tariff quotas and ceilings contained in the Interim Agreement to be shared between the two successor States. On 24 January the Council adopted the Community Regulation transposing the results of that allocation into internal legislation.<sup>7</sup>

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<sup>1</sup> OJ L 202, 5. 8.1994.

<sup>2</sup> OJ L 264, 14.10.1994.

<sup>3</sup> OJ L 280, 29.10.1994.

<sup>4</sup> OJ L 295, 16.11.1995.

<sup>5</sup> OJ L 359, 31.12.1994 (Slovakia) and L 360, 31.12.1994 (Czech Republic).

<sup>6</sup> OJ L 349, 31.12.1993.

<sup>7</sup> OJ L 38, 9. 2.1994.



The Additional Protocols also provided for the creation of two Joint Committees which took over from the EC-Czechoslovakia Joint Committee in areas relating to the implementation of the Interim Agreement. A meeting of the new Joint Committee with the Czech Republic was held in Prague on 22 July.

A recommendation drawn up by the former Joint Committee was implemented in 1994 by two Agreements in the form of exchanges of letters, extending the reciprocal concessions on imports of fishery products. The Agreement with the Czech Republic was signed on 22 September, following the Council Decision of 12 April,<sup>1</sup> while the Agreement with Slovakia was signed on 28 October further to the Council Decision of 11 July.<sup>2</sup>

## BULGARIA AND ROMANIA

396. Following the parliamentary ratification procedures, on 19 December the Council took Decisions<sup>3</sup> to conclude Europe Association Agreements with Romania (signed on 1 February 1993) and Bulgaria (signed on 8 March 1993), which were to enter into force on 1 February 1995. Meanwhile, the trade provisions of the Agreements were implemented through the Interim Agreements which entered into force on 1 May 1993 in the case of Romania<sup>4</sup> and 31 December 1993 in the case of Bulgaria.<sup>5</sup>

The entry into force of the Interim Agreement with Bulgaria and the implementation of certain concessions provided for in the Agreement with Romania were somewhat delayed for reasons internal to the Union. In order to alleviate to some degree the negative effects of that delay, the Council authorized the Commission to negotiate with Bulgaria and Romania exchanges of letters amending the Agreements, in order to enable the two partner countries to benefit from certain tariff quotas and ceilings not used in 1993. On 27 June, the Council approved those exchanges of letters<sup>6</sup> which were signed on 30 June and entered into force on 1 July.

Furthermore, in the context of preparation of the pre-accession strategy, on 31 October the Council agreed that the timetable for trade concessions for Bulgaria and Romania should be aligned on that for the four Visegrad countries (with which Europe Agreements had been signed earlier). As the Essen European Council had endorsed this policy,<sup>7</sup> on 22 December the Council authorized the Commission to negotiate additional protocols to the Europe Agreements with Bulgaria and Romania putting it into effect. The Council also decided that as from 1 January 1995, the Union would begin to apply provisionally some of the concessions that were to be included in the protocols.<sup>8</sup>

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<sup>1</sup> OJ L 272, 22.10.1994.

<sup>2</sup> OJ L 294, 15.11.1994.

<sup>3</sup> OJ L 357, 31.12.1994 (Romania) and L 358, 31.12.1994 (Bulgaria).

<sup>4</sup> OJ L 81, 2.4.1993.

<sup>5</sup> OJ L 323, 23.12.1993.

<sup>6</sup> OJ L 178, 12.7.1994.

<sup>7</sup> See paragraph 392 above.

<sup>8</sup> OJ L 366, 31.12.1994.

In 1994, the Joint Committee with Bulgaria met twice (on 24 and 25 March in Sofia and on 14 September in Brussels), and that with Romania met once (on 20 and 21 October in Brussels).

## BALTIC STATES (ESTONIA, LATVIA, LITHUANIA)

397. The European Council has frequently stated its desire for the three Baltic States to be included in their turn in the process of ever-closer integration with the Union. The first step in that process was taken on 18 July with the signature with each of those countries of an Agreement on free trade and trade-related matters. These are preferential agreements establishing free trade between the parties and taking over — as from 1 January 1995, the date of the enlargement of the Union to include Austria, Finland and Sweden — from the trade and cooperation agreements ('first generation' agreements) in force since 1993. The Council Decision on the conclusion of the agreements was taken on 19 December.<sup>1</sup>

The abovementioned free trade agreements were regarded by the parties as a decisive step towards the early conclusion of Europe Association Agreements. With that in mind, at its meeting on 28 November the Council authorized the Commission to open negotiations for Europe Agreements with Estonia, Latvia and Lithuania. The negotiating directives stipulated that the sections on trade in the future Agreements would incorporate the free trade agreements; in other areas they would follow the pattern of the Europe Agreements concluded with the other CCEEs, while taking into account developments that had occurred in relations with all the CCEEs and of the individual characteristics of each Baltic State.

Negotiations for the three new Europe Agreements were officially opened at a joint ceremony held in Brussels on 15 December; they will continue in 1995 with separate negotiating sessions being held with each of the three Baltic countries.

## SLOVENIA

398. Relations between the Union and Slovenia have been governed since 1993 by a Cooperation Agreement, together with an agreement on transport and a Financial Cooperation Protocol.<sup>2</sup> The Cooperation Agreement contains a future developments clause providing for its replacement, in due course, by a Europe Association Agreement.

That objective has been confirmed on many occasions by the Council and the European Council, and in April the Commission submitted draft negotiating Directives for a Europe Agreement with Slovenia which is currently being examined by the Council.

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<sup>1</sup> OJ L 373 (Estonia), L 374 (Latvia) and L 375 (Lithuania), 31.12.1994.

<sup>2</sup> OJ L 189, 29.7.1993.

## **G — Relations with the States of the former USSR**

399. Determined to continue its support for the process of economic and political reform under way in the former Soviet Union, the European Union stepped up its efforts to establish close partnership relations with the different Republics. Those relations are directed towards reinforcing stability, security and prosperity throughout Europe.

### **Contractual relations**

400. Considerable progress was made in 1994 in the negotiation of Partnership and Cooperation Agreements with several of the Republics of the former USSR.

The Partnership and Cooperation Agreement with Russia was signed in Corfu on 24 June on the occasion of the European Council meeting and in the presence of President Yeltsin.

The negotiations with Ukraine were also finalized as a result of the additional negotiating Directives adopted by the Council on 7 March. After its initialling on 23 March, the Partnership Agreement with Ukraine was signed in Luxembourg on 14 June in the presence of President Kravchuk.

With Moldova, the Agreement was initialled on 26 July after additional negotiating Directives along the lines of the revised Directives for Ukraine were adopted by the Council on 18 July; the Agreement was signed on the occasion of the General Affairs Council on 28 November.

Similar Agreements were initialled with Kazakhstan on 20 May and Kyrgyzstan on 26 May; they are scheduled for signature early in 1995.

On 14 November the Council adopted revised negotiating Directives for Belarus, along the lines of those for Ukraine and Moldova, which enabled the Agreement to be initialled on 22 December.

401. As for the content of these partnership and cooperation agreements, they are generally speaking based on respect for human rights and democratic principles and establish a framework for close cooperation in the political, commercial, economic and cultural fields. The integration of the Newly Independent States into the world economic system is one of the objectives of the agreements. In the case of Russia, Moldova, Ukraine and Belarus, in order to take account of their geographical proximity to the European Union, it was agreed that a meeting would be held in 1998 to assess the situation and decide, if necessary, to enter into negotiations for the establishment of a free trade area.

Because of the time the procedures for ratifying these partnership and cooperation agreements with the national parliaments would take, interim agreements were envis-

aged in order to bring into force the trade and trade-related provisions contained in the partnership agreements without having to wait. Interim agreements were thus initialled with Ukraine on 14 June, Kazakhstan on 22 December and Russia on 29 December.

On 1 and 2 December 1994 a meeting of the Joint Committee with Russia was held in Moscow, under the old 1989 agreement between the EC and the USSR.<sup>1</sup>

402. For future contractual relations with the other Republics of the former USSR, on 7 March the Council approved general guidelines for a differentiated approach that took account of the situations prevailing in the different Republics. On the basis of a study of the evolving situation, on 4 October the Council revised those guidelines, which may be summarized as follows:

- given the encouraging political developments in the situation in the Caucasian Republics (Georgia, Armenia, Azerbaijan), and in particular the ceasefire agreement between Armenia and Azerbaijan, the Council considered that the Joint Committees should be activated straight away under the old 1989 agreement with the USSR. At the same time, it asked the Commission to examine further, in consultation with the authorities of those countries, the possible content of future agreements, and to submit a report to the Council on the basis of which the latter would take a decision, also taking account of political developments. At that time, the Council could also make a Declaration for each of the partners, stating in particular the Union's intention to negotiate partnership and cooperation agreements as soon as the conditions in those countries permitted and defining areas of possible cooperation. A Joint Committee meeting was held with Georgia on 15 December;
- for Uzbekistan and Turkmenistan, the Council also agreed, as a first step, to reactivate economic and commercial relations with these countries on the basis of the old 1989 agreement with the USSR, by proposing that Joint Committees be convened. At the same time, it asked the Presidency to draw up a report on the human rights situation together with the Commission and the embassies of the Member States on the spot. A decision could subsequently be taken to undertake exploratory talks with a view to the negotiation of partnership and cooperation agreements;
- the Council also noted that the continuing unstable situation in Tajikistan did not permit the creation of institutionalized cooperation relations to be contemplated at this stage.

## **The European Union's overall strategy towards Ukraine**

403. The Corfu European Council invited the Council to continue its work on the formulation of an overall policy towards Ukraine, drawing on the full range of instruments available, including possible joint actions, and on the basis of the following general guidelines:

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<sup>1</sup> OJ L 68, 15.3.1990.

- sustained support for the consolidation of democratic institutions, for respect for human rights and for the achievement of market oriented economic reforms;
- the promotion of good neighbourly relations between Ukraine and its neighbours;
- cooperation with Ukraine in multilateral fora in support of regional and international stability and the peaceful settlement of disputes;
- support for the full implementation of nuclear and conventional disarmament agreements;
- acceptance by Ukraine of internationally accepted nuclear safety standards within an overall energy policy.

404. With regard more specifically to the global issue of nuclear safety in Ukraine, the Corfu European Council recommended that the Chernobyl nuclear plant be closed definitively and as early as possible. That closure should be implemented through a combination of:

- the immediate and definitive closure of reactors 1 and 2 of Chernobyl together with, as early as possible, the closure of reactor 3, subject to compensation through the termination and upgrading to adequate safety standards of three reactors under construction in Zaporozje, Rovno and Khmelnytsky;
- an immediate structural reform of the energy sector in Ukraine, including an effective tariff and price policy, and measures to promote energy saving, and the development of alternative sources of energy;
- an immediate and determined effort to strengthen and upgrade construction and operation standards for safety in the nuclear sector, with the aim of achieving standards corresponding to those applied in the European Union. The achievement of this objective should be monitored by independent inspectors;
- the ratification of the Vienna Convention on nuclear liability.

On the basis of the Corfu conclusions, the representatives of the Union introduced an initiative at the G7 Summit in Naples, which recognized the urgency attaching to this question and decided to submit an action plan to the Ukrainian authorities. Under that plan, the closure of Chernobyl would be accompanied by the termination of the construction of three new reactors following adequate safety standards and by a comprehensive reform of the energy sector in Ukraine comprising, *inter alia*, energy-saving measures and use of alternative energy sources.

In order to carry out that plan, the Corfu European Council said the EU was prepared to raise ECU 400 million in Euratom loans and, in addition, to provide ECU 100 million over three years under the TACIS programme. The G7 in Naples stated that apart from the Union's contribution, the international community would be willing to release an initial sum of USD 200 million in the form of grants comprising a replenishment of the EBRD's (European Bank for Reconstruction and Development) nuclear safety fund and loans from the international financial institutions.

That line was confirmed by the Essen European Council.

Initial meetings with the Ukrainian side, in the framework of the Joint G7 Ukraine Task Force, *inter alia*, took place at the end of 1994 with a view to implementing the action plan.

## Assistance

### TECHNICAL ASSISTANCE

405. The Community continued to implement the TACIS programme of technical assistance to facilitate the process of economic transformation and restructuring in the Republics of the former USSR. The action programmes for 1994 were adopted on the basis of indicative technical cooperation programmes with those countries for the period 1993-95. These programmes comprise a variety of measures in key sectors of the economy, the aim being to assist and accelerate the transition towards a market economy, building on the basis created by the programmes for the previous three years. In addition to the action programmes for each of the Republics of the former USSR, there are separate programmes for nuclear safety and for other activities involving cooperation between various republics.

The total endowment for the TACIS programme for 1994 is ECU 460 million.

### FOOD AID

406. As a result of the serious situation of food supplies in the Caucasian Republics (Armenia, Georgia, Azerbaijan), Tajikistan and Kyrgyzstan, caused by economic problems and regional conflicts, on 27 July the Council<sup>1</sup> approved a food aid operation for the populations of those countries amounting to a total of ECU 204 million, ECU 165 million of which came from EAGGF resources, ECU 35 million from ECHO and ECU 4 million from TACIS. On 24 October<sup>2</sup> the Council decided to include Moldova in the beneficiary countries given the seriousness of the food situation in that country.

The Council followed closely the progress of this operation, the aim of which was to cover the minimum food requirements of the populations of those countries over the winter. Products delivered to these countries under the EAGGF consisted mainly of wheat, wheat flour, rye, butter, olive oil and meat.

ECHO also supplied other products and TACIS funded the monitoring of transport and sales and quantity/quality control.

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<sup>1</sup> OJ L 201, 4, 8, 1994.

<sup>2</sup> OJ L 280, 29.10.1994.

## MACROFINANCIAL ASSISTANCE

407. In order to ensure the success of the adjustment and reform programme introduced by the Moldovan authorities working with the IMF, on 13 June the Council granted Moldova<sup>1</sup> an exceptional loan facility to help with its balance-of-payments situation amounting to ECU 45 million, in two instalments, with a maximum duration of 10 years.

It was decided on 5 December to provide macrofinancial aid (loan of ECU 85 million) to Ukraine provided that Ukraine formally signed a stand-by agreement with the IMF and the Chernobyl nuclear power station was closed down.<sup>2</sup>

## International Science and Technology Centre in Moscow

408. The International Science and Technology Centre, established by an agreement signed by the Community, the United States, Russia and Japan in 1992,<sup>3</sup> became operational in March on the basis of a protocol on the agreement's provisional application, approved by the Council on 21 February<sup>4</sup> after the Parliament had delivered its opinion on 9 February.<sup>5</sup> With the aim of encouraging the use of Russian scientific knowledge for non-military purposes, the ISTC is to develop, approve, finance and monitor science and technology projects for peaceful purposes. Those projects will be carried out primarily at institutions and facilities in Russia but the possibility exists for activities to be developed in other republics. The Union's contribution so far is ECU 20 million, of which approximately ECU 14 million have already been allocated to specific projects.

## Community contribution to the EBRD nuclear safety account

409. At its meeting on 29 March<sup>6</sup> the Council, in the light of the opinion delivered by the Parliament on 11 March,<sup>7</sup> approved a draft Decision concluding an agreement in the form of an exchange of letters with the European Bank for Reconstruction and Development (EBRD) on the European Community's contribution to the nuclear safety account. This agreement, which provides for a contribution by the Union of ECU 20 million for 1993 from the TACIS and PHARE programmes, will serve to improve nuclear safety in the relevant countries of Central Europe and the former USSR.

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<sup>1</sup> OJ L 155, 22. 6.1994.

<sup>2</sup> OJ L 366, 31.12.1994.

<sup>3</sup> OJ L 409, 31.12.1992.

<sup>4</sup> OJ L 64, 8. 3.1994 and OJ L 84, 29.3.1994.

<sup>5</sup> OJ C 61, 28. 2.1994.

<sup>6</sup> OJ L 200, 3. 8.1994.

<sup>7</sup> OJ C 91, 28. 3.1994.

# H — Relations with the Mediterranean countries and the Gulf States

## Mediterranean policy

410. The southern and eastern shores of the Mediterranean and the Middle East are geographical areas of great importance to the Union, for reasons of both security and social stability. The peace, stability and prosperity of the region are one of Europe's main priorities.

These strategic considerations and the major progress accomplished in the Middle East peace process, to which the Union had already made a significant contribution, led the Corfu European Council to confirm the importance it attached to the close links already existing with its Mediterranean partners and its wish to develop them still further so that the Mediterranean area may become an area of cooperation guaranteeing peace, security, stability and well-being.

Against that background the Union's Mediterranean policy took a qualitative leap in 1994, based on the idea of paying special attention to the partnership relationships.

The policy revolves around three key areas.

- (a) *Dynamic management of existing agreements particularly in meetings of the Cooperation Councils with the various Mediterranean partners:*
- (i) the **EC-Algeria Cooperation Council** held its fourth meeting in Brussels on 7 February

411. This ministerial meeting served in particular to review cooperation under the Agreement. It also enabled a wide-ranging discussion to be held on recent political developments in Algeria and on the process of political, economic, institutional and social reform and allowed important political subjects of common interest to be broached.

The Cooperation Council noted the information supplied by the Algerian delegation concerning the political, economic and social objectives of the transitional period as well as the institutional framework set up to see it through. Emphasizing its attachment to respect for human rights, it vigorously condemned the acts of terrorism which have been perpetrated against Algerian citizens and foreigners living in Algeria, including a number of nationals of Member States of the European Union.

With regard to the economic reforms in Algeria, the Cooperation Council noted the effort made by the new Government in a particularly difficult situation. The new legislative framework for trade and investment, agricultural and tax reform, price liberalization, measures in support of small and medium-sized undertakings and the application to join GATT all deserve mention in this context. The Cooperation Council pointed out that reform of the economic system on the basis of an agreement with the



International Monetary Fund (IMF) was essential for overcoming the current crisis in Algeria.

As regards prospects for relations between the European Union and Algeria, the Cooperation Council welcomed Algeria's resolve to be involved in the current negotiation process with the central Maghreb countries. It noted that no real partnership between Europe and the Maghreb could be achieved without Algeria's participation.

The European Union considered that it was up to Algeria to become part of the process by implementing the requisite political and economic reforms. Those reforms would create the political and economic environment which will pave the way for a new agreement between the European Union and Algeria, capable, in time, of bringing its full benefits to bear in the common interest.

(ii) **The EC-Egypt Cooperation Council** held its ninth meeting on 16 May

412. This meeting enabled the Community and Egypt to take stock of their relations in the context of the Cooperation Agreement and also gave them an opportunity to discuss political issues of mutual interest.

The debates highlighted the importance of existing cooperation between the Community and Egypt and the will of both parties to strengthen their cooperation. The European Union recognized the pioneering role of Egypt in building peace in the region which had been a powerful factor for moderation and stability. The EU paid tribute to the role Egypt had played over many years in the Middle East peace process.

The European Union and Egypt have a common interest in regional cooperation and development which will intensify as progress is made in the Middle East peace process and in both the bilateral and multilateral track. They also share an interest in security and peace throughout the Mediterranean. Both parties look forward to pursuing these interests.

As far as bilateral cooperation is concerned, it was stressed that the European Union has already contributed to achieving a series of important programmes, especially through the financial protocols and the horizontal instruments of the redirected Mediterranean policy. In order to meet Egypt's specific concerns and to assist the economic process engaged, the EU has agreed to the 'Public enterprise reforms and privatization programme', thus expressing its support to Egypt's structural adjustment.

Both sides welcomed the shared willingness to commence exploratory talks between Egypt and the Commission with a view to negotiating a new partnership agreement.

(iii) **The EC-Israel Cooperation Council** held its 12th meeting in Luxembourg on 13 June.

413. This ministerial meeting enabled both parties to discuss developments in the Middle East Peace Process and relations between the European Union and Israel in the framework of the Cooperation Agreement.

Both sides reaffirmed their desire to strengthen bilateral relations through a new overall agreement and a scientific agreement, which together would form a whole.

Discussion of the peace process provided an opportunity:

- for the Union to express its deep satisfaction at the positive developments flowing from the Declaration of Principles signed in Washington on 13 September 1993 and the Gaza-Jericho Agreement signed in Cairo on 4 May 1994, which constitute major contributions to a just, comprehensive and lasting peace in the region;
- to condemn all acts of violence against Israel and the Palestinian people;
- for the Union to pledge its continued support for the peace process, particularly through economic and financial aid and its active participation in the multilateral track of the peace process.

(iv) **EC-Syria Cooperation Council** held its first meeting at ministerial level in Brussels on 28 November.

414. The meeting enabled the Community and Syria to take stock of their relations in the context of the Cooperation Agreement and also gave them an opportunity to discuss political issues of mutual interest. The debates highlighted the importance of existing cooperation between the Community and Syria and the will of both parties to strengthen their cooperation in the future.

The two parties also exchanged views on the Middle East peace process and emphasized their common interest in security and peace throughout the Mediterranean. Both the European Union and Syria hoped that substantive progress could be made in the near future in the Syria-Israel track of the peace process, while knowing and appreciating the delicacy of the issues that these negotiations would have to address. Both sides hoped that positive developments would also contribute to progress in the Lebanese track of the peace process.

(b) *A process for the negotiation of a new generation of agreements which was embarked upon to replace the more limited agreements concluded in 1975, 1976 and 1977 in the context of the overall Mediterranean approach*

415. On the basis of Directives adopted in December 1993, these negotiations were conducted throughout 1994 with Israel, Tunisia and Morocco, having been regarded by the Corfu and Essen European Councils as priority objectives for strengthening the European Union's Mediterranean policy.

At its meeting on 20 September, the Council adopted negotiating Directives for a research and technology agreement with Israel, which forms a package with the new agreement and is intended to strengthen and extend relations between the European Union and Israel in this field on as broad a basis as possible.

The Council regularly followed developments in these negotiations through periodical reports from the Commission, in order to monitor their progress and contribute the necessary political impetus.

At its meeting on 19 and 20 December 1994, the Council adopted negotiating Directives for a new agreement with Egypt.

Similar negotiations were envisaged with Jordan. Syria and Lebanon are also eligible for such agreements. As soon as the situation permits, a similar agreement could be negotiated with Algeria.

(c) *Lastly, further to the conclusions of the Corfu European Council, the Council received a Commission communication, at the end of October 1994, on the enhancement of the European Union's Mediterranean policy with a view to the establishment of a Euro-Mediterranean partnership intended to contribute to peace, stability, security and economic social development in the region*

416. On that basis, at its meeting on 28 November the Council adopted a report setting out the objectives for a future European Union Mediterranean policy: creation of a Euro-Mediterranean area of political stability and security, creation of a Euro-Mediterranean economic area through the establishment of a free trade area and increased financial assistance backed up by appropriate cooperation.

The Essen European Council (9 and 10 December) welcomed that report, the conclusions of which it adopted.<sup>1</sup> In particular, it endorsed the idea of a Euro-Mediterranean ministerial Conference of all the Mediterranean countries concerned to be held in the second half of 1995. That Conference should reach agreement on a series of economic and political guidelines for Euro-Mediterranean cooperation into the 21st century, and establish a permanent, regular dialogue on all topics of common interest.

## **Middle East Peace Process**

417. At its meeting on 18 April, the Council noted that the Union had supported the considerable progress made in the negotiations between Israel and the PLO by immediately increasing its aid and by announcing its intention to provide aid of ECU 500 million for the development of the Occupied Territories for the period 1994-98.

The Council also noted that the Union supported the development of the countries of the region in the framework of the substantial aid provided for the whole of the Mediterranean area under the Union's new policy for the Mediterranean countries, which amounts to ECU 4.5 billion for the period 1992-96.

The Council reiterated that certain Member States had been invited to contribute to the Temporary International Presence in Hebron.

The Council also adopted a joint action in support of the Middle East Peace Process.<sup>2</sup>

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<sup>1</sup> That report is annexed to the Essen European Council's conclusions of the Presidency.

<sup>2</sup> OJ L 119, 19.4.1994.

## Relations with the GCC

418. The ministerial meeting and the fifth meeting of the GCC-EC Joint Council were held in Riyadh on 8 May.

Both sides discussed international political issues of common interest, including the Middle East Peace Process. They also reviewed their relations under the Cooperation Agreement with a view to strengthening their contractual links. They agreed to hold their next meeting in Europe in the spring of 1995.

The Joint Council reviewed developments in commercial and economic cooperation between the two sides. Ministers noted the continuing importance of bilateral trade relations. They welcomed the successful conclusion of the Uruguay Round and the signature of the Final Act in Marrakesh on 12-15 April which would provide a major boost to the improving prospects for the world economy. GCC ministers informed EU ministers of the recent actions of GCC countries to become full members of the GATT or to make applications for membership. EU ministers welcomed these developments as positive steps which would contribute to the strengthening of the international trading system. Ministers welcomed prospects of EU and GCC countries being members of the new World Trade Organization.

The Joint Council took note of the report of the *ad hoc* group on the interrelated issues of energy and environment which had been set up in accordance with the Joint Council's decision to continue the EU-GCC dialogue on these issues. Ministers agreed that the report was an excellent, comprehensive study which constituted a useful basis for clarifying the relevant issues and providing guidance for future cooperation between the two parties.

The ministers reviewed a series of international and regional political issues of mutual interest in an open and cordial manner. In this respect, they were guided by their continued commitment to the principles enshrined in the United Nations Charter and the principles of international law applicable to the development of cordial relations among nations. The GCC ministers, while noting the diversity of systems of values, which should be taken fully into consideration, joined the EU ministers in reiterating their continuing commitment to the promotion of human rights. They reaffirmed their commitment to respect for the sovereignty, unity, independence and territorial integrity of all States and held these principles to be universal in character and therefore applicable equally everywhere.

419. The ministers reviewed developments in the Middle East Peace Process. They paid tribute to the vision and courage of the Palestinian and Israeli leaders who had signed the historic Declaration of Principles in Washington on 13 September 1993, which represented a breakthrough in the peace process.

The ministers appealed for the question of the safety of Palestinians to be addressed urgently in accordance with the Fourth Geneva Convention. They reiterated their view that the Israeli settlements in the Occupied Territories, including East Jerusalem, were illegal under international law and constituted an obstacle to peace. In the European

Union's view, the lifting of the Arab boycott would also contribute to furthering the cause of the peace process.

The ministers expressed the determination of the EU and the GCC to continue to play an active and constructive role in the multilateral negotiations, which complemented but were not a substitute for the bilateral tracks. The ministers reiterated their view that substantial progress in the bilaterals would greatly contribute to the success of the multilaterals. Both sides reiterated the importance of all forms of assistance, including economic assistance, to the Occupied Territories.

The ministers expressed full support for the efforts of the international community to reach an early negotiated settlement of the conflict in Bosnia-Herzegovina acceptable to all parties. In this context they underscored that the parameters of the EU action plan, which had been approved by all the parties in Geneva, remained a solid basis for reaching a comprehensive agreement, not only for Bosnia-Herzegovina, but in the former Yugoslavia as a whole.

## **Former Yugoslavia**

420. With regard to support for the provision of humanitarian aid to Bosnia-Herzegovina, the Council decided at its meeting on 7 March to extend until 30 September 1994 the joint action on support for the conveying of humanitarian aid in Bosnia-Herzegovina.

It also agreed that in view of developments in the situation since the action was adopted in 1993, priority needs on the ground to aid the victims of the war there as best as possible should be reappraised without delay.

421. At its meeting on 10 October the Council adopted:

- a Decision on a common position and a Council Regulation introducing a further discontinuation of the economic and financial relations between the European Community and the areas of Bosnia-Herzegovina under the control of Bosnian Serb forces;<sup>1</sup>
- a Decision concerning a common position and a Council Regulation suspending certain elements of the embargo on the Federal Republic of Yugoslavia (Serbia and Montenegro).<sup>2</sup>

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<sup>1</sup> OJ L 266, 15.10.1994.

<sup>2</sup> OJ L 266, 15.10.1994.

## **Euro-Arab Dialogue**

422. Contacts between the Presidency/Commission and the Secretariat of the Arab League in Cairo enabled the Euro-Arab Dialogue to continue on an informal basis while the political obstacles preventing normal resumption of the Dialogue remained in place.

## **Cyprus, Malta<sup>1</sup>**

423. On 14 June, the Council adopted negotiating Directives for the new financial protocols with Cyprus and Malta intended to support the efforts those countries were making towards their integration into the European Union. On that basis, the negotiations with those two countries were concluded by the Commission on 21 December.

The EC-Cyprus Association Council held its 15th meeting in Luxembourg on 18 April. As at previous meetings, discussions centred on the application of the Republic of Cyprus for accession to the Union and the political problem in Cyprus. Following Cypriot requests reiterated at that meeting, the Council reached agreement on improvements to the Community import arrangements for certain Cypriot agricultural products.<sup>2</sup>

## **Turkey**

424. The Copenhagen European Council (June 1993) 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 outlined in the 1964 Association Agreement and the 1970 Protocol as far as it related to the establishment of a customs union.

The EC-Turkey Association Council meeting on 8 November 1993 adopted a resolution reaffirming the decision of both parties 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.

Intensive negotiations between the parties were accordingly held throughout 1994 in preparation for the necessary decisions to be taken by the EC-Turkey Association Council scheduled for 19 December.

At its meetings on 31 October and 28 November, the Council took stock of progress in these talks and asked the Community bodies to expedite preparation of the Community's final position for the EC-Turkey Association Council meeting on 19 December.

For its part, the Essen European Council (9 and 10 December) confirmed the great importance it attached to conclusion of the negotiations with Turkey on the completion

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<sup>1</sup> For aspects relating to the process of accession to the European Union, see paragraph 358 of this Review.

<sup>2</sup> Regulation (EC) No 3192/94 of 19.12.1994; OJ L 337, 24.12.1994.

and full implementation of the customs union as well as to the strengthening of relations with Turkey.

The 35th meeting of the EC-Turkey Association Council was held in Brussels on 19 December. Two decisions on customs matters were adopted. However, in the absence of a joint position, the Community was unable to enter into a discussion with the Turkish delegation on the subject of completion of the customs union. The President of the Community delegation made a general statement on behalf of 11 Member States and the three applicant States. He spoke on human rights on behalf of the Fifteen.

The meeting nevertheless provided both sides with an opportunity to review association relations with Turkey and to hold a useful exchange of views on political matters of common interest, including human rights issues.

At the end of the meeting it was noted that work remained to be done if the common objective of entering the final stage of customs union by the scheduled date of 1 January 1996 was to be attained. The French Presidency accordingly announced that it intended to hold the next Association Council meeting simultaneously with the meeting of the Council of Ministers of the European Union on 6 and 7 March 1995, with the aim of taking the decisions needed to move on to the final stage of the EC-Turkey customs union.

## **San Marino**

425. The Cooperation Committee held its second meeting in San Marino on 28 June. At that meeting a number of issues concerning administration of the Interim Agreement on trade and customs union were discussed and a decision in the veterinary field was adopted.

# **I — Relations with the ACP States, the overseas countries and territories and Southern Africa — Development policy**

## **Relations with the ACP States**

### WORK OF THE JOINT BODIES

#### *ACP-EC Council of Ministers*

426. The ACP-EC Council of Ministers held its 19th meeting on 18 and 19 May in Mbabane, Swaziland.

In the first part of its proceedings the Council held an in-depth discussion on various aspects of the cooperation between the EU and the ACP States under the Lomé Convention.

On trade questions, the Council discussed issues concerning market access and in particular the trade in rum, sugar and bananas. Concerning bananas, which constitute a major export product for a number of ACP countries, the ACP States laid particular emphasis on a speedy adoption by the EU of the proposed special system of assistance to traditional ACP banana exporters. The European Union stressed in particular that in establishing a new market organization, as well as during the negotiations in the GATT framework, it took due account of the interests of the ACP States, in accordance with its commitments under the Lomé Convention.

The ACP-EC Council held extensive deliberations on the implications of the successful conclusion of the Uruguay Round. Liberalization of international trade will create new opportunities and have a positive impact on growth and employment to the benefit of all parties. Both parties agreed to evaluate together the impact on ACP exports of the Uruguay Round and to proceed with the required adaptation of the Convention, in conformity with its provisions. It was mutually recognized that better use should be made of the present trade provisions of the Convention.

In the field of commodities new positive developments as regards coffee and cocoa were noted, which were attributable partly to joint efforts on both sides. The ACP States reiterated their wish that in a foreseeable future a coffee agreement with economic clauses would be established. Commitments under the Cocoa Agreement with regard to the promotion of consumption of cocoa were recalled.

Concerning financial and technical cooperation, both parties underlined and welcomed the acceleration in the implementation of aid in 1992/93 despite various political obstacles to this implementation in some countries.



The Council welcomed the enlargement of the European Union and looked forward to the accession of Austria, Finland, Norway and Sweden on 1 January 1995. Both parties agreed that negotiations on the required protocol for accession of these new members to the Lomé Convention would start as soon as possible after the signature of the Treaty of Accession.

427. The Council welcomed, in a resolution, the result of the first democratic elections in South Africa, which opened an era of peace and development in that country. The Council also stressed the promising prospects for cooperation which were opening up between South Africa and its ACP neighbours as well as between the whole of Southern Africa and its external partners. Reference was made to the Conference organized by Germany in Berlin in September between Ministers of the Member States of the Union and Ministers of the SADC countries.

Under the general heading of 'development problems and prospects', a number of issues were raised: debt, social aspects of development, diversification of ACP exports and competitiveness, etc. It was stressed that improvement of the competitiveness of ACP States should be a central issue in the mid-term review of Lomé IV.

A considerable number of ministers took part in this lively and thought-provoking debate.

The ACP-EC Council met to launch formally the negotiations for a partial revision of the 4th Lomé Convention.

428. Faced with the unprecedented humanitarian disaster in Rwanda and the needs of the displaced populations in neighbouring countries, on 27 July the ACP-EC Council of Ministers decided to add ECU 150 million to the appropriations provided for under Article 254 (Emergency aid) of the Convention, using some of the outstanding balance unused under previous EDFs. These additional resources paid for medicines, transport and the logistics needed to dispatch and distribute foodstuffs to a large number of refugees and persons displaced as a result of the conflict.

#### ***The ACP-EC Committee of Ambassadors***

429. By a Decision of 16 February, the ACP-EC Committee of Ambassadors agreed that the Commission should be authorized to transfer ECU 330 million under the Stabex system for 1992 (deficit of approximately ECU 433 million; rate of cover approximately 43%).

With the powers delegated to it by the ACP-EC Council of Ministers, by a Decision of 19 July the ACP-EC Committee of Ambassadors adopted the sum of ECU 285 million for transfers to be made for the 1993 year of application of Stabex (deficit approximately ECU 160 million; rate of cover just over 60%).

#### ***ACP-EC Joint Assembly***

430. The Assembly held its 18th session in Strasbourg from 14 to 17 February. The proceedings were dominated by the prospect of the negotiations to be opened for the

mid-term review of the fourth ACP-EEC Convention. A large part of the Assembly's work was also devoted to the situation in South Africa just a few weeks away from the first democratic elections to be held in that country, as well as the situation in a number of ACP countries.

The 19th session of the Joint Assembly was held from 3 to 6 October in Libreville, Gabon. That session was marked by the participation of a growing number of members of parliament from the ACP States, a sign of progress in the democratization of those countries. The mid-term review of the fourth Lomé Convention was once again at the centre of the Assembly's debates and an important resolution on the subject was adopted. The civil war in Rwanda and its disastrous consequences for the populations of Rwanda and the neighbouring countries was another subject of particular importance to the Assembly.

### *Economic and social interest groups*

431. The 18th meeting of the representatives of the ACP-EEC economic and social interest groups, held under the aegis of the Joint Assembly, was held in Brussels on 1 and 2 December, to discuss the topic of 'the achievements of and prospects for industrial development in the ACP States'.

## WORK OF THE COUNCIL OF THE EUROPEAN UNION

### *Mid-term review of the fourth ACP-EEC Convention*

432. At its meeting on 7 February, the Council adopted negotiating Directives for the mid-term review of the fourth Lomé Convention provided for in Article 366 of the Convention. The provisions of the Convention which the European Union has asked to be reviewed were notified to the ACP States on 24 February. The purpose of this mid-term review is to adapt the Convention to circumstances, enabling it to respond still further to the challenges of a changing world. The Financial Protocol to the Convention will also be renewed to cover the period 1995-2000.

At its meeting on 28 November, the Council prepared for the first Ministerial Negotiating Conference for the mid-term review, held in Brussels on 30 November and 1 December.

### *Bananas*

#### **Council Regulation establishing a special system of assistance to traditional ACP suppliers of bananas<sup>1</sup>**

433. This Regulation was adopted on 31 October on the basis of the second subparagraph of Article 189c(b) of the EC Treaty, the European Parliament having, on 28 September, approved the common position adopted by the Council on 11 July.

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<sup>1</sup> OJ L 286, 5.11.1994.

The purpose of this Regulation is to assist the ACP States, by means of technical and financial assistance and an income support mechanism, to adapt to the new situation created by the entry into force on 1 July 1993 of the common organization of the market in bananas, and to enable them to cope with any temporary disturbances that might occur on the Community market.

***Import arrangements for ACP agricultural products (Council Regulation (EEC) No 715/90)***

**Council Regulation (EC) No 2484/94 of 10 October 1994 amending Regulation (EEC) No 715/90 by the inclusion of seedless table grapes falling within CN code ex 0806 10 15<sup>1</sup>**

434. This Regulation, which was based on Article 113 of the EC Treaty, was adopted at the request of the ACP States and on the basis of a Commission proposal. The inclusion of seedless table grapes under Regulation (EEC) No 715/90 is of particular benefit to the economy of Namibia. The Regulation provides for the importation free of customs duty of the products in question from 1 December to 31 January every year in the form of a quota of 400 tonnes and from 1 February to 31 March in the form of a reference quantity of 100 tonnes.

***Rum***

**Council Regulation (EC) No 1989/94 of 27 July 1994 opening and providing for the administration of a Community tariff quota for rum, tafia and arrack originating in the African, Caribbean and Pacific (ACP) States (1994-95)<sup>2</sup>**

435. This Regulation, which is based on Article 113 of the EC Treaty, provides for the importation into the Community, under Protocol No 6 to the fourth ACP-EEC Convention, of rum, tafia and arrack originating in the ACP States, free of customs duty within the limits of a Community tariff quota of 244 827 hl (from 1 July 1994 to 30 June 1995).

***Sugar***

***Guaranteed prices***

436. On 14 November the Council adopted a Decision on the conclusion of the Agreement<sup>3</sup> between the Community and the sugar-exporting ACP States on the guaranteed prices for cane sugar for the 1993/94 delivery period. For the purposes of the intervention provided for in Article 6 of Protocol No 8 annexed to the Convention are:

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<sup>1</sup> OJ L 265, 15.10.1994.

<sup>2</sup> OJ L 200, 3. 8.1994.

<sup>3</sup> A similar agreement was concluded with India.

- for raw sugar: ECU 43.37/100 kg;
- for white sugar: ECU 53.54/100 kg for the record.

On the same date, the Council authorized the Commission to negotiate a corresponding agreement for the 1994/95 delivery period.

### ***Stabilization of export earnings***

#### *Transfers for the 1992 and 1993 years of application*

437. In view of the decisions that would have to be taken in the ACP-EC joint bodies as a result of the insufficiency of the resources of the Stabex system (Article 194 of the Convention), the Council agreed to submit the following proposals for payments:

- for the 1992 year of application (shortfall of ECU 434 million): ECU 330 million — Council Decision of 20 July 1993 not entering into force until 16 February 1994, the date of the adoption of a corresponding Decision taken by the ACP-EC Committee of Ambassadors by the power delegated by the Council of Ministers;
- for the 1993 year of application (deficit of ECU 160 million): ECU 285 million: Council Decision of 11 July 1994; a corresponding Decision was adopted by the Committee of Ambassadors on 19 July 1994, also by the power delegated by the Council of Ministers.

#### ***Accessions to the fourth ACP-EEC Convention***

438. With the prospect of the accession of Austria, Finland and Sweden to the European Union and pending the conclusion of a Protocol on the accession of those three States to the fourth Convention, the Council and the Representatives of the Governments of the Member States meeting within the Council respectively adopted, on 22 December, a Regulation (Regulation (EC) No 3360/94) and a Decision (Decision 94/903/ECSC)<sup>1</sup> establishing transitional measures for trade between the three acceding States, on the one hand, and the ACP States, on the other, in products falling within the EC and ECSC Treaties.

Those texts provide that from 1 January 1995 until the entry into force of the Protocol of Accession or until 31 December 1995, whichever is the earlier, the acceding States will apply to imports originating in the ACP States the same arrangements as are applied by the other Member States of the Community. However, there is an exemption until 1 January 1996 for imports of certain spirit drinks from Austria.

At the same meeting, the Council agreed to propose that the ACP States adopt a Decision of the ACP-EC Council of Ministers essentially providing that pending the entry into force of the Accession Protocol provided for in Article 358(3) of the Convention, the

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<sup>1</sup> OJ L 356, 31.12.1994.

Convention would apply provisionally to relations between the ACP States, on the one hand, and Austria, Finland and Sweden, on the other.

### *Relations with certain ACP States*

439. The Council adopted many positions on the situation in a number of ACP States. Those on Haiti and Rwanda are particularly noteworthy.

#### *Haiti*

440. The Council repeatedly confirmed the Union's full support for the efforts being made both by the UN and the OAS to help restore democracy and respect for human rights in Haiti, as well as the return of the legally elected President, Mr Jean-Bertrand Aristide.

Under United Nations Security Council Resolution 917/94 on the strengthening of the embargo in respect of Haiti, on 25 May the Council and the Representatives of the Governments meeting within the Council adopted a series of decisions suspending certain economic and financial relations with Haiti.<sup>1</sup>

Following the adoption of United Nations Security Council Resolution 944(94), the Union repealed that legislation the day after President Aristide's return to Haiti, i.e. on 19 October.<sup>2</sup>

#### *Rwanda*

441. On 24 October<sup>3</sup> the Council adopted a common position on the objectives and priorities of the European Union *vis-à-vis* Rwanda, which essentially set out the conclusions of the Troika of Development Ministers which had visited Rwanda and the neighbouring countries from 28 August to 3 September. That common position confirmed that priority must be given to the return of refugees. Reconciliation, broadening of the new government's basis and the creation of essential conditions for the return were vital. The Council stated its opinion that any aid should be disbursed progressively depending on the observed performance in these areas. International cooperation would have an important role to play in this process.

The Council stated that the objectives and priorities for the European Union were to continue to provide humanitarian aid for the refugees; to take short-term rehabilitation measures on a coordinated basis for Rwanda, especially in the most urgent fields of water and electricity, but also in education, health and housing, in order to create incentives for the return of refugees and for their successful reintegration; to resume progressively and under certain conditions development cooperation with Rwanda; to initiate coherent measures for the repair of economic, ecological and social damages in

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<sup>1</sup> OJ L 139, 2. 6.1994.

<sup>2</sup> OJ L 271, 21.10.1994.

<sup>3</sup> OJ L 283, 29.10.1994.

those countries bordering Rwanda, which had been particularly struck by the refugee crisis.

For all the measures and programmes close coordination between the Commission and the Member States would be necessary.

442. The European Union further deemed it important to increase as early as possible the number of human rights observers in Rwanda and emphasizes the importance of a rapid total deployment of Unamir forces, in order to assure protection against acts of revenge and persecution.

The European Union stressed the importance of bringing to justice those responsible for the grave violations of humanitarian law, including genocide. In this respect the European Union considered the establishment of an international tribunal as an essential element to stop a tradition of impunity and to prevent future violations of human rights.

The European Union underlined that within a long-term perspective such conflicts should be solved by Africa itself and recommended strengthening the OAU's capacities of preventing and solving regional conflicts.

The European Union also expressed its concern about the unstable political situation in Burundi, where acts of violence were increasing.

#### MID-TERM REVIEW OF THE FOURTH ACP-EEC CONVENTION

443. Although it was concluded for a duration of 10 years from 1 March 1990 (except the Financial Protocol which is of five years' duration), the fourth Lomé Convention contains a clause allowing for negotiations to be opened for a partial review of the Convention.

Under that clause, the two parties notified each other in February 1994 of the provisions of the Convention which they wished to be amended.

Negotiations were formally opened at the meeting of the ACP-EC Council of Ministers, held in Mbabane (Swaziland) in May 1994.<sup>1</sup>

From then on there was intense activity among experts and in the three negotiating groups which met at Ambassador level on several occasions.

It was agreed between the two parties that the allocation under the second Financial Protocol (8th EDF) would, as in the past, be tackled at the end of the negotiations.

444. The first ministerial negotiating meeting was held in Brussels on 30 November and 1 December,<sup>2</sup> the outcome of which can be summarized as follows:

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<sup>1</sup> The Directives for these negotiations were adopted by the General Affairs Council at its meeting on 14 February 1994.

<sup>2</sup> That ministerial meeting was prepared by the General Affairs Council on 28 November.

***On political and institutional issues, important progress was quickly made. There was agreement in principle on:***

- inserting in the Convention a reference to the recognition and application of democratic principles, the consolidation of the rule of law and the proper administration of public affairs, alongside the existing reference to the enjoyment of fundamental human rights;
- considering as 'essential elements' of the Convention respect for human rights, democracy and the rule of law; if one of those elements is infringed, it will be possible to suspend the Convention totally or partially, after consultation, except in specially urgent cases;
- reinforcing the democratic nature of the ACP States' representation in the ACP-EC Joint Assembly. In principle, representatives will be members of ACP parliaments or, where that is not possible, representatives designated by the ACP parliaments;
- encouraging dialogue between the two sides, broadened to include external and security policy issues, and issues of general interest or of interest to a group of countries.

445. On trade and related issues, in which the ACP States have a particular interest, tangible progress was made, although a number of important matters remained unresolved.

The deterioration in the ACP States' trade performance (due to their lack of competitiveness, erosion of their preferences and insufficient diversification of their economies) led both sides to agree on the need to place trade at the centre of ACP-EC cooperation in future and to make use of all the instruments of the Convention, particularly those of financial and technical cooperation, in order to enable the ACP States to make better use of the trade facilities accorded them. A number of the Convention's provisions will be amended to reflect this.

On certain specific subjects, agreement was reached (e.g. on consultations, the safeguard clause and the changes to be made to the Protocol on beef and veal) or was not far off (e.g. on Stabex).

The negotiations were due to continue further to the ACP States' requests concerning the inclusion in the Convention of a Protocol on tropical timber and the implementation of the Protocol on bananas in the context of management of the common organization of the market in bananas.

Deep differences remained on the question of market access (the ACP States were calling for total freedom of access for their agricultural products to the Union market) and rules of origin (the ACP States wanted to make substantial changes to the current Protocol to the Convention on origin).

It appeared unlikely that any agreement could be reached on the ACP States' request regarding allocation of maritime traffic.

446. Progress in the negotiations on development finance cooperation issues was variable.

Agreement was reached on certain issues (cultural foundation and intra-regional cooperation). Progress was made on the ACP States' requests on structural adjustment and the prospects of reaching agreement on the amendments desired by the Union to the Convention's provisions on industrial cooperation seemed fairly good.

In the case of programming of Community aid, an important step forward was achieved in taking into consideration, in the dialogue with the ACP States and set against its own development strategy, of the objectives and priorities of the Community's cooperation policy.

There was broad convergence of views on the principles governing some of the innovations proposed by the Union to improve the operation of financial cooperation and increase the effectiveness of aid, but certain differences remained on the way in which those objectives should be pursued. That applied in particular to some of the Union's proposals to introduce greater flexibility in programming. The ACP States also subscribed to the objective of promotion of decentralized cooperation, but maintained reservations on the proposed arrangements to the extent that they would encroach upon the competence of their authorities.

The issue of competence constitutes a major stumbling block in the negotiations. The ACP States consider that any changes to the powers accorded to them under the Convention would call into question the principle of the partnership on which the Convention is based. That question of principle also led them to reject the Union's proposals on procedures for technical assistance contracts.

No progress was made on the ACP States' proposals on debt.

447. The negotiations for the mid-term review of the Convention should in principle be completed by the end of February 1995, that is to say when the first Financial Protocol to the Convention expires.

A second ministerial negotiating conference will be held in Brussels on 16 and 17 February 1995.

## **Relations with the overseas countries and territories**

COUNCIL REGULATION (EC) NO 1827/94 OF 18 JULY 1994 OPENING AND PROVIDING FOR THE ADMINISTRATION OF A COMMUNITY TARIFF QUOTA FOR RUM, TAFIA AND ARRACK ORIGINATING IN THE OVERSEAS COUNTRIES AND TERRITORIES (OCT) ASSOCIATED WITH THE EUROPEAN COMMUNITY (1994-95)<sup>1</sup>

448. In accordance with Council Decision 91/482/EEC of 25 July 1991 on the association of the OCTs with the EEC, and in particular Annex V thereof, this

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<sup>1</sup> OJ L 191. 27.7.1994.



Regulation provides for the importation into the Community of rum, tafia and arrack originating in the OCTs, free of customs duty, within the limit of a Community tariff quota of 16 740 hl (from 1 July 1994 to 30 June 1995).

## STABILIZATION OF EXPORT EARNINGS

449. In view of the insufficient resources in the Stabex system for the 1992 year of application (shortfall of ECU 1 354 866 million), the Council, under Article 121(4) of the association Decision, decided on 26 April to reduce transfer entitlements to the level of available resources (ECU 1 200 000), and to provide for the payment of ECU 52 325 to French Polynesia (coconut oil) and ECU 1 147 675 to the Falkland Islands (wool).

## TRADE ARRANGEMENTS

450. The Council bodies continued examining the Commission proposal submitted on 26 October 1993<sup>1</sup> amending the trade arrangements laid down in the Decision in order to enable reference prices to be introduced for CAP products if their importation from the OCTs threatened to disrupt the market.

# Relations with Southern Africa

## SOUTH AFRICA

451. On the eve of the first democratic and multiracial elections held between 26 and 28 April, the Council at its meeting on 18 and 19 April adopted a package of initial measures to support transition in South Africa. Those decisions were covered in the joint action decided in December 1993, further to the European Council's guidelines of 29 October 1993. In so doing, the Union's intention was to send out a strong political signal to the government and people of South Africa, demonstrating its firm determination to assist them in the transition to democracy and its readiness to contribute to the economic reconstruction and development of South Africa after the elections.

The Development Council on 6 May, referring to the Union's statement of the same day, expressed considerable satisfaction at the holding of the first democratic and multiracial elections, which it saw as a particularly felicitous event in the continent of Africa, the results of which opened up a new era not only for South Africa but also for the region.

Wishing to come to the assistance of the new South African Government, the European Union, taking into account the United Nations Security Council's decision of 25 May 1994 on the lifting of the United Nations sanctions against South Africa, decided on 27 May 1994 to withdraw all restrictive measures still in force against South Africa.

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<sup>1</sup> OJ C 341, 18.12.1993.

452. At its 1778th meeting on 18 and 19 July, the Council, referring to its conclusions of 19 April 1994 on future relations between the European Union and South Africa,

- confirmed the Union's willingness to conclude an agreement swiftly with South Africa on the basis of the package of measures adopted in April and requested the Commission to press on with its contacts with the new South African Government to that end;
- recorded its agreement in principle on the Commission proposal to grant South Africa forthwith some of the advantages available under the Community scheme of generalized preferences as provided for in Council Regulation (EEC) No 3831/90, and instructed Coreper to examine that proposal with the aim of having it enter into force before the end of July 1994;<sup>1</sup>
- also instructed Coreper, as well as the Political Committee to the extent that it was concerned, to give further consideration, in the light of the initial guidelines established by the Council, to the overall longer-term relations between the European Union and South Africa, while also bearing in mind the regional aspect of these relations, and to report back to it.

At its 1790th meeting on 4 October, the Council approved the text of a draft Framework Cooperation Agreement with South Africa and agreed to go ahead with its conclusion. The Agreement was signed on 10 October 1994 by Sir Leon Brittan in Pretoria, the Parliament gave its opinion on 30 November and the Agreement was finally adopted at the Council meeting on 19 December.<sup>2</sup>

By letter of 17 November, South Africa requested the opening of negotiations with the EU to establish relations very close to those under the Lomé Convention. The Council is awaiting the submission of draft negotiating directives from the Commission.

453. In the meantime the programme 'Positive measures for the Republic of South Africa', initiated in 1986, has been renamed 'the European programme for reconstruction and development in South Africa'. Since 1986 ECU 430 million have been spent on the programme, making it by far the largest development programme of the Union for a single country. The Development Council on 25 November adopted a declaration asking the Commission to forward to it a comprehensive and analytical report on the implementation of this programme, including an evaluation of the results achieved. Additionally the Commission is being asked to present to the Council a proposal for a long-term country strategy for South Africa taking account of the South African economy and indicating a list of priority sectors to be included in the Community's future development cooperation, as well as the modalities for implementation of the programmes.

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<sup>1</sup> This position was realized in practice by the adoption of Regulation (EC) No 2130/94 of 30 August 1994 (OJ L 225, 31.8.1994).

<sup>2</sup> OJ L 341, 30.12.1994.

## EU/SOUTHERN AFRICAN MINISTERIAL CONFERENCE

454. The EU/Southern African Ministerial Conference, also known as the Berlin Conference, took place on 5 and 6 September. There were participants from 27 countries (the EU, the four applicant countries to the EU and all the Member States of the Southern African Development Community (SADC) including its latest member South Africa), the SADC Secretariat, the Commission and as observers the EIB and the ACP Secretariat. The Conference was chaired by the German Federal Minister for Foreign Affairs Dr Klaus Kinkel and the Vice-President and Minister of Finance of Botswana Mr Festus G. Mogae.

With peace and stability as the overall objectives, the Conference marked the beginning of a wider cooperation between the EU and the countries of the SADC. The declaration adopted at the end of the Conference sets out the future areas for a wider cooperation between the EU and the countries of the SADC covering, *inter alia*, political dialogue, regional integration, trade and economic cooperation, private investment and development cooperation.

The Conference also decided that a group of high-level officials should prepare the next Ministerial session to take place in the Southern African region at the end of 1995.

## Development policy

### DEVELOPMENT COUNCIL

455. The Development Council met on two occasions in 1994: on 6 May and 25 November. As part of the continued implementation of the declaration on development cooperation in the run-up to 2000 (adopted at its meeting on 18 November 1992), it discussed the following sectors in particular which were the subject of Council resolutions or conclusions:

#### **Health**

456. The Council reviewed the health situation in the developing countries as a whole. It defined principles and priorities for its action in this field and established rules for strengthening cooperation and coordination of the activities of the Union and its Member States in the field.

#### **AIDS**

457. The Council recognized the spread of HIV/AIDS as being one of the major health problems affecting both the developing and the developed countries. It noted that the rapid spread of the epidemic, despite the efforts of the international community, called for reinforced cooperation between developing and developed countries. The Council laid down the principles and priorities on which Community action in this field should be based, while stressing that there should be coherence not only between the Member

States' own initiatives but also between those carried out at Community or international level.

### ***Operational coordination***

458. The Council approved the list of countries (Bangladesh, Côte d'Ivoire, Costa Rica, Ethiopia, Mozambique and Peru) in which Community coordination would be stepped up on an experimental basis and continued with a view to learning lessons for the improvement of coordination throughout the Community's partner developing countries.

At the same meeting it established the principles to be applied to coordination in international bodies.

### ***Food security***

459. Concerned at the increasing number of areas in the world experiencing food deficits, the Council reviewed progress in food security in the developing countries and fixed principles and priorities in the field. It also laid down rules for improving cooperation and coordination between both the actions of the Community and the Member States and those of other donors and specialized organizations.

### ***Education and training***

460. The Council recognized that considerable progress had been made in recent decades in the developing countries at all educational levels but that that progress was unevenly distributed. The Council defined the principles, guidelines, strategies, means and instruments of implementation, and principles for coordination that should guide the actions of the Union and its Member States in this field.

## **UNITED NATIONS CONFERENCES AND NEGOTIATIONS**

461. The Council prepared the coordination for Community participation in various international conferences and negotiations, including:

- Conference on the Small Developing Island States (Barbados, 25 April-6 May 1994);
- negotiations for a United Nations Convention on desertification;
- International Conference on Population and Development (Cairo, 5-13 September 1994).

## **HUMAN RIGHTS AND DEVELOPMENT**

462. At its meeting in May, on the basis of a Commission report the Council discussed implementation of the policy defined in its resolution of November 1991. It noted the scale of the action taken by the Commission in 1993 in this field (support for electoral

processes, consolidation of the rule of law, promotion of free and independent media and raising awareness of human rights issues).

## SITUATION IN CERTAIN DEVELOPING COUNTRIES

463. The Council discussed the situation in a number of developing countries, notably in Africa. In particular it exchanged views on those countries in which the Union and its Member States were very active, either in seeking peace and social stability or in supplying humanitarian aid to assist populations in difficulty, or in providing rehabilitation aid. Those countries included Rwanda, Angola, the Horn of Africa and Mozambique.

## TROPICAL FORESTS

464. Further to a Commission proposal and the opinion of the European Parliament, the Council recorded a political agreement on the draft common position concerning a proposal for a Regulation on operations to promote tropical forests. The Regulation was to be for an initial period of three years (1995-97), with an assessment before the end of 1997. The amount deemed necessary for the operations would be set at ECU 50 million per annum.

## GENERALIZED PREFERENCES SCHEME

465. The Council adopted the new scheme of generalized preferences for industrial products in a Regulation which will cover a period of four years (1995-98). The essence of the current arrangements for agricultural products was extended for 1995 and would be reviewed in the course of the year.

For the industrial sector, the basic aspects of the new scheme may be summarized as follows.

For simplification purposes, volume restrictions (fixed amounts or tariff quotas and ceilings) were replaced by a modulation of tariffs (tarification) according to the sensitivity of the sectors (products or groups of products), determined *inter alia* on the basis of the final results of the Uruguay Round.

To that end, four lists of products and groups of products were established:

- very sensitive products to which a preferential duty of 85% of the MFN (most favoured nation) rate is applied;
- sensitive products to which a preferential duty of 70% of the MFN rate is applied;
- semi-sensitive products to which a preferential duty of 35% of the MFN rate is applied;
- non-sensitive products which are zero-rated.

The operational scheme will last for four years, thereby ensuring much greater stability.

With regard to transparency, provision was made for a specific product/country safeguard clause, based on the criterion of serious difficulties or threat of serious difficulties. It will be administered with the help of a newly created committee.

The purpose of the graduation of the GSP is to transfer preferential margins from the more developed to the less developed countries.

466. To this end, there will be a sector/country graduation mechanism. The criteria for applying the mechanism are relative specialization and weighting according to level of development. Combined application of the two criteria makes it possible to adjust the crude results of the specialization index, in terms of the sectors to be excluded, in line with the level of development.

The graduation mechanism also applies to countries whose exports to the Community of products covered by the scheme, in a given sector, exceed 25% of beneficiary countries' exports to the Community in that sector. For those countries and sectors the preferential margin obtained by applying Article 2 is abolished from 1 January 1996.

The implementation of the new mechanism will be phased in to give economic operators in the countries concerned and in the Community time to adjust to the new GSP offer. This means that the preferential margin for countries with a per capita GNP of more than USD 6 000 for the sectors/countries concerned will be reduced by 50% on 1 April 1995 and abolished from 1 January 1996. For countries with a per capita GNP of less than USD 6 000, the preferential margin will be reduced by 50% on 1 January 1997 and abolished on 1 January 1998.

The Council decided that abolition of the preferential margin should take immediate effect in the event of the phased implementation of the graduation mechanism resulting in certain countries being granted a much more favourable level of access in respect of certain products than the arrangements applicable in 1993.

The most advanced beneficiary countries will be excluded from entitlement under the Regulation as from 1 January 1998 on the basis of objective, clearly defined criteria for which the Commission will submit appropriate proposals before 1 January 1997.

It was considered that certain behaviour by beneficiary countries sometimes warrants withdrawal of preferences in proportion — in whole or in part — to the scale of the phenomenon.<sup>1</sup> Application of this procedure is not automatic, but subject to a hearings

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<sup>1</sup> This applies to the following cases:

- fraud and failure to provide administrative cooperation
- unfair trading practices on the part of a beneficiary country, including discrimination against the Community
- practice of any form of forced labour
- export of goods made by prison labour
- shortcomings in controls on export or transit of drugs (illicit substances or precursors) and money laundering
- non-compliance with obligations under the Uruguay Round to meet agreed market-access objectives.

procedure. Any decision to withdraw preferences will be taken by the Council on the basis of a Commission proposal.

467. With regard to the special incentive arrangements in the social field, the Council decided that from 1 January 1998 special incentive arrangements in the form of additional preferences may be granted to beneficiary countries covered by the scheme which request such arrangements in writing and provide proof that they have adopted and actually apply domestic legal provisions incorporating the substance of the standards laid down in ILO Conventions Nos 87 and 98 concerning the Application of the Principles of the Right to Organize and to Bargain Collectively and ILO Convention No 138 concerning Minimum Age for Admission to Employment.

To that end the Council will in 1997 carry out a review based on a Commission report on the results of the studies carried out in international fora such as the ILO, WTO and OECD on the relationship between trade and labour rights.

In the light of the review and on the basis of internationally accepted, objective and operational criteria, the Commission will submit to the Council a proposal for a Decision on the intensity of the above special incentive arrangements and the detailed procedures for implementing them.

Similar provisions were adopted in the environmental field.

The Council approved the maintenance for the Andean and Central American countries and the extension to Venezuela of the special 'drugs' regime, on condition that the countries concerned continue their efforts to combat drugs with some success. Ongoing evaluation and dialogue will be needed to monitor progress and a procedure will be set up to this end between those countries and the Commission.

For agricultural and fisheries products in general and for processed agricultural products, the existing Regulations are essentially extended for a year, pending the setting up in 1996 of a new agricultural scheme.

The current list of beneficiary countries remains unchanged. This applies transitionally to the countries of the former USSR as well, pending the possible entry into force of free-trade agreements with those countries.

South Africa is also added to the list under the same conditions as the other beneficiaries.

Duties will continue to be entirely suspended for industrial and agricultural products covered by the new scheme for the least developed countries.

## COMMODITIES

468. The European Union continued to cooperate actively with its partners under the International Commodities Agreements in 1994. Working in close cooperation with the acceding countries, the EU became a main player and a major partner of the developing countries.

The International Cocoa Agreement 1993 makes provision for a production and consumption policy but contains no economic provisions. The buffer stock established by previous agreements will be liquidated over a period of four and a half years. On 7 February, the Council of the European Union adopted a Decision authorizing the Community to sign and apply the Agreement provisionally. The Member States also undertook to do so. The Community and most of its Member States deposited their acts of signature and provisional application with the United Nations on 16 February. The Agreement entered into force provisionally on 22 February.

In March, the Council of the International Coffee Organization adopted the text of the International Coffee Agreement 1994 to replace the extended 1983 Agreement. The new Agreement is intended to maintain international cooperation in the coffee field. It contains no economic provisions. The producer countries had wanted the new Agreement not to exclude the possibility of negotiating a future agreement which could contain such provisions. The European Union had proposed a compromise text to that effect approved by Coreper, which managed to break the deadlock in the negotiations on this sensitive issue.

On 18 July, the Council of the European Union adopted a Decision authorizing the Community to sign and apply the Agreement provisionally. The Member States also undertook to do so. The Community and most of its Member States deposited their acts of signature and notification of provisional application or their instruments of ratification, acceptance or approval until the end of September 1994. The International Coffee Agreement 1994 entered into force provisionally on 1 October.

The text of the International Tropical Timber Agreement 1994 was adopted at the fourth session of the United Nations Conference on 26 January. The European Union entered a reservation at that meeting. The text created a number of problems for the European Union, particularly regarding financial resources, the relatively low level of commitment to the sustainable management of tropical timber and the possibility of including non-tropical timber in the Agreement at a later stage.

The European Union is continuing to assess the Agreement and when that assessment has been completed, the European Union will state whether it is prepared to participate in the 1994 Agreement.

## **J — Relations with Asia and Latin America**

### **Asia**

469. The huge changes that have taken place in the last few decades, both in Asia and in Europe, require a more active and resolute policy of the European Union toward the countries of Asia, and a new partnership must be developed to give shape to future relations between the Union and the countries of Asia.



470. In this spirit, the European Union continued to develop and improve its bilateral contractual relations with most of those countries. In that connection the following may be noted:

- the new Cooperation Agreement between the Community and India, signed on 20 December 1993, entered into force on 1 August 1994;
- the new Cooperation Agreement between the Community and Sri Lanka was signed on 15 July in Brussels. At the same time a declaration formalizing and strengthening the political dialogue was adopted;
- the negotiations for a cooperation agreement between the EEC and Vietnam, begun on 16-17 December 1993, continued throughout 1994;
- at its meeting on 24 and 25 October, the Council adopted negotiating Directives for a framework Trade and Cooperation Agreement with Nepal.

Under existing agreements, the following Joint Committees met during 1994:

- EC-ASEAN (Davao City, Philippines, 21-22 January);
- EC-China (Beijing, 28 February);
- EC-India (Brussels, 10-11 October);
- EC-Mongolia (Brussels, 21 October);
- EC-Macao (Brussels, 16 November);
- EC-Bangladesh (Dakha, 13 December).

## ASEAN

471. The 11th EU/ASEAN meeting at ministerial level was held in Karlsruhe on 22 and 23 September, under the co-chairmanship of Germany and Singapore and with the four candidate countries for accession to the European Union in attendance. It enabled both sides to carry out a comprehensive review of economic, political and security matters. The conclusions published following the meeting provide a solid basis on which the Union can develop and intensify cooperation with this important group of countries. In this connection, an informal *ad hoc* group of eminent persons to promote EU-ASEAN relations was set up.

The main points of the joint declaration may be summarized as follows:

- the Ministers expressed satisfaction over the substantial progress of the relationship and agreed that cooperation between EU and ASEAN had been further consolidated and diversified. They welcomed the content of the Commission's communication to the European Council and to the European Parliament on the new strategy towards Asia, in particular, concerning ASEAN. In this regard, the Ministers agreed that ASEAN should remain a cornerstone of the EU's dialogue with the Asian region;
- the Ministers expressed their commitment to reinvigorate and to intensify their longstanding dialogue and cooperation on issues of peace and security, the environ-

ment and sustainable development, trade and investment, human rights, based on partnership, shared responsibility and mutual benefit;

- the Ministers agreed that increased EU-ASEAN cooperation is a central element in relations between Europe and the Asia-Pacific region. The Ministers expressed their determination to implement this cooperation to the mutual benefit of the two regions;
- when differences exist, the Ministers reiterated that the spirit of dialogue and cooperation between EU and ASEAN should continue and prevail in order to achieve their settlement in a peaceful and negotiated manner and in accordance with the principles of the United Nations Charter;
- the Ministers had an extensive and fruitful exchange of views on the future directions of the cooperation between both regions and agreed that the following be given pre-eminence; maintenance of an open, fair and transparent world trade system as underpinned by the results of the Uruguay Round; promotion of business sector cooperation; poverty alleviation and education; protection of the environment both urban and natural; fight against drugs and HIV/AIDS; improving the EU profile in ASEAN and the ASEAN profile in the EU; promotion of cultural and media exchange and cooperation.

Finally, the Ministers decided:

- to further strengthen cooperation in the framework of the existing cooperation agreement between EU and ASEAN, to their mutual benefit and advantage;
- to intensify the close dialogue on all areas of mutual interest and priorities of importance to both regions, through the mechanisms for consultation and dialogue agreed between them;
- to conduct the dialogue at the levels of both Ministers and senior officials; Ministers would meet again in two years on a mutually agreed date in Singapore on the invitation of ASEAN; the 12th ASEAN-EU Joint Cooperation Committee (JCC) would meet in 1995 at the invitation of the European Union and the inaugural ASEAN-EU Senior Officials Meeting (SOM) would be hosted by Singapore in 1995.

The European Union also participated, as usual, in the ASEAN post-ministerial meeting held in Bangkok on 26 and 27 July and in the first meeting of the ARF (ASEAN Regional Forum).

## ASIA STRATEGY

472. More generally, and on the basis of a Commission communication, the Council of Ministers of the European Union at its meeting on 28 November finalized a report on the future strategy for Asia.

In the light of that report, which it welcomed, the European Council in Essen (9 and 10 December) emphasized the economic and political significance of the States of the Asia-Pacific region and confirmed that the European Union and its Member States

intended to strengthen cooperation and dialogue at all levels with these countries and the regional organizations of the Asia-Pacific region. The European Council also asked the Council and the Commission to report to it as soon as possible on practical measures taken to implement this strategy.

## Latin America<sup>1</sup>

473. The progress made by the countries of Latin America in the fields of democracy and human rights, peace and disarmament, economic reform and regional integration led the European Council in Corfu to reaffirm the importance it attached to relations with these countries and their regional groupings.

In the light of the European Council's conclusions, the European Union defined general guidelines for the implementation of a new partnership between the two regions. The Council at its meeting on 31 October accordingly adopted a basic document on future relations between the European Union and Latin America and the Caribbean.

More specifically, at its meeting on 28 and 29 November, the Council adopted a report to be forwarded to the Essen European Council on possible approaches for stepping up and strengthening the European Union's relations with Mercosur (Argentina, Brazil, Paraguay, Uruguay), Mexico and Chile. In particular:

- with regard to Mercosur, the report outlined a strategy for the eventual establishment of an inter-regional association of a political and economic nature between the EU and Mercosur as well as the conclusion, in the short term, of an inter-regional framework agreement on trade and economic cooperation covering, among other things, commercial cooperation and preparation for the gradual, reciprocal liberalization of trade, taking into account the results of the Uruguay Round, as well as cooperation in promising fields for the future.
- with regard to Mexico and Chile, the report stated that the Commission would submit, within the first six months of 1995, a strategic options paper containing practical proposals for future EU-Mexico relations and an evaluation report on stronger links with Chile.

The Essen European Council confirmed the resolve expressed in the European Union's 'basic paper' on its relations with the Latin American and Caribbean States to establish a new, comprehensive partnership between the two regions. It asked the Council and the Commission, working on the basis of the Council report, to create as quickly as possible the conditions for an early opening of negotiations with the Mercosur States on an inter-regional framework agreement, including a memorandum of understanding, and to put ideas on the future form of treaty relations with Mexico and on the extension of relations with Chile into concrete form without delay.

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<sup>1</sup> See also paragraph 498 of this Review.

On the basis of the Essen European Council's instructions and the positive reaction of the Presidential Summit meeting of the Mercosur countries, on 22 December in Brussels the representatives of the two sides signed a joint solemn declaration setting out the main features of a strategy for treaty relations and a timetable for the negotiation of an inter-regional framework agreement in 1995.

474. In relations with the Rio Group, in adopting the São Paulo Declaration at the fourth ministerial Conference held on 22 and 23 April 1994, both parties agreed to commence joint measures — within the UN in particular — on the basis of common values and principles and through the intermediary of a structured, reinforced dialogue. The salient points of that joint declaration may be summarized as follows:

- in accordance with their shared principles and values, both sides agreed to deepen their relationship, identifying the appropriate structures for dialogue and cooperation and new instruments which will enrich the present context of their relations in the context of a medium- and long-term strategy.

The ministers also undertook to:

- continue supporting the various attempts to achieve regional and sub-regional integration and cooperation, leading to the gradual and progressive formation of a Latin American common market, in a context of openness and dynamic interaction with the international economy;
- work towards a genuine partnership in the economic, commercial, industrial, scientific and technological fields to the advantage of both sides.

The ministers also agreed to hold another high-level meeting on economic and trade questions between the Rio Group and the European Union, at which current issues and issues of mutual interest could be discussed.

As at past meetings, the Foreign Affairs Ministers of the countries of the European Union and Mercosur held an informal meeting alongside the EU-Rio Group Ministerial Conference in São Paulo on 23 April.

475. In EU-Central America relations, the San José X Ministerial Conference held in Athens on 28 and 29 March was able to speak of a decade of successful cooperation during which the Community had contributed financial aid of over ECU 1 billion.

The Community is the largest aid donor in the region, which has become one of the main beneficiaries of Community aid per capita.

The Community has thus decisively supported the efforts towards peace, modernization and economic liberalization in the region, as well as democratic stabilization through the increased economic and political participation of the population.

In view of the new situation in Central America, the ministers agreed to integrate future cooperation actions into a medium- and long-term strategy, to be defined jointly. Special attention would be paid to economic cooperation in order to contribute to sustained development in the region.

476. Under existing agreements, the following Joint Committees met during 1994:

- EC-Brazil (Brussels, 14 March);
- EC-Mexico (Brussels, 28-29 April);
- EC-Andean Pact<sup>1</sup> (Quito, Ecuador, 29 September).

The framework cooperation agreement between the EEC and the Eastern Republic of Uruguay, signed in Brussels on 4 November 1991, entered into force on 1 November 1994.<sup>2</sup>

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<sup>1</sup> The Andean Pact comprises Bolivia, Ecuador, Peru and Venezuela.

<sup>2</sup> OJ L 94, 8.4.1992.



# Chapter VII

## Common foreign and security policy

477. During this first year of effective implementation of the Common Foreign and Security Policy (CFSP), following the entry into force of the Treaty on European Union (TEU) on 1 November 1993, the Union sought to move from a reactive to a preventive form of diplomacy (stability pact, for example) that would ensure its influence and visibility on the world stage. It took care to preserve consistency between the objectives of the action taken under this heading and those of its action in the traditional field of relations with its partners. The EU increased its influence in international bodies and organizations, in particular the OECD and also the UN and its specialized agencies.

The EU conducted several joint actions concerning, in particular, the former Yugoslavia, the Middle East Peace Process, Russia, South Africa, the establishment of a pact for stability in Central and Eastern Europe, nuclear non-proliferation and the export of dual-use goods. The Council adopted a number of common positions in order to impose economic and arms embargoes, particularly as regards the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Bosnian Serbs, and to determine the broad lines of EU policy towards certain countries (Ukraine).

The structures of the CFSP were put in place, especially as regards its operation and funding and the EU institutions' relations with the WEU.<sup>1</sup>

### A — Functioning and financing of the CFSP

478. Guidelines on the functioning of the CFSP were adopted by the Council to improve the procedures and rules for the policy's operation. In particular, they provide for the Council to establish and regularly update priorities in areas covered by the CFSP.

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<sup>1</sup> See attached the three lists concerning the EU's joint actions, common positions and declarations.

The principles and conclusions established by the Council for financing the CFSP were essentially concerned, in accordance with Article J.11(2) of the Treaty on European Union, with classifying the arrangements according to whether the expenditure involved was administrative expenditure to be funded from the Community budget or operating expenditure to be financed either by the Community or by the Member States using a pre-established scale of contributions.

At the same time the Council instructed the Presidency to pursue its contacts with the European Parliament to work out an arrangement concerning the budgetary procedure for implementing the CFSP.

Under the 1995 budget, which was adopted on 15 December,<sup>1</sup> the CFSP is to be financed from two budget chapters:

- a new CFSP chapter (B8-10) with ECU 110 million in commitment appropriations and ECU 80 million in payment appropriations, shared between three specific headings (joint actions: Mostar, Stability Pact, NPT) and a 'p.m.' heading, to be funded from the general reserve (B0-40) containing ECU 48.5 million in commitment appropriations and ECU 38.5 million in payment appropriations, for other joint actions;
- a chapter for a 'global reserve for the Community's external policy actions and cooperation with the developing countries' (B7-95) containing ECU 190 million in commitment appropriations and ECU 147 million in payment appropriations, which may in principle be used to finance new joint actions.

## B — Political dialogue

479. Political dialogue, which had already been used in European Political Cooperation (EPC), was developed and reinforced under the CFSP with a view to increasing the EU's presence and influence *vis-à-vis* its external partners. At the same time as the CFSP came into force, a political aspect was included in a growing number of agreements concluded — or in process of negotiation — by the EU with countries or groups of countries, with the result that political dialogue has become one of the main instruments for implementing the guidelines and strategies drawn up in the CFSP context. One illustration of this in 1994 was the joint action concerning preparations for the NPT Review Conference, involving concerted representations to a number of third countries.

At the end of 1994, the EU was engaged in 26 political dialogues with countries and groups of countries: 2 with North America (Canada, United States); 5 with European countries and groups (Albania, Baltic countries, CCEE, Russia, Ukraine); 8 with

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<sup>1</sup> See also the 'Budget' section (paragraphs 571 *et seq.* of this Review).



countries and regional organizations of the Gulf and the Mediterranean (GCC, Cyprus, Egypt, Israel, Malta, Morocco, Tunisia, Turkey); 8 with Asian countries and regional organizations (ASEAN, Australia, China, South Korea, India, Japan, New Zealand, Pakistan); 2 with regional organizations of Latin America (Rio Group, the 'San José' Dialogue with Central America); 1 with an international movement (Non-Aligned Movement).

The 'structured dialogue' established with the CCEE is more in the nature of a pre-accession and association strategy than a political dialogue in the strict sense. Dialogue with the Union's other partners also takes place at various levels (summit, ministerial, political directors, working parties): this involves an annual ministerial meeting in most cases, one ministerial meeting per Presidency for a smaller number of countries, an annual 'summit' meeting with just four countries, and one 'summit' meeting per Presidency with two countries.

## C — Former Yugoslavia

480. During the year the European Union had two constant concerns: the search for a political solution acceptable to all parties in the conflict in the former Yugoslavia, and the securing of free access for humanitarian aid in the region. Five joint-action decisions (7 March, 10 May, 27 July, 12 December) three common-position decisions (13 June, 10 October) gave tangible form to the EU's commitment.

Under the action plan which it had approved in November 1993, establishing the framework for a political solution, the European Union achieved a greater diplomatic commitment from the international community. On 6 July the Contact Group set up in this context submitted to the protagonists a proposal based very largely on the EU's action plan for a peaceful solution to the crisis in Bosnia-Herzegovina: on 18 July the European Union called on the parties involved to seize this opportunity of making peace on a viable basis. As a result of the Bosnian Serbs' refusal to endorse this plan, despite its acceptance by the Croat-Bosnian Federation and the Federal Republic of Yugoslavia (Serbia and Montenegro), the European Union supported the UN Security Council's adoption of two resolutions, one reinforcing the sanctions against the Bosnian Serbs (942), the other authorizing the suspension of a number of sanctions against the Federal Republic of Yugoslavia subject to its continuing to close its border with Bosnia (943). Serb operations in Bihac, in violation of UN resolutions, threatened not only the success of Unprofor — whose largest contingents were provided by Member States of the European Union — but also the peace process itself. At its meeting in Essen (9 and 10 December) the European Council condemned the violation of the Bihac safe area by the Bosnian and Krajina Serbs and declared it intolerable that humanitarian aid should be used as an instrument of war. It stated that only a negotiated settlement would bring peace and that, in this connection, the closure of the border between the Yugoslav Federation and Bosnia-Herzegovina continued to be necessary.

481. The Union's presence and action on the ground continued to be essential, taking two particular forms:

- the status of primary donor of humanitarian aid in the area: by seeking to relieve the immediate suffering of the population, the European Union's contributions meant that several 'humanitarian disasters' were avoided. The implementation of the joint action of 8 November 1993 on humanitarian aid was the subject of three further joint-action decisions;
- the administration of Mostar for two years following the signing of the memorandum of understanding with the parties on 3 July. The EU's aim is to restore cooperation between the different communities in the town as an example to be followed by others.

The EU's contribution in terms of staff and funding was considerable. It included:

- under the international conference on the former Yugoslavia, the mission responsible for verifying the closure of the border between Yugoslavia and Bosnia-Herzegovina;
- the provision by EU Member States of more than half the personnel of the United Nations Protection Force (Unprofor) deployed in the former Yugoslavia;
- the key role played by the EU's monitoring mission in the efforts to control the conflict through monitoring and mediation and in preventing an extension of the conflict by its presence in neighbouring countries;
- coordination by the EU — as part of a joint operation with the CSCE — of support for neighbouring countries' efforts to implement sanctions;
- the despatching of sanctions assistance missions to Bulgaria, Hungary, Albania, Croatia, the Former Yugoslav Republic of Macedonia and Ukraine;
- by way of action in the WEU context, the Member States' contribution to sanctions monitoring on the Danube and in the Adriatic.

In parallel with this political and humanitarian activity, the Union sought to reinforce its links with the republics that had emerged from the former Yugoslavia.<sup>1</sup> The former Yugoslav Republic of Macedonia and Slovenia both received financial and technical assistance under the PHARE programme, and the Commission proposed that Croatia should also benefit from the programme.

#### *Chronology*

7 February                      Council statement condemning the bombing of Sarajevo by Bosnian Serbs and calling for the siege to be lifted.

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<sup>1</sup> This point is developed in Chapter VI (External economic relations); see paragraphs 398 and 420/421 of this Review.

7 March	Decision by the General Affairs Council to extend until 30 September 1994 the joint action concerning support for the conveying of humanitarian aid in Bosnia-Herzegovina. <sup>1</sup>
18 April	Council statement condemning the attacks by the Bosnian Serbs on Gorazde, and calling for their immediate withdrawal and for a ceasefire.
18 and 19 April	Confirmation by the General Affairs Council of the appointment of Mr Hans Koschnick, former mayor of Bremen, as Administrator of Mostar on behalf of the European Union.
16 and 17 May	The General Affairs Council welcomes the results of the ministerial meeting (Troika, France, United Kingdom, Russia) in Geneva on 13 May, which are seen as being in line with the Union's action plan. Adoption and extension until 31 December 1994 by the Council of the joint-action Decision concerning support for the conveying of humanitarian aid, for the purpose of providing ECU 32 million to finance support for the administration of Mostar. <sup>2</sup>
10 June	Statement by the Presidency approving the agreement on a ceasefire in Bosnia-Herzegovina concluded by the parties in Geneva on 8 June, and welcoming the opening of a second phase of negotiations between the Government and the Serbs of Croatia.
15 June	Statement by the Presidency on the approval by the Council (13 and 14 June) of the memorandum of understanding on the administration of Mostar by the European Union and calling on the parties to approve the memorandum as soon as possible.
24 and 25 June	The Corfu European Council calls on the parties to approve the memorandum of understanding on Mostar with a view to its signature at an early date.
5 July	The memorandum of understanding on Mostar is signed by the parties in Geneva. (The Troika sets up the Union's administration of Mostar on 23 July.)
18 July	The day before the expiry of the deadline set by the Contact Group: statement by the General Affairs Council calling on the Bosnian Serbs to accept the peace plan submitted to the parties on 6 July.
27 July	The Ecofin Council adopts a supplementary joint-action decision concerning support for the conveying of humanitarian aid in Bosnia-Herzegovina; in this new decision, the Council lays down the procedure for the disbursement of ECU 7.15 million, representing part of the Member States' contribution to the joint action approved in November 1993. <sup>3</sup>
10 October	The Ecofin Council adopts two common positions concerning the implementation of UN Security Council Resolutions 942 (reinforcement of sanctions against the Bosnian Serbs) and 943 (partial suspension of sanctions against the Federal Republic of Yugoslavia) and enabling two Community Regulations implementing these Resolutions to be adopted. <sup>4</sup>

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<sup>1</sup> Decision 94/158/CFSP, OJ L 70, 12.3.1994.

<sup>2</sup> Decision 94/308/CFSP, OJ L 134, 30.5.1994.

<sup>3</sup> Decision 94/510/CFSP, OJ L 205, 8.8.1995.

<sup>4</sup> Decisions 94/672/CFSP and 94/673/CFSP, OJ L 266, 15.10.1994.

9 December	Ministerial-level meeting of the contact group in Brussels.
9 and 10 December	The Essen European Council condemns the violation by the Bosnian and Krajina Serbs of the Bihac safe area, and reiterates the vital need for a negotiated settlement and the establishment of peace.
12 December	Council statement condemning the renewed intensification of the conflict around the Bihac safe area.
12 December	Council adopts two joint-action decisions concerning: <ul style="list-style-type: none"> <li>• continued support for the Mostar administration until the end of 1995 and provision of a budget of ECU 20 million to this end.<sup>1</sup></li> <li>• continued implementation of the joint action of November 1993 concerning support for the conveying of humanitarian aid.<sup>2</sup></li> </ul>

## **D — Countries of Central and Eastern Europe — New States of the CIS, including those of Central Asia**

482. While consolidating its enlargement to take in three new Member States (Austria, Finland and Sweden), the European Union displayed throughout the year a desire to achieve balanced relations with all its neighbours. On the basis of the conclusions of the Copenhagen European Council (June 1993) considerable progress was thus made in setting up the structures for dialogue and institutional cooperation with the countries of Central and Eastern Europe which had signed Europe Agreements. On 7 March the General Affairs Council adopted conclusions seeking to reinforce the dialogue at all levels and offering these countries the possibility of being associated with certain Union initiatives such as statements or *démarches vis-à-vis* third countries.

At its meeting on 4 October the Council noted the substance of the exchange of letters between the United Kingdom and Italian Foreign Ministers and the President of the Council, the purpose of which was to give practical form to the measures approved on 7 March. In response to the conclusions of the European Council meetings in Copenhagen and in Corfu (24 and 25 June), the Commission had adopted — on 13 and 27 July — two communications on preparing the countries of Central and Eastern Europe for accession. On the basis of the Europe Agreements with these countries, the Commission proposed deepening the relationship between the associated countries and the institutions of the European Union and promoting convergence, integration and regional cooperation in the Community's areas of activity.

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<sup>1</sup> Decision 94/790/CFSP, OJ L 326, 17.12.1994.

<sup>2</sup> Decision 94/789/CFSP, OJ L 326, 17.12.1994.

On the basis of the Council report setting out this strategy of preparation and cooperation (28 November), the European Council meeting in Essen (9 and 10 December) confirmed the Copenhagen and Corfu conclusions and discussed in more detail the process of accession preparation that had been started.

483. Under the political dialogue which had been established with the signing of the trade and cooperation agreements with the Baltic countries in 1992, the Union held a considerable number of meetings with these countries at various levels. The Council expressed satisfaction on several occasions at the agreements which these countries had concluded with the Russian Federation on a number of disputed issues — agreements to which the European Union sought to contribute through numerous *démarches* in various quarters. The Union welcomed the signing of the agreements on the withdrawal of Russian troops from Latvia and Estonia (declarations of 18 March, 10 May, 28 July and 31 August). In connection with efforts to guarantee stability in Europe,<sup>1</sup> the EU noted with satisfaction the conclusion of a Friendship Treaty by Latvia and Poland (30 March). It expressed concern, however, at certain aspects of the law on foreign nationals which had been adopted by Estonia (3 May). After expressing concern at the citizenship law passed by Latvia (21 June), the EU welcomed (28 July) the adoption by the Latvian parliament of a new nationality law that took account of recommendations by the CSCE and the Council of Europe and appeals by the Union. It also expressed concern over the question of military transit to and from Kaliningrad, and stressed the need for the early conclusion of an agreement between Lithuania and Russia on this subject (22 December).

At its meeting on 28 November, the Council authorized the Commission to open negotiations for the conclusion of Europe Agreements with the Baltic countries, thus offering them the prospect of a structured relationship on the same lines as that established with the countries of Central and Eastern Europe. At Essen, the European Council reinforced this approach by calling on the Council and the Commission to work for the conclusion of such agreements ‘under the French Presidency, so that these States can be included in the accession preparation strategy’.

On 28 November the Council gave its approval to a first instalment of ECU 15 million in macroeconomic aid being made available to Albania, thus reaffirming the link between continued economic assistance to Albania and the process of political and economic reform which that country had embarked upon.

484. The Union's attitude towards the new States of the CIS, including those of Central Asia, was influenced by the not uniformly successful continuation of their democratization measures and economic and social reforms. While it supported the reforms carried out by these States, the Union sought to prepare the way for developing full cooperation relations with a number of them by negotiating new-generation partnership and cooperation agreements. The Corfu European Council welcomed the signing of the partnership agreements with Russia (24 June), and Ukraine (14 January), although it

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<sup>1</sup> See also the ‘Stability Pact’ section of this Chapter VII (CFSP) — paragraphs 501 *et seq.* of this Review.

voiced concern over the question of nuclear safety in Ukraine. At Essen the European Council welcomed the adoption by the Council (28 November) of a common position setting out the Union's aims and priorities with respect to Ukraine, and it also reaffirmed the Union's support for the reforms undertaken by that country. It welcomed the ratification by Ukraine, and also by Moldova, of the Nuclear Non-Proliferation Treaty (NPT). It expressed the hope that the agreement signed with Russia would be ratified quickly so that a 'sustained constructive dialogue' with that country could be established.

The Union made clear its aim of establishing a network of partnership and cooperation agreements with the newly independent States of the CIS other than Russia and Ukraine: on 7 March the Council adopted guidelines for a differentiated approach to future contractual relations with these States. The partnership and cooperation agreement with Moldova was signed on 28 November, those with Kazakhstan and Kyrgyzstan were initialled in May, and the Council (14 November) amended the negotiating Directives for an agreement with Belarus.

485. The Union welcomed the elimination of all nuclear weapons in Ukraine (17 January and 7 February) and the country's accession to the NPT (30 November). It also noted the successful conduct of the general election (19 April) and reiterated its support for the principle of Ukraine's territorial integrity (25 May). It expressed satisfaction at the accession to the NPT of Kazakhstan (9 March), Georgia (22 April), Kyrgyzstan (29 July) and Moldova (29 November).

The regional conflicts in Tajikistan and Nagorno-Karabakh, on the Russian border, led the Union to speak out on several occasions, notably to support efforts by the UN and the CSCE in seeking more or less permanent solutions. The Union welcomed the extension of the UN special envoy's mandate and the establishment of a permanent CSCE mission in Tajikistan, and on two occasions (17 May and 28 July) it called on the country's political forces and on neighbouring States to cooperate with the UN and the CSCE to help in the repatriation of refugees and work out a new political arrangement that would form the basis for national reconciliation. When fighting broke out again in Nagorno-Karabakh, the Union reaffirmed its commitment to the principle of Azerbaijan's territorial integrity. It called for the resumption of negotiations, notably in the context of the Minsk group of the CSCE, and for the implementation of UN Security Council Resolutions (17 January). It welcomed the decision by the leaders of Armenia, Azerbaijan and Nagorno-Karabakh to observe the ceasefire until an agreement was concluded (5 August and 15 September).

### *Chronology*

#### **Countries of Central and Eastern Europe — Baltic countries**

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|------------|--|
| 7 January  | The Presidency makes representations to Budapest and Bratislava to express the Union's concern at the possible risk of confrontation as regards the Hungarian minority in southern Slovakia. |
| 17 January | Meeting in Brussels of the Troika, at Political Director level, with the associated countries of Central and Eastern Europe (topic addressed: follow-up to the Copenhagen European Council). |

8 February	In a declaration on the opening of negotiations for Europe Agreements with the Baltic countries, the Council and the Commission refer to the prospect of a reinforced political dialogue.
14 February	The Presidency and the Commission hold a ministerial meeting with Albania as part of the political dialogue with that country.
16 February	The Troika, at ambassador level, makes representations to Bratislava in connection with the Union's efforts to mediate in the dispute between Slovakia and Hungary over the Gabčíkovo-Nagymaros dam.
3 March	Declaration by the Presidency on the progress of negotiations between Russia and Latvia concerning the radar station at Skrunda.
7 March	The Council approves conclusions on a reinforced political dialogue with the associated countries of Central and Eastern Europe. (Under these conclusions, the dialogue is to be intensified and expanded at all levels, with the associated countries being able to take part in certain initiatives <i>vis-à-vis</i> third countries).
18 March	Declaration by the Presidency on the withdrawal of Russian troops from the Baltic countries (followed by a Troika <i>démarche</i> in Moscow, at ambassador level, urging Russia to complete the withdrawal by 31 August).
24 March	Presidency communiqué on the elections in Moldova.
30 March	Presidency communiqué on the conclusion of the Friendship and Cooperation Treaty between Lithuania and Poland.
19 April	Meeting in Luxembourg of the Troika, at Foreign Minister level, with the associated countries of Central and Eastern Europe.
19 April	Troika <i>démarche</i> in Riga concerning the possible negative impact of the negotiations between Russia and Latvia concerning the Russian 'presidential decree' on Russian military bases in neighbouring countries.
2 and 3 May	Troika <i>démarche</i> in Tallinn and Presidency declaration on the implementation of the Estonian law on foreign nationals.
10 May	Presidency declaration on the signing of the agreements between Latvia and Russia on the withdrawal of Russian troops from Latvia.
19 May	Meeting in Brussels of the Troika, at Foreign Minister level, with the Baltic countries.
3 June	First meeting in Athens, at Political Director level, between the Union, the four applicant countries and the six associated countries of Central and Eastern Europe.
21 June	Troika <i>démarche</i> in Riga and Presidency declaration on Latvia's draft law on citizenship.
24 and 25 June	Conclusions of the Corfu European Council asking the Presidency and the Commission to report on the strategy for preparing the CCEE for accession and to work on the 'formulation of an overall policy towards Ukraine'.

28 July	Presidency communiqué on relations between Russia and the Baltic countries (Austria, Finland and Sweden associate themselves with this communiqué).
19 August	Troika <i>démarche</i> in Moscow seeking clarification of Russian statements concerning the final withdrawal of Russian troops from the Baltic countries.
31 August	Presidency communiqué on the withdrawal of troops of the former Soviet Union from Estonia and Latvia.
6 September	Meeting in Brussels of the Troika, at Political Director level, with the Baltic States.
28 September	Meeting in New York of the Troika, at Foreign Minister level, with the Baltic States (in the margins of the 49th UN General Assembly).
4 October	The General Affairs Council takes note of the exchange of letters between the United Kingdom and Italian Foreign Ministers and the Presidency seeking to give practical form to the measures approved by the Council on 7 March.
25 October	Meeting in Brussels, at Political Director level, of the Union, the four applicant countries and the six associated countries of Central and Eastern Europe (subject: adoption of guidelines for implementing the reinforced dialogue).
31 October	Meeting in Luxembourg of the Foreign Ministers of the Union, the four applicant countries and the six associated countries of Central and Eastern Europe.
23 and 24 November	Visit by the Troika, at ambassador level, to the President of Slovakia, the Prime Minister and the President of the National Assembly (topics: the future of the reform process and of EU-Slovakia relations).
21 and 22 December	Presidency declaration in which the EU expresses its concern to the Russian and Lithuanian Governments over the unresolved question of transit to and from Kaliningrad.

### **Eastern Europe and Central Asia**

17 January	Presidency communiqué on the situation in Nagorno-Karabakh.
17 January	Presidency declaration on the agreement between Ukraine, Russia and the United States on the elimination of nuclear weapons from Ukrainian territory.
7 February	Declaration by the Union on the Ukrainian Parliament's approval of the tripartite agreement on nuclear weapons.
7 February	Declaration by the Union on the decision by the Parliamentary Assembly of the Council of Europe to examine Russia's application to join.
9 March	Presidency communiqué on the accession of Kazakhstan to the Non-Proliferation Treaty (NPT).
19 April	Presidency communiqué on the first general election in Ukraine.



20 April	Troika <i>démarche</i> in Moscow seeking clarification of the 'presidential decree' concerning Russian military bases in neighbouring countries.
22 April	Presidency communiqué on the accession of Georgia to the NPT.
17 May	Presidency declaration on political dialogue and national reconciliation in Tajikistan.
25 May	Presidency communiqué on the situation in the Crimea (Ukraine).
29 July	Presidency communiqué on the accession of Kyrgyzstan to the NPT.
5 August	Presidency communiqué on the ceasefire agreement in Nagorno-Karabakh.
15 September	Presidency communiqué on the observance of the ceasefire in Nagorno-Karabakh.
28 November	Presidency communiqué on the signing of the partnership and cooperation agreement with Moldova and the withdrawal of the Russian 14th army from Transdniestria.
14 December	Troika <i>démarche</i> , at ambassador level, in Moscow and Chisinau on the EU-Moldova partnership and cooperation agreement and on the withdrawal of the Russian 14th Army from Transdniestria.

## E — Southern Europe

486. The European Councils in Corfu (24/25 June) and Essen (9/10 December) reviewed the progress made in the process of preparing Malta and Cyprus for accession and confirmed that the next phase of enlargement would include these two countries.

At the meeting of the EC-Cyprus Association Council in Luxembourg on 18 April, the discussions dealt mainly with political issues: the prospects for Cyprus's accession, the political settlement of the Cyprus question and bilateral matters in the context of the Association Agreement. At its meeting on 13 and 14 June the General Affairs Council examined internal developments in Cyprus on the basis of the report by the EU observer. It noted that one of the two communities on the island was continuing to hold up the conclusion of an inter-community agreement on confidence-building measures as proposed by the UN Secretariat. In the margins of the European Council in Corfu, the first political-dialogue meeting was held at the highest level between the Presidents of the European Council, the Commission and the Republic of Cyprus.

The prospect of achieving a customs union with Turkey accounted for the European Union's concern at the worsening human-rights situation and the political problems in the south-east of the country. The EU spoke out on this subject on two occasions (declarations of 31 March and 9 December). It said that the fight against terrorism should be waged with due respect for the law and for human rights, and called on the Turkish Government to honour its undertakings to effect constitutional reforms on these points.

At its meeting on 19 December the EC-Turkey Association Council considered the impact of Turkey's internal political situation on the completion of the customs union, and also looked in more general terms at the nature of the relationship between the EC and Turkey, as well as democracy, terrorism and respect for human rights.

#### *Chronology*

31 March	Presidency communiqué on the worsening human rights situation in Turkey, including the lifting of the immunity of six members of the Turkish national assembly.
18 April	Discussion of political issues in the EC-Cyprus Association Council.
13 and 14 June	Internal developments in Cyprus are examined by the General Affairs Council.
24 and 25 June	Corfu European Council considers the progress of Cyprus's and Malta's applications for accession.
9 December	Presidency declaration on the conviction of former members of the Turkish national assembly.
9 and 10 December	The Essen European Council confirms that the next phase of enlargement will include Cyprus and Malta.
19 December	Political discussions in the EC-Turkey Association Council.

## **F — Mediterranean — Maghreb/Mashreq**

487. Since the European Council meetings in Madrid (June 1989) and Lisbon (June 1992), the European Union has several times reaffirmed its wish to develop closer links with the Mediterranean countries in a context of good-neighbourliness.

With a view to the region becoming an 'area of cooperation guaranteeing peace, security, stability and well-being', the Corfu European Council charged the Council and the Commission to make a joint evaluation of the EU's global policy up to now, together with any initiatives to strengthen it in the short and medium term. Referring to the Council's report (28 November) based on the Commission communication (19 October), the Essen European Council confirmed that the Mediterranean was 'a priority area of strategic importance' for the EU. It welcomed the possibility of organizing a Euro-Mediterranean conference in the second half of 1995, and spoke in favour of a policy based on a partnership in the political, economic, social and cultural fields, in the context of which reinforcement of the political dialogue would be based on respect for democracy, good governance and human rights.

At the same time, the Union on various occasions forcefully emphasized the importance it attached to the existing links with the Mashreq and Maghreb countries.

The Corfu European Council expressed the Union's wish to strengthen its economic and political cooperation relations with the Mashreq countries, 'taking account of the specific situation of each country', and on 28 November the first meeting of the EC-Syria Cooperation Council was held, in the margins of which a number of political issues of common interest — including the Middle East peace process — were raised. Also on 28 November, the General Affairs Council decided to lift the embargo on arms sales to Syria. Lastly, the Essen European Council called for the conclusion of the current negotiations with Israel and for an early start to similar negotiations with Egypt and other Mediterranean countries.

With regard to the Maghreb countries, negotiations continued for new partnership agreements with Morocco and Tunisia, while particular attention was given to the situation in Algeria. The Union gave encouragement in various ways for a resumption of national dialogue and the continuation of the process of structural reforms: firstly, a ministerial Troika was sent to Algiers on 30 May; this was followed by the scheduled release of ECU 150 million by way of the second instalment of the medium-term loan for restoring the balance of payments; then there was the Council's decision to give favourable consideration to a proposal for granting ECU 200 million in additional aid. The Essen European Council confirmed the EU's position on Algeria as defined by the Corfu European Council: continued economic support, with a call for dialogue 'among all those who reject violence'.

### *Chronology*

#### **Euro-Mediterranean Conference**

24 and 25 June	Conclusions of the Corfu European Council call for the Mediterranean to become 'an area of cooperation guaranteeing peace, security, stability and well-being'.
19 October	The Commission adopts a communication entitled 'Strengthening the Mediterranean policy of the European Union: establishing a Euro-Mediterranean partnership'.
28 November	The Council adopts a report, based on the Commission's communication, on the broad lines of a Euro-Mediterranean partnership.
9 and 10 December	The Essen European Council reaffirms the objectives and practical details of a Euro-Mediterranean partnership.

#### **Algeria**

24 January	Troika <i>démarche</i> in Algiers concerning the ban on the repatriation of consular fees charged by Member States' missions.
7 February	EC-Algeria Cooperation Council meeting.
6 April	Troika <i>démarche</i> in Algiers concerning the penalty clause in contracts.
30 May	Troika visit to Algiers, at ministerial level, to express EU support for the process of economic and political reform and to encourage national dialogue.

26 September Presidency communiqué on the internal situation, reaffirming EU support for the reforms and the process of national dialogue, and calling on all Maghreb States to work together in a spirit of good-neighbourliness for economic and political stability in the region.

### **Egypt**

16 May EC-Egypt Cooperation Council meeting. In a joint press release, the EU emphasizes the constructive role played by Egypt in the Middle East peace process, while Egypt expresses a wish to start discussions with the EU on a new partnership agreement.

The two sides affirm their desire to strengthen EC-Egypt cooperation.

19 and 20 December The General Affairs Council adopts Directives for the negotiation of a new EC-Egypt agreement, to be in line with the approach aimed at reinforcing the EU's Mediterranean policy and to include a 'political dialogue' section.

### **Israel**

13 June EC-Israel Cooperation Council meeting. Presidency declaration on the future of EC-Israel relations and other matters of common interest.

9 and 10 December The Essen European Council decides that Israel should be given a special status, owing to its high level of economic development and in order to strengthen regional economic development in the Middle East.

### **Libya**

9 September Presidency *démarche* in Tripoli to protest against the incident involving the flags of certain Member States at ceremonies that mark the Libyan National Day.

### **Syria**

28 November First meeting of the EC-Syria Cooperation Council in Brussels, (since the cooperation agreement of 1977).

28 November General Affairs Council decides to revoke the 1986 decision to stop authorizing arms sales to Syria, but still requires such sales to meet the eight criteria for arms exports that were drawn up by the European Council in Luxembourg (1991) and Lisbon (1991).

### **Tunisia**

3 January Troika *démarche* in Tunis to protest against the expulsion of a BBC journalist and infringements of press freedom.

8 November Political dialogue in Tunis between the Troika of ambassadors and the Tunisian Foreign Affairs Minister, Mr Ben Yahia.

3 December Political dialogue (lunch) in Tunis between the Troika of ambassadors and the Tunisian Foreign Affairs Minister, Mr Ben Yahia.

## G — Middle East peace process

488. The European Union continued the active, constructive and balanced role which it has played since the beginning of the peace process by providing constant political and material support. As the chief donor in the Occupied Territories — providing finance, among other things, for the start-up and operation of the Palestinian Authority (in particular the Palestinian Police Force) — the EU seeks to contribute, as it has pledged to do on several occasions, to the success of the process, both in overall terms and at each of the steps taken in 1994:

- The Cairo agreements (4 May) between Israel and the PLO on the autonomy of the Gaza strip and Jericho, which marked an important step in the implementation of the Declaration of Principles signed in Washington on 13 September 1993. The Presidency and the Member States attended the signing of the agreement, and on the same day the Presidency issued a declaration.
- The setting up of the Palestinian Authority on 7 July, which the EU welcomed with a Presidency declaration issued the same day.
- The signing of a peace treaty between Israel and Jordan on 26 October, attended by the ministerial Troika; a Presidency declaration on behalf of the EU welcomed this further step towards establishing 'a just and lasting peace throughout the Middle East'.

489. Under the CFSP, the Council adopted on 19 April a joint action in support of the peace process, together with conclusions in which it announced the EU's intention of supplying ECU 500 million in aid over a five-year period (1994-98) for the development of the Occupied Territories. The joint action provides for the EU's political, economic and financial resources to be mobilized to promote and consolidate peace on three levels:

- global level: participating in the international arrangements adopted by the parties to guarantee peace; using its influence to encourage all the parties to support the process and work to strengthen democracy and human rights; helping to establish a new framework of relations between the regional parties in the context of the Working Party on Arms Control and Regional Security (ACRS);
- economic level: giving a greater role to the *ad hoc* liaison committee charged with coordinating international aid for the Occupied Territories; examining new ways of contributing to the development of the region;
- bilateral level: further *démarches* to bring about an end to the Arab States' boycott of Israel; monitoring the development of Israeli settlements in the Occupied Territories; further confidence-building measures (CBMs) which it submitted to the parties; helping to set up a Palestinian police force and to prepare for and monitor the elections in the Occupied Territories.

490. Within the multilateral track of the process, the EU chaired the Regional Economic Development Working Group (REDWG), which, at its fifth meeting in Rabat (15 to 17 June), agreed to set up the REDWG Monitoring Committee to encourage the

regional parties themselves to become more involved in regional development. In this new context, the EU played an active part in the proceedings of the third meeting of the *ad hoc* liaison committee on aid for the Palestinians (29 and 30 November in Brussels) and the first meeting, held in Cairo (5 December), of the four committees (Trade, Tourism, Infrastructure, Finance) set up in the framework of the REDWG. The EU also played an active role at the fifth and sixth meetings of the other working groups — Environment (6 and 7 April, 25 and 26 October); Water (17 to 20 April, 7 to 9 November); Arms Control and Regional Security (3 to 5 May, 12 to 15 December); Refugees (10 to 12 May, 12 to 15 December) — and in the Steering Group (12 and 13 July) which oversees proceedings under the multilateral track.

The Union also pursued bilateral contacts with the co-sponsors of the process and the parties concerned, in the margins of the bilateral track negotiations (Troika visits to Washington, 2 to 4 February, 23 to 25 February and 5 March) and in the context of its relations with each of its contacts, in particular with the ministerial Troika visit to Israel, the autonomous Palestinian zone, Syria and Lebanon (23 to 29 October).

The EU continued to invite the two sides to hold further negotiations on the points that had remained unresolved since the setting up of the Palestinian Authority (7 July). After the conclusion of a peace treaty between Israel and Jordan, the EU also continued to encourage Syria and Lebanon to play an active role within both the multilateral track and the bilateral track of the peace process. Several Presidency declarations were issued on behalf of the Union calling for negotiations to be resumed or continued, and denouncing the attacks and acts of violence designed to obstruct the negotiations.

#### *Chronology*

2 to 4 February	Troika visit to Washington for briefing by heads of delegations of the regional parties (Israel, P.O, Jordan, Lebanon, Syria) on the bilateral track of the negotiations, and by the co-sponsors of the process.
8 to 10 February	The EU takes part in the inter-sessional meeting of the multilateral track Steering Group in Montebello, Canada. It is agreed that the Steering Group's role in monitoring and revitalizing the multilateral track should be reinforced.
23 to 25 February	Troika visit to Washington for briefing by the regional parties, the co-sponsors and the World Bank.
26 February	EU declaration condemning the Hebron shooting.
1 to 6 March	Ministerial visit by the Presidency to Tunisia, Israel, Jordan, Egypt and Syria to emphasize the EU's commitment to the peace process and seek information on the progress of the negotiations following the Hebron massacre.
5 March	Troika <i>démarche</i> in Washington to discuss the measures to be taken following the Hebron massacre.
8 March	EU declaration urging the resumption of negotiations between all parties following the events in Hebron.
5 and 14 April	Troika makes representations to Mr Savir, Director-General at the Israeli Foreign Affairs Ministry, and to President Yasser Arafat, to convey the

	EU's favourable response to the Cairo agreement of 1 April between Israel and the PLO, with reference to: the security arrangements in Hebron and the resumption of negotiations on the Gaza strip and the Jericho area; the participation of two Member States in the Temporary International Presence in Hebron; and confirmation of the EU's desire to participate fully.
6 to 7 April	EU participation in the fifth meeting of the multilateral track Working Group on the Environment (The Hague).
8 April	Presidency declaration condemning the bloody attack at Afula (Israel) and calling for an early conclusion of the negotiations between Israel and the Palestinians.
17 to 20 April	EU participation in the fifth meeting of the multilateral track Working Group on Water (in Muscat).
19 April	The General Affairs Council adopts a joint action reinforcing the EU's role in support of the peace process; EU participation in the international arrangements adopted by the parties to guarantee peace; contribution to the development of the region; assistance in setting up a Palestinian police force with an initial contribution of ECU 10 million; participation in the Temporary International Presence, and in the preparation/monitoring of elections in the Occupied Territories. <sup>1</sup>
3 to 5 May	EU participation in the fifth meeting of the multilateral Working Group on Arms Control and Regional Security at Doha. For the first time, the EU was not represented solely by a delegation led by the Presidency and the Commission (the Union 'as such') but also by the delegations of nine Member States.
4 May	Presidency declaration expressing the EU's favourable response to the Cairo agreement between Israel and the PLO on the autonomy of Gaza and Jericho (4 May). The signing of the agreement in Cairo is attended by the Presidency and the Member States.
8 May/8 August	Two Member States (Denmark and Italy) and one applicant country (Norway) take part in the Temporary International Presence in Hebron, which was established as a confidence-building measure following the Hebron shooting (25 February).
9 May	Troika meets Yasser Arafat in Tunis to present the EU's conclusions concerning technical assistance for the Occupied Territories, with particular reference to its coordination and the issue of transparency with regard to financing and accounting.
10 to 12 May	EU takes part in the fifth meeting of the multilateral Working Group on Refugees (Cairo).
8 June	Meeting in Brussels between the Troika and the Director-General of the Israeli Foreign Affairs Ministry, Mr Uri Savir. (Matters discussed: progress of the peace process; EU concerns with regard to the financing of the Palestinian Authority and the well-being of the Palestinian population of the autonomous territories.)

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<sup>1</sup> Decision 94/276/CFSP, OJ L 119, 7.5.1994.

9 to 10 June	EU participation in the <i>ad hoc</i> liaison committee responsible for coordinating aid to the authorized zones and the occupied territories. (EU message: need for the Palestinians and Israel to take a constructive attitude to matters of budgetary technique in order to contribute to the success of the autonomous territories and the economic well-being of the Palestinians who live there.)
15 to 17 June	The fifth meeting of the multilateral Working Group on Regional Economic Development is held in Rabat. (A monitoring committee is set up to facilitate the transfer of initiative and property from the Group to the regional parties, with no implication of any disengagement on the part of the international community.)
24 to 25 June	The Corfu European Council welcomes the Cairo agreement. It confirms the importance attached by the EU to the setting up of the Palestinian Authority to administer Jericho and the Gaza strip and calls for its responsibilities to be extended to cover all the occupied territories.
28 to 29 June	Talks in Washington between the Troika and the US Government and the World Bank on the progress of the peace process and the arrangements for financing the Palestinian Authority.
7 July	Presidency declaration expressing the EU's satisfaction at the first visit by President Yasser Arafat to the Jericho zone and the Gaza strip, and at the setting up of the Palestinian Authority.
12 to 13 July	At Tabarka (Tunisia) the EU takes part in the fifth meeting of the Steering Group, which continues the proceedings begun in February at the Group's inter-sessional meeting in Montebello.
26 July	Presidency communiqué on the meeting between King Hussein of Jordan and the Israeli Prime Minister, Mr Rabin, in Washington on 25 July.
29 September	Meeting, at ministerial level, between the Troika and the Israeli Foreign Affairs Minister, Mr Peres (in the margins of the 49th General Assembly of the United Nations in New York).
20 October	Presidency communiqué condemning the bomb attack in Tel Aviv (Israel) and the acts of terrorism by Hamas.
23 to 29 October	Ministerial Troika visit to Israel, the autonomous Palestinian zone, Syria and Lebanon.
25 to 26 October	EU participation in the sixth meeting of the multilateral working group on the Environment in Manama (Bahrain).
26 October	Presidency declaration on the signing of the peace treaty between Israel and Jordan at their mutual border on 26 October. (The signing ceremony was attended by the Troika at ministerial level.)
30 October to 1 November	Economic summit on the Middle East and North Africa held in Casablanca.
7 to 9 November	EU participation in the sixth meeting of the multilateral Working Group on Water in Athens.
14 to 15 November	Troika-US meeting in Washington on the progress of the peace process.



15 November	Meeting between the Troika (ambassadors) and Crown Prince Hassan of Jordan in Amman. (Subject: establishment of an EU-Jordan seminar aimed chiefly at laying the basis for cooperation during the preparation period prior to the Economic Conference in Amman (June 1995).)
28 November	Declaration by the General Affairs Council (in Brussels) on aid to the Palestinians.
28 November	Meeting in Brussels of the Troika, at ministerial level, with the Israeli Foreign Affairs Minister, Mr Peres, and the President of the Palestinian Authority, Mr Arafat (Main topic: financial assistance for the Palestinians).
29 to 30 November	EU participation in the third meeting of the <i>ad hoc</i> liaison committee on aid to the Palestinians, in Brussels.
5 December	EU participation in the first meeting (held in Cairo) of the four committees (Trade, Tourism, Infrastructure and Finance) set up in the framework of the multilateral Working Group on Regional Economic Development.
9 and 10 December	On the basis of the Council declaration (28 November), the Essen European Council confirms the EU's commitment to supporting the peace process, and in particular the development of the Occupied Territories.
12 to 15 December	EU participation in the sixth meeting of the multilateral Working Group on Arms Control and Regional Security, in Tunis.
12 to 15 December	EU participation in the seventh meeting of the multilateral Working Group on Refugees, in Antalya (Turkey).

## H — Gulf and Middle East

491. Towards the Gulf, the Union conducted a global, stability oriented policy which was expressed through bilateral relations that varied according to the particular circumstances.

The 'critical dialogue' which the Union maintained with Iran, in accordance with the guidelines issued by the Edinburgh European Council in 1992, was pursued at three meetings with Mr Vaezi, Iran's Deputy Foreign Affairs Minister. At ministerial level, in the margins of the UN General Assembly in September, the Troika also met Mr Velayati, the Iranian Foreign Affairs Minister, to discuss problems of concern to the Union, and in particular Iran's attitude to the Middle East peace process, international terrorism and Iran's policies on arms and human rights. The Union made representations to the Iranian authorities on several occasions regarding various infringements of human rights and in particular their attitude towards Mr Rushdie.

The internal struggles that ended in Yemen on 7 July after two months of fighting led to the suspension of the procedure for concluding an agreement amending the cooperation agreement between the European Community and Yemen. Since the end of the civil war, during which it had several times expressed its concern, the EU invited the

Yemeni authorities to begin a political dialogue with all the parties to the conflict and honour the commitments they had given to the UN Secretary-General.

492. At the fifth meeting of the joint Council and the ministerial meeting with the Gulf Cooperation Council (GCC), held in Riyadh on 8 May, the discussions dealt with ways of reinforcing cooperation on both the political level (Middle East peace process, non-proliferation of weapons of mass destruction) and the economic level (with a view to free trade). This is the context in which the Troika, at ministerial level, met the GCC delegation in the margins of the UN General Assembly on 28 September.

With regard to Iraq, the EU maintained especial vigilance and reaffirmed its undertakings concerning full implementation of all the relevant UN Resolutions. Watching with concern the Iraqi troop movements near the border with Kuwait in September, the Union subscribed totally (11 October) to the declaration by the UN Security Council in which that body reaffirmed its commitment to Kuwait's sovereignty and territorial integrity.

The EU voiced similar expectations and demands with regard to Libya, with particular reference to full implementation of the UN Security Council Resolutions as a precondition for the lifting of sanctions.

#### *Chronology*

##### **Iran**

13 January	Troika <i>démarche</i> in Teheran concerning the treatment of religious minorities in Iran (in particular the death sentence on Mehdi Dibaj), especially the Bahais.
9 February	Troika <i>démarche</i> in Teheran concerning the death of Bishop Haik Horsepian.
mid-April	Protests delivered to Iran's embassies in the capitals of the Troika in connection with Iran's refusal to receive a <i>démarche</i> in Teheran concerning Salman Rushdie.
3 June	In the context of the critical dialogue, third EU-Iran meeting in Athens at Deputy Ministerial level.
28 June	Troika-US-Canada consultations on Iran.
19 July	Troika <i>démarche</i> in Teheran concerning the treatment of the Christian minority in Iran (and the murders of the religious leaders Horsepian and Dibaj).
15 August	Presidency <i>démarche</i> in Teheran concerning Iranian demands that foreign students obtain exit visas before being allowed to leave the country.
27 September	Meeting in New York between the Troika and the Iranian Foreign Affairs Ministry (in the margins of the 49th UN General Assembly).
14 November	Troika-US-Canada consultations in Washington concerning Iran.
As from 24 November	Iran's ambassadors in the capitals of the Member States of the Union are summoned to hear the appropriate representations concerning the conditions and limits imposed by the Iranian authorities on the use of the diplomatic bag.

15 December Under the critical dialogue, fourth EU-Iran meeting in Bonn at Deputy Minister level.

### **Yemen**

28 January Presidency communiqué welcoming the agreement signed on 18 January by the political parties represented in the Commission for National Dialogue.

24 February EU declaration on the reconciliation agreement signed at Amman on 20 February.

1 March Presidency sends King Hussein of Jordan a message congratulating him on his part in the reconciliation and the search for a compromise in Yemen.

6 May Presidency declaration on the new political crisis in Yemen, calling for the resumption of negotiations.

19 July Presidency communiqué welcoming the end of the fighting in Yemen and calling on the Government to enter into a political dialogue with all parties with the aim of a lasting peace in the country.

### **Iraq**

9 May Presidency reply to a letter from the Iraqi Foreign Affairs Minister on the sanctions imposed by the UN Security Council (EU reaffirmation of its undertakings concerning full implementation of all relevant Security Council resolutions).

11 October Presidency declaration expressing the EU's concern at troop movements in Iraq (the four applicant countries associated themselves with this declaration).

### **Gulf Cooperation Council (GCC)**

7 and 8 May Fifth meeting of the EU-GCC Joint Council; discussions on political issues of common interest of a regional nature (including the Middle East peace process) and an international nature.

28 September EU-GCC meeting at ministerial level in the margins of the 49th UN General Assembly in New York.

## **I — Africa**

493. The Union continued its political activity *vis-à-vis* the countries of sub-Saharan Africa concentrating on two main themes.

The EU addressed the question of the future of its relations with the ACP States on the occasion of negotiations on the mid-term review of the fourth Lomé Convention.<sup>1</sup> On

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<sup>1</sup> See also the section 'Relations with the ACP States', paragraphs 426-447 of this Review.

the basis of proposals submitted by the Commission in September 1993, the Council adopted (7 February) negotiating Directives involving three principles, two of them political in nature: the promotion of human rights, democracy and the rule of law; the establishment of a political dialogue with the ACP States; improved coherence and effectiveness of cooperation instruments and procedures. Also to ensure coherence, the Council on 6 May adopted conclusions concerning coordination within international bodies and a decision concerning the list of countries in which Community coordination could be stepped up. With reference to the mid-term review conference, the European Council confirmed the priority given by the EU to its relations with the ACP States.

The EU also sought to give practical form to the political guidelines submitted by the European Council in Copenhagen (June 1993). Under these guidelines, political cooperation should now include increasing support for the democratization process in various parts of Africa. In 1994, between the promotion of the rule of law and methods of good governance, the main aims and principles of such support were as follows: the peaceful resolution of conflicts and — in accordance with the Council Resolution of 28 November 1991 — the process of making African governments aware of the links between respect for human rights, democracy and development. The three principal ways of implementing these principles were: assistance for the electoral process; preventive diplomacy; and help in seeking peaceful solutions to conflict situations.

494. The most accomplished and symbolic expression of this approach was provided in the case of South Africa. The EU sent 300 observers to prepare and monitor the electoral process completed in April: the monitoring unit for the elections in South Africa (Eunelsa), set up in January 1994, was a clear and effective indication of the EU's practical support for the transition to democracy. Under the joint action approved in December 1993, and in order to send a strong political signal to the authorities and the people of South Africa concerning the desire to support the country in its transition, the Union approved an initial package of measures to be submitted to the first freely-elected South African Government. After the lifting of the remaining sanctions, further to the relevant Security Council Resolution, this package of measures sought to establish a cooperation framework to strengthen the economic and social foundations of the transition. It involved several offers, including: starting a political dialogue, participating in the GSP, intensifying the immediate impact of the package of measures through the early establishment of a simplified cooperation agreement. In Brussels on 20 December, having consulted the European Parliament, the Council adopted a Decision on the conclusion of that agreement which had been signed in Pretoria on 10 October.

The new situation in South Africa enabled the country to rejoin its immediate regional environment, Southern Africa and its regional cooperation structures, such as the Southern African Development Coordination Conference (SADCC). The Essen European Council welcomed the first EU-SADCC ministerial meeting, and called for the 'stepping-up of cooperation with Southern Africa'. The EU-Southern Africa Ministerial Conference in Berlin (5 and 6 September) gave a dual impetus to this regional process on the one hand and to more extensive cooperation between the EU and the SADCC on the other.

495. The EU welcomed a series of positive developments towards democratization to which it had given support through its declarations and a number of targeted actions: the success of the electoral process in Malawi, Guinea-Bissau, São Tomé and Príncipe, Botswana, Uganda, Togo and especially Mozambique, whose 'free and regular' elections were hailed by the EU.

On the resolution of conflicts, the EU welcomed the normalization of relations between Ethiopia and Eritrea and also the return of the Walvis Bay enclave to Namibia (2 March), while it expressed concern at the troop concentrations on the border between Nigeria and Cameroon (28 February).

But there was a different situation in a number of African countries undergoing serious, mostly internal crises, such as Sudan, Somalia, Sierra Leone, Liberia, Gambia, Lesotho, Niger, Zaire and especially Angola, with reference to which the Essen European Council welcomed the internal agreement concluded at Maputo. With regard to Sudan, the Council adopted on 15 March a common position concerning the embargo on arms, munitions and military equipment.

In the context of its preventive diplomacy, the EU made targeted contributions geared to each particular situation and involving substantial humanitarian aid, coupled, where appropriate, with determined support for the efforts of international organizations, and in the first instance the UN.

496. The tragedy of Rwanda demanded the attention and efforts of the Union. The Corfu European Council (25 and 26 June) not only expressed its abhorrence but also called for those responsible to be brought to justice. Referring to the Arusha agreement (1993) between the parties involved, the EU called on them peacefully to seek new political solutions. The EU also made a direct contribution with the common position, adopted by the Council on 24 October, concerning the creation of conditions enabling displaced persons within the country and refugees in neighbouring countries to return home. At the same time, and in view of a certain similarity of circumstances, the Council considered the fragile situation in Burundi. It emphasized the longer-term need to reinforce Africa's own capacities for preventing and resolving conflicts, especially the capacities that could be mobilized by the OAU; the Essen European Council furthermore declared itself in favour of a political dialogue between the European Union and the Organization for African Unity (OAU), especially for the prevention of conflicts in Africa.

In its declaration of 28 November, expressing its concern at the worsening situation in the Rwandan refugee camps and the risks of regional destabilization, the Council emphasized the need for an overall approach. The EU supported the initiative of a regional conference on refugees in Central Africa. At the same time, the Development Council (25 November) recommended the implementation of an action programme worth ECU 67 million for Rwanda, while the Commission drew up together with the UN Human Rights Centre in Geneva a draft agreement making European observers available to the UN.

## *Chronology*

### **Southern Africa**

5 to 6 September EU-Southern Africa conference in Berlin.

### **South Africa**

2 March Presidency declaration in which the EU welcomes the prospect of democratic elections, refers to the setting up of its election unit, and announces its intention of helping in the reconstruction and development of the country.

7 April Presidency communiqué in which the EU expresses its concern at the renewed violence in South Africa.

18 to 19 April In connection with the joint action of December 1993, the Council adopts conclusions concerning a set of measures to be submitted to the new Government of South Africa.

22 April Presidency communiqué in which the EU welcomes the signing of the memorandum of understanding by the leaders of the National Party (Mr De Klerk), the African National Congress (Mr Mandela) and Inkatha (Mr Buthelezi).

6 May Presidency declaration in which the EU welcomes the holding of the first democratic elections in South Africa.

27 May Presidency declaration in which the EU announces its decision, in line with the UN Security Council decision of 25 May, to lift all restrictions in respect of South Africa.

10 October The draft framework cooperation agreement between the Community and South Africa is signed in Pretoria.

20 December The decision concluding the framework cooperation agreement is adopted by the Council.

### **Angola**

30 June Presidency communiqué expressing the EU's concern at the intensification of the fighting and calling for the Lusaka negotiations to continue.

3 November Presidency declaration in which the EU welcomes the initialling of the peace agreement between the Angolan Government and Unita.

22 November Presidency declaration in which the EU welcomes the signing of the peace agreement in Lusaka.

9 and 10 December The Essen European Council welcomes the internal agreement concluded in Maputo.

### **Burundi**

11 February Presidency communiqué expressing the EU's satisfaction after the democratic election (13 January) and the investiture (5 February) of the new president of the Republic of Burundi.

25 March Presidency declaration in which the EU condemns the worsening situation and calls for a 'necessary national reconciliation'.

12 April	Presidency communiqué expressing the EU's dismay at the death of the Heads of State of Rwanda and Burundi.
27 July	Presidency communiqué in which the EU expresses its concern at the political instability in Burundi and calls for the early investiture of a new Head of State.
5 October	Presidency communiqué expressing the EU's satisfaction at the investiture of a new president of the Republic of Burundi.
<b>Cameroon</b>	
28 February	Presidency communiqué expressing the EU's concern at the border clashes between Cameroon and Nigeria and calling on the two countries to seek a peaceful solution (arbitration, mediation).
<b>Congo</b>	
12 January	Presidency communiqué in which the EU expresses its concern at the weakening of the implementation of the Libreville agreement (4 August 1993) owing to renewed clashes.
<b>Ethiopia</b>	
24 June	Presidency communiqué in which the EU gives measured approval to the arrangements for electing the Ethiopian Constituent Assembly.
<b>Gambia</b>	
25 July	In a Presidency communiqué the EU deplores the attempted overthrow of the democratic government of Gambia and calls on the Gambian army to 'return to quarters immediately'.
13 October	Presidency communiqué expressing the EU's hope that the government of the armed forces will work to restore democracy with a view to resumption of cooperation.
13 November	Presidency declaration in which the EU refers to its decision to suspend cooperation and voices the greatest reservations about the election timetable announced by the provisional council of the government of the armed forces.
<b>Guinea-Bissau</b>	
22 July	Presidency declaration expressing EU satisfaction following the country's first multi-party elections.
<b>Lesotho</b>	
3 February	In a Presidency communiqué the EU expresses its concern at the fighting taking place in the town of Maseru.
24 August	In a Presidency communiqué the EU condemns the suspension of the Constitution and the dissolution of the country's parliament.
16 September	Presidency declaration expressing EU satisfaction at the handling of the constitutional crisis in Lesotho and the efforts of the three mediators (South Africa, Zimbabwe and Botswana).

## **Liberia**

22 March                      Presidency declaration in which the EU welcomes the setting up (on 7 March) of a Council of State, deemed to be an element in the Cotonou agreement concerning stability in the country.

## **Malawi**

27 May                        Presidency communiqué welcoming, on behalf of the EU, the entry into force of the new Constitution, and also the presidential and parliamentary elections (17 May), as manifestations of a successful transition to democracy.

## **Mozambique**

27 October                    Presidency communiqué expressing EU concern at Renamo's refusal to take part in the first pluralist elections in the country and calling for these elections (scheduled for 27 and 28 October under the Rome agreement of October 1992) to be held.

21 November                Presidency declaration expressing EU satisfaction with regard to the elections.

## **Namibia**

2 March                      In a Presidency declaration the EU welcomes the reintegration of the Walvis Bay enclave into Namibia and the peaceful way in which the country's territorial integrity has been achieved.

14 December                Presidency declaration in which the EU welcomes the holding of the elections (7 and 8 December).

## **Niger**

27 October                    In a Presidency declaration the EU congratulates the parties (the Government of Niger and Coordination of the Tuareg Armed Resistance) and the mediators (Algeria, Burkina-Faso and France) on the signing of the Ouagadougou agreement on 9 October.

## **Nigeria**

28 February                Presidency communiqué in which the EU expresses its concern at the border clashes between Nigeria and Cameroon and calls on the two countries to find a peaceful solution (arbitration, mediation).

30 June                      In a Presidency communiqué the EU condemns the arrest of Mr Moshood Abiola.

25 August                    Presidency communiqué in which the EU expresses concern about the growing political unrest and the renewed infringements of basic human rights by the Nigerian military authorities.

## **Uganda**

25 April                      In a Presidency communiqué the EU welcomes the smooth conduct of the election of the country's Constituent Assembly (28 March).



## **Rwanda**

- 12 April                    Presidency communiqué expressing the EU's dismay at the death of the Heads of State of Rwanda and Burundi.
- 18 April                    Presidency declaration in which the EU responds to the widespread violence by calling for negotiations on the basis of the Arusha agreement and stating its commitment to the organization of appropriate humanitarian aid for the region.
- 25 April                    In a Presidency communiqué the EU expresses support for UN Security Council Resolution 912, and gives encouragement to the OAU and the president of Tanzania in their efforts to organize a regional conference.
- 5 May                      A Presidency declaration expresses EU support for the initiative by the OAU and the Tanzanian president to arrange further talks between the parties in the context of a regional conference.
- 16 May                    In a Presidency declaration the EU supports the initiative by the UN High Commissioner for Human Rights, announces that a ministerial Troika will be sent to the countries bordering Rwanda and states its intention of increasing its humanitarian aid.
- 22 July                    Denouncing the killings in a Presidency declaration, the EU announces that it will increase its 'considerable humanitarian aid', demands that those responsible for crimes against humanity be brought to justice and calls for a rapid deployment of the enlarged Unamir.
- 24 October                The Council adopts a common-position Decision on the overall conditions enabling refugees and displaced persons to return to their homes.<sup>1</sup>
- 28 November            Council declaration expressing the EU's concern at the worsening situation in the refugee camps on Rwanda's borders, and the desire for early implementation of the approach advocated in its common position (reference to the Development Council on 25 November concerning immediate action for reorganizing social and production structures in Rwanda).

## **Sao Tomé and Príncipe**

- 3 November              In a Presidency declaration the EU expresses satisfaction at the smooth conduct of the elections in the country.

## **Somalia**

- 4 March                    Concerned at the resurgence of banditry in the country, the EU, in a Presidency declaration, welcomes the adoption of UN Security Council Resolution 897 and endorses the efforts at reconciliation and reconstruction in the country.

## **Sudan**

- 21 February              In a declaration the EU calls for a ceasefire and a resolution of the conflict, and states its willingness to hold a dialogue with the authorities on political and humanitarian issues of concern to the international community.

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<sup>1</sup> Decision 94/697/CFSP, OJ L 283, 29.10.1994.

15 March	Council Decision on a common position concerning the imposition of an embargo on arms, munitions and military equipment on Sudan. <sup>1</sup>
31 October	The EU expresses concern at the violent campaign to wipe out squatter colonies in the Khartoum region.
<b>Togo</b>	
28 February	Presidency communiqué expressing EU satisfaction at the large turn-out in the general elections on 6 and 20 February.
23 March	In a Presidency declaration the EU welcomes the fact that the general election results were declared in a proper manner and calls for a representative government to be set up.
<b>Zaire</b>	
27 July	In a Presidency communiqué the EU notes the investiture of a new Prime Minister and expresses the hope that his government will work to democratize the country and halt the decline in its economic situation.

## J — Relations with Asia

497. The European Union sought to strengthen its relations with the countries of Asia in view of the growing economic and political importance of the States of the Asia/Pacific region. The Essen European Council (9 and 10 December) commented favourably on the strategic guidelines for a strengthened policy towards the region, which had been drawn up by the Council (28 November) on the basis of the Commission communication (13 July). The guidelines involve re-evaluating existing policies, taking on new areas of cooperation and reviving the dialogue with these countries, particularly in the framework of ASEAN.

On the political level, the annual EU-ASEAN ministerial meeting (Karlsruhe, 22 and 23 September) was perceived by both sides as a turning-point in the development of their relations. The EU's participation in the ASEAN Regional Forum (Bangkok, 25 to 27 July) also reinforced its contribution to the dialogue on the problems of political cooperation and security in the region.

Bilateral relations with the countries of Asia were marked by the stepping up of the political dialogue with China, the signing of agreements with India and Sri Lanka and the negotiation of a cooperation and partnership agreement with Nepal.

On both the global and bilateral level, the EU continued to provide active support for the efforts that had been undertaken to achieve openness and democratization. It expressed concern over human rights and democracy on several occasions with regard

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<sup>1</sup> Decision 94/165/CFSP, OJ L 75, 17. 3.1994.

to the situation in Myanmar, the fundamentalist unrest surrounding the case of the writer Talisma Nasrin in Bangladesh, the cases of censorship and arbitrary arrest in Indonesia, the incidents in East Timor and the new wave of arrests of dissidents in China.

The EU also intervened by supporting the UN Security Council declaration calling for the cessation of hostilities in Afghanistan, by urging North Korea to comply with its commitments under the NPT, and by encouraging the resumption of the dialogue between India and Pakistan on the subject of Kashmir.

#### *Chronology*

7 February	Presidency communiqué on Afghanistan expressing the Union's concern at the scale of the fighting in the country and its support for the efforts of the UN.
31 March	Presidency declaration on the North Korean nuclear issue, expressing the EU's concern at the obstacles placed in the way of the IAEA inspections and also its support for the resolution of the IAEA Board of Governors and its commitment to the objectives of the NPT. It calls on the People's Republic of Korea to comply with the agreement on guarantees with the IAEA and to start talks with South Korea on implementing the joint declaration on denuclearizing the Korean peninsula.
18 July	EU declaration on East Timor expressing concern at the human rights situation following the incidents at Dili.
25 to 27 July	EU participation in three meetings held in Bangkok by the six member countries of ASEAN with their various categories of partners: ASEAN Regional Forum, Post-Ministerial Conference, Regional Security Forum.
9 August	Entry into force of the new EC-India Cooperation Agreement relating to partnership and development (20 December 1994) and based on respect for human rights and democratic principles.
22 to 23 September	Eleventh EU-ASEAN ministerial meeting at Karlsruhe (Political topics discussed: strengthening of regional cooperation, especially on security; setting up of an informal group of wise men charged with coordinating and furthering EU-ASEAN relations in all fields; joint declaration on the Western hostages held by the Khmer Rouge).
26 September	Troika meeting with the Chinese Foreign Affairs Minister (in the margins of the 49th UN General Assembly in New York).
28 September	Troika meeting with Foreign Affairs Minister of Myanmar (in the margins of the 49th UN General Assembly in New York). The EU expresses its concern at the situation in Myanmar and its expectations as regards reforms.
3 November	Third EU-Pakistan political dialogue meeting in Bonn (Topics discussed: situation in South Asia, Afghanistan and the former Yugoslavia).
22 November	Presidency declaration on Indonesia with reference to the conviction of a trade union leader, Mr Muchtar Pakpahan.
23 November	Presidency declaration on the outcome of the meeting of APEC leaders on 15 November in Bogor (Indonesia). After welcoming the APEC leaders'

commitment to strengthen the open multilateral trading system, the EU reaffirms its determination to forge closer links with the Asia/Pacific area.

- 29 November      Presidency declaration on the presidential elections in Sri Lanka, which the EU judges to be 'free and correct'.
- 9 and 10 December      The Essen European Council approves the Council report (28 November) on 'EU strategy on Asia', which was drawn up on the basis of a Commission communication on the subject (13 July).

## K — Latin America

498. The EU's relations with Latin America continued to grow stronger within the framework of the existing regional institutions. Attaching great importance to the political and economic dialogue with all the countries of the region and to the process of regional integration in which they were engaged, the EU actively pursued its cooperation with the San José Group (10th Ministerial Conference in Athens on 28 and 29 March) and the Rio Group (fourth Ministerial Conference in Sao Paulo on 22 and 23 April) and began considering a strategy for reinforcing its policy *vis-à-vis* Mercosur, Mexico and Chile.

The Essen European Council welcomed the Commission's innovative proposals (19 October), which had been endorsed by the Council (28 November), and confirmed the EU's desire for a new, comprehensive partnership between the two regions, in particular Mercosur, Mexico and Chile. This partnership should involve, in the short term, the conclusion of a commercial and economic cooperation agreement, and, in the long term, the establishment of an interregional association between the EU and Mercosur, extended to Mexico and Chile.

The EU also urged the continuation of the process of national reconciliation and consolidation of democracy which had begun in most of the countries of Central America and the Caribbean, be it the agreements reached between the government of Guatemala and the armed opposition (11 May and 8 July), or the return to power of President Aristide in Haiti (19 September, 15 October).

### *Chronology*

- 28 and 29 March      San José 10th Ministerial Conference in Athens between the EU and Central America, plus Colombia, Mexico and Venezuela: reaffirmation of commitments to democratization and human rights, as well as regional integration and the peacemaking process in Central America.
- 22 and 23 April      Ministerial Conference between the EU and the Rio Group in Sao Paulo: reaffirmation of commitments to representative democracy, the rule of law and fundamental freedoms.
- 11 May              Presidency communiqué on the human rights agreement reached in Mexico by the government of Guatemala and the Guatemalan National Revolution-

	ary Union (UNRG), in which the EU urges the parties to continue along this road and calls on the Government to promote democratic reforms.
27 May	Presidency communiqué on Haiti, in which the EU condemns the investiture of Mr Joussaint as President of the Republic by a faction in the Haitian Senate, and expresses support for measures to restore democracy and secure the return of the lawfully elected President, Mr Aristide.
30 May	Council Decision concerning the common position on the reduction of economic relations with Haiti, plus Council recommendation 94/313/EC concerning the discontinuation of certain economic and financial relations with Haiti. <sup>1</sup>
24 and 25 June	The Corfu European Council reaffirms the importance for the EU of its relations with 'Latin American countries and their regional groupings' and commits the EU to strengthening its relations with Mexico and Mercosur.
8 July	Presidency communiqué in which the EU welcomes the agreement reached in Oslo by the government of Guatemala and the UNRG on the resettlement of refugees and displaced persons and also the setting up of a commission of enquiry, these points being regarded as the basis for a lasting peace in the country, which has the support of the EU.
19 September	Presidency communiqué on Haiti in which the EU welcomes the undertaking by the country's 'illegal military rulers' to hand over power to the freely elected President, Mr Aristide.
14 October	Council Decision concerning the common position regarding the termination of the reduction of economic relations with Haiti. <sup>2</sup>
15 October	Presidency communiqué on the return to power of President Aristide in Haiti and announcing the EU's willingness to help in the reconstruction of the country.
31 October	The Council approves a working document on the EU's relations with Latin America and the Caribbean.
28 November	On the basis of its discussions (31 October) and a Commission communication (19 October), the Council adopts a report for the European Council concerning future relations with Mercosur, Mexico and Chile.
9 and 10 December	On the basis of the Council report (28 November), the Essen European Council 'reaffirms the resolve ... to establish a new, comprehensive partnership' between the EU and Latin America, in particular Mercosur, Mexico and Chile.
12 December	In a Presidency communiqué the European Union welcomes the peaceful settlement of the border dispute between Argentina and Chile over the Laguna del Desierto, taking the view the agreement will open the way to broader cooperation between the two countries.

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<sup>1</sup> Decision 94/315/CFSP, OJ L 139, 2.6.1994.

<sup>2</sup> Decision 94/681/CFSP, OJ L 271, 21.10.1994.

## L — Conference on Security and Cooperation in Europe (CSCE)

499. The CSCE's activity was marked by two events during the year: the Review Conference, which took place in Budapest from 10 October to 2 December, and the Summit of Heads of State or Government (5 and 6 December), which brought the proceedings to a close.

As the Review Conference was the first to be held since the Treaty on European Union came into force, it was prepared for by the EU on a collective basis: at its meeting on 4 and 5 October the General Affairs Council adopted a document ('European Union guidelines for the Budapest Review Conference') confirming the importance attached by the EU to the CSCE process on account of its global nature and the fact that it brought together governments and peoples of the continent of Europe and also the United States and Canada. The guidelines provided a common basis for the Member States when establishing their positions on the following matters at the Review Conference: reaffirmation of EU support for the CSCE as a key element in the European security architecture; statement of the objectives of the Review Conference (reinforcement of the CSCE's operational structures and capacities, adoption of a code of conduct requiring all participating States to observe the fundamental principles in their political and military behaviour); series of recommendations concerning structures, human and economic dimensions and regional cooperation.

At the same time, the EU contributed to preparations for the Review Conference and the CSCE Summit by taking part in various meetings with CSCE bodies and the main participating countries, as well as seminars organized by the CSCE on the human dimension and economic cooperation, which were also topics in the dialogue with the associated countries.<sup>1</sup>

The Budapest Summit concluded with the adoption of a document entitled 'Towards a New Partnership in a New Era', which reaffirmed the participants' commitment to observance of the founding principles of the CSCE with a view to a new security partnership and a more effective use of instruments such as preventive diplomacy, conflict prevention and crisis management. The Member States of the Union contributed to progress on a number of points enshrined in this document, including:

- turning the CSCE into an 'organization', thus formally consolidating its role and status;
- the possibility of incorporating into it the result of the current negotiations on the stability pact;
- an explicit reference to the possibility for the CSCE to make collective referrals to the UN Security Council;

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<sup>1</sup> See also the 'Countries of Central and Eastern Europe' section of this Chapter VII (CFSP), paragraphs 482 *et seq.* of this Review.

- as to the monitoring of unresolved regional problems, a favourable position on what would be the first peace-keeping operation carried out by the CSCE (Nagorno-Karabakh);
- initiation of a study concerning a European security 'model'.

500. In the context of preventive diplomacy and peace-keeping, the EU played its part in the activities of the CSCE, which continued to monitor developments in the current crises and their effect on regional stability through its missions in Macedonia, and also in Georgia, Moldova and Tajikistan. It also followed closely the discussions on Nagorno-Karabakh held by the Minsk Group, especially as regards preparations by the CSCE for a possible peace-keeping mission in that region, and the results achieved by the missions in the Baltic States and Albania to protect national minorities. Lastly, the EU achieved a pre-eminent role with the launching of the initiative for a stability pact in Europe, the monitoring of which will be entrusted to the OSCE.<sup>1</sup>

As from the first *démarches* it made to the Russian authorities concerning the crisis in Chechnya (29 and 30 December), the EU declared itself in favour of respect for the principles of the OSCE and a role for the OSCE in the search for a peaceful solution.

#### *Chronology*

4 and 5 October	The General Affairs Council adopts 'European Union guidelines for the Budapest Review Conference'.
10 October	The CSCE's fifth review conference (10 October to 2 December) opens in Budapest, its task being to look at all CSCE activities and decide on the measures required to ensure stability in Europe.
5 and 6 December	Summit of CSCE Heads of State or Government, which concludes with the adoption of a document entitled 'Towards a new partnership in a new era'.

## **M — Stability Pact**

501. The stability pact initiative was an exercise in preventive diplomacy launched by the Union at the European Council meetings on 29 October and 10 December 1993. It was given the form of a joint action by the Council on 20 December 1993, in accordance with Article J.3 of the TEU, and was gradually developed in the course of 1994.

After preparatory work by the Union, all the countries concerned (six CCEE, three Baltic States) and the participating countries at the inaugural conference in Paris on 26 and 27 May adopted a 'Paris Conference conclusion document' setting out the objectives of the pact. By means of preventive measures, the pact seeks to reinforce stability

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<sup>1</sup> See also the 'Stability Pact' section of this Chapter VII (CFSP), paragraphs 501 *et seq.* of this Review.

in Central and Eastern Europe by promoting good-neighbourly relations. It encourages those countries that have not yet done so to conclude agreements and arrangements on regional cooperation — with reference to, among other things, matters concerning minorities and borders — through a process of bilateral negotiations and regional round tables. The stability pact will concentrate initially on nine countries of Central and Eastern Europe: on the one hand the associated countries to which the Copenhagen European Council offered the prospect of accession (Bulgaria, Hungary, Poland, the Czech Republic, Romania and Slovakia), and on the other hand the countries which are aligning themselves on the EU with a view to accession. An organizational document was also adopted, envisaging the setting up of two round tables: one for the Baltic region, the other for 'the other countries of Central and Eastern Europe'.

502. Following the Conference, the General Affairs Council decided on 14 June to continue the joint action concerning the stability pact in accordance with the guidelines laid down in the conclusion documents adopted in Paris.

The Union set about implementing those guidelines by organizing, after preparatory talks in July, three round table sessions at which substantial progress was made on several points: general political issues in the regions concerned; the inclusion in the pact, in accordance with paragraph 1.8 of the conclusion document, of good-neighbour agreements and arrangements; implementation of cooperation projects proposed by the countries concerned.

At the same time, the Troika of ambassadors made a series of visits to the 'countries concerned', their aim — having initially prepared the inaugural conference in Paris — being subsequently to support the proceedings of the round tables.

The European Union set up a 'monitoring group', as provided for in the Paris 'conclusion document', which held its first meeting in Vienna on 7 November. The aim was to facilitate the continuation of the process of establishing the pact and the communication of its findings and achievements to the CSCE at the end of the final conference (envisaged for March 1995). To this end, the EU urged that — as was also envisaged in the conclusion document — an intermediate conference on the pact should be held in the margins of the CSCE Summit in Budapest on 5 and 6 December.

The intermediate conference, which was held on 6 December at ministerial level, confirmed the progress made with a view to the final conference (scheduled for 21 and 22 March 1995 in Paris) which would be called on to adopt the stability pact. In the context of the CSCE Conference in Budapest, the Heads of State or Government confirmed the CSCE's willingness to monitor the pact after it had been concluded.

#### *Chronology*

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| 17 May        | General Affairs Council conclusions indicating agreement to the financing of the round tables and calling on the Commission to direct its activities towards achieving the aims of the joint action by appropriate economic measures in the context of the implementation of Community programmes. |
| 26 and 27 May | Inaugural conference on the stability pact in Paris, attended — at ministerial level and under the chairmanship of the EU — by representatives of the 52   |



	countries signatory to the Helsinki accords (CSCE) and also representatives of the Conference on Security and Cooperation in Europe (CSCE), the Council of Europe, the North Atlantic Treaty Organization (NATO), the United Nations and the Western European Union (WEU). A conclusion document setting out the pact's aims, principles and organizational arrangements is adopted.
14 June	Council Decision on the continuation of the joint action concerning the stability pact. <sup>1</sup>
21 and 22 September	First round table meetings in Brussels for the Baltic region and for the other countries of Central and Eastern Europe.
1 November	Second round table for the Baltic region, in Copenhagen.
3 November	Second round table for the other CCEE, in Vienna.
7 November	First meeting of the monitoring group (provided for in the conclusion document of the inaugural conference) in Vienna, under EU chairmanship.
5 and 6 December	Interim conference on the pact in Budapest (in the margins of the CSCE Summit).
14 December	Third round table meeting for the Baltic region, in Bonn.
15 December	Third round table meeting for the other CCEE, in Bonn.

## N — Security

503. In the field of security, the implementation of the Treaty on European Union led the Member States to increase the level of mutual information and consultation which had existed for some years in the context of political cooperation, the aim being to achieve greater unity and a higher profile when presenting their positions and carrying out EU activities on the international stage.

In this first year of actual implementation of the CSFP, five areas were addressed: the study of security questions; the establishment of coordinated positions, especially in international bodies and conferences dealing with disarmament and non-proliferation and also the control of exports of conventional weapons and dual-use goods; the illegal trade in nuclear materials; the formalizing of the EU institutions' relations with the Western European Union; the setting up of an informal study group on European arms policy. Two joint actions were adopted: the first (25 July) concerned the 1995 Conference on the Nuclear Non-Proliferation Treaty, the second (19 and 20 December) the export of dual-use goods.

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<sup>1</sup> Decision 94/367/CFSP, OJ L 1.7.1994.

Security matters were studied by the Council's subordinate bodies with reference to developments in the short, medium and long term. Dialogue on this point was initiated and developed with third countries, and in particular — in the light of, among other things, the guidelines established at the informal ministerial meeting in Usedom (10 and 11 September) and the terms of reference issued to the Security Working Party in November — with the associated countries of Central and Eastern Europe and the Baltic countries. In this context it was also planned to start discussions within the WEU with the CCEE on the drawing up of a White Paper on European security.

504. The EU was able to present coordinated positions, which ensured it visibility and influence in promoting its objectives concerning non-proliferation and restraint measures within the various international conferences and arrangements dealing with disarmament, non-proliferation and conventional arms exports:

- in the context of the special conference of the States party to the Biological and Toxin Weapons Convention, held in Geneva (19 to 30 September), when the EU argued the need to introduce a genuine system of verification;
- with regard to the non-proliferation of chemical weapons, at meetings of the Australia Group and during the preparation of those meetings, and also with a view to the proceedings of the Preparatory Committee of the Organization for the Prohibition of Chemical Weapons (OPCW);
- at the UN General Assembly (20 September to 23 December), including the Presidency's address (27 September), which referred to the report of the International Atomic Energy Agency (IAEA) and to the implementation of the safeguards agreements concluded by third countries (North Korea, etc.) with IAEA in the context of their commitments under the NPT. The Member States made joint preparations for the meeting of the UN General Assembly's First Commission on disarmament held in New York on 17 October to consider draft resolutions submitted by a Member State (Irish draft code of conduct for the export of conventional weapons) and by third countries;
- as regards the non-proliferation of nuclear weapons: with the adoption by the Council on 25 July — on the basis of guidelines from the Corfu European Council — of an Article J.3 joint action on preparation for the Conference of the States party to the renewal of the Nuclear Non-Proliferation Treaty (NPT). The aim of this first joint action in the field of security was to strengthen the international non-proliferation system by promoting the general objectives of the NPT and, in particular, by renewing it indefinitely and unconditionally so as to allow all States to accede. Several initiatives were envisaged — including Troika *démarches* to third countries and the possibility of EU assistance to help them introduce the necessary procedures to comply with Treaty obligations — with the aim of widening the international consensus on the non-proliferation approach defined by the Union prior to the Conference. The Council also noted that, in support of this joint action, the Commission would draw up a report on the experience gained by the European Atomic Energy Community (EAEC-Euratom) and its involvement in the peaceful use of atomic energy.

The third session of the Preparatory Committee (PrepCom) of the Review Conference, held from 12 to 16 September in Geneva, was preceded by a series of *démarches*:

- with regard to exports of conventional weapons, the eight common criteria for which were established at the European Council meetings in Luxembourg (June 1991) and Lisbon (June 1992), the discussions this year dealt with national policies on granting export licences and an examination of export-control arrangements was begun.

In accordance with the guidelines drawn up by the Lisbon European Council (June 1992), the Council adopted on 19 December a set of provisions involving a joint action plus a Regulation that would come into force on 1 March 1995, concerning the control of exports of dual-use goods. These provisions introduced a Community system for controlling exports to third countries of dual-use goods listed in the annexes to the enacting terms. During a transitional period, intra-Community trade in such goods and services would continue to be subject to checks, although these would not be carried out at the Community's internal borders.

505. Concerned at the illegal trade in nuclear materials, the Essen European Council gave its approval — on the basis of guidelines drawn up at the informal ministerial meeting in Usedom (10 and 11 September) and the working method established by the General Affairs Council (4 October) — to a series of measures and guidelines to combat this trade on two levels:

- on the internal level, by calling on the Commission and the Member States to increase their cooperation in this area and to assist the countries of origin and transit countries in their efforts;
- on the external level, by calling on all States to place sensitive materials for civilian use under international control.

In accordance with the conclusions of the Brussels European Council (29 October 1993), detailed arrangements were adopted and implemented with regard to close cooperation between the General Secretariat of the EU Council and the Secretariat of the Western European Union (exchange of information, reciprocal participation in relevant meetings, synchronization of timetables and meeting venues), such cooperation being finalized in July, and also with regard to procedures for consultation and exchange of information between the WEU and the Commission, which were drawn up in October.

In October, the Presidency put forward an initiative for setting up an informal group of experts from the Member States of the Union, the WEU and the WEAG to study options with regard to European armaments policy.

The Permanent Representatives Committee took note of this initiative. Ministers in the WEU recorded their agreement. The guidelines for the informal group were also approved by the WEAG.

The first meeting was held on 16 December in Brussels. When the informal group's discussions are completed, the Presidency of the EU and the Presidency of the WEU will have to submit the findings to the appropriate bodies of the organization concerned.

### *Chronology*

24 March and 21 April	European Parliament resolutions on the non-proliferation of weapons of mass destruction <sup>1</sup> and on the review of the NPT. <sup>2</sup>
24 and 25 June	Corfu European Council guidelines for a joint action on preparations for the NPT Review Conference in 1995.
19 July	Presidency communiqué on the joint action for nuclear non-proliferation, indicating the Council's agreement in principle to this action.
25 July	The Council adopts the joint action regarding preparation for the 1995 Conference of the States parties to the Treaty on the Non-Proliferation of Nuclear Weapons. <sup>3</sup>
10 and 11 September	Informal ('Gymnich') meeting of EU Foreign Affairs Ministers in Usedom (guidelines on various security issues).
19 to 30 September	Participation by Member States in the conference on the Biological and Toxin Weapons Convention.
4 October	General Affairs Council adopts an advisory report on the illegal trade in nuclear materials.
9 and 10 December	Essen European Council approves a package of measures and guidelines for dealing with the illegal trade in nuclear materials.
16 December	First meeting of the informal study group on European armaments policy.
19 December	The General Affairs Council adopts the Decision on the joint action concerning the control of exports of dual-use goods.

## **O — Transatlantic relations**

506. The summit meeting between the EU and the United States, held in Berlin on 12 July in the framework of the Transatlantic Declaration (November 1990), confirmed the desire of the two parties to strengthen their bilateral relations. The summit approved the setting up of three working parties to determine ways and means for: strengthening cooperation between and with the countries of Central and Eastern Europe through joint activities; developing joint activities in the fight against international crime and drug trafficking; cooperating in the CFSP field.

The General Affairs Council noted the progress made by these three working parties at its meeting on 19 and 20 December. The report on the CFSP emphasized the identification of priorities, the maintenance of a close link between the EU Presidency and the

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<sup>1</sup> OJ C 114, 25.4.1994.

<sup>2</sup> OJ C 128, 9.5.1994.

<sup>3</sup> Decision 94/509/CFSP, OJ L 205, 8.8.1994.

Assistant Secretary for European Affairs, the development of consultations, and practical cooperation between heads of mission in third countries.

#### *Chronology*

- 12 July EU-United States summit meeting in Berlin. A decision is taken to set up three working parties to deal with external political issues of common interest.
- 19 and 20 December General Affairs Council takes note of the discussions held by the three working parties set up following the EU-United States summit in Berlin.

## **P — Human rights**

507. The observance and protection of human rights is one of the European Union's major concerns. This was reflected in the political dialogue and the conclusion of agreements with third countries — a report of which is given in the Memorandum concerning the EU's human rights activities in 1994 — and in the efforts to ensure implementation of the recommendations of the World Conference on Human Rights held in Vienna in June 1993.

The importance attached by the EU to respect for democratic principles and human rights was also reflected in its contribution to the proceedings of international organizations and fora. The EU supported the appointment and the activities of the new UN High Commissioner for Human Rights and also the allocation of additional funds to the UN Centre for Human Rights.

The EU expressed the following position at the session of the Third Commission of the UN General Assembly:

- support for reinforcing the mandate of the High Commission and for increasing both its funding and that of the Centre for Human Rights;
- rejection of the 'cultural relativity' argument used by certain third countries to relativize and modify the concept and the principle of the universality of human rights.

The EU continued to ensure the follow-up and implementation of the Development Council's resolution (28 November 1991) linking 'human rights, democracy and development'. It offered its assistance — including joint actions in some cases — in the electoral process initiated in a number of countries, in particular in the Russian Federation (1993) and in South Africa.

#### *Chronology*

- 12 February Presidency declaration expressing the EU's satisfaction at the appointment of Mr Ayala Lasso to the post of UN High Commissioner for Human Rights.

## Q — United Nations

508. The European Union emphasized the need for appropriate coordination between the UN and regional organizations and international bodies such as the CSCE, NATO, the WEU and the Council of Europe operating under the UN Charter. A positive step in this connection was the meeting between the UN Secretary-General and representatives of these organizations in New York on 1 August. The EU also contributed, in close cooperation with the UN, to maintaining international peace and security, promoting and protecting human rights (including electoral assistance) and distributing humanitarian aid.

With the 50th anniversary of the United Nations in prospect, the EU focused particularly on the financial crisis facing the whole organization, with all the attendant risks of damaging effects on the UN's peace-keeping role. A sizeable proportion of the arrears due to the UN is linked to contributions relating to peace-keeping measures. At the 49th UN General Assembly in New York (20 September to 23 December), the EU played an active part in the discussion on reforming the scale of assessments in connection with the general budget and the financing of peace-keeping operations, the aim being to ensure that States' financial contributions are paid in full and on time.

In his statement of 27 September to the UN General Assembly, the President-in-Office of the Council emphasized, on behalf of the EU, the need to strengthen the Organization and to ensure greater cooperation within and between the regions of the world. He stressed the importance of the current work on reforming the Security Council as regards both its composition and the transparency of its decision-making process. He referred to regional cooperation as a channel for the UN's action and a response to economic and social problems and to situations of tension and ethnic conflict. He welcomed the UN Secretary-General's report 'Agenda for peace'.

### *Chronology*

20 September to 23 December	49th UN General Assembly. Presidency declaration on behalf of the EU (27 September); proposal by a Member State (the Netherlands) on matters relating to peace and humanitarian aid.
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## R — Drug trafficking

509. The EU embarked on a process of active cooperation and dialogue with the drug-producing countries and with transit countries, its aim being to deal with this scourge more effectively at all levels (abuse, illegal production and trafficking) and to fuel its own studies on international trends in this area.

The institutional machinery established in this connection by the TEU ensured the continuity and consistency of the Union's activities in this area in the context of both its external and internal objectives.

Referring to the Commission communication (23 June) on a Union action plan to combat drugs (1995-99), the Essen European Council asked for the work on this plan to be completed and for conclusions to be submitted to its meeting in June 1995.

## **S — Terrorism**

510. The entry into force of the Treaty on European Union (TEU) enabled the EU to ensure the consistency and continuity of its activities to combat terrorism. The rise of the terrorist threat throughout the world was monitored closely, and the EU's concerns in the matter were expressed in the context of its political dialogue with a number of third countries.

The results of such exchanges and analyses provide material for the relevant discussions and analyses in the areas of Justice and Home Affairs.





# Chapter VIII

## Cooperation on justice and home affairs

511. The entry into force of the Treaty on European Union on 1 November 1993 brought about profound changes in the framework for cooperation on JHA, changes which affected both the substance and the structures of such cooperation.

The first year of this improved form of cooperation was 1994. The work was broadened and intensified to a very considerable extent. It is of course too early to attempt an assessment of this far-reaching reform.

The purpose of what follows is simply to report the many activities that took place during the year. The following are dealt with in turn:

- A. Policy on asylum and immigration
- B. Police and customs cooperation
- C. Judicial cooperation
- D. Relations with third countries and participation in the work of international organizations and conferences
- E. Fight against racism and xenophobia

### A — Policy on asylum and immigration

#### Policy on asylum

##### DUBLIN CONVENTION

512. Nine Member States ratified the Convention determining the State responsible for examining applications for asylum lodged in one of the Member States of the European Union (Dublin Convention). The other Member States continued their ratification procedures with a view to completing them as soon as possible.

## IMPLEMENTATION OF THE DUBLIN CONVENTION

513. Practically all the measures required to implement the Dublin Convention were drawn up, the intention being that the Executive Committee provided for in Article 18 should adopt them formally after the Convention had come into force.

The following aspects were formally adopted by the Council on 20 June 1994:

- evidence in the context of the Dublin Convention;
- transfer of asylum seekers.

Work on the Executive Committee's rules of procedure has yet to be completed.

## MINIMUM GUARANTEES FOR ASYLUM PROCEDURES

514. The Council all but completed the preparation of a resolution on the determination of the minimum guarantees for asylum procedures. This seeks to assure refugees of appropriate protection under the Geneva Convention of 1951.

Although the European Council had originally envisaged a 'joint action', it became clear, in the light of discussions in the Council, that the subject matter as well as the positions of the great majority of Member States called for a non-binding resolution at the present stage.

It was agreed to draw up a separate resolution on the minimum guarantees to be specified in the procedure for determining the responsible Member State in accordance with the Dublin Convention. Discussion on this will start in 1995.

## HARMONIZING THE APPLICATION OF THE DEFINITION OF 'REFUGEE' WITHIN THE MEANING OF ARTICLE 1A OF THE GENEVA CONVENTION OF 1951

515. The current discussions concern the establishment of guidelines on applying the criteria for determining refugee status as provided for in Article 1A of the Geneva Convention.

The guidelines will cover a series of basic points that arise when asylum applications are examined. They will be fully in accord with the Geneva Convention of 1951 as amended by the New York Protocol of 1967. They are also based on the principle that the UNHCR Handbook represents for the Member States an important tool in determining refugee status.

These are complex matters calling for a great deal of sustained effort. The discussions will have to continue in 1995.

## IMPLEMENTATION OF THE SECOND PARAGRAPH OF THE DECLARATION ON ASYLUM ANNEXED TO THE FINAL ACT OF THE TREATY ON EUROPEAN UNION

516. Conclusions on this matter were formally adopted by the Council at its meeting on 20 June 1994.

The Council took the view, as did the Commission, that it was not yet time to propose that Article K.9 be applied to asylum matters, given that the TEU had come into force only very recently. But it thought it might be advisable to re-examine the question later on in the light of experience and certainly before the end of 1995.

### NATIONALS OF OTHER MEMBER STATES

517. In the light of instructions issued by the European Council at its meeting on 10 and 11 December 1993, consideration was given to the question of asylum applications submitted by a national of a Member State in another Member State.

An inventory and a summary of the situation in the Member States were drawn up.

This matter is currently being addressed during discussions on the resolution concerning minimum guarantees for asylum seekers.

### EURODAC

518. The Member States agreed to consider the possibility of setting up a European system of automatic fingerprint recognition (Eurodac) to enable fraudulent or multiple asylum applications to be detected more effectively.

Consultants were commissioned to carry out a study on the needs and requirements of potential users of the system.

The decision whether to set up a system of this type will very probably be taken in 1995, in the light of the study.

### CIREA

519. CIREA (Centre for Information, Discussion and Exchange on Asylum) continued with its work.

Member States had occasion to exchange information on the legislative changes which had taken place in the Member States, the national practices followed in certain fields, particular cases of important national case law, and statistics dealing specifically with asylum applications.

CIREA also looked at the way in which Member States assessed asylum applications from certain third countries. This discussion made a contribution to the coordination of asylum practices and policies and to the general debate on the way in which the Member States apply Article 1A of the Geneva Convention.

520. In the context of cooperation with the UNHCR, CIREA prepared for the implementation of a pilot project on the exchange of information with that body.

On 20 June 1994 the Council formally adopted a number of measures concerning the operation of CIREA. These involved:

- guidelines for the content of joint reports on the situation in third countries;
- the procedure for drawing up joint reports on the situation in third countries;
- the distribution and confidentiality of joint reports on the situation in certain third countries.

## **Policy on immigration**

### **CONVENTION ON THE CROSSING OF THE EXTERNAL FRONTIERS OF THE MEMBER STATES**

521. It will be recalled that the Commission submitted this initiative under Article K3(2) of the Treaty at the end of 1993. In most respects, it follows the provisions of the draft text which had been elaborated in the purely intergovernmental context prior to the application of the Union Treaty, but which was not signed by the contracting parties because of difficulties over its territorial application. The same problem affects the present text.

The purpose of the convention is to ensure uniform application of controls at the crossing of external borders of the Union. It defines a number of arrangements for specific circumstances in particular with regard to third-country nationals.

Apart from the territorial question relating to Gibraltar, the majority of difficulties of a technical nature had been resolved during the previous intergovernmental negotiations. Discussions have been conducted bearing in mind that any changes should be limited to the minimum and mainly be concerned with alterations arising out of the Union Treaty.

522. Outstanding problems relate mainly to the following areas:

- practical difficulties involving the entry of persons not entitled under Community law;
- relations with visa policy which is to a certain extent, a Community competence;
- the role of the Court of Justice, bearing in mind that Article K3 of the Treaty makes the use of this institution optional in the case of Title VI Conventions;
- the implementing provisions of the convention and the production of a manual for officers at the external borders of the Union.

It should be noted that the point of view of the European Parliament on this Convention was sought by the Presidency. This was given in April 1994 and has been borne in mind

during the discussions on the text of the Convention which will continue to be intensively discussed during the course of 1995 following the invitation of the European Council in December 1994 to the Council (Justice and Home Affairs) to submit the draft agreement for signature before the next meeting of the European Council, providing the outstanding problem (territorial application) has been resolved.

#### CONVENTION SETTING UP A EUROPEAN INFORMATION SYSTEM (EIS)

523. The EIS Convention is closely related to the External Frontiers Convention and discussions on the draft text for the EIS have continued with the aim of resolving outstanding technical difficulties. The report to the Council of June 1994 indicated that there were few difficulties of a technical nature to resolve. These involve in particular certain horizontal issues relating to justice and extradition matters and the transmission of personal data of a non-automated nature.

On the other hand, there remain a number of institutional issues to be resolved in the context of the present treaty provisions. These concern the management of the operation of the convention and the role and powers of the executive Committee, as well as the role of the European Court of Justice.

Because the EIS Convention covers the setting up and maintenance of a joint information system for the External Frontiers Convention allowing for an automated search procedure by authorities designated by the Member States who would have access to reports on persons for the purposes of border checks and controls, the fate of the two conventions is inextricably linked. Until the political, technical and institutional problems affecting both instruments are resolved, the Union will continue to have to acknowledge the fact that the free movement of people as provided for under Article 7A of the Treaty cannot yet be entirely assured.

#### IMPROVEMENTS IN SECURITY AT THE EXTERNAL BORDERS

524. As internal border controls relax and the notion of a common external border to the Union becomes a reality, there is a need perceived throughout the Member States for ensuring better security at the external borders. These wishes could be largely fulfilled were the convention referred to above in force.

However, in view of the pressures arising out of illegal immigration and the increase in cross-border crime, the Presidency proposed a joint action under the terms of Article K3 of the Treaty which aimed in particular to:

- ensure the reinforcement of Cirefi (Centre for Information, Discussion and Exchange on the Crossing of Frontiers and Immigration (see also below);
- step up the fight against clandestine immigration;
- monitor systematically the fulfilment by carriers of their obligations to carry only passengers in possession of the travel documents required to enter the country of destination.

While the Council at its November session was able to make progress in the reinforcement of Cirefi (see below), further work is required to be undertaken in the two other areas mentioned above.

#### CIREFI (CENTRE FOR INFORMATION, DISCUSSION AND EXCHANGE ON THE CROSSING OF FRONTIERS AND IMMIGRATION)

525. The ministers responsible for immigration decided in December 1992 to establish this body within the General Secretariat, the purpose of which is to:

- (i) gather, exchange and disseminate information,  
compile documentation,  
on matters relating to immigration and the crossing of frontiers;
- (ii) aid the rapid exchange of information between officials responsible for controls at the external frontiers for the purposes of combating illegal immigration;
- (iii) serve as the mechanism of consultation and collaboration on practical matters between relevant departments in the Member States.

526. Since its foundation it has been felt that greater thrust should be given to this important instrument in the field of migration. For this reason, the Council at its session in November passed a resolution which points the way forward to a more efficient and effective use of Cirefi. Its success in the future will however largely depend on increased staffing and material resources, as well as on more regular meetings of experts and the use of standardized forms for the transmission of information in the area of migration.

#### IMMIGRATION POLICY IN RELATION TO THE ADMISSION AND EXPULSION OF THIRD COUNTRY NATIONALS

527. During the course of 1994, a number of initiatives have been taken by the Council in the area covered by Article K1(3) of the Treaty and which are included as priority actions in the 1994 work programme.

In June, the Council approved a reduction on the limitations on admission of third country nationals to the Member States of the Union for employment. This measure, which is restrictive in nature, given the present high levels of unemployment and the need to bring Community employment preference into practice, defines a number of principles governing the entry of persons into the Union for employment purposes.

It also addresses such problems as the period of admission for employment and the extension of a stay for the purpose of employment.

528. In addition, the Council, in conformity with the 1994 work programme and with the wishes expressed by ministers before the entry into force of the Treaty, has passed the following resolutions:

- limitations on the admission of third-country nationals to the territory of the Union for the purpose of pursuing activities as self-employed persons.

This resolution is closely linked to the resolution mentioned above and sets out to define the criteria for admitting self-employed persons from other countries into the Union. In essence, persons will be admitted where it has been duly established that their activities add value to the economy of the host country — through investment, innovation, transfer of technology, job creation or significant artistic activity.

- the admission of third-country nationals for study purposes.

This resolution sets criteria for the admission of students. In the main they should be involved in the higher education sector and have the financial means to support themselves and the cost of their studies.

529. Throughout 1994 cooperation between Member States at the Union level has increased in matters relating to expulsion. A seminar on the execution of expulsion measures was held in March 1994 which has led to a number of concrete measures being taken, namely:

- the definition of a uniform travel document internationally recognized for expulsion purposes to be used by Member States on a Union agreed basis;
- the building up of the Cirefi structure (see above);
- the examination of the possibility of adopting arrangements to cooperate closely on the transport of expelled persons.

## READMISSION POLICY

530. In the 1994 work programme, much weight has been given to the question of readmitting third-country nationals to their own countries when found to be in an illegal situation. Generally there has been good progress in the gradual harmonization of policies among Member States in this important field.

In May 1994 the Council adopted a series of principles to be used by Member States when drawing up readmission agreements (whether they are of a bilateral or multilateral nature).

This has been quickly followed by a standard specimen text for a bilateral readmission agreement between a Member State and a third country. The Council (JAI), at its meeting in November, reached agreement on the text which will, in future, be used by Member States on a flexible basis in accordance with the needs of the parties concerned.

On the broader front, greater emphasis is now being placed on the link between European agreements (association or cooperation) and the practices of readmission of their own nationals to third countries. Further progress is required to ensure that a well-coordinated approach prevails between the various national ministries concerned and the institutions of the Community. Discussions on these matters will continue during 1995.

## VISA POLICY

### *Establishment of a common list of non-member countries whose nationals require visas*

531. The Commission's proposal for a Regulation based on Article 100c of the Treaty was received in December 1993. The European Parliament gave its opinion on the proposal at its plenary session held in April 1994.

Progress on this important area has been steady with a good deal of work being done on the criteria to be adopted in establishing the list of countries whose nationals require a visa and also on the scope of the proposal with respect to the mutual recognition of visas which it has been decided to confine to the proposed External Frontiers Convention.

Having established agreement on a number of elements which should figure in the final draft of the Regulation, the Presidency proposed a compromise formula which is still under discussion in the various competent Council bodies.

The European Council, at its meeting in Essen in December 1994, expressed the hope that proceedings on this Regulation will be brought to a conclusion, if possible by its next meeting.

### *Common visa format*

532. This proposal, also based on Article 100c, was received from the Commission in August. The European Parliament has yet to give its opinion.

Much of the technical work has already been completed on the basis of work undertaken in the framework of Schengen. A Presidency compromise solution has been favourably received by the various Council bodies, pending the arrival of the opinion of the European Parliament which will then be taken into account in the final text on which it is hoped agreement will be reached early in 1995.

### *Waiving of visa requirements*

533. Another important development in this area has been the proposal to waive the visa requirements for third country schoolchildren travelling in a school group between the Member States of the Union. At its meeting in November the Council agreed to adopt a joint action in this area. This should prove to be a considerable help in easing difficulties at border posts for this type of resident.

## FORGED AND FALSIFIED DOCUMENTS

534. The opening of frontiers, the problems related to illegal immigration and the need for increased security at the external borders increases the importance which has to be given to the problem of forged travel documents.



Throughout 1994 exchanges of information have taken place at working group level between experts in this field, editorial and presentational improvements have been made to the Union's forged documents bulletin and it is hoped that a revised introduction can be incorporated to improve its accessibility to border control officials.

The feasibility study on the archiving and electronic transmission of images of forged documents on a Union-wide basis is being pursued as requested by the 1994 work programme. For a variety of reasons of a technical nature progress has been slower than was originally anticipated, but it is hoped that useful results, possibly based on present national systems, will be forthcoming over the next year or two.

In addition, a special meeting on the Forged Documents Working Party was arranged with representatives of Central and Eastern European States present. This led to an interesting exchange of views which it is hoped will bring about increased operational cooperation among the experts concerned.

It is hoped that in future regular meetings can be arranged more frequently with various third countries at the expert level so that knowledge and information on forged documentation can be satisfactorily circulated.

## **B — Police and customs cooperation**

### **UDE/Europol**

#### **EUROPEAN DRUGS UNIT (EDU)**

535. The European Drugs Unit (EDU) began its work in The Hague early in 1994 on the basis of the ministerial agreement signed in Copenhagen on 2 June 1993. This forerunner of Europol provides Member States with a means of greatly speeding up and facilitating the exchange of information between law enforcement agencies in their fight against drug trafficking and the laundering of the proceeds from it. This is done by grouping the relevant information from customs authorities. It facilitates criminal investigations in these areas. Liaison officers from all Member States of the European Union help to ensure that the relevant information is accessed and communicated to the requesting agencies as quickly as possible.

At its meeting on 20 June 1994 the Council appointed Mr Storbeck as the EDU's coordinator, and at its meeting on 1 December 1994 adopted a Decision setting up a management team comprising, in addition to the coordinator, two assistant coordinators and two other members.

At its meeting in Essen on 9 and 10 December 1994 the European Council agreed to extend the EDU's terms of reference to cover the illegal trade in radioactive and nuclear material, the smuggling of illegal immigrants, the illegal trade in vehicles and the money-laundering linked to these types of crime.

The Council will give practical effect to this decision in the very near future.

## DRAFT EUROPOL CONVENTION

536. On the basis of a text submitted at the end of June 1993, work on the draft Convention on the establishment of Europol was expedited in 1994 in order to achieve the stated aim of reaching a conclusion by the end of the year. The Greek and German Presidencies gave top priority to work on this text. Under the German Presidency alone, 30 days of meetings were devoted to discussing the Convention. The discussions proceeded with the aim of setting up Europol as soon as possible and structuring it in such a way that it constituted an effective instrument for preventing and combating organized crime (including terrorism).

The Working Party met for a period of some 40 days. On the basis of the text put forward by the German Presidency in particular, a series of technical problems were resolved, but there were still considerable differences of opinion over fundamental issues: the aims of Europol, the role of the liaison officers and the architecture of the system, and also some general matters, such as means of redress.

At its meeting in Essen on 9 and 10 December 1994, the European Council decided that the Convention should be concluded by the time of the Cannes European Council in June 1995, developing further what had already been achieved on the basis of the existing text.

## **Fight against drugs and organized crime**

### FIGHT AGAINST DRUGS

537. Work in this area centred on the following:

- The European Union's plan of action for combating drugs: this contribution to a European plan to combat drugs, proposed by the Commission, has yet to be finalized. The plan covers subjects within the sphere of competence of the bodies of the Three Pillars of the Treaty. Their findings will be examined by the Permanent Representatives Committee, assisted by the National Drugs Coordinators.
- European Monitoring Centre for Drugs and Drug Addiction: the Centre is gradually being set up, with the task of analysing the situation and developing strategies to combat drug addiction.
- The fight against trafficking involves measures at the external borders (the organization of checks) and the improvement of cross-border cooperation between Member States to combat drug tourism. Work began on developing a strategy to combat drugs and should be completed in 1995. This strategy is also a contribution to the European anti-drugs plan that will have to be drawn up.
- Recommendations are being studied concerning the coordination and complementarity of action by the police and the customs authorities.

## MONEY LAUNDERING

538. The proposals contained in the recommendations adopted by the appropriate ministers on 2 June 1993 were broadly implemented by the Member States, except as regards the setting up within each Member State of a central body to collect and analyse data on suspicious transactions. Member States unable to set up a central authority nevertheless took measures with equivalent effect. In response to a request by the European Council giving priority to practical measures, a very detailed inventory of cooperation between law-enforcement agencies and customs authorities is being drawn up to establish how information can be exchanged between Member States through effective cooperation between central contact authorities.

## ORGANIZED CRIME

539. On a more general level, organized crime has been the subject of a detailed analysis aimed at identifying trends in the various forms taken by such crime. Alongside the 'traditional' types of organized crime, such as the traffic in persons, smuggling of illegal immigrants, trade in stolen vehicles, trade in stolen works of art and crimes against the environment, other forms of crime have emerged, such as the theft and illegal trade in radioactive or nuclear products. Situation assessments and current national measures make it possible, in each of these areas, to take common measures and establish lines of cooperation. Some of the areas mentioned will also be covered by Europol when the Convention comes into force.

## DUBLIN GROUP

540. The Dublin Group set up in June 1990 is a consultation mechanism comprising the Twelve, the Commission, Sweden, Norway, Australia, Canada, the United States and UNDCP in the fight against drugs.

The Group met during the French Presidency in June and December 1994 to confer and, if possible, coordinate their positions on the approach to be taken with regard to, among other things, the situation in countries such as Pakistan, Myanmar, Lebanon, Morocco, Nigeria and Colombia. Particular attention was also given to a number of cross-sectoral problems, such as the reduction of demand, alternative development and the role of the international financial institutions.

## Customs cooperation

### CIS CONVENTION: DRAFT CONVENTION CONCERNING THE USE OF INFORMATION TECHNOLOGY FOR CUSTOMS PURPOSES

541. The Convention on the use of information technology for customs purposes, based on Article K3(2) of the EU Treaty, will set up a customs information system. The aim of this system is to assist the customs administrations in preventing, investigating and prosecuting serious contraventions of national laws by increasing, through the rapid

dissemination of information, the effectiveness of the existing cooperation and control procedures of the customs administrations.

In order to finalize the text, the Council has examined the two outstanding issues, the role of the Court of Justice (Article 26) and the question of a provisional application of the Convention (Article 24). The examination of these two issues is still going on.

#### REVIEW OF THE NAPLES CONVENTION OF 1967 ON MUTUAL ASSISTANCE BETWEEN CUSTOMS AUTHORITIES

542. The Council started the examination of a proposal for a review of the 1967 Naples Convention in order to strengthen and modernize the legal basis for mutual assistance between Member States' customs authorities.

#### IMPLEMENTATION OF THE REPORT ON CUSTOMS STRATEGY AT EXTERNAL FRONTIERS

543. For the preparation of the customs strategy at external frontiers a questionnaire has been distributed on technical aids, training and intelligence and risk profiling. The replies will have to be evaluated and conclusions will have to be drawn for the future strategy.

#### PLAN TO COMBAT CUSTOMS FRAUD

544. The guidelines to be followed in the fight against customs fraud were the subject of a questionnaire. The replies have been evaluated and conclusions will be drawn for the development of a strategic Union plan to combat customs fraud in the internal market.

#### JOINT SURVEILLANCE OPERATIONS ON AIR AND SEA TRAFFIC

545. Following the programme for 1994, periodic joint surveillance operations have been implemented on air and sea traffic. The main purpose of these operations is to identify drugs smugglers who make use of seaport and airport transit facilities to disguise their true point of departure from a drugs source country.

### **Operational and technical police cooperation**

#### EXTERNAL RELATIONS WITH EASTERN EUROPE

546. One issue of the action plan adopted by the Council is the development of close cooperation with the police of the Union's neighbouring States. Replies to a questionnaire concerning police cooperation with the countries of Eastern Europe are evaluated and conclusions will be drawn for the future cooperation.

As regards cooperation in the area of public order (major events, meetings, sporting events), the use of liaison officers has been agreed on for the purpose of direct exchanges of information.

## INTERCEPTION OF TELECOMMUNICATIONS

547. The Council has adopted a resolution on international requirements for the legal interception of telecommunications. The main objective of this resolution is to serve as a harmonized set of international interception requirements which provide guidance to telecommunications network operators, service providers and manufacturers for meeting interception obligation.

## RADIO COMMUNICATION SYSTEM FOR LAW ENFORCEMENT AGENCIES

548. The police, the customs and other security services in Europe need a high-performance speech and data radio communication system. The Council has continued the examination of a uniform European speech/data radio communication system.

## TRAINING FOR POLICE OFFICERS

549. Recommendations have been adopted on the training needs of instructors and on a methodological approach to training of instructors.

## POLICE RESEARCH

550. A Union-wide analysis has been made of transnational research projects concerned with criminology and criminal matters initiated or carried out by research institutions connected with the police. This is a valuable means of exchanging information, of drawing attention to possible duplication of research and of encouraging cooperating in this field. This analysis will be continued. A similar analysis will be made for the research into police technology.

## **Police cooperation to combat terrorism**

### PERMANENT INVENTORY OF TERRORIST ACTS AND ASSESSMENT OF TERRORIST THREATS

551. In order to maintain the common internal security in the Union, the Council continued to follow closely the evolution of terrorist acts and assessed regularly the possibilities of terrorist threats to the Member States and the Union.

## VISA POLICY TOWARDS COUNTRIES REPRESENTING A TERRORIST THREAT

552. The Council examined the Member States' visa policy towards countries representing a terrorist threat. It took note of the fact that nationals of these countries must be in possession of a visa when crossing the borders of the Member States.

### **Illegal trade in nuclear substances**

553. As regards customs cooperation, questions concerning the customs strategy at external borders, training, cross-border cooperation and cooperation with third countries have been discussed and agreement has been reached on short-term as well as long-term measures for combating illegal trade in nuclear substances.

## **C — Judicial cooperation**

### **In criminal matters**

#### EXTRADITION

554. Discussions were held on the basis of the declaration by the Council (JHA) on extradition, which had been adopted in the second half of 1993. They covered the following:

- conditions of extradition and grounds for refusing it;
- extradition procedures, particularly the simplification of extradition decisions where the person concerned consents to his extradition.

At its meeting on 20 June 1994, the Council noted that the first phase of the work required by the 1993 declaration had been completed. It gave instructions for drafts to be prepared setting out alternatives not only with regard to the aspects on which most delegations were broadly agreed but also with regard to other aspects mentioned in the Council's interim report of November 1993. It asked for a progress report by the end of 1994.

During the second half of 1994 priority was given to the chapter on simplified procedures in the draft Convention on extradition. This chapter had been drawn up on the basis of specific suggestions from the Belgian delegation and the Presidency.

At its meeting on 30 November and 1 December 1994 the Council gave its approval to the results that had been submitted to it with regard to simplified procedures. It also noted the existence of a political agreement that an autonomous legal instrument concerning the simplified procedure should be drawn up.

The Council instructed the relevant subordinate bodies to resolve the remaining issues so that a draft Convention could be submitted to it by the end of the first half of 1995.

The other discussions will continue into 1995 with regard to the basic conditions and the procedures for extradition, which fall outside the scope of the simplified procedures.

## JUDICIAL COOPERATION IN THE ACTION TAKEN AGAINST INTERNATIONAL ORGANIZED CRIME

555. The Council took the view that cooperation in this area had to be increased in the context of the Union and in the interests of the security of citizens.

As in the case of police cooperation, consideration was given to the situation in the Member States and to the most suitable ways of dealing with the problem.

The aim was to see how to follow up the conclusions contained in the report of the *ad hoc* Working Party on International Organized Crime.

An interim report was submitted to the Council at its meeting on 30 November and 1 December 1994, specifying the approaches to be followed and the most appropriate bodies for dealing with any matters that arose.

At this meeting the Council decided to give priority to the following questions:

- Member States' legislation on what constitutes offences by criminal or similar organizations;
- rules on complicity, attempted crime and preparatory acts;
- improvement of mutual assistance, with a view to making progress *vis-à-vis* Article 5(1) of the European Convention on Mutual Assistance;
- protection of witnesses, in particular testimony by remote link, and informants.

## LEGAL PROTECTION FOR THE COMMUNITY'S FINANCIAL INTERESTS

556. The discussions began with the comparative study — submitted by the Commission — of the laws, regulations and administrative provisions concerning fraudulent acts committed to the detriment of the Community.

At its meeting on 20 June 1994, the Council (JHA) noted that the work on this aspect was broadly complete and gave instructions for the discussions to be continued on the basis of:

- the draft joint action submitted by the United Kingdom delegation;
- the draft Convention submitted by the Commission.

At its meeting in June 1994 the European Council instructed the Council (JHA) to report to its meeting in Essen in December 1994 on an agreement concerning the criminal aspects of the fight against fraud.

The Council adopted a resolution on protection under criminal law of the financial interests of the Community. This is the first acknowledgement of substantive agreement on an issue to which the Council gives particular attention.

The Essen European Council asked the Council (JHA) to press ahead with its discussions so that a joint action could be approved or a convention drawn up during the first half of 1995.

#### DISQUALIFICATION FROM DRIVING

557. On the basis of a questionnaire, the Working Party on Disqualification from Driving examined the situation concerning Member States' laws and practices with regard to the suspension or withdrawal of the right to drive imposed on drivers who commit certain offences. Discussions on this matter will continue in 1995, and among other things the possibility of a Convention on the subject will be considered.

#### MUTUAL LEGAL ASSISTANCE

558. The Council decided that the discussions on accelerating and simplifying mutual legal assistance should be stepped up, with particular attention being given to ways of improving the contacts between authorities responsible for carrying out investigations and enforcing judgments in the Member States.

#### CONFISCATION

559. During discussions on international organized crime, the question was addressed as to the possibilities that existed for enforcing confiscation orders issued in another Member State, in the light of the Strasbourg Convention of 8 November 1990 on the laundering of the proceeds of crime. These matters could be discussed in the light of the experience gained from the application of the Convention.

#### FINANCING OF TERRORISM

560. A report was drawn up concerning the legal aspects of cooperation between Member States in the fight against the financing of terrorism.

#### ILLEGAL TRADE IN RADIOACTIVE SUBSTANCES AND NUCLEAR MATERIAL

561. The discussions dealt with the question whether there were any substantial differences between Member States in the penal treatment of the illegal trade in radioactive substances and nuclear material.

In accordance with an initial assessment, all the Member States signed and implemented the Convention on the Physical Protection of Nuclear Material, which had been opened for signing on 3 March 1980.



It will have to be decided at some future stage whether European Union measures should be contemplated.

## MONITORING THE PROGRESS OF SIGNINGS AND RATIFICATIONS

562. An examination was made of the progress of signings and ratifications of certain conventions deemed to be of importance with regard to cooperation in criminal matters.

### **In civil matters**

#### EXTENSION OF THE BRUSSELS CONVENTION

563. In accordance with the terms of reference issued by the European Council in December 1993, the Council studied the possibility of extending the scope of the Brussels Convention to cover matters of family and succession law.

At its meeting on 20 June 1994 the Council gave instructions for a draft convention to be prepared dealing with marriage (existence, annulment, effects), divorce, legal separation and related matters concerning matrimonial property. It asked to have the initial results of the discussions by the end of the year.

The Presidency put forward a draft Convention that reflected the spirit and the structure of the Brussels Convention. To some extent, it represents the second generation of the Brussels Convention. An initial examination of it has already taken place.

The current discussions will continue in 1995. Matters relating to the custody of children will also be examined in this context.

#### SIMPLIFICATION AND ACCELERATION OF DOCUMENT TRANSMISSION BETWEEN MEMBER STATES

564. The European Council asked for an examination of the extent to which it would be necessary to draw up an instrument to simplify and accelerate document transmission procedures as defined in The Hague Convention of 15 November 1965 on the service abroad of judicial and extrajudicial documents in civil or commercial matters. Discussions will continue in 1995 on the basis of a draft Convention to be prepared on the subject.

#### MONITORING THE PROCEEDINGS OF THE HAGUE CONVENTION

565. In the course of 1994 the Council monitored the proceedings concerning judicial cooperation in the context of the Hague Convention.

The question receiving most attention was the possibility of drawing up a General Exequatur Convention. Several coordination meetings between Member States were held. Discussions will continue in 1995 with a view to drawing up — if necessary — a common position of the Union on this matter.

## LUGANO CONVENTION STANDING COMMITTEE

566. The first meeting of the Lugano Convention Standing Committee was held in Lugano on 7 and 8 June 1994. All Member States of the European Union took part.

### MONITORING THE PROGRESS OF SIGNINGS AND RATIFICATIONS

567. An examination was made of the progress of signings and ratifications of certain conventions deemed to be of importance with regard to cooperation in civil matters.

## **D — Relations with third countries and participation in the work of international organizations and conferences**

### **Relations with third countries**

568. Relations with third countries continued on the basis of traditional contacts under the Trevi system of cooperation.

At the Council meetings in June and December, the Troika met delegations from the United States, Canada, Switzerland and Morocco.

In response to the wish of the Corfu European Council, the German Presidency organized a conference in Berlin on 8 September with the associated CCEE, the 12 Member States of the Union and the four acceding countries. Under the terms of the declaration adopted at the end of the conference, the European Union will widen and deepen its cooperation with the CCEE with regard to drugs, the theft of and illegal trade in radioactive and nuclear material, the traffic in persons, the smuggling of illegal immigrants, the trade in stolen vehicles and money laundering.

An examination of the specific measures that might be taken to implement this declaration was begun by each of the bodies concerned.

### **Participation in the work of international organizations and conferences**

569. At its meetings on 30 November and 1 December 1994 the Council adopted a number of principles for the implementation of Article K5, which concerns the defence of common positions in these fora.

With regard to the fight against drugs, the Member States coordinated their positions during the examination of matters of common interest during:

- the Pan-European Ministerial Conference in Strasbourg in February 1994;
- the meeting of the UN Commission on Narcotic Drugs in Vienna in April 1994.

The Union's preparation for the World Ministerial Conference in Naples from 21 to 23 November (Conference on Organized Transnational Crime) was carried out in the relevant sectors dealing with organized crime and judicial cooperation. Four on-the-spot coordination meetings were held during the conference.

## **E — Fight against racism and xenophobia**

570. Another area of activity should be mentioned, given the importance it now has: the fight against racism and xenophobia.

The Corfu European Council established a detailed programme for the work to be done in all sectors, including justice and home affairs, to combat all forms of racism and xenophobia, including acts of racist and xenophobic violence, and to help bring about tolerance and understanding. Initial work under the First Pillar dealt with police cooperation and judicial cooperation.

In accordance with the wishes of the Corfu European Council, a Consultative Commission, composed of eminent persons, was set up.

Interim reports were submitted to the Essen European Council. The European Council asked the Consultative Commission and the Justice and Home Affairs Council to continue their work on the basis of the guidelines contained in the interim reports. On the basis of their work, the Cannes European Council in June 1995 will decide on the overall strategy.



# Chapter IX

## Financing the Community's activities

### A — Budget

#### 1995 budgetary procedure

##### PRELIMINARY DRAFT BUDGET FROM THE COMMISSION

571. The preliminary draft budget for the financial year 1995 submitted by the Commission on 15 June 1994 brought total expenditure to ECU 76 328 million in commitment appropriations and ECU 72 349 million in payment appropriations; as compared with the budget adopted for the 1994 financial year (SAB No 2/94 having not yet been adopted when the PDB was submitted) these amounts represent an overall increase of 3.93% in commitment appropriations and 3.34% in payment appropriations. Within these amounts the Commission proposed increases for non-compulsory expenditure (NCE), according to its own classification of such expenditure, of 8.17% in commitment appropriations and 7.34% in payment appropriations. Although the Commission proposed financing based on the new Decision on own resources, which was in the process of being adopted, it kept its estimated appropriations below the current own resources ceiling (1.20% in commitment appropriations).

While forecasting a moderate upturn in the economy, the Commission was anxious to submit a preliminary draft budget for 1995 which took account of the restraint still required by the economic situation while allowing room to move ahead with the work to be done in implementing common policies.

The preliminary draft budget included the EFTA countries' financial contribution to the programme of internal policies in which they are participating, as stipulated in the EEA Treaty; it did not include the financial implications of enlargement.

The preliminary draft budget from the Commission also included:

- a redistribution of structural operations by objective;
- strengthened external action to match the Community's role in priority regions;

- the budgetary structure for the implementation of the fourth research and technological development programme;
- a boost to certain policies in the context of implementing the White Paper.

#### COUNCIL — FIRST READING

572. The Council discussed the preliminary draft budget on 25 July 1994. The discussions were preceded by the traditional meeting with a delegation from the European Parliament, in which concertation on the compulsory expenditure in the preliminary draft budget took place in accordance with the new procedure under the Interinstitutional Agreement; the dialogue meeting in preparation for conciliation had taken place on 7 July 1994.

The Council went on to establish the draft general budget of the European Communities for 1995, providing for a total of ECU 75 745 million in commitment appropriations and ECU 71 955 million in payment appropriations, broken down as follows:

*(million ECU)*

	Non-compulsory expenditure	Compulsory expenditure
CA	36 767	38 978
PA	33 002	38 953

The draft budget for the financial year 1995 was established in compliance with the current ceiling on own resources; nevertheless, for information, the Council appended to the draft budget the financing arrangements which would result from application of the new Decision on own resources.

573. The broad lines of the draft were as follows:

*(million ECU)*

	CA	PA
Common agricultural policy	35 593.0	35 593.0
Other measures	1 401.0	1 401.0
Structural Funds	23 112.0	20 757.0
Cohesion Fund	2 152.0	1 750.0
Research	2 818.6	2 645.9
Other internal policies	1 467.5	1 355.3
External action	4 363.4	3 615.8
<i>including PHARE AND TACIS</i>	1 450.0	1 212.2
Administrative expenditure		
— Commission	2 476.6	2 476.6
— Other institutions	1 214.6	1 214.6

	CA	PA
Monetary reserve	500.0	500.0
Emergency aid reserve	323.0	323.0
Loan guarantee reserve	323.0	323.0

The Council's amendments to the Commission's PDB were mainly dictated by the need for continued observance of strict budgetary discipline.

The Council also stressed the importance it attached to observance of the orderly development of payments in relation to commitments, in particular for the appropriations under heading 3 of the financial perspective. It also noted the need for the areas of intervention for Community programmes to take account of the principle of subsidiarity.

The 1995 budget also reflects the principles of budgetary discipline; in particular, it was emphasized that the effectiveness of Community measures needed to be assessed in relation to clear and verifiable objectives.

#### LETTER OF AMENDMENT NO 1 TO THE DRAFT BUDGET FOR 1995

574. The preliminary draft budget was amended by letter of amendment No 1, forwarded to the Council on 11 October 1994, which increased commitment appropriations to ECU 76 333 million and payment appropriations to ECU 72 354 million; in view of the estimates submitted by the institutions, the appropriations in the preliminary draft budget rose to ECU 76 391 million for commitments and ECU 72 412 million for payments.

The letter of amendment comprised three points: an adjustment in appropriations for agricultural expenditure involving no increase, an additional ECU 5 million in commitment appropriations and ECU 5 million in payment appropriations in the Community contribution to the International Fund for Ireland, and the insertion of budget guarantees (through token entries) for borrowings operations contracted to provide loans to the Slovak Republic and Algeria.

At its meeting on 31 October 1994, the Council established Letter of amendment No 1 to the 1995 draft budget, incorporating all the measures proposed in the Commission's Letter of amendment.

#### EUROPEAN PARLIAMENT — FIRST READING

575. On 7 November 1994 the European Parliament forwarded to the Council the draft budget as amended and modified at its sitting on 27 October.

The volume of the budget voted by the European Parliament corresponded to 1.21% of GNP; compared to the Council's draft budget this entailed approval of an additional ECU 678 million (c/p), ECU 600 million of which was entered as 'frozen' payments pending ratification of the new Decision on own resources.

In addition the Parliament voted a series of amendments injecting the additional resources into all expenditure headings in order to take account of the new requirements of the enlarged Community, subject to adoption of a new financial perspective. It further proposed:

- entering as 'frozen payments' ECU 600 million of the amount against the heading for adjustment of the accounts under EAGGF expenditure;
- entering as 'frozen payments' ECU 600 million of the amounts against several headings covering the structural funds, thermonuclear fusion, international fisheries agreements and administrative expenditure (Mr Colom's 'own resources' amendment);
- entering ECU 30 million in commitment appropriations and ECU 12 million in payment appropriations for financial support for Thermic II projects involving economic risk, outside R&D expenditure;
- for external policies, breaking down the CSFP appropriation into a number of headings to cover specific measures, boosting development cooperation and increasing appropriations for more sensitive areas;
- earmarking a significant portion of the PHARE appropriations for measures in adjoining regions;
- entering an amount against property expenditure for the European Parliament.

576. The Parliament also modified a significant number of the remarks against operating appropriations, particularly in Subsection B1 (EAGGF Guarantee Section).

The outcome of the Parliament's vote at first reading, enlargement included, was as follows:

	<i>(million ECU)</i>	
	CA	PA
— CE	39 379	39 361
— NCE	41 894	36 421
Total	81 273	75 782

#### COUNCIL — SECOND READING OF THE 1995 DRAFT BUDGET ON 16 NOVEMBER

577. At its second reading of the draft general budget of the European Communities for 1995 the Council adopted a position on all the amendments and proposed modifications voted by the European Parliament at first reading. The Council accepted some amendments but stood by its approach on own resources. In addition, the Council created a negative reserve of ECU 120 million.



The expenditure agreed by the Council at its second reading of the 1995 draft budget totalled (figures rounded off):

<i>(million ECU)</i>	
Appropriations for commitment	75 929.9
Appropriations for payment	72 000.1
of which non-compulsory expenditure:	
— CA	36 952.0
— PA	33 047.4

578. The appropriations break down as follows (figures rounded off):

<i>(million ECU)</i>		
	CA	PA
Common agricultural policy	35 593.0	35 593.0
Other measures	1 401.0	1 401.0
Structural Funds	23 112.0	20 717.0
Other structural operations	0.0	40.0
Cohesion Fund	2 152.0	1 750.0
Research	2 818.6	2 645.9
Other internal policies	1 502.6	1 369.9
External action	4 393.3	3 645.8
<i>of which: PHARE</i>	930.0	782.0
Administrative expenditure:		
— Commission	2 476.8	2 476.8
— Other institutions	1 334.6	1 334.6
Monetary reserve	500.0	500.0
Emergency aid reserve	323.0	323.0
Repayments, guarantees, reserves	323.0	323.0
Negative reserve — payments (B0-42)		- 120.0

The rates of increase in NCE are thus 7.22% for commitment appropriations and 6.43% for payment appropriations.

#### LETTER OF AMENDMENT NO 2 TO THE DRAFT BUDGET FOR 1995

579. On 30 November 1994 the Commission forwarded to the Council letter of amendment No 2 to the 1995 preliminary draft budget; this reflected the outcome of the dialogue meeting on 29 November and the discussions of the Ecofin Council on 5 December on the enlargement-related adjustment of the financial perspective.

The letter of amendment contained two parts:

- in the first, the Commission proposed amendments on the revenue side, in order to integrate the three acceding countries into the financing bases for the budget, and on the expenditure side, in order to enter the sums provided for in the Act of Accession. The Commission also proposed that the bases for financing the budget used for the 1995 preliminary draft budget (12 Member States) should be recalculated in order to allow for the latest economic forecasts for the enlarged Community.
- The second part concerned additional expenditure connected with enlargement. These amounts were entered in a reserve created for this purpose in Chapter B0-431, with additional administrative expenditure being placed in the relevant reserve of each institution.

On 8 December 1994 the Council established letter of amendment No 2 to the draft general budget of the European Communities for the financial year 1995 incorporating the Commission's proposals, subject to the following additions:

- the amounts entered in reserve B0-431 included an appropriation for the programme for Northern Ireland. They also included ECU 80 million in commitment appropriations and ECU 40 million in payment appropriations for the programme for the modernization of the textile industry in Portugal;
- the Council entered ECU 18 million in respect of administrative expenditure in Chapter 105 of Section II (Council).

As the timetable had prevented the Council from examining the other institutions' enlargement-related requests in the necessary detail, it agreed to hold these measures over for the supplementary and amending budget to be established at the beginning of 1995.

#### EUROPEAN PARLIAMENT — SECOND READING (15 DECEMBER 1994)

580. At its second reading of the budget, the European Parliament confirmed virtually every point of the position it had adopted at first reading. At its sitting on 15 December 1994 the Parliament also adopted the content of letters of amendment Nos 1 and 2 to the draft 1995 budget. In particular the Parliament kept its 'amendments' to a significant number of headings of subsection B1 (EAGGF Guarantee Section), affirming (in the words of the amended remarks on those headings) that the Commission had 'some discretion' in the management of these resources, which in the Parliament's opinion involved a non-compulsory element. To take account of the Community's enlargement, the Parliament also provided for the entry of allocations against the new headings created in the B0 reserve for the new agencies arising out of the Treaty and for amounts to be entered against the headings for the administrative expenditure of each institution.

The Parliament withdrew its amendments 'freezing' payments in respect of the clearance of EAGGF accounts of a number of Structural Fund headings.

581. Following the vote, the 1995 budget stood as follows:

	CA	PA
Total expenditure	80 892 876 173	76 527 080 173
of which:		
— CE	41 436 396 700	41 418 196 700
— NCE	39 456 479 473	35 108 883 473

The rate of increase for NCE was 14.38% in commitment appropriations and 12.96% in payment appropriations.

The growth in total expenditure over the previous financial year was 12.68% in commitment appropriations and 11.96% in payment appropriations.

After the vote the President of the Council reiterated the Council's position on the compulsory nature of the expenditure of the headings of subsection B1, stressed that the changes to compulsory expenditure voted by the Parliament at second reading were unacceptable and reserved the Council's rights to take whatever action it saw fit on this matter.

The 1995 budget, the first budget of the European Union enlarged to 15 Member States, was finally adopted on 15 December when it was signed by the President of the Parliament at a plenary sitting of the Parliament.

## Continuation of the 1994 budgetary procedure

### SUPPLEMENTARY AND AMENDING BUDGET NO 1 FOR THE 1994 FINANCIAL YEAR

582. The Committee of the Regions established under Article 198a of the Treaty on European Union was inaugurated on 9 March 1994. The budgetary authority had entered an appropriation of ECU 12 million in the reserve of the 1994 budget in respect of the Committee's expenditure.

In order to mobilize these funds, on 29 March 1994 the Council established draft supplementing and amending budget No 1 for the financial year 1994; this provides for specific budgetary structures for the Committee of the Regions (COR) and for the common organizational structure, which the COR shares with the Economic and Social Committee in accordance with the Treaty on European Union.

Under draft SAB No 1, ECU 2 million was allocated to the various COR headings and ECU 0.96 million to the common organizational structure by withdrawing funds from Chapter 100 (Reserves). Draft SAB No 1 also provided for the creation of 15 posts for the COR and 30 posts for the common organizational structure.

The European Parliament voted an amendment to this draft SAB, which was not modified by the Council. Supplementary and amending budget No 1 was finally adopted on 6 May 1994.<sup>1</sup>

#### SUPPLEMENTARY AND AMENDING BUDGET NO 2 FOR THE 1994 FINANCIAL YEAR

583. On 19 September 1994 the Commission forwarded preliminary draft supplementary and amending budget No 2 to the Council; this covered administrative expenditure arising from the Council's removal to its new building, the rental of a building for the Court of Justice and the COR's staff complement and totalled ECU 16.4 million, thus bringing expenditure up to the financial perspective ceiling for heading 5.

On 10 October 1994 the Council established, at first reading, draft SAB No 2/94 on the basis of the Commission's preliminary draft.

584. On 20 October 1994 the Commission supplemented preliminary draft SAB No 2/94 by a letter of amendment covering the adjustments to be made in agricultural expenditure as a result of expenditure trends, particularly in the sectors of beef and veal and arable crops. These adjustments entailed savings of ECU 1 678 million in EAGGF Guarantee Section appropriations.

The letter of amendment also applied to the revenue side of the budget, taking into account a drop of ECU 1 400 million in estimated customs duties (to be offset by an increase in the call-in rate of the GNP-based resource), coverage in 1994 of part (ECU 2 649 million) of the cost of refunds to Member States in respect of the over-estimation of the VAT and GNP bases in 1993, entry in the budget of the final balance of the correction of 1990 budgetary imbalances and entry in the accounts of the surplus from 1993.

While this letter of amendment was being examined, the Commission informed the Council of an estimated year-end additional surplus of ECU 1 500 million resulting from the non-implementation of appropriations.

The Council's decision, at first reading, on this letter of amendment was taken on 31 October 1994. The Council's approach, which consisted in accepting the Commission's proposal as supplemented by the latest information on the implementation of appropriations, enabled the entirety of the VAT/GNP shortfall for 1993 to be made good.

585. The Parliament voted at first reading on draft SAB No 2/94 on 27 October 1994. It proposed 12 amendments relating to administrative expenditure, an ECU 3 million boost to heading B5-322 (Employment and growth for Europe) and an allocation of ECU 2 million in commitment appropriations and ECU 0.8 million in payment appropriations to the budget heading for the modernization of the textile and clothing industry

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<sup>1</sup> OJ L 169, 4.7.1994.

in Portugal. It further proposed using the margin available under the own resources ceiling (ECU 363 million) to finance the VAT/GNP shortfall for 1993.

The Council decided on 7 November 1994 on the Parliament's amendments to draft SAB No 2/94, confirming its position at first reading and pointing out that the second reading of draft SAB No 2/94 incorporated the letter of amendment.

On 15 November 1994 the Parliament adopted supplementary and amending budget No 2/94, upholding its amendments on administrative expenditure and the two new headings ('Programme for the modernization of the textile and clothing industry in Portugal' and 'Employment and growth for Europe'). The Parliament accepted the Council's proposal on revenue. The budget for 1994 thus amounts to ECU 71 789.1 million in commitment appropriations and ECU 68 354.6 million in payment appropriations, an increase of 1.96% in CA and of 2.24% in PA; for NCE the rates of increase are 4.92% in CA and 5.99% in PA.

## **Other budgetary matters**

### **DISCHARGE GIVEN TO THE COMMISSION ON IMPLEMENTATION OF THE 1992 BUDGET**

586. At its meeting on 21 March 1994 the Council adopted the recommendation to the European Parliament on the discharge to be given to the Commission in respect of the implementation of the general budget of the European Communities for the financial year 1992.

### **FIGHT AGAINST FRAUD AFFECTING THE COMMUNITIES' BUDGET**

587. On 29 April 1994 the Commission forwarded to the Council its report on the fight against fraud in 1993 and its strategy and work programme for 1994.

At its meeting on 11 July 1994, the Council on the basis of the Commission report, stressed the need for the utmost vigour in continuing to fight fraud, which constitutes a threat to the Community's financial interests.

While noting the progress made in this area, the Council adopted conclusions which made particular reference to certain potentially high-risk sectors which would require increased vigilance in future.

The Council also encouraged the Commission in its determination to strengthen partnership and cooperation between the Member States and the Commission in order to raise the level of protection of the Community's financial interests.

The Council welcomed the setting-up of the Advisory Committee for the Coordination of Fraud Prevention as the specialized forum for the organization of collaboration between the competent departments of the Member States and the Commission and welcomed the reorganization of the Unit on Coordination of Fraud Prevention (UCLAF).

Mindful of the benefits of publicity in anti-fraud strategy, the Council ordered the publication of its conclusions in Part C of the *Official Journal*.<sup>1</sup>

With regard to the work programme for 1994, the Council supported the themes of the programme but emphasized the need for precise objectives and target dates for action to allow better assessment of progress.

#### TREATMENT OF SPECIAL REPORTS FROM THE COURT OF AUDITORS

588. On 11 July 1994 the Council decided on the procedure it intended to follow for examining special reports from the Court of Auditors.

#### PROTECTION OF THE COMMUNITY'S FINANCIAL INTERESTS

589. In October the Council began examining the proposal for a Council Regulation on protection of the Community's financial interests.

#### CARRY-OVERS OF APPROPRIATIONS

590. At its meeting on 29 March 1994 the Council agreed to a request from the Commission for the carry-over of non-differentiated appropriations submitted on 16 February 1994 in accordance with Article 7(3) of the Financial Regulation applicable to the general budget of the European Communities.

#### TRANSFERS OF APPROPRIATIONS

591. After consulting the European Parliament, the Council acted on a number of proposals submitted by the Commission for transfers of appropriations between chapters relating to compulsory expenditure (Article 26(4) and 5(a) of the Financial Regulation).

In its turn the Council was consulted by the European Parliament on proposals for transfers relating to non-compulsory expenditure (Article 26(4) and (5)(b) of the Financial Regulation).

#### ENTRY IN THE BUDGET OF THE REVENUE ADJUSTMENTS FROM PREVIOUS FINANCIAL YEARS

592. In the first half of 1994 the Council continued examining the Commission proposal regarding entry in the budget of revenue adjustments of previous financial years.

In the second half of the year, pragmatic solutions were found, via the SAB, to deal with that part of the problem which concerned the shortfall in revenue for 1993, by entering that shortfall in the 1994 budget (see SAB No 2/94 referred to above).

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<sup>1</sup> OJ No 292, 20.10.1994.

## **B — Adjustment of the financial perspective (1995 to 1999)**

593. Under the decision of the European Parliament, the Council and the Commission of 13 December 1994 all the headings of the financial perspective, except heading 6 (Reserves), were adjusted to take account of the new requirements and resources of the enlarged Community. A new heading 7 (Compensation) was created to cover the compensation for the new Member States negotiated in the context of the Act of Accession.

The amounts allocated to the Structural Funds and to cover funding of the EEA financial mechanism (heading 2) also arise from provisions in the Act of Accession. Heading 2 also includes an additional allocation to fund the special support programme for peace and reconciliation in Northern Ireland.

The agricultural guideline was raised by 74% of the increase in Community GNP resulting from enlargement, according to the same principles as set out in the Decision on budgetary discipline.

Heading 3 (Internal policies) was increased by 7% per year, heading 4 (External action) by 6.3% per year and heading 5 (Administrative expenditure) by an average of 4.66% for the whole period. Provision was made under heading 3 for an additional sum for a programme to modernize the textile and clothing industry in Portugal. Heading 5 expenditure is to be reviewed in 1996 to take account of the funding required for the buildings of the European institutions and the staff requirements for the new Member States.

## **C — Financial legislation<sup>1</sup>**

### **Decision 94/729/EC on budgetary discipline**

594. As compared with the 1988 Decision, this Decision comprises a number of new features, which include:

- extension of the agricultural guideline to cover the accompanying measures of common agricultural policy reform;
- the early warning system reinforced to enable the Commission to take prompt action when there is a risk of trends in actual expenditure exceeding appropriations;

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<sup>1</sup> See also points 65 *et seq.* of this Review.

- monetary reserve coverage extended so that the reserve can be used to deal not only with developments caused by movements in the dollar/ecu rate but also with the costs arising from monetary realignments within the European Monetary System;
- provision made for the Council to take 'appropriate steps' to fund the EAGGF Guarantee Section if the budget cannot cover the costs arising from monetary realignments within the EMS since 1 September 1992;
- possibility for the Commission to reduce or suspend advances paid to Member States where there is manifest failure to comply with the rules or clear misuse of Community funds;
- establishment of a reserve relating to loans and loan guarantees to non-member countries, designed to cover the Guarantee Fund, and of a reserve for emergency aid to be used, as a priority, for humanitarian aid operations made necessary by unforeseeable events. The arrangements for the use of these reserves (and for the monetary reserve) are defined in the Interinstitutional Agreement of 29 October 1993 and basically involve a transfer of appropriations procedure initiated by the Commission, entailing a dialogue meeting aimed at securing the agreement of the two branches of the budgetary authority on the need to draw on the reserves and on the amount required; in addition, as for the EAGGF Guarantee Section monetary reserve, there is no call on the Member States to provide the own resources corresponding to these two reserves until they are actually used.

595. Central to this Decision, like that of 1988, the basic principles of which it strengthens and confirms, is the notion that all Community expenditure should be subject to the principles of sound public finance and budgetary discipline.

Whereas for certain types of expenditure, the Decision refers to other texts for the rules for implementing budgetary discipline (the Financial Regulation and the Interinstitutional Agreement of 29 October 1993), implementation of EAGGF Guarantee Section expenditure continues to be covered by detailed provisions in the Decision itself.

The implementation of the reserves established under the Decision on budgetary discipline entailed amending the Financial Regulation applicable to the general budget of the European Communities and the Regulation implementing the Decision on the system of the Communities' own resources. These amendments were enacted in Regulations (EC) Nos 2730/94 and 2729/94 respectively.

## Financial Regulation

596. The Council revised the provisions of the Financial Regulation to take account of the appointment of the Ombudsman, the establishment of the Committee of the Regions and the setting-up of the common organizational structure.<sup>1</sup>

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<sup>1</sup> OJ L 198, 30.7.1994.



## D — Staff Regulations

597. Throughout 1994 the Council's discussions on the Staff Regulations focused on a series of four reports submitted by the Commission in response to requests made by the Council in July and December 1993. These four reports dealt with the following questions:

- (a) the application of Annex VII of the Staff Regulations (family and other allowances);
- (b) invalidity pensions;
- (c) the methodology for the calculation of purchasing power parities used to determine the weighting applicable to remunerations and pensions;
- (d) the applicability of the exception clause under Article 10 of Annex XI to the Staff Regulations.

The Council had asked for reports (a) and (b) with a view to saving money. The discussions pinpointed the areas which needed further scrutiny to see if savings could be made; it was accordingly agreed that both questions would be discussed regularly in Council bodies.

Report (c), on the methodology for the calculation of purchasing power parities, arose from the joint Council and Commission statement made on 20 December 1993 in the context of the annual adjustment of remunerations. At the time some delegations expressed doubts about the quality of the statistical methodology used in calculating purchasing power parities. A list of points for further examination was compiled on the basis of the experts report produced by the Commission, and the task of examining them entrusted to the statistical experts on the Working Party on Article 64 of the Staff Regulations, chaired by Eurostat. The Council's discussions on improving the statistical methodology will continue once the Working Party on Article 64 has filed its report.

The Council concluded its discussion of report (d), on the applicability of the exception clause, by agreeing that the clause needed to be made more effective.

598. In addition, the Council acted in the following areas:

### **Remuneration of officials and other servants of the European Communities**

- (a) By Regulation (ECSC, EC, Euratom) No 2300/94 of 22 September 1994,<sup>1</sup> 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 1993.

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<sup>1</sup> OJ L 251, 27.9.1994.

- (b) At its meeting on 29 September 1994, the Council adopted Regulation (ECSC, EC, Euratom) No 2403/94 of 29 September 1994<sup>1</sup> adjusting, with effect from 1 January 1993, the weightings applicable to the remuneration of officials posted in third countries.
- (c) Under the annual review of remuneration, the Council adopted Regulation (ECSC, EC, Euratom) No 3161/94 of 22 December 1994<sup>2</sup> adjusting, with effect from 1 July 1994, the remuneration and pensions of officials and other servants, taking account of the growth in purchasing power in the Member States' central administrations and cost-of-living indexes in the various places of employment.
- (d) By Regulation (ECSC, EC, Euratom) No 3358/94 of 22 December 1994,<sup>3</sup> the Council provisionally maintained the rent allowance measures under Council Regulation No 150/91 until 31 December 1999, so as to safeguard the rights of officials who on 31 December 1993, the expiry date of that Regulation, were in receipt of rent allowances by virtue of being posted away from the seats of the institutions (but within the Union).

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<sup>1</sup> OJ L 257, 5.10.1994.

<sup>2</sup> OJ L 335, 23.12.1994.

<sup>3</sup> OJ L 356, 31.12.1994.

## Annex I

**Greek Presidency**  
**(First half of 1994)**

Attendance by Presidents-in-Office of the Council at meetings  
of the European Parliament committees

Committee	President-in-Office of the relevant Council	Date and place
Foreign Affairs and Security	Mr Kranidiotis Secretary-General, Ministry of Foreign Affairs	6 January Brussels
EP/US Congress inter-Parliamentary meeting	Mr Pangalos Deputy Minister for European Affairs	14 January Athens
EP/Morocco and EP/AMU Inter-Parliamentary meetings	Mr Pangalos Deputy Minister for European Affairs	19 January Strasbourg
Social Affairs, Employment and the Working Environment	Mr Yiannopoulos Minister for Labour	24 January Brussels
Transport and Tourism	Mr Katsifaras Minister for Merchant Shipping and Mr Charalambous State Secretary, Ministry of Transport and Communications	24 January Brussels
EC-EEA Joint Parliamentary Committee	Mr Baltas State Secretary, Trade	24 January Brussels
Civil Liberties and Internal Affairs	Mr Kouvelakis Minister for Justice	29 January Brussels

Committee	President-in-Office of the relevant Council	Date and place
Development and Cooperation	Mr Baltas State Secretary, Trade	25 January Brussels
Environment, Public Health and Consumer Protection	Mr Simitis Minister for Industry, Energy and Technology and Minister for Trade	26 January Brussels
Energy, Research and Technology	Mr Simitis Minister for Industry, Energy and Technology and Minister for Trade	26 January Brussels
Foreign Affairs and Security	Mr Kranidiotis Secretary-General, Ministry of Foreign Affairs	27 January Brussels
EC-Hungary Joint Parliamentary Committee	Mr Dracoularacos Greek Ambassador in Budapest	27 January Budapest
Economic and Monetary Affairs and Industrial Policy (industrial policy)	Mr Simitis Minister for Industry, Energy and Technology and Minister for Trade	27 January Brussels
ACP-EC Joint Assembly	Mr Baltas State Secretary, Trade	15 February Strasbourg
Civil Liberties and Internal Affairs	Mr Papatthemelis Secretary-General, Ministry of Justice	15 February Brussels
EC-Malta Joint Parliamentary Committee	Mr Kranidiotis Secretary-General, Ministry of Foreign Affairs	15 February Valetta — Malta
EC-Sweden Joint Parliamentary Committee	Mr Kalpadatis Greek Ambassador in Stockholm	20 to 23 February Stockholm

Committee	President-in-Office of the relevant Council	Date and place
Transport and Tourism (tourism)	Mr Livanos Minister for Tourism	21 February Brussels
Subcommittee on Fisheries	Mr Constantinou State Secretary, Agriculture	22 February Brussels
Agriculture, Fisheries and Rural Development	Mr Moraitis Minister for Agriculture	23 February Brussels
Foreign Affairs (quarterly colloquy)	Mr Papoulias Minister for Foreign Affairs	23 February Brussels
External Economic Relations	Mr Pangalos Deputy Minister for European Affairs	24 February Brussels
Culture, Youth, Education and the Media (education)	Mr Fatouros Minister for Education and Religious Affairs	24 February Brussels
Women's Rights	Ms Arseni Deputy Minister for the Presidency	24 February Brussels
Institutional Affairs	Mr Pangalos Deputy Minister for European Affairs	24 February Brussels
Environment, Public Health and Consumer Protection	Ms Papazoi Minister for the Environment	14 March Brussels
EC-Cyprus Joint Parliamentary Committee	Mr Georges Papandreou State Secretary, Foreign Affairs	15 March Brussels
Foreign Affairs and Security (enlargement)	Mr Papoulias Minister for Foreign Affairs	16 March Athens

Committee	President-in-Office of the relevant Council	Date and place
EC-Finland Joint Parliamentary Committee	Mr Stylianos Valsamas-Rallis Greek Ambassador in Helsinki	21 and 22 March Helsinki
EC-Austria Joint Parliamentary Committee	Mr Yennimatas Director-General for European Affairs	21 March Brussels
EC-Norway Joint Parliamentary Committee	Ms Zagrafou Greek Ambassador in Oslo	21 and 22 March Tromsø
EC-Poland interparliamentary delegation	Mr Yennimatas Director-General for European Affairs	22 March Brussels
Legal Affairs and Citizens' Rights	Mr Kouvelakis Minister for Justice	22 March Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Papantoniou Deputy Minister for Economic Affairs	23 March Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Pangalos Deputy Minister for European Affairs	23 March Brussels
Civil Liberties and Internal Affairs	Mr Perakis Chairman of the K.4 Committee	24 March Brussels
Regional Policy, Regional Planning and Relations with Regional and Local Authorities	Mr Romaïos State Secretary, Ministry of Economic Affairs	24 March Brussels
Civil Liberties and Internal Affairs	Mr Papatthemelis Minister for Public Policy	25 April Brussels

Committee	President-in-Office of the relevant Council	Date and place
Foreign Affairs and Security	Mr Kranidiotis Secretary-General, Ministry of Foreign Affairs	25 April Brussels
External Economic Relations (Luns/Westerterp procedure)	Mr Yennimatas Director-General, European Affairs	25 April Brussels
EC-EEA Joint Parliamentary Committee	Mr Stylianos Valsamas-Rallis Greek Ambassador in Helsinki	26 and 27 April Helsinki
ESC-EEA Consultative Committee (inaugural meeting)	Mr Kranidiotis Secretary-General, Ministry of Foreign Affairs	8 February Brussels
ESC-EEA Consultative Committee	Mr Stylianos Valsamas-Rallis Greek Ambassador in Helsinki	21 June Helsinki

## Annex II

**German Presidency**  
(Second half of 1994)

Attendance by Presidents-in-Office of the Council at meetings  
of European Parliament committees

Committee	President-in-Office of the relevant Council	Date and place
Economic and Monetary Affairs and Industrial Policy	Mr Waigel Minister for Finance	26 July Brussels
Civil Liberties and Internal Affairs	Dr Kurt Scheller State Secretary, Ministry of the Interior	27 July Brussels
Transport and Tourism	Mr Wissmann Minister for Transport	30 August Brussels
Social Affairs and Employment	Mr Blüm Minister for Labour and Social Affairs	5 September Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Rexrodt Minister for Economic Affairs	7 September Brussels
External Economic Relations	Mr Rexrodt Minister for Economic Affairs	7 September Brussels
Culture, Youth, Education and the Media	Mr Laermann Minister for Education and Science and Ms Yzer Parliamentary State Secretary, Ministry of Education and Science	8 September Brussels



Committee	President-in-Office of the relevant Council	Date and place
Regional Policy	Mr Eckhoff State Secretary, Ministry of Economic Affairs	12 September Brussels
Transport and Tourism	Mr Eckhoff Ministry of Economic Affairs	12 September Brussels
Development and Cooperation	Mr Repnik Parliamentary State Secretary, Ministry of Economic Cooperation	13 September Brussels
Foreign Affairs, Security and Defence Policy (quarterly colloquy)	Ms Seiler-Albring State Secretary, Ministry of Foreign Affairs	14 September Brussels
Institutional Affairs	Mr von Ploetz State Secretary, Ministry of Foreign Affairs	14 September Brussels
Civil Liberties and Internal Affairs	Mr Kanther Minister for the Interior and Ms Leutheusser-Schnarrenberger Minister for Justice	15 September Brussels
Agriculture, Fisheries and Rural Development	Mr Borchert Minister for Food, Agriculture and Forestry	15 September Brussels
Legal Affairs and Citizens' Rights	Ms Leutheusser-Schnarrenberger Minister for Justice	15 September Brussels
Environment, Public Health and Consumer Protection	Mr Töpfer Minister for the Environment	16 September Brussels
Budgetary Control	Mr Haller State Secretary, Ministry of Finance	19 September Brussels

Committee	President-in-Office of the relevant Council	Date and place
ACP-EEC Joint Assembly	Ms Seiler-Albring State Secretary, Ministry of Foreign Affairs	4 October Libreville (Gabon)
Foreign Affairs, Security and Defence Policy	Mr Chrobog Director General, Foreign Affairs	5 October Brussels
Energy, Research and Technology	Mr Krüger Minister for Research and Technology	3 November Brussels
Foreign Affairs, Security and Defence Policy (quarterly colloquy)	Ms Seiler-Albring State Secretary, Ministry of Foreign Affairs	3 November Brussels
Foreign Affairs, Security and Defence Policy (Luns/Westerterp)	Ms Seiler-Albring State Secretary, Ministry of Foreign Affairs	15 November Strasbourg
Committee on Fisheries	Mr Borchert Minister for Food, Agriculture and Forestry	29 November Brussels
EU-Hungary Joint Parliamentary Committee	Mr von Kyaw Permanent Representative of Germany to the European Union	29 November Brussels
Women's Rights	Ms Nolte Minister for Family Affairs, Senior Citizens, Women and Youth	1 December Brussels
Civil Liberties and Internal Affairs	Mr Schelter State Secretary, Ministry of the Interior	1 December Brussels
Environment, Public Health and Consumer Protection	Mr Seehofer Minister for Health	2 December Brussels

Committee	President-in-Office of the relevant Council	Date and place
Transport and Tourism	Mr Wissmann Minister for Transport	2 December Brussels
Foreign Affairs, Security and Defence Policy	Mr Kinkel Minister for Foreign Affairs	20 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
	EC/EAEC/ECSC	EC/EAEC/ECSC	EC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 ½	146 ½	744 ½
1964	102 ½	229 ½	1 002 ½
1965	35	105 ½	760 ½
1966	70 ½	112 ½	952 ½
1967	75 ½	134	1 233
1968	61	132	1 253
1969	69	129	1 412 ½
1970	81	154	1 403
1971	75 ½	127 ½	1 439
1972	73	159	2 135
1973	79 ½	148	1 820
1974	66	114 ½	1 999 ½
1975	67 ½	118	2 079 ½
1976	65 ½	108 ½	2 130
1977	71	122	2 108 ½
1978	76 ½	104 ½	2 090
1979	59	107 ½	2 000
1980	83	106 ½	2 078 ½
1981	83	110	1 976
1982	86	107	1 885
1983	121 ½	105 ½	1 912 ½
1984	133	86	1 868 ½
1985	118	117	1 892
1986	107	118 ½	1 842 ½
1987	123	120 ½	1 828
1988	117 ½	104	2 000 ½
1989	119 ½	100	1 932
1990	138	107	2 021 ½
1991	115 ½	145 ½	2 239
1992	126	133 ½	2 147
1993	119	115 ½	2 105 ½
1994	98	127	2 662

**List of joint actions  
adopted by the Council since the entry  
into force of the Treaty on European Union  
(1 November 1993)**

Title	Date	Decision No	Official Journal
<b>1. Former Yugoslavia</b>			
Council Decision concerning the joint action, adopted by the Council on the basis of Article J.3 of the Treaty on European Union, on continued support for European Union administration of the town of Mostar	12.12.1994	94/790/CFSP	L 326, 17.12.1994
Council Decision extending the application of Decision 93/603/CFSP concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union on support for the conveying of humanitarian aid in Bosnia and Herzegovina	12.12.1994	94/789/CFSP	L 326, 17.12.1994)
Supplementing Decision concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union on support for the conveying of humanitarian aid in Bosnia and Herzegovina	27.7.1994	94/510/CFSP	L 205, 8.8.1994
Council Decision adapting and extending the application of Decision 93/603/CFSP concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union on support for the conveying of humanitarian aid in Bosnia and Herzegovina	16.5.1994	94/308/CFSP	L 134, 30.5.1994
Council Decision extending the application of Decision 93/603/CFSP concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union on support for the conveying of humanitarian aid in Bosnia and Herzegovina	7.3.1994	94/158/CFSP	L 70, 12.3.1994

Title	Date	Decision No	Official Journal
Council Decision supplementing the joint action for the conveying of humanitarian aid in Bosnia-Herzegovina	20.12.1993	93/729/CFSP	L 339, 31.12.1993
Council Decision concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union on support for the conveying of humanitarian aid in Bosnia and Herzegovina	8.11.1993	93/603/CFSP	L 286, 20.11.1993
<b>2. South Africa</b>			
Council Decision on a joint action adopted by the Council on the basis of Article J.3 of the Treaty on European Union concerning support for the transition towards a democratic and multi-racial South Africa	6.12.1993	93/678/CFSP	L 316, 17.12.1993
<b>3. Stability pact</b>			
Council Decision on the continuation of the joint action adopted by the Council on the basis of Article J.3 of the Treaty on European Union on the inaugural conference on the stability pact	14.6.1994	94/367/CFSP	L 165, 1.7.1994
Council Decision concerning the joint action by the Council on the basis of Article J.3 of the Treaty on European Union on the inaugural conference on the stability pact	20.12.1993	93/728/CFSP	L 339, 31.12.1993
<b>4. Middle East peace process</b>			
Council Decision on a joint action adopted by the Council on the basis of Article J (3) of the Treaty on European Union in support of the Middle East peace process	19.4.1994	94/276/CFSP	L 119 (7.5.1994)

Title	Date	Decision No	Official Journal
<p><b>5. Non-proliferation</b></p> <p>Council Decision concerning the joint action adopted by the Council on the basis of Article J.3 of the Treaty on European Union regarding preparation for the 1995 Conference of the States parties to the Treaty on the Non-Proliferation of Nuclear Weapons</p>	25.7.1994	94/509/CFSP	L 205, 8.8.1994
<p><b>6. Russian parliamentary elections</b></p> <p>Council Decision concerning the joint action decided on by the Council on the basis of Article J.3 of the Treaty on European Union concerning the dispatch of a team of observers for the Parliamentary elections in the Russian Federation</p>	9.11.1993	93/604/CFSP	L 286, 20.11.1993
<p><b>7. Dual-use goods</b></p> <p>Council Decision on the joint action adopted by the Council on the basis of Article J.3 of the Treaty on European Union concerning the control of exports of dual-use goods</p>	19.12.1994	94/942/CFSP	L 367, 31.12.1994

**List of common positions  
adopted by the Council since the entry  
into force of the Treaty on European Union  
(1 November 1993)**

Title	Date	Decision No	Official Journal
<b>1. Former Yugoslavia</b>			
Council Decision on the common position defined on the basis of Article J.2 of the Treaty on European Union and concerning the reduction of economic and financial relations with those parts of the territory of the Republic of Bosnia-Herzegovina under the control of the Bosnian Serb forces	10.10.1994	94/672/CFSP	L 266, 15.10.1994
Council Decision concerning the common position defined on the basis of Article J.2 of the Treaty on European Union and regarding the suspension of certain restrictions on trade with the Federal Republic of Yugoslavia (Serbia and Montenegro)	10.10.1994	94/673/CFSP	L 266, 15.10.1994
Council Decision on the common position defined by the Council on the basis of Article J.2 of the Treaty on European Union concerning prohibition of the satisfaction of the claims referred to in paragraph 9 of UN Security Council Resolution No 757 (1992)	13.6.1994	94/366/CFSP	L 165, 1.7.1994
<b>2. Ukraine</b>			
Common position defined by the Council on the basis of Article J.2 of the Treaty on European Union on the objectives and priorities of the European Union towards Ukraine	28.11.1994	94/779/CFSP	L 313, 6.12.1994



Title	Date	Decision No	Official Journal
<b>3. Haiti</b>			
Council Decision concerning the common position defined on the basis of Article J.2 of the Treaty on European Union regarding the termination of the reduction of economic relations with Haiti <sup>1</sup>	14.10.1994	94/681/CFSP	L 271, 21.10.1994
Council Decision concerning the common position defined on the basis of Article J.2 of the Treaty on European Union regarding the reduction of economic relations with Haiti	30.5.1994	94/315/CFSP	L 139, 2.6.1994
<b>4. Rwanda</b>			
Council Decision on the common position adopted by the Council on the basis of Article J.2 of the Treaty on European Union concerning the objectives and priorities of the European Union towards Rwanda	24.10.1994	94/697/CFSP	L 283, 29.10.1994
<b>5. Sudan</b>			
Council Decision on the common position defined on the basis of Article J.2 of the Treaty on European Union concerning the imposition of an embargo on arms, munitions and military equipment on Sudan	15.3.1994	94/165/CFSP	L 75, 17.3.1994
<b>6. Libya</b>			
Council Decision on the common position defined on the basis of Article J.2 of the Treaty on European Union with regard to the reduction of economic relations with Libya	22.11.1993	93/614/CFSP	L 295, 30.11.1993

<sup>1</sup> Only the French text is authentic.

**List of CFSP statements, 1994**

Press release	Date	Subject	
001/94	12.1.1994	Congo	Implementation of the Libreville Agreement of 4 August 1993
002/94	17.1.1994	Azerbaijan	Situation in Nagorno-Karabakh
003/94	17.1.1994	EU, Russia, Ukraine	Nuclear arms agreement
004/94	21.1.1994	Bosnia-Herzegovina	Peaceful settlement of the conflict
005/94	31.1.1994	Yemen	Solving the political crisis
006/94	3.2.1994	Lesotho	Fighting in Maseru
007/94	7.2.1994	Afghanistan	Fighting/exodus
008/94	7.2.1994	Russia	Application for membership of the Council of Europe
009/94	7.2.1994	Ukraine	Tripartite nuclear weapons agreement
010/94	7.2.1994	Sarajevo	Shelling
011/94	11.2.1994	Burundi	Election of the President
012/94	21.2.1994	UN	Appointment of Ayala Lasso
013/94	21.2.1994	Sudan	Civil war
014/94	24.2.1994	Yemen	Stability
015/94	26.2.1994	Hebron	Bloodshed
016/94	28.2.1994	Nigeria/Cameroon	Skirmishes
017/94	28.2.1994	Togo	Parliamentary elections
018/94	2.3.1994	Namibia	Territorial integrity
019/94	2.3.1994	South Africa	Democratic change
020/94	3.3.1994	Latvia/Russia	Agreement about the Skrunda radar
021/94	4.3.1994	Somalia	UN Security Council Resolution No 897
022/94	8.3.1994	Middle East	Peace process
023/94	9.3.1994	Kazakhstan	Accession to the Non-Proliferation Treaty

Press release	Date	Subject	
024/94	17.3.1994	Afghanistan	Distribution of food supplies by the UN
025/94	18.3.1994	Baltic countries	Withdrawal of Russian troops
026/94	22.3.1994	Liberia	Implementation of the Cotonou Agreement
027/94	23.3.1994	Togo	Results of parliamentary elections
028/94	24.3.1994	Moldova	Parliamentary elections
029/94	25.3.1994	Burundi	Deterioration in the situation
030/94	30.3.1994	Lithuania/ Poland	Cooperation Agreement
031/94	31.3.1994	Turkey	Human rights
032/94	31.3.1994	North Korea	Nuclear issue
033/94	7.4.1994	South Africa	Violence
034/94	8.4.1994	Israel	Attack in Afula
035/94	12.4.1994	Rwanda and Burundi	Death of Heads of State
036/94	18.4.1994	Rwanda	Violence
037/94	18.4.1994	Bosnia	Fighting – Gorazde
038/94	19.4.1994	Ukraine	First parliamentary elections
039/94	22.4.1994	Georgia	Non-Proliferation Treaty
040/94	22.4.1994	South Africa	Agreement between De Klerk, Mandela and Buthelezi
041/94	25.4.1994	Rwanda	Violence/Arusha Agreement
042/94	25.4.1994	Uganda	Constituent assembly elections
043/94	3.5.1994	Estonia	Aliens law
044/94	4.5.1994	Israel/PLO	Gaza-Jericho Agreement
045/94	5.5.1994	Rwanda	Violence
046/94	6.5.1994	South Africa	First democratic elections
047/94	10.5.1994	Latvia/Russia	Troop withdrawal agreement
048/94	6.5.1994	Yemen	Violence
049/04	11.5.1994	Guatemala	Signing of Mexico Agreement on human rights

Press release	Date	Subject	
050/94	16.5.1994	Rwanda	Genocide
051/94	17.5.1994	Tadjikistan	Establishment of political dialogue
052/94	25.5.1994	Crimea	Deterioration in the situation
053/94	27.5.1994	South Africa	Lifting of restrictive measures
054/94	27.5.1994	Malawi	Transition to democratic government
055/94	27.5.1994	Haiti	Condemnation of investiture of Jonassaint
056/94	10.6.1994	Bosnia-Herzegovina	Agreement between Croats/Muslims and Serbs
057/94	15.6.1994	Mostar	MOU on administration
058/94	21.6.1994	Latvia	Citizenship law
059/94	24.6.1994	Ethiopia	Election of a constituent assembly
060/94	30.6.1994	Nigeria	Arrest of Moshood Abiola
061/94	30.6.1994	Angola	Renewed violence
062/94	7.7.1994	Guatemala	Oslo Agreement between government and the URNG
063/94	7.7.1994	Mr Arafat	Visit to Gaza and Jericho
064/94	18.7.1994	Yugoslavia	Appeal for peace
065/94	18.7.1994	East Timor	Incidents in Dili
066/94	19.7.1994	Yemen	End to the fighting
067/94	18.7.1994	Non-Proliferation Treaty	Preparation for 1995 conference
068/94	22.7.1994	Rwanda	Killings
069/94	22.7.1994	Guinea-Bissau	First multiparty elections
070/94	25.7.1994	Gambia	Attempted government overthrow
071/94	26.7.1994	Jordan/Israel	Hussein-Rabin meeting
072/94	27.7.1994	Burundi	Political instability
073/94	27.7.1994	Zaire	Investiture of Kengo Wa Dondo Government
074/94	28.7.1994	Tadjikistan	Necessity for a peaceful settlement of the conflict

Press release	Date	Subject	
075/94	28.7.1994	Baltic-Russian	Relations
076/94	29.7.1994	Kyrgyzstan	Accession to Non-Proliferation Treaty
077/94	5.8.1994	Nagorno-Karabakh	Ceasefire
078/94	24.8.1994	Lesotho	Suspension of the Constitution
079/94	25.8.1994	Nigeria	Political turmoil
080/94	31.8.1994	Latvia/Estonia	Withdrawal of former Soviet troops
081/94	15.9.1994	Nagorno-Karabakh	Upholding the ceasefire
082/94	16.9.1994	Lesotho	Resolution of the constitutional crisis
083/94	19.9.1994	Haiti	Military leaders step down
084/94	26.9.1994	Algeria	Support for democratic society
085/94	5.10.1994	Burundi	Instalment of new president
086/94	11.10.1994	Iraq	Troop movement in the direction of Kuwait
087/94	13.10.1994	Gambia	Hope for restoration of democracy
088/94	15.10.1994	Haiti	Return of President Aristide
089/94	20.10.1994	Israel	Bomb attack in Tel Aviv
090/94	26.10.1994	Israel/Jordan	Peace treaty
091/94	27.10.1994	Mozambique	First multiparty elections
092/94	27.10.1994	Niger	Signing of peace agreement
093/94	31.10.1994	Sudan	Destruction of squatter settlements
094/94	3.11.1994	São Tomé and Príncipe	Satisfaction at elections of 2 October 1994
095/94	3.11.1994	Gambia	Election timetable
096/94	3.11.1994	Angola	Peace agreement initialled with UNITA
097/94	21.11.1994	Mozambique	After the presidential elections
098/94	12.12.1994	Chile/Argentina	Settlement of the Laguna del Desierto dispute

Press release	Date	Subject	
099/94	22.11.1994	Indonesia	Conviction and sentencing of a trade unionist
100/94	22.11.1994	Angola	Lusaka Agreement — a step towards peace
101/94	23.11.1994	APEC	Meeting of leaders in Bogor on 15 November 1994
102/94	29.11.1994	Moldova	Deposit of instrument of accession to Non-Proliferation Treaty
103/94	30.11.1994	Ukraine	Towards accession to the Non-Proliferation Treaty
104/94	29.11.1994	Sri Lanka	Result of presidential elections
105/94	28.11.1994	Moldova	Signing of partnership agreement
106/94	28.11.1994	Rwanda	Refugees; lack of safety
107/94	08.12.1994	Ukraine	Accession to Non-Proliferation Treaty
108/94	9.12.1994	Turkey	Sentences of former members of the National Assembly
109/94	12.12.1994	Former Yugoslavia	Renewed intensification of the conflict
110/94	14.12.1994	Namibia	After the elections of 7 and 8 December 1994
111/94	22.12.1994	Lithuania	Dialogue with Russia — military transit

## Abbreviations and acronyms

### — A —

#### ACP

African, Caribbean and Pacific States  
(70 States signatory to the Lomé Convention)

#### ACR

Agricultural conversion rate

#### ARION

Programme of study visits for education specialists  
(part of the Socrates programme)

#### ASEAN

Association of South-East Asian Nations (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand)

### — C —

#### CA

Commitment appropriations

#### CAP

Common agricultural policy

#### CE

Compulsory expenditure

#### Cedefop

European Centre for the Development of Vocational Training

#### CELAD

European Committee to Combat Drugs

#### CFCs

Chlorofluorocarbons

#### CFSP

Common foreign and security policy

#### CIREA

Centre for Information, Discussion and Exchange on Asylum

#### Cirefi

Centre for Information, Discussion and Exchange on the Crossing of Frontiers and Immigration

#### CIS

Commonwealth of Independent States

#### CIS

Customs information system

#### CITES

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

#### Comenius

School education under the Socrates programme

#### Comett

Community programme in education and training for technology

#### Coreper

Permanent Representatives Committee

#### COST

European Cooperation on Scientific and Technical Research

#### CREST

Scientific and Technical Research Committee

CSCE  
Conference on Security and Cooperation in Europe

— 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

EC  
European Community

ECAC  
European Civil Aviation Conference

ECHO  
European Community Humanitarian Office

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)

EIB  
European Investment Bank

EIS  
European information system

EMS

European Monetary System

EMU  
Economic and monetary union

Erasmus  
European Community action scheme for the mobility of university students (field of higher education under the Socrates programme)

ERDF  
European Regional Development Fund

ESC  
Economic and Social Committee

Euratom  
European Atomic Energy Community

Eurydice  
Education information network in the European Community (part of the Socrates programme)

— F —

FAO  
Food and Agriculture Organization of the United Nations



— G —

GATT  
General Agreement on Tariffs and Trade

GCC  
Gulf Cooperation Council

GDP  
Gross domestic product

GNP  
Gross national product

GRT  
Gross registered tonnage

GSP  
Generalized system of preferences

— H —

Handynet  
European Community computerized information system on disability questions

HCFCs  
Hydrochlorofluorocarbons

Helios  
Handicapped people in the European Community living independently in an open society (Community action programme for handicapped people)

— I —

IAEA  
International Atomic Energy Agency

ICAO  
International Civil Aviation Organization

ILO  
International Labour Organization

IMF  
International Monetary Fund

IMO  
International Maritime Organization

ISDN  
Integrated services digital network

ITER  
International Thermonuclear Experimental Reactor

IWO  
International Wine Office

— J —

JET  
Joint European Torus

JRC  
Joint Research Centre

— L —

Lingua  
Action programme to promote training in foreign languages in the European Community

LU  
Livestock unit

— 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)

— N —

NAFO  
North-West Atlantic Fisheries Organization

NATO  
North Atlantic Treaty Organization

NCE  
Non-compulsory expenditure

NET  
Next European Torus

— O —

OAU  
Organization of African Unity

OCTs  
Overseas countries and territories

OECD  
Organization for Economic Cooperation and Development

ONP  
Open network provision

OSCE  
Organization for Security and Cooperation in Europe

— P —

PA  
Payment appropriations

PCBs  
Polychlorinated biphenyls

PETRA  
Action programme for the vocational training of young people and their preparation for adult and working life

PHARE

Poland and Hungary: aid for economic restructuring (other Central and Eastern European States have now been added to the initial recipients)

— R —

RELEX  
External trade relations

— S —

SADC  
Southern African Development Community

SADCC  
Southern African Development Coordination Conference

SMEs/SMUs  
Small and medium-sized enterprises/undertakings

Socrates  
Community action programme intended to contribute to the development of quality education and training and the creation of an open European area for cooperation in education

Stabex  
System for the stabilization of ACP and OCT export earnings

— T —

t  
Tonne

TAC  
Total allowable catch

TACIS  
Technical assistance to the Common-

wealth of Independent States and Georgia

Tempus  
Trans-European mobility scheme for university studies

TGV  
Train à grande vitesse (high-speed train)

Thermie  
Programme for the promotion of energy technology

— U —

UCITS  
Undertaking for collective investment in transferable securities

UCLAF  
Unit on Coordination of Fraud Prevention

Unamir  
United Nations Assistance Mission for Rwanda

UNCED  
United Nations Conference on Environment and Development

UNO  
United Nations Organization

UNIDCP  
United Nations International Drug Control Programme

— V —

VAT  
Value-added tax

— W —

WEAG  
Western European Armaments Group

WEU  
Western European Union

WIPO  
World Intellectual Property Organization

WTO  
World Trade Organization

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