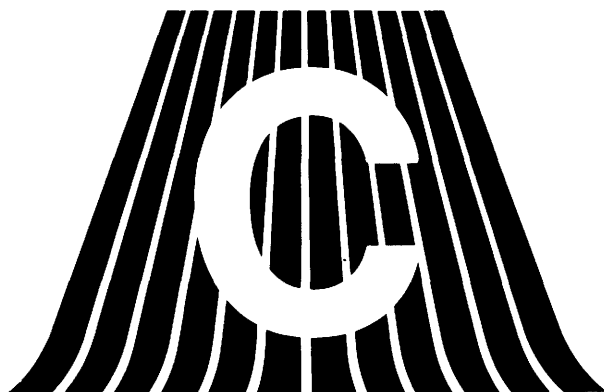


General Secretariat of the Council
of the European Communities

THIRTY-SIXTH REVIEW OF THE COUNCIL'S WORK

1 JANUARY — 31 DECEMBER 1988



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of the European Communities

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Contents

Introduction	5
Chapter I — Work of the institutions	11
A — Council	11
B — Institutional affairs	14
C — Parliamentary affairs	18
D — Court of Justice	30
E — Economic and Social Committee	31
F — Conventions	32
Chapter II — Internal market	33
A — Free movement of goods and approximation of legislation — Customs union — Industrial policy — Iron and steel industry ...	33
B — Right of establishment and freedom to provide services	42
C — Intellectual property	50
Chapter III — Economic and social policy	53
A — Economic, financial and fiscal questions relating to export credits	53
B — Social policy	60
C — Regional policy and reform of the structural Funds	65
D — Development of a Community energy policy	71
E — Transport	77
F — Research	82
G — Environment	86
H — Public health policy	90
I — Education	91
J — Other matters	95
Chapter IV — External relations and development cooperation	99
A — Commercial policy	99
B — Relations with the industrialized countries	104
C — Relations with the State-trading countries	108
D — Development cooperation	113

E — Relations with the ACP States and the overseas countries and territories	117
F — Mediterranean — Gulf States — Euro-Arab Dialogue	121
G — Latin America — Asia	131
H — North-South Dialogue	133
Chapter V — Common fisheries policy	139
A — Community system of resources management	139
B — Control measures	141
C — Common organization of the markets in fishery products	141
D — Relations between the Community and non-member countries ..	144
Chapter VI — Common agricultural policy	149
A — Overall form of the common agricultural policy	149
B — Management of the common agricultural policy	159
C — Coordination of the position of Member States with regard to international matters	167
D — Harmonization of laws	168
E — Policy on agricultural structures	173
Chapter VII — Budgetary and administrative matters	181
A — Budgetary matters: new regulations	181
B — Budgetary procedures	181
C — Other budgetary matters	192
D — Staff Regulations	193
Tables	197
Abbreviations	201
Index	205

Introduction

In 1988 the Council concentrated on the continued examination and adjustment of measures for the gradual setting up of the Single Market by 31 December 1992, while at the same time helping to strengthen international cooperation. It also stepped up its efforts to improve the quality of life, particularly as regards the environment.

Following the European Council of February 1988 in Brussels, which laid down clear guidelines for the main areas of Community policy, the Council took a number of decisions on the reform of Community finances with a view to implementing the policies adopted or confirmed by the Single European Act. The main effects were to raise the level of the Community's own resources, to introduce an additional resource based on GNP, and to correct budgetary imbalances.

These decisions were made possible above all by the agreement reached in the European Council on laying down a reference framework for financing the common agricultural policy and on the mechanisms for controlling agricultural production.

The Council decided to subject the use of own resources to a binding set of rules and concluded with the European Parliament and the Commission an Interinstitutional Agreement on budgetary discipline and the improvement of budgetary procedure.

The Council also attached to the Court of Justice of the European Communities a Court of First Instance, as provided for in the Single Act, to facilitate the operation of the Court.

With an average of 3.5% of Community GDP, economic growth in the Community in 1988 was higher than it had been for some years. The Community inflation rate was 3.5%. The budget deficits in some Member States remained, however, a cause for concern.

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The Council devoted a major part of its work to continuing efforts to complete the Single Market, most particularly in the fields of insurance, the right of establishment, public contracts, and the elimination of technical barriers to trade.

The mutual recognition of higher education diplomas obtained after a course of at least three years was an important step towards the free movement of workers in the Community.

With a view to setting up the Single Market in financial services and in the interests of transparency, the Council arrived at a common position on several Directives, including one on the harmonization of own resources and another on the obligation of financial institutions with branches in more than one Member State to publish accounting details. A policy was also adopted on the information to be published in the case of major stock exchange transactions.

A new Council Directive was adopted on the complete liberalization of capital movements in the Community, without which the Single Market cannot be achieved.

The codification of Community customs law was continued by the adoption of several Regulations harmonizing customs legislation.

The social dimension of the Single Market was at the centre of the Council's debates on the safety and health of workers. Problems of vocational training, particularly for the handicapped, also received considerable attention, as reflected in the adoption of the Helios and Comett II specific programmes.

Nineteen hundred and eighty-eight saw the reform of the structural Funds, the main rules of which will apply for the next five years. This demonstrates the importance attached throughout the Community to the fight against long-term unemployment and to finding jobs for young people.

With the end of the last production quota arrangements in June 1988, the iron and steel industry is now subject to market laws. Certain regions highly dependent on this industry that are in a difficult economic situation will be covered by a four-year Community programme (Resider) for the redevelopment of these zones and the creation of new sources of employment.

It is up to the Member States, on the other hand, to develop policies for the transition from school to work. The 'Youth for Europe' programme set up by the Council in 1988 will help to familiarize young people with life in the other Member States and to make aware of a European identity.

In the research sector, the Council concentrated, in 1988, on the implementation of the framework programme adopted in 1987 for Community activities in the field of research and technological development (1987-91): by the end of the year, ten specific programmes had been adopted, with the largest slice of funds, ECU 1 600 million, going to the Esprit II programme for information technologies. A common position was also worked out on five other proposed programmes.

The Council also devoted its attention to reinforcing European telecommunications, deciding on a policy and a two-year priority action programme for developing information services with the use of new technologies.

It also agreed to the participation by the EAEC, together with the United States, Japan and the USSR, in international cooperation on designing an experimental thermonuclear reactor.

Creating a single market in energy is important for the completion of the Single Market. This is why the Council gave close attention to the energy policies of the Member States and the Community's 1995 energy policy objectives. It also dealt with problems of nuclear power station safety and radioactive contamination.

In its concern to protect the environment, the Council concentrated on the protection of water quality and the fight against atmospheric pollution, particularly that caused by large combustion plants and by vehicles. It took the necessary measures for the entry into force of the Vienna Convention for the protection of the ozone layer and the Montreal Protocol on substances that deplete the ozone layer, and adopted a Regulation so that these agreements could be implemented in the Community and the Member States. A Council Regulation provides for stricter controls on imports from and exports to non-Community countries of certain dangerous chemicals by introducing a compulsory notification and information system.

The Council continued its work on consumer protection and information, particularly in order to ensure that more account is taken of consumer interests when other Community policies are drawn up and implemented.

The Council and the Health Ministers meeting within the Council gave special attention to the fight against AIDS. They reaffirmed the priority given to prevention by information and health education and their rejection of any discrimination against AIDS victims. They also confirmed the importance of the fight against cancer and especially of anti-smoking measures.

Continuing its work to create a free market without quantitative restrictions in the intra-Community road haulage sector, the Council decided to abolish all quantitative restrictions (Community quota, bilateral quotas between Member States, and quotas applicable to transit traffic to and from non-Community countries) with effect from 1 January 1993 and took the corresponding operational measures. From that date a system of Community permits granted on the basis of qualitative criteria will govern the transport of goods by road.

The Council also adopted a Decision on the opening of the second phase of transport negotiations between the European Economic Community and the transit countries (Austria, Switzerland and Yugoslavia).

The Council's activities concerning agriculture were concentrated on the following three topics: preparation of the European Council's deliberations on agricultural stabilizers and the introduction of schemes for set-aside and the cessation of farming; fixing of prices and associated measures for the 1988/89 marketing year, which this year again gave rise to difficult negotiations, particularly regarding agri-monetary aspects; and harmonization of agricultural legislation with regard to veterinary and animal husbandry questions, foodstuffs, plant health and seeds and plants, with a view to the creation of the Single Market.

One feature of the measures adopted under the common fisheries policy was the strengthening of the mechanisms to help conserve fish species. The Council thus decided to reinforce control measures; and the necessary revision of the common organization of markets in the fishery products sector, which was adopted in November 1988 after lengthy discussion, includes a thorough reform of the market in tuna.

The process of integrating Spain and Portugal into the Community, and in particular the transfer to the Community of the bilateral Fisheries Agreements concluded by these new Member States with non-Community countries, helped to broaden the Community's international relations in this field. For the first time a Fisheries Agreement was concluded with a Mediterranean country, Morocco. There were positive developments in relations in this field with most of the African coastal states and the countries of the Indian Ocean, with new Fisheries Agreements being either drawn up or concluded.

The Community's international role in fisheries was also demonstrated by fishery arrangements with several Scandinavian countries and by the resumption of negotiations with the Soviet Union.

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Since its trade represents a fifth of world trade, the Community wishes to foster and develop as open and balanced a trade system as possible. This is why the Council stressed the importance it attached to the success of the Uruguay Round negotiations, which continued throughout 1988. A meeting at ministerial level in Montreal in December achieved results in several sectors, despite a deadlock in the agricultural negotiations.

In relations with the United States, there were several points of disagreement in the agricultural sector, particular attention being paid by the Council to the problem of hormones. The Council also expressed its concern at the passing by Congress of the new Trade Act. However, it stressed the need to keep contacts open and to avoid any risk of confrontation. This is also its attitude towards Japan, despite its concern at the large Japanese trade surplus and the difficulty of gaining access to Japanese markets.

In Europe, cooperation with the EFTA countries continued to progress, but it was above all relations with the countries of Eastern Europe that entered a new phase. Following the signature on 25 June 1988 of a joint declaration by the Community and the Council for Mutual Economic Assistance (CMEA), diplomatic relations were established with most of the CMEA countries, including one non-European country, Cuba. The conclusion of two bilateral agreements with Hungary and Czechoslovakia was further evidence of this new climate of trust.

The Community continues to be the prime partner of the ACP countries, with which it continued, in 1988, to implement the third Lomé Convention, with results that were considered satisfactory on both sides. A further milestone in relations with the ACP countries was the opening in Luxembourg on 13 and 14 October of negotiations to renew the ACP-EEC Convention.

The special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa, adopted by the Council in December 1987 as part of an initiative coordinated by the World Bank, was quickly implemented. The Council also continued its work to help developing countries achieve food security.

The enlarged Community's Mediterranean policy took shape during 1988, in particular by the entry into force or signature of the additional protocols to the existing Cooperation or Association Agreements and of various other protocols or agreements. Further, the Arab States belonging to the Gulf Cooperation Council and the Community decided to establish closer relations by concluding an economic and trade Cooperation Agreement, which was signed on 15 June 1988.

The importance the Community attaches to the political and economic situation in the countries of Latin America was demonstrated at the Fourth EEC-Central America Ministerial Conference, held in Hamburg in February/March 1988, by the Community's willingness to support the Central America Peace Agreement.

Dialogue and cooperation with the member countries of Asean and the other partners in Asia continued positively in the course of several consultations. More generally, the Community continued its work to promote a constructive and realistic North-South dialogue.

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Lastly, it should be mentioned that the Council held 77 meetings in 1988, in the course of which it adopted 434 Regulations, 131 Decisions and 63 Directives.

As in previous years, this Review has been prepared by the General Secretariat of the Council and is intended as a work of reference for the public.

Chapter I — Work of the institutions

A — Council

1. In the first half of 1988 the Presidency of the Council was held by the Federal Republic of Germany, and in the second by Greece.

The meetings in the first half of the year were chaired successively by:

Mrs I. Adam-Schwaetzer	Minister of State, Federal Ministry of Foreign Affairs
Mr M. Bangemann	Federal Minister for Economic Affairs
Mr N. Blüm	Federal Minister for Labour and Social Affairs
Mr W. von Geldern	Parliamentary State Secretary at the Federal Ministry of Food, Agriculture and Forestry
Mr H.-D. Genscher	Federal Minister for Foreign Affairs
Mr I. Kiechle	Federal Minister for Food, Agriculture and Forestry
Mr W. Kittel	State Secretary at the Federal Ministry of Food, Agriculture and Forestry
Mr H. Klein	Federal Minister for Economic Cooperation
Mr V. Köhler	Parliamentary State Secretary at the Federal Ministry of Economic Cooperation
Mr J. Möllemann	Federal Minister for Education and Science
Mr H. Riesenhuber	Federal Minister for Research and Technology
Mr O. Schlecht	State Secretary at the Federal Ministry of Economic Affairs

Mr C. Schwarz-Schilling	Federal Minister for Posts and Telecommunications
Mr G. Stoltenberg	Federal Minister for Financial Affairs
Mrs R. Süßmuth	Federal Minister for Youth, Family Affairs, Women's Rights and Health
Mr J. Tietmeyer	State Secretary at the Federal Ministry of Financial Affairs
Mr K. Töpfer	Federal Minister for the Environment, Nature Protection and Reactor Safety
Mr J. Warnke	Federal Minister for Transport

The meetings in the second half of the year were chaired successively by:

Mr Y. Charalambous	Minister for Transport and Communications
Mr A. Kaklamanis	Minister for Health and Social Welfare
Mr V. Kedikoglou	Minister for the Environment, Planning and Public Works
Mr T. Pangalos	Deputy Minister for Foreign Affairs
Mr K. Papanayotou	Deputy Minister for Industry, Energy and Technology
Mrs V. Papandreou	Assistant Minister for Trade
Mr Y. Papandreou	Minister for National Education and Religious Affairs
Mr Y. Papantoniou	State Secretary at the Ministry of Economic Affairs
Mr A. Peponis	Minister for Industry, Energy and Technology
Mr Y. Petsos	Minister for Transport and Communications
Mr Y. Pottakis	Minister for Agriculture
Mr P. Roumeliotis	Minister for Economic Affairs
Mr N. Skoulas	Deputy Minister for Economic Affairs

Mr A. Tsochatopoulos Minister for Home Affairs

Mr Y. Yennimatas Minister for Labour

The 77 meetings held during 1988 were devoted to the following topics:

- 12 Agriculture
- 12 General affairs
- 8 Internal market¹
- 7 Economic and financial affairs
- 5 Fisheries
- 4 Budget
- 4 Transport
- 4 Research
- 3 Environment
- 2 Industry
- 2 Development cooperation
- 2 Energy
- 2 Labour and social affairs
- 2 Education
- 2 Health
- 1 Consumer protection and information²
- 1 Civil protection
- 1 Cultural affairs
- 1 Telecommunications
- 1 Tourism
- 1 ACP/EEC relations
- 1 GATT negotiations

¹ Including a joint meeting on the internal market and consumer protection and information.

² A joint meeting also concerned with the internal market.

B — Institutional affairs

Improvement of the Council's working methods

2. At its meeting on 19 December 1988 the Council adopted a series of conclusions on its working methods with the aim of further improvement. *Inter alia*, the conclusions establish the principle that the agendas for Council meetings should systematically be programmed in advance, and that the meetings — and the informal ministerial meetings — should be spread more logically throughout the year. They also lay down practical guidelines on the preparatory work for the Council's debates, the proceedings of the Association Councils and improving cooperation with the European Parliament and the Economic and Social Committee.

Delors package

3. The major negotiations known as the 'Delors package', on which intensive work continued throughout 1987,¹ were completed in substance at the special session of the European Council held in Brussels on 11 and 12 February 1988. The Heads of State and Government reached an overall agreement which laid down clear medium-term guidelines in the main fields of Community policy.

4. The essential features of the agreement may be summarized as follows:

- (i) with regard to future financing, own resources will have a ceiling of 1.2% of the total GNP of the Community for payment appropriations and 1.3% for commitment appropriations in 1992;
- (ii) increases in agricultural expenditure will be subject to strict rules, under which the annual rate of growth must not exceed 74% of the annual rate of growth of GNP, and precise procedures are laid down for stock depreciation;
- (iii) these savings in the agricultural sector are to be achieved mainly by extending and reinforcing the 'stabilization' mechanisms product by product, implementing set-aside measures and introducing an optional Community system for early retirement;²
- (iv) the conclusions call for a considerable effort — in cooperation with the European Parliament — to achieve better budgetary discipline, more clarity, and effective management of resources; in addition, a number of detailed provisions are laid down to improve the management of EAGGF financing (including an early-warning system for each chapter and a monetary reserve mechanism to cover significant monetary fluctuations) and to set out the conduct to be followed by the Council itself in the annual budgetary procedure;

¹ See 35th Review, paragraphs 3-6.

² See paragraph 291 of this Review.

- (v) the reform of the structural Funds is a major feature. The conclusions lay down five priority objectives for the funds and call for a real geographical concentration. This means rationalizing the Community's structural-policy instruments, since each of the three funds will in future have specific and coordinated objectives; the political importance attached to economic and social aspects in these decisions on the future of the Community is clearly demonstrated by the decisions on finance. The commitment appropriations for the structural Funds will be ECU 13 000 million in 1992, and twice the 1987 figure in 1993;¹
- (vi) lastly, the conclusions of the European Council give details not only of the maximum level of own resources which the Community will have at its disposal, but also of the composition of those resources. The rate of VAT own resources rises from 1% to 1.4% (with a 'buffer' to prevent the VAT base from exceeding 55% of the GNP of each Member State); and a new 'fourth resource' has been created, based on the total GNP of the Member States.² The compensation mechanism granted to the United Kingdom at Fontainebleau in 1984 remains applicable, technically adjusted to take account of the financial advantage to the United Kingdom stemming from the introduction of the fourth resource and the capping of the VAT base.

Thus, after a year of hard negotiations, the European Council opened the way for the medium-term development of the Community by providing it with a system of stable and guaranteed resources, the use of which is now subject to effective and mandatory constraints, and a wide-ranging rationalized structural policy.

5. All these guidelines were subsequently implemented by the Council within a very short period:

- (i) the Agricultural Council, at its meeting on 7-9 March, reached a political agreement on the agricultural provisions, i.e. on the Regulations concerning the cessation of farming, the 'set-aside' measures and the different agricultural 'stabilizers';³
- (ii) the Council for Economic and Financial Affairs, at its meetings on 7 March, 18 April and 13 June, discussed the problems of budgetary discipline. This work led to the approval of a Decision on budgetary discipline, which is binding on the Council, an Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure, negotiated in a series of 'tripartite' meetings between the Presidents of the Council, the Commission and the European Parliament;⁴

¹ See paragraphs 106-113 of this Review.

² See paragraph 80 of this Review.

³ See paragraphs 281 and 291 of this Review.

⁴ See paragraph 81 of this Review.

(iii) the Council on General Affairs, which maintained an overview of all the aspects of implementing the conclusions of the European Council and took stock of progress at each of its monthly meetings, paid particular attention, at its meetings on 24 May and 13-14 June, to the few specific questions — in the field of own resources, budgetary discipline and the structural Funds — which still required political negotiations.

6. Finally, following a conciliation meeting with the European Parliament on 20 June 1988 — which produced complete agreement on the part of the two institutions — this work led to the formal and simultaneous adoption, on 24 June 1988, of all the legislative texts concerned (in particular relating to own resources, budgetary discipline, certain amendments to the CAP financing rules and the new Regulations on the structural Funds and the Pedip programme), as well as of draft amending and supplementary budget No 1/88¹ which, thanks to the inter-governmental agreement on payments to the Community confirmed at the same meeting, enabled the Community to be financed in accordance with the new decision on own resources until the latter's entry into force.

Establishment of a Court of First Instance

7. On 24 October the Council adopted the Decision establishing a Court of First Instance (CFI) of the European Communities.² This Decision stemmed from an application by the Court of Justice under Article 168 A of the EEC Treaty, inserted by the Single European Act, to have attached to it a Court with jurisdiction to hear and determine at first instance certain classes of action or proceedings brought by natural or legal persons.

The purpose of establishing a CFI is to improve legal protection for individual interests, and to enable the Court of Justice, by relieving it of the duty to pronounce judgment at first instance on certain cases that require a detailed examination of complex situations, to concentrate on its main task, which is to ensure uniform interpretation of Community law.

The CFI will exercise at first instance the jurisdiction conferred on the Court of Justice by the Treaties establishing the Communities and by the acts adopted in implementation thereof:

- (i) in disputes between the Communities and their employees;
- (ii) in actions brought against a Community institution by natural or legal persons concerning the implementation of the competition rules applicable to enterprises;

¹ See paragraphs 361 *et seq.* of this Review.

² OJ L 319, 25.11.1988.

(iii) in actions brought against the Commission by undertakings or associations of undertakings in areas covered by the ECSC Treaty (levies, production, prices, restrictive agreements, concentrations, etc.).

8. In addition, the Council laid down that in the light of experience and developments in jurisprudence, and after the CFI had been in operation for two years, it would re-examine the proposal by the Court of Justice also to give the CFI competence to exercise jurisdiction in actions concerning dumping or subsidies.

The CFI consists of 12 members.

The members of the CFI may be called upon to perform the task of Advocate-General in a case, but they then may not take part in the judgment.

The CFI will normally sit in chambers, composed of three or five judges.

Any party that has partly or wholly lost its case may bring an appeal before the Court of Justice against the decisions of the CFI. Such appeals are limited to points of law.

The Rules of Procedure will lay down the provisions governing the CFI's organization and operation, in particular as regards the designation of Advocates-General, the composition of the chambers and the assignment of cases to them.

Special rights of citizens

RIGHT OF ABODE

9. The Council continued its examination of the proposal for a Directive on the right of abode of nationals of the Member States on the territory of another Member State, and a certain amount of progress was made.

CIVIL PROTECTION

10. The Council and the Representatives of the Governments of the Member States meeting within the Council adopted a Resolution on the new developments in Community cooperation on civil protection.

C — Parliamentary affairs

Statement to the European Parliament on the programme of the German Presidency

11. On 20 January 1988, Mr Genscher, President-in-Office of the Council, made a statement to Parliament on the programme of the German Presidency in which he particularly emphasized the need to adopt, at the next meeting of the European Council in Brussels, all the measures required under the 'Delors package'.

The President also stressed the importance of reforming the common agricultural policy and doubling the appropriations for the structural Funds to help the structurally weaker regions.

Speaking of the internal market, he expressed a desire for cooperation between the Council and Parliament so that decisions could be taken rapidly on proposals relating to items such as government contracts, recognition of academic qualifications, liberalization of services in the fields of insurance and financial establishments, free movement of capital, creation of a European company and harmonization of indirect taxation.

Lastly, with regard to health, the President stressed the need to pay particular attention to the problems of combating AIDS and cancer.

Statement on the programme of the Greek Presidency

12. On 5 July 1988, Mr Papoulias, President-in-Office of the Council, made a statement to the European Parliament on the programme of the Greek Presidency. In addition to helping to build the Single Market, his priorities included in particular the wish to create a proper European Social Area.

In this connection, the Presidency proposed to give impetus to the work of the Council on the important series of measures concerning health and safety at the workplace, to foster the dialogue between management and labour, and to promote a policy to absorb unemployment amongst young people and provide vocational training for them. It also wished to make progress in such fields as health and social security, equal treatment of men and women, education, culture and demographic policy.

Reviews of the Presidencies

REVIEW OF THE GERMAN PRESIDENCY

13. At the European Parliament's sitting on 16 June 1988, the President-in-Office of the Council reviewed the German Presidency.

Mr Genscher expressed his pleasure at the successful completion of the difficult negotiations on the 'Delors package', which would provide a solid basis for financing the Community.

With regard to completion of the internal market, Mr Genscher said that approximately a third of the decisions required had already been taken. In this context Mr Genscher particularly emphasized the measures adopted on insurance, government contracts and freedom of movement of capital.

Lastly, the President-in-Office considered the initialling of the joint declaration between the EEC and the Council for Mutual Economic Assistance, to be signed on 25 June 1988, as an extremely positive step.

REVIEW OF THE GREEK PRESIDENCY

14. On 14 December 1988 Mr Pangalos, President-in-Office of the Council reviewed before Parliament the six months of the Greek Presidency.

Mr Pangalos was happy to be able to present a largely positive review and said that the main reason for this was the adoption of the Single Act and the rôle played by Parliament.

In this connection he expressed his satisfaction regarding the adoption of four Regulations reforming the structural Funds. He considered that the Greek Presidency could also claim credit for some remarkable successes in the adoption of measures for the completion of the Common Market, such as the recognition of higher-education diplomas.

Joint association bodies

15. The meeting of the ACP-EEC Joint Assembly was held in Lomé (Togo) on 22-26 March 1988. It was attended by Mrs Adam-Schwaetzer, Minister of State at the Ministry of Foreign Affairs of the Federal Republic of Germany and President-in-Office of the Council.

Mr Pangalos, the Greek Deputy Minister for Foreign Affairs and President-in-Office of the Council, represented the Council at the meeting of the ACP-EEC Joint Assembly held in Madrid (Spain) on 19-23 September 1988.

Interparliamentary delegations

16. On 20 January 1988 Mrs Adam-Schwaetzer, Minister of State at the Federal Ministry of Foreign Affairs and President-in-Office of the Council, received Mr Shlomo Artai, President of the Knesset, on the occasion of a meeting between delegations from the European Parliament and the Israeli Knesset.

On 9 February 1988 Mrs Adam-Schwaetzer took part in an interparliamentary meeting between members of the Norwegian Parliament and members of the European Parliament.

On 14 June 1988 Mrs Adam-Schwaetzer took part in a meeting between delegations from the European Parliament and the Indian Parliament.

On 13 September 1988 Mr Pangalos, the Greek Deputy Minister for Foreign Affairs and President-in-Office of the Council, received a delegation from the Cyprus Parliament on the occasion of a meeting between delegations from the European Parliament and the Cyprus Parliament.

On 13 December 1988 Mr Pangalos took part in the eighth meeting between delegations from the European Parliament and the National People's Congress of China.

Ceremonial occasions

17. On 15 November 1988, at the sitting to commemorate the 100th anniversary of the birth of Jean Monnet, Mr Papoulias, President-in-Office of the Council, addressed Parliament to pay tribute to one of the founding fathers of Europe.

On the same day, a formal sitting was held on the occasion of the visit by the President of the Hellenic Republic, Mr Christos Sartzetakis.

Luns/Westerterp procedure

18. On 17 June 1988 Mrs Adam-Schwaetzer took part in an exchange of views between the Parliamentary committees concerned on the negotiations for a cooperation agreement between the EEC and the Gulf States Cooperation Council.

On 11 June 1988 in Strasbourg Mrs Adam-Schwaetzer took part in a discussion in the External Economic Relations Committee of the European Parliament on the subject of a joint EEC/CMEA statement.

Conciliation procedure

19. On 19 April 1988 the Conciliation Committee met in Luxembourg to discuss problems relating to the establishment of a system for encouraging farmers to give up farming.

On 20 June 1988 the Conciliation Committee in Luxembourg met to discuss the Council's decision on the establishment of a new system for own resources.

On 19 October 1988 a further meeting of the Conciliation Committee was held in Luxembourg to discuss a Regulation on the common organization of markets in the fisheries sector and a Regulation relating to the tariff and statistical nomenclature and the Common Customs Tariff.

Lastly, the Conciliation Committee met in Luxembourg on 22 November 1988 to discuss questions relating to the Regulations on the European Social Fund and the European Agricultural Guidance and Guarantee Fund.

Parliamentary questions

20. During 1988 the Council replied to 199 questions raised at Question Time, and to 121 written questions and 19 oral questions.

Participation in the work of Parliamentary committees

21. The following Presidents-in-Office attended meetings of the committees of the European Parliament in 1988:

German Presidency (First half of 1988)

Committee	President-in-Office	Date and place
Social Affairs and Employment	<p>Mr W. VOGT Parliamentary State Secretary at the Federal Ministry of Labour and Social Affairs</p>	25 January Brussels
Energy, Research and Technology	<p>Mr H. RIESENHUBER Federal Minister for Research and Technology</p>	26 January Brussels
Youth, Culture, Education, Information and Sport	<p>Mr J. MÖLLEMANN Federal Minister for Education and Sport</p>	26 January Brussels
Environment, Public Health and Consumer Protection	<p>Mr K. TÖPFER Federal Minister for the Environment, Nature Protection and Reactor Safety</p>	27 January Brussels
Agriculture, Fisheries and Food	<p>Mr I. KIECHLE Federal Minister for Food, Agriculture and Forestry</p>	18 February Brussels
Transport	<p>Mr J. WARNKE Federal Minister for Transport</p>	23 February Brussels
Social Affairs and Employment	<p>Mr W. VOGT Parliamentary State Secretary at the Federal Ministry of Labour and Social Affairs</p>	24 February Brussels (second meeting)

Committee	President-in-Office	Date and place
Subcommittee on Fisheries	Mr W. von GELDERN Parliamentary State Secretary at the Federal Ministry of Food, Agriculture and Forestry	25 February Brussels
Economic and Monetary Affairs and Industrial Policy	Mr H. BANGEMANN Federal Minister for Financial Affairs	16 March Brussels
Economic and Monetary Affairs and Industrial Policy	Mr J. TIETMEYER State Secretary at the Federal Ministry of Financial Affairs	17 March Brussels
Regional Policy and Regional Planning	Mr O. SCHLECHT State Secretary at the Federal Ministry of Economic Affairs	18 March Brussels
ACP / EEC Joint Assembly	Mrs I. ADAM-SCHWAETZER Minister of State at the Ministry of Foreign Affairs	22 March Lomé (Togo)
External Economic Relations	Mr M. BANGEMANN Federal Minister for Economic Affairs	25 March Brussels
Energy, Research and Technology	Mr M. BANGEMANN Federal Minister for Economic Affairs	18 April Brussels
Youth, Culture, Education, Information and Sport	Mrs I. ADAM-SCHWAETZER Minister of State at the Ministry of Foreign Affairs	20 April Brussels

Committee	President-in-Office	Date and place
Environment, Public Health and Consumer Protection	Mr W. VOGT Parliamentary State Secretary at the Federal Ministry of Labour and Social Affairs	21 April Brussels
Inquiry on the handling and transport of nuclear material	Mr K. TÖPFER Federal Minister for the Environment, Nature Protection and Reactor Safety	21 April Brussels
Development and Cooperation	Mr H. KLEIN Federal Minister for Economic Cooperation	25 May Brussels
Legal Affairs and Citizens' Rights	Mr H. ENGELHARD Federal Minister for Justice	30 May Brussels
Economic and Monetary Affairs and Industrial Policy	Mr J. TIETMEYER State Secretary at the Federal Ministry of Financial Affairs	1 June Brussels (second meeting)
Women's Rights	Mr A. PFEIFER Parliamentary State Secretary at the Federal Ministry of Youth, Family Affairs, Women's Rights and Health	1 June Brussels
Subcommittee on Fisheries	Mr W. von GELDERN Parliamentary State Secretary at the Federal Ministry of Food, Agriculture and Forestry	20 June Brussels (second meeting)
Economic and Monetary Affairs and Industrial Policy	Mr O. SCHLECHT State Secretary at the Federal Ministry of Economic Affairs	20 June Brussels

Committee	President-in-Office	Date and place
Environment, Public Health and Consumer Protection	<p>Mr K. TÖPFER Federal Minister for the Environment, Nature Protection and Reactor Safety</p>	<p>20 June Brussels (second meeting)</p>
Youth, Culture, Education, Information and Sport	<p>Mrs I. KARWATZKI Parliamentary State Secretary at the Federal Ministry of Education and Science</p>	<p>22 June Brussels</p>
Agriculture, Fisheries and Food	<p>Mr I. KIECHLE Federal Minister for Food, Agriculture and Forestry</p>	<p>22 June Brussels (second meeting)</p>
Social Affairs and Employment	<p>Mr W. VOGT Parliamentary State Secretary at the Federal Ministry of Labour and Social Affairs</p>	<p>23 June Brussels (third meeting)</p>
Transport	<p>Mr J. WARNKE Federal Minister for Transport</p>	<p>23 June Brussels (second meeting)</p>

Greek Presidency (Second half of 1988)

Committee	President-in-Office	Date and place
Political Affairs	Mr K. PAPOULIAS Minister for Foreign Affairs	11 July Brussels
ACP-EEC Joint Assembly	Mr T. PANGALOS Deputy Minister for Foreign Affairs	20 September Madrid
Legal Affairs and Citizens' Rights	Mr A. KOUTSOGEORGAS Deputy Prime Minister and Minister for Justice	20 September Brussels
Petitions	Mr A. KAKLAMANIS Assistant Minister to the Prime Minister	26 September Athens
Economic and Monetary Affairs and Industrial Policy	Mrs V. PAPANDREOU Assistant Minister for Trade	28 September Brussels
Women's Rights	Mr Y. YENNIMATAS Minister for Labour	29 September Brussels
Agriculture, Fisheries and Food	Mr Y. POTTAKIS Minister for Agriculture	29 September Brussels
External Economic Relations	Mr T. PANGALOS Deputy Minister for Foreign Affairs	29 September Brussels

Committee	President-in-Office	Date and place
Social Affairs and Employment	Mr Y. YENNIMATAS Minister for Labour	30 September Brussels
Energy, Research and Technology	Mr A. PEONIS Minister for Industry, Energy and Technology	19 October Brussels
Environment, Public Health and Consumer Protection	Mr Y. YENNIMATAS Minister for Labour	23 November Brussels
Youth, Culture, Education, Information and Sport	Mr Y. PAPANDELOU Minister for National Education and Religious Affairs	24 November Brussels
Transport	Mr Y. CHARALAMBOUS Minister for Transport and Communications	19 December Brussels
Environment, Public Health and Consumer Protection	Mr V. KEDIKOGLOU Minister for the Environment, Planning and Public Works	19 December Brussels
Development and Cooperation	Mr T. PANGALOS Deputy Minister for Foreign Affairs	20 December Brussels

Statements on the work of the European Council

EUROPEAN COUNCIL IN BRUSSELS

22. On 9 March 1988 Chancellor Kohl, President-in-Office of the European Council, expressed before Parliament his satisfaction with the results of the Brussels European Council.

At that meeting the Heads of State and Government reached an agreement that took account of the interests of the Community and the Member States with particular reference to the reform of the common agricultural policy, the structural Funds and the financing of the Community. The Federal Chancellor stated that the Council was at present interested in a decision to conclude a supplementary agreement with Parliament on budgetary discipline.

Chancellor Kohl emphasized that in future the Community would no longer have its hands tied as it moved towards the completion of the Single Market by 1992.

Accordingly, he invited the Council to begin discussions with Parliament with a view to the rapid implementation of the European Council's decisions.

Lastly, Chancellor Kohl expressed the wish of the Presidency to make significant progress before the European Council in Hanover towards the completion of the internal market and discussions on the proposals relating to the harmonization of VAT and excise-duty rates.

EUROPEAN COUNCIL IN HANOVER

23. On 6 July 1988 Chancellor Kohl reviewed before Parliament the work of the Hanover European Council. He expressed satisfaction at the cooperation that had been established with the European Parliament, in particular on the appointment of the new President of the Commission.

He went on to review the topics the European Council had discussed in depth and on which he wished to give a new impetus to the Community's work. He was referring particularly to establishing a European social area and encouraging a bolder policy on the environment.

EUROPEAN COUNCIL IN RHODES

24. On 14 December 1988 Mr Papoulias, President-in-Office of the Council, made a statement before Parliament on the work of the Rhodes European Council on behalf of Mr Andreas Papandreou, the Greek Prime Minister and President-in-Office of the European Council, who was unable to attend. Mr Papoulias said that the

European Council considered that the process of completing the Single Market was now irreversible. He emphasized the task awaiting the Community on this matter, and amongst the fields on which it should concentrate in the immediate future he mentioned plant health controls, freedom of movement of persons, and fiscal harmonization.

With regard to the social dimension of the Single Market, he stressed health and safety at the workplace and the establishment of a dialogue between management and labour.

Mr Papoulias also stated that the Community had made notable progress in such fields as structural policies and transport infrastructure, and said that a conference on audiovisual matters would be held in spring 1989.

The European Council finally adopted two declarations, on the international rôle of the Community and on environmental protection, respectively.

Other debates

GERMAN PRESIDENCY

25. At the sitting of Parliament on 13 January 1988, in reply to an oral question on the functioning of the cooperation procedure between the Council and Parliament established by the Single Act, Mrs Adam-Schwaetzer, President-in-Office of the Council, stated that the Council undertook to take due account of Parliament's opinion from the first reading in a spirit of cooperation and in accordance with all the provisions of the Single Act.

On 11 February 1988 Mr Vogt, President-in-Office of the Council, replied to an oral question with debate on the protection of workers in the forthcoming Single Market.

On 12 April 1988, in reply to a question on the social aspects of the Single Market, Mrs Adam-Schwaetzer stated that the Presidency had so far received from the Commission one proposal for a Framework Directive and five individual proposals for Directives relating to the safety and health of workers at the workplace. The Presidency expected to put the proposal for a Framework Directive and the first individual proposal for a Directive before the Council before completing its term.

On 18 May 1988, the President-in-Office of the Council, Mr Tietmayer, State Secretary at the Federal Ministry of Finance, spoke in a debate on the 1989 budget. On the same date Mr Kiechle took part in a debate on farm prices.

GREEK PRESIDENCY

26. On 13 September 1988 the President-in-Office of the Council, Mr Papanтониου, State Secretary at the Ministry for the Economy, spoke in the debate on the 1989 Community budget. Mr Papanтониου stated that at this stage the Council had accepted 98.9% of the commitment and payment appropriations proposed by the Commission.

On 16 November 1988 Mr Papanтониου, speaking in a debate, stressed the importance of the social dimension in the Single Market.

On 15 December 1988 Mr Papanтониου, after speaking in the budget debate, was present at the formal signing of the budget for 1989 by the President of the European Parliament in plenary session.

ELECTIONS

27. The Council fixed the period 15-18 June 1989 as the date for the next elections to the European Parliament.

D — Court of Justice

Matters concerning the operation of the Court

28. On 26 September 1988 the Conference of Representatives of the Governments of the Member States made the following decisions:¹

(i) to appoint the following as Judges at the Court of Justice for the period from 7 October 1988 to 6 October 1994:

Mr Fernand Grevisse
Mr Thymen Koopmans
Mr Federico Mancini
Mr José Carlos de Carvalho Moitinho de Almeida
Sir Gordon Slynn
Mr Manfred Zuleeg

(ii) to appoint the following as Advocates-General at the Court of Justice for the same period:

Mr Marco Darmon
Mr Giuseppe Tesauero
Mr Walter Van Gerven

¹ OJ L 273, 5.10.1988.

(iii) to appoint Mr Francis Jacobs as Advocate-General at the Court of Justice for the period from 7 October 1988 to 6 October 1991.

On 30 September 1988 the Conference of Representatives of the Governments of the Member States decided to supplement the decision of 26 September by appointing Mr Manuel Diez de Velasco Vallejo as Judge at the Court of Justice for the period from 7 October 1988 to 6 October 1994.¹

Cases brought before the Court

29. During 1988 the Council appeared before the Court in 45 cases (including 19 joint cases).

In three cases, Member States brought proceedings against the Council under Article 173 of the EEC Treaty.

In addition, the European Parliament brought one action and the Commission of the European Communities five actions against the Council under Article 173 of the EEC Treaty.

In four cases, private firms with registered offices within the Community brought proceedings against the Council under Article 173 of the EEC Treaty.

In three cases, officials brought proceedings against the Council.

Lastly, the Council was involved in 29 cases (including 19 joint cases) relating to requests for a preliminary ruling within the meaning of Article 177 of the EEC Treaty.

E — Economic and Social Committee

30. During 1988 the President-in-Office of the Council, or his predecessor, took part in the plenary sessions of the Committee on five occasions. In addition, the Greek Minister for Transport and Communications attended a meeting of the relevant Section of the Committee.

On 29 February 1988 Mr von Wartenberg, Parliamentary State Secretary at the German Federal Ministry of Economic Affairs, made a statement on the programme of the German Presidency.

¹ OJ L 279, 12.10.1988.

In June, the Committee held a formal sitting to mark the 30th anniversary of its inauguration. The German Federal Minister for the Environment, Nature Protection and Reactor Safety, Mr Töpfer, President-in-Office of the Council, made a speech in which he emphasized the importance of the Committee's opinions in the work of the Council.

On 6 July 1988 Mr Bangemann, German Federal Minister for Economic Affairs, in his capacity as outgoing President of the Council, gave the Committee a report on the Hanover European Council.

31. At the same meeting, Mr Yorgos Yennimatas, Greek Minister for Labour, made a statement to the Committee on the programme of the Greek Presidency.

The Greek Minister for Transport and Communications, Mr Yánnis Charalambous, attended a meeting of the Transport and Communications Section on 7 December 1988.

Lastly, Mr Petros Moralis, Assistant Minister for Labour, reviewed the Greek Presidency at the plenary session on 15 December 1988.

On 26 October 1988, the Committee renewed its President and its Bureau for the second two-year period. Mr Alberto Masprone was elected President. The mandate of the Committee as a whole expires on 20 September 1990.

Lastly, in December 1988 the Council decided to increase, as from 1 January 1989, the daily allowances for the Committee's members, deputies and experts.

F — Conventions

Law of the Sea

32. The European Economic Community took part in the sixth session of the Preparatory Commission for the International Seabed Authority and the International Tribunal for the Law of the Sea, which was held in two parts, in Kingston from 14 March to 8 April 1988, and in New York from 15 August to 2 September 1988.

At these meetings the Community, which was represented in the Plenary Commission as well as in all the special commissions, made a number of contributions in connection with the rules of procedure of the International Tribunal for the Law of the Sea and possible provisions for aid for developing countries mining minerals on land which might be affected by the marine production of those minerals.

In the sixth session, the negotiations centred mainly on the obligations of the pioneer investors registered in 1987 and of the certifying states, *namely* France, India, Japan and the USSR.

Chapter II — Internal market

A — Free movement of goods and approximation of legislation — Customs union — Industrial policy — Iron and steel industry

33. During 1988 the Council made substantial progress towards the completion of the internal market by the end of 1992. The Council held eight meetings on the internal market — on 2 February, 22 March, 3 May, 7 June, 22 June, 14 October, 18 November and 21 December.

Because of these efforts, as well as the implementation of the new procedures introduced by the Single European Act, in particular Article 100a, the Council's work proceeded as scheduled for the fields concerned.

The Council also continued its work in the industrial sector and adopted specific instruments, relating in particular to the iron and steel industry. The Council held two meetings on this topic, on 24 June and 13 December.

Customs union

COMMON CUSTOMS TARIFF

34. In the course of 1988 the Council adopted a Regulation amending Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff, 10 Regulations temporarily suspending the autonomous duties of the Common Customs Tariff and 35 Regulations opening or increasing Community quotas for certain products, or amending existing Regulations.

HARMONIZATION OF CUSTOMS LEGISLATION

35. Nineteen hundred and eighty-eight culminated in the adoption by the Council of 10 Regulations and four common positions.

On 18 April 1988 the Council adopted a Regulation determining the persons liable for payment of a customs debt,¹ which supplements existing Community Regulations governing customs debt and customs declarations.

On 3 May 1988 the Council adopted the following two Regulations:

- (i) a Regulation extending the date of validity of Regulation (EEC) No 3/84 introducing arrangements for movement within the Community of goods sent to one Member State for temporary use in one or more other Member States;²
- (ii) a Regulation amending Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff, and Regulation (EEC) No 918/83 setting up a Community system of release from customs duty.³ This Regulation provides, *inter alia*, details on circumstances which may give rise to relief from customs duty, and in particular gives a Community dimension to the relief on instruments and apparatus used in medical research, establishing medical diagnoses or carrying out medical treatment.

36. On 22 June 1988 the Council adopted a common position concerning:

- (i) a Regulation on the abolition of certain exit formalities at internal Community frontiers (introduction of 'common' frontier posts);
- (ii) a Regulation amending Regulation (EEC) No 2144/87 on customs debt;
- (iii) a Regulation laying down the provisions applicable to goods brought into the territory of the Community ('customs treatment').

On 23 June 1988 the Council adopted a Regulation concerning the application of Decision 1/88 of the EEC-EFTA Joint Committee on Common Transit amending Appendices I, II and III to the Convention of 20 May 1987 on a common transit procedure.⁴

On 25 July 1988 the Council adopted a Regulation on customs warehouses⁴ and a Regulation on free zones and free warehouses.⁵ These Regulations, together with the Regulation concerning 'customs treatment' (see above), form a set of measures governing the conditions for storing goods and convert the Directives adopted in 1968 and 1969 into Regulations, which are directly applicable in the Member States and henceforth offer a more secure legal basis for the parties involved.

¹ OJ L 102, 21.4.1988.

² OJ L 118, 6.5.1988.

³ OJ L 123, 17.5.1988.

⁴ OJ L 162, 29.6.1988.

⁵ OJ L 225, 15.8.1988.

37. Lastly, on 21 December 1988, the Council adopted:

- (i) the Regulation on the abolition of certain exit formalities at internal Community frontiers (introduction of 'common' border posts).¹ This Regulation completes the customs measures set out in the chapter entitled 'Monitoring of goods' in the Commission's White Paper on completing the internal market by facilitating the movement within the Community of goods covered by the ATA carnet, the Community carnet or form 302 (NATO goods);
- (ii) the Regulation amending Regulation (EEC) No 2144/87 on customs debt;²
- (iii) the Regulation laying down the provisions applicable to goods brought into the customs territory of the Community ('customs treatment');³
- (iv) a Regulation amending Regulation (EEC) No 918/83 setting up a Community system of relief from duty⁴ by introducing a relief for equipment for use under scientific cooperation agreements concluded by approved scientific research establishments in the Community with establishments in third countries;
- (v) a common position on the Regulation on the entry in accounts and terms of payment of the amounts of the import duties or export duties resulting from a customs debt.

All these Regulations form part of the work on setting up a European customs legislation code, which is a basic objective of the ongoing policy to strengthen the customs union.

INTERNATIONAL CUSTOMS CONVENTIONS

38. On 7 June 1988 the Council adopted Decisions accepting, on behalf of the Community

- (i) the recommendation of the Customs Cooperation Council of 13 June 1985 on the temporary admission of radio and television production and broadcasting equipment;⁵
- (ii) Annex B.2 (relief from import duties and taxes) to the International Convention on the Simplification and Harmonization of Customs Procedures;⁵
- (iii) Annex E.4 (drawback) to the same Convention.⁵

¹ OJ L 282, 8.11.1986.

² OJ L 361, 29.12.1988.

³ OJ L 367, 31.12.1988.

⁴ Not published in the *Official Journal*.

⁵ OJ L 161, 28.6.1988.

Free movement of goods

ELIMINATION OF TECHNICAL BARRIERS TO TRADE

New approach to harmonization

39. It will recalled that at its meeting on 7 May 1985 the Council adopted a Resolution on a new approach to technical harmonization and standards with regard to technical barriers to trade. The Community is reaping substantial benefits from this new approach in the way that work on completing the internal market is progressing. During 1988 the Council, which adopted the first Directive based on the new approach on 25 June 1987 (Directive on simple pressure vessels),¹ maintained its efforts in the field of technical harmonization and standards by reaching agreement on the following four Directives:

- (i) on 3 May 1988, adoption of the Directive on the approximation of the laws of the Member States concerning the safety of toys;²
- (ii) 14 October 1988, under the cooperation procedure laid down in the Single Act, common position on the proposal for a Directive on the approximation of the laws of the Member States relating to electromagnetic compatibility;
- (iii) 21 December 1988, adoption of the Directive on construction products and the common position on the proposal for a Directive on the safety of machines.

OTHER DECISIONS IN THE FIELD OF TECHNICAL HARMONIZATION AND STANDARDIZATION

40. In addition, amendments were made in the course of 1988 to previous Directives as follows:

- (i) on 22 March 1988 the Council adopted a Directive amending Directive 76/166/EEC in respect of fluid fertilizers;³
- (ii) on 22 March 1988 the Council adopted two Directives amending Directive 84/538/EEC relating to the permissible sound power level of lawnmowers;⁴
- (iii) on 7 June 1988 the Council adopted a Directive amending Directive 75/106/EEC relating to the making-up by volume of certain prepackaged liquids;⁵
- (iv) on 21 December 1988 the Council adopted a Directive amending for the fourth time Directive 76/768/EEC on the approximation of the laws of the Member States relating to cosmetic products;

¹ OJ L 220, 8.8.1987.

² OJ L 187, 16.7.1988.

³ OJ L 83, 29.3.1988.

⁴ OJ L 81, 26.3.1988.

⁵ OJ L 143, 10.6.1988.

- (v) on 21 December 1988 the Council adopted a Directive amending a number of Directives concerning the approximation of the laws of the Member States where there is provision in those Directives for publication in the *Official Journal* of attestations and certificates.

GOOD LABORATORY PRACTICE

41. On 7 June 1988 the Council adopted the Directive on the inspection and verification of the organizational processes and the conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of all chemicals.¹

LABELLING OF DANGEROUS PREPARATIONS

42. On 7 June 1988 the Council also adopted the Directive relating to the classification, packaging and labelling of dangerous preparations.²

MEDICINAL PRODUCTS

43. On 21 December 1988 the Council adopted a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their coverage under national health insurance systems. This common position was to be forwarded to the European Parliament under the co-operation procedure.

The aim of this Directive is to ensure equity and transparency in the operation of the national systems for controlling the prices of medicinal products. It introduces into Community legislation a set of provisions on the time limits and grounds for the publication of administrative decisions, as well as the information to be provided by economic agents, with a view to facilitating the detection of abuses and improving the operation of the internal market in this sector.

TRACTORS

44. On 3 May 1988 the Council adopted a Directive amending Directive 74/150/EEC on the approximation of the laws of the Member States relating to the type-approval of wheeled agricultural or forestry tractors. This amendment takes account of the progress made in the construction of tractors since the Framework Directive was adopted in 1974.

¹ OJ L 145, 11.6.1988.

² OJ L 187, 16.7.1988.

On 21 December 1988 the Council adopted a Directive on requirements concerning the last elements and characteristics needed to complete the full EEC type-approval procedure for new types of tractor. This Directive rounds off the work started in the 1960s which has resulted in the adoption, in this sector, of 22 Directives and six amendments thereto, and thus makes it possible to remove all technical barriers to trade in new tractors in the Community.

ENVIRONMENT

45. On 17 June 1988 the Council adopted a Directive amending Directive 70/220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution caused by gases from diesel-engined private vehicles.

The aim of this amendment is to impose limits for particulate emissions from private vehicles fitted with diesel engines, in addition to laying down limits for gaseous emissions.

SECTORAL ACTIVITIES

46. On 28 July 1988 the Council adopted a Decision concerning the implementation at Community level of a policy and priority action plan for developing the information services sector. This Decision lays particular emphasis on the launching of a number of pilot or demonstration projects to be chosen from among the projects submitted by users and industry.

OTHER COMMON POSITIONS

47. Lastly, in the course of 1988, the Council adopted common positions under the cooperation procedure of the Single Act as follows:

- (i) on 14 October 1988, on the proposal for a Directive amending Directive 78/1015/EEC on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motorcycles;
- (ii) on 14 October 1988, on a proposal for a Directive on fertilizers containing secondary elements amending Directive 76/116/EEC on the approximation of the laws of the Member States concerning fertilizers.

Rules of competition

48. During 1988 the Council took a particular interest in the draft Regulation on the control of concentrations. After noting, on 30 November 1987, a generally

favourable climate of opinion on the Commission's approach as expounded orally by its representative, on three occasions — 22 June, 18 November and 21 December 1988 — the Council held detailed discussions on the fundamental principles of the proposal for a Regulation that had meanwhile been forwarded by the Commission. These discussions produced a consensus on certain points — the principle of establishing monitoring of mergers and takeovers with a Community dimension, prior notification of mergers and takeovers, and the Commission's exclusive competence to assess mergers and takeovers — which would constitute a basis for further work by the Council.

Industrial policy

STEEL INDUSTRY

49. The main features of the Community's steel policy in 1988 were the ending of the production quotas system on 30 June 1988 and the return of the sector to a free market.

At its meeting on 24 June 1988, the Council was informed by the Commission of its intention to end the quota system for all products on 30 June as a result, on the one hand, of an improvement in the market situation, particularly with regard to flat-rolled products, and on the other hand, of the fact that the reduction in capacity requested on 22 December 1987 had not been achieved in any category, and that in various cases no adequate guarantees of closures had been given.

However, the Council considered it necessary, in order to make it easier for undertakings to adjust to possible changes in demand and to be in a position if necessary to accompany the process of adjustment with additional measures under the ECSC Treaty, that the Commission should continue:

- (i) to collect the monthly statistics on production and deliveries on the basis of Article 47;
- (ii) to monitor regularly trends in the market in the products covered by these statistics in the context of the advance-estimate programmes based on Article 46;
- (iii) to discuss the current situation regularly with the parties concerned, especially smaller companies, in order to analyse the market situation and ascertain market trends;

and that it should keep the Council informed about significant changes in the market.

50. With regard to aid, on 13 December 1988 the Council gave its assent¹ to a draft Commission Decision establishing Community rules for aid to the steel industry, providing for the extension of the aid code for three years.

¹ OJ C 18, 24.1.1989.

With regard to the Italian state steel industry, at its meeting on 24 June 1988 the Council again expressed its concern that problems of the industry had not yet been resolved and requested the Commission to give its opinion as soon as possible on the Italian Government's restructuring plan, which had been received a few days earlier. It held detailed discussions on 13 December 1988 on the proposal that the Commission had forwarded meanwhile, which seeks to authorize the financing of the Italian Government's plan for restructuring the state steel sector subject to certain conditions.

At the end of these discussions, a compromise solution was reached by the Council, although this has not yet been agreed on by all the delegations.

Nevertheless, at its meeting of 21 December 1988 the Council was able to give its assent¹ to the compromise solution, since the reservations had been withdrawn.

51. With regard to the social aspects, the Council, having emphasized once again on 24 June 1988 the need to adopt social measures to accompany the restructuring process, held a further discussion on 13 December 1988 on the Commission's proposals concerning the financing of additional social measures for the period 1988 to 1990.

Following discussions during which the delegations again emphasized their opposition to increasing the levy, the Council agreed to request the Commission to forward, before the next meeting of the Council on industry, an amended proposal for finance based on updated figures for the ECSC's income, reserves and foreseeable expenditure.

With regard to the regional aspects, on 2 February 1988 the Council formally adopted the Community programme to assist the conversion of steel areas (the Resider programme) which it had approved in December 1987.

52. In addition, on 26 September 1988 the Council gave its assent,² pursuant to Protocols 10 and 20, respectively to the Treaty of Accession of Spain and Portugal, to the draft Commission Decisions establishing the delivery levels for 1988 of ECSC steel products to the rest of the Community market at 1 100 000 tonnes for Spain and 100 000 tonnes for Portugal.

Lastly, during the year the Council gave its assent to the following measures under Article 55(2)(c) of the ECSC Treaty:

¹ OJ C 18, 24.1.1989.

² OJ C 261, 8.10.1988.

- (i) the granting of financial aid for steel research and pilot/demonstration projects;¹
- (ii) the granting of financial aid for steel research projects.²

TEXTILES AND CLOTHING INDUSTRY

53. In the light of the conclusions of the Council meeting held on 21 and 22 November 1988, which focused mainly on the forthcoming external negotiations with non-Community countries and the link between the situation of the industry in the Community and the Community's commercial policy, at its meeting on 13 December 1988 the Council discussed the industrial aspects of policy in the textile sector.

At the end of its discussions the Council requested the Commission to make a detailed study of the analysis presented so as to highlight the special features of the subsectors and the situation in the various regions so that the various Community policies being implemented in the textiles and clothing sector could be adjusted.

The Council also asked the Commission to make the best possible use of the possibilities opened up by the new, coordinated approach to the structural Funds in order to facilitate the major structural adjustments, including those in the field of employment, made necessary by the increased internal and external competition in the textiles and clothing industry. The Commission was also asked to allow projects that were already in operation under the current programme to be completed and to try to find formulas which would promote, between the various links in the textiles and clothing chain, including the machinery manufacturers, the necessary cooperation on research, technological development and industrial innovation to ensure their competitiveness, in particular in those areas of production where labour costs are still very high.

MINING INDUSTRY

54. At its meeting on 13 December, the Council noted that the Commission, following a request from the Greek delegation, intended to put in hand a study of the situation of the mining industry in the Community with a view to submitting a report to the Council in the first half of 1989 on the possibility of developing a common mining policy.

Small and medium-sized enterprises

55. On 30 June 1988 the Council adopted a Resolution on the improvement of the business environment and action to promote the development of enterprises, especially small and medium-sized enterprises (SMEs), in the Community.³

¹ OJ C 163, 22.6.1988.

² OJ C 4, 6.1.1989.

³ OJ C 197, 27.7.1988.

In the Resolution the Council emphasized, *inter alia*, the need for simple legal and fiscal regulations for SMEs and the necessity to improve the flow of information on Community affairs to such enterprises. In addition, the Council mentioned the need to strengthen business cooperation across frontiers and promote discussion of policy on SMEs in the Council.

Subsequently, on 13 December 1988, after taking note of an interim report by the Commission on the 'EuroInfo Centres' project and its extension to SMEs, and of the implementation of a training programme for managers of SMEs, and following a discussion on the impact of the 1992 Single Market on SMEs, the Council instructed the Permanent Representatives' Committee to examine a draft statement on the development of the policy on SMEs with a view to enabling the Council to resume discussions on this question at its meeting in March 1989.

B — Right of establishment and freedom to provide services

Financial institutions

56. Ninety hundred and eighty-eight will be remembered for the achievements and intensive activity arising from the wish to adhere to the target of 1992 for establishing the Single Market for financial services. A common position was reached with a view to adopting the Directives on 'own funds', 'prospectuses' and 'major holdings', and new ground was broken in connection with the second Directive on the coordination of banking laws, the harmonization of solvency ratios, monitoring of major risks and establishment of a deposit guarantee system.

CREDIT INSTITUTIONS

Common position

57. On 21 December 1988 the Council adopted a common position with a view to adopting a Directive on the harmonization of the own funds of credit institutions.

This common position was forwarded to the European Parliament under the cooperation procedure laid down in Article 149(2).

The Directive on own funds provides a harmonized definition of the components of own funds and lays down the amount and proportion in which such components may appear in own funds. This Directive, and the Directive being prepared on solvency ratios, will form the indispensable basis for adequate monitoring of financial activities, which could be extended to the whole internal market. Both Directives take

account of the need to ensure the solvency conditions necessary for a healthy market, guarantee adequate protection for users of financial services and ensure that the Community remains open to the outside world.

Work in progress

58. The Council began its examination of the proposal for the second Directive on the coordination of laws relating to credit institutions and banks, which amends and supplements Directive 77/780/EEC of 12 December 1977.¹

The Council emphasized the need to speed up the adoption of the second Directive in view of the 1992 deadline. The Directive will constitute the main component of the internal banking market, on which all the other more detailed measures concerning financial services will be based.

The Council suspended its work on the proposal for a Directive on mortgage credit so that it could assess the need for a separate instrument from that described above to accommodate specific standards to facilitate the mutual recognition of financial techniques used in mortgage credit.

STOCK EXCHANGES

Directives and common positions adopted

59. On 12 December 1988 the Council adopted the Directive on the information to be published when a major holding in a listed company is acquired or disposed of,² after the European Parliament had approved the Council's common position under Article 149(2).

This Directive makes it mandatory to provide adequate information to the competent authorities, companies, investors and the general public regarding major holdings and any changes affecting the voting rights of shareholders, when holdings reach certain thresholds.

60. On 21 December 1988 the Council adopted a common position with a view to adopting a Directive seeking to harmonize the content of the prospectus to be published when transferable securities are offered to the public.

The common position was forwarded to the European Parliament under the cooperation procedure laid down in Article 149(2).

¹ OJ L 322, 17.12.1988, p. 30.

² OJ L 348, 17.12.1988, p. 62.

The Directive applies to all securities, whether or not they are to be quoted on a stock exchange, and seeks to lay down a harmonized model for the information to be provided when securities are offered for sale to the public.

As regards small and medium-sized businesses, it provides for a number of relief measures to help them enter the capital market, and as regards major issuers it makes it mandatory for them to provide information similar to that required under Directive 80/390/EEC for the prospectus for admission to official stock exchange listing,¹ which does not apply if no listing is sought.

The Directive is also of some importance as regards European issues, when the latter are offered to the public through a full-scale advertising or canvassing campaign. It has been noted that the volume of this type of issue and the proportion offered to the public are constantly increasing.

The Directive regulates the mutual recognition of prospectuses approved in a Member State and simplifies the task of issuers who extend their offer to a number of Member States.

Work in progress

61. The Council began its examination of the proposal for a Directive coordinating regulations on insider trading, which was forwarded to the Council in May 1987. Its amended version, following the opinions of the European Parliament and the Economic and Social Committee, was presented in October 1988.

The aim of the Directive is to ensure the smooth operation of securities markets, which play a very important role in the modern market economy.

Smooth operation depends on the degree of confidence which the markets inspire in investors. It is therefore necessary to prevent insider trading, where people exploit confidential information for their own benefit, to the detriment of equality of opportunity for all investors and investor confidence in the markets.

Community regulations governing the stock exchange sector are to be supplemented by the Directive on takeover and exchange-offer bids and the Directive on securities investment services, for which the Commission has announced proposals.

¹ OJ L 100, 17.4.1980, p. 1.

ACCOUNTANCY LAW

Common position

62. On 7 June 1988 the Council adopted a common position on the proposal for a Directive on the obligations of branches established in a Member State by credit institutions and financial institutions having their head offices outside that Member State as regards the publication of annual accounting documents. The European Parliament approved the Council's common position under Article 149(2).

A prerequisite for achieving the Single Market is that the branches of credit and financial institutions that have their head office in another Member State must be treated in the same way as the branches of institutions that have their head office in the same Member State. As regards the publication of annual accounting documents, this means that it is sufficient for the branches of credit and financial institutions that have their head office in another Member State to publish the annual accounts of their institutions as a whole. It will be remembered that the annual accounts of banks were harmonized by a Directive adopted in 1986 and are consequently exactly comparable and perfectly transparent for the reader.

Work in progress

63. The Council began its examination of the proposal for a Directive seeking to harmonize the annual accounts and the consolidated accounts of insurance companies.

Insurance

Directive adopted

64. On 22 June 1988 the Council adopted the second Directive on the coordination of the laws, regulations and administrative provisions relating to direct insurance other than life insurance, laying down provisions to facilitate the effective exercise of freedom to provide services, and amending Directive 73/239/EEC.¹ The European Parliament, under the cooperation procedure, did not propose any amendments to the common position adopted by the Council on 9 June 1988.

This Directive provides for more flexible arrangements with regard to the provision of services in connection with large risks. These comprise transport risks, credit and suretyship risks subject to a qualitative criterion for the policyholder, and other risks where the policyholder meets certain quantitative criteria; the latter will be eased as from 1 January 1993.

¹ OJ L 172, 4.7.1988, p. 1.

The more flexible arrangements for large risks comprise a simple notification procedure for access to the provision of services and the principle that financial supervision is exercised by the home country, this being a principle to which the Commission attaches great importance in view of the prospective completion of the Single Market. Subsequent harmonization of technical reserves should enable this principle to be extended to the supervision of all the activities of an insurance company.

In the interests of avoiding any distortion of competition, the Council decided that all insurance contracts concluded by way of provision of services will be subject exclusively to the taxation provisions of the Member State in which the risk is situated.

Negotiations with non-Community countries

65. On 18 November 1988, the Council agreed in principle to the conclusion of an Agreement between the Community and the Swiss Confederation on the establishment of undertakings in the field of direct non-life insurance provided that the text of the Agreement was amended in line with the four Directives on insurance adopted by the Council since 1984.

The negotiations should culminate in the signing of the Agreement in June 1989.

Liberal and craft professions

Directive adopted

66. On 21 December 1988 the Council adopted Directive 89/48/EEC¹ on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration.

This Directive is to be applied to all regulated professions requiring at least three years' university-level training that have not been covered by a specific Directive.

It differs from previous Directives in that recognition must be based on the principle of mutual confidence, without prior coordination of the educational and training systems providing training for the various professions concerned. Provision is made for compensatory mechanisms in the case of major differences as regards teaching or the structure of the profession.

The Council also adopted on the same day Recommendation 89/49/EEC² concerning nationals of Member States who hold a diploma conferred in a third State.

¹ OJ L 19, 24.1.1989, p. 16.

² OJ L 19, 24.1.1989, p. 24.

Work in progress

Engineers

67. In the light of the adoption in 1985 of the Directive on architects,¹ the Council continued its examination of certain key questions concerning the possibility of a sectoral Directive on the right of establishment and freedom to provide services in the technical field (engineers).

However, since the two 1969 proposals for Directives have long been overtaken by events, this profession will continue to be governed by the general system, unless a specific Directive is adopted by the Council, acting on a proposal from the Commission.

Professions in the medical field

68. The Council began its examination of the proposal for a Directive amending Directives 75/362/EEC, 77/452/EEC, 78/686/EEC, 78/1026/EEC and 80/154/EEC, and also Directives 75/363/EEC, 78/1027/EEC and 80/155/EEC (concerning the professions of doctor, nurse responsible for general care, dental practitioner, veterinary surgeon and midwife).

Tourism

69. In view of the growing importance of this sector, on 14 December 1988 the Council held its first formal meeting on tourism, at which it discussed, *inter alia*, the possibility of undertaking certain priority projects. A start was made by declaring 1990 European Tourism Year (see below).

Decision adopted

On 21 December 1988 the Council adopted Decision 89/46/EEC² on an action programme for European Tourism Year (1990).

Work in progress

The Council began its examination of the proposal for a Directive on package travel, package holidays and package tours.

¹ OJ L 223, 21.8.1985, p. 15.

² OJ L 17, 21.1.1989, p. 53.

Company law

Work in progress

70. Work continued on examining the amended proposal for a Fifth Council Directive on the structure of public limited-liability companies and the powers and obligations of their governing bodies, which aims to introduce at the same time a minimum of worker participation in the decision-making process in public limited-liability companies.

The Council continued its examination of the proposal for a Directive amending Directives 78/660/EEC¹ and 83/349/EEC² concerning annual accounts and consolidated accounts, respectively, in connection with their field of application. The aim of this Directive is to make it mandatory to draw up annual or consolidated accounts for certain types of partnership in which the partner with several liability is a company with share capital. However, the Council suspended its work at the end of the first half of the year, pending the proposal for a Council Directive amending Directives 78/660/EEC and 83/349/EEC dealing with exceptions favouring small and medium-sized enterprises and the drawing-up and publication of accounts in ecus.

The Council began its examination of a proposal for an Eleventh Council Directive on company law dealing with the publication of annual accounts by branches established in a Member State by certain forms of company governed by the law of another Member State.

The Council instructed the Commission to draw up an amended proposal concerning the European Company Statute (ECS) on the basis of the memorandum that it had forwarded to the Council in July 1988.

Public contracts

Directive adopted

71. On 22 March 1988 the Council adopted Directive 88/295/EEC³ amending Directive 77/62/EEC⁴ relating to the coordination of procedures for the award of public supply contracts and repealing certain provisions of Directive 80/767/EEC.⁵

¹ OJ L 222, 14.8.1978, p. 11.

² OJ L 193, 18.7.1983, p. 1.

³ OJ L 127, 20.5.1988, p. 1.

⁴ OJ L 13, 15.1.1977, p. 1.

⁵ OJ L 215, 18.8.1980, p. 1.

Common position

72. On 4 November 1988 the Council adopted a common position on the proposal for a Directive amending Directive 71/305/EEC¹ concerning the coordination of procedures for the award of public works contracts.

Work in progress

73. The Council began its examination of two proposals for Directives concerning the opening-up of public contracts in sectors excluded from the scope of the Directives on public works and supply contracts, namely:

- (i) the proposal for a Council Directive concerning the procedures for awarding public contracts in the water, energy and transport sectors, and
- (ii) the proposal for a Council Directive on the procedures for awarding contracts in the telecommunications sector.

The Council also began its examination of the proposal for a Council Directive on the coordination of laws, regulations and administrative provisions relating to the implementation of the rules governing the procedure for awarding public works 'and supply contracts.

Transborder broadcasting

Work in progress

74. The Council continued its examination of the proposal for a Directive aimed at coordinating certain laws, regulations and administrative provisions of the Member States relating to broadcasting. The essential aim of this proposal is to establish the freedom to receive and relay in all Member States broadcasts, in particular television broadcasts, which comply with the provisions of the Directive.

The Rhodes European Council, held on 2 and 3 December 1988, considered it important that the efforts made by the Community should be deployed in conformity with the Council of Europe's Convention on this matter. It asked that work on the Directive be speeded up, and noted that the Commission would amend its proposal in the light of the Convention.

¹ OJ L 185, 16.8.1971, p. 5.

C — Intellectual property

Patent law

75. The Council and its subordinate bodies continued their efforts to find a solution to the political and technical questions relating to the Agreement on Community patents. A wide measure of accord was reached on the technical problems. In spite of the successive efforts of the German and Greek Presidents, it was not, however, possible to reach a consensus on an overall compromise solution covering the political problem of the entry into force of the Agreement, which had been linked to the still outstanding fundamental questions regarding the proposal for a Regulation on the Community trade mark (see paragraph 76 below). Consequently, it was decided to postpone the Intergovernmental Conference on the Community patent, which was to have been held in the second half of 1988.

Trade-mark law

76. With regard to the amended proposal for a first Directive approximating the laws of the Member States on trade marks, on 22 June 1988 the Council adopted its common position, in accordance with Article 149(2)(a) of the EEC Treaty. The European Parliament approved this position on 26 October 1988 and the Council finally adopted the Directive on 21 December 1988. The Directive aims to eliminate certain disparities between the laws of the Member States in this field which could hinder the operation of the common market and creates the conditions for the future single Community trade mark and the national laws on trade marks to coexist in the greatest possible harmony.

With regard to the proposal for a Regulation on the Community trade mark, on 7 and 22 June 1988 the Council discussed the political, institutional and technical questions that were still outstanding, but without being able to reach agreement on an overall compromise proposed by the German Presidency.

The Council continued its efforts on 18 November 1988, when it discussed a suggestion by the Greek Presidency that sought to reach an overall compromise solution on all the major political problems relating to trade marks and the Agreement on Community patents (see paragraph 75 above), including the problem of the seat of the future Community Trade-Mark Office. This meeting also failed to reach a consensus on an overall compromise solution.

The Working Party on Intellectual Property completed its second reading of the Commission's proposal on the Regulation relating to the implementation of the Regulation on the Community trade mark.

Legal protection for semiconductor products

77. On 31 May 1988 the Council adopted a Decision under which, as from 1 June 1988, the legal protection of topographies of semiconductor products afforded by Directive 87/54/EEC was extended to persons from Japan, the EFTA countries and certain French countries and territories.

Work in connection with international organizations, in particular the World Intellectual Property Organization (WIPO)

78. The Member States and the Commission coordinated their positions, following the usual procedures, in particular for the following meetings organized by the WIPO:

- (i) the meeting to evaluate progress on preparatory work for the Diplomatic Conference for concluding a Treaty on the protection of intellectual property relating to integrated circuits (Geneva, 30 May to 1 June 1988);
- (ii) the fifth consultative meeting for revising the Paris Convention (Geneva, 19 to 23 September 1988);
- (iii) the nineteenth series of meetings of the governing bodies of the WIPO (Geneva, 26 September to 3 October 1988);
- (iv) the fourth meeting of the WIPO Committee of Experts and the preparatory meeting for the Diplomatic Conference for concluding a Treaty on the protection of intellectual property relating to integrated circuits (Geneva, 7 to 22 November 1988);
- (v) the preparatory meeting for the WIPO Diplomatic Conference to amend the Madrid Arrangement for the international registration of trade marks (Geneva, 5 to 7 December 1988). On the basis of the conclusions adopted by the Council on 28 November 1988, the Member States negotiated the conditions for the Community's participation and its status at the Conference.

For the work on questions concerning intellectual property carried out under the GATT Uruguay Round, reference should be made to the chapter on external relations under 'Commercial policy'.¹

¹ See paragraphs 177 *et seq.* of this Review.

Chapter III — Economic and social policy

A — Economic, financial and fiscal questions relating to export credits

Economic and financial questions

ECONOMIC SITUATION OF THE COMMUNITY AND COORDINATION OF ECONOMIC POLICIES

79. Intense economic activity in the Community during 1988 resulted in an average growth rate of 3.5% of Community GDP, the best performance since the late 1970s. The Community inflation rate (3.5%) was almost equal to what it was in the 1960s.

Growth was generated primarily by international demand (4%), with investment growing by an estimated 7% and private consumption by about 3.5%.

However, in spite of these satisfactory tendencies and a favourable external economic environment, four questions still give cause for concern: the risk of a renewed increase in inflation, excessive budgetary deficits (even though the average deficit is only 3.75% of GDP, it is substantially higher — around 10% — in some Member States), the worsening of imbalances between the foreign trade deficits of Member States, and unemployment, which, in spite of an increase in the supply of jobs, is still running at more than 11% of the active population of the Community.

The need for greater coordination of economic policy among Member States was the central feature of the Council's quarterly examinations of the economic and monetary situation in the Community, undertaken in accordance with the Decision of 18 February 1974 on the attainment of a high degree of convergence of economic policies of the Member States.¹ These examinations resulted in the adoption, by the decision of 21 December 1988, of the annual report on the economic situation in the Community, and in the laying down of economic policy guidelines to be followed by each Member State.²

¹ OJ L 63, 5.3.1974.

² OJ L 377, 31.12.1988.

The Member States discuss their respective positions on the main economic and monetary problems being debated at international level. This allowed the Ministers for Economic Affairs and Finance to prepare for the meetings of the IMF Interim Committee, the Development Committee, and the World Bank, and for the IMF Annual Meeting.

IMPLEMENTATION OF THE CONCLUSIONS OF THE EUROPEAN COUNCIL OF FEBRUARY 1988

80. Following the agreement reached at the Brussels European Council from 11 to 13 February 1988 regarding proposals by the Commission for the reform of Community finances, which formed part of the overall package relating to the success of the Single European Act, on 24 June the Council adopted the following:¹

Decision on the system of own resources

This Decision provides for the following:

- (i) an increase (to a maximum of 1.2% of GNP in 1992) in the level of own resources that the Community may use to carry out its policies;
- (ii) the introduction of an additional type of own resource based on GNP and designed to match the resources paid by each Member State more closely with its ability to contribute;
- (iii) a correction of budgetary imbalances by means of a compensation mechanism that does not affect the amount of own resources available for Community policies.

81.

Decision on budgetary discipline

This decision is designed to submit the use of the Community's own resources to effective and legally binding discipline for all Community expenditure. It is thus closely linked with the enlargement of own resources decided on on the same date.

Under the terms of this Decision, the rate of increase in EAGGF Guarantee expenditure must not exceed 74% of the rate of increase in Community GNP during the same period.

This Decision also provides for the creation of an EAGGF monetary reserve of ECU 1 000 million as a provision for covering developments caused by significant and unforeseen movements in the US dollar / ecu rate.

¹ OJ L 185, 15.7.1988.

Parallel to the adoption of this Decision, the Council concluded with the European Parliament and the Commission an Interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure.

The purpose of the Agreement is to achieve the objectives of the Single European Act, to give effect to the conclusions of the Brussels European Council on budgetary discipline and accordingly to improve the functioning of the annual budgetary procedure, involving all the institutions but without altering their respective budgetary powers.

In this respect, the Agreement stipulates that the two arms of the budgetary authority shall agree to accept, for the financial years 1988 to 1992, the maximum rates of increase for non-compulsory expenditure established within the ceilings laid down in the financial perspective. The Agreement is thus based on the financial perspective for the years 1988 to 1992, which is annexed to it.

82.

Directive on the harmonized assessment of GNP at market prices

Since the additional resource based on Member States' GNP has been introduced into the system of Community own resources, the comparability and reliability of this aggregate must be enhanced.

The Council thus decided to adopt a directive on the harmonized assessment of GNP at Community level.

This Directive will be formally adopted only after entry into force of the basic decision on the system of own resources.

Regulation on the granting of financial compensation to the Kingdom of Spain and the Portuguese Republic following the depreciation of certain stocks of agricultural products

This Regulation grants financial compensation to these two countries in respect of their contribution to the financing of expenditure associated with the disposal of butter and the depreciation of existing surplus stocks of agricultural products, as indicated below:

1988: ECU 1 200 million

1989 to 1992: ECU 1 400 million per year (at 1988 prices).

The compensation is calculated using the method laid down in the Regulation.

REGULATIONS IMPLEMENTING THE DECISION ON OWN RESOURCES OF 24 JUNE 1988

83. The Council examined the proposals for replacing Regulations 2891/77 and 2892/77. These take account of the changes that must be made to the system whereby own resources are made available and VAT resources collected, in the light of the adoption of the new basic Decision on Community own resources.

Once the decision has entered into force in 1989, the two new Regulations will be adopted following completion of the conciliation procedure with the European Parliament.

LIBERALIZATION OF CAPITAL MOVEMENTS

84. On 24 June 1988 the Council adopted a new Directive for the implementation of Article 67 of the EEC Treaty.¹ This Directive aims to free all capital movements in the Community, an essential step towards completing the Single Market.

The full liberalization of capital movements will come into force by 1 July 1990 at the latest, except for four Member States (Greece, Spain, Ireland and Portugal). These countries can maintain certain restrictions until the end of 1992.

MEDIUM-TERM FINANCIAL ASSISTANCE FOR MEMBER STATES' BALANCES OF PAYMENTS

85. By a Regulation of 24 June 1988,¹ the Council established a single facility providing medium-term financial support for Member States' balances of payments by merging the two existing mechanisms, i.e. Community loans and medium-term financial assistance.

The financial support provided under this new facility is limited to ECU 16 000 million. Resources are to be provided either by raising loans on the capital markets or from financial institutions, or by the Member States in accordance with ceilings established for each Member State.

The facility is designed to provide aid in the form of loans for Member States that are experiencing, or are seriously threatened with, difficulties in their balance of payments on current account or in capital movements.

Assistance is granted in the form of repayable loans and is not chargeable to the Community budget.

¹ OJ L 178, 8.7.1988.

ECONOMIC AND MONETARY UNION

86. The European Council decided to assign to a Committee chaired by Mr J. Delors, President of the Commission of the European Communities, the task of studying and preparing the specific stages that will lead to Economic and Monetary Union as provided for in the Single European Act. The Committee was to present the results of its deliberations to the Madrid European Council in June 1989.

INTEREST SUBSIDY ON LOANS FOR KALAMATA

87. On 7 November 1988 the Council agreed to invite the EIB to grant loans of up to ECU 100 million out of its own resources to finance the reconstruction of the means of production and the economic and social infrastructure in the areas stricken by the earthquakes in Greece (Kalamata) in September 1986.

At the same time, the Council adopted a Decision¹ granting the recipients of these loans a 3% interest subsidy chargeable to the general budget of the European Communities.

Tax harmonization

88. The examination of Commission proposals on the alignment of direct tax rates and structures continued to occupy the Council during 1988. This led the Finance Ministers to hold an initial policy debate on these proposals, in order to pinpoint the particular problems that the proposals would create for individual Member States. Following this debate, bilateral contacts were established between the Commission and the Finance Ministers.

At its meeting on 12 December 1988 the Council heard a Commission report on the results of these contacts. The Commission also made a number of suggestions for the future organization of work in this field.

On 21 December 1988 the Council also adopted two Directives aimed at adjusting the amounts of tax exemptions for travellers within the Community and for goods imported in small consignments, in order that the real value of these might be maintained:

- (i) Directive 88/664/EEC² increased the tax exemption on the import of goods by travellers within the Community from ECU 350 to 390 as from 1 July 1989. It contains specific derogations for Denmark, Greece and Ireland;

¹ OJ L 309, 15.11.1988.

² OJ L 382, 31.12.1988.

(ii) Directive 88/663/EEC¹ increased from ECU 100 to 110 the tax exemption on the import of goods in small consignment of a non-commercial character within the Community. It contains a specific derogation for Ireland.

On 13 June 1988, the Council adopted Directive 88/331/EEC² amending basic Directive 83/181 EEC as regards exemption from value-added tax on the final importation of certain goods. The purpose of these amendments was to incorporate some of the amendments to the system of customs duties, adopted by the Council in Regulation (EEC) No 1315/88. The Council also introduced an obligatory exemption for imported goods of a value not exceeding ECU 10 and an optional exemption for imported goods of a total value of between ECU 10 and ECU 22. Member States may, however, exclude mail-order goods from the obligatory exemption. Finally, provision is made for a new exemption from value-added tax for the import of official publications and of printed matter distributed on the occasion of elections to the European Parliament or national elections.

On 19 April 1988 the Council adopted Decision No 88/245/EEC authorizing the French Republic, by way of derogation from Article 95 of the Treaty, to apply in its overseas departments and in metropolitan France a reduced rate of duty on the consumption of 'traditional' rum produced in those departments.

Export credits

89. During the period under review, work centred chiefly on the negotiations between the parties to the Arrangement on Guidelines (which include the Community) and on intra-Community consultation procedures.

ARRANGEMENT ON GUIDELINES FOR STATE-SUBSIDIZED EXPORT CREDITS

Revision of the Arrangement

In 1987 the parties to this Arrangement reached agreement on a number of changes to the Arrangement. The most significant of these involved increasing the minimum concession rate applied to tied aid credits to 35% and banning subsidies for operations with rich countries.

This Agreement was scheduled to enter into force in two stages, and has been applicable in full since 15 July 1988.

¹ OJ L 382, 31.12.1988.

² OJ L 151, 17.6.1988.

Interest rates

In accordance with the Arrangement on Guidelines, when parties grant state-subsidized export credits they must respect either the CIRR (commercial interest reference rates for each currency) or the global minimum rates as defined in the Arrangement for each category of purchasing country (rich, poor and intermediate countries).

During the period under review, the parties to the Arrangement continued their discussion on currencies which have not yet entered into the general system of commercial interest reference rates. These discussions are still under way.

The minimum interest rates defined under the Arrangement remained stable during the period under review, as trends in the weighted average of the currencies constituting the SDRs (special drawing rights) gave no cause to change these rates.

Extension of the Decision of 4 April 1978¹

By the Decision of 14 October 1988 the Council extended for 12 months the above-mentioned Decision on the implementation within the Community of the Arrangement on Guidelines.

Sectoral agreements

90. In 1988 the Community began negotiations with other OECD partners to modify the Arrangement on export credits for ships, following a proposal from Japan. The Community is taking part in these negotiations on the basis of negotiating directives adopted by the Council in October 1987.

INTRA-COMMUNITY CONSULTATIONS

91. As in the past, consultations in accordance with Decision 73/391/EEC² were held on all transactions relating to a period of more than five years. In addition, there were regular exchanges of views between Member States on developments regarding risks in various purchaser countries. Work continued on improving cooperation on export credit insurance among the organizations responsible in the Member States.

¹ Not published in the *Official Journal of the European Communities*.

² OJ L 345, 17.12.1973.

B — Social policy

92. The health and safety of workers at work, the various aspects of training and equal treatment of and opportunities for women at work were the main subjects of Council activity during 1988. The Council devoted the bulk of its two meetings on 9 June (Luxembourg) and 16 December (Brussels) to these questions, which are seen as vital to the creation of the social dimension of the Single Market.

At two informal meetings held in Dortmund (14 and 15 March 1988) and Athens (19 and 20 September 1988), the Ministers for Labour and Social Affairs discussed, *inter alia*, the improvement of health and safety at work, the reform of the European Social Fund, problems in the European iron and steel industry, equal treatment for men and women and the social dimension of the Single Market.

In addition, an informal meeting held in Berlin on 25 and 26 April 1988 enabled the ministers responsible for women's affairs to discuss the appointment of women as Members of the Commission of the European Communities as from 1989, the implementation of the second medium-term action programme for the promotion of equal opportunities for women, problems relating to the equal treatment of men and women under statutory and occupational schemes in the social security sector, and the problem of female unemployment.

The dialogue with the two sides of industry continued in the Standing Committee on Employment, which held its thirty-fifth meeting, devoted to the problems involved in pursuing employment objectives, on 25 May, and its thirty-sixth, devoted to continuing vocational training for adults, on 25 November 1988.

Social dimension of the Single Market

93. At its meetings in Hanover (27 and 28 June 1988) and Rhodes (2 and 3 December 1988), the European Council placed particular emphasis on the social dimension of the Single Market.

The Hanover European Council in particular stressed that the Single Market must benefit all the citizens of the Community. To this end, it considered that one of the principal objectives was to ensure improved protection of the health and safety of workers at the place of work. It stressed that the existing standard of protection in the Member States must not be allowed to fall.

On 16 December 1988, the Council held a thorough exchange of views on creating the social dimension of the Single Market, on the basis of a draft Resolution submitted by the Presidency. At the close of the discussion, the President said that significant progress had been made along the lines set out in the conclusions of the Hanover and Rhodes European Councils, that the Commission would continue its work on

the basis of its working document of 14 September 1988 and the draft Resolution from the Presidency, and that a long-term programme was essential for putting the European Council's conclusions into practice.

Employment and vocational training

94. On 18 April 1988 the Council adopted a Decision establishing a second Community action programme to promote vocational training and rehabilitation, economic and social integration and an independent way of life for disabled people (Helios programme).¹

The Helios programme covers the period from 1 January 1988 to 31 December 1991. The amount necessary for implementation of the programme is estimated at ECU 19 million.

The objective of the programme are, *inter alia*:

- (i) to develop, in the fields of vocational training and rehabilitation, economic integration, social integration and an independent way of life for disabled people, a Community approach based on the best innovatory experience in the Member States;
- (ii) to develop exchange and information activities which fall outside the scope of the European Social Fund but can make a useful contribution in these areas.

95. At its meeting on 16 December 1988, the Council adopted Regulation (EEC) No 4130/88 amending Regulation (EEC) No 815/84 on exceptional financial support in favour of Greece in the social field.²

This Regulation extends, until 31 December 1991, the exceptional financial support for Greece granted in 1984 for the construction, adaptation and equipment of vocational training centres in the Athens region, and of centres for the rehabilitation of the mentally ill and handicapped.

This Regulation makes provision for a new appropriations and payments schedule which is not to exceed the ECU 120 million ceiling set in 1984.

96. At its meeting on 16 December 1988, the Council adopted a Decision on the second phase of the Comett programme (Comett II).

This second phase is geared mainly to the following objectives:

- (i) improving the supply of training at local, regional and national levels;

¹ OJ L 104, 23.4.1988.

² OJ L 362, 30.12.1988.

- (ii) giving a European dimension to cooperation between universities and industry in initial and continuing training relating to technologies, and to technological applications and transfer;
- (iii) fostering the joint development of training programmes and the exchange of experience;
- (iv) developing levels of training in response to technological and social change.

ECU 200 million has been earmarked for the Comett II programme over a five-year period beginning 1 January 1990.

Funding will be broken down roughly as follows: 40% for international exchanges (Section B), 40% for continuous training projects relating to advanced technologies and multi-media distance learning (Section C), 12% for the European network of Associations of Universities and Businesses for Training (Section A), and 8% for additional measures (Section D).

97. At its meeting on 16 December 1988, the Council received a draft Resolution on continuing training, which had been submitted after the European Councils in Hanover and Rhodes. The Council instructed the Permanent Representatives Committee to continue its examination of the draft Resolution with a view to its adoption at the next meeting of the Council.

In addition, the Council's subordinate bodies examined a proposal for a Council Regulation establishing a specific Community programme of accompanying measures for workers in the shipbuilding industry who have been made redundant or who are threatened with redundancy ('social dimension of the Renaval programme').

Health and safety of workers at the place of work

98. On 9 June 1988, the Council adopted Directive 88/364/EEC on the protection of workers by the banning of certain specified agents and/or certain work activities (Fourth individual Directive within the meaning of Article 8 of Directive 80/1107/EEC) (Directive on carcinogens — 4 substances).¹

The Directive prohibits the production and use of the following carcinogenic substances, subject to certain exceptions and derogations:

- 2-naphthylamine and its salts (CAS no 91-59-8)
- 4-aminobiphenyl and its salts (CAS no 92-67-1)
- benzidine and its salts (CAS no 92-87-5)
- 4-nitrodiphenyl (CAS no 92-93-3)

¹ OJ L 179, 9.7.1988.

On 16 December 1988, pending the opinion of the European Parliament, the Council noted that there was a broad consensus on the proposal for a Directive on the protection of workers from the risks related to exposure to carcinogens at work (Sixth individual Directive within the meaning of Article 8 of Directive 80/1107/EEC) (Directive on carcinogens).

On 16 December 1988 the Council agreed to include benzene in the scope of the Directive on carcinogens.

99. At its meeting on 16 December 1988 the Council adopted Directive 88/642/EEC amending Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work (Directive on limit values).¹

In particular, the Directive provides for indicative limit values to be drawn up at Community level to cover as many dangerous chemical, physical and biological agents as possible, in addition to the binding limit values.

The Directive lays down a standard Community measuring procedure, which is an essential condition for the harmonization of limit values.

100. At its meeting on 16 December 1988 the Council adopted a common position on the proposal for a Directive on the introduction of measures to encourage improvements in the safety and health of workers at work (new Framework Directive).

The Directive constitutes the basis for future implementation of Article 118a of the EEC Treaty, particularly for work on the proposals for Directives submitted by the Commission in March 1988.

In accordance with Article 118a of the EEC Treaty, the Directive will contain minimum requirements only. Unlike national legislation on the subject, the Directive will be confined to essentials. Nevertheless, its scope is to be very broad, covering sectors and working arrangements that have not so far been dealt with under many national legislations.

The Directive provides for future Directives relating to specific areas. The Commission has in fact already submitted five proposals for Directives on the following subjects: places of work, machines, personal protective equipment, visual display units and heavy loads.

In accordance with Article 118a, the Directive attempts to avoid imposing such administrative, financial and legal constraints as would hinder the setting up and development of small and medium-sized businesses.

¹ OJ L 356, 24.12.1988.

The Directive particularly provides for:

- (i) general principles concerning the prevention of occupational risks and the protection of safety and health, the elimination of risk and accident factors, information, consultation, balanced participation in accordance with national laws and / or practices and training of workers and their representatives, together with general guidelines for the implementation of these principles;
- (ii) application to all sectors of activity, both public and private (industry, agriculture, commerce, administration, services, education, culture, leisure, etc.).

101. The Council also began an examination of proposals for individual Directives on places of work, machines, personal protective equipment and heavy loads.

Equal treatment for men and women

102. At its meeting on 9 June 1988 the Council held a policy debate on the proposal for a Directive completing the implementation of the principle of equal treatment for men and women in statutory and occupational social security schemes.

At its meeting on 16 December 1988, the Council examined the proposal for a Directive on the burden of proof in the area of equal pay and equal treatment for women and men.

Finally, at its meeting on 16 December 1988, the Council adopted a Resolution on the reintegration and late integration of women into working life.

Social security

103. In the field of social security for migrant workers, at its meeting on 16 December 1988 the Council discussed the proposal for a Regulation amending Regulations (EEC) Nos 1408/71 and 574/72, aimed at uniform arrangements for the payment of family benefits. It also examined the proposal for a Regulation amending Regulation (EEC) Nr 1408/71 on special non-contributory benefits.

ECSC aid

104. Under Article 56(2)(a) of the ECSC Treaty, the Commission forwarded to the Council 23 requests for assent to ensure the productive redeployment of ECSC workers who had been made redundant or who were threatened with redundancy, by granting reconversion loans to companies or global loans to financial institutions.

In granting these requests, the Council authorized loans totalling ECU 793 828 000, with individual amounts varying between ECU 9 630 000 and 95 909 000.

Information instruments

105. On 9 June 1988 the Council adopted Regulation (EEC) No 1612/88 relating to the organization of a survey of labour costs in industry, wholesale and retail distribution, banking and insurance.¹

This Regulation provides for a statistical survey to be carried out in 1989 according to uniform criteria in order to obtain information on labour costs in the Member States and the effect of these on competition.

The Council also adopted, on 7 November 1988, Regulation (EEC) No 3473/88 on the organization of a labour force sample survey in the spring of 1989.²

C — Regional policy and reform of the structural Funds

Reform of the structural Funds

106. The reform of the structural Funds was one of the most important Community achievements of 1988. The reform was initiated by the conclusions of the Brussels European Council at the beginning of the year and carried out by the Council in two stages: the framework Regulation was adopted during the first half of the year, and the implementing Regulations during the second.

EUROPEAN COUNCIL CONCLUSIONS

107. At its meeting on 11 and 12 February 1988 the Council defined the broad outlines of the reform of the structural Funds. The salient features were the doubling of resources allocated to the Funds and the concentration of these to make assistance more efficient, the structuring of activities according to five main objectives, the contribution by each of the three Funds to these objectives, the basic criteria for defining less-developed regions and the procedure for selecting regions in decline, criteria for Community contribution, and provision for an indicative breakdown of ERDF appropriations by Member State. Finally, the European Council called for the framework Regulation, in accordance with the above-mentioned principles, to be adopted as soon as possible.

¹ OJ L 145, 11.6.1988.

² OJ L 305, 10.11.1988.

FRAMEWORK REGULATION

108. On 24 June 1988 the Council adopted the Regulation on the tasks of the structural Funds and their effectiveness, and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing, financial instruments.¹ This Regulation contains the essential rules that will govern the structural Funds over the next five years. More specific implementing provisions are to be defined in the implementing Regulations.

The framework Regulation takes up and elaborates on the principles adopted by the European Council, particularly as regards the tasks and objectives of the Funds.

The objectives are as follows:

1. to promote the development and structural adjustment of less-developed regions;
2. to convert the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline;
3. to combat long-term unemployment;
4. to facilitate the occupational integration of young people;
5. with an eye to the reform of the common agricultural policy,
 - (a) to speed up the adjustment of agricultural structures, and
 - (b) to promote the development of rural areas.

The ERDF will contribute mainly to the first two objectives (with around 80% of its resources devoted to Objective 1 and, to a lesser extent, to Objective 5(b).

The ESF will contribute to all the objectives except No 5(a), with Objectives 3 and 4 representing the Fund's key tasks in the Community as a whole.

The EAGGF Guidance Section will be the sole contributor to Objective 5(a) and will contribute to Objective 5(b) in conjunction with the ERDF and the ESF. It will also contribute to Objective 1 where this involves rural development activities in the regions covered.

The general tasks of the Funds are redefined within this overall context.

109. The Regulation lays down basic principles for the operation of the Funds (complementarity, partnership, etc.), the various forms of assistance offered (chiefly multi-annual programmes), and general rules governing monitoring, assessment, checks and coordination.

¹ Council Regulation (EEC) No 2052/88, OJ L 185, 15.7.1988.

It also contains provisions on implementing conditions and methods for each objective. As a rule, a programmed approach is adopted, reflected in the establishment of Community support frameworks.

The Regulation also contains:

- (i) a list (in annex) of regions covered by Objective 1 (regions lagging behind in structural development), established for a period of five years on the basis of the elements included in the conclusions of the European Council;
- (ii) the criteria to be used by the Commission for drawing up a list of regions and areas in decline covered by Objective 2;
- (iii) general indications as to the method to be used for selecting rural areas covered by Objective 5(b) (to be determined at a later date).

110. The doubling of resources as a whole between now and 1993, and of those devoted to the regions covered by Objective 1 by 1992, is provided for under Article 12 of the Regulation in the context of detailed multiannual budget forecasts.

Finally, the Regulation provides for a reorganization of the committees called on to assist the Commission and lays down transitional provisions designed to facilitate the transition from the current regulations to the new system, which is scheduled to come into force on 1 January 1989.

IMPLEMENTING REGULATIONS

111. On 19 December 1988 the Council adopted, on the basis of proposals forwarded at the end of July, the four Regulations implementing the framework Regulation, thus respecting the deadlines imposed, which had been exceptionally short, given that the provisions adopted were so wide-ranging and complex, and that use had been made both of the cooperation with the European Parliament for two of the four Regulations, and of the conciliation procedure for the other two. The method adopted consisted in drawing up a 'coordinating' Regulation containing all the provisions that were common to the three Funds, and three separate Regulations elaborating on the aspects that were unique to each Fund.

112.

- (a) The coordinating Regulation¹ deals primarily with the coordination between the three individual Funds and between them and the operations of the EIB and

¹ Regulation (EEC) No 4253/88, OJ L 374, 31.12.1988.

the other financial instruments. It also lays down criteria for the selection of eligible rural areas other than the underdeveloped rural areas covered by Objective 5(b). The Regulation also defines the scope of the principles laid down in the framework Regulation, and sets out rules on the preparation and presentation of plans, the joint establishment of Community support frameworks and applications for assistance. Financial provisions are defined, as are provisions on the monitoring and assessment of reform, the role and composition of the committees concerned, and the transitional period.

113.

(b) The three Regulations relating specifically to the ERDF, the ESF and the EAGGF Guidance Section contain separate provisions relating to each of these Funds.

(i) the *implementing Regulation on the ERDF*¹ lays down more precisely the scope of the Fund's activities, clarifies details relating to the implementation of the objectives in which it is primarily involved (Nos 1 and 2), and defines the various types of assistance and preparatory, accompanying and assessment measures (including technical assistance); it also contains provisions on contributions by the Fund to the financing at Community level of studies or pilot schemes relating to regional development, particularly in border regions;

(ii) the *Regulation on the European Social Fund*² redefines the eligible operations and scope of the Fund in terms of its contribution to the objectives defined in the framework Regulation, and provides for a transitional period of one year for the implementation of the new schemes and forms of assistance necessitated by the reform; assistance, at least that relating of Objectives 3 and 4, shall, however, continue to be administered in accordance with guidelines established by the Commission on a multiannual basis;

(iii) the *Regulation concerning the EAGGF Guidance Section*³ provides for the redefinition during 1989, in the context of Objective 5(a), of the common measures currently in force that constitute the traditional type of assistance under the Fund. The Regulation also specifies what measures might be eligible for finance under the new rural development section (this will also receive assistance from the ERDF and ESF), and defines the methods and rules to be applied within the context laid down in the 'horizontal' Regulation.

¹ Regulation (EEC) No 4254/88, OJ L 374, 31.12.1988.

² Regulation (EEC) No 4255/88, OJ L 374, 31.12.1988.

³ Regulation (EEC) No 4256/88, OJ L 374, 31.12.1988.

European Regional Development Fund (ERDF)

COMMUNITY PROGRAMMES

114. The Council adopted Regulations instituting the two latest Community programmes under Article 7 of Regulation (EEC) No 1787/84 on the ERDF¹, both of which come under the heading of sectoral conversion measures.²

Resider

The Resider programme for the conversion of steel areas, which had already been the subject of an agreement in principle within the Council,³ was adopted on 2 February 1988.⁴

Renaval

The Renaval programme for the conversion of shipbuilding areas was adopted on 26 July 1988.⁵ The criteria for selecting the areas concerned were revised following a proposal submitted in May 1988 in the light of criteria relating to the selection of regions or areas coming under Objective 2 of the reform of the structural Funds.

The programme, financed jointly by Member States and the Community, provides for the implementation of a series of multiannual measures aimed at improving the infrastructure and environment in declining industrial regions in the Community adversely affected by the restructuring of the shipbuilding industry, as well as the establishment of new activities, the growth of small and medium-sized businesses and the fostering of innovation.

THIRTEENTH ERDF REPORT

115. On 29 December 1987 the Commission presented its report on ERDF activities during 1987. This contained a record of activities for the three years since Regulation (EEC) No 1787/84 on the Fund entered into force.

¹ OJ L 169, 28.6.1984.

² See 35th review, paragraph 101.

³ See 35th review, paragraph 102.

⁴ Regulation (EEC) No 328/88, OJ L 33, 5.2.1988.

⁵ Regulation (EEC) No 2505/88, OJ L 225, 15.8.1988.

Other decisions

PEDIP

116. On 24 June 1988 the Council adopted, on the basis of a proposal forwarded to it by the Commission in April, a Regulation on financial assistance for Portugal for a specific industrial development programme (Pedip).¹

This programme, which takes account of the unanimous desire expressed by the European Parliament in 1987 for development aid to Portugal, together with the conclusions of the Brussels European Council of February 1988, comprises a set of measures to promote industrial development in that country.

It is a five-year programme that will be financed, over and above support from the structural Funds, by means of additional resources averaging ECU 100 million per year.

The Regulation defines four priority areas in which these additional resources are to be used:

- (i) faster improvement of basic industrial infrastructure,
- (ii) stronger foundations for basic and further vocational training facilities for careers in industry,
- (iii) the financing of productive investment,
- (iv) productivity drives.

BUSINESS AND INNOVATION CENTRES

117. During July, the Council received an amended proposal for a Council Decision concerning a Community measure for the creation and development of business and innovation centres and their network.² This amended the proposal forwarded to the Council on 22 January 1987 and took account of the opinion of Parliament and of work already done within the Council.

¹ Regulation (EEC) No 2053/88, OJ L 185, 15.7.1988.

² OJ L 214, 16.8.1988.

D — Development of a Community energy policy

General developments (activities and priority objectives)

118. At its meetings on energy questions on 9 June and 8 November 1988, the Council devoted the bulk of its work to an in-depth examination of two different questions:

- (i) the internal energy market,
- (ii) the main results of the study carried out by the Commission into the energy policies of Member States in the light of the Community Energy Objectives for 1995.

At the second of these meetings, the Council arrived at a number of conclusions outlined below.

INTERNAL ENERGY MARKET

119. The Council agreed with the overall approach proposed in the working document submitted by the Commission.¹ This involves establishing an internal energy market through parallel progress in the various fields of action.

On the basis of these premises, the Council emphasized firstly that the internal energy market should help to create the large market of 1992 and to strengthen both existing Community energy policy and the competitiveness of the European economy by underpinning the development of the Community.

The Council drew attention to the fact that the internal energy market should benefit consumers within the Community, improve the competitiveness of Community industries, help bring about security of energy supplies, encourage increased trade in energy between Member States and enhance solidarity between them, and make it easier for businesses to adapt and develop.

120. The Council stressed that striking a satisfactory balance between energy and environment in accordance with the provisions of the Single European Act should constitute a major objective in Community work.

In addition to these general outlines, the Council affirmed its determination to pay particular attention to these questions at its forthcoming meetings on energy matters, including those which, although not related exclusively to the energy sector, were nevertheless of major relevance to the field.

¹ Doc. COM(88) 238 final.

The Council noted the Commission's intention to produce an action programme as quickly as possible and to submit not just an overall report next year but also reports and proposals relating to individual sectors, and asked it to keep it regularly informed of progress on the question of the internal energy market.

The Council also looked at the problem of energy infrastructures. It believed that the internal energy market would depend very much on the development of efficient energy infrastructures. Account would have to be taken of the objective of economic and social cohesion as set out in the Single European Act, and of the specific characteristics of individual regions, particularly those situated at the periphery of the Community. Efforts in this direction should be supported by available Community financial instruments.

Another priority element for the purpose of reducing the Community's dependency on imported energy was the development and dissemination of new technology in the energy field.

IMPLEMENTATION OF COMMUNITY ENERGY OBJECTIVES FOR 1995

121. The Council made a detailed study of the Commission communication dated 19 April 1988¹ entitled 'An examination of the energy policies of Member States and Community objectives in energy policy for 1995, and of the convergence of Member States' policies.'²

The Council noted that, in general, progress had been made in restructuring the energy sector in spite of the fall of oil prices and the slackness of markets, although objectives set for 1995 would not be met in some areas.

The Council drew attention to persistent long-term risks in the field of energy supply and the importance of a judicious use of resources with respect to the environment, warning governments, businesses and consumers to be wary of drawing false conclusions from the current slack period on the energy market and to continue their previous and highly successful attempts to make energy savings.

122. As regards general problems, the Council noted that the trend towards improvements in the efficient use of energy had weakened over the last few years and that the objective of improving energy efficiency by at least 20% by 1995 might not be attained. It emphasized the importance of following developments in the rational use of energy more closely. Without prejudice to the additional possibilities that might be created by third-party financing for energy efficiency investments (which was in fact the subject of a Commission Recommendation³), the Council thought

¹ Doc. COM(88) 174 final, Vols. I and II.

² OJ C 241, 25.9.1986.

³ OJ L 122, 12.5.1988.

that other types of action might prove desirable if the above-mentioned danger were to materialize. As regards flexibility and security of supply, and supply at the lowest possible cost, the Council invited the Commission to examine ways in which these might be promoted by developing trade and further opening up the market, taking account of the energy situation in each Member State.

Certain elements which had already been included in the Council's conclusions on the internal energy market were reiterated or elaborated here. One such element was the search for balanced solutions for energy and the environment, by making use of the best existing economically viable technology and by improving energy efficiency, whilst taking account of the need to limit distortions in competition on energy markets by means of a more coordinated Community approach to the environment. Another such element was the continued and reasonably diversified promotion of technological innovation through research, development and demonstration projects.

Finally, the Council stressed the importance of developing Community external relations in the field of energy using a coordinated approach based on regular consultation between Member States and the Commission.

123. The conclusions also covered aspects specific to the various energy sectors.

The Council shared the Commission's view that, on the basis of current forecasts up to 1995, there were likely to be no problems as regards electricity supply. It did, however, think it important to emphasize that decisions on the necessary increase in production, transport and distribution capacities should be taken in good time before 1995. It also pointed out that most of the Community's electricity requirements would, even if new technologies were used, continue to be met essentially by solid fuels, nuclear energy and, increasingly, renewable energy sources including hydroelectric power. As regards the use of hydrocarbons for electricity production, the Council reiterated that anything higher than a 15% share of the market would not be compatible with the 1995 objectives.

124. In the case of two other energy sectors, the Council believed that the objectives set for 1995 could be met. Oil would be limited to approximately 40% of energy consumption and less than one third of net imports; however, in view of uncertainties as to future developments, the Council thought it would be necessary to keep a close watch on the market and subsequent structural trends in even greater detail than before, particularly as regards potential savings in the transport sector. By the same token, the Council noted that, according to the Commission, it should be possible to attain the 1995 objective regarding the use of gas. This would make a positive contribution to energy supply.

125. The Council did, however, note that the outlook for the use of solid fuels, whose share in energy consumption should increase between now and 1995, accord-

ing to the energy policy objectives, was highly uncertain, particularly in respect of future electricity consumption; on the basis of current trends, consumption of solid fuels was likely to remain constant or even to fall off between now and 1995. The Council considered this situation to be a consequence of the fall in energy prices which began in 1986, and of the reduced acceptability of solid fuels from an environmental point of view, and thought that continued efforts should be made to promote the consumption of solid fuels within the Community and to improve the competitiveness of production capacity.

126. The Council stressed that it attached a great deal of importance to new and renewable energy sources, given their economic viability, as future sources of energy, but that only a slight increase in their contribution to energy production could be expected between now and 1995 in spite of the efforts that had already been made, particularly as the competitiveness of these forms of energy had suffered as a result of the fall in prices of traditional energy sources.

127. Finally, the Council recognized the particular problems experienced by the less-favoured regions of the Community (interconnections, diversification of supplies, development of local resources, etc). It thought that these should be dealt with according to market forces and requirements, with due account being taken of both the 1995 objectives and the objectives of economic and social cohesion laid down by the Single European Act. Noting the particular importance in this respect of the increase in appropriations for the structural Funds, the Community's Valoren programme, activities planned under research programmes and demonstration projects on energy technologies, and the Commission's energy planning, the Council invited the Commission to carry out a study of the specific measures to be undertaken in this field at Community and /or national level, and to submit a report.

Problems specific to the various energy sectors

SOLID FUELS

128. After discussing the Commission report on the implementation by Member States of two Council Recommendations of 24 May 1983 concerning the encouragement of investment for the use of solid fuels in industry and in public buildings and district heating systems,¹ at its meeting on 9 June 1988, the Council stated that it generally agreed with the overall conclusions drawn by the Commission in this report.

As regards conversion to solid fuels, encouraging results had been achieved up to 1986, but efforts had slowed since the fall in the price of oil and in the rate of the US dollar. Efforts to encourage solid fuel consumption in the sectors concerned

¹ OJ L 140, 31.5.1983.

should nonetheless continue. National and Community aid programmes for research, development and demonstration in the field of new technologies for the economical and non-polluting use of solid fuels were, in this difficult period, essential as a means of supporting solid fuels.

Finally, the Council noted with interest the Commission's intention to carry out a more detailed analysis of possible ways of encouraging the use of solid fuels in the sectors concerned, and invited the Commission to submit, in due course, a new report on the further implementation of the two abovementioned Recommendations.

THE OIL MARKET AND THE REFINING INDUSTRY WITHIN THE COMMUNITY: recent developments and outlook until 1995.

129. At its meeting on 8 November 1988 the Council undertook a preliminary examination of the communication and set of draft Recommendations on this matter forwarded by the Commission.¹

These Recommendations aim to achieve the following:

- (i) with a view to completing the Single Market: a reduction in distortions of competition, including those caused by differences in environmental protection standards;
- (ii) in the interest of the security of supply and with a view to keeping the Community economy competitive: the maintenance of an effective and economically viable refining industry of adequate capacity and operating at optimum utilization rates;
- (iii) implementation of the policies adopted on the refining and importing of petroleum products.

Pending certain additional work that must be done before a final text can be drawn up, the Council agreed to re-examine these draft Recommendations at one of its forthcoming meetings.

RENEWABLE ENERGY SOURCES

130. At its meeting on 9 June 1988, the Council adopted a Recommendation to the Member States on developing the exploitation of renewable energy sources in the Community.²

The Council adopted this Recommendation particularly in the light of:

¹ COM(88) 491 final.

² OJ L 160, 28.6.1988.

- (i) the indigenous character of these energy sources and the fact that their exploitation has a favourable impact on the diversification and security of energy supply within the Community and the development of less-favoured regions; account was also taken of the fact that these sources are in most cases compatible with the environment;
- (ii) the need to continue the optimum exploitation of these energy sources within the Community, taking account of their economic prospects, their availability in Member States and their economic viability in the medium and long term;
- (iii) the need to ensure that measures taken are mutually compatible and that results and experience gained are widely disseminated so that the effort put into developing these energy sources is profitable;
- (iv) the possibility that renewable sources of energy might make a valuable contribution towards meeting energy requirements in developing countries.

Finally, the Council thought that at the current stage of technological development, the sources offering the most practical development prospects in the short and medium term were solar, geothermal and wind energy, biomass, energy from waste and hydroelectricity, especially small-scale installations.

131. In order to encourage the use of renewable energy sources, the Council at its meeting on 8 November 1988 adopted a Recommendation to promote cooperation between public utilities and auto-producers of electricity.¹

By adopting this act, the Council sought to encourage Member States to offer independent producers of electricity using new and renewable sources a chance to sell the energy they generate under conditions that are fair and freely negotiable with the bodies responsible for transmitting and distributing electricity. The Council did not, however, think that this meant excluding other producers of electricity from taking advantage of such opportunities.

Finally, the Council noted with interest that the Commission, as part of its work on the Single Market, had begun a study into the question of transport on behalf of third parties, dealing *inter alia* with independent producers of electricity, and that it would submit a report to the Council.

Nuclear questions

132. The Council, aware of the importance of safety in nuclear installations, reached a number of conclusions at its meeting on 26 September 1988. These conclusions, which are fully consistent with the Resolution it had adopted in this field on 22 July

¹ OJ L 335, 7.12.1988.

1975, stressed the need for a harmonized approach at Community level and emphasized the importance of cooperation on a broader international scale with regard to the objectives and methods in the field of nuclear safety. The Council noted that an approach such as this would ensure mutual awareness and understanding of the methods and systems used for monitoring nuclear safety, increase the general level of knowledge and promote better practice.

133. As regards the health protection of people in the event of nuclear accidents or any other radiological emergency, work continued in the Council's subordinate bodies on the two fronts adopted in December 1987.

The first approach is to supplement the table of maximum permitted levels of radioactive contamination of foodstuffs and feedstuffs following a nuclear accident or any other radiological emergency, as laid down by Regulation (Euratom) No 3954/87 of 22 December 1987.¹ This supplementary work deals with the levels applicable to baby food, liquid foodstuffs and feedstuffs.

The second approach is in keeping with the Resolution adopted by the Council and the representatives of the Governments of the Member States meeting within the Council on 22 December 1987² relating to particular conditions for exporting foodstuffs and feedstuffs following a nuclear accident or any other radiological emergency.

The Commission forwarded to the Council a proposal for an EEC Regulation on these special export conditions.

E — Transport

134. In 1988 the Council devoted four meetings to transport matters, on 14 March, 20 and 21 June, 26 October and 8 December.

The Ministers for Transport also met informally in Hof on 25 and 26 April and Athens on 29 and 30 September 1988.

Inland transport

INTRA-COMMUNITY CARRIAGE OF GOODS BY ROAD

- *Access to the market in intra-Community carriage of goods by road*
- *Community quota for 1988-89*

135. At its meeting on 20 and 21 June 1988, the Council adopted a Regulation³ laying down the following provisions:

¹ OJ L 371, 30.12.1987.

² OJ C 352, 30.12.1987.

³ OJ L 163, 30.6.1988.

- (i) Community quotas, bilateral quotas between Member States and quotas for transit traffic to and from non-member countries are to be abolished on 1 January 1993 for Community hauliers;
- (ii) as from that date, access to the market for transfrontier carriage of goods by road within the Community will be governed by a system of Community licences issued on the basis of qualitative criteria.

The Council, acting on Commission proposals, shall adopt the necessary implementing measures by 30 June 1991.

The Regulation also provides for a substantial increase in the Community quota for 1988 and 1989. The increase in this quota as from 1990 and measures to be adopted during periods of crisis are to be determined by the Council by 31 March 1990, on the basis of a proposal from the Commission which must be presented before 31 December 1989.

This Regulation also lays down that by 31 March 1990 the Council shall decide, on a Commission proposal to be presented before 31 December 1989, on the arrangements to apply to transport between Member States in transit through non-member countries without discriminating between transporters from different Member States.

NEGOTIATIONS WITH AUSTRIA, SWITZERLAND AND YUGOSLAVIA ON TRANSIT TRAFFIC

136. On 7 December 1987 the Council adopted a Decision on the opening of negotiations between the European Economic Community and the Republic of Austria, the Swiss Confederation and the Socialist Federal Republic of Yugoslavia in the field of transit traffic.¹

On 5 October 1988 the Commission presented to the Council the final report on the first phase of negotiations together with a proposal for a Council Decision on the second phase of negotiations.

At its meeting on 19 December 1988 the Council adopted a Decision on the second phase of negotiations.

¹ Decision not published.

These negotiations are to be conducted, as in the past, by the Commission in consultation with the Member States and will cover a series of problems arising from the growth in traffic passing through these non-member countries.

The Commission aims to have completed these negotiations by 31 December 1989.

TRANSPORT INFRASTRUCTURE

137. On 8 December 1988 the Council adopted a Regulation granting financial support of ECU 130 million from the 1988 and 1989 budgets to a number of transport infrastructure projects.

This assistance will be used to finance certain studies and preparatory work relating to investment and road or rail infrastructure projects.

SYSTEM FOR OBSERVING THE TRANSPORT MARKETS

138. On 8 December 1988 the Council adopted a Resolution extending until 31 December 1990 the system for observing the markets for the carriage of goods by rail, road and inland waterway.¹

Under the terms of this Resolution, the Council, acting on a Commission proposal and following an in-depth review of the existing system, is to take a decision by 31 December 1990 on the establishment of a permanent system appropriate to the final arrangements for the organization of the inland transport markets, taking into account the requirements of users and the need to keep operating costs to a minimum.

SOCIAL LEGISLATION RELATING TO ROAD TRANSPORT

139. On 23 November 1988 the Council adopted a Directive on standard checking procedures for the implementation of Community social legislation relating to road transport (Regulations (EEC) Nos 3820/85 and 3821/88).² The Directive aims to lay down minimum conditions for checking the correct and uniform application of the abovementioned Regulations. It contains provisions on the organization of checking systems within Member States, both at the roadside and at business premises, on the organization (at least twice a year) of concerted checks that are coordinated between

¹ OJ C 328, 21.12.1988.

² OJ L 370, 31.12.1988; OJ L 325, 29.11.1988.

Member States, and on the exchange of information between Member States at regular intervals.

FIXING OF RATES FOR THE CARRIAGE OF GOODS BY ROAD BETWEEN MEMBER STATES

140. On 30 June 1988 the Council adopted a Regulation extending until 31 December 1989 the period of validity of Council Regulation (EEC) No 3568/83 of 1 December 1983 on the fixing of rates for the carriage of goods by road between Member States.¹

ROADWORTHINESS TESTS FOR COMMERCIAL VEHICLES

141. On 26 July 1988 the Council adopted a Directive² extending to light goods vehicles the periodic roadworthiness³ tests introduced by Directive 77/143/EEC relating to buses, coaches, lorries, taxis and ambulances.

Following the adoption of this Directive, the Council has still to act on the Commission proposal to extend roadworthiness tests to private cars.

WEIGHTS, DIMENSIONS AND CERTAIN OTHER TECHNICAL CHARACTERISTICS OF CERTAIN ROAD VEHICLES (MAXIMUM AUTHORIZED WIDTH OF REFRIGERATED VEHICLES)

142. On 11 April 1988 the Council adopted a Directive amending Directive 85/3/EEC on the weights, dimensions and certain other technical characteristics of certain road vehicles.³

This Directive authorizes a width of 2.6 m for controlled-temperature vehicles with thick insulating walls (refrigerated vehicles).

GENERAL QUESTIONS

Summer-time

143. On 21 December 1988 the Council adopted a fifth Directive on summer-time arrangements.⁴ Under the terms of this Directive, Member States will continue to

¹ OJ L 359, 22.12.1983; OJ L 176, 7.7.1988.

² OJ L 222, 12.8.1988.

³ OJ L 98, 15.4.1988.

⁴ OJ L 17, 21.1.1989.

apply, for the period from 1990 to 1992, the current system whereby summer-time ends on one date for ten of the Member States and on another for Ireland and the United Kingdom.

However, the Directive provides that Ireland and the United Kingdom may, by 1992, bring the end of their summer-time period (end of October) into line with the dates for the other Member States (end of September).

The Directive also states that by 1 January 1992 the Council, acting on a proposal from the Commission, shall adopt the arrangements to apply from 1993 onwards.

OTHER COMMISSION PROPOSALS EXAMINED BY THE COUNCIL OF TRANSPORT MINISTERS DURING 1988

144.

- (a) International passenger transport by coach and bus;
- (b) access to the occupation of carrier of goods by road;
- (c) weight and dimensions of commercial vehicles (standards on weights and dimensions as laid down by Directive 85/3/EEC);¹
- (d) aid arrangements for combined transport;
- (e) structural reorganization of inland waterways;
- (f) cabotage in the field of carriage of goods by road;
- (g) elimination of distortions in competition of a fiscal nature in the field of carriage of goods by road;
- (h) Community rail transport policy.

Air transport

145. The Council's subordinate bodies began examination of the following:

- (i) an amended Proposal for a Council Directive amending Council Directive No 83/416/EEC concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo;²
- (ii) a Communication from the Commission on the problems associated with the capacity of the air traffic system;³
- (iii) a proposal for a Council Regulation on a code of conduct for computerized reservation systems.⁴

¹ OJ L 2, 3.1.1985, as last amended by Directive 88/218/EEC (OJ L 98, 15.4.1988).

² OJ C 78, 25.3.1988.

³ OJ C 34, 10.2.1989.

⁴ OJ C 294, 18.11.1988.

Sea transport

146. At its meeting on 20 and 21 June 1988 the Council held a thorough exchange of views on the measures required to maintain and develop a competitive and efficient shipping sector in the Community. The Commission confirmed that it intended to submit a number of proposals on this matter.

The Council also adopted, on 7 June 1988, a Decision on the Community position at the review conference on the United Nations Convention on a code of conduct for liner conferences,¹ the first session of which was held in Geneva from 31 October to 18 November 1988.

In accordance with the Council Decision of 19 October 1987,² representatives of the Community, under the aegis of the Council's subordinate bodies, continued consultations with the African Member States of the Ministerial Conference of West and Central African States on maritime transport (CMEAOC) on free and unrestricted access to maritime traffic.

Finally, the Council began its examination of a Commission proposal on the introduction of a countervailing duty on the containerized shipment of goods between the Community and Australia by the Hyundai Merchant Marine Company of the Republic of Korea.

F — Research

Science and technology

DEVELOPMENT OF A COMMON POLICY IN THE COMMUNITY

147. During 1988 the Council adopted eight specific programmes and revised two programmes under the framework programme, allocating a total of ECU 2 992.9 million in commitment appropriations (see table in paragraph 148).

It adopted a Decision on the transition of the Eurotra programme to the third phase,³ and decided to add ECU 417 million to the ECU 4 979 million provisionally agreed for the framework programme.⁴

¹ Not published.

² See 35th Review, paragraph 140.

³ OJ L 222, 12.8.1988.

⁴ OJ L 89, 6.4.1988.

At its meetings the Council also adopted, and forwarded to Parliament under the cooperation procedure, common positions on proposals for specific programmes in the following fields:

- (i) Non-nuclear energy sources and the rational use of energy (1989-1992) (Joule);
- (ii) Community support plan to facilitate access to large-scale scientific facilities of European interest (1988-1992);
- (iii) Industrial manufacturing technologies and advanced materials applications (Brite-Euram) (1989-1992);
- (iv) Programme for biotechnology-based agro-industrial R&D (1988-1993) (Eclair);
- (v) Stimulation plan for economic science (1988-1992) (SPES).

Four Council meetings were devoted to research in 1988, on 11 April, 29 June, 17 November and 15 December.

148. Table of specific Community research programmes adopted by the Council during 1988

Field of research	Date of Decision	Expenditure (ECU million)	Duration (years)	OJ reference
1. Brite (rev. 1985—88)	29. 2. 1988	+ 60		L 59, 4. 3. 1988
2. Esprit II	11. 4. 1988	1 600	5	L 118, 6. 5. 1988
3. Biotechnology (rev.)	29. 6. 1988	+ 20		L 206, 30. 7. 1988
4. Stimulation (Science)	29. 6. 1988	167	18	L 206, 30. 7. 1988
5. Delta	29. 6. 1988	20	2	L 206, 30. 7. 1988
6. BCR	29. 6. 1988	59.2	5	L 206, 30. 7. 1988
7. Drive	29. 6. 1988	60	3	L 206, 30. 7. 1988
8. Fusion	25. 7. 1988	735	4.25	L 222, 12. 8. 1988
9. JRC	14. 10. 1988	251.7	4	L 286, 21. 10. 1988
10. AIM	4. 11. 1988	20	2	L 314, 22. 11. 1988

Work of Crest

149. At its meetings in 1988 the Scientific and Technical Research Committee (Crest) gave its opinion on proposals for programmes proposed by the Commission to the Council in the following fields:

- (i) Community programme in the field of information technology and telecommunications applied to road transport (Drive);
- (ii) Community action in the field of information technology and telecommunications applied to health (AIM);
- (iii) Council proposal adopting three research programmes (1988-91) to be carried out by the JRC;
- (iv) Multiannual programme for biotechnology-based agro-industrial R&D (1988-93) (Eclair);
- (v) Specific programme for the dissemination of R&D results (1988-92) (Value);
- (vi) Community programme in the field of strategic analysis, forecasting and evaluation in matters of research and technology (1988-91) (Monitor);
- (vii) Specific R&D programme in the field of industrial manufacturing technologies and advanced materials applications (1989-92) (Brite-Euram);
- (viii) Specific R&D programme in the field of non-nuclear energies and the rational use of energy (1989-92) (Joule).

ECSC

150. In order to promote technical and economic research to improve methods for the production and beneficiation of coal within the Community, at its meeting on 11 April 1988 the Council gave its assent (as requested by the Commission under the terms of Article 55(2)(c) of the ECSC Treaty) to the granting of financial aid, out of funds derived from the levies, amounting to ECU 22 million for a research programme in the field of mining technology and product beneficiation; subject to the availability of budgetary resources, a sum of ECU 5 360 900 would be allocated to a supplementary programme. A sum of ECU 100 000 was set aside for the dissemination of information. The overall cost of the programme, including the portion to be borne by the contracting parties, totals ECU 36 600 000; the total cost of the supplementary programme is ECU 9 049 000.

External relations

INTERNATIONAL SCIENTIFIC AND TECHNICAL COOPERATION

151. On 8 February 1988 the Council approved the Agreement on the participation of the EAEC in the International Thermonuclear Experimental Reactor (ITER) together with Japan, the Soviet Union and the United States of America.

On 25 July 1988 the Council adopted the Decision containing negotiating directives for the Commission with a view to a memorandum of understanding between the EAEC and the Government of Canada on the involvement of Canada in the EAEC

contribution to the conceptual design activities for the International Thermonuclear Experimental Reactor (ITER).

EUROPEAN COOPERATION IN THE FIELD OF SCIENTIFIC AND TECHNICAL RESEARCH

152.

On 31 May 1988 the Council adopted a Decision authorizing the Commission to negotiate a Framework Agreement for scientific and technical cooperation between the Community and the Republic of Iceland.

On 18 July 1988 the Council decided to conclude a Cooperation Agreement between the Community and the Swiss Confederation on research and development in the field of wood, including cork, as a renewable raw material.

At its meeting on 26 September 1988 the Council decided to conclude Cooperation Agreements on research and development in the field of wood, including cork, as a renewable raw material between the Community and the Republic of Finland and between the Community and the Kingdom of Sweden.

On 26 September 1988 the Council decided to conclude a Cooperation Agreement between the Community and the Kingdom of Sweden on research in the field of waste recycling and beneficiation.

The Council adopted Decisions on the conclusion of Cooperation Agreements on research and development in the field of advanced materials (Euram) as follows:

- (a) on 18 July 1988 between the Community and the Swiss Confederation,
- (b) on 26 September 1988 between the Community and the Republic of Austria.

On 25 November 1988 the Council noted the Commission's intention to conclude a Cooperation Agreement, in the form of an exchange of letters, between the EAEC and the Republic of Finland in the field of research into the management of radioactive waste, in accordance with the provisions of the third paragraph of Article 101 of the EAEC Treaty.

On 8 December 1988 the Council decided to conclude a Community-COST Concertation Agreement on seven concerted-action projects in the field of the environment.

G — Environment

153. In 1988 the Council devoted three meetings to the environment, on 21 March, 16 and 28 June and 24 November.

At these meetings the Council adopted a number of Regulations, Directives, Decisions and Resolutions. Other acts, which were formally adopted at other meetings of the Council, were agreed in principle during the discussions on these occasions.

At these meetings the Council also continued its work on other proposals from the Commission.

In addition, it took part on behalf of the Community in various activities at international level.

Regulations, Directives, Decisions and Resolutions adopted by the Council

154.

Council Regulation (EEC) No 1734 concerning export from and import into the Community of certain dangerous substances¹

The Council adopted this Regulation, which introduces a notification system for the export of dangerous chemicals, on 16 June 1988.

In a Resolution adopted on the same date² the Council undertook to examine the possibility of applying the principle of 'prior informed consent', taking due account of the experience gained by Member States and measures taken by other international organizations.

Council Directive amending Annex II to Directive 86/280/EEC on limit values and quality objectives for the discharge of certain dangerous substances included in List 1 of the Annex to Directive 76/464/EEC

This Directive, adopted by the Council on 16 June 1988,³ lays down limit values and quality objectives for the following substances: aldrin, dieldrin, endrin, isodrin, hexachlorobenzene, hexachlorobutadiene and chloroform.

155.

Council Decision amending Decision 86/85/EEC establishing a Community information system for the control and reduction of pollution caused by the spillage of hydrocarbons and other harmful substances at sea

¹ OJ L 155, 22.6.1988.

² OJ L 170, 29.6.1988.

³ OJ L 158, 21.6.1988.

The Council adopted this Decision, which extends the Community information system to major inland waterways, on 16 June 1988.¹

Council Resolution on the protection of the North Sea and other waters in the Community

The Council adopted this Resolution on 28 June 1988.²

In it the Council invites the Commission to submit appropriate proposals under the fourth environment action plan with a view to protecting the North Sea and other waters in the Community.

Council Resolution on the close of the European Year of the Environment

The Council adopted this Resolution on 3 May 1988.³

In it the Council welcomes the impact made by the European Year of the Environment in the Community and calls on Member States to continue to strive towards the objectives which gave birth to the Year.

Council Resolution on a Community action programme to combat environmental pollution by cadmium

This Resolution was adopted by the Council on 25 January 1988.⁴

In it the Council welcomes the action programme put forward by the Commission as an additional step towards the control of environmental pollution by cadmium.

156.

Council Directive on the limitation of emissions of certain pollutants into the air from large combustion plants

This Directive was adopted by the Council on 24 November 1988.⁵ It provides for a gradual and phased reduction of total annual emissions of sulphur dioxide and oxides of nitrogen from existing combustion plants, and lays down limit values for sulphur dioxide, nitrogen oxides and dust in the case of new plants.

Council Directive amending for the second time Directive 82/801/EEC on the major-accident hazards of certain industrial activities

This Directive, adopted by the Council on 24 November 1988,⁵ extends the field of application of Directive 82/501/EEC as regards the storage of dangerous substances, and strengthens the provisions with regard to information to the public.

¹ OJ L 158, 25.6.1988.

² OJ C 209, 9.8.1988.

³ OJ C 129, 18.5.1988.

⁴ OJ C 30, 4.2.1988.

⁵ OJ L 336, 7.12.1988.

Council Resolution on transfrontier movements of hazardous waste to third countries

The Council adopted this Resolution on 21 December 1988,¹ thereby showing that it attaches priority importance to the effective control of transfrontier movements and the elimination of dangerous waste.

Other Commission proposals examined by the Environment Council in 1988

157.

Proposal for a Council Directive laying down procedures for harmonizing programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry

Proposal for a Council Directive on water quality objectives for chromium

Proposal for a Council Directive setting up a five-year Community-wide programme of projects illustrating how activities in the environmental field can also contribute towards job creation

Proposals for Council Directives on:

- (i) the limited use of genetically modified micro-organisms,
- (ii) the deliberate release of genetically modified organisms into the environment.

Proposal for a Council Directive on the prevention of air pollution from new municipal waste-incineration plants

Proposal for a Council Directive on the protection of natural and semi-natural habitats and wild flora and fauna

Activities at international level — acts adopted by the Council

158.

Montreal Protocol to the Vienna Convention on the Protection of the Ozone Layer.

In connection with this Protocol the Council adopted the following acts on 14 October 1988:

- (i) Council Decision on the conclusion of the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer,

¹ OJ C 9, 12.1.1989.

(ii) Council Regulation on certain chlorofluorocarbons and halons that deplete the ozone layer,

(iii) Council Resolution on limiting the use of chlorofluorocarbons and halons.

The aim of the Montreal Protocol, which came into force on 1 January 1989, is to reduce emissions into the atmosphere of certain chlorofluorocarbons and halons that deplete the ozone layer. The Council Decision ratifies and implements both the Convention and the Protocol. The Council Regulation is designed to introduce into the Community the monitoring system provided for in the Protocol. The Council Resolution deals with related measures such as substitute products.

Convention for the Protection of the Rhine against Chemical Pollution

On 24 June 1988¹ the Council adopted two Decisions concerning a supplement to Annex IV to the Convention for the Protection of the Rhine against Chemical Pollution, in respect of:

- (i) mercury originating in sectors other than the chlor-alkali electrolysis industry;
- (ii) carbon tetrachloride.

Work in international organizations

159. The representatives of the Member States and the Commission acted in concert in 1988 on work undertaken in other international organizations.

International Agreement in the OECD on the control of transfrontier movements of hazardous waste

During 1988 several meetings were held to coordinate the Community position in the OECD on drawing up an international agreement on the control of transfrontier movements of hazardous waste.

World Convention on the control of transboundary movements of hazardous wastes (UNEP Convention)

During 1988 several Community consultation meetings were held with a view to drawing up a world Convention on the control of transboundary movements of hazardous wastes.

On 4 November 1988 the Council adopted the negotiating brief authorizing the Commission to take part in the negotiations to draw up this Convention.

United Nations Economic Commission for Europe (ECE): Executive Body of the Geneva Convention on long-range transboundary air pollution

During 1988, several Community consultation meetings were held with a view to drawing up a Protocol on the control of nitrogen oxide emissions and their movement across national borders. This Protocol was opened for signature at the sixth meeting

¹ OJ L 183, 14.7.1988.

of the Executive Body of the abovementioned Convention in Sofia from 31 October to 4 November 1988.

H — Public health policy

Fight against cancer

160. On 31 May 1988 the Council and the Ministers for Health meeting within the Council reaffirmed the high priority they attached to the fight against cancer, especially as regards particular anti-smoking measures. They recommended that a European cancer awareness week, aimed at the general public and coordinated by the Commission under its 'Europe against cancer' programme, should be repeated periodically.

As regards the proposals for Directives on the labelling of tobacco products and the maximum tar content of cigarettes, on 15 December 1988 the Council instructed the Permanent Representatives Committee to continue examining these texts with a view to the adoption of a common position by the Council.

The fight against AIDS

161. At their meeting on 31 May 1988 the Council and the Ministers for Health reaffirmed the common approach outlined in their conclusions of 15 May 1987 and emphasized that they were determined to pursue and consolidate this approach.

In their conclusions of 31 May 1988 they also reaffirmed their particular commitment to the following principles:

- (i) the highest priority in the fight against AIDS must be given to prevention by means of information campaigns and health education;
- (ii) any policy of systematic and compulsory screening is ineffective as a means of prevention;
- (iii) any discrimination against or stigmatization of persons suffering from AIDS, particularly as regards employment, should be avoided.

In order to monitor the spread of AIDS within the Community more closely, they also set up a system for the regular, rapid exchange of epidemiological data at Community level in association with the WHO collaborating centre in Paris.

In order to obtain the maximum benefit from experience gained at national level in the fight against AIDS, a procedure was also set up for the exchange of information and experience on the measures adopted by Member States in this field.

162. At their meeting on 15 December 1988, the Council and the Ministers for Health adopted conclusions to the effect that efforts must be stepped up to reduce the risk of the AIDS virus being transmitted amongst and by drug addicts, as HIV infection is currently spreading fastest amongst this risk group. Measures to be taken include the setting up of readily accessible help services and the supply of sterile hypodermic needles.

Given that the working environment can play an important role in teaching the public at large to react to AIDS in an appropriate and sensible manner, the Council and the Ministers for Health addressed a number of conclusions to employers, encouraging them to inform their workers about AIDS before actual cases appeared, to refrain from making HIV antibody tests prior to recruitment and during periodical medical check-ups, to look upon workers carrying the virus as normal workers who are fit for work, to protect any worker who is known to be carrying the disease from discrimination and stigmatization, and to treat persons suffering from AIDS in exactly the same way as workers with other serious illnesses.

Fight against drug abuse

163. At its meeting on 8 December 1988, the Council approved the common position to be adopted by the Community in the negotiations at the UN Conference in Vienna on a new international Convention on Illicit Trafficking in Drugs (concluded on 20 December).

Toxicology

164. On 31 May 1988 the Council and the Ministers for Health adopted conclusions on the continuation of the Community programme in the field of toxicology for health protection.

I — Education

Environmental education

165. At their meeting on 24 May 1988 the Council and the Ministers for Education meeting within the Council adopted a Resolution on environmental education.

Under the terms of this Resolution, Member States undertake to include environmental education in curricula, to encourage extracurricular activities in this field, to develop teachers' knowledge in this area during their initial and in-service training, and to provide the necessary teaching materials.

The Commission, with the help of a working party composed of representatives from the Member States, is to take action on three fronts:

- (a) exchange of information;
- (b) improvement of documentation for both pupils and teachers;
- (c) the incorporation of environmental education into current activities such as YES (Youth exchange scheme), Arion, Erasmus and Comett. The Education Committee was invited to draw up an initial report within two years on action undertaken at national and Community level. The level of financing will be decided on in accordance with normal budgetary procedures.

European dimension in education

166. At their meeting on 24 May 1988 the Council and the Ministers for Education meeting within the Council also adopted a Resolution on the European dimension in education.

The Resolution provides for the following at national level: the incorporation of the European dimension into education systems through guidelines and initiatives; its explicit inclusion in school curricula in all appropriate disciplines; arrangements to ensure that teaching material takes account of the European dimension; a set of measures designed to put greater emphasis on the European dimension in initial and in-service teacher training, and the promotion of measures to encourage contacts between pupils and teachers from different countries. Other activities to strengthen the image of Europe in education might include conferences and seminars for teaching staff, the twinning of schools, the setting up of European clubs, the participation of schools in activities organized as part of Europe Day (9 May), the European schools competition, etc.

The Commission is called on to cooperate in this programme, with the help of a working party consisting of representatives of the Member States. Its chief task is to promote the European dimension in teacher training, through the Arion and Erasmus programmes and by promoting a European Summer University for teacher trainers in the period 1989-92. It is also to implement a system for the exchange of information on concepts and measures adopted by the Member States and help create a supply of appropriate teaching material (basic documentation, comparative analysis of teaching material, etc.). Additional measures might include the use of audiovisual aids at European level, cooperation with the College of Europe in Bruges, the European University Institute in Florence, the European Institute of Public Administration in Maastricht, and the European Schools. The Commission is also to examine how sport might encourage contacts and promote mutual understanding between young people at European level.

The Education Committee is to submit an initial report by 1 June 1991. Funding will be decided on in accordance with the Community's budgetary rules and procedures.

Transition of young people from education to working life

167. On 24 May 1988 the Council and the Ministers for Education meeting within the Council adopted conclusions relating to the transition of young people from education to working life, following the final report presented by the Commission on the second action programme in this field (1982-87). Member States are invited to take appropriate measures:

- (i) to reduce the gap between school and the world of work by creating dynamic partnerships between business and industry on the one hand and educational establishments on the other, promoting more active cooperation between educational establishments and the local community, creating effective work experience opportunities for all pupils and encouraging them to take part in projects designed to develop their initiative;
- (ii) to improve vocational guidance for pupils, including continuing counselling;
- (iii) to combat academic failure by revising curricula and assessment methods for weaker pupils, making use of learning modules and offering extra or remedial tuition for certain pupils;
- (iv) to improve in-service teacher training, with a particular view to creating closer links with the outside world;
- (v) to encourage equality of opportunities for girls to follow non-traditional courses, including disciplines related to new technologies, by offering career guidance, promoting exchanges of experience and organizing awareness initiatives;
- (vi) to encourage parents to become more involved in the vocational guidance process and to support educational activities.

The Commission was also invited to put forward proposals for specific activities for the period 1989-92 to support developments in Member States in these areas, making it clear which of these activities could be incorporated into the framework of the Decision of 1 December 1987 on the training and preparation of young people for working life.

Health education

168. At their meeting on 23 November 1988 the Council and the Ministers for Education meeting within the Council adopted a Resolution on health education.

Under the terms of this Resolution, the Member States are to take several measures concerning:

- (i) the development and strengthening of multi-disciplinary health education at all levels and in all sectors of secondary education;
- (ii) the participation of representatives of both parents and the education and health sectors in health education programmes;
- (iii) coordination between schools, families, health institutions and services and the local community on measures to promote health;
- (iv) the supply of appropriate teaching materials;
- (v) improved initial and in-service teacher training in this field.

169. At Community level, the Commission was invited:

- (a) to encourage and support exchanges of information by organizing meetings and seminars on health education;
- (b) to draw up a review of health education in the Member States and teaching methods in this field, with a view to disseminating examples of good practice;
- (c) to encourage and support the exchange of teaching materials relating to health education;
- (d) to assist Member States in planning and implementing research programmes and pilot projects, and to encourage cooperation and the exchange of programme results at Community level;
- (e) to support various activities (competitions, exchanges, festivals, etc.) designed to promote awareness amongst those involved in the education process;
- (f) to take advantage of the possibilities offered by the Community's Arion, Erasmus, Comett and Youth for Europe programmes and Community public health programmes to encourage greater cooperation in the health education sector at both pupil and teacher level.

In planning, implementing and assessing the abovementioned measures, and in order to encourage cooperation in this sector, the Commission is to be assisted by a working party composed of representatives of the Member States, to be appointed by the Commission on the basis of proposals from the Member States. The Education Committee is to submit an initial report at the end of 1991.

Young people

170. At its meeting on 24 May 1988 the Council adopted the 'Youth for Europe' (YES) programme, which is designed to promote exchanges of young people within the Community. The programme began its preparatory phase on 1 July 1988 and is to run for three years (1989, 1990 and 1991). A total of ECU 18.5 million has been made available, ECU 3.5 million of which is for the preparatory phase and ECU 15 million for the programme itself.

The programme is designed to promote bilateral and multilateral exchanges and meetings lasting at least one week between groups of young people aged between 15 and 25, with a view to:

- (i) increasing young people's understanding of the economic, social and cultural life of other Member States;
- (ii) establishing cooperative relationships between groups of young people from different Member States;
- (iii) promoting the exchange of ideas and the identification of common interests, and the developing of an awareness of a European identity.

The programme is designed in particular to encourage the participation of young people who find it most difficult to take part in existing programmes of exchanges between Member States. The Commission is responsible for implementing the programme, assisted by a consultative Committee composed of representatives of the Member States.

J — Other matters

Culture

171. On 27 May 1988 the Council and the Ministers responsible for Cultural Affairs meeting within the Council adopted a Resolution on their future work. As a result of this Resolution a Cultural Affairs Committee was set up, composed of representatives of the Member States and the Commission, with the task of evaluating all proposals relating to cultural cooperation and preparing the work of the Council and/or the Ministers, without prejudice to the procedure provided for under Article 4 of the Treaty establishing a Single Council and a Single Commission and current practice regarding the preparation of meetings of Ministers within the Council. The Committee also has the task of monitoring the implementation of action decided on by the Council and/or the Ministers meeting within the Council, and of reporting back regularly.

The Council and/or the Ministers meeting within the Council may, under the terms of this Resolution, invite European countries that are not members of the Community and organizations concerned with European cultural cooperation, especially the Council of Europe, to participate in specific cultural activities of mutual interest.

172. Without prejudice to the provisions of Article 155 of the EEC Treaty, the Commission has the task of implementing, in close cooperation with the Committee for Cultural Affairs, activities decided on by the Council or the Ministers meeting within the Council that require action at Community level.

With the Committee's approval, the Commission may be invited to assume a coordinating role in the implementation of the decisions of the Ministers meeting within the Council. It may also be invited to coordinate projects not involving all Member States and/or projects involving European countries that are not members of the Community.

In adopting these conclusions the Council and the Ministers responsible for cultural affairs meeting within the Council established their priorities for future action in the cultural field.

These are:

- (i) the promotion of the European audiovisual sector;
- (ii) the book sector;
- (iii) training in the cultural field;
- (iv) business sponsorship.

Consumers

173. During 1988 the Council devoted its meeting on 7 June to consumer policy.

At this meeting, it adopted a number of legislative acts. Other acts were adopted at other Council meetings. The following paragraphs give details of the work done in 1988.

DIRECTIVES, DECISIONS AND RESOLUTIONS ADOPTED BY THE COUNCIL IN 1988

174.

Council Directive on consumer protection in the indication of the prices of non-food products

Council Directive amending Directive 79/581/EEC on consumer protection in the indication of prices of foodstuffs

The Council adopted these two Directives on 7 June 1988.¹ Since display of the selling price and the unit price makes it easier for consumers to compare prices at points of sale, these two Directives aim to make it obligatory to show the unit prices of products offered to the consumer. This should help establish the Single Market and facilitate the circulation of these products.

¹ OJ L 142, 9.6.1988.

Council Resolution on consumer protection in the indication of the prices of foodstuffs and non-food products

Under the terms of this Resolution, adopted on 7 June 1988,¹ the Council invited the Commission to submit to it as soon as possible suitable proposals with a view to extending the quantity ranges to further categories of products and to revising and, where necessary, improving the ranges already adopted by the Community.

175.

Council Decision amending Decision 84/133/EEC introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products

This Decision, adopted by the Council on 21 December 1988,² extended to 30 June 1990 the Community system for the rapid exchange of information on dangers arising from the use of consumer products set up by Decision 84/133/EEC.

Council Resolution on the improvement of consumer involvement in standardization

In this Resolution, adopted on 4 November 1988,³ the Council called on the competent authorities in the Member States to foster:

- (i) the improvement of consumer involvement in the standardization process;
- (ii) the representation of consumer interests in standardization bodies;
- (iii) the provision of appropriate means to allow consumers to carry out their required functions.

The Council welcomed the Commission's intention of preparing a programme of priorities in this field with a view to improving the representation of consumer interests in activities relating to European standardization.

First report on the integration of consumer policy with other common policies

After examining the report presented by the Commission on 7 June 1988 the Council adopted a set of conclusions in which it invited the Commission to step up its efforts to improve consumer safety and protection, and recalled the Commission's decision to take consumer interests into account when drawing up proposals.

¹ OJ C 153, 11.6.1988.

¹ OJ L 17, 21.1.1989.

² OJ C 293, 17.11.1988.

OTHER COMMISSION PROPOSAL EXAMINED BY THE COUNCIL'S
SUBORDINATE BODIES IN 1988

176.

*Proposal for a Council Directive amending Directive 87/102/EEC
for the approximation of the laws, regulations and administrative provisions
concerning consumer credit*

Chapter IV — External relations and development cooperation

A — Commercial policy

GATT

177. The intense pace of the Uruguay Round negotiations throughout 1988 demonstrated the crucial importance all the participants, and particularly the Community, attached to maintaining, strengthening and modernizing the system of free multilateral trade, both as a means of resisting protectionist pressures or avoiding the risks of stalemate because of unilateral or bilateral action, and as a means of greater coordination between commercial policy and other macroeconomic policies, particularly in relation to monetary and financial affairs.

178. The Community continued to play an active and constructive role to maintain the momentum of the negotiations. On the basis of communications from the Commission, the Council took stock of the state of negotiations and the prospects at several stages, notably at the April and November Council meetings. The Council emphasized in particular that, for the sake of the free system of multilateral trade and the world economy as a whole, it was important that everything possible should be done to ensure that the negotiations were successful. It restated in this connection a number of concepts that were essential for the Community: the indispensability of concerted action in the various fields (economic, monetary and financial) to improve the world economic climate; the comprehensive nature of the negotiations; the need for the fullest possible participation in the system by all countries according to their level of development; the need for the main trading partners to respect the standstill and rollback commitments made at Punta del Este.

More specifically, in the various negotiating groups the Community submitted proposals, policy statements and discussion papers across the whole range of areas for negotiation. For example, on the basis of negotiating directives adopted by the Council on 22 February 1988, the Community was the first to offer to roll back certain quantitative restrictions applying to non-member countries. Similarly, in the agricultural sector, the Community expanded on its position of October 1987 both with regard to short-term measures and its policy of concerted reduction of agricultural subsidies and concerning the technical aspects of using a global measure

of agricultural subsidies in the negotiations and an appropriate regulatory framework in the field of health and plant health. The Community was also able to present a basic communication to GATT on the guidelines and objectives for negotiating substantive standards for the protection of intellectual property rights.

179. In accordance with the Ministerial Declaration of Punta del Este, whereby the Trade Negotiations Committee was to meet as often as required at ministerial level, an interim ministerial meeting was held in Montreal in the week beginning 5 December 1988. The Community participated in this meeting, considering that it was important for the progress of the negotiations, formed a step towards completing them in 1990 and was based on the principle of comprehensiveness established by the Punta del Este declaration.

The Montreal results were uneven.

First, in the priority sector of tropical products, a package of significant offers was successfully negotiated: pending completion of the work started in Montreal on all these subjects, the Community announced its intention to implement immediately part of its offer relating to the system of generalized preferences. In 10 of the other 14 negotiating areas, real progress was also made, notably on the institutional provisions of GATT (strengthening of the procedures for settling disputes and improving the operation of the GATT system) and in the services sector, where a detailed negotiating framework was drawn up.

However, in the sensitive agricultural sector it was not possible to reconcile the diametrically opposite positions of the Community and some of its trading partners such as the United States. This deadlock in the agricultural negotiations had the effect of blocking the search for solutions in three other sectors: intellectual property, textiles and safeguards.

A further consequence of this situation was that the results achieved on the other subjects could not be formalized and were left in abeyance pending the meeting of the Trade Negotiations Committee at senior official level to be held in Geneva at the start of April 1989. Until such time Mr Dunkel, as President of the Committee at senior official level, was given the task of conducting high-level consultations on the points outstanding from Montreal.

Throughout the work in Montreal, the Council, which met there on a number of occasions, followed and gave support to the actions of its negotiator, the Commission, as regards both the results achieved and the problem areas where it had not been possible to find a compromise solution owing to the rigid position adopted by some of the Community's trading partners, notably in the agricultural sector.

180. Alongside the discussions on the new round of trade negotiations, the Community participated, as in previous years, in all the activities relating to the everyday

running of GATT. These were largely dominated by the application of the disputes procedure, which the contracting parties invoked more and more often. This was evidence of both the considerable number of trade disputes and the contracting parties' growing confidence in the credibility and the vitality of the GATT system as a means of solving bilateral disputes on a multilateral basis. For example, at the Community's prompting, the GATT Council regularly reviewed the implementation of the recommendations made by certain special groups (the oil tax levied by the United States, the tax system applied by Japan to wines and alcoholic beverages). Likewise, the United States had a special group set up to look at their complaints concerning the system applied by the Community to oleaginous products under its common agricultural policy. For its part, the Community appealed to GATT concerning the agricultural restrictions applied by the United States under the waiver of 1955 and their tariff head note, and made a formal request for the setting up of a special group on sugar and products containing sugar. This request is still under consideration by GATT, as is the Community's request for the GATT Council to examine the United States' decision to apply retaliatory measures against the Community in its dispute concerning the Community Directive banning the use of hormones for fattening animals for human consumption.

Sectoral problems

IRON AND STEEL INDUSTRY

181. As in previous years, the Community's external activities centred on the implementation of the decisions taken by the Council in December 1987 concerning arrangements with non-member countries in the iron and steel sector.¹

After examining the overall situation in the iron and steel industry, the Council decided, in agreement with the Commission, to continue to apply, where appropriate, in 1989 the external measures in force in 1988 in order to ensure trade stability and avoid distortions of competition. The decision taken by the Council on 23 January 1988 concerning a new round of negotiations with non-member countries in the iron and steel sector envisaged the complete liberalization of exports of semi-finished products and a 3% increase in the quantities of steel authorized for export to the Community. The Council also decided on a possible simplification of the terms laid down in exchanges of letters with the EFTA countries.

These decisions reflected both the improvement in the iron and steel industry in the Community, and the Council's caution as to whether this situation would be maintained in 1989.

¹ See 35th Review, paragraph 192.

TEXTILES

182. Acting on the basis of the negotiating directives adopted by the Council on 11 March 1986,¹ the Commission negotiated a new Agreement with China based on the MFA. After it was approved by the Council in December,² this Agreement replaced the existing one, which expired on 31 December 1988, and will run for four years. The new Agreement keeps the same structure as the old one: the opening by the Community of import quotas for certain Chinese textile and clothing products, and the undertaking by China to supply Community industries with certain quantities of textile raw materials and to grant Community exporters preferential access to the Chinese market under certain conditions. As to the quotas opened by the Community, some increases were accepted but certain new restrictions were introduced.

As regards other trading partners, the Council approved the renewal of certain arrangements due to expire in 1988 as well as adjustments to certain agreements to take account of the changes to the customs classification resulting from implementation of the International Convention on the Harmonized Commodity Description and Coding System.

183. In November the Council had a thorough discussion on the situation in the Community textile and clothing industry on the basis of a report from the Commission. As regards the commercial aspects, the Council recognized that in general commercial policy should take account of the restructuring process taking place in the Community textile and clothing industry. The Council considered that it was important for negotiations on bilateral agreements to be carried out on the basis of Council Directives, taking account of the situation in the Community industry, the relative position of suppliers from non-member countries, and the general principles of competition. With regard to the GATT multilateral negotiations (Uruguay Round), the Council stressed that the liberalization process agreed upon at Punta del Este must be accompanied by a strengthening of the GATT rules and regulations.

Common commercial policy instruments

184. On the basis of a proposal from the Commission, the Council adopted on 11 July 1988 Regulation (EEC) NO 2423/88³ on protection against dumped or subsidized imports from countries not members of the European Economic Community. This Regulation, which constitutes a revised version of the basic Regulation No 2176/84, incorporates the changes adopted in 1987 ('screwdriver factories') and adds others aimed essentially at simplifying and improving the procedures.

¹ See 34th Review, paragraph 214.

² OJ L 380, 31.12.1988.

³ OJ L 209, 2.8.1988.

As part of the management of anti-dumping regulations in force, the Council gave its opinion on a number of proposals from the Commission, the majority of which concerned the introduction of definitive anti-dumping duties.

In accordance with its Decision 69/894/EEC, the Council, acting on Commission proposals, authorized the extension or tacit renewal for one year of a number of trade agreements concluded by Member States with non-member countries. It also approved the tacit renewal or extension of certain friendship, trade and navigation treaties and similar agreements concluded by Member States with non-member countries.

185. In accordance with the provisions of the basic Regulation (EEC) No 2063/69 establishing common rules for exports, the Council adopted Regulation (EEC) No 4249/88 of 21 December 1988¹ laying down for 1989 the export arrangements for certain types of non-ferrous metal waste and scrap in order to prevent any shortages on the Community market. This Regulation continued the system of monitoring exports of aluminium and lead waste and scrap and maintained quotas for exports of copper ash and residues, and of copper waste and scrap.

Pursuant to Council Regulation (EEC) No 288/82 on common rules for imports, by Council Regulations (EEC) No 1733/88² the Council confirmed two Commission Regulations instituting systems for the authorization of imports into Italy and France of footwear originating in South Korea and Taiwan. These imports had been referred to the Council by a Member State. The import authorization arrangements were introduced because of the difficulties caused to the industries involved by the very aggressive competition from imports from South Korea and Taiwan, particularly in terms of price.

Fairs and exhibitions

186. As in previous years, the Council's subordinate bodies helped to prepare the participation of certain Member States and the Commission in fairs and exhibitions. The aim was to improve the image of the Community at these events, e.g. by positioning the stands of the Member States around the Community's stand.

Work began in 1988 on preparing for the Community's participation in the world fair to be held in Seville in 1992. Eleven Member States have already decided to take part, and in December 1988 the Commission submitted to the Council and Parliament a communication proposing Community participation in the Exposition in conjunction with the Member States.

¹ OJ L 373, 31.12.1988.

² OJ L 155, 22.6.1988 and L 291, 25.10.1988.

B — Relations with the industrialized countries

Relations with the EFTA countries

187. Further considerable progress was made in strengthening cooperation with the EFTA countries.

A ministerial meeting on the internal market was held in Brussels on 2 February 1988.

This meeting provided an opportunity to reaffirm the common political will to consolidate and strengthen cooperation as the Community progresses towards completion of the Single Market, with a view to achieving the overall objective laid down in the 1984 Luxembourg Declaration of creating a dynamic European economic area between the Community and the EFTA countries.

Ministers took stock of cooperation regarding the internal market and defined a number of areas for priority consideration with the aim of achieving results at the annual meeting between EFTA ministers and the European Commission in Tampere on 15 June 1988. These were the mutual exchange of notifications on new technical regulations, improving and simplifying the rules of origin, strengthening the protection of the typographies of semi-conductors, greater transparency in the field of state aid, public procurement tenders, the systems of price compensation for processed agricultural products, negotiations on abolishing existing export restrictions and prohibiting new restrictions, etc.

The Tampere meeting noted with satisfaction the progress made in these areas and boosted cooperation by drawing up a programme of work on other topics on which early progress was recognized as important (training and education, the environment, financial services, transport, intellectual property rights and counterfeit goods, product liability, etc).

188. At the Council's request, on 29 November 1988 the Commission presented a report that looked at the other areas mentioned in the Luxembourg Declaration, including agriculture and fishing, and the scope for developing cooperation beyond the current areas, having regard, *inter alia*, to the principle of economic and social cohesion. Work was started on examining this report.

In Lugano on 16 September 1988 the Member States of the Community and the EFTA countries signed a Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial matters.

In October 1988 the Council adopted negotiating directives for the Commission with a view to the suspension, by the EFTA countries, of their customs duties *vis-à-vis*

Spain of 2% or less. Negotiations were concluded in March 1989. The EFTA countries adopted unilateral measures to implement these suspensions of duties on 1 January 1989 (1 April 1989 in the case of Sweden).

Lastly, it should be mentioned that the Free-Trade Agreements, which are administered by Joint Committees at regular meetings, continued to operate very satisfactorily.

Relations with non-European industrialized countries

UNITED STATES

189. The Council closely followed the legislative procedure that resulted in the signing by the President of the United States on 23 August 1988 of the new Trade Act. In March and July the Council expressed its concerns regarding the protectionist aspects of the bill under discussion in Congress and the inevitable consequences for bilateral relations between the Community and the United States and for the multilateral system, particularly the current Uruguay Round negotiations.

Although some provisions had been removed from the final version, this legislation had protectionist aspects that could affect, directly or indirectly, Community interests, depending on how it was applied by the United States administration.

In September, following the adoption of the Trade Act, the Council repeated its deep concern regarding the potential protectionist effects of certain measures remaining in the Act, particularly the provisions giving the United States greater scope for unilateral measures — which would be incompatible with the Punta del Este Declaration and with the commitment to the multilateral trade system. The Council therefore stressed the need for the United States authorities to ensure that the provisions in the new Trade Act were applied in full accordance with the GATT rules. The Council repeated that the Community would monitor the application of this Act very closely and would take action to defend its legitimate rights if its interests were affected. It also stressed the need to maintain a dialogue in order to avoid confrontation and ensure that the current multilateral trade negotiations proceeded smoothly.

190. In the agricultural sector, the Council gave particular attention, towards the end of the year, to the problem of hormones.

The Council Decision of 18 November 1987 extended the transitional period and authorized the sale of meat subjected to hormone treatment until 31 December 1988,¹ but it still proved impossible to settle the dispute between the Community and the United States. The United States maintained its position of questioning the scientific basis of the Directive and demanding that it be revoked or, at the very least,

¹ See 35th Review, paragraph 204.

suspended. For its part, the Community considered the Directive to be fully in accordance with GATT rules, since it was non-discriminatory in nature and applied equally to meat produced within the Community and to that imported from non-member countries. The Community could therefore not agree to review internal legislation which it considered to be necessary.

Faced with the threat of unilateral United States' action against certain Community exports — measures which would have violated GATT rules — the Council decided at its November meeting to refer the matter to the GATT. At the same time, while encouraging the Commission to continue talks with the United States authorities with a view to finding a satisfactory solution to the dispute under existing rules, the Council agreed to the principle of Community countermeasures if the United States implemented its unilateral measures.

The Council returned to this matter in December and noted that the Directive on hormones would be fully implemented on the scheduled date of 1 January 1989 and approved the list of countermeasures put forward by the Commission. However, it reserved the right to decide when it would implement the countermeasures in keeping with developments in this case. The Council invited the Commission to continue its contacts with the new United States administration and pursue the GATT proceedings, and approved the Commission's intention of substantially reducing the scale of the dispute by finding a solution to the problem of imports of pet food within the framework of the Directive.

191. A further problem in the agricultural sector was that the United States contested certain premiums and subsidies granted by the Community to processors of oleaginous products intended for animal feedstuffs and had a panel set up under Article XXIII.2 of the GATT. The United States considered that the fall in US exports of soya to the Community pointed out that it remained the largest importer of soya from the United States and that the recent fall in US soya exports was due not to an increase in Community production but to more competitive exports from other countries.

The Community therefore requested that the panel in question should assess the injury suffered by the United States — which was rejected by the latter.

Following unsuccessful bilateral consultations with the United States, the Community in turn requested that a GATT panel should examine the United States restrictions — which had been in force since 1955 on the basis of a GATT exemption — on imports of certain agricultural products (cotton, peanuts, dairy products, sugar and products containing sugar). The Community considered that the original justification of this exemption no longer applied because the programmes for limiting United States production of these products (programmes to which the United States was committed under the terms of the exemption) had since been abolished or considerably reduced.

This request is being blocked in the GATT by the United States as long as there is no agreement on the terms of reference of the 'soya' panel.

JAPAN

192. The Council continued to monitor relations between the Community and Japan with particular attention. At its April meeting it held a thorough discussion on the basis of a communication from the Commission.

At this meeting, while noting that certain aspects of recent economic and trade developments had helped to improve relations with Japan (growth of the Japanese economy led by domestic rather than export demand, increase in Japanese imports of Community products) and that the new Japanese Government was committed to structural reforms, the Council remained concerned at the persistence of the large Japanese surplus and the difficulties of access to Japanese markets.

The Council thus confirmed the general guidelines in its March 1987 conclusions and recalled the need for a genuine balance of benefits in trade with Japan. The Community would also be trying to achieve this within the framework of the Uruguay Round.

193. With this in mind, the Council supported steps already taken by the Commission aimed at obtaining greater access to the Japanese market for a number of products hampered by obstacles in this respect, the participation of Community companies in major public contracts in Japan on the same basis as United States companies and the full and speedy implementation of the GATT Panel's conclusions on wines and spirits, the Agreement concluded under Article XXIV.6 of GATT and the conclusions of the semi-conductors Panel.

The Council also approved the Commission's intention of examining what action it could take concerning motor vehicles, medical equipment, pharmaceutical products, the protection of intellectual property, and agriculture (dairy products, pork, plant health problems).

194. Moreover, the Council welcomed the Commission's intention of developing and strengthening cooperation with Japan across a whole range of areas such as telecommunications, industry, and science and technology, while promoting Community exports and developing an active programme of information in the various regions of Japan. On the European side, the Council invited the Commission and the Member States to make European companies aware of the greater opportunities now offered by the Japanese market.

Finally, the Commission and the competent authorities in the Member States were invited to continue their efforts to obtain improvements in the funding situation of

Community banks in Japan and further liberalization of the Japanese financial markets.

OTHER COUNTRIES

195. Issues arising from trade relations with the other major industrialized countries were discussed both within the multilateral framework of the GATT and on a bilateral basis through regular, high-level consultations between the Commission and these countries.

As regards Canada in particular, an Agreement was initiated in December on trade in alcoholic beverages. This Agreement, which followed successful GATT proceedings by the Community, should put an end to a series of discriminatory practices affecting beverages exported to Canada from the Community.

C — Relations with the State-trading countries

Relations with the CMEA and the countries of Eastern Europe

196. Ninety hundred and eighty-eight marked the start of a new phase in relations between the Community and the countries of Eastern Europe. The year saw a number of significant events: the signing of a joint EEC/CMEA Declaration, the establishing of diplomatic relations with most of these countries, and the conclusion of bilateral agreements with Hungary and Czechoslovakia.

At its meeting on 25 July 1988, the Council held a general debate on the prospects for relations with these countries. This confirmed the importance which the Community attached to developing relations on the basis of a pragmatic and flexible approach, taking account of the special features of each Eastern European country and of the need for reciprocity and mutual advantage.

EEC/CMEA

197. On 25 June 1988 the Joint Declaration on the establishment of official relations between the Community and the Council for Mutual Economic Assistance (CMEA) was signed in Luxembourg for the Community by Mr Genscher, President-in-Office of the Council, and Mr de Clercq, Member of the Commission, and for the

CMEA by the President of the CMEA Executive Committee and the CMEA Secretary.

The EEC/CMEA Joint Declaration was the culmination of a long negotiating process going back to 1974. At that time, the Commission sent the European member countries of the CMEA a proposal for establishing bilateral agreements, as the Member States had by then transferred responsibility for trade policy to the Commission. The CMEA reply consisted of a proposal for a framework arrangement governing relations between the two organizations.

Contacts between the Community and the CMEA were long hampered by a fundamental difference in approach: the Community gave priority to establishing bilateral relations with each of the CMEA countries since the CMEA had no authority to conduct trade negotiations on their behalf; the CMEA, however, wanted to normalize relations between the Community and the CMEA countries through the prior conclusion of a wide-ranging agreement between the two organizations containing trade provisions.

Although contacts were suspended in 1981, they were resumed in 1985 following a CMEA initiative for a new approach aimed at drawing up the text of a joint declaration on the start of official relations between the two organizations.

The final obstacle to be overcome concerned the question of a 'territorial application clause'. This clause in agreements between the Community and non-member countries states that 'the Agreement shall apply to the territory in which the Treaty establishing the Community is applied and under the conditions laid down in that Treaty'. The CMEA finally accepted the insertion of this in the text.

198. The first effect of the Joint Declaration was to normalize relations between the two organizations. As Mr Genscher, the German Minister for Foreign Affairs, pointed out at the signing ceremony, the EEC/CMEA Joint Declaration was above all a political gesture creating a climate of confidence between the two parties. In addition to establishing official relations between the two organizations, it provided for the development, by both parties, of cooperation in areas that fell within their respective spheres of competence and where there was a common interest. The areas, forms and methods of cooperation were to be determined by means of subsequent contacts and discussions.

Following the signing of the Joint Declaration, Commission officials and a delegation from the CMEA Secretariat held an initial series of exploratory talks in November 1988 on the respective spheres of competence of the two organizations.

In the weeks following the initialling of the Joint Declaration, all the European member countries of the CMEA, with the exception of Romania, took steps to establish official relations with the Community. The Community authorities

responded favourably, and in August and September, diplomatic relations were therefore established with all of these countries except Romania.

HUNGARY

199. In 1988, the negotiations with Hungary resulted in the conclusion — for the first time with an East European country — of a framework agreement on trade and economic cooperation, opening the way to more broadly based relations.

The Agreement on trade and commercial and economic cooperation between the Community and the People's Republic of Hungary, which was signed in Brussels on 26 September 1988, came into force on 1 December 1988. It was negotiated on the basis of the negotiating directives adopted by the Council on 27 April 1987: the last two negotiating sessions took place at the end of May and at the end of June 1988.

This Agreement takes account of the peculiarities of the economic and social system in Hungary which make it, compared with the other State-trading countries, closer to the countries with market economies. In a statement made at the signing of the Agreement, the President-in-Office of the Council also underlined the political significance of this Agreement as part of the tangible improvement in the political climate between the Community and its Eastern European neighbours, as demonstrated by the signing of the Joint Declaration establishing official relations between the Community and the CMEA.

200. It is a non-preferential trade agreement covering trade in industrial and agricultural products, except those which are the subject of sectoral agreements (textiles, steel, beef).

The Agreement, which was concluded for an initial period of 10 years, provides for a three-stage process lasting until 1995 to completely liberalize Hungarian imports to the Community. In return, Hungary undertakes to improve access to its market for Community economic operators, to encourage sales promotion activities and to improve information media.

It contains a safeguard clause and, for very sensitive products, a strengthened safeguard clause with shorter deadlines.

In the agricultural sector, the Agreement provides for an examination by the two parties in the Joint Commission of the scope for granting reciprocal concessions.

As regards cooperation, the Agreement allows for future developments. The parties are to encourage economic cooperation in a number of sectors. The Agreement defines the forms this cooperation might take.

A few days after the Agreement with Hungary came into force, the Joint Commission it provided for held its first meeting at ministerial level in Budapest. The results of this first Joint Commission meeting were considered to be very promising. The Community Delegation was accompanied by a group of businessmen to prepare for a more significant visit in 1989, thus giving substance to one of the Agreement's objectives.

CZECHOSLOVAKIA

201. On 18 December 1988 the Community signed a Trade Agreement with Czechoslovakia. This had been negotiated in two stages in July and October 1988 on the basis of the directives adopted by the Council on 21 November 1986.

The Agreement was based on the principle of reciprocity and mutual advantage and took account of the particular characteristics of Czechoslovakia. It was limited to trade in industrial products (except those already covered by sectoral agreements such as textiles and iron and steel). It was concluded for an initial period of four years with the possibility of annual renewal by tacit agreement.

For its part, the Community offered concessions relating to the liberalization of imports of products originating in Czechoslovakia that had been subject to quantitative restrictions. For certain products the restrictions were to be abolished or suspended as soon as the Agreement came into force. For another list of products more sensitive for the Community, there was to be gradual liberalization but no date was set for completion of the process.

Czechoslovakia, for its part, undertook to take the measures necessary to encourage imports from the Community, particularly in terms of supplying information on its economic development plans, its general import arrangements, and its sectoral forecasts. It also undertook to create favourable working conditions for Community businessmen and further sales promotion activities.

Finally, the Agreement set up a Joint Committee which was to meet each year to monitor the smooth operation of the Agreement and consider measures for the development and diversification of trade.

ROMANIA

202. The seventh meeting of the Joint Committee was held at ministerial level in Brussels on 18 and 19 January 1988 and reviewed the development of trade.

The eighth meeting of the Joint Committee was held for 1988 at senior official level in Bucharest on 21 and 22 November. At this meeting the two sides looked at the

various aspects of their economic and trade relations in the light of the prospects for their respective economies. The Community expressed concern at the deterioration in the trade balance with Romania and wished to see trade develop in a balanced fashion.

POLAND

203. The Commission held a final round of exploratory talks with the Polish authorities, in September 1988, with a view to negotiating a Cooperation Agreement. The two sides were able to clarify their positions sufficiently for the Commission to put before the Council on 18 December draft negotiating directives for a Trade and Cooperation Agreement with Poland. The Council immediately began examination of this draft.

BULGARIA

204. Following talks at expert level between the Commission and Bulgaria on opening negotiations aimed at concluding a Cooperation Agreement between the Community and Bulgaria, a final meeting took place in September 1988 at which there was found to be sufficient convergence between the two sides' positions as regards the nature of any Agreement. On 18 December the Commission therefore submitted to the Council draft negotiating directives for a Trade and Cooperation Agreement with Bulgaria. A start was made immediately on examining this draft.

USSR

205. With a view to preparing negotiations for a Trade and Cooperation Agreement with the USSR, there were exploratory talks throughout the year between the Commission and a Soviet delegation. These talks entered a more positive phase in the second half of the year after the signing of the EEC/CMEA Joint Declaration. Progress was made, with both parties clarifying their intentions as to the nature and content of the Agreement, but the talks did not enter the final phase.

GDR

206. In September the Commission also began exploratory talks with the GDR authorities aimed at preparing the negotiations for an agreement on trade with the Community which would not affect the provisions of the Protocol on trade between the two German States annexed to the Treaty of Rome.

Relations with China

207. The tenth meeting of the Joint Committee set up under the 1985 Trade and Economic Cooperation Agreement between the EEC and China was postponed for practical reasons and rescheduled to be held in Brussels at the start of 1989. As regards trade, China's trade deficit with the Community continued to decline in 1988.

Moreover, in December the President-in-Office of the Council received a delegation from the National People's Congress of China when this delegation visited the European Parliament.

D — Development cooperation

Development policy in general

208. The Council's work focused on the following topics:

THE ECONOMIC SITUATION AND THE ADJUSTMENT PROCESS IN SUB-SAHARAN AFRICA

209. At its meeting on 31 May 1988 the Council adopted a resolution entitled 'The economic situation and the adjustment process in sub-Saharan Africa', in which the Community and its Member States restated their readiness to do everything in their power to support the restructuring and adjustment being undertaken by most sub-Saharan African countries.

Having concluded that the approach required for viable and durable restructuring must, above all, take account of the peculiarities and constraints of each country, the Council invited the Commission and the Member States to ensure that the aid instruments at their disposal were coordinated and used as efficiently as possible. The Council also emphasized the need for coordination between the Community and the World Bank and the IMF.

FOOD SECURITY POLICY IN SUB-SAHARAN AFRICA

210. At its meeting on 23 November 1988 the Council adopted a resolution on food security policy in sub-Saharan Africa. This resolution drew on the experience gained by the Community in its support for food strategies in a number of African countries and set out the principles of future Community action.

The pursuit of food security must remain a priority, both for the developing countries and for the cooperation policy of the Community and its Member States. An appropriate balance must be struck between local production and imports; this balance will vary from country to country, and account must be taken of the financial and above all the economic, social and political criteria in each country.

Any strategy or programme aimed at improving food security involves taking action in the areas of food production, cereal markets and purchasing power. The resolution drew particular attention to the factors linked to the economic environment, increasing production, consumption and the use of aid instruments such as food aid which could help to achieve food security.

The Council also emphasized the importance of coordination in this area between the Community, its Member States, and the non-member donor countries and institutions, particularly at national and regional level in the sub-Saharan African countries.

The Council invited the Commission and the Member States to continue, in the light of the resolution, with their support for the food security policies in the countries of sub-Saharan Africa.

RENEWAL OF THE ACP-EEC CONVENTION

211. At its meeting on 31 May 1988, the 'Development' Council held a thorough exchange of views on the guidelines proposed by the Commission for the renewal of the ACP-EEC Convention. These discussions revealed broad agreement among the various delegations and were taken into account by the Commission in preparing the draft negotiating directives, which were subsequently examined and adopted by the 'General Affairs' Council on 11 October 1988.

At its meeting on 23 November 1988 the 'Development' Council also took note of a Commission progress report on the negotiations, and welcomed the fact that these were being conducted on schedule and in a positive atmosphere.¹

COOPERATION WITH DEVELOPING COUNTRIES IN ASIA AND LATIN AMERICA

212. At its meeting on 23 November 1988 the Council held a preliminary policy discussion on the 1989 general guidelines for financial and technical aid to develop-

¹ See also Section E (Relations with ACP countries and the OCTs) for the negotiations on renewing the Lomé Convention.

ing countries in Asia and Latin America, which were adopted by the 'General Affairs' Council in December 1988.¹

SPECIAL PROGRAMME TO AID CERTAIN HIGHLY INDEBTED LOW-INCOME COUNTRIES IN SUB-SAHARAN AFRICA

213. The special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa was formally adopted by the Council on 15 December 1987. This programme, involving some ECU 500 million, is part of a broader initiative launched and coordinated by the World Bank. By financing sectoral or general import programmes, it aims to ease the immediate constraints affecting these countries.

At the Council meeting on 23 November 1988, following an introductory statement by the Commission Vice-President Mr Natali, there was an exchange of views on the implementation of this programme.

The Council welcomed the speed with which the programme had been embarked upon and stressed the importance of and need for coordination at an operational level between the Community and the other international institutions playing an important role in the dialogue on structural adjustments. The Council also noted the benefits resulting from a regular exchange of information between Member States and the Commission on their individual actions and measures to aid the countries involved, and from improved coordination at Community level prior to the biannual meetings of the World Bank and the *ad hoc* meetings organized by the Bank on particular countries.

EUROPEAN DEVELOPMENT VOLUNTEERS

214. At its meeting in May, the Council heard an account from the French and German delegations on the experimental phase of the European development volunteers programme drawn up by France and Germany following the European Council meeting in Fontainebleau in June 1984. The two delegations invited the other Member States to consider joining the programme.

AIDS

215. At its meeting in November 1988 the Council was informed by the Commission of its action to support the efforts by developing countries to combat AIDS. The Council welcomed the satisfactory progress of the Community programme to com-

¹ See also Section G (Latin America — Asia)

bat this illness approved by the Council in May 1987, which was financed by the EDF (ECU 35 million) and by the new Article 954 in the budget (ECU 5 million).

Food aid

216. At the request of the European Parliament, the Regulation (EEC) amending Regulation (EEC) No 3972/86 on food-aid policy and food-aid management was again the subject of a conciliation procedure. The Council and Parliament agreed to suspend this procedure pending the judgment of the Court of Justice on the action by Parliament concerning the decision laying down procedures for the exercise of implementing powers conferred on the Commission. Consequently, the Council extended the abovementioned Regulation for a period of one year until 30 June 1989.

On 4 August 1988 the Council adopted two Regulations supplementing the range of instruments available to the Community for contributing to food security in developing countries.

These were:

- (i) the Regulation¹ enabling the Commission to implement storage programmes and early warning systems in developing countries in order to help improve food security for the poorest sections of the population in these countries; these operations, generally on a small scale, were to take the form of financial and technical assistance;
- (ii) the Regulation¹ enabling the Community to contribute 25% to 75% of the total cost of the purchase and transport to their destination of food products or seed bought by international organizations or NGOs to assist needy sections of the population of developing countries; the food products mobilized on the Community market or in the developing countries were to be those on the list drawn up each year by the Commission.

217. The Council's subordinate bodies determined the position to be taken by the Community, in coordination with the Member States, in various international bodies: the conference on WFP contributions in New York (February), meetings of the Committee on Food-Aid Policies and Programmes in Rome (June and December), and meetings of the Food-Aid Committee of the International Wheat Council in London (July and December).

Generalized scheme of preferences for 1989

218. The generalized scheme of preferences (GSP) for 1989 adopted by the Council contains certain changes in relation to the 1988 version.

¹ OJ L 220, 11.8.1988.

The principles previously adopted by the Council concerning increased differentiation (extending to complete exclusion) regarding the most competitive beneficiary countries continued to be applied, and there are to be certain exclusions in the industrial goods and textiles sectors. Furthermore, isolated changes were also made to the list of sensitive products. At the same time, the offer was improved for beneficiary countries other than the highly competitive countries.

Certain isolated new concessions were introduced in the agricultural sector. For steel products the *status quo* was maintained.

As regards management, in the light of the Court's judgment¹ on quotas the Council decided to introduce major changes in the management system of the 1989 GSP. There was to be a considerable increase in the number of unallocated industrial quotas, an increase in the reserve for industrial and agricultural products and a new reserve in the textiles sector. The Council maintained allocations between Member States or allowed voluntary returns to the reserve only where there were compelling reasons to do so.

In addition, the Council approved a Regulation applying supplementary generalized preferences in respect of certain industrial products originating in developing countries and sold at the Berlin 'Partners in Progress' Fair held in August 1988.²

E — Relations with the ACP States and the overseas countries and territories

219. Relations between the Community and the ACP States in 1988 were marked by the opening, at the Ministerial Conference held in Luxembourg on 13 and 14 October, of negotiations on the renewal of the ACP-EEC Convention.

In preparation for these negotiations, the Council had adopted the Commission's negotiating directives on 11 October 1988.

The negotiations continued at ambassador level in the central negotiating group assisted by eight sectoral groups. The second ministerial negotiating session was to take place in Brazzaville in February 1989.

The central negotiating group held five meetings in 1988 at which it reviewed all the areas and instruments involved in ACP-EEC cooperation. It drew up a preliminary

¹ Judgment of the Court of Justice of 27 September 1988 in Case 51/87.

² Regulation No 1261/88 of 3 May 1988 (OJ L 121, 11.5.1988).

assessment showing the core issues and main problems in the negotiation, thus giving each party a clear view of the respective objectives and priorities and the difficulties to be overcome in each area.

In general terms, this initial round of negotiations at central group level can be said to have revealed a large measure of agreement on two priority objectives:

- (a) firstly, to ensure continuity between the new Convention and the previous ones, thus consolidating previous achievements, particularly the important innovations introduced in Lomé III;
- (b) secondly, to adapt and augment the provisions of the Convention where appropriate to take account of changed circumstances, previous experience and new thinking on a number of specific topics.

The central negotiating group instructed the eight sectoral negotiating groups to look at the issues in more detail in order to arrive at a joint overall appraisal for the second session of negotiations at ministerial level, setting out the areas of agreement, the questions requiring further consideration and the points of disagreement.

220. The two sides considered that in 1988 the conditions for implementing the Third Lomé Convention in the various areas of cooperation and the results achieved were in general satisfactory.

In the field of financial and technical cooperation, the following were of particular note:

- (i) greater efficiency in the allocation of programmable resources under the new approach to programming; the EDF Committee greatly speeded up its operations, so that by the end of 1988 commitments totalled some 60% of available resources;
- (ii) the adoption in July of a resolution in the ACP-EEC Council of Ministers on the 10 years of financial and technical cooperation under the first two Lomé Conventions;
- (iii) the progress achieved with the work of the Article 193 Committee, in particular regarding the general conditions for contracts funded by the EDF and the arbitration procedure.

221. As regards the application of STABEX, on the basis of a report drawn up by the Commission in accordance with Article 155 (4) of the Third Convention, the ACP-EEC Committee of Ambassadors examined the situation in 1987, when total demand for transfers had outstripped available resources. The Committee decided to allocate to the ACP States concerned an additional ECU 120 million from the outstanding balances of Lomé I and Lomé II and from the available reserves from appropriations for Lomé III national and regional programmes.

ACP-EEC cooperation at international level was stepped up, particularly as regards trade policy and commodities.

The first consultation meeting between the ACP-EEC Council of Ministers and ACP-EEC representatives of the economic and social sectors under Article 23(2)(h) of the Convention took place on 20 and 21 October 1988. It discussed the role of small and medium-sized ACP and European businesses in the pursuit of the Lomé Convention objectives.

222. The ACP-EEC Council of Ministers held its thirteenth annual meeting in Mauritius on 10 and 11 May 1988. The meeting centred on an overall assessment — which was judged to be generally positive — of the main areas of cooperation covered by the Third Convention: agricultural cooperation (including food security), trade cooperation, Stabex, agricultural commodities, financial and technical cooperation, and investment. The Council also held an exchange of views on the debt problems of ACP countries, which highlighted in particular the progress made in implementing the special Community programme to aid highly indebted ACP countries. The ACP-EEC Council was also informed of the results of the ministerial meeting on South Africa and southern Africa. This meeting, within the framework of political cooperation, was held in Luxembourg on 16 April 1988 between the member countries of the Community, represented by the 'troika', and the ACP countries represented by the President of the Council of Ministers and the Ministers of twelve States representing the various ACP regions.

The meeting of the ACP-EEC Council was preceded by a meeting at ministerial level of the Article 193 Committee on 9 May 1988.

223. The ACP-EEC Committee of Ambassadors held its twenty-sixth, twenty-seventh and twenty-eighth meetings on 19 April, 7 July and 21 December 1988, respectively. These meetings concentrated mainly on preparing for the meeting of the ACP-EEC Council of Ministers on 10 and 11 May and on a number of other management problems. The meeting on 7 July was confined to two specific questions for which the ACP-EEC Council had delegated responsibility to the Committee (Stabex 1987 and the resolution on 'Ten years of Lomé').

The various ACP-EEC subcommittees and working parties that assist the ACP-EEC Council of Ministers and the ACP-EEC Committee of Ambassadors held regular meetings throughout the year.

224. The Joint ACP-EEC Assembly held two meetings, one at Lomé in Togo from 21 to 25 March and the second in Madrid from 19 to 23 September 1988. A number of resolutions were adopted, in particular on future relations between the Community and the ACP States, health in the ACP States, refugees and displaced persons, and the situation in South Africa and southern Africa.

Under the aegis of the Joint Assembly, the twelfth annual meeting of the ACP-EEC representatives of the economic and social sectors was held in Brussels on 6 and 7

December 1988 to take stock of and discuss the prospects for the involvement of the economic and social sectors in ACP-EEC cooperation.

225. The activities and decisions of the EEC Council, relating to its own responsibilities or to those held jointly with the ACP, included:

- (i) regarding trade cooperation and customs cooperation:
 - (a) the adoption in June 1988 of a Regulation opening, allocating and providing for the administration of a Community tariff quota for rum, arak and tafia for the period 1 July 1988 to 30 June 1989, implementing Protocol No 5 on rum;¹
 - (b) the decision in December 1988 to offer concessions to the ACP States for their treacle and yam exports;
 - (c) the adoption in June 1988 of the Decision on the conclusion of the Agreement on the guaranteed prices of cane sugar for the 1987/88 delivery period with the ACP States that were signatories to Protocol No 7 on sugar;²
 - (d) the adoption in November 1988 of a negotiating brief for guaranteed prices for the 1988/89 period;
 - (e) the replies given in October 1988 to the applications from Zambia and Papua New Guinea to become signatories to the Protocol on ACP sugar: in these replies the Community stated its readiness to accept these two countries as signatories on the twin condition that a technical examination establish their capacity to fulfil on a lasting basis the obligations linked to the allocation of agreed quantities and that the ACP signatories to the Protocol accept their accession without increasing the overall amount in the Protocol;
- (ii) regarding financial and technical cooperation:
 - (a) the discharge given to the Commission in respect of the operations under the third EDF, and the recommendation to Parliament to give discharges to the Commission in respect of the operations under the fourth, fifth and sixth EDFs for the financial year 1986;
 - (b) the laying down, by a Decision of 12 December 1987, of the timetable for the collection of contributions from the Member States to the fifth and sixth EDFs for 1989;
 - (c) the examination of the sections of the Court of Auditors 1986 report dealing with the European Development Fund, the reports from the European Investment Bank on the execution, up to 31 December 1987, of operations financed from the fourth, fifth and sixth EDFs and the Commission report on the results of invitations to tender in 1986;
- (iii) regarding agricultural and rural cooperation, the decision adopting the budget for 1989 of the Technical Centre for Agricultural and Rural Cooperation, and the decision setting the salary scales for the Centre's staff;

¹ Regulation (EEC) No 1867/88 (OJ L 168, 1.7.88). See also Regulation (EEC) No 1868/88 (OJ L 168, 1.7.88) applying to OCTs.

² Council Decision of 13 June 1988 (OJ L 179, 9.7.1988).

(iv) regarding industrial cooperation, the decisions on the nomination of new members to the Governing Board of the Centre for Industrial Development, and the adjustment of the salaries and tax scales for the Centre's staff.

226. The application of Decision 86/283/EEC on the association of the overseas countries and territories with the European Economic Community proceeded satisfactorily during the period under review.

F — Mediterranean — Gulf States — Euro-Arab Dialogue

Relations with the Mediterranean countries

COOPERATION AGREEMENTS

Algeria

227. The Additional Protocol to the Cooperation Agreement, which was signed on 25 June 1987 and concluded for the Community's part by a Council Decision of 28 September 1987,¹ came into force on 1 June 1988.

The EEC-Algeria Cooperation Committee held its first meeting on 7 October 1988. The Algerian delegation was headed by Ambassador Sidahmed Ghozali, Head of the Mission of the People's Democratic Republic of Algeria to the Community. The Committee took stock of cooperation in the various areas covered by the Agreement, particularly on trade relations, cooperation on agricultural foodstuffs and energy, and economic, financial and technical cooperation.

There was full agreement on one essential objective of cooperation, i.e. support to reduce the food dependence of Algeria. This objective was also written into the third Financial Protocol between the EEC and the People's Democratic Republic of Algeria, which came into force on 1 March 1988.² It was planned to allocate for this purpose 50% of the grants from the Community and approximately two thirds of the loans from the EIB. Regarding the Algerian request for greater security and predictability, in the interests of both parties, in trade in food products, a dialogue at various levels was initiated in 1988.

¹ OJ L 297, 21.10.1987.

² OJ L 22, 27.1.1988. Under this Protocol, for a period expiring on 31 October 1991 a total of ECU 239 million can be committed, comprising 183 million in EIB loans, 52 million in outright grants, and 4 million in contributions for building up risk capital.

It was also agreed that industrial and technical cooperation should be strengthened on the basis of real partnership, notably in the form of joint ventures.

As regards the disaster caused by plagues of locusts, both parties underlined the need for long-term, coordinated action involving all the countries affected.

Because of the drought in Algeria, the Community granted Algeria emergency food aid to the value of ECU 10 613 000.

Morocco

228. The Additional Protocol, the EEC and ECSC technical adaptation Protocols consequent on the accession of Spain and Portugal, the Protocol on financial and technical cooperation between the EEC and the Kingdom of Morocco, and the Agreement on relations in the sea fisheries sector were signed at a formal ceremony in Rabat on 26 May 1988.

The Additional Protocol to the Cooperation Agreement — designed to maintain traditional trade flows in the new situation of the enlarged Community — extends the advantages granted to Moroccan exporters, mainly for agricultural products exported to the Community. The technical adaptation Protocols progressively open the Spanish and Portuguese markets to Moroccan products.

The third Financial Protocol between the EEC and the Kingdom of Morocco forms part of the new generation of Financial Protocols recently concluded by the Community with the Mediterranean countries. It is one of the most significant in this sector and involves a total of ECU 324 million, including ECU 162 million in the form of outright grants for the period up to 31 October 1991, i.e. an increase of more than 50% compared to the second Financial Protocol. This financing is intended in particular to help reduce Morocco's food dependence and to strengthen economic links between the Community and Morocco in their mutual interest by developing cooperation in the fields of industry, training and research, technology, trade and other services. The Protocol also provides support for regional and multilateral cooperation projects.

229. The four-year Agreement on sea fisheries relations involved the granting by Morocco of fishing rights for some 100 000 grt per annum. The financial compensation to be paid by the Community was set at ECU 272 million for the four years. The Agreement also stipulates that as from 1 January 1989, Morocco will be able to export to the Community a zero-duty tariff quota of 17 500 tonnes of tinned sardines.

This Fisheries Agreement provides for economic, commercial, scientific and technical cooperation in the fisheries sector. It also stipulates that the two parties may undertake specific operations to strengthen the common interests of their respective sectors, for example by carrying out specific studies and establishing joint ventures.

Since Parliament had already given its assent to the three Protocols and the Fisheries Agreement on 16 June 1988, at its meeting on 30 June 1988 the Council concluded the Additional Protocol and the Financial Protocol, which came into force on 1 October 1988 and 1 November 1988, respectively.

The trade provisions of the technical adaptation Protocols were implemented early as autonomous measures with effect from 1 November 1988.¹

Tunisia

230. Following the completion of the approval procedures, the Protocol on financial and technical cooperation between the EEC and the Republic of Tunisia, which was signed in Brussels on 26 October 1987 and concluded for the Community by a Council Decision of 21 December 1987,² came into force on 1 May 1988.

Egypt

231. The Additional Protocol to the EEC-Egypt Cooperation Agreement, which had been concluded for the Community by a Council Decision of 28 September 1987,³ entered into force following completion of the necessary procedures on 1 July 1988.

Similarly, the third Protocol on financial and technical cooperation with Egypt, which had been concluded for the Community by a Council Decision of 21 December 1987,⁴ entered into force on 1 August 1988 following completion of the necessary procedures.

Syria

232. An Additional Protocol to the EEC-Syria Cooperation Agreement, a technical adaptation Protocol and an ECSC Protocol consequent on the accession of Spain and Portugal were signed in Brussels on 16 June 1988.

¹ OJ L 287, 20.10.1988.

² OJ L 22, 27.1.1988. Under this Protocol, for a period expiring on 31 October 1991 a total of ECU 224 million can be committed, comprising 131 million in EIB loans, 87 million in outright grants and 6 million in contributions for building up risk capital.

³ OJ L 297, 21.10.1987.

⁴ OJ L 22, 27.1.1988. Under the terms of this Protocol, for a period expiring on 31 October 1991, a total of ECU 449 million can be committed, comprising 249 million in EIB loans, 189 million in outright grants and 11 million in contributions for building up risk capital.

The trade provisions of the technical adaptation Protocol were implemented by the Community as autonomous measures with effect from 1 November 1988,¹ pending ratification of the Protocol by the Member States and its conclusion by the Community and Syria.

Since Parliament had already given its assent on 12 October 1988, the Council adopted the Decision concluding the Additional Protocol at its meeting on 21 and 22 November 1988, so that the Protocol could enter into force on 1 December 1988.²

As regards Syrian industrial products, these Protocols confirm the principle of duty-free access to the Community, with the gradual extension of these arrangements to Spain and Portugal. As regards agricultural products, they provide for a series of measures to enable traditional trade patterns to be maintained in the new situation of the enlarged Community.

Jordan

233. The Additional Protocol to the EEC-Jordan Cooperation Agreement and the Third Protocol on financial and technical cooperation, which had been concluded for the Community by Council Decisions on 28 September 1987³ and 21 December 1987⁴, respectively, entered into force following completion of the necessary procedures on 1 January and 1 February 1988, respectively.

Lebanon

234. The third Protocol on financial and technical cooperation with the Republic of Lebanon, which had been concluded for the Community by a Council Decision of 21 December 1987,⁵ entered into force following completion of the necessary procedures on 1 March 1988.

In addition, the Community granted emergency aid for Lebanon.

¹ Council Regulation No 3189/88 of 14.10.1988, OJ L 287, 20.10.1988.

² OJ L 327, 30.11.1988.

³ OJ L 297, 21.10.1987.

⁴ OJ L 22, 27.1.1988. Under this Protocol, for a period expiring on 31 October 1991 a total of ECU 100 million can be committed, comprising 63 million in EIB loans, 35 million in outright grants and 2 million in contributions for building up risk capital.

⁵ OJ L 22, 27.1.1988. For a period expiring on 31 October 1991, this Protocol provides for committing a total of ECU 73 million, comprising 53 million in EIB loans, 19 million in outright grants and 1 million in contributions for building up risk capital.

Israel

235. Following the preparatory work by the Cooperation Committee at its seventh meeting in Brussels on 28 April 1988, the EEC-Israel Cooperation Council held its sixth meeting in Brussels on 24 May 1988 under the chairmanship of Mr Shimon Peres, Deputy Prime Minister and Minister for Foreign Affairs of the State of Israel and President of the Israeli Delegation.

The Community Delegation was led by Mr Hans-Dietrich Genscher, Minister for Foreign Affairs of the Federal Republic of Germany and President-in-Office of the Council of the European Communities. The Commission was represented by Mr Claude Cheysson, Member of the Commission, and the EIB by Mr Arie Pais, Vice-President.

The Cooperation Council reviewed relations between the EEC and the State of Israel within the context of the Agreement.

In view of the creation of the free-trade zone for all industrial products with effect from 1 January 1989, it was agreed to find rapid solutions to certain problems, relating in particular to the levying of purchase tax on imported products (the 'Tamah' system), while certain products manufactured in Israel were exempted from this tax.

The Council noted with satisfaction the results obtained in the field of cooperation, particularly in the industrial, technological, scientific, agricultural and financial sectors.

In this respect, emphasis was placed on the importance of promoting cooperation between companies in the high technology sectors.

236. Since Parliament had given its assent on 12 October 1988 and the Council had concluded these Protocols for the Community at its meeting on 21 November 1988,¹ the Additional Protocol to the EEC-Israel Agreement and the Financial Protocol between the EEC and the State of Israel came into force on 1 December 1988 and 1 January 1988, respectively, following completion of the necessary procedures.

The ECSC Regulation and Decision laying down the arrangements to be applied by Spain and Portugal to trade with the State of Israel came into force on 1 December 1988.²

¹ OJ L 327, 30.11.1988.

² OJ L 396, 31.12.1987.

Yugoslavia

237. The EEC-Yugoslavia Cooperation Council held its seventh meeting at ministerial level in Brussels on 19 December 1988 under the chairmanship of Mr Pangalos, Greek Deputy Minister for Foreign Affairs and President-in-Office of the Council of the European Communities. The Yugoslav Delegation was led by Mr Loncar, Federal Secretary for Foreign Affairs of Yugoslavia. The Commission was represented by Mr Claude Cheysson and the European Investment Bank by Vice-President Prate.

The meeting had been prepared at the seventh meeting of the EEC-Yugoslavia Cooperation Committee in Brussels on 5 and 9 December 1988.

The Cooperation Council reviewed relations between the Community and Yugoslavia, as regards both trade and the other areas of cooperation covered by the Agreement. It adopted Decision No 1/88 on cooperation between the EEC and Yugoslavia, which related in particular to industrial cooperation, energy, science and technology, agriculture, statistical cooperation, information, tourism and the environment.

The Cooperation Council also approved a resolution on reviving cooperation in specific areas.

This Resolution, following on from the Resolution adopted in December 1987, underlined the importance of the economic reforms under way in Yugoslavia and noted the satisfactory conclusion of the work at political level of the EEC-Yugoslavia Working Party as a positive contribution to efforts to achieve new forms of cooperation, and the new cooperation conditions established for many sectors. It thus stressed the importance of cooperation in science and technology, welcomed the specific veterinary arrangement, and invited both parties to examine together the possibility of including cooperation on the environment and energy in a suitable framework. It welcomed the cooperation in the field of tourism, which needed to be sustained, looked for a better exchange of information regarding technical harmonization and standardization in priority sectors yet to be determined, and hoped that negotiations on transport could be concluded as quickly as possible.

Finally, as regards finance, the Cooperation Council expressed satisfaction at the quality of the relations established between Yugoslavia and the EIB in implementing the second Financial Protocol and welcomed the positive results that had already been achieved. It particularly emphasized the importance which the two parties attached — in the light of Article 41 of the Cooperation Agreement — to the financing of projects relating to the Trans-Yugoslav highway including its feeder roads.

ASSOCIATION AGREEMENTS

Cyprus

238. The Protocol on the second stage of the Association Agreement, which was to lead to a customs union between Cyprus and the Community, came into force on 1 January 1988.¹ The Protocol to the Association Agreement consequent on the accession of Spain and Portugal to the Community also came into force on the same day.

The EEC-Cyprus Association Council held its twelfth meeting at ministerial level in Brussels on 21 November 1988 under the chairmanship of Mr T. Pangalos, Deputy Minister for Foreign Affairs of the Hellenic Republic and President-in-Office of the Council of the European Communities. The Cypriot Delegation was led by Mr G. Iacovou, Minister for Foreign Affairs of the Republic of Cyprus. The Commission was represented by Mr Claude Cheysson, Member of the Commission, and the European Investment Bank by Mr Alain Prate, Vice-President.

The Association Council reviewed the operation of the Agreement, with particular attention to the development of trade flows. It noted that trade had continued to grow and hoped that the entry into force of the new Protocol would have beneficial effects on this process.

The Council was also pleased to note that virtually all the funds provided for by the second Protocol on financial and technical cooperation, which expired at the end of 1988, had been committed.

As regards the third Financial Protocol, the Cypriot Delegation stressed the needs of the Cyprus economy if it was to adapt to the new competitive conditions resulting from the gradual implementation of the customs union.

At its meetings on 21 November and 19 December 1988, the Council of the European Communities examined the draft negotiating directives for the third EEC-Cyprus Financial Protocol with a view to adopting these directives as early as possible in 1989.

Malta

239. A Supplementary Protocol to the EEC-Malta Association Agreement and a Protocol to this Agreement consequent on the accession of Spain and Portugal to the Community were signed by the Community and the Republic of Malta at ambassador level in Brussels on 14 December 1988.

¹ See 35th Review, paragraphs 261 *et seq.*

The Supplementary Protocol extends the first stage of the Association Agreement until 31 December 1990, in accordance with the wishes of the Maltese Government. It also provides for improvements to the arrangements for imports into the Community of certain products, notably agricultural products, originating in Malta, with the aim of maintaining Malta's traditional patterns of trade.

The second Protocol includes the measures to be taken on both sides for gradually implementing the association arrangements in trade relations between Malta and Spain and Portugal.

As regards financial cooperation between the Community and Malta under the second Financial Protocol, this continued with the granting by the European investment Bank of a loan of ECU 16 million from its own resources (interest rate 6.95%, term 15 years) for the construction of a modern terminal at Luqa airport in Malta.

The ECU 10.5 million in grants provided for under the second Financial Protocol were fully allocated in 1988 to various projects for improving the infrastructure in Malta in the areas of transport, communications and water supply (ECU 3.1 million), projects concerned with tourism (ECU 2.4 million) and various projects aimed at improving youth and adult training in Malta (ECU 5 million). All the funds provided for under the second Financial Protocol were thus committed before the date of expiry (31 October 1988).

As regards continued financial cooperation under a third Financial Protocol, at its meetings on 21 November and 19 December 1988 the Council of the European Communities examined the recommendation for negotiating directives sent by the Commission, with the aim of adopting these directives at the start of 1989.

No meetings of the Association bodies were held in 1988.

Turkey

240. On 20 January 1988, the European Parliament gave its assent to the Supplementary Protocol and the technical adaptation Protocols (EEC and ECSC) consequent on the accession of Spain and Portugal to the Community, which had been signed on 23 July 1987. The Supplementary Protocol entered into force on 1 April 1988 after the Community and Turkey had exchanged the instruments notifying completion of the necessary procedures.¹

¹ The technical adaptation Protocols (EEC and ECSC) will enter into force after ratification by the signatory States.

The abolition by Turkey of certain discriminatory measures against the property of Greek nationals in Istanbul made it possible to sign the technical adaptation Protocols (EEC and ECSC) to the Ankara Agreement consequent on the accession of Greece to the Community. The signing took place at ambassador level in Brussels on 20 April 1988.

The European Parliament gave its assent to the EEC Protocol on 14 September 1988. Pending ratification of this Protocol by the Member States and Turkey, on 28 March 1988 the Council adopted Regulation No 1059/88¹ providing for the autonomous implementation from 1 January 1989 of the association arrangements for Greece's trade with Turkey, the latter having given a similar undertaking concerning the arrangements to be applied to its imports from Greece.²

The EEC-Turkey Association Committee met on 12 April 1988 to prepare, in particular, the ministerial meeting of the Association Council to be held in Luxembourg on 25 April. However, the two parties agreed to postpone this meeting due to a disagreement between Turkey and the Community concerning a reference to the Cyprus problem in the Community's draft declaration. The political discussions between the Ministers of the Twelve and Turkey, on the other hand, went ahead as planned in the evening of 25 April.

The consultations with Turkey on the Community's generalized scheme of preferences for 1989 were held at expert level on 20 October 1988.

241. In working meetings between a Turkish delegation and the relevant Commission departments in November and December 1988, various problems regarding the operation of the Association Agreement which had already been raised at the Association Committee meeting on 12 April, were discussed.

These discussions focused on the Turkish Government's intentions regarding the rate at which it would dismantle its tariffs and quotas *vis-à-vis* the Community, in order to make up for the delays in implementing the timetable laid down by the EEC-Turkey Additional Protocol signed on 23 November 1970, and certain taxes providing revenue for various funds, particularly the housing fund, which the Community considered to be charges having equivalent effect and therefore incompatible with the Association Agreement.

As regards financial cooperation, in 1988 the Commission signed a number of projects to be financed in Turkey from the amounts shown in the 1987 budget under the heading of the outstanding balance of the special Community aid decided in 1980, thus almost completely exhausting the funds set aside for this special aid. These projects were approved under the same conditions as in 1987.³

¹ OJ L 104, 23.4.1988.

² The EEC and ECSC technical adaptation Protocols will come into force following ratification by the signatory States.

³ See 35th review, paragraph 258, final section.

ADMINISTRATION OF THE MEDITERRANEAN AGREEMENTS

242. As part of its work of administering the Association and Cooperation Agreements with the Mediterranean countries, the Council adopted in 1988 a series of Regulations on tariff quotas, ceilings and special arrangements for imports of certain products originating in these countries. Moreover, as in previous years, a number of agreements were concluded in the form of exchanges of letters on the rules for applying the concessions granted to these countries in respect of certain natural or processed agricultural products.

Measures to assist the Palestinian population of the West Bank of the Jordan and the Gaza Strip

243. The Council's subordinate bodies, in cooperation with the Commission, attended to the effective implementation of the measures adopted by the Council on 27 October 1986 to assist the Palestinian population of the West Bank of the Jordan and the Gaza Strip, involving both financial assistance and trade arrangements. In particular, a joint approach by the Council Presidency and the Commission was made to the Israeli authorities at the end of March 1988 with a view to enabling agricultural products from the Palestinian populations in these territories to be exported directly to the Community.

Gulf States

244. A Cooperation Agreement between the European Economic Community and the countries party to the Charter of the Cooperation Council for the Arab States of the Gulf was signed in Luxembourg on 15 June 1988.

This Agreement was signed on behalf of the Council of the European Communities by Mr Hans-Dietrich Genscher, Minister for Foreign Affairs of the Federal Republic of Germany and President-in-Office of the Council of the European Communities, and by Mr Claude Cheysson, Member of the Commission of the European Communities.

On behalf of the Governments of the countries party to the Charter of the Cooperation Council for the Arab States of the Gulf, the Cooperation Agreement was signed by HRH Prince Bin Abdul Aziz Saud Al-Faisal, Minister for Foreign Affairs of the Kingdom of Saudi Arabia and President-in-Office of the Ministerial Council of the Cooperation Council for the Arab States of the Gulf, and by Mr Abdulla Y. Bishara, Secretary-General of the Cooperation Council for the Arab States of the Gulf.

245. The Agreement reflects the common desire of the Community and the GCC countries to strengthen their relations by putting them on a contractual basis

through a mutually advantageous economic and trade cooperation agreement. It provides for cooperation in a wide range of fields: economic affairs, agriculture and fisheries, industry, energy, science and technology, investments, the environment, training and trade, without excluding *a priori* any other areas for future cooperation.

Immediately following the signing of this Agreement, the parties began exploratory talks, as provided for in the Agreement, on the conditions to be met for the conclusion of a second Agreement aimed at improving access for each other's exports and liberalizing mutual trade.

On signing this Agreement, the Member States of the European Communities and the GCC countries also adopted a joint statement on their political dialogue, in order to facilitate exchanges of views on the main international issues.

Euro-Arab Dialogue

246. On the basis of preparatory work at a joint meeting at ambassador level ('troika') at the start of May 1988 in Tunis, the Euro-Arab Dialogue was continued by a 'troika' meeting at ministerial level in Bonn on 24 June 1988 under the joint chairmanship of Mr Genscher, Minister for Foreign Affairs of the Federal Republic of Germany and Mr Shara'a, Minister for Foreign Affairs of the Syrian Arab Republic.

Following a wide-ranging exchange of views on cooperation and Euro-Arab Dialogue, the two parties expressed the hope that the General Committee of the Dialogue would meet in the near future and affirmed their keen interest in a rapid reactivation of all the institutions and activities connected with this Dialogue. They repeated their determination to revitalize the work of the various bodies, including the sixth meeting of the General Committee, and continue to endeavour to create an atmosphere conducive to dialogue.

G — Latin America — Asia

Financial and technical aid to developing countries in Asia and Latin America

247. Acting on a proposal from the Commission and after consulting Parliament, the Council at its meeting on 25 and 26 April 1988 adopted general guidelines for financial and technical aid to developing countries in Asia and Latin America. These guidelines provided for the same geographical breakdown as in 1987: 75% to Asia and 25% to Latin America, with a flexibility reserve of 10% set prior to geographical allocation.

On 19 December 1988, the Council also adopted the general guidelines for 1989. These took account of the fact that in the 1988 and 1989 budgetary procedures the Budgetary Authority had decided to split the budgetary item relating to appropriations for financial and technical cooperation with the developing countries in Asia and Latin America into two headings, one for Asia and the other for Latin America. The general guidelines for 1989 therefore no longer contain percentages for the geographical allocation of aid.

Latin America

248. The fourth EEC-Central America Ministerial Conference (San José IV) was held in Hamburg on 29 February and 1 March 1988. It was an opportunity for the participants to reaffirm their conviction that there was a close link between the economic and social development of Central America and the peace and political stability of the region. The Ministers stated that they were ready to intensify and strengthen their cooperation through specific additional projects designed to back up the Agreement for Peace in Central America (food aid, aid to refugees, support in establishing a Central American Parliament) and contribute to the Special Plan of Economic Cooperation for Central America drawn up by the United Nations. This meeting was also an opportunity for a thorough exchange of views on the economic and political situation in the region.

As part of the management of the bilateral agreements with certain countries or groups of countries in Latin America, there were meetings of the Joint Committees set up under these Agreements with the Andean Pact, Central America and Uruguay. As regards the Andean Pact this was the first meeting of the Joint Committee following the entry into force of the EEC-Andean Pact Cooperation Agreement on 1 February 1987.¹

Asia

RELATIONS WITH THE ASEAN COUNTRIES

249. The seventh meeting at ministerial level between the Community and the Asean member countries was held in Düsseldorf on 2 and 3 May 1988. It concluded that EEC-Asean cooperation was making good progress. The two parties had a comprehensive exchange of views on several important issues in various areas, such as economic cooperation, trade, investment, human resources, development, etc.

Later in the year the two parties continued their discussions on these subjects in Brussels on 30 November and 1 December at the eighth meeting of the EEC-Asean Joint Committee.

¹ See 35th review, paragraph 269.

The dialogue between the Community and Asean also continued at the annual meeting of the Asean Ministers for Foreign Affairs, as part of the consultations with its main partners Asean holds on such occasions. The Community was represented at these consultations, which took place in Bangkok in July 1988, by the Ministers for Foreign Affairs of the troika and by the Commission.

INDIAN SUBCONTINENT

250. The EEC-India Joint Committee meeting in New Delhi on 22 and 23 March 1988 was pleased to note that the solid and well-balanced cooperation between the Community and India was based on the mutual interests and the potential of both partners, and that it had now been extended beyond the original aspects of trade development. The Joint Committee was particularly concerned to confirm its desire to see the development of industrial cooperation and cooperation in the field of science and technology.

The Agreements with the other countries in the Indian subcontinent also continued to be implemented smoothly. The meetings of the EEC-Bangladesh (Brussels, 26-27 May 1988) and the EEC-Pakistan (Brussels, 4-5 July 1988) Joint Committees reviewed progress in the various areas of cooperation.

H — North-South dialogue

Conferences

251. Although there was no major international conference in this field in 1988, that did not prevent the Community from pursuing its endeavours to promote a constructive and realistic North-South dialogue.

Because of the Community's particular interest in the development of Africa, it made a constructive contribution to the interim examination of the 1986-90 United Nations programme of action for the economic revival and development of Africa.

The Community also played a very active part in the work of the United Nations forty-third General Assembly on North-South problems.

Commodities

252. 1988 was marked by a certain upward trend in prices (particularly for rubber, metals and minerals and, especially in the final quarter, coffee) with, however, the exception of cocoa. The year also saw the entry into force of the second Agreement on natural rubber.

COCOA

253. The 1986 International Agreement went through a difficult period. The unfavourable economic situation for cocoa, marked by structural over-production, had the effect of depressing prices still further, keeping them below the lower limit of the range set in the Agreement. The ICCO (International Cocoa Organization) Council, at its meetings in March and September, was unable to reach an agreement between producers and consumers on the question of the automatic revision of prices under Article 27, and more specifically the lowering of the intervention price threshold. A special panel looked at this question and submitted its report in August 1988. Furthermore, the financial position of the organization deteriorated as a result of substantial delays in making payments (export levies) on the part of most of the producer countries. Lastly, in conjunction with the controversial question of price revision, the entry into force of the withholding scheme also gave rise to differing interpretations between producer and consumer countries. Ways and means of extricating the International Agreement from this crisis were examined in London by the Community and its Member States in conjunction with the other consumer countries, and prior to that in Brussels by the Community authorities. They continued to do everything in their power to deal with this problem before the meeting of the Cocoa Council scheduled for early 1989.

COFFEE

254. As regards the management of the 1983 International Agreement, the year was marked by the important meeting of the Coffee Council in September which, adopted, after long and difficult negotiations, a series of measures setting out how the quota system for the 1988/89 coffee year would operate. These measures included the fixing of an overall annual quota, the setting up of a quota adjustment mechanism and provisions on prices. This solution allowed the consumer countries, including the EEC and its Member States, to introduce ideas on selectivity they regarded as important with the aim of alleviating the price differential between the two main coffee types (Arabica and Robusta), and the shortage of coffee in certain qualities.

As to the 'renegotiation' section of the 1983 Agreement, which expires on 30 September 1989, at its meeting on 14 November the Council of the European Communities gave the Commission a negotiating brief.

On this basis, the EEC and its Member States participated in the first round of negotiations, which took place in London at the end of November, and put forward their ideas, aimed primarily at tackling the fundamental problems of the 1983 Agreement, i.e. the 'double market', the growing price differential between the two types of coffee, and the supply of coffee of certain qualities.

RUBBER

255. Following the expiry of the 1979 Agreement, the International Natural Rubber Organization (INRO) was left in a transitional period in 1988 pending the entry into force of the new 1987 International Agreement. During this period, the buffer stock accumulated under the 1979 Agreement was managed in accordance with resolutions adopted by the INRO Council. In view of the favourable economic conditions for natural rubber, resulting in a rise in prices, the buffer stock manager was able to sell almost all the buffer stock during the year under review. At the end of the year, on 29 December 1988, the new 1987 Agreement came into force on a provisional basis, following a sufficient number of ratifications or notifications of provisional application by the signatory countries. For its part, the Community, acting on the basis of a Council Decision of 21 December, lodged notification of provisional application of the 1987 Agreement in New York on 22 December 1988.

TROPICAL TIMBER

256. The Council and the Committees of the ITTO (International Tropical Timber Organization) met in Rio de Janeiro in June and in Yokohama (headquarters of the Organization) in November. These meetings provided an opportunity to discuss the priority areas of activity for the ITTO. The unanimous opinion was that the Organization should focus on promoting intensive exploitation of tropical forests in ways that protected the environment. The Organization was to draw up a set of universally acceptable rules for a lasting and ecologically sound forestry industry.

The International Agreement on Tropical Timber is the only commodities agreement aimed at linking the expansion of trade and the processing of wood in the tropical countries to the requirements of an environment-friendly way of exploiting commodities.

JUTE

257. The current management problems of the 1982 Agreement were discussed at two meetings of the Jute Council. At its November meeting the Council decided, pending the results of the renegotiation process (conference scheduled for March 1989), to extend the Agreement, which was due to expire in the near future (January 1989), for a maximum of two years. As regards renegotiation, the EEC and its Member States, acting on the basis of a joint position worked out in the relevant Council Working Party, sent the Executive Director of the Organization a letter outlining the Community's preliminary views on the matter. The relevant subordinate bodies of the Council of the European Communities were asked to amplify this position for the negotiating Conference in March 1989.

TIN AND COPPER

258. The Council's relevant subordinate bodies continued to examine the questions involved, particularly those of a legal nature, following the crisis in the Sixth International Tin Agreement that expires on 30 June 1989.

Furthermore, acting on the basis of a joint position adopted by the Council at its meeting on 28 November, the Community and its Member States participated in a United Nations Conference in November on setting up an intergovernmental body or study group on tin. This joint position included authorization for the EEC and its Member States to propose to the Conference a clause whereby the EEC and its Member States could play an effective part in the future work of the group. This Conference, which produced no conclusive results, was to resume in February 1989.

As regards copper, a United Nations Negotiating Conference was held in Geneva in June with the aim of setting up a study group. Acting on the basis of a joint position adopted by Coreper at its meeting on 13 and 14 June, the Community and its Member States participated in this meeting.

AGRICULTURAL PRODUCTS (WHEAT, SUGAR, OLIVE OIL)¹

Common Commodities Fund

259. The idea of setting up a Common Fund was originally put forward at the fourth meeting of Unctad in Nairobi in 1976, and was included in the Integrated Commodities Programme adopted by that Conference (Resolution 93 (IV)). The negotiations leading to the adoption of the Agreement on setting up the fund took place under the aegis of Unctad from 1976 to 1980.

For the Common Fund to enter into force, the conditions laid down by the Agreement had to be fulfilled.

All these conditions were fulfilled on 11 July 1988, a sufficient number of countries representing at least two thirds of the direct contributions to the Fund's capital (US \$ 470 million) having ratified the Agreement.

Unctad therefore convened, for June 1989, a Conference of signatory countries to decide, pursuant to Article 37 of the Agreement, when it would enter into force. As soon as possible after the entry into force of the Agreement, the Governing Council is to hold its first meeting and take the measures necessary to make this new organization operational.

¹ See paragraphs 322 *et seq.* of this Review.

Furthermore, the Community and its Member States consider that, in view of the changes in the commodities sector since the negotiations for the Agreement on the Common Fund, it is likely that the role of the second account (research and development, improving productivity, marketing, diversification etc.) compared with the first account (financing of stocks) will be strengthened 'in the normal course of events'.

Chapter V — Common fisheries policy

260. The year 1988 saw work on a series of major tasks.

The principal events included the following:

- (i) conclusion of a Fisheries Agreement with Morocco;
- (ii) revision of the common organization of the markets;
- (iii) setting of TACs and quotas for 1989, and improvements to control measures;
- (iv) reopening of the negotiations for a Fisheries Agreement with the Soviet Union that had been broken off in 1977.

A — Community system of resources management

Total allowable catches and quotas

261. The total allowable catches (TACs) and quotas applicable in 1988¹ were amended during the course of the year by:

- (i) an increase in the TAC for herring from 13 000 tonnes to 18 000 tonnes in Zone VII g, h, j, and k (South-East Ireland), together with the establishment of a protection zone for breeding stocks in which fishing was prohibited from 15 to 31 October 1988;²
- (ii) a reduction in the autonomous TAC for cod off Svalbard (ICES Division II b) in view of the shortage of stock;³
- (iii) an increase in the TAC for cod in the English Channel (ICES Divisions VII b, c, d, e, f, g, h, j, and k, VIII, IX and X; CECAF 34.1.1) from 22 000 tonnes to 23 000 tonnes, in view of the most recent scientific opinions on the stock.⁴

¹ Regulation (EEC) No 3977/87, OJ L 375, 31.12.1987.

² Regulation (EEC) No 3173/88, OJ L 282, 15.10.1988.

³ Regulation (EEC) No 3286/88, OJ L 292, 26.10.1988.

⁴ Regulation (EEC) No 3472/88, OJ L 305, 10.11.1988.

Changes resulting from the conclusion of fisheries arrangements with Sweden are dealt with in the paragraph on relations with that country.

The Regulation fixing the TACs and quotas for 1989 was approved by the 'Fisheries' Council at its meeting on 9, 10 and 11 December and adopted on 21 December 1988.¹ The Regulation reflects the concern felt over the levels of certain stocks, in particular in the North Sea, e.g. cod, for which the TAC has shrunk from 175 000 tonnes in 1987 to 160 000 tonnes in 1988 and 124 000 tonnes in 1989.

The situation for haddock is even more disturbing, and the TAC has been reduced from 185 000 tonnes in 1988 to 68 000 tonnes in 1989.

262. The Council also took a number of measures relating to fisheries techniques in order to protect the stock of sole in the North Sea, with a view to ensuring that the abundant stock hatched in 1987 was not caught during extended fishing for plaice, and also in order to protect juvenile plaice.²

For mackerel too, the situation in the North Sea remains disturbing. The TAC was reduced from 55 000 tonnes in 1988 to 49 200 tonnes in 1989. After consultation with Norway, the Council fixed a TAC of 349 200 tonnes for 'western' mackerel, i.e. those fished west of 4° W. That represented a reduction of 12.7% from the 400 000-tonne TAC of 1988. A degree of 'east-west' flexibility was accorded to Community fishermen to catch up to 62 000 tonnes of mackerel in the Community zone west of 4° W and north of 59° N. This 'east-west' flexibility was accompanied by a 'north-south' flexibility to Norway's advantage between 62° and 59° N. Against this, Norway undertook to limit its total TAC of 'western' mackerel in the Norwegian Sea to 91 670 tonnes; this represents a considerable reduction in the intensity of fishing for mackerel, which is of importance to both sides.

Under the transfer arrangements, Spain was also granted a degree of 'north-south' flexibility for hake in the Bay of Biscay.

The Council adopted the usual Regulations implementing the Act of Accession of Spain and Portugal, setting the number of boats flying the flag of a Member State of the 10-Member Community permitted to fish in Spanish and Portuguese waters, and the number of Portuguese vessels permitted to fish the waters of the 10-Member Community;³ Spanish rights to fish the waters of the 10-Member Community are laid down in the Act of Accession itself.

Lastly, the Council adopted the Regulation setting for 1989 certain conservation measures off the French department of Guiana.⁴

¹ Regulation (EEC) No 4194/88, OJ L 369, 31.12.1988.

² See also Regulation (EEC) No 4193/88, OJ L 369, 31.12.1988.

³ Regulation (EEC) Nos 3947/88, 3948/88 and 3949/88, OJ L 352, 21.12.1988.

⁴ Regulation (EEC) No 3903/88, OJ L 347, 16.12.1988.

Technical conservation measures

263. The Council adopted a number of measures amending Regulation (EEC) No 3094/86, which provided for certain technical measures for the conservation of fisheries' resources. These amendments were:

- (i) increasing to 35 mm the minimum mesh size for shrimps in the Skagerrak and the Kattegat, and to 70 mm the minimum mesh size for Norway lobster in the same waters (fourth amendment);¹
- (ii) decreasing the minimum landing size for Norway lobster from the Irish Sea and western Scotland from 25/86/46 mm to 20/70/37 mm (these figures being the length of carapace, overall length and length of tail), with the aim of reducing the number of undersize fish being caught and rejected (fifth amendment);²
- (iii) renewing until 1 January 1992 the protection zone for juvenile mackerel off south-west England (the 'mackerel box') and increasing its area (sixth amendment);³
- (iv) establishing a protection zone for juvenile plaice ('plaice box') in the North Sea for 1989 (seventh amendment).⁴

B — Control measures

264. In October 1988 the Council approved a Regulation to speed up the transmission of catch data and ensure stricter surveillance of Community fishing vessels fishing the quotas of a Member State but landing or transshipping their catch in a Member State other than that whose flag they fly.⁵

C — Common organization of the markets in fishery products

Revision of the common organization of the markets (Regulation (EEC) No 3796/81)

265. After almost a full year of discussions, and following a request from the European Parliament for a conciliation procedure, the Council adopted on 7 November

¹ Regulation (EEC) No 1555/88, OJ L 140 of 7.6.1988.

² Regulation (EEC) No 2024/88, OJ L 179 of 9.7.1988.

³ Regulation (EEC) No 3287/88, OJ L 292 of 26.10.1988.

⁴ Regulation (EEC) No 4193/88, OJ L 369 of 31.12.1988.

⁵ Regulation (EEC) No 3483/88, OJ L 306 of 11.11.1988.

1988 a Regulation amending Regulation (EEC) No 3796/81 on the common organization of the markets in fishery products.¹

This revision had become necessary as a result of the changed situation following enlargement of the Community, and of the changes that had occurred in the production of and trade in tuna. It comprises three main elements:

- (a) establishing for a five-year period a special price support mechanism for 15 species of fish hitherto not covered but of particular economic importance for one or more Member States or regions of Member States;
- (b) revising the system for private storage aid for certain frozen fishery products, and extending the aid to include tuna;
- (c) bringing the compensatory allowance for tuna producers into line with the general principles of the Community intervention mechanisms in the fisheries sector, by reserving it exclusively to producers' organizations with a view to extending their role in the management of the market, and by implementing certain conditions and terms aimed at invoking the co-responsibility of producer organizations and ensuring better budgetary control.

Together with this revision, on 7 November 1988 the Council adopted a Regulation² to include herring and mackerel in the list of species qualifying for the carry-over premium provided for in Article 14 of Regulation (EEC) No 3796/81, with a view to resolving the problems faced by the markets for these fish, particularly the herring market in the United Kingdom.

Common marketing standards

266. On 22 December 1988 an agreement in principle was reached by the Council's subordinate bodies on a draft Council Regulation³ amending and adding to Regulation (EEC) No 103/76 laying down common marketing standards for fish. The purpose of this amendment was *inter alia* to bring within the scope of the Regulation the 15 regionally important species of fish that had recently been brought into the common organization of the markets, in order to permit the effective implementation of the support measures for these species.

Sardines

267. The conclusion of the Fisheries Agreement with Morocco, which provides *inter alia* for the opening of a zero-duty tariff quota of 17 500 tonnes of Moroccan can-

¹ Regulation (EEC) No 3468/88, OJ L 305, 10.11.1988.

² Regulation (EEC) No 3469/88, OJ L 305, 10.11.1988.

³ The Council adopted this Regulation by written procedure on 5 January 1989 (Regulation (EEC) No 33/89, OJ L 5, 7.1.1989).

ned sardines, led to the reopening of the debate within the Council¹ on the situation in the sector, with particular reference to sardine-canning, which is currently in difficulties. As a result the Council decided on 7 November 1988 to reduce by five percentage points each of the CCT duties on Spanish and Portuguese sardines exported to the 10-Member Community.² As a result, with effect from 1989 canned sardines exported from Portugal may, like the Moroccan quota, enter the 10-Member Community free of CCT duties.

At the same time the Council took note of the Commission's intention:

- (a) to submit to the Council during the first half of 1989 a proposal, for setting minimum quality standards for canned sardines, to ensure that the consumer was properly informed and provided with guarantees as to the nature and quality of the raw materials used, and hence to improve the image of the product;
- (b) to implement on its own authority a series of measures under existing legislation (Regulations (EEC) Nos 355/77, 4028/86, 3252/87 and 3722/85) to relieve the problems facing the sardine sector throughout the Community, involving in particular intensive advertising campaigns, increased scientific and technical research with a view to promoting new products, and financial support for suitable investment projects in order to promote the restructuring and modernization of the processing industry with a view to restoring its competitiveness *vis-à-vis* the industries of rival non-member countries and ensuring its long-term viability.

Common prices

268. Prices applicable in the fisheries sector during the year from 1 January to 31 December 1989 were set by the Council on 9 December 1988.³

The prices for most of the fresh or chilled products listed under A, D and E in Annex I to Regulation (EEC) No 3796/81 were either maintained at their 1988 level or adjusted very slightly. However, in the case of herring the Council experimentally set a seasonal guide price for the months of August and September lower than that applying for the remainder of the year. This seasonal price is intended to facilitate the reintegration of the United Kingdom herring market into the Community market by allowing British producers' organizations to apply the Community withdrawal prices throughout the year.

For the deep-frozen products listed in Annex II to the same Regulation, the Council reduced the guide prices for the squid species *Omastrephes sagittatus* and *illex* by

¹ See 35th Review, Paragraph 296.

² Regulation (EEC) No 3482/88, OJ L 306, 11.11.1988.

³ Regulation (EEC) No 3860/88, OJ L 345, 14.12.1988; Regulation (EEC) No 3861/88, OJ L 345, 14.12.1988; Regulation (EEC) No 3862/88, OJ L 345, 14.12.1988.

12% and 16%, respectively from their 1988 levels, in order to align the Community prices more closely with those observed on the market.

Finally, in view of the trend in market prices for tuna, the producers price of tuna for the canning industry was reduced for the third year in succession: the price of ECU 1252 per tonne is 2% below the 1988 price.

D — Relations between the Community and non-member countries

Scandinavia

269. As every year, the Commission held consultations with the competent authorities of Norway, Sweden and the Faeroe Islands on fishing arrangements for 1989, which resulted in the 1989 'TAC and quotas' Regulation¹ allocating between the Member States the quotas for certain joint stocks available to the Community, and in various other Regulations adopted by the Council on 21 December 1988.²

In addition to these annual negotiations, developments were as described below.

NORWAY

270. Relations with Norway as regards fisheries led to the following:

- (i) a supplementary quota of 50 000 tonnes of sand eel (*Ammodytes* spp.) was obtained to meet the needs of the Danish fish-processing industry;³
- (ii) the 1988 Community quota for cod in the Norwegian zone north of 62° N was reduced from 13 000 tonnes to 10 570 tonnes, quid pro quo certain Norwegian quotas in Community waters were likewise amended.⁴

SWEDEN

271. On 13 January 1988 Sweden and the Soviet Union signed an agreement settling a dispute over an area of 13 440 km² in the Baltic Sea (the 'White Zone'). The

¹ Regulation (EEC) No 4194/88, OJ L 369, 31.12.1988.

² For Norway, Regulations (EEC) Nos 4195/88 and 4196/88, OJ L 369, 31.12.1988; for Sweden, Regulations (EEC) Nos 4197/88 and 4198/88, OJ L 369, 31.12.1988; for the Faeroes, Regulations (EEC) Nos 4199/88 and 4200/88, OJ L 369, 31.12.1988.

³ Regulation (EEC) No 1929/88, OJ L 170, 2.7.1988.

⁴ Regulation (EEC) Nos 3470/88 and 3471/88, OJ L 305, 10.11.1988.

agreement came into effect on 16 May 1988, allocating 75% to Sweden and 25% to the Soviet Union. Previously the zone had been fished by the Community, yielding some 20 000 tonnes of cod and 450 tonnes of salmon.

Following consultations, Sweden granted the Community 2000 tonnes of cod and 170 tonnes of salmon for 1988, without any *quid pro quo*.¹

The Community also received additional quotas for cod and herring under the EFTA arrangements.²

GREENLAND

272. The Community received

- (i) an additional quota for shrimp of 300 tonnes;³
- (ii) an additional quota of 3000 tonnes of 'western' cod after the overall TAC for the species was increased from 40 000 tonnes to 53 000 tonnes for 1988.⁴

For 1989 the Community obtained in full — for the first time — the quotas allocated under the Fisheries Protocol concluded with Greenland for the period 1985-89.⁵ For 'western' cod this will mean that the Community quota will total 12 000 tonnes out of an overall TAC of 75 000 tonnes. In fact the Greenland authorities have informed the Community of an increase in the overall TAC from 75 000 to 90 000 tonnes, whereupon, in the opinion of the Community, the Greenland authorities should, in accordance with the special priority accorded to the Community by virtue of the Fisheries Protocol, offer the Community an additional quota of 3000 tonnes. Greenland has questioned the automatic nature of this priority in the light of the capacity of its own home fleet, but has offered the Community an *ad hoc* additional quota of 4000 tonnes.

Canada, NAFO

273. Canada has granted no fisheries allocation to the Community since 1987. However, cooperation between the two sides in NAFO was improved when agreement was reached on a new reciprocal inspection programme.⁶ Despite this, on the question of management and conservation policy within the NAFO Regulatory Area the two sides are as far apart as ever. The Community used its right to table

¹ Regulation (EEC) No 3173/88, OJ L 282, 15.10.1988.

² Regulation (EEC) No 930/88, OJ L 92, 9.4.1988.

³ Regulation (EEC) No 1345/88, OJ L 125, 19.5.1988.

⁴ Regulation (EEC) No 2963/88, OJ L 269, 29.9.1988.

⁵ Regulation (EEC) No 3950/88, OJ L 352, 21.12.1988.

⁶ Regulation (EEC) No 1956/88, OJ L 175, 6.7.1988.

objections to a number of TACs and quotas set by NAFO, and subsequently took certain autonomous measures in accordance with its own conservation policy.¹

United States of America

274. Allocations to Community fishermen in United States waters under the GIFA are restricted to mackerel. For 1989, limited mackerel allocations have been offered to The Netherlands and to the United Kingdom.

Baltic Sea, Soviet Union, Poland, German Democratic Republic

275. During the annual session of the International Baltic Sea Fisheries Commission (IBSFC) in Warsaw in September 1988, agreement was reached for the first time on an overall TAC of 220 000 tonnes for cod in the Baltic.

The Council also implemented the technical conservation measures adopted by the IBSFC in 1987.²

Negotiations were opened in September 1988 with the Soviet Union with a view to a framework agreement on fisheries. Exploratory talks have also been held with Poland and the German Democratic Republic.

Japan

276. The Council extended for the period from 1 March to 30 June 1988 an arrangement temporarily maintaining Japanese fishing for bluefin tuna (*Thunnus thynnus*) in Portuguese waters after the expiry of the bilateral Fisheries Agreement between Portugal and Japan in 1986.³ This fishing was limited to 25 long-line vessels, and the total catch to 240 tonnes. In exchange, Japan made a financial contribution totalling ECU 163 000 to a programme of scientific and technical cooperation to benefit local people who are highly dependent on fisheries.

The Antarctic

277. The Council adopted a Regulation laying down certain technical measures for the conservation of fish stocks in the Antarctic,⁴ following the recommendations adopted in 1987 by the Commission for the Conservation of Antarctic Marine Living Resources.

¹ Regulation (EEC) No 3951/88, OJ L 352, 21.12.1988.

² Regulation (EEC) No 2178/88, OJ L 191, 22.7.1988.

³ Regulation (EEC) No 580/88, OJ L 57, 3.3.1988.

⁴ Regulation (EEC) No 1810/88, OJ L 162, 19.6.1988.

Countries of Africa, North Africa and the Indian Ocean

278. The Community pursued its policy of concluding Fisheries Agreements with the countries of Africa and the Indian Ocean, with a view to maintaining the fishing rights acquired in the past by Member States, re-establishing other traditional Community fishing activities and obtaining new catch possibilities for Community fishermen.

A Fisheries Agreement with Morocco was concluded by the adoption of Regulation (EEC) No 2054/88 on 23 June 1988.¹ This Agreement is more wide-ranging than those concluded with other African countries, in the following respects:

- (a) it goes beyond the mere granting of fishing opportunities (in respect of 100 000 grt/year) in exchange for financial compensation by the Community (some ECU 70 million per year), and provides for economic, commercial, scientific and technical cooperation in the fisheries sector;
- (b) it ensures the continued traditional activities of more than 700 Spanish and Portuguese fishing vessels;
- (c) it is the first agreement of its kind with a Mediterranean country;
- (d) it is the first agreement to cover sponge-fishing.

279. Negotiations with Gabon were also concluded, with the initialling of a Fisheries Agreement on 26 February 1988. This Agreement adds to the Community's portfolio of agreements with countries on the eastern seaboard of the Central Atlantic. It provides for fishing opportunities for tuna, demersal fish, shrimp and cephalopods. However, the Gabonese authorities have asked to renegotiate certain parts of the Agreement, and at 31 December 1988 it had still not taken effect.

The new Fisheries Agreement with Senegal concluded for two years on 3 May 1988² renews the essential features of the fishing rights agreed under the previous Protocol.³

As regards fisheries relations with the countries of the Indian Ocean, the Council concluded a Fisheries Agreement with the Comoros, relating principally to tuna.⁴ A Fisheries Agreement with Mauritius was initialled on 23 November 1988.

Lastly, on 27 September 1988 the Council authorized the Commission to negotiate Fisheries Agreements with Nigeria, Sri Lanka and the Maldives.⁵

¹ OJ L 81, 12.7.1988.

² Regulation (EEC) No 1493/88, OJ L 137, 2.6.1988.

³ See 35th Review, paragraph 307.

⁴ Regulation (EEC) No 1494/88, OJ L 137, 2.6.1988.

⁵ Documents 7373/1/88 and 7942/1/88, respectively.

Chapter VI — Common agricultural policy

280. In 1988 the Council continued the work of recent years on the common agricultural policy, both in the area of pricing and market policy and in the socio-structural field.

New stabilizers were introduced to reinforce the co-responsibility of producers and the restrictive pricing policy was maintained, with a more limited intervention policy in some sectors.

With regard to structural measures, schemes were set up to aid the set-aside of arable land and to encourage the cessation of farming.

A — Overall form of the common agricultural policy

Adjustments to the common organization of agricultural markets

281. In November 1987 the Council had been unable to reach full agreement on Commission proposals regarding stabilizers for agricultural production, and in December the European Council had been unable to finalize the package for 'Making a success of the Single Act', of which the agricultural section was an essential element.

Beginning in January 1988, however, the Council was able to make substantial progress on agricultural stabilizers, thus paving the way for the European Council of 11 to 13 February to agree on the entire package.

Following two meetings in March 1988 the Council reached a basic agreement on implementing the conclusions of the European Council relating to agriculture, introducing measures to stabilize production and expenditure in almost all market sectors. After the European Parliament had delivered its opinion, and following a conciliation meeting with a delegation from Parliament, the measures were formally

adopted on 25 April¹. For certain sectors these agreements were given concrete form by the Council as part of the related measures adapted in connection with the decisions on prices.²

282. In the cereals sector, a maximum guaranteed quantity was introduced, set at 160 million tonnes for four marketing years. A supplementary co-responsibility levy of 3% will be collected at the beginning of each marketing year. If the threshold has not been exceeded or has been exceeded by less than 3%, the supplementary co-responsibility levy will be reimbursed in full or in part. If the threshold has been exceeded, the intervention price will be reduced by 3% at the start of the next marketing year.

The co-responsibility levy is no longer payable at the primary processing stage but when produce is first brought to market. Small producers are compensated for the levy and the supplementary co-responsibility levy by the grant of aid, with a ceiling, however, of ECU 220 million, this sum being a reflection of the quantities brought to market by those producing no more than 25 tonnes. The arrangements authorizing the Member States to grant a direct exemption from payment of the levy to those producing less than the limit of 25 tonnes, up to an overall total laid down for each Member State, are maintained. Italy, Greece and Spain make use of this option. For Greece, Spain, Italy and Portugal intervention is to start on 1 August, and for the other Member States on 1 October. Finally, it was decided that the monthly increases would be reduced by 25% for the 1988/89 marketing year.

283. In the sugar sector, the measures adopted have had the aim of achieving complete budgetary neutrality for this sector within each marketing year, without the need to recover any deficits at a later stage.

284. For oilseed and high-protein plants, the guarantee thresholds for the next three marketing years were fixed at 4.5 million tonnes (ten-member Community³) for colza, 2 million tonnes (ten-member Community³) for sunflower seed, 1.3 million tonnes (twelve-member Community) for soya, and 3.5 million tonnes (twelve-member Community) for high-protein plants.

If the maximum quantities are exceeded, the official prices for the current marketing year will be reduced by 0.45% for each 1% overrun during the first marketing year (1988/89) and by 0.5% in the following years. This reduction will come into effect at the latest on 31 August for colza and high-protein plants, on 30 September for sunflower seed and on 31 October for soya.

¹ OJ L 110, 29.4.88.

² OJ L 197, 198 and 199, 26.7.88.

³ With a corresponding adjustment of the guarantee thresholds for Spain and Portugal.

Finally, the monthly increases are to be reduced by 20% for colza, rape-seed and sunflower seed for the 1988/89 marketing year.

285. For olive oil, the existing stabilizers are maintained. The same applies to cotton.

286. In the wine sector, the main decision was to fix the buying-in price for compulsory distillation at 50% of the guide price for a quantity to be distilled not exceeding 10% of the quantity normally produced, and at 7.5% for quantities in excess of 10%, on the understanding that the level of 7.5% will be achieved in stages over the years 1988/89 to 1990/91.

With regard to reducing production potential under the abandonment arrangements, there are to be selective premiums varying according to yield per hectare, ranging from ECU 1200 to 10 200 for areas greater than 25 ares planted with varieties of wine grapes and from ECU 6000 to 10 800 for areas planted with table grapes. There is also provision for other amounts for certain special cases. The increase compared with the previous amounts is of up to 20% for premiums relating to high-yield areas. All areas under vines fall within the scope of this measure. However, on a justified request from a Member State the Commission may grant exceptions to this rule, within a limit of 10% of the production potential of the Member State concerned. Community participation amounts to 70% of expenditure, shared equally for the years 1988/89 and 1989/90 between the Guidance and Guarantee Sections of the EAGGF. The details of these shares for the following years will be fixed in the light of the progress made in stabilizing the markets. There is also to be a preferential distribution scheme to assist those in receipt of an abandonment premium.

There will be a review of the application of the grubbing measures before 1 April 1990, with a view to possible amendments.

287. In the fruit and vegetables sector, stabilization measures were extended to other products: peaches, both fresh and in syrup, oranges and lemons, for which threshold on a declining scale were introduced for amounts put into intervention stocks. These threshold, calculated as percentages of the average production for the fresh produce market over the last five marketing years, will be reduced between 1988/89 and 1991/92 from 20% to 12% for peaches and from 15% to 10% for oranges and lemons.

If the threshold is exceeded during a marketing year, the basic price and the buying-in price for the following year will be reduced by 1% for each 18 000 tonnes of peaches, 6600 tonnes of lemons or 2000 tonnes of oranges in excess, with a ceiling of 20%.

288. For tobacco, a maximum quantity of 385 000 tonnes was laid down for three marketing years, and specific maximum guaranteed quantities will be established for each variety and group of varieties in order to stabilize overall production and en-

courage the reorientation of production towards varieties in greater demand on the market.

Where these specific threshold are exceeded, within a limit of 5% for the first year and of 15% for the second and third, each 1% of excess production will result in a 1% reduction in the intervention price and in premiums.

289. In the milk sector, the quota system was extended for three years, until 31 March 1992. The restrictions introduced into the intervention system concerning skimmed-milk powder and butter were therefore extended for the same period. Article 4(a) of Regulation 857/84, on the possibility of reallocating unused reference quantities (quotas) to other milk producers, will also remain in force for the same period.

Finally, the quota suspension arrangements will remain in force until the same date, with decreasing compensation of ECU 10 for the years 1987/88 and 1988/89, ECU 8 for 1989/90, ECU 7 for 1990/91 and ECU 6 for 1991/92.

290. In the beef and veal sector, the Commission presented proposals to the Council on 20 October for the reform of the common organization of the beef and veal markets; the measures were to enter into force from 1 January 1989, when the transitional arrangements applying since December 1986 expired.

The Council discussed these proposals at its November and December meetings. Unable to reach agreement before the end of 1988, it adopted a Regulation¹ on 20 December amending the 1986 Regulations as regards the expiry dates for the arrangements for buying-in and the granting of certain premiums, extending the existing arrangements until 5 March 1989.

In the sheepmeat and goatmeat sector, the guarantee threshold corresponding to the number of sheep in the Community in 1987 was fixed at 44 million head, later revised to 45 300 000; in connection with the application of the variable premium arrangements, a specific threshold for the United Kingdom was set at 18 million head, later revised to 18 100 000.

If the threshold is exceeded, each 1% in excess will mean a reduction of 1% in the basic price and a corresponding reduction in derived prices. The Council will review this mechanism when it amends the common organization of the market for this sector.

¹ OJ L 362, 30.12.88.

Socio-structural measures

291. In accordance with the conclusions of the European Council in February 1988, the Council also adopted two important measures in April 1988 to accompany the stabilizers introduced for all agricultural products; these relate to set-aside and to a Community scheme to encourage the cessation of farming and are intended to complement the stabilization mechanisms and other arrangements for correcting market policy.¹

Agricultural prices and associated measures

292. The Council began an examination of the Commission proposals on prices for the year 1988-89 as soon as they were submitted at the end of March. Only after several meetings in April, May and June was agreement finally reached on 19 July, after the final difficulties for one Member State, regarding the dismantling of its negative monetary compensatory amounts, had been overcome.

This late adoption meant that the Council had to extend the 1987/88 marketing year for milk and milk products and for beef and veal several times, and also that the Commission had to adopt precautionary measures relating to cauliflower and dried fodder and finally, in June, precautionary measures for cereals, sugar, beef and veal, milk and milk products, some fruit and vegetables and oilseed plants.

293. With regard to prices, and without prejudice to the application of stabilizers, the Council maintained its previous restrictive policy and in general repeated price levels in ecus from the preceding year, subject to the adjustments laid down in the Act of Accession for Spain and Portugal. However, the price of durum wheat was more closely aligned with that of common wheat by means of a 5.23% reduction in the intervention price, although production aid was increased by 12.52%. Transport costs for all cereals were updated, resulting in reductions in the target price ranging from 1.4% for durum wheat to 2.26% for common wheat and 2.48% for fodder grain.

With regard to tobacco, the premiums and the norm price of varieties in category IV were reduced by 6% compared with the previous year and by 8% for varieties in category V. On the other hand, premiums for varieties in groups I and II were increased by 2% and 1%, respectively.

For sugar, the threshold price for white sugar and unrefined sugar was reduced by 1% compared with the previous year due to the decrease in transport costs.

¹ See paragraphs 335 *et seq.* of this Review.

294. In connection with the agreement on prices the Council also adopted certain related measures, some of which complement the reforms undertaken to adjust the common agricultural policy.

The relaxation of the intervention system was continued, with a reduction of 25% in the monthly increases in the cereals and rice sector and of 20% in the colza and sunflower sector, and with the deletion of the clause whereby intervention was triggered by the price levels recorded on certain markets.

Anxious to ensure increased use of cereals in the animal husbandry sector, the Council intended to act as soon as possible to introduce a premium for the incorporation of cereals in animal feedstuffs, with particular regard to the following: using most recent marketing year possible as a reference period, compliance with GATT, review after one year, and an inspection system to ensure the effectiveness of the arrangements.

Finally, it was agreed that production aid would be granted for high-quality flint maize intended for the production of groats and meal (gritz), in order to encourage the establishment of this crop in the most suitable regions of the Community.

295.

In the oilseeds sector, the maximum guaranteed quantities fixed in advance and the scale of penalties for exceeding quotas were amended, and limits on these maximum level of penalties were abolished both for this sector and for high-protein plants.

The Council also agreed in principle to the Commission's intention of granting aid from 1991/92 onwards only to double zero varieties of colza, with the exception of seed for the chemical industry.

296.

In the sugar sector, aid was to be granted to Community refineries for the years 1987/88 to 1990/91 for the quantities of preferential raw cane sugar they refine, plus on the one hand cane sugar from the French overseas departments and on the other Community raw beet sugar where the latter qualifies for refining subsidies.

For the marketing years 1987/88 to 1990/91, the United Kingdom was authorized to grant a national subsidy of up to ECU 5 per tonne of white sugar per year for the refining of preferential sugar, 25% of which would be met from the Community budget.

National subsidies in Italy and French national subsidies for sugar from the overseas departments were extended for one year.

297.

In the olive oil sector, it was decided to raise the threshold for small producers from 200 to 300 kilograms of olive oil and to increase aid to these small producers by 1%. The Council also decided to extend until 30 October 1992 the deduction from production aid intended to contribute to the financing of the olive cultivation register.

298.

In the wine sector, the Council decided to make a number of amendments to basic Regulation (EEC) No 822/87 which had become necessary in the light of experience, particularly with regard to restrictions on the system of national aid for planting vines, the reduction of the prices applying for the distillation of by-products of winemaking, wines from particular vine varieties and fortified wines, an increase in the quantities of alcohol contained in the by-products of winemaking to be compulsorily delivered, technical adjustments to the statutory definitions of certain products and of certain winemaking practices.

299.

In the fruit and vegetables sector, with regard to aid for processing tomatoes the Council decided on the quantities that may be processed in each producer country. The guarantee threshold for dried muscatel grapes was fixed at 4000 tonnes. The Council also extended for one year the current aid arrangements for pineapple production.

Finally, the Commission also undertook to forward a report on nuts, together with proposals for adapting production to current market conditions by means of storage and processing measures.

300.

In the milk sector, the co-responsibility levy was extended for two years, with the present rate being maintained for 1988/89. The Council also decided to withdraw for one year the suspension of the outward processing arrangements for dairy products. Finally, it asked the Commission to examine whether a reduction in this levy could be considered for 1989/90. The Commission was also asked to examine the legal provisions regarding the production and marketing of dairy products in the Member States and to put the necessary proposals before the Council.

301.

In the beef and veal sector, pending the reform of the common organization of the market, the Council agreed to amend the two clauses in the basic Regulation governing access to intervention in order to avoid a downward spiral, allowing for these clauses to be suspended under certain market price conditions, defined with particular reference to disparities between the prices in different Member States.

Agri-monetary decisions

302. Monetary trends during 1988 were relatively calm. For the currencies observing all the constraints of the EMS there was no adjustment in exchange rates, while for certain other currencies the monetary divergence diminished (pound sterling) or slightly increased (lira and escudo).

Mention should be made, however, firstly of the significant fall of the drachma and secondly of the revaluation of the peseta, which resulted in its monetary divergence changing sign from negative to positive.

In July 1988, when fixing agricultural prices for 1988/89, the Council and the Commission agreed to dismantle the existing negative monetary discrepancies for currencies subject to the constraints of the EMS by adjusting the green rates in four stages between July 1988 and the end of 1992. For the currencies not subject to such constraints (pound sterling, Greek drachma, Portuguese escudo, Spanish peseta), they agreed that steps should also be taken to dismantle the existing monetary discrepancies, and the Commission undertook to examine the most appropriate methods for this.

At the same time the Council decided on the measures to be taken in the first stage of dismantling¹, involving a reduction in the discrepancies of approximately 25%, with effect generally from 1 January 1989. However, in Greece there was to be a 15-point readjustment of green rates for animal products and a 20-point readjustment for vegetable products with effect from the beginning of the 1988/89 marketing year; for Portugal, the dismantling covered all existing monetary discrepancies from the beginning of the 1988/89 year. With regard to beef and veal, decisions on green rates were to be taken when the reform of the common organization of the market in this sector was finally adopted.

303. The situation regarding MCAs on 1 January 1989, following the decisions taken in 1988 and monetary developments in the course of the year, was as follows:

- (a) no MCA was applicable in Belgium, Denmark, the Federal Republic of Germany, Luxembourg or The Netherlands;
- (b) in sectors subject to MCAs in the other Member States, the monetary discrepancies were as follows:

Greece	Pigmeat	— 22.5
	Poultry, wine	— 18.1
	Dairy products, beef and veal	— 37.5
	Cereals, sugar	— 21.6
	Olive oil	— 13.1

¹ Regulation (EEC) No 2185/88, OJ L 195, 23.7.1988.

Spain	Dairy products, beef and veal	+ 1.9
	cereals, sugar	+ 1.0
France	Dairy products, cereals and sugar	— 2.0
	Beef and veal	— 1.0
Ireland	Pigmeat	— 1.0
	Dairy products, beef and veal	— 2.0
	Cereals and sugar	— 2.1
Italy	Dairy products, sugar	— 2.1
	Beef and veal	— 4.6
	Cereals	— 3.2
Portugal	Sugar	— 1.0
United Kingdom	Poultry	— 2.6
	Dairy products	— 4.6
	Beef and veal	— 1.0
	Cereals, sugar	— 6.1

Financial decisions

304. Following the conclusions of the Brussels European Council in February 1988, the Council confirmed¹ the rule introduced in 1987² establishing a delay between funding operations by the Member States from their own financial resources and the booking of this expenditure for the advance payments made to the Member States by the Community.

This delay, which was two months for the financial year 1987, was increased to two and a half months from the beginning of the financial year 1988. Expenditure for October is attached to October if it is effected from 1 to 15 October and to November if it is effected from 16 to 31 October. Thus, for agricultural expenditure the financial year 1987 will have covered expenditure from 1 January 1987 to 31 October 1987 (10 months), and the financial year 1988 will have covered expenditure from 1 November 1987 to 15 October 1988 (11 ½ months); the financial year 1989 will see a return to a 12-month period (expenditure from 16 October 1988 to 15 October 1989).

Following the conclusions of the Brussels European Council on 11 and 12 February 1988, the Council made further improvements to the rules for financing public storage³. Firstly, extraordinary depreciation will be effected in order to regularize

¹ Regulation (EEC) No 2048/88, OJ L 185, 15.7.1988.

² Regulation (EEC) No 3183/87, OJ L 304, 27.10.1987.

³ Regulation (EEC) No 2050/88, OJ L 185, 15.7.1988.

the situation in this area by 1992. To this end, appropriations will be entered each year in Title 8 of the budget for the period 1988-92 (1988 prices):

1988: ECU 1200 million,
1989-92: ECU 1400 million.

Furthermore, it was established that, from 1989 onwards, the value of agricultural products bought in as intervention stocks should, in general, be depreciated directly on buying in. In the interests of more flexible administration, the Commission may restrict depreciation at the time of buying-in to approximately three quarters of the value of the produce and then finalize the depreciation at the end of the year.

In addition, in order to relieve the burden on the budget, the restriction on reimbursement of financing charges and technical expenses to Member States by the Community was extended until 1992. For financing charges this means the standard interest rate for funds raised by the Member States to buy in products offered for intervention, fixed at a level below its representative level; for technical expenses it means the standard amounts of the technical storage costs of the national intervention agencies, fixed at 75% of the amount determined on a normal basis.

305. In connection with the reform of the structural Funds, the Council adopted Regulation (EEC) No 4256/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards the EAGGF Guidance Section.¹ This Regulation defines the tasks assigned to the EAGGF Guidance Section with regard to its contribution to achieving Objectives 1, 5a and 5b in Article 1 of Regulation (EEC) No 2052/88.

Before 31 December 1989 the Council must decide on amendments to the common measures established under Article 6 of Regulation (EEC) No 729/70 with a view to the new objectives laid down in the Regulation on the coordination of the Funds.

It should also be noted that in certain cases, under the policy easing the adjustment of farmers to the new realities of the market, the Council made use of mixed financing from the EAGGF Guarantee and Guidance Sections, recognizing that these structural policy measures are also intended to re-establish balance in the markets.

For example, the set-aside scheme is considered both a common measure within the meaning of Article 6 (1) of Regulation (EEC) No 729/70 on the financing of the common agricultural policy and an intervention within the meaning of Article 3 of the same Regulation. To simplify administration it was agreed that, exceptionally, the financing procedures that normally apply to the Guarantee Section would apply to expenditure financed by the Guidance Section.

¹ OJ L 374, 31.12.1988.

National aid

AID FOR TABLE-OLIVE PRODUCERS IN GREECE¹

306. As there were exceptional circumstances justifying aid to the table-olives sector in Greece, the Council adopted a decision extending this aid until 31 December 1989, to the extent strictly necessary for maintaining the income of the producers concerned.

AID FOR FARMERS IN THE FEDERAL REPUBLIC OF GERMANY²

307. To compensate for the fall in prices in national currency in the Federal Republic of Germany brought about by the adjustment of green rates, the Council authorized special national aid from 1 January 1989. The total amount of this aid is not to exceed that of the supplementary aid expiring on 31 December 1988.

B — Management of the common agricultural policy

308. During 1988 the Council adopted various measures concerning the management of the markets and the amendment of basic regulations. The main features are set out below.

Plant products

CEREALS

309. On 18 January the Council adopted a Regulation fixing the import quota for corn starch from the 10-member Community to Portugal at 1694 tonnes for 1988.³

On 16 May, acting on a Commission proposal, the Council adopted a Regulation⁴ extending until 31 May the time limit set by the Regulation of 17 November 1987 on the transfer to Greece of 150 000 tonnes of barley held by the Spanish intervention agency, as it had not been possible to transfer the last 30 000 tonnes of barley within the prescribed period.

¹ Council Decision of 8.2.1988, not published in the OJ.

² Decision 88/402/EEC, OJ L 195, 23.7.1988.

³ OJ L 18, 22.1.1988.

⁴ OJ L 125, 19.5.1988.

On 24 May, acting on a Commission proposal, the Council adopted two Regulations extending to Portugal the granting of special aid for the production of rice of the Indica type.¹

On 31 May, in order to permit the implementation of the system of stabilizers from 1 June in Greece, Spain and Italy, and in view of the delay in fixing agricultural prices for the 1988/89 marketing year, the Council, acting on a proposal from the Commission, fixed the intervention price for common wheat of bread-making quality, so that the supplementary co-responsibility levy could be applied during June.² It also adopted a Regulation on 31 May fixing the amount of the co-responsibility levy in the cereals sector for the period 1 to 30 June.³

Finally, acting on a proposal from the Commission submitted on 23 November 1988, the Council conducted a thorough review at its meeting from 12 to 20 December of the problems caused by the implementation of the special arrangements applying to small producers in connection with the co-responsibility arrangements in the cereals sector, particularly with regard to the definition of small producers.

OILSEEDS

310. On 29 June the Council adopted a Regulation amending Regulation No 475/86 laying down general rules for the system for controlling the prices and the quantities of certain products in the oils and fats sector released for consumption in Spain.³

For sunflower oil produced in Spain, the forward estimate is to be drawn up in future for each marketing year before a date to be set and not before the start of the calendar year.

On 18 July the Council adopted a Regulation amending Regulation No 1594/83 on the subsidy for oilseeds⁴ to extend to sunflower seeds the system of aid already applied to colza and rape seed incorporated directly into feedstuffs.

On 14 November the Council adopted a Regulation⁵ amending Regulation 2194/85 adopting general rules concerning special measures for soya beans, to extend to 31 December 1992 the possibility of using other methods of equivalent effect instead of the single Community method of taking samples for analysis.

¹ OJ L 131, 27.5.1988.

² OJ L 135, 1.6.1988.

³ OJ L 170, 2.7.1988.

⁴ OJ L 191, 22.7.1988.

⁵ OJ L 311, 17.11.1988.

OLIVE OIL

311. On 29 March the Council adopted a Regulation¹ amending the general rules on the granting of aid for the production of olive oil and aid to olive-oil producer organizations. The aim of these amendments was to take account of certain changes in the basic Regulation on oils and fats, in particular regarding the implementing rules for the system of maximum guaranteed quantities. They also removed the need for producer organizations to check crop declarations on the spot, allowing this to be carried out by specialized agencies.

Also on 29 March the Council adopted a Regulation¹ fixing at 1.9% for the 1987/88 marketing year the percentage of production aid to be withheld for recognized olive-oil producers' organizations and associations thereof.

By a Regulation² adopted on 29 June the Council decided on special arrangements for Greece in respect of the conclusion of storage contracts for olive oil in that country.

On 18 October the Council adopted a Regulation³ fixing for the 1988/89 marketing year the representative market price (ECU 190.61/100 kg) and the threshold price (ECU 189.43/100 kg) for olive oil and the percentages of the consumption aid to be withheld for financing the trade organizations (1.4%) and for promotion and marketing projects (4%).

Finally, on 12 December the Council adopted a Regulation⁴ extending until 31 October 1992 the Community contribution to the expenditure of the agencies set up in Greece, Spain, Italy and Portugal for carrying out checks on olive oil.

WINE

312. On 18 July the Council adopted a Regulation⁵ authorizing until 31 July 1989 the offer or disposal for direct human consumption of certain imported wines that may have undergone oenological processes not provided for in basic Regulation No 822/87 on wines; this measure relates to wines imported from the United States.

¹ OJ L 89, 6.4.1988.

² OJ L 168, 1.7.1988.

³ OJ L 292, 26.10.1988.

⁴ OJ L 346, 15.12.1988.

⁵ OJ L 191, 22.7.1988.

On 19 July the Council adopted a Decision¹ authorizing until 15 December 1989 the granting of aid for the short-term private storage of table wines and must in France and Italy.

On 26 July the Council adopted certain amendments² to the general rules for distillation operations made necessary by developments in distillation systems and in the light of experience.

On 26 September the Council adopted a Regulation³ amending basic Regulation No 822/87 to apply to stocks of wine alcohol from compulsory distillation held by intervention agencies the measures on the depreciation of agricultural products bought in by agencies.

On 12 December the Council adopted a Regulation⁴ extending until 31 December 1989 Regulation No 351/79 permitting the addition of alcohol to products in the wine sector.

On 12 December the Council also adopted a Regulation⁵ laying down the general rules on the disposal of alcohol obtained from the distillation operations referred to in Articles 35, 36 and 39 of Regulation No 822/87 and held by intervention agencies; this Regulation laid down a standard simplified disposal procedure.

313. Finally, on 12 December the Council adopted two Decisions on the conclusion between the Community and the Republic of Austria of a new Agreement⁶ on the control and reciprocal protection of quality wines and an Agreement⁷ on the reciprocal establishment of tariff quotas for certain quality wines.

On 21 December the Council adopted a Regulation⁸ on the preparation and marketing of liqueur wines produced in the Community, subjecting these wines to common rules governing preparation, marketing and inspection.

On the same day the Council adopted a Regulation⁸ amending Regulation 822/87 on the common organization of the market in wine, in order to amend the definition of liqueur wines and of certain oenological practices laid down for these products.

¹ OJ L 198, 26.7.1988.

² OJ L 225, 15.8.1988.

³ OJ L 269, 29.9.1988.

⁴ OJ L 347, 16.12.1988.

⁵ OJ L 346, 15.12.1988.

⁶ OJ L 56, 27.2.1989.

⁷ OJ L 348, 17.12.1988.

⁸ OJ L 373, 31.12.1988.

Also on 21 December the Council adopted a Regulation¹ amending Regulation No 354/79 laying down general rules for the import of wines, grape juice and grape must, in order to extend until 31 January 1989 the arrangements granting certain facilities for the import of wine products originating in non-Community countries which currently apply to the United States.

On 29 December the Council adopted a Regulation² extending for one month the Regulation on the system applying to wines from the Grand Duchy of Luxembourg, which would have expired on 31 December 1988.

SPIRITS

314. On 13 December the Council arrived unanimously at a common position on a draft Regulation laying down general rules on the definition, designation and presentation of spirituous beverages in order to establish minimum production standards, suitable protection for traditional geographical appellations and the reservation of certain appellations for the produce of specified Member States. The text will be formally adopted by the Council when it has been finalized and will then be forwarded to Parliament under the cooperation procedure.

FRUIT AND VEGETABLES

315. On 25 April the Council adopted a Regulation³ ending the authorization for the marketing of Class III fruit and vegetables except in exceptional circumstances.

On 19 July the Council adopted a Regulation⁴ fixing an intervention threshold for lemons in Spain.

On 12 December the Council adopted a Regulation⁵ setting for the 1988/89 marketing year the percentages for the granting of aid for products processed from tomatoes; these percentages were increased from 60% to 70% for the 10-member Community and from 15% to 26% for Spain and Portugal.

HOPS

316. On 28 November the Council adopted a Regulation⁶ laying down the amount of aid to producers for the 1987 harvest. The average level of aid was increas-

¹ OJ L 373, 31.12.1988.

² OJ L 367, 31.12.1988.

³ OJ L 107, 28.4.1988.

⁴ OJ L 201, 27.7.1988.

⁵ OJ L 346, 15.12.1988.

⁶ OJ L 332, 3.12.1988.

ed by more than 1.5%, with different levels of aid according to groups of varieties (aromatic, bitter and others).

Animal products

DAIRY PRODUCTS

317. In September the Council received proposals from the Commission (SLOM proposals) on amendments to the milk quota system, following the judgments of the Court of Justice in cases 120/86 and 170/86. These judgments declared Regulation No 857/84 invalid in so far as it made no provision for assigning a reference quantity to producers in receipt of a premium for the non-marketing of milk under Regulation No 1078/77 who therefore supplied no milk during the reference year used by the Member State. The Council discussed these proposals in depth at its October, November and December meetings, though without reaching any definite conclusions before the end of the year.

On 21 March the Council adopted a Regulation¹ amending Regulation No 804/68 to reinforce at individual producer level the effectiveness of the supplementary levy system where Formula B (payment of the levy by dairies) applies.

On 28 March the Council adopted a Regulation² amending Regulation No 985/68 laying down general rules for intervention on the market in butter and cream, in order to supplement the grade names of butter eligible for buying in by intervention agencies as regards Luxembourg.

On 28 March the Council adopted a Regulation² amending Regulation No 775/87 temporarily withdrawing a proportion of the reference quantities laid down under the supplementary levy system, in order to permit the payment of compensation to producers for quantities withdrawn during the first six months of 1988 and 1989 rather than the first three months.

Also on 28 March the Council adopted a Regulation² amending Regulation No 1336/86 fixing compensation for the definitive discontinuation of milk production in order to make it possible, under certain conditions, to allocate unutilized funds to the financing of restructuring measures.

On 29 June the Council adopted³ an amendment to Regulation No 775/87 so as to authorize Greece to invest in programmes, to improve the quality of milk, any funds not utilized for paying individual compensation for reduced milk production once a certain reference quantity had been reached.

¹ OJ L 78, 23.3.1988.

² OJ L 87, 31.3.1988.

³ OJ L 170, 2.7.1988.

318. On 17 October the Council adopted a Regulation¹ amending Regulation No 1307/85 which extended for the 1988/89 marketing year the arrangements for consumption aid for butter.

On 14 November the Council adopted a Regulation² amending Regulation No 987/68 laying down general rules for granting aid for skimmed milk processed into casein or caseinates, so as to put a limit of 31 December 1989 on the Commission's powers to exclude from the aid scheme certain uses of casein and caseinates.

On 21 December the Council adopted a Decision³ on the conclusion of an Agreement in the form of an exchange of Letters between the Community and the Kingdom of Norway concerning reciprocal trade in cheese.

The same day the Council adopted a Regulation⁴ amending Regulation 2990/82 on the sale of butter at reduced prices to persons receiving social assistance, so as to renew until the end of 1990 the arrangements applying in Ireland and fix the maximum amount of Community aid at ECU 150/100 kg.

In October the Council received a Commission report on the functioning of the scheme for importing New Zealand butter into the United Kingdom on special terms and a proposal for a Regulation on continuing these imports at a reduced level for the next four years, with a special levy reduced to 15% of the intervention price.

The Council discussed this proposal at its meetings between October and December. On 19 December, not having reached agreement, it extended³ the 1988 import arrangements pro rata for the period from 1 January to 31 March 1989 (18 625 tonnes of butter).

BEEF AND VEAL

319. With regard to tariff quotas, the Council adopted the following Regulations:

- (a) on 25 January, 1988 quotas of 2250 tonnes of frozen buffalo meat,⁵ 34 300 tonnes of high-quality fresh, chilled or frozen beef and veal,⁵ and 53 000 tonnes of frozen beef and veal;⁵
- (b) on 8 February, the estimate for young male bovine animals intended for fattening (164 000 head);

¹ OJ L 286, 20.10.1988.

² OJ L 311, 17.11.1988.

³ OJ L 362, 30.12.1988.

⁴ OJ L 361, 29.12.1988.

⁵ OJ L 24, 29.1.1988.

the estimate for beef and veal intended for the processing industry (12 000 tonnes, 8500 without levy and 3500 at a reduced rate of levy);¹

- (c) on 18 April, a special unilateral tariff quota for 1988 for fresh high-quality beef and veal (1000 tonnes at 20% duty)², and a special unilateral tariff quota for 1988 for high-quality fresh, chilled or frozen beef and veal (8000 tonnes at 20% duty);²
- (d) on 13 June, a tariff quota of 42 500 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds, for the period from 1 July 1988 to 30 June 1989 at a duty of 4%,³ and a tariff quota of 5000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds, at a duty rate of 4%;³
- (e) on 17 October, a special unilateral tariff quota for 1988 of 2000 tonnes of high-quality fresh, chilled or frozen beef and veal at a duty rate of 20%;⁴
- (f) on 8 November, a tariff quota of 1500 tonnes of frozen thin skirt of bovine animals at a rate of 4%;⁵
- (g) on 19 December, 1989 tariff quotas of 2250 tonnes of frozen buffalo meat (1989),⁵ 34 300 tonnes of high-quality fresh, chilled or frozen beef and veal⁶ and 53 000 tonnes for frozen beef and veal.⁶

SHEEPMEAT AND GOATMEAT

320. In October the Council received Commission proposals for amendments to the common organization of the markets in this sector. The proposals were examined in November and December.

At the Council's November meeting the Commission was authorized, in accordance with the conclusions of the European Council in February, to open negotiations with a view to amending the existing voluntary restraint agreements in the sheepmeat sector and negotiating similar provisions with supplier countries who had not yet entered into any such commitments.

At its December meeting the Council examined the Commission proposal on the voluntary restraint agreement between the Community and New Zealand.

¹ OJ L 40, 13.2.1988.

² OJ L 101, 20.4.1988.

³ OJ L 152, 18.6.1988.

⁴ OJ L 286, 20.10.1988.

⁵ OJ L 306, 11.11.1988.

⁶ OJ L 359, 28.12.1988.

PIGMEAT

321. On several occasions the Council discussed the situation in the pigmeat market, particularly at its October meeting on the basis of a communication from the Commission assessing developments.

In addition it adopted Regulations on:

- (a) the fixing of the 1989 quota for the import of live pigs into Portugal;
- (b) a derogation from Regulation (EEC) No 3220/84 with regard to the application of the Community scale for grading pig carcasses in Greece;
- (c) an amendment to Regulation (EEC) No 43/81 establishing a list of representative markets for this sector in the Community.

C — Coordination of the position of Member States with regard to international matters

International Sugar Agreement

322. The 1987 International Sugar Agreement, signed by the Community on 18 December 1987, entered into force in March 1988. The Council set up under this Agreement held its inaugural meeting on 25 March 1988. Regular meetings of this Council took place in May and November 1988. The Community took part both in these meetings and in those of other Council bodies.

Olive oil

323. In 1988 the International Olive Oil Council continued its work of administering the International Agreement on olive oil and table olives, with particular regard to campaigns to promote olive oil in the United States and in Saudi Arabia. The Community took part in the relevant meetings and there were coordination meetings in connection with this.

International Wine and Vine Office (IWO)

324. The Council paid close attention to the work of the Office, in particular at its sixty-eighth General Assembly in Paris from 5 to 9 September 1988.

FAO — World Food Council — International Wheat Council

325. The Member States and the Commission regularly coordinated their positions with regard to work at all levels in these organizations.

Codex alimentarius (FAO/WHO)

326. In connection with work on the *Codex alimentarius* (FAO/WHO programme), the Member States and the Commission coordinated their positions in order to present a common front on the questions under discussion at meetings of the different Codex committees.

D — Harmonization of laws

Veterinary questions and animal husbandry

327. During 1988 the Council adopted various Regulations and Directives that enabled further significant progress to be made in the veterinary and animal husbandry sectors with a view to completing the Single Market with regard to the protection of human and animal health and questions of animal husbandry.

On 7 March the Council adopted a Directive¹ prohibiting the use in livestock farming of certain substances having a hormonal action, following the judgment of the Court of Justice of 23 February 1988 annulling the Directive of 31 December 1985 for breach of procedure.

Also on 7 March the Council adopted a Directive² complying with the judgment of the Court of Justice of 23 February 1988 annulling the Directive of 25 March 1986 laying down minimum standards for the protection of laying hens kept in battery cages.

On 28 March the Council adopted a Decision³ on a system for health control of imports from third countries at frontier inspection posts (Shift Project), under which the Commission is responsible for drawing up a programme for the computerization of veterinary importation procedures.

¹ OJ L 70, 16.3.1988.

² OJ L 74, 19.3.1988.

³ OJ L 89, 6.4.1988.

328. On 3 May the Council adopted two Directives.

- (i) The Directive¹ amending Directive 64/433/EEC on health problems affecting intra-Community trade in fresh meat aims to tighten up the requirements with which this trade must comply.
- (ii) The Directive¹ amending Directive 72/462/EEC on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries aims to extend to imports from non-Community countries the amendments to the rules governing intra-Community trade.

On 17 May the Council adopted a Directive² on trade in animals treated with certain substances having a hormonal action and their meat, in order to define the conditions for allowing trade in such animals or meat or animals intended for reproduction and reproductive animals at the end of their career that have been treated for therapeutic or zootechnical purposes.

On 24 May the Council adopted a Decision³ recognizing certain parts of the territory of the Community as being either swine-fever free or officially swine-fever free; this Decision concerned regions of the Federal Republic of Germany, France, Greece and The Netherlands.

On 16 May the Council adopted a Decision⁴ on the conclusion by the Council of the European Convention for the Protection of Animals for Slaughter.

329. On 14 June the Council adopted one Decision and three Directives:

- (a) a Decision⁵ on the levels of the fees to be charged for health inspections and controls of fresh meat;
- (b) a Directive⁵ laying down the animal health requirements applicable to intra-Community trade in and imports of deep-frozen semen of domestic animals of the bovine species;
- (c) a Directive⁵ laying down the health rules applying to meat intended for the domestic market of Member States and the levels of the fees to be charged, in order to provide consumers with a high uniform level of health protection;
- (d) a Directive⁵ fixing the guarantees required for intra-Community trade as regards enzootic bovine leucosis.

¹ OJ L 124, 13.5.1988.

² OJ L 128, 21.5.1988.

³ OJ L 132, 28.5.1988.

⁴ OJ L 137, 2.6.1988.

⁵ OJ L 194, 22.7.1988.

330. With regard to health policy, the Council adopted on 14 December:

- (i) a Directive¹ on health problems with regard to the production, the marketing in the Community and the importing from non-Community countries of fresh meat and of meat in pieces of less than 100g; this Directive laid down the health and quality standards for intra-Community trade in meat and meat preparations, with the prospect of extending microbiological standards in future to the domestic market;
- (ii) a Directive¹ amending Directive 77/99 on health problems affecting intra-Community trade in meat products, so as to include the products covered by the abovementioned Directive and take account of the amendments introduced on 3 May 1988 to the rules governing trade in fresh meat.

On 19 December the Council adopted:

- (i) a Directive¹ amending Directive 80/215/EEC on animal health problems affecting intra-Community trade in meat products in order to abolish the weight limit on heat-treated hams;
- (ii) a Directive¹ on the zootechnical standards applicable to breeding animals of the porcine species.

On 14 December the Council adopted two Decisions regarding swine fever:

- (i) a Decision² amending Decision 88/303 of 24 May 1988 recognizing certain parts of the territory of the Community as either being officially swine-fever free or swine-fever free, so as to extend swine-fever free status to certain regions of the Federal Republic of Germany, France, The Netherlands, Spain, Belgium and Italy;
- (ii) a Decision² derogating from prohibitions relating to African swine fever for certain areas in Spain that have been disease-free for at least 12 months. From 14 May 1989 these regions will enjoy a derogation from the prohibition on exporting live pigs, fresh pigmeat and certain meat products to other Member States if certain technical requirements are met.

Plant health

331. The Council's work in this sector led to the adoption of the following.

- (a) On 16 May 1988 the Council adopted a Directive (88/298/EEC) amending Annex II to Directives 76/895/EEC and 86/36/EEC relating to the fixing of maximum levels for pesticide residues in and on fruit, vegetables and cereals, respectively.³

¹ OJ L 382, 31.12.1988.

² OJ L 9, 12.1.1989.

³ OJ L 126, 20.5.1988.

The aim of this Directive is to reduce the maximum levels of residues of certain pesticides listed in Annex II to the abovementioned Directives and to update this Annex by adding provisions concerning certain other residues.

- (b) On 14 November 1988 the Council adopted a Directive (88/572/EEC) amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.¹

This Directive, which is part of the action programme for the completion of the Single Market, has the main aim of amending certain provisions to take account of developments since the adoption of Directive 77/93/EEC, with particular regard to wood and wood products and to inspections of plant products on import.

Seeds and seedlings

332. In this sector the Council adopted a number of measures supplementing and amending Community legislation in the light of experience.

The measures are as follows:

- (a) Directive 88/332/EEC of 13 June 1988, amending certain Directives on the marketing of seed and propagating material so as to provide for rules for applying the provisions relating to seed and propagating material satisfying less stringent requirements;²
- (b) Directive 88/380/EEC of 13 June 1988, amending Directives 6/400/EEC, 66/401/EEC, 66/402/EEC, 66/403/EEC, 69/208/EEC, 70/457/EEC and 70/458/EEC on the marketing of beet seed, fodder plant seed, cereal seed, seed potatoes, seed of oil and fibre plants, vegetable seed, and on the common catalogue of varieties of agricultural plant species;³
- (c) Directive (88/359/EEC) of 24 June 1988 amending Directive 66/403/EEC on the marketing of seed potatoes;⁴
- (d) Decision 88/573/EEC of 14 November 1988 amending Decision 81/956/EEC on the equivalence of seed potatoes produced in third countries;¹
- (e) Decision 88/574/EEC of 14 November 1988 amending Decision 78/476/EEC on the equivalence of checks on practices for the maintenance of varieties carried out in third countries;¹

¹ OJ L 313, 19.11.1988.

² OJ L 151, 17.6.1988.

³ OJ L 187, 16.7.1988.

⁴ OJ L 174, 6.7.1988.

- (f) Decision 88/575/EEC of 14 November 1988 amending the seventh Decision 85/355/EEC, on the equivalence of field inspections carried out in third countries on seed-producing crops and the seventh Decision, 85/356/EEC, on the equivalence of seed produced in third countries.¹

Foodstuffs

333. During the year under review the Council made a particular effort to speed up the process of completing the internal market on the basis of the measures proposed by the Commission in its White Paper. A large number of measures were thus adopted in this sector following completion of the cooperation procedure with the European Parliament.

The measures are as follows:

- (a) Directive 88/344/EEC of 13 June 1988 on the approximation of the laws of the Member States on extraction solvents used in the production of foodstuffs and food ingredients;²
- (b) Directive 88/388/EEC of 22 June 1988 on the approximation of the laws of the Member States relating to flavourings for use in foodstuffs and to source materials for their production;³
- (c) Decision 88/389/EEC of 22 June 1988 on the establishment, by the Commission, of an inventory of the source materials and substances used in the preparation of flavourings;³
- (d) Directive 88/593/EEC of 18 November 1988 amending Directive 79/693/EEC on the approximation of the laws of the Member States relating to fruit jams, jellies, marmalades and chestnut purée;⁴
- (e) Directive 89/107/EEC of 21 December 1988 on the approximation of the laws of the Member States concerning food additives authorized for use in foodstuffs intended for human consumption;⁵
- (f) Directive 89/108/EEC of 21 December 1988 on the approximation of the laws of the Member States relating to quick-frozen foodstuffs for human consumption;⁵
- (g) Directive 89/109/EEC of 21 December 1988 on the approximation of the laws of the Member States relating to materials and articles intended to come into contact with foodstuffs.⁵

¹ OJ L 313, 19.11.1988.

² OJ L 157, 24.6.1988.

³ OJ L 184, 15.7.1988.

⁴ OJ L 318, 25.11.1988.

⁵ OJ L 40, 11.2.1989.

334. In addition, the Council adopted common positions with a view to the final adoption of Directives, also within the framework of the cooperation procedure with the European Parliament.

In particular, on 18 November 1988 the Council adopted a common position with a view to adopting:

- (a) a Directive amending for the third time Directive 75/726/EEC on the approximation of the laws of the Member States concerning fruit juice and certain similar products.

Under the same procedure the Council also adopted common positions on 21 December 1988 with a view to adopting the following:

- (b) a Directive amending for the ninth time Directive 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption;
- (c) a Directive amending Directive 79/112/EEC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer;
- (d) a Directive on the approximation of the laws of the Member States relating to foodstuffs for special purposes;
- (e) a Council Directive on indicators or marks identifying the batch to which a foodstuff belongs.

Finally, also on 21 December 1988, the Council reached an agreement, reserving its right to adopt a common position in due course, on the proposal for a Directive on the official inspection of foodstuffs.

E — Policy on agricultural structures

335. During 1988 the policy on agricultural structures was marked by a series of measures aimed at making it easier for farmers to adjust to new market realities, within the context of the current reform of the common agricultural policy, especially the changes to the common organization of the markets.

Given the medium and long-term prospects, this adjustment could result in severe income problems for structurally weaker holdings.

Firstly it was agreed to make provision for assistance to farmers over 55 years of age, who generally have serious difficulties in adapting to the new situation. This was the reason for Regulation (EEC) No 1096/88¹ establishing a Community scheme to en-

¹ OJ L 110, 29.4.1988.

courage the cessation of farming. This measure makes it possible for farmers in this category to give up farming on reasonable terms by providing them with an adequate income.

336. In addition the Council adopted Regulation (EEC) No 1094/88¹ amending Regulations (EEC) Nos 797/85 and 1760/87 as regards the set-aside of arable land and the extensification and conversion of production.

The aim of the set-aside scheme for arable land is to help the various production sectors to adjust to market needs. Establishing the scheme required making certain adjustments to the system of conversion and extensification loans, as established by Regulation (EEC) 1760/87. For reasons of clarity it was considered advisable to adjust the relevant provisions without altering the essential features of the existing system.

The Council also adopted provisions implementing the Regulation on coordination of the structural Funds in the EAGGF Guidance Section, and during 1989 it will have to adapt the common measures to the new basic Regulation.

At the end of 1988 the Council was working on important dossiers relating to the policy of adjusting agricultural structures to the new situation created by the changes to the common organization of the markets, in particular farm income support, the environment and agriculture, the future of the rural community and Community strategy in the forestry sector.

Horizontal measures

337. The Council also adopted the following horizontal measures:

REGULATION (EEC) NO 1137/88,² AMENDING REGULATION (EEC) NO 797/85 ON IMPROVING THE EFFICIENCY OF AGRICULTURAL STRUCTURES

This Regulation contains four amendments:

- (i) the extension for one year of the temporary waiver from the accountancy requirements applying to less-favoured areas of Greece and the Mezzogiorno;
- (ii) the possibility for Member States to restrict aid to family holdings;

¹ OJ L 106, 27.4.1988.

² OJ L 108, 29.5.1988.

- (iii) a limit on aid for investment in the pig production sector (up to 300 places, on condition that the total number does not exceed 800 places per holding);
- (iv) an extension for 27 months in Greece, Ireland and Italy and for 11 months in Portugal of the 10% increase in aid.

REGULATION (EEC) NO 3875/88¹ AMENDING REGULATION (EEC) NO 1360/78 ON PRODUCER GROUPS AND ASSOCIATIONS THEREOF

338. The objectives of this Regulation are:

- (i) to extend this measure to Ireland in the cereals, potatoes, beef and veal and sheepmeat and goatmeat sectors;
- (ii) to extend the measure also to certain southern areas of France in the fresh-grape wine sector;
- (iii) to amend the financial provisions following the latest amendment to the common measure introduced by Regulation (EEC) No 1760/87;
- (iv) to amend the text to conform with the combined goods nomenclature instituted by Regulation (EEC) No 2658/87.

Regional measures

339. During 1988 the Council decided on the following:

REGULATION (EEC) NO 388/88² AMENDING REGULATION (EEC) NO 458/80 ON COLLECTIVE PROJECTS FOR THE RESTRUCTURING OF VINEYARDS (SPAIN)

The aim of this measure is to extend the period of application of Regulation (EEC) No 458/80 in Spain until 31 March 1988. During the extended period the Regulation is to apply only to vineyards in zones producing quality wines p.s.r. which are also located in less-favoured areas.

¹ OJ L 346, 15.12.1988.

² OJ L 39, 12.2.1988.

REGULATION (EEC) NO 1030/88¹ AMENDING REGULATION (EEC) NO 1820/80 FOR THE STIMULATION OF AGRICULTURAL DEVELOPMENT IN THE LESS-FAVOURED REGIONS OF THE WEST OF IRELAND

340. The amendments are as follows:

- (i) extension of the measure to all the less-favoured areas of Ireland;
- (ii) inclusion of certain supplementary measures to improve living conditions for farm families and to develop their incomes by creating activities other than traditional farming;
- (iii) abandonment of plans to orientate production towards beef and veal, and introduction of measures to relieve the problems of winter shelter for livestock on holdings;
- (iv) an increase in the rate of Community participation and the adjustment of certain maximum eligible amounts and certain physical limits.

REGULATION (EEC) NO 1118/88² ON A SPECIFIC COMMON MEASURE TO ENCOURAGE THE DEVELOPMENT OF AGRICULTURE IN CERTAIN REGIONS OF SPAIN

341. This Regulation comprises the following main sections:

- (a) improvement of the rural infrastructure,
- (b) irrigation and drainage,
- (c) reparaCELLING of farmland,
- (d) prevention of soil erosion,
- (e) land improvement,
- (f) forestry improvement,
- (g) improvement of farm housing.

REGULATION (EEC) NO 2182/88³ AMENDING REGULATION (EEC) NO 3828/85 ON A SPECIFIC PROGRAMME FOR THE DEVELOPMENT OF AGRICULTURE IN PORTUGAL

342. The purpose of this Regulation is to make provision for a Community contribution of 75% for measures qualifying for a rate of 50%, given the limited financial resources available to Portugal.

¹ OJ L 102, 21.4.1988.

² OJ L 107, 28.4.1988.

³ OJ L 191, 22.7.1988.

**DIRECTIVE 88/403/EEC¹ AMENDING DIRECTIVE 75/275/EEC
CONCERNING THE COMMUNITY LIST OF LESS-FAVOURED
FARMING AREAS WITHIN THE MEANING OF DIRECTIVE
75/268/EEC (THE NETHERLANDS)**

343. This Directive extends the areas of The Netherlands recognized as suffering particular handicaps.

**REGULATION (EEC) NO 3208/88² AMENDING REGULATION (EEC)
NO 2239/86 ON A SPECIFIC COMMON MEASURE TO IMPROVE
VINE-GROWING STRUCTURES IN PORTUGAL**

344. The amendment increases the rate of Community co-financing to 75% for measures to encourage the final abandonment of certain areas under vines that qualify in Portugal for a rate of 70%.

**REGULATION (EEC) NO 3222/88³ INTRODUCING A COMMON
MEASURE FOR THE RE-ESTABLISHMENT OF OLIVE GROVES
DAMAGED BY FROST IN CERTAIN REGIONS OF GREECE IN 1987**

345. This common measure introduced a scheme of investment aid for the re-establishment of olive groves on a collective or individual basis and additional aid to compensate olive growers for their loss of income.

**REGULATION (EEC) NO 3223/88³ AMENDING REGULATION (EEC) NO
2511/69 LAYING DOWN SPECIAL MEASURES FOR IMPROVING THE
PRODUCTION AND MARKETING OF COMMUNITY CITRUS FRUIT
(GREECE)**

346. This amendment introduces an additional period up to 31 December 1990 for starting the conversion and restructuring operations delayed by the severe weather in the winter of 1986/87, or restarting those already carried out that were affected by the cold spell. In the latter case, aid for carrying out the work and additional aid

¹ OJ L 195, 23.7.1988.

² OJ L 286, 20.10.1988.

³ OJ L 288, 21.10.1988.

for conversion may be granted again. For quality orchards, provision was also made for granting aid for the re-establishment of damaged orchards.

REGULATION (EEC) NO 3224/88¹ INTRODUCING AN EMERGENCY COMMON MEASURE TO AID THE AGRICULTURAL AREAS OF THE REGIONS OF VALENCIA AND MURCIA

347. This common measure comprises aid for the re-establishment and improvement of the agricultural infrastructure, irrigation, the prevention of soil erosion, the improvement of farmland and the rebuilding of farm buildings following the floods in the Regions of Valencia and Murcia from 2 to 5 November 1987.

REGULATION (EEC) NO 3240/88² AMENDING REGULATION (EEC) NO 2915/86 LAYING DOWN SOCIO-STRUCTURAL PROVISIONS APPLICABLE TO AGRICULTURE IN THE CANARY ISLANDS

348. This measure extends to the Canary Islands the scheme to encourage the cessation of farming and the system of aid for the formation and operation of producers' organizations in the fruit and vegetable sector.

REGULATION (EEC) NO 3874/88³ AMENDING REGULATION (EEC) NO 1654/86 INTRODUCING A COMMON MEASURE FOR REPLANTING AND CONVERTING OLIVE GROVES DAMAGED BY FROST IN 1985 IN CERTAIN REGIONS OF THE COMMUNITY

349. The amendment extends for one year the common measure introduced by Regulation (EEC) No 1654/86 in favour of Italy and France. This is limited to measures for the re-establishment of olive groves by replanting and to conversion measures.

REGULATION (EEC) NO 4073/88⁴ AMENDING REGULATION (EEC) NO 1975/82 ON THE ACCELERATION OF AGRICULTURAL DEVELOPMENT IN CERTAIN REGIONS OF GREECE

350. The amendment to Regulation (EEC) No 1975/82 extends the common measure until 31 December 1989 and increases the rate of the Community contribu-

¹ OJ L 288, 21.10.1988.

² OJ L 289, 22.10.1988.

³ OJ L 346, 15.12.1988.

⁴ OJ L 359, 28.12.1988.

tion from 50% to 70% for rural infrastructure, the development of stock rearing (cattle, sheep and goats) and forestry improvement measures. For all other measures, i.e. irrigation, land improvement and the improvement of training facilities for farmers, the Community contribution is increased from 50% to 60%.

Agricultural statistics

351. During 1988 the Council took three important decisions concerning agricultural statistics.

Firstly, mention must be made of Regulation (EEC) 571/88¹ on the organization of Community surveys on the structure of agricultural holdings between 1988 and 1997. This ensures that the statistical programme of the European Communities will be followed by making provision for regular structural surveys. Furthermore, this Regulation establishes the Eurofarm project, which comprises a set of databanks to be used for processing Community surveys for the requirements of national and Community agricultural policies.

Next, acknowledging the need to restructure the system of statistical surveys in Ireland, the Council granted aid to help it meet Community requirements (Decision 88/390/EEC² on special support for the development of agricultural statistics in Ireland).

Finally, the Council adopted a pilot project on remote sensing applied to agricultural statistics,³ in order to develop techniques allowing information collected by satellite to be incorporated into statistical data. In particular, this project is intended to improve estimates of areas under crops and harvest forecasts.

¹ OJ L 56, 2.3.1988.

² OJ L 186, 16.7.1988.

³ Decision 88/503/EEC — OJ L 273, 5.10.1988.



Chapter VII — Budgetary and administrative matters

A — Budgetary matters: new regulations

352. The Brussels European Council of 11-13 February 1988 arrived at guidelines concerning in particular budgetary discipline and management of the budget, the own-resources system, and budget estimates up to 1992.

Inter alia, these guidelines enabled the Council to adopt¹ on 24 June 1988:

- (i) a Decision on budgetary discipline;
- (ii) a Decision on the system of the Communities' own resources;
- (iii) a Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.

On 29 June 1988 the President of the European Parliament, Lord Plumb, the President-in-Office of the Council, Mr Stoltenberg, and the President of the Commission, Mr Delors, signed an Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure, comprising financial estimates for 1988 to 1992.¹

353. The table on page 182 is the financial perspective as annexed to the Interinstitutional Agreement.

B — Budgetary procedures

1988 budget

354. No budget for 1988 had been adopted by the end of 1987.

On 22 December 1987 the Commission had forwarded to the budgetary authority letter of amendment 1/1988 to the 1988 preliminary draft budget to take account of

¹ OJ L 185, 15.7.1988.

Financial perspective
Commitment appropriations

(million ECU at 1988 prices)

	1988	1989	1990	1991	1992
1. EAGGF Guarantee	27 500	27 700	28 400	29 000	29 600
2. Structural operations	7 790	9 200	10 600	12 100	13 450
3. Policies with multiannual allocations (IMPs, research) ¹	1 210	1 650	1 900	2 150	2 400
4. Other policies	2 103	2 385	2 500	2 700	2 800
of which non-compulsory	1 646	1 801	1 860	1 910	1 970
5. Repayments and administration (including financing of stock disposal)	5 700	4 950	4 500	4 000	3 550
6. Monetary reserve ²	1 240	1 400	1 400	1 400	1 400
Total	45 303	46 885	48 900	50 950	52 800
of which ³ compulsory	33 698	32 607	32 810	32 980	33 400
non-compulsory	11 605	14 278	16 090	17 970	19 400
Payment appropriations required	43 779	45 300	46 900	48 600	50 100
of which ³ compulsory	33 640	32 604	32 740	32 910	33 110
non-compulsory	10 139	12 696	14 160	15 690	16 990
Payment appropriations as % of GNP	1.12	1.14	1.15	1.16	1.17
Margin for unforeseen expenditure	0.03	0.03	0.03	0.03	0.03
Own resources required as % of GNP	1.15	1.17	1.18	1.19	1.20

¹ Chapter F on budget estimates of the European Council indicates a figure of 2 400 million (1988 prices) for policies with multiannual allocations in 1992. The policies in question are Research and Development and Integrated Mediterranean Programmes. Only expenditure for which a legal basis exists may be financed under this heading. The present framework programme provides a legal basis for Research expenditure of ECU 836 million (current prices) for 1992.

The regulation on Integrated Mediterranean Programmes provides a legal basis for an estimated amount of ECU 300 million in 1992 (current prices).

The two arms of the Budgetary Authority undertake to respect the principle that further budget appropriations within this ceiling for 1990, 1991 and 1992 will require a revision of the existing framework programme or, before the end of 1991, a decision on a new framework programme based on a proposal from the Commission in accordance with the legislative provisions in Article 130Q of the SEA.

² At current prices.

³ Based on the classification proposed by the Commission in the 1989 preliminary draft budget. The required decision by the budgetary authority will be implemented as a technical adjustment, under point 9 of the Agreement.

developments in the agricultural markets, supplementing supplementary and amending budget No 1/87 adopted on 17 July 1987.

The conclusions of the European Council of 11-13 February 1988 created favourable conditions for resuming the 1988 budgetary procedure.

On 19 February 1988 the Commission forwarded letter of amendment No 2/1988 to the draft preliminary budget to take account of the factors arising from the conclusions of the European Council of 11-13 February and the most recent revenue estimates.

COUNCIL — FIRST READING

355. After meeting a Parliament delegation, the Council considered the draft preliminary budget and letters of amendment on 23 February 1988. The draft 1988 budget was finally established on 7 March 1988.

In the draft budget overall expenditure amounted to ECU 44 670 722 341 in commitment appropriations and ECU 43 384 775 341 in payment appropriations.

356. The main features of the draft 1988 budget were as shown below.

(million ECU)

	Commitment appropriations	Payment appropriations
EAGGF - Guarantee section	27 500.0	27 500.0
Depreciation	1 240.0	1 240.0
Structural Funds		
— EAGGF - Guidance section	1 130.4	1 202.3
— ERDF	3 684.0	2 980.0
— ESF	2 865.6	2 600.0
— Pedip	100.0	50.0
IMPs	130.0	84.0
Research	977.4	874.2
Other policies	1 660.7	1 471.7
Refunds	2 475.7	2 475.7
Monetary reserve	1 000.0	1 000.0
Administration	1 906.9	1 906.9
Grand total	44 670.7	43 384.8

In accordance with the conclusions of the European Council of 11-13 February 1988, the Representatives of the Governments of the Member States meeting within the Council also undertook,¹ through an Intergovernmental Agreement, to pay to the Community an amount to balance the 1988 budget that would not exceed ECU 7 647 million,² except in so far as might be necessary to take account of any amendments and modifications approved in the course of the 1988 budgetary procedure.

PARLIAMENT — FIRST READING

357. At its sitting of 14 April 1988 the European Parliament adopted amendments and proposed modifications to the draft budget. It forwarded the modified and amended draft to the Council by a letter dated 20 April 1988.

The proposed amendments and modifications entailed an increase in the Council's draft budget of ECU 581 433 690 in commitment appropriations and ECU 383 625 690 in payment appropriations.

COUNCIL — SECOND READING

358. At its meeting on 28 April 1988 the Council, after meeting a Parliament delegation, took decisions on each of the amendments and modifications proposed by the European Parliament.

The draft budget adopted at second reading provided for ECU 45 075 677 906 in commitment appropriations and ECU 43 633 522 906 in payment appropriations.

The commitment appropriations comprised ECU 33 723 762 604 for compulsory expenditure and ECU 11 351 915 302 for non-compulsory expenditure.

The payment appropriations comprised ECU 33 662 342 604 for compulsory expenditure and ECU 9 971 180 302 for non-compulsory expenditure.

The percentage increases in appropriations for non-compulsory expenditure over the 1987 budget were 10.48% in commitment appropriations and 8.06% in payment appropriations.

The modified draft budget was forwarded to Parliament by a letter dated 4 May 1988.

¹ Subject to the completion of internal procedures.

² Rounded figure.

PARLIAMENT — SECOND READING

359. At its sitting of 18 May the European Parliament adopted the 1988 budget as modified by the Council. In addition, it asked its President to ensure, before declaring that the budget had been finally adopted, that the expenditure entered in the budget was matched by an equivalent amount of revenue, in accordance with Article 199 of the Treaty establishing the EEC.

The President of the European Parliament, Lord Plumb, declared the budget finally adopted on 1 June 1988.

360. The main elements of the general budget for 1988 are shown in the table on pages 186 and 187.

Supplementary and amending budget No 1/88

361. Since the 1988 budget was based on the proposal for a Decision on own resources put forward by the Commission, the budget had to be amended to bring it into line with the text of the Decision as adopted by the Council. Accordingly, once the new Decision on the system of own resources had been finalized on 21 June 1988 the Commission forwarded to the Council preliminary draft supplementary and amending budget No 1/88.

In addition, the Commission proposed two other amendments to the budget concerning:

- (i) the introduction of Community tax on the salaries and pensions of staff of the European Investment Bank (EIB);
- (ii) the introduction of financial compensation for the Kingdom of Spain and the Republic of Portugal in respect of their contribution to financing the depreciation of stocks of agricultural products.

362. At its meeting on 24 June 1988 the Council adopted draft supplementary and amending budget No 1/88 as proposed by the Commission.

Sector	1			
	1987 budget			
	Commitments	(%)	Payments	(%)
1. AGRICULTURAL MARKET GUARANTEES				
EAGGF Guarantee (Ch. 10 to 29)	22 960 800 000	61.31	22 960 800 000	63.48
TOTAL 1	22 960 800 000	61.31	22 960 800 000	63.48
2. STRUCTURAL POLICIES				
EAGGF Guidance (Ch. 30 to 33)	1 017 154 161	2.72	887 125 343	2.45
Specific agricultural measures (Ch. 38)	59 221 770	0.16	56 074 770	0.16
Fisheries (Ch. 40 - 47)	243 293 678	0.65	197 293 678	0.55
Regional Fund (Ch. 50 to 51)	3 341 932 192	8.92	2 497 294 757	6.90
Mediterranean programmes (Ch. 55)	189 763 518	0.51	177 628 703	0.49
Miscellaneous — regional (Ch. 54 and 57)	30 296 642	0.08	36 203 068	0.10
Community support programmes (Ch. 56)				
Transport policy (Ch. 58)	13 206 160	0.04	27 067 574	0.07
Social Fund (Ch. 60 and 61)	2 602 489 678	6.95	2 542 255 649	7.03
Miscellaneous — social (Ch. 64, 65 and 69)	69 874 220	0.19	68 140 540	0.19
Education, information, communication and culture (Ch. 63 and 67)	94 979 132	0.25	94 979 132	0.26
Environment and consumers (Ch. 66)	32 252 508	0.09	31 857 508	0.09
TOTAL 2	7 694 463 659	20.54	6 615 920 722	18.29
3. RESEARCH, ENERGY AND INDUSTRY				
Energy policy (Ch. 70 and 71)	121 802 644	0.33	85 647 854	0.24
Research and investment (Ch. 73)	1 040 216 875	2.78	773 982 673	2.14
Information and innovation (Ch. 75)	18 515 196	0.05	20 699 548	0.06
Industry and internal market (Ch. 76 and 78)	84 490 000	0.23	76 800 000	0.21
Financial engineering (Ch. 79)	2 000 000	0.01	500 000	0.00
TOTAL 3	1 267 024 715	3.38	957 630 075	2.65
4. PAYMENTS AND RESERVES				
Repayments to Member States (Ch. 80)	759 920 000	2.03	759 920 000	2.10
Depreciation of stocks of agricultural products (Ch. 81)				
Other payments (Ch. 86 and 87)	1 289 161 034	3.44	1 289 161 034	3.56
Miscellaneous — guarantees (Ch. 83 and 85)	819 916 654	2.19	819 916 654	2.27
Reserves (Ch. 100 — 102)	- 176 180 158	- 0.47	- 83 964 480	- 0.23
TOTAL 4	2 692 817 530	7.19	2 785 033 208	7.70
5. DEVELOPMENT COOPERATION AND NON-MEMBER COUNTRIES				
EDF (Ch. 90 and 91)	token entry	0	token entry	0
Food aid (Ch. 92)	511 500 000	1.37	572 600 000	1.58
Cooperation with Latin American and Asian developing countries (Ch. 93)	219 555 894	0.59	283 900 000	0.78
Specific and exceptional measures (Ch. 94 and 95)	149 732 237	0.40	124 232 237	0.34
Cooperation with Mediterranean countries (Ch. 96)	143 671 667	0.38	54 986 678	0.15
Miscellaneous — cooperation (Ch. 97 — 99)	28 651 051	0.08	28 651 051	0.08
TOTAL 5	1 053 110 849	2.81	1 064 369 966	2.94
6. STAFF AND ADMINISTRATIVE APPROPRIATIONS				
Section III A	1 163 856 835	3.11	1 163 856 835	3.22
Sections I, II, IV and V	620 744 584	1.66	620 744 584	1.72
TOTAL 6	1 784 601 419	4.76	1 784 601 419	4.93
GRAND TOTAL	37 452 818 172	100.00	36 168 355 390	100.00

2				3			
1988 budget				Variation			
Commitments	(%)	Payments	(%)	Commitments	(%)	Payments	(%)
27 500 000 000	60.70	27 500 000 000	62.82	+ 4 539 200 000	+ 19.77	+ 4 539 200 000	+ 19.77
27 500 000 000	60.70	27 500 000 000	62.82	+ 4 539 200 000	+ 19.77	+ 4 539 200 000	+ 19.77
1 130 700 000	2.50	1 152 600 000	2.63	+ 113 545 839	+ 11.16	+ 265 474 657	+ 29.93
87 030 000	0.19	66 370 000	0.15	+ 27 808 230	+ 46.96	+ 10 295 230	+ 18.36
339 890 000	0.75	281 870 000	0.64	+ 96 596 322	+ 39.70	+ 84 576 322	+ 42.87
3 684 000 000	8.13	2 980 000 000	6.81	+ 342 067 808	+ 10.24	+ 482 705 243	+ 19.33
134 000 000	0.30	86 000 000	0.20	- 55 763 518	- 29.39	- 91 628 703	- 51.58
128 570 000	0.28	69 300 000	0.16	+ 98 273 358	+ 324.37	+ 33 096 932	+ 91.42
5 000 000	0.01	5 000 000	0.01	+ 5 000 000	+ 100.00	+ 5 000 000	+ 100.00
71 110 000	0.16	71 110 000	0.16	+ 57 903 840	+ 438.46	+ 44 042 426	+ 162.71
2 865 640 000	6.33	2 600 000 000	5.94	+ 263 150 322	+ 10.11	+ 57 744 351	+ 2.27
94 218 100	0.21	92 318 100	0.21	+ 24 343 880	+ 34.84	+ 24 177 560	+ 35.48
112 049 000	0.25	112 049 000	0.26	+ 17 069 868	+ 17.97	+ 17 069 868	+ 17.97
37 120 000	0.08	36 820 000	0.08	+ 4 867 492	+ 15.09	+ 4 962 492	+ 15.58
8 689 327 100	19.18	7 553 437 100	17.25	+ 994 863 441	+ 12.93	+ 937 516 378	+ 14.17
130 140 000	0.29	111 140 000	0.25	+ 8 337 356	+ 6.84	+ 25 492 146	+ 29.76
1 048 200 000	2.31	909 875 000	2.08	+ 7 983 125	+ 0.77	+ 135 892 327	+ 17.56
27 000 000	0.06	23 000 000	0.05	+ 8 484 804	+ 45.83	+ 2 300 452	+ 11.11
93 840 000	0.21	69 600 000	0.16	+ 9 350 000	+ 11.07	- 7 200 000	- 9.38
7 000 000	0.02	7 000 000	0.02	+ 5 000 000	+ 250.00	+ 6 500 000	+ 1300.00
1 306 180 000	2.88	1 120 615 000	2.56	+ 39 155 285	+ 3.09	+ 162 984 925	+ 17.02
443 000 000	0.98	443 000 000	1.01	- 316 920 000	- 41.70	- 316 920 000	- 41.70
1 240 000 000	2.74	1 240 000 000	2.83	+ 1 240 000 000	+ 100.00	+ 1 240 000 000	+ 100.00
2 005 388 959	4.43	2 005 388 959	4.58	+ 716 227 925	+ 55.56	+ 716 227 925	+ 55.56
token entry	0	token entry	0	- 819 916 654	- 100	- 819 916 654	- 100
1 049 429 921	2.32	1 049 429 921	2.40	+ 1 225 610 079	+ 695.66	+ 1 133 394 401	+ 1 349.85
4 737 818 880	10.46	4 737 818 880	10.82	+ 2 045 001 350	+ 75.94	+ 1 952 785 672	+ 70.12
token entry	0	token entry	0				
421 800 000	0.93	352 400 000	0.80	- 89 700 000	- 17.54	- 220 200 000	- 38.46
318 450 000	0.70	269 050 000	0.61	+ 98 894 106	+ 45.04	- 14 850 000	- 5.23
174 425 000	0.39	160 425 000	0.37	+ 24 692 763	+ 16.49	+ 36 192 763	+ 29.13
141 500 000	0.31	72 000 000	0.16	- 2 171 667	- 1.51	+ 17 013 322	+ 30.94
38 970 000	0.09	38 970 000	0.09	+ 10 318 949	+ 36.02	+ 10 318 949	+ 36.02
1 095 145 000	2.42	892 845 000	2.04	+ 42 034 151	+ 3.99	- 171 524 966	- 16.12
1 278 321 095	2.82	1 278 321 095	2.92	+ 114 464 260	+ 9.83	+ 114 464 260	+ 9.83
695 808 255	1.54	695 808 255	1.59	+ 75 063 671	+ 12.09	+ 75 063 671	+ 12.09
1 974 129 350	4.36	1 974 129 350	4.51	+ 189 527 931	+ 10.62	+ 189 527 931	+ 10.62
45 302 600 330	100.00	43 778 845 330	100.00	+ 7 849 782 158	+ 20.96	+ 7 610 489 940	+ 21.04

On 6 July 1988 the European Parliament adopted the supplementary and amending budget for 1988 and the President of Parliament, Lord Plumb, declared it finally adopted on the same day.

On 24 June 1988 the Council adopted the new Decision on the system of own resources, and the Representatives of the Governments of the Member States, meeting within the Council, confirmed on the same day the revised figures in the Intergovernmental Agreement for the payment of the amounts necessary to balance the general budget of the European Communities for 1988.

They undertook to pay to the Community to balance the 1988 budget an amount that would not exceed ECU 7 113 737 522.

1989 budget

DRAFT PRELIMINARY BUDGET

363. On 18 July 1988 the Commission officially forwarded to the Council the draft preliminary general budget of the European Communities for 1989.

When forwarding this draft preliminary budget, the Commission stated that it had taken care that its draft should be fully in accordance with the Interinstitutional Agreement on budgetary discipline and the improvement of the budgetary procedure and with the financial estimates attached to the Agreement.

COUNCIL — FIRST READING

364. The Council considered this draft preliminary budget on 26 July 1988 following the required meeting with a European Parliament delegation.

Following its discussions the Council established the draft general budget of the European Communities for 1989.

In this draft budget the Council provided for total expenditure of ECU 47 514 853 016 in commitment appropriations and ECU 46 005 485 966 in payment appropriations.

365. The main elements of the draft budget for 1989 were as follows:

(million ECU)

	Commitment appropriations	Payment appropriations
EAGGF Guarantee section	28 127	28 127
EAGGF Guidance section	1 413	1 369
Set-aside/income support	80	80
Depreciation of agricultural stocks	1 449	1 449
Monetary reserve	1 000	1 000
Regional Fund (ERDF)	4 495	3 920
Social Fund (ESF)	3 387	2 950
PEDIP (Programme for the development of Portuguese industry)	103.5	80
IMPs (Integrated Mediterranean programmes)	254	243
Research (framework programme)	1 328.8	1 105
Other policies	2 247.8	2 052.8
of which: food aid	389	420.5
aid to Latin America and Asia	353.5	236
Administration: — Commission	1 371	1 371
— other institutions	731.6	731.6
Refunds to Member States	1 527.1	1 527.1
Grand total	47 514.8	46 005.5

The appropriations for compulsory and non-compulsory expenditure, respectively broke down as follows:

(ECU)

	Commitment appropriations	Payment appropriations
Compulsory expenditure	34 002 148 405	34 024 798 405
Non-compulsory expenditure	13 512 704 611	11 980 687 561

PARLIAMENT — FIRST READING

366. At its sitting of 27 October 1988 the European Parliament adopted amendments and proposed modifications to the draft budget. It forwarded the modified and amended draft to the Council by a letter dated 10 November 1988.

In modifying and amending the draft budget, Parliament took into consideration the reduction in requirements proposed by the Commission in letter of amendment No 1/89 to the preliminary draft budget, lodged on 25 October 1988. However, Parliament provided for a reduction in the levy on dairy products and an increase in farm income support:

The effect of the voting in Parliament was as follows:

(ECU)

	Draft budget ¹		Voting	
	Commitment appropriations	Payment appropriations	Commitment appropriations	Payment appropriations
Total	47 514 853 016	46 005 485 966	— 763 803 604	— 828 914 754
CE ²	34 002 148 405	34 024 798 405	— 1 111 507 138	— 1 093 757 138
NCE ³	13 512 704 611	11 980 687 561	+ 347 703 534	+ 264 842 384

¹ Disregarding the letter of amendment.

² CE: Compulsory expenditure.

³ NCE: Non-compulsory expenditure.

LETTER OF AMENDMENT NO 1/89 TO THE PRELIMINARY DRAFT BUDGET

367. On 25 October 1988 the Commission lodged letter of amendment No 1/89 to the preliminary draft budget of the Communities for 1989. This letter contained modifications both to the statement of revenue, to take account of a provisional surplus from 1988 (ECU 2000 million) and a correction to the 1987 balance (+ ECU 21.6 million), and to the statement of expenditure, to take account of a reduction in the requirements of the EAGGF Guarantee Section (— ECU 1373 million).

COUNCIL — SECOND READING

368. Before taking a decision on this letter of amendment (at first reading) and on the amended and modified draft budget at its meeting on 22 November 1988, the Council held the required meeting with a delegation from Parliament.

Subsequently the Council established the letter of amendment to the draft budget, adopting all the elements in the Commission's letter of amendment modifying the draft preliminary budget. The Council then took decisions, at second reading, on each of the European Parliament's amendments and proposed modifications.

The draft budget adopted at second reading provided for ECU 46 192 million in commitment appropriations and ECU 44 670 million in payment appropriations.

Following the Council's decisions at second reading, the breakdown between compulsory and non-compulsory expenditure was as follows:

(ECU)

	Commitment appropriations	Payment appropriations
Compulsory expenditure	32 568 363 740	32 591 013 740
Non-compulsory expenditure	13 623 529 541	12 078 671 741

PARLIAMENT — SECOND READING

369. Before beginning its second reading of the draft budget, at its sitting of 13 December 1988 Parliament considered letter of amendment No 1/89, which it modified.

Subsequently, on 14 December 1988 the Council confirmed at second reading the results of its first reading of the letter of amendment and rejected Parliament's proposal for modifications.

On 15 December 1988 Parliament voted on the 1989 budget and the President of Parliament, Lord Plumb, declared on the same day that the budgetary procedure had been completed and the 1989 budget was finally adopted.

370. The main elements in the general budget for 1989 are shown in the following table.

(ECU)

	1989 budget commitments	1989 budget payments
1. EAGGF - Guarantee Section (including set-aside)	26 761 000 000	26 761 000 000
2. Structural policies		
A. EAGGF - Guidance Section	1 413 000 000	1 369 000 000
B. Set-aside / income support (Ch. 39)	80 000 000	80 000 000
C. ERDF	4 495 000 000	3 920 000 000
D. Pedip (553)	103 500 000	80 000 000
E. ESF	3 387 000 000	2 950 000 000
<i>Total structural policies</i>	9 478 500 000	8 399 000 000
3. Multiannual policies		
A. IMPs (550 - 552)	254 000 000	255 000 000
B. Research (Ch. 73 - framework programme)	1 365 292 000	1 116 100 000
<i>Total multiannual policies</i>	1 619 292 000	1 371 100 000

	1989 budget commitments	1989 budget payments
4. Other policies		
A. Agriculture (Ch. 38)	86 350 000	83 350 000
B. Miscellaneous - regional (Ch. 54, 554)	36 300 000	38 567 300
C. Miscellaneous - social (Ch. 63, 64, 69)	237 961 000	246 371 000
D. Transport (Ch. 58)	67 350 000	37 350 000
E. Environment (Ch. 66)	43 985 000	37 010 400
F. Information/culture (Ch. 67)	37 980 000	35 980 000
G. Fisheries (Title 4)	361 240 000	389 240 000
H. Energy (Ch. 70-71)	137 080 000	121 600 300
I. Research (outside framework programme)	76 090 000	80 404 100
J. Innovation/internal market (Ch. 75-79)	177 293 300	143 091 800
K. Development (Title 9)	1 240 507 000	1 031 629 500
L. Reserve (Ch. 101)	0	0
M. Reserve (Ch. 103)	0	0
<i>Total other policies</i>	2 502 136 300	2 244 594 400
5. Refunds / administration		
A. Refunds/stocks (Title 8)	2 912 073 930	2 912 073 930
B. Part A Commission	1 416 392 186	1 416 392 186
C. Other Institutions	733 639 069	733 639 069
<i>Total refunds/administration</i>	5 062 105 185	5 062 105 185
6. Monetary reserve	1 000 000 000	1 000 000 000
Grand total	46 423 033 485	44 837 799 585

C — Other budgetary matters

Discharge given to the Commission in respect of the implementation of the 1986 budget

371. At its meeting on 7 March 1988 the Council recommended that the European Parliament give a discharge to the Commission in respect of the implementation of the budget of the European Communities for 1986.

On 13 April 1988 the European Parliament gave a discharge to the Commission in respect of that budget.

Carry-over of appropriations from the financial year 1987 to the financial year 1988

372. At its meeting on 21 March 1988 the Council decided not to withhold its assent to the request for the 'non-automatic' carry-over of appropriations from the financial year 1987 to the financial year 1988, submitted by the Commission pursuant to Article 6(3) of the Financial Regulation.

In addition, on 21 June 1988 the Commission forwarded to the Council for information, in accordance with Article 6(7) of the Financial Regulation, the list of automatic carry-overs from 1987 to 1988.

Financial Regulation

373. On 24 June 1988 the Council adopted a Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.¹

The amendments mainly concern the rules on the carry-over and cancellation of commitment and payment appropriations, and those on the 'negative reserve', the final dates for carrying out legal obligations and transfers relating to the 'monetary reserve'.

Proceedings by Parliament and the Commission against the Council

374. Following the proceedings brought by Parliament and the Commission against the Council for failure to comply with the timetable laid down by the Treaty for the budgetary procedure (under which the draft 1988 budget should have been forwarded to Parliament not later than 5 October 1987), the Court of Justice found in its judgment handed down on 12 July 1988 that there was no need to give a decision.

D — Staff Regulations

375. In addition to a number of routine decisions, the Council adopted Regulations in the following areas.

¹ OJ L 185, 15.7.1988.

Salaries of officials and other servants

By Regulation (ECSC, EEC, Euratom) No 2338/88 of 25 July 1988,¹ the Council corrected the scales of remuneration and pensions with effect from 1 July 1987 and made an interim adjustment to remuneration and pensions with effect from 1 January 1988.

By Regulation (ECSC, EEC, Euratom) No 2339/88,² the Council adjusted the rates for the daily subsistence allowance for officials on mission laid down in Article 13 of Annex VII to the Staff Regulations on mission expenses.

By Regulations (ECSC, EEC, Euratom) Nos 3294/88 and 3295/88 of 24 October 1988³ the Council, following the judgment of the Court of Justice of 28 June (Commission v. Council — Case 7/87), corrected the weightings applicable in place of employment other than Brussels and Luxembourg with effect from 1 January 1981 and 1 January 1986, respectively.

By Regulation (ECSC, EEC, Euratom) No 3982/88 of 19 December 1988⁴ the Council, following the annual review of remunerations, adjusted with effect from 1 July 1988 the remuneration of officials and other servants of the European Communities to take account of the changes in the cost of living recorded at the places of employment and in the purchasing power of the national officials of the Member States.

Provisions applicable to officials of the European Communities serving in non-Community countries

376. By Regulations (ECSC, EEC, Euratom) Nos 2175/88 and 2176/88 of 18 July 1988,⁵ the Council laid down the weightings applicable in third countries with effect from 10 October 1987, fixed the date of entry into force of Annex X to the Staff Regulations,⁶ and adjusted the weightings with effect from 1 January 1988.

By Regulation (ECSC, EEC, Euratom) No 3383/88 of 26 October 1988,⁷ adopted by written procedure in accordance with Article 13 of the first paragraph of Article

¹ OJ L 204, 28.7.1988 and OJ L 219, 10.8.1988.

² OJ L 204, 29.7.1988.

³ OJ L 293, 27.10.1988.

⁴ OJ L 354, 22.12.1988.

⁵ OJ L 191, 22.7.1988.

⁶ Annex X introduced by Council Regulation (ECSC, EEC, Euratom) No 3019/87 of 5 October 1987 laying down special and exceptional provisions applicable to officials of the European Communities serving in a third country (OJ L 286, 9.10.1987).

⁷ OJ L 296, 29.10.1988.

13 of Annex X to the Staff Regulations, the Council adjusted the weightings applicable in non-Community countries with effect from 1 July 1988.

By its Decision of 19 December 1988 the Council adopted general provisions for implementing Annex X in respect of the staff of its Secretariat-General employed in a non-Community country (Switzerland).

Measures to terminate service

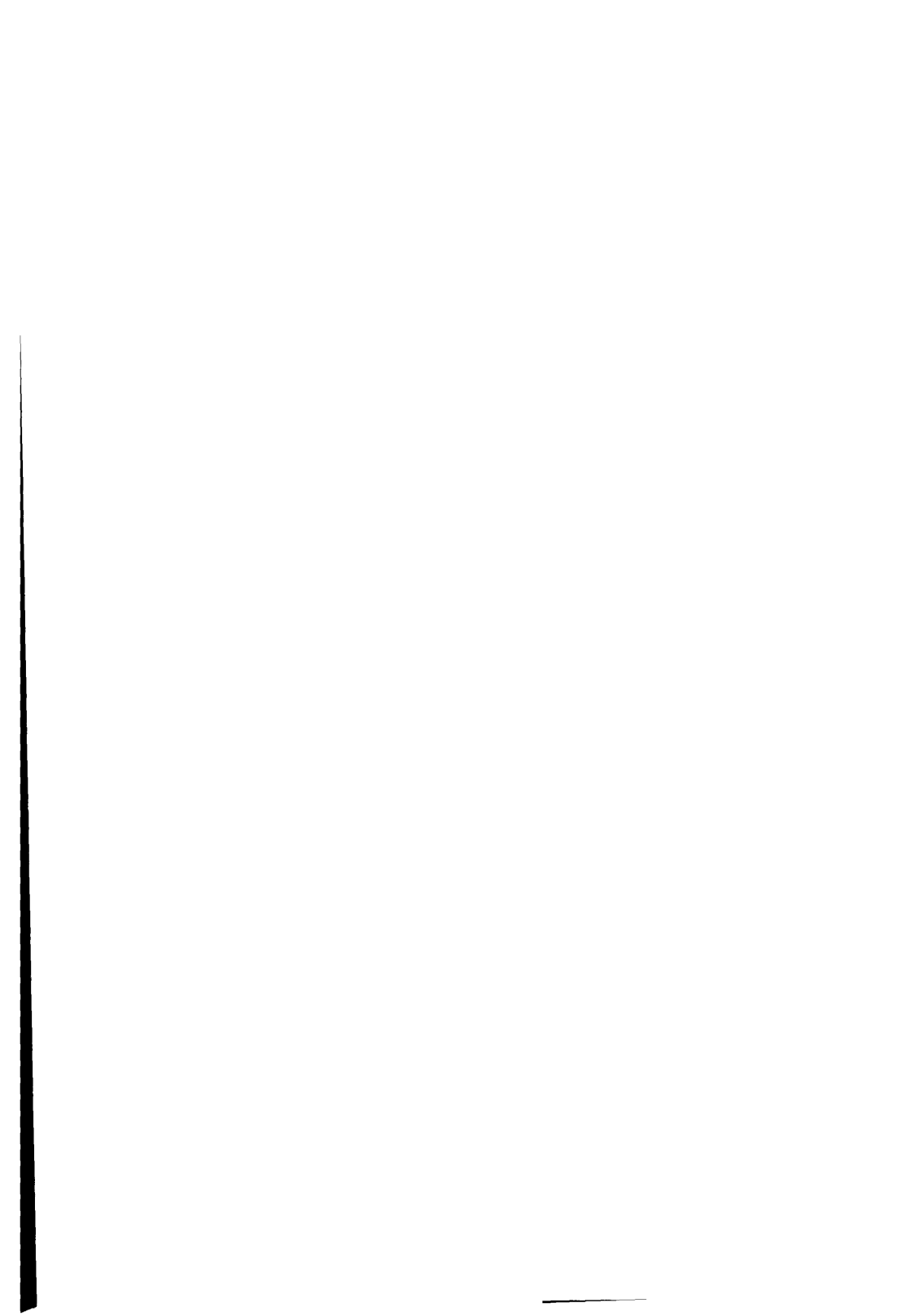
377. Pursuant to Article 2(1) of Regulation (ECSC, EEC, Euratom) No 3518/85 of 12 December 1985¹ introducing special measures to terminate the service of officials of the European Communities as a result of the accession of Spain and Portugal, the decision laying down the number of officials to whom such measures would apply in 1989 was taken in principle.²

Report on the actuarial review of the pension scheme of officials and other servants of the European Communities at 1 January 1985

378. During the last quarter of 1987 the Council had examined the report on the actuarial review of the pension scheme of officials and other servants of the European Communities resulting from the mandate given by the Council in March 1985. The Council is awaiting the policy document the Commission undertook to forward following this initial examination.

¹ OJ L 335, 13.12.1985.

² OJ L 23, 27. 1.1989.



Tables

Table 1

Number of days spent on Council meetings and meetings of preparatory bodies

Year	Ministers	Ambassadors and ministerial delegations	Committees and working parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 ^{1/2}	146 ^{1/2}	744 ^{1/2}
1964	102 ^{1/2}	229 ^{1/2}	1 002 ^{1/2}
1965	35	105 ^{1/2}	760 ^{1/2}
1966	70 ^{1/2}	112 ^{1/2}	952 ^{1/2}
1967	75 ^{1/2}	134	1 233
1968	61	132	1 253
1969	69	129	1 412 ^{1/2}
1970	81	154	1 403
1971	75 ^{1/2}	127 ^{1/2}	1 439
1972	73	159	2 135
1973	79 ^{1/2}	148	1 820
1974	66	114 ^{1/2}	1 999 ^{1/2}
1975	67 ^{1/2}	118	2 079 ^{1/2}
1976	65 ^{1/2}	108 ^{1/2}	2 130
1977	71	122	2 108 ^{1/2}
1978	76 ^{1/2}	104 ^{1/2}	2 090
1979	59	107 ^{1/2}	2 000
1980	83	106 ^{1/2}	2 078 ^{1/2}
1981	83	110	1 976
1982	86	107	1 885
1983	121 ^{1/2}	105 ^{1/2}	1 912 ^{1/2}
1984	133	86	1 868 ^{1/2}
1985	118	117	1 892
1986	107	118 ^{1/2}	1 842 ^{1/2}
1987	123	120 ^{1/2}	1 828
1988	117 ^{1/2}	104	2 000 ^{1/2}

Table 2
Interim Committee for the Community patent
Number of meetings

Period	Plenary	Groups
1979	1	11
1980	2	4
1981	—	2
1982	1	2
1983	1	4
1984	1	6
1985	5	14
1986	3	4
1987	1	2
1988	0	0

List of abbreviations

— A —

ACP
African, Caribbean and Pacific States

Arion
Programme of study visits for education specialists

Asean
Association of South-East Asian Nations

— B —

Brite
Basic research in industrial technologies for Europe

— C —

CAP
Common agricultural policy

CCT
Common Customs Tariff

CIRR
Commercial interest reference rate

CMEA
Council for Mutual Economic Assistance (Comecon)

Comett
Community programme in education and training for technology

Coreper
Permanent Representatives Committee

COST
European cooperation in the field of scientific and technical research

Crest
Scientific and Technical Research Committee

— E —

EAEC
European Atomic Energy Community

EAGGF
European Agricultural Guidance and Guarantee Fund

ECSC
European Coal and Steel Community

ECU
European currency unit

EDF
European Development Fund

EEC
European Economic Community

EFTA
European Free Trade Association

EIB
European Investment Bank

EIC
Enterprise and Innovation Centre

EMS
European Monetary System

Erasmus
European Community action scheme for the mobility of university students

ERDF
European Regional Development Fund

ESC
Economic and Social Committee

ESF
European Social Fund

Esprit
European Strategic Programme for Research and
Development in Information Technology

Eurotra
European machine translation system

— F —

FAO
Food and Agriculture Organization

— G —

GATT
General Agreement on Tariffs and Trade

GDP
Gross domestic product

GNP
Gross national product

— I —

IMF
International Monetary Fund

IMP
Integrated Mediterranean Programmes

ITTO
International Tropical Timber Organization

IWO
International Wine and Vine Office

— M —

MCA
Monetary compensatory amount

MFA
Multifibre Arrangement

— N —

NAFO
North-West Atlantic Fisheries Organization

NGO
Non-governmental organization

— O —

OCTs
Overseas countries and territories

OECD
Organization for Economic Cooperation and
Development

— P —

Pedip
Specific industrial development programme
(Portugal)

p.s.r.
Produced in specific regions (quality wines)

— R —

Renaval
Community programme to assist the conversion
of shipbuilding areas

Resider
Community programme to assist the conversion
of steel areas

— S —

SDR
Special drawing right(s)

SGP
System of generalized preferences

SME
Small and medium-sized enterprise

Stabex
Stabilization of export-earnings

— T —

TAC
Total allowable catch

— U —

Unctad
United Nations Conference on Trade and
Development

UN
United Nations

— V —

Valoren
Community programme for the development of
certain less-favoured regions of the Community by
exploiting indigenous energy potential

VAT
Value-added tax

— W —

WHO
World Health Organization

WIPO
World Intellectual Property Organization

— C —

Cadmium	155
Canada	151, 195, 273
Canary Islands	348
Cancer	11, 98, 160
Capital	70, 84
Carriage of goods by road	140
Cauliflowers	292
Central America	248
Centre for Industrial Development	225
Cereals	282, 292, 309, 331, 338
Cheese	318
Chemicals	41, 154
Chestnut purée	333
China	16, 182, 207
Chlorofluorocarbons	158
Chocolate	334
Chrome	157
Citizens' rights	9
Citrus fruit	346
Civil protection	10
Clothing	53
CMEA	13, 18, 196
Coaches	141
Coal	150
Cocoa	253, 334
Cod	261, 270
<i>Codex alimentarius</i>	326
Coffee	254
Colza	284, 294, 310
Combined nomenclature	338
Combined transport	144
Commercial cooperation	278
Commercial vehicles	141
Commons Customs Tariff	34
Common agricultural policy	6, 11, 180, 280, 305
Common commercial policy	184
Comett	96, 165
Common fisheries policy	260
Community finances	80

Comoros	279
Companies	59, 70
Concentrations	48
Conciliation	19
Consumers	173
Continuing training	97, 165
Control measures	264
Convention for the Protection of the Rhine against Chemical Pollution	158
Cooperation	194, 208, 227
Cooperation procedure	25, 314, 334
Copper	185, 258
Cosmetic products	40
Cotton	285
Council of Europe	74
Court of First Instance	7
Court of Justice	7, 28, 374
Credit	58, 89, 176
Credit risks	64
Culture	171
Customs cooperation	38, 225
Customs debt	36
Customs legislation	35
Cyprus	16, 238
Czechoslovakia	201

— D —

Dairy products	317
Dangerous preparations	42
Debt problems	222
Deep-frozen products	268
Delors package	3, 11, 80
Denmark	88, 270
Developing countries	212, 247
Development	214, 340
Diesel engines	45
Disabled people	94
Distillation	286, 312
Drug addicts	162
Drugs	163
Dumping	184

— E —

EAGGF	4, 81, 108, 113, 305, 335, 356
Economic and Monetary Union	86
Economic and Social Committee	2, 30
Education	165
EFTA	77, 181, 187, 271
Egypt	231
Elections	88
Electricity	123
Employment	53, 94
Energy	73, 118
Energy savings	121
Engineers	67
Environment	24, 45, 120, 152, 165, 256
Equal opportunities	92, 102, 167
Erasmus	165
Esprit	148
Eurofarm	351
EuroInfo Centres	55
European Company Statute	70
European Council — Brussels	4, 22, 80, 107
European Council — Hanover	23
European Council — Madrid	86
European Council — Rhodes	24, 74
European Development Fund	215, 220, 225, 356
European dimension	166
European Investment Bank	87, 108, 227, 238
European Monetary System	302
European Parliament	2, 27, 83, 88, 374
European Regional Development Fund	108, 113
European Social Fund	92, 108, 113, 356
Eurotra	147
Export credit insurance	91

— F —

Faeroe Islands	269
Fairs and exhibitions	186
FAO	325
Farm prices	292, 309
Fauna	157

Fertilizers	47
Financial aid	150, 212, 247
Financial and technical cooperation	220
Financial Regulation	373
Financial services	56
Financing the Community	4, 13, 80
Finland	152
Fisheries prices	268
Fisheries products	265
Fisheries quotas	261
Flavourings	333
Flora	157
Fodder	292
Food aid	210, 216
Food security	210
Foodstuffs	133, 174, 333
Footwear	185
Forestry	256, 335
France	88, 185, 296, 312, 330, 338, 349
Free zones	36
Frontier inspections	327
Frontiers	36
Fruit	287, 299, 315, 331, 348
Fruit juice	334

— G —

Gabon	279
GATT	177
Gaza	243
Generalized preferences	218
Geneva Convention on long-range transboundary air pollution	159
German Presidency	1, 11, 13, 25
Germany (Democratic Republic)	206, 275, 325
Germany (Federal Republic)	307, 330
Goatmeat	290, 320, 338
Grapes	286, 299, 313
Greece	84, 95, 240, 282, 302, 311, 337, 345
Greek Presidency	12, 14, 26
Greenland	272
Growth	79

Guiana (French dept.)	262
Gulf States Cooperation Council	16, 244

— H —

Haddock	261
Hake	262
Ham	330
Health	11, 92, 98, 160, 168, 224, 327
Hens	327
Herring	261
Higher-education diplomas	66
High-protein plants	284, 295
Hops	316
Hormones	190
Hungary	199
Hydrocarbons	123, 155

— I —

Iceland	152
IMPs	356, 365
India	16, 250
Indian Ocean	278
Inflation	79
Infrastructure	120
Innovation	122
In-service training	165
Insider trading	61
Insurance	64
Intellectual property	76, 179
Interest rates	89
Interinstitutional Agreement	81, 352
International Monetary Fund	79, 209
International Olive Oil Council	323
International Wheat Council	217, 325
International Wine and Vine Office	324
Investment	61, 79
Ireland	84, 143, 337
Israel	16, 235
Italy	185, 282, 296, 311, 330, 337, 349

— J —

Jams	333
Japan	77, 90, 151, 180, 192, 276
Joint ACP-EEC Assembly	15, 224
Jordan	233, 243
Jute	257

— K —

Kalamata	87
Kattegat	263

— L —

Labelling	334
Laboratory practice	41
Labour costs	105
Latin America	212, 247
Law of the Sea	32
Lead	185
Lebanon	234
Lemons	287, 315
Less-favoured agricultural areas	343
Letter of amendment No 1/88 (1988 preliminary draft budget)	354
Letter of amendment No 2/88 (1988 preliminary draft budget)	354
Letter of amendment No 1/89 (1989 preliminary draft budget)	365
Leucosis	329
Lobsters	263
Lomé Convention	211, 219
Luxembourg	313, 317
Luxembourg Declaration	187

— M —

Mackerel	262, 274
Maize	294, 309
Maldives	279
Malta	239
Mauritius	279
Medical professions	68
Medicinal products	43

Mediterranean Agreements	242
Mediterranean countries	227, 242
Mesh size	263
Mezzogiorno	337
Middle East	243
Milk	289, 300, 317
Mining industry	54
Monetary compensatory amounts	303
Morocco	228, 267, 278
Mortgage credit	58
Motor vehicles	45
Motorcycles	47
Must	312

— N —

NAFO	273
Natural gas	124
Netherlands, The	274, 330, 343
New technologies	167
New Zealand	318
Nigeria	279
North Sea	155, 261
North-South Dialogue	251
Norway	16, 262, 270, 318
Nuclear accidents	133
Nuclear safety	132

— O —

OECD	159
Official publications	88
Officials	375
Oil	121
Oil market	129
Oilseeds	284, 295, 310
Oleaginous products	191
Olive groves	345
Olive oil	285, 297, 311, 323
Olives	306, 323
Oranges	287
Overseas countries and territories	226, 296

Own funds	57
Own resources	80, 352
Ozone	158

— P —

Packaging	334
Pakistan	250
Palestinians	243
Papua New Guinea	225
Parliamentary Committees	21
Patents	75
Peaches	287
Pedip	6, 116, 356, 365
Pesticides	331
Pigmeat	303, 321
Pineapples	299
Places of work	100
Plaice	262
Plant health	331
Plant products	331
Plants	332
Poland	203, 275
Pollution	155
Portugal	82, 116, 262, 302, 321, 337, 344
Potatoes	332
Premiums	191
Producers	338
Prospectuses	56, 60
Public limited-liability companies	70
Public contracts	71
Pupil exchanges	166

— R —

Radioactive contamination	133
Radioactive waste	152
Rape seed	284, 310
Recycling	152
Refining industry	129
Refrigerated vehicles	142
Refugees	224

Relief from customs duty	35	South Africa	222
Remunerations	375	South Korea	146, 185
Renaval	97, 114	Soviet Union	151, 205, 271
Renewable energy sources	126, 130	Soya	191, 310
Research	147	Spain	82, 262, 282, 310, 315, 330, 339
Resider	51, 114	Spirits	314
Rice	294, 309	Sponges	278
Right of abode	9	Squid	268
Road transport	135, 237	Sir Lanka	279
Romania	202	Stabex	221
Rubber	255	Stabilizers	281
Rum	88, 225	Staff Regulations	375

— S —

Safety	92, 98	Steel industry	49, 181
Salmon	271	Stock exchanges	59
Sand eels	270	Structural Funds	4, 106
Sardines	229, 267	Structures	335
Saudi Arabia	323	Students	166
Scientific and technical cooperation	37, 151, 278	Sugar	225, 283, 293, 322
Scientific and Technical Research Committee (Crest)	149	Summer-time	143
Sea transport	144	Sunflower seed	284, 294, 310
Seeds and seedlings	216, 332	Sweden	152, 271
Semen	329	Swine-fever	328
Semiconductors	77, 193	Switzerland	65, 136, 152, 376
Senegal	279	Syria	232
Seville	186		
Sheep	290		
Sheepmeat	200, 290, 320, 338		
Shipbuilding	97		
Ships	90		
Shrimps	263		
Single European Act	7, 25, 120		
Single Market	22, 33, 93, 119, 174, 187, 327		
Skagerrak	263		
Skimmed-milk powder	289		
Small and medium-sized enterprises	55, 221		
Social security	103		
Sole	262		
Solid fuels	125, 128		

— T —

Table grapes	286, 313
Table-olive producers	306, 338
TACs	261
Tafia	225
Tamah system	235
Tax harmonization	88
Taxis	141
Teachers	166
Technical Centre for Agricultural and Rural Cooperation	225
Technical harmonization and standards	39
Technologies	120, 167
Telecommunications	73

Television	74
Textiles	53, 179
Thermonuclear reactor	151
Third World	251
Tied aid credits	89
Tin	258
Tobacco	160, 288, 293
Tomatoes	299, 315
Tourism	69
Tractors	44
Trade cooperation	225, 278
Trademarks	76
Training	12, 94, 165
Transit traffic	36, 136
Transport	73, 134
Travellers	88
Treacle	225
Tropical products	179
Tropical timber	256
Tuna	265
Tunisia	230
Turkey	240

— U —

Unctad	259
Unemployment	12, 92
United Kingdom	143, 265, 274, 290, 318
United Nations	163
United States	151, 180, 189, 274, 312, 323
Uruguay	248
Uruguay Round	78, 177, 189

— V —

Valoren	127
Value-added tax	83, 88

Vegetable oil	310
Vegetables	287, 299, 315, 331, 348
Veterinary questions	327
Vienna Convention on the Protection of the Ozone layer	158
Vines	339
Visual display units	100
Vocational training	12, 94

— W —

Waste	152, 185
Water	73
Wheat	293
White Paper	333
WHO	326
Wine	180, 193, 298, 312, 338
Wine-growing zones	339
Women	92, 102
Wood	152, 331
Workers	25, 92, 98
Workplace	12, 100
World Bank	79, 209, 213
World Intellectual Property Organization	78

— Y —

Yams	225
'YES for Europe'	170
Young people	165, 170
Yugoslavia	136, 237

— Z —

Zambia	225
Zinc	185

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