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**COMMISSION'S WORK PROGRAMME
FOR 1995**

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INTRODUCTION

In his speech to the European Parliament on 17 January, President Santer mapped out the broad policy framework for the Commission's work over the next five years. This first annual programme of the new Commission is designed to put flesh on the bones of that framework for the coming year.

The 1995 programme marks the start of a five-year term for both the Commission and the European Parliament. This promises better long-term planning and holds out the prospect of even closer cooperation with Parliament. It also offers an opportunity for the widest possible consultation of the Union's citizens, regional and local representatives, and those in the economic and social sphere.

The aim in this programme is to meet the imperatives of subsidiarity, transparency and effective Community decision-making, to enhance the democratic status of its institutions and to work in confidence with our citizens.

The main thrust is clear:

- Building a strong economy to create new jobs.
- Establishing economic and monetary union on sound economic foundations.
- Strengthening economic, social and regional solidarity.
- Improving cooperation in the fields of home affairs and justice.
- Establishing the Union as a strong and reliable partner in the international arena.
- Managing the Union better.
- Preparing for the Intergovernmental Conference in 1996.

These topics are dealt with and translated into practical action in the sections that follow.

By practical action we mean first and foremost new initiatives and legislative proposals planned in 1995. The single market project has now entered a phase that calls for less legislation. There are, then, fewer new proposals. But those we do make concentrate on essentials, in line with the principle of subsidiarity, and this programme maps out the priorities. It should also be noted that some of these are proposals requested by the Council and the European Parliament while others are still outstanding from the 1994 work programme. The detailed programme and timetable are contained in the annex.

Secondly action is needed to secure the adoption of proposed legislation already on the table with the Council and Parliament. We must clear our desks of unfinished business.

Thirdly the programme covers a certain amount of pre-legislative work in the form of Green and White Papers. Eventually these may lead to firm proposals.

Finally the programme sets out the main lines of action to implement the Union's policies – in other words the day-to-day management of these policies in compliance with the rules of the Treaty.

The Union is entering a decisive stage in its development. This programme, the first of the new Commission, is a programme of both specific and broader action. It will enable us to face up to the tremendous challenges awaiting us as we prepare to enter the 21st century, in particular the prospect of further enlargement. Cutting unemployment, strengthening solidarity at every level, establishing a single currency, forging a common foreign and security policy, making our institutions more efficient and more democratic: those are the major priorities that will guide our efforts.

1. BUILDING A STRONG ECONOMY TO CREATE JOBS

1.1 INTERNAL MARKET

The consolidation, completion and enhanced visibility of the single market in which goods, persons, services and capital move freely and effectively must be the cornerstone of the Commission's activity.

A fully operational large market is the prerequisite for economic expansion capable of making a decisive contribution to the establishment of a strong economy with job creation potential; economic cohesion resulting from its optimum operation will undoubtedly facilitate progress towards monetary union. Increased visibility will heighten public awareness and will make for a wider consensus for a united Europe.

The objective includes the need to perfect and reinforce, at Community and national level, the legal and administrative framework to serve citizens and business, and to take action on taxation, which is an important factor influencing their activities.

(i) Main initiatives and new legislative proposals

Consolidation of the internal market requires the Commission and the Member States to ensure strict observance of the existing rules. This should involve stricter monitoring of Community regulations, making sure that national implementing legislation is in fact fully effective and that the citizen has the necessary means of action to assert his rights. Such observance is the key to any action aimed at completing the internal market, first by ensuring that the principle of mutual recognition is applied as broadly as possible, and second, in accordance with the subsidiarity principle, by adopting measures designed to eliminate any persistent impediments to enjoyment of the full benefits of the new economic and legal environment and of its practical effects.

- Free movement of persons. Freedom to travel, practical application of the principle of the elimination of border controls, adaptation of secondary legislation.
- Right of residence. Recasting current legislation, incorporating the decisions of the Court of Justice to take into account the scope of Union citizenship and filling in gaps in the existing system.
- Recognition of qualifications: simplification and extension of the general system in force for craft trades and other business activities.
- Follow-up to 1992 Green Paper on pluralism and concentration in the media.

- Copyright and neighbouring rights. Harmonization of measures relating to private copying of sound and audiovisual recordings.
- Supervision of insurance companies which are part of an insurance group.
- Pension funds: rules to coordinate the participation of managerial staff in funds in their country of origin when employed temporarily in another country so as to facilitate their employment.
- Prudential regulation of financial conglomerates.
- Credit establishments and investment companies: prudential treatment of commodities risks
- VAT. Work on a finalized system.
- Excise duties. Harmonization.
- CO₂ tax.

(ii) Main legislative proposals pending

- European Company Statute.
- Creation of Community designs and models.
- Harmonization of national law on designs and models-
- Profession of lawyer: minimum conditions.
- Cross-frontier payments.
- Protection of personal data.
- Legal protection of databases.
- VAT on the carriage of persons.
- Social security for migrant workers.

(iii) Launching of debates

- The internal market as a favourable environment for business and citizens, as the driving force behind growth and job creation, and a prerequisite for economic and monetary integration: assessment of the progress towards its completion and its perception by the citizen, verification of the practical application of the rules and the completion of harmonization where necessary.
- Provide momentum for achieving an area of effective European mobility, based on the ideas and recommendations of a high-level expert group.
- The Commission is carrying out a detailed study of problems concerning the application of the public procurement rules. On this basis it plans to define a new approach to the question, pointing out solutions to make their application more effective.

- With a view to the accession of the Central and Eastern European countries to the Union, a detailed study will be made of the legislative situation from the point of view of internal market rules. The Commission will draw up for the Cannes European Council a White Paper containing guidelines for action by these countries for the alignment of their legislation with that of the Union.
- Green Paper on intellectual property in the information society.
- Green Paper on encoded broadcasting.
- Green Paper on commercial communications.

(iv) Implementation of policies

In 1995 the Commission's priority tasks concerning the internal market include strict enforcement of the existing rules, implementation of the Uruguay Round agreement, the adoption of regulations arising from enlargement, the continuation of trade arrangements with the EFTA countries and completion of the new generalized system of preferences.

1.2 COMPETITION

The Commission will create a level playing field by taking action against restrictive agreements, concerted practices, abuse of dominant positions and mergers which are incompatible with the common market, government subsidies and exclusive rights. It will take account of the competitive challenges facing European businesses from the world market so as to keep the single market competitive and maintain competitive markets and thereby promote industrial efficiency in Europe through the free operation of market mechanisms.

Competitiveness will not be achieved without rigorous control of government subsidies to ensure that Member States do not reintroduce protectionist measures that give an unfair advantage to businesses operating on their territory. Certain monopolies will have to be gradually broken up where general economic requirements can be served in a satisfactory way by companies subject to the normal rules of competition. At the same time work will begin on revising the merger-control regulation.

As regards agreements in restraint of competition and abuses of dominant positions, the Commission will further step up implementation of competition policy by exercising its power to outlaw restrictive agreements and to issue individual or block exemption decisions.

The Commission will pursue this task by stepping up cooperation with the Member States' national authorities and establishing priorities, with the aim of dealing with cases of Community interest and reinforcing the decentralized application of Articles 85 and 86. Rules covering block exemptions to be finalized and adopted in 1995 concern agreements on technology transfers, automobile distribution and maritime consortiums. The Commission will take steps to implement at individual level the general principles adopted in the 1994 report to the Council on the application of competition rules in the multimodal transport sector.

As regards non-member countries, a key objective will be to provide technical assistance to the countries of Central and Eastern Europe so that they will adopt and implement competition policies based on Community rules as envisaged by the Europe agreements, and to extend cooperation between competition authorities, both bilateral and multilateral, especially in the context of the World Trade Organization in response to the challenge of the globalization of world trade.

1.3 INDUSTRIAL COMPETITIVENESS

Rapid implementation of the industrial competitiveness policy adopted by the Commission last September is vital to the restoration of a healthy employment situation. It pinpoints four priority areas: the promotion of intangible investment, the development of industrial cooperation, reinforcement of competition inside and outside the Community and modernization of the industrial role of the public authorities. Measures corresponding to these priorities will be implemented through the redirection of existing policies which have an impact on industry and the launch of new initiatives. The general objective is to improve the position of European industry on markets with a potential for growth, added value and employment.

(i) Main new initiatives and legislative proposals

The implementation of a programme of Community action to promote the competitiveness of Community industry.

(iii) Launching of debates

- Work programme and timetable for implementing the measures set out in the communication on an industrial competitiveness policy for the European Union.
- Commission communication on industrial cooperation with the Central and Eastern European countries.
- Commission communication on the promotion of quality.
- Green Paper on foodstuffs legislation.
- Green Paper on the development of instruments for industrial cooperation to encourage initiatives at Community level.
- Green Paper on information technology and telecommunications industries: promoting a new kind of partnership between the public and private sectors.

(iv) Implementation of policies

A detailed description of the action taken by the Commission to implement the industrial policy will be presented to the Council and Parliament in a report on the implementation of Council resolutions and conclusions in respect of industrial policy.

The Commission will also present an annual report on the competitive position of European industry and communications on certain industries.

The Commission will continue the work to follow up the presentation in June of the report by the Group on simplification of legislation and administration (Molitor Group).

Acting on the Essen European Council conclusions, the Commission will set up a high-level group to address the question of the competitiveness of the European economy and to produce reports.

The Commission will be taking action at once on the Council's priority areas, such as the establishment of a database on the obstacles encountered by European firms on third country markets, Industry-Research Task Forces and ways of improving links between research and industrial competitiveness (see Chapter on research, development and innovation).

1.4 EMPLOYMENT AND JOB CREATION

A major priority for the Commission will be underpinning the concerted European Union effort to address the problem of unemployment, which began with the White Paper on Growth, Competitiveness and Employment. The road to a more employment-intensive pattern of growth requires a combination of sound macro-economic policies and fundamental reforms of Member States' employment systems in order to ensure that growth delivers the maximum number of jobs possible.

The conclusions of the Essen European Council were an important step forward in this process. Member States will now translate the five main points of structural reform identified at Essen into multiannual programmes and the ECOFIN and Social Affairs Councils have been asked by the European Council to monitor developments and to report on progress by December 1995.

The Commission will also report at the same time. In so doing, the Commission will seek to reinforce the Essen process by ensuring maximum coordination between the work of the two Councils principally concerned and will work towards the establishment of a multilateral surveillance mechanism in the employment field, analogous to that already created in the context of economic convergence.

The Commission will attach particular importance to ensuring the full involvement of the social partners in this process and will take all possible steps to promote the strengthening of the social dialogue at European level. In this context, the Standing Committee for Employment will be expected to play a key role.

The Commission will shortly come forward with concrete suggestions on how this complex process could be managed.

(i) Main new initiatives and legislative proposals

- Re-examine the mandate and composition of the Standing Committee for Employment.
- Redesign existing employment action research programmes (ERGO, LEDA).

(ii) Main proposals pending

None.

(iii) Launching of debates

Commission communication on the Essen process.

(iv) Management of policies

- Continued coordination through regular meetings of the Directors-General for Employment and Social Security.
- Assistance for the social dialogue.
- Publication of the annual Employment in Europe Report.
- Monitoring of the contribution of the Structural Funds, notably the ESF, to the achievement of the Employment Action Plan adopted at Essen.

1.5 SMALL BUSINESS AND TOURISM

The White Paper identified small businesses as the most important source of employment in the European Union. It is therefore essential to use the Integrated Programme to improve and simplify the administrative and regulatory environment in which they operate and to enact effective measures to assist them. The Integrated Programme for small businesses and the craft sector provides a basis for better coordination of action on small businesses in the Union's policies. It also ensures effective concerted action between Member States at various levels and the policies of the Union. Moreover, the multiannual programme of Community measures for enterprises (Council Decision of June 1993) will continue to provide support to small businesses.

The Commission will continue its work on areas such as access to financing, credit and information; cross-border cooperation between businesses; improvement of management quality and adaptation of small businesses to structural change; making it easier for small businesses to gain access to public contracts and to Community policies in areas such as research and development, standardization and the Structural Funds.

(i) Main initiatives and legislative proposals

- Definition of small businesses. Preparation of a working document aimed at reconciling the various approaches used by Member States, leading ultimately to preparation of a Recommendation from the Commission to the Member States.
- Second Action Plan for Tourism (together with a report on the evaluation of the results of the First Action Plan).

(ii) Main legislative proposals pending

- Directive on statistics for tourism.
- Three regulations regarding: the status of European cooperatives, European mutuels and similar associations.
- Three directives concerning: the role of those working in European cooperatives, European mutuels and European associations.
- Action plan for cooperatives, mutuels, associations and foundations in the Community.

(iii) Launching of debates

- Green Paper on Tourism.
- Preparation of the new multiannual programmes for small business.

- Preparation of Communication regarding the European Observatory for small business.
- White Paper on associations and foundations.

(iv) Implementation of Community Policy

- Implementation of the Integrated programme for small business.

The Commission will act in conjunction with the Member States to exchange experience and best practices in the field of improving and simplifying the business environment for small businesses and providing services to them.

- Preparatory work for the renewal of the Council Decision of June 1993. In 1995 the Commission is to report on future cooperation of networks; coordination between different Community programmes of specific interest to small business; follow-up to the Berlin Conference and possible action for the craft industry.
- Promoting initiatives for improving international cooperation, in particular Euro-Partenariat, subcontracting.

1.6 POLITIQUE REGIONALE

REGIONAL DIMENSION OF ECONOMIC AND SOCIAL COHESION

Regional policy is one of the major instruments to strengthen economic and social cohesion which is and has to remain a fundamental objective of the Union and will have to be taken into account in the formulation and the implementation of the Union's policies and actions. Regional policy, in line with this objective, has to make an important contribution in the fight against unemployment.

The decision concerning the legal base and the financing of the structural funds for the period 1994-1999 provide the framework for implementing regional policy.

During this period new challenges have to be taken into account in the execution of the different programmes:

- Introduction of economic and monetary union will change the dynamics of our economic and integration policy. Regional projects should help countries to prepare for the third stage of EMU.
- Regional policy must strengthen active measures on urban problems to avoid that new pockets of social deprivation arise.
- To assure transparency and partnership the regional and local levels and the social partners have to be involved closely in programming and programme implementation.
- The increased importance of cross border cooperation within the European Union and with our neighbours in the East and South.
- The proper monitoring of financial flows, the tight financial control and the evaluation of project success rates has to assure that the Union's regional policy is achieving its goal.

Spatial development planning will also be more important, not as a substitute for structural policy and reducing regional handicaps and disparities, but as an integrated approach by the Community to sustainable development, prudent management of natural resources, better balance between big conurbations and rural areas, and regional cooperation.

Another important political element of the Commission's work will be deepening its working relations with the Committee of the regions in 1995. C'est en particulier par un effort d'identification des sujets, relevant des domaines de consultation obligatoire ou non, sur lesquels il y a un intérêt réciproque à ce que

(i) New initiatives and legislative proposals

The Essen European Council on 9 and 10 December approved the principle of a ECU 300 million multiannual Structural Funds programme for 1995-97 for Northern Ireland and the border counties in Ireland.

The Commission will be proposing implementation of the Community initiative, which will have reconciliation as the main objective and will have to apply in an even and balanced manner to the two communities and focus on regions and population groups with the greatest needs.

(iii) Launching of debates

In 1995 work will also begin on drawing up a status report on cohesion in the Community and a study on the future of cohesion policy with a view to future enlargements, taking account of ties to be forged around the Mediterranean and the Euro-Mediterranean Conference.

Under the French Presidency a debate will be launched with the Member States on land-use planning in Europe on the basis of a master plan put forward by the Commission.

(iv) Management of policies

As regards structural policies, following the finalization of programming documents for 1994-99 and Community initiative programmes, in 1995 emphasis will be put on implementation of the measures so as to ensure follow-up, intermediate assessment and effective monitoring of the use of Community resources.

This will also involve optimum coordination with other Community financial instruments (EIB, EIF, the EEA mechanism) with the Cohesion Fund and with other Community policies, in particular environment policy.

The accession of Austria, Finland and Sweden and the ensuing massive increase in the territorial area of the Community has introduced several new factors, in addition to the new programming for these regions, particularly as regards cooperation between regions and the provision to be made for the Arctic region.

1.7 TRANS-EUROPEAN NETWORKS

In its concern to improve competitiveness, create jobs and establish a genuine frontier-free area, the Community will take action to promote interconnection and interoperability between national networks and to link the island, enclaved and remoter areas of the Community more closely with the centre. This will make it possible to increase economic and social cohesion, improve the quality of life, reduce pollution, ease the integration of the new Member States and improve links between the Union and its neighbours (in Central and Eastern Europe and the Mediterranean area). At its meeting in Essen, the European Council identified the projects meriting priority as well as the main obstacles to their implementation. The immediate aims at this time are to ensure adequate finance, encourage partnership between the public and private sectors and facilitate the public projects of European interest selected by the Council, particularly the fourteen transport infrastructure projects (high-speed trains, combined transport, airports, motorways, etc.) already started or scheduled to begin before 1996 and the ten projects in the energy sector (linking of electricity grids, gas pipelines, etc.).

(i) Main new initiatives and legislative proposals

- Trans-European information networks: overall guidelines for the definition of a general plan for the trans-European telecommunications networks ("*Ten-Telecom*").
- Follow-up to Essen European Council: additional budget aspects.

(ii) Main proposals pending

In 1994 the Commission placed proposals before the European Parliament and the Council for decisions on Community guidelines and the financing of trans-European networks. The Commission will play an active part in the legislative work to secure the adoption of those proposals.

- Community guidelines for the development of the trans-European transport network.
- Financing of trans-European networks.

(iii) Launching of debates

- Environment networks: overall guidelines.

1.8 RESEARCH, DEVELOPMENT AND INNOVATION

Implementation of the fourth Framework Programme and its various specific programmes, which were adopted in 1994, will begin in 1995. The resources allocated to these programmes will have to be adjusted to take account of the entry of the three new Member States. Deliberations on the additional financing of the Framework Programme, on which a decision has to be taken in 1996, will begin towards the end of the year.

The Council of Ministers and the European Parliament will hold in-depth discussions on the recent communication on cooperation based on the coordination of scientific policies. The contribution to be made by RTD to meeting new industrial and social challenges will be dealt with in communications on common industrial projects. In 1995 particular emphasis will be laid on technological forecasting with the establishment of the Seville Institute as well as on innovation and the exploitation of results, particularly from the point of view of small businesses.

International scientific cooperation, which is a new aspect of the Framework Programme, will provide an opportunity for comprehensive deliberations. At the same time, the negotiations in progress with various countries will be completed.

(i) Main new initiatives and legislative proposals

- Fourth RTD framework programme - Enlargement: adaptation of the amounts for the fourth RTD framework programme 1994-98.
- Euratom framework programme - Enlargement: adaptation of the amounts for the framework programme of nuclear research and training activities (1994-98).
- Draft resolution on the coordination of RTD policies based on cooperation; application of Article 130h.
- JET: Amendment of the JET Statute (Joint European Torus: Nuclear Fusion). Grounds: three-year extension of project (scheduled to expire in 1996); participation of the new Member States.
- Bioethics Convention: Accession to the Council of Europe Bioethics Convention.
- ECU 700 million in additional finance for the launching of the first complementary programmes as provided for in the decision relating to the EC and Euratom programmes (1994-98).

(ii) Main proposals pending

- Conclusion of an agreement on the involvement of Switzerland in the implementation of the fourth framework programme and the Euratom framework programme (1994-98).

- Conclusion of an agreement on the involvement of Israel in the implementation of the fourth RTD framework programme (1994-98).
- Conclusion of an S&T cooperation agreement with Canada: the Commission to sign the agreement on behalf of the Community.
- Recommendation for a Council decision authorizing the Commission to sign an S&T cooperation agreement between the EC and the Republic of Malta.
- IMS: the Commission has asked the Council for a negotiating mandate; discussions are in progress.
- Memorandum of understanding with Canada in the field of thermonuclear fusion.

(iii) Launching of debates

- Communication on new forms of cooperation under Articles 130k and 130l of the Treaty; implementing conditions.
- Communication: Information society and research (see 1.10).
- Communication on better interaction between research and industry (see 1.3).
- Commission communication on the overall strategy for S&T cooperation with non-member countries and international organizations.
- Launching of initiatives for joint industrial projects, e.g. car of the future, education software, trains and planes of the future and environment technologies.
- Green Paper on legal cooperation instruments in the context of the implementation of Article 130n of the Treaty.
- Working document on better coordination of the activities of the national centres and the Seville Institute in the field of technological forecasting.
- Green Paper on the promotion of innovation policies in the European Union; identification of requirements in terms of finance, human resources, transfers of technology and promotion of risk capital, particularly from the point of view of small businesses.
- Working document on greater consideration for prenormative aspects in Community research programmes in order to promote the competitiveness and interoperability of products and services resulting from research.

(iv) Implementation of policies

- International Energy Agency (IEA): extension of three agreements concerning cooperation programmes in three important fields of S&T relating to thermonuclear fusion (Stellarator Concept; Tokamaks with divertors; large Tokamak facilities).
- Annual report under Article 130p of the Treaty.
- INTAS (International Association for the Promotion of Cooperation with Scientists of the newly Independent States of the former Soviet Union). Commission communication on the continuation of activities.
- Communication on the evaluation of Community R&D programmes.
- Simplification and rationalization of decision-making procedures relating to research projects in the context of the implementation of the fourth Community RTD framework programme.

1.9 EDUCATION, TRAINING AND YOUTH

The Community programmes in the field of education and vocational training are an essential part of the Commission's policy of bringing Community measures nearer to the European citizen, safeguarding employment and ensuring the future innovative capacities of the European Union. Mobility of students and cooperation between universities will be complemented by practical measures to link schools and pupils and to develop the potential offered by the information society in the field of training and education. Vocational training lies at the heart of the Commission's preoccupations. The conclusions of the Essen European Council stress the particular importance of improving employment opportunities for the labour force by promoting investment in vocational training. European employment and competitiveness is conditional on this improvement, which must also take account of the full implications of the emerging information society. The Commission will step up its discussions and consultations with the social partners, i.e. industry and the trade unions, in order both to define the direction of Community programmes and to stimulate a discussion on developments at Member State level. The aim is to make a joint, coherent effort to invest in the future competitiveness of Europe.

(i) Main new initiatives and legislative proposals

(p.m.)

(ii) Main proposals pending

- Decision on *European Year of Education and Lifelong Training* in 1996.
- SOCRATES programme.
- Youth for Europe Programme III.

(iii) Launching of debates

- White Paper on education and training: the levers for the year 2000.
- Communication on education, training and the information society.
- Support for the production of European reference manuals and development of back-up software for ERASMUS (student exchange programme).
- Development of exchanges between secondary-level schoolchildren.
- Green paper on legal, administrative and practical obstacles to the organization of transnational placements or company traineeships for young people in another Member State as part of their vocational training.
- Development of a pilot project concerning the creation of technological training at tertiary level.

- Transnational pilot projects leading to closer integration of vocational training, research and industry (*business, science and training campuses*).
- Development of cooperation programmes in the field of education and vocational training with the Mediterranean countries, the United States and Canada.
- Development of a pilot project in the field of European teachers and curricula in universities.

(iv) Implementation of policies

- Implementation of the LEONARDO DA VINCI vocational training programme.
- Analysis, publicization and systematic application of the results of the most effective European experiments in vocational training with a view to the maintenance and creation of employment.
- Meeting of human resources managers of European enterprises.
- Consolidation of the European Training Foundation in Turin and development of programmes of cooperation in the fields of vocational training and higher education (TEMPUS).

1.10 TELECOMMUNICATIONS AND THE INFORMATION SOCIETY

Setting up the information society, in Europe and globally, is recognized as a major priority for the European Union. The Commission has adopted a horizontal approach to tackle the consequences of the convergence of technology in the areas of telecommunications, computers and television, with the prospect of a whole host of new services accessible at a distance and involving practically all sectors. These developments will have a profound structural impact on the economy, and society as a whole, on a global scale. The construction of the information society must benefit all citizens.

Commission initiatives in the Information Society cover several areas of EU policy. The present work programme contains specific proposals in the respective chapters: television without frontiers and Media II programme (see 3.5), communication on the information society and R&D (see 1.8(iii)), European programmes on education and training for the information society (see 1.9(i)), social and societal aspects of the information society (see 3.1).

The Action Plan for the information society establishes four priority lines of action: a clear and stable regulatory framework, pursued through the progressive liberalization of the telecommunications sector; the development of networks, applications, and content; a thorough investigation of social, societal and cultural issues; and raising public awareness. The overriding aim is to create an environment that will foster investment and private enterprise and that will encourage the formation of partnerships.

The nature of telecommunications is such that it impacts on all sectors of the economy. The main thrust of policy is in the regulatory area, where there are three main lines of action: the progressive liberalization of areas under monopoly, where the EU can now look forward to complete liberalization of both voice services and infrastructure by 1 January 1998 (subject to transitional arrangements). The "Open Network Provision" rules characterise the second priority of telecoms policy, which is to facilitate pan-European operation and service operation by ensuring open and non-discriminatory access to networks and services. Finally, the Commission will ensure that competition rules which apply to this sector are fully respected.

These three regulatory axes are supported by actions in the areas of: R&D, standardization, trans-European networks, cohesion, and regional development.

(i) Main new initiatives and legislative proposals

Setting up a Telecommunications Regulatory Framework

- Liberalization of public voice telephony and telecommunications infrastructures (amendment of Directive 90/388).
- Ensuring access to networks through ONP (Open Network Provision) proposals.
- Harmonizing the approach to licensing award procedures and selection criteria.

- Amendment of the ONP framework directive to adapt it to a competitive environment.
- ONP interconnection.

Establishing trans-European telecommunications networks

- Community action plans on TEN-IBC, trans-European basic services, trans-European applications.

Content

- Stimulation of Community policy and action for the information content industry and market: proposal for a Council decision (*INFO 2000 programme*).
- Action plan for the multilingual information society.

Information security aspects

- Information security (including the creation of trust services).

Postal services

- Establishing a regulatory framework for Postal Services: proposals for common universal service definition, quality of services and technical standardization and for the definition of services that could be reserved.

(ii) Main proposals pending

Setting up a telecommunications framework

- Directive applying ONP to voice telephony.
- Directive on the mutual recognition of licences for specific categories of satellite services.
- Directive on the mutual recognition of licences for terrestrial telecommunications services.
- Council resolution on further development of mobile and personal communications in the European Union.

Establishing trans-European telecommunications networks

- Final adoption of Council decision on a set of guidelines on Euro-ISDN.
- Council decision on a Community action plan on Euro-ISDN.

Content

- Advanced television: final adoption of the directive on advanced TV standards.

Privacy-related aspects

- Directive on the protection of personal data and privacy in the context of digital telecommunications networks.

(iii) Launching of debates

- Green paper on the liberalization of telecommunications infrastructure and follow-up legislative proposals.
- Communication on the strategic objectives concerning trans-European telecommunications networks infrastructure.
- Communication on the methodology to be applied by the European Commission for the development of the information society.
- Report on the evaluation of the information society on manufacturing and services industry .
- Green papers on telematics applications for education and training and for health care.

(iv) Implementation of Community policy**Applications related to the implementation of the information society**

- Pilot projects and demonstrations stemming from G7 initiatives and decisions.
- Communication on the implementation of national research and university networks.
- Implementation of specific applications developments in areas such as: maritime, small business, teletities, telework.
- Development of Information Society Project Office activities.
- Updating the standardization process to ensure greater interoperability (identification of critical interfaces with industry).

Telecommunications

- Implementation of the Green Paper on mobile and personal communications.- Communication on the evaluation of the CEPT/ERC decision mechanism.
- Participation in multilateral negotiations on telecommunications services in the framework of the World Trade Organization.

4th Framework Programme R&TD activities related to the information society

- Implementation of R&D programmes in the fields of: advanced communications technologies and services (ACTS), telematics applications and information technology; and of the programme on the distribution and exploitation of RDT results.

Major political events

- G7 Ministerial Conference on Information Society, February 1995.
- Conference on information society and Central and Eastern European countries.
- Conference on information society and Mediterranean third countries.
- World Telecommunications Conference, October 1995.

1.11 ENERGY

Energy policy is an area in which a great deal remains to be done. The Commission recently reopened the debate on the theme of an energy policy for the European Union with the publication of its Green Paper. Given the importance of energy to the European economy and the limited progress made in establishing a single market in this field, energy policy will be a major consideration in the Commission's preparations for the Intergovernmental Conference scheduled for 1996.

In 1995 the main areas for action will be the implementation of the single market in electricity and natural gas for which proposals are before the Council, the completion of the trans-European energy networks, some of which have already become operational, ensuring greater security of supply through cooperation with non-member countries and the implementation of the "Synergy" programme, the implementation of the provisions of the European Energy Charter in order to establish an open and interdependent European energy market, the exploitation of the new technologies as provided for in the 4th framework programme of R&D and the dissemination of the results throughout the Community economy.

The United Nations Conference on Climate Change to be held in Berlin will provide an opportunity to review the strategy for limiting or reducing CO₂ emissions and the Commission will try to ensure that they come to a successful conclusion. Community programmes and measures relating to energy efficiency and the use of renewable sources of energy will also help to combat the greenhouse effect.

Action in the nuclear sector falls into a number of main areas: negotiations under the Euratom Treaty between the Union and the United States and between the Union and Russia; assessment of the situation with regard to the non-proliferation of nuclear weapons in the light of the results of the Conference of the parties to the Non-proliferation Treaty to be held in New York in April/May; analysis of the operation of the main provisions of the Euratom Treaty.

(i) Main new initiatives and legislative proposals

- SAVE II.
- SYNERGY programme.
- Regional and urban energy planning.
- Proposal for essential characteristics of biodiesel.
- Recasting of Regulation 1056/72 on notifying the Commission of investment projects of interest to the Community in the petroleum, natural gas and electricity sectors.

- Illustrative Nuclear Programme for the Community.
- Integrated resource planning.
- Negotiation of an agreement with Russia on nuclear trade and safeguards.
- Extend nuclear agreements with CIS countries.

(ii) Main proposals pending

- Directive concerning common rules for the internal market in electricity.
- Directive concerning common rules for the internal market in natural gas.
- Renewal of the EU/US Nuclear Cooperation Agreement.
- Directive on energy efficiency requirements for electrical refrigerators, freezers and their combinations.
- Trans-European networks energy projects.
- THERMIE II Programme.

(iii) Launching of debates

- White Paper on energy policy.

(iv) Implementation of Community policy

- Ratification of the Energy Charter Treaty
- Negotiation of Protocols and Second Energy Charter Treaty
- Implementation of commitment undertaken in the Climate Change Convention.
- Participation in UN Conference in Berlin.

1.12 ENVIRONMENT, NUCLEAR SAFETY AND CIVIL PROTECTION

Increasingly environment policy in the Union is focusing on economic growth which respects the environment and contributes to quality of life. The implementation of the Fifth Action Programme on the Environment "Towards Sustainability" is at the heart of this development and the major review of the Programme which is to take place in 1995 will allow this to develop further. In the spirit of shared responsibility for its implementation, the intention of the review will be to determine more clearly what remains to be done at the Union, national, local and regional levels and by the other partners in society to integrate environmental considerations into the whole range of policies and actions (industry, agriculture, transport, energy, tourism, Structural and Cohesion Funds). The objective of the review will be to increase the sense of commitment to the process by concentrating on priority actions, updating and strengthening targets and determining additional instruments for implementation and enforcement of the strategy.

The environment has a central role to play in discussions on growth, competitiveness and employment so as to create strong links between economic and social prosperity, environmental protection and the quality of life. There is a need for more emphasis on the effective implementation of legislation, and agreed standards need to be high. There is a need to continue to explore new market-based instruments and to look at possible fiscal reforms. Other instruments such as voluntary arrangements, increased information, education and training, environmental liability; and environmental assessments should complement the regulatory approach. In the industrial sector, there is a need to look at patterns of production and consumption to ensure they are more sustainable. Particular attention needs to be given to waste issues and to an integrated approach to pollution prevention and control. The "polluter pays" principle needs to be effectively implemented. Air quality is of major importance to the Union as is the adoption and implementation of new and revised water legislation. The development of environmentally clean technologies is also an important issue and behavioural change will be promoted by the more effective use of the Ecolabel and Eco-audit schemes. In preparing its proposals in this area, the Commission will take due account of the costs and advantages of each proposal.

The Commission will pursue its work on developing green national accounts together with a range of "green" indicators to allow the Union to measure the progress it is making towards sustainability. It will cooperate fully with the new European Environment Agency to ensure that the Agency is able to meet its aim of producing reliable comparable environmental data on which effective policy decisions can be based.

At the level of the Union's nearest neighbours, there is important work to be done to strengthen its cooperation on environmental issues in Eastern and Central Europe and in the Mediterranean. In the light of the decisions taken at the Essen European Council, the Commission will keep Parliament and the Council fully

informed of its efforts to tackle environmental problems within the framework of the pre-accession strategy for the countries of Central and Eastern Europe.

At international level, the objective should be for the Union to take a lead on global environmental and sustainable development issues in the follow-up to the Rio Earth Summit and to champion progress on global issues such as biodiversity and climate change. The Commission will be fully involved in discussions on environment and trade issues.

In the field of nuclear safety the Commission will pursue its work on reactor safety, on radioactive waste and on radiation protection. In the field of civil protection it will be necessary to define priority actions to be taken and to set out the criteria and financing arrangements.

(i) Main new initiatives and legislative proposals

New proposals

- Vehicle emissions: reduction in the limit values of certain parameters in petrol and diesel (Council Directive 94/12/EEC), in particular to comply with new air quality objectives.
- European civil protection: Community action programme (information, exchanges, pilot projects, etc.) to supplement national policies, in particular to reduce environmental risks.
- Review of the 5th action Programme

Proposals scheduled for 1994 or earlier

- Environmental assessment: extension to planning measures of the principles of environmental assessment set out in Directive 85/337/EEC.
- Access to information on the environment: application to the Community institutions of the rules in force in respect of public authorities (Directive 90/313/EEC).
- Reduction of the sulphur content of fuel derived from petroleum: introduction of a framework to improve air quality, to supplement Directive 93/12/EEC.
- Reduction of gaseous emissions by internal combustion engines no used for automotive purposes: harmonization measures.
- Protection against radiation: adjustment to technical progress of Council Directive 84/466/Euratom relating to persons subject to medical treatment and examinations.

- Volatile organic compounds: second stage.
- Financial instrument for the environment (Life): amendment to Regulation (EEC) 1973/ 92 in order to improve efficiency of the procedure for collecting and assessing projects and to give more priority to measures.

(ii) Main proposals pending

17 Directives are pending in the Council on the following subjects:

- Disposal of PCBs and PCTs.
- Tax on CO₂ emissions and energy tax (see 1.1).
- Limitation of noise emissions of excavators.
- Landfill of waste.
- Safety standards for the protection of the health of workers and the general public against dangers arising from ionizing radiation.
- Biocides.
- Integrated pollution prevention and control.
- Revision impact assessment Directive.
- Classification, packaging and labelling of dangerous substances (consolidation).
- Ecological quality of water.
- Revision Seveso Directive.
- Revision bathing water Directive.
- Amendment birds Directive.
- Air quality framework directive and information system.
- Exchange of information on air quality.
- Conditions governing imports of agricultural products following the accident at Chernobyl nuclear power station.
- Revision drinking water Directive.

(iii) Launching of debates

Damage to the environment: communication on introduction of a framework system of civil liability for the environment.
 Communication on CO₂ and cars.
 Communication on methane.
 Ground Water Action Plan.
 Communication on coastal zones.
 Communication on the auto-oil programme.

(iv) Implementation of policies

- The implementation of the Fifth Action Programme on the Environment in particular with its emphasis on the integration of environmental considerations into other policy areas, raising of awareness of environmental issues, shared

responsibility and the development of cost internalization approaches will be at the heart of implementation of environmental policy.

- In addition, more effective implementation and enforcement of environmental legislation, the implementation of international environment agreements and increased cooperation with the countries of Eastern and Central Europe and with the countries of the Mediterranean will be priority actions.
- Flooding (following the Commission's decision to set up a working group to consider whether any general measures need to be considered).
- Continuation of work in 1995 concerning a review of certain environmental legislation linked to the accession negotiations of the new Member States.

1.13 COMMON AGRICULTURAL POLICY

(i) Main new initiatives and legislative proposals

The proposals follow on from the reform of the agricultural policy. The emphasis will continue to be placed on improving the balance of markets, increasing the domestic and international competitiveness of Community agriculture and ensuring greater stability of farmers' incomes. The proposals cover the following:

- Agricultural prices and related measures for 1995/96.
- Proposal for the reform of the market organization for cotton.
- Proposal for the reform of the market organization for fruit and vegetables.
- Proposal for the reform of the market organization for rice.
- beekeeping.
- Report (and possible proposal) on set-aside.
- Fixing of the maximum guaranteed area for oilseeds in Finland, Sweden and Austria.
- Report on the application of the milk quotas in Italy and Greece.
- Bananas: increase in the import quota following enlargement.

(ii) Main proposals pending

In 1994 the Commission proposed a reform of the market organization for wine and the rules to govern the market organization for sugar over the next six years. The question of animal transport will also have to be settled by the Council. The Commission will take all the necessary steps to ensure that these important issues are quickly resolved.

- Market organization for wine.
- Market organization for sugar.
- Directive on animal transport.
- Directive on hormones.

(iii) Launching of debates

- The accession of countries from Eastern and Central Europe must be carefully examined from the agricultural point of view. In addition to the questions connected with the integration of these countries into the single market (plant health and veterinary aspects and other agricultural legislation, which will be covered by the White Paper to be discussed at the Cannes European Council), the Commission will prepare, by the end of 1995, a study on ways of developing agricultural relations between the European Union and associated countries in Eastern and Central Europe with a view to the accession of these countries.
- Report (and possible proposal) on the installation of young farmers.
- A report on the rearing of calves in the European Union is also to be presented by the Commission by the end of the year.

(iv) Implementation of policies

The implementation of the agreement reached at the Uruguay Round, the adoption of enlargement-related legislation, the continuation of trade arrangements with the EFTA member countries and the completion of the new generalized system of preferences (GSP) will be among the Commission's priorities in the agricultural sector in 1995.

1.14 COMMON FISHERIES POLICY

The main feature of 1995 will be the implementation of the reforms begun in 1992 and relating to the conditions of access to Community waters and resources. The problems to be tackled are the chronic surplus capacity of European fishing fleets, the frequent threat to resources and certain crises of essentially structural origin.

Steps must therefore be taken to resolve the socio-economic problems arising from the regulation of fishing effort and the restructuring of fishing activities and to overcome the most serious obstacles to the rational and responsible use of fish stocks (static gear, driftnets, discards).

All interested parties will have to be involved (fishermen's associations, national and regional authorities, operators) to rebuild the necessary confidence for structural change, which is the sole guarantee of the continuation of fishing activities and the safeguarding of the socio-economic fabric of the coastal and island regions dependent on the industry.

Joint initiatives will also have to be taken at international level, both bilaterally with Morocco (new agreement), and multilaterally, particularly in the Mediterranean and at the United Nations (Conference on Straddling Stocks).

All these measures should improve competitiveness throughout the fisheries sector (from production, including catches under fisheries agreements, to markets and processing) and should make for closer supervision of fishing activities, markets and structural aid.

(i) Main new initiatives and legislative proposals

- Rules governing access to waters and fishery resources in the Atlantic (basis: Regulation No 376/92), including the related control mechanisms (amendments to Regulation 2847/93)
- Prices and total allowable catches (TACs) for 1996
- Socio-economic measures to accompany the restructuring of the fisheries sector (amendments to Regulation No 3699/93).

1.15 TRANSPORT

The aim is to achieve an integrated, safe, efficient, competitive and environment-friendly transport system, taking into account the needs of users and workers in this sector, thus ensuring in the long term mobility and cohesion within the European Union and developing the external dimension.

The Commission's priorities in the short and medium term are reflected in the following proposals.

(i) Main new legislative proposals

- Safety of maritime transport:
 - Tighter security on ferry services.
 - Ships' equipment.
- Road safety:
 - Introduction of an alternative model for the Community driving licence.
 - Training for drivers of vehicles transporting dangerous goods.
- Combined transport/railways:
 - Establishment of a Community framework for coordinated action to encourage effective partnerships, proper checks on funding and optimal use of infrastructure.
- Road transport:
 - Conditions governing access to the occupation of road haulier.
- Inland waterways:
 - Organization of the intra-Community market and flanking measures.
- Air transport:
 - Measures to protect the rights of airlines' passengers.
 - Minimal standards of training for cabin crews.
 - Briefs for negotiations with the countries of Eastern and Central Europe.

(ii) Main proposals pending

Railways

- Proposals on licences and infrastructure and on the interoperability of high-speed trains.

Air transport

- Ground handling directive.

Road Transport

- Dangerous goods - checks and qualifications of those concerned with the prevention of risks.
- Weights and dimensions.
- Tachograph.

Maritime

- EUROS.
- Port-State control.

External relations

- Brief for negotiations with Switzerland.

(iii) Launching of debates

In 1995 the Commission will launch debates on the following subjects:

- Communication on the development of the common transport policy in the medium and long term.
- Communication on sea transport over short distances.
- White Paper on a system of air traffic control and communication on crisis situations.
- Green Paper on multimodal passenger transport: people's network.

(iv) Implementation of policies

- Improvement of the environmental performance of the transport industry, including a study on better internalization of costs and the implementation of standards to take account of technological progress.
- Continuation of the social dialogue with a view to improving working conditions in the industry (see 3.1).
- Promotion of research and development and utilization of the results obtained from earlier programmes (see 1.8).

2. ESTABLISHING ECONOMIC AND MONETARY UNION ON SOUND ECONOMIC FOUNDATIONS

A principal objective of the Community and its Member States is to establish sound economic conditions which support and reinforce the economic recovery now under way, thus contributing to job creation and the fulfilment of the criteria for the move to the third stage of economic and monetary union. If the timetable set by the Treaty for this process is to be followed, two conditions must be met:

- there must be a sufficient degree of convergence between the economies of the individual Member States;
- the practical preparations for the third stage and the introduction of a single currency must be completed.

The broad guidelines for the economic policies of the Member States and the Community under Article 103 provide the framework for multilateral surveillance, together with the convergence programmes of the Member States.

The continued application of the excessive deficit procedure under Article 104c will be an essential condition for achieving EMU. In this regard, every effort will be made to prepare for the transition to the third stage on 1 January 1997.

The Commission will contribute to the technical preparations for the transition to the single currency, complementing the work of the European Monetary Institute. This will mean working to reduce uncertainties, define possible scenarios and suggest the organizational framework for the changeover. Promoting the awareness of the public at large will be essential for the success of the process. A Green Paper will be prepared on the technical issues for the transition to the third stage.

A more balanced policy mix will certainly improve the conditions for growth and employment creation. In view of the problem of unemployment, employment trends will have to be monitored more closely, particularly if the measures identified in the White Paper and the conclusions of the Essen European Council are to be implemented. The Commission will act as a catalyst to help employment systems function better, identifying weaknesses and drawing lessons from successful policies. Better performance by employment systems and the achievement of nominal convergence are complementary targets which have to be pursued simultaneously.

(i) Main new initiatives and legislative proposals

Broad guidelines for the economic policies of the Member States and the Community (recommendation to the Council).

(ii) Main proposals pending

None.

(iii) Launching of debates

Green Paper on the conditions for the transition to a single currency.

(iv) Implementation of policies

Adoption and monitoring of broad guidelines for the economic policies of the Member States and the Community.

Continued application of the excessive deficit procedure.

Monitoring of multilateral surveillance, including employment policies.

3. STRENGTHENING ECONOMIC, SOCIAL AND REGIONAL SOLIDARITY

3.1 EMPLOYMENT AND SOCIAL AFFAIRS

The Commission is fully committed to the further development of the social dimension of the Union's activities, both as an integral part of developing a competitive economy and in the interests of ensuring that the benefits of the process of integration are shared by all.

The process of widespread consultation on the future direction of social policy, on the basis of the recent Green and White Papers, will be translated into a rolling programme of social action to be published by the Commission early in 1995. This document will provide an important framework for future action by detailing specific initiatives, with a timetable, and by indicating how progress can be achieved with the more forward-looking agenda (implications of the information society, refinancing of social security systems).

Main new initiatives and legislative proposals

- Portability of occupational pensions.
- Community instrument to support actions relating to older people.
- 4th Programme on Health and Safety.

Main proposals pending

- Posting of workers.
- Transfer of undertakings.
- Health and safety directives (means of transport, physical agents, chemical agents, disabled workers and work equipment).
- Consultation of the social partners under Article 3 of the Social Protocol on non-standard work.
- Programme to combat social exclusion and promote solidarity.

Launching of debates

- Communication on the future development of the social dialogue.
- Communication on the sectoral social dialogue.

Implementation of policies

- Action to ensure transposal and implementation of existing legislation.
- Management of the European Social Fund and Community Initiatives (Employment and Adapt).
- Actions in the area of racism and xenophobia.
- Management of the HELIOS II programme relating to disabled persons.
- Action on the social and societal aspects of the information society.
- Annual report on social progress under Article 7 of the Social Protocol.
- Preparation of the UN Social Development Summit in Copenhagen.
- Establishment of the Health and Safety Agency in Bilbao.

3.2 EQUAL OPPORTUNITIES AND WOMEN'S RIGHTS

The Commission will continue its firm commitment to promoting equality of opportunity between women and men and to women's rights more generally.

Apart from the specific labour market questions where the Union has always played an active role, the Commission believes that it is important to bring gender issues and concern for women's rights into the mainstream across the entire range of Union policies. This horizontal approach will be overseen by the newly-created open group of Commissioners chaired by the President.

Main new initiatives and legislative proposals

4th Action Programme 1996-2000.

Occupational social security schemes: measures to take account of Barber and related judgments.

Main proposals pending

Consultation of the Social Partners under Article 3 of the Social Protocol on:

- * Reconciling work and family life.
- * The burden of proof.

Launching of debates

Communication on remedies and procedures for the application of Article 119.

Implementation of policies

Preparation of the Fourth UN Conference on Women in Beijing.

3.3 PUBLIC HEALTH

The Commission will continue with the programme of activity laid down in the Communication on the framework for action in the field of public health (COM(93) 559) adopted in November 1993 following entry into force of the Treaty on European Union.

Main new initiatives and legislative proposals

Community Action Programme on health data and indicators.

Main proposals pending

Community Action Programmes on:

- * Cancer.
- * AIDS and certain other communicable diseases.
- * Prevention of drug dependency.
- * Health promotion, information, education and training.

- Advertising of tobacco products.

Launching of debates

Communication on blood safety and self-sufficiency.

Implementation of policies

- Actions to facilitate cooperation between Member States in the health field.
- Reports on existing activities in the areas of cancer, AIDS, drug prevention and health protection.

3.4 CONSUMER POLICY

The priorities for Commission action in the field of consumer policy will be to step up information and awareness campaigns, improve consumer representation and draw up a new Action Plan (1996-1998).

(i) Main new initiatives and legislative proposals

- Follow-up to the Green Paper on access of consumers to justice and the settlement of consumer disputes in the single market.
- Follow-up to the Green Paper on guarantees for consumer goods and after-sales service.
- Measures to clarify, simplify and create greater transparency in the labelling of food products and the indication of price.

(ii) Main proposals pending

- Amended proposal for a directive on the protection of consumers in respect of contracts negotiated at a distance.
- Amended proposal for a directive on comparative advertising amending Directive 84/450/EEC on misleading advertising.

(iii) Launching of debates

Preparation, after extensive consultation, of a new Commission consumer policy action plan (1996-1998).

3.5 AUDIOVISUAL MEDIA, INFORMATION, COMMUNICATION AND CULTURE

- At Essen the European Council called on the Commission to prepare proposals for a revision of the Television without frontiers Directive and a new MEDIA Programme in time for its next meeting. These audiovisual policy initiatives will contribute to the implementation of the information society. However, to keep pace with the rapid changes in the audiovisual services industry, a forward-looking Green Paper should be produced to examine the implications of the development of new audiovisual services, particularly in the regulatory, economic and culture spheres. So much is at stake in the information society that there is a real need to update and modify audiovisual policies. It is essential that the European Union's audiovisual policy take these factors into account.
 - In the cultural field the Commission will continue to apply Title IX, Article 128 of the Treaty on European Union, supplementing the proposals for decisions already presented with a proposal on cultural heritage. Article 128 requires the Union to take cultural aspects into account in its action under other provisions of the Treaty, so consideration should be given to the consequences for the definition and conduct of the relevant Community policies. Attention will be paid in particular to the development of multimedia in this area, as a means of promoting culture. Finally, the subject of social exclusion and culture will be examined with a view to defining measures in this area.
 - In the information field, efforts to improve communication and increase transparency (see below) will be continued and stepped up, in preparation for the 1996 Intergovernmental Conference. Bringing the Union closer to ordinary people and making ordinary people better informed about the Union are among the Commission's prime concerns.
- (i) Main new initiatives and legislative proposals**
- Review of Directive 89/552/EEC on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities.
 - Training scheme for professionals in the audiovisual programme industry and measures to encourage the development and distribution of European audiovisual works (MEDIA II).
 - Programme to encourage the conservation and promotion of the European cultural heritage (Raphael).
 - Report to Parliament and the Council on the cultural dimension of Community policies.

(ii) Launching of debates

Preparation of a Green Paper on the development of new audiovisual services.

- Programme industry: development of technological and innovative capacity as a follow-up to the Action Plan for the introduction of advanced television services in Europe.

(iii) Main proposals pending

- Proposal to create a programme to support artistic and cultural activities with a European dimension (Kaleidoscope 2000).
- Proposal to establish a support programme in the field of books and reading.

(iv) Implementation of policies

Involvement of non-Community countries in audiovisual policy.

4. IMPROVING COOPERATION IN THE FIELDS OF JUSTICE AND HOME AFFAIRS

The creation of an area without internal frontiers has long been an objective initially of the European Community and now of the Union. There are clear benefits for all Union citizens. Nevertheless the Union must ensure internal security in a frontier-free area when the controls at internal frontiers have been removed, in order to prevent organized crime from demonstrating both its will and its capacity to exploit weaknesses in the Union's defences. Title VI of the Treaty on European Union provides the political commitment and the instruments to answer these legitimate concerns.

The Commission will play its full part in tabling its own proposals where it has the right of initiative, and will encourage Member States to use their new opportunities where they alone have the right. To this effect the Commission tabled two communications in 1994, one on immigration and asylum and the other on drugs. The Commission looks forward to receiving the opinion of the European Parliament on these two communications.

The Commission's initiatives will necessarily concentrate on areas where the Treaty gives it the right of initiative:

- **Immigration and asylum:** The Commission will press the Council for an adoption of the draft external borders convention tabled in December 1993, which is an essential instrument for the free movement of people, and will table an initiative concerning travel rights of nationals of non-member countries (see 1.1). Furthermore, common rules on conditions of entry by nationals of non-member countries and major principles governing asylum policy, including forms of solidarity between Member States, will be the major elements of the Commission's contribution. The Commission approach will be to strike the right balance between ensuring the integration and rights of legal immigrants and acting against illegal immigration and those who seek to exploit it.
- With regard to the fight against **drug trafficking**, the Commission's communication of June 1994 proposing a European Union global action plan provides a comprehensive framework within which action by the law enforcement agencies acting under the provisions of Title VI of the Treaty on European Union can be situated. The prime responsibility for this part of the plan lies with the Member States, but the Commission will play an active part with a particular view to ensuring coherence with the other aspects of the plan which fall under Community competence or in the framework of the common foreign and security policy. The importance of this global plan has been emphasized by both the Corfu and the Essen European Councils which expressed the wish that it be adopted in June. However, the Commission will not remain inactive in the meantime, and it intends to take concrete steps to prepare for the implementation of this plan by, amongst other things, defining the scope of action which might be taken under the new legal basis provided by Title VI, and by contributing to

the rapid development of the European Monitoring Centre for Drugs and Drug Addiction, which has its headquarters in Lisbon.

- **Judicial cooperation** in civil matters also opens up areas for further developments which could contribute to alleviating problems encountered by many European citizens and their families in their daily life. The Commission will therefore actively seek to extend the 1968 Brussels Convention to cover family matters, possibly including other matters such as the custody of children.

- **Fraud** is another area of Title VI which is now in the forefront of political debate (see also 6.4). The Union's citizens, as taxpayers, want an efficient and fraud-free management of the Community budget. In the framework of its ongoing endeavours to tackle this problem, the Commission will press for the early adoption of the two proposals tabled in 1994 concerning administrative and penal sanctions, the latter based on Title VI of the Treaty. It will continue to devote increasing efforts to this vital area, for which Member States also have a major responsibility.

5. A STRONG AND RELIABLE PARTNER IN THE INTERNATIONAL ARENA

The Union will assert its identity and its responsibilities increasingly in political terms. It is a question of adhering to principles - support for democracy and the rule of law and the respect of human rights and fundamental freedoms.

The Commission is determined to assert the European Union's presence on the world scene, using every means at its disposal - political dialogue, development aid, humanitarian aid, etc.

As the world's most powerful trading partner, Europe is, and will remain, open to the outside world; naturally, it expects its partners to behave in the same way. This is the basis of prosperous and balanced international trade. The aim of future trade policies will be to ensure that this is the case.

On the human rights issue, the Commission will adopt a coherent approach and will help to forge links with international, regional and non-governmental organizations in order to achieve greater synergy.

It will take further initiatives in areas such as electoral assistance and human rights observers.

- Report to Parliament and the Council on action taken or to be taken in the field of human rights.

5.1 Common foreign and security policy

Apart from the treatment under existing legal arrangements of priority actions already decided on by the European Council (former Yugoslavia, support for the peace process, support for the introduction of democracy in South Africa, stability pact in Europe, Russia, Ukraine, non-proliferation treaty, etc.), to which others might well be added in the near future, one of the main tasks for the year will be to clarify and consolidate the functional bases for the common foreign and security policy; another will be the preparations for the 1996 Intergovernmental Conference.

On the question of clarifying and consolidating the functional bases for the common foreign and security policy, problems still outstanding of defining a stable financial scheme and the organization of comprehensive actions (using Community instruments also) following the adoption of common positions should be solved in a satisfactory manner in full compliance with the powers conferred and procedures established by the Treaty.

A base should be developed consisting of a central capacity for analysis and assessment involving Council, WEU and Commission. Its main task would be not only to conduct a permanent assessment of risks and threats that might affect the interests and values of the Union, but also to prepare response strategies geared

to the resources actually available to the Union and its Member States, for discussion in the European Council and the Council.

In addition to these measures the Commission will actively pursue preparations for the Intergovernmental Conference not only on the basis of a functional analysis of the common foreign and security policy as at present conceived but also in the light of the prospect of further enlargement and of the major geopolitical shifts now occurring.

The first deadline will be the commencement of work by the Reflection Group, scheduled for 1 June.

5.2 COMMON COMMERCIAL POLICY

A good part of the last few years has been taken up with the GATT negotiations. In parallel, the Commission proposed new trade policy instruments (protection against dumping and bounties, Regulations on trade barriers), which were accepted by the Council. Extensive negotiations also took place within the OECD.

Efforts must be made to ensure that the World Trade Organization functions properly and that the rules are enforced, and to manage trade policy as efficiently as possible, using the instruments at our disposal, while respecting international law.

Work must also continue on new matters (environment, social policy, competition) and the preparation of multilateral rules governing international investment.

This will require the utmost vigilance from the Commission, together with a considerable amount of work, both to fulfil existing agreements and to represent the interest of the Union in multilateral negotiations. An analysis of Community strategy is under way.

Main action planned

- Continuation of the multilateral negotiations within the World Trade Organization on services (telecommunications, financial services, maritime transport and the movement of persons), on a multilateral agreement on steel and on the updating of the 1979 GATT agreement on trade in aircraft.
- Ratification and implementation of the OECD agreement on shipyards.
- Textiles and clothing:
 - * implementation of the Uruguay Round agreement on textiles and clothing: continuation of the negotiations on market access with the members of

- the World Trade Organization and non-member countries (such as the former Soviet Union and other former state-trading countries);
 - * following the Uruguay Round, adjustment of the common commercial policy by amending Council Regulation (EEC) No 3030/94;
 - * revision of the protocols on textiles with the countries of Central and Eastern Europe.
- Public procurement:
 - * ratification of the bilateral agreement with the United States on public procurement (deadline for ratification: end of May)
 - * implementation of the Uruguay Round agreement on public procurement: negotiation of bilateral agreements with main trading partners
 - Rules of origin: revision of protocols with the countries of Central and Eastern Europe, ACP countries, the Mediterranean countries, the Middle East and the Gulf.
 - Negotiation of mutual recognition agreements on the certification of products (with Australia, Canada, United States, Hungary, Israel, Japan, New Zealand, Singapore, Switzerland).

5.3 DEVELOPMENT POLICY AND HUMANITARIAN AID

As well as action in specific geographic areas, the system of generalized preferences must be completed.

Initiatives in cooperation and humanitarian aid will be continue to be undertaken. A legal basis for these must now be established.

It is also the Commission's intention to ensure that Union action is sustainable and to respond in the most appropriate fashion to requests from our partners. This will entail establishing a fully-fledged quality-control scheme to be applied to Community instruments.

Action planned

- Humanitarian aid outside the Community: creation of legal bases for all budget headings involved.
- Aid for refugees: creation of a legal basis.
- System of generalized preferences: completion of the scheme for agriculture and fisheries products.
- Food and food security - policy and management: consolidation and amendment of Council Regulations (EEC) Nos 1755/84, 3952/86, 2507/88 and 2508/88.

- International cooperation in the field of energy: provision of a legal basis for the SYNERGY action programme, which aims to develop cooperation with the countries of Central and Eastern Europe, the CIS, the Mediterranean region, Asia and Latin America.
- The fight against drugs: establishment of a legal basis for North/South cooperation initiatives.
- Developing countries: establishment of legal bases for aids for demographic policies or programmes, rehabilitation and reconstruction programmes, decentralized cooperation initiatives, programmes for health protection and the fight against Aids, Community participation in action taken by non-governmental organizations (NGOs), and cooperation initiatives aimed at safeguarding the environment and promoting sustainable development.

The legislative initiatives listed under various headings in the previous chapters are the only ones currently being undertaken.

5.4 COUNTRIES OF CENTRAL AND EASTERN EUROPE AND THE BALTIC STATES

- Implementation of the pre-accession strategy defined by the Essen European Council is the central pillar of the Commission's work in this region.
- On the basis of detailed studies, these countries must be brought up to the legal and economic standards of Western Europe as preparation for accession to the Union, while respecting the *acquis communautaire*. For the same reason, political cooperation with these countries will be stepped up.
- At the same time, the network of European agreements must be completed.
- In management terms, the PHARE programme resources must be strictly employed to enhance the operation of the pre-accession strategy. Furthermore, the Commission will ensure that the trans-European networks programme extends to Central and Eastern Europe as agreed at Essen.

(i) Action planned

- Pre-accession strategy for the countries of Central and Eastern Europe: white paper on approximation of single market legislation (see 1.1).
- Countries of Central Europe: White Paper on agricultural aspects of accession (see 1.4).
- Bulgaria, Hungary, Poland, Czech Republic, Slovakia and Romania: amendment of the Europe agreements to take account of enlargement and the outcome of the Uruguay Round.

- Countries of Central and Eastern Europe: amendment of Council Regulation (EEC) No 1628/94 to extend the cross-border cooperation programme set up under PHARE to include the "networks".
- Slovenia: negotiation of a cooperation agreement with a view to conclusion of a Europe agreement of the same type as those concluded with the countries of Central and Eastern Europe.
- Croatia: negotiation of a trade and cooperation agreement and possible extension of the PHARE programme to cover Croatia.

(ii) Main proposals pending

- Baltic states: negotiation of Europe agreements and amendment of free-trade agreements currently under negotiation with:
 - * Estonia
 - * Latvia
 - * Lithuania
- Proposal for a Council Decision amending Council Decision No 92/511/EEC of 19 October 1992 providing further medium-term financial assistance for Bulgaria.

5.5 THE MEDITERRANEAN, THE MIDDLE EAST AND THE GULF

- The conclusions of the Essen European Council called on the Commission to give practical effect to its general communication on the Mediterranean by strengthening political dialogue, pursuing economic cooperation with a view to establishing a free trade area, and engaging in ambitious financial cooperation.
- At the political level, these operations will all come together in the Euro-Mediterranean Ministerial Conference scheduled for the second half of the year. The Commission will make its contribution and mobilize all available resources to establish a new framework for relations between the European Union and the Mediterranean non-member countries. The Conference will be an opportunity for a thorough-going review of future relations, whether economic, social, cultural or political (cooperation on political and legal affairs, action to combat clandestine immigration, security aspects).
- Support for the Middle East peace process will be of particular importance, as will the negotiation of the Euro-Mediterranean association agreements and the agreement on customs union with Turkey.
- Work should also continue on the prospects for the accession of Malta and Cyprus.

Proposed action

- (i) Preparation of the Euro-Mediterranean Ministerial Conference.
- (ii) Special agreements:
 - Morocco, Tunisia, Israel, Egypt, Jordan: negotiation of Euro-Mediterranean association agreements.
 - Turkey: negotiation of the Customs Union, involving amendments to Council Regulation (EEC) No 3030/94 to adjust the common trade policy.
- (iii) Negotiation of scientific and technical cooperation agreements with Israel and Malta.
- (iv) Support for the Middle East peace process: aid for the various states in the region, implementation of operations to assist Palestinians in the Gaza Strip and Jericho.

5.6 COOPERATION WITH THE COMMONWEALTH OF INDEPENDENT STATES

- Together with rationalization of the Tacis programme, to improve it through decentralization, the object of technical assistance from the Union will be to make sure the existing cooperation agreements function and to supplement them.

Proposed action

- Amendments to the Tacis Regulation, (EEC) No 2053/93 concerning the provision of technical assistance from the Union to the newly independent States, and extension of the regulation to cover Mongolia.
- Long-term financial assistance to Belarus.
- Belarus, Georgia, Uzbekistan, Turkmenistan: negotiation of interim agreements with a view to the conclusion of partnership and cooperation agreements.
- Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Ukraine: negotiation of bilateral agreements on trade in nuclear materials and cooperation in the fields of nuclear safety and nuclear fusion.

5.7 RELATIONS WITH THE INDUSTRIALIZED COUNTRIES

Relations with these countries are already highly developed: little legislative work therefore needs to be undertaken.

- At the multilateral level, the Commission plays a full part in the OECD and the World Trade Organization.
- At the bilateral level, special attention will have to continue to be given to trans-Atlantic relations, with particular regard for current thinking, both in America and in Europe, on strengthening them. The Commission participates in the preparatory work for the various trans-Atlantic summits scheduled to take place this year. It is involved in ongoing negotiations with Japan, particularly as regards market access. Dialogue and cooperation with Australia and New Zealand at all levels will have to be taken further and stepped up.
- There is a particular problem with the western European countries which are not members of the European Union, viz. Norway, Switzerland and Liechtenstein. Adjustments will therefore have to be made to a number of agreements.

Proposed action

- EU-EFTA Convention on a common transit procedure: incorporation of the measures required to ensure mutual assistance in relation to recovery (plus some technical changes).

- Rules of origin: definition of the rules applying to Liechtenstein under the EEA agreement.
- Customs cooperation: negotiation of agreements with the United States, Australia and Canada.
- Communication on relations with Japan.
- Education and vocational training: negotiation of cooperation agreements with the United States and Canada.
- Scientific and technical cooperation: negotiation of agreements with Canada and Switzerland (carried over from 1994).
- Nuclear cooperation: negotiation of a bilateral agreement with the United States on trade in nuclear materials and equipment and on cooperation in that field.
- Rules of competition: negotiation of agreements with the United States, Canada and Australia.
- South Korea: negotiation of a framework agreement on trade and cooperation.
- Animal health: negotiation of agreements with Canada, Australia and New Zealand.

5.8 ASIA AND LATIN AMERICA

- The Commission has just launched a discussion on an all-round strategy for relations with the Asian countries. Such an approach is extremely important in view of the fact that Asia is an area of particularly rapid economic growth. Farther-reaching dialogue with China is especially important.
- The Essen European Council reasserted the European Union's determination to establish a new, expanded partnership with Latin America. It asked the Council and the Commission to establish the conditions for an early launching of negotiations on an interregional framework agreement with Mercosur and to give practical effect to the discussions on a future contractual form for relations with Mexico and to the extension of relations with Chile.

Proposed action

Asia

- Laos, Cambodia, Pakistan, Bangladesh, Nepal: negotiation of cooperation agreements ("3rd-generation" agreements).

- Preparations for the Asia-Europe summit

Latin America

- Argentina, Brazil, Paraguay and Uruguay, parties to the "Common Market of the South" (Mercosur): negotiation of an interregional trade and economic cooperation agreement to promote trade liberalization and support integration.
- Mexico: negotiation of a partnership agreement.
- Drug precursor control: negotiation of an agreement with the Latin-American and Asian countries to strengthen cooperation in combating misuse of chemical products.

5.9 AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES

The nub of the work will be to strengthen the system of partnership and the contractual basis underlying ACP-EU relations, in addition to across-the-board work on defining and carrying out the Union's development cooperation policy.

Proposed action

The main concerns will be finalization of the mid-term review of the fourth Lomé Convention and programming cooperation with each of the 70 ACP countries over the next five years, particularly in the framework of the 8th EDF.

Special attention will be given to the following objectives:

- **Strengthening conditionality**
- In the light of the ACP countries' development strategies, taking account of the Union's cooperation policy priorities.
- Strict management of the system of planning in tranches;
- Making firm demands as to respect for human rights, the establishment of the rule of law and the consolidation of democracy.

- **The quest for greater effectiveness**

A push for simplification, rationalization and decentralization and a change in working habits and methods.

- **The political dimension**

The political dimension has become inseparable from relations with the ACP countries.

It will also leave its mark on the issues the Union will have to deal with and which, to an increasing degree, arise out of the political dimension (assessment of progress towards democracy or of the human rights situation). It will find its expression in the Union's ability to help prevent and solve disputes.

- **South Africa**

A new relationship with South Africa, geared to harmonize with or even complement Lomé policy so as to contribute to the internal stabilization of South Africa and the emergence of a real focus for regional development and economic integration in southern Africa.

Negotiations with South Africa are to be completed this year.

- **Active support for regional cooperation and integration**

Active support for moves towards regional economic integration in the ACP countries, particularly the West African Economic and Monetary Union (WAEMU), the Common Market for Eastern and Southern Africa (COMESA), and the Cross-Border Initiative (CBI) in East Africa and the Indian Ocean. European Union involvement and proposals in coordination with the donor community.

- The Union will pursue its operation with other regional organizations such as SADC, Caricom, Cariforum, IOC and the Pacific Forum.

6. MANAGING THE UNION BETTER

6.1. TRANSPARENCY

To make the work of the Union institutions more transparent and involve citizens more closely in the decision-making process, the Commission will focus on ways of helping to enable them to participate more fully.

With this in mind, the Commission's annual programme sets out the White or Green Papers which it intends to produce and the priority measures it plans to propose to Parliament and the Council. Wider use will be made of Green and White Papers, while access to documents will be improved. The choice of means will take account of the principle of subsidiarity and the need to simplify and slim down the rules and regulations. The effort to consolidate legislation will continue, also helping to increase transparency. The Commission has taken care to ensure that its action is consistent with the Union's general objectives.

Another element in the effort towards greater transparency is action to inform people in the Community and enter into dialogue with them. To communicate better, in terms of both quantity and quality, and to make its information effort tell more effectively, the Commission plans to tighten its internal coordination and decentralize its operations more widely, working in particular through its offices in the Member States and through partnership and cooperation, especially with the European Parliament and with national and regional authorities in the Member States.

The Commission believes that communication can play a vital part in bringing the Union and its citizens closer together. It therefore intends to be more responsive to public demand and the needs of the user. Information will be more in tune with what the ordinary citizen wants and will be presented in straightforward language, explaining the reasons for the Union's priorities in the light of the objectives set by the Treaty on European Union.

6.2 CONSOLIDATION OF COMMUNITY LEGISLATION

The Commission will continue its effort to create a Community legal area consisting of a concise and accessible body of Community rules so that firms and individuals can easily find out what their rights and obligations are, either through unofficial consolidated versions put out by the Publications Office for information purposes or through formal consolidations. In the near future it is planned to consolidate several key sets of Community rules in priority areas such as the internal market and industrial cooperation (e.g. motor vehicles, measuring instruments), the environment (e.g. waste, water protection and management, air pollution) and agriculture (e.g. veterinary rules, wine).

In several areas where the law is relatively stable (such as veterinary rules, textiles and fibres, seeds, tobacco), the new fast-track procedure agreed between Parliament, the Council and the Commission on 20 December 1994 will help to speed up the official consolidation of legislation. New legal instruments that incorporate existing rules and repeal old ones without affecting the substance of the law can now be adopted more quickly, while still going through the usual Community legislative procedure. The Commission will complete the proposals announced in the 1994 programme (banking, social security for migrant workers, cosmetics, agricultural seeds, propagation material). It has also decided on a range of new initiatives in priority areas; the texts in question are consolidated in advance by the Publications Office, the priority areas being agreed on by Parliament and the Council in accordance with the procedure.

- Terminal equipment (91/263/EEC, 93/97/EEC).
- Stock exchanges and securities (79/279/EEC, 80/390/EEC, 82/298/EEC, 89/298/EEC, 89/552/EEC).
- Life assurance (79/267/EEC, 90/619/EEC, 92/96/EEC) and non-life insurance (73/239/EEC, 72/240/EEC, 76/580/EEC, 84/641/EEC, 87/343/EEC, 88/357/EEC, 90/618/EEC, 92/49/EEC, 87/344/EEC and 78/473/EEC).
- Conservation of fisheries resources: technical measures (EEC/3094/86).
- Agricultural production, processing and marketing: structures (EEC/2328/91 and EEC/866/90).
- Milk and milk products (EEC/804/68).
- Additives in animal feed (70/254/EEC).
- Animal feed content (74/63/EEC).
- Swine fever (80/217/EEC).

6.3 MONITORING THE APPLICATION OF COMMUNITY LAW

As guardian of the Treaties, the Commission will keep careful watch to ensure that Community law is respected.

Community rules must be applied properly and uniformly on the ground throughout the Union. In particular, directives must be transposed by the Member States into their own national law within the time limits laid down.

The Commission will not shrink from its responsibilities under the Treaty. In particular it will, if necessary, use its powers under the new Article 171 of the EC Treaty to ask the Court to impose penalty payments on Member States that fail to comply with Court judgments.

The Commission will keep Parliament informed of any action it takes in this area through its annual report on monitoring the application of Community law.

6.4 FIGHT AGAINST FRAUD

(i) Main new initiatives and legislative proposals

The Commission will continue stepping up its efforts to reduce the impact of fraud through a strategy aimed at developing closer partnership between all those involved in the fight against it.

The principal proposals will seek to amplify the body of legal rules governing transit and trade with non-member countries.

Priority areas

- Improvements to transit rules.
- Strengthening of Regulation No 3665/87 as regards products exported with refunds.
- Reinforcement of the mutual assistance provisions of agreements with non-member countries and better surveillance of preferential schemes.
- Extension of system of administrative penalties to all areas of the budget.

(ii) Main proposals pending

Active contribution to securing rapid Council adoption of major anti-fraud proposals:

- Proposal for administrative and criminal penalties.
- Black list: measures to be taken against certain beneficiaries of EAGGF-financed operations
- Amendment of Regulation No 1468/81 on cooperation in customs and agricultural matters.

(iii) Implementation of policies

Drafting of implementing Regulations as soon as the Council has adopted current proposals will be a priority for 1995. Implementing provisions for the amendments made to Regulation No 4045/89 by Regulation No 3094/94 are prime candidates.

The Commission will also attach top priority to implementation of the strengthened procedures for mutual assistance in customs and agricultural matters.

It will consider the possibility of extending the system of administrative penalties to all areas of the budget.

It will set up task forces in sensitive areas where the complex nature and transnational dimension of fraud generate the need for a specific structure at Community level.

6.5 STATISTICS

The Commission intends to maintain an efficient European statistical system to provide it with the figures it requires to meet the new challenges facing the Community. Action will continue under the 1994-97 statistical programme to develop a *Community statistical area* by establishing a set of standards, methods and organizational structures for the production of comparable, reliable and relevant statistics throughout the Community. The proposal on structural statistics on businesses that was planned under the 1994 legislative programme will also be finalized. The overall aim is to provide the institutions and Member States with the information they need to implement, monitor and evaluate Community policies and to supply all those in the economic and social sphere with essential data.

(i) Main new initiatives and legislative proposals

- Monetary and financial indicators; structural indicators.
- Community balance-of-payments data-gathering system.
- Annual business survey.
- Short-term industrial indicators.
- R&D and innovation statistics.
- Transport methodology.

(ii) Main proposals pending

- Harmonized consumer price indices.
- European system of national and regional accounts in the European Community.
- Green national accounting (development in 1995). See Commission Communication to the Council and Parliament - COM(94) 670 final, 21.12.1994.
- Statistics on environmental expenditure by industry and services (development of surveys in 1995; directive planned).
Origin: Fifth Environment Programme.

(iii) Implementation of policies

- Ensure that reliable statistics are available to facilitate the smooth functioning of the internal market and promote the competitiveness of the Community economy.
- Develop cooperation with the Environment Agency and agree on a joint work programme for approval by the Committee for the Statistical Programme.
- Develop new statistical tools to monitor social policy.

- Install the statistical tools needed to monitor application of the principles set out for Economic and Monetary Union by the Union Treaty.

6.6 FINANCING THE UNION

The Commission will work to secure adequate financing of the enlarged Community of fifteen for priority action to enable the Union and the Communities to perform their appointed tasks effectively, while respecting budgetary discipline and the 1993-99 financial perspective: this involves concentrating resources, exercising strict and economical budget management, and ensuring that expenditure is transparent and effective. Under the Interinstitutional Agreement, it intends to implement the medium-term financial framework up to 1999 in parallel with the second stage of economic and monetary union, reflecting the European Community's extended fields of responsibility under the Treaty on European Union.

- Preliminary draft supplementary and amending budget No 1/95.
- Preliminary draft general budget of the European Communities for 1996.
- Adjustment, adaptation and revision if necessary of the financial perspective.
- Communication on 1995 budget execution (July).

In 1994 the Commission sent the budgetary authority a communication on legal bases and maximum amounts. The budgetary authority has not yet reached agreement on these two points. The Commission will do its utmost to secure the agreement of the two arms of the budgetary authority in the course of the year.

7. PREPARING FOR THE INTERGOVERNMENTAL CONFERENCE IN 1996

The Corfu European Council decided to set up a Reflection Group to prepare for the 1996 Intergovernmental Conference, with representatives of the Foreign Ministers of the Member States and the Commission President; two Parliament representatives are also to be involved. The Group is to consider and prepare suggestions regarding the provisions of the Union Treaty that are to be reviewed as well as other improvements in a spirit of democracy and openness. It is also to work on institutional options with an eye to future enlargements. The institutions have all been asked for advance input in the form of reports on the functioning of the Union Treaty.

The Group is to begin work at the beginning of June. The Commission's report will be ready before then.

This conference is of capital significance for the future of the Union. The Commission will accordingly work actively on reflections and preparations so as to make its contribution to the Reflection Group and the Conference itself. It has already made the requisite organizational arrangements.

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