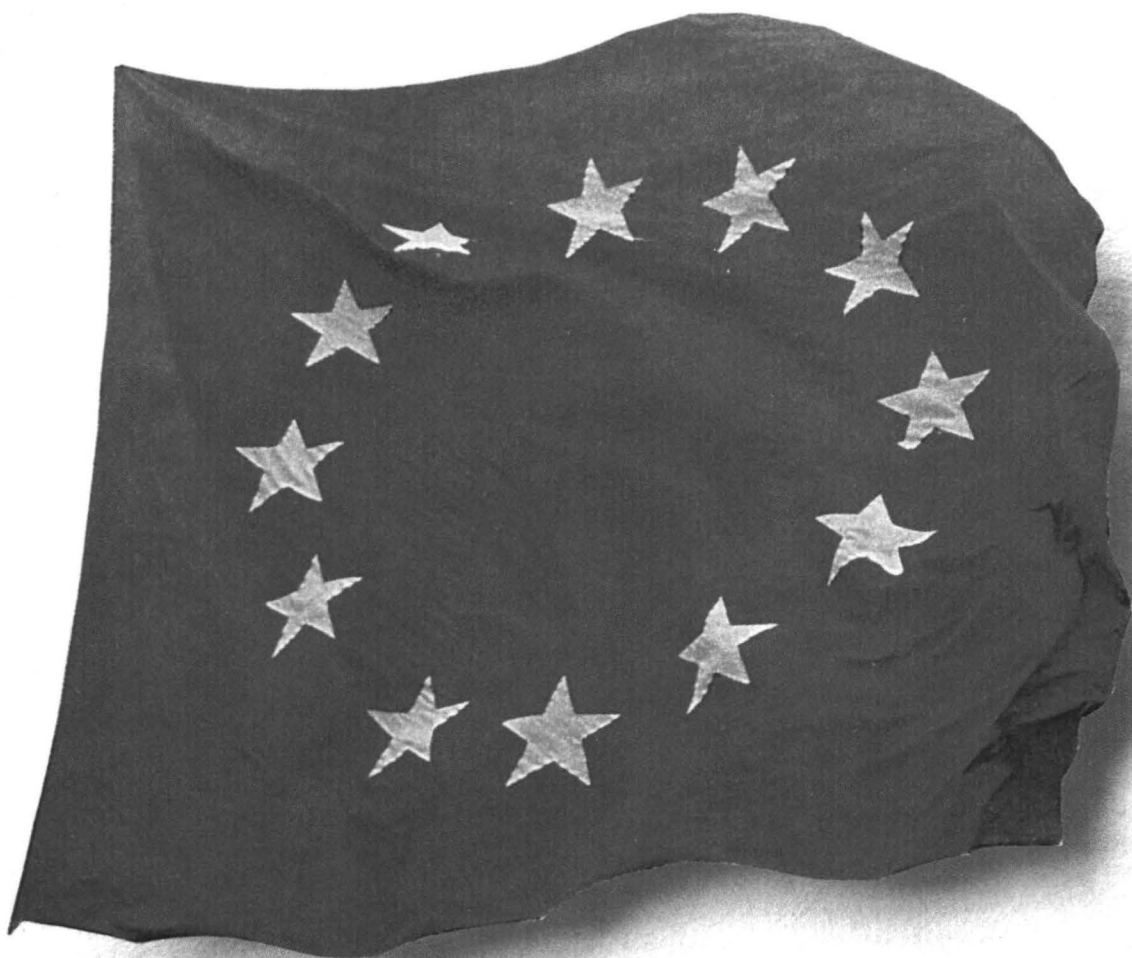


Bulletin of the European Communities

Commission



No 12 1988 Volume 21

The Bulletin of the European Communities reports on the activities of the Commission and the other Community institutions. It is edited by the Secretariat-General of the Commission (rue de la Loi 200, B-1049 Brussels) and published eleven times a year (one issue covers July and August) in the official Community languages.

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The following reference system is used: the first digit indicates the part number, the second digit the chapter number and the subsequent digit or digits the point number. Citations should therefore read as follows: Bull. EC 1-1987, point 1.1.3 or 2.2.36.

Supplements to the Bulletin are published in a separate series at irregular intervals. They contain official Commission material (e.g. communications to the Council, programmes, reports and proposals).

Bulletin of the European Communities

Commission

ECSC — EEC — EAEC
Commission of the European Communities
Secretariat-General
Brussels

No 12 1988 Volume 21

Sent to press in April 1989

Bulletin information service

Readers can obtain information on developments since this issue went to press (date of adoption of instruments by the Council, of opinions given by Parliament or the Economic and Social Committee, of publication in the Official Journal, etc.) by telephoning the document services of the Information Offices at the following numbers:

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New presentation of the Bulletin

Opinions and resolutions adopted by Parliament, the Court of Auditors, the Economic and Social Committee and the ECSC Consultative Committee are now reported in the appropriate policy section of the Bulletin.

Council business is no longer reported in a 'Council' paragraph in the relevant section: it is itemized in the 'Council' section of the 'Political and institutional matters' chapter and cross-referenced to the appropriate points in the policy sections.

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

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

contents

PART ONE **SPECIAL FEATURES**

1. European Council	8
2. The new Commission	14
3. Universal Declaration of Human Rights	33
4. News in brief	35

PART TWO **ACTIVITIES IN DECEMBER 1988**

1. Building the Community	38
— Economic and monetary policy	38
— Internal market	38
— Enterprise	49
— Industrial strategy and services	50
— Research and technology	52
— Telecommunications, information technology and innovation	55
— Customs union and indirect taxation	58
— Competition	61
— Financial institutions and company law	73
— Employment, education and social policy	76
— Communication and culture	83
— Regional policy	84
— Coordination of structural instruments	88
— Environment and consumers	90
— Agriculture	93
— Fisheries	107
— Transport	111
— Energy	114
— Nuclear safety	114

2. External relations	115
— Uruguay Round	115
— Commercial policy	116
— Relations with industrialized countries	120
— Relations with other countries and regions	121
• Mediterranean countries	121
• Countries of the Gulf and the Arabian Peninsula	123
• Asia	123
• Latin America	123
• State-trading countries	124
— Development	125
— International organizations and conferences	132
3. Financing Community activities	134
— Budgets	134
— Financial operations	137
— Control measures	138
4. Political and institutional matters	139
— European political cooperation	139
— Human rights and fundamental freedoms	141
— European policy — Relations between the institutions	142
— Institutions and organs of the Communities	143
• Parliament	143
• Council	147
• Commission	150
• Court of Justice	152
• Economic and Social Committee	158
• ECSC Consultative Committee	159
• European Investment Bank	159
5. Statistics	165

PART THREE **DOCUMENTATION**

1. The ecu	168
2. Additional references in the Official Journal	170
3. Infringement procedures	172
4. Conclusions on AIDS	174
5. The Bulletin in 1988: special features, supplements and documentation	176

Supplements 1988

- 1/88 Programme of the Commission for 1988
- 2/88 A people's Europe
- 3/88 Statute for the European company
- 4/88 The future of rural society
- *5/88 Disclosure requirements for branches. Single-member private limited companies
- *6/88 Public procurement in the excluded sectors

PART ONE

SPECIAL FEATURES

1. European Council

Rhodes, 2 and 3 December

1.1.1. The European Council commenced its deliberations at the Castle of the Knights, in Rhodes, on the afternoon of Friday 2 December, with the Greek Prime Minister, Mr Andreas Papandreou, in the chair, after an address by the President of the European Parliament, Lord Plumb. The summit was attended by the Heads of State or Government, the Foreign Ministers of the 12 Member States and the President of the Commission and ended at midday on Saturday 3 December. The European Council took stock of progress under the Single Act towards 1992 and the single market, stressing the importance of the social dimension and associated policies and giving fresh impetus to work on the environment along the lines set out in the declaration in Annex I to its conclusions. It also emphasized the importance of developing Europe's audiovisual capacity and expressed great interest in the French Government's communication on Audiovisual Eureka, which is set out in Annex II to the conclusions.

The European Council also adopted a declaration on the international role of the Community, making the point once again that the Europe of 1992 would be a world partner,¹ and adopted statements in the framework of European political cooperation.

Conclusions of the Presidency

1.1.2. The European Council examined the prospects for the future development of the European Community and its place in the world on the basis of the experience acquired to date in the implementation of the Single European Act. Particular attention was given to the progress made in establishing the single market and developing accompanying policies to strengthen economic and social cohesion, bearing in mind at the same time the beneficial changes which have taken place in the world and especially in East-West relations. The European Council notes with particular satisfaction that the decisions adopted with a view to making a success of the Single European Act, which are now being implemented, have already contributed to the creation of favourable con-

ditions for the smooth, steady and dynamic development of the Community as it moves towards 1992.

On the eve of the European elections in 1989, the European Council emphasizes the indispensable role of the European Parliament in the process of European unification. It welcomes the constructive contribution of the European Parliament to the attainment of the objectives of the Single Act, which is a positive factor for cooperation between the institutions in future.

Implementation of the Single Act: stocktaking

Establishment of the large market

1.1.3. The European Council took note of the report submitted by the Commission under Article 8b of the Single Act. The European Council notes with satisfaction that at the half-way stage towards the deadline of December 1992 half of the legislative programme necessary for the establishment of the large market is already nearly complete. This confirms, if such confirmation were necessary, the irreversible nature of the movement towards a Europe without internal frontiers in accordance with Article 8a of the Treaty and bears witness to the will of the Community bodies to complete the task by the deadline set. The European Council notes that the process of completing the internal market has already created a new dynamism in the European economy by contributing to economic adjustment and an increase in growth rates.

The European Council would point out that the creation of the large market forms a whole and that maintenance of an overall approach is one of the conditions for success. It is therefore necessary to make progress in a balanced and coordinated fashion in all areas (free movement of goods, services and capital, free movement of persons) and to ensure that the appropriate harmonization or approximation is carried out where necessary.

The pace of work must be stepped up in future, because if account is taken of the time needed to transpose Community law into national legislation the Council in fact has only two years in which to meet the 1992 objective.

The European Council expects the Council rapidly to complete adoption of the texts completing the internal market in the priority areas identified by the European Council last June: public contracts,

¹ Bull. EC 10-1988, point 1.2.1 *et seq.*

banking and financial services, the approximation of technical standards and intellectual property. At the same time, the European Council urgently appeals to the Council to step up its efforts in all areas where progress has not been so rapid. This applies particularly to transport and energy, animal and plant health controls and the free movement of persons. The European Council is aware that, in the latter area, the achievement of the Community's objectives, especially the area without internal frontiers, is linked to progress in inter-governmental cooperation to combat terrorism, international crime, drug trafficking and trafficking of all kinds. This cooperation will be stepped up in order to achieve rapid and concrete results which will enable the Community, for its part, to take the necessary measures to turn Europe into a tangible reality for its citizens. To this end each Member State will appoint a person responsible for the necessary coordination.

With regard to the approximation of taxation in accordance with Article 99 of the Treaty, the European Council expresses the wish that the contacts taken up with Governments at the initiative of the Commission, and its proposals, will permit a convergence of views and it calls on the Council to speed up its work so that tax measures, to the extent that they are necessary for the establishment and operation of the internal market, can be adopted in accordance with the timetable set.

Social dimension

1.1.4. The European Council considers that progress in implementing the provisions of the Single European Act on the completion of the internal market must be accompanied by progress in implementing its provisions on social policy, in particular Articles 118a and 118b, and by the strengthening of economic and social cohesion.

The Presidency drew the European Council's attention to the memorandum which it had circulated on this subject before the beginning of the Presidency.

Completion of the single market cannot be regarded as an end in itself; it pursues a much wider objective, namely to ensure the maximum well-being of all, in line with the tradition of social progress which is part of Europe's history.

This tradition of social progress should be a guarantee that all citizens, whatever their occupation, will have effective access to the direct benefits expected from the single market as a factor of economic growth, and as the most effective means of combating unemployment.

The European Council notes that a start has already been made on applying the Single European Act and the guidelines deriving therefrom.

The European Council welcomes the progress made with the framework Directive on health and safety at the workplace and calls on the Council to complete the establishment of this important aspect of the Community's social action without delay.

The European Council would give a reminder of the increasing importance attaching to the systematic pursuit of a constructive dialogue between management and labour at Community level, in accordance with Article 118b of the Treaty. The aim of this dialogue should be the active involvement of both sides of industry in completion of the large market.

The European Council meeting in Hanover asked the Commission to carry out a comparative study of Member States' legislation on working conditions. The European Council notes that that study, which should enable the common *acquis* in this area to be identified, is in progress.

As regards implementation of social rights, the European Council awaits such proposals as the Commission might consider useful to submit having drawn inspiration from the social charter of the Council of Europe.

The European Council emphasizes that the Community's action should contribute towards putting the available human resources to the best use and towards the preparation of change and future technical adjustments. Reform of training schemes, including continuing vocational training, will be a determining factor in achieving these objectives.

The European Council requests the Council to examine the above proposals with a view to taking, in the course of 1989, the necessary decisions to guide Member States' action on social matters in relation with the large market.

Associated policies

1.1.5. The European Council recalls that a significant number of Community policies or projects are contributing, directly or indirectly, towards completion of the internal market or are linked to it in one way or another. It accordingly invites the Council to ensure that the necessary progress is made in various sectors covered by the Single Act (structural policies, research and technology, cooperation on economic and monetary policy) in order that, in due course, all the conditions enabling the Community to derive every possible benefit from the large market may be brought about.

In connection with structural policies, the European Council notes with satisfaction that all the legislative texts on the reform of the various Funds (ERDF, Social Fund, EAGGF Guidance) will be adopted by the end of the year, so that they will be operational from 1989.

The European Council calls on the Commission to supplement its analysis of the macroeconomic consequences of the internal market as regards its regional impact.

In regard to economic and monetary policy, the European Council is aware that this sector has both a direct and an indirect impact on the completion of the internal market. In this connection, it attaches particular importance to the work undertaken, at its request, by the Delors Committee on the concrete stages leading towards economic and monetary union and to the conclusions to be drawn therefrom at the forthcoming European Council meeting in Madrid.

Environment

1.1.6. The European Council notes that efforts are actively being pursued at various levels and in different forums with a view to responding to ever-increasing concern over the threats to the environment; in this connection, the Council expresses satisfaction at the important decisions taken by the recent Environment Council.

The European Council considers that protection of the environment is a matter of vital significance to the Community and to the rest of the world, and urges the Community and the Member States to take every initiative and all essential steps, including at international level, in accordance with the fundamental lines of the statement set out in Annex I. The European Council emphasizes the special importance of cooperation in this area with other European countries, i.e. both EFTA countries and East European countries.

Transport infrastructures

1.1.7. The European Council considers that the creation of major transport infrastructures is one method of speeding up the unification of the European economic area.

It has noted with interest the ideas put forward by the Commission on the subject. It requests the Council to consider with the Commission possibilities in this area. In the mean time it calls on the Council to adopt measures before the end of the year within the limit of the appropriations provided for that purpose in the budget.

Islands

1.1.8. The European Council recognizes the particular socio-economic problems of certain island regions in the Community. It therefore requests the Commission to examine these problems and submit, if appropriate, any proposals which it deems useful, within the financial possibilities offered by the Community's existing policies as they have been decided.

Audiovisual

1.1.9. The European Council pointed out that it is extremely important to strengthen efforts, including cooperation to develop Europe's audiovisual capacity, whether with regard to the free movement of programmes, the promotion of the European high-definition television system or to a policy of encouraging creativity, production and broadcasting so as to provide an opportunity of demonstrating the richness and diversity of European culture. The European Council considers it important that the Community's efforts should be deployed in a manner consistent with the Council of Europe Convention.

The European Council requests the Council to speed up work on the 'television without frontiers' Directive. It noted that the Commission will adapt the proposal in the light of the Council of Europe Convention.

The European Council received with great interest the communication from the French Government set out in Annex II, and endorsed the convening next spring of a meeting which will bring together all the parties concerned in the audiovisual sector in the Community, and also outside the Community, and, on the basis of the experience with Eureka, will seek to encourage the emergence of a truly European audiovisual market.

These proposals will contribute to a substantial strengthening of a European cultural identity and will be discussed at Community level, and in cooperation with the other countries in Europe.

International role of the European Community

1.1.10. Reaffirming its commitment to achieve concrete progress towards European unity on the basis of the Single European Act.

(i) determined to strengthen and expand the role of the European Community and its Member States on the international political and economic stage, in cooperation with all other States and appropriate organizations, and

(ii) aware that the completion of the internal market in 1992, which is already inspiring a new dynamism in the Community's economic life, will equally affect the Community's political and economic role in the world. The European Council reaffirms that the single market will be of benefit to Community and non-Community countries alike by ensuring continuing economic growth. The internal market will not close in on itself. 1992 Europe will be a partner and not a 'fortress Europe'. The internal market will be a decisive factor contributing to greater liberalization in international trade on the basis of the GATT principles of reciprocal and mutually advantageous arrangements. The Community will continue to participate actively in the GATT Uruguay Round, committed as it is to strengthen the multilateral trading system. It will also continue to pursue, with the United States, Japan and the other OECD partners, policies designed to promote sustainable non-inflationary growth in the world economy.

The Community and its Member States will continue to work closely and cooperatively with the United States to maintain and deepen the solid and comprehensive transatlantic relationship. Closer political and economic relations with Japan and the other industrialized countries will also be developed. In particular, the Community wishes to strengthen and to expand relations with EFTA countries and all other European nations which share the same ideals and objectives. Open and constructive dialogue and cooperation will be actively pursued with other countries or regional groups of the Middle East, the Mediterranean, Africa, the Caribbean, the Pacific, Asia and Latin America, with special emphasis on interregional cooperation.

The European Council emphasizes the need to improve social and economic conditions in less-developed countries and to promote structural adjustment, both through trade and aid. It also recognizes the importance of a continuing policy to tackle the problems of the highly indebted countries on a case-by-case basis. It looks forward to the successful conclusion of the negotiations for the renewal of the Convention between the European Community and its 66 African, Caribbean and Pacific partners during the coming year.

The European Community and its Member States are determined to play an active role in the preservation of international peace and security and in the solution of regional conflicts, in conformity with the United Nations Charter. Europe cannot but actively demonstrate its solidarity to the great and spreading movement for democracy and full support for the principles of the Universal Declaration on Human Rights. The Twelve will endeavour to strengthen the effectiveness of the United

Nations and to actively contribute to its peace-keeping role.

Against the background of improved East-West relations, the European Council welcomes the readiness of the European members of the CMEA to develop relations with the European Community and reaffirms its willingness to further economic relations and cooperation with them, taking into account each country's specific situation, in order to use the opportunities available in a mutually beneficial way.

The European Council reaffirms its determination to act with renewed hope to overcome the division of our continent and to promote the Western values and principles which Member States have in common.

To this effect, we will strive to achieve:

- (i) full respect for the provisions of the Helsinki Final Act and further progress in the CSCE process, including an early and successful conclusion of the Vienna follow-up meeting;
- (ii) the establishment of a secure and stable balance of conventional forces in Europe at a lower level, the strengthening of mutual confidence and military transparency and the conclusion of a global and verifiable ban on chemical weapons;
- (iii) promotion of human rights and fundamental freedoms, free circulation of people and ideas and the establishment of more open societies; promotion of human and cultural exchanges between East and West;
- (iv) the development of political dialogue with our Eastern neighbours.

The European Community and the Twelve are determined make full use of the provisions of the Single European Act in order to strengthen solidarity among them, coordination on the political and economic aspects of security, and consistency between the external policies of the European Community and the policies agreed in the framework of European political cooperation. They will strive to reach swift adoption of common positions and implementation of joint action.

The European Council invites all countries to embark with the European Community as world partner on an historic effort to leave to the next generation a continent and a world more secure, more just and more free.

Annex I

Declaration on the environment

1.1.11. Today's world is confronted by environmental problems of increasing magnitude. In the

interests of sustained growth and a better quality of life, it is urgent to find solutions to such global issues as the depletion of the ozone layer, the rise in the temperature of the earth's atmosphere (the 'greenhouse' effect), threats to the natural environment, the problem of water resources, soil erosion, safe management of toxic chemicals and waste, air pollution, particularly 'acid rain', and problems of urban areas. Effective action will in many cases require better scientific research and understanding.

The goals of environmental protection laid down for the Community have recently been defined by the Single European Act. Some progress has been made in reducing pollution and in ensuring prudent management of natural resources. But these actions by themselves are not enough. Within the Community, it is essential to increase efforts to protect the environment directly and also to ensure that such protection becomes an integral component of other policies. Sustainable development must be one of the overriding objectives of all Community policies.

The expected achievement of the single market by 1992 and the accompanying economic growth offers both a challenge and an opportunity. Europe's industrial future and international competitiveness will depend in part on applying the high level of environmental protection foreseen in the Treaty. Special attention needs to be devoted to the seas and coastal regions of the Member States, which are of outstanding importance from the economic and ecological standpoint, particularly the Mediterranean region, the North Sea and the Irish Sea. The Community should redouble its efforts to protect these vital resources.

In the wider international context, the Community and the Member States are determined to play a leading role in the action needed to protect the world's environment and will continue to strive for an effective international response, particularly to such global problems as depletion of the ozone layer, the greenhouse effect and the ever-growing threats to the natural environment, thus contributing to a better quality of life for all the peoples of the world.

Annex II

Audiovisual Eureka Eight proposals for Rhodes

For the promotion, experimentation and development of high-definition television

1.1.12. The European standard and the European high-definition television system successfully dem-

onstrated in Brighton on 23 September 1988 create a basis for the future of the European audiovisual industry. The Community should therefore work effectively and with determination to promote the said system among the other European States, notably those in Eastern Europe.

To this end, encouragement and support should be given to the Commission's initiative in creating a European Economic Interest Grouping (EEIG) whose task is, in particular, to devise the technical means whereby the European standard can be demonstrated and promoted. A demonstration will be organized at the next European Council in Madrid, in June 1989, and at the summit of the seven industrialized countries in July 1989.

Outstanding cultural or sporting events (for example the 1992 Olympic Games) will be filmed with equipment using the European-standard digital-component system. These too will provide an opportunity for demonstrating the high-definition system.

Towards a European audiovisual area

1.1.13. To give practical shape to the European audiovisual Eureka initiative, a conclave will be held next spring, bringing together interested States and professionals concerned (public and private-sector broadcasters and producers, writers, directors, advertisers, etc.). This 'European audiovisual conclave' will be intended primarily for the Community, its Member States and the Commission; but it will also be open to other European countries, including Eastern European ones, according to arrangements to be worked out and in the same spirit as presided over the launch of Technological Eureka in 1985. France is prepared to organize and host this conclave.

With this end in view, each interested State and the Commission will appoint a head for Audiovisual Eureka at the earliest opportunity. The tasks of these representatives will be to conduct all necessary consultations with persons working in this field and to affirm the ambition of Audiovisual Eureka, which is to encourage the emergence of a strong European audiovisual market and foster the development of common policies for the purchase and production of programmes among both public and private-sector TV channels.

It will be necessary to mobilize the appropriate resources in support of public and private initiatives. France stands ready to provide substantial specific financing.

Initiatives taken by the Commission (such as the Media plan) should be pursued and encouraged. France would like them to be extended to include

the production and exchange of documentaries, school and university television programmes, and news magazines.

Filming of a major European work will start in 1989.

European political cooperation

East-West relations

1.1.14. Within the framework of East-West relations, the European Council had an in-depth discussion of the overall relations with the Soviet Union and the countries of Eastern Europe based on various contributions concerning the political and economic fields. Ministers for Foreign Affairs have been entrusted with ensuring the necessary follow-up.

The European Council has approved a paragraph on East-West relations, to be included in the text of a declaration on the international role of the European Community and its Member States, which it has decided to make public at the end of its meeting in Rhodes.

Middle East

Arab-Israeli conflict

1.1.15. The European Council had a thorough discussion on the situation in the Middle East. It reaffirmed the positions expressed by the Ministers for Foreign Affairs in their declaration of 21

November 1988, as well as in the declaration of 30 November 1988.

Lebanon

1.1.16. The European Council reaffirmed the importance it attaches to the election of a president of the Lebanese Republic.

It supports the efforts which the Lebanese are currently undertaking in order to search for a consensus which constitutes the condition for the maintenance of the sovereignty, independence and territorial integrity of Lebanon.

The European Council considers it essential that the international community continues to demonstrate an active interest in Lebanon and in the election of the president.

It expresses the view that the United Nations could in particular, if that would be useful, contribute to the satisfactory holding of the presidential election.

Cyprus

1.1.17. The European Council had a discussion on the Cyprus problem. It acknowledged the fact that the tragic division of the island remains unchanged and reaffirmed the previous declarations of the Twelve, which support without any reservation the independence, sovereignty, territorial integrity and unity of Cyprus.

While expressing its satisfaction at the resuming of the intercommunal dialogue, the European Council expressed the wish that this dialogue should progress and lead rapidly to a solution of the problem, on the basis of the above principles and the relevant UN resolutions.

2. The new Commission

Composition

1.2.1. On 8 December the Representatives of the Governments of the Member States adopted the Decision appointing the Members of the Commission of the European Communities for the period from 6 January 1989 to 5 January 1993.¹ They also formally appointed Mr Jacques Delors President of the Commission for the period from 6 January 1989 to 5 January 1991, confirming the decision to reappoint him taken at the Hanover European Council meeting.² The Vice-Presidents are to be appointed later.

The 17 Members of the new Commission are:

Mr Frans H. J. J. Andriessen
Mr Martin Bangemann
Sir Leon Brittan
Mr António Cardoso e Cunha
Mr Henning Christophersen
Mr Jacques Delors
Mr Jean Dondelinger
Mr Ray Mac Sharry
Mr Manuel Marín González
Mr Abel Matutes Juan
Mr Bruce Millan
Mr Filippo Maria Pandolfi
Ms Vasso Papandreou
Mr Carlo Ripa di Meana
Mr Peter Schmidhuber
Mrs Christiane Scrivener
Mr Karel Van Miert

Allocation of portfolios

1.2.2. An informal meeting of Members of the incoming Commission was held at Villers-le-Temple, near Liège, on 16 December, when agreement was reached on the allocation of responsibilities. This was confirmed at the first Commission

meeting on 6 January 1989. The Members' portfolios are as follows:

Mr Delors	Secretariat-General Legal Service Monetary affairs Spokesman's Service Forward studies unit Joint Interpreting and Conference Service Security Office
Mr Andriessen	External relations and trade policy Cooperation with other European countries
Mr Christophersen	Economic and financial affairs Coordination of structural Funds Statistical Office
Mr Marín	Cooperation and development Fisheries
Mr Pandolfi	Science, research and development Telecommunications, information technology and innovation Joint Research Centre
Mr Bangemann	Internal market and industrial affairs Relations with the European Parliament
Sir Leon Brittan	Competition Financial institutions
Mr Ripa di Meana	Environment Nuclear safety Civil protection
Mr Cardoso e Cunha	Personnel, administration and translation Energy and Euratom Supply Agency Small business, distributive trades and tourism Cooperatives

¹ OJ L 351, 21.12.1988.

² Bull. EC 6-1988, point 1.1.1.

Mr Matutes	Mediterranean policy Relations with Latin America and Asia North-South relations	Mr Mac Sharry	Agriculture Rural development
Mr Schmidhuber	Budget Financial control	Mr Van Miert	Transport Credit and investments Protection and pro- motion of consumer interests
Mrs Scrivener	Taxation and customs union Matters relating to the overall tax burden (taxes plus social security con- tributions)	Ms Papandreou	Employment, industrial relations and social affairs Human resources, edu- cation and training Relations with the Econ- omic and Social Com- mittee
Mr Millan	Regional policies		
Mr Dondelinger	Audiovisual and cultural affairs Information and com- munication A people's Europe Office for Official Publi- cations		

Biographical notes

1.2.3. Biographical details on the Mem-
bers of the Commission are set out below.



Jacques Delors

Born 20 July 1925

Married, with two children (one deceased)

1945-52 Executive Officer and subsequently Head of Department at the Banque de France

1950-62 On the staff of the Director-General, Securities Department, Banque de France. Economic adviser to the Confédération française des travailleurs chrétiens (Christian Trade Union Confederation) Leader of the 'Citoyens 60' club

June 1959- January 1962 Member, Planning and Investment Section, Economic and Social Council

1962-69 Head, Social Affairs Department, Commissariat général au Plan (Planning Commission)

1963-65 Lecturer, Ecole nationale d'administration

April 1969- August 1971 Secretary-General, Interdepartmental Committee on Vocational Training and Social Advancement

June 1969- August 1971 Adviser on social and cultural affairs to the Prime Minister

August 1971- July 1972 Chargé de mission to the Prime Minister

January 1973 Member, General Council, Banque de France

October 1973- January 1979 Associate professor, University of Paris-Dauphine

February 1974-79 Founder and Chairman of the 'Exchanges et projets' association

December 1974 Joined the Socialist Party

1975 Director of the 'Travail et société' research centre

1976-79 National coordinator for international economic relations for the Socialist Party

February 1976 Member, National Committee on Scientific Research

April 1979 Member, Central Committee, Socialist Party

June 1979 Elected to the European Parliament

September 1979 Chairman, European Parliament's Committee on Economic and Monetary Affairs

May 1981- February 1983 Minister for Economic and Financial Affairs

March 1983- December 1984 Town Councillor then Mayor of Clichy

March 1983- July 1984 Minister for Economic and Financial Affairs and the Budget

January 1985- January 1989 President of the Commission of the European Communities



Frans H. J. J. Andriessen

Born 2 April 1929, Utrecht

Married, with four children

1951 Doctor of Law, University of Utrecht

- 1954-72 Held various posts at Catholic Subsidized Housing Institute, latterly Director
 - 1958-67 Member of the Provincial States of Utrecht
 - 1967-77 Member of the Lower House of the States-General, initially specializing in subsidized housing matters
 - 1971-77 Leader of the KVP (Catholic People's Party) in the Lower House
 - 1977-80 Minister for Finance
 - 1980 Member of the Upper House of the States-General
 - 1981-84 Member of the Commission of the European Communities, with responsibility for relations with Parliament and competition
 - January 1985-
January 1989 Vice-President of the Commission of the European Communities, with responsibility for agriculture
- Mr Andriessen is a Knight of the Order of the Dutch Lion and Officer of the Order of Orange-Nassau



Henning Christophersen

Born 8 November 1939
Married, with three children
Degree in economics, University of
Copenhagen
1965-70 Head, Economics Division,
Danish Federation of Crafts
and Smaller Industries

- 1970-71 Economics reporter for the periodical *NB*
- 1971-78 Economics reporter for the weekly newspaper *Weekendavisen*
- 1971 Elected to the Folketing (Danish Parliament)
- 1972-76 Member, Finance Committee
- 1973-78 Political spokesman for Liberal MPs
- 1976-78 National auditor
- 1978 Chairman, Liberal Party
- 1978-79 Minister for Foreign Affairs
- 1979-82 Leader, Parliamentary Liberal Party
- 1982-84 Minister for Finance and Deputy Prime Minister
- January 1985-
January 1989 Vice-President of the Commission of the European Communities, with responsibility for the Community budget, financial control and personnel and administration



Manuel Marín González

Born 21 October 1949, Ciudad Real
Married, with two children

Doctor of Law, University of Madrid
Diploma in Community Law, University of Nancy

Certificate in Advanced European Studies,
College of Europe, Bruges

1974 Member of the PSOE (Spanish Socialist Workers' Party)

1977-85 Member of Parliament for Ciudad Real

Member, Foreign Affairs and Defence Committees, Congress of Deputies

PSOE spokesman, Foreign Affairs Committee, Congress of Deputies

Deputy Chairman, Confederation of Socialist Parties in the European Community

Member, Consultative Assembly of the Council of Europe

January 1983-
autumn 1985

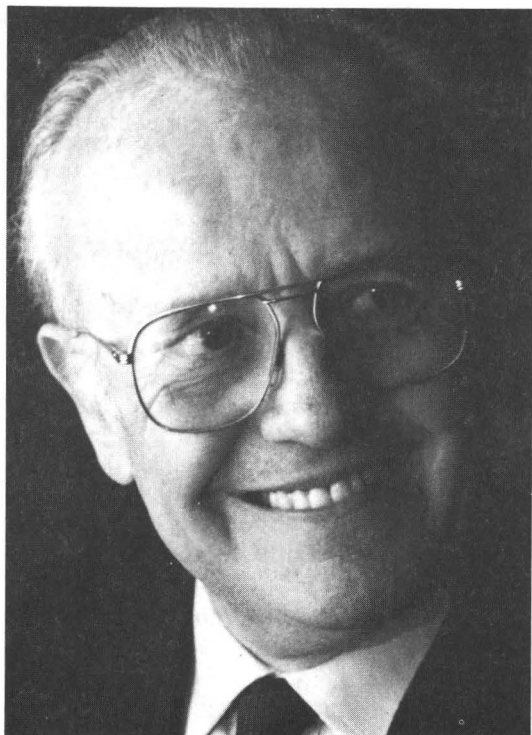
State Secretary for Relations with the European Communities, responsible for negotiating Spain's membership of the European Communities

1985

Member of the Commission of the European Communities, with responsibility for social affairs and employment, education and training

January 1986-
January 1989

Member of the Commission of the European Communities, with responsibility for social affairs and employment, education and training



Filippo Maria Pandolfi

Born in 1927

Married, with four children

Degree in philosophy

Manager of a publishing company

1968 Christian Democrat member of the Italian Chamber of Deputies

1974-76 State Secretary, Ministry of Finance

1976-88 Successively Minister for Finance, the Treasury, Industry and Agriculture

1979-80 Chairman, IMF Interim Committee



Martin Bangemann

Born 15 November 1934

Married, with five children

Studied law at the Universities of Tübingen and Munich, Doctor of Law, Rechtsanwalt (lawyer)

1963 Joined the FDP (Free Democratic Party)

1972-80 Member of the Bundestag
and
1987-89

1973-84 Member of the European Parliament

1975-79 Vice-Chairman, Liberal and Democratic Group, European Parliament

1979-84 Chairman, Liberal and Democratic Group, European Parliament

1984-88 Federal Minister for Economic Affairs

1985-88 Federal Chairman, FDP



Sir Leon Brittan

Born 25 September 1939

Married

Privy Councillor, Queen's Counsel

Studied law at Cambridge and Yale

1962 Called to the Bar

1974 Member of Parliament (Conservative Party)

1974-76 Member, Parliamentary Conservative Party Employment Committee

1976-79 Opposition front-bench spokesman on devolution

1978-79 Opposition front-bench spokesman on employment

1979-81 Minister of State, Home Office

1981-83 Chief Secretary to the Treasury

1983-85 Secretary of State for the Home Department

1985-86 Secretary of State for Trade and Industry



Carlo Ripa di Meana

Born 15 August 1929

Married

- 1950-52 Editor of *Il lavoro*, the national weekly of the CGIL (Italian General Confederation of Labour), and later on the Italian Communist Party daily *L'Unità*
- 1953-56 Represented Italy at the International Union of Students in Prague

- 1957 Left the PCI (Italian Communist Party) and became chief editor of the magazine *Passato e Presente*
- 1958 Joined the PSI (Italian Socialist Party)
- Until 1966 Worked in publishing, in particular for Feltrinelli and Rizzoli
- 1967-76 Secretary-General, Club Turati, Milan
- 1970 Councillor for Lombardy
Chairman, Constitutional Committee
Member of the Board, La Scala, Milan
Leader, PSI group on the regional council
- 1974-79 Chairman, Venice Biennale
- 1979-80 In charge of international relations in the PSI
- 1983 President, Institute for International Economic Cooperation and Development Problems (ICEPS)
- 1979-84 Elected to the European Parliament; Member, Political Affairs Committee and Committee on Transport. Mission to Pakistan to visit Afghan refugees
- January 1985-
January 1989 Member of the Commission of the European Communities, with responsibility for institutional matters, a people's Europe, information and communication, cultural affairs and tourism



António Cardoso e Cunha

Born 28 January 1934

Married, with four children

Degree in chemical engineering, Higher Technical Institute

Member of the Social Democratic Party

1965-76 Chairman and managing director of a group of private companies in Angola

1976-78 Businessman

September-1978 State Secretary for Foreign Trade

November 1978-August 1979 State Secretary for Manufacturing Industry

January 1980-September 1981 Minister for Agriculture and Fisheries

1983-85 Member of Parliament

January 1986-January 1989 Member of the Commission of the European Communities, with responsibility for fisheries



Abel Matutes Juan

Born 31 October 1941

Married, with four children

Degree in law and economics, University of Barcelona

Assistant Professor of Law and Public Finance, University of Barcelona

Businessman

Silver medal for services to tourism

1964-79 Deputy Chairman, Ibiza and Formentera Tourist Promotion Board

1970-71 Mayor of Ibiza
Financial Adviser, Conseil general interinsulaire
Senator for Ibiza and Formentera

1982-85 Member of Parliament for the Balearic Islands (Alianza Popular) (AP)
Spokesman for the Popular Group, Economic Affairs and Finance Committee, Congress of Deputies
Chairman, AP National Electoral Committee
Chairman, AP Economic Affairs and Public Finance Committee
Deputy National Chairman, AP

January 1986-
January 1989 Member of the Commission of the European Communities, with responsibility for small business, credit, investments and financial engineering



Peter M. Schmidhuber

Born 15 December 1931

Widower, with one child

Studied law and economics, University of Munich

1961-72 Employed in the Bavarian State Ministries of Finance, Economic Affairs and Transport

- 1969-71 Head of department in an industrial federation
- 1972 Lawyer
- Since 1952 Member of the CSU (Christian Social Union)
- 1960-66 Honorary councillor of Munich
- 1965-69 and 1972-78 Member of the Bundestag
- 1978 Member of the Bavarian Parliament
- November 1978 Bavarian State Minister for Federal Affairs and representative of Bavaria to the Federal Government
- Since 1978 Member of the Bundesrat, of the Mediation Committee of the Bundestag and Bundesrat and of the North Atlantic Assembly
- September 1987-January 1989 Member of the Commission of the European Communities, with responsibility for economic affairs, regional policy and the Statistical Office



Christiane Scrivener

Studied law, arts and psychology at Paris University; graduate of the Harvard Business School

Member of the UDF (Union for French Democracy)

Businesswoman

Chevalier de la Légion d'honneur

1958-76 Involved in the organization of French technical cooperation with developing countries, international trade in technological and industrial goods and the promotion of French technology abroad. Director-General of ACTIM (Agency for Technical, Industrial and Economic Cooperation)

1976-78 State Secretary for Consumer Affairs

1979 Member of the European Parliament (Liberal Group)

1984 *Rapporteur* for the Community budget
Vice-President of the 'Kangaroo Group'



Bruce Millan

Born 5 October 1927

Married, with two children

Privy Councillor

1950-59 Chartered accountant

1959-88 Member of Parliament (Labour Party)

1964-66 Parliamentary Under-Secretary of State (RAF), Ministry of Defence

1966-70 Parliamentary Under-Secretary of State (Health and Education), Scottish Office

1970-74 Opposition spokesman on civil aviation and Scottish affairs

1974-76 Minister of State (Industry and Economic Development), Scottish Office

1976-79 Secretary of State for Scotland

1979-83 Opposition spokesman on Scottish affairs



Jean Dondelinger

Born 4 July 1930

Doctor of Law, Universities of Nancy and Paris

Degree in political science, University of Oxford

1954-58 *Avocat-avoué* at the Luxembourg Bar

- 1958-61 Deputy Head, International Economic Relations Department, Ministry of Foreign Affairs
- 1961-70 Deputy Permanent Representative of Luxembourg to the European Communities
- 1970-84 Ambassador, Permanent Representative of Luxembourg to the European Communities
- 1984 Secretary-General, Ministry of Foreign Affairs
Government Commissioner, Compagnie luxembourgeoise de Télédiffusion
Co-Chairman, Belgo-Luxembourg Administrative Commission
Chairman, Coordination Committee for the Installation of the Community Institutions and Departments in Luxembourg
Chairman, Warehouse Service Agency
- 1984-85 Representative of Luxembourg's Prime Minister, *ad hoc* Committee on Institutional Affairs (Dooge Committee)
- 1986 Chairman of the Negotiating Group on the Single Act
- 1988 Vice-President, ITU Space Conference — to allocate frequency bands for space radio-communication purposes (ORB 88)



Ray Mac Sharry

Born April 1938
Married, with six children

1967-78 Member, Sligo County Council
and Sligo Corporation

- 1969-89 Member of Dáil Éireann (Fianna Fáil)
- 1973-75 Opposition front-bench spokesman on the Office of Public Works
- 1969-77 Member, Committee of Public Accounts
- 1977-79 Minister of State, Department of Finance and the Public Service
- 1979-81 Minister for Agriculture
- 1981-82 Opposition spokesman on agriculture
- 1982 Governor, European Investment Bank
Tánaiste (Deputy Prime Minister) and Minister for Finance
- 1984-87 Member of the European Parliament
Member, Committee on Agriculture, Fisheries and Food
Member, Committee on Economic and Monetary Affairs and Industrial Policy
Member, Delegation for Relations with the United States
- 1987-88 Minister for Finance



Karel Van Miert

Born 17 January 1942
 Married, with one child

Degree in diplomatic sciences, University of Ghent; postgraduate course at the European University Centre, Nancy; research worker at the National Scientific Research Fund; lecturer in international law and social law, Free University of Brussels

Member of the Private Offices of Commission Vice-Presidents Sicco Mansholt and Henri Simonet

- 1977 Head of Private Office, Minister for Economic Affairs
 Co-Chairman, Belgian Socialist Party
- 1978 Chairman, Socialistische Partij (Flemish wing of the Socialist Party)
- 1978-88 Deputy Chairman, Confederation of Socialist Parties in the European Community
- 1979-89 Member of the European Parliament
- 1985 Member of the Belgian Chamber of Representatives
- 1986 Vice-President, Socialist International



Vasso Papandreou

Born 9 December 1944

Degree in economics, Athens School of Economics and Business Science; M.Sc. (Econ.) University of London; Ph.D. (Econ.), University of Reading

- 1971-73 Tutor in economics, University of Exeter
- 1973-74 Research assistant, University of Oxford
- 1981-85 Lecturer, Athens School of Economics and Business Science
Director, Small Business Organization (EOMMEX)
- 1982-85 Member, Board of Directors, Commercial Bank of Greece
- 1984-88 Member, Executive Central Committee, Pasok (Panhellenic Socialist Movement)
- 1985-88 Member of Greek Parliament
- 1985-86 State Secretary for Industry, Energy and Technology
- 1986-87 Deputy Minister for Industry, Energy and Technology
- 1988-5 January 1989 Deputy Minister for Trade

3. Universal Declaration of Human Rights

Fortieth anniversary

1.3.1. The 40th anniversary of the Universal Declaration of Human Rights was celebrated on 10 December. In this Declaration the United Nations gave expression to one of its fundamental objectives: recognition and protection of the dignity of the human person as the foundation of freedom, justice and peace in the world.

The Universal Declaration contains a preamble and 30 articles. Article 1 sums up its fundamental philosophy: all human beings are born free and equal in dignity and rights and should act towards one another in a spirit of brotherhood.

The Universal Declaration is not a binding legal instrument. It was drafted as a common standard of achievement for all peoples and all nations.

1.3.2. To mark the occasion of this commemoration, the Community and its Member States issued the following statement:

‘The European Community and its Member States wish to join, today, the world community in celebrating the 40th anniversary of the Universal Declaration of Human Rights.

The 12 Member States of the European Community reaffirm their deep commitment to the respect, protection and further promotion of human rights, which they consider a cornerstone of European cooperation and security and an essential element in their relations with third countries, as the Foreign Ministers of the Twelve pointed out in their common statement of 21 July 1986.¹

On this occasion the 12 Member States of the European Community, while rejoicing in the noteworthy progress made in this field during these 40 years, cannot but regret the persistent worldwide violations of human rights and fundamental freedoms. Regarding this question the Twelve expressed their concern, in unequivocal terms, in their recent intervention in the Third Committee of the 43rd United Nations General Assembly. Today we reconfirm that recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world. We

reaffirm that with the adoption of the Universal Declaration and the subsequent human rights treaties, the protection of human rights and fundamental freedoms has become an essential duty of the international community as well as of each of its members which exceeds national boundaries and surpasses the principle of non-interference in domestic affairs. We firmly believe that the implementation of the universally accepted human rights standards, as laid down in the Universal Declaration of Human Rights and made binding on States parties to the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural rights of 1966, should be a primary task of all States. We avail ourselves of this opportunity to reiterate our devotion to the concept of human rights which denotes the relationship between the State and the individual where the latter is the beneficiary. The 12 Member States of the European Community urge all governments to become party to the international treaties on the protection of human rights and fundamental freedoms and stress the importance of efficient international supervisory bodies which are established to ensure effective monitoring of implementation and respect for the commitments undertaken by the States parties.’

1.3.3. The President of the Commission, Mr Jacques Delors, sent the following message to Mr Pérez de Cuéllar, Secretary-General of the United Nations:

‘On the occasion of the 40th anniversary of the Universal Declaration of Human Rights I should like to express, on behalf of the Commission of the European Communities, our deep-seated attachment to the fundamental principles contained in the Declaration and our commitment to having them respected.

Our Community, which is founded on representative democracy, social justice and respect for human rights, plays an active part in the universal effort towards peace and the protection of human rights, which form the real foundations of all security and freedom in the world.

In supporting the operations of the United Nations, the Commission of the European Communities demonstrates its total solidarity with those who are struggling for the respect and safeguard of these rights.’

¹ Bull. EC 7/8-1986, point 2.4.4.

1.3.4. In its statement on the international role of the Community, the European Council meeting at Rhodes expressed 'its solidarity with the powerful movement in

favour of democracy and reiterated its total support for the principles of the Universal Declaration of Human Rights' (→ point 1.1.10).

4. News in brief

Single Act

The Council adopted four implementing Regulations relating to the reform of the structural Funds (→ point 2.1.200).

Under the Interinstitutional Agreement on budgetary discipline and improvement of the Budget procedure, the 1989 budget was finally adopted (→ point 2.3.1).

Internal market

The Council reached agreement on the Decision designating 1990 European Tourism Year (→ point 2.1.8).

The Council adopted its common position concerning the Directive on the safety of machinery (→ point 2.1.19).

The Commission adopted a paper on the removal of controls on persons crossing intra-Community borders (→ point 2.1.7).

The Council adopted a Directive to approximate the Member States' laws relating to trade marks (→ point 2.1.37).

The Council adopted a Regulation on the elimination of certain exit formalities at internal Community frontiers (→ point 2.1.87).

Telecommunications, IT and innovation

The Commission adopted a preliminary draft Directive on competition in the markets for telecommunications services (→ point 2.1.72).

The Commission proposed a Directive on open network provision (→ point 2.1.73).

Competition

The Commission approved for publication a report on State aids (→ point 2.1.119).

Financial institutions and company law

The Council adopted a common position on the proposal for a Directive on the own funds of credit institutions (→ point 2.1.142).

The Commission adopted a proposal for a 30th company law Directive on takeover bids (→ point 2.1.149).

Employment, education and social policy

The Council agreed its common position on the proposal for a new framework Directive on measures to improve health and safety at work (→ point 2.1.177).

The Commission adopted a proposal for a Decision to establish a medium-term action programme for the economic and social integration of the least-favoured groups (→ point 2.1.163).

The Commission adopted two proposals for Decisions — one on the establishment of the Lingua programme, the other on the promotion of the teaching and learning of foreign languages in the Community (→ point 2.1.157).

Environment and quality of life

The Commission adopted a proposal for a Directive concerning the protection of fresh, coastal and marine waters against pollution caused by nitrates from diffuse sources (→ point 2.1.211).

Agriculture

The Council agreed its common position on the proposal for a Regulation laying down general rules for the definition, designation and presentation of spirit drinks (→ point 2.1.241).

External relations

Emergency aid was granted to the Soviet Union to assist the victims of the earthquake in Armenia (→ point 2.2.52).

PART TWO

ACTIVITIES
IN DECEMBER
1988

1. Building the Community

Economic and monetary policy

Economic situation

Annual economic report 1988-89

2.1.1. In the light of the opinions of Parliament¹ and the Economic and Social Committee,² the Council adopted on 21 December, on a proposal from the Commission,³ the Decision adopting the annual report on the economic situation in the Community and establishing economic policy guidelines for 1989.

Development of new financial instruments — Financial engineering

2.1.2. In the context of the reform of the structural Funds, the Commission transmitted to the Council on 23 December a communication entitled 'the EIB, the other financial instruments and strengthening economic and social cohesion' (→ point 2.1.201).

Report on borrowing and lending activities

2.1.3. On 1 December the Commission adopted its report to the Council and to Parliament on the Community's borrowing and lending activities in 1987.⁴ The report begins by placing the Community's borrowing and lending activities in the context of the creation of a European financial area. After briefly describing the investment situation in the Community, it discusses the developments and decisions relating to the borrowing and lending instruments, notably the Council's approval of a new tranche of borrowing under the New Community Instrument (NCI). This tranche of ECU 750 million, which is intended for small and medium-sized firms, is accompanied by a parallel tranche which the EIB is to make

available to such firms at the Council's request.

The report goes on to describe the trend of borrowing and lending, the latter having increased by 2% (a slower advance than in recent years). However, lending to the productive sector increased appreciably at the expense of the energy sector. Almost three quarters of lending was concentrated in countries with major regional problems. On employment, the report suggests that the investment projects financed by the EIB and the NCI are likely to create some 28 000 permanent jobs, two thirds of which will be in the assisted areas.

The report then analyses lending in the Community by instrument and by country. It also describes the interest-subsidy mechanisms and lending operations outside the Community.

Eurotech Capital

2.1.4. On 21 December the Commission approved the Eurotech Capital pilot scheme to promote the financing of transnational high-technology projects. The Eurotech Capital level will be conferred on any agency or business meeting specific requirements (investment capacity of at least ECU 50 million, with 20% of the total reserved for transnational high-technology projects), which will then qualify for financial and other support from the Commission.

Internal market

Completing the internal market

2.1.5. The European Council held in Rhodes took note of advances made

¹ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.1.

² Bull. EC 11-1988, point 2.1.2.

³ Bull. EC 10-1988, point 1.1.1 *et seq*

⁴ COM(88) 692.

towards completing the internal market and encouraged the continuation of the work being done (→ point 1.1.1 *et seq.*)

Freedom of movement of persons and freedom to provide services

Removal of restrictions

Freedom of movement for migrant workers

2.1.6. In implementing the White Paper which provides for the removal of obstacles to freedom of movement of persons, on 21 December the Commission adopted two proposals to amend (i) Regulation (EEC) No 1612/68 of 15 October 1968 on freedom of movement for workers within the Community¹ and (ii) Council Directive 68/360/EEC of 15 October 1968 on the removal of restrictions on movement and residence within the Community for workers of Member States and their families.¹ The essential purposes of the proposed changes are to extend the categories of persons protected by Community law, to reinforce the rules specifying equal treatment for nationals of the host country and other Community nationals, to strengthen implementation of the right of residence, especially in the case of unemployment or precarious employment, and to incorporate the rulings of the Court in the legislation.

Elimination of frontiers

2.1.7. On 9 December the Commission sent the Council a communication on the abolition of controls of persons at intra-Community borders.² This reports on the state of play of various problems linked to freedom of movement of persons with a view to the removal of internal frontiers by the end of 1992. The Commission calls on the Council to exhibit the political will to achieve the 1992 deadline by working with it to adopt the requisite measures where Community legislation is needed and to supervise intergovernmental cooperation

and cooperation between the Member States and the Commission. This is in line with the conclusions of the Rhodes European Council, which invited the Member States to designate someone to be responsible for the necessary coordination (→ point 1.1.1 *et seq.*).

Tourism

2.1.8. On 14 December the Council meeting on tourism reached agreement on the Decision designating 1990 European Tourism Year.³

2.1.9. On 21 December the Council formally adopted, on a proposal from the Commission⁴ after obtaining the opinion of Parliament,⁵ a Decision on an action programme for European Tourism Year. Its objectives are to prepare for the frontier-free internal market using tourism as an integrating force in the creation of a 'people's Europe' and to underline the economic and social importance of tourism — in relation to regional policy and job creation, for instance. The programme also seeks to promote a better distribution of tourism over time and as regards destination. The sum estimated as being necessary for financing the programme from the Community budget is ECU 5 million.

Mutual recognition of diplomas and access to occupations

Mutual recognition of diplomas

2.1.10. At a meeting on international market issues on 21 December the Council adopted, on a re-examined proposal from the Commission⁶ after hearing Parliament's opinion (second reading),⁷ a Direc-

¹ OJ L 257, 19.10.1968.

² COM(88) 640 final.

³ OJ C 293, 17.11.1988; Bull. EC 10-1988, point 2.1.4.

⁴ OJ C 293, 17.11.1988; Bull. EC 10-1988, point 2.1.4; COM(88) 803 final.

⁵ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.8.

⁶ Bull. EC 11-1988, point 2.1.12.

⁷ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.6.

tive relating to a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration. The main provisions of the Directive are those set out in the common position of 30 June.¹

Medical professions

2.1.11. The Committee of Senior Public Health Officials, meeting on 6 and 7 December, noted that the first measures to implement Directive 86/477/EEC of 15 September 1986 on specific training in general medicine² had been duly introduced in most Member States. The Commission called on the Member States which had not yet done so and were thus liable to infringement proceedings to take the necessary steps as soon as possible. The Committee was informed of recommendations made by the Advisory Committees on the training of doctors, of practitioners of dental surgery and of nurses concerning the stepping up of the training of health professionals in the field of cancer. Such endeavours would be in line with the Commission's anti-cancer action programme.³

After discussing a number of legal problems connected with implementation of the Directives on doctors,⁴ nurses responsible for general care,⁵ practitioners of dental surgery,⁶ and midwives,⁷ the Committee summed up the situation as regards migration of those covered by the Directives in 1987 (Tables 1 to 4).

2.1.12. On 16 December Parliament adopted a resolution on the problems of frontier workers in the Community.⁸

It pointed out that frontier workers constitute a group that reveals the extent to which the Community social regulations are applied and noted with regret that many employment and social problems still exist in frontier areas. There should be closer control of transfrontier business activities in order to prevent frontier workers being used to circumvent national social security provisions. A multidimensional approach to

the transfrontier question was needed, and the Commission was urged to present a framework Directive on the fundamental social rights of Community workers by 1989.

Standardization, certification and testing

Technical standards and regulations

2.1.13. On 15 December the Commission sent the Council a report⁹ on the first four years of operation (1984-87) of Directive 83/189/EEC of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations.¹⁰ The Commission is broadly satisfied with the way this instrument, which is essential in preventing the creation of new trade barriers, has worked. Its analysis shows, however, that although there is now far greater transparency in national plans to adopt standards or regulations, much remains to be done before the Directive can fully attain its objectives. Steps have been taken to strengthen the central structures of the European standards organizations and to make information on standards more readily accessible. Measures still to be adopted include the introduction of an integrated system for the provision of information on standards and more effective dissemination of that information.

¹ Bull. EC 6-1988, point 1.3.1.

² OJ L 267, 19.6.1986; Bull. EC 7/8-1986, point 2.1.8.

³ OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

⁴ OJ L 167, 30.6.1975; Eighth General Report, point 336; OJ L 43, 15.2.1982; Sixteenth General Report, point 167.

⁵ OJ L 176, 15.7.1977; Eleventh General Report, point 142.

⁶ OJ L 233, 24.8.1978; Twelfth General Report, point 116.

⁷ OJ L 33, 11.2.1980; OJ L 375, 31.12.1980; Fourteenth General Report, point 139.

⁸ OJ C 12, 16.1.1989.

⁹ COM(88) 722 final.

¹⁰ OJ L 109, 26.4.1983; Bull. EC 3-1983, point 2.1.8.

Table 1 - *Number of doctors who are Community nationals and obtained authorization in 1987, under the doctors Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

	Germany (FR)	France	Italy	Netherlands	Belgium	Luxembourg ²	United Kingdom	Ireland	Denmark	Greece	Spain	Portugal
Total	3	82	51	92	102	11	995	25	14	290	154	3
Nationals of:		3										
Germany (FR)			19	9	8	2	196	0	5	3	22	
France			18	0	24	0	18	0	1	3	8	
Italy			4	6	6	1	79	0	4	5	2	
Netherlands			1	20	36	0	147	1	2	2	7	
Belgium			0	40	5	8	44	1	0	2	10	
Luxembourg			0	0	1	0	1	0	0	0	1	
United Kingdom			1	9	1	0	32	21	1	1	4	
Ireland			0	0	0	0	268	2	0	0	0	
Denmark			0	0	1	0	7	0	0	1	1	
Greece			0	1	2	0	119	0	1	273	0	
Spain			7	6	16	0	68	0	0	0	97	
Portugal			1	1	2	0	16	0	5	0	2	
Qualified in:												
Germany (FR)			21	10	10	2	200	0	5	19	26	
France			18	0	26	0	17	0	1	5	98	
Italy			—	6	7	1	86	1	4	255	3	
Netherlands			1	—	37	0	146	1	2	2	7	
Belgium			0	58	—	8	48	1	0	2	12	
Luxembourg			0	0	0	—	0	0	0	0	1	
United Kingdom			1	9	1	0	—	21	1	2	3	
Ireland			0	1	0	0	289	—	0	0	1	
Denmark			0	0	1	0	7	0	—	1	1	
Greece			0	1	2	0	115	0	1	—	0	
Spain			9	6	16	0	71	1	0	4	—	
Portugal			1	1	2	0	16	0	0	0	2	

¹ This table, as the heading suggests, does not include those Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant doctors). It does include all migrant doctors, including those planning to undergo specialized training in another Member State, provided they have received authorization to practise in that State. However, in France and Luxembourg, unlike the other Member States, migrants may undergo specialized training without having authorization to practise. They do not therefore appear in the statistics provided by France and Luxembourg for this table.

² All Luxembourg medical students have to obtain their training abroad; those who subsequently practise in their home country have therefore not been included in the table.

³ Figures not available.

Table 2 — Number of nurses responsible for general care who are Community nationals and obtained authorization in 1987, under the Directives on nurses responsible for general care, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹

	Germany (FR)	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark	Greece	Spain	Portugal
Total	2	188	42	102	59	129	1 002	121	8	2	61	19
Nationals of:												
Germany (FR)		26	6	2	3	48	23	1	0	1	5	4
France		18	10		32	32	15	0	0	0	10	0
Italy		7	9		3	0	6	0	0	1	0	0
Netherlands		17	5		4	1	26	0	1	0	5	0
Belgium		67	2		6	41	2	0	0	0	5	1
Luxembourg		1	0		0	6	0	0	0	0	1	0
United Kingdom		29	3		3	0	0	11	3	0	4	0
Ireland		8	1		0	0	896	109	0	0	0	0
Denmark		5	1		1	0	27	0	4	0	4	0
Greece		0	0		0	0	4	0	0	0	0	0
Spain		7	5		4	1	3	0	0	0	25	1
Portugal		3	0		3	0	0	0	0	0	2	13
Qualified in:												
Germany (FR)		29	10	30	4	49	2	1	3	1	9	10
France		—	11	6	35	33		0	0	0	18	5
Italy		7	—	1	3	0		0	0	1	6	0
Netherlands		17	5	—	6	1		0	1	0	6	0
Belgium		80	5	37	—	45		0	0	0	10	1
Luxembourg		1	0	1	0	—		0	0	0	1	0
United Kingdom		30	4	17	0	0		120	4	0	4	1
Ireland		8	1	6	2	0		—	0	0	0	0
Denmark		5	1	3	0	0		0	—	0	4	0
Greece		0	0	0	1	0		0	0	—	0	0
Spain		8	5	1	5	1		0	0	0	—	2
Portugal		3	0	0	3	0		0	0	0	3	—

¹ This table, as the heading suggests, does not include Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant nurses). It does include all migrant nurses responsible for general care, including those planning to undergo specialized training in another Member State, provided they have received authorization to practise in that State.

² Figures not available.

Table 3 — *Number of dental practitioners who are Community nationals and obtained authorization in 1987, under the dentists Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

	Germany (FR)	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark	Greece	Spain ²	Portugal
Total	3	11	79	7	17	5	79	6	5	4		3
Nationals of:												
Germany (FR)		1	20	3	1	0	2	1	1	0		0
France		1	7		2	0	4	0	1	1		0
Italy		0	1		0	2	0	0	0	0		0
Netherlands		1	42		11	0	12	0	0	0		0
Belgium		4	2		0	2	1	0	0	0		0
Luxembourg		0	0		0	1	0	0	0	0		0
United Kingdom		2	0		1	0	0	5	0	0		1
Ireland		0	1		0	0	50	0	0	0		0
Denmark		1	4		1	0	4	0	0	0		1
Greece		1	2		1	0	5	0	3	3		0
Spain		0	0		0	0	0	0	0	0		0
Portugal		0	0		0	0	1	0	0	0		1
Qualified in:												
Germany (FR)		1	21	2	1	0	2	1	1	2		0
France		—	7	0	2	2	4	0	1	1		0
Italy		0	—	0	0	0	0	0	0	0		0
Netherlands		1	41	—	11	2	12	0	0	0		1
Belgium		5	3	4	—	1	1	0	0	0		0
Luxembourg		0	0	0	0	—	0	0	0	0		0
United Kingdom		2	0	1	1	0	—	5	0	0		1
Ireland		0	1	0	0	0	50	—	0	0		0
Denmark		1	4	0	1	0	4	0	—	0		1
Greece		1	2	0	1	0	5	0	3	—		0
Spain		0	0	0	0	0	0	0	0	0		0
Portugal		0	0	0	0	0	1	0	0	0		—

¹ This table, as the heading suggests, does not include Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant dental practitioners). It does include all migrant dental practitioners, including those intending to undergo specialized training in another Member State, provided they have received authorization to practise in that State.

² Under the Act of Accession, freedom of movement for dental practitioners between Spain and the other Member States is deferred until 1 January 1991 at the latest.

³ Figures not available.

Table 4 — Number of midwives who are Community nationals and obtained authorization in 1987, under the midwives Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹

	Germany (FR)	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark	Greece	Spain	Portugal
Total	2	6	3	16	4	6	45	97	0	0	2	0
Nationals of:												
Germany (FR)		0	1	2	0	0	3	1			1	
France		4	1	0	2	5	3	0			0	
Italy		0	0	0	0	0	0	0			0	
Netherlands		0	0	10	0	0	0	0			0	
Belgium		2	1	2	2	1	1	0			1	
Luxembourg		0	0	0	0	0	0	0			0	
United Kingdom		0	0	2	0	0	0	7			0	
Ireland		0	0	0	0	0	38	89			0	
Denmark		0	0	0	0	0	0	0			0	
Greece		0	0	0	0	0	0	0			0	
Spain		0	0	0	0	0	0	0			0	
Portugal		0	0	0	0	0	0	0			0	
Qualified in:												
Germany (FR)		1	1	2	1	0	2	1			1	
France		—	1	0	2	5		0			0	
Italy		0	—	0	0	0		0			0	
Netherlands		0	0	—	0	0		0			0	
Belgium		4	1	6	—	1		0			1	
Luxembourg		0	0	0	0	—		0			0	
United Kingdom		1	0	7	1	0		96			0	
Ireland		0	0	1	0	0		—			0	
Denmark		0	0	0	0	0		0			0	
Greece		0	0	0	0	0		0			0	
Spain		0	0	0	0	0		0			—	
Portugal		0	0	0	0	0		0			0	

¹ This table, as the heading suggests, does not include Community nationals who acquired their basic qualification in a Member State whose nationality they do not possess but in which they were authorized to practise (these are migrant students rather than migrant midwives).

² Figures not available.

As regards technical regulations, the Commission already has the resources to step up its monitoring of the activities of the Member States. The information procedure, which so far has been confined to draft standards and regulations for industrial products, will be extended to include all products from 1 January 1989.¹

Implementing the new approach to technical harmonization and standards

2.1.14. On 21 December the Council adopted, on a proposal from the Commission amended² in the light of Parliament's decision³ on the Council's common position,⁴ a Directive relating to construction products.

2.1.15. Under the terms of this Directive the Commission gave the European standards bodies—the European Committees for Standardization (CEN) and for Electro-technical Standardization (Cenelec)—responsibility for carrying out a programme of standardization in the field of water supply and waste-water disposal, designed to support the action taken by the Community to open up access to public contracts in this area.

2.1.16. On 14 December Parliament adopted an opinion (first reading)⁵ on the proposal for a Directive relating to personal protective equipment.⁶ Parliament approved the proposal subject to certain amendments on matters such as the participation of the two sides of industry in the process of harmonizing standards, the steps to be taken in the event of unwarranted application of the safeguard clause and the establishment of a database listing relevant decisions by Member States in implementation of the Directive.

2.1.17. On the same date Parliament adopted a resolution on consumer safety under the Community's new approach to technical harmonization and standards.⁵

It drew attention to the large number of technical standards still to be harmonized

at European level and called on the Commission and the Council to ensure that consumers' representatives were involved in the preparation of these harmonized standards.

2.1.18. On the basis of the Council resolution of 7 May 1985 on a new approach to technical harmonization and standards,⁷ under which Community instruments are to do no more than lay down essential requirements and certification procedures, the Commission adopted for transmittal to the Council four proposals for Directives relating to appliances burning gaseous fuels (→ point 2.1.21), non-automatic weighing instruments (→ point 2.1.22), active implantable electromedical equipment (→ point 2.1.23) and the safety of mobile machinery (→ point 2.1.24).

Removal of trade barriers

Industrial products

2.1.19. On 21 December the Council adopted a common position on the proposal for a Directive on machinery⁸ as amended by the Commission on 20 December⁹ following Parliament's opinion.¹⁰

This proposal seeks in particular to harmonize national provisions on the safety of new machinery and thereby to remove barriers to trade caused by the disparities between them. It defines the essential requirements relating to health and safety in general, plus a set of more specific requirements for certain categories of machinery. European harmonized stan-

¹ OJ L 81, 26.3.1988; Bull. EC 3-1988, point 2.1.12.

² OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22; OJ C 30, 4.2.1988; Bull. EC 1-1988, point 2.1.10; COM(88) 783 final.

³ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.14.

⁴ Bull. EC 6-1988, point 2.1.26.

⁵ OJ C 12, 16.1.1989.

⁶ OJ C 141, 30.5.1988; Bull. EC 4-1988, point 2.1.13.

⁷ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1 *et seq.*

⁸ OJ C 29, 3.1.1988; Bull. EC 11-1987, point 2.1.21; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.30.

⁹ COM(88) 837 final.

¹⁰ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.15.

dards are to be drawn up by CEN and Cenelec. These will cover machine design and construction and will make it possible to verify conformity with the essential requirements.

In value terms the proposed Directive will cover slightly over half of the output of the Community's engineering sector, amounting to between ECU 110 and 120 billion, and will apply both to machines of extremely simple design and to highly complex machines and installations (flexible manufacturing cells and workshops).

The proposal also has major implications for social policy. By defining the essential requirements it will in effect be laying down Community legislation for the prevention of accidents at work.

2.1.20. On 21 December the Council adopted, on a proposal from the Commission¹ following Parliament's opinion (second reading),² a Directive relating to certain components and characteristics of wheeled agricultural or forestry tractors, thus completing the EEC type-approval procedure for tractors.

2.1.21. On 22 December the Commission sent the Council a proposal for a Directive on appliances burning gaseous fuels.³ This covers a wide range of appliances for all types of use (both domestic and commercial). It also lays down requirements for guaranteeing the intrinsic safety of appliances, in particular with regard to operation, combustion and the evacuation of combustion products. In view of the nature of the appliances and the specific risks involved, the proposed certification procedures require the intervention of a third party at both the design and manufacturing stages.

2.1.22. On 20 December the Commission adopted, for transmittal to the Council, a proposal for a Directive relating to non-automatic weighing instruments.⁴ This proposal applies to all such instruments, both electronic and mechanical, which are subject to national mandatory inspection

provisions when they are used for specified purposes (such as commercial transactions, the determination of taxes, tolls, tariffs and similar types of payment, law enforcement, expert opinions and medical applications).

2.1.23. On 22 December the Commission sent the Council a proposal for a Directive relating to active implantable electromedical equipment.⁵ This covers the safety of equipment intended to be used for therapeutic or diagnostic purposes, designed for permanent implantation in the human body, the best-known example being the 'pacemaker'. The essential requirements governing implantable devices fall under three headings, namely sterility, clinical evaluation and technical safety. The proposal forms part of the harmonization effort in the field of medical equipment already begun by Directive 84/539/EEC of 17 September 1984 relating to electromedical equipment used in human or veterinary medicine.⁶

2.1.24. On 16 December the Commission adopted a proposal for a Directive on mobile machinery,⁷ complementing the machinery Directive referred to above (→ point 2.1.19). Mobile machinery was excluded from the scope of that Directive because of the risks related to its mobility.

2.1.25. On 16 December the Commission adopted a Directive adapting to technical progress Council Directive 86/663/EEC of 22 December 1986 relating to self-propelled industrial trucks.⁸ This new Directive supplements the existing Directive by providing for methods of testing and examination (of stability, visibility and operation) needed to ensure that the trucks in question satisfy the requirements of Directive 86/663/EEC.

¹ OJ C 218, 17.8.1987; Bull. EC 4-1987, point 2.1.9.

² OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.20.

³ COM(88) 786 final.

⁴ COM(88) 780 final.

⁵ COM(88) 717 final.

⁶ OJ L 300, 19.11.1984.

⁷ COM(88) 740 final.

⁸ OJ L 384, 31.12.1986; Bull. EC 12-1986, point 2.1.17.

2.1.26. On 22 December the Commission sent the Council a proposal¹ to amend Directive 80/181/EEC of 20 December 1979 on units of measurement.² The purpose of this amendment is to phase out the use of imperial units and set a date beyond which the use of supplementary indications will no longer be authorized.

2.1.27. On the same date the Commission sent the Council a proposal³ to amend Directive 75/106/EEC of 19 December 1974 on the making-up by volume of certain pre-packaged liquids.⁴ It proposes changes to the range of nominal volumes for still wines, which, under the basic Directive, are to be totally harmonized from 1 January 1989.

Foodstuffs

2.1.28. On 21 December, further to the common position reached in June,⁵ the Council adopted, on a proposal from the Commission following Parliament's opinion (second reading),⁶ three Directives with important implications for the completion of the internal market:

- *Materials and articles intended to come into contact with foodstuffs.*⁷ The Directive corresponds to the Commission's re-examined proposal,⁸ which reduces the maximum period of validity of a temporary national authorization for a substance not yet included on the Community list from three years in the original proposal⁷ to two years.

- *Additives liable to be used in foodstuffs intended for human consumption.*⁹ This Directive also corresponds to the Commission's re-examined proposal,¹⁰ which reduces the maximum period of validity of a temporary national authorization for a substance not yet included on the Community list from three years in the original proposal⁹ to two years.

- *Quick-frozen foodstuffs for human consumption.*¹¹ The Directive corresponds to the Commission's re-examined proposal,¹² which reduces the transitional period allowed for means of local distribution and retail display cabinets to comply with the

requirements of the Directive from 10 years in the original proposal¹¹ to eight.

2.1.29. On 21 December the Council also formally adopted a common position on proposals for Directives relating to foodstuffs intended for particular nutritional uses,¹³ to the labelling, presentation and advertising of foodstuffs¹⁴ and to indications or marks identifying the lot to which a foodstuff belongs.¹⁵ It also approved a common position on the proposal for a Directive on the official inspection of foodstuffs,¹⁶ which lays down the basic rules for carrying out inspections at all stages of the production, manufacture and marketing of foodstuffs. The Commission is responsible for submitting to the Member States recommendations for inspection programmes coordinated at Community level.

2.1.30. Also on 21 December the Council adopted a common position on the proposal for a Directive¹⁷ to amend for the ninth time Directive 73/241/EEC of 24 July 1973 relating to cocoa and chocolate products for human consumption.¹⁸ The purpose of this proposal is to enable Spain to maintain national legislation which allows chocolate to be marketed under the trade name 'choc-

¹ COM(88) 751 final.

² OJ L 39, 15.2.1980; Bull. EC 12-1979, point 2.1.7.

³ COM(88) 750 final.

⁴ OJ L 42, 15.2.1975.

⁵ Bull. EC 6-1988, point 2.1.36.

⁶ OJ C 12, 6.1.1989.

⁷ OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10; OJ C 154, 12.6.1987; Bull. EC 5-1987, point 2.1.14.

⁸ COM(88) 851 final.

⁹ OJ C 116, 16.5.1986; Bull. EC 4-1986, point 2.1.10; OJ C 154, 12.6.1987; Bull. EC 5-1987, point 2.1.14.

¹⁰ COM(88) 852 final.

¹¹ OJ C 267, 6.10.1984; Bull. EC 9-1984, point 2.1.14; OJ C 267, 18.10.1985; Bull. EC 9-1985, point 2.1.11.

¹² COM(88) 850 final.

¹³ OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10; Bull. EC 11-1988, point 2.1.28.

¹⁴ OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10; Bull. EC 11-1988, point 2.1.29.

¹⁵ OJ C 310, 20.11.1987; Bull. EC 11-1987, point 2.1.24; Bull. EC 11-1988, point 2.1.31.

¹⁶ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.28; OJ C 88, 5.4.1988; Bull. EC 2-1988, point 2.1.9.

¹⁷ OJ C 16, 21.1.1988; Bull. EC 12-1987, point 2.1.15.

¹⁸ OJ L 228, 16.8.1973.

olate a la taza' or 'chocolate familiar a la taza'.

2.1.31. As required by Council Directive 80/777/EEC of 15 July 1980 relating to the exploitation and marketing of natural mineral waters,¹ which entered into force on 17 July 1984, France and the United Kingdom² and Ireland³ notified the Commission of additions to their lists of recognized mineral waters.

Pharmaceuticals

2.1.32. On 21 December the Council adopted, on a proposal from the Commission⁴ following Parliaments' opinion (second reading),⁵ a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of the national health insurance system. This confirms to the common position adopted by the Council in June⁶ except for the date of entry into force, which is deferred to 31 December 1989.

2.1.33. On the same date the Council adopted a common position on the amended proposals for Directives⁷ extending the scope of Directives 65/65/EEC of 26 January 1965⁸ and 75/319/EEC of 20 May 1975⁹ and laying down special provisions for proprietary medicinal products derived from human blood or plasma and additional provisions for radiopharmaceuticals.

The contents of the first proposal include the introduction of a rigorous system of production control and stringent tests to ensure greater quality, safety and efficacy of the medicinal products before they are placed on the market, so as to prevent in particular the transmission of infectious diseases such as AIDS and hepatitis. It encourages voluntary unpaid donation of blood and human plasma with a view to achieving self-sufficiency of supply in human blood throughout the Community.

The second proposal includes specific measures to guarantee the quality, safety and

efficacy of these medicinal products, covering marketing authorizations, packaging, labelling and instruction leaflets.

Veterinary medicinal products

2.1.34. On 19 December the Commission adopted for transmittal to the Council a proposal for a Regulation laying down a Community procedure for the establishment of tolerances for residues of veterinary medicinal products,¹⁰ a proposal amending Directive 81/851/EEC of 28 September 1981 relating to veterinary medicinal products¹¹ and a proposal extending the scope of the 1981 Directive to include immunological veterinary medicinal products. The purposes of these three proposals are, respectively, to set up a centralized Community system for determining acceptable residue levels for veterinary medicinal products in foodstuffs of animal origin, to improve and bring up to date the existing decentralized procedure for the registration of veterinary medicinal products and to cover veterinary vaccines.

Elimination of frontier checks

2.1.35. On 23 December the Commission sent the Council a proposal for a Regulation on the elimination of controls performed at the frontiers of Member States in road and inland waterway transport.¹² The purpose is to remove all intra-Community frontier checks on these means of transport and the associated documentation.

¹ OJ L 229, 30.8.1980; Bull. EC 7/8-1980, point 2.1.15.

² OJ C 315, 10.12.1988.

³ OJ C 330, 23.12.1988.

⁴ OJ C 17, 23.1.1987; Bull. EC 12-1986, point 2.1.31; OJ C 129, 18.5.1988; Bull. EC 4-1988, point 2.1.27.

⁵ OJ C 326, 19.12.1988.

⁶ Bull. EC 6-1988, point 2.1.43.

⁷ OJ C 308, 3.12.1988; Bull. EC 11-1988, point 2.1.32.

⁸ OJ C 22, 9.2.1965.

⁹ OJ L 147, 9.6.1975.

¹⁰ COM(88) 779 final.

¹¹ OJ L 317, 6.11.1981; Fifteenth General Report, point 138.

¹² COM(88) 800 final.

Enterprise

Improving the business environment

Intellectual property

Copyright

2.1.36. In keeping with the plans presented in the Green Paper on copyright and the challenge of technology,¹ the Commission on 21 December adopted, for transmission to the Council, a proposal for a Directive on the legal protection of computer programs.² This proposal is designed to give computer programs the same legal protection as literary works. It defines the scope and duration of protection, the beneficiaries and the exclusive rights they may invoke to authorize or prohibit certain acts.

Trade marks

2.1.37. Following Parliament's second reading,³ the Council adopted at its meeting on internal market issues on 21 December the First Directive approximating the laws of the Member States relating to trade marks.⁴ This Directive is designed to harmonize the basic elements of Member States' trade-mark law and facilitate the free movement of goods and services. The uniform definition of the rights conferred by trade marks is crucial to completion of the internal market: proprietors of national trade marks will in future enjoy exclusive rights defined in an identical manner in all Member States. Another important element is the exhaustive list of grounds for refusal or invalidity of trade marks, concerning in particular the distinctive character of the trade mark and the prohibition of marks likely to deceive the public with regard to the nature, quality or geographical origin of the product or service. The use obligation will reduce the number of trade marks registered and thus the scope for disputes in the Community. The definition of signs eligible for protection by trade-mark law covers

very broad categories: any sign that can be graphically represented and distinguish the products or services of a business may be registered as a trade mark. The Directive is to be given effect in the Member States by 1 December 1991 at the latest.

Services to promote business start-ups and expansion

2.1.38. At its meeting on industrial affairs on 13 December the Council took note of an interim report transmitted by the Commission⁵ on the extension of the Euro-Info Centre project.⁶ This report emphasizes the importance of information to small businesses and the role of the Euro-Info Centres in supplying it. This covers information on all Community matters relevant to businesses; help and advice to firms wishing to participate in Community activities and programmes; and the establishment of a network of partners capable of providing mutual information on national and regional procedures and regulations directly affecting businesses. The report contains an evaluation of the first year of operation of the Centres, from which it is clear that the scheme should be extended by increasing the number of Centres in order to provide adequate cover throughout the Community.

2.1.39. On 16 December the Commission adopted a programme of experimental training schemes to prepare small firms for 1992. On the basis of the realization that the single market represents both an opportunity and a challenge for small firms, this programme is designed to make available specific training means and tools to enable heads of businesses to prepare for and be able to seize the opportunities presented by

¹ Bull. EC 6-1988, point 1.2.1 *et seq.*

² COM(88) 816.

³ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.18.

⁴ Supplement 5/80 — Bull. EC; OJ C 351, 31.12.1980; Bull. EC 11-1980, point 1.5.1 *et seq.*; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.24.

⁵ COM(88) 693 final.

⁶ Bull. EC 3-1988, point 2.1.27; Bull. EC 11-1988, point 2.1.39.

the large market. Three approaches have been adopted:

(i) training of small-business entrepreneurs in strategic management in the run-up to 1992: the Commission will provide selected training agencies with a training method to inform managers about the single market and its implications for their businesses, and help them to identify changes and define an adjustment strategy and appropriate action plan;

(ii) mobilization of sectoral and local agencies as sources of information for managers in preparation for 1992: the Commission will support briefing sessions or seminars presenting local or sectoral analyses of the impact of the single market on small firms;

(iii) adaptation and improvement of the training available: this third approach concerns the establishment of a network for cooperation and exchange of experience between training agencies, research/action projects to prepare a programme of training in cooperative strategies for managers, and promotion of the role of large firms and banks in the provision of training for heads of small businesses.

2.1.40. On 22 December the Commission adopted a pilot scheme designed to promote the financing of transnational high-technology projects to be carried out by small firms (Eurotech Capital) (→ point 2.1.4).

Industrial strategy and services

Panorama of industry

2.1.41. In December the Commission published the first edition of *Panorama of EC industry*.¹ With a view to 1992 and beyond, this publication, which will be updated each year, provides as factual and accurate a picture as possible of some 130 manufacturing and service industries in the Community, taking each separately and describing their structural features, the trend in the number of jobs they provide,

their market share, their position in external trade and their prospects.

Steel

The Community steel industry

Restructuring measures

State aid

2.1.42. On 13 December the Industry Council gave its assent to the draft Commission Decision extending the rules governing aid to the steel industry (→ point 2.1.129).

2.1.43. On 21 December the Industry Council also gave its assent to the draft Commission concerning the restructuring of the public-sector steel industry in Italy (→ point 2.1.130).

Surveillance and control

2.1.44. On 14 December, following an interim assessment of the surveillance system established by Decision 2448/88/ECSC of 19 July,² the Commission decided not to make any changes for the time being.³

2.1.45. On 13 December the Commission decided to make changes to the statistical questionnaires that steel firms are required to complete and return regularly (→ point 2.5.2).

Penalties

2.1.46. On 8 December the Commission decided to fine four firms which, during the period when production quotas applied to certain categories of steel products, exceeded their quotas and/or the proportion of those quotas for deliveries permitted

¹ Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

² OJ L 212, 5.8.1988; Bull. EC 7/8-1988, point 2.1.11.

³ OJ C 333, 28.12.1988.

within the common market.¹ The fines totalled some ECU 2.9 million.

Deliveries by Spain and Portugal

2.1.47. In December, with the Council's assent,² the Commission formally set the delivery levels of steel products of Spanish origin to the rest of the Community market, excluding Portugal, at 1 100 000 tonnes and those for products of Portuguese origin to the rest of the Community market, excluding Spain, at 100 000 tonnes.³

Forward programme for steel

2.1.48. On 5 December the Commission published the forward programme for steel for the first quarter of 1989.⁴ Economic growth is expected to continue in 1989, with rates of as much as 4% in Spain and 3% in Italy and Ireland. Crude-steel production in the Community in the first quarter could be around 34 million tonnes, in line with the outturn for the corresponding period in 1988. Apparent consumption is likely to be some 29.6 million tonnes, with exports forecast at 6.8 million tonnes and imports at 2.4 million tonnes.

2.1.49. As required by Articles 19 and 46 of the ECSC Treaty, on 16 December the ECSC Consultative Committee gave its opinion on the forward programme, which it considered acceptable on the whole. It did, however, advocate caution as regards the forecast that the present buoyancy would continue beyond the first quarter, and called for an analysis of the rate of use of production capacity.

Shipbuilding

2.1.50. On 22 December the Commission sent the Council a report on the state of the shipbuilding industry in the Community (situation at the beginning of 1988).⁵ The paper, which gives a factual analysis of developments in the shipbuilding industry and on the shipbuilding market in 1987, lays particular emphasis on the fact that, as in

1978 at the beginning of the crisis, the main features of the industry are an excess of supply over demand, prices lower than costs and, as a result, excess capacity in maritime transport.

Motor industry

2.1.51. On 22 December the Commission decided to lay down rules for State aid to the motor industry (→ point 2.1.137).

Textiles

2.1.52. On 13 December, on the basis of a Commission report and in the light of the conclusions reached by the Council meeting of Foreign Ministers in November,⁶ Industry Ministers discussed the industrial aspects of policy on textiles, and adopted conclusions calling upon the Commission to make a more detailed analysis to bring out the special characteristics of the subsectors and regions and how they will be affected by completion of the internal market; to ensure that the best use is made of the opportunities offered by the new approach to the use of the structural Funds; to investigate ways and means of promoting research, technological development and innovation with a view to restoring the industry's competitiveness; and to ensure the transparency of measures in support of structural adjustment, and to submit annual reports on the subject.

Other industries

Timber

2.1.53. The Advisory Committee on the Timber Industry met on 5 and 6 December.

¹ OJ C 8, 11.1.1989.

² OJ C 261, 8.10.1988; Bull. EC 9-1988, point 2.1.13.

³ OJ L 355, 23.12.1988.

⁴ OJ C 11, 14.1.1989.

⁵ COM(88) 723 final. Previous report: Bull. EC 10-1985, point 2.1.19.

⁶ Bull. EC 11-1988, point 2.1.46.

It examined a report on the obstacles to establishing an internal market in timber and timber products drawn up on the basis of meetings with a broad cross-section of representatives of the industry in most Member States. The Committee reviewed the progress made on standardization (in timber structures, softwood sawn timber, boards, and office furniture), research and development programmes (for the forestry, timber and paper industries), the transport of timber and timber products, forecasts for timber supply and demand, and forestry resources and plans. It also heard a submission by the Commission on its proposal for a Community action programme for the forestry sector.¹

Research and technology

Community R&TD policy

Joint Research Centre (JRC)

2.1.54. On 22 December the Commission transmitted to the Council a proposal for a Decision enabling the installations, equipment or expert assistance of the JRC to be made available to outside bodies in the public or private sector, against payment.² This is in line with the Council resolution of 29 June 1988 concerning the activities to be undertaken by the JRC.³

Aeronautics

2.1.55. On 14 December Parliament approved at first reading⁴ the Commission proposal for a Decision on the pilot phase of a strategic research and technology programme in aeronautics⁵ (→ point 2.1.61). Amendments called for by the House related to coordination with the Brite and Euram programmes, reduction of the budget to ECU 35 million, programme implementation procedures, participation of non-Community contractors in general administrative costs, coordination measures to be

adopted and, finally, conditions governing participation by firms and organizations located in European non-member countries.

2.1.56. On 14 December the Economic and Social Committee adopted an opinion endorsing the Commission communication of 14 July concerning the pilot phase (1989-90) of an R&TD programme in aeronautics.⁵ The Committee suggested that the programme should focus on fewer fields of activity, giving priority to high-technology sectors, and that specific projects should be coordinated with those planned under the Brite/Euram programme.⁶

Coordination of national policies

2.1.57. At its meeting in Brussels on 8 December the Scientific and Technical Research Committee (Crest) took particular note of the Commission's first report on the state of science and technology in Europe,⁷ which it received very favourably. The Committee felt that, in its final version, the report could provide an adequate basis for a review of the 1987-91 framework programme.⁸ Crest also studied and endorsed the Commission proposal for a new programme of research on raw materials and recycling (1990-92). It was briefed by the Commission on the latest developments relating to the proposal for an aeronautics research and technology programme.⁵

International cooperation

COST

2.1.58. On 8 December the Council adopted Decision 88/615/EEC concluding a Community-COST Agreement on seven

¹ Bull. EC 9-1988, point 1.2.1 *et seq.*

² OJ C 13, 17.1.1989.

³ OJ C 197, 27.7.1988; Bull. EC 6-1988, point 2.1.60.

⁴ OJ C 12, 14.1.1989.

⁵ OJ C 266, 13.10.1988; Bull. EC 7/8-1988, point 2.1.18.

⁶ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2; OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.65.

⁷ Bull. EC 11-1988, point 2.1.47.

⁸ OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

concerted-action projects in the field of the environment: physico-chemical behaviour of atmospheric pollutants (COST 611/2); air-pollution effects on terrestrial and aquatic ecosystems (COST 612/2); organic micropollutants in the aquatic environment (COST 614/2); treatment and use of organic sludges and liquid agricultural wastes (COST 681/2); coastal benthic ecology (COST 647/2); indoor-air quality and its impact on man (COST 613/1); protection of species (COST 691/1).¹

Memoranda of Understanding were signed in December in respect of the following COST projects: 308 (Maintenance of ships) by Greece on 8 December, 311 (Maritime traffic simulation) by Greece on 8 December and by the Community on 5 December, 507 (Definition of a thermodynamic methodology and database for the development of light alloys) by Germany, France, the United Kingdom, Greece and Norway on 8 December.

Main areas of Community R&TD

Quality of life

Health

2.1.59. On 14 December the Economic and Social Committee adopted *nem. con.*, with one abstention, an opinion endorsing the proposal made by the Commission on 27 July for a Decision adopting a specific research programme in predictive medicine (1989-91).² Drawing attention to the ethical issues and social implications of genetic research, the Committee called for measures to prevent abuse and any interference with the individual's self-determination.

Radiation protection

2.1.60. On 22 December the Commission transmitted to the Council the proposal for a Decision on a new research and training programme for the European Atomic Energy Community in the field of radiation

protection (1990-91).³ The programme is to have a budget of ECU 21.2 million and is intended as a follow-up to the previous radiation protection programmes, notably the 1985-89 programme.⁴ It will touch on the following areas of research: human exposure to radiation and radioactivity (measurement of radiation dose and its interpretation, transfer and behaviour of radionuclides in the environment); assessment, prevention and treatment of the consequences of radiation exposure (stochastic and non-stochastic effects of radiation, effects of radiation on the developing organism); radiation exposure risks and management (assessment of human exposure and risks, optimization and management of radiation protection).

Industrial technologies

Brite/Euram programme

2.1.61. Following the agreement reached by Research Ministers on 15 December, the Council adopted a common position on 21 December on a proposal—amended⁵ after Parliament delivered its opinion on 16 November⁶—for a Brite/Euram research and technological development programme totalling ECU 499.5 million (ECU 60 million more than in the original Commission proposal⁷). Of these extra resources, ECU 35 million is intended for an additional aeronautics section to be added to the four in the initial proposal (materials technology, design methodology and quality assurance for products and processes, application of manufacturing technologies, technologies for manufacturing processes). The additional section will also incorporate the objectives and projects initially envisaged in the proposal for the pilot phase of a

¹ OJ L 344, 13.12.1988. Commission proposal: OJ C 41, 13.2.1988; Bull. EC 1-1988, point 2.1.24.

² Bull. EC 7/8-1988, point 2.1.23.

³ COM(88) 789 final.

⁴ OJ C 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

⁵ COM(88) 830 final.

⁶ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.55.

⁷ OJ C 228, 3.9.1988; Bull. EC 7/8-1988, point 2.1.25.

programme in the aeronautics sector¹ (→ point 2.1.55).

2.1.62. On 14 December the Economic and Social Committee adopted an opinion, without debate, on the Brite/Euram proposal. It commented on the criteria for choice and priority for project selection, industrial and JRC involvement, the information package, demonstration projects, focused fundamental research, socio-economic impact assessment, and utilization and dissemination of results.

2.1.63. On 6 and 7 December, under the Brite programme² and the research programme on the management and storage of radioactive waste,² the Commission held a symposium in Brussels on the industrial prospects of membrane processes. Nearly 150 experts from 13 different countries attended, half of them from industries producing and using membranes; the meeting took stock of current knowhow and future prospects for the development of membrane technology.

ECSC industries

2.1.64. On 2 December the ECSC Consultative Committee gave its opinion, sought in accordance with Article 55(2)(c) of the ECSC Treaty, on the advisability of allotting ECU 2.44 million from the ECSC levy to three steel research programmes and two pilot/demonstration projects in the steel industry.

Biological resources

Biotechnology

2.1.65. On 23 December the Commission adopted for transmission to the Council a proposal for a research and technological development programme in the field of biotechnology (Bridge — Biotechnology research for innovation, development and growth in Europe) (1990-94).³ This programme, with an ECU 100 million budget, is intended to continue and expand on the

biomolecular engineering programme (1982-86)⁴ and the biotechnology action programme (BAP) (1985-89).⁵

2.1.66. Like the BAP, Bridge will be subdivided into two areas. Action I (research and training — accounting for 90% of the total budget) will cover four main headings: information infrastructure, enabling technologies, cellular biology and prenormative research. Action II (concertation — 10% of the total budget) will cover various follow-up, information and cooperation activities aimed at facilitating the effective application of the biotechnology findings to the economic and social objectives of the Community and its Member States.

Agriculture

2.1.67. On 14 December the Economic and Social Committee delivered an opinion, without debate, on the Commission's proposal, sent to the Council on 20 September, for a Decision to adopt a research programme on the competitiveness of agriculture and the management of agricultural resources (1989-93).⁶ The Committee stressed the point that environmental protection is a key component of future development and made a number of suggestions concerning adjustment to new market conditions, maintenance of earnings, improvement of livestock health, marginal areas and evaluation.

Energy

Non-nuclear energy

2.1.68. On 15 December the Council adopted a common position on the proposal for a research and technological development programme in the field of non-nuclear

¹ OJ C 266, 13.10.1988; Bull. EC 7/8-1988, point 2.1.18.

² OJ C 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

³ COM(88) 806.

⁴ OJ L 375, 30.12.1981; Bull. EC 12-1981, point 2.1.166.

⁵ OJ L 83, 15.3.1985; Bull. EC 3-1985, point 2.1.141.

⁶ Bull. EC 9-1988, point 2.1.27.

energy (1989-92) (Joule).¹ This programme, with a proposed budget of ECU 122 million, will cover the following four sectors: models for energy and the environment; rational use of energy; energy from fossil sources; renewable energy sources.

European scientific and technological cooperation

A researchers' Europe

2.1.69. On 30 December the Commission published a notice² concerning forms of support available under the plan to stimulate the international cooperation and interchange needed by European researchers (Science — 1988-92).³

2.1.70. Meeting in Brussels on 2 December, the Committee for the European Development of Science and Technology took particular note of the latest developments relating to the proposed European Scientific and Technological Assembly, for which it reiterated its support by highlighting the great benefits that would accrue if the various Community bodies had permanent access to the advisory services provided by an institution representing Europe's entire scientific and technical community. The Committee also noted and welcomed the plan to organize, as part of the Science programme,³ a number of workshop sessions involving the many 'referees' responsible for assessing the scientific merits of the projects submitted for selection.

Forecasting and evaluation

2.1.71. The Economic and Social Committee adopted an opinion on 14 December, without debate, on the Commission's proposal, sent to the Council on 29 July, for a Decision concerning a Community programme in the field of strategic analysis, forecasting and evaluation in matters of research and technology (Monitor — 1988-92).⁴ The Commission was asked to amplify certain points of its proposal.

Telecommunications, information technology and innovation

Telecommunications

Common telecommunications market

2.1.72. In line with the Green Paper on the development of the common market for telecommunications services and equipment,⁵ on 14 December the Commission adopted two important, complementary instruments concerning the gradual establishment of an internal market in telecommunications services.

First, it adopted a preliminary draft Commission Directive based on Article 90 of the EEC Treaty, the purpose of which is to open the markets for telecommunications services up to competition. The removal of the exclusive rights granted to the PTTs, with the exception of those relating to the establishment of the network, voice telephony and telex, will enable other providers to offer services direct to users through circuits leased from the PTTs, and thus remove the legal barriers walling off the national markets. The Directive would require Member States in particular to do away with all restrictions on the processing of signals before transmission within the network and publish all the technical specifications relating to their networks (by 31 December 1989) and the general conditions and authorization procedures for data-switching services (by 1 January 1991); to separate the regulatory powers and commercial activities of the PTTs; and to enable users to terminate long-term contracts in order to turn to other service providers.

The Commission will begin consulting the Member States in January 1989 with a view

¹ OJ C 221, 25.8.1988, Bull. EC 7/8-1988, point 2.1.31.

² OJ C 335, 30.12.1988.

³ OJ C 14, 19.1.1988; Bull. EC 9-1987, point 2.1.51; OJ C 145, 2.6.1988; Bull. EC 3-1988, point 2.1.48; OJ L 186, 16.7.1988; Bull. EC 6-1988, point 2.1.75.

⁴ Bull. EC 7/8-1988, point 2.1.33.

⁵ Bull. EC 6-1987, point 1.4.1 *et seq.*

to adopting the Directive in its final form in mid-March.

2.1.73. Second, it adopted for transmittal to the Council a proposal for a Directive on the establishment of the internal market for telecommunications services through the implementation of open network provision (ONP),¹ which lays down guiding principles and the structural framework within which providers of telecommunications services may have access to and use the public network. The main aim of the Commission's proposal is to ensure the mutual recognition of authorization procedures so that an authorization obtained in one Member State entitles a service provider to operate throughout the Community without having to go through any other formalities. Development of the harmonized conditions for ONP concerns three main areas: technical interfaces; the definition of harmonized conditions of use that must apply to ONP tenders and concern a number of parameters (e.g. provision time, contractual period, service quality, conditions for shared use, use by third parties, subletting of capacity and interconnection of networks); and the definition of harmonized tariff principles based on a number of guidelines (e.g. cost adjustment, sufficiently wide publication and the application to all users without discrimination).

2.1.74. The Commission also sent the Council, on 15 December, a progress report on the definition of ONP.²

2.1.75. On 14 December Parliament adopted a resolution on the need to overcome the fragmentation in telecommunications,³ in which it endorses the opening-up of the market in telecommunications equipment, but considers that the network monopoly must be granted to the postal authorities, in particular to ensure that services are provided for marginal user categories. It also takes the view that high priority should be assigned to standardization work and calls on the Commission to develop a European system of telecommunications-service quality indicators.

2.1.76. Parliament also adopted on the same date a resolution on posts and telecommunications,³ in which it calls on the Commission to present as soon as possible a proposal for a Directive on the use of telecommunications networks by private providers and a proposal for a Decision requiring Member States to ensure that telecommunications administrations' regulatory and operational activities are clearly separated. It also calls on the Commission to ask the Community/CEPT (European Conference of Postal and Telecommunications Administrations) working party which was set up to discuss the implications for postal administrations of the creation of a single market to carry out groundwork for improvements in postal services in certain areas (quality of services, tariff structures, issue of a European stamp, etc.).

2.1.77. On 8 December the Commission sent the Council a communication on standardization in telecommunications.⁴ This takes stock of the situation in the Community, with special reference to the recently created European Telecommunications Standards Institute (ETSI).

RACE

2.1.78. The group of experts responsible for carrying out a strategic audit on telecommunications developments held its third and last meeting on 19 December.⁵ The experts agreed on the text of their final report, which will take the form of a communication to the Council. In addition to presenting the findings of the audit on key issues in the development of advanced telecommunications associated with the RACE programme,⁶ the report sets out recommendations for activities outside the programme.

¹ OJ C 39, 16.2.1989; COM(88) 825 final.

² COM(88) 718 final.

³ OJ C 12, 16.1.1989.

⁴ COM(88) 712 final.

⁵ Previous meeting: Bull. EC 11-1988, point 2.1.66.

⁶ OJ L 16, 21.1.1988; Bull. EC 12-1987, point 2.1.71.

International cooperation

2.1.79. The Community was admitted as an observer for the first time at the World Administrative Telegraph and Telephone Conference (WATTC), which was held in Melbourne from 28 November to 9 December with the aim of drawing up a new set of international regulations to replace the current ones, which date from 1973. In accordance with the Council Decision of 28 November,¹ the Member States accompanied their signatures with a joint declaration that they would apply the new regulations only in so far as they were compatible with their obligations under Community law.

Combined use of IT and telecommunications in general applications

Tedis

2.1.80. At its December session the Economic and Social Committee adopted an opinion fully endorsing the Commission's proposal² to amend Decision 87/499/EEC of 5 October 1987 introducing the Tedis (Trade electronic data interchange systems) programme.³

Delta programme⁴

2.1.81. In response to its call for proposals,⁵ published in July, for a two-year exploratory phase of the Delta programme,⁶ the Commission received a total of 175 proposals. In line with the recommendations of the technical evaluation team, the projects selected — which will cover all five action lines of the Delta programme — will be negotiated with 30 consortia.

Caddia

2.1.82. On 22 December the Commission transmitted to Parliament and to the Council the third annual report⁷ on the setting-up of the Caddia⁸ computerized

telecommunications systems and the implementation of the long-term development programme.⁹ The report covers the period 1 July 1987 to 30 June 1988. It takes stock of progress in the various projects in hand and announces that a study is to be carried out with a view to adapting the objectives and activities of the Caddia programme in preparation for completion of the internal market by the end of 1992.

Dissemination and utilization of research results

2.1.83. To take account of Parliament's opinion,¹⁰ on 12 December the Commission amended¹¹ its proposal¹² for a Decision adopting Value, a specific programme for the dissemination and utilization of research results.

2.1.84. The Commission also decided on that date to set up a Community R&D information service (Cordis), designed to provide all those concerned in the Community institutions and the Member States with information on Community research and technological development programmes.

Innovation

Sprint

2.1.85. On 15 December the Commission approved, for transmittal to the Council,

¹ Bull. EC 11-1988, point 2.1.69.

² OJ C 273, 22.10.1988; Bull. EC 10-1988, point 2.1.43.

³ OJ L 285, 8.10.1987; Bull. EC 10-1987, point 2.1.45.

⁴ Development of European learning through technological advance.

⁵ OJ C 173, 2.7.1988; Bull. EC 7/8-1988, point 2.1.36.

⁶ OJ L 206, 30.7.1988; Bull. EC 6-1988, point 2.1.81.

⁷ COM(88) 801 final. Previous report: Bull. EC 5-1988, point 2.1.43.

⁸ Cooperation in automation of data and documentation for imports/exports and agriculture.

⁹ OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.23; OJ L 145, 5.6.1987; Bull. EC 6-1987, point 2.1.55.

¹⁰ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.75.

¹¹ COM(88) 804 final.

¹² OJ C 184, 14.7.1988; Bull. EC 5-1988, point 2.1.45.

Parliament and the Economic and Social Committee, its fourth annual report,¹ on the implementation of the strategic programme for innovation and technology transfer (Sprint).² The report gives a detailed description of activities in 1987: the number of networks supported increased from 68 to 95; over 121 transnational technology transfer contracts were concluded; the number of schemes for cooperation between research centres rose from 16 to 22, involving some 90 centres from different sectors. The report also presents the outlook for the Commission's innovation promotion policy.

Information services

Removing language barriers

2.1.86. On 14 December Parliament adopted, at first reading, a favourable opinion³ on the proposal for a Decision on a specific programme for the implementation of a machine translation system of advanced design (Eurotra),⁴ subject to two amendments, one relating to the budget for the programme (an increase ECU 1.5 million — instead of the ECU 1 million increase proposed by the Commission — on the budget originally set aside by Decision 82/752/EEC of 4 November 1982⁵) and the other concerning a revision of the programme following an independent evaluation.

Customs union and indirect taxation

Customs union

Simplification of customs formalities

Introduction of common border posts

2.1.87. On 21 December the Council adopted Regulation (EEC) No 4283/88 on

the abolition of certain exit formalities at internal Community frontiers.⁶ The new Regulation is designed to simplify frontier formalities for certain types of commercial traffic between Member States. It extends the streamlined procedures already in use for the TIR arrangements⁷ to users of the ATA carnet, the Community movement carnet, and Form 302, provided for by the Convention between the Parties to the North Atlantic Treaty on the Status of their Forces.

General legislation

Community customs territory

2.1.88. On 21 December the Council adopted Regulation (EEC) No 4151/88 laying down the provisions applicable to goods brought into the customs territory of the Community.⁸

Customs debt

2.1.89. On 21 December the Council adopted Regulation (EEC) No 4108/88 amending Regulation (EEC) No 2144/87 of 13 July 1987 on customs debt.⁹

¹ COM(88) 747 final.

² OJ L 153, 13.6.1987; Bull. EC 6-1987, point 2.1.56.

³ OJ C 12, 16.1.1989.

⁴ Bull. CE 5-1988, point 2.1.50.

⁵ OJ L 317, 31.12.1982; Bull. EC 11-1982, point 2.1.25.

⁶ OJ L 382, 31.12.1988. Commission proposal: OJ C 282, 8.11.1986; Bull. EC 10-1986, point 2.1.56; common position adopted by Council: Bull. EC 6-1988, point 2.1.91; re-examined proposal: COM(88) 831 final; Second reading in Parliament and opinion: OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.80.

⁷ OJ L 341, 4.12.1986; Bull. EC 12-1986, point 2.1.81.

⁸ OJ L 367, 31.12.1988. Commission proposal: COM(85) 766; Bull. EC 12-1985, point 2.1.49; common position adopted by Council: Bull. EC 6-1988, point 2.1.93; second reading in Parliament and opinion: OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.81.

⁹ OJ L 361, 29.12.1988. Principal Regulation: OJ L 201, 22.7.1987; Bull. EC 7/8-1987, point 2.1.73; common position adopted by Council: Bull. EC 6-1988, point 2.1.94; second reading in Parliament and opinion: OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.82.

2.1.90. On the same day the Council adopted a common position on the proposal for a Regulation on the entry into the accounts and terms of payment of the amounts of the import duties or export duties resulting from a customs debt.¹ This covers three main points:

- (i) the action to be taken by Member States' authorities when a customs debt arises in order to recover the import or export duties;
- (ii) the conversion into a regulation of Directive 78/453/EEC of 22 May 1978 on the harmonization of provisions laid down by law, regulation or administrative action concerning deferred payment of import duties or export duties;²
- (iii) reference to the rules concerning interest payable in the event of late payment or repayment of import or export duties.

Reliefs from customs duty

2.1.91. On 21 December the Council, acting on a proposal from the Commission, adopted Regulation (EEC) No 4235/88 amending Regulation (EEC) No 918/83 of 28 March 1983 setting up a Community system of reliefs from customs duty.³ The amendment concerns relief from customs duty on imports by or on behalf of research establishments or organizations outside the Community of equipment to be used in international scientific research programmes under cooperation agreements.

Customs procedures with economic impact

Temporary importation

2.1.92. On 21 December the Commission adopted Regulation (EEC) No 4027/88 laying down provisions for the temporary importation of containers.⁴ It provides for implementation of the arrangements established by Council Regulation (EEC) No 2096/87 of 13 July 1987,⁵ and is to apply from 1 July 1989.

Common Customs Tariff and Combined Nomenclature

Nomenclature

2.1.93. On 21 December the Commission sent the Council a second amendment to its proposal for a Regulation on the information provided by the customs authorities of the Member States concerning the classification of goods in the customs nomenclature.⁶ The changes reflect Parliament's opinion⁷ and the entry into force of Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff.⁸ They provide essentially for the Community-wide validity of binding tariff information from 1 January 1993; for enhanced cooperation between the Member States and the Commission in this field; and for a Community procedure enabling measures implementing the common rules to be adopted within a suitable time-limit.

Origin of goods

2.1.94. On 21 December the Council adopted Regulations implementing Decision No 5/88 of each of the EEC-EFTA Joint Committees modifying Protocol No 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules.⁹ These instru-

¹ Commission proposal: OJ C 41, 13.2.1985; Bull. EC 12-1984, point 2.1.40; first reading in Parliament and opinion: OJ C 229, 9.9.1985; Bull. EC 7/8-1985, point 2.1.37.

² OJ L 146, 2.6.1978.

³ OJ L 373, 31.12.1988. Commission proposal: Bull. EC 9-1988, point 2.1.45; principal Regulation: OJ L 105, 23.4.1983; Bull. EC 3-1983, point 2.1.28.

⁴ OJ L 355, 23.12.1988.

⁵ OJ L 196, 17.7.1987; Bull. EC 7/8-1987, point 2.1.75.

⁶ Second amendment: COM(88) 839 final; first amendment: OJ C 81, 22.3.1984; Bull. EC 2-1984, point 2.1.36; original proposal: OJ C 256, 8.10.1981; Bull. EC 9-1981, point 2.1.25.

⁷ OJ C 46, 20.2.1984; Bull. EC 1-1984, point 2.1.27.

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

⁹ OJ L 381, 31.12.1988. Commission proposal: Bull. EC 5-1988, point 2.1.55.

ments had been approved by the Council in June,¹ and the new rules will have effect from 1 January 1989. They will allow raw materials from any Community or EFTA country to be used for the purposes of the origin rules. In line with the 1984 Luxembourg Declaration,² this should strengthen Community-EFTA industrial cooperation and is thus an important move towards the development of a 'European economic space'.

Indirect taxation

Turnover taxes

2.1.95. On 21 December the Commission adopted, for transmittal to the Council, a proposal³ for a Directive to supplement the common system of value-added tax and amend Articles 32 and 28 of Directive 77/388/EEC of 17 May 1977 (sixth VAT Directive) on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value-added tax: uniform basis of assessment,⁴ with regard to the arrangements applicable to second-hand goods, works of art, antiques and collectors' items. This is to replace the proposal⁵ for a seventh VAT Directive, which the Commission decided to withdraw in November 1987.⁶ It supplements the common VAT system, in accordance with the obligation imposed by Article 32 of the sixth Directive, for which it is substituted.

2.1.96. On 23 December the Commission transmitted to the Council its second report on the application of the common VAT system.⁷ The report, drawn up pursuant to Article 34 of the sixth Directive,⁴ reviews what the Commission and the Member States are doing to improve the operation of the system and iron out the difficulties of application created in particular by the rights and options still available under the Directive. The report also describes the principal Directives proposed or adopted on the basis of the sixth Directive during the period in question.

Tax reliefs

2.1.97. On 21 December the Council adopted Directive 88/664/EEC⁸ amending for the ninth time Directive 69/169/EEC of 28 May 1969 on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel;⁹ the new amendment adjusts the reliefs with effect from 1 July 1989 so as to maintain their value in real terms.

2.1.98. On 7 December the Commission sent the Council a proposal¹⁰ for a Directive further amending Directive 69/169/EEC⁹ as regards travellers' allowances; the purpose of the proposal is to extend, in modified form, the derogation granted to Denmark.¹¹

2.1.99. On 21 December the Council adopted Directive 88/663/EEC¹² amending for the fifth time Directive 74/651/EEC of 19 December 1974 on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community;¹³ the new amendment adjusts the reliefs with effect from 1 July 1989 so as to maintain their value in real terms.

¹ Bull. EC 6-1988, point 2.1.100.

² Bull. EC 4-1984, point 1.2.1 *et seq.*

³ COM(88) 846 final.

⁴ OJ L 145, 13.6.1977.

⁵ OJ C 26, 1.2.1978; OJ C 136, 31.5.1979.

⁶ Bull. EC 11-1987, point 2.1.91.

⁷ COM(88) 799 final. First report: Bull. EC 9-1983, point 2.1.37.

⁸ OJ L 382, 31.12.1988, Commission proposal: OJ C 102, 16.4.1988; Bull. EC 12-1987, point 2.1.93; OJ C 272, 21.10.1988; Bull. EC 10-1988, point 2.1.50.

⁹ OJ L 133, 4.6.1969.

¹⁰ COM(88) 731 final.

¹¹ OJ L 78, 20.3.1987; Bull. EC 3-1987, point 2.1.69.

¹² OJ L 382, 31.12.1988. Commission proposal: OJ C 5, 9.1.1988; Bull. EC 12-1987, point 2.1.94; OJ C 272, 21.10.1988; Bull. EC 10-1988, point 2.1.51.

¹³ OJ L 354, 30.12.1974.

Competition

Seventeenth Report on Competition Policy

2.1.100. On 15 December Parliament passed a resolution¹ on the Commission's Seventeenth Report on Competition Policy in which it stressed the importance of a common policy as far as attainment of the objective of a genuine internal market is concerned and asked the Commission and the Member States how they intend to ensure that the cost savings that should be brought about as a result of the frontier-free single market are passed on in the form of real benefits to the consumer and neither become a source of excess profits nor are cancelled out by administrative and bureaucratic tasks being shifted from border authorities to firms. Parliament expressed satisfaction at the considerable progress made this year in the implementation of competition policy. It voiced opinions and requests regarding work still to be done and made a number of specific comments on certain points of the Report.

Application of the competition rules to air transport

2.1.101. On 16 December the Commission adopted Regulation (EEC) No 4261/88² on the complaints, applications and hearings provided for in Council Regulation (EEC) No 3975/87 of 14 December 1987 laying down the procedure for the application of the rules on competition to undertakings in the air-transport sector.³

Application of the competition rules to maritime transport

2.1.102. On the same day the Commission also adopted Regulation (EEC) No 4260/88² on the communications, complaints and applications and the hearings provided for in Council Regulation (EEC) No 4056/86 of 22 December 1986 laying down detailed rules for the application of

Articles 85 and 86 of the Treaty to maritime transport.⁴

General rules applying to businesses

Markets for telecommunications services

2.1.103. On 14 December the Commission adopted a draft Directive based on Article 90 of the EEC Treaty on competition in markets for telecommunications services (→ point 2.1.72).

Restrictive practices, mergers and dominant positions: specific cases

Prohibited horizontal agreements

Flat glass — Italy

2.1.104. On 7 December the Commission adopted a Decision finding that Fabbrica Pisana SpA, Società Italiana Vetro-SIV SpA and Vernante Pennitalia SpA had infringed Article 85(1) of the EEC Treaty by entering into agreements and engaging in concerted practices in restraint of competition on the Italian flat-glass market, which is controlled to a large extent by the three companies in question.

These restrictions affected trade between Member States because they also concerned products which the three companies imported from and exported to other Community countries and because they tended to isolate the Italian market and prevent economic interpenetration as sought by the Treaty.

¹ OJ C 12, 16.1.1989.

² OJ L 376, 31.12.1988.

³ OJ L 374, 31.12.1987, Bull. EC 12-1987, point 2.1.97. See also OJ L 239, 30.8.1988; Bull. EC 7/8-1988, point 2.1.53.

⁴ OJ L 378, 31.12.1986; Bull. EC 12-1986, point 2.1.300.

The Commission fined Fabbrica Pisana ECU 7 million, Vetro-SIV ECU 4.7 million and Vernante Pennitalia ECU 1.7 million.

The Commission also found that the companies had infringed Article 86 by abusing their joint dominance on the Italian flat-glass market, the structural links between them being such as to indicate that they had acted on the market as a single entity.

The interpretation of the concept of joint dominance is a major step in the development of the Commission's practice in applying Article 86. Since the concept was being used for the first time, however, the Commission considered it appropriate not to impose a fine for the latter infringement.

PVC and LdPE

2.1.105. On 21 December the Commission adopted two Decisions directed at most of the manufacturers supplying the Community with bulk thermoplastics of the PVC and LdPE (low-density polyethylene) type. Fourteen companies took part in the PVC cartel, eight of them also being involved in the second cartel in LdPE, in which there were 17 participants.

Inquiries conducted in the polypropylene sector, including visits to the premises of certain participants in the cartels, revealed the existence of a whole complex of collusive schemes, arrangements and measures decided by the manufacturers at regular secret meetings which, like the continuing 'agreement' in the polypropylene sector,¹ had as their object the fixing of target prices implemented by means of price 'initiatives', the sharing of the Western European market according to annual target volumes and the exchange of detailed information so as to help improve coordination of the firms' commercial activities.

The Commission considered that the cartels were a serious infringement, especially as they had operated for several years. It took into account the level of participation of each of the companies in the collusive arrangements in imposing the following fines:

	(million ECU)	
	PVC	LdPE
Atochem	3.2	3.6
BASF	1.5	5.5
Bayer	—	2.5
BP	—	0.75
CdF (Orkem)	—	5.0
DOW	—	2.25
DSM	0.6	3.3
Enichem	2.5	4.0
Hoechst	1.5	1.0
Huels	2.2	—
ICI	2.5	3.5
Linz	—	0.5
LVM	0.75	—
Monsanto	—	0.15
Montedison	1.75	2.5
Neste Oy	—	1.0
Norsk Hydro	0.75	—
Repsol	—	0.1
Shell	0.85	0.85
SAV	0.4	—
Solvay	3.5	—
Statoil	—	0.5
Wacker	1.5	—
Total	23.5	37.0

Acquisition of a shareholding in a competitor

Danish Fur Sales /Hudson's Bay and Annings

2.1.106. In December the Commission halted an attempt by Danish Fur Sales (DPA) to purchase a 35% shareholding in Hudson's Bay and Annings (BHA). DPA, the largest of the Scandinavian auction houses, is the selling arm of the Danish Fur Breeders Association. A further 15% was to be acquired by Oslo Fur Auctions (10%) and Nordic Fur Auctions of Sweden (5%).

¹ OJ L 230, 18.8.1986; Bull. EC 4-1986, point 2.1.50.

Each Scandinavian auction company had established yearly goals for the quantities of skins to be marketed through HBA. Detailed plans had been worked out regarding HBA's position within the framework of Scandinavian cooperation. The Commission pointed out that, as the Court of Justice had held in the *Philip Morris* cases,¹ an agreement whereby one party acquires a minority shareholding in a competing company which serves to influence the commercial conduct of that company may involve a restriction of competition.

Since a 35% shareholding would give DPA substantial power in deciding the future conduct of HBA in the Community, the Commission considered that competition between DPA and its largest competitor in the Community would be greatly reduced, or even completely eliminated. Indeed HBA would cease to exist as an independent competitor in Denmark, where it would not collect skins but would leave that task to DPA under the proposed agreement. Considering it to be in the public interest, the Commission on its own initiative stated its objections in writing and proposed the adoption of interim measures which would prevent DPA from interfering in the running of HBA pending a final decision by the Commission. Undertakings were subsequently given to the effect that DPA would not proceed with the acquisition or with any other commercial arrangement having equivalent effect.

Permissible forms of cooperation

EMOs

2.1.107. On 20 December the Commission adopted a Decision granting the rules governing participation in EMOs (machine-tool exhibitions) clearance for a further 10 years.² These rules were initially granted clearance under Article 85(3) of the EEC Treaty in 1969³ and again in 1978.⁴

EMOs are organized by Cecimo (European Committee for Cooperation of the Machine-tool Industries) in odd-numbered years. Cecimo is composed of the national associ-

ations of machine-tool manufacturers in 13 Western European countries.

Under the rules which have hitherto applied, manufacturers wishing to exhibit their machine tools at an EMO had to undertake to refrain from participating in any other fair, exhibition or show organized during the same year as the EMO in a country whose national association of machine tool manufacturers is a member of Cecimo. Non-compliance with this rule would result in exclusion from the EMO.

The following obligations are attached by the Commission to continuation of the clearance: Cecimo must immediately inform the Commission of any case of refusal to admit to or exclusion from an EMO; and Cecimo and all national associations of machine tool manufacturers in the Community must inform the Commission of all other exhibitions or fairs which they arrange or sponsor during even-numbered years and must submit to it the text of the rules governing exhibitors' access to or exclusion from such other events.

Eurocheques

2.1.108. Also on 19 December the Commission approved the agreements concluded within the Eurocheque system for the purpose of organizing production of the cheques and cards used by the system.⁵ Although the agreements were caught by Article 85(1) of the Treaty, the Commission decided they qualified for exemption under Article 85(3) owing to the overriding need for experience, suitable equipment and adequate security on the part of manufacturers of cheques and magnetic cards.

Acting on a complaint about the agreements and following their notification by Eurocheque, the Commission formed the view that

¹ Joined Cases 142 and 156/84 *British-American Tobacco Company Ltd and R. J. Reynolds Industries Inc. v Commission*.

² OJ L 37, 9.2.1989.

³ OJ L 69, 20.3.1969.

⁴ OJ L 11, 17.1.1979.

⁵ OJ L 36, 8.2.1989.

they gave rise to restrictions of competition contrary to Article 85(1). Eurocheque thereupon amended the agreements substantially in order that they might be given clearance.

The agreements concern firms specializing in three fields and taking part in various stages of the production of cheques and cards. They lay down very strict qualitative criteria which the firms must satisfy as regards experience, equipment and security.

The Commission finds in its Decision that, as amended, the agreements on paper producers and printers no longer give rise to any restrictions of competition.

On the other hand, the Commission considered that the system for approving finishers had not been applied in a uniform and non-discriminatory manner, the criteria being applied and approval being granted in this case, not by the Eurocheque organization itself, but by the national associations of the 19 countries concerned.

Transocean Marine Paint Association

2.1.109. On 2 December the Commission renewed for the third time, until 31 December 1998, the exemption granted to arrangements for cooperation between a large number of medium-sized marine paint manufacturers in the Community and elsewhere, all of whom belong to the Transocean Marine Paint Association.¹ The members have agreed to manufacture paints of the same quality using the same formulae, and to distribute them under a single Transocean trade mark. Each member is allotted a territory on which it must concentrate its marketing efforts, but the members are not allowed to hinder parallel imports from other territories. The Commission concluded that the cooperation within Transocean is still economically justified as it enables medium-sized firms to compete with other major suppliers of marine paints and thus helps to increase the industry's competitive potential.

Distribution

Charles Jourdan

2.1.110. Again on 2 December the Commission approved, under Article 85 of the

EEC Treaty, the standard franchise and 'franchise-corner' agreements which the Charles Jourdan group has made, or intends to make, with some of its common market retailers.

The Charles Jourdan group, which makes shoes and leather goods, sells its products through its own subsidiaries, through franchises, through 'franchise-corner' shops, and through independent retailers. The same product may be sold by each type of shop.

The Commission considered that an exemption of the restrictions imposed on the franchisees in their franchise agreements was justified as the market was competitive and the group did not have a large market share. Moreover, in view of the particular circumstances, the 'franchise-corner' agreements were not considered to be restrictive of competition.

The standard franchise agreements concluded by the Charles Jourdan group were found to be consistent with the new rules adopted by the Commission on 30 November.²

Net Book Agreements

2.1.111. On 13 December the Commission adopted a Decision prohibiting the application of agreements on book prices between UK publishers — the Net Book Agreements system — to intra-Community trade. In its Decision, the Commission rejects a request for exemption from the EEC competition rules of this system of collective resale price maintenance. The standard conditions contained in the agreements, although leaving publishers free to choose whether or not to impose net prices, lay down precise rules as to the discounts UK and Irish retailers may grant in a limited number of cases. The agreements restrict competition between publishers and

¹ OJ L 351, 21.12.1988. Previous decisions: OJ L 163, 20.7.1967; OJ L 10, 23.2.1974; Bull. EC 12-1973, point 2.1.18; OJ L 39, 15.2.1980; Bull. EC 12-1979, point 2.1.37.

² Bull. EC 11-1988, points 2.1.87 and 2.1.88.

between booksellers in respect of their individual discount policies and are incompatible with the competition rules in so far as they affect trade between Member States.

This is the first time the competition rules have been applied to RPM agreements between firms in the same Member State which extend to sales of books between Member States. The line taken reflects that laid down in the Decision of 25 November 1981 prohibiting an agreement restrictive of trade in Dutch-language books.¹

Société belge des automobiles Citroën

2.1.112. At the Commission's request, Société belge des automobiles Citroën agreed to terminate limitations on a series of special offers which discriminated against customers according to their nationality. Circular letters to its Belgian and Luxembourg dealers had announced short selling campaigns with special conditions for certain ranges and models to be promoted. While campaigns of this sort are perfectly legitimate, they must not distinguish between local customers and customers from other Member States. In September 1986 Citroën introduced an extra condition into a circular concerning a one-month promotion campaign devoted to various models, limiting the scheme to customers living in Belgium and Luxembourg. As a result, dealers and agents in Belgium and Luxembourg were deterred from passing on a discount to customers who would not eventually be registering their vehicles in those countries. The practice was caught by Article 85(1) of the Treaty and did not qualify for exemption under Regulation (EEC) No 123/85 on motor vehicle distribution and servicing agreements.²

Abuse of dominant positions

Iberian Trading/BPB — British Gypsum

2.1.113. On 5 December the Commission adopted a Decision finding that BPB Industries plc and its subsidiary British Gypsum Ltd had abused dominant positions in the

supply of plasterboard in Great Britain and in Northern Ireland during 1985 and 1986 in violation of Article 86 of the EEC Treaty.³

The BPB Industries plc group is the second-largest plasterboard producer in the world and the largest in Europe.

On 15 July 1986 the Commission started investigations following a complaint by Iberian Trading (UK) Ltd, an importer of Spanish plasterboard. These investigations revealed that British Gypsum Ltd had operated a scheme of fidelity payments to builders' merchants in Britain who agreed to obtain plasterboard supplies exclusively from British Gypsum Ltd. The Commission also found that, at a time of temporary shortage of building plasters, British Gypsum Ltd had implemented a policy of more favourable delivery times for merchants in Britain who stocked only British Gypsum Ltd plasterboard. Both these practices infringed Article 86.

As regards the abuses committed in Northern Ireland, the Commission's Decision finds that BPB Industries plc held a dominant position in that market and that its subsidiary British Gypsum Ltd granted a series of fidelity rebates to builders' merchants, conditional on their not handling imported plasterboard, and negotiated with builders' merchants which were themselves importing to induce them to bring these imports to an end. These practices also infringed Article 86.

British Gypsum Ltd was fined ECU 3 million for the infringements committed in Great Britain and BPB Industries plc ECU 160 000 for those committed in Northern Ireland.

RTE, BBC and ITP

2.1.114. On 21 December the Commission adopted a Decision condemning the practices of the British and Irish television companies RTE, BBC and ITP in relation to the

¹ OJ L 54, 25.2.1982; Bull. EC 11-1981, point 2.1.30.

² OJ L 15, 18.1.1965; Bull. EC 12-1984, point 2.1.50.

³ OJ L 10, 13.1.1989.

publication of programme information in so far as they prevented the publication and sale of comprehensive weekly TV guides in Ireland and Northern Ireland.

The Commission's action in this case arose on the complaint of Magill TV Guide, an Irish company which tried to publish a weekly TV guide containing full details of all the television programmes received by viewers in Ireland and Northern Ireland. Magill was refused permission by all the companies concerned to publish this information and legal proceedings for breach of copyright were brought to restrain Magill from doing so.

The Commission took the view that RTE, BBC and ITP, by preventing the existence of any comprehensive weekly TV guide in Ireland and Northern Ireland, were limiting markets to the prejudice of consumers in a manner which was an abuse of a dominant position contrary to Article 86 of the EEC Treaty. In order to remedy the situation, the Commission asked the television companies to furnish in advance to one another and to third parties information on their weekly programme schedules so as to allow the publication of comprehensive weekly TV guides.

The Decision illustrates the Commission's determination to apply the Community competition rules in cases where a monopoly power conflicts with the legitimate interests of the consumer. It confirms, moreover, the approach whereby a dominant position on a market may be found to constitute an abuse if it is extended to another market in a manner incompatible with the Treaty.

Decca Navigator System

2.1.115. On the same day the Commission adopted a Decision finding that certain conduct on the part of Rascal Decca Marine Navigation Ltd infringed Article 86.

Rascal Decca has developed a system for transmitting radio signals (the Decca Navigator System — DNS) for which, because of its high accuracy, coverage and range,

there are as yet no substitutes. In order to protect its dominant position on the market for DNS-compatible commercial receivers, Rascal Decca eliminated major competitors by means of agreements which had as their object and effect the sharing of the commercial-receivers market and the market for receivers intended for pleasure craft.

Moreover, Rascal Decca indulged in deliberately obstructive behaviour, in particular by changing DNS signals so as to cause receivers sold by competitors unwilling to enter into agreements of the abovementioned type to malfunction. The notified agreements also infringed Article 85(1) in that they provided for a sharing of markets and customers.

Undertaking given by a dominant firm

IBM

2.1.116. In August 1984 IBM undertook to supply its competitors in Europe, at their request, with information concerning the 'interfaces', i.e. the ways and means of interconnection and interaction, between its hardware and software for System 370 and with certain documents relating to the architecture of the IBM systems network.¹ This undertaking enabled the Commission to stay the proceedings it had initiated in 1980 in response to complaints filed by two rival firms. Though it does not provide for any precise expiry date, the undertaking stipulates that after 1 January 1989 IBM may terminate it on one year's notice.

In a joint statement published on 15 December IBM and the Commission said that neither foresaw any change in circumstances that would cause IBM to avail itself of its right to give notice. However, should such circumstances arise, IBM agreed to review the matter with the Commission prior to giving any notice. IBM will continue its present practice of reviewing the implementation of the undertaking with the

¹ Bull. EC 7/8-1984, points 1.1.1 to 1.1.9; Bull. EC 10-1984, point 3.4.1.

Commission on a regular basis, while the Commission, for its part, will continue to monitor its operation.

Mergers

Steel

2.1.117. On 19 December the Commission authorized the following operations as satisfying the tests of Article 66(2) of the ECSC Treaty:

(i) the acquisition by Hoogovens BV, Ijmuiden, of the entire share capital of Van Bentum Ijsselstein BV, which controls SAB Profiel BV, a steel processor which ranks among the leading European producers of wall and roof cladding. Hoogovens is not present on this market and does not produce the cold-rolled sheets processed by SAB Profiel;

(ii) the acquisition by Ugine Aciers de Châtillon et Gueugnon, Paris, a subsidiary of Usinor-Sacilor, of the grain-oriented electrical sheet interests of Cockerill-Sambre, Seraing, Belgium. Grain-oriented electrical sheets are, from the technical and commercial points of view, a highly specific product used almost exclusively in the manufacture of electricity generators. There are therefore only a handful of producers in the Community and elsewhere. Japan and the United States have two major producers each, and of the two patents for the production of grain-oriented electrical sheets one is American and the other Japanese. The proposed transaction can be regarded as a positive step towards restructuring the Community market for the product in question;

(iii) the acquisition by Hoesch AG or its wholly owned subsidiary Hoesch Rohstoff GmbH of the entire share capital of Sachs Rohstoff GmbH. Sachs Rohstoff is a joint venture owned 70% by Sachs AG and 30% by IBEAG, Aktiengesellschaft für Industrie-beteiligungen. Both Hoesch AG, through Hoesch Rohstoff, and Sachs Rohstoff are engaged in the processing of iron and steel scrap. The Hoesch group and Sachs Rohstoff combined will operate one of the largest scrap businesses in Germany. Scrap prices tend to be set by the supply/demand

situation on the international scrap market and the enlarged Hoesch group will not be able to impose its own prices.

2.1.118. The Commission also authorized Saarstahl Völklingen GmbH to continue to receive help from certain experts from Arbed and Dillinger Hüttenwerke (Usinor-Sacilor group) to assist it in its restructuring and financial recovery. The authorization is valid until 31 December 1989.

State aid¹

First report on State aid

2.1.119. On 21 December the Commission decided to publish a first report on State aid granted in the Member States over the period 1981-86.² This survey is the result of the work of the special task force set up by the Commission in 1985 with a view to increasing the amount of information available regarding the volume, trends and objectives of the various aid schemes in existence in the Member States. The Commission considers such an increase in transparency to be essential if its policy on State aid is to be more effective, especially with a view to the completion of the internal market.

The survey shows that in 1986 the amount of State aid granted in the Community came to nearly ECU 100 billion, which is equivalent to 3% of GDP or ECU 770 per person employed. The annual averages throughout the period 1981-86, the percentage of GDP and — although it is not directly comparable to aid — the figures for Community assistance are given in Table 5. It should be noted that such figures are not in themselves indicative of the degree of distortion of competition. This can be established only with the help of a number of other factors such as the industry involved, the position of the recipient, etc.

¹ For State-aid measures in agriculture, see the 'Agriculture-Competition' section.

² Bull. EC 6-1988, point 2.1.108.

Table 5 — National aid and Community assistance (annual averages 1981-86)

	National aid		Community assistance (billion ECU)
	billion ECU	% of GDP	
Italy	27.7	5.7	4.1
Germany (FR)	19.1	2.5	3.5
France	16.7	2.7	4.6
United Kingdom	9.4	1.8	2.7
Belgium	4.0	4.1	0.8
Netherlands	2.2	1.5	1.9
Ireland	1.1	5.3	1.2
Greece	1.0	2.5	1.3
Denmark	0.9	1.3	0.8
Luxembourg	0.2	6.0	0.0
EUR 10	82.3	3.0	22.0

In most Member States, the most heavily aided industries are agriculture (ECU 10 billion or 11% of value-added per year in national aid), railways (ECU 23 billion or 29% of value-added), coal (ECU 12 billion or ECU 25 000 per person employed), steel (ECU 7 billion or 25% of value-added) and shipbuilding (ECU 1.5 billion or 25% of value-added).

Manufacturing is also heavily subsidized. During the period 1981-86 national aid amounted to approximately 6% of value-added or ECU 1 800 per person employed. The breakdown by Member State is given in Table 6.

Table 6 — National aid to manufacturing (annual averages 1981-86)

	Aid to manufacturing ¹	
	% of value-added	ecu per person employed
Italy	15.8	5 951
Greece	13.9	n.a.
Ireland	12.3	3 741
Belgium	4.5	1 373
Netherlands	4.1	1 419
France	3.6	1 223
Luxembourg	3.5	1 079
Germany (FR)	2.9	940
United Kingdom	2.9	757
Denmark	1.7	609
EUR 10	5.5	1 774

¹ Excluding steel and shipbuilding.

There have been marked differences in trends in the award of aid to manufacturing during the period under review, particularly between the big four economies. In 1981, France, Germany and the United Kingdom gave approximately the same amounts while Italy gave twice as much. In 1986, however, in real terms France spent the same amount as in 1981, the United Kingdom gave only half the amount granted by France, Germany gave 40% more and Italy over four times as much.

An analysis of the objectives of aid shows that, in the first place, aid was as a rule concentrated much more on declining sectors than on growth sectors. Second, aid to manufacturing was granted more through schemes with horizontal objectives (e.g. aid for general investment, R&D or small businesses) than on schemes having specific sectoral or regional objectives. This lack of sectoral or regional specificity for many schemes makes it more difficult to assess their impact on competition. It will therefore be necessary for the Commission to require Member States to provide more systematic and detailed annual reports on the implementation of aid schemes.

It is intended that the survey will be updated regularly and extended to include Spain and Portugal. The Commission will gradually apply the survey's findings with a view to

increasing the consistency of its policy in this area.

General schemes

Employment

Germany

2.1.120. On 14 December the Commission decided to raise no objections to a scheme proposed by the Saarland authorities under which employers would be encouraged to take on young people who have completed a course of higher education in a technical or scientific subject with a view to their performing managerial and innovative tasks.

The Commission took account of the contribution such a scheme will make to the creation of jobs in Saarland and to the modernization of the economy.

Environment

France

2.1.121. On the same day the Commission decided not to object to the award of aid by the Agence nationale pour la récupération et l'élimination des déchets (Anred) to firms carrying out development or demonstration work connected with the disposal or recycling of waste, including waste oils. In 1988 the scheme had a budget of FF 82 million (ECU 11.6 million). The French Government will have to notify the budgets for subsequent years in accordance with Article 93(3) of the EEC Treaty.

Research and development

Germany

2.1.122. On 21 December the Commission gave the go-ahead to a German health research programme covering the period 1988-91. The programme has a budget of ECU 79 million (of which 7 million is earmarked for industry) for 1989 and is directed both at universities and scientific

institutes (basic research) and at enterprises (basic and applied industrial research). The intensity of the aid, which is in the form of grants, is between 30 and 50% of total project cost in the case of basic research and not more than 30% in the case of applied research.

Regional schemes

Greece

2.1.123. On 14 December the Commission approved a variation of the Greek regional aid scheme. The prefecture of Fokida is henceforth in Zone D and qualifies for regional aid of an intensity of 48% net grant equivalent. In Fokida there are few craft businesses and manufacturing industry is practically non-existent. This reclassification means that more generous development incentives are now available, which will help stop the outmigration of young people to the industrial centres.

Ireland

2.1.124. On 7 December the Commission decided, as part of its continuing review of aid schemes in the Member States, to raise no objections to the Irish regional aid system. The whole of Ireland suffers from an abnormally low standard of living and severe underemployment. The Commission also proposed that any combining of regional aid with other investment aid be limited to 15% net grant equivalent above the aid intensity ceiling, subject, however, to a maximum ceiling of 75% net grant equivalent.

Portugal

2.1.125. On 21 December the Commission cleared a new regional aid scheme (the SIBR) replacing the existing scheme in the least-depressed parts of Portugal (Zone III). Under the new scheme, the intensity of aid can be as high as 60% net grant equivalent. The scheme forms part of a national programme of Community interest which is to

last for four years (1988-91) and has a total budget of ECU 363 million.

Industry schemes

Shipbuilding

Italy

2.1.126. On 21 December the Commission decided to terminate the proceedings it had initiated in respect of special assistance for the Sicilian ship repair yards of Trapani, Messina and Palermo.¹ The information supplied by the Italian authorities during the course of the proceedings had enabled the Commission to assess each aid proposal on its merits. It was clear that, in the case of the purchase and restoration of the floating docks at Palermo by the Region of Sicily at a cost of LIT 52 billion (ECU 33.8 million), there was no increase in capacity but instead a rationalization of the management of all the ship-repair facilities of the port, these being henceforth entrusted to a single company which hires them out to any operator. As regards the aid worth LIT 6.7 billion (ECU 4.4 million) for the completion of the second dry dock at Trapani and LIT 42 billion (ECU 27.3 million) for the construction of a small, 20 000-tonne dock at Messina, these measures do not affect intra-Community competition inasmuch as the yards concerned cater for an almost exclusively local fleet of fishing vessels and ships providing a link with mainland Italy and the Lipari Islands. The resulting small increase in capacity will be more than offset by restructuring to be carried out by the Fincantieri group at Palermo with the loss of 500 jobs. The package is therefore in keeping with Article 6(1) of the sixth Council Directive on aid to shipbuilding.²

United Kingdom

2.1.127. Also on 21 December the Commission decided to approve a shipbuilding aid scheme notified by the UK authorities consisting of a package of measures in favour of British Shipbuilders Ltd following

the privatization of the remaining publicly owned shipyards.

The UK authorities intend to sell Appledore Ferguson Shipbuilders Ltd, Clark Kincaid Ltd and North-East Shipbuilders Ltd and to transfer to British Shipbuilders Ltd the associated financial liabilities. Certain non-contract-related operating aid amounting to UKL 80 million (ECU 123.5 million) and certain investment and closure aid totalling UKL 108.6 million (ECU 167.7 million) will be paid out of public funds. British Shipbuilders Ltd will no longer have any shipbuilding activities. The sum of UKL 80 million (ECU 123.5 million) loss compensation notified for 1987 and 1988 is within the 28% ceiling set for operating aid. For 1989 British Shipbuilders Ltd has had to increase its commercial borrowings in order to meet its obligations, but has sufficient available income to be able to repay the loans without needing further aid. The measures now decided will have important repercussions both in terms of UK shipbuilding capacity and in social and regional terms. The closure of North-East Shipbuilders Ltd will bring about a 30% reduction in capacity and will involve a loss of 2 000 jobs. The other measures will also involve some capacity adjustment and the loss of a further 285 jobs. In the present package, the Commission has approved proposals to finance the redundancies involved and to retrain, counsel and place former shipyard workers as well as to aid the development of new businesses and diversification in Sunderland.

Machine tools

France

2.1.128. On 14 December the Commission decided to initiate Article 93(2) proceedings in respect of aid which the French Government had reportedly granted to the MFL (Machines française lourdes) group, a machine tool manufacturer, to ease the way

¹ Bull. EC 12-1987, point 2.1.118.

² OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122.

for its sale, and on which, despite several reminders, it had not furnished the information requested by the Commission.

Steel

2.1.129. On 13 December the Council gave its unanimous assent to the Commission's draft Decision extending the term of validity of the Steel Aids Code,¹ on which the ECSC Consultative Committee had issued its opinion on 2 December.

Restructuring of the Italian State-owned steel industry

2.1.130. On the same date the Council discussed the terms on which to authorize the restructuring plan submitted by the Italian authorities, and on 21 December it gave its unanimous assent under Article 95 of the ECSC Treaty to the Commission's Decision.² According to the compromise formula accepted at the earlier meeting, the Italian Government is authorized to provide assistance totalling LIT 4.432 billion (ECU 2.9 billion), of which two thirds is authorized already in return for industrial restructuring measures. The rest of the aid could be held back until 1990 or paid earlier in the event of a rapid deterioration in the steel market. The Commission would then decide, after obtaining the Council's assent under Article 95, whether or not to clear the aid, and, in the light of the state of the Community market at that time, whether or not an additional and proportional reduction in production capacity is needed in sectors suffering from overcapacity. The debt-servicing burden should not exceed 5.5% of turnover.

2.1.131. The Italian restructuring plan formed the subject matter of an opinion given on 2 December by the ECSC Consultative Committee, which centred on the legal approach chosen by the Commission, the terms of and commitments given in exchange for the award of the planned aid, the arrangements for supervising its award and the accompanying social measures.

Italy

2.1.132. On 21 December the Commission decided to give the Italian authorities formal notice to submit their comments, as part of the procedure laid down in Article 6(4) of Commission Decision No 3484/85/ECSC of 27 November 1985 establishing Community rules for aid to the steel industry,³ on the aid they propose to grant to Tirreno steelworks and Siderpotenza. The aid to Tirreno would take the form of aid for energy saving. As this is not expressly provided for in the Aids Code, it is caught by the general prohibition on aid to the steel industry laid down in Article 4 of the ECSC Treaty. The aid to Siderpotenza would take the form of aid for environmental protection. On the information available, the Commission is unable to verify whether Article 3 of the Aids Code has been complied with.

France

2.1.133. On the same occasion the Commission approved four French aid schemes concerning applied research and development in the steel industry aimed at developing light plates, creating new products (multi-materials, sandwich sheets, etc.), generalizing continuous casting and studying the blast furnace of the future.

The aids were notified under Decision No 3484/85/ECSC. Of an intensity of 25% gross, their net grant equivalent varies between 15.5 and 15.8% depending on the scheme. The aid package is worth a total of FF 143 million (ECU 20 million), spread over three years. In making a finding of compatibility with the common market, the Commission noted that these figures are within the ceilings of intensity provided both in the Aids Code and under the general rules of the research and technology fund and that the schemes pursue the objectives described in the Code, notably a reduction

¹ Bull. EC 9-1988, point 2.1.56.

² Bull. EC 10-1988, point 2.1.62.

³ OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.25.

in production costs and an improvement in product quality and performance.

Spain

2.1.134. On 21 December the Commission decided to authorize the Spanish Government to pay before 31 December aid for the closure of steel plants amounting to PTA 40.265 billion (ECU 303 million) to 30 enterprises. The capacity to be closed down totals 4.299 million tonnes of hot-rolled products.

2.1.135. On the same day the Commission decided to initiate the procedure laid down in Article 5(4) of Decision No 3484/85/ECSC in respect of aid amounting to PTA 157.1 million (ECU 1.18 million) granted to the Spanish steel company Altos Hornos de Vizcaya SA in the form of grants for investments in the field of environmental protection. The Commission considered that the aid had been granted unlawfully without prior notification as required by Article 93(3) of the EEC Treaty.

Mining

Greece

2.1.136. Also on 21 December the Commission decided to initiate Article 93(2) proceedings in respect of the award of DR 2.7 billion (ECU 15.6 million) in aid to Eleusis Bauxite Mines, a Greek company engaged in the working of bauxite and pyrolusite deposits. In granting this aid in the form of the conversion of debts into capital and of capital injections, the Greek Government had failed to fulfil the obligations imposed on it by the Commission in Decision 88/167/EEC of 7 October 1987 authorizing the implementation of Greek Act No 1386/83 setting up a Business Reconstruction Organization.¹

Motor vehicles

Guidelines for State aid

2.1.137. On 22 December the Commission decided to introduce guidelines for State aid

in the motor vehicle industry. The objective is to establish full transparency of aid flows and to preserve the competitiveness of the Community industry. The Commission can operate an effective aid policy only if it is able to pronounce on individual cases before the aid is paid. The guidelines therefore provide that from 1 January 1989 onwards Member States must notify in advance all proposals to grant aid to motor manufacturers where the cost of the project to be aided exceeds ECU 12 million. This prior notification requirement applies irrespective of whether the aid is a new aid or is to be paid out under a scheme previously approved by the Commission. The purpose of having prior notification is to enable the Commission to verify the compatibility of the aid with the competition rules of the Treaty. At the same time, the Commission will monitor applications and approvals for assistance from the structural Funds or from other Community instruments in order to ensure that they are consistent with the guidelines now adopted for this industry. The guidelines will be valid for two years. At the end of that period, the Commission will review their usefulness and scope.

France

2.1.138. On 21 December the Commission took a final decision concerning the Article 93(2) proceedings initiated in 1985² and 1987³ in respect of four loans granted by the French authorities from the Fonds industriel de modernisation (FIM) to the French car manufacturer Peugeot SA-Citroën. The loans, totalling FF 1.7 billion (ECU 240 million), contained aid in the form of reduced interest rates and a two-year interest-free grace period. They were granted in order to help finance a large number of investments as part of the reorganization and restructuring of the Peugeot-Citroën group. The aided investments were aimed at introducing innovative production processes and new products and improving and

¹ OJ L 76, 22.3.1988; Bull. EC 10-1987, point 2.1.61.

² Bull. EC 12-1985, point 2.1.71.

³ Bull. EC 12-1987, point 2.1.119.

restoring the company's productivity and profitability.

In the course of the proceedings the French authorities provided detailed technical descriptions of the investments which allowed the Commission to carry out a thorough appraisal of the extent of the innovation involved. As in all previous FIM cases, the Commission sought to determine whether the aid had been used to finance the development of products and/or processes which could be regarded as innovative at Community level at the time of their introduction, or simply to finance modernization which should be paid for by companies without government assistance. In the case of Peugeot-Citroën, the Commission found that three out of the four loans contributed to several genuine innovations from a Community point of view. As for the fourth loan of FF 500 million (ECU 70 million), it was not possible to establish that the investments were innovative at Community level. The Commission therefore decided to approve the FIM loans of FF 1.2 billion (ECU 170 million) granted to Peugeot-Citroën and to take a negative decision on the remaining loan of FF 500 million. Since the loan had already been paid, it constituted unlawful assistance and the Commission decided to order recovery of the aid element it contained. This was calculated at FF 107.81 million.

State monopolies

Portugal

2.1.139. On 7 December the Commission decided to initiate the procedure laid down in Article 169 of the EEC Treaty in respect of Portugal because it considered that the Portuguese Government had failed to take the measures needed to reform its monopoly in petroleum products, as required by Article 208 of the Act of Accession,¹ with regard to the volume of quotas. It also considered that quotas had been administered in a way which discriminated against new operators and was therefore likely to result

in a return to the state of affairs which existed before accession. The Commission further noted that the arrangements for the taxation of petroleum products in Portugal contained features which were incompatible with Article 95 of the Treaty in that they resulted in imported products being treated less favourably. Finally, the Commission observed that a system of prior authorization of imports which was incompatible with Article 208 of the Act of Accession continued to exist in Portugal for some products not listed in that Article.

2.1.140. In December the Commission announced its decision to initiate Article 169 infringement proceedings in respect of the Portuguese alcohol monopoly. Acting on complaints lodged by certain Community traders, it took the view that the Portuguese Government had not taken the measures necessary to discharge the obligation of gradual reform of the monopoly. The Commission considered, moreover, that by promulgating Decree-Law No 34 of 4 February 1988 introducing a system of minimum entry prices for wine spirits imported from other Member States and a countervailing charge where the price was below that level, the Portuguese Government had taken a unilateral measure which, in making it more difficult for such products to enter Portugal, was incompatible with several provisions of Community law.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.141. On 20 December the Commission adopted, for transmittal to the Council, a proposal for a Regulation on guarantees

¹ OJ L 56, 2.3.1988; Bull. EC 12-1987, point 2.1.131.

issued by credit institutions and insurance companies.¹ This proposal is crucial to implementation, as far as guarantees are concerned, of the principle of freedom to provide services enshrined in Article 59 of the EEC Treaty.

Under the Regulation as proposed, public authorities in the Community will be obliged to accept guarantees issued by any bank or insurance company which has been licensed in accordance with the relevant Community Directives. This is a logical consequence of the process of approximation of national rules governing the taking-up of business by, and the prudential supervision of, the establishments in question. The obligation created will have beneficial effects both for those who have to put up a guarantee (they may henceforth use the same guarantee in every Member State) and for those who actually provide it (their guarantee must be accepted by every public authority).

2.1.142. Having reached agreement at its meeting on 12 December, the Council formally adopted on 21 December a common position on the proposal for a Directive on the own funds of credit institutions² in the light of the opinions delivered by Parliament³ and the Economic and Social Committee.⁴

This proposal is a key element in the harmonization of banking legislation. Own funds are the best means of gauging the financial position of a credit institution. The concept will therefore be used in many Community instruments designed to coordinate prudential rules (monitoring of large exposures, solvency ratio, limits on holdings in non-financial enterprises). The definition of own funds divides the items which may be included into two categories: original own funds (capital and reserves), which may be included without limitation, and additional own funds (such as securities of indeterminate duration, revaluation reserves, other items, commitments of members of cooperative societies, subordinated loan capital, which, because of their lesser quality, are included subject to limitations.

The total of additional own funds may not exceed 100% of original own funds. One item (funds for general banking risks) is provisionally excluded from both categories and may therefore be included in own funds without limit. The proposal also lists the items which must be deducted in calculating own funds. Finally, it specifies how the own funds of banking groups are to be calculated on a consolidated basis.

Insurance

2.1.143. On 16 December the Commission adopted, for transmittal to the Council, a proposal for a Directive on freedom to provide services in the field of motor insurance.⁵

The proposal, which forms part of the programme annexed to the White Paper,⁶ puts forwards solutions to the specific problems arising in the field of third-party motor insurance, in particular the problem of safeguarding the interests of road accident victims. It brings this branch of insurance within the framework established by Directive 88/357/EEC of 22 June 1988 on the effective exercise of freedom to provide non-life insurance services.⁷

2.1.144. On 23 December the Commission transmitted to the Council another proposal for a Directive—also announced in the White Paper⁶—on third-party motor insurance.⁸ This proposal seeks to resolve certain problems left over from Directives 72/166/EEC of 24 April 1972⁹ and 84/5/EEC of 30 December 1983,¹⁰ such as compulsory cover for all motor vehicle passen-

¹ COM(88) 805 final.

² OJ C 243, 27.9.1986; Bull. EC 9-1986, point 2.1.56; OJ C 32, 5.2.1988; Bull. EC 1-1988, point 2.1.43.

³ OJ C 246, 14.9.1987; Bull. EC 7/8-1987, point 2.1.123.

⁴ OJ C 180, 8.7.1987; Bull. EC 5-1987, point 2.1.88.

⁵ COM(88) 791.

⁶ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁷ OJ L 172, 4.7.1988; Bull. EC 6-1988, point 2.1.124.

⁸ COM(88) 644 final.

⁹ OJ L 103, 2.5.1972.

¹⁰ OJ L 8, 11.1.1984; Bull. EC 12-1983, point 2.1.53.

gers and certain aspects of the operation of guarantee funds.

2.1.145. On 23 December the Commission sent to the Council a proposal for a Directive—foreshadowed in the White Paper¹—on freedom to provide services in the individual life-assurance field.² The proposal distinguishes between two types of case. In the first case, an assurer actively canvasses for customers in another Member State without having recourse to an assurance establishment there. That Member State may require the assurer to seek authorization, the granting of which will depend on whether he complies with that country's rules on technical reserves and conditions of assurance. In the second case, the prospective policyholder seeks life assurance in another Member State on his own initiative. In this case, the supervisory rules of the country of establishment will apply (home country control) and the premium taxes of the policyholder's country of residence will continue to be payable.

Stock exchanges and securities

2.1.146. On 12 December the Council, acting on a proposal from the Commission,³ adopted Directive 88/627/EEC on the information to be published when a major holding in a listed company is acquired or disposed of.⁴ The Council's common position had been adopted on 23 August⁵ and approved by Parliament at second reading on 26 October.⁶ The Directive, which will have to be transposed into national law by 1 January 1991, will have the effect of reinforcing the Community policy on investor information and of making Community stock markets more transparent.

2.1.147. On 16 December the Commission adopted, for transmittal to the Council, a proposal for a Directive on investment services in the securities field.⁷ The proposal is designed to introduce freedom of establishment and freedom to provide services for investment firms other than banks. A logical follow-up to the proposal for a second banking coordination Directive,⁸

the main features of this new proposal are the principle of mutual recognition of a single authorization issued by a Member State of origin and supervision by the host country authorities of the investment activities shown in a list annexed to the Directive. These activities include broking, dealing as principal, market making, portfolio management and provision of investment advice. The purpose is to ensure that, from 1 January 1983, there will be a level playing field in the Community for both banks and non-banks providing investment services.

2.1.148. After reaching agreement at its 12 December meeting, the Council formally adopted a common position on 21 December on a proposal for a Directive concerning the prospectus to be published when securities are offered for subscription or sale to the public,⁹ which supplements Directive 80/390/EEC of 17 March 1980.¹⁰ The Council's position focuses on the provisions concerning mutual recognition of a prospectus approved in a home Member State, the minimum prospectus content to be prescribed so that investors have all the necessary information on which to base their investment decisions, and Euro-securities.

Company law, company taxation and capital movements

2.1.149. On 22 December the Commission adopted, for transmittal to the Council, a proposal for a Directive on takeover bids,¹¹ announced in the White Paper on the internal market, the purpose of which is to afford

¹ Bull. EC 6-1985, point 1.3.1 *et seq.*

² COM(88) 729 final.

³ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.83; OJ C 255, 25.9.1987; Bull. EC 9-1987, point 2.1.73.

⁴ OJ L 348, 17.12.1988.

⁵ Bull. EC 7/8-1988, point 2.1.78.

⁶ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.68.

⁷ COM(88) 778.

⁸ OJ C 84, 31.3.1988; Bull. EC 1-1988, point 1.2.1.

⁹ OJ C 355, 31.12.1980; Bull. EC 12-1980, point 2.1.41; OJ C 226, 31.8.1982; Bull. EC 7/8-1982, point 2.1.53.

¹⁰ OJ L 100, 17.4.1980; Bull. EC 3-1980, point 2.1.34.

¹¹ COM(88) 823.

shareholders and other interested parties equivalent protection.

More specifically, the proposal seeks to establish a balance between the interests of the offeror and those of the target company, including its shareholders and workforce. It contains a number of key rules aimed at ensuring that the addressees of a bid are treated equally and that there is proper disclosure and transparency. It also sets out the defensive measures which may be taken after a bid is announced. A supervisory authority vested with the necessary powers would ensure compliance with the rules set out in the proposal. Where the information provided by the offeror is insufficient, this authority could either prevent the bid being made or require the offeror to publish a properly corrected offer document. The same would apply where the offeror did not provide enough information on his intentions regarding the continuation of the business of the company, including the use of the assets and the treatment of management and staff.

As to the principle of equal treatment for shareholders, the proposal makes a bid obligatory once the holding of a company's equity has reached a specified proportion (30%). In order to prevent purely speculative bids, a bid must apply to all the shares of the company targeted.

Transparency would be guaranteed by the publication of the offer document setting out the terms of the operation and by the publication of the views of the target company's directors. These documents would have to be supplied immediately to employees' representatives. The offeror would be required to indicate his intentions as regards the use to be made of the company's assets for the purpose of financing the bid.

With regard to defensive measures taken after a bid has been announced, the Commission proposal stipulates that any decision to increase the capital or any exceptional operation must be a matter for the general meeting of shareholders of the target company.

Employment, education and social policy

The social dimension of the internal market

2.1.150. The conclusions adopted by the Presidency at the Rhodes European Council include a major section on the social dimension of the internal market (→ point 1.1.4) which stresses that:

'... progress in implementing the provisions of the Single European Act on the completion of the internal market must be accompanied by progress in implementing its provisions on social policy (in particular Articles 118a and 118b) and by the strengthening of economic and social cohesion.'

2.1.151. At its meeting of Employment and Social Affairs Ministers on 16 and 17 December the Council received a delegation from Parliament, led by the President, Lord Plumb, which expressed the wish to contribute in a practical way to the development of the social dimension of the internal market.

At the end of a detailed exchange of views, the Council President noted that significant progress had been made along the lines set out in the conclusions of the European Council in Hanover¹ and Rhodes (→ point 1.1.1 *et seq.*). He also stressed that a social action programme for the period up to completion of the internal market was essential for giving effect to the European Council's conclusions.

Employment

Dialogue with the two sides of industry

2.1.152. The two working parties set up following the meeting at Val Duchesse on 12 November 1985² met in December. The Working Party on Macroeconomics discussed the 1988-89 Annual Economic Report (→ point 2.1.1), the factors influencing investment and differences in wage costs.³

¹ Bull. EC 6-1988, point 3.4.1.

² Bull. EC 11-1985, point 2.5.15.

³ Previous meeting: Bull. EC 2-1988, point 2.1.79.

The Working Party on New Technologies and Social Dialogue finalized a draft joint opinion on new technologies, work organization and adaptability of the labour market, which has still to be approved by the executive bodies of the employers' and workers' organizations.¹

Financial instruments

Measures for ECSC workers

Readaptation aid

2.1.153. In December the Commission approved readaptation aid under Article

56(2) (b) of the ECSC Treaty totalling ECU 202 266 000 for 80 333 workers affected by the restructuring of the coal and steel industries. A breakdown of these measures, all but one of which relate to programmes submitted in 1988, is given in Table 7. In the case of countries for which the agreements on aid procedures had expired or for which no agreements had yet been concluded, the Commission extended the existing provisions or took *ad hoc* decisions pending the introduction of the new aid arrangements on 1 January 1989.

Table 7 — *Readaptation aid for workers in the coal and steel industries*

Member States	Steel industry		Coal industry	
	Workers	Amount (ECU)	Workers	Amount (ECU)
Belgium	125	322 250	5 970	19 115 250
Denmark	16	44 250	—	—
Germany (FR)	7 059	25 268 250	3 633	13 000 750
Spain	9 328	26 327 500	160	336 750
France	26 086	27 165 500	4 434	25 795 750
Greece	30	52 750	—	—
Italy	8 739	23 031 000	—	—
Luxembourg	1 100	3 326 000	—	—
Netherlands	1 425	4 281 000	—	—
Portugal	629	1 961 250	123	313 000
United Kingdom	29	352 000	11 447	31 572 750
Total	54 566	112 131 750	25 767	90 134 250

Social support measures (steel)

2.1.154. As the extraordinary revenue required to finance the social measures accompanying the restructuring of the Community steel industry was not provided, the needs in this area were not covered for 1988 (→ point 2.3.10).

Low-cost housing

2.1.155. On 20 December the Commission adopted the 11th programme of financial assistance for ECSC low-cost housing to cover the period 1989-92. This programme will be allocated ECU 48 million in the

form of own funds and ECU 120 million in borrowed funds. The Commission also approved an extension of the second instalment² of the 10th programme.³

Special financial support for Greece

2.1.156. On 16 December the Council, acting on a proposal from the Commission⁴

¹ Previous meeting: Bull. EC 10-1988, point 2.1.73.

² Bull. EC 5-1986, point 2.1.71, Bull. EC 9-1986, point 2.1.62.

³ Bull. EC 12-1984, point 2.1.90; OJ C 119, 14.5.1985; Bull. EC 5-1985, point 2.1.40.

⁴ OJ C 209, 9.8.1988; Bull. EC 7/8-1988, point 2.1.83.

after Parliament¹ and the Economic and Social Committee² had given their opinions, adopted Regulation (EEC) No 4130/88³ amending Regulation (EEC) No 815/84 of 29 March 1984 on exceptional financial support for Greece in the social field:⁴ the validity of the principal Regulation was extended for three years beyond 31 December 1988.

Education and vocational training

2.1.157. On 21 December the Commission adopted, for transmission to the Council, two proposals for Decisions — one on the establishment of the Lingua programme to promote training in foreign languages in the Community, the other on the promotion of the teaching and learning of foreign languages under this programme.⁵ The programme set out in these two proposals, which was announced in the Commission communication on the initial results of and prospects for the Erasmus programme,⁶ follows on from the paper on the teaching of foreign languages sent to the Council on 21 April⁷ and examined by the Council on 24 May.⁸

It has two main objectives: first, to increase the ability of Community citizens to communicate between themselves through a quantitative and qualitative improvement in the teaching and learning of the official Community languages and, second, to implement effective measures to provide the workforce with the levels of linguistic knowledge required to enable firms to benefit fully from the internal market. As part of a policy to encourage a diversification of the range of foreign languages, the Commission calls on Member States to apply a number of common principles, such as encouraging young people to study at least one other Community language during their compulsory schooling or persuading employers to include language training as part of vocational training at the workplace. The programme, which will cover the period 1990-94 with an estimated total budget of ECU 250 million, will include measures in four broad areas: promoting language

training for young people; stepping up the European university network and developing initial training for foreign language teachers; promoting the teaching of languages in business life; and additional measures to promote innovations which could improve the teaching of foreign languages.

Higher education

2.1.158. Following the call for expressions of interest published on 27 July,⁹ the Commission, after examining the 464 applications received from 254 institutions, selected 81 institutions and three consortia to participate in the ECTS pilot scheme (transferability of university course credits throughout the Community) provided for in the Erasmus programme.¹⁰

New technologies

Comett programme

2.1.159. Having received from the Commission on 5 December¹¹ an amendment to its original proposal¹² to take account of the opinion delivered by Parliament on 18 November,¹³ the Council adopted on 16 December Decision 89/27/EEC adopting the second phase of the programme on cooperation between universities and industry regarding training in the field of technology (Comett II).¹⁴ The Directive sets aside ECU 200 million over a five-year period beginning on 1 January 1990. Funds will be broken down as follows: 40% for transna-

¹ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.122.

² Bull. EC 11-1988, point 2.1.123.

³ OJ L 362, 30.12.1988.

⁴ OJ L 88, 31.3.1984; Bull. EC 3-1984, point 2.1.71.

⁵ COM(88) 841 final.

⁶ Bull. EC 11-1988, point 2.1.125.

⁷ Bull. EC 4-1988, point 2.1.88.

⁸ Bull. EC 5-1988, point 2.1.76.

⁹ OJ C 197, 27.7.1988; Bull. EC 7/8-1988, 2.1.85.

¹⁰ OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1 and 1.3.2.

¹¹ COM(88) 738 final.

¹² OJ C 239, 14.9.1988; Bull. EC 7/8-1988, point 2.1.87.

¹³ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.127.

¹⁴ OJ L 13, 17.1.1989.

tional exchanges, 40% for projects for continuing training in advanced technology and multi-media distance training, 12% for the European network and 8% for complementary measures.

2.1.160. On 1 and 2 December a mid-term conference was held on the first phase of the Comett programme.¹ The purpose of the conference, which was entitled 'European value-added in advanced training for technology', was to review developments within the programme and identify its specific benefits.

Education and training of migrant workers

2.1.161. On 21 December the Commission adopted, for transmission to the Council, a report² on the implementation in the Member States of Council Directive 77/484/EEC of 25 July 1977 on the education of the children of migrant workers.³ This report, which was based on data relating to the 1984/85 school year, contains an analysis of the laws and administrative provisions adopted by Member States pursuant to the Directive and a description, from information provided by Member States, of the present situation with regard to the education of the children of migrant workers.

European University Institute

2.1.162. On 1 December Dr P. J. Hillery, the President of Ireland, gave the annual Jean Monnet lecture at the European University Institute in Florence on the theme 'Ar scath a chéile' (We are all interdependent, so that our individual actions affect each other's wellbeing and destiny one way or another).

Living and working conditions and social protection

Poverty

2.1.163. On 21 December the Commission adopted, for transmission to the Council,

a proposal for a Decision to establish a medium-term Community action programme for the economic and social integration of the least-favoured groups.⁴ Covering the five years 1989-93 and with a budget of ECU 70 million to support pilot schemes, this programme will focus on corrective measures to meet the needs of extreme poverty and on preventive schemes for groups at risk. It is intended to pursue and extend Community measures to combat poverty given effect by the first programme⁵ and specific Community action⁶ in this area.

Equal opportunities for men and women

2.1.164. On 16 December the Council adopted a resolution on the reintegration and late integration of women into working life.⁷ The Council points out that a considerable number of women give up work on marriage or on the birth of a child on account of the difficulty of reconciling their working life and family life. It also calls on the Member States and the Commission to take, each in their respective areas, measures to help women who wish to return to work or make a late entry into employment. Finally, it asks the Commission to play the role of coordinator and instigator in this connection.

2.1.165. On 15 December Parliament delivered an opinion⁸ endorsing the proposal for a Directive on the burden of proof in the area of equal pay and equal treatment of men and women.⁹

¹ OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

² COM(88) 787 final.

³ OJ L 199, 6.8.1977; Bull. EC 6-1977, points 2.1.53 and 2.1.149.

⁴ COM (88) 826 final.

⁵ OJ L 199, 30.7.1975; Bull. EC 7/8-1975, point 2231; OJ L 322, 17.12.1977; Bull. EC 12-1977, point 2.1.79; OJ L 375, 31.12.1980; Bull. EC 11-1980, point 2.1.35.

⁶ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.95.

⁷ OJ C 333, 28.12.1988.

⁸ OJ C 12, 16.1.1989.

⁹ OJ C 176, 5.7.1988; Bull. EC 5-1988, point 2.1.83.

2.1.166. On 14 December the Commission sent the Council a report¹ on the implementation of the Council resolution of 7 June 1984 concerning action to combat unemployment amongst women.² This report, which was prepared under the medium-term Community programme on equal opportunities for women (1986-90),³ follows on from a previous report containing a preliminary evaluation of the measures adopted by the Member States which had been transmitted to the Council on 25 March.⁴ It confirms that the unemployment rate for women in the Community is significantly higher than that for men and that specific features are involved that require appropriate measures. Its analysis of measures adopted by the Member States shows that, apart from those concerning vocational training, the provision of information and advice, and action to promote better sharing of responsibilities, comparatively little has been done specifically for women and, furthermore, the scope of the measures introduced has been limited in most cases.

2.1.167. On 22 December the Commission sent the Council a communication on the social situation and employment of migrant women.⁵ This communication, which also forms part of the 1986-90 medium-term programme and is based on the results of studies and seminars carried out by the Commission, is intended to facilitate the social and occupational integration of migrant women. It analyses the situation and suggests a number of measures to be taken by Member States, with the Commission undertaking to pursue its efforts in various areas.

2.1.168. Also 22 December the Commission transmitted to the Council a report⁶ on the application of Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security.⁷ Based on information supplied by the Member States and by equal opportunities agencies, this report describes the situation at the end of 1985,

while taking account, in its conclusions, of developments in statute law and case-law up to the end of 1988.

Social integration of the disabled

2.1.169. On 22 December the Commission sent the Council a report⁸ on Council recommendation 86/379/EEC of 24 July 1986 on the employment of disabled people in the Community.⁹ It contains a general overview of the situation in each Member State, together with a comparative analysis of national policies.

Social protection

2.1.170. On 14 December the Commission transmitted to the Council a report on medium-term projections of social protection expenditure (1990 projections — summary report).¹⁰ This is the third annual report¹¹ in connection with the four-year programme of medium-term projections of social protection expenditure and financing, approved by the Council on 10 December 1982.¹² On the basis of the latest statistics available (for 1984), the report forecasts that the share of GDP accounted for by social protection expenditure will decrease in the majority of Member States in 1990. It also shows that the considerable differences between national systems will increase in the medium term.

Social security for migrant workers

2.1.171. On 16 December Parliament delivered an opinion¹³ endorsing the pro-

¹ COM (88) 713 final.

² OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.45.

³ Supplement 3/86 - Bull. EC.

⁴ Bull. EC 3-1988, point 2.1.100.

⁵ COM(88) 743 final.

⁶ COM(88) 769 final.

⁷ OJ L 6, 8.1.1979.

⁸ COM(88) 746 final.

⁹ OJ L 225, 12.8.1986; Bull. EC 7/8-1986, point 2.1.105.

¹⁰ COM(86) 655 final.

¹¹ Second annual report: Bull. EC 5-1986, point 2.1.83.

¹² Bull. EC 12-1982, point 2.1.68.

¹³ OJ C 12, 16.1.1989.

posal for a Regulation¹ to amend Regulation (EEC) No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community,² and Regulation (EEC) No 574/72 of 21 March 1972 laying down the procedure for implementing Regulation No 1408/71.³

Freedom of movement for migrant workers

2.1.172. On 21 December the Commission adopted proposals for amendments to Regulation (EEC) No 1612/68 of 15 October 1968 on freedom of movement for workers within the Community and Directive 68/360/EEC of 15 October 1968 on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families (→ point 2.1.6).

Health and safety

Public health

AIDS

2.1.173. At its meeting of Health Ministers on 15 December, the Council held an exchange of views on the present epidemiological situation, at the conclusion of which the President noted that the increase in AIDS cases and the rate of spread of HIV infection were less alarming than in the past but that efforts to combat AIDS should not be relaxed.

The Council and the Ministers meeting within the Council adopted conclusions concerning (i) AIDS and (ii) AIDS and the place of work. The latter deal more specifically with information, screening, HIV-positive employees and dealing with employees suffering from AIDS (→ points 3.4.1 and 3.4.2).

Cancer

2.1.174. On 14 December the Commission sent the Council a communication on the state of progress in December 1988 of the 'Europe against cancer' programme.⁴ This paper, the purpose of which is to inform the Council of the salient facts of 1988 as regards the fight against cancer at Community level, reviews the four parts of the programme (prevention, training, information, research) and makes a summary assessment of 'Europe against cancer' week.

2.1.175. On 14 December Parliament gave an opinion at first reading⁵ endorsing the proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States concerning the labelling of tobacco products.⁶ Some of the amendments called for by Parliament emphasize the need for the health warnings on packaging to reflect the linguistic diversity of Community countries.

Health and safety at work

2.1.176. On a proposal from the Commission,⁷ amended on 5 December,⁸ the Council adopted on 16 December Directive 88/642/EEC⁹ amending Directive 80/1107/EEC of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work.¹⁰ The Directive provides for the laying down, at Community level, in addition to binding limit values, indicative limit values designed to cover as many dangerous chemical, physical and biological agents as possible. It also makes provision for the introduction of standard measure-

¹ OJ C 292, 16.11.1988; Bull. EC 10-1988, point 2.1.80.

² OJ L 149, 5.7.1971.

³ OJ L 74, 27.5.1972.

⁴ Bull. EC 5-1987, point 2.1.121.

⁵ OJ C 12, 16.1.1989.

⁶ OJ C 48, 20.2.1988; Bull. EC 1-1988, point 2.1.48.

⁷ OJ C 164, 2.7.1986; Bull. EC 6-1986, point 2.1.125; OJ C 326, 5.12.1987; Bull. EC 11-1987, point 2.1.136; OJ C 321, 14.12.1988; Bull. EC 11-1988, point 2.1.133.

⁸ OJ C 330, 23.12.1988.

⁹ OJ L 356, 24.12.1988.

¹⁰ OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

ment procedures, a prerequisite for the harmonization of limit values.

2.1.177. At its 16 and 17 December meeting the Council approved its common position on the proposal for a Directive concerning the implementation of measures to help improve health and safety at work (new framework Directive),¹ which had been amended on 5 December² after Parliament had given its opinion at first reading (16 November).³

2.1.178. At the same meeting the Council President stated that the unanimity required for the adoption of the Directive on the protection of workers from the risks related to exposure to benzene,⁴ following Parliament's rejection of the Council's common position,⁵ had not been obtained. The Council agreed to include benzene in the scope of the Directive on the protection of workers from the risks of exposure to carcinogens at work.⁶

2.1.179. On 14 December Parliament adopted opinions (first reading)⁷ on the three proposals for Directives on the approximation of the laws of the Member States on personal protective equipment (→ point 2.1.16); minimum requirements for the use of personal protective equipment at work;⁸ and minimum requirements for work with visual display units.⁹

The amendments called for by Parliament, as in the case of four other proposals in this area considered in November,³ sought to ensure the 'balanced participation' of workers' representatives 'in accordance with the procedures and/or legislation existing in the Member States'.

2.1.180. On 15 December Parliament adopted a resolution on the working environment and the scope of Article 118a of the EEC Treaty.⁷ The House felt that Article 118a, which should serve as a basic reference point, could not be restricted to health and safety only. It stated that the concept of 'working environment' also covered the duration and organization of work and the type of work done and, conse-

quently, asked the Commission to present a framework Directive on the organization of work and to provide a clear and unambiguous interpretation of Article 118a.

2.1.181. On 14 December the Economic and Social Committee adopted, *nem. con.* with two abstentions, an opinion welcoming the proposal for a Directive on the protection of workers from the risks related to exposure to biological agents at work.¹⁰ Reaffirming the general observations made in its opinion of 28 April¹¹ on the proposal for a new framework Directive,¹ the Committee also stressed the need for a ranking of preventive and safety measures and the need to standardize the definitions and terminology used.

Health and safety (ECSC)

2.1.182. On 16 December the ECSC Consultative Committee stated its views under Article 55(2)(c) of the Treaty on the advisability of earmarking ECU 26 million from the ECSC levy to a first joint research programme on safety in the ECSC industries. The Committee was largely in favour of the approach adopted in the new programme, which is to address health research in a framework common to the steel industry and mining, and endorsed the aid in question after obtaining assurances as to the execution of the programme and developments in individual projects.

¹ OJ C 141, 30.5.1988; Bull. EC 2-1988, point 1.2.4.

² COM(88) 802 final.

³ OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.134.

⁴ OJ C 349, 31.12.1985.

⁵ OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.82.

⁶ OJ C 34, 8.2.1988; Bull. EC 12-1987, point 2.1.153.

⁷ OJ C 12, 16.1.1989.

⁸ OJ C 161, 20.6.1988; Bull. EC 2-1988, point 1.2.7.

⁹ OJ C 113, 29.4.1988; Bull. EC 2-1988, point 1.2.8.

¹⁰ OJ C 150, 8.6.1988; Bull. EC 3-1988, point 2.1.105.

¹¹ OJ C 175, 4.7.1988; Bull. EC 4-1988, point 2.4.50.

Communication and culture

Communication

Audiovisual policy and production

Rhodes European Council

2.1.183. The European Council meeting in Rhodes on 2 and 3 December stressed the importance of enhancing the Community's audiovisual capacity (→ points 1.1.1, 1.1.9, 1.1.12 and 1.1.13).

Script Fund

2.1.184. At a press conference in Brussels on 12 December, Mr Carlo Ripa di Meana, Member of the Commission with special responsibility for information, communication and culture, and Sir Richard Attenborough announced the launching of the European Script¹ Fund, of which Sir Richard is the President. The Fund, set up under the Media programme,² will make financing available for fiction projects of all kinds (films, TV series, television films, etc.) with the exception of cartoons. The assistance will take the form of an advance on writing and preproduction costs, to be repaid as soon as shooting commences, if the project gets off the ground. Each Member State is to be represented on the Board of the Fund by an eminent director, producer or script-writer.

1988 Epica prizes

2.1.185. On 6 December Mr Ripa di Meana presented the Epica prizes, which go to the best European advertising productions. The prizes are awarded for the originality of the creative concept and high standards of execution. The jury is made up of writers from advertising industry journals, this year representing 20 journals from 13 countries.

Public awareness

Information Offices

Opening of suboffices

2.1.186. On 21 December the Commission decided to open suboffices in Spain, France, Italy and the Federal Republic of Germany. The first will be opened in Barcelona in the first half on 1989.

Citizens' advice desks

2.1.187. On 12 December a citizens' advice desk was set up in the Commission's Information Office in Bonn, joining those already in operation in The Hague, Brussels and Copenhagen. Citizens' advice desks are due to be opened in the Information Offices in the other Member States during the first half of 1989. Their purpose is to inform Europeans of their individual and collective rights under Community legislation and to help them to make use of them.

Europe and the rest of the world — Development

2.1.188. The Commission had a stand at the second International Exhibition on Development Aid and Cooperation (Salon international de la coopération et de l'aide au développement — Sicad) held in Montpellier from 7 to 11 December. The exhibition, designed to present and promote the work of associations, NGOs and the authorities in the Northern countries to help those in the South, and to encourage cooperation between firms by acting as a clearing-house, was linked to the Agropolis scientific meetings, which this year were devoted to the agro-industrial aspects of North-South trade.

¹ Support for creative independent production talent.

² Measures to encourage the development of the audiovisual industry. Bull. EC 4-1986, point 2.1.79.

Fairs and exhibitions

2.1.189. On 23 December the Commission sent a communication to the Council on Community participation in the Seville World Fair to be held in 1992 on the theme 'The Age of Discovery'.¹ Parliament had adopted a resolution on the subject on 14 October,² and the Commission took up its suggestion of grouping the national pavilions together on a Community site, surrounding the Community's own pavilion. The arguments in favour of the Community as such participating include the fact that the fair is to be in a Member State in the year when the single market is scheduled to be completed and when Spain will be fully integrated into the Community at the end of the transitional period.

Surveys

Eurobarometer

2.1.190. A preview of some of the results of the most recent Eurobarometer survey (autumn 1988) was given on 15 December. They show support for the completion of the single market in 1992 remaining stable, with a slight upward trend. Three out of four people in the Member States have heard or read 'something' about 1992, and four out of five wish to see common economic and social policies introduced, particularly in relation to employment. There has been a turnabout in public opinion in the United Kingdom, where a majority is now in favour of removing checks at the Community's internal borders, and a significant increase in all the Member States in the degree of citizens' satisfaction with their country's membership of the Community.

Regional policy

Coordination and programmes

Consultative Council of Regional and Local Authorities

2.1.191. The Consultative Council of Regional and Local Authorities set up by

Commission Decision 88/487/EEC of 24 June³ held its first meeting on 20 and 21 December. It elected its officers, with Mr Hofman as Chairman. It heard Commission reports, notably on the role the Consultative Council should play and on the reform of the structural Funds.

Assessing the regional impact of other Community policies

2.1.192. In December the Commission launched two studies on the regional consequences of the single market in island regions and in traditional industrial regions.

Social and economic situation and development of the regions

2.1.193. The European Council, meeting in Rhodes on 2 and 3 December, recognized the particular socio-economic problems of certain island regions in the Community and requested the Commission to submit, if appropriate, any proposals it deemed useful (→ point 1.1.8).

Financial instruments

European Regional Development Fund

Thirteenth annual report

2.1.194. On 20 December the Commission adopted, for transmission to the Council, Parliament and the Economic and Social Committee, the 13th annual report on the activities of the European Regional Development Fund, covering 1987.⁴ The report describes in detail the Fund's activities during 1987 and reviews the first three years of application of Regulation (EEC) No 1787/84 of 19 June 1984.⁵

¹ COM(88) 793 final.

² OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.87.

³ OJ L 247, 6.9.1988; Bull. EC 6-1988, point 2.1.158.

⁴ COM(88) 728 final. Previous report: Bull. EC 12-1987, point 2.1.160.

⁵ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

In 1987 a total of ECU 3 533 million, or 99% of the appropriations available, was committed to the ERDF's various operations. A further ECU 129 million was committed for specific Community measures.

The main development in 1987 was that the start-up of programmes began to have a real impact on commitments, accounting for 15.3% of operations. This percentage is not far below the objective of 20% set in Article 6 of the ERDF Regulation.¹ Project financing maintained a high level during the period, accounting for 84% of assistance.

The breakdown of ERDF assistance in 1987 reveals strong concentration on the least-favoured regions. Not only did over half the aid granted go to the most heavily assisted regions, but also about 75% of aid went to regions concerned by Objective 1 (promoting development and structural adjustment of regions whose development is lagging behind) under the comprehensive Regulation (EEC) No 2052/88 of 24 June 1988 on the reform of the structural Funds.² Altogether, payments made in 1987 totalled ECU 2 444.3 million, an increase of 2% on 1986.

Programme preparation

2.1.195. On 21 December the Commission adopted a decision adding Germany's Mittlere Oberpfalz area to the regions eligible for assistance under the Community programme for the conversion of steel areas (Resider programme).³

ERDF grants

Programmes

2.1.196. In December the Commission approved ERDF grants towards 13 national programmes of Community interest (NPCIs):

ECU 3.37 million over the period 1988-91 for the NPCI for the area of Århus (Denmark);

ECU 5.62 million over the period 1989-92 for the NPCI for the area of Viborg (Denmark);

ECU 2.5 million over the period 1988-92 for the NPCI for the area of Bornholm (Denmark);

ECU 18.68 million over the period 1988-92 for the NPCI for Friesland (Netherlands);

ECU 62.1 million over the period 1988-91 for the NPCI for Tuscany (Italy);

ECU 42.4 million over the period 1988-91 for the NPCI for Ostbayern (Germany);

ECU 34.7 million over the period 1988-91 for the NPCI for Nordbayern (Germany);

ECU 34.7 million over the period 1988-91 for the NPCI for Rheinland-Pfalz (Germany);

ECU 25.73 million over the period 1988-91 for the NPCI for the Plymouth area (United Kingdom);

ECU 23.63 million over the period 1988-91 for the NPCI for Cornwall (United Kingdom);

ECU 110.5 million over the period 1988-91 for the NPCI for the Highlands and Islands (United Kingdom);

ECU 347.06 million over the period 1988-91 for the NPCI for the Strathclyde area (United Kingdom), implemented as part of an integrated development operation (IDO) (→ point 2.1.204);

ECU 156.63 million over the period 1987-91 for the NPCI for Yorkshire/Humberside (United Kingdom), also implemented as part of an IDO (→ point 2.1.203).

Projects

2.1.197. On 19 and 22 December the Commission approved the 10th and 11th allocations of ERDF grants for 1988 (see Table 9).

¹ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

² OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

³ OJ L 33, 5.2.1988; Bull. EC 2-1988, point 2.1.92.

Table 8 — Amounts committed in 1987, by Member State and type of operation

(million ECU)

	Programmes			Projects				Studies	Grand total
	Community programmes	National programmes of Community interest	Total	Industry, services and crafts	Infrastructure	Indigenous development potential	Total		
Belgium	—	13.78	13.78	1.37	7.33	1.05	9.75	—	23.53
Denmark	—	3.08	3.08	5.17	4.18	—	9.35	0.11	12.54
Germany (FR)	—	—	—	63.02	51.30	—	114.32	—	114.32
Greece	12.98	94.78	107.76	1.48	192.47	—	193.95	—	301.71
Spain	23.02	4.32	27.34	—	633.34	—	633.34	—	660.68
France	4.22	121.72	125.94	3.40	133.29	8.84	145.53	5.18	276.65
Ireland	14.23	52.63	66.86	24.78	69.47	0.88	95.13	0.12	162.11
Italy	29.27	1.72	30.99	120.55	789.04	—	909.59	0.12	940.70
Luxembourg	—	0.97	0.97	—	2.32	—	2.32	—	3.29
Netherlands	—	5.27	5.27	—	15.17	0.01	15.18	—	20.45
Portugal	29.01	—	29.01	—	359.73	—	359.73	0.24	388.98
United Kingdom	3.84	126.83	130.67	43.62	451.13	1.84	496.59	0.91	628.17
Community ¹	—	—	—	—	—	—	—	0.05	0.05
Total	116.57	425.10	541.67	263.39	2 708.77	12.62	2 984.78	6.73	3 533.18

¹ Studies initiated by the Commission concerning several Member States.

Table 9 — ERDF grants: 10th and 11th allocations for 1988

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	27	39	42.13	13.28
Denmark	14	35	25.91	5.56
Germany (FR)	7	7	17.40	0.73
Spain	38	84	197.17	91.93
Greece	30	77	53.66	22.13
France	44	55	165.53	71.51
Ireland	38	82	87.09	30.32
Italy	135	692	388.29	162.48
Luxembourg	1	1	3.79	0.74
Netherlands	4	4	39.90	11.97
Portugal	18	54	85.63	42.28
United Kingdom	137	352	387.43	127.65
Total	493	1 482	1 493.93	584.58

¹ Converted at December 1988 rates.

The total of ECU 584.58 million breaks down as follows:

ECU 51.71 million to help finance 266 projects in industry, craft industries and the service sector;

ECU 532.61 million to help finance 1 214 infrastructure projects;

ECU 260 000 to help finance two projects promoting the development of indigenous potential.

Studies

2.1.198. In December the Commission decided, in accordance with Article 24(1) of the ERDF Regulation, to grant financial assistance to seven studies related to Fund operations:

ECU 4 000 for a study of improvements to the central Pyrenean area (France);

ECU 73 000 for a preparatory study for a cross-frontier development programme concerning north-western Ireland and Northern Ireland (share for Ireland);

ECU 57 000 for a preparatory study for a cross-frontier development programme

concerning north-western Ireland and Northern Ireland (share for United Kingdom);

ECU 169 000 for a technical feasibility study for a rapid mass transit railway in the West Midlands (United Kingdom);

ECU 460 000 for a feasibility study for a socio-economic project in the Isole Ponziane (Italy);

ECU 56 000 for a study of the development of the distributive trades in Almadén (Spain);

ECU 50 000 for a study of investment opportunities and conditions in the 'terras quentes' area of Trás-os-Montes (Portugal).

Business and innovation centres

2.1.199. In December the Commission decided to make financial contributions under Article 543 of the budget to five projects for redeveloping areas affected by industrial decline: ECU 331 000 to Navarre (Spain), ECU 475 000 to Seville (Spain), ECU 340 000 to Ascoli Piceno (Italy), ECU

410 000 to Salerno (Italy) and ECU 246 000 to Patras (Greece); it also decided on a financial contribution of ECU 39 000 under Article 15 of the ERDF Regulation to Sicily (Italy). The grants are intended to be used for the establishment or completion of business and innovation centres.

Coordination of structural instruments

Reform of the structural Funds

2.1.200. In response to the conclusions of the European Council meeting held in Brussels from 11 to 13 February¹ and in accordance with the comprehensive Regulation (EEC) No 2052/88 of 24 June,² the Council adopted on 19 December, in the light of Parliament's opinion (second reading)³ on the Council's common positions,⁴ the implementing Regulations concerning coordination of the activities of the different structural Funds between themselves and with the operations of the EIB and the other existing financial instruments (No 4253/88) and the European Regional Development Fund (ERDF) (No 4254/88).⁵

Following a conciliation meeting with Parliament,⁶ the Council also adopted the implementing Regulations concerning the European Social Fund (ESF) (No 4255/88) and the EAGGF Guidance Section (No 4256/88) on 19 December.⁵

The Council broadly endorsed the Commission's proposals,⁷ making only a few improvements, notably as regards the setting of the rates of assistance, as established by the Commission, under the partnership arrangements.

As provided in the comprehensive Regulation,⁸ the reform of the structural Funds can therefore enter into force on 1 January 1989. Its four guiding ideas (concentrating activities on a limited number of objectives, increasing financial resources, establishing a new method of operation based on partnership and programming, simplifying and

harmonizing the rules for administering the Funds) are closely linked and will be implemented in keeping with the following principles: establishment of more specific guidelines, effective coordination between the Community's structural instruments, and sufficient flexibility to meet local requirements.

In the interests of effective coordination, all three Funds are to contribute to the attainment of Objective 1 (promoting the development and structural adjustment of the regions whose development is lagging behind) and Objective 5(b) (promoting the development of rural areas).⁹ The ERDF and the ESF will both provide assistance towards Objective 2 (converting the regions, frontier regions or parts of regions seriously affected by industrial decline). However, the ESF will alone be responsible for supporting Objective 3 (combating long-term unemployment) and Objective 4 (facilitating the occupational integration of young people), while Objective 5(a) (speeding up the adjustment of agricultural structures) is to remain the preserve of the EAGGF Guidance Section.

The combination of grants and loans constitutes another important operational principle for the administration of the Funds; it requires active collaboration with the EIB and the other lending instruments, particularly on the drawing up of the Community support framework.¹⁰

2.1.201. With a view to completing this comprehensive reform of the Community's structural activities, the Commission transmitted to the Council on 23 December a

¹ Bull. EC 2-1988, point 1.1.1 *et seq.*

² OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

³ OJ C 12, 16.1.1989.

⁴ Bull. EC 11-1988, point 2.1.158.

⁵ OJ L 374, 31.12.1988.

⁶ Bull. EC 11-1988, point 2.1.159.

⁷ OJ C 256, 3.10.1988; Bull. EC 7/8-1988, point 1.1.1 *et seq.*

⁸ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

⁹ Bull. EC 2-1987, point 1.1.8; OJ L 185, 15.7.1988; Bull. EC 6-1988.

¹⁰ Bull. EC 7/8-1988, point 1.1.6.

communication on the EIB, the other financial instruments and strengthening economic and social cohesion.¹ While the EIB's autonomy is to be preserved, its activities and those of the other financial instruments are to be fitted into the new approach established by Regulation (EEC) No 2052/88 of 24 June on the reform of the structural Funds.² The communication outlines in particular a method of combining Community loans and grants for the purpose of financing infrastructure projects. In accordance with the principle that budgetary assistance should be the lower the higher a project's financial profitability, maximum rates of Community grant are to be set for different categories of investment, which will be adjusted according to the objective pursued. Higher rates are envisaged for the least-favoured countries and regions, so as to maximize the economic impact of the budgetary resources available.

Integrated operations

2.1.202. On 14 December the Commission approved the launching of an integrated development operation (IDO) for the city of Bradford (United Kingdom). The overall objectives of this five-year operation (1988-92) are to secure a stronger basis for economic growth in Bradford, to restructure the local economy and, consequently, to contribute to the fight against unemployment. To that end, the emphasis is to be on creating a more favourable industrial and commercial climate for economic and new technology development, on infrastructures and on improving the range and quality of vocational skills. The total cost of this IDO is estimated at ECU 289.4 million, approximately ECU 73.4 million of which will be financed from the Community budget through the structural Funds (ERDF: ECU 62 million; ESF: ECU 11.4 million), while some ECU 7.2 million should be covered by EIB loans.

2.1.203. The Commission also approved on 21 December the launching of a five-year IDO (1987-91) for the Yorkshire/Humber-side steel area (United Kingdom). The oper-

ation seeks to establish a stable and healthy economic structure in this area in order to create a climate conducive to private-sector investment and thus to mitigate the effects of rundown and closure of the area's traditional industries. It is made up of six action programmes covering industry (technology, services, small and medium-sized enterprises), industrial sites and related infrastructures, transport, the environment, tourism and vocational training. Its total cost is put at approximately ECU 444.8 million, almost ECU 181 million of which will come from the Community budget via the structural Funds (ERDF: ECU 157 million; ESF: ECU 24 million), while EIB and ECSC loans should cover approximately ECU 115.2 million and ECU 8.4 million respectively.

2.1.204. The Commission also approved on 21 December the launching of an IDO in the Strathclyde region (United Kingdom). Lasting for five years (1988-92), this operation is designed to establish a healthy basis for long-term self-generating economic development in a region which has been seriously affected by the decline of traditional industries. The measures planned can be classified into seven subprogrammes as follows: enterprise, innovation and investment; industrial sites and premises; tourism; transport and communications; underground services and the treatment of waste; the environment; vocational training. The total cost of this IDO is estimated at approximately ECU 1 333.5 million, ECU 411 million of which will be provided by the Community's structural Funds (ERDF: ECU 347 million; ESF: ECU 64.2 million), while EIB and ECSC loans should total nearly ECU 120 million and ECU 36 million respectively.

Other integrated approaches

Pedip

2.1.205. In accordance with Regulation (EEC) No 2053/88 of 24 June 1988 on finan-

¹ COM(88) 244 final.

² OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

cial assistance for Portugal for a specific industrial development programme (Pedip),¹ the Commission published on 31 December its general implementing guidelines for 1988 and 1989.²

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2.1.206. On 8 December the Commission approved a communication on the assessment of the environmental impact of the plans, programmes and projects in respect of which assistance is sought from the structural instruments (→ point 2.1.224).

Environment and consumers

Environment

2.1.207. The European Council, meeting in Rhodes on 2 and 3 December, gave renewed impetus to work on the environment, and adopted a declaration on the subject (→ point 1.1.1. *et seq.*).

Action by the Community relating to the environment

2.1.208. A Commission Decision granting financial support for 10 projects designed to help preserve or restore seriously threatened biotopes forming habitats for endangered species, pursuant to Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds,³ took effect at the end of December as no response had been received from any Member State in the 20 days following a Commission communication. Three of the 10 projects, which come under Regulation (EEC) No 2242/87 of 23 July 1987 on action by the Community relating to the environment,⁴ concerns biotopes in the Extremadura region of Spain, six concern biotopes in France and one concerns a habitat of white-fronted geese in Ireland.

2.1.209. Acting under Regulation No 2242/87⁴ the Commission decided on 7 December to grant financial support to 11

demonstration projects concerning industrial activities.

Prevention and reduction of pollution and nuisance

Water pollution

Titanium dioxide

2.1.210. On 21 December the Commission amended for the second time its proposal for a Directive on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry.⁵ The amendments concern the explanatory memorandum and the preamble, and are necessary because of the change in the legal basis following the entry into force of the Single European Act.⁶

Nitrates

2.1.211. On 21 December the Commission also adopted, for transmission to the Council, a proposal for a Directive concerning the protection of fresh, coastal and marine waters against pollution caused by nitrates from diffuse sources, such as agriculture and municipal sewage treatment works.⁷ The proposal seeks to impose limits on the use of livestock manure, calls on the Member States to draw up programmes for the application of nitrogenous fertilizers based on plants real needs according to the amount of nitrogen present in the soil, and proposes a code of practice for farming. A limit value is also laid down for discharges of nitrogen in effluent from

¹ OJ L 185, 15.7.1989; Bull. EC 6-1988, point 2.1.166.

² OJ C 336, 31.12.1988.

³ OJ L 103, 25.4.1979.

⁴ OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.164.

⁵ COM(88) 849 final. First amendment — OJ C 167, 27.6.1984; Bull. EC 6-1984, point 2.1.75; original proposal — OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82.

⁶ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC; Bull. EC 2-1986, point 1.1.1 *et seq.*

⁷ COM(88) 708 final.

sewage treatment works. All these measures are to be applied in areas where the nitrate levels in water exceed 50 mg/l and in areas where there is already eutrophication or where eutrophication is likely to occur.

Water quality

2.1.212. On 22 December the Commission transmitted to the Council a proposal¹ to amend Directive 80/778/EEC of 15 July 1980 relating to the quality of water intended for human consumption,² Directive 76/160/EEC of 8 December 1976 on bathing water,³ Directive 75/440/EEC of 16 June 1975 on surface water⁴ and Directive 79/869/EEC of 9 October 1979 on methods of measurement and frequencies of analysis of surface water.⁵ In the light of the views expressed in Parliament's resolution on the implementation of Community legislation relating to water,⁶ this proposal seeks to improve and speed up the implementation of the Directives in question. Initially, the new Directive would apply for a three-year trial period.

Air pollution

Sulphur dioxide and suspended particulates

2.1.213. In December the Economic and Social Committee endorsed the proposal⁷ to amend Directive 80/779/EEC of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates.² The Committee welcomed the proposal to harmonize Annexes I and IV (which set out two systems for measuring limit values) but stressed the problem of pollution originating outside the Community and in the event of unfavourable weather conditions. It also welcomed the Commission's intention of revising the Directive more radically in the near future.

Harmful motor-vehicle emissions

2.1.214. On 21 December the Council adopted the common position, on which agreement was reached in November,⁸ con-

cerning the proposal⁹ to amend Directive 70/220/EEC of 20 March 1970 relating to measures to be taken against air pollution by emissions from motor vehicles.¹⁰ This proposal concerns small cars with an engine capacity of less than 1.4 litres.

Control of chemicals, industrial hazards and biotechnology

Chlorofluorocarbons

2.1.215. On 16 December the Community ratified the Montreal Protocol on Substances that Deplete the Ozone Layer,¹¹ which will come into force on 1 January 1989.

2.1.216. Under Regulation (EEC) No 3322/88 of 14 October laying down the rules governing the production and imports of products that deplete the ozone layer,¹² on 28 December the Commission published a notice to importers of chlorofluorocarbons and halons into the Community asking them to provide details of the type and quantity of products imported.¹³

Waste disposal

Transfrontier movements of hazardous waste

2.1.217. On 21 December the Council adopted the resolution concerning transfrontier movements of hazardous waste to

¹ OJ C 13, 17.1.1989; COM(88) 752 final.

² OJ L 229, 30.8.1980.

³ OJ L 31, 5.2.1976.

⁴ OJ L 194, 25.7.1975.

⁵ OJ L 271, 29.10.1979.

⁶ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.4.20.

⁷ OJ C 254, 30.9.1988; Bull. EC 9-1988, point 2.1.86.

⁸ Bull. EC 11-1988, point 2.1.167.

⁹ OJ C 56, 27.2.1988; Bull. EC 2-1988, point 2.1.103; OJ C 321, 14.12.1988; Bull. 11-1988, point 2.1.166.

¹⁰ OJ L 76, 6.4.1970.

¹¹ Bull. EC 9-1987, point 2.1.114.

¹² OJ L 297, 31.10.1988; Bull. EC 10-1988, point 2.1.108.

¹³ OJ C 333, 28.12.1988.

third countries¹ on which agreement was reached in November.²

Waste management

2.1.218. In December the Economic and Social Committee endorsed the proposals for a Directive³ to amend Directive 75/442/EEC of 15 July 1975 on waste⁴ and for a directive on hazardous waste.

Protection and use of resources

Urban areas

2.1.219. On 16 December Parliament adopted a resolution on the environment in urban areas.⁵ In particular, it calls on the Commission to implement a Community policy to protect and improve the environment in urban areas (provision of open spaces, pedestrian precincts, renovation, etc.).

Flora and fauna

2.1.220. On 20 December the Commission adopted, for transmission to the Council, a communication on the conservation of the African elephant⁶ setting out the measures it intends to take in this connection. These include support for action by the World-wide Fund for nature and restrictions on imports into the Community of ivory from countries which are not parties to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora⁷ and from countries which do not have an effective programme to protect this species of elephant.

Natural resources

Recovery and utilization of waste

2.1.221. On 1 December the Commission adopted, for transmission to the Council, a proposal for a Directive on batteries and accumulators containing dangerous substances.⁸ Under this proposal certain types of batteries and accumulators will be mar-

ked with the ISO recycling symbol and Member States will be required to set up collection systems for them once they are no longer in use. Its main aim is to encourage the safe disposal of spent batteries and accumulators, to promote the recycling of the raw materials they contain, to reduce the quantity of dangerous substances in waste and to encourage the manufacture of batteries and accumulators with a low dangerous-substance content.

2.1.222. On 16 December Parliament adopted a resolution on the recycling of certain types of batteries.⁵ In it Parliament sets out a list of subjects which it considers should be covered by the Commission proposal on batteries and accumulators containing dangerous substances: in particular the phasing-out of certain types of battery, a suitable collection and recycling system, information for consumers and tax incentives for the marketing of safe batteries.

International cooperation

2.1.223. The Commission attended the 47th meeting of the OECD Environment Committee from 7 to 9 December.⁹ In addition to the OECD's future environment programme and the Committee's next ministerial meeting in 1991, the agenda included the draft International Agreement on Control of Transfrontier Movements of Hazardous Wastes. The Committee decided to delay taking a final decision on the Agreement until the diplomatic conference to be held in Basle in March 1989, at which a Global Convention on the same subject is due to be signed under the auspices of UNEP.

¹ OJ C 9, 12.1.1989.
² Bull. EC 11-1988, point 2.1.177.
³ OJ C 295, 19.11.1988; Bull. EC 7/8-1988, point 2.1.118.
⁴ OJ L 194, 25.7.1975.
⁵ OJ C 12, 16.1.1989.
⁶ COM(88) 721 final.
⁷ OJ L 384, 31.12.1982; Bull. EC 6-1982, point 2.1.96; OJ L 136, 26.5.1987; Bull. EC 5-1987, point 2.1.149.
⁸ OJ C 6, 7.1.1989; COM(88) 672 final.
⁹ Previous meeting: Bull. EC 4-1988, point 2.1.118.

Taking the environment into account in other policies

2.1.224. Following the adoption by the Council on 24 June of Regulation (EEC) No 2052/88 on the tasks of the structural Funds,¹ and in the light of past experience, on 8 December the Commission adopted a communication concerning special assessment procedures to ensure that measures financed by Community financial instruments are compatible with environmental requirements. The main objective of these procedures — which are based on Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment² — is to establish an information base on the environments in question and foreseeable effects on them and to help the relevant national authorities take the environment into account in the planning of programmes and projects for which Community funding is sought.

Consumers

Physical protection and product safety

Cosmetics

2.1.225. On 21 December, acting on a proposal from the Commission³ after consulting the Economic and Social Committee and obtaining Parliament's approval of its common position at second reading,⁴ the Council formally adopted the Directive amending for the fourth time Directive 76/768/EEC of 27 July 1976 relating to cosmetic products.⁵ The purpose of this amendment is to improve provisions concerning labelling.

2.1.226. On 14 December the Economic and Social Committee unanimously adopted an opinion on the Commission's proposal to amend Directive 76/768/EEC for the fifth time.⁶ The Committee felt that the proposal should be amended, regretting in particular the move to replace the regulat-

ory committee on adaptation to technical progress by a purely advisory committee.

Rapid exchange of information on dangers arising from the use of consumer products

2.1.227. On 21 December the Council, acting on a proposal from the Commission⁷ after receiving opinions from Parliament⁸ and the Economic and Social Committee,⁹ adopted a Decision amending Decision 84/113/EEC of 2 March 1984 introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products.¹⁰

2.1.228. On 22 December the Commission sent the Council the report¹¹ required under Article 3 of Council Decision 86/138/EEC of 22 April 1986 concerning a demonstration project with a view to introducing a Community system of information on accidents involving consumer products (Ehlass).¹² The report, which is based on experience gained so far, will enable the Council to take a decision regarding the appropriate level of expenditure for the last two years of Ehlass.

Agriculture¹³

2.1.229. At its meeting from 12 to 20 December the Council made a thorough examination of the problems raised by the proposals for Regulations:

(i) introducing a system of transitional aid to agricultural income;¹⁴

¹ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

² OJ L 175, 5.7.1985; Bull. EC 6-1985, point 2.1.93.

³ OJ C 86, 1.4.1987; Bull. EC 2-1987, point 2.1.98.

⁴ OJ C 12, 16.1.1989.

⁵ OJ L 262, 27.9.1976.

⁶ OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.192.

⁷ OJ C 124, 11.5.1988; Bull. EC 3-1988, point 2.1.133.

⁸ OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.123.

⁹ OJ C 175, 4.7.1988; Bull. EC. 4-1988, point 2.4.58.

¹⁰ OJ L 70, 13.3.1984; Bull. EC 3-1984, point 2.1.111.

¹¹ COM(88) 827 final.

¹² OJ L 109, 26.4.1986; Bull. EC 4-1986, point 2.1.100.

¹³ Agricultural research is dealt with under 'Research and technology'.

¹⁴ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*; OJ C 180, 9.7.1988; Bull. EC 5-1988, point 2.1.118.

- (ii) making changes to the milk-quota system ('SLOM') and related measures;¹
- (iii) for reform of the beef and veal sector;²
- (iv) on the common organization of the market in goatmeat and sheepmeat;³
- (v) instituting specific measures for nuts and fixing the level of flat-rate aid for the formation of producers' organizations and the ceiling for aid for varietal conversion and marketing modernization in the nut-growing sector;⁴
- (vi) laying down general rules for the special scheme applying to small producers as part of the co-responsibility system in the cereals sector.⁵

There were difficulties which remained unresolved as regards beef/veal, income aids and milk quotas ('SLOM'), and the Council was not able to reach final conclusions on any of these proposals.

A number of measures were none the less adopted concerning beef/veal (→ point 2.1.257) and imports of butter from New Zealand (→ point 2.1.248).

Extension of the transitional period for Spain

2.1.230. On 19 December the Council adopted, on a proposal from the Commission⁶ on which Parliament had given its opinion,⁷ Regulation (EEC) No 4074/88⁸ amending, in respect of Spain, Regulation (EEC) No 4007/87 of 22 December 1987 extending (to 31 December 1989) the period referred to in Article 90(1) and Article 257(1) of the Act of Accession of Spain and Portugal.⁹

Market organizations

Cereals and rice

2.1.231. On 2 December the Commission adopted Regulation (EEC) No 3779/88¹⁰ on the reimbursement of the co-responsibility levy in the cereals sector provided for in

Commission Regulations (EEC) Nos 2040/86 of 30 June 1986¹¹ and 1432/88 of 26 May 1988¹² in respect of first-stage processing undertaken on a producer's account. This Regulation was a result of the judgment given by the Court of Justice on 29 June 1988,¹³ which declared the co-responsibility levy not due on such first-stage processing. Producers will, on request, be repaid the amounts of their levies.

2.1.232. On 8 December the Commission adopted Regulation (EEC) No 3833/88¹⁴ amending Regulation (EEC) No 2096/86 of 3 July 1986 laying down detailed rules for the application of a direct aid scheme for small producers of cereals.¹⁵ The amendment gives Member States a further month to pay the aid for 1987/88.

2.1.233. The cereal harvest having been found to have exceeded the maximum guaranteed quantity by 1.6%,¹⁶ the Commission adopted, on 12 December, Regulation (EEC) No 3859/88 fixing the definitive additional levy and the amount of the reimbursement in the cereals sector for the 1988/89 marketing year.¹⁷

At the same time, in the interests of producers and in order to simplify the reimbursement procedure, the Commission adopted Regulation (EEC) No 3858/88¹⁷ amending Regulation (EEC) No 1432/88 of 28 May 1988 laying down detailed rules for applying the co-responsibility levy in the

¹ OJ C 265, 12.10.1988; Bull. EC 9-1988, point 2.1.102.
² OJ C 300, 25.11.1988; Bull. EC 10-1988, point 2.1.144.
³ OJ C 319, 12.12.1988; Bull. EC 10-1988, point 2.1.145.
⁴ OJ C 322, 15.12.1988; Bull. EC 10-1988, point 2.1.129.
⁵ Bull. EC 11-1988, point 2.1.188.
⁶ OJ C 305, 30.11.1988; Bull. EC 11-1988, point 2.1.185.
⁷ OJ C 12, 16.1.1989.
⁸ OJ L 359, 28.12.1988.
⁹ OJ L 378, 31.12.1987; Bull. EC 12-1987, point 2.1.203.
¹⁰ OJ L 332, 3.12.1988.
¹¹ OJ L 173, 1.7.1986.
¹² OJ L 131, 27.5.1988; Bull. EC 5-1988, point 2.1.125.
¹³ Case 300/86 *van Landschoot v Mera*; Bull. EC 7/8-1988, point 2.4.46.
¹⁴ OJ L 338, 9.12.1988.
¹⁵ OJ L 180, 4.7.1986.
¹⁶ Bull. EC 11-1988, point 2.1.189.
¹⁷ OJ L 343, 13.12.1988.

cereals sector and laying down certain provisions for the 1988/89 marketing year.¹

These Regulations provide that repayment is to be made as soon as the definitive additional levy has been set. Member States may also provide for reimbursement direct by operators.

Fruit and vegetables

2.1.234. On 14 December the Economic and Social Committee unanimously adopted an opinion on the proposals for Regulations concerning the nut sector.² It recommended that the Commission promote increased production in the Community of those varieties and qualities of nuts for which demand was steady or expanding, while avoiding the creation of surpluses.

Wine

2.1.235. On 12 December the Council adopted, on a Commission proposal,³ Regulation (EEC) No 3904/88⁴ amending for the 11th time Regulation (EEC) No 351/79 of 5 February 1979 concerning the addition of alcohol to products in the wine sector.⁵

2.1.236. On the same date, again acting on a Commission proposal,⁶ the Council adopted Regulation (EEC) No 3877/88⁷ laying down general rules on the disposal of alcohol obtained from the distillation operations referred to in Articles 35, 36 and 39 of Council Regulation (EEC) No 822/87 of 16 March 1987⁸ and held by intervention agencies. The Regulation lays down a disposal procedure which is both standard, all alcohol from compulsory forms of distillation held by intervention agencies being treated in the same way, and simplified, the sale taking place in a single operation.

2.1.237. On 21 December, having reached agreement in principle on a Commission proposal,⁹ the Council adopted Regulation (EEC) No 4252/88 on the preparation and marketing of liqueur wines produced in the Community.¹⁰ This brings liqueur wines

under a system of common rules governing preparation, marketing and control which is designed, while maintaining quality distinctions, to avoid distortions of competition, facilitate free circulation and protect consumers.

2.1.238. On 21 December the Council adopted, on a Commission proposal,¹¹ Regulation (EEC) No 4251/88¹⁰ amending Regulation (EEC) No 354/79 of 5 February 1979 laying down general rules for the import of wines, grape juice and grape must.⁵ This extends to 31 January 1989 the system providing certain facilities regarding the provision of the certificate of origin and the analysis report for import of wine sector products from outside the Community. The United States is at present the only beneficiary of this system.

2.1.239. On 21 December, on a Commission proposal,¹² the Council adopted Regulation (EEC) No 4250/88 amending Council Regulation (EEC) No 822/87 of 16 March 1987 on the common organization of the market in wine.⁸ The amendments concern certain provisions of the basic Regulation relating to liqueur wines (definitions and oenological practices).

2.1.240. On 12 December the Council adopted two Decisions on the conclusion between the Community and Austria of:

(i) a new agreement on the control and protection, in particular against unfair competition in trade, of certain quality wines bearing a geographical ascription;¹³

¹ OJ L 131, 27.5.1988; Bull. EC 5-1988, point 2.1.125.

² OJ C 322, 15.12.1988; Bull. EC 10-1988, point 2.1.129.

³ Bull. EC 11-1988, point 2.1.191.

⁴ OJ L 347, 16.12.1988.

⁵ OJ L 54, 5.3.1979.

⁶ Bull. EC 7/8-1988, point 2.1.151.

⁷ OJ L 346, 15.12.1988.

⁸ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁹ OJ C 87, 2.4.1987; Bull. EC 3-1987, point 2.1.170; OJ C 11, 16.1.1988.

¹⁰ OJ L 373, 31.12.1988.

¹¹ COM(88) 790.

¹² OJ C 87, 2.4.1987; Bull. EC 3-1987, point 2.1.170.

¹³ Previous agreement: OJ L 389, 31.12.1981.

(ii) an agreement in the form of an exchange of letters on the reciprocal establishment of tariff quotas for certain quality wines (basically 85 000 hectolitres of quality wines and 2 000 hectolitres of quality sparkling wines at zero duty) (Decision 88/626/EEC).¹

2.1.241. After six years of long and difficult negotiations, the Council reached unanimity on the proposal for a Regulation laying down general rules on the definition, description and presentation of spirit drinks.² Such drinks are a major outlet for Community agriculture, and the Council agreed that the following were essential:

- (i) minimum production standards for spirit drinks with a minimum alcoholic strength of 15% vol and over;
- (ii) suitable protection of traditional geographical designations;
- (iii) exclusive reservation of certain descriptions for spirit drinks produced in particular Member States.

2.1.242. On 2 December the Commission adopted Regulation (EEC) No 3782/88³ authorizing Germany and France not to apply in certain areas the measures provided for in Council Regulation (EEC) No 1442/88 on the granting, for the 1988/89 to 1995/96 wine years, of permanent abandonment premiums in respect of wine-growing areas.⁴ The reasons given by France and Germany (danger of depopulation, of environmental damage, and of the quality policy being called in question) and the percentage of wine-producing potential concerned by the exemption are as provided for in the Community rules.

2.1.243. As stocks and availabilities were still well in excess of consumption, on 16 December the Commission adopted Regulation (EEC) No 3945/88 authorizing the conclusion of long-term private storage contracts for table wine, grape must, concentrated grape must and rectified concentrated grape must in respect of the 1988/89 wine year.¹

2.1.244. On 21 December the Commission adopted Regulation (EEC) No 3996/88⁵

reducing for the 1988/89 wine year the quantities of concentrated grape must in approved contracts for use in feedingstuffs as provided for in Regulation (EEC) No 2635/88 of 24 August 1988⁶ and derogating from certain time-limits for the same year. The Commission made this reduction after receiving information from the Member States showing that the total quantity in contracts was about 136 000 hectolitres in excess of that provided for.

2.1.245. On 20 December the Commission adopted the forward estimate for the 1988/89 wine year, for the Community excepting Portugal.⁷ It shows an appreciable fall in production, particularly of table wine (97 078 000 hectolitres out of total wine production of 154 522 000 hectolitres).

2.1.246. On 21 December the Commission adopted Regulation (EEC) No 4012/88⁵ amending Regulation (EEC) No 3418/88 of 28 October 1988 fixing the free-at-frontier reference prices applicable to imports of certain wine products with effect from 1 January 1989.⁸ Under the Community's cooperation agreements with a number of Mediterranean countries, free-at-frontier reference prices are reduced for annual quotas of wines originating in those countries which are put up in containers holding not more than two litres.

2.1.247. Also on 21 December the Commission adopted Regulation (EEC) No 4002/88⁵ amending Regulation (EEC) No 53/88 of 5 January 1988 laying down certain detailed rules for the application of the supplementary trade mechanism to wine-sector products.⁹ The new Regulation amends the indicative import ceilings to allow for the progression in such trade.

¹ OJ L 348, 17.12.1988.

² OJ C 189, 23.7.1982; OJ C 269, 25.10.1986; Bull. EC 9-1986, point 2.1.114.

³ OJ L 332, 3.12.1988.

⁴ OJ L 132, 28.5.1988; Bull. EC 5-1988, point 2.1.117.

⁵ OJ L 354, 22.12.1988.

⁶ OJ L 236, 26.8.1988; Bull. EC 7/8-1988, point 2.1.152.

⁷ OJ C 330, 23.12.1988.

⁸ OJ L 301, 4.11.1988.

⁹ OJ L 6, 9.1.1988; Bull. EC 1-1988, point 2.1.74.

Milk and milk products

2.1.248. Although as yet unable to adopt the proposal for a Regulation relating to the continued import of New Zealand butter into the United Kingdom on special terms,¹ the Council did reach a measure of agreement when it discussed the matter at its December meeting and on 19 December formally adopted Regulation (EEC) No 4131/88² amending Council Regulation (EEC) No 3667/83 of 19 December 1983 on the temporary continuation of such imports.³

This authorizes imports, between 1 January and 31 March 1989, of 18 625 tonnes of butter, representing a pro rata extension of the 1988 import arrangements.⁴

2.1.249. On 21 December, on a Commission proposal,⁵ the Council adopted Decision 88/650/EEC on the conclusion of an agreement in the form of an exchange of letters between the Community and Norway concerning reciprocal trade in cheese. This renews the agreement signed on 31 January 1986 fixing the tariff quotas to be opened by the two parties for the period 1986 to 1988.⁶ The quantities and duties applicable in 1988 will be continued for the next three years.

2.1.250. Following the above Decision, the Commission, on 21 December, adopted Regulation (EEC) No 4147/88² amending Regulation (EEC) No 1767/82 of 1 July 1982⁷ as regards the fixing of quantities of cheeses imported from Norway in 1989, 1990 and 1991 at a reduced levy.

2.1.251. On 21 December, on the basis of a Commission report and proposal,⁸ the Council adopted Regulation (EEC) No 4109/88⁹ amending Regulation (EEC) No 2990/82 of 9 November 1982 on the sale of butter at reduced prices to persons receiving social assistance.¹⁰ The report to the Council was based exclusively on experience in Ireland, the only Member State applying Regulation No 2990/82. There it had proved effective in maintaining sales of butter to recipients of social security who would

otherwise have been obliged to resort to cheaper substitutes. With a continuing decline in normal consumption of butter, the importance of the scheme is likely to be even greater in future. The Council thus decided, as proposed by the Commission, to continue the scheme to the end of 1990, the maximum amount of the Community aid being set at ECU 150/100 kg.

2.1.252. On 2 December the Commission sent the Council a proposal for a Decision to extend certain provisions on the supply of milk and milk products at a reduced price to cover Portugal.¹¹ This concerns measures regarding the provision of school milk,¹² for which it is proposed that Portugal be covered from 1 January 1989.

2.1.253. On 15 December the Commission sent the Council its thirteenth communication concerning the programme for the utilization of co-responsibility levy funds in the milk sector for the 1989/90 milk year.¹³ This contains the Commission's proposals for the allocation of the funds. The specific measures to be financed are set out in Table 10.

¹ Bull. EC 10-1988, point 2.1.140.

² OJ L 362, 30.12.1988.

³ OJ L 366, 28.12.1983; Bull. EC 12-1983; point 2.1.148.

⁴ OJ L 203, 26.7.1986; Bull. EC 7/8-1986, point 2.1.140.

⁵ COM(88) 686 final.

⁶ OJ L 22, 29.1.1986.

⁷ OJ L 196, 5.7.1982; Bull. EC 7/8-1982, point 2.1.107.

⁸ COM(88) 772 final.

⁹ OJ L 361, 29.12.1988.

¹⁰ OJ L 314, 10.11.1982; Bull. EC 11-1982, point 2.1.82.

¹¹ OJ C 329, 22.12.1988; COM(88) 716 final.

¹² OJ L 183, 7.7.1983; Bull. EC 7/8-1983, point 2.1.104.

¹³ COM(88) 671 final.

Table 10 — *Proposed measures and allocations for the 1989/90 milk year*

	<i>(million ECU)</i>
1. Measures for the promotion of dairy products	50.0
2. Post-test	1.0
3. Implementation of Directive 85/397/EEC	40.0
4. School milk	117.0
5. Butterfat for ice-cream	50.0
6. Butterfat for pastry and bakery products	110.0
7. Concentrated butter	33.0
8. Export achievement	54.0
Total	455.0

The implementation of these measures will depend both on market developments and on the budget situation and outlook.

2.1.254. On 12 December the Commission adopted the following Regulations: ¹

(i) Regulation (EEC) No 3850/88 fixing the quotas for 1989 applying to imports into Spain of milk and milk products from non-member countries;

(ii) Regulation (EEC) No 3851/88 amending Regulation (EEC) No 606/86 of 28 February 1986 laying down detailed rules for applying the supplementary trade mechanism (STM) to milk products imported into Spain from the Community of Ten. ² This lays down the indicative ceilings for such imports and breaks down the 'guide' quantities referred to in Article 84 of the Act of Accession from 1 January to 31 December 1989.

2.1.255. On 30 December, on the basis of Council Regulation (EEC) No 3554/88 of 14 November 1988, ³ the Commission adopted Regulation (EEC) No 4177/88 ⁴ amending Regulation (EEC) No 756/70 of 24 April 1970 on granting aid for skimmed milk processed into casein and caseinates. ⁵ This

Regulation lays down measures to prevent serious disturbance of the dairy market, caused by casein and caseinates receiving Community aid being used in the manufacture of certain milk products not envisaged by the rules. In addition, in view of rising prices for casein in international trade, the level of the aid is reduced.

2.1.256. On 16 December Parliament approved ⁶ proposals for Regulations on changes to the milk-quota rules ('SLOM') and related measures, ⁷ subject to the following amendments: exemption from the co-responsibility levy for all producers on their first 60 000 kg of milk; an increase in the Community reserve under the milk quota scheme (to 1.1 million tonnes, including 500 000 tonnes to Member States having difficulties in distributing quotas to producers); extension to the end of March 1989 of the option of quotas being granted to producers who received a non-marketing premium and did not deliver milk during the reference year adopted by the Member State concerned.

Beef/veal

2.1.257. On 19 December the Council adopted Regulations (EEC) Nos 4075/88, 4076/88 and 4077/88 ⁸ opening Community tariff quotas for 1989, at a Common Customs Tariff duty of 20%, for the following products respectively: high-quality fresh, chilled or frozen meat of bovine animals; frozen meat of bovine animals; and frozen buffalo meat.

2.1.258. On 20 December the Council, on a proposal from the Commission ⁹ endorsed by Parliament, ⁶ adopted Regulation (EEC)

¹ OJ L 343, 13.12.1988.

² OJ L 58, 1.3.1986.

³ OJ L 311, 17.11.1988; Bull. EC 11-1988, point 2.1.199.

⁴ OJ L 367, 31.12.1988.

⁵ OJ L 91, 25.4.1970.

⁶ OJ C 12, 16.1.1989.

⁷ Bull. EC 9-1988, point 2.1.102.

⁸ OJ L 359, 28.12.1988.

⁹ OJ C 4, 6.1.1989; COM(88) 755 final.

No 4132/88¹ amending Regulations (EEC) Nos 805/68 of 27 June 1968,² 1346/86 and 1347/86 of 6 May 1986,³ 1357/80 of 5 June 1980,⁴ 1199/82 of 18 May 1982⁵ and 3697/88 of 24 November 1988⁶ as regards the expiry dates for the arrangements for buying-in and the granting of certain premiums in the beef and veal sector. This extended to 5 March 1989 the current arrangements for intervention and premiums in the beef and veal sector, due to expire on 31 December 1988.

2.1.259. On 15 December the Economic and Social Committee adopted, *nem. con.* with six abstentions, an opinion on the proposals for Regulations for reform of the beef and veal sector.⁷ The Committee acknowledged the Commission's efforts to improve the organization of the market, as evidenced by the financial provision proposed.

Sheepmeat and goatmeat

2.1.260. On 8 December the Commission sent the Council a proposal for a Decision⁸ concerning the adaptation of the voluntary restraint agreement between the Community and New Zealand on trade in mutton, lamb and goatmeat.⁹

In line with the conclusions of the European Council in February,¹⁰ negotiations with New Zealand, which is by far the Community's largest supplier of such meat, had enabled a draft agreement to be prepared, the main points of which may be summarized as follows:

- (i) the quantity of 245 500 tonnes laid down in paragraph 6 of the voluntary restraint agreement is reduced by 40 500 to 205 000;
- (ii) a maximum quantity of 600 000 tonnes of chilled products is laid down for 1989, to be increased by 1 500 tonnes per year over the following three years;
- (iii) a system of price surveillance is to be established, to ensure a balanced relationship between prices of the imported and the domestic product;

(iv) as regards customs tariffs, levies fixed autonomously are suspended at zero for the duration of the arrangement, subject to the system of price surveillance being complied with.

2.1.261. On 14 December the Economic and Social Committee adopted, *nem. con.* with eight abstentions, an opinion on the proposal for a Regulation on the common organization of the market in sheepmeat and goatmeat.¹¹ This being a market where the Community is a net importer, the Committee considered that it could not adopt a final view on the Commission's proposal for altering the Community's internal arrangements before it was informed of the outcome of any renegotiation of rules governing imports from non-Community countries.

Sugar

2.1.262. On 6 December the Commission adopted Regulation (EEC) No 3805/88 altering, for the 1988/89 marketing year, the adjustment aid and additional aid to the sugar refining industry.¹² This increases the aid for the refining of preferential raw sugar from ECU 0.08 to 0.58 per 100 kg for 1988/89. In accordance with Regulation (EEC) No 1785/81 of 30 June 1981,¹³ which introduced this aid, the reduction in the storage levy for 1987/88 has been passed on in full to market prices, as shown by figures confirmed by authorities in the Member States.

2.1.263. On 7 December the Commission adopted Regulation (EEC) No 3816/88 lay-

¹ OJ C 362, 30.12.1988.

² OJ L 148, 28.6.1968.

³ OJ L 119, 8.5.1986.

⁴ OJ L 140, 5.6.1980; Bull. EC 6-1980, point 2.1.94.

⁵ OJ L 140, 20.5.1982; Bull. EC 5-1982, point 2.1.104.

⁶ OJ L 325, 29.11.1988.

⁷ OJ C 300, 25.11.1988; Bull. EC 10-1988, point 2.1.144.

⁸ COM(88) 767 final.

⁹ Bull. EC 10-1980, point 1.4.4.

¹⁰ Bull. EC 2-1988, point 1.1.1.

¹¹ OJ C 319, 12.12.1988; Bull. EC 10-1988, point 2.1.145.

¹² OJ L 335, 7.12.1988.

¹³ OJ L 177, 1.7.1981; Bull. EC 6-1981, point 2.1.88.

ing down detailed implementing rules for the grant of adjustment aid to the preferential raw sugar refining industry.¹ Regulation (EEC) No 1785/81² provided, for the 1987/88 to 1990/91 marketing years, for adjustment aid and additional aid to the industry refining preferential raw cane sugar and raw cane sugar produced in the French overseas departments. This aid may be extended to the refining of raw sugar from beet harvested in the Community. The implementing rules laid down are similar, *mutatis mutandis*, to those already applying to aid for the disposal of raw cane sugar produced in the French overseas departments.²

2.1.264. On 14 December the Commission adopted Regulation (EEC) No 3892/88³ amending Regulation (EEC) No 2670/81 of 14 September 1981 laying down detailed implementing rules in respect of sugar production in excess of the quota.⁴ The purpose of this Regulation is to provide a more precise definition of 'export' for purposes of Article 26 of the basic Regulation, in order to ensure uniform and harmonious application throughout the Community of the rules for the export of C sugar (in excess of the quota), and also to adapt the rules to changes in the practices and techniques of storage in collective port silos.

Processed fruit and vegetables

2.1.265. On 12 December the Council adopted Regulation (EEC) No 3879/88⁵ setting for the 1988/89 marketing year the percentages mentioned in Article 3(1a) of Regulation (EEC) No 426/86 of 24 February 1986⁶ in connection with aid for products processed from tomatoes. As against the previous year, the percentages were increased from 60 to 70% for the Community as constituted on 31 December 1985 and from 15 to 26% for Spain and Portugal.

2.1.266. On 5 December the Commission adopted Regulation (EEC) No 3794/88⁷ amending Regulation (EEC) No 1599/84 of 5 June 1984⁸ as regards the introduction of an application for payment of the aid in

advance for products processed from fruit and vegetables. This enables applications for advance payment of the aid to be made from 10 October, so that processors completing their processing cycle by 31 October may be paid as soon as possible. The measure will apply only from the 1989/90 marketing year.

2.1.267. On 16 December the Commission adopted Regulation (EEC) No 3937/88 on the sale by storage agencies of unprocessed currants for the manufacture of dried grapes paste⁸ and Regulation (EEC) No 3938/88 determining the price fixed in advance of unprocessed currants from the 1986 harvest, reserved for the manufacture of dried grapes paste.⁸ These Regulations add dried grapes paste to the list of specific uses to which dried grapes from previous harvests may be put and determine the price fixed in advance for sale of a maximum of 200 tonnes of currants from the 1986 harvest.

2.1.268. The Commission adopted the following instruments concerning cultivated mushrooms:

- (i) Regulation (EEC) No 3933/88 of 16 December⁸ amending Annex IV to Regulation (EEC) No 3433/81 of 26 November 1981⁹ laying down detailed rules for the application of Regulation (EEC) No 1796/81 of 30 June 1981¹⁰ as regards imports of preserved cultivated mushrooms originating in non-member countries; this amends the list of authorities competent to issue the certificates necessary for the entry into free circulation of mushrooms, the People's Republic of China having authorized a new authority and changed the names of others;
- (ii) Regulation (EEC) No 3973/88 of 20 December allocating the quantity of pre-

¹ OJ L 337, 8.12.1988.

² OJ L 177, 1.7.1981; Bull. EC 6-1981, point 2.1.88.

³ OJ L 346, 15.12.1988.

⁴ OJ L 262, 16.9.1981; Bull. EC 9-1981, point 2.1.77.

⁵ OJ L 49, 27.2.1986.

⁶ OJ L 334, 6.12.1988.

⁷ OJ L 152, 8.6.1984.

⁸ OJ L 348, 17.12.1988.

⁹ OJ L 346, 2.12.1981.

¹⁰ OJ L 183, 4.7.1981.

served cultivated mushrooms to be imported free of the additional amount in the period 1 January to 31 December 1989;¹

(iii) Recommendation 89/12/EEC of 21 December on the adoption of standards on tinned mushrooms;² the purpose of this recommendation, pending binding Community rules in the matter, is to encourage the trade circles concerned not to use ingredients or additives whose effect is to increase the tinned mushrooms' water retention.

2.1.269. On 21 December the Commission adopted Regulation (EEC) No 4061/88 laying down further detailed rules of application as regards import licences for certain processed products obtained from sour cherries originating in Yugoslavia.³ This lays down rules to ensure the sound management of the issue of import licences for the products concerned, up to the total quantity of 19 900 tonnes laid down in the Additional Protocol to the Cooperation Agreement with Yugoslavia.

2.1.270. On 21 December the Commission adopted a Decision establishing the forward estimate for products processed from fruit and vegetables subject to the supplementary trade mechanism (STM) which are imported into Portugal.⁴

Following this Decision, the Commission adopted on the same day Regulation (EEC) No 4262/88⁴ amending Regulation (EEC) No 641/86 of 28 February 1986 laying down detailed rules for the application of the STM to importation into Portugal of the products processed from fruit and vegetables listed in Annex XXII to the Act of Accession.⁵ The indicative ceilings for 1989 were thus increased by 35% for jams, fruit jellies and marmalades and 50% for the other products. This is in order to ensure a harmonious and gradual opening-up of the Portuguese market.

2.1.271. On 21 December the Commission adopted Regulation (EEC) No 3997/88⁶ amending Regulation (EEC) No 1599/84 of 5 June 1984 laying down detailed rules for the application of the system of production

aid for products processed from fruit and vegetables.⁷ The amendment consists in bringing forward from 31 to 15 January the date of the notifications to the bodies designated by the Member States for new processors wishing to benefit from the aid scheme in the processed fruit and vegetable sector.

Tobacco

Market situation⁸

2.1.272. Tobacco-growing plays a special role in the Community's farming: it is the sole source of income on 220 000 family holdings in the least-favoured regions of Greece, Italy, Spain and Portugal. It is also important in France, Belgium and Germany, where it is a major alternative crop on small, mixed farms whose main enterprises are cereals or dairying or other livestock. Here, tobacco, often taking up less than 10% of the holding's land, may account for up to 60% of the farmer's gross margin.

In 1987 the Community produced 383 433 tonnes of leaf tobacco, or about 6% of world raw tobacco output. The 1988 harvest in the Community is estimated at 383 000 tonnes, which is below the overall maximum guaranteed quantity (MGQ) of 385 000 laid down by the Council, as part of the agricultural stabilizers,⁹ for the 1988, 1989 and 1990 harvests. However, some of the specific MGQs laid down for varieties or groups of varieties are likely to be exceeded in 1988, and this will involve prices and premiums being reduced in proportion to the amount by which they are exceeded. However, the reduction may not

¹ OJ L 351, 21.12.1988.

² OJ L 7, 10.1.1989.

³ OJ L 356, 24.12.1988.

⁴ OJ L 376, 31.12.1988.

⁵ OJ L 60, 1.3.1986.

⁶ OJ L 354, 22.12.1988.

⁷ OJ L 152, 8.6.1984.

⁸ Bull. EC 10-1987, point 2.1.158.

⁹ OJ L 110, 29.4.1988; Bull. EC 4-1988, point 2.1.126.

exceed 5% for the 1988 harvest, or 15% for those of 1989 and 1990.

It is estimated that the Community grows half as much raw tobacco as it requires, but varieties and qualities are out of step with the demand from the European processing industry, which has to import 70% of the tobacco it uses (700 000 tonnes of baled tobacco), exporting about 45% of its production. Trade by, and within, the Community represents about 21% of total world trade in raw tobacco.

Marketing of tobacco from the 1987 harvest is proceeding smoothly, so that deliveries into intervention should be less than for 1985 and 1986, when the amounts going into intervention were 8% of production, because of problems of outlets for the Burley variety in 1985 and the Chernobyl factor in 1986. A 'zero stock' situation has now been achieved for the 1985 harvest, and is expected for the 1986 harvest in the summer of 1989.

The prices and premiums set by the Council for the 1988 harvest show changes in premiums differing from those in prices and a greater degree of modulation of both between groups of varieties. This is to encourage conversion to varieties and qualities of tobacco which are in demand and to rein in production of varieties which are in trouble. The Council decided on changes in the norm prices varying from 0 to -8% and in premiums from +2 to -8%.¹

Hops

2.1.273. On 21 December the Commission adopted two Decisions approving the varietal conversion programmes submitted by the United Kingdom (Decision 89/17/EEC²) and France under Council Regulation (EEC) No 2997/87 of 22 September 1987.³ These will enable hop-producer groups in the regions concerned to receive Community aid of ECU 2 500 per hectare for conversion of areas mainly under bitter varieties to aromatic or super-alpha varieties.

Structures

2.1.274. On 19 December, on a Commission proposal⁴ on which Parliament had given its opinion,⁵ the Council adopted Regulation (EEC) No 4073/88⁶ amending Regulation (EEC) No 1975/82 of 19 July 1982 on the acceleration of agricultural development in certain regions of Greece.⁷

2.1.275. On 15 December the Commission sent the Council a proposal⁸ for a Regulation amending Regulation (EEC) No 797/85⁹ as regards extensification of production. The purpose of the proposal is to allow Member States, where agronomic and economic conditions so require, to limit the aid scheme to an experimental application as part of local or regional pilot programmes.

2.1.276. On 21 December the Commission adopted Regulation (EEC) No 4115/88 laying down detailed rules for applying the aid scheme to promote the extensification of production.¹⁰ This lays down provisions concerning administration and control, and the maximum amounts under measures by the Member States eligible for a Community financial contribution.

2.1.277. On 19 December the Commission sent the Council a proposal for a Regulation instituting an exceptional emergency measure for less-favoured areas in Portugal.¹¹ The aim is to grant ECU 20 million to farmers in the areas concerned because of the exceptionally bad weather conditions there in the first half of 1988.

2.1.278. On 7 December the Commission decided to initiate infringement proceedings

¹ OJ L 199, 26.7.1988; Bull. EC 7/8-1988, point 2.1.134.

² OJ L 8, 11.1.1989.

³ OJ L 284, 7.10.1987; Bull. EC 9-1987, point 2.1.151.

⁴ OJ C 294, 18.11.1988; Bull. EC 11-1988, point 2.1.216.

⁵ OJ C 12, 16.1.1989.

⁶ OJ L 359, 28.12.1988.

⁷ OJ L 214, 22.7.1982; Bull. EC 7/8-1982, point 2.1.125.

⁸ COM(88) 745 final.

⁹ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

¹⁰ OJ L 361, 29.12.1988.

¹¹ OJ C 6, 7.1.1989; COM(88) 774 final.

against those Member States which had not implemented the set-aside scheme in Council Regulation (EEC) No 1094/88 of 25 April 1988.¹ Under Commission Regulation (EEC) No 1272/88 of 29 April 1988, laying down rules for its implementation,² the scheme has been compulsory since 14 July 1988. Although no Member State actually met that deadline, the scheme is none the less currently in force in the United Kingdom, Germany, the Netherlands, Belgium, France, Ireland, Spain and Greece.

2.1.279. On 13 December Parliament adopted a resolution on implementation of the set-aside policy in the Member States.³ It found that they had not submitted their programmes by the date laid down, and therefore invited those Member States which had not yet taken the necessary steps to immediately put forward meaningful proposals to farmers on the matter and to show their willingness to apply the scheme by making appropriate provision in their budgets. Parliament also asked the Commission to ensure that all the Member States complied with Regulation (EEC) No 1094/88 and to submit to it, by 1 April 1989, a full report on implementation by the Member States of all aspects of the legislation.

Legislation

Veterinary and animal husbandry

2.1.280. The Council adopted the following animal health and inspection directives in December:

(i) on a Commission proposal,⁴ amended⁵ in the light of Parliament's opinion,⁶ a Directive on health problems affecting the production, placing on the market of the Community and importation from third countries of minced meat and meat in pieces of less than 100 grams and amending Directives 64/433/EEC of 24 June 1964,⁷ 71/118/EEC of 15 February 1971⁸ and 72/462/EEC of 12 December 1972.⁹ This Directive lays down health and quality criteria for intra-Community trade in minced meat and meat-based preparations and

authorizes some imports from outside the Community. It also provides for later extension of microbiological standards to national markets, in order to bring Member States' provisions on the matter into line;

(ii) on a Commission proposal,¹⁰ a Directive amending Directive 77/99/EEC of 21 December 1976 on health problems affecting intra-Community trade in meat products.¹¹ This introduces for meat products certain technical and procedural principles already accepted in the case of fresh meat. It also brings the original Directive into line with technical progress;

(iii) on a Commission proposal¹² on which opinions had been delivered by Parliament³ and the Economic and Social Committee, a Directive amending Directive 80/215/EEC of 22 January 1980 on animal health problems affecting intra-Community trade in meat products.¹³ The purpose of the amendment is to raise the limit weight for heat-treated hams.

On 19 and 20 December respectively, the Commission adopted for transmission to the Council:

(i) a proposal for a Regulation on animal health conditions governing intra-Community trade in ovine and caprine animals¹⁴ and a proposal for a Directive¹⁴ amending Council Directive 72/462/EEC⁹ of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries, in order to include ovine and caprine animals; the purpose of these proposals is to harmonize veterinary

¹ OJ L 106, 27.4.1988; Bull. EC 4-1988, point 2.1.126.

² OJ L 121, 11.5.1988; Bull. EC 4-1988, point 2.1.149.

³ OJ C 12, 16.1.1989.

⁴ OJ C 18, 23.1.1988; Bull. EC 12-1987, point 2.1.228.

⁵ COM(88) 760 final.

⁶ OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.156.

⁷ OJ L 121, 29.7.1964.

⁸ OJ L 55, 8.3.1971.

⁹ OJ L 302, 31.12.1972.

¹⁰ OJ C 349, 31.12.1985; Bull. EC 12-1985, point 2.1.174.

¹¹ OJ L 26, 31.1.1977.

¹² OJ C 273, 22.10.1988; Bull. EC 10-1988, point 2.1.153.

¹³ OJ L 47, 21.2.1980; Bull. EC 1-1980, point 2.1.46.

¹⁴ COM(88) 742.

inspection rules for both intra-Community trade in and imports from outside the Community of sheep and goats, thus enabling the internal market to be completed in this sector;

(ii) a proposal for a Directive¹ laying down the veterinary inspection conditions governing intra-Community trade in and imports from third countries of embryos of domestic cattle; *inter alia*, the proposal lays down criteria for the collection and treatment of embryos by supervised and approved teams.

2.1.281. On 19 December the Council adopted a Directive on animal husbandry standards applying to breeding pigs. The purpose of the Directive is to liberalize trade in purebred and hybrid breeding pigs, their sperm, ova and embryos. It leaves it to the Commission to adopt the necessary implementing rules.

2.1.282. On 19 December the Commission sent the Council a proposal for a Decision introducing a Community financial measure for the eradication of contagious bovine pleuropneumonia in Portugal.² The aim of the proposal is to reduce the time it will take to eradicate the disease, through financial aid from the Community, and so increase the productivity of cattle farming in Portugal and help complete the internal market.

2.1.283. On 15 December the Commission sent the Council a proposal for a Decision fixing the powers and conditions of operation of the Community reference laboratories for residue testing.³ The purpose here is to determine the tasks to be entrusted to the Community reference laboratories, before they are designated in accordance with Council Directive 86/469/EEC of 16 September 1986.⁴

2.1.284. The following measures concerning swine fever were adopted:

(i) Council Decision 89/20/EEC of 14 December,⁵ amending on the basis of a Commission proposal⁶ Decision 88/303/EEC of 24 May 1988 recognizing certain

parts of the territory of the Community as being swine-fever free.⁷ The purpose of the Decision is to grant swine-fever-free status to certain parts of Germany, France, the Netherlands, Spain, Belgium and Italy, as a result of the progress made in eradicating the disease in the Community.

(ii) Council Decision 89/21/EEC of 14 December,⁵ which, on the basis of a Commission proposal⁸ made necessary by the Standing Veterinary Committee having failed to give a favourable opinion, derogates from prohibitions relating to African swine fever for certain areas in Spain. This Decision provides, in respect of parts of Spain where the disease has not occurred for at least 12 months, for a derogation from the ban on exporting live swine, fresh pigmeat and certain pigmeat products to the other Member States, from 14 May 1989, provided certain technical requirements are fulfilled. It constitutes an important precedent in that it involves dividing Spain into regions for purposes of African swine fever.

(iii) Commission Decision 88/631/EEC of 1 December,⁹ amending for the fourth time Decision 87/361/EEC of 26 June 1987 recognizing certain parts of France as officially swine-fever free.¹⁰

(iv) Commission Decision 89/13/EEC of 21 December on the maintenance of the status of certain regions of the territory of France as regards classical swine fever,¹¹ in order that the situation might be clarified and appropriate decisions adopted by 7 February 1989.

2.1.285. On 16 December the Commission sent the Council a proposal for a Decision¹²

¹ COM(88) 785 final.

² COM(88) 797 final.

³ COM(88) 720 final.

⁴ OJ L 275, 26.9.1986; Bull. EC 9-1986, point 2.1.122.

⁵ OJ L 9, 12.1.1989.

⁶ Bull. EC 11-1988, point 2.1.217.

⁷ OJ L 132, 28.5.1988; Bull. EC 5-1988, point 2.1.159.

⁸ COM(88) 818 final.

⁹ OJ L 350, 20.12.1988.

¹⁰ OJ L 194, 15.7.1987; Bull. EC 6-1987, point 2.1.183.

¹¹ OJ L 7, 10.1.1989.

¹² COM(88) 773 final.

to amend Annex A to Council Directive 85/397/EEC of 5 August 1985¹ in respect of the freezing point of milk, in order to enable the present standard on the freezing point of raw milk to be re-examined.

2.1.286. On 21 December the Commission adopted Decision 89/31/EEC² amending Decision 80/775/EEC of 25 July 1980 laying down methods of control for maintaining the officially brucellosis-free status of bovine herds in certain regions of Germany.³

2.1.287. On 22 December the Commission adopted Decision 89/18/EEC concerning the conditions of importation from third countries of fresh meat for purposes other than human consumption.⁴ Imports of fresh beef and veal for human consumption from the United States and Canada having been suspended from 1 January 1989, there being no guarantees concerning hormones, this Decision lays down measures guaranteeing that imported fresh meat will be put to the use intended.

2.1.288. On 15 December Parliament adopted a resolution on African horse sickness in Spain and Portugal.⁵ Since losses due to the disease amounted to billions of pesetas, Parliament invited the Commission to make available ECU 10 million immediately for compensating the breeders concerned and to adopt as a matter of urgency a detection and action programme, in collaboration with the Spanish and Portuguese authorities, with a view to detecting and controlling any epizootic diseases originating in Africa.

2.1.289. On 16 December Parliament approved⁵ the proposal for a Council Regulation laying down zootechnical and pedigree requirements for the marketing of purebred animals.⁶

2.1.290. On 14 December the Economic and Social Committee adopted an opinion approving the same proposal.

2.1.290a. On 15 December the Committee adopted an opinion on the proposals for Regulations on veterinary checks and con-

trols,⁷ drawing attention to a number of points concerning implementation, the effect on competition and on the internal market and specific problems which might arise.

Plant health

2.1.291. On 23 December the Commission sent the Council a proposal⁸ for a Regulation on the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables, and amending the procedural rules of Directive 76/895/EEC of 23 November 1976.⁹ The purpose of this proposal is to set up for these residues a system for fixing compulsory maximum levels to replace the optional scheme in the Directive as it stands.

2.1.292. On 5 December the Commission adopted Decision 88/632/EEC¹⁰ approving derogations by Italy from certain provisions of Council Directive 77/93/EEC of 21 December 1976¹¹ in respect of seed potatoes originating in Poland.

2.1.293. On 21 December the Commission adopted a Decision approving derogations by Greece, Italy and Portugal in respect of seed potatoes originating in Canada.

Livestock feed

2.1.294. On 21 December the Council adopted Directive 89/23/EEC¹² amending the annexes to Council Directive 70/524/EEC of 23 November 1970 concerning additives in feedingstuffs.¹³ The amendment

¹ OJ L 226, 24.8.1985; Bull. EC 7/8-1985, point 2.1.159.

² OJ L 15, 19.1.1989.

³ OJ L 224, 27.8.1980.

⁴ OJ L 8, 11.1.1989.

⁵ OJ C 12, 16.1.1989.

⁶ OJ C 304, 29.11.1988; Bull. EC 10-1988, point 2.1.154.

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

⁸ COM(88) 798 final.

⁹ OJ L 340, 9.12.1976.

¹⁰ OJ L 350, 20.12.1988.

¹¹ OJ L 26, 31.1.1977.

¹² OJ L 11, 14.1.1989.

¹³ OJ L 270, 14.12.1970.

authorizes the use of a new coccidiostat (Nifursol) and saccharin.

2.1.295. On 16 December Parliament approved,¹ subject to an amendment concerning the date of manufacture, the proposal² for a Directive amending Council Directive 79/372/EEC of 2 April 1979 on the marketing of compound feedingstuffs.³

Seeds and propagating material

2.1.296. On 12 December the Commission adopted Decision 89/7/EEC determining, for certain varieties of vegetable species, the period of validity of their official acceptance.⁴ The purpose of this Decision is to facilitate renewal of the official acceptance granted by the Member States to more than 100 old varieties of vegetables ('umbrella varieties'), so as to ensure free marketing of seed of those varieties in the future.

2.1.297. On 29 December the Commission adopted a Decision liberalizing trade in seed of certain species of agricultural plants between Portugal and the other Member States. On the basis of the Act of Accession, this Decision liberalizes trade between Portugal and the Ten in seeds of common vetch, barley, rice, common and durum wheat and maize.

Competition

2.1.298. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to make no objection to the introduction of the following proposed schemes, of which it had been duly notified.

Germany

Schleswig-Holstein

Measures for environmental protection in green belt areas.

Baden-Württemberg

Aid for additional investment in fertilizer storage.

Lower Saxony

Aid to compensate for loss of livestock through disease and defraying of expendi-

ture on measures to combat certain diseases (variation of an existing scheme).

Rhineland-Palatinate

Aid for the installation of young farmers.

Denmark

Refinancing of land ownership loans.

Spain

- Improvement of the conditions under which agricultural products are processed and marketed.

- Programme for the development of the primary sector and downstream industries in the province of La Coruña.

France

Aid for the re-establishment of forests in western France destroyed by the storms of October 1987.

Italy

Sales promotion in Belgium for Italian wines and other products.

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

France

(i) Aid to livestock farmers/cereal growers in the form of the refund of specific fiscal and parafiscal charges on cereals, granted on the purchase of livestock feed.

(ii) Measures envisaged to aid agriculture at the special agricultural conference of 25 February 1988. Grant of aid to beef/veal fatteners.

(iii) Aid additional to the Community ewe and she-goat premium for 1987.

¹ OJ C 12, 16.1.1989.

² OJ C 178, 7.7.1988; Bull. EC 5-1988, point 2.1.164.

³ OJ L 86, 6.4.1979.

⁴ OJ L 7, 10.1.1989.

2.1.300. The Commission decided to terminate the procedure concerning one scheme in Bavaria (Germany) for the expansion of a dairy at Fischach-Aretried.

2.1.301. The Commission adopted five decisions under Article 93(2) finding against the following measures.

Belgium

Fund for the promotion of poultry and small livestock raising and fruit and vegetables. These were aids for advertising, identification of outlets, etc. which were considered to be incompatible with the common market in that they were financed in part by compulsory levies on certain products exported. These levies were held to be charges having equivalent effect to customs duties and as such incompatible with Article 12 of the Treaty.

France

Aid of FF 500 for each calf fed for three months on milk produced on-farm, with a ceiling of FF 10 000 per farm.

Italy

- (i) Aid of LIT 2 000 per kg for the freezing and transport to the market of rear quarters of beef, in February and March 1988.
- (ii) Aid of LIT 3 300 in 1987/88 per degree of alcohol and per litre for the production and use of concentrated must.
- (iii) Aid of ECU 6.4 per 100 kg in 1987/88 to producers of mandarins for industrial processing.

The French scheme and the three Italian schemes were considered to be operating aids for the enterprises concerned. In the case of products subject to a common organization of the market there are limits to Member States' powers to intervene directly in the operation of the market organizations involving a common system of prices, which are the exclusive responsibility of the Community. Consequently, the schemes in question violate the principle that the Member States no longer have the

power to legislate unilaterally on farm incomes.

All five measures have been put into effect. The Commission noted the fact that they were unlawful, as the obligations deriving from Article 93(3) had not been complied with. It decided to apply strictly the principle that the Community must not finance expenditure deriving from the grant of such aid. Action will be taken when the EAGGF accounts are cleared, should it be possible for a link to be established between grant of the aid concerned and increased expenditure for the EAGGF Guarantee Section.

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.302. On 21 December the Council, acting on a proposal from the Commission,¹ adopted Regulation (EEC) No 4194/88 fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1989 and certain conditions under which they may be fished.² The measure had been approved by the Fisheries Ministers at their 9 to 11 December Council meeting.

Accession-related measures

2.1.303. On 11 December the Council, acting on Commission proposals, adopted Regulations (EEC) Nos 3947/88, 3948/88 and 3949/88, laying down, for 1989, certain measures for the conservation and management of fishery resources, applicable to vessels flying the flag:

¹ Bull. EC 11-1988, point 2.1.231.

² OJ L 369, 31.12.1988.

- (i) of a Member State, other than Spain and Portugal, in waters falling under the sovereignty or within the jurisdiction of Portugal;
- (ii) of a Member State, other than Spain and Portugal, in waters falling under the sovereignty or within the jurisdiction of Spain; and
- (iii) of Portugal in waters falling under the sovereignty or within the jurisdiction of a Member State, apart from Spain and Portugal.¹

Technical measures

2.1.304. On 21 December the Council adopted Regulation (EEC) No 4193/88² amending for the seventh time³ Regulation (EEC) No 3094/86 of 7 October 1986 laying down certain technical measures for the conservation of fishery resources.⁴ The purpose of this amendment, which had also been approved by Fisheries Ministers earlier in the month, was to take additional measure to regulate fishing for sole and plaice in Community waters.

2.1.305. On 21 December the Commission adopted Regulation (EEC) No 4086/88 establishing for 1989 the list of vessels exceeding 8 metres length overall which are permitted to use within certain coastal areas of the Community beam trawls whose aggregate length exceeds 8 metres.⁵

External aspects

Bilateral relations

Norway, Sweden and Faeroe Islands

2.1.306. On 21 December the Council, acting on the basis of the outcome of the annual bilateral consultations between the Community and the countries concerned,⁶ adopted Regulations (EEC) Nos 4196/88, 4198/88 and 4200/88 allocating among the Member States, for 1989, the catch quotas for vessels fishing in the Norwegian exclusive economic zone and the fishing zone round Jan Mayen, in Swedish and in Faer-

oese waters respectively.² The measures had been approved at the Council meeting on fisheries (9 to 11 December).

It also adopted Regulations (EEC) Nos 4195/88, 4197/88 and 4199/88 laying down for 1989 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway, Sweden or the Faeroe Islands and fishing in Community waters.

Greenland

2.1.307. On 11 December the Council, acting on a proposal from the Commission,⁷ adopted Regulation (EEC) No 3950/88 allocating, for 1989, Community catch quotas in Greenland waters.¹

French Guiana

2.1.308. On 9 December the Council, acting on a proposal from the Commission,⁸ adopted Regulation (EEC) No 3909/88 laying down for 1989 certain measures for the conservation and management of fishery resources applicable to vessels flying the flags of certain non-member countries in the 200-nautical-mile zone off the coast of French Guiana.⁹

Somalia

2.1.309. The second round of negotiations for a fisheries agreement between the Community and Somalia was held in Mogadishu from 5 to 7 December.¹⁰ Since the negotiations proved inconclusive, the two sides agreed to resume discussions so that agree-

¹ OJ L 352, 21.12.1988.
² OJ L 369, 31.12.1988.
³ Previous amendment: OJ L 292, 26.10.1988; Bull. EC 10-1988, point 2.1.164.
⁴ OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.
⁵ OJ L 359, 28.12.1988.
⁶ Bull. EC 10-1988, point 2.1.167; Bull. EC 11-1988, point 2.1.236.
⁷ Bull. EC 11-1988, point 2.1.237.
⁸ COM(88) 680 final.
⁹ OJ L 347, 16.12.1988.
¹⁰ First round: Bull. EC 7/8-1988, point 2.1.208.

ment could be reached before the end of May 1989.

Senegal

2.1.310. The Joint Committee provided for in the EEC-Senegal fisheries agreement¹ met in Brussels on 1 and 2 December. The two sides reviewed the way in which the existing Protocol was being applied and expressed general satisfaction. Discussions focused on landings and catch declarations and on the presence on board of observers and seamen.

Multilateral relations

NAFO

2.1.311. On 11 December the Council, acting on a proposal from the Commission,² adopted Regulation (EEC) No 3951/88 fixing catch possibilities for 1989 for certain fish stocks and groups of fish stocks in the Regulatory Area as defined in the NAFO Convention.³

ICSEAF

2.1.312. The Community participated as an observer at the eighth special session of the International Commission for the South-East Atlantic Fisheries, which was held in Madrid from 2 to 16 December. A number of measures were adopted to regulate fishing in the area covered by the Convention. Since the state of hake stocks off Namibia was giving cause for concern, the total allowable catch of hake for 1989 was reduced from 411 000 to 342 000 tonnes and the area in which fishing for hake is prohibited was extended. The Commission urged member countries to ratify as soon as possible the amendment to the Convention authorizing Community membership.

Cecaf

2.1.313. The Community participated as an observer at the 11th session of the Fishery Committee for the Eastern Central Atlantic, which was held in Douala, Cameroon, from

7 to 9 December. The main topics discussed at the meeting were the management of resources and the development of fisheries in Cecaf waters. A new statistical grid was also adopted to improve the collection of data.

Markets and structures

Markets

2.1.314. On 9 December the Council, acting on a proposal from the Commission,⁴ adopted Regulations (EEC) Nos 3860/88, 3861/88 and 3862/88⁵ fixing for the 1989 fishing year (1 January to 31 December) guide prices for the fishery products listed in Annex I (A), (D) and (E) and in Annex II to Regulation (EEC) No 3796/81 of 29 December 1981⁶ and producer prices for tuna for the canning industry.

2.1.315. On 21 December the Commission adopted a number of Regulations to govern the following matters in the 1989 fishing year: withdrawal and selling prices (4201/88); reference prices (4202/88); standard values (4203/88); the carryover premium (4204/88); the storage premium (4205/88); Spanish and Portuguese joint ventures (4206/88 and 4207/88); quantitative restrictions (4208/88); the supplementary trade mechanism (4209/88); the minimum guaranteed price for Atlantic sardines (4210/88); the compensatory allowance for Mediterranean sardines (4211/88); the reference price for intra-Community trade in Atlantic sardines and anchovies (4212/88); new marketing standards for Norway lobster (4213/88); the flat-rate premium (4214/88); new rules for the granting of a carryover premium (4215/88); and new conversion factors for frozen squid (4216/88).⁷

¹ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

² Bull. EC 11-1988, point 2.1.241.

³ OJ L 352, 21.12.1988.

⁴ Bull. EC 10-1988, 2.1.173.

⁵ OJ L 345, 14.12.1988.

⁶ OJ L 379, 31.12.1981.

⁷ OJ L 370, 31.12.1988.

Structures

2.1.316. On 21 December the Commission, acting under Regulation (EEC) No 4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector,¹ adopted a specific programme submitted by France relating to the provision of facilities at fishing ports. The programme, which covers the period 1987-91, is a basic element of the structural side of the common fisheries policy, constituting a framework for regional, national and Community financing. On the same day the Commission also granted aid totalling ECU 354 000 to three projects for the provision of facilities at French fishing ports.

2.1.317. The Commission adopted a Decision on 29 December, also under Regulation No 4028/86¹ (Title V), to grant aid to an Italian exploratory fishing project.

2.1.318. On 23 December the Commission adopted 11 Decisions amending the multi-annual guidance programmes approved on 11 December 1987.² These Decisions reaffirm that the overall fishing capacity of Member States' fleets must be reduced and that the development of fleets must be strictly controlled if the pressure on resources is to be eased. They leave Member States some latitude as regards compliance with the interim targets set for 1989 and 1990 so that they can bring their arrangements closer into line with the objectives of the common fisheries policy but require them to introduce measures which will enable the Commission to check whether the required controls are actually applied. However, the targets set in the earlier decisions—for 1992—in respect of individual Member States' fleets are unchanged.

2.1.319. On 22 December the Commission adopted a Decision amending Decision 88/1026/EEC of 2 June fixing the maximum level of Member States' expenditure on measures to adjust capacity in the fisheries sector (temporary or permanent withdrawal of certain vessels from fishing activities) which would be eligible for partial reim-

bursement by the Community in respect of 1988. Details are given in Table 11.

Table 11 — *Adjustment of capacity: maximum eligible expenditure, by Member State*

	<i>(million ECU)</i>	
	Laying-up premium	Final cessation premium
Belgium	—	0.414
Denmark	—	18.660
Germany (FR)	1.686	1.541
Greece	—	5.700
Spain	7.320	6.277
France	0.743	0.086
Ireland	—	—
Italy	2.598	8.000
Netherlands	—	6.000
Portugal	0.700	2.689
United Kingdom	—	—
Total	13.047	49.367

2.1.320. On 21 December the Commission, acting under Regulation (EEC) No 3722/85 of 20 December 1985 on a system of structural aid for the conversion of sardine canning plants,³ decided to grant aid totalling some ECU 2.9 million towards one French and two Italian projects.

2.1.321. On 8 December the Commission, acting under Regulation (EEC) No 355/77 of 15 February 1977 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed,⁴ approved a specific programme submitted by Greece.⁵

2.1.322. On 21 December the Commission, again under Regulation No 355/77, granted, as the second tranche of EAGGF

¹ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

² OJ L 4, 7.1.1988; Bull. EC 12-1987, point 2.1.263.

³ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.206.

⁴ OJ L 51, 23.2.1977; Eleventh General Report, point 354.

⁵ OJ L 5, 7.1.1989.

Guidance Section aid for 1988, some ECU 17.4 million towards 66 investment projects in the fisheries sector. Details are shown in Table 12.

Table 12 — *EAGGF Guidance Section aid, second tranche for 1988*

	Number of projects	Aid (million ECU)
Belgium	1	0.575
Denmark	6	0.506
Germany (FR)	4	0.253
Greece	3	2.614
Spain	17	4.995
France	8	0.988
Ireland	2	0.315
Italy	5	2.899
Netherlands	2	0.193
Portugal	6	3.053
United Kingdom	12	1.067
Total	66	17.458

2.1.323. On 20 December the Commission, acting under Council Regulation (EEC) No 3252/87 of 19 October 1987 on the coordination and promotion of research in the fisheries sector,¹ granted Community financial aid totalling some ECU 3.4 million towards 17 projects. These projects, which were selected from the 302 applications submitted to the Commission following the call for proposals published on 1 July,² relate to research into fisheries management, fishing techniques, aquaculture and the upgrading of fishery products.

State aids

2.1.324. The Commission raised no objection to the introduction of schemes of assistance notified by Germany (adjustment of fishing capacities), Spain (processing and marketing of fishery products, and conversion of small vessels) and the United Kingdom (purchase of second-hand vessels).

Transport

Infrastructure

2.1.325. The Rhodes European Council expressed its interest in the carrying-out of major transport infrastructure projects (→ point 1.1.7).

2.1.326. Following the general consensus emerging from the Council meeting of 8 December, and with the support of Parliament³ and the Economic and Social Committee, on 19 December the Council, acting on a proposal from the Commission, adopted Regulation No 4048/88 on grants for transport infrastructure projects.⁴ These grants, from the 1988 and 1989 budgets, are targeted at projects and preparatory studies of Community interest, such as the response to the combined transport needs of the major United Kingdom-Benelux-France-Italy-Greece route, the improvement of road and rail links with the Iberian peninsula, the improvement of road infrastructure associated with the Channel Tunnel and the high-speed London-Paris-Brussels-Cologne-Amsterdam railway line.

Inland transport

2.1.327. On 8 December the Council adopted a resolution on the extension of the system for observing the markets for the carriage of goods by rail, road and inland waterway between the Member States.⁵ This system, as provided for in the Council resolution of 18 June 1986,⁶ is extended until 31 December 1990.

2.1.328. On 23 December the Commission sent the Council a proposal for a Regulation on the elimination of controls performed at

¹ OJ L 314, 4.11.1987; Bull. EC 10-1987, point 2.1.40.

² OJ C 172, 1.7.1988; Bull. EC 7/8-1988, point 2.1.32.

³ OJ C 12, 16.1.1989.

⁴ OJ L 356, 24.12.1988.

⁵ OJ C 328, 21.12.1988.

⁶ OJ C 160, 27.6.1986; Bull. EC 6-1986, point 2.1.223.

frontiers in the field of road and inland waterway transport (→ point 2.1.35).

Rail transport

2.1.329. In compliance with Council Regulation (EEC) No 2830/77 of 12 December 1977 on the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings,¹ the Commission sent the Council on 19 December its ninth report on the railways accounts, covering 1985.²

Road transport

Access to the market

2.1.330. On 22 December the Commission sent the Council a second amendment³ to the proposal for a Regulation on common rules for the international carriage of passengers by coach and bus,⁴ to establish certain derogations for shuttle services with accommodation.

Admission to the occupation

2.1.331. On 13 December Parliament adopted an opinion⁵ endorsing the proposal⁶ to amend Directives 74/561/EEC and 74/562/EEC of 12 November 1974 on admission to the occupation of road passenger transport operator and road haulage operator in national and international transport operations,⁷ and Directive 77/796/EEC of 12 December 1977 on the mutual recognition of diplomas and other evidence of formal qualifications for such transport operators.¹ Parliament called in particular for the withdrawal of an obligatory period of work experience for new entrants to the occupation. The other amendments it sought were of a technical nature.

Taxation

2.1.332. The Council debated in depth the proposal for a Directive on the charging

of transport infrastructure costs to heavy goods vehicles.⁸ Discussion focused primarily on the communication from the Commission concerning the possible ways of applying the principle of territoriality, i.e. charging according to use of road infrastructure.⁹

Technical aspects

2.1.333. On 20 December the Commission adopted, for transmittal to the Council, a report on the use and safety aspects of articulated buses.¹⁰ This short report contains the supplementary information requested by the Member States.

2.1.334. On 7 December the Commission adopted, for transmittal to the Council, a second report¹¹ on the development of the circumstances which justified the derogations accorded to Ireland and the United Kingdom as regards certain provisions of Directive 85/3/EEC of 19 December 1984 on the weights and dimensions of commercial vehicles.¹² This report, concerning the bridge infrastructure of these two countries, is accompanied by a proposal to amend the Directive, setting the date for the expiry of the derogations at 31 December 1996.

Social conditions

2.1.335. On 15 December the Economic and Social Committee adopted an opinion on the proposal for a Directive on

¹ OJ L 334, 24.12.1977.

² COM(88) 739 final. Previous report: Bull. EC 7/8-1987, point 2.1.259.

³ COM(88) 770 final. First amendment: OJ C 301, 26.11.1988; Bull. EC 10-1988, point 2.1.180.

⁴ OJ C 120, 6.5.1987; Bull. EC 2-1987, point 2.1.170

⁵ OJ C 12, 16.1.1989.

⁶ OJ C 102, 16.4.1988; Bull. EC 3-1988, point 2.1.188.

⁷ OJ L 308, 19.11.1974.

⁸ OJ C 79, 26.3.1988; Bull. EC 12-1987, point 2.1.275

⁹ Bull. EC 11-1988, point 2.1.254.

¹⁰ COM(88) 719 final.

¹¹ COM(88) 759 final. Previous report: Bull. EC 1-1987, point 2.1.125.

¹² OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

vocational training for certain drivers of vehicles carrying dangerous goods by road.¹ While agreeing with the objectives of the proposal, the Committee considers that the measures in question should be adopted within the framework of the ECE's European Agreement concerning the International Carriage of Dangerous Goods by Road.

Inland waterways

Structural improvements

2.1.336. Having received the opinion of Parliament,² the Commission transmitted to the Council on 23 December an amendment³ to the proposal for a Regulation on structural improvements in inland waterway transport.⁴ This contained most of the changes called for by Parliament.

Admission to the occupation

2.1.337. On 13 December Parliament approved⁵ the proposal for a Directive on the reciprocal recognition of national boatmasters' certificates for the carriage of goods by inland waterway.⁶ It called for a number of changes, mainly concerning the effective date of the Directive and the information procedure regarding the additional requirements for specific waterways.

Air transport

2.1.338. On 15 December Parliament adopted a resolution on the accident at Remscheid in Germany.⁵ It called for an immediate end to all military training or low-level flights over dangerous installations and residential or urban areas.

2.1.339. On 15 December the Economic and Social Committee adopted an opinion on the proposal for a Regulation on an obligatory code of conduct for all computerized seat-reservation systems in use or proposed for use in the Community's air-trans-

port sector.⁷ The Committee was in favour of the proposal but had reservations about the display criteria and the need to include cargo and mail services in the proposal.

Multimodal transport

2.1.340. On 21 December the Council, acting on a proposal from the Commission⁸ that had been given its second reading in Parliament,⁵ adopted a Directive on summer time arrangements.⁹ The Directive sets the dates for the beginning and end of summer time in 1990, 1991 and 1992.

Internation cooperation

2.1.341. Following the agreement reached on 8 December, the Council, acting on a proposal from the Commission,¹⁰ formally adopted on 19 December a Decision authorizing the Commission to open the second stage of transport negotiations with Austria, Switzerland and Yugoslavia.

These negotiations, which are intended to make it possible to resolve the problems of Community transit traffic, will cover a wide range of topics, including road transit traffic, transport infrastructure (and the related financial implications), cooperation between the railways, improvements concerning combined transport, the removal of administrative and technical barriers, practical solutions regarding social provisions, the environment and road safety in connection with transit traffic, and easier crossing of borders. To achieve overall agreement with each of the transit countries, the Community takes the view that the principles of

¹ OJ C 322, 15.12.1988; Bull. EC 6-1988, point 2.1.263.

² OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.259.

³ COM(88) 853 final.

⁴ OJ C 297, 22.11.1988; Bull. EC 5-1988, point 2.1.189.

⁵ OJ C 12, 16.1.1989.

⁶ OJ C 120, 7.5.1988; Bull. EC 3-1988, point 2.1.190.

⁷ OJ C 294, 18.11.1988; Bull. EC 7/8-1988, point 2.1.226.

⁸ OJ C 201, 2.8.1988; Bull. EC 7/8-1988, point 2.1.230.

⁹ OJ L 17, 21.1.1989.

¹⁰ Bull. EC 9-1988, point 2.1.135; Bull. EC 10-1988, point 2.1.190.

mutual benefit, reciprocity and the user's freedom to choose the mode of transport must provide the basis for any solution. The negotiations should be completed before the end of 1989.

Energy ¹

Specific problems

Solid fuels

2.1.342. On 16 December the ECSC Consultative Committee gave its response to the Commission's communication on the outlook for the solid fuels market in 1989.

The Committee believes that the downswing in coal production and deliveries should spur the Commission to take measures to deal with this phenomenon, which is making the Community ever more dependent on imported coal. It called upon the Commission to push for long-term delivery contracts. The social measures accompanying any restructuring of the coal market would require particular attention. Finally, it expressed regret at the absence of any common strategy on coal imports.

Oil and gas

2.1.343. In accordance with Council Regulation (EEC) No 3639/85 on a programme of support,² on 8 December the Commission adopted, and communicated to the Council for information, a Decision granting aid of ECU 5.6 million to technological development projects in the oil and gas sector.³

Relations with non-Community energy producing or importing countries

2.1.344. From 1 to 12 December a Commission delegation visited Kuwait, Saudi

Arabia, the United Arab Emirates and, for the first time since 1979, Iran. The purpose of the visit, apart from attendance at the annual meeting of the Organization of Arab Petroleum Exporting Countries in Kuwait, was to strengthen the Community's presence in this strategically important region and to gather information on the world oil-market situation.

The political will for long-term cooperation with the Community was clearly visible in Iran and in the Member States of the Gulf Cooperation Council.

Nuclear safety

Radiation protection

Basic standards

2.1.345. On 23 December the Commission sent the Council a proposal for a Directive on informing the population about health measures to be applied and steps to be taken in the event of a radiological emergency,⁴ which takes account of the Economic and Social Committee's opinion⁵ on the draft prepared by the Commission in June.⁶

2.1.346. The Commission and the European Trade Union Confederation organized an information meeting on radiation protection, held in Luxembourg on 12 and 13 December, for trade-union representatives. The meeting provided an opportunity for a detailed exchange of views on the particular problems of protecting workers occasionally exposed to ionizing radiation in nuclear facilities and for discussions on the pro-

¹ For energy research projects see 'Research and technology'.

² OJ L 350, 27.12.1987; Bull. EC 12-1985, point 2.1.221.

³ OJ C 210, 7.8.1987; Bull. EC 7/8-1987, point 2.1.271.

⁴ COM(88) 809 final.

⁵ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.200.

⁶ Bull. EC 6-1988, point 2.1.275.

posed Directive referred to above (→ point 2.1.345).

Discharge of radioactive effluent

2.1.347. On 16 December the Commission delivered an opinion, under Article 37 of the Euratom Treaty, on a project for the

discharge of radioactive effluent from the Trillo I power-station in Spain.

Research

2.1.348. On 22 December the Commission sent the Council a proposal for a Decision on a new research and training programme in the field of radiation protection (→ point 2.1.60).

2. External relations

2.2.1. The European Council meeting in Rhodes adopted a declaration on the Community's role in the world (→ points 1.1.1 and 1.1.10).

Uruguay Round

Mid-term review

2.2.2. The ministerial meeting of the Uruguay Round Trade Negotiations Committee (TNC) was held in Montreal from 5 to 9 December.¹ It was attended by 103 delegations, with the Commission delegation led by Mr Willy De Clercq, the Commission Member with special responsibility for external relations and trade policy, and Mr Frans Andriessen, Commission Vice-President with special responsibility for agriculture.

The meeting achieved partial success. Agreement was reached in 11 of the 15 areas of the negotiations, but unresolved

difficulties in the four areas of agriculture, protection of intellectual property rights, textiles and safeguards meant that there was no prospect of overall agreement. The TNC therefore decided to put the results achieved so far 'on hold' and to meet in Geneva at expert level in the first week of April. Meanwhile Mr Arthur Dunkel, Director-General of GATT and Chairman of the TNC at senior official level, will conduct consultations to try to resolve the outstanding issues and thus confirm the package as a whole.

2.2.3. Of the nine contentious issues which were before ministers in Montreal, five were resolved:

(i) On the eve of the conference, agreement was reached on a tropical products package. The Community's contribution to this package, covering trade worth ECU 10 billion, includes tariff reductions, improved GSP rates for cigars and cigarettes and the elimination of national tariffs on a number

¹ See also Bull. EC 11-1988, point 2.2.1.

of tropical products. Although the package as a whole is on hold until April 1989 (notably because of United States insistence on linking progress in this area with the reaching of agreement on agriculture), the Community undertook to implement immediately the GSP part of the package and to bring in unilateral special arrangements for the least-developed countries.

(ii) Agreement was reached on guidelines for the tariff negotiations which should begin in June 1989.

(iii) The texts on dispute-settlement procedures and the functioning of the GATT system (regular review of trade policies and practices, ministerial involvement and relations with the IMF and the World Bank) were finalized.

(iv) A major step forward was taken with agreement on a negotiating framework for services, which should lead to substantive agreement within two years. It meets Community concern that negotiations should lead to effective market access and not theoretical concessions and that the final agreement should bring advantages for the largest possible number of signatories, without undermining the central process of liberalization.

2.2.4. No agreement was reached on safeguards and textiles, however, because of differences concerning the parameters for further negotiations. Nor, despite real progress, was agreement reached on intellectual property, since some developing countries such as India adopted a very firm position and others showed very strong feelings over the failure of the negotiations on agriculture. In the latter area there was no substantive negotiation on short-term measures. Discussions on long-term objectives were marked by disagreement between the Community and the USA, with the latter refusing to accept any solution whose sole objective was not the elimination of subsidies. The deadlock on agriculture led some Latin American countries to threaten to reopen the debate on what had been settled in other areas. In these circumstances, postponement until April was the only possible solution.

2.2.5. On 16 December Parliament adopted a resolution on the state of GATT negotiations in Montreal.¹ It welcomed the substantial progress achieved on 11 out of 15 negotiating subjects, while regretting the failure to reach agreement on agriculture. It also welcomed the Community's application of the tariff reductions and other concessions on tropical products as from 1 January 1989. It hoped that all contracting parties would adopt greater flexibility before the next meeting of the Trade Negotiations Committee.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.6. Under Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,² the Commission decided in December to open certain quotas and modify others,³ and to remove quantitative restrictions on the release of various products for free circulation.⁴

Trade protection

2.2.6a. Trade protection measures taken in December are shown in Table 13.

¹ OJ C 12, 16.1.1989.

² OJ L 346, 8.12.1983.

³ OJ C 312, 7.12.1988; OJ C 315, 10.12.1988; OJ C 329, 22.12.1988.

⁴ OJ C 315, 10.12.1988.

Table 13 — Trade protection measures

Council	Commission
<p><i>Anti-dumping proceedings</i></p> <p><i>Extension of provisional anti-dumping duty on imports of:</i></p> <p>urea originating in Austria, Hungary, Malaysia, Romania, the USA or Venezuela OJ L 355, 23.12.1988 (provisional anti-dumping duty: OJ L 235, 25.8.1988)</p> <p>certain video-recorders originating in Japan or the Republic of Korea OJ L 355, 23.12.1988 (provisional anti-dumping duty: OJ L 240, 31.8.1988; OJ L 254, 14.9.1988)</p> <p><i>Amendment of definitive anti-dumping duty on imports of:</i></p> <p>certain plain paper photocopiers assembled in the Community by Matsushita (Europa) and Toshiba (France) OJ L 355, 23.12.1988 (definitive anti-dumping duty: OJ L 54, 24.2.1987)</p> <p><i>Definitive anti-dumping duty on imports of:</i></p> <p>polyester yarn originating in Mexico, South Korea, Taiwan or Turkey OJ L 347, 16.12.1988 (provisional anti-dumping duty: OJ L 151, 17.6.1988; OJ L 257, 17.9.1988; OJ L 282, 15.10.1988)</p> <p>paracetamol originating in China, with definitive collection of the provisional duty imposed on the imports concerned OJ L 348, 17.12.1988 (provisional anti-dumping duty: OJ L 155, 22.6.1988; OJ L 282, 15.10.1988)</p> <p>synthetic fibres of polyesters originating in Mexico, Romania, Taiwan, Turkey, the USA or Yugoslavia OJ L 348, 17.12.1988 (provisional anti-dumping duty: OJ L 151, 17.6.1988; OJ L 282, 15.10.1988)</p>	<p><i>Anti-dumping proceedings</i></p> <p><i>Provisional anti-dumping duty on imports of:</i></p> <p>video-cassettes and video-tape reels originating in the Republic of Korea or Hong Kong OJ L 356, 24.12.1988 (initiation of proceeding: OJ C 340, 18.12.1987)</p> <p><i>Initiation of an anti-dumping proceeding concerning imports of:</i></p> <p>ferroboron originating in Japan OJ C 306, 1.12.1988</p> <p>barium chloride originating in China or the German Democratic Republic OJ C 308, 3.12.1988</p> <p>methenamine originating in Bulgaria, Czechoslovakia, Hungary, Poland, Romania or Yugoslavia OJ C 322, 15.12.1988</p> <p>tungsten carbide and fused tungsten carbide originating in China or the Republic of Korea OJ C 322, 15.12.1988</p> <p>tungsten metal powder originating in China or the Republic of Korea OJ C 322, 15.12.1988</p> <p>ammonium paratungstate originating in China or the Republic of Korea OJ C 322, 15.12.1988</p> <p>photo albums originating in South Korea or Hong Kong OJ C 322, 15.12.1988</p> <p>tungstic oxide and tungstic acid originating in China and exported from China or Hong Kong OJ C 322, 15.12.1988</p> <p>mica originating in Japan OJ C 323, 16.12.1988</p> <p>fibre building board (hardboard) originating in Czechoslovakia, Poland or Sweden OJ C 327, 20.12.1988</p> <p>certain serial impact dot-matrix printers assembled in the Community, pursuant to Article 13(10) of Regulation (EEC) No 2423/88 OJ C 327, 20.12.1988</p> <p><i>Acceptance of undertakings</i></p> <p>given in connection with the review concerning imports of oxalic acid originating in China or Czechoslovakia, and termination of the review OJ L 343, 13.12.1988 (definitive anti-dumping duty: OJ L 148, 27.5.1988)</p>

Council	Commission
	<p>relating to the proceeding concerning certain plain paper photocopiers assembled in the Community by Matsushita Business Machine (Europe) GmbH and Toshiba Systèmes (France) SA OJ L 355, 23.12.1988 (definitive anti-dumping duty: OJ L 54, 24.12.1987)</p> <p><i>Notices concerning:</i></p> <p>the anti-dumping investigation concerning plain paper photocopiers assembled in the Community OJ C 306, 1.12.1988 (initiation of proceeding: OJ C 44, 18.2.1988)</p> <p>the proceeding concerning imports of colour-television receivers with a diagonal screen measurement of not more than 42cm, originating in the Republic of Korea, Hong Kong or China OJ C 334, 29.12.1988 (initiation of proceeding: OJ C 44, 17.2.1988)</p> <p>the proceeding concerning imports of compact-disc players originating in Japan or the Republic of Korea OJ C 334, 29.12.1988 (initiation of proceeding: OJ C 178, 7.7.1987)</p> <p><i>Termination of the anti-dumping proceeding concerning imports of:</i></p> <p>microwave ovens originating in Japan, Singapore or the Republic of Korea OJ C 343, 13.12.1988 (initiation of proceeding: OJ C 325, 18.12.1986)</p> <p>certain cellular mobile radio telephones originating in Canada, Hong Kong or Japan OJ L 362, 30.12.1988 (initiation of proceeding: OJ C 185, 15.7.1987)</p> <p><i>Extension of Community surveillance of imports of:</i></p> <p>video-tape recorders originating in South Korea OJ L 361, 29.12.1988 (initial surveillance measure: OJ L 29, 4.2.1986; extended: OJ L 371, 30.12.1987)</p> <p>certain textile products from certain non-Community countries OJ L 361, 29.12.1988 (surveillance measures: OJ L 320, 15.12.1979; OJ L 277, 8.10.1988)</p> <p>certain products originating in Japan OJ L 361, 29.12.1988 (Community surveillance: OJ L 371, 30.12.1987; OJ L 12, 16.1.1988)</p> <p>certain textile products originating in Malta or Egypt OJ L 361, 29.12.1988 (Community surveillance: OJ L 343, 31.12.1979; OJ L 369, 29.12.1987; OJ L 174, 9.7.1980)</p>

Council	Commission
	<p><i>Extension of the period of validity of retrospective control: imports of footwear into the Community</i> OJ L 361, 29.12.1988</p>

Treaties and trade agreements: extension or automatic renewal

2.2.7. By Decision 88/637/EEC of 19 December the Council authorized the extension or automatic renewal of certain trade agreements between Member States and other countries, where the date for giving notice of denunciation fell between 1 November 1988 and 31 January 1989 (fourth batch for 1988).¹

Individual sectors

Iron and steel products

Agreements and arrangements with non-Community countries

2.2.8. The Commission renewed the arrangements applicable to trade with Yugoslavia in ECSC products (→ point 2.2.27).

Textiles

Agreements and arrangements with non-Community countries

MFA countries

2.2.9. A four-year agreement between the Community and China (1989-92), to replace the agreement expiring on 31 December 1988,² was initialled on 9 December, following negotiations between the two sides.³ The agreement provides for some elements of cooperation and specifies that China will supply certain quantities of textile raw materials, accord preference to Community textile exporters on the Chinese market and temporarily reserve part of certain quotas for use by Community industry.

Restrictions on imports of Chinese products into the Community were agreed for synthetic yarn and knitted gloves at Community level and for sacks of man-made fibres and suits at regional level. In addition, the two sides agreed that a range of previously unrestricted products would be brought under quota coverage through alterations in the structure of textile categories necessitated by the introduction of the Harmonized System customs nomenclature. On 19 December the Council, acting on a proposal from the Commission, adopted a Decision on the provisional application of the Agreement from 1 January 1989.⁴

2.2.10. On 14 December the Commission approved a recommendation to the Council for the negotiation of a textile agreement between the Community and the Soviet Union.

2.2.11. On 22 December the Commission presented to the Council a proposal for a Decision⁵ on the provisional application of the agreed minute⁶ amending the bilateral agreement between the Community and India on trade in textiles, pending the official conclusion of the agreement and the minute.

Mediterranean preferential countries

2.2.12. Following discussions between Turkish exporters' associations and the Commission, an administrative cooperation arrangement regarding trade with Turkey

¹ OJ L 355, 23.12.1988.

² Bull. EC 7/8-1979, point 2.2.16; OJ L 198, 27.7.1984; Bull. EC 6-1984, point 2.2.14.

³ Bull. EC 6-1988, point 2.2.15; Bull. EC 9-1988, point 2.2.11.

⁴ OJ L 380, 31.12.1988.

⁵ COM(88) 811 final.

⁶ Bull. EC 6-1988, point 2.2.16.

in clothing products was initialled on 20 December.¹ It will be valid for two years.

Relations with industrialized countries

United States

2.2.13. The annual ministerial meeting between the Commission and the United States was held in Brussels on 9 December.² The Commission was represented by Mr Delors, Mr Narjes, Mr Christophersen and Mr Varfis. The US delegation was led by Secretary of State Shultz and also included Mr McPherson, Deputy Secretary of the Treasury, Mr Moore, Under-Secretary of Commerce, and Mr Woods, Administrator of the US Agency for International Development.

The two sides held a wide-ranging discussion on the world economy, the international debt problem, East-West relations and the completion of the single market.

2.2.14. On 19 December the Council approved the following measures in connection with the dispute³ between the United States and the Community on the application of the Directive⁴ banning the production in the Community, and hence also the importation, of farm animals and meats which have been treated with hormonal substances:

- (i) application of the Directive to imports from non-member countries from 1 January 1989;
- (ii) exclusion of meat offals for the production of pet foods from the scope of the Directive;
- (iii) the principle of Community counter-measures, and the list of products concerned, should the United States apply retaliatory measures;
- (iv) continuation of GATT proceedings to obtain a finding that the US retaliatory measures are unlawful.

Canada

2.2.15. The negotiations to reach a bilateral settlement of the dispute⁵ between the Community and Canada on the discriminatory practices of Canada's provincial liquor boards were concluded on 17 December with the initialling of a draft agreement, which should enter into force on 1 April 1989, subject to approval by the Canadian Government and the Council. The draft agreement provides for the immediate elimination of all discrimination in the spirits sector, the elimination of almost all listing and distribution discrimination in the wine sector, the progressive elimination of discriminatory mark-ups in the wine sector, national (i.e. interprovincial) treatment regarding access to beer listings, and monitoring and consultation on implementation of the agreement.

Japan

2.2.16. Satisfactory progress was made during the discussions held in Tokyo on 20 and 21 December on the protection of intellectual property rights. The discussions dealt with the problem of counterfeits of well-known European branded goods, sales of which in Japan damage the reputation of European manufacturers and deprive them of business.

European Free Trade Association

Joint Committees

2.2.17. There were meetings of the Joint Committees set up by the free trade agreements with the EFTA countries on 5 December (Norway and Sweden), 6

¹ Bull. EC 9-1988, point 2.2.12; Bull. EC 10-1988, point 2.2.17.

² Previous meeting: Bull. EC 12-1987, point 2.2.13.

³ Bull. EC 11-1988, point 2.2.11.

⁴ OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173; OJ L 339, 1.12.1987; Bull. EC 11-1987, point 2.1.209; OJ L 70, 16.3.1988.

⁵ Bull. EC 2-1988, point 2.2.56.

December (Switzerland), 16 December (Austria) and 19 December (Finland).¹

All five Joint Committees adopted Decision No 5/88 amending Protocol No 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules (→ point 2.1.94).

Three Joint Committees (Austria, Finland and Sweden) formally approved an amendment to the free trade agreements consequent on the implementation of the Harmonized System on 1 January 1988.²

2.2.18. The main points discussed by the Joint Committees were as follows:

Norway: Community anti-dumping activities; the possible continuation of the ban on imports of skins of certain seal pups and derived products;³ imports into certain Member States of dried and salted cod; possible Community standards for aquavit; and a Norwegian proposal concerning an excise duty on pet food;

Sweden: the closest possible cooperation in all areas except foreign policy and security; and agricultural matters;

Switzerland: the steel industry; 'Swiss-made' legislation; counterfeit goods and low-priced imports; an agreement on non-life insurance; agricultural products; import restrictions; and transport/transit problems;

Austria: product liability; test recognition and product labelling; transport; and anti-dumping;

Finland: State aid for shipbuilding; certain anti-dumping proceedings; and competition issues.

Austria

2.2.19. On 12 December the Council adopted two Decisions concerning the conclusion of Agreements between the Community and Austria on quality wines (→ point 2.1.240).

Finland

2.2.20. During his visit to the Commission on 15 December, Mr K. Sorsa, Finland's

Foreign Minister, discussed with Mr De Clercq the prospects for cooperation between the Community and the EFTA countries, relations with Eastern Europe, prospects for GATT and world trade following the Montreal mid-term review of the Uruguay Round (→ point 2.2.2) and bilateral relations concerning shipbuilding.

Norway

2.2.21. On 21 December the Council adopted Decision 88/650/EEC on the conclusion of an Agreement in the form of an Exchange of Letters between the Community and Norway concerning reciprocal trade in cheese (→ point 2.1.249).

Relations with other countries and regions

Mediterranean countries

Andorra

2.2.22. In accordance with the joint declaration annexed to the Act of Accession of Spain and Portugal, the Commission transmitted to the Council, on 21 December, a recommendation for a Decision authorizing the Commission to open negotiations with a view to concluding an agreement between the Community and Andorra.⁴ The agreement would remove the disparities and points of incompatibility between the national arrangements at present applied to Andorra and Community law by establishing uniform Community arrangements for both customs and trade; it would take the specific nature of Andorra's situation into

¹ Previous meetings: Norway — Bull. EC 12-1986, point 2.2.15; Sweden — Bull. EC 12-1987, point 2.2.16; Switzerland — Bull. EC 6-1988, point 2.2.25; Austria — Bull. EC 2-1988, point 2.2.19; Finland — Bull. EC 12-1987, point 2.2.16.

² OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

³ OJ L 259, 1.10.1985; Bull. EC 9-1985, point 2.1.85.

⁴ COM(88) 744 final.

account so as to safeguard its economic and commercial interests.

Turkey

2.2.23. In December the Commission approved the commitment of the remaining ECU 19 million left in the Special Action Fund established in 1980.¹ The money is to be spent on five projects proposed by the Turkish authorities: vocational training in tourism and coalmining (ECU 5 400 000); action to control environmental pollution (ECU 2 800 000); improvements in health-care services (ECU 5 800 000); programmes to promote a better understanding of the Community involving various university institutions and initial aid for the establishment of an EEC-Turkey Business Council (ECU 3 600 000); establishment in Istanbul of a regional centre for local government training for the Eastern Mediterranean and the Middle East (ECU 1 400 000).

Malta

2.2.24. The Supplementary Protocol to the Agreement establishing an association between the Community and Malta² and the Protocol adjusting this Agreement following the accession of Spain and Portugal³ were signed on 14 December.

Yugoslavia

2.2.25. On 7 December the Yugoslav Prime Minister, Mr Branko Mikulić, made an official visit to the Commission, where he met Mr Delors. He described the political and economic situation in Yugoslavia and the programme of reforms recently adopted in this area by the Yugoslav Parliament and indicated that his country wanted increased cooperation with the Community, particularly in economic, scientific and technological matters, in the run-up to the single market in 1993.

2.2.26. The EEC-Yugoslavia Cooperation Council held its seventh meeting in Brussels on 19 December, chaired by Mr Theodoros Pangalos, Greece's Deputy Foreign Minister

and President of the Council.⁴ The Yugoslav delegation was led by Mr Budimir Lončar, the Federal Secretary for Foreign Affairs, and the Commission was represented by Mr Claude Cheysson.

There was a discussion of the economic situation of the two parties; Mr Lončar informed the Community delegation of the important programme of reforms adopted by the Yugoslav Parliament at the end of November. The development of trade was also examined. In this area trends were very encouraging: a more positive balance in trade had been restored in 1987, and during the first six months of 1988 the trade balance was in Yugoslavia's favour for the first time. The partners also discussed financial cooperation; 40% of the EIB appropriations had already been committed. An arrangement on science and technology intended to give effect to the cooperation provided for in Article 6 of the Cooperation Agreement⁵ was signed by the Commission and Yugoslavia.

The meeting of the Cooperation Council was followed on 20 December by the first meeting at ministerial level establishing a political dialogue between the Community and Yugoslavia, chaired by Mr Karolos Papoulias, Greece's Foreign Minister and President of the Council.

2.2.27. Pending the conclusion and entry into force of the Protocol⁶ amending the ECSC-Yugoslavia Agreement,⁵ a decision of the Representatives of the Governments of the Member States meeting within the Council, and of the Commission, adopted on 21 December, extended the arrangements applicable to trade with Yugoslavia in products covered by the ECSC Treaty.⁷

¹ Bull. EC 6-1980, point 1.4.1. *et seq.*

² OJ L 61, 14.3.1971.

³ Bull. EC 10-1988, point 2.2.25.

⁴ Previous meeting: Bull. EC 12-1987, point 2.2.26.

⁵ OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.21.

⁶ Bull. EC 11-1988, point 2.2.19.

⁷ OJ L 367, 31.12.1988.

Morocco

2.2.28. Mr Cheysson made an official visit to Morocco from 7 to 10 December. The two sides discussed cooperation, which had developed considerably, in particular with the signature of the Fishing Agreement¹ and the granting of aid of ECU 324 million under the third Financial Protocol.²

The programming of this money from the third Financial Protocol was discussed; most of it will be allocated to measures to reduce dependence on imported food, and training schemes.

Also discussed were the Maghreb integration process and the development of links between Morocco and the Community as part of a 'good-neighbour' policy which would take into account all the special aspects of relations between the two parties.

Countries of the Gulf and the Arabian Peninsula

2.2.29. On 14 December Parliament gave its opinion³ on the recommendation for a Decision⁴ regarding the conclusion of a Cooperation Agreement between the Community and the countries signatory to the Charter establishing the Cooperation Council for the Arab States of the Gulf.⁵

Asia

Association of South-East Asian Nations

2.2.30. The eighth meeting of the EEC-Asean Joint Committee took place in Brussels on 30 November and 1 December. The Committee approved a memorandum on industrial cooperation in response to a recommendation by the co-chairmen of the seventh EEC-Asean ministerial meeting last May.⁶ The aim of the memorandum is to introduce an integrated approach to the different activities (training, scientific and technical cooperation, etc.) influencing the promotion of all forms of industrial cooperation between firms in the two regions. The

two parties further agreed to organize seven seminars in priority industrial areas of interest to both European and South-East Asian firms in 1989 and 1990.

In view of the rapid expansion in recent years of cooperation projects in the field of drugs and training, the two sides decided to organize expert meetings in 1989 in order to evaluate completed or ongoing projects and draw up guidelines for future cooperation.

Latin America

Andean Group

2.2.31. On 8 December Mr Marín received Mr Julio Garret, the Vice-President of Bolivia. They discussed ways of developing cooperation between the Community and the Andean Group. The discussions centred on questions connected with cooperation in the fields of training and the transfer of European scientific and technological know-how, including a project involving the transmission and dissemination of details and analyses of new trends in international technology within the Andean Group. The main beneficiaries of this regional project will be the universities and research institutes in the five Andean Group countries. The project will be based at the Simon Bolivar Andean University in Bolivia.

Brazil

2.2.32. On 5 December Mr Matutes inaugurated the EEC/Brazil Business Council on behalf of the Commission. The Council is a symbol of the desire to go beyond the traditional style of cooperation and involve the private sector. The event took place in Rio de Janeiro, and the Brazi-

¹ OJ L 181, 12.7.1988; Bull. EC 6-1988, point 2.1.239.

² OJ L 224, 13.8.1988; Bull. EC 6-1988, point 2.1.36.

³ OJ C 12, 16.1.1989.

⁴ Bull. EC 5-1988, point 2.2.31.

⁵ Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

⁶ Bull. EC 5-1988, point 2.2.32.

lian Minister for Industry, Mr Cardoso Alves, and the President of the National Confederation of Industry, Mr Albano Franco, were present.

Establishment of the Business Council in accordance with a decision by the Joint Committee in November 1987¹ implements one of the main objectives defined by the Council in June 1987.² The purpose of this body is to advise and make recommendations to enterprises in the two regions in the fields of industrial and technical cooperation, creation of industrial joint ventures between companies from both sides and improvement of the investment climate.

State-trading countries

China

2.2.33. On 12 December a parliamentary delegation from the People's Republic of China led by Mrs Chen Muhua, Vice-Chairman of the Standing Committee of the National People's Congress, visited the European Parliament in Strasbourg.

In his welcoming address, Mr De Clercq referred to the excellent relations, friendship and common interests linking the Community and China. He mentioned the main achievements of cooperation between the Community and the People's Republic in various fields.

2.2.34. A four-year Community-China agreement on textiles (1989-92) was signed on 9 December (→ point 2.2.9).

Poland

2.2.35. On 23 December the Commission transmitted to the Council a recommendation for a Decision authorizing the Commission to negotiate a trade and cooperation agreement between the Community and Poland. The recommendation envisages greater liberalization of trade between the two sides and looks in this context at opportunities for mutually profitable economic cooperation.

2.2.36. On 14 December the Commission decided to grant emergency aid of ECU 1.5 million to the Polish people. The funds are to be used for the supply of basic medicines and small items of medical equipment, which are in desperately short supply in Poland. This programme will be implemented by a number of Community non-governmental organizations.

On 16 and 19 December the Commission took two other decisions concerning a grant of ECU 0.3 million to a hospital at Tuchów for the purchase of medical equipment and a contribution of ECU 0.5 million to part-finance a project involving a girls' school in Mariówka. This is a training scheme intended to reduce the numbers of people leaving the agricultural region concerned.

Czechoslovakia

2.2.37. On 6 December the Commission transmitted to the Council a proposal for a Decision relating to the conclusion of an Agreement on trade in industrial products between the Community and Czechoslovakia.³ The Agreement had been initialled on 19 October⁴ and was signed on 19 December in Brussels by Mr Theodoros Pangalos, President of the Council, and Mr De Clercq for the Community and Mr Jan Stérba, Minister for Foreign Trade, for Czechoslovakia.

2.2.38. From 20 to 22 December Mr De Clercq was in Prague at the invitation of the Czechoslovak Government. During his visit he had discussions about bilateral relations and East-West questions with the President of the Republic, Mr Gustáv Husák, the General Secretary of the Central Committee of the Czechoslovak Communist Party, Mr Miloš Jakěš, the Prime Minister, Mr Ladislav Adamec, and other members of the Government.

¹ Bull. EC 11-1987, point 2.2.31.

² Bull. EC 6-1987, points 2.2.23 and 3.5.1.

³ OJ C 7, 10.1.1989; COM(88) 673 final.

⁴ Bull. EC 10-1988, point 2.2.47.

Hungary

2.2.39. The EEC-Hungary Joint Committee established under Trade and Cooperation Agreement¹ held its first meeting in Budapest on 12 and 13 December. The Community delegation was led by Mr De Clercq and the Hungarian by Mr T. Beck, the Minister for Trade. The Joint Committee reached agreement on recommendations for action in 1989.

2.2.40. Parallel to this Joint Committee meeting, as part of the Commission's trade promotion activities, a meeting was organized from 11 to 13 December in Budapest between representatives of business interests in the Community and their Hungarian counterparts. The aim of the meeting was to prepare for a symposium on cooperation between representatives of business interests in the two countries which is to take place in Budapest in 1989.

Soviet Union

2.2.41. On 9, 12 and 19 December the Commission approved grants of emergency aid totalling ECU 10 million to the Soviet Union for the victims of the Armenian earthquake (→ points 2.2.52 and 2.4.19).

2.2.42. On 14 December the Commission approved a recommendation to the Council concerning the negotiation of a textiles agreement between the Community and the Soviet Union (→ point 2.2.10).

Bulgaria

2.2.43. On 23 December the Commission transmitted to the Council a recommendation for a Decision authorizing the Commission to negotiate a trade and cooperation agreement between the Community and Bulgaria. As in the case of Poland (→ point 2.2.35), this recommendation is concerned with liberalization of trade and examination of possible areas of cooperation.

Development

North-South relations

Cooperation in international forums

OECD Development Assistance Committee (DAC)

2.2.44. The OECD's Development Assistance Committee held its annual high-level meeting in Paris on 5 and 6 December.² Items for discussion included the longer-term aid issues and the structural adjustment measures taken by developing countries in the context of a difficult economic climate worldwide, characterized by population and environmental pressures. DAC members stressed the need to coordinate the activities of donors and recipients and to establish coherent approaches to development cooperation. They expressed strong support for a set of agreed principles for the appraisal, selection and design of development projects, and identified a number of points to which donor countries should give priority in their policies.

APC-EEC Convention

Renewal of the Convention

2.2.45. The Central Negotiating Group, set up at the ministerial meeting in Luxembourg last October,³ held two further meetings in December.⁴ The group continued the survey of the areas for negotiation and set up the eight subgroups to deal with specialist fields, as agreed at the ministerial meeting.

¹ Bull. EC 11-1988, point 2.2.29.

² Previous meeting: Bull. EC 12-1986, point 2.2.27.

³ Bull. EC 10-1988, points 1.3.1. to 1.3.4.

⁴ Previous meetings: Bull. EC 11-1988, point 2.2.31.

Generalized tariff preferences

Proposed scheme for 1989

2.2.46. Following the agreement reached by the Council in November,¹ on 19 December the Council adopted Regulations (EEC) Nos 4257/88, 4258/88 and 4259/88 applying generalized tariff preferences for 1989 in respect of certain industrial, agricultural and textile products originating in developing countries.² On the same occasion the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, adopted Decision 88/654/EEC applying generalized preferences for 1989 in respect of certain iron and steel products originating in developing countries.² The Council also extended to Paraguay the application of preferential advantages for textiles covered by the Multifibre Arrangement. The country has recently given the undertakings required of countries with no bilateral agreement with the Community on trade in textile products.

Commodities and world agreements

Rubber

2.2.47. On 21 December the Council adopted the Decision on the provisional application of the 1987 International Rubber Agreement.³

Campaign against hunger in the world

Food aid

2.2.48. On 12 and 16 December, with the endorsement of the Food Aid Committee, the Commission approved the following food-aid operations financed under the 1988 budget (Table 14).

¹ Bull. EC 11-1988, point 2.2.33.

² OJ L 375, 31.12.1988.

³ Bull. EC 9-1987, point 2.2.31; OJ L 58, 3.3.1988: Bull. EC 2-1988, point 2.2.43.

Table 14 — *Food-aid operations*

	(tonnes)			
	Cereals	Milk powder	Vegetable oil	Other
Pakistan	—	600	500	—
Ecuador	—	300	—	—
UNBRO/WFP	—	—	—	1
WFP/UNHCR	88 185	—	2 250	—
Malawi	15 000	—	—	—
Total	103 185	900	2 750	—

¹ Other products to a total value of ECU 2.37 million.
 UNBRO - United Nations Border Relief Operation
 WFP - World Food Programme
 UNHCR - United Nations High Commissioner for Refugees

Storage programmes and early-warning systems

2.2.49. Under Regulation (EEC) No 2507/88 of 4 August 1988 on the implementation of storage programmes and early-warning systems,¹ in December the Commission, with the approval of the Food Aid Committee, granted ECU 2.75 million to Mozambique to implement a storage programme.

Locust control in Africa

2.2.50. In view of the deteriorating conditions in North Africa and signs that the locust infestation is spreading to other non-ACP developing countries, bringing a need for swift reaction to emergencies, on 8 December the Commission opened an ECU 4 000 000 credit line to finance the purchase and delivery of pesticides and flying-time for spreading them over the affected area.

Emergency aid

Thailand

2.2.51. In response to the appeal from the Thai Government following the torrential rains which hit southern Thailand at the end of November, the Commission approved emergency aid of ECU 100 000 on 8 December. The aid will be channelled through Médecins sans frontières (France) and will pay for the purchase and distribution of medicines and basic necessities.

Armenia

2.2.52. The Commission approved the following emergency-aid allocations to assist victims of the earthquake in Armenia:

(i) on 9 December, ECU 500 000 to send four aeroplanes with medical personnel and equipment, medicines, emergency food supplies and essentials; this aid was channelled

through the Dutch and British Red Cross, Médecins du monde and Médecins sans frontières (Belgium);

(ii) on 12 December, ECU 1 000 000 to send seven additional aeroplanes with emergency supplies;

(iii) on 21 December, opening of an ECU 8 500 000 credit line to finance measures to improve the living conditions of survivors.

2.2.53. On 15 December Parliament adopted a resolution on the earthquake in Armenia² (→ point 2.4.19).

2.2.54. Also on 15 December, Parliament adopted a resolution on cyclone damage in the Bay of Bengal.² Expressing its solidarity with the people of Bangladesh and West Bengal, Parliament called on the Commission to put into effect a special aid plan commensurate with the scale of the disaster. It stressed the importance, given the vulnerability of this region, of preventive measures and called for cooperation between all international, national and local authorities concerned.

Aid to promote self-sufficiency of refugee groups

2.2.55. In December the Commission approved financial contributions to two projects to assist refugees in Sri Lanka and Afghanistan. The first (ECU 650 000), undertaken by the Office of the United Nations High Commissioner for Refugees, provides resettlement assistance for a community of repatriated or displaced fishermen. The second (ECU 200 000) is for a fact-finding trip to assess requirements for the reintegration and rehabilitation of Afghan communities in various parts of Afghanistan.

¹ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.47.

² OJ C 12, 16.1.1989.

Positive measures for victims of apartheid

2.2.56. On 15 December the Commission approved a further ECU 6.35 million contribution to finance 20 projects providing assistance to victims of apartheid. The decision is one of a series totalling ECU 49.5 million for 202 projects, taken as a follow-up to the ministerial-level political cooperation meeting held in Luxembourg on 10 September 1985.¹

Stabex

LLDCs not signatory to the Lomé Convention

2.2.57. Under the Stabex system for least-developed countries not signatory to the Lomé Convention, the Commission received 10 applications for transfers for the 1987 application year from four eligible countries — Haiti, Nepal, Bangladesh and the Yemen Arab Republic. Upon examination it appeared that five of them would justify transfers totalling ECU 19 058 102. The resources available under the LLDC Stabex system for the year in question, however, total only ECU 10 594 150. In accordance with the rules of the system, therefore, the Commission reduced the transfers by a percentage equal to the difference between the resources available and the justified transfers. This led to the adoption on 5 December of the transfers shown in Table 15.

Table 15 — *Stabex for non-Lomé LLDCs*

Beneficiary countries	Product	Amount (ECU)
Haiti	Coffee	4 854 941
	Cacao	278 867
Nepal	Leather, skins and hides	519 541
Bangladesh	Tea	1 850 912
	Jute	3 089 889
	Total	10 594 150

Transfers

2.2.58. On a proposal from the Commission,² on 15 December the Council adopted a Decision on the transfer to be made to French Polynesia, under Decision 86/283/EEC of 30 June 1986 on the association of the OCTs with the Community,³ for the 1987 application year. The payment, which is intended to offset losses in export earnings on copra oil, will amount to ECU 800 000.

Financial and technical cooperation

Cofinancing of development projects and programmes

2.2.59. As part of the industrial and financial cooperation programme with Latin American, Asian and Mediterranean countries,⁴ the Commission signed financing agreements with the Banque nationale de Paris and the Banque Bruxelles Lambert. This brings the number of financing agreements signed to 13.⁵

ACP States

2.2.60. On 2 December the Commission sent the Council a communication concerning estimates of contributions required to meet EDF expenditure in 1989.⁶ The communication includes a statement of payments to be made from the Fund in the next budget year together with a schedule of calls for contributions required from the Member States to finance such payments and forecasts of expenditure in respect of each of the four years following 1989. It

¹ Bull. EC 9-1985, point 2.5.1.

² Bull. EC 10-1988, point 2.2.61.

³ OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.51.

⁴ Bull. EC 6-1987, points 2.2.14 and 3.6.1.

⁵ Bull. EC 6-1988, point 2.2.67; Bull. EC 7/8-1988, point 2.2.61; Bull. EC 9-1988, point 2.2.43; Bull. EC 10-1988, point 2.2.64.

⁶ COM(88) 758 final.

reflects the need for contributions to be called, for the first time, from the sixth EDF, disbursements under Council Decision 87/592/EEC of 14 December 1987 allocating ECU 60 million to the special Community programme to aid certain highly indebted low-income African countries¹ and the speeding up of the rate of commitment of Lomé III funds.

On the basis of this communication, in December the Council established a sched-

ule of calls for contributions from the Member States for the 1989 budget under the fifth and sixth EDFs.

2.2.61. In December the Commission allocated resources from the fifth and sixth EDFs totalling ECU 208 415 000 to finance projects, programmes and emergency-aid operations which it administers (Table 16).

¹ OJ L 356, 18.12.1987; Bull. EC 12-1987, point 2.2.41.

Table 16 — *Financing of fifth and sixth EDF operations*

		<i>(million ECU)</i>	
	Project/programme	Amount	
		Grants	Loans
<i>Economic infrastructure</i>			
Nigeria	Rural health centres	6.100	
<i>Rural production</i>			
Fiji	Access road to rural areas	2.125	
Pacific countries	Marine resources development programme	10.700	
Ethiopia	Coffee production improvements	28.500	9.600
Togo	Agriculture - sectoral import programme	10.000	
<i>Industrialization</i>			
Bénin	Import programme for petroleum products	11.000	
All ACP countries	Budget of the Technical Centre for Agricultural and Rural Cooperation	5.360	
All ACP countries	Budget of the Centre for the Development of Industry	8.460	
<i>Social development</i>			
Djibouti	Village water supply	6.100	
<i>Trade promotion</i>			
East Caribbean States and British Virgin Islands	Export development and automated system for customs data (ASYCUDA)	4.430	
<i>Specific campaigns</i>			
Regional	Watershed projects in Guinea: Fouta Djallon and Upper Niger	31.500	
Sahel countries members of CILSS	Desertification and drought control	8.260	
Ethiopia	Pan-African Rinderpest campaign	4.300	
Gambia	Pan-African Rinderpest campaign	1.000	

Development

	Project/programme	Amount	
		Grants	Loans
Uganda	Pan-African Rinderpest campaign	2.000	
Chad	Pan-African Rinderpest campaign	2.570	
Kenya	Pan-African Rinderpest campaign	2.400	
<i>Various</i>			
Mauritania	General import programme	7.000	
Burundi	General import programme	12.000	
Mozambique	Sectoral import programme	30.000	
All ACP countries	Information: <i>The Courier</i>	1.260	
<i>Emergency aid</i>			
Gabon	Repair of damage caused by torrential rains	0.100	
Various African countries	Locust control	0.650	
Sudan	Aid to victims of fighting in the south	3.000	
	Total	198.810	9.600

Latin American and Asian developing countries

Financing decisions

2.2.62. Having received a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission decided on 8 and 21 December to finance the following operations from the appropriations under Items 9300 and 9310 of the Community budget:

Bangladesh: renovation of local foodgrain stores (total cost ECU 15 000 000, Community contribution ECU 7 500 000; autonomous project);

El Salvador, Guatemala and Honduras: pilot project for the development of the Trifinio region (total cost ECU 8 600 000, Community contribution ECU 7 500 000; autonomous project);

India: South Bhagirathi II Integrated Watershed Management (total cost ECU 8 400 000, Community contribution ECU 8 400 000; autonomous project);

India: Agricultural markets in Kerala, financed mainly from counterpart funds

from the sale of fertilizers (total cost ECU 18 650 000, Community contribution ECU 18 650 000; autonomous project);

Bangladesh: Operation Thikana (total cost ECU 9 500 000, Community contribution ECU 9 500 000; autonomous project);

Thailand: Fruit and vegetable production in north-east Thailand (total cost ECU 18 710 000, Community contribution ECU 9 400 000; autonomous project);

Philippines: Agricultural education programme (total cost ECU 11 900 000, Community contribution ECU 10 400 000; project cofinanced with the Asian Development Bank);

China: Centre for Agricultural Technology (total cost ECU 14 890 000, Community contribution ECU 5 900 000; autonomous project);

China: Maize and sunflower research development project in Jilin province (total cost ECU 4 750 000, Community contribution ECU 2 700 000; autonomous project);

Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama): regional support programme

for agricultural research into cereals in Central America (total cost ECU 15 400 000, Community contribution ECU 10 800 000; autonomous project);

Guatemala: self-sustaining development programme in the Lake Atitlan basin (total cost ECU 9 350 000, Community contribution ECU 8 500 000; autonomous project);

Cocesna — Central American Corporation for Air Navigation Services (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua): civilian air-traffic control by radar in Central America — Euromaya project (total cost ECU 28 000 000, Community contribution ECU 18 500 000; project cofinanced with Italy);

Peru: rural microprojects programme — Pampa/Puno II (total cost ECU 27 900 000, Community contribution ECU 21 400 000; autonomous project).

Guidelines for 1989

2.2.63. On 19 December the Council, acting on a proposal from the Commission¹ after receiving Parliament's opinion² adopted the general guidelines for 1989 for financial and technical assistance to Asian and Latin American developing countries. Priority will be given to the rural sector and in particular to the improvement of the food situation. Aid will be tailored to the needs and priorities of each country and each region: in the case of Asia, capital transfer will be given priority with a view to increasing productive investment: in Latin America there will be a particular emphasis on aid covering activities designed to reduce social disparities. Central America as a whole will continue to receive special attention.

From a financial standpoint, the Decision takes account of the fact that the authority has introduced separate budget appropriations for financial and technical cooperation in Asia and in Latin America. Common reserves will be set up for agricultural research, management costs and contingencies (up to 10 % of available appropriations).

Cooperation via non-governmental organizations

2.2.64. In the period from 1 January to 31 December the Commission committed a total of ECU 72 million for the cofinancing in developing countries of 461 projects presented by 171 NGOs.

The Commission also contributed a total of ECU 8026823 towards 111 projects aimed at increasing European public awareness.

Institutions

ACP States

Committee of Ambassadors

2.2.65. The 28th meeting of the ACP-EEC Committee of Ambassadors was held in Brussels on 21 December. The meeting was co-chaired by Mr Lyberopoulos, Chairman of the Permanent Representatives Committee, and Mr Gambouele, the Congolese ambassador.³

The meeting took place under the third Lomé Convention.⁴ However, as negotiations were under way for the new Convention (→ point 2.2.45), ACP countries took the opportunity to stress their concern and present their views on certain issues in connection with these negotiations, in particular agricultural commodities and the Uruguay Round.

On the subject of agricultural commodities, the difficulties encountered with the Coffee Agreement⁵ and the catastrophic cocoa situation⁶ were brought to the Committee's attention. ACP countries also outlined their demands concerning commodity process-

¹ OJ C 222, 26.8.1988; Bull. EC 7/8-1988, point 2.2.66.

² OJ C 12, 16.1.1989.

³ Previous meeting: Bull. EC 7/8-1988, point 2.2.59.

⁴ OJ L 86, 31.3.1986; Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*; Bull. EC 4-1986, point 2.2.31.

⁵ Bull. EC 11-1988, points 2.2.34 and 2.2.35.

⁶ Bull. EC 3-1988, point 2.2.46; Bull. EC 6-1988, point 2.2.56; Bull. EC 9-1988, point 2.2.37.

ing, transport and marketing, and the establishment of a Common Fund. On this last topic, opinions differed as to whether there was any point at the moment in applying to the first Account, an option which ACP countries were not prepared to discount.

As to the Uruguay Round (→ point 2.2.2), the ACP countries voiced misgivings about the offer made by the Community on tropical products and the role of their group in the negotiations. The Community representatives pointed out that the offer on tropical products had been put forward in Punta del Este¹ and took ACP countries' interests into account; they indicated how the group might function. Finally, it was agreed that the issue of diversification and processing of commodities would be jointly examined.

The Committee also dealt with a number of specific issues concerning the trade arrangements for certain ACP products (rum, molasses, yams, rice, tropical woods), requests for derogation from rules of origin in respect of Jamaican rugs and tuna from Mauritius, a number of Stabex dossiers, investments, the general conditions governing EDF contracts, socio-cultural cooperation, southern Africa and shipping.

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Visits

2.2.66. A delegation from the Southern Africa Development Coordination Conference visited the Community on 7 and 8 December.² Talks with representatives of the Member States, the Commission and the European Investment Bank focused on the forthcoming SADCC Annual Consultative Conference, whose theme is 'Productive sectors — Engine of growth and development', and on the implementation of the programme of cooperation with the Community.

2.2.67. On 13 December Mr Cardoso e Cunha visited Nairobi on the occasion of the 25th anniversary of Kenya's independence. At the end of his meeting with the President, Mr Daniel Arap Moi, the two

stressed the value of cooperation between the Community and Kenya and their determination to see relations strengthened.

International organizations and conferences

United Nations

General Assembly

2.2.68. Until its adjournment on 22 December, the 43rd session of the General Assembly proceeded in a spirit of dialogue and freedom from confrontation.³ This new, more relaxed and 'multilateralist' international climate was helped by the fact that the UN's financial problems seem likely to be solved, following the United States' promise to pay arrears. Significant events at this session included Mr Gorbachev's announcement that the Soviet Union's conventional forces are to be reduced and President Mitterrand's proposal for a conference to be held in Paris on banning the use and production of chemical weapons.

The plenary Assembly adopted resolutions on topics including the Western Sahara, Afghanistan, Kampuchea, the Palestinian *intifada* and the Falkland Islands.

Work on disarmament culminated in adoption of a resolution on the 'comprehensive system of international peace and security' proposed by the Soviet Union. The main economic issues at this session were debt, the convening of a special session in 1990 to boost growth and development, preparations for Fourth Development Decade (1991-2000) and environmental issues (toxic waste and the climate). Resolutions were

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² SADCC members are Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

³ Opening of session: Bull. EC 9-1988, point 2.2.52.

also adopted on racism and human rights in Iran and Chile.

International drugs control

2.2.69. On 20 December, after negotiations lasting four weeks, the conference of plenipotentiaries adopted by consensus the new United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.¹ This Convention, which represents an overall compromise between the developed and the developing countries, is a first attempt by the international community to set up active cooperation between States in order to identify, prosecute and punish traffickers via a range of measures, including extradition, mutual legal assistance and confiscation of proceeds and property.

The final outcome is also satisfactory for the Community because the final provisions include a clause on the participation of 'regional economic integration organizations', as negotiated by the Commission in June and July on the basis of directives given by the Council.¹ The insertion of this clause into the Convention means that the Community itself can participate if it thinks fit.

In addition to this, and without the Council formally having recognized its jurisdiction in this area, the Commission was able to meet the negotiating objectives set for it on

8 December in respect of the article in the Convention relating to precursors (chemical and pharmaceutical substances listed in the Common Customs Tariff which can be used in the manufacture of drugs).

The eventual compromise, providing for selective, qualitative monitoring of trade in these products, was reached after long negotiations with the United States, the developing countries, and the Soviet Union and socialist countries.

Conference on Security and Cooperation in Europe

2.2.70. Negotiations in December concentrated on finding a solution to the three main outstanding political issues: the terms of reference for the negotiations on conventional disarmament, a possible meeting in Moscow on human rights and the number and venues of other CSCE meetings after Vienna.² Contrary to expectations, the Vienna meeting failed to agree on these matters by the end of the year, and will have to resume in January.

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2.2.71. From 7 to 9 December the Commission took part in the 47th meeting of the OECD's Environment Committee in Paris (→ point 2.1.223).

¹ Bull. EC 7/8-1988, point 2.2.73.

² Previous meeting: Bull. EC 11-1988, point 2.2.59.

3. Financing Community activities

Budgets

General budget

1989 budget

2.3.1. The 1989 budget was finally adopted upon completion of a budgetary procedure much facilitated by the positive impact of the Interinstitutional Agreement which entered into force on 1 July.¹

On 15 December Parliament gave the draft 1989 budget² its second reading.³ It restored all its first-reading amendments to increase expenditure on research, food aid and social policy which the Council had rejected on second reading.⁴

In its resolutions⁵ on Section III (Commission) and on Sections I (Parliament), II (Council and Economic and Social Committee), IV (Court of Justice) and V (Court of Auditors) of the draft budget, Parliament acknowledged the clear improvement in cooperation between the two arms of the budgetary authority. It welcomed the Council's willingness to resolve constructively, during implementation of the budget, the problems connected with food aid and again insisted on a lasting solution.

Mr Papanтониου, the President of the Council, accepted that with the restoration of Parliament's amendments the maximum rate of increase for 'non-privileged' non-compulsory expenditure had been exceeded. On the Council's behalf, he agreed to the resulting new rate (11.5% for commitment appropriations and 10.5% for payment appropriations). The President of the Parliament then immediately declared the 1989 budget finally adopted.

Table 17 shows the total appropriations entered in the budget and the breakdown by sector.

Own resources

2.3.2. Parliament having delivered its opinion on 26 October,⁶ the Commission

sent the Council on 9 December an amendment⁷ to its proposal for a Regulation concerning uniform arrangements for the collection of VAT own resources.⁸ Ministers for Economic and Financial Affairs examined the proposal at their 12 December Council meeting, but it proved impossible to adopt it formally by the end of the year.

2.3.3. At its meeting on 12 December the Council also exchanged views on the proposal for a Regulation⁹ applying the Decision of 24 June 1988 on the system of the Communities' own resources,¹⁰ though it was unable to adopt it formally before 31 December. The Representatives of the Governments of the Member States meeting within the Council noted, therefore, that Regulation No 2891/77 of 19 December 1977¹¹ implementing Decision 70/243/ECSC, EEC, Euratom of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources¹² remained in force and agreed, as regards the fourth resource,¹³ to apply the provisions of the proposed Regulation as they emerge from the Council's discussions. It was agreed that payments thus made would be adjusted as appropriate to conform to the new Regulation, once it entered into force with retrospective effect from 1 January 1989.

2.3.4. On 13 December Parliament gave its opinion on the proposal.⁵ It called for a number of amendments, but noted that

¹ OJ L 185, 15.7.1988; Bull. EC 6-1988, points 2.3.8, 2.3.10 and 2.4.12.

² Bull. EC 7/8-1988, point 2.3.6.

³ First reading: Bull. EC 10-1988, point 2.3.2.

⁴ Bull. EC 11-1988, point 2.3.1.

⁵ OJ C 12, 16.1.1989.

⁶ OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.3.5.

⁷ COM(88)736 final.

⁸ OJ C 128, 17.5.1988; Bull. EC 3-1988, point 2.3.5.

⁹ OJ C 255, 1.10.1988; Bull. EC 9-1988, point 2.3.2.

¹⁰ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.5.

¹¹ OJ L 336, 27.12.1977; Eleventh General Report, point 61.

¹² OJ L 94, 28.4.1970; Fourth General Report, point 515 *et seq.*

¹³ Bull. EC 2-1988, point 1.1.1 *et seq.*

Table 17 — 1989 budget procedure — Expenditure by area

(million ECU)

Area	1989 ¹ preliminary draft		Council first reading		Parliament first reading		Council second reading		1989 budget	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
1. EAGGF Guarantee Section (Titles 1 and 2)	26 817	26 817	28 107	28 107	27 017	27 017	26 741	26 741	26 741	26 471
2. Repayments — old stocks (Chapter 81)	1 449	1 449	1 449	1 449	1 449	1 449	1 449	1 449	1 449	1 449
3. Monetary reserve (Chapter 102)	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
4. Set-aside and income support (Chapter 39)	100	100	100	100	100	100	100	100	100	100
5. Structural Funds.										
EAGGF Guidance Section (Chapter 30)	1 413	1 384	1 413	1 369	1 413	1 384	1 413	1 369	1 413	1 369
ERDF (Chapter 50)	4 495	3 920	4 495	3 920	4 495	3 920	4 495	3 920	4 495	3 920
ESF (Chapter 60)	3 387	2 970	3 387	2 950	3 387	2 950	3 387	2 950	3 387	2 950
6. Pedip (Article 553)	100	80	103.5	80	103.5	80	103.5	80	103.5	80
7. IMPs (Chapter 55, except Article 553)	264	262	263.7	249.767	263.7	261.767	263.7	261.767	263.7	261.767
8. Agriculture (Chapter 38)	86	83	83.05	80.661	86	82.999	84.85	82.361	86.35	83.35
9. Miscellaneous regional (Chapter 54)	20.2	26.1	17	23.524	22.7	28.6	17	23.524	26.6	31.8
10. Miscellaneous social (Chapters 63, 64, 69)	219.64	228.74	207.466	215.349	248.361	257.461	217.416	226.516	237.961	246.371
11. Transport (Chapter 58)	67.35	37.35	44.4	22.4	72.35	42.35	65.65	35.65	67.35	37.35
12. Environment (Chapter 66)	43.285	38.685	24.85	25.319	45.985	39.01	32.5	28.605	43.985	37.01
13. Information and culture (Chapter 67)	38.33	36.33	31.63	29.997	36.98	34.98	34.33	32.33	37.98	35.98
14. Fisheries (Title 4)	361.1	395.6	360.7	378.88	360.8	392.3	360.8	387.304	361.24	389.24
15. Energy (Chapters 70, 71)	137.83	125.83	134.78	120.168	136.98	121.5	135.48	120.468	137.08	121.6
16. Research (Chapter 73)	1 449.982	1 200.55	1 401.332	1 182.469	1 453.882	1 196.504	1 400.932	1 182.424	1 441.382	1 196.504
17. Innovation and internal market (Chapters 75 to 79)	185.865	152.837	151.699	121.651	174.093	140.592	160.571	129.585	177.293	143.092
18. Development (Title 9)	1 303.207	1 084.907	1 110.017	950.572	1 232.107	1 025.896	1 143.027	963.014	1 240.507	1 031.629
19. Administration (Part A)	1 425.613	1 425.613	1 371.022	1 371.022	1 416.392	1 416.392	1 396.751	1 396.751	1 416.392	1 416.392
20. Other institutions	736.165	736.165	731.66	731.66	733.639	733.639	732.683	732.683	733.639	733.639
21. Repayments to Member States (Title 8, except Chapter 81)	1 471.211	1 471.211	1 527.046	1 527.046	1 502.58	1 502.58	1 457.702	1 457.683	1 463.074	1 463.074
22. Reserve (Chapter 101)	5	5	token entry	token entry	token entry	token entry	token entry	token entry	token entry	token entry
Total	46 575.779	45 029.919	47 514.853	46 005.486	46 751.049	45 176.571	46 191.893	44 669.685	46 423.033	44 837.8

¹ Including letter of amendment No 1.

the proposal was a step in the direction it had itself indicated, especially as regards the Commission's inspection powers.

2.3.5. On 14 December the Commission adopted a decision on the calculation of the Greek VAT base for 1986 pursuant to the 21st Council Directive (86/247/EEC) of 16 June 1986 on the deferment of the introduction of the common system of value-added tax in Greece.¹ The Commission lays down the method of adjusting the contribution which Greece had undertaken to pay as own resources in 1986 at the level which would have been applied if VAT had already been introduced.

Budgetary discharge

2.3.6. On 16 December Parliament adopted a resolution² on action taken by the Commission in response to the observations made in the resolution accompanying the decision granting a discharge in respect of the implementation of the 1985 budget.³ It welcomed the contents of the report sent by the Commission on 31 May⁴ in response to its previous resolution of 19 January⁵ and took note of the appreciable progress made in valuing the stocks of agricultural products. In particular, it called on the Commission to continue its efforts to improve the efficiency of expenditure and step up its control activities.

2.3.7. On the same date Parliament also adopted a resolution² concerning 1986,⁶ in respect of which the Commission had sent it on 16 August an interim report⁷ on measures taken in response to comments made in the resolution of 13 April.⁸ Parliament noted with satisfaction the Commission's determined efforts to improve the financial situation and its success in bringing the clearance of accounts up to date. It also reiterated its attachment to the principles of sound budgetary management and effective measures against fraud and irregularities.

Financial Regulation

2.3.8. On 16 December the Commission sent the Council a proposal for a Regu-

lation⁹ to amend the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.¹⁰

This proposal consolidates and updates all the proposals the Commission has made since December 1980¹¹ and is a response to the passages in the conclusions of the Brussels European Council relating to budgetary discipline and budget management.¹² The revision of the Financial Regulation will complete the set of decisions which the Council is in the process of adopting to reform the Community's finances.¹³ The proposal concentrates on the following aspects: rationalizing and modernizing the presentation of the budget, measures to improve relations between the institutions, amendment of provisions to rationalize implementation of the budget, amendment of the special provisions relating to research and technological development and introduction of special provisions applicable to external aid.

Borrowing and lending operations

2.3.9. On 8 December the Commission sent the Council and Parliament its report on the borrowing and lending activities of the Community in 1987.¹⁴ In this report the Commission gives an account of all the Community institutions' borrowing and lending operations for structural purposes

¹ OJ L 164, 20.6.1986; Bull. EC 6-1988, point 2.1.101.

² OJ C 12, 16.1.1989.

³ OJ L 40, 13.2.1988; Bull. EC 1-1988, point 2.3.6.

⁴ Bull. EC 5-1988, point 2.3.8.

⁵ OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.4.14.

⁶ OJ L 156, 23.6.1988; Bull. EC 4-1988, point 2.3.9.

⁷ Bull. EC 7/8-1988, point 2.4.20.

⁸ OJ C 122, 9.5.1988; Bull. EC 4-1988, point 2.4.20.

⁹ COM(88) 838 final.

¹⁰ OJ L 356, 31.12.1977.

¹¹ OJ C 119, 21.5.1981; Bull. EC 12-1980, point 2.3.72; OJ C 97, 9.4.1984; Bull. EC 3-1984, point 2.3.2; OJ C 186, 16.7.1987; OJ C 278, 16.10.1987; Bull. EC 7/8-1987, point 1.1.10; OJ C 313, 25.11.1987; Bull. EC 10-1987, point 2.3.8.

¹² Bull. EC 2-1988, point 1.1.1 *et seq.*

¹³ Bull. EC 6-1988, points 2.3.5, 2.3.8, 2.3.9, 2.3.14 to 2.3.16.

¹⁴ COM(88) 692 final. Previous report: Bull. EC 9-1987, point 2.1.3.

and at the same time meets its obligation to inform the Council and Parliament once a year of developments concerning the NCI, Euratom and the exceptional aid granted following the earthquakes in Italy and Greece in 1980 and 1981.¹

The report analyses borrowing and lending activities in the context of the creation of a Community 'financial area'. After outlining the investment situation in 1987 and developments and decisions relating to the financing instruments, it refers to the extension of activities under the New Community Instrument (NCI IV) authorized by Council decision on 9 March 1987.² This new tranche of ECU 750 million is intended for small businesses and is accompanied by a parallel tranche to be made available to small businesses by the EIB at the request of the Council.

The report also describes how operations have developed. There was 2% increase in loans granted — a slower advance than in recent years. However, lending to the productive sector increased considerably, at the expense of lending for energy projects. Almost three quarters of lending was concentrated in countries with major regional problems. Investment projects financed by the EIB and NCI should help to create 28 000 permanent jobs, two thirds of them in the assisted areas. The productive sector received the bulk of the NCI loans, and the country-by-country review shows that the main recipient was Italy, followed by Spain and France.

ECSC operating budget

2.3.10. After taking note of Parliament's resolution³ rejecting the initial proposal for an increase in the levy rate⁴ and of the ECSC Consultative Committee's resolution,⁵ the Commission decided on 21 December to maintain a 0.31% levy rate on ECSC products for 1989.⁶ It adopted the ECSC operating budget for 1989 on this basis.

The ordinary resources (levies, net balance from the previous year, fines, guarantees,

etc.), estimated at ECU 329 million, will cover the ECU 5 million for administrative expenditure, ECU 175 million for redeployment aid, ECU 74 million for research expenditure, ECU 63 million for interest subsidies on ECSC loans (Articles 54 and 56) and ECU 12 million for social measures in connection with the restructuring of the coal industry.

The extraordinary revenue required to finance the steel industry social measures has not been provided, and the expenditure forecasts for 1988 have accordingly been reduced.

2.3.11. On 15 December Parliament gave an opinion⁷ on the proposal for a Decision on a contribution from the general budget of the Communities to the ECSC. Parliament felt that the ECSC should be allocated a gift from the general budget or from Member States' contributions to guarantee the financing of social measures to support the restructuring of the steel industry.⁷

Financial operations

ECSC

Loans raised

2.3.12. In December the Commission made a number of private placings in ecus, marks, French francs, Luxembourg francs and sterling for the equivalent of ECU 197.1 million and a six-year public issue of DM 100 million at 5.5% with an issue price of 100.375%.

¹ OJ L 37, 10.2.1981; OJ L 367, 23.12.1981.

² OJ L 71, 14.3.1987; Bull. EC 3-1987, point 2.1.3.

³ OJ C 12, 16.1.1989.

⁴ Bull. EC 6-1988, point 2.3.20.

⁵ OJ C 277, 27.10.1988; Bull. EC 10-1988, point 2.3.6.

⁶ OJ L 355, 23.12.1988.

⁷ OJ C 194, 23.7.1988; Bull. EC 6-1988, points 2.1.53 and 2.3.18.

Loans paid out

2.3.13. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in December, totalling ECU 343.68 million.

Industrial loans

2.3.14. Industrial loans (Article 54) totalling ECU 160.56 million were made to Germany, Spain and the United Kingdom.

Conversion loans

2.3.15. Conversion loans (Article 56) totalling ECU 179.11 million were made to Belgium, France, Germany, Italy, Luxembourg and the United Kingdom.

Workers' housing

2.3.16. Housing loans for ECSC workers totalling ECU 4.01 million were granted in France, Germany, Greece, Ireland, Italy, Spain and the United Kingdom.

EEC—NCI

Loans raised

2.3.17. In December the Commission made a private placing for the equivalent of ECU 34.4 million.

Control measures

Plans for future operations

2.3.18. On 21 December the Commission adopted the plan of action for the new unit for the coordination of fraud prevention established on 1 July.¹

This plan of action, which forms part of the strategy adopted in October 1987 to step up the fight against fraud affecting the Community budget,² is intended to guide and support action by Commission departments. There are three main themes: increasing cooperation between the Member States and the Commission, expanding and developing the Community's fraud prevention instruments and enhancing the effectiveness of Community measures. For each of these a number of practical proposals are made, some of which are designated as the main priorities. Initially, special emphasis will be placed on an audit of national fraud-prevention systems and the way they work in practice, the review of measures to stamp out fraud affecting the structural Funds, the sharing of financial liability between the Member States and the Community and the development of computerized aids and information flows.

¹ Bull. EC 9-1988, point 2.4.20.

² Bull. EC 10-1987, point 2.3.10.

4. Political and institutional matters

European political cooperation

2.4.1. On 1 December the Twelve issued the following statement on Sudan:

Sudan

'The Twelve welcome the latest efforts undertaken towards peace in the South of Sudan. They urge all parties concerned to build on these efforts to conclude an early ceasefire so that peace can be restored and relief operations and reconstruction in Sudan — particularly in the South — can get under way.'

2.4.2. At the end of the Rhodes European Council of 2 and 3 December the Twelve adopted statements on East-West relations, the Middle East (Arab-Israeli conflict and Lebanon) and Cyprus (→ point 1.1.14 *et seq.*).

2.4.3. On 6 December the Twelve adopted the following statement on events in Argentina:

Argentina

'The Twelve express their satisfaction at the reaffirmation of the legitimate authority of the State in Argentina, following the incidents provoked by the rebellion of certain army elements.

On this occasion the Twelve express their solidarity and support for the efforts deployed for the consolidation and deepening of the democratic institutions in Argentina.'

40th anniversary of the Universal Declaration of Human Rights

2.4.4. On 9 December the Twelve adopted a joint statement on the 40th anniversary of the Universal Declaration of Human Rights (→ point 1.3.2.).

2.4.5. On 16 December the Twelve issued the following statements on the situation

in the Middle East and the signing of the Brazzaville Protocol by Angola, Cuba and South Africa on 13 December:

Situation in the Middle East

'In the spirit of their Statement of 21 November 1988, the Twelve welcome the decision of the United States Government to initiate a substantive dialogue with the PLO, following the confirmation of the acceptance by the latter of UN Security Council Resolutions 242 and 338 and of the right of Israel to exist, and its explicit renunciation of terrorism.

The Twelve believe that dialogue opens positive perspectives for the peace process in the Middle East and that it should lead to the beginning of negotiations between the parties directly concerned in the framework of an International Peace Conference under the auspices of the United Nations, which they have referred to in previous declarations.

They urge all the parties to respond to the new situation and take the necessary steps for such a Conference to be convened and direct negotiations within its framework initiated. In their endeavours for the achievement of a comprehensive, just and lasting peace the Twelve will be guided by the principles of the Venice Declaration and the subsequent declarations they have adopted with regard to the situation in the Middle East. The Twelve express their intention to work towards that objective in consultation with the parties concerned.'

Brazzaville Protocol

'The Twelve welcome the important Protocol of Agreement signed in Brazzaville on 13 December 1988 between Angola, Cuba and South Africa with the mediation of the United States, which brings the independence of Namibia on the basis of United Nations Security Council Resolution 435 (1978) closer than ever before. They pay tribute to the constructive spirit and efforts of the parties involved as well as of all who have contributed to making possible the remarkable progress achieved so far. They also express their appreciation and support for the significant role and efforts of the Secretary-General of the United Nations.

The Twelve have always been firmly and consistently committed to Namibia's independence in

accordance with the United Nations' settlement plan endorsed by Security Council Resolution 435 (1978). They will do all in their power to contribute to its early implementation and to help restore conditions for peace, stability and dialogue in the entire region of southern Africa.

In this connection, they welcome the agreement on a bilateral accord between Angola and Cuba, which will include a timetable acceptable to all parties for the staged and total withdrawal of Cuban troops from Angola.

The Community and its Member States also wish to reiterate their readiness to continue and, if necessary, expand the aid to the Namibian people with a view to securing a smooth transition to independence. Furthermore, they reaffirm their intention to promote economic and social development in Namibia by providing it with substantial economic assistance once it becomes independent, as well as their willingness to receive from an independent Namibia an application for accession to the Lomé Convention.'

2.4.6. On 31 December the Twelve issued the following statements on the destruction of the Pan-Am aircraft and the ninth anniversary of the invasion of Afghanistan:

Destruction of the Pan-Am aircraft

'The Twelve note with grave concern the findings to date of the British authorities' investigation into the destruction of Pan-Am flight 103 on 21 December which established that there is conclusive evidence of the use of a high explosive.

The Twelve deeply regret the tragic loss of so many lives. They express their deepest condolences to the governments and peoples of the countries of the victims, and notably to the Government of the United States of America from where so many of the victims came. They also wish to express their deepest sympathy to the villagers of Lockerbie.

The Twelve have repeatedly expressed their strongest condemnation of all terrorist actions, and in particular, terrorist acts against civil aviation. They utterly condemn this attack against a civil aircraft.

The Twelve reiterate their policy of combating terrorism in all its forms and in particular of solidarity between Member States in their efforts to prevent terrorist crimes and to bring the guilty to justice. The Twelve are confident that all concerned, inspired by the same solidarity, will give the fullest international cooperation to trace those

responsible for this attack and to bring them to trial.'

Ninth anniversary of the invasion of Afghanistan

'On the occasion of the ninth anniversary of the invasion of Afghanistan by Soviet forces, the Twelve note that possibilities now exist for finding a political solution to the conflict and that there are numerous indications which seem to justify the hope that henceforth the Afghan people may regain their independence and control of their own destiny.

The Twelve find particularly encouraging the decision of the Soviet Government to engage in enlarged consultations, which will include representatives of the resistance, with a view to preparing for the establishment of a government which will be representative of, and acceptable to, all sides.

They call upon all sides concerned to implement the Geneva agreements and, in particular, upon the Soviet Union to respect its undertaking to proceed with a full withdrawal of its forces from Afghan territory before 15 February 1989.'

2.4.7. Parliament adopted the following resolutions on 15 December:

The Rhodes Summit and the Gorbachev unilateral disarmament proposals. Parliament welcomed the statement by the Twelve at the Rhodes European Summit that, 'at future disarmament negotiations, support would be given to attaining a secure and stable balance of conventional forces in Europe at a lower level' and the speech made by Mr Gorbachev to the General Assembly of the United Nations on 7 December in which he announced his intention to effect unilateral force reductions. Parliament noted that further asymmetric reductions will have to be negotiated, and looked for progress in the talks aimed at the total elimination of chemical weapons.

The statement by Mr Gorbachev at the UN. Parliament took note of what the Soviet leader had said at the UN and elsewhere and hoped that his statements would be acted on soon. Concerned at the delay in withdrawing troops from Afghanistan, the House welcomed the proposal for a full

ceasefire as of 1 January 1989 and an international conference on Afghan neutrality. Parliament reiterated its wholehearted espousal of the principle of national self-determination and called for this to apply to Afghanistan as well.

2.4.8. The situation in the Middle East. Parliament took note of the declaration adopted by the Palestine National Council in Algiers on 15 November, giving a positive response to its demands for an international peace conference under the auspices of the UN to find a peaceful solution to the problems of the Middle East. It called on the Twelve to work towards this end and to recognize the PLO as a Palestinian government in exile. Parliament called on all the groups represented at the Palestine National Council to refrain from any act of terrorism and on the Israeli Government to refrain from any act of violence or provocation in the occupied territories.

2.4.9. The resumption of peace talks in Central America. Parliament took note of the proposals submitted by Costa Rica for the resumption of peace talks, called on the Nicaraguan Government and the Contra forces to reopen their dialogue and renewed its call to the governments and the opposition forces in the region to re-establish contact.

Human rights and fundamental freedoms

2.4.10. On 9 December the Twelve issued a joint statement in commemoration of the 40th anniversary of the Universal Declaration of Human Rights; Mr Jacques Delors, President of the Commission, sent a message from the Commission to Mr Pérez de Cuéllar, Secretary-General of the United Nations (→ point 1.3.3.).

2.4.11. The Commission adopted a medium-term action programme to foster the

economic and social integration of the least-privileged groups (→ point 2.1.163).

2.4.12. On 15 December Parliament adopted resolutions on the following subjects:¹

Further ETA killings in Madrid. Parliament condemned the brutal and bloody attack carried out by the ETA terrorist organization in Madrid on 22 November, killing two people and injuring more than 40 others. It called on the Spanish authorities to adopt all measures to protect democratic society from the murderers and on Ministers of the Community meeting within the Trevi Group to work together more closely in order to find an effective response to the scourge of terrorism.

Human rights violations in Turkey. Noting that on 10 December nine Turkish citizens living in exile returned to their homeland and that six were refused entry while the three others were arrested and detained, Parliament called on the Turkish Government to allow one of them, Mr Boztanci, and any other exiles to return to Turkey in order to defend themselves. It called on the Turkish Government to cease its inhuman behaviour towards its citizens.

Morocco. Parliament expressed concern at the continuing failure to respect political prisoners' rights in Moroccan prisons and the attacks on their person and called on the Moroccan Government and King Hassan II not to enforce the death sentences and to abolish the death penalty altogether. It asked for improved conditions of detention and the right to receive family visits, to pursue studies and to obtain newspapers. Parliament called on the Foreign Ministers meeting in the political cooperation framework to make a humanitarian gesture as a matter of urgency on behalf of the Marakesh hunger strikers.

Jewish prisoners in Syria. Parliament, concerned at the situation of the 5000 Jews living in Syria, called on the Syrian authori-

¹ OJ C 12, 16.1.1989.

ties to release six prisoners who had come to the attention of the House and to allow them to leave Syria if they so wish.

All hostages, in particular those held by the Abu Nidal organization. Parliament urged the Arab governments and the Arab political organizations to secure the release of the hostages, in particular Mrs Valente and her children, Dr Jan Cools, John McCarthy, Terry Waite and Brian Keenan.

Iran. Parliament called upon the Iranian Government to halt the executions, ban the ill-treatment and torture of political prisoners, and admit a team of international observers to visit prisons and investigate the reports of executions. It appealed to the United Nations to continue with the efforts made to date to persuade the regime to end the executions. Parliament also demanded the organization and imposition of an international embargo on the supply of all military supplies to Iran. It asked the Foreign Ministers meeting in political cooperation and Member States' ambassadors to unite their efforts to save the lives of political detainees in Iran by exerting strong pressure on the Iranian Government.

The situation in East Timor. Parliament strongly condemned the detentions between 26 October and 21 November and other human rights violations during President Suharto's visit to the occupied territory of East Timor.

The situation in Cuba. Parliament condemned the Cuban regime's totalitarian policies, which are hostile to human rights, expressed its solidarity with the victims of the dictatorship, and called on the Cuban authorities to keep their promises to introduce democracy. It called on the Foreign Ministers meeting in political cooperation to express their desire for free and democratic elections in Cuba.

The fate of Mrs Doina Cornea, a Romanian citizen who disappeared on 15 November. Parliament called on the Foreign Ministers meeting in political cooperation to obtain from the Romanian authorities information regarding the situation of Mrs Doina Cor-

nea and an assurance that she is not being held against her will and can exercise her right to freedom of opinion and expression.

The arrest of the pop musician and producer Petr Cibulka in Czechoslovakia. Parliament, noting that Petr Cibulka, a signatory to Charter 77 and a member of the Committee for the Defence of the Persecuted in Czechoslovakia, was arrested for the third time on 14 October for recording, producing and distributing unauthorized pop music, condemned the arrest. It requested the Czechoslovak Government to release Cibulka and not to prosecute him, and called upon the Foreign Ministers meeting in political cooperation to do everything in their power to persuade the Government to do as they ask.

The granting of an exit visa to Slava Uspensky by the Soviet authorities. Parliament called on the Soviet authorities to grant an exit visa to this 19-year-old student who was refused permission, together with his parents, to travel to Israel; it called on the Foreign Ministers of the Member States to draw the Soviet Government's attention to this case.

The refusal to grant an exit visa to Marc Kotlyar. This case being typical of those of thousands of applicants for exit visas, Parliament called on the Soviet authorities to open up their frontiers in accordance with the letter of the Helsinki Conference, the Final Act of which was signed by them, and to lift the ban preventing Marc Kotlyar and his family and other Soviet citizens who so wish from leaving the country.

European policy — Relations between the institutions

European policy

Rhodes European Council

2.4.13. The European Council, which met in Rhodes on 2 and 3 December (→ point

1.1.1 *et seq.*), took stock of progress towards 1992 and the single European market and at the same time gave fresh momentum to work on the environment and stressed the importance of boosting efforts to develop Europe's audiovisual capacity (the Eureka audiovisual initiative). It also adopted a statement on the Community's international role¹ and issued a number of declarations in the context of European political cooperation.

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2.4.14. On 15 December Parliament adopted a resolution on the Rhodes European Council. It noted the European Council's call on the Council to redouble its efforts to complete the internal market and underlined the importance of removing border checks at the Community's internal frontiers by 31 December 1992. At the same time, however, Parliament pointed out that the creation of an open market must go hand in hand with increased economic and social cohesion, and this called for a precise schedule and specific stages to be laid down. It also stressed the need for unwavering political determination if the Community was to get to grips with the major problems affecting the environment, and welcomed the impetus given to the establishment of a European audiovisual market. In conclusion, it reiterated its demand that the lack of democracy in institutional terms should be remedied without further delay.

Implementing the Single Act

2.4.15. On 19 December, in line with the conclusions of the Brussels European Council in February³ and the comprehensive framework Regulation of 24 June,⁴ the Council adopted the implementing Regulation designed to ensure that the structural Funds' operations are conditioned with each other and with operations of the EIB and the other financial instruments. At the same time it also adopted the implementing Regulations for the three individual Funds:

the European Regional Development Fund, the European Social Fund and the EAGGF Guidance Section. This made it possible for the reform of the structural Funds to become operative on 1 January 1989 (→ point 2.1.200).

Relations between the institutions

New Commission

2.4.16. On 8 December the Representatives of the Member States' Governments appointed the Members of the Commission for the period from 6 January 1989 to 5 January 1993, and appointed Mr Jacques Delors President of the Commission for the period from 6 January 1989 to 5 January 1991 (→ point 1.2.1 *et seq.*).

1989 budget

2.4.17. Thanks to the improvements introduced under the interinstitutional agreement which came into force on 1 July, the 1989 budget was finally adopted within the time prescribed (→ point 2.3.1).

Institutions and organs of the Communities

Parliament

*Strasbourg: 12 to 16 December*⁵

Highlights

2.4.18. As has often been the case in recent years, Parliament's agenda for December

¹ Bull. EC 10-1988, point 1.2.1 *et seq.*

² OJ C 12, 16. 1. 1989.

³ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁴ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

⁵ The texts of the resolutions adopted by Parliament appear in OJ C 12, 16.1.1989, and the report of the proceedings is published in OJ Annex 2-372. The political groups and countries of origin of members speaking in the debates are indicated in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, p. 51 (footnote 2).

was particularly heavy. But the distinguishing feature of this part-session was the outstanding spirit of interinstitutional cooperation between Parliament, the Commission and the Council, which not only enabled the budget to be adopted on time for the first time since 1983 (→ point 2.3.1.) but also cleared the way for completion of the reforms of the structural Funds and entry into force of the new regulations on 1 January as planned (→ point 2.1.200).

Mr T. Pangalos, Greece's Deputy Foreign Minister, gave an account of his country's second term in the Council Presidency, and Mr C. Papoulias, the Foreign Minister, and Mr Delors informed the House of the results of the Rhodes European Council (→ point 1.1.1 *et seq.*).

A substantial amount of legislative work was accomplished, particularly in the areas of health and safety at work (→ point 2.1.177) and harmonization in connection with foodstuffs (→ points 2.1.28 and 2.1.29). Parliament again voiced its concern over violations of human rights by passing resolutions on the situation in Iran, Morocco, Cuba and the Soviet Union and on the fate of many prisoners, hostages and missing persons (→ point 2.4.12). Several matters involving external relations also commanded attention, including the Middle East situation (→ point 2.4.8), and the House united with the great wave of international solidarity in support of the victims of the earthquake in Armenia (→ point 2.4.19).

Emergency aid to Armenia

2.4.19. The tragic consequences of the earthquake of 7 December, which left tens of thousands dead, injured and homeless, and virtually destroyed a number of towns, moved Parliament not only to express its deepest sympathy to the Armenian people and the Soviet authorities, but also to call for material aid for the victims. It urged the Commission to grant, in addition to the emergency aid already provided (→ point 2.2.52), a further ECU 10 million and to

find this sum in the 1988 budget by means of transfers of appropriations. A resolution passed on 15 December with the support of most of the political groups called not only for the mounting of short- and medium-term coordinated aid plans but also for the development of a system for the exchange of knowledge with regard to the forecasting of earthquakes and building construction in areas at risk.

The speakers during the debate highlighted the various points of the resolution. Mrs Veil (*LDR/F*) demanded better prevention measures, while Mr Bailloit (*Com/F*), Mr Coste-Floret (*EDA/F*) and Mr Saby (*S/F*) called for efficient and coordinated routing and distribution of aid. Mr Guermeur (*EDA/F*) backed the idea of setting up a Community relief force. Certain speakers, including Mrs Lehideux (*ER/F*), referred to the political situation in the region.

Replying on behalf of the Commission, Mr Christophersen explained that the Member States had already contributed ECU 20 million in aid. He thanked Parliament for its initiative and gave assurances that the Commission would do its utmost to help Armenia.

Opinions, decisions and resolutions

2.4.20. Parliament adopted opinions (first reading) on Commission proposals concerning:

a Directive concerning personal protective equipment (→ point 2.1.16);

a Decision adopting the pilot phase of a strategic research and technology programme in the field of aeronautics (→ point 2.1.55);

a Decision on a specific programme for the completion of a machine-translation system of advanced design (*Eurotra*) (→ point 2.1.86);

a Directive on the labelling of tobacco products (→ point 2.1.175);

two Directives on the minimum health and safety requirements for the use by workers

of personal protective equipment and for work with visual-display units (→ point 2.1.179).

2.4.21. Parliament adopted decisions (second reading) on the Council's common positions on the following Commission proposals:

three Directives concerning materials and articles intended to come into contact with foodstuffs, food additives authorized for use in foodstuffs intended for human consumption and quick-frozen foodstuffs for human consumption (→ point 2.1.28);

two Regulations implementing the comprehensive Regulation on reform of the structural Funds: one relating to coordination of the different structural Funds between themselves and with the operations of the EIB and the other existing financial instruments, and the other to the ERDF (→ point 2.1.200);

an amendment to Directive 76/768/EEC of 27 July 1976 on cosmetic products (→ point 2.1.225);

a Directive concerning summer time (→ point 2.1.340).

2.4.22. Parliament gave opinions on the following Commission proposals:

a Directive on the burden of proof in the area of equal pay and equal treatment for women and men (→ point 2.1.165);

amendments to two Regulations concerning the application of social security schemes to employed and self-employed persons and to members of their families moving within the Community (→ point 2.1.171);

an amendment to Regulation (EEC) No 4007/87 of 22 December 1987 extending the period laid down in Article 90(1) of the Act of Accession of Spain and Portugal (→ point 2.1.230);

five Regulations on adjusting the milk-quota system and related measures (→ point 2.1.256);

amendments to various Regulations as regards the expiry dates for the arrange-

ments for the buying-in and the granting of certain premiums in the beef and veal sector (→ point 2.1.258);

an amendment to Regulation (EEC) No 1975/82 on agricultural development in certain regions of Greece (→ point 2.1.274);

an amendment to Directive 80/215/EEC on animal health problems affecting intra-Community trade in meat products (→ point 2.1.280);

a Regulation on zootechnical and breeding standards for the marketing of pure-bred animals (→ point 2.1.289);

an amendment to Directive 79/373/EEC of 2 April 1979 on the marketing of compound feedingstuffs (→ point 2.1.295);

a Regulation on the grant of support to transport infrastructure projects (→ point 2.1.326);

amendments to three Directives on admission to the occupation of road-transport operator (→ point 2.1.331);

a Directive on the reciprocal recognition of national boatmasters' certificates for the carriage of goods by inland navigation (→ point 2.1.337);

a Decision determining general guidelines for 1989 for financial and technical assistance to Latin American and Asian developing countries (→ point 2.2.63);

a Regulation implementing the Decision of 24 June 1988 on the system of the Communities' own resources (→ point 2.3.4);

a Decision on a contribution from the general budget of the Communities to the ECSC to finance social measures connected with the restructuring of the steel industry (→ point 2.3.11);

amendments to various Directives on statistical surveys on livestock.

2.4.23. Parliament gave its assent to the Cooperation Agreement between the Community and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (→ point 2.2.29).

2.4.24. Acting under its powers on budgetary matters, Parliament passed resolutions on:

the Council's modifications to Parliament's amendments to Section I (Parliament), Section II (Council — Economic and Social Committee), Section IV (Court of Justice) and Section V (Court of Auditors) of the draft general budget for 1989 (→ point 2.3.1);

the draft general budget for 1989, Section III (Commission), as modified by the Council (→ point 2.3.1);

the action taken by the Commission in response to comments and observations made in the resolutions accompanying the decisions granting discharges in respect of the 1985 and 1986 budgets (→ points 2.3.6 and 2.3.7);

the Commission's aide-mémoire on the fixing of the ECSC levy rate and on the drawing up of the ECSC operating budget for 1989 (→ point 2.3.10).

2.4.25. Resolutions were also passed on:

the problems of frontier workers in the Community (→ point 2.1.12);

consumer safety as part of a new Community approach to technical harmonization and standards (→ point 2.1.17);

the need to overcome the fragmentation in telecommunications (→ point 2.1.75);

posts and telecommunications (→ point 2.1.76);

the Commission's Seventeenth Report on Competition Policy (→ point 2.1.100);

the working environment and the scope of Article 118a of the EEC Treaty (→ point 2.1.180);

the environment in urban areas (→ point 2.1.219);

the drawing up of a Directive governing the sale, disposal and recycling of certain types of batteries (→ point 2.1.222);

the implementation of set-aside arrangements in the Member States (→ point 2.1.279);

African horse sickness in Spain and Portugal (→ point 2.1.288);

the Remscheid accident (→ point 2.1.338);

the state of the GATT negotiations in Montreal (→ point 2.2.5);

the catastrophic effects of the cyclone in the Bay of Bengal (→ point 2.2.54);

the Rhodes Summit and the Gorbachev unilateral disarmament proposals (→ point 2.4.7);

the statement by Mr Gorbachev at the UN (→ point 2.4.7);

the situation in the Middle East (→ point 2.4.8);

the resumption of peace talks in Central America (→ point 2.4.9);

further ETA killings in Madrid (→ point 2.4.12);

violations of human rights in Turkey (→ point 2.4.12);

Morocco (→ point 2.4.12);

Jewish prisoners in Syria (→ point 2.4.12);

all hostages, particularly those held by the Abu Nidal organization (→ point 2.4.12);

Iran (→ point 2.4.12);

the situation in East Timor (→ point 2.4.12);

the current situation in Cuba, particularly as regards human rights (→ point 2.4.12);

the fate of Mrs Doina Cornea, a Romanian citizen who disappeared on 15 November 1988 (→ point 2.4.12);

the arrest of the pop musician and producer Petr Cibulka in Czechoslovakia (→ point 2.4.12);

the granting of an exit visa to Slava Uspensky by the Soviet authorities (→ point 2.4.12);

the refusal to grant an exit visa to Marc Kotlyar (→ point 2.4.12);

the Rhodes European Council (→ points 2.4.14 and 2.4.18);

Council**2.4.26. 1282nd meeting — Transport**
(Brussels, 8 December)

President: Mr Haralambous, Greek Minister for Transport and Communications

Commission: Mr Clinton Davis

Main items

Financial support for transport infrastructure projects: gradual consensus (→ point 2.1.326);

Charging of infrastructure costs: detailed discussion (→ point 2.1.332);

Transit traffic through Austria, Switzerland and Yugoslavia: agreement on decision authorizing the Commission to open second phase negotiations (→ point 2.1.341).

Other business

Air-traffic system capacity: initial exchange of views;

Structural improvements in inland waterway transport: in-depth discussion;

Aid for combined transport: exchange of views;

National road-haulage services: discussion;

Admission to occupation of haulage operator: detailed discussion;

Weights and dimensions of commercial road vehicles: detailed discussion;

International carriage of passengers by coach and bus: briefing.

2.4.27. 1284th meeting — Fisheries
(Brussels, 9, 10 and 11 December)

President: Mr Pottakis, Greek Minister for Agriculture

Commission: Mr Cardoso e Cunha, Mr Clinton Davis

Main items

TACs and quotas for 1989: Regulation approved (→ point 2.1.302);

Annual fisheries arrangements resulting from the Act of Accession: three Regulations adopted (→ point 2.1.303);

Technical measures for conservation of fishery resources: Regulation approved (→ point 2.1.304);

Catch quotas and measures for conservation and management of fishery resources (Norway, Sweden, Faeroe Islands): Regulations approved (→ point 2.1.306);

Community catch quotas in Greenland waters: Regulation adopted (→ point 2.1.307);

Autonomous quotas for the NAFO Regulatory Area: Regulation adopted (→ point 2.1.311).

Other business

Multiannual guidance programmes for Community fishing fleets: briefing;

Relations with the Soviet Union: briefing;

Sea pollution: briefing.

2.4.28. 1285th meeting — Economic and financial affairs
(Brussels, 12 December)

President: Mr Roumeliotis, Greek Minister for Economic Affairs

Commission: Mr Delors, Mr Christophersen, Lord Cockfield, Mr Schmidhuber, Mr Matutes

Main items

Own funds of credit institutions: common position agreed (→ point 2.1.142);

Information to be published when major holding in listed company is acquired or disposed of: Directive adopted (→ point 2.1.146);

Prospectus to be published when transferable securities are offered to public: common position agreed (→ point 2.1.148);

Definitive uniform arrangements for collection of VAT own resources: substantive agreement (→ point 2.3.2.);

Application of decision on own-resources system: initial exchange of views (→ point 2.3.3).

Other business

Annual Economic Report: agreed;

Exemptions granted to Denmark concerning travellers' allowances: briefing;

Elimination of tax barriers: briefing;

Duty-free allowances for travellers and small consignments: two Directives approved;

NCI: briefing.

2.4.29. 1286th meeting — Agriculture (Brussels, 12, 13, 14, 15, 19 and 20 December)

President: Mr Pottakis, Greek Minister for Agriculture

Commission: Mr Andriessen

Main items

Temporary income support for farmers; reform of milk-quota system ('SLOM'); reform in beef, sheepmeat and goatmeat sectors; specific measures for nut-growing; definition of small cereal producers: detailed discussion (→ point 2.1.229);

Preparation and marketing of liqueur wines produced in the Community: agreement in principle (→ point 2.1.237);

Definition, description and presentation of spirit drinks: common position agreed (→ point 2.1.241);

Continuing imports of New Zealand butter: Regulation agreed (→ point 2.1.248);

Beef and veal tariff quotas: three Regulations adopted (→ point 2.1.257);

Health problems affecting minced meat: Directive adopted (→ point 2.1.280);

Health problems affecting intra-Community trade in meat products: Directive adopted (→ point 2.1.280);

Classical and African swine fever: Decisions adopted (→ point 2.1.284).

Other business

Use of cereals in animal feed: exchange of views;

Emergency aid for Portuguese farmers: briefing;

GATT trade negotiations: briefing.

2.4.30. 1287th meeting — Industry (Brussels, 13 December)

President: Mr Papanayotou, Greek Minister for Industry, Energy and Technology

Commission: Mr Matutes, Mr Sutherland

Main items

Small business, Euro-Info Centres: exchange of views (→ point 2.1.38);

Textiles: conclusions adopted (→ point 2.1.52);

Aids code for steel industry: assent (→ point 2.1.129);

Restructuring of Italian public-sector steel industry: in-depth discussion (→ point 2.1.130).

Other business

Steel industry — social aspect: no agreement;

Mining: exchange of views.

2.4.31. 1288th meeting — Tourism (Brussels, 14 December)

President: Mr Skoulas, Greek Deputy Minister for Economic Affairs

Commission: Mr Ripa di Meana

Main items

1990 — European Tourism Year: Decision agreed (→ point 2.1.8).

Other business

Priority action in tourism sector: briefing;

Package travel: exchange of views;

Coordination within international organizations: briefing.

2.4.32. 1289th meeting — Health
(Brussels, 15 December)

President: Mr Kaklamanis, Greek Minister for Health and Social Welfare

Commission: Mr Marín

Main items

AIDS in the Community: conclusions adopted (→ point 2.1.173).

Other business

Maximum tar yield of cigarettes: general discussion;

Tobacco labelling: in-depth discussion;

Europe against cancer: briefing;

Health aspects — 1992: briefing;

Fight against drugs: briefing.

2.4.33. 1290th meeting — Research
(Brussels, 15 December)

President: Mr Peponis, Greek Minister for Industry, Energy and Technology

Commission: Mr Narjes

Main items

Brite/Euram programme (1989-92): common position agreed (→ point 2.1.61);

Joule programme (1989-92): common position adopted (→ point 2.1.68).

Other business

First report on state of science and technology in Europe: initial exchange of views.

2.4.34. 1291st meeting — Labour and Social Affairs

(Brussels, 16 and 17 December)

President: Mr Yennimatas, Greek Minister for Labour

Commission: Mr Marín, Mr Clinton Davis

Main items

Social dimension of internal market: detailed discussion and conclusions of Presidency (→ point 2.1.151);

Exceptional aid for Greece: Regulation adopted (→ point 2.1.156);

Comett II: Decision adopted (→ point 2.1.159);

Health and safety at work — new framework Directive: common position approved (→ point 2.1.177);

Benzene: no unanimous agreement (after Parliament's rejection of Council's common position) (→ point 2.1.178).

Other business

Continuing training: detailed discussion;

Carcinogens: exchange of views;

Equal treatment for women — burden of proof with respect to equal pay: no agreement;

Social security for migrant workers: exchange of views.

2.4.35. 1292nd meeting — General affairs
(Brussels, 19 December)

President: Mr Pangalos, Greek Deputy Minister for Foreign Affairs

Commission: Mr Andriessen, Mr Cheysson, Mr De Clercq

Main items

Reform of structural Funds: four implementing Regulations adopted (→ point 2.1.200);

Community-China textile agreement: provisional application decided (→ point 2.2.9);

United States — hormones: Community countermeasures approved in principle (→ point 2.2.14).

Other business

Follow-up to Rhodés European Council: briefing;

Uruguay Round mid-term review: briefing;

Iron and steel — external aspect: detailed discussion;

Third financial protocols with Cyprus and Malta: detailed discussion continued;

Seventh of EEC-Yugoslavia Cooperation Council: Community position adopted.

2.4.36. 1293rd meeting — Internal market
(Brussels, 21 December)

President: Ms Papandreou, Greek Deputy Minister for Trade

Commission: Lord Cockfield, Mr Sutherland

Main items

Higher-education diplomas: Directive adopted (→ point 2.1.10);

Safety of machinery: common position adopted (→ point 2.1.19);

Foodstuffs: three Directives adopted (→ point 2.1.28);

Official inspection of foodstuffs: common position approved (→ point 2.1.29);

Medicinal products derived from human blood and radiopharmaceuticals: common positions adopted (→ point 2.1.33);

Trade marks: Directive adopted (→ point 2.1.37);

Common border posts: Regulation adopted (→ point 2.1.87);

Terms of payment of customs debt: common position adopted (→ point 2.1.90);

Restructuring of Italian steel industry: assent (→ point 2.1.130);

Cosmetic products: Directive adopted (→ point 2.1.225);

Summer time: Directive adopted (→ point 2.1.340).

Other business

Merger control: further detailed discussion;

Exports of non-ferrous metal waste: Regulation adopted.

Commission¹

2.4.37. Measures taken

Methods of testing self-propelled industrial trucks: Directive amending Directive 86/663/EEC (adapting to technical progress) (→ point 2.1.25).

Preparing small firms for 1992: programme of training schemes (→ point 2.1.39).

Competition on the markets for telecommunications services: draft Directive (→ point 2.1.72).

2.4.38. Measures proposed

2.4.39. Proposals to be adopted under the cooperation procedure

Appliances burning gaseous fuels: proposal for a Directive (→ point 2.1.21).

Active implantable electromedical equipment: proposal for a Directive (→ point 2.1.23).

Mobile machinery: proposal for a Directive (→ point 2.1.24).

¹ Selected items.

Units of measurement: proposal for a Directive to amend Directive 80/181/EEC (→ point 2.1.26).

Immunological veterinary medicinal products: proposal for a Directive (→ point 2.1.34).

Compulsory motor insurance: proposal for a Directive (→ point 2.1.144).

Takeover bids: proposal for a Directive (→ point 2.1.149).

2.4.40. *Other proposals and recommendations*

Action programme for European Tourism Year (1990): amended proposal for a Decision (→ point 2.1.9).

Establishment of tolerances for residues of veterinary medicinal products: proposal for a Regulation (→ point 2.1.34).

Veterinary medicinal products: proposal for a Directive (→ point 2.1.34).

New radiation protection programme (1990-94): proposal for a Decision (→ point 2.1.60).

Internal market for telecommunications services (open network provision): proposal for a Directive (→ point 2.1.73).

VAT arrangements applicable to second-hand goods, works of art, antiques and collectors' items: proposal for a Directive (→ point 2.1.95).

Guarantees issued by credit institutions and insurance companies: proposal for a Regulation (→ point 2.1.141).

Freedom to provide services in the individual life assurance field: proposal for a Directive (→ point 2.1.145).

Investment services in the securities field: proposal for a Directive (→ point 2.1.147).

Lingua programme (1990-92): proposal for a Decision (→ point 2.1.157).

Economic and social integration of the least-favoured groups (action programme 1989-93): proposal for a Decision (→ point 2.1.163).

Protection of fresh, coastal and marine waters against pollution caused by nitrates from diffuse sources: proposal for a Directive (→ point 2.1.211).

Batteries and accumulators containing dangerous substances: proposal for a Directive (→ point 2.1.221).

Animal health conditions governing trade in ovine and caprine animals: proposal for a Regulation (→ point 2.1.280).

Trade in and imports of embryos of domestic cattle: proposal for a Directive (→ point 2.1.280).

Agreement on textiles between the Community and China: proposal for a Decision (→ point 2.2.9).

Agreement on textiles between the Community and the Soviet Union: recommendation for a Decision (→ point 2.2.10).

Agreement on trade relations between the Community and Andorra: recommendation for a Decision (→ point 2.2.22).

Agreement between the Community and the Gulf countries: recommendation for a Decision (→ point 2.2.29).

Agreement on trade and cooperation between the Community and Poland: recommendation for a Decision (→ point 2.2.35).

Revision of the Financial Regulation: proposal for a Regulation (→ point 2.3.8).

Collection of statistics relating to the trading of goods between Member States: proposal for a Regulation (→ point 2.5.1).

2.4.41. *Communications and reports*

Investment fund to finance transnational high-technology projects (Eurotech Capital): communication (→ point 2.1.4).

Abolition of controls on persons at intra-Community borders: communication (→ point 2.1.7).

Extension of the Euro-Info Centre project: interim report (→ point 2.1.38).

Panorama of EC industry (1988): publication (→ point 2.1.41).

Sprint: report (→ point 2.1.85).
 State aid: report (→ point 2.1.119).
 Guidelines for State aid in the motor-vehicle industry: communication (→ point 2.1.137).
 Action to combat unemployment among women: report (→ point 2.1.166).
 Social situation and employment of migrant women: communication (→ point 2.1.167).
 Equal treatment for men and women in matters of social security: report (→ point 2.1.168).
 Employment of disabled people in the Community: report (→ point 2.1.169).

State of progress of the 'Europe against cancer' programme: report (→ point 2.1.174).
 European Regional Development Fund: annual report (→ point 2.1.194).
 The EIB, the other financial instruments and strengthening economic and social cohesion: communication (→ point 2.1.201).
 Conservation of the African elephant: communication (→ point 2.1.220).
 Ehlass (Community system of information on accidents involving consumer products): report (→ point 2.1.228).

Court of Justice¹

2.4.42. New cases

Case	Subject	Basis
ECSC - Steel		
363/88 Società Finanziaria Siderurgica Finsider and Italsider v Commission ¹	Damages	Article 34 ECSC
364/88 Acciaierie e Ferriere Lombarde Falck v Commission ¹	Damages	Article 34 ECSC
Free movement of goods		
310/88 Istituto Behring v USSL No 34, Chiari, and 311/88 Hoechst Italia Sud v USSL No 56, Lodi	Compatibility of Act No 64 of 1986 with Articles 92 and 93 of the EEC Treaty	Article 177 EEC
Customs union		
309/88 Conserchimica and 316/88 SAI v Amministrazione delle Finanze dello Stato	Where goods are transferred within a single Member State of the Community, must Articles 7 and 8 of Commission Regulation (EEC) No 1535/77 determining the conditions under which certain goods are eligible upon importation for a favourable tariff arrangement by reason of their end-use be interpreted as requiring merely notification to the competent auth-	Article 177 EEC

¹ For more detailed information see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

Case	Subject	Basis
343/88 Riedl v Hauptzollamt Augsburg	<p>orities or is the transferee also required to obtain authorization under Article 3?</p> <p>1. Having regard to the characteristics of sample 2 referred to in the test certificate from the Zolltechnische Prüfungs- und Lehranstalt der Oberfinanzdirektion (Customs Laboratory and Training College of the Principal Revenue Office) Munich of 19 November 1981, under which heading of the 1981 Common Customs Tariff should the bitumen solution described as 'Asset Bond Primer' be classified?</p> <p>2. Having regard to the characteristics of sample 4 referred to in the test certificate from the Zolltechnische Prüfungs- und Lehranstalt der Oberfinanzdirektion Munich of 19 November 1981, under which heading of the 1981 Common Customs Tariff should the bitumen solution described as 'Permaroof dark red or antique green' be classified?</p>	Article 177 EEC
344/88 Erich W. Wittmann v HZA Nürnberg-Fürth	<p>1. Under which heading of the Common Customs Tariff were the goods referred to in Commission Regulation No 3558/81 to be classified prior to the entry into force of that Regulation?</p> <p>2. Under which heading of the Common Customs tariff are ear-piercing guns to be classified?</p>	Article 177 EEC
Social security		
324/88 Scaduto née Vella and Others v Alliance nationale des mutualités chrétiennes	A period of sickness with incapacity for work treated as an 'insurance period'	Article 177 EEC
342/88 Rijksdienst voor Werknemerspensionen v Spits ²	Can a person legitimately claim recognition of periods of insurance in Belgium which preceded his 20th birthday when he claims a contribution record in the Netherlands on account of employment there as a result of which he is entitled to a general pension under the Algemene Ouderdomswet (General Old Age Act) on the basis of a total length of insurance of 50 years?	Article 177 EEC
Agriculture		
315/88 Proceedings against Penacchiotti	Do the powers conferred on the Member States by Council Regulation No 822/87 on the common organization of the market in wine concerning transfers and territorial limits in regard to vinification contain merely the power to prohibit, or may different rules having the force of law in the Member State be adopted?	Article 177 EEC

Case	Subject	Basis
331/88 R. v Minister for Agriculture, Fisheries and Food and Secretary of State for Health, <i>ex parte</i> Fedesa and Others	Validity of Council Directive 88/146/EEC prohibiting the use in livestock farming of certain substances having a hormonal action	Article 177 EEC
332/88 Alimenta v Doux	What is the legal effect of the opinion delivered on 11 December 1987 and 3 February 1988 by the veterinary expert appointed pursuant to Article 10 of Council Directive 71/118/EEC, who concluded: 'My investigation shows that there is no indication that the consignment mentioned above is not certified in conformity with Directive 71/118/EEC' when, by contrast, the competent Greek authorities have declared the same goods to be unfit for human consumption and have ordered their confiscation?	Article 177 EEC
350/88 Société française des biscuits Delacre and Others v Commission	Annulment of the decision adopted by the Commission on 30 September 1988 in connection with Tender No 8 pursuant to the standing invitation to tender procedure under Commission Regulation No 570/88 on the sale of butter at reduced prices and the granting of aid for butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs	Article 173 EEC
366/88 France v Commission ³	Annulment of the document entitled 'Internal instructions concerning certain administrative and technical procedures to be followed by officials given powers by the Commission concerning sampling and analysis of products for the purposes of the management and control of the European Agricultural Guidance and Guarantee Fund', published in OJ C 264, 11.10.1988 (pp. 3 and 4)	Article 173 EEC
Transport		
326/88 Anklagemyndigheden v Hansen	Does Council Regulation No 543/69 on the harmonization of certain social legislation relating to road transport, as amended, prohibit national provisions under which an employer whose drivers infringe Articles 7(2) and 11 of the Regulation concerning driving and rest periods may be the subject of a criminal sanction notwithstanding the fact that the infringement cannot be imputed to him in the sense that there was no intention or negligence on his part?	Article 177 EEC
External relations		
323/88 Sermes v Directeur des services des douanes de Strasbourg	Is Council Regulation No 864/87 imposing a definitive anti-dumping duty on imports of standardized multiphase electric motors having an output of more than 0.75 kW but not more	Article 177 EEC

Case	Subject	Basis
	<p>than 75 kW, originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland or the Soviet Union; and definitively collecting the amounts secured as provisional duties, valid in the light of Community law, in particular the basic regulation, Council Regulation No 2176/84, and the fundamental principles of Community law?</p>	
Infringements		
352/88 and 352/88 R Commission v Italy ⁴	<p>1. Seeking a declaration that by refusing to authorize Aer Lingus to operate a 'fifth-freedom' scheduled air service on the Dublin-Manchester-Milan route, Italy has failed to fulfil its obligations under Council Decision 87/602/EEC on the sharing of passenger capacity between air carriers on scheduled air carriers to scheduled air-service routes between Member States</p> <p>2. Seeking interim measures requiring provisional authorization to operate the service</p>	Article 169 EEC; Article 186 EEC and Article 83 of the Rules of Procedure
360/88 Commission v Belgium ⁴	Failure to comply with Council Directive 84/450/EEC	Article 169 EEC
361/88 Commission v Germany ³	Failure to comply with Council Directive 80/779/EEC on air-quality limit values and guide values for sulphur dioxide and suspended particulates	Article 169 EEC
367/88 Commission v Ireland ³	Seeking a declaration that by maintaining in force a 12-litre maximum limit for beer imports in travellers' baggage contrary to the requirements set out in Council Directive 69/169/EEC, as amended, Ireland has failed to fulfil its obligations under the Treaty	Article 169 EEC
368/88 Commission v Greece ⁵	Failure to comply with Council Directive 82/890/EEC and Commission Directive 83/190/EEC on wheeled agricultural or forestry tractors	Article 169 EEC
371/88 Commission v France ¹	Seeking a declaration that by refusing to take appropriate action following the annulment by the Court of Justice of Article 73(2) of Regulation No 1408/71 (Case 41/84 Pinna [1986] ECR 17) France has failed to fulfil its obligations under Community law	Article 169 EEC
373/88 Commission v Italy ⁶	Seeking a declaration that by refusing to pay interest under Article 11 of Council Regulation N° 2891/77 implementing Council Decision 70/243/ECSC, EEC, Euratom on the replacement of financial contributions from Member States by the Communities' own resources, Italy has failed to fulfil its obligations under the Treaty	Article 169 EEC

Case	Subject	Basis
Privileges and immunities 333/88 Tither v Commissioners of Inland Revenue	Does Article 13 of the Protocol on the Privileges and Immunities of the European Communities impose an obligation on a Member State to grant an interest subsidy, available under national law, to a Community official whose salary is exempt from national income tax?	Article 177 EEC

Disputes between the Community and its staff

v Commission:

340/88 Alexandrakis

v Court of Auditors:

349/88 Williams

- ¹ OJ C 25, 31.1.1989.
- ² OJ C 2, 4.1.1989.
- ³ OJ C 20, 26.1.1989.
- ⁴ OJ C 19, 25.1.1989.
- ⁵ OJ C 26, 1.2.1989.
- ⁶ OJ C 32, 8.2.1989.

2.4.43. Judgments

Date and Case	Held
ECSC-Steel 7.12.1988: 82/88 EISA v Commission ¹	Removed from the Court Register (Seeking annulment of Commission Decision No 194/88/ECSC extending the system of monitoring and production quotas for certain products of undertakings in the steel industry)
7.12.1988: 83/88 Cockerill Sambre v Commission ¹	Removed from the Court Register (Subject-matter identical with <i>EISA v Commission</i> above)
Customs union 14.12.1988: 291/87 Volker Huber v HZA Frankfurt am Main-Flughafen ²	1. Proofs printed from a plate wholly executed by hand by the artist are to be considered original lithographs within the meaning of CCT heading No 99.02 even if the printing has been made by means of a mechanical printing process 2. Proofs printed as a result of a reprinting process in which the original design made on special paper called 'transfer' or 'Berlin' paper is transferred several times first from the transfer

Date and Case	Held
	<p>paper onto the stone, then from the stone to fresh transfer paper which in turn is transferred onto a new stone to enable the print of a second series and so on until the desired number of the multiple print is achieved are to be regarded as original lithographs within the meaning of CCT heading No 99.02</p> <p>3. Although the number of proofs printed from a single original design may be evidence of the non-original nature of the work, it cannot in itself constitute a decisive criterion for the definition of the original nature of a lithograph within the meaning of CCT heading No 99.02</p>
<p>Taxation</p> <p>7.12.1988: 84 to 87/88 Simatic and André v Directeur des services fiscaux, Aveyron¹</p>	<p>Removed from the Court Register (Compatibility with the sixth VAT Directive (Council Directive 73/388/EEC) of taxes on the operation of automatic amusement machines imposed by French legislation)</p>
<p>State aid</p> <p>15.12.1988: 166 and 220/86 Irish Cement v Commission³</p>	<p>The applications are dismissed as inadmissible (Seeking a declaration that the Commission has failed to address to the applicant a notice informing it of the opening of a procedure under Article 93(2) of the EEC Treaty concerning aid granted to a cement manufacturer in Northern Ireland, and the annulment of the Commission's decision not to open a procedure under Article 93(2) of the EEC Treaty concerning aid granted to a cement manufacturer in Northern Ireland)</p>
<p>Social security</p> <p>14.12.1988: 269/89 Ventura v Landesversicherungsanstalt Schwaben</p>	<p>Article 44(3) of Regulation No 1408/71 must be interpreted as meaning that orphans' pensions are governed solely by the provisions of Chapter 8 thereof, supplemented, if necessary, by the provisions of the other chapters to which Chapter 8 expressly refers</p>
<p>Agriculture</p> <p>7.12.1988: 138/88 Flourez and Others v Council⁴</p>	<p>The application is dismissed as inadmissible (Seeking annulment of Council Directive 88/146/EEC prohibiting the use in livestock farming of certain substances having a hormonal action)</p>

Date and Case	Held
<p>Infringements</p> <p>7.12.1988: 224/88 Commission v Luxembourg¹</p>	<p>Removed from the Court Register (Failure to comply with Council Directive 82/605/EEC on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work)</p>

Disputes between the Community and its staff

v Commission:

13.12.1988: 321/88R¹ Sparr — The application for interim measures is dismissed

14.12.1988: 280/87³ Hecq — The application is dismissed

¹ OJ C 25, 31.1.1989.

² OJ C 13, 17.1.1989.

³ OJ C 17, 21.1.1989.

⁴ OJ C 32, 8.2.1989.

Economic and Social Committee

261st plenary session

2.4.44. The Economic and Social Committee held its 261st plenary session in Brussels on 14 and 15 December with Mr Alberto Masprone in the chair. The session was attended by the President of the Council and by Mr Francis Blanchard, the Director-General of the International Labour Office. In his remarks Mr Blanchard made particular reference to the draft Community charter of basic social rights. No matters of outstanding importance were discussed at this session.

2.4.45. The Committee debated and adopted opinions on the following items:

- predictive medicine (→ point 2.1.59);
- aeronautics strategy (→ point 2.1.56);
- the Tedis programme (→ point 2.1.80);
- the protection of workers against biological agents (→ point 2.1.181);
- the common organization of the market in sheepmeat and goatmeat (→ point 2.1.261);
- beef/veal (→ point 2.1.259);

financial support for transport infrastructure projects (→ point 2.1.326).

2.4.46. The Committee adopted by unanimous vote, without debate, opinions on the following items:

- the Brite/Euram programme (→ point 2.1.62);
- an agricultural research programme (→ point 2.1.67);
- the Monitor programme (→ point 2.1.71);
- hazardous waste (→ point 2.1.218).
- air quality (→ point 2.1.213);
- cosmetics (→ point 2.1.226);
- nuts (→ point 2.1.234);
- animal health problems affecting trade in meat products (→ point 2.1.280);
- veterinary checks (→ point 2.1.290);
- pedigree requirements for the marketing of purebred animals (→ point 2.1.290);
- vocational training for drivers of vehicles carrying dangerous goods (→ point 2.1.335);
- CRS code of conduct (→ point 2.1.339);
- the Doses programme (→ point 2.5.3).

ECSC Consultative Committee

2.4.47. 274th meeting

(Luxembourg, 2 December)

Chairman: M. Laurens

Items of business:

aid for the steel industry: consultation (→ point 2.1.129);

restructuring of the Italian steel industry: consultation (→ point 2.1.131);

financial assistance for research projects: consultation (→ point 2.1.64).

2.4.48. 275th meeting

(Luxembourg, 16 December)

Chairman: Mr Laurens

Items of business:

forward programme for steel: consultation (→ point 2.1.49);

financial assistance for a research programme: consultation (→ point 2.1.182);

market for solid fuels in 1989: briefing (→ point 2.1.342);

the Commission's ECSC activities: briefing.

European Investment Bank ¹

2.4.49. Loans announced by the European Investment Bank in December for investments within the Community totalled ECU 1 914.7 million,² of which ECU 78.5 million was lent from the resources of the new Community borrowing and lending instrument (NCI).³ Of these loans, ECU 915 million went to projects in Italy, 470.8 million to Spain, 198.2 million to France, 121.8 million to Portugal, 86.5 million to Greece, 53.9 million to Ireland, 39.5 million to Denmark and 29 million to the United Kingdom. Outside the Community, the Bank lent ECU 132 million for projects in four Mediterranean countries (Jordan, Egypt, Tunisia and Morocco), ECU 60

million for projects in the ACP States, including ECU 48 million from risk capital, and ECU 1.5 million in one of the overseas countries and territories.

Community

Italy

2.4.50. At the end of the year the Bank granted new loans amounting to approximately LIT 1 400 billion, including 60 billion from NCI resources. Of this total, LIT 400 billion went to banks and credit institutions in the form of some 20 global loans.

Infrastructure and individual loans included: LIT 130 billion for the Società Italiana per l'Esercizio delle Telecomunicazioni to extend and modernize the telecommunications network in the Mezzogiorno; LIT 130 billion for Ente Nazionale per l'Energia Elettrica (ENEL) for the construction of three geothermal power plants in the province of Pisa: LIT 170 billion, again for ENEL, for building a multi-fired power station at Brindisi (coal, natural gas and fuel oil) equipped with a modern flue-gas cleaning system; and a loan of LIT 85 billion to the regions of Lombardy, Emilia-Romagna and Piedmont through the Fondo Investimenti e Occupazione, to help fund projects to cut back pollution, for which the Bank has already provided support on several occasions. Finance also went towards port infrastructure works in Trieste, Verona (Intermodal centre), the Abruzzi (Giulianova and Ortona) and Campania (Cariati and Bagnara) and towards double-tracking the railway line between Milan and Saronno (Lombardy), allowing a frequent regular service to and from Milan airport

¹ Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg, tel. (352) 4379-1.

² The conversion rates at 30 September 1988 used by the EIB in statistics for the first quarter were: ECU 1 = BFR 43.49; DKR 7.96; DM 2.07; DR 168.24; ESC 170.55; FF 7.06; HFL 2.34; IRL 0.77; LFR 43.79; LIT 1 545.91; PTA 137.09; UKL 0.65; USD 1.10.

³ OJ L 298, 20.10.1978.

as well as improving links within the Community. The national airline, Alitalia, received a loan for the purchase of two Airbus A300 aircraft to be put into service on high-density European routes and on the major Rome-Milan route.

Other projects to receive financing included afforestation, aqueducts in Sardinia and Liscia and further work on extending and improving the natural gas distribution network in Rome so as to reduce consumption of oil products and allow the use of less polluting fuels. Various industrial projects were also financed, including modernization and the introduction of advanced technology at three factories producing detergents and chemical adhesives in Lombardy and the Mezzogiorno.

Spain

2.4.51. The Bank granted PTA 64.4 billion in loans for infrastructure and productive investment by small firms.

For infrastructure projects, Bank lending was as follows: PTA 41 billion for a project to be carried out by Telefónica de España as part of its five-year plan to develop and improve the country's telecommunications, particularly by installing new lines and digital exchange equipment and laying optical fibre cables; PTA 6.5 billion for work to reduce pollution in the lower reaches of the Nervión river by constructing 47km of sewage collectors and two treatment plants on the left bank, cutting the present level of pollution by 60% and thus making it possible for aquatic life to return and for local beaches along the mouth of the river to be used for bathing once again; PTA 2.9 billion to improve water quality in the Segura river and harness the resulting extra resources for irrigating farmland and supplying drinking water; PTA 3 billion to improve water supplies in Tarragona province by tapping water from an existing irrigation channel from the Ebro; PTA 3 million for a project to improve the transport system in the Greater Valencia area, one of the most congested in the country, by widening an access road, upgrading a number of sections of

the metropolitan rail network and replacing obsolete rolling stock; PTA 2 billion for improvements to the road network in Aragon leading to the French frontier via the Bielsa Tunnel.

As part of Community aid to small business, the Bank made a global loan of PTA 6 billion to Banesto for productive investment (particularly in advanced technology) by small firms in manufacturing industry, related services and, in less-developed areas, tourism.

France

2.4.52. The Bank granted loans of FF 1.4 billion, including FF 800 million to Aérospatiale for constructing buildings and installing industrial equipment to handle assembly of the Airbus A 330/340 medium/long-range airliners. This is part of ongoing support for the Airbus programme, involving close, high-technology collaboration between EEC firms. The project, costed at a total of almost FF 1.8 billion, will comprise a new 'modular' assembly plant and various technical buildings, plus associated infrastructure works (access and connecting runways, aprons, roads for heavy vehicles, parking areas, etc.).

FF 600 million was also lent for productive investment by small business: FF 500 million in the form of a global loan for small and medium-scale investment by firms in industry, tourism, and related services in areas eligible for regional development aid, and FF 100 million to be onlent for leasing operations to benefit small firms in manufacturing and related services throughout the country, as well as for tourism-related projects in areas eligible for regional development aid.

Portugal

2.4.53. The Bank put up a total of ESC 20.5 billion, of which ESC 12.3 billion was for productive investment by small business. A loan of ESC 1 billion went to the Sociedade Financeira de Locação for lease financing of small-firm investment in the indus-

trial and related sectors; ESC 6.8 billion was lent to the government to be used by all the country's commercial banks and financial institutions to help small firms; ESC 5.1 billion went to the Banco de Fomento Nacional for onlending towards financing industrial, agricultural-processing, tourism and allied service-sector ventures mounted by small firms; ESC 1.7 billion was advanced to the Banco Pinto e Sotto Mayor for small and medium-scale investment in agriculture, fisheries and the foodstuffs industry designed to facilitate structural adjustments in the farming sector, and a further ESC 1.7 billion was lent to the Caixa Geral de Depósitos, also for small and medium-scale investment in the agricultural, fisheries and foodstuffs sectors.

The Bank gave a loan of ESC 900 million to a private company, Tronitech Componentes Electrónicos, for the construction of a manufacturing unit given over to producing monolithic ceramic chip components (capacitors and resistors) for surface mount technology applications. The two shareholders with a combined majority stake in Tronitech are Investimentos e participações do Estado and Companhia Portuguesa de Rádio Marconi, which holds the concession for satellite and overseas telecommunications in Portugal; the third shareholder is Pacific Infotech Corporation, an American company specializing in high-technology transfer and trading of electronic components and equipment, which will provide know-how and technical assistance. This project should create 215 jobs and will thus help to modernize and diversify the economic fabric of one of the country's major industrial regions, which for the past 10 years or so has been having to cope with the problems caused by the steady decline of its traditional activities.

As regards infrastructure projects, the Bank advanced ESC 3.5 billion to Electricidade de Portugal for the construction of a 32 MW hydroelectric power station on the Mondega river in the centre of the country. This investment is fully in line with one of the Community's priority objectives, which is to improve energy supplies in the EEC

especially by developing internal resources. The work should be completed by 1993 at an estimated cost of ESC 7.1 billion, which is expected to include a grant from the European Regional Development Fund.

Greece

2.4.54. The Bank granted three loans totalling DR 11.5 billion for investment in infrastructure: DR 5 billion, with a 3% interest subsidy from the Community budget,¹ to finance the reconstruction of productive and social infrastructure in Kalamata, as part of the aid given by the Community to the region following the 1986 earthquake; DR 4.5 billion to finance the construction of the Corinth-Tripoli motorway and the Megalopolis bypass on the road from Athens to Kalamata, a new link which will cut the distance to be covered by 30% and reduce the journey time by more than half, thereby improving road access to the main archeological sites in the Peloponnese (Olympia, Epidaurus and Mycenae) and contributing to the structural development of an economically weak region (these projects have received grants from the ERDF and the transport infrastructure fund); DR 2 billion to the Public Electricity Company to finance small-scale electricity distribution projects included in the integrated Mediterranean programmes (IMPs);² these projects have received grants from the EAGGF Guidance Section, the ERDF and the special Community budget resources earmarked for the IMPs.

Ireland

2.4.55. The Bank lent IRL 41.7 million for investment in infrastructure: IRL 10 million for the construction of the Dublin Western Ring Road, which will improve traffic flow in the city and its suburbs; IRL 3.5 million for the construction of the new runway and

¹ OJ L 309, 15.11.1988; Bull. EC 11-1988, point 2.1.162.

² OJ L 282, 3.10.1986; Bull. EC 7/8-1986, point 2.1.130; OJ L 140, 7.6.1988; Bull. EC 10-1987, point 2.1.109; OJ L 143, 10.6.1988; Bull. EC 10-1987, point 2.1.109; OJ L 191, 22.7.1988; Bull. EC 7/8-1987, point 2.1.155.

associated works at Dublin Airport so as to maintain the high level of efficiency in providing air transport links with the UK and continental Europe in the years ahead; IRL 7.5 million for works on county and regional roads throughout the country; IRL 13.7 million for an afforestation programme aimed at developing timber production from marginal land and at the same time enhancing the environment; IRL 5 million to improve the reliability of the water supply in the Tallaght area on the outskirts of Dublin and increase the capacity of the Dublin main sewage treatment plant.

Denmark

2.4.56. The Bank lent DKR 316 million for infrastructure projects: DKR 256 million for the construction of a natural gas transmission system and local distribution grid in the central and northern parts of Jutland which, by facilitating the use of indigenous natural gas and helping to reduce oil imports, will contribute to the Community's energy policy objectives and have a positive effect on the environment; DKR 60 million for investment aimed at upgrading and extending the Esbjerg sewage system to reduce the excessive growth of aquatic vegetation and algae and the disruption of oxygen levels in the marine environment where sewage is discharged.

United Kingdom

2.4.57. The Bank made loans totalling UKL 19 million for investment in various industrial projects: UKL 11 million was granted for the expansion of a factory at Prestwick International Airport, near Glasgow, which produces jet engines and components; UKL 5 million went to financing the construction of a chain of motels and related facilities adjacent to existing restaurants on the country's motorway and main road network; a grant of UKL 3 million was given for the expansion of a plant near Manchester with a third polymerization production line which will increase high-impact-grade polystyrene production from 25 000 to 75 000 tonnes a year.

Outside the Community

Mediterranean countries

2.4.58. In Morocco the Bank lent ECU 50 million to the Caisse nationale de crédit agricole to finance small and medium-scale agricultural and agricultural processing investment which will help to reduce imports. The funds will go towards investment to boost milk and meat production and crop farming, as well as towards forestry equipment and the modernization of inshore fishing vessels.

2.4.59. In Tunisia the Bank advanced ECU 35 million to help agriculture, the agricultural processing industry and the railways: ECU 18 million went to the Banque nationale de développement agricole for onlending to private ventures in agriculture and agricultural processing, to reduce dependence on food imports; the remaining ECU 17 million went to the Société nationale des chemins de fer tunisiens to help renew and realign the main railway lines in the country.

2.4.60. In Egypt the bank allocated ECU 28 million to the Export Development Bank of Egypt, established by the government to develop and promote exports and encourage export-oriented ventures: ECU 25 million will be onlent to small and medium-scale ventures, while ECU 3 million from risk capital will be used for direct or indirect equity participations by the EDBE, with priority being given to joint ventures involving Community firms, and for feasibility and marketing studies.

2.4.61. In Jordan the Bank granted loans totalling ECU 19 million for small industrial and agricultural businesses: ECU 11 million went to the Industrial Development Bank, including ECU 1 million from risk capital for direct or indirect holdings, preferably in joint ventures with Community firms, and ECU 8 million to the Agricultural Credit Corporation of Jordan for small and medium-sized agricultural projects, such as irrigation and land improvement, that will help

to reduce the country's dependence on food imports and to diversify production.

ACP States and overseas countries and territories

2.4.62. The Bank lent ECU 16 million for palm oil plantations, palm oil mills and a vegetable oil refinery in the Congo. The loan is going to the government, the final recipients being Sanghapalm, a State-owned company set up to establish and operate an agro-industrial complex in the north of the country which will produce crude palm oil, and Société des huiles du Congo, a semi-public company concerned with the construction of a new plant to refine and fractionate crude palm oil at Brazzaville. The scheme will enable the Congo to promote national production of vegetable oil to replace refined oils. It is expected to cost ECU 64 million and also covers the refurbishment of the country's main soap factory.

2.4.63. In Malawi the Bank granted loans worth ECU 11 million, including ECU 2 million from risk capital for the expansion of four electricity substations on the main line linking hydroelectric stations in the south with the capital, Lilongwe, and the north of the country and for the installation of new ring mains for the networks in Lilongwe and Blantyre, the country's main business centre.

2.4.64. In Ethiopia the Bank provided a loan of ECU 10 million from risk capital for the construction of a multi-purpose terminal for general cargo, container, and roll-on-roll-off ships at the port of Assab on the Red Sea.

2.4.65. In St Vincent and the Grenadines the Bank lent ECU 4 million for improvements to the electricity supply: ECU 1 million from risk capital is to be used by the government to subscribe for new shares in St Vincent Electricity Services Ltd with a view to strengthening the company's capital base; the remainder went to financing a 3.2. MWe generation set on St Vincent and two 0.5.MWe generators on Bequia, as well

as two transmission and distribution facilities on both islands.

2.4.66. The Bank also gave a loan of ECU 3 million for improving the electricity supply in St Lucia. The grant will go to financing two diesel generators of 6.3. MWe each and a 66 kV overhead transmission line along the coast to connect the northern and southern networks. The project is expected to be completed by March 1990 at an estimated cost of ECU 30 million.

2.4.67. In Cape Verde the Bank also advanced ECU 3 million from risk capital to improve electricity supplies in the capital, Praia. The project comprises the installation of two 3 MVA diesel generators and transformers, as well as 5 km of medium-tension mains and a 30 km low-voltage grid. The government will onlend the loan to the Empresa Pública de Electricidade e Agua in the form of a shareholder's advance convertible into an equity participation. The estimated cost of the project is ECU 5.9 million, towards which the ERDF is making an ECU 2.5 million grant.

2.4.68. In Botswana the Bank lent ECU 3 million towards the cost of constructing a business hotel in Gaborone, the capital. The project is in the hands of the Gaborone International Hotel Company, which was set up in 1987 and whose shareholders include Bouygues Botswana, a subsidiary of the French company, and Sheraton, which is to manage the hotel.

2.4.69. The Bank granted a loan of ECU 2.5. million from risk capital to help finance the construction of coffee storage and sorting facilities in Burundi, close to a coffee-curing plant at Gitega, in the centre of the country. The facilities will include storage containers and electronic sorting machines with a capacity of 5 tonnes of green coffee per hour.

2.4.70. In Djibouti the Bank lent ECU 2 million, also from risk capital, to Electricité de Djibouti to reinforce Tadjourah power station in the north of the country by adding a 1 MWe diesel generator set, bringing total

capacity to 2 280 kW, and to run a 30 kV transmission line over the 55 km from Tadjourah to Obock, a town currently supplied by its own small, ageing power station.

2.4.71. In the Caribbean the Bank lent ECU 2 million from risk capital for a regional loan which the Caribbean Financial Services Corporation, a private-sector institution based in Barbados that operates in the eastern Caribbean, will use to acquire equity participations in small and medium-scale industrial, agro-industrial and tourism enterprises in Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines.

In Burkina Faso the Bank lent ECU 2 million from risk capital to help modernize and expand a medium-scale plant for manufacturing man-made fabrics and plastic bags. The project, which is situated in the capital, Ouagadougou, comprises a woven polypropylene production line, a polyethylene extrusion unit and a small polyethylene injection unit.

In Mauritania the Bank gave a loan of ECU 1.5 million from risk capital for the prospection of new iron ore deposits in the Zouerate region in the north-western part of the country. The study involves geological prospecting to ascertain the extent of the deposits and the quality of the ore, and an evaluation of whether exploitation is feasible. The loan went to the Société nationale industrielle et minière, which is currently working two deposits in the Zouerate region.

Finally, under the Decision on the association of the overseas countries and territories, the Bank lent ECU 1.5 million from risk capital for the construction of a 25-room hotel on the island of Anguilla, a British dependency in the Caribbean which has so far not been touched by mass tourism. The hotel, to be built in the Eastern Caribbean style, will be the first on the island to be owned by local businessmen and will cater for the upper end of the market.

¹ OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.43.

5. Statistics

General

Legislation

2.5.1. On 19 December the Commission adopted, for transmission to the Council, a proposal for a Regulation setting up, after 1992, an ongoing system for the collection of statistics (Intrastat) relating to the trading of goods between Member States.¹ The proposal also contains provisions applicable to statistics of trade between Member States from 1993, including data collection based on the Intrastat system, which will replace Regulation (EEC) No 2954/85 of 22 October 1985 laying down certain measures for the standardization and simplification of statistics of trade between Member States.²

2.5.2. On 13 December the Commission adopted Decision No 4104/88/ECSC³ amending the questionnaires which the steel industry is required to supply to it regularly pursuant to Decision No 1566/86/ECSC of 24 February 1986.⁴ The main aims of the changes made are to have a better overview of capacities through production statistics and, on the basis of data on deliveries, supply and new orders, to have a more precise understanding of market movements and to obtain a more accurate calculation of apparent steel consumption through the elimination of double counting and inconsistencies. The information now required will fit in with the Commission's new approach to steel policy.⁵

Programmes

2.5.3. At its December session the Economic and Social Committee adopted a favourable opinion on the proposal for a Decision instituting a programme for the research and development of statistical expert systems (Doses).⁶ The Committee considers in particular that the project will be a useful aid for the development of statistical information systems.

Operations

Biannual conference

2.5.4. The biannual Conference of Directors-General of National Statistical Institutes⁷ took place in Luxembourg on 1 and 2 December and focused on the following topics: new nomenclature system (a draft proposal for a Regulation will be presented at the next Conference), regional indicators used in the context of structural Funds operations, draft on confidentiality of statistics, draft directive on GNP-fourth resource, seminar on the statistical system after 1992.

Agriculture

2.5.5. The annual survey of the development of agricultural incomes carried out by the Commission (Eurostat) is currently based on three indicators (net value added, value of total production and value of intermediate consumption); the decision has been taken to include a cash-flow indicator to provide information on the payments made and received in the agricultural production sector. The initial results will be published in *Agricultural income 1988*, which is due to appear in March 1989.

With its project to calculate the total income of agricultural households, Eurostat intends to remedy a substantial shortcoming in the current system of collecting Community statistics on income. Information available in some Member States shows that, in the average household in the sector, income from agriculture accounts for only about half of total income, which is not without significance for the common agricultural policy. Consequently, if an overall picture of the situation is to be obtained, other

¹ OJ C 41, 18.2.1989; COM(88) 810 final.

² OJ L 285, 25.10.1985; Bull. EC 10-1985, point 2.1.37.

³ OJ L 365, 30.12.1988.

⁴ OJ L 141, 28.5.1986; Bull. EC 2-1986, point 2.1.17.

⁵ OJ L 212, 5.8.1988; Bull. EC 7/8-1988, point 2.1.11.

⁶ OJ C 203, 4.8.1988; Bull. EC 7/8-1988, point 2.5.1.

⁷ Previous meeting: Bull. EC 5-1988, point 2.5.1.

forms of income must also be taken into account in addition to that deriving from agricultural activity proper. To facilitate the work in each of the Member States, the Commission has decided to provide financial assistance to Member States during the initial phase of the project. Contracts were concluded for this purpose in December.

Data

Agricultural income 1988

2.5.6. Eurostat has published the initial estimates for agricultural income for 1988, based on information available at 8 December. Agricultural income in the Community is expected to show a slight improvement in 1988. Net value added at factor cost in real terms and per annual work unit (indicator 1) is likely to increase by 1.3%. This is attributable to a substantial increase in the overall value of final output (3%); there was a much greater increase in crop production (4.8%) than in livestock production (1.3%); high rates of growth in the value of production were recorded for citrus fruit (27.9%), fresh fruit (12.8%), cereals (10.4%) and potatoes (8.8%), while a sharp drop was recorded in the case of grape must and wine (10.7%) and eggs (8.1%). The value of intermediate consumption should rise by 3.4% after falling for two years, with subsidies and taxes linked to production increasing sharply.

Country-by-country analysis reveals differing situations, with annual rates of change ranging from +14.9% in Ireland to -9.7% in the United Kingdom. A medium-term comparison shows that in 1988 real agricul-

tural income in the Community was generally higher than during the period 1979-81, but here again there are substantial differences between the Member States.

Agricultural prices 1988

2.5.7. Eurostat's study of the movement of agricultural prices in 1988, carried out in conjunction with the Member States, showed that the nominal value of producer prices of agricultural products within the Community (excluding Portugal) again increased slightly (by 2.5%), after remaining at a standstill the previous year. The real value of producer prices (i.e. after deflation by the consumer price index) still continued to decrease (by 1.9%), but this was substantially less than in 1987 (4.5%). The purchase prices of goods and services generally used in agriculture were 2.8% up on the previous year, but the estimates available indicate that here too there was a 1.1% drop in real terms; but in 1987 there had been a 4.8% decrease. Purchase prices of goods and services for agricultural investment seem likely to have increased by 1.1% in real terms in 1988.

Publications

2.5.8. A booklet entitled *Goods transport in transit through Yugoslavia in 1986* was published in December.¹ It contains detailed information about the transit of goods through Yugoslavia and is the outcome of cooperation between the Yugoslav Federal Statistical Office and Eurostat.

¹ Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

PART THREE

DOCUMENTATION

1. The ecu

Values in national currencies of one ecu

30 December 1988¹

Belgian franc and Luxembourg franc (convertible)	43.5760
Belgian franc and Luxembourg franc (financial)	43.7167
Danish krone	8.02983
German mark	2.07781
Greek drachma	172.909
Portuguese escudo	171.704
French franc	7.09821
Dutch guilder	2.34586
Irish pound	0.778450
Italian lira	1 531.10
Spanish peseta	132.877
Pound sterling	0.648551
United States dollar	1.17258
Swiss franc	1.76063
Swedish krona	7.17619
Norwegian krone	7.68626
Canadian dollar	1.39830
Austrian schilling	14.6162
Finnish mark	4.87324
Japanese yen	146.455
Australian dollar	1.37224
New Zealand dollar	1.86124

¹ OJ C 336, 31.12.1988.

NB: Explanatory notes on the ecu and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ecu used in connection with the common agricultural policy

December 1988	
National currency	Value in national currency of one ecu
Belgian franc and Luxembourg franc	47.3310 ¹
	48.0467 ²
	48.0658 ³
Danish krone	8.58163 ¹
	8.88697 ⁴
	8.75497 ⁵
German mark	2.38591 ⁶
	2.37360 ⁷
	2.36110 ⁵
Greek drachma	153.839 ⁴
	150.275 ¹
	156.699 ^{7, 8, 9, 10}
	143.096 ¹¹
	148.799 ¹²
138.759 ⁵	
Portuguese escudo	188.007 ¹³
French franc	7.47587 ^{6, 3}
	7.69553 ¹⁴
	7.54539 ¹
	7.45826 ²
	7.43671 ⁹
7.73579 ⁴	
Dutch guilder	2.66089 ^{6, 7}
	2.64704 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ¹⁴
	0.843427 ⁴
0.817756 ¹	
Italian lira	1 629.00 ¹⁵
	1 674.00 ⁴
	1 554.00 ¹⁶
	1 597.00 ⁷
	1 603.00 ⁹
1 613.00 ⁵	
Spanish peseta	151.806 ¹
	155.786 ²
	154.213 ³
	155.643 ⁴
	153.938 ¹⁷
153.561 ¹⁸	

December 1988	
National currency	Value in national currency of one ecu
Pound sterling	0.707470 ¹⁸
	0.706696 ⁴
	0.710546 ¹⁴
	0.652575 ¹
	0.665557 ²
0.656148 ³	
¹ For sheepmeat and goatmeat. ² For other livestock products. ³ For crop products. ⁴ For pigmeat. ⁵ For other products. ⁶ For milk and milk products. ⁷ For cereals. ⁸ For sugar. ⁹ For wine. ¹⁰ For olive oil. ¹¹ For eggs and poultrymeat. ¹² For other crop products. ¹³ For all products. ¹⁴ For beef/veal. ¹⁵ For fruit and vegetables and tobacco. ¹⁶ For oilseeds. ¹⁷ For pigmeat from 5.12.1988 to 25.12.1988. ¹⁸ For pigmeat from 26.12.1988.	

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 6-1988

Point 2.1.51

Proposal for a Council Directive on the procurement procedures of entities providing water, energy, and transport services
OJ C 319, 12.12.1988

Point 2.1.263

Proposal for a Council Directive on vocational training for certain drivers of vehicles carrying dangerous goods by road
OJ C 322, 15.12.1988

Bull. EC 7/8-1988

Point 2.1.226

Proposal for a Council Regulation (EEC) on a code of conduct for computerized reservation systems
OJ C 294, 18.11.1988

Bull. EC 9-1988

Point 2.1.9

Proposal for a Council Directive (EEC) on the introduction of compulsory nutrition labelling of foodstuffs intended for sale to the ultimate consumer

Proposal for a Council Directive (EEC) on nutrition labelling rules for foodstuffs intended for sale to the ultimate consumer
OJ C 282, 5.11.1988

Point 2.1.13

Commission Decision of 26 September 1988 fixing the delivery levels of ECSC steel products of Spanish origin on to the rest of the Community market, excluding Portugal

Commission Decision of 26 September 1988 fixing the delivery levels of ECSC steel products of Portuguese origin on to the rest of the Community market, excluding Spain
OJ C 355, 23.12.1988

Point 2.2.32

Proposal for a Council Decision on the conclusion of an Agreement on trade and commercial and economic cooperation between the European Economic Community and the Hungarian People's Republic
OJ C 319, 12.12.1988

Point 2.2.47

Joint Assembly of the Convention concluded between the African, Caribbean and Pacific States and the European Economic Community
OJ C 5, 6.1.1989

Bull. EC 10-1988

Point 2.1.4

Proposal for a Council Decision on an action programme for European Tourism Year (1990)
OJ C 293, 17.11.1988

Point 2.1.17

Proposal for a Council Directive on the legal protection of biotechnological inventions
OJ C 10, 13.1.1989

Point 2.1.111

Proposal for a Council Directive on the disposal of polychlorinated biphenyls and polychlorinated terphenyls
OJ C 319, 12.12.1988

Point 2.1.119

Proposal for a Council Directive on the freedom of access to information on the environment
OJ C 335, 30.12.1988

Point 2.1.129

Proposal for a Council Regulation (EEC) instituting specific measures for nuts and amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables
OJ C 322, 15.12.1988

Point 2.1.145

Proposal for a Council Regulation (EEC) on the common organization of the market in sheepmeat and goatmeat
OJ C 319, 12.12.1988

Point 2.1.183

Proposal for a Council Regulation (EEC) amending Annex I to Regulation (EEC) No 571/88 by adding a new survey characteristic for the set-aside of arable land
OJ C 319, 12.12.1988

Point 2.1.187

Proposal for a Council Regulation (EEC) No 2727/75 on the common organization of the market in cereals
OJ C 328, 21.12.1988

Point 2.2.25

Recommendation for a Council Decision on the conclusion of a Supplementary Protocol to the Agreement establishing an association between the European Economic Community and the Republic of Malta
OJ C 319, 12.12.1988

Points 2.4.53 to 2.4.55

Opinions adopted by the Economic and Social Committee during its session on 26 and 27 October 1988
OJ C 337, 31.12.1988

Bull. EC 11-1988*Point 2.1.27*

Proposal for a Council Directive on the approximation of the laws of the Member States concerning food ingredients treated with ionizing radiation
OJ C 336, 31.12.1988

Point 2.1.88

Commission Regulation (EEC) No 4087/88 of 30 November 1988 on the application of Article 85(3) of the Treaty to categories of franchise agreements
OJ C 359, 28.12.1988

Point 2.1.124

Resolution of the Council and of the Ministers for Education meeting within the Council of 23 November 1988 concerning health education in schools
OJ C 3, 5.1.1989

Point 2.1.192

Proposal for a Council Regulation (EEC) providing for the adjustment of the price applicable to table wine delivered for compulsory distillation in Spain
OJ C 329, 22.12.1988

Point 2.1.228

Commission Decision of 29 November 1988 on the clearance of the accounts presented by the Member States in respect of the expenditure for 1986 of the Guarantee Section of the European Agricultural Guidance and Guarantee Fund
OJ C 353, 21.12.1988

Point 2.4.41

Proposals for a Community action programme 1989-92 (Resolution submitted by Mr François Ceyrac, rapporteur, adopted by the Economic and Social Committee by 120 votes to 23 with 9 abstentions at its 260th plenary session held in Brussels, on 23 and 24 November 1988
OJ C 6, 7.1.1989

3. Infringement procedures

Initiation of proceedings for failure to implement directives

Letters of formal notice

3.3.1. In December the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market

Council Directive of 15 October 1984 on the approximation of the laws of the Member States relating to ceramic articles intended to come into contact with foodstuffs¹ (Belgium, Netherlands, United Kingdom).

Council Directive of 10 June 1985 on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services² (Belgium, Italy).

Council Directive of 20 December 1985³ amending, on account of the accession of Spain and Portugal, the Directive of 10 June 1985 on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services² (Belgium, Italy).

Council Directive of 27 January 1986⁴ amending, on account of the accession of Portugal, the Directive of 10 June 1985 on the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services⁵ (Belgium, Italy).

Agriculture

Council Directive of 9 March 1987⁶ amending the Annex to the Directive of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances⁷ (Belgium, France, Germany, Italy, Luxembourg, United Kingdom).

Commission Directive of 9 September 1987⁸ amending for the third time the Annex to the Council Directive of 21 December 1972 prohibiting the placing on the market and use of plant protec-

tion products containing certain active substances⁷ (Belgium, United Kingdom).

Council Directive of 24 January 1979⁹ amending the Directive of 26 June 1964 as regards brucellosis¹⁰ (Italy).

Council Directive of 30 December 1986¹¹ amending the Directive of 12 December 1972 on health problems affecting intra-Community trade in fresh meat¹² and the Directive of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries¹² (Denmark).

Council Directive of 22 September 1987¹³ amending the Directive of 22 January 1980 introducing Community measures for the control of classical swine fever¹⁴ (Belgium, Denmark Italy, Luxembourg).

Council Directive of 22 September 1987¹⁵ amending the Directive of 22 January 1980 on animal health problems affecting intra-Community trade in meat products¹⁴ (Denmark, Germany, Ireland, Italy).

Council Directive of 7 March 1988¹⁶ complying with the judgment of the Court of Justice in Case 131/86 (annulment of the Council Directive of 25 March 1986 laying down minimum standards for the protection of laying hens kept in battery cages¹⁷) (Belgium, Ireland, Netherlands).

Transport

Council Directive of 14 December 1987 on fares for scheduled air services between Member States¹⁸ (Greece, Luxembourg).

Environment and consumer protection

Council Directive of 17 December 1979 on the protection of groundwater against pollution cau-

¹ OJ L 277, 20.10.1984.

² OJ L 223, 21.8.1985.

³ OJ L 376, 31.12.1985.

⁴ OJ L 27, 1.2.1986.

⁵ OJ L 223, 21.8.1985.

⁶ OJ L 71, 14.3.1987.

⁷ OJ L 33, 8.2.1979.

⁸ OJ L 273, 26.9.1987.

⁹ OJ L 29, 3.2.1979.

¹⁰ OJ L 121, 29.7.1964.

¹¹ OJ L 34, 5.2.1987.

¹² OJ L 302, 31.12.1972.

¹³ OJ L 280, 3.10.1987.

¹⁴ OJ L 47, 21.1.1980.

¹⁵ OJ L 279, 2.10.1987.

¹⁶ OJ L 74, 19.3.1988.

¹⁷ OJ L 95, 10.4.1986.

¹⁸ OJ L 374, 31.12.1987.

sed by certain dangerous substances¹ (Netherlands).

Council Directive of 12 June 1986² on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976³ (Greece).

Council Directive of 3 August 1987⁴ adapting to technical progress for the eighth time the Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances⁵ (Belgium).

Commission Directive of 7 April 1987⁶ adapting to technical progress the Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers⁷ (Greece).

Council Directive of 26 May 1986⁸ amending the Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer⁹ (Denmark, Germany, Greece).

Council Directive of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises¹⁰ (Belgium, France, Greece).

3.3.2. The Commission also sent letters of formal notice for failure to comply with judgments of the Court of Justice in the following cases:

Agriculture

Council Directive of 11 November 1980¹¹ amending the Directive of 12 December 1972 with regard to swine vesicular disease and classical swine fever¹² (Italy).

Council Directive of 11 November 1980¹¹ amending the Directive of 26 June 1964 with regard to enzootic bovine leukosis¹³ (Italy).

Customs union and indirect taxation

Council Directive of 28 March 1983¹⁴ determining the scope of Article 14(1)(d) of the Directive of 17 May 1977¹⁵ as regards exemption from value-added tax on the final importation of certain goods (Italy).

Council Directive of 28 March 1983 on tax exemption applicable to permanent imports from a Member State of the personal property of individuals¹⁴ (Italy).

Reasoned opinions

3.3.3. In December the Commission delivered reasoned opinions for failure to inform it of national measures to give effect to the following directives:

Agriculture

Council Directive of 29 November 1984¹⁶ amending the Directive of 23 November 1970 concerning additives in feedingstuffs¹⁷ (France, Germany, Italy).

Commission Directive of 9 April 1986 fixing the method of calculation for the energy value of compound poultryfeed¹⁸ (France).

Commission Directive of 28 July 1986¹⁹ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs¹⁷ (France).

Commission Directive of 27 October 1986²⁰ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs¹⁷ (France).

Commission Directive of 31 March 1987²¹ amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs²² (France, Germany, Italy, Luxembourg).

Council Directive of 16 June 1987²³ amending the Directive of 23 November 1970 concerning additives in feedingstuffs in respect of Carbadox¹⁷ (France, Germany, Greece, Italy, Luxembourg).

Council Directive of 16 June 1987²³ amending the Directive of 23 November 1970 concerning additives in feedingstuffs in respect of Olaquinox¹⁷ (France, Germany, Greece, Italy, Luxembourg).

¹ OJ L 20, 26.1.1980.

² OJ L 181, 4.7.1986.

³ OJ L 129, 18.5.1976.

⁴ OJ L 239, 21.8.1987.

⁵ OJ 196, 16.8.1967.

⁶ OJ L 117, 5.5.1987.

⁷ OJ L 300, 15.11.1984.

⁸ OJ L 144, 29.5.1986.

⁹ OJ L 33, 8.2.1979.

¹⁰ OJ L 372, 1.12.1985.

¹¹ OJ L 325, 1.12.1980.

¹² OJ L 302, 31.12.1972.

¹³ OJ 121, 29.7.1964.

¹⁴ OJ L 105, 23.4.1983.

¹⁵ OJ L 145, 13.6.1977.

¹⁶ OJ L 319, 8.12.1984.

¹⁷ OJ L 270, 14.12.1970.

¹⁸ OJ L 130, 16.5.1986.

¹⁹ OJ L 233, 20.8.1986.

²⁰ OJ L 310, 28.10.1986.

²¹ OJ L 102, 14.4.1987.

²² OJ L 32, 3.2.1977.

²³ OJ L 160, 20.6.1987.

Council Directive of 16 July 1985¹ supplementing the Directive of 13 July 1981 concerning the prohibition of certain substances having a hormonal action and of any substances having a thyrostatic action² (Italy).

Council Directive of 18 November 1985 introducing Community measures for the control of foot and mouth disease³ (Belgium).

Council Directive of 18 November 1986⁴ amending Annex I to the Directive of 26 June 1964 on health problems affecting intra-Community trade in fresh meat⁵ (Italy).

Environment and consumer protection

Council Directive of 28 June 1984 on the combating of air pollution from industrial plants⁶ (Greece).

Council Directive of 19 June 1979 on consumer protection in the indication of the prices of foodstuffs⁷ (United Kingdom).

¹ OJ L 191, 23.7.1985.

² OJ L 222, 7.8.1981.

³ OJ L 315, 26.11.1985.

⁴ OJ L 339, 2.12.1986.

⁵ OJ 121, 29.7.1964.

⁶ OJ L 188, 16.7.1984.

⁷ OJ L 158, 26.6.1979.

4. Conclusions on AIDS

Conclusions of the Council and the Ministers for Health of the Member States, meeting within the Council, of 15 December 1988 concerning AIDS

3.4.1. The Council of the European Communities and the Ministers for Health of the Member States, meeting within the Council,

1. agree to improve and extend the current system for the rapid and periodic exchange of epidemiological data at Community level on cases of AIDS:

- (i) by stepping up the work of the *ad hoc* Working Party on AIDS, with the participation of the Commission, and the collaborating centre of the World Health Organization in Paris, with a view to guaranteeing the quality and comparability of the epidemiological data;
- (ii) while continuing to study the necessity and advantages of an exchange of specific epidemiological data which are as detailed as possible, such exchange affording guarantees

for the protection of anonymity and of confidentiality;

- (iii) and including, in the exchange of data, information based on agreed criteria which will make it easier to assess the effectiveness of the preventive measures taken in the Member States and which will provide an early indication of the development of epidemiological patterns and trends (such as, for instance, rates of human immuno-deficiency virus (HIV) infection, notification rates for sexually transmitted diseases, changes in sexual behaviour, etc.);

2. agree on the need to intensify efforts, especially through outreach programmes based on one-to-one counselling and support measures, to reduce the risk of HIV transmission amongst and from drug addicts. Such measures may include education and advertising campaigns, help and advisory services readily accessible to drug addicts, and access to sterile syringes and needles for drug addicts;

3. agree on the need for firms to prepare themselves to deal with the problem of AIDS in an appropriate and sensible manner which takes

account of the fact that, in working relations and working contacts, there is no risk of infection, in accordance with the specific conclusions adopted simultaneously on this subject(→ point 3.4.2.);

4. emphasize their interest in exchanges between Member States of qualified personnel, with experience in combating AIDS, and call upon the Commission to study possibilities of facilitating such exchanges;

5. instruct the *ad hoc* Working Party to continue its work in the fields referred to above, with the participation of the Commission, in accordance with the conclusions of the Council and the Ministers for Health of the Member States, meeting within the Council, of 15 May 1987¹ and 31 May 1988,² concerning AIDS.

Conclusions of the Council and the Ministers for Health of the Member States, meeting within the Council, of 15 December 1988 concerning AIDS and the place of work

3.4.2. The Council of the European Communities and the Ministers for Health of the Member States, meeting within the Council, have drawn the following conclusions from the exchange of views on experience acquired in the field of AIDS and the workplace:

Introduction

1. In work settings, there is no risk of human immuno-deficiency virus (HIV) infection or of acquiring AIDS. This is also the case for work settings in the field of body treatments, if hygiene requirements are adhered to.

Nevertheless, firms may find themselves confronted with the problem of AIDS, even if at present such cases are still rare.

Firms should therefore prepare themselves to deal with this situation in an appropriate and sensible manner to avoid problems arising from fear or a panic response.

2. The Council of the European Communities and the Ministers for Health of the Member States, meeting within the Council, intend these conclusions, which are based on principles established by the World Health Organization, merely to encourage firms to introduce education on AIDS and to promote human treatment of employees infected by,

or suffering from, AIDS. Large firms, with their greater resources, should take the lead in this.

3. Firms should consult or involve the employees' representative bodies to this end.

Information

4. Since social behaviour is frequently misguided by poor information, firms should, with the help of those who usually have a preventive role within the firm (company doctors, occupational health experts, etc., according to national practice), consider developing an effective AIDS education policy suited to their particular work environment even before any actual cases have occurred.
5. Managers, supervisors and employees' representatives are target groups for such a policy since they play an important role in forming the opinions of, and in the behaviour of, their subordinates or those they represent.

Medical confidentiality should be maintained.

6. It might also prove necessary to target other groups of staff in order to allay unjustified fears.

Advice could, for instance, be given to first-aid teams on the importance of following rules of basic hygiene, and those travelling to countries where blood for transfusions is not tested for the presence of antibodies of the virus.

Screening

7. People infected with the HIV virus or suffering from AIDS pose no danger to their colleagues at work.

There are hence no grounds for screening potential recruits for HIV antibodies.

Testing for AIDS during regular medical check-ups at work is likewise an inappropriate way of combating AIDS.

HIV-positive employees

8. Employees who are HIV positive but who do not show any symptoms of the disease should

¹ OJ C 178, 7.7.1987, Bull. EC 5-1987, point 2 1 118 *et seq*

² OJ C 197, 27. 7 1988, Bull. EC 5-1988, point 2 1 85

be looked on and treated as normal employees, fit for work.

9. Employees should be under no obligation to notify their employers of HIV infection.
10. Should it become known in a firm that an employee is HIV positive, supervisors and management should make every effort to protect that person from stigmatization and discrimination.

Understanding and moral support play an essential part in dealing sensibly with such cases.

Dealing with employees suffering from AIDS

11. Employees suffering from AIDS should be treated on the same basis as employees with other serious illnesses affecting the performance of their duties.

Where fitness is impaired, duties or working hours should be adjusted so that such employees may continue working as long as possible.

12. Such employees should have access to counselling and education programmes.

5. The Bulletin in 1988: special features, supplements and documentation

Economic and monetary policy

Annual Economic Report 1988-89: Bull. EC 10, point 1.1.1 *et seq.*

Internal market

The social dimension of the internal market — proposals on safety and health at work: Bull. EC 2, point 1.2.1 *et seq.*

'Europe 1992 — The overall challenge': Bull. EC 3, point 1.4.1 *et seq.*

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Development

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The Community at the UN: Bull. EC 9, point 3.4.1

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Universal Declaration of Human Rights: Bull. EC 12, point 1.3.1 *et seq.*

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Hanover European Council: Bull. EC 6, points 1.1.1 *et seq.* and 3.4.1.

Rhodes European Council: Bull. EC 12, point 1.1.1 *et seq.*

Community institutions and organs

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		JAPAN Kinokuniya Company Ltd 17-7 Shinjuku 3-Chome Shinjuku-ku Tokyo 160-91 Tel (03) 354 0131 Journal Department PO Box 55 Chitose Tokyo 156 Tel (03) 439 0124

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