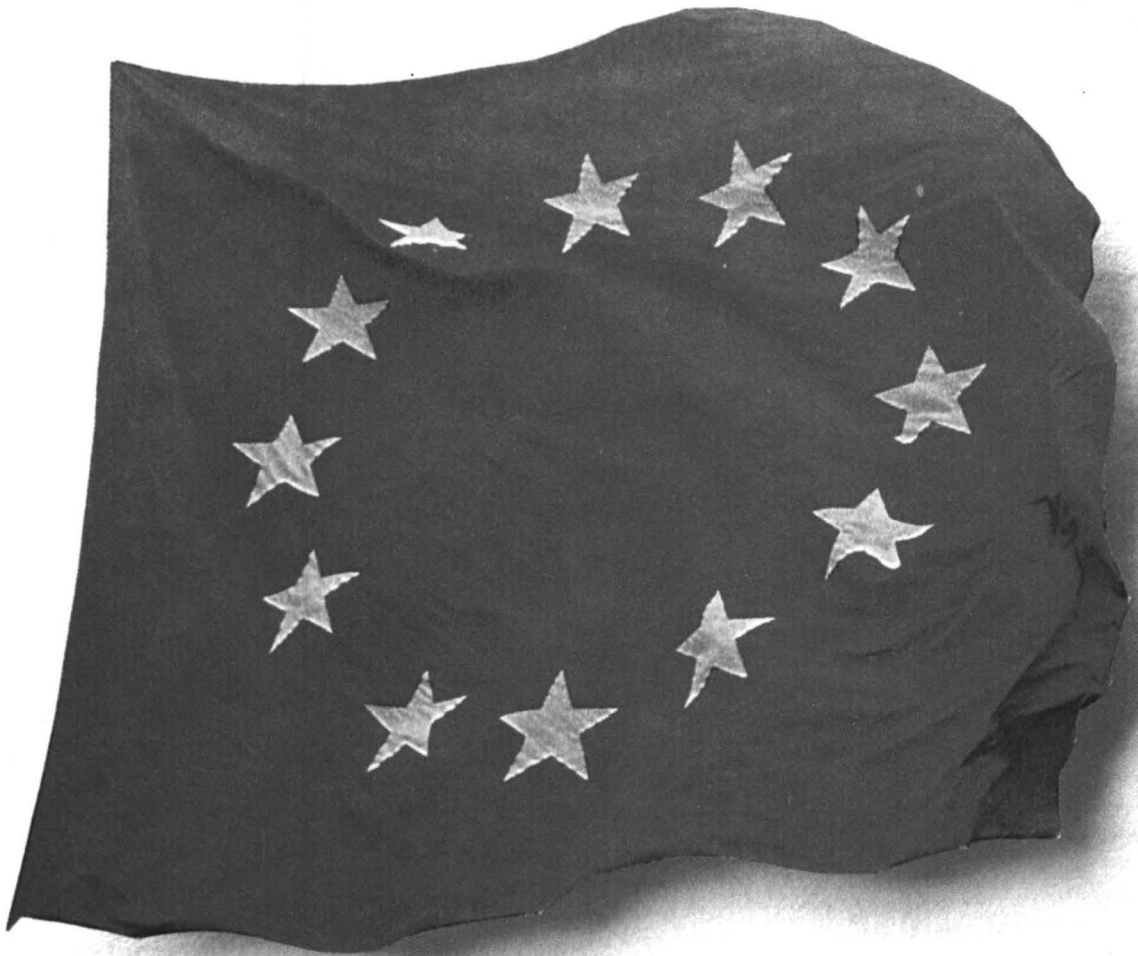


ISSN 0378-3693

# Bulletin of the European Communities

Commission



No 7/8 1989 Volume 22

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 11 times a year (one issue covers July and August) in the official Community languages.

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).*

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# **Bulletin of the European Communities**

**Commission**

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

**No 7/8    1989    Volume 22**

Sent to press in November 1989

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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

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- 4/89 Medium-term Community action programme to foster the economic and social integration of the least privileged groups
- 5/89 Statute for a European Company





**PART ONE**

**SPECIAL FEATURES**

# 1. Paris Summit — Eastern Europe

1.1.1. The Heads of State or Government of seven major industrial nations and the President of the Commission met in Paris from 14 to 16 July for their annual economic summit,<sup>1</sup> the 15th since Rambouillet in 1975 and the 12th attended by the Community since the Summit in London in 1977. It was presided over by François Mitterrand, the President of the French Republic.

An economic declaration, and declarations on East-West relations, China, human rights and terrorism were adopted.<sup>2</sup>

## **The Commission is given the task of coordinating measures to help economic restructuring in Poland and Hungary<sup>3</sup>**

1.1.2. On East-West relations, the Summit noted that the peoples of Eastern Europe are aspiring increasingly vociferously to freedom and democracy, and that in some of the East European countries the leadership has set in motion a process of democratization and modernization. Concerning developments in Poland and Hungary in particular, the Heads of State or Government and the President of the Commission welcomed the reform process under way in those countries and affirmed their readiness to support this process with coordinated economic aid aimed at transforming and opening up their economies in a durable manner. Taking the view that other interested countries and the competent international institutions should also be involved in the endeavours of the Seven, they called for a meeting to be held as soon as possible to organize concerted aid and for the Commission to take the necessary steps to this end.

## *The scope of the measures and the role of the Commission*

1.1.3. At the General Affairs Council on 17 and 18 July, the Commission gave its interpretation of the conclusions of the Paris Summit with regard to the substance of the

measures to be envisaged and its role as coordinator. It made a distinction between three types of measures: the supply of food to Poland (including emergency food aid), the development of commercial cooperation and trade with Poland and Hungary, and economic cooperation with these two countries, including financial assistance. The Commission also defined its role in the follow-up to the Summit as the task of coordinating operations in support of the reform process in Poland and Hungary initiated by the various countries concerned in order to put together a consistent overall programme in line with the specific needs of each of these two countries.

## *Food aid from the Community*

1.1.4. The General Affairs Council having approved its general thinking on the matter, on 19 July the Commission adopted, for transmission to the Council, a proposal for a Regulation on the supply of agricultural products to Poland for sale on the local markets, with the proceeds going into a counterpart fund to finance economic restructuring operations.<sup>4</sup> Adopted by the Agriculture Council on 24 July, Regulation (EEC) No 2247/89<sup>5</sup> provides for the supply to Poland of the following quantities of products from intervention stocks: 500 000 tonnes of wheat of breadmaking quality, 300 000 tonnes of feed-grain (maize, barley and rye), 10 000 tonnes of beef and veal, 5 000 tonnes of olive oil and 20 000 tonnes of citrus fruit. The cost of the operation is estimated at ECU 110 million, plus ECU 15 to 20 million for transport costs, all this expenditure to be met by the EAGGF.

The first stage in the operation will be the supply of 10 000 tonnes of beef and veal in September. The decision to supply the first

<sup>1</sup> Previous Summit: Bull. EC 6-1988, points 1.6.1 to 1.6.6.

<sup>2</sup> See points 3.2.1 to 3.2.6 for the full texts of the declarations adopted.

<sup>3</sup> Known as 'Operation Phare'.

<sup>4</sup> COM(89) 393 final.

<sup>5</sup> OJ L 216, 27.7.1989.

instalment of cereals (200 000 tonnes of wheat and 100 000 tonnes of barley) was taken at the end of August.

### *First coordination meeting*

1.1.5. With a view to organizing the meeting called for by the Paris Summit, the Commission launched a fact-finding operation to establish the economic situation and outlook in Poland and Hungary and the aid requirements of those two countries. To this end, several international organizations were approached: the International Monetary Fund, the World Bank, the OECD, the UN Economic Commission for Europe, GATT and the Paris Club.<sup>1</sup> Two fact-finding missions to Hungary and Poland at the end of July confirmed the considerable impact of the Summit in those two countries and the expectations it had aroused.

1.1.6. The first coordination meeting convened by the Commission took place in Brussels on 1 August. Representatives of 24 countries, all OECD members, including the 12 Community Member States, were present. They all declared their readiness to take part in the concerted aid scheme and endorsed the Commission's analysis of the procedures and objectives of the operation. Several countries announced their contributions to a programme for the supply of food to Poland and the setting-up of a counterpart fund into which the proceeds

from the sale of the products supplied would go. There was a general desire to encourage the reform process in Hungary and Poland and help develop the private sector. The importance of the reform programme which Poland is about to discuss with the IMF was emphasized in this context. The main priorities of an aid programme for these two countries also emerged from the meeting: better export outlets, aid with vocational training (including training for managers), investment promotion and the setting-up of mixed companies, and cooperation on the environment. Working parties will be set up on these topics. It was agreed that the Commission would draw up a summary based on information provided by the participating countries as a basis for the further work of the Group of 24 whose next meeting was scheduled for the end of September. The OECD, the IMF, the World Bank and the Paris Club will be closely involved with the concerted aid scheme.

The ground has therefore been prepared for implementing the conclusions of the Paris Summit. The Commission has endeavoured to act as quickly as possible to speed up the concerted action operation and ensure that the West's response to urgent needs can be given without delay.

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<sup>1</sup> The Paris Club, which consists of creditor countries, examines the procedures for managing the debts of debtor countries.

## 2. New proposal for a European Company Statute

1.2.1. On 24 August the Commission adopted, for transmission to the Council, a proposal for a Regulation (based on Article 100a of the Treaty) on the Statute for a European Company, and a proposal for a Directive (based on Article 54) complementing the Statute for a European Company with regard to the involvement of employees.<sup>1</sup> The intention is to enable Community firms to choose an appropriate structure for cooperation on the scale required by the Community-wide market, thus helping them to be more competitive with their counterparts outside the Community. In addition, workers will be consulted and kept informed about the firm's strategic decisions. This new proposal is the culmination of almost 20 years of sometimes arduous discussions.

The first proposal on a European public limited company dates back to 1970.<sup>2</sup> It was amended in 1975,<sup>3</sup> and had not been discussed by the Council since 1982. To set the ball rolling again, the Commission adopted a memorandum on the European company<sup>4</sup> on 8 June 1988, which was favourably received by the European Parliament, the Council and both sides of industry.

### Objectives and nature of the European Company

1.2.2. The main objective of the proposals is to free the companies concerned from the legal and practical constraints resulting from the existence of 12 separate sets of rules. The European company would be based on an independent legal order, separate from the national systems, referring to company law as already harmonized within the European Community. The European Company Statute will exist alongside other types of company set up under national law. It will thus constitute an alternative for firms. This will make for easier international cooperation between limited companies, and consequently help to prevent

the compartmentalization of the single European market into national markets.

### Forming a European Company

1.2.3. PLCs will be able to form a European company by merging, by forming a holding company or by forming a joint subsidiary, provided at least two of them have their central administration in different Member States. The registered office of the European company must be situated within the Community.

Where mergers are concerned, the text of the Statute is in line with the provisions of the Third Directive (78/855/EEC) of 9 October 1978,<sup>5</sup> supplemented, to take account of the cross-border aspect, by the proposal for a Tenth Directive of 14 January 1985.<sup>6</sup>

### Capital and governing bodies

1.2.4. The capital of the European company will be denominated in ecus and shares issued must be paid up to the extent of not less than 25% of their nominal value, to enable smaller firms to take advantage of the opportunities in the same way as larger firms. The minimum capital required has therefore been reduced to ECU 100 000. The provisions concerning capital, shares and debentures take account of the provisions of the Second Directive (77/91/EEC) of 13 December 1976.<sup>7</sup>

The provisions concerning the governing bodies offer a choice between a one-tier system (administrative board) and a two-

<sup>1</sup> COM(89) 268 final.

<sup>2</sup> OJ C 124, 10.10.1970; Supplement 8/70 — Bull. EC.

<sup>3</sup> Supplement 4/75 — Bull. EC.

<sup>4</sup> Supplement 3/88 — Bull. EC; Bull. EC 6-1988, point 2.1.127.

<sup>5</sup> OJ L 295, 20.10.1978.

<sup>6</sup> OJ C 23, 25.1.1985; Supplement 3/85 — Bull. EC.

<sup>7</sup> OJ L 26, 31.1.1977.

tier system (management board and supervisory board).

## Involvement of employees

1.2.5. In the proposed Statute the Commission provides for practical arrangements for employees to participate in supervision and the definition of strategy, taking into account the specific features of the various existing forms of participation.

A European company cannot be formed unless one of the three participation models has been chosen: representation on the supervisory board or administrative board, representation by a separate body, or participation in other ways established by agreement. Member States will be able to limit the choice of models for European companies registered in their territories. Where two or three models are on offer, the managers of the founder companies must choose on the basis of consultation with employee representatives.

Where no agreement can be reached, it is up to the management of the firm to choose what it considers to be the most suitable model for employee participation. It would be unrealistic to give employees what would amount to a right of veto on the formation of a European company, given that the Statute lays down that the various models are equivalent.

In practice, staff will be kept informed and consulted about the firm's major strategic decisions, e.g. the closure or relocation of establishments or large parts thereof, major restrictions, extensions or changes in the European company's activities, the setting-up of subsidiaries or holding companies, the establishment or discontinuation of permanent cooperation with other firms, and major changes in the firm's organization.

On the other hand, the day-to-day running of a European company will be the responsibility of the managers.

## Other main provisions

1.2.6. The annual accounts and consolidated accounts of European companies will be drawn up subject to the national provisions adopted under Directive 78/660/EEC of 25 July 1978 (Fourth Directive)<sup>1</sup> and Directive 83/349/EEC of 13 June 1983 (Seventh Directive).<sup>2</sup> European companies will be able to avail themselves of the options which those Directives grant the Member States.

Winding-up and liquidation are not to be harmonized: the proposed text limits the causes of winding-up and only governs the essential problems.

Where the insolvency of European companies is concerned, the text merely refers to the law of the place where a firm has its registered office, given the complex issues involved. The Statute authorizes mergers between European companies or between a European company and a firm set up under national law.

On the tax side, the Commission is attempting to remove the congenital handicap of multinational firms subject to different national tax laws. For tax purposes, the European company will be subject to the laws of the country where it has its head office. The Statute does provide, however, that if a European company has permanent establishments in another Member State, any losses incurred by those establishments may be imputed against the profits of the European company. To avoid any discrimination between European companies and other firms carrying out transnational business, similar tax rules will be proposed for all other types of firms.

<sup>1</sup> OJ L 222, 14.8.1978.

<sup>2</sup> OJ L 193, 18.7.1983: Bull. EC 5-1983, points 2.1.26 to 2.1.30.

### 3. Proposed new framework programme for research and technological development

1.3.1. On 25 August the Commission adopted a proposal for a Decision concerning the framework programme of Community activities in the field of research and technological development (1990-94).<sup>1</sup> It is part of the review called for by Article 4 of Decision 87/516/Euratom, EEC on the framework programme for 1987-91,<sup>2</sup> which calls upon the Commission to assess progress with the programme during its third year, and in the light of this review to make proposals for its revision.

The framework programme sets out, on a multiannual basis, all the Community's activities in the sphere of research and technological development, in accordance with Article 130i of the EEC Treaty, as amended by the Single European Act, which devotes a new Title and 10 Articles (130f to 130q) to research.

The framework programme, which has to be adopted by the Council unanimously, lays down the scientific and technical objectives, defines priorities and fixes the amounts deemed necessary. It is implemented through specific programmes adopted by the Council by a qualified majority.

The framework programme now being implemented has so far resulted in 35 separate acts (decisions which have been adopted or on which the Council has reached a common position) relating to specific programmes representing 98% of the ECU 5 396 million deemed necessary for the 1987-91 framework programme.

The proposed 1990-94 framework programme is based on experience built up from carrying out Community R&TD activities and the reports assessing the framework programme<sup>3</sup> and various specific programmes.

#### The broad lines of the new programme

1.3.2. The broad lines of the Commission proposal may be summarized as follows:

(i) maintenance of a multiannual (five-year) framework according to a rolling programme formula. This means that the 1987-91 framework programme now being implemented will overlap with that for 1990-94 so as to ensure continuity in the research activities;

(ii) a considerable increase in the amounts deemed necessary for new Community research activities, rising from ECU 5.4 billion to ECU 7.7 billion, of which ECU 2.7 billion is earmarked for 1990-92 in accordance with the financial perspective contained in the June 1988 Interinstitutional Agreement for 1990-92;<sup>4</sup>

(iii) concentration on three areas involving six specific programmes, which will be more flexible and more multidisciplinary. These three areas are diffusion (or enabling) technologies (information and communications technologies ECU 3 billion, industrial and materials technologies ECU 1.2 billion), management of natural resources (environment ECU 700 million, life sciences and technologies ECU 1 billion, energy ECU 1.1 billion) and management of intellectual resources (human capital and mobility ECU 700 million);

(iv) greater emphasis on prenormative research;

(v) a dual Council decision-making mechanism covering the periods 1990-92 and 1991-94 to ensure consistency with decisions taken regarding the Interinstitutional Agreement;

(vi) full use of the provisions of the Single European Act with regard to the procedures for implementing Community measures. In order to ensure optimum flexibility for Community measures and the necessary synergy with national or intergovernmental

<sup>1</sup> OJ C 243, 23.9.1989; COM(89) 397 final.

<sup>2</sup> OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

<sup>3</sup> Bull. EC 6-1979, point 2.1.49.

<sup>4</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, points 2.3.8, 2.3.10 and 2.4.12.

activities, particularly in the Eureka framework, use can be made of the various mechanisms provided for by the Single European Act: supplementary programmes (Article 130l of the Treaty), participation (Article 130m) and cooperation (Article 130n).

1.3.3. The proposed new framework programme takes account of the need for cooperation on R&TD on a Community scale, in particular to enable firms to meet the challenges of 1992 and beyond.

The amounts deemed necessary still represent a comparatively limited proportion of the overall R&TD outlay of firms and public authorities in the Member States.

Nevertheless, the impact of Community activities is strengthened as a result of their selectiveness and the procedures for carrying them out (essentially through shared-cost projects, receiving Community support on a sliding scale, carried out by transnational consortia of universities, firms and research centres, which provide at least 50% of the funding).

## 4. News in brief

### **Internal market**

#### *Free movement of persons*

The Commission adopts a proposal for a Directive on a second general system for the recognition of professional education and training (→ point 2.1.3).

#### *Standardization*

The Commission adopts a proposal for a Decision concerning the quality of industrial products (→ point 2.1.22).

### **Environment**

The Commission adopts a proposal for a Directive on civil liability for damage caused by waste (→ point 2.1.133).

The Commission submits a strategy for the conservation of tropical forests (→ point 2.1.136).

### **Transport**

The Commission adopts proposals concerning the second stage of liberalization of air transport (→ point 2.1.202).

### **Energy**

The Commission adopts a series of proposals relating to the completion of the internal energy market (→ point 2.1.206).

### **External relations**

Austria applies for membership (→ point 2.2.14).



**PART TWO**

**ACTIVITIES  
IN JULY/AUGUST  
1989**

# 1. Building the Community

## Economic and monetary policy

### Economic situation

2.1.1. At its meeting on economic and financial affairs on 10 July 1989 the Council examined the economic situation in the Community and in each of the Member States on the basis of two reports drawn up by Mr Christophersen, Vice-President of the Commission, and Mr Sarcinelli, Chairman of the Monetary Committee, in the presence of Mr Chalikias, Chairman of the Committee of Governors of the Central Banks, thereby conducting for the first time 'an exercise in multilateral supervision'.

2.1.2. At the same meeting the Council also carried out, on the basis of the Commission's communication on the short-term economic outlook and budgetary policies (1989-90),<sup>1</sup> its second-quarter examination<sup>2</sup> of the economic situation in the Community, in accordance with Decision 74/120/EEC of 18 February 1974<sup>3</sup> on the attainment of a high degree of convergence of the economic policies of the Member States.

It broadly agreed with the analysis made by the Commission. In the light of the results of the Madrid European Council,<sup>4</sup> it noted with interest the more explicit nature of the positions taken by the Commission and hoped that this would lead to greater effectiveness in the coordination of economic policies. The economic policy guidelines agreed in the annual economic report for 1988/89,<sup>5</sup> and confirmed in March during its examination of the economic situation,<sup>6</sup> remained valid. As long as the external environment was less favourable, the maintenance in the medium term of the positive results obtained in the areas of growth, employment and investment required an all-out effort to combat inflationary expectations and to avoid them being incorporated into wage-cost developments. It was equally vital from the point of view of the internal market that efforts made to

increase economic convergence should not be relaxed but should indeed be intensified in the areas of external and budgetary balances.

In the area of budgetary policy, the Council noted that a consensus could be established on some medium-term lines of action: the non-monetary financing of public deficits, the stabilization or reduction of debt, the control of the expansion in expenditure, and the search for an expenditure and revenue structure more favourable to supply conditions. The Council shared the Commission's opinion that the implementation of these lines of action implied in the immediate future a rigorous approach to budgetary policies throughout the Community.

## Internal market

### People's Europe

#### *Free movement of persons*

#### **Mutual recognition of diplomas — Access to economic activities**

2.1.3. On 20 July the Commission adopted, for transmission to the Council, a proposal for a Directive on a second general system for the recognition of professional education and training.<sup>7</sup> The proposal complements and extends the approach adopted in Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher education diplomas awarded on completion of pro-

<sup>1</sup> Bull. EC 6-1989, point 2.1.2.

<sup>2</sup> First examination: Bull. EC 3-1989, point 2.1.1.

<sup>3</sup> OJ L 63, 5.3.1974.

<sup>4</sup> Bull. EC 6-1989, point 1.1.1 *et seq.*

<sup>5</sup> OJ L 377, 31.12.1988; Bull. EC 12-1988, point 2.1.1.

<sup>6</sup> Bull. EC 3-1989, point 2.1.1.

<sup>7</sup> COM(89) 372 final.

professional education and training of at least three years' duration.<sup>1</sup>

The proposal, which applies to Community nationals holding diplomas showing that they have successfully completed a short post-secondary course or secondary course and certain non-diploma holders with professional experience, is the last in a series of measures designed to give all Community nationals the right to have professional qualifications acquired in a Member State recognized by any other Member State which regulates a given activity on its territory. Where there are significant differences in the period of education or training or in the content of the educational training received, the host Member State may require proof of professional experience, an adaptation period or an aptitude test.

2.1.4. On 3 July, pursuant to Council Decision 85/368/EEC of 16 July 1985 on the comparability of vocational training qualifications between Member States,<sup>2</sup> the Commission published in the Official Journal the results of the work carried out concerning the hotel and catering<sup>3</sup> and motor vehicle repair<sup>4</sup> sectors.

## Freedom to provide services

### *Financial services*

#### **Banks and other financial institutions**

2.1.5. On 24 July, acting on a Commission proposal,<sup>5</sup> which had been amended on 29 May,<sup>6</sup> the Council formally adopted a common position with a view to the adoption of the Second Directive relating to the taking-up and pursuit of the business of credit institutions and amending Directive 77/780/EEC.<sup>7</sup>

Most of the amendments contained in the Council's joint position are intended to improve the clarity of the proposed Directive, which will better reflect the banking market situation in the Community. The main points are as follows: the minimum

initial capital required for the authorization of all new banks, which was first set at ECU 5 million, is lowered to ECU 1 million for certain categories of banks, e.g. cooperative banks and building societies; a clause is inserted to enable existing banks which do not satisfy the initial capital conditions to continue to do business without having to increase their own funds; the threshold for banks' qualified participations in non-financial-sector undertakings is raised to 15% (instead of 10%), and the total amount of banks' qualified participations in non-financial-sector undertakings must not exceed 60% (instead of 50%) of their capital. The common position incorporates the main objectives and overall approach of the amended Commission proposal with regard to relations with non-member countries (reciprocity), but makes a clearer distinction between the general information procedure and the procedure to be followed when Community banks run into difficulties in non-member countries. The Council has also amended the provisions concerning the executive powers conferred on the Commission, preferring procedure III(b) of Council Decision 87/373/EEC<sup>8</sup> of 13 July 1987 to procedure III(a) originally proposed by the Commission.

2.1.6. On the same date, acting on a Commission proposal,<sup>9</sup> which had been amended on 26 May,<sup>10</sup> the Council also adopted a common position with a view to the adoption of the Directive on a solvency ratio for credit institutions. The Council has departed from the amended Commission proposal in order to take account of the special features of the banking sector in certain Member States and bring the Com-

<sup>1</sup> OJ L 19, 24.1.1989; Bull. EC 12-1988, point 2.1.10.

<sup>2</sup> OJ L 199, 31.7.1985; Bull. EC 7/8-1985, point 2.1.88.

<sup>3</sup> OJ C 166, 3.7.1989.

<sup>4</sup> OJ C 168, 3.7.1989.

<sup>5</sup> OJ C 84, 31.3.1988; Bull. EC 1-1988, points 1.2.1 to 1.2.3.

<sup>6</sup> OJ C 167, 3.7.1989; Bull. EC 5-1989, point 2.1.9.

<sup>7</sup> OJ L 322, 17.12.1977.

<sup>8</sup> OJ L 197, 18.7.1987; Bull. EC 7/8-1987, point 2.4.10.

<sup>9</sup> OJ C 135, 25.5.1988; Bull. EC 4-1988, points 1.2.1 to 1.2.4.

<sup>10</sup> OJ C 167, 3.7.1989; Bull. EC 5-1989, point 2.1.8.

munity rules more into line with the recommendation on international convergence regarding the measurement of and standards for own funds approved by the Governors of the Central Banks of the countries of the Group of Ten in July 1988.<sup>1</sup>

### Stock exchanges and securities

2.1.7. On 18 July the Council formally adopted its common position with a view to the adoption of the Directive coordinating regulations on insider dealing to which it had agreed on 19 June.<sup>2</sup>

### Broadcasting activities

2.1.8. In accordance with the mandate given by the Madrid European Council of 26 and 27 June,<sup>3</sup> the General Affairs Council continued its deliberations on the proposal for a Directive concerning the pursuit of broadcasting activities.<sup>4</sup> It agreed to ask the European Parliament for a one-month extension of the time-limit laid down in the cooperation procedure following adoption of its decision of 24 May.<sup>5</sup>

### Public procurement

#### Public works contracts

2.1.9. Acting on a proposal from the Commission,<sup>6</sup> in cooperation with the European Parliament,<sup>7</sup> and in the light of the opinion of the Economic and Social Committee,<sup>8</sup> on 18 July the Council formally adopted Directive 89/440/EEC<sup>9</sup> amending Directive 71/305/EEC<sup>10</sup> concerning coordination of procedures for the award of public works contracts, to which it had agreed on 14 June.<sup>11</sup>

#### Redress

2.1.10. Following the substantive agreement reached on 14 June,<sup>12</sup> on 24 July the Council formally adopted a common position on the proposal for a Directive on the application of redress procedures regarding

the award of public supply and works contracts.<sup>13</sup>

### Social and regional aspects

2.1.11. On 19 July the Commission adopted,<sup>14</sup> for transmission to the Council, the European Parliament and the Economic and Social Committee, a communication on the social and regional aspects of public procurement. In it the Commission set out its position as regards the policy to be pursued in order to find a solution to the social and regional problems attaching to the liberalization of public procurement.

Taking account of the considerations which have prompted certain Member States to introduce regional preference arrangements conflicting with Community law, the Commission proposes an overall approach to the problem which will ensure compliance with the Treaty and the public procurement directives and increase economic and social cohesion within the Community. Consequently, while the Commission hopes that these arrangements will be gradually scrapped or amended, it also advocates a series of alternative measures designed to promote the employment of young people and the

<sup>1</sup> Meetings of the Group of Ten are attended by the Governors of the Central Banks of the United States, Japan, the Federal Republic of Germany, France, the United Kingdom, Italy, Canada, Switzerland, Belgium, Luxembourg, Sweden and the Netherlands.

<sup>2</sup> Bull. EC 6-1989, point 2.1.11.

<sup>3</sup> Bull. EC 6-1989, point 1.1.6.

<sup>4</sup> OJ C 179, 17.7.1986; Bull. EC 3-1986, points 1.2.1 to 1.2.12; Supplement 5/86 — Bull. EC; OJ C 110, 27.4.1988; Bull. EC 4-1988, point 2.1.11; OJ C 147, 14.6.1989; Bull. EC 5-1989, point 2.1.12.

<sup>5</sup> OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.11.

<sup>6</sup> Bull. EC 12-1986, point 2.1.35; Bull. EC 6-1988, point 2.1.50; OJ C 115, 8.5.1989; Bull. EC 3-1989, point 2.1.11.

<sup>7</sup> First reading: OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.1.21; Second reading: OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.16.

<sup>8</sup> OJ C 319, 30.11.1987; Bull. EC 9-1987, point 2.4.28.

<sup>9</sup> OJ L 210, 21.7.1989.

<sup>10</sup> OJ L 185, 16.8.1971.

<sup>11</sup> Bull. EC 6-1989, point 2.1.13.

<sup>12</sup> Bull. EC 6-1989, point 2.1.14.

<sup>13</sup> OJ C 230, 28.8.1987; Bull. EC 7/8-1989, point 2.1.21; OJ C 15, 19.1.1989; Bull. EC 11-1988, point 2.1.37.

<sup>14</sup> COM(89) 400 final.

long-term unemployed, the involvement of SMEs in public contracts, and the performance of firms in the less-developed regions.

The only preference systems allowed will be those relating to contracts for a value below the thresholds adopted in the directives on supply contracts (ECU 200 000) and service contracts (ECU 5 million), where the provisions in question have no significant Community impact and are totally transparent for the firms concerned.

### Excluded sectors

2.1.12. In the light of the opinion<sup>1</sup> delivered by the European Parliament on 25 May, the Commission decided on 11 August to amend<sup>2</sup> its proposals for Council Directives on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors.<sup>3</sup> Apart from combining the two proposals into a single text covering all four sectors, the main aim of the amendments is to make the text clearer and align some of the provisions on Council Directive 89/440/EEC of 18 July (→ point 2.1.9).<sup>4</sup>

## Free movement of goods

### *Removal of trade barriers*

#### Industrial products

##### *Motor vehicles*

2.1.13. On 17 July the Commission adopted Directive 89/491/EEC<sup>5</sup> adapting to technical progress Council Directives 70/157/EEC,<sup>6</sup> 70/220/EEC,<sup>7</sup> 72/245/EEC,<sup>8</sup> 72/306/EEC,<sup>9</sup> 80/1268/EEC<sup>10</sup> and 80/1269/EEC<sup>10</sup> relating to motor vehicles.

This new Directive seeks to incorporate in the directives concerned opportunities for flexible administrative handling of the technical amendments to be made regarding the type-approval of the vehicles concerned so as to facilitate a rapid increase in the use of unleaded petrol. Other amendments are

designed to clarify the provisions designed to ensure that vehicles fitted with pollution-control equipment are not affected by the use of leaded petrol.

2.1.14. On 1 August the Commission adopted Directives 89/516/EEC, 89/517/EEC and 89/518/EEC<sup>11</sup> adapting to technical progress:

(i) Council Directive 76/758/EEC of 27 July 1976 relating to end-outline marker lamps, front position (side) lamps, rear position (side) lamps and stop lamps for motor vehicles and their trailers;<sup>12</sup>

(ii) Council Directive 76/761/EEC of 27 July 1976 relating to motor-vehicle headlamps which function as main-beam and/or dipped-beam headlamps and to incandescent electric filament lamps for such headlamps;<sup>12</sup>

(iii) Council Directive 77/538/EEC of 28 June 1977 on rear fog lamps for motor vehicles and their trailers.<sup>13</sup>

2.1.15. On 26 July the Commission adopted for transmission to the Council a proposal for a Directive relating to the spray-suppression devices of certain categories of motor vehicles and their trailers.<sup>14</sup> This proposal, which is part of the legislative programme adopted in connection with European Road Safety Year (1986),<sup>15</sup> seeks to improve road safety by using devices that are intended to limit the spraying of water, mud or pebbles by the tyres of heavy commercial vehicles when in motion. It replaces

<sup>1</sup> OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.13.

<sup>2</sup> COM(89) 380 final.

<sup>3</sup> OJ C 319, 12.12.1988; Bull. EC 6-1988, point 2.1.51; Supplement 6/88 — Bull. EC; OJ C 40, 17.2.1989.

<sup>4</sup> OJ L 210, 6.7.1989.

<sup>5</sup> OJ L 238, 15.8.1989.

<sup>6</sup> OJ L 42, 23.2.1970.

<sup>7</sup> OJ L 76, 6.4.1970.

<sup>8</sup> OJ L 152, 6.7.1972.

<sup>9</sup> OJ L 190, 20.8.1972.

<sup>10</sup> OJ L 375, 31.12.1980.

<sup>11</sup> OJ L 265, 12.9.1989.

<sup>12</sup> OJ L 262, 27.7.1976.

<sup>13</sup> OJ L 220, 29.8.1977.

<sup>14</sup> COM(89) 377 final.

<sup>15</sup> OJ C 11, 17.1.1986; Bull. EC 11-1985, point 2.1.168.

the proposal on the same subject transmitted to the Council on 12 August 1987.<sup>1</sup>

### *Good laboratory practice*

2.1.16. Acting on a proposal from the Commission,<sup>2</sup> on 28 July the Council adopted a Decision on the acceptance by the Community of an OECD decision-recommendation on compliance with principles of good laboratory practice.

2.1.17. On 18 July, acting on a Commission proposal,<sup>3</sup> which had been amended on 29 January 1987, the Council adopted a common position with a view to the adoption of a Directive amending Council Directive 76/769/EEC of 27 July 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations.<sup>4</sup>

2.1.18. On 17 July the Commission adopted Directive 89/451/EEC<sup>5</sup> adapting to technical progress for the third time Council Directive 77/728/EEC of 7 November 1977 relating to the classification, packaging and labelling of paints, varnishes, printing inks, adhesives and similar products.<sup>6</sup> The aim of the new Directive is to revise the provisions concerning the lead content of paints and varnishes.

### *Implantable electromedical equipment*

2.1.19. In the light of the opinion delivered by the European Parliament (first reading) on 12 April,<sup>7</sup> on 16 August the Commission decided<sup>8</sup> to amend its proposal for a Council Directive on active implantable electromedical equipment.<sup>9</sup> The main aim of the amendments is to include accessories within the scope of the proposal and to insert certain particular provisions.

### **Foodstuffs**

2.1.20. In the light of the opinions delivered by the European Parliament on 25 May<sup>10</sup> and by the Economic and Social Committee on 26 April,<sup>11</sup> on 24 August the Commission decided<sup>12</sup> to make a number

of technical amendments to its proposal for a Council Directive on nutrition labelling rules for foodstuffs intended for sale to the ultimate consumer.<sup>13</sup>

### **Fertilizers**

2.1.21. On 1 August the Commission adopted Directive 89/519/EEC<sup>14</sup> supplementing and amending Commission Directive 77/535/EEC of 22 June 1977 relating to methods of sampling and analysis for fertilizers.<sup>15</sup>

This Directive is a follow-up to Council Directive 89/284/EEC of 13 April concerning the secondary elements contained in chemical fertilizers.<sup>16</sup> The aim is to extend the methods of analysis to include those elements.

### *Standardization, certification and testing*

#### **Certification and testing**

2.1.22. On 24 July the Commission adopted, for transmission to the Council, the European Parliament and the Economic and Social Committee, a communication<sup>17</sup> to the Council entitled 'A global approach to certification and testing — quality measures for industrial products' containing a proposal for a Council Decision concerning the modules for the various phases of the conformity assessment procedures which

<sup>1</sup> OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.15.

<sup>2</sup> Bull. EC 6-1989, point 2.1.18.

<sup>3</sup> Bull. EC 10-1983, point 2.1.9.

<sup>4</sup> OJ L 262, 27.9.1976.

<sup>5</sup> OJ L 216, 27.7.1989.

<sup>6</sup> OJ L 303, 28.11.1977.

<sup>7</sup> OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.21.

<sup>8</sup> COM(89) 418 final.

<sup>9</sup> OJ C 14, 18.1.1989; Bull. EC 12-1988, point 2.1.23.

<sup>10</sup> OJ C 158, 25.6.1989; Bull. EC 5-1989, point 2.1.27.

<sup>11</sup> OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.28.

<sup>12</sup> COM(89) 420 final.

<sup>13</sup> OJ C 282, 5.11.1988; Bull. EC 9-1988, point 2.1.9.

<sup>14</sup> OJ L 265, 12.9.1989.

<sup>15</sup> OJ L 213, 22.8.1977.

<sup>16</sup> OJ L 111, 22.4.1989; Bull. EC 4-1989, point 2.1.31.

<sup>17</sup> COM(89) 209 final.

are intended to be used in the technical harmonization directives.<sup>1</sup>

The communication supplements the Council resolution of 7 May 1985 on a new approach to technical harmonization and standards<sup>2</sup> which is based on the four principles of limiting legislative harmonization to essential safety requirements (or any other requirement in the public interest), delegating to the European industrial standardization bodies the task of preparing technical specifications, maintaining the status of voluntary standards for the latter, and recognizing a presumption of conformity to essential requirements for products manufactured in accordance with the harmonized standards.

In the light of this new approach and the White Paper on completing the internal market,<sup>3</sup> the Commission has thought it necessary to present an overall policy relating to the mutual recognition of the results of tests and certificates covering the areas which are already the subject of regulations and those which are not, so as to give genuine effect to the judgment of the Court of Justice in the *Cassis de Dijon* case.<sup>4</sup>

The Commission is therefore proposing a series of measures, based on objective, generally recognized criteria, to build the confidence needed to render national, public or private certification, testing and inspection activities homogeneous and transparent. It is advocating general use of the criteria drawn up by the CEN (European Committee for Standardization) and Cenelec (European Committee for Electrotechnical Standardization) for assessing the competence of testing laboratories, to set up in conjunction with these two bodies a structure designed to achieve the mutual recognition of test reports and certificates and to adopt modules of harmonized procedures to demonstrate the conformity of products covered by Community directives in cases where the national legislature must intervene.

On the external front, mutual recognition of methods and structures relating to conformity at Community level will facilitate access to the Community market for prod-

ucts from non-member countries. In return for this, the Community will negotiate with the latter a similar system of mutual recognition.

## Customs union

### Simplification of customs formalities

#### *Community transit*

2.1.23. As part of the transitional phase leading to the completion of the internal market on 1 January 1993, the Commission adopted on 5 July and transmitted to the Council on 10 July a proposal for a Regulation<sup>5</sup> amending Council Regulation (EEC) No 222/77 of 13 December 1976 on Community transit<sup>6</sup> to simplify the crossing of the Community's internal frontiers, so that operators no longer need to present a transit advice note to the customs office of entry of any Member State whose territory they will cross in a Community transit operation.

### General legislation

#### *Release of goods for free circulation*

2.1.24. On 27 July the Commission adopted, for transmission to the Council, the European Parliament and the Economic and Social Committee, a proposal for a Directive<sup>7</sup> amending Council Directive 79/695/EEC of 24 July 1979 on the harmoniza-

<sup>1</sup> OJ C 231, 8.9.1989.

<sup>2</sup> OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

<sup>3</sup> Bull. EC 6-1985, points 1.3.1 to 1.3.9.

<sup>4</sup> Judgment of 20.2.1979 in Case 120/78 *Rewe-Zentral v Bundesmonopolverwaltung für Branntwein* ECR [1979] 649.

<sup>5</sup> OJ C 245, 26.1.1989; COM(89) 331 final.

<sup>6</sup> OJ L 38, 9.2.1977.

<sup>7</sup> OJ C 235, 13.9.1989; COM(89) 385 final.

tion of procedures for the release of goods for free circulation.<sup>1</sup> The amendments will make for more systematic and uniform application of the simplified procedures for release of goods for free circulation by establishing criteria with which importers must comply in order to be covered by the procedures.

### *Post-clearance recovery*

2.1.25. On 2 August the Commission adopted Regulation (EEC) No 2380/89<sup>2</sup> laying down provisions for the implementation of Article 5(2) of Council Regulation (EEC) No 1679/79 on the post-clearance recovery of import or export duties which have not been required of the person liable for payment on goods entered for a customs procedure involving the obligation to pay such duties.<sup>3</sup>

## **Customs procedures with economic impact**

### *Processing under customs control*

2.1.26. On 28 July the Council adopted Regulation (EEC) No 2369/89<sup>2</sup> amending Regulation (EEC) No 2763/83 of 26 September 1983 as regards arrangements for processing under customs control.<sup>4</sup> The Regulation makes permanent the temporary measures laid down in Commission Regulation (EEC) No 4032/88 of 21 December 1988<sup>5</sup> and updates the classification of goods in the list annexed to Regulation (EEC) No 2763/83 in the light of subsequent changes, notably to the Combined Nomenclature. The Regulation also includes an updated version of the said list.

## **Common Customs Tariff/ Combined Nomenclature**

### *Common Customs Tariff*

2.1.27. Acting on a Commission proposal, the Council also adopted on 28 July Regu-

lation (EEC) No 2411/89<sup>6</sup> amending Council Regulation (EEC) No 430/87 of 9 February 1987 concerning the import arrangements applicable to products falling within CN codes 0714 10 10, 0714 10 90 and 0714 90 10 and originating in certain third countries.<sup>7</sup> The Regulation, which translates into practice the third element<sup>8</sup> of the commitments made by the Community as part of the Uruguay Round,<sup>9</sup> offers the least developed countries a minimum guarantee of access to the existing quota arrangement for manioc and similar products.

2.1.28. On 28 July the Commission adopted a communication to the Council and the Member States concerning autonomous tariff suspensions which defines the guiding principles which the Commission intends to follow in drawing up its proposals.<sup>10</sup> It specifies the economic reasoning with which its policy should comply.

### *Combined Nomenclature*

2.1.29. With a view to the uniform application of the Combined Nomenclature (CN), the Commission adopted Regulations Nos 2061/89,<sup>11</sup> 2403/89<sup>12</sup> and 2404/89,<sup>12</sup> concerning the classification of goods, on 7 and 31 July respectively.

## **Origin of goods**

2.1.30. On 20 July the Commission adopted for transmission to the Council three proposals for Regulations concerning

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<sup>1</sup> OJ L 205, 13.8.1979; Bull. EC 7/8-1979, point 2.1.26.

<sup>2</sup> OJ L 225, 3.8.1989.

<sup>3</sup> OJ L 197, 3.8.1979; Bull. EC 7/8-1979, point 2.1.27.

<sup>4</sup> OJ L 272, 5.10.1983; Bull. EC 9-1983, point 2.1.27.

<sup>5</sup> OJ L 355, 23.12.1988.

<sup>6</sup> OJ L 228, 5.8.1989.

<sup>7</sup> OJ L 43, 13.2.1987.

<sup>8</sup> First element: OJ L 169, 19.6.1989; Bull. EC 5-1989, point 2.1.42. Second element (→ point 2.2.4).

<sup>9</sup> Bull. EC 12-1988, point 2.2.3.

<sup>10</sup> OJ C 235, 13.9.1989; COM(89) 384 final.

<sup>11</sup> OJ L 196, 12.7.1989.

<sup>12</sup> OJ L 227, 4.8.1989.



the application of Decisions by the EEC-Morocco and EEC-Syria Cooperation Councils and the EEC-Israel Joint Committee.<sup>1</sup> Annexed in the form of draft decisions, these amend, consequent on the accession of Spain and Portugal to the European Communities, the Protocol concerning the definition of the concept of 'originating products' and methods of administrative cooperation.

2.1.31. On 11 July the Commission adopted Regulation (EEC) No 2071/89 on determining the origin of photocopying apparatus incorporating an optical system or of the contact type.

## Taxation

### Direct taxation

2.1.32. On 12 July the Economic and Social Committee adopted its opinion on the proposals for Council Directives<sup>2</sup> designed to introduce a common system of withholding tax on interest income and amend Directive 77/799/EEC concerning mutual assistance by the competent authorities of the Member States in the field of direct taxation and value-added tax.<sup>3</sup> The Committee approved both proposals but suggested that the Commission consider to what extent capital investments in tax-free bonds could be compatible with a Community system of this kind. It was also concerned about the fact that capital investments in non-member countries could continue without payment of such a tax.

### Indirect taxation

#### Turnover taxes

2.1.33. Acting on the Commission's proposal of 4 December 1984,<sup>4</sup> as amended<sup>5</sup> on 25 June 1987 in the light of the opinions

of the Economic and Social Committee<sup>6</sup> and the European Parliament,<sup>7</sup> on 18 July the Council adopted Directive 89/465/EEC (Eighteenth Directive) on the harmonization of the laws of the Member States relating to turnover taxes.<sup>8</sup> The new Directive abolishes some of the derogations provided for in Council Directive 77/388/EEC of 17 May 1977 (Sixth Directive).<sup>9</sup>

2.1.34. Acting on a Commission proposal,<sup>10</sup> on 18 July the Council adopted<sup>8</sup> Decision 89/466/EEC authorizing the United Kingdom to apply a measure derogating from Article 11 of the Sixth Council Directive (77/388/EEC) of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes.<sup>9</sup>

2.1.35. Acting on the Commission's proposal of 10 July,<sup>11</sup> on 28 July the Council adopted<sup>12</sup> Decision 89/487/EEC authorizing the French Republic to apply a measure derogating from Article 17(6) of the Sixth VAT Directive.<sup>9</sup> The measure is aimed at excluding expenditure in respect of accommodation, food, hospitality and entertainment from the right to deduct VAT previously charged, in order to prevent tax evasion and avoidance.

2.1.36. Acting on the Commission's proposal of 12 July,<sup>13</sup> on 28 July the Council adopted Decision 89/488/EEC<sup>14</sup> authorizing the French Republic to apply a measure derogating from Article 17(2) of the Sixth Directive.<sup>9</sup> The measure is intended to exclude expenditure in respect of goods and

<sup>1</sup> COM(89) 362 final.

<sup>2</sup> OJ C 141, 7.6.1989, point 1.2.1 *et seq.*

<sup>3</sup> OJ L 336, 27.12.1977.

<sup>4</sup> OJ C 347, 29.12.1984; Bull. EC 12-1984, point 2.1.77.

<sup>5</sup> OJ C 183, 11.7.1987; Bull. EC 6-1987, point 2.1.68.

<sup>6</sup> OJ C 218, 28.8.1985; Bull. EC 7/8-1985, point 2.1.76.

<sup>7</sup> OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.1.55.

<sup>8</sup> OJ L 226, 3.8.1989.

<sup>9</sup> OJ L 145, 13.6.1977.

<sup>10</sup> Bull. EC 6-1989, point 2.1.40.

<sup>11</sup> COM(89) 346 final.

<sup>12</sup> OJ L 239, 16.8.1989.

<sup>13</sup> COM(89) 358 final.

<sup>14</sup> OJ L 239, 16.8.1989.

services, in cases where private use of those goods and services accounts for more than 90% of their total use, from the right to deduct VAT previously charged.

### *Tax reliefs*

2.1.37. On 5 July the Commission adopted for transmission to the Council a proposal<sup>1</sup> for a Directive for the progressive increase up to 1 January 1992 of the tax reliefs provided for in Directive 69/169/EEC of 28 May 1979,<sup>2</sup> as last amended by Directive 88/663/EEC of 21 December 1988,<sup>3</sup> goods purchased by travellers inclusive of all duties in a Community Member State. The proposal is to increase the value of the tax relief applicable to goods subject to VAT from ECU 390 to ECU 800 on 1 January 1989, ECU 1 200 on 1 January 1991 and ECU 1 600 on 1 January 1992 and to double the quantities laid down for products subject to excise duties.

2.1.38. On 27 July the Commission adopted a communication concerning the temporary importation of a private vehicle for business or private use<sup>4</sup> in which it considers the development of the case-law of the Court of Justice and comes to the conclusion that there is a need for rapid adoption by the Council of the Commission proposal of January 1987 on tax exemption within the Community.<sup>5</sup>

## Enterprise

### **Business environment**

#### *Company law*

#### **European Company Statute**

2.1.39. On 24 August the Commission adopted proposals for a Regulation and a Directive concerning the European Company Statute (→ points 1.2.1 to 1.2.6).

### **Small business**

#### *Action programme*

2.1.40. On 28 July the Council formally adopted Decision 89/490/EEC on the improvement of the business environment and the promotion of the development of enterprises, and in particular small and medium-sized enterprises, in the Community,<sup>6</sup> on which it had reached agreement on 21 June.<sup>7</sup>

#### *Development of cooperation*

2.1.41. On 2 August the Commission adopted for transmission to the Council a communication and a draft resolution concerning the development of subcontracting in the Community.<sup>8</sup> The communication describes the situation as regards subcontracting in the Community and the various steps taken by the Commission in this field, in particular with respect to transnational subcontracting. The Commission proposes to support the development of subcontracting along three general lines: creation of the right environment, better information and communication flows between main contractors and subcontractors, and the promotion of subcontracting and partnership relations.

### **Distributive trades — Tourism**

#### *Tourism*

2.1.42. On 18 July the Council adopted a Decision authorizing the Commission to take part, on behalf of the Community, in negotiations within the World Tourism

<sup>1</sup> OJ C 245, 26.9.1989.

<sup>2</sup> OJ L 133, 4.6.1969.

<sup>3</sup> OJ L 382, 31.12.1988; Bull. EC 12-1988, point 2.1.97.

<sup>4</sup> COM(89) 359 final.

<sup>5</sup> OJ C 40, 18.2.1987, Bull. EC 1-1987, point 2.1.41.

<sup>6</sup> OJ L 239, 16.8.1989.

<sup>7</sup> Bull. EC 6-1989, point 2.1.45.

<sup>8</sup> COM(89) 402 final.

Organization on a Convention to facilitate tourism.

## Industrial strategy and services

### Sectoral policies

#### Steel

#### Monitoring and control

##### Penalties

2.1.43. On 25 July the Commission decided<sup>1</sup> to reduce from ECU 217 650 to ECU 108 825 the fine imposed on 9 October 1985<sup>2</sup> on Acciaierie e Ferriere di Porto Nogaro SRL pursuant to Article 58 of the ECSC Treaty.

2.1.44. The Commission imposed fines totalling ECU 9.5 million on 14 Community producers of welded steel mesh for concerted practices contrary to the provisions of Article 85 of the EEC Treaty (→ point 2.1.64).

#### Forward programme

2.1.45. On 17 July<sup>3</sup> the Commission adopted the forward programme for steel for the third quarter of 1989, which it had approved on 6 June.<sup>4</sup>

#### Market situation

2.1.46. In June the Community recorded an increase of 2.3% in crude steel production compared with the same month last year. This increase concerns in particular France (4.2%), Italy (11.9%), Spain (5.3%) and the United Kingdom (5.3%), while Germany registered a decrease of 4.7%. By comparison, IISI (International Iron and Steel Institute) figures show an increase of 1.6% in the USA and of 5% in Japan.

Community production, at around 12 million tonnes of crude steel, experienced

a seasonally adjusted increase of 3.6% compared with the preceding month. The increase for the first six months of 1989 compared with the same period last year is 4.4% for the Community compared with 1.8% for the USA, 2.1% for Japan and 14% for Korea. The Community's six-month total amounts to 72 million tonnes, while the comparisons on a quarterly basis show an increase of 3.8% in the first quarter and 4.9% in the second quarter.

Community production of crude steel in July increased by 6.1% compared with July 1988; however, there has been a decrease in the Netherlands and Portugal. The Community currently leads the field in the expansion in the steel sector, according to IISI figures.

2.1.47. In the context of the system of statistical monitoring introduced when the quota system was abolished,<sup>5</sup> the Commission has noted a continuation of the high level of activity compared with 1988 (11%), further signs of outstripping the forward programme<sup>6</sup>—confirmed in the meantime by crude steel production of over 36 million tonnes in the second quarter—and a substantial drop in exports.

2.1.48. Iron ore accounts on its own for 5% of total ACP exports. In spite of the recent increase in steel prices, the long-term outlook for ore prices is not promising.

#### Investments

2.1.49. The Commission has published its annual report on investments in the Community coal and steel industries;<sup>7</sup> the report reflects the situation on 1 January 1988.

1 OJ C 213, 19.8.1989.

2 OJ C 285, 8.11.1985.

3 OJ C 178, 14.7.1989.

4 Bull. EC 6-1989, point 2.1.47.

5 OJ L 212, 5.8.1988; Bull. EC 6-1988, point 2.1.53; Bull. EC 7/8-1988, point 2.1.11.

6 OJ C 94, 15.4.1989; Bull. EC 3-1989, point 2.1.32; Bull. EC 4-1989, point 2.1.47.

7 Previous report: Bull. EC 4-1988, point 2.1.33.

## *Other sectors*

### **The mining industry**

2.1.50. On 28 July the Council formally adopted the resolution on the development of the Community mining industry<sup>1</sup> on which it had reached agreement on 21 June.<sup>2</sup>

### **Pedip**

2.1.51. On 13 July the Commission approved an ERDF contribution of ECU 323 120 000 and a Pedip credit line of ECU 26 480 000 for programme No 1 (basic and technological infrastructure), which is to run from 1989 to 1993 and is subdivided into two subprogrammes. The objective of the basic infrastructure subprogramme is to improve the road network serving industrial centres, to create railway infrastructure for the transport of goods, to support the development of infrastructure in nascent industrial areas, to promote the creation of back-up infrastructures for business and trade associations, and to promote the development of energy infrastructures.

The aim of the technological infrastructure subprogramme is to promote the installation of metrological laboratories to improve the quality of manufacturing, to create technological centres to provide back-up to industry, to set up institutes specializing in new technologies in order to ensure efficient dovetailing of research and production, to create centres of excellence to boost the interaction between research and industry in the field of advanced technologies, to set up transfer centres for the dissemination of know-how by multisectoral undertakings, to create demonstration units, to promote research centres in order to create new, technologically innovative enterprises, and to promote the creation of technological parks by strengthening the links between businesses, universities and the centres.

With this programme, the Commission has now approved all seven of the Pedip opera-

tional programmes. The Commission also set up a Committee to monitor the entire Pedip programme.

## **Research and technology**

### **Community R&TD policy**

#### *Framework programme 1990-94*

2.1.52. On 25 August the Commission adopted, for transmission to the Council, a proposal for a Decision concerning the framework programme of Community activities in the field of research and technological development (1990-94) (→ points 1.3.1. to 1.3.3).

#### *Coordination of national policies*

2.1.53. At the meeting of the Scientific and Technical Research Committee (Crest) in Brussels on 12 July, Commission Vice-President Pandolfi presented the main lines of the Community's future strategy in the field of research and technological development: these included the launching of a new framework programme (1990-94) instead of a revision of the present framework programme (1987-91), a review of the specific programmes under this new framework programme after two or three years and observance of the limits laid down in the Interinstitutional Agreement. Welcoming these proposals, Crest acknowledged that they offered the advantage of greater simplicity and clarity and stressed that they should bring a greater measure of flexibility and efficiency to Community action.

#### *International cooperation*

#### **Framework Agreements with the EFTA countries**

2.1.54. On 27 July the Commission adopted, for transmission to the Council,

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1 OJ C 207, 12.8.1989.

2 Bull. EC 6-1989, point 2.1.48.

five proposals for Decisions concerning the conclusion of Cooperation Agreements in the field of medical and health research with Austria, Finland, Norway, Sweden and Switzerland.<sup>1</sup> Given the scientific and technical importance of the research and development programmes currently in progress in the field of medicine and health in the five countries in question, the aim of these Agreements is to strengthen cooperation in order to make an effective contribution to the achievement of an optimum level of public and private health.

## Main areas of Community R&TD

### Energy

#### Nuclear fission

2.1.55. On 18 July, on a proposal from the Commission<sup>2</sup> and in the light of the opinions of the European Parliament<sup>3</sup> and of the Economic and Social Committee,<sup>4</sup> the Council adopted Decision 89/464/Euratom adopting a research and training programme for the European Atomic Energy Community in the field of remote handling in hazardous or disordered nuclear environments (1989-1993) — *Teleman*.<sup>5</sup>

## Telecommunications, information technology and innovation

### Information technology and telecommunications

2.1.56. On 25 August the Commission adopted a proposal for a Decision on the framework programme of Community activities in the field of research and technological development during the period 1990-94 (→ points 1.3.1 to 1.3.3). This proposal lays particular emphasis on the 'enabling' technologies (microelectronics, telecommunications and new materials).

### Information technology (*Esprit*)

2.1.57. The final report of the *Esprit* programme review<sup>6</sup> conducted from October 1988 to May 1989 has been published. It was carried out by a group of independent experts on the basis of 210 interviews with participants in the programme and 949 replies to questionnaires sent to participants.

It emerges from the report that trans-European cooperation has been a success in the vast majority of *Esprit* I projects and that significant results have been achieved for the participants. From a strategic viewpoint and with regard to *Esprit* II,<sup>7</sup> the report recommends:

- (i) that the work under way in microelectronics and computer-integrated production be pursued;
- (ii) that the work plans of the programmes be drawn up by both producers and users with a view to meeting market requirements as closely as possible;
- (iii) the development of standardization-orientated R&D;
- (iv) improvement of access of all participants to project results.

2.1.58. Following the Commission's call for proposals in February<sup>8</sup> for a parallel computing action under *Esprit* II,<sup>7</sup> 55 software projects exploiting parallel computer architectures were selected by the Commission and approved for contract negotiation. This represents 30% of the 188 submissions by universities, polytechnics and research centres. This parallel computing action will encourage participants to strengthen their activities in the develop-

1 COM(89)389 final, COM(89) 386 final, COM(89) 388 final, COM(89) 390 final, COM(89) 387 final; OJ C 223, 30.8.1989.

2 OJ C 311, 16.12.1988; Bull. EC 11-1988, point 2.1.59.

3 OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.47.

4 OJ C 102, 24.4.1989.

5 OJ L 226, 3.8.1989.

6 'The review of *Esprit*: the report of the *Esprit* Review Board', ed. DG XIII, May 1989.

7 OJ L 118, 6.5.1988; Bull. EC 4-1988, point 2.1.54.

8 OJ C 46, 25.2.1989; Bull. EC 2-1989, point 2.1.38.

ment of parallel computing technology, with the selected proposals covering basic software, programming tools, environments and applications. The Commission has allocated ECU 3.3 million in funds. Participating organizations, which must already possess expertise in parallel computing, will be offered a contribution of up to 100% of the cost of the equipment. Participants will be required to attend twice-yearly workshops to disseminate the results of their work.

## Telecommunications

### *Integrated Services Digital Network (ISDN)*

2.1.59. On 18 July the Council adopted a resolution<sup>1</sup> on the strengthening of the coordination for the introduction of the Integrated Services Digital Network (ISDN) in the European Community up to 1992. This resolution follows the agreement reached at the Telecommunications Council on 27 April.<sup>2</sup>

### *Employment structures and trends in telecommunications*

2.1.60. A study on employment structures and trends in telecommunications, conducted in association with the trade unions (PTTI), has been completed.<sup>3</sup> According to the study's joint Commission-PTTI monitoring committee, the study represents the first major attempt to analyse the important shifts in employment trends being brought about by technological and market changes in the telecommunications sector. The study should be regarded as an important contribution towards the necessary social dialogue in the sector.

The study paints a generally reassuring picture of employment in the sector, while highlighting areas where training or retraining may be needed. It forecasts a rise in total Community employment in telecommunications from 1 797 800 in 1980 to 1 880 700 in 1992.

In 1987 this total comprised 322 200 in equipment, 997 000 in services and 513 000 amongst end-users. Services' share of employment is growing relative to that of equipment — from 70.9% of the total (excluding end-users) in 1980 to 76.3% in 1992. At the same time the share of employment accounted for by new equipment and services firms is set to rise from 3.9% in 1980 to 11.8% by 1992.

## Combined use of IT and telecommunications in general applications

### *Tedis programme*

2.1.61. More than 200 people took part in the conference organized on 12 and 13 July in Brussels to review progress on the Tedis programme (trade electronic data interchange systems)<sup>4</sup> and hear representatives of the car, banking, chemical industry, insurance, retail sale and transport sectors explain how EDI (electronic data interchange) is developing in their sector.

## Competition

### **Eighteenth Report on Competition Policy**

2.1.62. On 19 July the Commission transmitted to the Council, Parliament, the Economic and Social Committee and the Court of Justice its *Eighteenth Report on Competition Policy*,<sup>5</sup> which is published in conjunction with the *Twenty-second General*

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<sup>1</sup> OJ C 196, 18.7.1989.

<sup>2</sup> Bull. EC 4-1989, point 2.1.63.

<sup>3</sup> 'Employment structures and trade in telecommunications', Study carried out for the Commission of the European Communities and the PTTI, Brussels: Eurostrategies, Oxford: TURU, 1989.

<sup>4</sup> OJ L 285, 8.10.1987; Bull. EC 10-1987, point 2.1.45.

<sup>5</sup> Available from the Office for Official Publications of the European Communities, 2, rue Mercier, L-2985 Luxembourg. The last report was reviewed in Bull. EC 6-1988, point 2.1.102.

*Report on the Activities of the European Communities.* The report outlines developments in Community competition policy during the past year.

In 1988 the Commission continued its drive to enhance competition within the common market, particularly in relation to mergers,<sup>1</sup> air transport,<sup>2</sup> telecommunications<sup>3</sup> and State aid. It also formulated new policies aimed at creating a genuinely competitive climate in all branches of the economy.

The Commission, in accordance with the objectives of the Single Act, has thus embarked upon a policy of opening up the market for certain types of services hitherto regulated at national level. As regards air transport, the Council finally approved the first move towards deregulation, which enabled three exemption regulations to be adopted under the competition rules.<sup>4</sup>

With regard to State aid, the Commission decided at the end of the year to be more systematic in future in following up Member States that fail to comply with the notification rules and to ensure that aid which is granted illegally and is incompatible with the common market is repaid where necessary.

Where agreements between undertakings are concerned, the Commission adopted two new block exemption regulations, one on franchise agreements<sup>5</sup> and the other on agreements on the transfer of know-how.<sup>6</sup>

The report also contains an analysis of merger trends in the common market. It emerges that the already rapid rate of mergers accelerated even faster in 1988.

## **General rules applicable to undertakings**

### *Air transport*

2.1.63. On 19 July the Commission agreed on a package of proposals concerning the development of civil aviation in the Community, some of which relate to the appli-

cation of the rules of competition (→ point 2.1.202).

## **Restrictive practices, mergers and dominant positions: specific cases**

### *Prohibited horizontal agreements*

#### **Welded steel mesh**

2.1.64. On 2 August the Commission adopted Decision 89/515/EEC<sup>7</sup> outlawing, under Article 85 of the EEC Treaty, agreements or concerted practices consisting in the fixing of selling prices or delivery quotas and in the sharing of markets in welded steel mesh, a product widely used in the building industry, in civil engineering and in many other industries. The Decision was addressed to 14 companies and fines totalling ECU 9.5 million were imposed. Many of the agreements of the cartel took effect in 1981 and their impact lasted at least until November 1985, when the Commission began its investigations.

The companies concerned are the main producers in the six original Member States and, in 1985, accounted for 47% of production, which was worth a total of about ECU 810 million in that year.

Most of the arrangements concerned only part of the common market, such as France, Benelux or Germany, but there were always repercussions on cross-border trade, the intention being to protect national markets.

In determining the amount of the fines, the Commission took into account the relatively long duration of most of the infringements (between two and five years), their serious nature and the fact they involved

<sup>1</sup> Bull. EC 6-1988, point 2.1.103.

<sup>2</sup> OJ L 376, 31.12.1988; Bull. EC 12-1988, point 2.1.101.

<sup>3</sup> OJ L 131, 27.5.1988; Bull. EC 5-1988, point 2.1.59.

<sup>4</sup> OJ L 239, 30.8.1988; Bull. EC 7/8-1988, point 2.1.53.

<sup>5</sup> OJ L 359, 28.12.1988; Bull. EC 11-1988, point 2.1.88.

<sup>6</sup> OJ L 61, 4.3.1989; Bull. EC 11-1988, point 2.1.89.

<sup>7</sup> OJ L 260, 6.9.1989.

practices such as export bans, market partitioning and price fixing, which have been outlawed by the Commission in many previous cases. The Commission nevertheless took into account the fact that, at the time when the cartel was operating, the industry was going through a period of crisis linked to the general crisis in the European steel industry and had also been suffering from a structural decline in demand and problems of excess capacity.

### *Permissible forms of cooperation*

#### **Dutch banks**

2.1.65. On 19 July the Commission adopted Decision 89/512/EEC<sup>1</sup> in which it finds no grounds for action to be taken under Article 85(1) of the EEC Treaty against certain agreements drawn up by several Dutch banking associations and notified to the Commission by the Nederlandse Bankiersvereniging (Dutch Bankers' Association). The banks involved account for over 90% of the total deposits and assets of banks operating in the Netherlands. The Commission considered that some of the inter-bank agreements do not restrict competition or do not restrict it appreciably or do not appreciably affect trade between Member States. The same Decision grants an exemption, under Article 85(3) of the Treaty, declaring the provisions of Article 85(1) inapplicable to the circulars drawn up by the Vereniging van Deviesenbanken (Association of Foreign Exchange Banks) concerning simplified clearance procedures for cheques denominated in guilders or foreign currencies.

As a result of earlier action by the Commission, the associations concerned had abandoned a number of restrictive agreements providing in particular for uniform minimum commissions for several banking services, uniform value dates for debit and credit operations, uniform exchange rates and margins for foreign currency transactions and uniform commissions and exclusive arrangements for foreign currency

brokers in relation to certain financial services.

The decision represents a new development in Commission policy on banking agreements.<sup>2</sup> This is the first time that the Commission has stated its position on discriminatory banking commissions. However, it reserves its position on electronic transactions and bank cards.

### *Distribution*

#### **Volkswagen AG**

2.1.66. At the Commission's instigation, Volkswagen AG has simplified its system for meeting orders for new right-hand-drive (RHD) cars placed through VW/Audi dealers on the Continent. The case arose from a number of complaints from consumers in the United Kingdom who wanted to benefit from the lower prices in certain Member States, but had met with difficulties in ordering cars for personal export to the United Kingdom and in obtaining delivery of them with the specifications necessary and customary in the UK market. Considerable delays in delivery were a particular cause for complaint.

Pursuant to Commission Regulation (EEC) No 123/85 of 12 December 1984 (the block exemption Regulation for certain categories of motor vehicle distribution and servicing agreements),<sup>3</sup> car manufacturers should make RHD cars available to meet orders from authorized dealers within their distribution networks, to the extent that the model ranges in the countries of proposed export and import correspond to each other. The Commission had called upon Volkswagen AG to adapt its ordering and production processes so as to ensure that RHD customers can obtain cars with UK specifications within the normal delivery

<sup>1</sup> OJ L 253, 30.8.1989.

<sup>2</sup> Bull. EC 12-1984, point 2.1.58; Bull. EC 10-1986, point 2.1.64; Bull. EC 12-1986, points 2.1.96 and 2.1.97; Bull. EC 12-1988, point 2.1.108.

<sup>3</sup> OJ L 15, 18.1.1985; Bull. EC 12-1984, point 2.1.50.



period on the Continent. Now that Volkswagen AG has removed the basis for the complaints, authorized dealers outside the United Kingdom and Ireland can, if they wish, take orders for RHD cars from end-users or their mandated intermediaries.

### Motor vehicle distribution in Spain

2.1.67. The Commission had learned from a complaint that the dealers in the various vehicle sales networks in Spain were obliged to respect the manufacturers' published list resale prices. As the practice of fixing resale prices is incompatible with Article 85(1) of the EEC Treaty and with Regulation (EEC) No 123/85,<sup>1</sup> the Commission took the matter up with the Spanish vehicle manufacturers and importers. Following this intervention, the latter agreed to send special circulars to their dealers and agents, indicating that the list prices for the resale of vehicles and spare parts are to be considered as recommendations, and not binding on the dealers, who may thus charge lower prices to their private or trade customers.

### Joint ventures

#### Special Products Lemforder Ltd

2.1.68. On 24 July, in accordance with Article 66(2) of the EEC Treaty, the Commission authorized United Engineering Steels Ltd (UES), Rotherham and Lemforder Metallwaren AG (Lemforder) to form a new company under the name of Special Products Lemforder Ltd (SPL). This company will manufacture and market ball-joint assemblies in the UK and Scandinavia. It will be jointly owned by UES and Lemforder. UES is one of Europe's largest producers of engineering steels, while Lemforder is a major producer of high-precision motor vehicle components.

#### United International Pictures

2.1.69. On 12 July the Commission adopted Decision 89/467/EEC<sup>2</sup> granting a five-year exemption under Article 85(3) of

the EEC Treaty for a series of agreements entered into between Paramount Pictures Corporation, MCA Inc. and MGM/UA Communications Co., regarding the creation of a joint venture, United International Pictures (UIP), for the purpose of distributing films.

Before UIP was set up, Paramount, MCA, Metro Goldwyn Mayer and United Artists distributed their films within the Community through their own networks. In order to achieve greater efficiency and eliminate administrative duplication, the parent companies pooled their distribution activities in the Community, granting UIP exclusive rights to distribute their respective products. The Commission considered, after examining the agreements, that restrictions of competition would result both from the creation of the joint venture itself and from certain other provisions, in particular the exclusivity clauses, and it asked the parties to revise the notified agreements in order to meet the requirements for an exemption.

The changes accordingly introduced by the parties are designed to ensure the highest possible degree of independence for the parent companies in the conduct of their business and the marketing of their products, taking into account the specific characteristics of the industry. The Commission believes that these changes will mean a wider distribution of films, especially to smaller cinemas and cinemas away from the main population centres.

The parties to the agreements have given several undertakings to the Commission as to the keeping of appropriate records and the establishment of an arbitration procedure. Arbitration is considered to be an appropriate means of solving problems common to the cinema industry, such as film allocation and access to screen space, and should further ensure regularity and greater availability of supplies.

<sup>1</sup> OJ L 15, 18.1.1985; Bull. EC 12-1984, point 2.1.50.

<sup>2</sup> OJ L 226, 3.8.1989.

## Mergers

### Anglo United — Coalite Group

2.1.70. On 24 July the Commission authorized Anglo United plc (Anglo) to acquire the entire share capital of Coalite Group plc (Coalite) (United Kingdom), having considered that the operation complied with the safeguards referred to in Article 66(2) of the ECSC Treaty.

Anglo is a coal distributor with a major holding in a coal producer. Coalite's main operations are the manufacture of smokeless fuels (semi-coke) and the distribution of liquid and solid fuels.

As Anglo produces no semi-coke and Coalite produces no coal, the acquisition will have no effect on competition where the production of ECSC Treaty products is concerned. On the distribution side, however, the merger between Anglo and Coalite will give rise to one of the largest operators in the United Kingdom.

Competition in this sector will, however, continue to be provided by a large number of smaller wholesalers and by distributors owned or controlled by British Coal. Anglo-Coalite's combined market share will be less than half that of the State-owned British Coal.

### Rhône Poulenc — Monsanto

2.1.71. The Commission has decided not to oppose the acquisition by Rhône Poulenc of all Monsanto's production units in the United States, the United Kingdom and Thailand that are involved in the production of intermediates used chiefly in the manufacture of analgesic and antipyretic compounds.

Following its analysis of the product markets concerned, the Commission concluded that Rhône Poulenc did not hold a dominant position on the Community market and it was not therefore necessary to apply Article 86 of the EEC Treaty to the proposed acquisition.

## State aid

### General schemes

#### Tax measures

##### *Italy*

2.1.72. On 2 August the Commission decided to open the Article 93(2) procedure against a set of tax measures intended to promote the reorganization of industrial structures, introduced by Decree-Law No 174 of 15 May 1989. The measures in question depart from the general Italian tax system, under which capital gains arising from capital contribution and merger operations are taxable. The Commission considered that the characteristics of the tax measures introduced by the Decree-Law—notably their limitation in time (up to 31 December 1990), the need for examination by the CIPE (Interministerial Committee for Economic Programming), the size of the company (LIT 50 billion, ECU 33.3 million)—suggest that they will be applied to a very limited number of operations. The Commission believes that the tax measures in question will strengthen the financial position of the companies benefiting from them and that this might affect intra-Community trade and competition.

#### Employment

##### *Belgium*

2.1.73. On 19 July the Commission decided not to oppose the plan, notified by the Belgian Government, to extend by one year the deadline for the authorization of new undertakings in the six employment areas created between 1984 and 1986 in areas facing serious regional problems. Undertakings setting up in those areas within five years of their creation are exempt from corporation tax for 10 years. They may not employ more than 200 people and must operate in a high-technology sector included on a list of seven such sectors approved by the Commission. The Belgian

Government had pointed out that several undertakings had expressed the intention of applying for authorization in one of those six areas but had been unable to do so before the expiry of the five-year time-limit. The Commission has informed the Belgian Government that this extension has been granted on an exceptional basis and will not be repeated in future.

### *Netherlands*

2.1.74. On 27 July the Commission decided to approve an aid scheme promoting the recruitment of young people and long-term unemployed proposed by the Dutch authorities. The procedures for implementing it are set out in the 'Vermeeend-Moor' Law, as amended and supplemented. Employers will be exempt from paying a proportion of social security contributions (approximately 20% of the wage) for four years in respect of any young or long-term unemployed people they take on. Where they organize training, employers will receive additional aid in the form of a grant of between HFL 4 000 and 6 000 (between ECU 1 700 and 2 600), depending on how long the recruit was unemployed. Firms will also be entitled to a HFL 15 000 (ECU 6 400) grant and exemption from social security contributions if they create 'work experience posts' for job-seekers who have been unemployed for more than three years and guarantee them one year's employment and training. In taking this decision, the Commission took account of the social problem posed by the high percentage of long-term unemployed in the Netherlands and of the fact that this programme meets objectives 3 and 4 assigned to the structural Funds (combating youth unemployment and long-term unemployment). The Dutch authorities hope that, as a result of this measure, 18 000 unemployed people will find jobs in 1989 and a similar number in 1990, and that 5 500 work experience posts will be created in 1989 and 22 000 in 1990.

## Aid to small firms

### *France*

2.1.75. On 19 July the Commission decided not to oppose the French Government's plan to set up a fund to assist individual investment projects and collective operations in favour of small businesses, particularly in areas which have undergone major industrial restructuring. This industrial restructuring fund (FRI), which has been set up for a period of three years, has a budget of FF 113 million (ECU 16 million) for 1989 and of FF 300 million (ECU 42.6 million) for each of the following two years. The beneficiaries will be firms operating in the secondary sector and on the industrial side of the tertiary sector with no more than 250 employees and a turnover of no more than FF 150 million (ECU 21.3 million). Eligible projects are either tangible or intangible investment projects submitted by firms and involving a maximum amount of ECU 3 million, or collective operations (industrial promotion, feasibility studies, collective research facilities and training of persons setting up new businesses). Contributions from the fund may be combined with regional planning grants but the aggregate amount of the two grants must not exceed the ceiling for the area in question.

## Research and development

### *Federal Republic of Germany*

2.1.76. On 12 July the Commission decided to approve aid granted towards German participation in the Eureka phototronics project. This project will be carried out jointly by Messerschmidt-Bölkow-Blohm (MBB) and Solems SA, Palaiseau, France. MBB and Solems are involving in their research activities a Belgian institute (IMEC) and a number of university research laboratories in France, the United Kingdom, Belgium, the Netherlands, Spain and Germany. The phototronics project is aimed at the development of a European amorphous silicon industry in the field of photovoltaic modules, as an independent source of elec-

tric power for low-consumption appliances (i.e. watches, clocks, portable measuring instruments, security and surveillance systems, remote controls, etc.), medical equipment, liquid crystal flat screens and amorphous silicon photodiode arrays. The aid amounts to ECU 13.3 million for the period from 1987 to 1990. The project involves both basic research and industrial and applied research.

2.1.77. On 27 July the Commission decided to approve aid for a German R&D programme entitled 'Chemical process technology'. The aim of this programme is to finance R&D activities relating to membranes, modules and techniques for the separation or enrichment of substances, and improvement of the selectivity and activity of new catalysor systems and new chemical processes, for example in the field of preservation of books and archives. Furthermore, assistance will be granted for the purpose of analysing and assessing future developments in chemical processes. The programme has a four-year budget (1989-92) of ECU 19.7 million which will be allocated to basic R&D activities in universities and other public scientific institutions (ECU 14.4 million) and to basic industrial research in private firms.

#### *France*

2.1.78. On 5 July the Commission decided to approve the State aid granted to the French research promotion agency Anvar, which is aimed primarily at any firm with fewer than 500 employees that carries out a research and innovation programme involving high technological risk. Anvar's R&D grants (or refundable loans should the research prove successful) amounted in 1986 to ECU 117 million and are likely to total ECU 143 million in 1989. Aid intensity ranges from 12% to 26% in the case of a loan that is repaid or 40% maximum where the research proves unproductive and the money is not repaid. Direct grants—about 10% of the scheme's budget—are limited to ECU 20 000 per project. The Commission has therefore concluded that the scheme is

compatible with the Community rules on State aid for research and development.<sup>1</sup>

#### *Italy*

2.1.79. On 27 July the Commission decided not to oppose the granting of aid to Italian firms participating in a Eureka project intended to develop a household communications system to interconnect products from different manufacturers with a view to the integrated management of all domestic electrical appliances. The Italian share of the project amounts to LIT 3 875 million (about ECU 2.5 million) and covers only basic research. Under Law No 22/87, Industrie Zanussi SpA will receive LIT 1 364.5 million (ECU 0.9 million) in the form of a grant of an intensity of 35%.

#### *Netherlands*

2.1.80. On 27 July the Commission approved the refinancing for 1989 of HFL 27.5 million (ECU 11.8 million) for the aid scheme (BTIP 1989) intended to finance Dutch firms' participation in international Eureka projects in the technological sphere. Feasibility studies will be aided at a rate of 50% of the eligible gross project costs, up to a maximum of HFL 500 000 (ECU 214 400). When combined with other national or Community programmes, if applicable, the total aid must not exceed 50% of gross project costs in the case of large firms and 60 in the case of firms with fewer than 250 employees. The projects to be aided concern only basic research.

#### *Regional schemes*

##### **Federal Republic of Germany**

2.1.81. On 27 July the Commission decided not to oppose the granting of regional aid of DM 5.4 million (ECU 2.6 million) to ERNO-Raumfahrttechnik, Bremen, a subsidiary of Messerschmidt-Bölkow-Blohm (MBB). The investment project,

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<sup>1</sup> OJ C 83, 11.4.1986; Bull. EC 3-1986, point 1.1.1 *et seq.*

which will cost a total of DM 30.5 million (ECU 14.7 million) over a period of two years, is aimed at building offices for scientific and technical staff working on the Columbus and Ariane projects and will result in the creation of 62 jobs. The Commission took into consideration the situation of the region of Bremen, which has high unemployment (14.9% in 1988), and of the important role of the aerospace industry in reinforcing European industry's scientific and technical base.

2.1.82. On 2 August the Commission decided to initiate the procedure laid down in Article 93(2) of the EEC Treaty in connection with the granting of regional aid in nine employment areas covered by the programme for the improvement of regional economic structures.

This decision is in line with the Commission's previous decisions on German regional aid. In December 1987 it approved the changes to the German regional aid scheme which resulted in the assisted areas accounting for 38% instead of 45% of the population from 1 January 1988 and in a reduction in the intensity of aid.<sup>1</sup> A further reduction in the population represented by the assisted areas and in the intensity of aid is to take place after 1990.<sup>2</sup> The main aim of the decision was to keep these basic parameters unchanged in the period 1988-90. However, to preserve a degree of flexibility in the event of major unforeseeable regional imbalance, and to keep the proportion of the population represented by the aided regions at a level of around 38%, there was also a flexibility clause in the decision, which allowed Germany to carry out special additional programmes in areas which had not yet been the subject of an authorization, if additional problems due to structural adjustments were to arise before the end of 1990 and were to cause major unforeseen regional imbalances. Also, if Germany availed itself of this possibility, the Commission reserved the right to disqualify regions in which the economic and social situation had improved markedly since 1986. In 1988 the Commission approved the German Government's proposal to invoke

the flexibility clause and implement additional special programmes in Aachen/Jülich, Wesel/Moers and Hamm/Beckum, which raised the percentage of the population benefiting from aid to over 40%.<sup>3</sup> At the same time, the Commission proposed that the German authorities remove nine regions (Straubing (part), Fallingpostel (part), Nördlingen, Bamberg (part), Regensburg (part), Alsfeld-Ziegenhain, Soltau, Coesfeld and Bocholt), representing nearly 2% of the national population, from the list of regions eligible for aid, in order to reduce the percentage of the population benefiting from assistance to around 38%. The Commission recommended that the regions in question should cease to benefit from regional aid from 1 July 1989. The German authorities rejected this recommendation, maintaining that the Commission had based itself on information which was not sufficiently complete to show the marked improvement since 1986 and that the arguments in favour of withdrawing regional aid were not convincing. The Commission decided, however, to maintain its position, particularly since the German authorities produced no economic or other information to refute its argument.

## Spain

2.1.83. On 27 July the Commission decided to accept a proposal from the Spanish Government to increase the ceilings for regional aid granted by Spain to certain areas of the Basque country from 30% to 40% net grant equivalent (nge) on the left bank of the Nervion valley and from 20% to 30% nge in the San Sebastian industrial belt and the Bajo Deba area. These increases will be funded from the overall budget of the national regional aid scheme (PTA 12 billion (ECU 90 million) in 1989). The Commission took particular account of the unfavourable socio-economic situation of the areas concerned compared with the Community as a whole and the rest of

<sup>1</sup> Bull. EC 12-1987, point 2.1.114.

<sup>2</sup> Bull. EC 11-1988, point 2.1.97.

<sup>3</sup> Bull. EC 11-1988, points 2.1.98 and 2.1.99.

Spain, particularly with regard to unemployment, and the considerable impact on the regional economy of the industrial crisis and Community policies on shipbuilding and the steel industry. The Commission also took into account the fact that the proposal does not increase the size of the Spanish assisted areas or modify the regional aid budget. The 40% nge ceiling has been authorized for three years, taking account of Protocol No 12 to the Act of Accession of Spain, and will be reviewed at the end of that period.

### France

2.1.84. On 27 July the Commission approved a FF 17.5 million (ECU 2.5 million) regional planning grant to the Raflatac company for the setting-up of an establishment at Pompey (Meurthe-et-Moselle). The plan is to set up an industrial unit, at a cost of FF 175 million (ECU 25 million), to manufacture adhesive composites (self-adhesive paper) for label printers, which by 1993 should have an output of 80 million square metres of paper and have created some 100 jobs. The Commission took into account the very serious difficulties facing the Pompey area, which has experienced the virtual disappearance of steelmaking activities, leading to considerable job losses, very high unemployment (particularly amongst young people) and a major drop in population. It also took account of the positive effect which the investment might have on the nearby areas of Neuves-Maisons and Pont-à-Mousson, which are eligible for regional aid, and of the fact that the area concerned is fully eligible for assistance under the Resider programme.<sup>1</sup>

### Italy

2.1.85. On 5 July the Commission decided to initiate the Article 93(2) procedure in respect of various Italian regional and national laws providing for regional aid for firms in the Friuli-Venezia Giulia region. LIT 82 850 million (ECU 55 million) has been set aside for 1988-90. Analysis of the

socio-economic situation of the region's four provinces shows that certain regional aid measures should be maintained, exceptionally, in Gorizia and Trieste but not in Udine and Pordenone. Accordingly, the Commission has decided to initiate a procedure concerning not only regional aid to Udine and Prodenone, but also certain aid measures in Gorizia and Trieste which have been found to be ill-suited to the nature and severity of the regional problems in question. While certain types of aid to the craft industry and to services for small businesses have been deemed to be compatible with the common market, the procedure will also cover research aid, regarded as too generous and too close to the market.

### Industry schemes

#### Aircraft

##### United Kingdom

2.1.86. On 19 July the Commission decided to approve an aid package totalling UKL 731 million (ECU 1 094 million), of which UKL 289 million (ECU 432 million) relates to military activities, for Short Brothers plc, in connection with the sale of this aircraft manufacturer to Bombardier of Canada. The main object of the aid is to write off accumulated debts, restore the balance sheet and help cover future losses linked to operations already undertaken. It follows the interim aid already granted to Shorts and approved by the Commission.<sup>2</sup> In view of the importance of the company's activities to a number of EC customers and partners, the Commission took the view that Community interests would be better served by keeping Shorts in business and restoring its competitiveness with the help of State aid rather than allowing the free play of market forces, which might lead to the disappearance of this major aircraft manufacturer. The Commission also considered that the proposed aid is necessary

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<sup>1</sup> OJ L 316, 23.11.988; Bull. EC 11-1988, point 2.1.148.

<sup>2</sup> Bull. EC 3-1989, point 2.1.74.

for the financial restructuring of the company, that Shorts will retain considerable responsibilities, that future losses are expected to exceed by far the compensation proposed for that purpose and that an extensive capital investment programme will be undertaken by Bombardier. The State aid envisaged is, therefore, proportionate to the problems it is designed to resolve and cannot be regarded as excessive. The Commission also took account of the fact that Shorts is by far the largest industrial employer remaining in Northern Ireland. The social and economic effects of a closure would be very serious and would inevitably result in a loss of confidence on the part of potential outside investors, whose presence is vital to the economic development of Northern Ireland.

## Motor vehicles

### *Federal Republic of Germany*

2.1.87. On 27 July the Commission decided to initiate the Article 93(2) procedure in respect of the German Government's refusal to accept the Community framework for State aid to the motor industry.<sup>1</sup> The German Government takes the view that the framework pursues an undesirable sectoral industrial policy objective which would endanger the effectiveness of regional aid. In the view of the German Government, the German aid schemes are neutral in terms of sectoral impact and do not appreciably distort intra-Community trade. The Commission adopted the framework because of the need to have greater transparency on aid flows to this sector and to bring about greater discipline so as to prevent unfair distortion of competition. The framework does not, therefore, seek to pursue an industrial policy at Community level but to ensure undistorted competition and to improve the economically healthy influence of market forces. The Commission also has to take account of the fact that most of the Member States will apply the framework, and it has to place them all on an equal footing.

### *Spain*

2.1.88. On 27 July the Commission decided to initiate the Article 93(2) procedure in respect of conditions imposed by the Spanish Government in return for accepting the motor vehicle aid framework.<sup>1</sup> The Spanish authorities have indicated that they would apply the framework provided it formed part of a Community-wide industrial policy for the sector. The Commission cannot accept the linking of acceptance of the framework to a prior condition. The Commission also has to take account of the fact that most of the Member States will apply the framework, and it has to place them all on an equal footing.

### *Netherlands*

2.1.89. On 27 July the Commission decided to open the Article 92(2) procedure in respect of the revision by the Dutch Government of three aid schemes in favour of Volvo Car BV which were agreed on by the Dutch Government and the Swedish company AB Volvo in 1977, 1979 and 1981. Volvo Sweden owns 30% of the shares issued by Volvo Car BV while the remaining 70% are held by the Dutch public sector. A change is proposed in the terms of repayment of the interest-free loans provided by the two shareholders to Volvo Car between 1977 and 1987. Volvo Car will now repay the loans to two independent funds to be managed by the shareholders. Under certain conditions this money can be used again to provide interest-free loans to Volvo Car to finance the development of future generations of cars. The revolving funds will be formed by payments of fixed amounts for each car in the Volvo 400 series sold. They will comprise a maximum of HFL 958 million (ECU 545 million), of which the Dutch Government's share will be 73%, or a maximum of HFL 698 million (ECU 397 million). The purpose of the proposal is to create a long-term financial basis for developing the company's products. In the opinion of the Dutch Government, the

<sup>1</sup> OJ C 123, 18.5.1989; Bull. EC 12-1988, point 2.1.137.

new scheme contains no new elements of aid compared with the original schemes approved by the Commission on 1 June 1978.<sup>1</sup> However, despite the fact that the private shareholder would participate in the funds, the Commission considers that the proposed revision does contain new elements of aid. The aid, which was used to rescue the company during the late 1970s, would now be reused and repaid at least eight years later than originally envisaged, and on different terms, thereby providing Volvo Car with a financial instrument not available to its European competitors for the purpose of developing new models.

## Shipbuilding

### *Federal Republic of Germany.*

2.1.90. On 12 July the Commission decided to approve two 90% guarantees granted by the *Land* of Lower Saxony in respect of two loans of DM 3 million (ECU 1.4 million) and DM 2 million (ECU 960 000) aimed respectively at increasing the working capital and diversifying the activities of the Sürken Werft shipyard in Papenburg. The aid was granted under a restructuring scheme involving both a reduction in shipbuilding capacity and reorganization in other areas. It further involves the production of draglines, adaptation of the number of personnel to the new structure and implementation of certain rationalization measures. The level of aid is within the ceiling set and the Commission considers that this operation will help reduce pressure on the European shipbuilding industry and will not distort competition on the dragline market.

2.1.91. On 19 July the Commission decided to open the Article 93(2) procedure in respect of a development aid project notified by the German Government aimed at assisting the construction of four fishing vessels for a Chilean company. In January of this year the Commission informed Member States that, according to its interpretation of Article 4(7) of the Sixth Directive on shipbuilding,<sup>2</sup> development

aid for shipbuilding projects could be granted to ACP countries, countries and territories associated with the Community and countries classified by the OECD as least-developed countries, low-income countries or middle-income countries. Since Chile does not come into any of those categories, the Commission considers that the aid proposed does not comply with the provisions of the Sixth Directive.

### *Spain*

2.1.92. On 5 July the Commission decided to initiate the Article 93(2) procedure in order to pursue its examination of the aid which the Spanish Government proposes to grant to the shipbuilding industry. The Sixth Directive lays down special transitional arrangements for Spain and Portugal which do not subject aid in those countries to the common aid ceiling applicable in the other Member States.<sup>2</sup> However, it allows such operating aid to Spanish yards provided that the Spanish shipbuilding industry has undertaken a systematic and specific restructuring programme, including capacity reductions, which can be considered capable of allowing it to operate competitively within four years, and provided that the aid is progressively reduced. In examining the Spanish aid proposals, the Commission must establish that the industry will be able to operate competitively by the end of 1990, i.e. on the same terms and conditions as the rest of the industry in the Community. It considers that additional restructuring measures may be necessary and that the total volume of aid notified must be examined carefully in view of the restructuring effort to be undertaken.

### *France*

2.1.93. On 12 July the Commission decided to approve restructuring aid to the ship-repair sector in France. The bulk of the aid will go to Marseilles, where there

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1 Bull. EC 6-1978, point 2.1.35.

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



were four ship-repair firms operating on 31 December 1988, at four separate sites, with a total workforce of 1 400. Two of these firms, Paoli (160 workers) and ACMP (570 workers), filed bankruptcy petitions in 1988. The other two firms, CMR and Sud Marine, have now been brought together on a shared site, and have been able to provide jobs for 350 of the former employees of the bankrupt companies. The French Government contributed FF 90 million (ECU 12.8 million) to cover the costs of conversion leave for redundant workers, wages during the period when the bankrupt firms were under court supervision and the material cost of closing down the three sites no longer in use. Restructuring has led to a reduction of 360 jobs out of a total of 1 400, and to the closure of three ship-repair sites out of four. The French Government has also made a minority contribution of FF 1.5 million (ECU 213 000) to financing a social plan adopted by the de la Perrière shipyards and workshops in Lorient.

#### *United Kingdom*

2.1.94. On 27 July the Commission decided to approve a package of aid proposed by the UK authorities in favour of the Belfast shipyard Harland & Wolff. The aid is designed to cover the losses incurred by the yard in recent years, which have given rise to continuing financial difficulties, and to enable it to be sold to the private sector. Harland & Wolff will be purchased by management staff in association with the Norwegian businessman, Fred Olsen, whose companies will place an order for three new ships at the yard. Harland & Wolff will continue to be a mixed yard, building both merchant and naval vessels. The aid package consists of the writing-off of Government loans of UKL 371 million (ECU 574 million) provided during the period 1975 to August 1989 for losses suffered in merchant shipbuilding. Furthermore, the UK Government plans to subscribe UKL 60 million (ECU 88.5 million) of interest-free, unsecured loan stock to the new company, which will also benefit from a recourse

facility of UKL 39 million (ECU 57.5 million) to be used only if the company is threatened with liquidation as a result of a failure to meet financial commitments related to shipbuilding. Part of the loan stock and the recourse facility will be used to finance future shipbuilding activities. The new company will also receive UKL 40 million (ECU 59 million) in restructuring aid. The aid package has been examined in detail by the Commission, which has concluded that it is compatible with the terms of the Sixth Directive<sup>1</sup> and its predecessors. Since the Commission decision includes approval of operating aid in the form of loans and a recourse facility to the new owners, the possibility of granting production aid relating to contracts concluded by the new company in 1990 and 1990 has been reduced accordingly.

#### **Steel**

##### *Federal Republic of Germany*

2.1.95. On 27 July the Commission decided that no elements of State aid are involved in the capital contribution of DM 145 million (ECU 70 million) by Saarland to a new holding company, Dillinger Hütte Saarstahl Beteiligungs AG, which controls the amalgamated activities of the two steel undertakings in Saarland, Saarstahl and Dillinger Hüttenwerke, under the terms of the steel industry aid coke.<sup>2</sup> The two Saarland steel undertakings have decided to merge their remaining steelmaking activities. For several years they have been operating cokemaking facilities (ZKS) and pig-iron production facilities (Rocesa) as a joint venture. The French steel undertaking Usinor-Sacilor is a majority shareholder in Dillinger-Hüttenwerke. The respective values of the two companies have been assessed by independent audit companies and analysed by the Commission. The capital contribution of DM 145 million by Saarland, which held a 76 % share in the

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

2 OJ L 38, 10.2.1989; Bull. EC 2-1989, point 2.1.70.

former Saarstahl GmbH, was made in order to allow Saarland to maintain a controlling interest of 27.5% in the new company. The Commission considers that the capital contribution by Saarland reflects the real value of the additional shareholding obtained in the new company.

#### *France*

2.1.96. On 5 July the Commission decided to terminate the Article 93(2) procedure it had initiated with regard to assistance for the export of French foundry products resulting from the method of collecting compulsory charges on such products.<sup>1</sup> In the course of the procedure, the French authorities acknowledged the need to treat sales of French foundry products uniformly throughout the Community and abolished the differentiation for tax purposes between products sold on the French market and those sold in the other Member States.

#### *Luxembourg*

2.1.97. On 27 July the Commission decided not to oppose four aid schemes introduced by the Luxembourg Government to assist research and development in the steel industry. The schemes, covering 203 projects to be carried out between 1986 and 1988, allocate the aid provided for by the framework Law of 14 May 1985 on economic expansion, which was approved by the Commission on 24 October 1985.<sup>2</sup> Owing to a misinterpretation of the rules in force, the Luxembourg Government had failed to notify those cases in accordance with Decision 3484/85/ECSC of 27 November 1985 establishing Community rules for aid to the steel industry.<sup>3</sup> However, it strictly observed the conditions governing the purpose and intensity of aid, and the Community framework for aid for research and development.<sup>4</sup>

#### **Manure processing**

#### *Netherlands*

2.1.98. On 12 July the Commission decided to approve a Dutch Government

proposal to assist test projects in manure processing. For reasons of environmental protection, subsidies of up to 36% of eligible investment costs will be granted to set up test centres, manure-processing facilities, pre-purification installations and large-scale storage and processing facilities for poultry dung. The budget for the aid scheme will amount to HFL 51.5 million (ECU 22 million) for 1989-90. The Commission considers that the experience gained in manure processing in the Netherlands might also be of interest to other Member States where manure pollution is becoming a problem. A large proportion of the assisted activities consist in applied research and two-thirds of the total budget is indirectly financed by manure producers themselves by means of a levy on their surplus production.

#### **Chemicals**

#### *Portugal*

2.1.99. On 12 July the Commission decided to open the Article 93(2) procedure in respect of aid of ESC 48 billion (ECU 277 million) granted to the State-owned chemicals company Quimigal. In view of the financial difficulties facing the company, the Commission considers that this aid can be regarded as a rescue operation. It has not received sufficient information, particularly as regards any restructuring measures envisaged, to enable it to assess whether this operation is compatible with the Treaty.

## **Employment and social policy**

### **Employment**

#### *Labour market*

2.1.100. On 19 July the Commission approved, for transmission to the Council,

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1 Bull. EC 11-1988, point 2.1.108.

2 Bull. EC 10-1985, point 2.1.50.

3 OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.23 *et seq.*

4 OJ C 83, 11.4.1986; Bull. EC 3-1986, point 1.1.1 *et seq.*

the European Parliament, the Standing Committee on Employment and the two sides of industry, its first annual report on employment in Europe (1989),<sup>1</sup> as promised at the meeting on 19 January in the context of the social dialogue.<sup>2</sup> It deals in turn with the prospects arising from the economic situation, a wide range of structural problems connected with employment and the content of Community and national policies. The report deals with the overall context of employment within the Community as a whole and with the various sectoral and other trends in the Member States.

The review highlighted several significant features, including:

- (i) the impossibility of re-creating the economic conditions which gave full employment prior to 1973 in the northern areas of the Community, at least in the form they took then;
- (ii) a renewal of confidence and optimism after several years of economic growth and three years of slowly declining unemployment;
- (iii) an increase in the relative numbers employed in the services sector and a rise in the number of part-time and temporary workers;
- (iv) the markedly lower proportion of the population of working age in the Community actually in employment in relation to the situation in comparably developed

countries, such as the United States and Japan;

- (v) the likely increase in the number of older workers retiring each year, which by the mid-1990s will be higher than the number of young people entering the labour market.

## Financial instruments

### *Measures for ESC workers*

#### Readaptation aid

2.1.101. On 28 July, the Commission approved a new batch of aid<sup>3</sup> granted under Article 56(2)(b) of the ECSC Treaty designed to cover the cost of measures (mainly vocational training operations and the payment of income supplements and mobility allowances) for workers in the coal and steel industries whose jobs were affected by restructuring operations before 1 January 1989. With a view to offsetting a possible imbalance between applications for assistance and available resources the aid granted has provisionally been reduced by 20% compared with the eligible amounts. The breakdown of the ECU 38 million granted is shown in Table 1.

<sup>1</sup> Available from the Office for Official Publications of the European Communities, 2 rue Mercier, L-2985 Luxembourg.

<sup>2</sup> Bull. EC 1-1989, point 1.2.3.

<sup>3</sup> Previous decision: Bull. EC 7/8-1988, point 2.1.82.

Table 1 — *Readaptation aid for ECSC workers*

Member State	Steel		Coal	
	Workers	Amount (ecus)	Workers	Amount (ecus)
Belgium	11 <sup>1</sup>	—	1 364	3 611 000
FR of Germany	689	1 967 200	2 991	9 236 200
France	—	18 250 000 <sup>2</sup>	471 <sup>3</sup>	1 907 600
Italy	1 072	3 122 000	—	—
Total	1 772	23 339 800	4 826	14 754 800

<sup>1</sup> Increase in the number of beneficiaries in the context of a programme already approved.

<sup>2</sup> Increase in the cost of a programme already approved.

<sup>3</sup> Workers in the iron ore sector.

2.1.102. Also on 28 July the Commission approved a supplementary batch of readaptation aid for steel workers affected by restructuring measures in 1988. This aid, which totals ECU 50 million, will contribute either to early retirement or to the redeployment of 19 549 redundant workers. In view of the conclusions of the Council concerning the financing of the social support measures (steel),<sup>1</sup> the programme was directly financed out of ECSC own resources. Total eligible applications exceeded the funds available and were reduced by 3.5%. Table 2 gives a breakdown of the aid granted.

Table 2 — *Supplementary readaptation aid for workers in the steel industry*

Member State	Workers	Amount (ecus)
Belgium	340	956 250
FR of Germany	5 900	13 664 000
Spain	4 440	12 795 750
France	3 826	8 662 750
Italy	3 405	9 857 500
Luxembourg	652	1 854 750
Netherlands	216	625 250
Portugal	610	1 273 500
United Kingdom	160	310 250
Total	19 549	50 000 000

### Low-cost housing

2.1.103. On 12 July the Commission published guidelines<sup>2</sup> for the completion of the 11th ECSC low-cost housing programme (for the period 1989 to 1992), adopted on 20 December 1988.<sup>3</sup>

## Living and working conditions — Social protection

### Poverty

2.1.104. On 18 July the Council formally adopted Decision 89/457/EEC<sup>4</sup> establish-

ing a medium-term Community action programme concerning the economic and social integration of the economically and socially less-privileged groups in society, to which it had agreed on 12 June.<sup>5</sup>

2.1.105. On 12 July the Economic and Social Committee delivered an own-initiative opinion on poverty. The Committee regarded poverty, especially severe poverty, as an injustice which is unacceptable in a society claiming humanist principles and values, and advocated a number of actions to bring about the social and occupational integration of persons and families who have been marginalized by ensuring that their right to education, training, communication and information, and a guaranteed minimum income, are assured.

### Social security for migrant workers

2.1.106. After agreeing to the proposal on 12 June,<sup>6</sup> the Council formally adopted on 18 July Regulation (EEC) No 2332/89<sup>7</sup> amending Regulation (EEC) No 1408/71<sup>8</sup> on the application of social security schemes to employed persons and to self-employed persons and their families moving within the Community, and amending Regulation (EEC) No 574/72<sup>9</sup> fixing the procedure implementing that Regulation.

2.1.107. On 20 July the Commission adopted<sup>10</sup> for transmission to the Council a proposal to amend Regulations (EEC) No 1408/71<sup>8</sup> (EEC) No 574/72.<sup>9</sup> The proposal aims to amend the provisions governing the settlement and calculation of pensions in order to take account of judgments of the Court of Justice and to tie up certain loopholes.

<sup>1</sup> Bull. EC 3-1989, point 2.5.4.

<sup>2</sup> OJ C 176, 12.7.1989.

<sup>3</sup> Bull. EC 12-1988, point 2.1.155.

<sup>4</sup> OJ L 224, 2.8.1989.

<sup>5</sup> Bull. EC 6-1989, point 2.1.99.

<sup>6</sup> Bull. EC 6-1989, point 2.1.104.

<sup>7</sup> OJ L 224, 2.8.1989.

<sup>8</sup> OJ L 149, 5.7.1971.

<sup>9</sup> OJ L 74, 27.3.1972.

<sup>10</sup> OJ C 206, 11.8.1989; COM(89) 370 final.

## *Family policy*

2.1.108. On 3 August the Commission adopted a communication to the Council on family policy.<sup>1</sup> This communication was drawn up at the Council's request, and after describing the demographic, sociological and economic background and its impact on various family groups, the communication proposes a possible Community approach to these policies. It stresses the continuation of information and awareness measures concerning demography and the family, and the need to take account of the family dimension in implementing Community policies and for regular concertation at Community level on specific topics.

## **Health and safety**

### *Public health*

#### **Cancer**

2.1.109. The Council and the Ministers for Health meeting within the Council on 18 July adopted the resolution banning smoking in places open to the public<sup>2</sup> to which they had agreed on 16 May.<sup>3</sup>

2.1.110. Following the opinions delivered by the Economic and Social Committee on 7 July 1988<sup>4</sup> and the European Parliament (first reading) on 25 May,<sup>5</sup> on 26 July the Commission adopted for transmission to the Council an amendment<sup>6</sup> to its proposal for a Directive concerning the maximum tar yield of cigarettes.<sup>7</sup> In the light of recent technical developments, the Commission proposes a new method of measuring tar content.

### *Health and safety at the workplace*

2.1.111. Following opinions delivered on first reading by the European Parliament on 24 May,<sup>8</sup> on 28 July the Commission adopted for transmission to the Council amendments<sup>9</sup> to its proposals for a Directive on the protection of workers from the

risks related to exposure to biological agents<sup>10</sup> and carcinogens at work.<sup>11</sup> The amendments take account of Council Directive 89/391/EEC of 12 June on the introduction of measures to encourage improvements in the safety and health of workers at work (new framework Directive).<sup>12</sup>

### *Health and safety (Euratom)*

2.1.112. On 28 July the Commission adopted for transmission to the Council a proposal for a Directive on the operational protection of outside workers exposed to ionizing radiation during their activities in installations in which such radiation is used.<sup>13</sup> The proposal is designed to supplement Council Directive 80/836/Euratom of 15 July 1980,<sup>14</sup> which lays down the basic safety standards regarding radiation protection, with a view to ensuring optimum protection for the workers concerned.

## **Human resources, education, training and youth**

### **Cooperation in the field of education**

2.1.113. On 28 July, the Council formally adopted Decision 89/489/EEC<sup>15</sup> establishing an action programme to promote foreign language competence in the European

<sup>1</sup> COM(89) 363 final.

<sup>2</sup> OJ C 189, 26.7.1989.

<sup>3</sup> Bull. EC 5-1989, point 2.1.109.

<sup>4</sup> OJ C 237, 12.9.1988; Bull. EC 7/8-1988, point 2.4.66.

<sup>5</sup> OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.110.

<sup>6</sup> OJ C 228, 5.9.1989; COM(89) 398 final.

<sup>7</sup> OJ C 48, 20.2.1988; Bull. EC 1-1988, point 2.1.48.

<sup>8</sup> OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.117.

<sup>9</sup> OJ C 218, 24.8.1989; COM(89) 404 final; OJ C 229, 6.9.1989; COM(89) 405 final.

<sup>10</sup> OJ C 150, 8.6.1988; Bull. EC 3-1988, point 2.1.105.

<sup>11</sup> OJ C 34, 8.2.1988; Bull. EC 12-1987, point 2.1.153.

<sup>12</sup> OJ L 183, 29.6.1989; Bull. EC 6-1989, point 2.1.105.

<sup>13</sup> COM(89) 376 final.

<sup>14</sup> OJ L 246, 17.9.1980; Bull. EC 7/8-1980, point 2.1.54.

<sup>15</sup> OJ L 239, 16.8.1989.

Community (Lingua) on which it had reached an agreement on 22 May.<sup>1</sup>

### Higher education

2.1.114. On 27 July<sup>2</sup> the Commission adopted, for transmission to the Council, a revised proposal for a Decision amending Decision 87/327/EEC<sup>3</sup> of 15 June 1987 adopting the European Community action scheme for the mobility of university students (Erasmus). The revision, carried out in the light of the judgment handed down by the Court of Justice on 30 May<sup>4</sup> on the legal basis of Decision 87/327/EEC, clarifies the scope of the proposal adopted on 26 April,<sup>5</sup> avoiding any ambiguity regarding the fact that research is not covered by the programme.

2.1.115. On 27 July the Commission approved further allocations of financial assistance under the Erasmus programme for the 1989/90 academic year.<sup>6</sup> The overall budget of ECU 52 500 000 set aside for the third year of implementation was therefore allocated as follows: ECU 15 950 000 for 1 507 inter-university cooperation programmes (ICPs), including 1 308 student mobility programmes, ECU 26 million for student grants, ECU 3 200 000 for 1 913 visit grants for teaching staff in higher education institutes and ECU 500 000 for 51 projects originating from university associations or concerning publications.

### Education and training for technological change

2.1.116. On 19 July<sup>7</sup> the Commission adopted for transmission to the Council a proposal for a Decision relating to the adoption of a second Community action programme (1990-94) in the field of vocational training and technological change (Eurotecnet II). Intended as the follow-up to the first programme (1985-88) aimed at implementing the Council resolution of 2 June 1983,<sup>8</sup> the objective of the programme is to develop and expand the interactive network of demonstration pro-

jects created by Eurotecnet I to cover other technologies, in particular those which are the subject of Community R&TD programmes and which entail consequences for vocational training and human resources. Over a period of five years, and with a budget of ECU 29 million for the first three years, Eurotecnet II envisages the introduction of a structure for disseminating information on initiatives taken by the Member States.

## Regional policy

### Integrated operations and regional programmes

#### *Integrated Mediterranean Programmes (IMPs)*

#### Greece

2.1.117. On 5 July the Commission adopted the list and timetable of operations for the second phase (1989-92) of the IMPs for the Northern Greece region,<sup>9</sup> for Western Greece and the Peloponnese,<sup>10</sup> for the Aegean Islands,<sup>10</sup> and for Central and Eastern Greece.<sup>11</sup> In the light of experience with the first phase (1986-88), the Commission adjusted the programmes; the Community contribution was accordingly increased by about ECU 22.5 million, while remaining within the limits set by Council Regulation

<sup>1</sup> Bull. EC 5-1989, point 2.1.119.

<sup>2</sup> OJ C 232, 9.9.1989; COM(89) 392 final.

<sup>3</sup> OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1 to 1.3.2.

<sup>4</sup> OJ C 153, 21.6.1989; Bull. EC 5-1989, point 2.7.26.

<sup>5</sup> OJ C 150, 17.6.1989; Bull. EC 4-1989, point 2.1.93.

<sup>6</sup> 1988/89 academic year: Bull. EC 6-1988, point 2.1.142; Bull. EC 7/8-1988, point 2.1.84.

<sup>7</sup> OJ C 242, 22.9.1989; COM(89) 355 final.

<sup>8</sup> OJ C 166, 25.6.1983; Bull. EC 6-1983, points 1.4.1 to 1.4.10 and 2.1.81.

<sup>9</sup> OJ L 191, 22.7.1988; Bull. EC 7/8-1987, point 2.1.155.

<sup>10</sup> OJ L 140, 7.6.1988; Bull. EC 10-1987, point 2.1.109.

<sup>11</sup> OJ L 143, 10.6.1988; Bull. EC 10-1987, point 2.1.109.

(EEC) No 2088/85 of 23 July 1985 on IMPs.<sup>1</sup>

## France

2.1.118. On 5 July, the Commission also adopted the list and timetable of operations for the second phase (1989-92) of seven French IMPs.<sup>2</sup> Financing for this second stage involves a total amount of Community subsidies of ECU 423 million, and further measures relating to the IMPs for an additional ECU 6.56 million are envisaged for the Corsica region. The Commission has also given the green light for the aids to industry and services proposed in the second stage of the French IMPs.

Following the favourable opinion of the Advisory Committee on IMPs, the Commission formally approved the programmes on 27 July, and they were signed by the Commission and the French authorities the next day.

## *Integrated operations*

### Belgium

2.1.119. On 20 July the Commission approved an integrated development operation in the area of Westhoek, in the province of West Flanders. In addition to the ERDF contribution under the national programme of Community interest of over ECU 11.5 million for the period 1987-91, approved on 27 October 1987,<sup>3</sup> ECU 10.7 million will be granted for the period 1989-91 from the general budget, the European Social Fund and the EAGGF (Guidance Section).

The purpose of the action programme in question is to establish a socio-economic structure that exploits local development potential as fully as possible in the short, medium and long term, and to reduce the rate of unemployment to 5% of the labour force, which means creating close on 9 000 jobs.

The development strategy supported by the programme involves the main sectors of the economy as well as environmental protection and infrastructure modernization.

## Financial instruments

### *European Regional Development Fund*

#### Thirteenth annual report

2.1.120. On 12 July, the Economic and Social Committee gave an opinion on the Commission's 13th annual report (1987) on the European Regional Development Fund (ERDF).<sup>4</sup>

The Committee stressed the usefulness of the Community programmes and noted progress made with national programmes of Community interest (NPCIs) and integrated development operations (IDOs). It regretted, however, that ERDF aid still went mainly to projects (84.7%), most of which, moreover, (81%) were still infrastructure projects.

The Committee also stressed that structural Fund aid was not enough in itself to achieve the aim of internal cohesion; it must be accompanied by the coordination of national economic policies, and by continued efforts through all the Community policies towards economic and social cohesion.

#### Programme preparation

2.1.121. On 13, 14 and 27 July, the Commission adopted Decisions 89/448/EEC,<sup>5</sup> 89/470/EEC<sup>6</sup> and 89/484/EEC,<sup>7</sup> concerning respectively the city region of Hamburg-

<sup>1</sup> OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

<sup>2</sup> OJ L 12, 16.1.1988; OJ L 14, 19.1.1988; OJ L 21, 27.1.1988; OJ L 32, 4.2.1988; OJ L 34, 6.2.1988; Bull. EC 7/8-1987, point 2.1.153.

<sup>3</sup> Bull. EC 10-1987, point 2.1.102.

<sup>4</sup> Bull. EC 12-1988, point 2.1.194.

<sup>5</sup> OJ L 214, 25.7.1989.

<sup>6</sup> OJ L 233, 10.8.1989.

<sup>7</sup> OJ L 235, 12.8.1989.

Centre (Germany), certain municipalities in the area of Aalborg and the West of Lolland (Denmark), and the Rhine Delta and Amsterdam-North (Netherlands), which they include in the areas eligible for assistance under the Community shipyard conversion programme (Renaval) introduced under Council Regulation (EEC) No 2506/88 of 26 July 1988.<sup>1</sup>

**ERDF grants**

*Programmes*

2.1.122. On 8 August the Commission approved an ERDF grant of ECU 208 142 000 for an NPCI in the Setúbal Peninsula, which will be implemented as part of an IDO.

The programme covers a five-year period from 1 January 1989 to 31 December 1993.

2.1.123. On 31 July, the Commission approved:

(i) a non-quota textile programme for the region of Fulda (Federal Republic of Germany) totalling ECU 4.03 million for the period 1989-91;

(ii) under the Resider Programme,<sup>2</sup> an action programme for 1988-90 in the Basque country (Spain), with total grants of ECU 12 million.

*Studies*

2.1.124. On 7 August, the Commission decided to make an ERDF grant of ECU 2.3 million to part-finance a feasibility and oceanographical research study in the Strait of Otranto and the Corfu Channel, in preparation for the laying of an electricity cable between Italy and Greece.

**Projects**

2.1.125. On 31 July the Commission approved the third and fourth allocations of ERDF grants for 1989 (Table 3).

Table 3 — ERDF grants: third and fourth 1989 allocations

Member State	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) <sup>1</sup>	Assistance granted (million ECU) <sup>1</sup>
Spain	74	160	277.14	133.28
Ireland	5	8	9.18	3.84
Italy	9	20	212.77	103.03
Portugal	57	356	149.85	83.11
United Kingdom	5	21	9.68	2.71
<b>Total</b>	<b>150</b>	<b>565</b>	<b>658.62</b>	<b>325.97</b>

<sup>1</sup> Converted at July 1989 rates.

The total of ECU 325.97 million breaks down as follows:

(i) ECU 5.12 million to help finance 30 projects in industry, craft industries or the service sector;

(ii) ECU 320.85 million to help finance 535 infrastructure projects.

These decisions<sup>3</sup> bring the number of projects in receipt of ERDF aid in 1989 to 803,

and the total assistance granted to ECU 642.22 million.

<sup>1</sup> OJ L 225, 15.8.1988; Bull. EC 7/8-1988, point 2.1.98.

<sup>2</sup> OJ L 33, 5.2.1988; Bull. EC 2-1988, point 2.1.92.

<sup>3</sup> Previous decisions: Bull. EC 5-1989 point 2.1.141.



## Environment

### Action by the Community relating to the environment

2.1.126. On 18 July, in accordance with Council Regulation (EEC) No 2242/87 of 23 July 1987 on action by the Community relating to the environment,<sup>1</sup> the Commission adopted a Decision granting financial support of ECU 1 520 000 to five projects which, pursuant to Council Directive 79/409/EEC of 2 April 1979 on the conservation of wild birds,<sup>2</sup> will act as an incentive and contribute towards the maintenance or re-establishment of seriously threatened biotopes which are the habitat of endangered species and are of particular importance to the Community.

2.1.127. In connection with the implementation of Regulation (EEC) No 2242/87,<sup>1</sup> on 20 July the Commission decided to extend by two years the mandate of the technical working group set up under its Decision of 14 December 1987 concerning a preparatory scheme relating to the integrated management of Mediterranean coastal wetlands.<sup>3</sup>

### Prevention and reduction of pollution and nuisance

#### *Air pollution*

#### Harmful motor-vehicle emissions

2.1.128. Having reached substantive agreement on 9 June,<sup>4</sup> the Council, on 18 July, formally adopted Directive 89/458/EEC<sup>5</sup> amending, with regard to European emission standards for cars below 1.4 litres, Directive 70/220/EEC<sup>6</sup> on the approximation of the laws of the Member States relating to measures to be taken against air pollution by emissions from motor vehicles.

## Noise abatement

### Earthmoving machines

2.1.129. On 2 August the Commission adopted Directive 89/514/EEC<sup>7</sup> adapting to technical progress Council Directive 86/662/EEC of 22 December 1986 on the limitation of noise emitted by hydraulic excavators, rope-operated excavators, bulldozers, loaders and excavator-loaders.<sup>8</sup> This Directive seeks to incorporate into Community law an international standard (ISO 6395) and thereby establish a method of measuring sound power levels based on a simulated representative work cycle.

### Aircraft

2.1.130. On 13 July the Economic and Social Committee issued a favourable opinion on the proposal for a Directive on the limitation of noise emission from civil subsonic jet aeroplanes.<sup>9</sup>

### *Control of chemicals, industrial hazards and biotechnology*

#### Chlorofluorocarbons

2.1.131. On 7 July the Commission adopted a communication to the Council requesting its authorization to participate, on the Community's behalf, in the Conference to review the Montreal Protocol on substances that deplete the ozone layer.<sup>10</sup>

#### Biotechnology

2.1.132. On 31 July, in the light of the opinions delivered by the European Parlia-

<sup>1</sup> OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.164.

<sup>2</sup> OJ L 103, 25.4.1979.

<sup>3</sup> Bull. EC 12-1987, point 2.1.183.

<sup>4</sup> Bull. EC 6-1989, point 2.1.117.

<sup>5</sup> OJ L 226, 3.8.1989.

<sup>6</sup> OJ L 76, 6.4.1970.

<sup>7</sup> OJ L 253, 30.8.1989.

<sup>8</sup> OJ L 384, 31.12.1986; Bull. EC 12-1986, point 2.1.193.

<sup>9</sup> OJ C 37, 14.2.1989; Bull. EC 11-1988, point 2.1.171.

<sup>10</sup> Bull. EC 9-1987, point 2.1.114.

ment on 24 and 25 May,<sup>1</sup> the Commission adopted amendments<sup>2</sup> to its proposals for Directives concerning the contained uses of genetically modified micro-organisms (GMOs) and their deliberate release to the environment.<sup>3</sup>

As regards the confined use of GMOs, the amendments to the original proposal are intended to secure further differentiation in the procedures foreseen in relation to the degree of potential risk of the contained uses involved, as well as further clarification of the provisions foreseen in the event of an accident. Confidentiality provisions are also introduced to safeguard commercially sensitive information, accompanied by wider information provisions for non-confidential information as well as an option for wider consultation.

As regards the deliberate release of GMOs, the amendments are intended to clarify the provisions concerning risk assessment and approval for the deliberate release, as well as the implementation and control measures. In addition, given the rapid scientific developments in the field of biotechnology, a clearer definition of genetically modified organisms is provided.

### *Waste disposal*

2.1.133. On 2 August the Commission adopted, for transmission to the Council, the European Parliament and the Economic and Social Committee, a proposal for a Directive on civil liability for damage caused by waste.<sup>4</sup> The Directive is based on Council Directive 85/374/EEC<sup>5</sup> of 25 July 1985, which introduced a Community system of strict liability for damage caused by defective products and meets two obligations:

(i) that arising out of Directive 84/631/EEC of 6 December 1984,<sup>6</sup> which provides for Community action aimed at determining the conditions subject to which civil liability shall apply to producers and any other persons who may be accountable for the damage concerned; and

(ii) that arising out of the Council's mandate to the Commission in November 1986<sup>7</sup> following the accident at the Sandoz plant.

This proposal for a Directive seeks to apply the 'polluter pays' principle since the generators of waste have at their disposal the means of preventing damaging effects on the environment. It applies to all waste generated in the course of commercial activity with the exception of nuclear waste and waste and pollution due to oil, in so far as these are already covered by conventions in force in the Member States.

### *Protection and use of resources*

#### *Flora and fauna*

##### *Protection of the African elephant*

2.1.134. On 2 August the Commission adopted Regulation (EEC) No 2496/89<sup>8</sup> prohibiting imports into the Community of raw or worked African elephant ivory. Taking Council Regulation (EEC) No 3626/82 of 3 December 1982<sup>9</sup> on the implementation in the Community of the Convention on international trade in endangered species of wild flora and fauna (Cites) as its basis, the Commission definitively prohibited the granting of permits for imports of ivory from African elephants, derogations being allowed only in a limited number of exceptional cases.

##### *Protection of vertebrate animals*

2.1.135. On 10 July the Commission adopted for transmission to the Council a proposal for a Decision on the conclusion,

<sup>1</sup> OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.151.

<sup>2</sup> OJ C 246, 27.9.1989; COM(89) 408 and 409 final.

<sup>3</sup> OJ C 198, 28.7.1988; Bull. EC 3-1988, point 2.1.125.

<sup>4</sup> OJ C 251, 4.10.1989; COM(89) 282 final.

<sup>5</sup> OJ L 210, 7.8.1985; Bull. EC 7/8-1985, point 1.5.1.

<sup>6</sup> OJ L 326, 13.12.1984; Bull. EC 12-1984, point 2.1.132.

<sup>7</sup> Bull. EC 11-1986, point 2.1.146.

<sup>8</sup> OJ L 240, 17.8.1989; Bull. EC 3-1989, point 2.1.114.

<sup>9</sup> OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

on behalf of the Community, of the European Convention for the protection of vertebrate animals used for experimental and other scientific purposes.<sup>1</sup> The aim of the proposal is to speed up the approval by the Community and the ratification by the Member States of the Convention<sup>2</sup> signed in Strasbourg on 19 February 1987 in accordance with the Council Decision<sup>3</sup> of 24 November 1986.

## *Natural resources*

### **Tropical forests**

2.1.136. On 27 July the Commission adopted a communication to the Council and the European Parliament concerning a Community strategy for the conservation of tropical forests.<sup>4</sup> The communication is submitted in response to the concern expressed at the Madrid European Council of 26 and 27 June<sup>5</sup> and the Paris Western Economic Summit of 14 to 16 July (→ points 3.2.1 to 3.2.6). It analyses the causes and consequences of deforestation and indicates some possible remedies. It also presents a number of possible basic options for a Community strategy on tropical forest conservation — particularly where financing is concerned. But the question of how they are to be implemented will have to be analysed in more detail before specific proposals can be drafted.

As the destruction of tropical forests by burning is a contributory factor in the greenhouse effect, as tropical forests are important for the conservation of our resources of genetic plant material, and as such destruction results in the waste of natural resources, the Commission is proposing that the Community should take action in the following five areas: development aid and cooperation, the timber trade, provision of additional financial resources, debt management aimed at channelling resources to conservation strategies, and research and development.

The Commission also emphasizes that this strategy will necessitate dialogue between

the Community and the countries or regions concerned and will depend on relations between the Community and these countries on matters concerning the economy, social affairs and development cooperation.

## *International cooperation*

2.1.137. From 17 to 19 July high-level bilateral consultations were held between the Commission and the US authorities on the environment policies of the Community and the USA.<sup>6</sup> These regular consultations started following an exchange of letters between the USA and the Community in 1974<sup>7</sup> and have enabled the parties to discuss matters such as global changes in climate, pollution of the sea (the Alaska incident), air pollution, relations with Eastern Europe, developments in biotechnology and the treatment and disposal of waste.

## **Nuclear safety**

### *Radiation protection*

#### **Basic standards**

2.1.138. On 18 July, acting on a Commission proposal<sup>8</sup> and in the light of the opinions of the European Parliament<sup>9</sup> and the Economic and Social Committee,<sup>10</sup> the Council adopted Regulation (Euratom) No 2218/89<sup>11</sup> amending Regulation (Euratom) No 3954/87 laying down maximum permitted levels of radioactive contamination of foodstuffs and of feedingstuffs following

<sup>1</sup> OJ C 200, 5.8.1989; COM(89) 302 final.

<sup>2</sup> Bull. EC 2-1987, point 2.1.94.

<sup>3</sup> Bull. EC 11-1986, point 2.1.163.

<sup>4</sup> COM(89) 410 final.

<sup>5</sup> Bull. EC 6-1989, point 1.1.9.

<sup>6</sup> Previous consultations: Bull. EC 4-1988, point 2.1.117.

<sup>7</sup> Eighth General Report, point 250.

<sup>8</sup> OJ C 174, 2.7.1987; Bull. EC 5-1987, point 2.1.208.

<sup>9</sup> OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.4.20.

<sup>10</sup> OJ C 180, 8.7.1987; Bull. EC 5-1987, point 2.4.39.

<sup>11</sup> OJ L 211, 22.7.1989.

a nuclear accident or any other case of radiological emergency.<sup>1</sup>

This Regulation lays down levels for baby foods and liquid foodstuffs. The Regulation also defines the procedure the Commission is to use to establish levels for animal feed after consultation of an *ad hoc* Committee.

2.1.139. Also on 18 July, acting on a Commission proposal<sup>2</sup> and in the light of the opinion of the European Parliament,<sup>3</sup> the Council adopted Regulation (EEC) No 2219/89 on the special conditions for exporting foodstuffs and feedingstuffs following a nuclear accident or any other case of radiological emergency.<sup>4</sup> This Regulation prohibits the export of foodstuffs and feedingstuffs if their radioactive contamination exceeds the maximum permitted levels in force in the Community.

2.1.140. On 20 July, pursuant to Article 33 of the Euratom Treaty, the Commission issued two opinions on a Spanish draft Decree-Law on the radiation protection of persons undergoing medical examination and treatment and a Portuguese Decree-Law laying down rules on the protection of workers and the public against ionizing radiation.

### Radioactive effluents

2.1.141. Also on 20 July the Commission issued two opinions<sup>5</sup> pursuant to Article 37 of the Euratom Treaty on the nuclear power station at Penly and the nuclear-fuel reprocessing plants at La Hague (France).

## Consumers

### Protection of economic and legal interests

2.1.142. In the light of the opinions issued by Parliament (first reading)<sup>6</sup> and the Economic and Social Committee<sup>7</sup> on 15 and 22 February respectively, on 6 July the Commission<sup>8</sup> amended its proposal for a Direc-

tive on package travel, including package holidays and package tours.<sup>9</sup> These amendments relating to the scope of the proposal are aimed at increasing the protection of package travellers while ensuring that the interests of organizers and retailers are safeguarded.

## Agriculture

### Continuing reform of the CAP

2.1.143. On 1 August the Commission adopted a proposal for a Council Regulation on national compensation aid granted in the event of a fall in agricultural prices in national currencies consequent on the automatic dismantling of the monetary compensatory amounts.<sup>10</sup> The purpose of the proposal is to make the provisions of the second subparagraph of Article 6(3) of Council Regulation (EEC) No 1677/85 of 11 June 1985 on monetary compensatory amounts in agriculture<sup>11</sup> more specific by determining the socio-structural fields in which national compensation aids may be granted.

### Market organizations

#### *Cereals and rice*

2.1.144. On a proposal from the Commission,<sup>12</sup> the Council, on 24 July, adopted Regulation (EEC) No 2247/89 on an emergency measure for the free supply of certain

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<sup>1</sup> OJ L 371, 30.12.1987; Bull. EC 12-1987, point 2.1.288.

<sup>2</sup> OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.277.

<sup>3</sup> OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.119.

<sup>4</sup> OJ L 211, 22.7.1989.

<sup>5</sup> OJ L 233, 10.8.1989.

<sup>6</sup> OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.105.

<sup>7</sup> OJ C 102, 24.4.1989; Bull. EC 2-1989, point 2.1.106.

<sup>8</sup> OJ C 190, 27.7.1989; COM(89) 348 final.

<sup>9</sup> OJ C 96, 12.4.1988; Bull. EC 3-1988, point 2.1.134.

<sup>10</sup> COM(89) 382 final.

<sup>11</sup> OJ L 164, 24.6.1985; Bull. EC 6-1985, point 2.1.115.

<sup>12</sup> COM(89) 393 final.

agricultural products to Poland,<sup>1</sup> which provides in particular for the supply of cereals from intervention stocks (→ point 1.1.4).

2.1.145. The Commission, for its part, on 23 August, adopted Regulation (EEC) No 2557/89<sup>2</sup> laying down detailed rules applicable to the free supply of certain cereals to Poland as provided for in Council Regulation (EEC) No 2247/89,<sup>1</sup> followed, on 25 August, by Regulation (EEC) No 2594/89 opening a standing invitation to tender for the supply to Poland of 200 000 tonnes of breadmaking common wheat held by the German intervention agency.<sup>3</sup>

2.1.146. On 14 July the Commission adopted Regulation (EEC) No 2120/89 fixing for the 1989/90 marketing year the threshold prices for rice.<sup>4</sup> These prices were calculated on the basis of the target price fixed by the Council.

### *Fruit and vegetables*

2.1.147. On 18 July the Council adopted Regulation (EEC) No 2167/89 fixing an intervention threshold for oranges in Spain for the 1988/89 marketing year.<sup>5</sup> The threshold is fixed at 15% of the average production for fresh consumption over the past five marketing years. If this threshold is exceeded, the institutional prices applicable in Spain for the 1989/90 marketing year will be reduced by 1% per excess tranche of 18 100 tonnes.

By Regulation (EEC) No 2175/89<sup>5</sup> of 18 July, the Commission fixed the intervention threshold at 272 500 tonnes.

2.1.148. The Commission also adopted, on 18 July, Regulation (EEC) No 2159/89<sup>6</sup> laying down detailed rules for applying the specific measures for nuts and locust beans as provided for in Title IA of Council Regulation (EEC) No 1035/72<sup>7</sup> of 18 May 1972. These rules basically concern four series of Community-aided measures and relate to the establishment of producers' organizations engaged in the production of nuts and/or locust beans, the establishment of a

revolving fund by producers' organizations which have been granted specific recognition and which have submitted a varietal improvement and marketing plan, the execution of schemes provided for in the abovementioned plan and encouragement of consumption and use of nuts by promotion schemes undertaken by Community operators.

2.1.149. On 19 July the Commission adopted a proposal for a Council Regulation laying down general rules for applying the supplementary trade mechanism to fresh fruit and vegetables.<sup>8</sup> The proposal provides for a simpler system than the supplementary trade mechanism currently in force for products other than those listed in Commission Regulation (EEC) No 816/89 of 30 March.<sup>9</sup>

### *Wine*

2.1.150. On a proposal from the Commission,<sup>10</sup> the Council, on 24 July, adopted Regulation (EEC) No 2389/89 on general rules for the classification of vine varieties,<sup>11</sup> Regulation (EEC) No 2390/89 laying down general rules for the imports of wines, grape juice and grape must,<sup>11</sup> Regulation (EEC) No 2391/89 defining certain products in the wine sector falling within CN codes 2009 and 2204 and originating in third countries,<sup>11</sup> and Regulation (EEC) No 2392/89 laying down general rules for the description and presentation of wines and grape musts.<sup>11</sup> These four Regulations are designed to achieve legislative consolidation of Council Regulation (EEC) Nos 347/79,

<sup>1</sup> OJ L 216, 27.7.1989.

<sup>2</sup> OJ L 248, 24.8.1989.

<sup>3</sup> OJ L 250, 26.8.1989.

<sup>4</sup> OJ L 203, 15.7.1989.

<sup>5</sup> OJ L 208, 20.7.1989.

<sup>6</sup> OJ L 207, 19.7.1989.

<sup>7</sup> OJ L 118, 20.5.1972.

<sup>8</sup> COM(89) 365 final.

<sup>9</sup> OJ L 86, 31.3.1989; Bull. EC 3-1989, point 2.1.126.

<sup>10</sup> Bull. EC 5-1989; Bull. EC 3-1989, point 2.1.128.

<sup>11</sup> OJ L 232, 9.8.1989.

354/79, 339/79 and 355/79 of 5 February 1979.<sup>1</sup>

2.1.151. The Commission, on 13 July, adopted Regulation (EEC) No 2106/89<sup>2</sup> amending for the fifth time Regulation (EEC) No 3461/85 of 9 December 1985 on the organization of campaigns to promote the consumption of grape juice.<sup>3</sup> This Regulation provides, for reasons of coherence in the procedures concerned, for the transfer of responsibility for signing contracts for the promotion campaigns from the Commission adopted Regulation (EEC) No 2121/89 determining the Member States in which the campaigns to promote the consumption of grape juice are to be carried out during the 1988/89 wine year.<sup>4</sup> This Regulation lays down that, for the current year, campaigns to promote the consumption of grape juice financed from part of the aid allocated for the use of grape musts will be carried out in Germany, France, Italy, Spain, Belgium and the Netherlands.

2.1.152. On 25 July the Commission adopted Regulation (EEC) No 2240/89 on the notification, execution and monitoring of the processes entailing the enriching, acidifying and de-acidifying of wine.<sup>5</sup> This Regulation seeks to adapt the requirements regarding the notification of certain wine-making practices to practical necessities, especially where wine harvests are affected by bad weather.

2.1.153. On 14 August the Commission adopted Regulation (EEC) No 2484/89 fixing the buying-in prices, aid and certain other amounts applicable for the 1989/90 wine year to intervention measures in the wine sector.<sup>6</sup> This Regulation also fixes the maximum quantity of grape must which may qualify for aid for the use of must in animal feed at 100 000 hectolitres.

2.1.154. On 14 August the Commission also adopted Regulation (EEC) No 2485/89<sup>6</sup> introducing preventive distillation as provided for in Article 38 of Regulation (EEC) No 822/87<sup>7</sup> for the 1989/90 wine year. The quantity of wine which may be distilled is limited to 15 hectolitres per pro-

ducer in Spain. 'Satisfactory-outcome guarantee' distillation will be allowed for a quantity of table wine under contract up to 5% of the production of each interested party, i.e. 2% less than in the previous wine year, in accordance with the gradual dismantling of this measure.

2.1.155. On 24 August the Commission adopted Regulation (EEC) No 2570/89 fixing the reference price applicable to wine-sector products for 1989/90.<sup>8</sup>

### *Milk products*

2.1.156. On 4 August the Commission adopted a report to the Council on the operation of the quota system in the milk sector, accompanied by the following proposals for Council Regulations:<sup>9</sup>

(i) amending Regulation (EEC) No 857/84<sup>10</sup> adopting general rules for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68<sup>11</sup> in the milk and milk products sector;

(ii) amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products;<sup>11</sup>

(iii) amending Regulation (EEC) No 766/89<sup>12</sup> establishing, for the period running from 1 April 1989 to 31 March 1990, the Community reserve for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68<sup>11</sup> in the milk and milk products sector;

(iv) amending Regulation (EEC) No 775/87<sup>13</sup> temporarily withdrawing a proportion of the reference quantities mentioned in

<sup>1</sup> OJ L 54, 5.3.1979.

<sup>2</sup> OJ L 201, 14.7.1989.

<sup>3</sup> OJ L 332, 10.12.1985; Bull. EC 12-1985, point 2.1.169.

<sup>4</sup> OJ L 203, 16.7.1989.

<sup>5</sup> OJ L 215, 26.7.1989.

<sup>6</sup> OJ L 238, 15.8.1989.

<sup>7</sup> OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

<sup>8</sup> OJ L 249, 25.8.1989.

<sup>9</sup> COM(89) 352 final; OJ C 242, 22.9.1989.

<sup>10</sup> OJ L 90, 1.4.1984; Bull. EC 3-1984, point 1.2.4.

<sup>11</sup> OJ L 148, 28.6.1968.

<sup>12</sup> OJ L 84, 29.3.1989; Bull. EC 3-1989, point 2.1.118.

<sup>13</sup> OJ L 78, 20.3.1987; Bull. EC 3-1987, point 2.1.150.

Article 5c(1) of Regulation (EEC) No 804/68<sup>1</sup> on the common organization of the market in milk and milk products.

The report and proposals are in response to the request made by the Council in April<sup>2</sup> that the Commission carry out an in-depth study of the functioning of the quota system and make any appropriate proposals before 31 July 1989, in order to avoid market distortions and discrimination among producers.

In practical terms, the Commission proposes to transform 1% of the quantities at present suspended into a definitive reduction of the guaranteed total quantities and to increase the Community reserve by 1%, for the benefit of certain categories of producers. It also proposes to tighten up the rules concerning payment of compensation for suspended reference quantities.

The proposals put forward by the Commission constitute a package which, while giving more flexibility to the Member States to deal with their special cases, will result in a tighter enforcement of the quota regime. The result will be neutral as regards the budget and also as regards production. These proposals are therefore in conformity with the Uruguay Round standstill.

### *Beef/veal*

2.1.157. On 17 August the Commission adopted Regulation (EEC) No 2514/89<sup>3</sup> laying down detailed rules for the free supply of beef to Poland in accordance with Council Regulation (EEC) No 2247/89<sup>4</sup> and amending Regulation (EEC) No 569/88.<sup>5</sup> The purpose of the Regulation is to release 10 000 tonnes of forequarters and hindquarters held by the German intervention agency for export to Poland (→ point 1.1.4).

### *Sheepmeat and goatmeat*

2.1.158. Following the political agreement reached at the 24 to 26 July Council meeting, the Commission, on 18 August, adopted

the amended proposal for a Regulation<sup>6</sup> on the common organization of the market in sheepmeat and goatmeat.<sup>7</sup>

The approach adopted aims to achieve, after a transitional period—at the latest by 1 January 1993—a single market comprising a system of premiums based on the two dominant types of production in the Community. On the one hand, there is sheepmeat production resulting in heavy lambs and, on the other, sheepmeat production connected with milk and producing light lambs. A distinction will ultimately be made not between areas (or regions) but between systems of production, with different methods being used to calculate the compensatory premium.

### *Oils and fats*

2.1.159. The Commission, on 13 July, adopted a proposal for a Council Regulation<sup>8</sup> amending Regulation (EEC) No 2262/84 laying down special measures in respect of olive oil.<sup>9</sup> In order to better ensure correct and effective application of the Community rules in this sector generally, the proposal provides for a wider range of duties to be assigned to the agencies set up in each Member State: in addition to the checks they already carry out in connection with the production aid scheme and to the buying-in and storage of olive oil by the intervention agencies.

### *Sugar*

2.1.160. The Commission, on 24 July, adopted Regulation (EEC) No 2226/89<sup>10</sup> amending Regulation (EEC) No 2330/87

<sup>1</sup> OJ L 148, 28.6.1968.

<sup>2</sup> Bull. EC 4-1989, point 2.1.136.

<sup>3</sup> OJ L 242, 18.8.1989.

<sup>4</sup> OJ L 216, 27.7.1989.

<sup>5</sup> OJ L 55, 1.3.1988.

<sup>6</sup> COM(89) 419 final.

<sup>7</sup> OJ C 319, 12.12.1988; Bull. EC 10-1988, point 2.1.145.

<sup>8</sup> COM(89) 349 final, OJ C 200, 5.8.1989.

<sup>9</sup> OJ L 208, 3.8.1984; Bull. EC 7/8-1984, point 2.1.122.

<sup>10</sup> OJ L 214, 25.7.1989.

laying down detailed rules for the export of products supplied as Community food aid.<sup>1</sup> The purpose of the amendment is to bring all products eligible for export refunds, and in particular sugar, within the scope of the abovementioned Regulation.

### *Processed fruit and vegetables*

2.1.161. On a proposal from the Commission,<sup>2</sup> the Council, on 28 July, adopted Regulation (EEC) No 2367/89<sup>3</sup> amending Regulation (EEC) No 1277/84 laying down general rules for the system of production aid for processed fruit and vegetables.<sup>4</sup> The purpose of the amendment is to establish a ceiling to ensure that the level of aid for peaches and pears in syrup and/or in natural fruit juice does not exceed the difference between the minimum price paid to the Community producer and the price of the raw material in the main producing and exporting third countries, and to provide for the possibility of introducing a system of monetary adjustment to correct the production aid by taking account of the impact on the net cost of differences between the agricultural conversion rate and the average of the green market rates during a given period.

2.1.162. On 4 July the Commission adopted Regulation (EEC) No 1989/89<sup>5</sup> fixing the minimum import price applicable to certain types of processed cherries during the 1989/90 marketing year pursuant to Article 9 of Council Regulation (EEC) No 426/86 of 24 February 1986 on the common organization of the market in products processed from fruit and vegetables.<sup>6</sup>

2.1.163. On 10 July the Commission adopted Regulation (EEC) No 2053/89 laying down detailed rules for the application of the minimum import price system for certain processed cherries and Regulation (EEC) No 2054/89 laying down detailed rules for the application of the minimum import price system for dried grapes.<sup>7</sup> These two Regulations provide for checking of compliance with minimum import prices

when goods are released for free circulation, a special checking procedure in the event of doubt about the accuracy of the declared import price, and detailed provisions concerning retrospective checking by the competent authorities.

2.1.164. On 20 July the Commission adopted Regulation (EEC) No 2204/89<sup>8</sup> amending Regulation (EEC) No 2459/88 laying down detailed rules for the application of temporary measures relating to production aid for processed tomato products.<sup>9</sup> This Regulation enables Portugal to allocate the production quotas for tomato-based products in proportion to the average quantities actually produced by each undertaking during the 1986/87, 1987/8 and 1988/89 marketing years so as to take account of the restructuring of Portuguese undertakings under way. It also sets a final date for the conclusion of additional processing contracts.

2.1.165. On 26 July the Commission adopted Regulation (EEC) No 2260/89<sup>10</sup> amending Regulation (EEC) No 1599/84 laying down detailed rules for applying the system of production aid for products processed from fruit and vegetables.<sup>11</sup> The amendments are designed to abolish aid for cherries, replace the quota system provisions for certain tinned fruits by a guarantee threshold, and insert designations for new pear-based, peach-based and tomato-based products.

2.1.166. On 27 July the Commission adopted Regulation (EEC) No 2294/89<sup>12</sup> amending Regulation No 1709/84 of

<sup>1</sup> OJ L 210, 1.8.1987.

<sup>2</sup> Bull. EC 6-1989, point 2.1.151.

<sup>3</sup> OJ L 225, 3.8.1989.

<sup>4</sup> OJ L 123, 9.5.1984.

<sup>5</sup> OJ L 190, 5.7.1989.

<sup>6</sup> OJ L 49, 27.2.1986.

<sup>7</sup> OJ L 195, 11.7.1989.

<sup>8</sup> OJ L 209, 21.7.1989.

<sup>9</sup> OJ L 212, 5.8.1988; Bull. EC 7/8-1988, point 2.1.175.

<sup>10</sup> OJ L 216, 27.7.1989.

<sup>11</sup> OJ L 152, 8.6.1984.

<sup>12</sup> OJ L 218, 28.7.1989.



19 June 1984 on minimum prices payable to producers and amounts of production aid for certain processed fruit and vegetables eligible for production aid.<sup>1</sup> This Regulation provides for a more appropriate classification of small Spanish and Portuguese dried figs and for the level of aid to be adjusted on the basis of their quality characteristics.

2.1.67. On 28 July the Commission adopted Regulation (EEC) No 2353/89<sup>2</sup> laying down detailed rules for the grant of aid for certain grain legumes. This Regulation lays down rules concerning the submission of applications for aid, information to be supplied, checking, and the recovery of amounts incorrectly paid as a result of false applications.

2.1.168. On 28 July the Commission adopted Regulation (EEC) No 2318/89<sup>3</sup> amending Regulation (EEC) No 1764/86 on minimum quality requirements for tomato-based products eligible for production aid,<sup>4</sup> Regulation (EEC) No 2319/89 on minimum quality requirements for Williams and Rocha pears in syrup and in natural fruit juice eligible for the production aid scheme, and Regulation (EEC) No 2320/89 on minimum quality requirements for peaches in syrup and peaches in natural fruit juice for the application of the production aid scheme.<sup>5</sup> These three Regulations lay down the minimum quality requirements for new products which may qualify for production aid as from the 1989/90 marketing year.

2.1.169. On 28 July the Commission also adopted Regulation (EEC) No 2316/89 fixing the minimum price applicable to dried grapes during the 1989/90 marketing year as well as the countervailing charges to be imposed where that price is not observed.<sup>5</sup> This price has been slightly reduced for products in small containers, but has not been altered for other products, to take account of the differences in prices actually charged on the world market.

2.1.170. On 1 August the Commission adopted Regulation (EEC) No 2405/89 lay-

ing down special detailed rules for the application of the system of import licences and advance fixing certificates for products processed from fruit and vegetables.<sup>6</sup> This Regulation is designed to consolidate Regulation (EEC) No 743/87 of 13 March 1987<sup>7</sup> following the numerous amendments and the entry into force of the Combined Nomenclature, and to amend some existing provisions in the light of the needs of economic operators and the national authorities.

## Structures

2.1.171. On 12 July the Commission adopted a report to the Council on the application of the Community scheme for the set-aside of arable land,<sup>8</sup> accompanied by a proposal for a Regulation amending Regulation (EEC) No 797/85<sup>9</sup> as regards the rates of reimbursement for the set-aside of arable land. In accordance with Council Regulation (EEC) No 1094/88<sup>10</sup> of 21 April 1988, the aim of set-aside is to supplement measures taken under the market organizations to control production and to give farmers an alternative source of income whilst they adapt to the new market realities. The Commission's report notes that at this stage, after the first year of implementation, the results of the scheme are somewhat disappointing. The Commission takes the view, therefore, that everything possible should be done to ensure that the scheme is implemented in an effective and balanced manner in all Member States.

<sup>1</sup> OJ L 162, 20.6.1984.

<sup>2</sup> OJ L 222, 1.8.1989.

<sup>3</sup> OJ L 220, 29.7.1989.

<sup>4</sup> OJ L 153, 7.6.1986.

<sup>5</sup> OJ L 220, 29.7.1989.

<sup>6</sup> OJ L 227, 4.8.1989.

<sup>7</sup> OJ L 75, 17.3.1987.

<sup>8</sup> COM(89) 353 final.

<sup>9</sup> OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.113.

<sup>10</sup> OJ L 106, 27.4.1988; Bull. EC 4-1988, point 2.1.148 *et seq.*

## Legislation

### *Animal health and animal husbandry*

2.1.172. On a proposal from the Commission<sup>1</sup> and in the light of the opinions of Parliament<sup>2</sup> and the Economic and Social Committee,<sup>3</sup> the Council adopted Decision 89/455/EEC on 24 July introducing Community measures to set up pilot projects for the control of rabies with a view to its eradication or prevention.<sup>4</sup> This scheme, which is to receive Community financial aid, is aimed at eradicating or preventing rabies in wildlife in the Community using vaccines for the oral immunization of foxes. It is to apply for three years.

2.1.173. On 12 July the Commission adopted a proposal for a Council Decision<sup>5</sup> amending Decision 86/649/EEC introducing a Community financial measure for the eradication of African swine fever in Portugal.<sup>6</sup> The proposal provides for an extension of the eradication programme undertaken in 1987, with an increased Community financial contribution towards certain expenditure and arrangements for partial pre-financing. For Portugal the eradication of African swine fever is a prerequisite for the completion of the internal market in pigs and pigmeat.

2.1.174. As far as the eradication of classical swine fever is concerned, the Commission adopted the following Decisions:

(i) Decision 89/420/EEC of 1 July<sup>7</sup> recognizing Spain as an officially swine-fever-free Member State within the context of eradication and amending for the second time Decision 81/400/EEC establishing the status of Member States as regards classical swine fever with a view to its eradication;<sup>8</sup>

(ii) Decision 89/446/EEC of 13 July<sup>9</sup> amending Commission Decision 89/224/EEC recognizing certain parts of Belgium as being officially swine-fever-free;<sup>10</sup>

(iii) Decision 89/450/EEC of 18 July<sup>11</sup> amending for the fifth time Decision 82/

351/EEC recognizing certain parts of the territory of the Federal Republic of Germany as being officially swine-fever-free;<sup>12</sup>

(iv) Decision 89/473/EEC of 19 July<sup>13</sup> recognizing the Netherlands as an officially swine-fever-free Member State within the context of eradication, amending for the third time Decision 81/400/EEC establishing the status of Member States as regards classical swine fever with a view to its eradication<sup>8</sup> and revoking Decision 87/492/EEC recognizing certain parts of the Netherlands as being officially swine-fever-free.<sup>14</sup>

## Competition

2.1.175. Under Articles 92 to 94 of the Treaty the Commission decided to raise no objection to the introduction of the following schemes, which had been duly notified by the following Member States:

### *Germany*

#### **Schleswig-Holstein**

Aid for the promotion of agricultural products manufactured in an ecological manner (investment, market research and advisory services).

Aid to encourage the disposal and marketing of agricultural and food products (aids for fairs, exhibitions, market surveys, etc.).

<sup>1</sup> OJ C 85, 6.4.1989; Bull. EC 1-1989, point 2.1.78.

<sup>2</sup> OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.198.

<sup>3</sup> Bull. EC 5-1989, point 2.1.199.

<sup>4</sup> OJ L 223, 2.8.1989.

<sup>5</sup> OJ C 200, 5.8.1989; COM(89) 342 final.

<sup>6</sup> OJ L 382, 21.12.1986; Bull. EC 12-1986, point 2.1.247.

<sup>7</sup> OJ L 192, 7.7.1989.

<sup>8</sup> OJ L 152, 11.6.1981.

<sup>9</sup> OJ L 211, 22.7.1989.

<sup>10</sup> OJ L 92, 5.4.1989.

<sup>11</sup> OJ L 214, 25.7.1989.

<sup>12</sup> OJ L 157, 8.6.1982.

<sup>13</sup> OJ L 233, 10.8.1989.

<sup>14</sup> OJ L 283, 6.10.1987.

Aid for agricultural machinery pools; the Commission reserved the right to review the scheme under Article 93(1) of the EEC Treaty.

### **North Rhine-Westphalia**

Measures for the protection of nature as part of the programme on highland areas.

### **Rhineland-Palatinate**

Measures to assist farmers to make investments aimed at reducing pollution (aid for the construction of slurry silos).

### **Lower Saxony**

Aid for the control of atrophic rhinitis, Aujeszky's disease and paratuberculosis.

### **Denmark**

Account of budget expenditure for 1987 on 10 trade funds.

1989 budgets for nine trade funds (milk, sheep, horses, rabbits, poultry, potatoes, cattle, seeds, crop improvement).

Aids to cover, in whole or in part, expenditure on health checks required under Community or national legislation.

### **Spain**

#### **Basque country**

Investment aids for the primary sector and related industries.

Measures to assist agricultural producers' groups.

### **France**

Change in the rules of the Oils and Fats Technical Institute (Iterg) concerning the parafiscal charge (not levied on imported

products) intended to finance the Institute's activities (research, teaching, training, etc.).

### **Greece**

Measures to assist farmers whose holdings were damaged by fire in 1988.

### **Italy**

Aid for three agricultural cooperatives in Valtellina which suffered flood damage in the summer of 1987.

Programme of aid intended to cover the cost of research by scientific institutes on health inspections relating to ham.

### **Liguria**

Bill laying down measures to safeguard farming in the region of Cinque Terre in order to preserve the characteristic landscape of the region.

Aid for the purchase of cold-storage facilities for farms.

Bill laying down measures to safeguard environmentally sensitive areas. These relate to aid for investment designed to protect the landscape and meet environmental standards.

### **Sicily**

Aid for the restoration of herds affected by tuberculosis and brucellosis.

### **Lazio**

Measures for the gathering of truffles and other undergrowth products, the measures in question containing no financial aid element.

Special aid in connection with the storm damage suffered in September and October 1987.

Measures to improve beekeeping (aids for investment, disease control, advertising, advisory services, etc.).

### *Netherlands*

Aid in the pig sector for the development of the Community carcass grading system; this aid consists in making grading equipment available or financing the purchase of such equipment.

### *United Kingdom*

The Countryside Premium Scheme (set-aside land) implementing Regulation (EEC) No 1094/88.<sup>1</sup>

2.1.176. The Commission decided to initiate the procedure laid down in Article 93(2) of the EEC Treaty in respect of the following aids:

### *Belgium*

Case of application of the Law of 17 July 1959 on economic expansion in Brunehaut-Weez; this concerns aid for investment in the sugar industry for the development of the manufacture of 'perlé' sugar and fondant sugar used in the food industry.

### *Spain*

### *Galicia*

Two cases of application of Law No 50/85 and its implementing decrees in Galicia; these cases concern aids for investment in the improvement of production structures for cheese and pasteurized milk.

Aid to assist certain olive oil firms, based on their indebtedness.

### *Luxembourg*

Wine-growing solidarity fund: aid for protection against late frosts and harmful organisms; questions have been asked under the procedure initiated concerning the abovementioned aids, advertising campaigns and the payment of insurance premiums.

2.1.177. The Commission decided to terminate the Article 93(2) procedure in respect of the following aid:

### *Denmark*

Aids and parafiscal charges in the poultry farming sector, the parafiscal charge on imported products<sup>2</sup> having been eliminated.

### *Italy*

Draft aid scheme for beef/veal and pigmeat, the proposed aids having been amended so that the criteria for granting them could be regarded as compatible with the common market.<sup>3</sup>

Multiannual Act on aid to agriculture, the measures complained of having been repealed or amended in accordance with the Commission's requests.<sup>4</sup>

### *Abruzzo*

Aid for cooperatives and agricultural holdings, the aid concerned having been amended as requested by the Commission.<sup>5</sup>

2.1.178. Pursuant to Regulation (EEC) No 768/89 introducing a system of transitional aids to agricultural income<sup>6</sup> and Regu-

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<sup>1</sup> OJ L 106, 27.4.1988; Bull. EC 4-1988, point 2.1.148.

<sup>2</sup> Bull. EC 4-1987, point 2.1.122.

<sup>3</sup> Bull. EC 11-1987, point 2.1.211.

<sup>4</sup> Bull. EC 7/8-1988, point 2.1.191.

<sup>5</sup> Bull. EC 2-1989, point 2.1.122.

<sup>6</sup> OJ L 84, 29.3.1989; Bull. EC 3-1989, point 2.1.118.

lation (EEC) No 1549/89 on transitional measures for the grant of agricultural income aids,<sup>1</sup> the Commission raised no objections under Article 93(3) of the EEC Treaty in respect of the following measures:

### *France*

Aid for farmers in difficulty, designed to help restore social security cover.

Two measures to assist dairy and beef farmers with social security contributions.

## **European Agricultural Guidance and Guarantee Fund**

### *Guarantee Section*

2.1.179. On 24 July the Council adopted Regulation (EEC) No 2277/89<sup>2</sup> amending Regulation (EEC) No 3247/81<sup>3</sup> in respect of the financing of the costs of disposal of alcohol provided for in Article 37(2) of Regulation (EEC) No 822/87.<sup>4</sup>

This amendment lays down the rules for drawing up accounts relating to the disposal of alcohol.

### *Guidance Section*

2.1.180. On 5 July the Commission adopted two Decisions concerning the grant of EAGGF Guidance Section assistance for two operational programmes in Greece. One relates to the grubbing and conversion of apricot trees in certain areas of the Peloponnese and the other to the control of phylloxera, which has affected vineyards in Crete.

2.1.181. The Commission also adopted, on 1 August, a Decision on guidance aid for an operational programme for the protection and conservation of the rural environment by means of control of pollution of agricultural origin in Ireland.

## **Fisheries**

### **Resources**

#### *Internal aspects*

#### **Community measures**

#### *TACs and quotas*

2.1.182. On 24 July the Council adopted Regulation (EEC) No 2278/89<sup>2</sup> amending for the second time 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.<sup>5</sup> The purpose of this Regulation is to extend the zone covered by the seasonal limitations on herring fishing off the south coast of Ireland and to increase the total allowable catch (TAC) of cod in certain areas.

2.1.83. On 19 July the Commission adopted a communication on a Community reference framework for access to fishing quotas.<sup>6</sup> The objective is to supplement the arrangements for the management of fishery resources with rules governing access to the use of such resources, whilst reconciling the objectives of the common fisheries policy with the fundamental principles laid down in the Treaty. The communication in question is intended as a contribution towards the solution of the political and economic problems facing fishermen and fishing companies in certain Member States as regards their activities under the system of TACs and quotas.

<sup>1</sup> OJ L 151, 3.6.1989; Bull. EC 6-1989, point 2.1.130.

<sup>2</sup> OJ L 218, 28.7.1989.

<sup>3</sup> OJ L 327, 14.11.1981; Bull. EC 11-1981, point 2.1.109.

<sup>4</sup> OJ L 84, 27.3.1987.

<sup>5</sup> OJ L 369, 31.12.1988; Bull. EC 12-1988, point 2.1.302.

<sup>6</sup> OJ C 224, 31.8.1989.

*Technical measures*

2.1.184. On 18 July the Council adopted Regulation (EEC) No 2220/89<sup>1</sup> amending for the eighth time Regulation (EEC) No 3094/86 of 7 October 1986 laying down certain technical measures for the conservation of fishery resources.<sup>2</sup> The purpose of this Regulation is to increase from eight metres to nine metres the overall length of the beams which may be used by beam trawlers within the 12-mile coastal zone.

2.1.185. On 14 July the Commission adopted Regulation (EEC) No 2122/89<sup>3</sup> amending for the second time Regulation (EEC) No 3440/84 of 6 December 1984 on the attachment of devices for the safer and more effective use of trawls, Danish seines and similar nets.<sup>4</sup> The purpose of this amendment is to bring the existing legislation into line with the conclusions reached at the fisheries consultations held by the Community, Sweden and Norway.<sup>5</sup>

2.1.186. On 26 July the Commission adopted Regulation (EEC) No 2258/89<sup>6</sup> amending Regulation (EEC) No 55/87 of 30 December 1986 establishing the list of vessels exceeding eight metres length overall permitted to use beam trawls within certain coastal areas of the Community.<sup>7</sup>

*External aspects***Greenland**

2.1.187. Following a third round of negotiations held in Copenhagen on 29 and 30 June a new Protocol to the EEC-Greenland Fisheries Agreement was initialled. It replaces the First Protocol,<sup>8</sup> which was concluded in 1984 and is due to expire at the end of this year, and lays down the conditions to govern fishing in Greenland waters for the period 1990-94. Under the terms of the new Protocol the Commission will obtain larger annual quantities of cod (16 000 tonnes to the west of Greenland and 15 000 tonnes to the east) and additional

quantities of capelin (30 000 tonnes to the east of Greenland). The annual financial compensation has been increased to ECU 34 250 000.

2.1.188. On 18 July, acting on a proposal from the Commission,<sup>9</sup> the Council adopted Decision 89/445/EEC concerning the acceptance by the Community of Greenland's offer of a supplementary catch quota for capelin for 1989<sup>1</sup> and, on 28 July, Regulation (EEC) No 2370/89<sup>10</sup> amending, with regard to capelin, Regulation (EEC) No 3950/88 allocating, for 1989, Community catch quotas in Greenland waters.<sup>11</sup>

**NAFO**

2.1.189. On 28 July the Council, acting on a proposal from the Commission,<sup>12</sup> adopted Regulation (EEC) No 2368/89<sup>11</sup> amending Regulation (EEC) No 3951/88<sup>13</sup> and reducing, as a stock-conservation measure, the Community's 1989 cod quota from 84 000 tonnes to 58 400 tonnes in the regulatory area defined by the NAFO Convention.

**Angola**

2.1.190. On 28 July the Council, acting on a proposal from the Commission,<sup>14</sup> adopted Decision 89/486/EEC on the conclusion of an Agreement in the form of an exchange of letters on the provisional application of the Protocol defining, for the period 3 May 1989 to 2 May 1990, the fishing opportunities and financial compensation provided

<sup>1</sup> OJ L 211, 22.7.1989.

<sup>2</sup> OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.

<sup>3</sup> OJ L 203, 15.7.1989.

<sup>4</sup> OJ L 318, 7.12.1984; Bull. EC 12-1984, point 2.1.177.

<sup>5</sup> Bull. EC 11-1988, point 2.1.242.

<sup>6</sup> OJ L 216, 27.7.1989.

<sup>7</sup> OJ L 8, 10.1.1987; Bull. EC 12-1986, point 2.1.258.

<sup>8</sup> OJ L 29, 1.2.1985; Bull. EC 2-1984, point 1.4.5.

<sup>9</sup> COM(89) 340 final.

<sup>10</sup> OJ L 225, 3.8.1989.

<sup>11</sup> OJ L 352, 21.12.1988; Bull. EC 12-1988, point 2.1.307.

<sup>12</sup> Bull. EC 4-1989, point 2.1.165.

<sup>13</sup> OJ L 352, 21.12.1988; Bull. EC 12-1988, point 2.1.311.

<sup>14</sup> Bull. EC 6-1989, point 2.1.171.

for in the Agreement between the European Economic Community and the Government of the People's Republic of Angola.<sup>1</sup>

The Agreement limits the Community shrimp catch to 5 000 tonnes per year whilst authorizing fishing operations by 28 ocean-going tuna freezers and, on an experimental basis, three demersal trawlers and two surface longliners.

## Madagascar

2.1.191. On 28 July the Council, acting on a proposal from the Commission,<sup>2</sup> adopted Decision 89/485/EEC on the conclusion of an Agreement in the form of an exchange of letters concerning the provisional application of the Protocol defining, for the period 21 May 1989 to 20 May 1992, the fishing opportunities and the financial contribution provided for by the Agreement between the European Economic Community and the Democratic Republic of Madagascar on fishing off Madagascar.<sup>1</sup> This Agreement increases the number of tuna-fishing licences from 40 to 45 and provides for joint reconnaissance operations to locate crustaceans.

## Market organization

2.1.192. On 25 July the Commission adopted Regulation (EEC) No 2235/89<sup>3</sup> amending Regulation (EEC) No 3611/84 fixing the conversion factors for frozen squid,<sup>4</sup> in the light of the recent increase in Community imports, and Regulation (EEC) No 2236/89<sup>3</sup> amending Regulation (EEC) No 4202/88 fixing the reference prices for fishery products for the 1989 fishing year<sup>5</sup> to take account of the fact that Regulation (EEC) No 2235/89 introduces specific conversion factors for squid of the species *Loligo opalescens*.

2.1.193. On 25 July the Commission also adopted Regulation (EEC) No 2234/89 determining the maximum amount of the compensation for tuna supplied to the can-

ning industry for the period 1 July to 30 September 1988.<sup>3</sup> The amount in question was fixed at ECU 190/t for whole yellowfin tuna weighing not more than 10 kg each.

2.1.194. On 25 July the Commission also adopted Regulation (EEC) No 2237/89 fixing the reference prices for carp for the period 1 August to 31 December 1989.<sup>3</sup>

2.1.195. On 2 August the Commission adopted Regulation (EEC) No 2381/89 laying down detailed rules for granting compensation for tuna for the canning industry.<sup>6</sup> The purpose of these rules is to bring Council Regulation (EEC) No 3796/81 of 29 December 1981,<sup>7</sup> and in particular Article 17 thereof, into line with the restructuring of the market organization for fishery products which was begun in 1988.<sup>8</sup>

2.1.196. On 3 August the Commission adopted Regulation (EEC) No 2415/89 laying down detailed rules of application for the granting of private storage aid for certain fishery products,<sup>9</sup> as provided for in Article 16 of Regulation (EEC) No 3796/81,<sup>8</sup> and Regulation (EEC) No 2416/89 fixing the amount of the private storage aid for squid of the species *Loligo patagonica*.<sup>9</sup>

## Transport

### Inland transport

#### Rail transport

2.1.197. On 18 July, in compliance with Article 5 of Council Regulation (EEC) No 2380/77 of 12 December 1977 on the

<sup>1</sup> OJ L 239, 16.8.1989.

<sup>2</sup> Bull. EC 6-1989, point 2.1.172.

<sup>3</sup> OJ L 215, 26.7.1989.

<sup>4</sup> OJ L 333, 21.12.1984; Bull. EC 12-1984, point 2.1.193.

<sup>5</sup> OJ L 370, 31.12.1988; Bull. EC 12-1988, point 2.1.315.

<sup>6</sup> OJ L 225, 3.8.1989.

<sup>7</sup> OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.

<sup>8</sup> OJ L 305, 10.11.1988; Bull. EC 11-1988, point 2.1.245.

<sup>9</sup> OJ L 228, 5.8.1989.

measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings,<sup>1</sup> the Commission adopted its 10th report to the Council, covering 1985, on the railways' annual accounts.<sup>2</sup>

### Road transport

#### Technical aspects

##### Commercial vehicles

2.1.198. On 18 July, having reached agreement on 5 June,<sup>3</sup> the Council formally adopted the following Directives:

(i) 89/460/EEC,<sup>4</sup> setting 31 December 1998 as the expiry date for the derogations accorded to Ireland and the United Kingdom under Council Directive 85/3/EEC of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles;<sup>5</sup>

(ii) 89/461/EEC,<sup>4</sup> amending, with a view to fixing certain maximum authorized dimensions for articulated vehicles, Directive 85/3/EEC.<sup>5</sup>

##### Road safety

2.1.199. On 18 July the Council formally adopted Directive 89/459/EEC on the tread depth of tyres of certain categories of motor vehicles and their trailers,<sup>4</sup> on which it had reached agreement on 5 June.<sup>6</sup>

#### Transport statistics

2.1.200. On 18 June, on a proposal from the Commission<sup>7</sup> and having received the opinions of Parliament<sup>8</sup> and the Economic and Social Committee,<sup>9</sup> the Council formally adopted Directive 89/462/EEC.<sup>4</sup> This amends Council Directive 78/546/EEC of 12 June 1978 on statistical returns in

respect of carriage of goods by road, as part of regional statistics.<sup>10</sup>

### Shipping

#### Positive measures

2.1.201. On 28 July the Commission formally adopted, for transmission to the Council, a communication entitled 'A future for the Community shipping industry: measures to improve the operating conditions of Community shipping'.<sup>11</sup> It had reached agreement on this communication on 31 May.<sup>12</sup>

The communication was accompanied by three proposals for Regulations:

(i) establishing a Community ship register and providing for the flying of the Community flag by sea-going vessels;

(ii) on a common definition of a Community shipowner;

(iii) applying the principle of freedom to provide services to maritime transport within Member States.

Also attached is a Commission recommendation on improving the effectiveness of port State control within the Community.

#### Air transport

2.1.202. On 19 July the Commission agreed on a package of proposals concern-

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<sup>1</sup> OJ L 334, 24.12.1977.

<sup>2</sup> COM(89) 364 final; ninth report: Bull. EC 12-1988, point 2.1.329.

<sup>3</sup> Bull. EC 6-1989, point 2.1.184.

<sup>4</sup> OJ L 226, 3.8.1989.

<sup>5</sup> OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

<sup>6</sup> Bull. EC 6-1989, point 2.1.186.

<sup>7</sup> OJ C 4, 8.1.1988; Bull. EC 11-1987, point 2.1.255.

<sup>8</sup> OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.1.188.

<sup>9</sup> OJ C 134, 24.5.1988; Bull. EC 3-1988, points 2.1.195 and 2.4.38.

<sup>10</sup> OJ L 168, 26.6.1978.

<sup>11</sup> COM(89) 266 final.

<sup>12</sup> Bull. EC 5-1989, point 2.1.216.



ning the development of civil aviation in the Community and the implementation of rules of competition in the sector.<sup>1</sup> The proposals follow on from the policy adopted by the Council in December 1987,<sup>2</sup> broadening the approach.

As regards first of all the operation of the market, the Commission's proposals involve a major move towards freedom in the setting of prices, on the basis of economic realities, and towards freedom of trade and establishment in the Community's civil aviation sector. The measures are designed to replace, from 1990, Council Directive 87/601/EEC and Council Decision 87/602/EEC of 14 December 1987.<sup>2</sup> They concern the establishment of fares for scheduled air services and easier access to the market. The proposals include:

- (i) further liberalization in the bilateral sharing of passenger capacity;
- (ii) an obligation on Member States to grant traffic rights to their carriers on a non-discriminatory basis;
- (iii) the introduction of traffic rights for third and fourth freedom connections (right for an air carrier established in one State to land in another State passengers taken on in the aircraft's State of registration, and to take on in another State passengers bound for the State of registration).
- (iv) subsequent liberalization of the conditions for exercising the fifth freedom (taking on passengers in a State which is not that of registration and landing them in a third State);
- (v) cautious introduction of cabotage.

As regards the rules of competition, the Commission intends to maintain its policy of exemptions for certain categories of bilateral and multilateral agreements, thus guaranteeing legal certainty and limiting the restrictive effects on the market. The Commission also considers that the situation should be clarified following the Court's judgment of 11 April 1989,<sup>3</sup> extending the application of the rules of competition to connections within a Member State and

with non-Community countries. The Commission thus proposes that it be empowered by Council Regulation to examine arrangements between carriers concerning such flights, and to widen the field of exemption for given categories.

The Commission also announces a number of initiatives in other areas, the main aims being to harmonize operating conditions as regards technical safety and airworthiness requirements, occupational qualifications, airborne and ground equipment, and the operation of air traffic control. The communication also lays down an approach to the external consequences of this consolidation of the Community's policy concerning air transport.

### *Inter-regional services*

2.1.203. Having reached agreement on 5 June,<sup>4</sup> on 18 July the Council formally adopted Directive 89/463/EC.<sup>5</sup> This amends Council Directive 84/416/EEC of 25 July 1983 concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States.<sup>6</sup>

### *Computerized reservation systems*

2.1.204. Having reached agreement on 5 June,<sup>7</sup> on 24 July the Council formally adopted Regulation (EEC) No 2299/89 on a code of conduct for computerized reservation systems.<sup>8</sup>

<sup>1</sup> OJ C 258, 11.10.1989; COM(89) 373 final.

<sup>2</sup> OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.

<sup>3</sup> Case 66/86 *Firma Ahmed Saeed Flugreisen Silver Line Reisebüro v Zentrale zur Bekämpfung unlauteren Wettbewerbs*: OJ C 122, 17.5.1989; Bull. EC 4-1989, point 2.7.32.

<sup>4</sup> Bull. EC 6-1989, point 2.1.187.

<sup>5</sup> OJ L 226, 3.8.1989.

<sup>6</sup> OJ L 237, 26.8.1983; Bull. EC 7/8-1983, point 2.1.181.

<sup>7</sup> Bull. EC 6-1989, point 2.1.188.

<sup>8</sup> OJ L 220, 29.7.1989.

### *Air traffic congestion*

2.1.205. On 18 July the Council and the Ministers for Transport, meeting within the Council, formally adopted a resolution on air traffic systems' capacity problems.<sup>1</sup> The Council had reached agreement on the resolution on 5 June.<sup>2</sup>

## Energy

### **General matters**

#### *Internal energy market*

2.1.206. On 12 July the Commission adopted, for transmission to the Council, the European Parliament and the Economic and Social Committee, a series of communications,<sup>3</sup> containing proposals for Directives and a proposal for a Regulation relating to the completion of the internal energy market. They relate to the transparency of gas and electricity prices charged to industrial end-users of gas and electricity (→ point 2.1.207), the internal market for natural gas (→ point 2.1.213) and increased intra-Community trade in electricity (→ point 2.1.215) and represent the first stage in the gradual process of completing the internal energy market.

#### **Transparency of consumer energy prices**

2.1.207. The proposal for a Council Directive concerning a Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users<sup>4</sup> follows on from the communication on the transparency of consumer energy prices<sup>5</sup> adopted by the Commission in March and approved by the Council in May.<sup>6</sup>

The Directive would make it compulsory for gas and electricity distribution com-

panies to send to the Commission twice a year price information covering all the standard gas and electricity consumers included in the price surveys carried out by the Statistical Office of the European Communities. In the case of electricity, the survey is to be extended to include standard consumers with a maximum demand of 10 MW, and marker prices are to be added for installed capacity of 25, 50 and 70 MW, accompanied by reductions for customary 'modulations' in the places surveyed.

The price data would be published by the Commission in May and November of each year, together with information concerning the pricing systems used. The Commission will be required not to disclose data covered by the obligation of professional secrecy.

#### **Investment projects of interest to the Community**

2.1.208. The proposal<sup>7</sup> to amend Regulation (EEC) No 1056/72 of 18 May 1972<sup>8</sup> on notifying the Commission of investment projects of interest to the Community in the petroleum, natural gas and electricity sectors would require Member States to notify the Commission of their projects at the feasibility study stage to enable the Commission to promote consultation between operators and the authorities responsible for energy-sector investments of interest to the Community. The ultimate objective is to optimize such investment by operators at Community level.

#### *Promotion of energy technology*

2.1.209. On 12 July the Economic and Social Committee unanimously adopted an

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<sup>1</sup> OJ C 189, 26.7.1989.

<sup>2</sup> Bull. EC 6-1989, point 2.1.189.

<sup>3</sup> COM(89) 332 final; OJ C 250, 3.10.1989; COM(89) 335 final; OJ C 247, 28.9.1989; COM(89) 334 final; COM(89) 336 final.

<sup>4</sup> COM(89) 332.

<sup>5</sup> Bull. EC 3-1989, point 2.1.159.

<sup>6</sup> Bull. EC 5-1989, point 2.1.220.

<sup>7</sup> OJ C 250, 3.10.1989; COM(89) 335 final.

<sup>8</sup> OJ L 120, 25.5.1972.

opinion<sup>1</sup> on the proposal for a Council Regulation concerning the promotion of energy technology in Europe — Thermie programme.<sup>2</sup> The Committee endorsed the objectives of this programme and examined the conditions to be met to make it effective. It took the view that the Community could help the developing countries resolve their energy and environment problems through technology transfer. It drew attention to the need to simplify and speed up the procedures so that SMEs can participate more in the proposed programme, and the need to lay down quantifiable criteria for periodic assessment of the progress achieved on projects and of their results.

## Specific matters

### *Solid fuels*

2.1.210. In accordance with Decision No 2064/86/ECSC of 30 June 1986 establishing Community rules for State aid to the coal industry,<sup>3</sup> the Commission authorized the granting of aid by Belgium for 1989 (BFR 6 934.9 million: Decision 89/529/ECSC)<sup>4</sup> and by the United Kingdom for the financial year 1989/90 (UKL 15.5 million).

2.1.211. Under Council Regulation (EEC) No 3640/85 of 20 December 1985 on the promotion, by financial support, of demonstration projects and industrial pilot projects in the energy field,<sup>5</sup> on 24 July the Commission decided to grant financial support totalling ECU 14 643 090 to eight demonstration projects designed to replace oil and gas by solid fuels<sup>6</sup> and ECU 7 188 080 for two projects for the gasification and liquefaction of solid fuels.

### *Oil and gas*

2.1.212. In accordance with Council Regulation (EEC) No 3639/85 of 19 December 1985 on a programme of support for technological development in the oil and gas sector,<sup>7</sup> on 1 August the Commission

decided, after consulting the Advisory Committee for the programme, to grant support totalling ECU 36 million for 52 projects in this field.<sup>8</sup>

### *Natural gas*

2.1.213. The communication<sup>9</sup> on the completion of the internal market for natural gas, which follows on from the working document on the internal energy market which the Commission transmitted to the Council in May 1988,<sup>10</sup> contains a proposal for a Directive on the transit of natural gas through the major systems. The proposal seeks to facilitate implementation of a right of transit for natural gas between gas companies in the Community in order to make the natural gas supply system more efficient and to encourage competition within the gas sector for the benefit of consumers as a whole. The Commission also proposes a procedure involving detailed consultations with all concerned in order to examine how third-party access to transmission networks might be ensured for public distributors or industrial consumers. To this end, it proposes to set up two advisory committees consisting of representatives of the Member States and of the operators concerned.

### *Nuclear energy*

2.1.214. On 27 July the Commission adopted a communication<sup>11</sup> updating the illustrative nuclear programme for the Community, the last version of which dates back to 1984.<sup>12</sup> This update mainly concerns the prospects of the components and

<sup>1</sup> OJ C 221, 28.8.1989.

<sup>2</sup> OJ C 101, 22.4.1989; Bull. EC 3-1989, point 2.1.158.

<sup>3</sup> OJ L 177, 1.7.1986, Bull. EC 6-1986, point 2.1.236.

<sup>4</sup> OJ L 277, 27.9.1989.

<sup>5</sup> OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.226.

<sup>6</sup> OJ C 300, 25.11.1988; Bull. EC 11-1988, point 2.1.270.

<sup>7</sup> OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.221.

<sup>8</sup> OJ C 215, 17.8.1988; Bull. EC 7/8-1988, point 2.1.235.

<sup>9</sup> OJ C 247, 28.9.1989; COM(89) 334 final.

<sup>10</sup> Bull. EC 4-1988, point 1.1.1 *et seq.*

<sup>11</sup> COM(89) 347 final.

<sup>12</sup> Bull. EC 11-1984, point 2.1.144.

equipment industry in relation to 1992. It supplements the Commission's thinking and proposals concerning the completion of the internal energy market. The communication will be published formally after the Economic and Social Committee has given its opinion pursuant to Article 40 of the Euratom Treaty.

The objective is to establish common design and construction standards for this sector so as to decompartmentalize the national markets and strengthen the competitive position of the European industries in the face of competition from non-member countries. The economies of scale will result in a reduction in the price of nuclear electricity and will make it possible to step up the efforts to improve safety. The Commission will set up a group of experts to assess the state of the internal market in nuclear electricity from the technical viewpoint, and inform it about the possibilities as regards the coordinated development of investment.

In the same vein, the Commission feels that it would be desirable to prepare for the future in a coordinated fashion by supporting the work undertaken by industrial groups in six Member States designed to culminate in 1995 in the assessment of a European fast reactor (EFR) project. This

reactor would make it possible to use the energy content of uranium fully (compared with about 1% with reactors of the present generation) and extend the life of uranium resources, thus avoiding tension on the world market for this sensitive raw material.

### *Electricity*

2.1.215. The communication on increased intra-Community trade in electricity includes a proposal for a Directive on the transit of electricity through transmission grids.<sup>1</sup> This proposal seeks to create the practical conditions for electricity transfers by obliging the bodies responsible for the grids to consider all requests for transit in specified conditions. The Commission will examine the conditions and additional principles governing the procedures for managing cross-frontier transit. The communication also provides for the setting-up of two advisory committees of representatives of the Member States and of interested parties with a view to examining how third-party access to grids might be ensured.

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<sup>1</sup> COM(89) 336.

## 2. External relations

### Commercial policy

#### General

2.2.1. On 12 July the Economic and Social Committee adopted an own-initiative opinion on the impact of a single internal market on the Community's trade with its major trading partners. Emphasizing the Community's vital role in international affairs, the Committee calls upon the Council and the Commission to adopt without delay appropriate measures to strengthen the Community's identity abroad, e.g. as a result of Community-level management of all the commercial instruments and preferential schemes for third countries. Following a review of various matters concerning the Community's international trade and the external effects of completing the internal market, the Committee emphasizes the advantages of a European Community which pursues a policy of openness towards other economic groupings, as advocated by the Commission.<sup>1</sup>

#### Commercial policy instruments

##### Easing of restrictive measures

2.2.2. 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,<sup>2</sup> the Commission adopted decisions during July and August opening or modifying quotas and suspending the 'Testausschreibung' arrangements relating to certain products.<sup>3</sup>

2.2.3. On 28 July, on a proposal from the Commission,<sup>4</sup> the Council adopted Regulation (EEC) No 2429/89<sup>5</sup> amending Annex 1 to Regulation (EEC) No 288/82 of 5 February 1982 on common rules for imports.<sup>6</sup> The object of this Regulation

is to abolish certain national quantitative restrictions on products originating in Japan following the agreement reached between Japan and the Community on 17 March.<sup>7</sup>

2.2.4. On 18 July, on a proposal from the Commission,<sup>4</sup> the Council adopted Regulation (EEC) No 2189/89,<sup>8</sup> also amending Annex 1 to Regulation (EEC) No 288/82,<sup>6</sup> with a view to eliminating from 1 July onwards a number of quantitative restrictions applied by Member States on tropical products. This measure translates into practice the second element<sup>9</sup> of the commitments made by the Community as part of the Uruguay Round.

#### Trade protection

##### Anti-dumping measures

2.2.5. Trade protection measures taken in July and August are shown in Table 4.

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<sup>1</sup> Bull. EC 10-1988, points 1.2.1 to 1.2.14.

<sup>2</sup> OJ L 346, 8.12.1983.

<sup>3</sup> OJ C 207, 12.8.1989; OJ L 216, 22.8.1989.

<sup>4</sup> Bull. EC 6-1989, point 2.2.2.

<sup>5</sup> OJ L 230, 8.8.1989.

<sup>6</sup> OJ L 35, 9.2.1982; Bull. EC 2-1982, point 2.2.5.

<sup>7</sup> Bull. EC 3-1989, point 2.2.5.

<sup>8</sup> OJ L 209, 21.7.1989.

<sup>9</sup> First element: OJ L 169, 19.6.1989; Bull. EC 5-1989, point 2.1.42. Second element (→ point 2.1.27).

Table 4 — *Trade protection measures*

Council	Commission
<p><b>Anti-dumping measures</b></p> <p><i>Extension of provisional anti-dumping duty on imports of:</i></p> <p>Calcium metal originating in China or the USSR OJ L 208, 20.7.1989 (provisional anti-dumping duty: OJ L 78, 21.3.1989)</p> <p><i>Amendment of Regulation:</i></p> <p>No 1282/81 imposing a definitive anti-dumping duty on imports of vinyl acetate monomer originating in the United States of America (change of company name: US Industrial Chemicals Co. becomes Quantum Chemical Corporation, USI Division) OJ L 208, 20.7.1989 (initial undertakings: OJ L 129, 15.5.1981; OJ L 213, 4.8.1987)</p>	<p><i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i></p> <p>Linear tungsten halogen lamps originating in Japan OJ C 183, 20.7.1989</p> <p>Potassium permanganate originating in the USSR OJ C 192, 29.7.1989</p> <p>Certain welded tubes, of iron or non-alloy steel, originating in Turkey or Venezuela OJ C 226, 2.9.1989</p> <p><i>Commission Regulation imposing a provisional anti-dumping duty on imports of:</i></p> <p>Certain compact disc players originating in Japan or South Korea OJ L 205, 18.7.1989 (initiation: OJ C 178, 7.7.1987)</p> <p>Barium chloride originating in China or the German Democratic Republic OJ L 227, 4.8.1989 (initiation: OJ C 308, 3.12.1988)</p> <p>Potassium permanganate originating in Czechoslovakia OJ L 245, 22.8.1989 (undertakings: OJ L 339, 2.12.1986)</p> <p><i>Commission Decision terminating the anti-dumping proceeding concerning imports of:</i></p> <p>Hydraulic excavators originating in Japan OJ L 249, 25.8.1989 (initiation: OJ C 146, 3.6.1988)</p> <p><i>Notice of intention to carry out a review of an anti-dumping measure concerning imports of:</i></p> <p>Certain types of ball-bearings originating in Singapore OJ C 175, 11.7.1989 (anti-dumping duty: OJ L 193, 21.7.1984)</p> <p>Horticultural glass originating in Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania or the USSR OJ C 183, 20.7.1989 (undertakings: OJ L 224, 21.8.1984)</p> <p><i>Notice of reopening of an anti-dumping proceeding concerning imports of:</i></p> <p>Potassium permanganate originating in Czechoslovakia OJ C 216, 22.3.1989 (undertaking: OJ L 339, 2.12.1986)</p>

Council	Commission
	<p><i>Notice of the impending expiry of certain anti-dumping measures concerning imports of:</i></p> <p>Pentaerythritol originating in Canada and oxalic acid originating in Brazil  OJ C 199, 4.8.1989  (anti-dumping duty: OJ L 13, 16.1.1985 (Canada), OJ L 26, 31.1.1985 (Brazil))</p> <p><i>Notice concerning the continuation in force of anti-dumping measures concerning imports of:</i></p> <p>Dense sodium carbonate originating in the USA  OJ C 183, 20.7.1989</p>

### *Community surveillance*

2.2.6. On 28 July the Commission adopted for transmission to the Council a proposal for a Regulation establishing ceilings and Community surveillance for imports of certain products originating in Yugoslavia.<sup>1</sup> The aim of this proposal is to extend for the period from 1 January to 31 December 1990 the tariff ceilings contained in the Cooperation Agreement concluded on 24 January 1983.<sup>2</sup>

### *Treaties and trade agreements: extension or automatic renewal*

2.2.7. On 31 July the Commission adopted for transmission to the Council a proposal<sup>3</sup> for a Decision authorizing the extension or tacit renewal of certain trade agreements concluded between Member States and non-member countries and due for renewal between 1 August and 31 October 1989 (third batch for 1989).<sup>4</sup>

## **Individual sectors**

### *Iron and steel products*

#### **Agreements and arrangements with non-Community countries**

2.2.8. On 26 July the Commission adopted Decision No 2257/89/ECSC<sup>5</sup>

amending Decision No 1411/89/ECSC of 24 May 1989<sup>6</sup> prohibiting alignment on offers of iron and steel products originating in certain third countries, in order to include South Korea.

### *Textiles*

#### **Agreements and arrangements with non-Community countries**

2.2.9. On 18 July the Council adopted a Decision approving the arrangement with Turkey regarding trade in clothing products initialled on 20 December 1988.<sup>7</sup>

## **Industrialized countries**

### **Multilateral meetings**

#### *Western Economic Summit*

2.2.10. The 15th Western Economic Summit was held in Paris from 14 to 16 July (→ points 1.1.1 to 1.1.6 and 3.2.1 to 3.2.6).

<sup>1</sup> COM(89) 375 final.

<sup>2</sup> OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.21.

<sup>3</sup> COM(89) 401 final.

<sup>4</sup> Second batch: OJ L 164, 15.6.1989; Bull. EC 6-1989, point 2.2.4.

<sup>5</sup> OJ L 216, 27.7.1989.

<sup>6</sup> OJ L 141, 25.5.1989; Bull. EC 5-1989, point 2.2.5.

<sup>7</sup> Bull. EC 12-1988, point 2.2.12.

## United States

2.2.11. The Council (General Affairs) on 17 and 18 July noted with satisfaction the relations established with the US Administration, but regretted that certain problems resulting from the unilateral nature of the Trade Act still remained.<sup>1</sup>

The Council approved the Commission's decision to request consultations within GATT following the US decision of 5 July, which held that certain provisions of the Trade Act could be applied to Community policy on oilseeds.

With regard to the dispute concerning hormones, the Council urged the US authorities to lift the unilateral measures which were still affecting Community interests, even though the practical conditions for restoring a trading pattern had been defined by joint agreement.<sup>2</sup>

## Japan

2.2.12. Mr Kajiyama, Minister of Foreign Trade and Industry, visited Brussels on 11 and 12 July and met Mr Andriessen, Mr Pandolfi and Mr Bangemann. A number of specific matters were discussed, such as trade relations between the two sides; on this subject Mr Andriessen and Mr Bangemann urged Japan to continue to respond positively to the Community. On the subject of scientific and technical cooperation, Mr Pandolfi stressed the value of continued cooperation on research and development.

## European Free Trade Association

2.2.13. Mr Hannibalson, Iceland's Foreign Minister and Chairman of the EFTA Council, met Mr Delors, Mr Andriessen and Mr Christophersen in Brussels on 14 July. Mr Hannibalson expressed EFTA's satisfaction with the results obtained by the working groups set up following the informal ministerial meeting of 20 March.<sup>3</sup> The discussions focused on various institutional matters, including the attempt to establish a dispute settlement procedure, and pre-

parations for the next EEC-EFTA ministerial meeting, the policies to be introduced in connection with the completion of the internal market and in particular environmental protection and Austria's application for membership.

## Bilateral relations

### Austria

2.2.14. On 17 July Mr Alois Mock, the Austrian Foreign Minister, handed to Mr Roland Dumas, the French Foreign Minister, three letters requesting the accession of Austria to the European Communities in accordance with Article 98 of the ECSC Treaty, Article 237 of the EEC Treaty and Article 205 of the Euratom Treaty.

The Council (General Affairs) was informed of this request at its meeting on 17 and 18 July and requested the Presidency to acknowledge receipt.

### Switzerland

2.2.15. Mr Andriessen met Mr Delamuraz, President of Switzerland, in Berne on 28 July. They discussed relations between EFTA and the Community and various bilateral matters, including Community transit.

## Eastern Europe

2.2.16. The Commission was given responsibility by the Western Economic Summit for coordinating aid for the economic restructuring of Hungary and Poland (Operation Phare) (→ points 1.1.2 to 1.1.4).

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<sup>1</sup> Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 to 3.6.10.

<sup>2</sup> Bull. EC 1-1989, point 2.2.7.

<sup>3</sup> Bull. EC 3-1989, point 2.2.7; Bull. EC 4-1989, point 2.2.6.



**Bilateral relations****Soviet Union**

2.2.17. On 19 and 20 July the first negotiating meeting was held with the aim of concluding a trade and commercial and economic cooperation agreement between the Community and the Soviet Union. The Community delegation, taking as a basis the directives adopted by the Council on 12 June, stressed the development of trade cooperation and the opening-up of the Soviet market.<sup>1</sup>

**Mediterranean, Gulf and Arabian Peninsula countries****Mediterranean countries**

2.2.18. On 12 July the Economic and Social Committee adopted an own-initiative opinion on the Community's Mediterranean policy. After analysing the results of this policy, the Committee examined ways of updating and developing it, and submitted proposed solutions for a number of decisive sectors.

**Turkey**

2.2.19. On 18 July, two financing agreements were signed in Brussels by the Turkish Deputy Prime Minister, Mr Ali Boze, and Mr Matutes. They form part of the special ECU 75 million package of aid to Turkey agreed by the Council in May 1979 and approved in June 1980.<sup>2</sup> The agreements, for a total of ECU 4.8 million, which result from commitments approved in December 1988,<sup>3</sup> concern a programme to strengthen the association links between the Community and Turkey and the setting-up in Istanbul of a regional training and development centre for local authority middle- and senior-level staff in the Eastern Mediterranean and Middle East.

**Cyprus**

2.2.20. On 14 July the third financial Protocol under the Association Agreement of 1973 was initialled in Brussels.<sup>4</sup> The Protocol was negotiated by the Commission on the basis of the Council Decision of 23 January,<sup>5</sup> and provides ECU 62 million for Cyprus: ECU 44 million in EIB loans, ECU 13 million in grants and ECU 5 million for risk capital operations.

**Malta**

2.2.21. On 18 July the Council adopted Regulation (EEC) No 2229/89<sup>6</sup> on the implementation of Decision 1/89 of the EEC-Malta Association Council<sup>7</sup> amending, as a consequence of the introduction of the Harmonized System,<sup>8</sup> Protocol No 2 to the Association Agreement of 5 December 1970<sup>9</sup> concerning the definition of the concept of 'originating products' and methods of administrative cooperation.

**Morocco**

2.2.22. On 3 July the Commission approved a financing decision granting ECU 34 150 000 towards an irrigation project for the Lower Tessaout area. The money is being provided as a grant under the Protocol on financial and technical cooperation with Morocco.<sup>10</sup>

<sup>1</sup> Bull. EC 6-1989, point 2.2.18.

<sup>2</sup> Thirteenth General Report, point 554; Fourteenth General Report, point 649.

<sup>3</sup> Bull. EC 12-1988, point 2.2.23.

<sup>4</sup> OJ L 133, 21.5.1973; OJ L 174, 30.6.1981.

<sup>5</sup> Bull. EC 1-89, point 2.2.14.

<sup>6</sup> OJ L 217, 27.7.1989.

<sup>7</sup> Bull. EC 3-1989, point 2.2.13.

<sup>8</sup> OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

<sup>9</sup> OJ L 61, 14.3.1971.

<sup>10</sup> OJ L 224, 13.8.1988; Bull. EC 6-1988, point 2.2.36.

## Asia

### South Asia

#### *India*

2.2.23. On 17 July, following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission granted ECU 40 300 000 from appropriations under Article 930 of the budget for a project to improve Indian veterinary services for live-stock disease control.

### Association of South-East Asian Nations (Asean)

2.2.24. Mr Matutes attended the annual meeting<sup>1</sup> between the Asean foreign Ministers and their counterparts from Asean's main partners (the Community, the United States, Canada, Japan, Australia and New Zealand), which took place from 5 to 8 July in Brunei. He explained how completion of the internal market would have a positive impact both on world trade, within the multilateral framework established by the Uruguay Round, and on the Community's trade relations with the Asean members and other developing countries. He said that the Community was following with interest the talks on cooperation between the countries of the Asia-Pacific region, which attracted half the Community's external trade. He also emphasized the need for such initiatives to be part of a strengthening of the system of open multilateral trading.

#### *Malaysia*

2.2.25. From 9 to 11 July Mr Matutes paid an official visit to Malaysia, where he met members of the Government. During his stay he also chaired a seminar on the subjects of Asean and the Europe of 1992, which took place in Kuala Lumpur on 10 July.

#### *Singapore*

2.2.26. On 11 July, at the end of his visit to South-East Asia, Mr Matutes visited Singapore, where he had talks with government authorities and representatives of industry.

#### *Philippines*

2.2.27. While in Paris for the Western Economic Summit, Mr Delors met Mrs Corazón Aquino, President of the Philippines. They discussed the economic situation of the Philippines, which in 1988 saw considerable growth and a spectacular upswing in investment, the debt problem and the resultant heavy burden on the country, and the various channels for Community support, which, as was announced at the meeting of the donors' club in Tokyo from 3 to 5 July, had been increased from ECU 11 million to ECU 16 million.

2.2.28. On 14 July in Brussels Mr Matutes met Mrs Aquino and a high-level delegation from the Philippines Government. They discussed the programme of assistance to the Philippines (PAP) and Community support for non-governmental organizations in the Philippines. The meeting saw the signing of a memorandum on Community aid for the rural sector in the Philippines and a financing agreement on a programme of agricultural training providing for Community support of ECU 10.4 million.

#### **Korea**

2.2.29. The sixth round of high-level talks between the Republic of Korea and the Community took place in Brussels from 4 to 7 July.<sup>2</sup> The delegations were led by Mr Choi Ho Joong, Minister of Foreign Affairs, and Mr Frans Andriessen, Vice-President of the Commission.

The Community delegation urged Korea to meet fully the international trade responsi-

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<sup>1</sup> Previous meeting: Bull. EC 7/8-1988, point 2.2.35.

<sup>2</sup> Previous talks: Bull. EC 9-1988, point 2.2.28.

bilities commensurate with its economic strength, citing the abolition of tariff and non-tariff restrictions on imports of agricultural and food products, alcoholic beverages and cars, improvement in the climate for investment and trade in Korea, the country's industrial policy and exchange-rate system and the protection of intellectual property.

The Korean delegation emphasized the broad scope of the recent liberalization measures, but agreed to open sectoral talks with the Commission with a view to resolving outstanding problems. It stressed the importance attached by Korea to Community investment and to cooperation in telecommunications, science and technology. It also expressed concern about external aspects of the completion of the internal market, the proliferation of anti-dumping proceedings and the continuation of certain import restrictions.

The two sides also discussed the progress of the Uruguay Round and their respective relations with Japan and the United States. At the end of the talks an agreement was signed on the setting-up of a Community delegation in Seoul.

## Latin America

### Bilateral relations

#### *Mexico*

2.2.30. The Joint Committee set up by the Cooperation Agreement of 16 September 1975<sup>1</sup> between Mexico and the Community met in Brussels on 10 and 11 July for the eighth time.<sup>2</sup>

The two sides exchanged views on their foreign policy priorities. Pointing to the exemplary nature of their cooperation, they agreed to reinforce current levels of cooperation in such traditional areas as trade, science and technology, and energy. They also emphasized the importance of industrial

cooperation and in view of this decided to establish a forum to encourage joint ventures. They also decided to set up a Subcommittee on Industrial Cooperation, whose first meeting will take place before the end of the year.

#### *Brazil*

2.2.31. The third meeting<sup>3</sup> of the Joint Committee set up by the Cooperation Agreement between Brazil and the Community.<sup>4</sup> was held in Brussels on 19 and 20 July, and was attended by Mr Flecha de Lima, Secretary-General of the Brazilian Foreign Ministry, and Mr Matutes.

The Joint Committee surveyed various aspects of cooperation between the two sides and agreed that there should be greater diversification of exports in order to increase trade, which shows a substantial surplus in Brazil's favour. A Joint Committee is to be set up to monitor and strengthen industrial cooperation, since the two sides recognize the need for pragmatism and selectiveness in the choice of priority sectors.

The two delegations also discussed the prospects for promoting research, eight projects having been adopted for this year, in fields which include telecommunications, high-definition television, and energy. A number of new areas of cooperation were mentioned, notably fisheries, maritime transport and in particular environmental protection

## African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs)

### Renewal of the ACP-EEC Convention

2.2.32. Following the ministerial conference in June,<sup>5</sup> the Council adopted on 28

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1 OJ L 247, 23.9.1974.

2 Previous meeting: Bull. EC 2-1987, point 2.2.18.

3 Previous meeting: Bull. EC 11-1987, point 2.2.31.

4 OJ L 281, 4.10.1982; Bull. EC 11-1982, point 2.2.76.

5 Bull. EC 6-1989, point 2.2.31.

July the Community position on five important areas of negotiation: trade, Stabex, Sysmin, commodities and the geographical coverage of the new Convention.

and territories.<sup>2</sup> The purpose of this proposal is to provide for a reduction in the levy applicable to molasses originating in the countries concerned.

## Trade cooperation

2.2.33. On 2 August the Commission adopted for transmission to the Council a proposal for a Regulation<sup>1</sup> amending Regulation (EEC) No 486/85 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries

## Stabex

### Transfers

2.2.34. On 1 August the Commission decided on the following 47 Stabex transfers for the 1988 application year:

1 COM(89) 407 final.

2 OJ L 61, 1.3.1985; Bull. EC 2-1985, point 2.2.38.

Country	Product	Amount (ecus)	Of which already advanced
Benin	Cotton	6 188 224	2 000 000
	Palm products	746 049	
	Oil-cake	189 110	
	Cotton seed	37 780	
Burundi	Tea	542 258	
	Cotton	178 064	
Cameroon	Cocoa products	34 184 659	16 000 000
	Coffee	40 557 925	19 000 000
Central African Republic	Coffee	3 897 537	
	Cotton	3 536 660	
	Wood in the rough	703 823	
Comoros	Sawn wood	165 456	
	Cloves	1 037 953	
Côte d'Ivoire	Cocoa	49 820 010	28 000 000
	Coffee	65 318 693	
Ethiopia	Coffee	6 581 683	
Gabon	Wood in the rough	3 127 959	
Gambia	Groundnuts	1 148 974	
	Groundnut oil	478 095	
Grenada	Cocoa	844 258	900 000
Equatorial Guinea	Cocoa	2 089 501	
Kenya	Coffee	19 122 499	
Lesotho	Mohair	1 224 000	
Malawi	Tea	7 418 400	
Mali	Cotton	4 709 583	
Papua New Guinea	Cocoa	2 582 383	
	Copra products	6 147 829	
	Palm products	10 716 344	

**African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs)**

Country	Product	Amount (ecus)	Of which already advanced
Rwanda	Coffee	14 235 335	
	Hides and skins	799 737	
	Tea	2 374 157	
	Pyrethrum	281 637	
Senegal	Groundnut products	993 491	400 000
Solomon Islands	Copra	2 910 168	
	Palm oil	653 282	
	Wood in the rough	304 747	
Chad	Cotton	7 015 804	3 000 000
Togo	Cocoa	5 690 394	
	Coffee	1 889 928	
Tonga	Coconuts	105 814	
	Copra oil	683 369	
	Bananas	193 267	
Tuvalu	Copra	23 237	
Vanuatu	Cocoa	158 591	
	Copra	1 908 143	
Western Samoa	Cocoa	487 968	
	Copra oil	1 345 222	
	<b>Total</b>	<b>315 350 000</b>	<b>69 300 000</b>

The financial resources available under the system to meet these transfers include, apart from the ordinary Stabex resources (annual instalment, amounts drawn on the instalment for the following year and interest accruing from Stabex funds), an additional ECU 125 million mobilized by a decision of the ACP-EEC Committee of Ambassadors at its extraordinary meeting on 28 July. These additional resources are made up of amounts carried over from the First and Second Lomé Conventions and resources from the Sysmin allocation and the allocation for interest subsidies on EIB loans under the Third Lomé Convention.

The mobilization of additional resources was considered necessary by the ACP-EEC bodies because of the very large gap between Stabex financial resources (ECU 190.35 million) and the amount of eligible transfer requests (ECU 631.22 million).

2.2.35. On 19 July the Commission adopted for transmission to the Council a proposal to reduce the Stabex transfer entitlements calculated pursuant to Council

Decision 86/283/EEC of 30 June 1986 on the association of the overseas countries and territories with the Community.<sup>1</sup>

Since French Polynesia has submitted for 1988 a transfer request concerning copra oil for an amount exceeding the resources available, the Commission proposes to reduce transfer entitlements to the same level as resources, namely ECU 800 000.

### **Financial and technical cooperation**

#### *European Development Fund*

2.2.36. In July the Commission allocated resources from the fourth, fifth and sixth EDFs totalling ECU 183 110 000 to finance projects, programmes and emergency aid operations which it administers (see Table 5).

<sup>1</sup> OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.43.

Table 5 — *Financing of operations under the fourth, fifth and sixth EDFs*

		<i>million ECU</i>	
Sector/country	Project/programme	Amount	
		Grants	Loans
<i>Economic infrastructure</i>			
Regional	Improving road links between Dakar (Senegal), Banjul (Gambia) and Bissau	4.400	
Equatorial Guinea	Ferry on the Rio M'Bini	1.180	
Turks and Caicos Islands	Construction of a new dock	3.500	
Somalia	Juba valley road	59.900	
Mozambique and Zimbabwe	Road (Beira corridor)	5.000	
<i>Rural production</i>			
Mali	Food strategy support programme	1.000	2.500
Mali	Hydro-agricultural rehabilitation	65.000	
Regional	Agricultural research in sub-Saharan Africa (Southern, Central, West and East Africa)	15.000	
<i>Industrialization</i>			
Botswana	Mining industries (nickel and copper)		21.650
<i>Emergency aid</i>			
Sudan	Contribution to the International Committee of the Red Cross programme of assistance for victims of the conflict in southern Sudan	3.000	
All ACP	Control of epidemics (cholera, yellow fever etc.) which are increasing	0.650	
Senegal	Improving the precarious medical and health position of Senegalese refugees/returnees	0.330	
Total		158.960	24.150

## Visits

2.2.37. Mr Marín visited Zambia, Botswana and Zimbabwe from 4 to 8 July. In his talks with local political leaders, Mr Marín confirmed the Community's support for the Front-line States,<sup>1</sup> in their efforts to improve the situation in Southern Africa. He also stressed the Commission's desire to contribute through its aid programmes to helping those countries, and the SADCC region<sup>2</sup> as a whole, to develop and increase

their independence by improving infrastructure, productive capacity and institutions.

2.2.38. Mr Henck Arron, Vice-President and Prime Minister of Suriname, met Mr

<sup>1</sup> Angola, Botswana, Mozambique, Tanzania and Zimbabwe.

<sup>2</sup> The Southern African Development Coordination Conference (SADCC) is made up of Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

Marín on 13 July at the Commission. Their discussions covered various aspects of cooperation between the Community and Suriname, in particular the technical assistance provided to help Suriname draw up a blueprint for a structural adjustment programme. Both sides stressed the good quality of cooperation and the considerable progress made in implementing the Lomé III indicative programme. Mr Arron was pleased that the Commission had approved in June a sectoral import programme totalling ECU 8.5 million.<sup>1</sup> An agreement granting diplomatic status to the Commission delegation in Suriname was also signed during the visit.

## General development cooperation

### Commodities and world agreements

#### *Common Fund*

2.2.39. The first annual meeting of the Governing Council of the Common Fund for Commodity Stabilization was held in Geneva from 10 to 21 July. The Fund was set up following the agreement reached in 1980 by the United Nations Conference on Trade and Development.<sup>2</sup>

This Agreement, which was signed by the Community and its Member States on 21 October 1981, but had been held in abeyance for a number of years because not enough countries had ratified it, entered into force on 19 June when 90 countries, representing two-thirds of the Fund's capital, had ratified it.

Following this inaugural meeting, the Governing Council adopted a number of decisions designed to render the Fund operational forthwith, at least on a provisional basis: election of the 26 Members of the Bureau and the Executive Director, Mr Hartantyo (Indonesia); choice of Amsterdam (Netherlands) as the Fund's headquarters; adoption of a provisional budget for the

first year of operation, and interim financial regulations.

#### *Coffee*

2.2.40. Following the failure to reach agreement on a more favourable compromise, the Council of the International Coffee Agreement decided at its extraordinary meeting in London on 3 July<sup>3</sup> to extend the 1983 Agreement,<sup>4</sup> without economic provisions, for another two years and to suspend the existing quota system as from 4 July. This resulted in an immediate return to a free market and a marked fall in coffee prices on the world market.

2.2.41. On 11 July, consequent on this decision, the Commission adopted Regulation (EEC) No 2061/89<sup>5</sup> establishing 4 July as the date of application of the system of certificates of origin to be implemented under Council Regulation (EEC) No 678/87 of 26 January 1987<sup>6</sup> in the event of suspension of quotas. On 2 August it also adopted for transmission to the Council a recommendation for a Decision concerning notification of the Community's acceptance of the International Coffee Agreement of 1983 as extended until 30 September 1991.<sup>7</sup>

#### *Natural rubber*

2.2.42. On 10 July the Commission adopted for transmission to the Council a proposal<sup>8</sup> concerning the approval of the International Natural Rubber Agreement,<sup>9</sup> which entered into force provisionally on 29 December 1988.<sup>10</sup>

<sup>1</sup> Bull. EC 6-1989, point 2.2.33.

<sup>2</sup> Bull. EC 6-1980, point 2.2.41.

<sup>3</sup> Previous meeting: Bull. EC 4-1989, point 2.2.41.

<sup>4</sup> OJ L 308, 9.11.1983; Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.

<sup>5</sup> OJ L 196, 12.7.1989.

<sup>6</sup> OJ L 69, 12.3.1987.

<sup>7</sup> COM(89) 406 final.

<sup>8</sup> COM(89) 338 final.

<sup>9</sup> OJ L 58, 3.3.1988; Bull. EC 9-1987, point 2.2.31.

<sup>10</sup> Bull. EC 12-1988, point 2.2.47.

## Emergency aid

### *South-East Asia*

2.2.43. On 6 July, following the recent arrival of around 50 000 new Indochinese refugees in various countries in South-East Asia, the Commission decided to grant emergency aid of ECU 1 million in response to a request from the Office of the UN High Commissioner for Refugees. The aid will be implemented by the Office and will pay for basic necessities and essential services.

### *Argentina*

2.2.44. On 13 July, in view of the situation in Argentina and in response to an appeal from the League of Red Cross Societies, the Commission granted emergency aid of ECU 400 000 to assist the poorest sections of the population. The aid will be implemented by the League and will be used to purchase and distribute food and to cover staffing costs.

### *China*

2.2.45. On 3 August the Commission granted ECU 500 000 to help the people affected as a result of the damage caused by torrential rains and landslides in China, especially in Szechuan province. The aid will be implemented by Médecins sans frontières-Belgique and will be used to finance a programme of direct humanitarian aid, involving the supply of urgently needed goods and foodstuffs.

### *Lebanon*

2.2.46. On 16 August, in view of the worsening situation in Lebanon and the resulting hardship to the population, the Commission granted emergency aid of ECU 500 000 for all those affected by the troubles, without discrimination. The aid will be channelled through the International Committee of the Red Cross (ECU 300 000) for the supply of medicines and the provision of other types of assistance and

through Médecins sans frontières (ECU 200 000) for the supply of medicines and minor medical equipment.

On 31 August the Commission granted Lebanon a further ECU 8.6 million in immediate emergency aid — partly from existing reserves — comprising ECU 5.3 million as food aid and ECU 3.3 million to cover various needs such as medicines, tents, pumps and generators. The aid will be channelled through the World Food Programme, Médecins sans frontières-Belgique, the International Committee of the Red Cross, Secours populaire français and the United Nations Disaster Relief Office.

The decision came after the meeting in Brussels on 30 August of emergency aid experts from the 12 Member States, organized by the Commission. The experts examined the report of the evaluation mission sent to Beirut on 24 August on the initiative of European Political Cooperation and the French Presidency following the worsening of the situation in Lebanon.

## Financial and technical cooperation

2.2.47. On 3 July, following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission adopted a decision on financial assistance for six international agricultural research centres. Funds were first committed by the Community in 1977<sup>1</sup> and this follow-up provides a total of ECU 8.5 million, taken from Article 930 of the Community budget. The breakdown is as follows:

CIAT (Centro Internacional de Agricultura Tropical) — Cali, Colombia: ECU 1 800 000;

CIP (Centro Internacional de la Papa) — Lima, Peru: ECU 1 000 000;

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<sup>1</sup> Eleventh General Report, point 475.



Icrisat (International Crops Research Institute for the Semi-Arid Tropics) — Hyderabad India: ECU 1 800 000;

IRRI (International Rice Research Institute) — Manila, Philippines: ECU 1 800 000;

Isnar (International Service for National Agriculture Research) — The Hague, Netherlands: ECU 500 000;

Cimmyt (Centro Internacional de Mejoramiento de Maíz y Trigo) — Mexico City, Mexico: ECU 1 600 000.

2.2.48. Also on 3 July and following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission adopted a decision granting ECU 5 million to provide outside consultants' services to Latin American and Asian developing countries and organizations eligible for financial and technical assistance from the EEC.

### **Cooperation via non-governmental organizations**

2.2.49. In the period from 1 January to 31 August the Commission committed a total of ECU 64.4 million for the cofinancing in developing countries of 403 projects presented by 145 NGOs.

The Commission also contributed a total of ECU 6 490 815 towards 77 projects aimed at increasing European public awareness.

### **Aid to promote self-sufficiency of refugee groups**

2.2.50. In July the Commission granted emergency aid of ECU 500 000 to 75 000 Mozambican refugees in Zimbabwe and ECU 330 000 to Ugandan returnees from Sudan.

## **International organizations and conferences**

### **Council of Europe**

#### *Implementing cooperation*

2.2.51. In accordance with the conclusions adopted by the Council (General Affairs)

on 20 March<sup>1</sup> and the political declaration by the Committee of Ministers on 5 May,<sup>2</sup> the first high-level meeting between the Council of Europe and the Community was held in Paris on 11 July. Mr Stoltenberg, Chairman of the Committee of Ministers, Mrs Lalumière, Secretary-General, Mr Dumas, President of the Council, and Mr Delors, President of the Commission, took part in the meeting. Their exchanges of views covered the European institutions' policy towards East European countries, human rights and social rights, and various environmental matters.

### *Parliamentary Assembly*

2.2.52. The 41st session of the Parliamentary Assembly of the Council of Europe continued in Strasbourg from 3 to 7 July and was attended by representatives of the legislative assemblies of the Soviet Union, Poland, Hungary and Yugoslavia, who had been given special guest status by the resolution adopted in May.<sup>3</sup> The occasion was marked by the speech made by Mr Gorbachev, President of the Supreme Soviet of the USSR, who put forward his view of the 'European house' and European cooperation. During his visit, at the end of which it was decided to set up a technical working group to examine the scope for cooperation between the Council of Europe and the Soviet Union, Mr Gorbachev also met Mr Björk, the President of the Assembly, members of the Enlarged Bureau and Mrs Lalumière, the Secretary-General.

## **Diplomatic relations**

2.2.53. The following ambassadors, whose appointments took effect on the dates shown, presented their letters of credence to the President of the Council and the President of the Commission.

<sup>1</sup> Bull. EC 3-1989, point 2.2.51.

<sup>2</sup> Bull. EC 5-1989, point 2.2.62.

<sup>3</sup> First part of session: Bull. EC 5-1989, point 2.2.61.

18 July

HE Mr Thomas Niles, Head of Mission of the United States of America to the European Communities.

20 July

HE Mr J.B.J.S. Dhlamini, Head of Mission of the Kingdom of Swaziland to the European Communities; HE Mr J. Cesar Gil, Head of Mission of the Republic of Venezuela to the European Communities; HE Mr Ali M. Hasson, Head of Mission of the People's Democratic Republic of Yemen to the European Communities; HE Mr Mohamed Aberkane, Head of Mission of the People's Democratic Republic of Algeria to the European Communities.

24 July

HE Mr Tyrell Derric Samuel Alaric Disanayaka, Head of Mission of the Democratic Socialist Republic of Sri Lanka to the European Communities; HE Roberto M. Romulo, Head of Mission of the Republic of the Philippines to the EEC; HE Mr G.V. Ramakrishna, Head of Mission of the Republic of India to the EEC and the ECSC; HE Mr Takehiko Nishiyama, Head of Mission of Japan to the European Communities.

2.2.54. The Head of Mission of the People's Democratic Republic of Yemen is the first ambassador from that country to be accredited to the European Communities. The number of missions is now 141.

### 3. Intergovernmental cooperation

#### European political cooperation (EPC)

##### Conference on Security and Cooperation in Europe (CSCE)

2.3.1. On 11 July the Twelve published the following joint declaration in Paris and Brussels on the occasion of the 75th EPC ministerial meeting:

'The Twelve reaffirm the importance of substantial and balanced progress and of positive results in all areas of the CSCE process with a view to overcoming the divisions within Europe.

The application of the human dimension mechanism and the two follow-up meetings held since the start of the year in the framework of the CSCE, namely the Information Forum from 18 April to 12 May in London and the first meeting of the Conference on the Human Dimension from 30 May to 23 June in Paris, have testified to the vitality of the Helsinki process and its potential

and confirmed the essential role played by the CSCE in the successful building of new relationships between all the participating States.

In effect, both meetings have served to convince the Twelve of the reality and diversity of the changes taking place in certain countries of Eastern Europe. While serious human rights violations continue to occur in certain countries, situations are emerging in other countries which are especially encouraging since they reflect the increasingly strong attraction of the universal values of freedom and democracy, the search for dialogue and the desire to establish human relations founded on respect for individual freedoms and the law.

The Community and its Member States welcome these developments, reaffirm their desire to continue and enhance cooperation with these countries, and express their readiness to make active use to this end of all the possibilities offered by the CSCE.'

##### Cambodia

2.3.2. On 11 July the Twelve published the following joint declaration on the

occasion of the 75th EPC ministerial meeting:

'On the eve of the International Conference on Cambodia in Paris, the Twelve express their total support for France, host country of the meeting, whose efforts have contributed to the search for a negotiated political solution to the Cambodian conflict.

The Twelve recall their conviction that only a comprehensive settlement of the Cambodia problem can provide solid and lasting guarantees.

The Twelve also pay tribute to the important contribution of Asean. They express the desire that close contacts should be maintained with Asean during the coming discussions.

The Community and its Member States wish, finally, to indicate their readiness to make their contribution to the efforts to restore peace in Cambodia and, at the appropriate time, to the reconstruction of the country.'

## Burma

2.3.3. On 26 July the Twelve published the following joint statement in Paris and Brussels:

'The Twelve express once more their concern at the persistent, extensive impediments to the exercise of fundamental freedoms in Burma. They are following with particular attention and disquiet the taking of measures against the leaders of the political opposition and the worsening of martial law.

As we await the elections announced by the State Law and Order Restoration Council, the Twelve appeal to the Burmese authorities to remove without delay the obstacles to the fulfilment of the democratic aspirations of the Burmese people and to the free expression of opinion.'

## Lebanon

2.3.4. On 4 August the Twelve published the following joint statement in Paris and Brussels:

'The publication by the Arab Tripartite Committee on Lebanon of a communiqué, in which it considers that its mission has reached an impasse at both security and political level, causes the greatest concern. It demonstrates the intensity of the efforts of the Committee, the value of the solutions advocated but also the persistence of differences which have, so far, prevented their implementation.

The Twelve, which have constantly supported the action of the Tripartite Committee, recall that the solution to the crisis in Lebanon requires the restoration of security through the implementation of a complete ceasefire and the lifting of blockades, and a political settlement based upon an agreement on necessary reforms, the restoration of the authority of the Lebanese State and the withdrawal of all non-Lebanese forces.

While calling for the continuation of the Arab action, they reaffirm their determination to contribute through all means possible to the efforts for a peaceful solution in Lebanon.'

2.3.5. On 7 August the Twelve published the following joint statement in Paris and Brussels:

'The Twelve note that no further executions of the hostages held in Lebanon have been announced, but they express their concern at the continuing tension in the region. They deeply regret that the numerous international appeals and the bilateral approaches by members of the Twelve have not so far secured the release of any of the hostages. The Twelve therefore reiterate their earlier calls for the immediate and unconditional release of all hostages wherever and by whomever they are held.

They urge all those who are able to exercise influence over those holding the hostages to use it to help effect their release.'

2.3.6. On 23 August the Twelve published the following joint statement in Paris and Brussels:

'In view of the persistence in Lebanon of a situation fraught with danger and of the suffering borne by all Lebanese, the Twelve Foreign Ministers:

(i) urgently appeal to all the parties to cease all gunfire and bombing on land and sea and all forms of blockade and to implement a total ceasefire, as requested by the Security Council in its Declaration of 15 August 1989;

(ii) urge all Members of the Arab Tripartite Committee on Lebanon, whose action they have constantly supported and whom they have already approached in the last few days through the Ambassadors of the Troika, to resume their peace mission. This mission, as illustrated by the work of the Committee, is in accordance with the objectives of national reconciliation and restoration of Lebanese sovereignty within the framework of renewed institutions, objectives to which the Twelve have constantly given their support;

(iii) are determined to intensify their action in support of Lebanon in order to relieve the sufferings of the population and contribute to the re-

establishment of normal conditions of existence and to the resumption of economic and social activities. To that end, they will in the next few days send an on-the-spot needs assessment mission. In the light of the findings of that mission, the Community and its Member States will consider the appropriate measures.'

## Central America

2.3.7. On 9 August the Twelve published the following joint statement in Paris and Brussels:

'The Twelve welcome the Agreement signed by the five Central American Presidents at the end of their Summit held at Tela, Honduras, on 6 and 7 August.

They express their support for this Agreement which, in their view, after the step already taken during the Costa Del Sol Summit of 14 February, represents further progress in the implementation and strengthening of the Esquipulas Agreements.

The new mechanism, envisaging the demobilization, voluntary resettlement, and repatriation of members of the Nicaraguan Resistance and their families, together with the appeal for a dialogue,

directed to all parties in the region and particularly to the FMLN in El Salvador to reintegrate itself into political life, should contribute positively to peace, national reconciliation and democracy in Central America.

The Twelve firmly hope that the efforts in this direction will be pursued actively in line with their wishes as expressed at the last EEC-Central America Ministerial Conference in San Pedro Sula.'

## Colombia

2.3.8. On 30 August the Twelve published the following joint statement in Paris and Brussels:

'The 12 Member States of the European Community condemn the assassinations which have taken place in Colombia, and in particular the murder of Senator Luis Carlos Galan Sarmiento. They deeply deplore the loss of a man who fought for freedom, peace and development in Colombia.

The Twelve support the determination of the Colombian authorities to intensify the struggle against the traffic in drugs. They are convinced that the strengthening of its democratic institutions will enable Colombia to overcome the present difficulties.'

## 4. Human rights and fundamental freedoms

### People's Europe

2.4.1. In the resolution which it adopted on 27 July on the Madrid European Council,<sup>1</sup> the European Parliament reaffirmed the importance it attaches to the principle of the right of asylum and considered that henceforth the fight against racism and xenophobia should be one of the pillars of a people's Europe. It called upon the Council to adopt without delay the proposals for Directives on European citizens' voting rights and eligibility to stand in municipal elections<sup>2</sup> and on the right of residence.<sup>3</sup>

### Western Economic Summit

2.4.2. The declaration on human rights adopted by the Heads of State or Government of seven industrialized countries (→ point 3.2.5) on 15 July is the first that the Summit has issued on this topic.

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1 OJ C 233, 11.9.1989.

2 OJ C 246, 20.9.1988; Bull. EC 6-1988, point 2.1.20; Supplement 2/88 — Bull. EC.

3 Bull. EC 6-1988, point 2.1.10.

## 5. Financing Community activities

### Budgets

#### General budget

##### *Budgetary procedure*

2.5.1. On 28 July the Council approved the draft 1990 budget on first reading.

The Council's draft totals ECU 48 194.28 million in commitment appropriations, i.e. ECU 725.17 million less than the Commission's preliminary draft.<sup>4</sup>

Table 6 compares the preliminary draft budget and the Council's draft on first reading, using the breakdown in the financial perspective<sup>5</sup> as the basis. It will be seen that the Council has made substantial cuts in non-compulsory expenditure in Section 4 (other policies), leaving the total below that of the 1989 budget.

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<sup>4</sup> Bull. EC 4-1989, point 2.5.4.

<sup>5</sup> Bull. EC 2-1989, point 2.3.3.

Table 6 — 1990 budget procedure — Breakdown according to financial perspective (with subdivisions)

		(million ECU)					
		1989 budget	1990 financial perspectives	Preliminary draft budget 1990	Council first reading	Difference in relation to preliminary draft budget 1990	Difference in relation to 1990 financial perspective
		Commitments	Commitments	Commitments			
		1	2	3	4	5 = 4 - 3	6 = 4 - 2
<b>1. EAGGF Guarantee Section</b>							
• Titles 1 and 2	CE	26 741.00		26 788.00	26 452.00	- 336.00	
• Set-aside (50 % of 3900)	CE	20.00		70.00	70.00	0.00	
<b>Total 1</b>	<b>CE</b>	<b>26 761.00</b>	<b>30 700.00</b>	<b>26 858.00</b>	<b>26 522.00</b>	<b>- 336.00</b>	<b>- 4 178</b>
<b>2. Structural operations</b>							
• ESF (60)	NCE	3 387.00		4 075.00	4 075.00	0.00	
• EAGGF Guidance Section (30) including fisheries (4740)	CE	248.00		251.00	251.00	0.00	
	NCE	1 165.00		1 449.00	1 449.00	0.00	
• ERDF (50)	NCE	4 495.00		5 408.00	5 408.00	0.00	
• Pedip (553)	NCE	103.50		108.80	108.80	0.00	
• Support programme (554)	NCE	9.70		13.50	9.90	- 3.60	
• Set-aside (50 % of 3900) and income support (3901)	CE	80.00		225.00	225.00	0.00	
<b>Sub-total</b>	<b>CE</b>	<b>328.00</b>		<b>476.00</b>	<b>476.00</b>	<b>0.00</b>	
<b>Sub-total</b>	<b>NCE</b>	<b>9 160.20</b>		<b>11 054.30</b>	<b>11 050.70</b>	<b>- 3.60</b>	
<b>Total 2</b>		<b>9 488.20</b>	<b>11 555.00</b>	<b>11 530.30</b>	<b>11 526.70</b>	<b>- 3.60</b>	<b>- 28</b>
<b>3. Policies with multiannual allocations</b>							
• IMPs (550 to 552)	NCE	254.00		344.00	344.00	0.00	
• Research (73) of which: framework programme	NCE	1 441.00		1 723.00	1 613.51	- 109.49	
		1 365.00		1 586.00	1 533.23	- 52.77	
<b>Total 3</b>	<b>NCE</b>	<b>1 695.00</b>	<b>2 071.00</b>	<b>2 067.00</b>	<b>1 957.51</b>	<b>- 109.49</b>	<b>- 113</b>
<b>4. Other policies</b>							
• Other measures in agriculture (38)	CE	27.20		42.38	79.38	37.01	
	NCE	59.15		52.33	36.55	- 15.78	
• Fisheries (Title 4) (except 4740)	CE	214.60		249.00	238.90	- 10.10	
		146.64		156.70	156.35	- 0.35	

(million ECU)

		1989 budget	1990 financial perspectives	Preliminary draft budget 1990	Council first reading	Difference in relation to preliminary draft budget 1990	Difference in relation to 1990 financial perspective
		Commitments	Commitments	Commitments			
		1	2	3			
• Other regional operations (54)	NCE	26.60		27.50	22.70	-4.80	
• Transport (58)	NCE	64.35		66.45	45.50	-20.95	
• Social support (62)	NCE	0.00		0.00	0.00	0.00	
• Education training, youth (63)	NCE	119.02		144.50	139.20	-5.30	
• Employment, social protection, public health (64)	NCE	76.52		78.44	73.94	-4.50	
• ECSC restructuring (65)	NCE	0.00		0.00	0.00	0.00	
• Environment (66)	NCE	41.11		50.78	45.00	-5.78	
• Information, communication, culture (67)	NCE	37.98		42.43	37.73	-4.70	
• Consumers (68)	NCE	7.40		12.20	10.60	-1.60	
• Disaster aid (69)	NCE	37.00		27.30	27.30	0.00	
• Energy (70)	NCE	132.35		63.55	41.15	-22.40	
• Nuclear safeguards (71)	NCE	4.73		4.87	4.67	-0.20	
• Information market, innovation (75)	NCE	27.95		47.50	47.50	0.00	
• Statistical information (76)	NCE	20.52		36.00	24.20	-11.80	
• Industry, internal market (77)	CE	0.00		0.00	0.00	0.00	
	NCE	125.15		164.20	144.80	-19.40	
• Eureka and other (78)	CE	0.18		0.18	0.18	0.00	
	NCE	0.00		0.00	0.00	0.00	
• Financial engineering (79)	NCE	6.50		6.00	4.00	-2.00	
• Food aid (92)	CE	101.40		124.00	124.00	0.00	
	NCE	372.00		376.95	373.58	-3.37	
• Cooperation with Latin America and Asia (93)	NCE	359.00		396.90	375.60	-21.30	
• Specific and exceptional measures (94, 95)	CE	20.00		22.00	22.00	0.00	
	NCE	166.55		188.60	181.25	-7.35	
• Cooperation with Mediterranean countries (96)	CE	189.00		258.00	218.00	-40.00	
	NCE	8.00		9.50	8.00	-1.50	
• Miscellaneous cooperation (97 to 99)	CE	0.00		0.00	0.00	0.00	
	NCE	23.66		20.28	18.19	-2.09	
• Contingency reserve (101)	NCE	0.00		0.00	0.00	0.00	
Sub-total	CE	552.38	706.00	695.56	682.46	-13.10	-24
Sub-total	NCE	1 863,96	2 023.00	1 972.97	1 817.81	-155.16	-205
<b>Total 4</b>		<b>2 416.35</b>	<b>2 729.00</b>	<b>2 668.53</b>	<b>2 500.27</b>	<b>-168.26</b>	<b>-229</b>

## Budgets

(million ECU)

		1989 budget	1990 financial perspectives	Preliminary draft budget 1990	Council first reading	Difference in relation to preliminary draft budget 1990	Difference in relation to 1990 financial perspective
		Commitments	Commitments	Commitments			
		1	2	3			
5. Repayments and administration (Provisional amounts)							
• Repayments (Title 8) and stock disposal	CE	1 463.00		925.14	910.23	- 14.91	
	CE	1 449.00		1 470.00	1 470.00	0.00	
• Section III A Commission	NCE	1 229.30		1 331.58	1 277.83	- 53.75	
	CE	187.00		215.80	213.85	- 1.95	
• Section I Parliament	NCE	405.50					
• Section II Council	NCE	240.40		811.02	773.81	- 37.27	
	CE			42.08	42.08	0.00	
- Section IV Court of Justice	NCE	60.50					
- Section V Court of Auditors	NCE	30.60					
Sub-total	CE	3 099.00		2 653.02	2 636.16	- 16.86	
Sub-total	NCE	1 966.30		2 142.60	2 051.64	- 90.96	
<b>Total 5</b>		<b>5 065.30</b>	<b>4 930.00</b>	<b>4 795.62</b>	<b>4 6897.80</b>	<b>- 107.82</b>	<b>- 242</b>
6. Monetary reserve (102)	CE	1 000.00	1 000.00	1 000.00	1 000.00	0.00	0
	CE	31 740.38	35 454.00	31 682.58	31 316.62	- 365.96	- 4 137
	NCE	14 685.46	17 531.00	17 236.87	16 877.66	- 359.21	- 653
<b>Grand total</b>		<b>46 425.85</b>	<b>52 985.00</b>	<b>48 919.45</b>	<b>48 194.28</b>	<b>- 725.17</b>	<b>- 4 791</b>

CE: compulsory expenditure  
NCE: non-compulsory expenditure

## Financial Regulation

2.5.2. On 18 July, acting on a proposal from the Commission,<sup>1</sup> amended<sup>2</sup> in line with Parliament's opinion,<sup>3</sup> and in the light of the opinion of the Court of Auditors,<sup>4</sup> the Council adopted a common position on the Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Com-

munities,<sup>5</sup> on which it had reached agreement in June.<sup>6</sup>

<sup>1</sup> OJ C 115, 8.5.1989; Bull. EC 12-1988, point 2.3.8.

<sup>2</sup> Bull. EC 5-1989, point 2.5.3.

<sup>3</sup> OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.5.9.

<sup>4</sup> OJ C 72, 20.3.1989; Bull. EC 2-1989, point 2.4.33.

<sup>5</sup> OJ L 356, 31.12.1977.

<sup>6</sup> Bull. EC 6-1989, point 2.5.1.



## ECSC operating budget

2.5.3. On 19 July the Commission adopted the draft ECSC operating budget for 1990. The *aide-mémoire* explaining the draft budget will be sent to the ECSC Consultative Committee for information and to Parliament for an opinion.

This draft budget totals ECU 391 million. The levy rate remains at 0.31 %, which should yield revenue estimated at ECU 166 million. In addition to the other traditional resources (estimated at ECU 166 million), an exceptional effort is planned to cancel existing commitments in order to finance the social measures for the steel sector (ECU 50 million); any shortfall will be made up by an advance from the reserves. Apart from the flat-rate contribution of ECU 5 million to the general budget (administrative expenditure), the other items on the expenditure side include aid of ECU 180 million for traditional redeployment, aid of ECU 88 million for technical and social research and aid of ECU 68 million for interest subsidies on investment and conversion loans.

## Financial operations

### ECSC

#### *Loans raised*

2.5.4. In July and August the Commission made:

(i) several private placings in Belgian francs, marks and lire for the equivalent of ECU 64 million;

(ii) an eight-year DM 120 million public issue with a variable interest rate (six-month Libor — 0.15 %), issued at 100.375 %;

(iii) a seven-year LIT 200 billion public issue at 11.5 %, issued at 100.25 %.

#### *Loans paid out*

2.5.5. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in July and August totalling ECU 69.72 million, as follows:

#### Industrial loans

2.5.6. Industrial loans (Article 54 ECSC) totalling ECU 16.16 million were made to Italy.

#### Conversion loans

2.5.7. Conversion loans (Article 56 ECSC) totalling ECU 52.65 million were paid out to France, Italy and the United Kingdom.

#### Workers' housing

2.5.8. Housing loans for ECSC workers totalling ECU 0.90 million were granted in France, Ireland, Italy and the United Kingdom.

# 6. Statistics

## General

### *Cooperation*

2.6.1. On 27 July the Commission adopted, for transmission to the Council, a proposal for a Decision<sup>1</sup> amending Decision 88/390/EEC<sup>2</sup> on special support for the development of agricultural statistics in Ireland. This amendment would extend the current programme to 1991 so as to enable the Irish authorities to compile the register of holdings at the same time as the 1991 population census is carried out.

## Results

### *Agricultural prices 1988*

2.6.2. Available agricultural price indices confirm the forecasts made at the end of 1988.<sup>3</sup> The nominal value of producer prices of agricultural products within the Community (excluding Portugal) increased by 3.1% during 1988. After deflation by the consumer price index, their real value decreased by substantially less in 1988 than in 1987. The nominal purchase price of goods and services generally used in agri-

culture increased by 2.8% after falls in the two preceding years; their real value, however, also represented a drop (-1.0%). Purchase prices of goods and services for agricultural investment were up 0.7% in real terms in 1988. A comparison of real output and input prices shows a positive trend in four Member States (Greece, Spain, Ireland and Luxembourg), a negative trend in seven and an overall trend of -1.2% for the Community as a whole.

## Publications

2.6.3. The following were published in July:

- (i) a second, revamped edition of *Europe in figures*, a publication highlighting the salient features of economic life in the Community;
- (ii) the *Statistical yearbook for energy, 1987* containing coal, oil, gas and electricity data and energy balance sheets.<sup>4</sup>

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<sup>1</sup> OJ C 234, 12.9.1989; COM(89) 383 final.

<sup>2</sup> OJ L 186, 16.7.1988; Bull. EC 7/8-1988, point 2.1.184.

<sup>3</sup> Bull. EC 12-1988, point 2.5.7.

<sup>4</sup> Both available from the Office for Official Publications of the European Communities, 2 rue Mercier, L-2985 Luxembourg.

# 7. Institutions and organs of the Communities

## European Parliament

### Strasbourg: 25 to 28 July

2.7.1. The third directly elected European Parliament<sup>1</sup> held its first part-session in Strasbourg from 25 to 28 July,<sup>2</sup> during which it elected its President, Vice-Presidents and Quaestors and formed its Committees. Mr Dumas, the French Foreign Minister, presented the programme of the French Presidency (→ point 3.4.1) and a debate took place on the Madrid European Council. The new Parliament was thus able to set its political priorities for the term ahead.

#### *Election of the President*

2.7.2. The House elected its President — Mr Enrique Barón Crespo (S/E) — by an absolute majority on the first ballot. The election was facilitated by the fact that the two biggest political groups (the Socialists and the EPP) had agreed that the Socialist candidate would be President for the first half of the term, in view of the increased number of votes obtained by the Socialists at the last elections.

There were five candidates, and the votes obtained by each were: Mr Barón Crespo: 301; Mr van Wechmar (LDR/D): 93; Mrs Mota Santos (Greens/P): 31; Mrs Ewing (Rainbow/UK): 20; Mr Le Pen (ER/F): 18; Mr Pannella (NA/I): 12.

#### *The new President*

2.7.3. Enrique Carlos Barón Crespo was born in Madrid on 27 March 1944. He is married and has one son. A lawyer and economist, he has been a Member of the European Parliament since 1986 where he sits in the Socialist Group. Holding a law degree from the University of Madrid and

a degree in commerce from the University Institute of Business Administration and Management, he is also a graduate of the Ecole supérieure de science économique et commerciale (Essec) in Paris. He taught at the National Institute of Agricultural Studies in Valladolid and at Madrid University from 1966 to 1970.

A practising lawyer between 1970 and 1977, he took an active part in defending political detainees in the Court of Public Order and in the labour courts. He was a member of the Spanish Workers' Socialist Party during the constituent assembly of 1977 and economics spokesman and budget rapporteur in the Socialist Parliamentary Party from 1977 to 1982.

Mr Barón Crespo was Spanish Minister of Transport, Tourism and Communications from 1982 to 1985, and spokesman and Chairman of the Spanish Socialists in the European Parliament.

He has been a Vice-President of the European Parliament since 1987 and was elected President of the European Movement in October 1987. He has published articles on economic and social affairs in leading Spanish magazines and is also the author of several works.

#### *Election of Vice-Presidents and Quaestors*

2.7.4. Parliament also elected its 14 Vice-Presidents and five Quaestors. The new Vice-Presidents are: Mrs Pery (S/F), Mr Alber (EPP/D), Mr Anastassopoulos (EPP/GR), Mrs Fontaine (EPP/F), Mr Martin (S/UK), Mr Romeos (S/GR), Mr Formigoni (EPP/I), Sir Fred Catherwood (ED/UK), Mr Cravinho (S/P), Mr Galland (LDR/F), Mr Telkämper (Greens/D), Mr

<sup>1</sup> Bull. EC 6-1989, points 1.2.1 to 1.2.5.

<sup>2</sup> The texts of the resolutions adopted by Parliament appear in OJ C 233, 11.9.1989, and the report of the proceedings is published in OJ Annex 3-379.

Capucho (LDR/P) and Mr Perez Royo (UEL/E).

The new Quaestors are: Mr Gaubisso (EPP/I), Mr Glinne (S/B), Mr Lalor (EDA/IRL), Mr Raggio (UEL/I) and Mr Simpson (ED/UK).

### Formation of the political groups

2.7.5. Ten political groups were formed compared with eight in the previous Parliament.<sup>1</sup>

The most significant change is the creation of a Greens Group and two separate groups to the left of the Socialists, consisting of members of the former Communists and

Allies Group. Together, the parties of the left have for the first time an absolute majority in the House.

The division of seats between the political groups, and the names of their Chairmen, are shown in Table 7.

<sup>1</sup> The following abbreviations are used for the political groups in Parliament: S = Socialists; EPP = European People's Party (Christian Democrats); LDR = Liberal and Democratic Reformist Group; ED = European Democratic Group; Greens = EP Greens Group; UEL = United European Left; EDA = European Democratic Alliance; ER = European Right; CEL = Coalition of the European Left; Rainbow = Rainbow Group; NA = Non-affiliated. The countries of origin of Members are indicated as follows: B = Belgium, D = Federal Republic of Germany, DK = Denmark, E = Spain, F = France, GR = Greece, I = Italy, IRL = Ireland, L = Luxembourg, NL = Netherlands, P = Portugal, UK = United Kingdom.

Table 7 — Political groups

	Number of members	Chairman
Socialist Group	180	Mr Cot (F)
European People's Party	121	Mr Klepsch (D)
Liberal and Democratic Reformist Group	49	Mr Giscard d'Estaing (F)
European Democratic Group	34	Mr Prout (UK)
EP Greens Group	30	Mrs Mota Santos (P) and Mr Langer (I) (co-chairmen)
United European Left	28	Mr Colajanni (i)
European Democratic Alliance	20	Mr de la Malène (F)
Technical Group of the European Right	17	Mr Le Pen (F)
Coalition of the European Left	14	Mr Piquet (F)
Rainbow Group	13	Mr Vandemeulebroucke (B)
Non-affiliated	12	

## Constitution of Committees

2.7.6. Parliament decided to form 18 committees, broadly retaining the same structure as those of the previous term.<sup>1</sup> The Committees elected their Chairmen and officers.

The Committee on Budgets appointed Mr Tomlinson (S/UK) general rapporteur for the 1990 budget.

## Proceedings

2.7.7. After introductory speeches by Mr Solves Mira, Spanish State Secretary for Relations with the Community, and by Commissions President, Mr Delors, the debate on the Madrid European Council resulted in a resolution, passed by a substantial majority, declaring Parliament's firm support for Economic and Monetary Union.

The debate which followed the presentation of the French Presidency's programme focused on the need to ensure the parallel development of the social dimension, tax harmonization, full achievement of the internal market, Economic and Monetary Union, the dialogue with the countries of Eastern Europe and more active relations with EFTA.

Parliament also hoped to play a more active part in the legislative process and in external relations. For the Socialist Group, Mr Cot (F) and Mr Fuchs (F) called for progress in shaping the social dimension, otherwise the required majority would not be secured in Parliament for the adoption of market-liberalization measures. A number of speakers, particularly Mr Cot, Mr Klepsch (EPP/D) and Mr Giscard d'Estaing (IDR/F), restated the need for institutional reforms to solve the problems of the democratic deficit.

## Opinions, decisions and resolutions

2.7.8. Parliament passed a resolution on the Madrid European Council (→ points 2.7.7 and 2.4.1).

## Council

### 1337th meeting

2.7.9. Economic and Financial Affairs (Brussels, 10 July)<sup>2</sup>

*President:* Mr Bérégovoy, Minister for Economic and Financial Affairs and the Budget.

*Commission:* Mr Delors and Mr Christophersen.

### Main items

Economic situation in the Community: multilateral supervision (→ point 2.1.1) and second-quarter examination (→ point 2.1.2).

### 1338th meeting

2.7.10. General Affairs (Brussels, 17 and 18 July)<sup>3</sup>

*President:* Mr Dumas, French Minister for Foreign Affairs.

<sup>1</sup> Parliament's Committees, and their Chairmen, are as follows: Political Affairs (Mr Gorja — EPP/I); Agriculture, Fisheries and Rural Development (Mr Colino-Salamanca — S/E); Budgets (Mr von der Vring — S/D); Economic and Monetary Affairs and Industrial Policy (Mr Beumer — EPP/NL); Energy, Research and Technology (Mr La Pergola — S/I); External Economic Relations (Mr De Clercq — LDR/B); Legal Affairs and Citizens' Rights (Mr Stauffenberg — EPP/D); Social Affairs, Employment and the Working Environment (Mrs d'Ancona — S/NL); Regional Policy and Regional Planning (Mr Waechter — Greens/F); Transport and Tourism (Mr Amaral — LDR/P); Environment, Public Health and Consumer Protection (Mr Collins — S/UK); Youth, Culture, Education, the Media and Sport (Mr Barzanti — UEL/I); Development and Cooperation (Mr Saby — S/F); Budgetary Control (Mr Price — ED/UK); Institutional Affairs (Mr Oreja — EPP/E); Rules of Procedure, the Verification of Credentials and Immunities (Mr Galle — S/B); Women's Rights (Mrs Crawley — S/UK); Petitions (Mrs Reding — EPP/L).

<sup>2</sup> Previous meeting: Bull. EC 6-1989, point 2.7.11.

<sup>3</sup> Previous meeting: Bull. EC 6-1989, point 2.7.9.

*Commission:* Mr Delors, Mr Andriessen, Mr Marin, Mr Bangemann, Mr Dondelinger and Mr Mac Sharry.

*Main items*

Aid for Poland and Hungary: conclusions (→ point 1.1.3).

Television without frontiers: debate (→ point 2.1.8).

Relations with the United States: conclusions (→ point 2.2.11).

Austria's application for membership: briefing (→ point 2.2.14).

*Other business*

Follow-up to the Madrid European Council: exchange of views.

Renewal of the ACP-EEC Convention: preparations for the fourth ministerial negotiating session.

Emergency aid for Argentina: delegation statement.

Audio-visual sector conclave: communication from the Presidency.

**1339th meeting**

2.7.11. Internal market (Brussels, 18 July)<sup>1</sup>

*President:* Mrs Cresson, French Minister for European Affairs.

*Commission:* Mr Bangemann, Sir Leon Brittan and Mrs Scrivener.

*Main items*

European Company Statute: Commission presentation and exchange of views.

Legal protection of computer programs: exchange of views.

Public procurement in the excluded sectors: exchange of views.

Right of residence: policy debate.

Community patent: debate.

Merger control: detailed debate.

**1340th meeting**

2.7.12. Agriculture (Brussels, 24 to 26 July)<sup>2</sup>

*President:* Mr Nallet, French Minister for Agriculture.

*Commission:* Mr Mac Sharry.

*Main items*

Emergency action to assist Poland: Regulation (→ point 2.1.144).

Common organization of the market in sheepmeat and goatmeat: political agreement (→ point 2.1.158).

*Other business*

Voluntary restraint agreement between the Community and New Zealand on trade in mutton, lamb and goatmeat: agreement on adaptation decision.

Imports of New Zealand butter into the United Kingdom: temporary extension of the provisions in force.

Operation of the milk quota system: initial study of the proposals submitted by the Commission.

Application of the Community set-aside scheme for arable land: Commission report.

Consequences of the drought in several Community regions: exchange of views.

Additional co-responsibility levy for cereals: statement by delegations and Commission briefing.

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<sup>1</sup> Previous meeting: Bull. EC 6-1989, point 2.7.10.

<sup>2</sup> Previous meeting: Bull. EC 6-1989, point 2.7.12.

**1341st meeting**

2.7.13. Budget (Brussels, 28 July)<sup>1</sup>

*President:* Mr Charasse, French Minister for Economic and Financial Affairs and the Budget.

*Commission:* Mr Schmidhuber.

*Main item*

Resumption of the 1990 budget procedure: adoption on first reading (→ point 2.5.1).

**Commission****Measures taken**

2.7.14. In July and August the Commission adopted the following provisions:<sup>2</sup>

Methods of sampling and analysis for fertilizers: Directive (→ point 2.1.21).

Integrated Mediterranean Programmes (IMPs): adoption of second phase of four Greek IMPs (→ point 2.1.117) and seven French IMPs (→ point 2.1.118).

Protection of the African elephant: Regulation (→ point 2.1.134).

Emergency action to assist Poland: two Regulations (→ point 2.1.145).

Stabex: Decision on transfers (→ point 2.2.34).

**Proposals**

2.7.15. Proposals to be adopted under the cooperation procedure:

European Company Statute: proposal for a Regulation and proposal for a Directive (→ point 1.2.1).

Recognition of professional education and training: proposal for a Directive (→ point 2.1.3).

Public procurement in the excluded sectors: amended proposal for a Directive (→ point 2.1.12).

Cooperation Agreements in the field of medical and health research: five proposals for Decisions (→ point 2.1.54).

Civil liability for damage caused by waste: proposal for a Directive (→ point 2.1.133).

Transit of natural gas through the major systems: proposal for a Directive (→ point 2.1.213).

Transit of electricity through transmission grids: proposal for a Directive (→ point 2.1.215).

2.7.16. Other proposals and recommendations:

Emergency action to assist Poland: proposal for a Regulation (→ point 1.1.4).

Framework programme of Community activities in the field of research and technological development (1990-94): proposal for a Decision (→ point 1.3.1).

Modules for conformity assessment: proposal for a Decision (→ point 2.1.22).

Community transit: proposal for a Regulation (→ point 2.1.23).

Development of subcontracting in the Community: draft resolution (→ point 2.1.41).

Radiation protection for workers in nuclear installations: proposal for a Directive (→ point 2.1.112).

European Community action scheme for the mobility of university students (Erasmus): revised proposal for a Decision (→ point 2.1.114).

Community action programme in the field of vocational training and technological change (Eurotecnet II): proposal for a Decision (→ point 2.1.116).

European Convention for the Protection of Vertebrate Animals: proposal for a Decision (→ point 2.1.135).

Set-aside of arable land: proposal for a Regulation (→ point 2.1.171).

Transparency of consumer energy prices: proposal for a Directive (→ point 2.1.207).

<sup>1</sup> Previous meeting: Bull. EC 11-1988, point 2.4.28.

<sup>2</sup> Selected items.

Energy investment projects of interest to the Community (→ point 2.1.208).

### Communications and reports

2.7.17. In July and August the Commission adopted the following for transmission to the institutions concerned:

Social and regional aspects of public procurement: communication (→ point 2.1.11).

Global approach to certification and testing: communication (→ point 2.1.22).

Development of subcontracting in the Community: communication (→ point 2.1.41).

Employment in Europe: first annual report (1989) (→ point 2.1.100).

Community strategy for the conservation of tropical forests: communication (→ point 2.1.136).

Community scheme for the set-aside of arable land: report on the application of the scheme (→ point 2.1.171).

Community reference framework for access to fishing quotas: communication (→ point 2.1.183).

Second phase of air transport liberalization: communication (→ point 2.1.202).

Internal market for natural gas: communication (→ point 2.1.213).

Updating the illustrative nuclear programme for the Community: communication (→ point 2.1.214).

Increased intra-Community trade in electricity: communication (→ point 2.1.215).

## Court of Justice <sup>1</sup>

### Court of First Instance

2.7.18. On 18 July the Representatives of the Governments of the Member States appointed the 12 members of the Court of First Instance. They are Messrs Donal P.M. Barrington, Jacques Biancarelli, Cornelis Paulus Briët, David Alexander Ogilvy

Edward, Rafael García-Valdecasas y Fernández, Christos G. Geraris, Heinrich Kirschner, Koenraad Lenaerts, Antonio Saggio, Romain Schintgen, Bo Vesterdorff and José Luis da Cruz Vilaça.<sup>2</sup>

The term of office of six members will be for six years, until 31 August 1995; the term of office of the other six will be for three years, until 31 August 1992.

The members whose term of office is to expire at the end of the first three years will be designated in accordance with Decision 88/591/ECSC, EEC, Euratom, establishing a Court of First Instance.<sup>3</sup>

Mr José Luis da Cruz Vilaça was appointed President of the Court of First Instance for a period of three years from 1 September 1989.

### Analysis of judgments delivered between 1 April and 30 June 1989

#### *Review by the Court and fulfilment by the Member States of their obligations*

#### Direct effect of Directives *vis-à-vis* administrative authorities

2.7.19. In the case of *Fratelli Costanzo SpA v Comune di Milano*,<sup>4</sup> which concerned the Italian law on public works contracts, the Court gave a preliminary ruling of great significance for the statements it contains on the direct effect of Community directives *vis-à-vis* national authorities. Thus the Court held that the obligations stemming from directives are incumbent upon all authorities of the Member States.

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<sup>1</sup> 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*).

<sup>2</sup> OJ L 220, 29.7.1989.

<sup>3</sup> OJ L 319, 25.11.1988, Bull. EC 10-1988, points 2.4.7 and 2.4.32.

<sup>4</sup> Case 103/88.



In its view, where the conditions placed by the Court, in successive judgments, on reliance on the provisions of a directive by individuals in proceedings before national courts are fulfilled, all administrative bodies, including local authorities such as municipalities, are required to apply those provisions.

This ruling shows that national administrative authorities are under a direct obligation to comply with directives, even where they have not been incorporated into national law.

### *Free movement of goods and customs union*

#### **Pharmaceutical products — parallel imports — measures having equivalent effect**

2.7.20. In *The Queen v Royal Pharmaceutical Society of Great Britain*<sup>1</sup> the Court held that measures adopted by a professional body such as the Pharmaceutical Society of Great Britain, which lays down rules of ethics applicable to the members of the profession and has a committee upon which national legislation has conferred disciplinary powers that can involve the removal from the register of persons authorized to exercise the profession, may constitute 'measures' within the meaning of Article 30 of the EEC Treaty.

### *Free movement of persons and services*

#### **Free movement of persons — inspection at frontiers — residence or establishment permit**

2.7.21. In Case 321/87 *Commission v Belgium* the Court agreed that the practice whereby inspections on entry into the territory of a Member State are carried out by the national authorities to verify compliance with the obligation imposed on those entitled to right of abode in the Community always to be in possession of their residence

or establishment permit may constitute, depending on the circumstances, an obstacle to the free movement of persons in the Community, which is a fundamental principle of the Treaty. In the Court's view, that would be so if the inspections were carried out systematically or arbitrarily or were unnecessarily restrictive.

The Court nevertheless dismissed the Commission's application as in the case in point the inspections were carried out by the national authorities sporadically and non-systematically.

#### **Freedom of movement for workers — foreign-language university lecturers — employment in the public service — teaching posts — equal treatment**

2.7.22. In *Alluè and Coonan v Università di Venezia*<sup>2</sup> the Court declared incompatible with Article 48(2) of the EEC Treaty a national provision on the status of the teaching staff of universities which sets a limit on the duration of employment of foreign-language lecturers if there is, in principle, no such limit with regard to other workers. The Court held that teaching posts do not involve direct or indirect participation in the exercise of powers conferred by public law. Upholding the Commission's arguments and the Advocate-General's opinion, it stated that the principle of equal treatment prohibits not only overt discrimination based on nationality, but also all hidden forms of discrimination having the same result.

#### **Concept of worker — Community national carrying on an activity in the context of a social employment programme**

2.7.23. In its judgment in *Bettraf v Staatssecretaris van Justitie*<sup>3</sup> the Court gave a fairly restrictive interpretation of the concept of worker within the meaning of Article 48 of the EEC Treaty, holding that

<sup>1</sup> Case 266/87, OJ C 149, 16.6.1989.

<sup>2</sup> Case 33/88, OJ C 160, 27.6.1989.

<sup>3</sup> Case 344/87, OJ C 160, 27.6.1989.

Article 48(1) must be interpreted as meaning that a national of a Member State employed in another Member State under a scheme such as the WSW (Dutch Law on the provision of work for social reasons), in which the activities carried on are merely a means of retraining or reintegration, cannot on that basis alone be regarded as a worker for the purposes of Community law. The Court noted that, in the case in point, the scheme concerned was reserved for persons who were unable to work under normal conditions and that the employment relationship under the scheme came to an end when the person in question was able to resume ordinary employment.

## Competition

### Air fares

2.7.24. In its judgment in *Ahmed Saeed Flugreisen and Silver Line Reisebüro GmbH v Zentrale zur Bekämpfung unlauteren Wettbewerbs eV*<sup>1</sup> the Court shed considerable light on competition law as it applies to air transport.

Confirming an earlier judgment,<sup>2</sup> the Court ruled that the nullity of tariff agreements contrary to Article 85(1) in respect of flights between Member States and third countries (in the case in point, Frankfurt-Tokyo) cannot be pleaded directly before national courts as long as Articles 88 and 89 have not been implemented by the national authorities or by the Commission.

On the other hand, it said, Article 86 is directly and fully applicable to air transport, even if implementing measures have not been adopted under Article 87. As to the definition of the relevant market, the Court decided that the test to be employed is whether the scheduled flight on a particular route can be distinguished from possible alternative means of transport by specific characteristics as a result of which it is not interchangeable with those alternative means of transport and largely shielded from competition from them.

In the Court's opinion, the application of tariffs for scheduled flights on the basis of agreements may, in certain circumstances, constitute an abuse of a dominant market position, in particular where an air carrier in a dominant position succeeds in imposing on other air carriers the application of excessively high or excessively low tariffs or the application of only one tariff on a given route.

Consequently, the agreements may be declared void by national authorities even where they apply to flights between airports in the Member States and airports in third countries.

The Court also held that Article 90(2) permits national authorities approving a tariff to take account of the public service obligations imposed on an airline (operation of an unprofitable route) on condition that the effects of those obligations on the tariff structure are clearly defined.

## Taxation

### Value-added tax — exemptions

2.7.25. In the case of *Stichting Uitvoering Financiële Acties v Staatssecretaris van Financiën*,<sup>3</sup> concerning the activities of a Dutch Foundation, the Court gave a preliminary ruling in which it confirmed and clarified the scope of the exemptions from VAT provided for in the Sixth VAT Directive (Council Directive 77/388/EEC),<sup>4</sup> holding that such exemptions are independent concepts of Community law which must be interpreted strictly as they constitute derogations from the general principle of the taxation of each service rendered for a consideration by a taxable person.

### Value-added tax — taxation of the private use of a company car

2.7.26. In *Kühne v Finanzamt München*<sup>5</sup> the Court recognized the right of a taxable

<sup>1</sup> Case 66/86, OJ C 122, 17.5.1989.

<sup>2</sup> Joined Cases 202 to 213/84 *Asjes* [1986] ECR 1425.

<sup>3</sup> Case 348/87.

<sup>4</sup> OJ L 145, 13.6.1977.

<sup>5</sup> Case 50/88.

person to rely before national courts on Article 6(2) of the Sixth VAT Directive inasmuch as that provision precludes the taxation of the private use of goods forming part of the assets of a business in circumstances where the VAT on those goods is not wholly or partly deductible.

The Court stressed that the obligation not to tax such use, which flowed from that provision of the Directive, is unconditional and not subject to the intervention of any provision of any Community or national law for its implementation or its effect. In the Court's view, the prohibition is complete, legally perfect and consequently capable of producing direct effects in the legal relations between the Member States and their subjects.

### *Transport*

**Maritime transport — cargo-sharing arrangement — authorization given by the Council to a Member State to ratify an agreement negotiated with a non-member country**

2.7.27. In Case 355/87 *Commission v Council* the Court delivered its first judgment on the application of Council Regulation (EEC) No 4055/86 of 22 December 1986 on freedom to provide services with regard to maritime transport between Member States and between Member States and third countries.<sup>1</sup> The Commission had sought the annulment of the Council Decision authorizing Italy to ratify a bilateral Agreement with Algeria containing a cargo-sharing arrangement which could be authorized by the Council only in exceptional circumstances. When the Council adopted its Decision, it made clear that Italy would reiterate to Algeria that the provisions of the Agreement would be implemented in accordance with Community law.

In its judgment, the Court confirmed that a bilateral agreement containing an arrangement in this field which discriminates between national shipowners and those

from other Member States cannot be authorized by the Council.

It nevertheless dismissed the Commission's application, pointing out that the conditions for authorization were fulfilled in the present case and that the Decision imposed an obligation on the Member State to ensure compliance with Community law which was set out with sufficient clarity.

### *Social policy*

**Community action scheme for the mobility of university students (Erasmus) — action for annulment legal basis — vocational training**

2.7.28. In an action brought by the Commission against the Council concerning the decision adopting the Erasmus programme, the Court delivered an important judgment on questions of principle.<sup>2</sup>

The matter turned on the Court's interpretation of Article 128 of the EEC Treaty. It held that the fact that the implementation of a common vocational training policy is provided for precludes any interpretation of that provision that would mean denying the Community the means of action needed to carry out that common policy effectively.

The Court stated that the interpretation to be given to Article 128 could not be invalidated by the fact that that Article permits the adoption of decisions by a simple majority or that those decisions can have considerable budgetary implications. Under the scheme of the Treaty the conditions under which legislative powers and budgetary powers are exercised are not the same and cannot have any implications regarding the procedural requirements for the adoption of the contested Decision.

<sup>1</sup> OJ L 378, 31.12.1986.

<sup>2</sup> Case 242/87 *Commission v Council*. On the same day the Court also passed judgment in Case 56/88 *United Kingdom v Council*, supported by the Commission, concerning the Petra programme, dismissing the action brought by the United Kingdom against the Council, which had adopted the programme under Article 128.

The Court confirmed that the concept of 'vocational training' is a very broad concept encompassing almost all university studies.<sup>1</sup> Most courses of study to which the Erasmus programme relates fall, therefore, under the sphere of vocational training, and the mere possibility that action envisaged as part of the programme may exceptionally be applied to university studies which, because of their particular nature, are outside that sphere, does not mean that the scheme could not be adopted under Article 128 alone.

The Court pointed out, firstly, that there is a special link between the common vocational training policy and the free movement of persons, and secondly, that the perfectly legitimate aim that the development of a common policy should be seen as part of the general objectives of the Community, such as the legal basis objectively applicable.

The Court nevertheless dismissed the Commission's action on the ground that the actions envisaged under the programme are aimed at both the sphere of research and that of vocational training. If followed that the Council did not have the power to adopt the programme under Article 128 alone and was not in a position, prior to the entry into force of the Single European Act, to do otherwise than base it also on Article 235 of the Treaty.

### *Common agricultural policy*

#### **Clearance of EAGGF accounts export refunds — Grana Padano cheese**

2.7.29. In Case 263/87 *Denmark v Commission*<sup>2</sup> the Court dismissed an action brought by Denmark for the partial annulment of the Commission Decisions on the clearance of the EAGGF accounts for 1983 to 1985.

The Danish authorities had paid exporters of cheese of the Grana type produced in Denmark export refunds at the rate fixed for Grana Padano cheese. The Commission

agreed to repay to the Danish authorities only refunds at the lower rate fixed for other cheeses.

The Court held that Grana Padano cheese produced in Italy is subject on the Community market to provisions differing from those applicable to cheeses of the Grana type produced in other parts of the Community. According to the Court, it is not contrary to the principle of equal treatment to restrict more favourable treatment in terms of refunds to Grana Padano cheese, in view of the higher cost of producing such cheese in Italy.

### *Commercial policy*

#### **Illicit commercial practices — Regulation No 2641/84 — GATT — interpretation**

2.7.30. In *EEC Seed Crushers' and Oil Processors' Federation (Fediol) v Commission*<sup>3</sup> Fediol sought, on the basis of Council Regulation (EEC) No 2641/84 of 17 September 1984,<sup>4</sup> the annulment of Commission Decision 86/2506/EEC of 22 December 1986 rejecting Fediol's complaint requesting the Commission to investigate certain illicit commercial practices by Argentina regarding the export of soya cake to the Community.

In its judgment the Court rejected the applicant's argument that the abovementioned practices were incompatible with certain provisions of GATT. It stated that it had jurisdiction to examine whether certain commercial practices were contrary to the rules of GATT. The Court based its jurisdiction on the fact that the contested Decision merely held that the practices in question were not contrary to the provisions of GATT, and that the basic Regulation

<sup>1</sup> Cf. the judgments in Case 239/83 *Gravier v City of Liège* [1985] ECR 595 and Case 24/86 *Blaiziot and Others v University of Liège*, OJ C 55, 26.2.1988.

<sup>2</sup> OJ C 149, 16.6.1989.

<sup>3</sup> Case 70/87.

<sup>4</sup> OJ L 252, 20.9.1984.

defined illicit commercial practices as any practices attributable to third countries, in international trade, which are incompatible with international law or with the generally accepted rules. The Court considered that the provisions of GATT form part of the rules of international law referred to and have a specific content which must be defined each time, by way of interpretation, with a view to their application.

Thus the Court interpreted Articles III, XI, XX and XXIII of GATT, concluding that those provisions had not been infringed by the Commission Decision.

To this extent it therefore recognized the right of the economic operators concerned to invoke GATT provisions in order to establish the illicit nature of the commercial practices and to apply to the Court to review the legality of the Commission Decision applying those provisions.

#### New cases

2.7.31. The following cases came before the Court in July and August, either as references for preliminary rulings or as actions brought direct.

Case	Subject	Basis
<p><b>ECSC — Steel</b></p>		
<p>204/89 <i>Stahlwerke Peine-Salzgitter v Commission</i><sup>1</sup></p>	<p>Seeking damages for loss suffered by the applicant as a result of the maintenance of an outdated I: P ratio in the steel quotas system</p>	<p>Second paragraph of Article 34 ECSC</p>
<p><b>Free movement of goods</b></p>		
<p>196/89 <i>Criminal proceedings against Nespoli and Grippa</i><sup>2</sup></p>	<p>Are Articles 30 and 36 of the EEC Treaty to be read and interpreted as meaning that the Italian legislation on cheese other than that protecting 'typical' products or products of specific origin is not compatible with those Articles and is therefore unlawful, in so far as it lays down for common cheeses minimal fat contents with reference to dry weight, at a high level, moreover where it is established that those rules constitute an obstacle to the free movement of such foodstuffs within the Community which is not justified on the grounds of the protection of public health or by the imperative requirements of protecting consumers and ensuring fair trading?</p>	<p>Article 177 EEC</p>
<p>238/89 <i>Pall v Dahlhausen</i></p>	<p>1. Is the prohibition laid down in the case-law of the German courts founded on paragraph 3 of the Unfair Competition Act ('Gesetz gegen den unlauteren Wettbewerb') on putting goods into circulation in Germany with the (R) symbol added to the name of the product when there is no trade mark protection in Germany tantamount in its effect to a quantitative restriction prohibited by Article 30 of the EEC Treaty if it is also applied to cases in which there is trade mark protection in another EEC country?</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
<p>241/89 SARPP v Chambre syndicale des raffineurs et conditionneurs de sucre en France and Others<sup>3</sup></p> <p><b>Customs union</b></p>	<p>2. In the particular circumstances of the case in question, is paragraph 3 of the Act applicable for the purpose of protecting the legal interests mentioned in Article 86 of the EEC Treaty?</p> <p>Are Article 10-1 of Act No 88.14 of 5 January 1988 and the Order of 11 March 1988 compatible with Article 30 of the EEC Treaty inasmuch as they prohibit any statement alluding to the physical, chemical or nutritional characteristics of sugar or to the word sugar in the labelling or advertising of artificial sweeteners?</p>	<p>Article 177 EEC</p>
<p>194/89 Chimen v Amministrazione delle Finanze dello Stato<sup>2</sup></p>	<p>Where goods are transferred within a single Member State must Articles 7 and 8 of Commission Regulation No 1535/77 be interpreted as requiring merely notification to the competent authorities or is the transferee also required to obtain authorization under Article 3 of the said Regulation?</p>	<p>Article 177 EEC</p>
<p>218/89 Shimadzu Europa v Oberfinanzdirektion Berlin<sup>4</sup></p>	<p>Is Combined Nomenclature code 9030 to be interpreted as covering <i>inter alia</i> microprocessor-controlled analysis apparatus for chromatography whose characteristics are as described in the request for a preliminary ruling?</p>	<p>Article 177 EEC</p>
<p>219/89 WeserGold v Oberfinanzdirektion München<sup>5</sup></p>	<p>Is a product consisting of 39.4% orange juice and 60.6% sugar to be classified as 'fruit juice containing sugar' under Combined Nomenclature code 2009?</p>	<p>Article 177 EEC</p>
<p>228/89 Farfalla Fleming und Partner v HZA München-West<sup>6</sup></p>	<p>1. Are glass spheres having a flat base and described as 'paperweights', which are made entirely by hand by recognized glass artists using a method whereby coloured glass in the form of pictorial representations is laid on the surface of the molten glass by the use of a spatula, to be regarded for the purposes of the Common Customs Tariff as paintings (heading No 99.01) or as works of sculpture or statuary?</p> <p>2. Can articles as described above, made and signed by recognized artists, or similar objects in which the coloured motifs (instead of lying as a two-dimensional image on the surface) are incorporated within the sphere as a three-dimensional shape, be works of a commercial character within the meaning of Note 3 to Chapter 99?</p>	<p>Article 177 EEC</p>
<p>231/89 Gmurzynska-Bscher v Oberfinanzdirektion Köln<sup>7</sup></p>	<p>1. Is the Common Customs Tariff (Combined Nomenclature) to be interpreted as meaning that a work of art such as the 'Konstruktion in Emaille I (Telefonbild)' executed in 1922 by</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
	<p>L. Moholy-Nagy, consisting of a steel plate of around 955 × 610 mm with a fused coating of enamel-glaze colours should be classified as</p> <ul style="list-style-type: none"> <li>• 'original sculpture and statuary' (code 9703) or as</li> <li>• a 'similar decorative plaque' or a 'painting ... executed entirely by hand' (code 9701)?</li> </ul> <p>2. If not:</p> <p>Should the Common Customs Tariff (Combined Nomenclature) be interpreted as meaning that a work of art of the kind described in question 1 should be classified according to its material composition, in this case as an 'ornament of base metal' (code 8306)?</p>	
<b>Taxation</b>		
222 to 225/89 Brun née Alidor, Techer, Legros and Payet v Direction régionale des Douanes de la Réunion <sup>1</sup>	Is the 'octroi de mer' or sea tax charged under French law on the import into French overseas departments of goods originating in Community Member States and in non-member countries contrary to Articles 30 or 95 of the EEC Treaty?	Article 177 EEC
249/89 Trave Schiffahrts-Gesellschaft v Finanzamt Kiel-Nord	Does Article 4(2)(b) of Council Directive 69/335/EEC permit the Member States to impose capital duty on an interest-free loan granted by a member of a heavily over-indebted capital company to that company on the basis of the loan's utility value (saved expenditure on interest)?	Article 177 EEC
<b>Competition</b>		
229/89 Filtrona Española v Commission	Annulment of Commission Decision C(89) 630 (Filtrona/Tabacalera and Tabacanaria) refusing the applicant's request for a finding that a dominant position is being abused	Article 173 EEC
234/89 Delimitis v Henninger Bräu	Can an individual beer-supply agreement containing an exclusive purchasing clause, such as the agreement between the parties, be such as to affect, to an <i>appreciable</i> degree, trade between Member States within the meaning of Article 85(1) of the EEC Treaty on the grounds that it forms part of a 'bundle' of similar beer-supply agreements in that Member State — no matter which brewery is involved — and that the capacity to produce adverse effects on trade between States is to be assessed according to the effects on the market of that 'bundle of agreements'?	Article 173 EEC
259/89 and 259/89R Cosimex v Commission	1. Annulment of the Commission Decision of 7 June 1989 in Case IV/32.74 — Moll (Cosimex)/Vichy	Article 173 EEC Articles 185 and 186 EEC

Case	Subject	Basis
<p><b>State aid</b></p> <p>261/89 Italy v Commission</p>	<p>2. Seeking an interim measure ordering suspension of the application of the Decision</p> <p>Annulment of the Commission Decision of 24 May 1989 concerning the aid paid by the Italian Government to Alumina and Comsal</p>	<p>Article 173 EEC</p>
<p><b>Social affairs</b></p> <p>184/89 Nimz v Freie und Hansestadt Hamburg, Senatsamt für den Verwaltungsdienst</p>	<p>Interpretation of Articles 117 and 119 of the EEC Treaty and Council Directive 75/117/EEC as regards the possibility of indirect discrimination against women where a collective wage agreement for the public service lays down conditions for promotion to the next higher salary grade which distinguish between full-time or three-quarter-time employees on the one hand and half-time employees on the other, and the question whether the principle of collective bargaining precludes the court from deciding that the same conditions should apply to both categories</p>	<p>Article 177 EEC</p>
<p>188/89 Foster and Others v British Gas</p>	<p>Was the British Gas Corporation (at the material time) a body of such a type that the appellants are entitled in English courts and tribunals to rely directly upon the Equal Treatment Directive (Council Directive 76/207/EEC) so as to be entitled to a claim for damages on the ground that the retirement policy of the British Gas Corporation was contrary to the Directive?</p>	<p>Article 177 EEC</p>
<p>216/89 Reibold v Bundesanstalt für Arbeit<sup>8</sup></p>	<p>Must the term 'residence' in Article 71(1)(b)(ii) of Council Regulation No 1408/71 be interpreted as covering the case in which a worker takes up employment in another Member State which lasts for two academic years (approximately 21 months), where such employment is in the framework of an academic exchange service, is limited in time from the outset to the usual terms and is interrupted every three months or so by extended leave totalling five months per year, which the worker spends in an apartment which she has retained in her State of origin?</p>	<p>Article 177 EEC</p>
<p><b>Free movement of workers</b></p> <p>227/89 Rönfeldt v Bundesversicherungsanstalt für Angestellte, Berlin<sup>6</sup></p>	<p>Is Council Regulation No 1408/71 in conjunction with Section 25 of the Clerical Staff Insurance Act ('Angestelltenversicherungsgesetz') compatible with Articles 48(2) and 51 of the EEC Treaty?</p>	<p>Article 177 EEC</p>



Case	Subject	Basis
<b>Agriculture</b>		
203/89 Van Landschoot v Mera	Is Commission Regulation No 3779/88 valid in so far as it limits repayment of the co-responsibility levy to the first-stage processing of cereals which are supplied or made available to a processing undertaking by a producer (contract work) to the exclusion of cereals that are sold to such an undertaking even if they are later bought back by the producer in the form of fodder with a view to using it on his own farm?	Article 177 EEC
215/89 Eddelbüttel v Bezirksregierung Lüneburg <sup>5</sup>	Is the first indent of Article 1(3) of Commission Regulation No 1391/78 to be interpreted as meaning that in determining the quantity of milk a reduction may be made in circumstances where Article 3(1) of Council Regulation No 1078/77 (as amended by Regulation No 1041/78), cited in that indent, makes no provision for a reduced premium? If so, how is the word 'appropriate' in the first indent of Article 1(3)(b) of Regulation No 1391/78 to be interpreted?	Article 177 EEC
217/89 Pastätter v HZA Bad Reichenhall <sup>5</sup>	Is Council Regulation No 857/84 as amended by Regulation No 764/89 valid in so far as the special reference quantity is equal, under Article 3a(2), to only 60% of the quantity of milk or milk equivalent used as the basis for the non-marketing or conversion premium?	Article 177 EEC
248/89 Cargill v Commission	Annulment of Commission Regulation No 1358/89 amending Regulation No 735/85 fixing the amount of the subsidy on oilseeds	Article 173 EEC
<b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b>		
190/89 Marc Rich v Società Italiana Impianti <sup>8</sup>	Scope of the Convention (Article 1(4), 5(1) and 17)	
214/89 Powell Duffryn v Petereit, in his capacity is trustee in bankruptcy of IBH-Holding <sup>5</sup>	Clause in the statutes of a limited company conferring jurisdiction in respect of all disputes between the shareholder and the company	
<b>External relations</b>		
192/89 Service v Staatssecretaris van Justitie <sup>2</sup>	Interpretation of Article 177 of the EEC Treaty, and direct effect of Articles 2 and 7 of Decision No 2/76 and Articles 6 and 13 of Decision No 1/80 of the EEC-Turkey Association Council	Article 177 EEC

Case	Subject	Basis
<p><b>Food aid</b></p> <p>226/89 Haniel Spedition v Commission<sup>9</sup></p>	<p>Annulment of the Commission Decision of 18 May 1989 under Article 22(2)(b) of Commission Regulation No 2200/87 laying down general rules for the mobilization in the Community of products to be supplied as Community food aid in conjunction with Article 18 of Commission Regulation No 2964/87 on the supply of various lots of butter as food aid</p>	<p>Article 173 EEC</p>
<p><b>Miscellaneous (residence permits)</b></p> <p>197/89 Dzodzi v Belgian State<sup>2</sup></p>	<p>Interpretation of Articles 8 and 9 of Council Directive 64/221/EEC on the coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health</p>	<p>Article 177 EEC</p>
<p><b>Privileges and immunities</b></p> <p>201/89 Le Pen and the 'Front National' Party v Puhl and Others<sup>2</sup></p>	<p>Does the Court of Justice have jurisdiction over acts involving the distribution of a brochure entitled 'Against racism and Fascism in Europe' in so far as they were committed on the premises of the European Parliament in Strasbourg?</p>	<p>Article 177 EEC</p>
<p><b>Institutional questions</b></p> <p>213/89 R. v Secretary of State for Transport, <i>ex parte</i> Factortame</p>	<p>1. Where:</p> <p>(i) a party before the national court claims to be entitled to rights under Community law having direct effect in national law ('the rights claimed');</p> <p>(ii) a national measure in clear terms will, if applied, automatically deprive that party of the rights claimed;</p> <p>(iii) there are serious arguments both for and against the existence of the rights claimed and the national court has sought a preliminary ruling under Article 177 as to whether or not the rights claimed exist;</p> <p>(iv) the national law presumes the national measure in question to be compatible with Community law unless and until it is declared incompatible;</p> <p>(v) the national court has no power to give interim protection to the rights claimed by suspending the application of the national measure pending the preliminary ruling;</p> <p>(vi) if the preliminary ruling is in the event in favour of the rights claimed, the party entitled</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
	<p>to those rights is likely to have suffered irreparable damages unless given such interim protection;</p> <p>does Community law either</p> <p>(a) oblige the national court to grant such interim protection of the rights claimed;</p> <p>or</p> <p>(b) give the court power to grant such interim protection of the rights claimed?</p> <p>2. If question 1 (a) is answered in the negative and question 1 (b) in the affirmative, what are the criteria to be applied in deciding whether or not to grant such interim protection of the rights claimed?</p>	
<b>Infringements</b>		
208/89 Commission v Italy <sup>6</sup>	Failure to comply with Council Directive 81/177/EEC and Commission Directive 82/347/EEC on the harmonization of procedures for the export of Community goods	Article 169 EEC
209/89 Commission v Italy <sup>6</sup>	Payment for services provided to more than one undertaking at the same time	Article 169 EEC
210/89 Commission v Italy <sup>4</sup>	Seeking a declaration that by making the importation of cheeses into Italy conditional upon compliance with Act No 396 of 2 February 1939 Italy has failed to fulfil its obligations under Article 30 of the EEC Treaty and Article 22(1) of Council Regulation No 804/68 on the common organization of the market in milk and milk products	Article 169 EEC
229/89 Commission v Belgium <sup>6</sup>	Seeking a declaration that by maintaining in force after 22 December 1984 a system for calculating unemployment benefits and invalidity allowances resulting in indirect discrimination, not objectively justified, against women, Belgium has failed to fulfil its obligations under Council Directive 79/7/EEC	Article 169 EEC
230/89 Commission v Greece <sup>9</sup>	Seeking a declaration that by levying on certain imported spirituous beverages which are not made in Greece a higher rate of VAT than that applicable to other spirituous beverages which are made principally in Greece, Greece has failed to fulfil its obligations under Article 95 of the EEC Treaty	Article 169 EEC
232/89 Commission v Italy <sup>4</sup>	Seeking a declaration that the checks made on 'green cards' in Italy infringe Council Directive 72/166/EEC on insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability	Article 169 EEC

Case	Subject	Basis
235/89 Commission v Italy <sup>10</sup>	Seeking a declaration that by providing for the issue of compulsory licences where the holder of a patent for an industrial invention or a new plant variety does not exploit the patent by way of production in Italian territory Italy has failed to fulfil its obligations under Article 30 of the EEC Treaty	Article 169 EEC
236/89 Commission v Italy <sup>10</sup>	Seeking a declaration that by failing to adopt the provisions necessary to carry out the judgment in Case 49/86 <i>Commission v Italy</i> Italy has failed to fulfil its obligations under Article 171 of the EEC Treaty	Article 169 EEC
239/89 Commission v Italy <sup>3</sup>	Seeking a declaration that by refusing to pay default interest pursuant to Article 11 of Council Regulation No 2891/77 on the replacement of financial contributions from Member States by the Communities' own resources halg has failed to .. its obligations under the EEC Treaty	Article 169 EEC
240/89 Commission v Italy <sup>3</sup>	Failure to comply with Council Directive 83/477/EEC on the protection of workers from the risks related to exposure to asbestos at work	Article 169 EEC
243/89 and 243/89R Commission v Denmark	<ol style="list-style-type: none"> <li>1. Failure to comply with Articles 30, 48 and 59 of the EEC Treaty and with Council Directive 71/305/EEC on public works contracts</li> <li>2. Seeking an interim measure ordering work to stop</li> </ol>	Article 169 EEC Article 186 EEC
244/89 Commission v France <sup>3</sup>	Seeking a declaration that by not ensuring compliance with the quotas allocated to it for the year 1986 for catches of other species in Norwegian waters and of redfish in Faeroese waters France has failed to fulfil its obligations under Article 5(2) of Council Regulation No 170/83 and Article 10(2) of Council Regulation No 2057/82 in conjunction with Article 1 of Council Regulation No 3730/85 and Article 1 of Council Regulation No 3732/85	Article 169 EEC
246/89 and 246/89R Commission v UK <sup>12</sup>	<ol style="list-style-type: none"> <li>1. Seeking a declaration that by granting UK registration and flag to fishing vessels only product they meet nationality requirements for owners or operators and shareholders and directors of companies operating such vessels the United Kingdom has failed to fulfil its obligations under Articles 7, 52 and 221 of the EEC Treaty</li> <li>2. Seeking an Interim measure ordering the United Kingdom to suspend the application to nationals of the other Member States of the nationality requirements laid down by the Merchant Shipping Act 1988 for the grant of UK registration and flag to fishing vessels until the Court has delivered judgment in the main action</li> </ol>	Article 169 EEC Article 186

Case	Subject	Basis
247/89 Commission v Portugal <sup>13</sup>	Seeking a declaration that by virtue of the fact that the firm ANA-EP failed to send to the Office for Official Publications a notice of an open tendering procedure relating to the supply and assembly of a telephone exchange at Lisbon Airport, for publication in the <i>Official Journal of the European Communities</i> , Portugal has failed to fulfil its obligations under Council Directive 77/62/EEC	Article 169 EEC
250/89 Commission v Italy <sup>13</sup>	Failure to comply with Council Directive 86/415/EEC on tractors	Article 169 EEC
252/89 Commission v Luxembourg <sup>10</sup>	Failure to comply with Council Directive 85/339/EEC on containers of liquids for human consumption	Article 169 EEC
255/89 Commission v France	Failure to comply with Council Directives 84/587/EEC and 86/403/EEC on additives in feedingstuffs	Article 169 EEC
256/89 Commission v Italy <sup>12</sup>	Failure to comply with Council Directive 85/450/EEC on misleading advertising	Article 169 EEC
257/89 Commission v Greece	Failure to comply with Council Directive 84/360/EEC on the combating of air pollution from industrial plants	Article 169 EEC
258/89 Commission v Spain <sup>13</sup>	Seeking a declaration that by failing to apply to the measures of control laid down in Council Regulations No 2057/82 and No 2241/87 to catches made outside the Community fishing zone of stocks or groups of stocks to which a total allowable catch or quota applies Spain has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC
262/89 Commission v Italy	Failure to comply with Council Directive 84/587/EEC amending Annex I to Directive 64/433/EEC on health problems affecting intra-Community trade in fresh meat	Article 169 EEC
263/89 Commission v Italy	Failure to comply with Council Directive 84/587/EEC amending Directive 70/524/EEC concerning additives in feedingstuffs	Article 169 EEC
266/89 Commission v Italy	Seeking a declaration that by persisting in its failure to implement Council Directive 78/546/EEC on statistical returns in respect of carriage of goods by road, as part of regional statistics, in disregard of the judgment of the Court of Justice in Case 101/84 <i>Commission v Italy</i> , Italy has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC

Disputes between the Community and its staff

v Commission:

206/89 and 206/89R Mr S.<sup>4</sup>

207/89 Ferrandi<sup>4</sup>

211/89 Chomel<sup>4</sup>

212/89 Kormeier<sup>5</sup>

237/89 Van Gerwen<sup>3</sup>

242/89 Henrichs<sup>13</sup>

v Council:

245/89 Brumter<sup>10</sup>

264/89 Gallone

v Parliament:

253/89 Offermann

<sup>1</sup> OJ C 207, 12.8.1989.

<sup>2</sup> OJ C 184, 21.7.1989.

<sup>3</sup> OJ C 225, 1.9.1989.

<sup>4</sup> OJ C 216, 22.8.1989.

<sup>5</sup> OJ C 211, 17.8.1989.

<sup>6</sup> OJ C 217, 23.8.1989.

<sup>7</sup> OJ C 219, 25.8.1989.

<sup>8</sup> OJ C 210, 16.8.1989.

<sup>9</sup> OJ C 220, 26.8.1989.

<sup>10</sup> OJ C 228, 5.9.1989.

<sup>11</sup> OJ C 222, 29.8.1989.

<sup>12</sup> OJ C 229, 6.9.1989.

<sup>13</sup> OJ C 232, 9.9.1989.

Judgments

2.7.32. Decisions were given in the following cases in July and August:

Date and Case	Held
<p>ECSC — Steel</p> <p>6.7.1989: 26/89 Bisider v Commission<sup>1</sup></p>	<p>Removed from the Court Register</p> <p>(Seeking the annulment of the Commission decision imposing a fine of ECU 84 200 on the applicant for exceeding its production quotas in categories III and VI in the first quarter of 1986 and in category VI in the second quarter of 1986, and in the alternative the reduction of the fine)</p>
<p>Customs union</p> <p>11.7.1989: 170/88 Ford Espana v Spanish State<sup>1</sup></p>	<p>1. Articles 9 and 13 of the EEC Treaty in conjunction with Article 35 of the Act concerning the conditions of accession of the Kingdom of Spain and the Portuguese Republic and the adjustments to the Treaties must be interpreted as precluding the levying of a duty calculated as a proportion of the declared value of the imported goods which is imposed where the operations relating to the customs clearance of the goods in question are carried out on premises or at places not open to the public</p>

Date and Case	Held
<p>13.7.1989: 248, 254 to 258, 309 and 316/88 <i>Chimica del Friuli and Others v Ministero delle Finanze</i><sup>2</sup></p>	<p>2. A national court which is called upon to apply, within the limits of its jurisdiction, provisions of Community law is under a duty to give full effect to those provisions, if necessary refusing of its own motion to apply any conflicting provision of national legislation, and it is not necessary for the court to request or await the prior setting aside of such provisions</p> <p>Article 7 of Regulation 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 must be interpreted as meaning that where goods are transferred the transferee must hold an authorization granted in accordance with Article 3 of that Regulation, whether the transfer took place between one Member State and another or within a given Member State</p>
<p><b>Taxation</b></p>	
<p>6.7.1989: 53/89 <i>Public Prosecutor and Minister for Finance v Proost</i></p>	<p>Removed from the Court Register (Seeking an interpretation of the Sixth VAT Directive (Council Directive 77/388/EEC))</p>
<p>13.7.1989: 93 and 94/88 <i>Wisselink and Others v Staatssecretaris van Financiën</i><sup>2</sup></p>	<p>The First, Second and Sixth VAT Directives do not preclude the levying of a special consumption tax on passenger cars such as the 'Bijzondere Verbruiksbelasting van Personenauto's'</p>
<p>13.7.1989: 173/88 <i>Skatteministeriet v Henriksen</i><sup>2</sup></p>	<p>1. Article 13B (b) of the Sixth VAT Directive must be interpreted as meaning that the expression 'premises and sites for parking vehicles' covers the letting of all places designed to be used for parking vehicles, including closed garages, but that such lettings cannot be excluded from the exemption in favour of the 'leasing or letting of immovable property' if they are closely linked to lettings of immovable property for another purpose which are themselves exempt from VAT</p> <p>2. Article 13B (b) of the Sixth VAT Directive must be interpreted as meaning that Member States may not exempt from VAT lettings of premises and sites for parking which are not covered by the exemption provided for in that provision, that is to say, those which are not closely linked to lettings of immovable property for another purpose which are themselves exempt from VAT</p>

Date and Case	Held
<p><b>Competition</b></p> <p>11.7.1989: 246/86 Belasco and Others v Commission<sup>1</sup></p> <p>13.7.1989: 395/87 Ministère public v Tournier<sup>2</sup></p>	<p>The application is dismissed (Seeking the annulment of Commission Decision 86/399/EEC relating to a proceeding under Article 85 of the EEC Treaty (IV/31.371 — Roofing felt) and, in the alternative, the cancellation or at least reduction of the fines imposed on the applicants)</p> <p>1. Articles 30 and 59 of the EEC Treaty must be interpreted as not preventing the application of national legislation which treats as an infringement of copyright the public performance of a protected musical work by means of sound recordings without payment of royalties, where royalties have already been paid to the author, for the reproduction of the work, in another Member State</p> <p>2. Article 85 of the EEC Treaty must be interpreted as prohibiting any concerted practice between national copyright-management societies of the Member States having as its object or effect the refusal by each society to grant direct access to its repertoire to users established in another Member State. It is for the national courts to determine whether any concerted action between such management societies has in fact taken place</p> <p>3. The refusal by a national society for the management of copyright in musical works to grant the users of recorded music access only to the foreign repertoire represented by it does not have the object or effect of restricting competition in the common market unless access to a part of the protected repertoire could entirely safeguard the interests of the authors, composers and publishers of music without thereby increasing the costs relating to management contracts and to the monitoring of the use of protected musical works</p> <p>4. Article 86 of the EEC Treaty must be interpreted as meaning that a national copyright-management society holding a dominant position in a substantial part of the common market imposes unfair trading conditions where the royalties which it charges to discothèques are appreciably higher than those charged in other Member States, the comparison of the levels of the rates made on a uniform basis. That would not be the case if the copyright-management society in question were able to justify such a difference by reference to objective and relevant dissimilarities between copyright management in the Member State concerned and copyright management in the other Member States</p>



Date and Case	Held
13.7.1989: 110, 241 and 242/88 <i>Lucazeau v Sacem and Sacem v Debelle and Soumagnac</i> <sup>3</sup>	<p>1. Article 85 of the EEC Treaty must be interpreted as prohibiting any concerted practice between national copyright-management societies of the Member States having as its object or effect the refusal by each society to grant direct access to its repertoire to users established in another Member State. It is for the national courts to determine whether any concerted action between such management societies has in fact taken place</p> <p>2. Article 86 of the EEC Treaty must be interpreted as meaning that a national copyright-management society holding a dominant position in a substantial part of the common market imposes unfair trading conditions where the royalties which it charges to discothèques are appreciably higher than those charged in other Member States, the comparison of the levels of the rates being made on a uniform basis. That would not be the case if the copyright-management society in question were able to justify such a difference by reference to objective and relevant dissimilarities between copyright management in the Member State concerned and copyright management in the other Member States</p>
<b>State aid</b>	
6.7.1989: 166 and 173/87 <i>France, Usinor, Sacilor and Others v Commission</i> <sup>1</sup>	<p>Removed from the Court Register (Seeking the annulment of the Commission Decision of 25 March 1987 concerning aid granted by the French Government to Usinor and Sacilor, declaring the aid illegal and incompatible with Article 92 of the EEC Treaty)</p>
<b>Social policy</b>	
6.7.1989: 235/88 <i>Kassel v Bundesanstalt für Arbeit</i>	<p>Removed from the Court Register (Does the prohibition on discrimination between Community nationals apply where unemployment benefit is payable solely by virtue of a convention between a Member State and a non-Community country which refers only to the nationals of those two countries?)</p>
12.7.1989: 141/89 <i>Caisse nationale d'assurances vieillesse des travailleurs salariés, région de Paris v Jordan</i> <sup>1</sup>	<p>1. Article 51 of Council Regulation No 1408/71 must be interpreted as meaning that an alteration to the method of determining the minimum old-age benefit is covered by paragraph 2 of that Article</p> <p>2. Article 51(2) of Regulation No 1408/71 must be interpreted as meaning that an alteration to the method of determining, or the rules for calcu-</p>

Date and Case	Held
<p>13.7.1989: 171/88 Rinner-Kühn v FWW Spezial-Gebäudereinigung<sup>3</sup></p>	<p>lating, old-age benefits which is not applicable to pensions awarded before that alteration came into force does not oblige the Member State concerned to make a fresh calculation</p> <p>Article 119 of the EEC Treaty must be interpreted as precluding national legislation which permits employers to exclude employees whose normal working hours do not exceed 10 hours a week or 45 hours a month from the continued payment of wages in the event of illness, where that measure affects a far greater number of women than men, unless the Member State shows that that legislation is justified by objective facts unrelated to any discrimination on grounds of sex</p>
<p><b>Agriculture</b></p> <p>4.7.1989: 326/86 and 66/88 Francesconi and Others v Commission<sup>4</sup></p>	<p>The application is dismissed</p> <ol style="list-style-type: none"> <li>1. Seeking compensation for loss suffered as a result of the Commission's negligence in failing to disclose information enabling the producers and distributors of adulterated wine to be identified (Case 326/86)</li> <li>2. Seeking compensation for loss suffered as a result of the Commission's negligence in the case of wines adulterated with methanol which led to the death of the applicant's relatives (Case 66/88)</li> </ol>
<p>11.7.1989: 195/87 Cehave v Hoofdproduktschap voor Akkerbouwprodukten<sup>5</sup></p>	<ol style="list-style-type: none"> <li>1. Article 2(1) of Commission Regulation No 2040/86 is to be interpreted as meaning that the co-responsibility levy in the cereals sector must be calculated on the basis of the agricultural exchange rate which applies in the Member State on whose territory the first-stage processing is carried out</li> <li>2. The combined provisions of Article 4(6) of Council Regulation No 2727/75, as amended by Regulation No 1579/86, and Article 5(1) of Commission Regulation No 2040/86 are to be interpreted as meaning that operators who carry out the first-stage processing of cereals must retroactively pass on to their suppliers any difference — whether positive or negative — between the co-responsibility levy payable by them and the discount granted to them by their suppliers in connection with that levy</li> <li>3. Consideration of the provisions in question has disclosed no factor of such a kind as to affect their validity</li> </ol>
<p>11.7.1989: 265/87 Hermann Schröder HS Kraftfutter v HZA Gronau<sup>1</sup></p>	<ol style="list-style-type: none"> <li>1. The second paragraph of Article 1(2) of Commission Regulation No 2040/86, as amended by Regulation No 2572/86, is invalid so far as it exempts from the co-responsibility levy the first-stage processing of cereals carried</li> </ol>

Date and Case	Held
<p>11.7.1989: 196 to 198/88 <i>Cornée and Others v Copall and Laiterie coopérative de Trieux</i><sup>1</sup></p>	<p>out on the agricultural holding of the producer using its machinery, provided that the products of the processing are used on that holding, whereas it provides no such exemption for first-stage processing carried out outside the producer's agricultural holding or using machinery which does not form part of the agricultural installations of that holding, when the products of the processing are used there</p> <p>2. It is for the Community legislature to adopt the appropriate measures to ensure equal treatment of operators under the contested exemption scheme</p> <p>3. In the meantime, the competent authorities must continue to apply the exemption provided by the provision in question, but must extend the benefit of that exemption to the operators found to have been discriminated against</p> <p>4. For the rest, consideration of the question raised has disclosed no factor of such a kind as to affect the validity of either Council Regulation No 1579/86 or Commission Regulation No 2040/86 as amended by Regulation No 2572/86</p> <p>1. The first indent of Article 3(1) of Council Regulation No 857/84 precludes national rules from implementing that provision in such a way that all the producers covered by that provision obtain a single fixed quantity. However, that provision does not preclude national rules from providing that only producers whose deliveries of milk do not exceed a specified threshold are eligible to obtain a special reference quantity</p> <p>2. Regulation No 857/84, interpreted in the light of the prohibition of discrimination set out in Article 40(3) of the Treaty, does not preclude national rules allowing purchases, in the context of Formula B, provisionally to reallocate, pursuant to Article 3(1) of that Regulation, all or part of the individual reference quantities released by producers affiliated to those purchasers to other producers affiliated to those purchasers, provided that, where appropriate, those reallocations are subsequently adjusted in order to neutralize any difference in treatment between producers affiliated to different purchasers</p> <p>3. The principle of the protection of legitimate expectations does not preclude national rules from implementing the Community system of an additional levy on milk in such a way that producers who are holders of development plans approved before the entry into force of the levy system obtain for the 1985/86 marketing year reference quantities fixed at a level lower than that applicable for the preceding marketing year</p>

Date and Case	Held
<p>13.7.1989: 5/88 Wachauf v Germany<sup>2</sup></p>	<p>unless the reductions relate specifically to the reference quantities of the holders of such plans</p> <ol style="list-style-type: none"> <li>1. For the purposes of Article 12(d) of Council Regulation No 857/84 the term 'holding' covers all the agricultural production units which are the subject of a lease, even where the said units, as leased, had neither dairy cattle nor the necessary technical facilities for milk production and the lease provided for no obligation on the part of the lessee to engage in milk production</li> <li>2. Article 5(3) of Commission Regulation No 1371/84 must be interpreted as meaning that it applies to the surrender, upon the expiry of the lease, of all the agricultural production units leased, even where the said units, as leased, had neither dairy cattle nor the necessary technical facilities for milk production and the lease provided for no obligation on the part of the lessee to engage in milk production</li> </ol>
<p>13.7.1989: 214/88 Amministrazione delle Finanze dello Stato v Politi<sup>2</sup></p>	<p>Article 9 of Council Directive 64/433/EEC in conjunction with Article 17(2) of Council Regulation No 121/67 constitutes, with regard to health and animal-health inspections carried out on imports of fresh, chilled or frozen pigmeat from non-member countries, a derogation from the prohibition of the imposition of health inspection charges to the extent necessary to ensure non-discriminatory treatment, on the one hand, of traders who, in the course of intra-Community trade, place fresh meat on the market and thereby become liable to pay health inspection charges in the exporting Member State and, on the other, of traders who import such products from non-member countries, provided that those charges do not exceed the actual cost of the inspections</p>
<p>13.7.1989: 215/88 Casa Fleischhandel v Bundesanstalt für Landwirtschaftliche Marktordnung<sup>6</sup></p>	<ol style="list-style-type: none"> <li>1. Article 9(3) of Commission Regulation No 2711/75 must be interpreted as meaning that the 'quantity placed in store' may consist only of meat satisfying the conditions for the grant of private storage aid in the beef and veal sector</li> <li>2. Article 2(2) of Commission Regulation No 1071/68 has not been repealed by Commission Regulation No 2778/74, Commission Regulation No 1860/75, or by Commission Regulation No 2711/75, and, in the absence of a derogating provision in Commission Regulation No 1500/76, it was applicable to aid granted under the latter Regulation</li> </ol>

Date and Case	Held
<b>Transport</b>	
13.7.1989: 4/88 Lambregts Transportbedrijf v Belgian State <sup>2</sup>	Article 75(1)(a) and (b) of the Treaty does not create individual rights on which nationals may rely in proceedings before national courts with regard to decisions adopted by national administrations in 1982
<b>Environment</b>	
13.7.1989: 380/89 Enichem Base and Others v Municipality of Cinisello Balsamo <sup>2</sup>	<ol style="list-style-type: none"> <li>1. Directive 75/443/EEC, properly construed, does not give individuals the right to sell or use non-biodegradable plastic bags or other non-biodegradable containers'</li> <li>2. Article 3(2) of Directive 75/443/EEC must be interpreted as requiring Member States to communicate to the Commission any draft legislation such as the legislation in dispute in the main proceedings, prior to its final adoption</li> <li>3. Article 3(2) of Directive 75/443/EEC, properly construed, does not give individuals any right which they may enforce in proceedings before national courts in order to obtain the annulment or suspension of national legislation falling under that provision on the ground that the legislation was adopted without having previously been communicated to the Commission</li> </ol>
<b>Infringements</b>	
21.6.1989: 97/88 Commission v Germany	Removed from the Court Register (Seeking a declaration that, by exempting from VAT the turnover of travel agents in respect of travel services to Spain, Germany has failed to fulfil its obligations under the Sixth VAT Directive (Council Directive 77/388/EEC))
21.6.1989: 238/88 Commission v Ireland	Removed from the Court Register (Failure to comply with the Directives on permissible sound power levels)
6.7.1989: 45/88 Commission v France <sup>1</sup>	Removed from the Court Register' (Failure to comply with Commission Directive 84/291/EEC on pesticides)
6.7.1989: 26/89 Commission v Italy <sup>7</sup>	Removed from the Court Register (Seeking a declaration that, by refusing to pay default interest, Italy has failed to fulfil its obligations under Article 11 of Council Regulation No 2891/77 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources)

Date and Case	Held
11.7.1989: 323/87 Commission v Italy <sup>5</sup>	1. By taxing rum originating in other Member States more heavily than other spirits of agricultural origin, Italy has failed to fulfil its obligations under Article 95 of the Treaty 2. The remainder of the application is dismissed

**Disputes between the Community and its staff**

v Commission:

- 13.7.1989: 80/79 and 205/81 Pirzio-Biroli<sup>8</sup> — The applications are dismissed
- 13.7.1989: 286/83 Alexis and Others<sup>8</sup> — The application is dismissed (Seeking the recognition of the applicants as officials or members of the temporary staff)
- 13.7.1989: 161/86 Jaeger<sup>8</sup> — The application is dismissed
- 13.7.1989: 58/88 Olbrechts<sup>3</sup> — The Commission's Decision of 17 November 1987, adopted in response to the applicant's complaint, is hereby annulled
- 13.7.1989: 108/88 Jaenicke Cendoya<sup>2</sup> — The application is dismissed
- 31.7.1989: 206/89R Mr S.<sup>9</sup> — The application for suspension of the operation of the decision is dismissed as inadmissible

v Court of Justice:

- 12.7.1989: 225/87 Belardinelli and Others<sup>5</sup> — 1. The decision of the selection board for competition No 80/86 refusing to admit Mrs Muller to the competition is annulled. 2. The remainder of the application is dismissed

v Parliament:

- 13.7.1989: 361 and 362/87 Caturla-Poch and de la Fuente Pascual<sup>8</sup> — The applications are dismissed

v Court of Auditors:

- 4.7.1989: 198/87 Kerzmann<sup>4</sup> — The application is dismissed

<sup>1</sup> OJ C 199, 4.8.1989.  
<sup>2</sup> OJ C 207, 12.8.1989.  
<sup>3</sup> OJ C 210, 16.8.1989.  
<sup>4</sup> OJ C 192, 29.7.1989.  
<sup>5</sup> OJ C 198, 3.8.1989.  
<sup>6</sup> OJ C 211, 17.8.1989.  
<sup>7</sup> OJ C 220, 26.8.1989.  
<sup>8</sup> OJ C 200, 5.8.1989.  
<sup>9</sup> OJ C 225, 1.9.1989.

**Economic and Social Committee**

**268th plenary session**

2.7.33. The Economic and Social Committee held its 268th plenary session in Brussels on 12 and 13 July with Mr Masprone in the chair. The meeting was attended by Mr

Andriessen, who presented the broad lines of the Commission's external policy. He said that the Uruguay Round gave the Community an opportunity to play a leading role in the liberalization of trade in goods and services. The Commission wanted to see the quantitative restrictions to trade with non-member countries phased out and equal opportunities ensured as regards com-

petition between credit institutions in those countries and those in the Community. It had taken steps to ensure that the structural Funds would help to smooth the process of trade liberalization, especially in the motor vehicle and textiles sectors. The Commission had also reduced the amount of time involved in anti-dumping procedures and thus made this form of protection against unfair competition more effective. The success of the single market would entail greater responsibilities for the Community with regard to the developing countries. Mr Andriessen also stressed that the social dimension of the internal market and monetary union should enable the Community to have greater influence in these areas at international level.

2.7.34. The Committee debated and adopted own-initiative opinions on the following:

- (i) poverty (→ point 2.1.105);
- (ii) 1992 and the Community's external trade (→ point 2.2.1);
- (iii) relations with the Mediterranean countries (→ point 2.2.17).

2.7.35. The Committee also debated and adopted, with only two abstentions, an opinion endorsing the proposal for a Directive on the limitation of noise emission from civil subsonic jet aeroplanes (→ point 2.1.130).

2.7.36. The Committee also adopted, without debate, a unanimous opinion on the third item below, and adopted opinions on the other two by a large majority:

- (i) liberalization of capital movements (→ point 2.1.32);
- (ii) the 13th ERDF report (→ point 2.1.120);
- (iii) the Thermie programme (→ point 2.1.209).

## European Investment Bank <sup>1</sup>

### EIB loans in July and August

2.7.37. Loans announced by the European Investment Bank in July and August for

investments within the Community totalled ECU 803.33 million,<sup>2</sup> of which ECU 349.8 million went to projects in Spain, ECU 197.7 million to the United Kingdom, ECU 184.33 million to France, ECU 39 million to Portugal and ECU 32.5 million to Ireland. Outside the Community, the Bank lent ECU 93 million for projects in three Mediterranean countries (Algeria, Yugoslavia and Morocco), including ECU 9 million from risk capital, ECU 54.3 million under the Third Lomé Convention,<sup>3</sup> including ECU 24.3 million from risk capital, and ECU 3 million to the Ontwikkelingsbank van de Nederlandse Antillen (in one of the overseas countries and territories), including ECU 400 000 from risk capital.

## Community

### Spain

2.7.38. The Bank lent a total of PTA 45.6 billion, including PTA 19.5 billion to the Compañía Sevillana de Electricidad towards improving power supplies in Andalusia and uprating generating capacity. The loan, to be disbursed in different currencies, will go towards constructing and extending substations and overhead lines and modernizing the load-dispatch system, as well as building one new and rehabilitating three existing hydroelectric power plants. These operations had become necessary because of the rapid pace of economic development in the region concerned. A loan of PTA 13.65 billion went to the Spanish aircraft-manufacturing concern, Construcciones Aeronauticas SA (CASA), towards its contribution to a new Airbus project. This project is being mounted by a consortium of four European civil aircraft manufacturers

<sup>1</sup> Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg, Tel. (352) 4379-1.

<sup>2</sup> The conversion rates at 40 June 1989 used by the EIB in statistics for the second quarter of 1989 were: ECU 1 = BFR 43.30, DKR 8.04, DM 2.07, DR 178.13, ESC 173.15, FF 7.02, HFL 2.33, IRL 0.78, LFR 43.30, LIT 1 496, PTA 131.58, UKL 0.68, USD 1.06.

<sup>3</sup> OJ L 86, 31.3.1986; Bull. EC 4-1986, point 2.2.31.

(Aérospatiale, Deutsche Airbus, British Aerospace and CASA) which are collaborating in the design and construction of the A-320, A-330 and A-340 Airbuses. The Bank gave a global loan of PTA 5 billion to the Banco de Santander to finance investment by smaller enterprises in the industrial and related service sectors, the deployment of new technology, the rational use of energy, tourism and commercial ventures (excluding the retail trade), and PTA 3 billion to the Consorcio Concesionario de Aguas para los Ayantamientos e Industrias de Tarragona for the construction of water supply works in the province of Tarragona, with a view to improving the quality of drinking water. The Bank also gave a loan of PTA 2.5 billion to Antibióticos Farma SA towards the construction of a new pharmaceuticals plant in Madrid. A loan of PTA 1.95 billion was given to the Empresa Municipal de Abastecimiento y Saneamiento de Granada SA for modernizing and extending water-supply facilities and the construction of two wastewater treatment plants in Granada.

### United Kingdom

2.7.39. The Bank lent UKL 135 million to Enterprise Oil plc for the development of the Ravenspurn North gas field in the southern basin of the North Sea. The project will increase gas production by 34 million cubic metres.

A loan of UKL 50 million in the form of a leasing operation was given for the construction of a new paper mill at Irvine in west-central Scotland. The mill will produce 200 000 tonnes of high-quality paper, largely for the UK market, and will create some 470 new jobs in an area of high unemployment. UKL 5 million were lent for the development of an industrial zone near the centre of Lancaster in north-west England, an area hit by the recession in the textile and coalmining industries in the 1980s. The loan will go towards constructing new infrastructure and renovating buildings to be used as offices, workshops and a training centre.

### France

2.7.40. The Bank granted loans of FF 1.3 billion, including FF 1 billion in global loans for smaller enterprises. It also gave a loan of FF 700 million to Locafrance, a leasing and holding company for companies specializing in financing capital equipment, and a loan of FF 300 million to Bail Equipment SA, a finance company which is a subsidiary of the Crédit industriel et commercial group and also specializes in capital equipment leasing operations. The two loans will go towards financing investment in the industrial and related services sectors and in tourism.

The Bank also gave a loan of FF 235 million to the Société nationale des chemins de fer français (SNCF) for the construction of a 273-km dual-track, electrified line, the refurbishing of some passenger stations, the purchase of 95 train sets and the refitting of maintenance workshops. An overall loan of FF 1.5 billion will be granted by 1990. Since 1985 the Bank has given the SNCF a series of loans totalling FF 800 million for the high-speed (TGV) project.

The Bank also gave a loan of FF 60 million to the Communauté urbaine de Lyon for the new Lyon Gerland household-waste incineration plant. The plant has already received two EIB loans totalling FF 75 million.

### Portugal

2.7.41. The Bank gave a loan of ESC 4 billion to the Sociedade de Iniciativa e Aproveitamento Florestais SA for the construction of a plant producing medium-density fibre panels at Mangualde (Viseu). It also gave a loan of ESC 1 billion to Sociedade de Madeiras Industrializadas SA for modernized and extended production facilities for impregnated paper and overlaying particle-board panels at the new site in Oliveira do Hospital.

### Ireland

2.7.42. The Bank lent IRL 25 million for modernizing telecommunications in Ireland



and strengthening links with other Member States and the rest of the world. The funds go to Irish Telecommunications Investments plc to be used to improve the local switching and transmission networks and to lay down a link with the optical-fibre cable between the USA and the United Kingdom, and for the construction of Eutelstat and Intelstat satellite earth stations.

### *Outside the Community*

#### **ACP States and overseas countries and territories**

##### *ACP States*

2.7.43. The Bank granted a loan of ECU 16 million to the Port Authority of Jamaica to extend the container terminal facilities at Kingston. The project, which involves dredging and deepening the docks, expanding storage areas and the purchase of handling equipment, will enable the Kingston container terminal, which is well-situated and has good back-up facilities, to expand and play an increasing part in the Jamaican economy, especially through foreign currency earnings from transshipment services. This is the third EIB loan to Jamaica under the Third Lomé Convention,<sup>1</sup> following a loan of ECU 10 million in 1986 for smaller industrial and tourist ventures and another of ECU 5.25 million in 1987 for the construction of an extra quay at the port in Montego Bay.

2.7.44. The Bank gave a loan of ECU 12 million for the construction of a paper factory at Kadona in Central Zimbabwe. The funds will be on-lent to Art Corporation Limited, a locally-owned private company. The output is mostly for the local market and will replace lower-quality paper and imports. This is the first privately-owned project financed by the EIB in Zimbabwe.

2.7.45. The Bank also granted a loan of ECU 9.3 million from risk capital towards

modernizing and expanding the telephone network in Togo.

The installation of digital telephone exchanges and the establishment of a radio link between the capital, Lomé, and Kara, the main town in the north of the country, will serve to uprate the capacity of the telephone networks between the two towns. The funds are to be on-lent to the Office des Postes et Télécommunications du Togo.

2.7.46. In Tanzania the Bank lent ECU 8 million from risk capital resources to finance the extension and rehabilitation of cotton-ginning facilities. The advance is in the form of conditional loans to the Government, which will on-lend ECU 4 million to Nyanza Cooperative Union to purchase shares in a ginning company being set up to run the project and ECU 4 million to the ginning company via Tanzania Investment Bank. The project is the fourth to be supported by the EIB under the Third Lomé Convention,<sup>1</sup> following a loan of ECU 5 million to Tanganyika Development Finance Company, ECU 2 million for Tanzania's contribution to reinforcing the capital of the East African Development Bank, and ECU 3.5 million to a Tanesco power plant, all financed from risk capital resources.

2.7.47. In Burkina Faso the Bank granted the Government a conditional loan of ECU 6 million from risk capital to finance cotton-seed oil production.

The funds will be on-lent in the form of a shareholder's advance to Société des huileries et savons du Burkina, which is owned by the State and local private capital and has long experience in vegetable-fats processing. The plant will have a processing capacity of up to 100 000 tonnes of cotton seed for high-quality oil production, as well as 13 000 tonnes year of household soap. The output is for the local market and will replace imports.

<sup>1</sup> OJ L 86, 31.3.1986; Bull. EC 4-1986, point 2.2.31.

2.7.48. In Swaziland the Bank lent ECU 2 million for the rehabilitation of a slaughterhouse and ECU 1 million for the construction of industrial buildings.

The first of these projects comprises the refurbishment of a slaughterhall, the relocation and repair of chillers, the acquisition of new conveyors, the rehabilitation of the air-conditioning system and the installation of an effluent pre-treatment system to protect the environment. The financing consists of a conditional loan of ECU 1 million from risk capital to the Swaziland Industrial Development Company and ECU 1 million from the Bank's own resources (mainly the proceeds of the Bank's borrowing on the capital markets).

The second project comprises the construction of industrial buildings totalling 6 000 square metres, for leasing to manufacturing firms; it is part of an industrial buildings construction programme by SIDC.

In 1987 the EIB provided ECU 3 million from risk capital resources to help establish SIDC, Swaziland's new development finance institution.

#### *Overseas countries and territories*

2.7.49. The Bank granted two loans totalling ECU 3 million to Ontwikkelingsbank van de Nederlandse Antillen NV (OBNA) to strengthen smaller industrial, agro-industrial and tourism companies.

The first loan is of ECU 2.6 million, which OBNA will on-lend, while the second is a conditional loan of ECU 400 000 from risk capital resources to finance equity participations.

#### **Mediterranean countries**

2.7.50. Under the Third EEC-Algeria Financial Protocol,<sup>1</sup> the Bank granted Algeria a loan of ECU 50 million towards carrying out an irrigation scheme covering 15 600 hectares south-west of Algiers. The scheme is designed to increase agricultural output, mainly vegetables, fruit and milk,

in keeping with the Government's programme of reducing food imports and encouraging self-sufficiency.

2.7.51. Under the Second EEC-Yugoslavia Financial Protocol,<sup>2</sup> the Bank lent ECU 34 million for the modernization of the main trunk railway line in Yugoslavia.

The funds will help improve efficiency and safety on the Trans-Yugoslav Railway and improve its services. They will go towards construction of the 24 km electrified double-track Zagreb western bypass, the overhaul of stretches of track totalling 41 km, the replacement of points, the expansion of computerized management systems and the purchase of welding equipment.

2.7.52. To encourage smaller Moroccan-EEC industrial joint ventures, the EIB has established a new facility to finance equity participations. In this operation, which is the first of its kind in the Mediterranean, the Bank is advancing ECU 9 million to support the creation of share capital in Moroccan productive enterprises, with priority to be given to investment carried out in association with European Community entrepreneurs. The funds are in the form of a global loan to the Moroccan Treasury from risk capital provided for under the Third EEC-Morocco Financial Protocol<sup>3</sup> and come from the European Community's budget. The facility is available to the whole of the Moroccan banking sector, public and private, and the Office pour le développement industriel. The intermediaries may subscribe directly to equity or on-lend to private Moroccan investors for their capital contributions. Up to ECU 1 million of the loan will be used on an experimental basis to help finance extremely small job-creating ventures set up by entrepreneurs, particularly migrant workers wishing to return to Morocco.

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<sup>1</sup> OJ L 389, 31.12.1987; Bull. EC 12-1987, point 2.2.25.

<sup>2</sup> OJ L 22, 27.1.1988; Bull. EC 12-1987, point 2.2.31.

<sup>3</sup> Bull. EC 2-1988, point 2.2.29; Bull. EC 5-1988, point 2.2.28.

**PART THREE**

**DOCUMENTATION**

# 1. The ecu

## Values in national currencies of ECU 1

31 August 1989 <sup>1</sup>		
BFR/ LFR	Belgian franc and Luxembourg franc (convertible)	43.4397
	Belgian franc and Luxembourg franc (financial)	43.5007
DKR	Danish krone	8.06916
DM	German mark	2.07729
DR	Greek drachma	178.855
ESC	Portuguese escudo	173.604
FF	French franc	6.99899
HFL	Dutch guilder	2.34133
IRL	Irish pound	0.778295
LIT	Italian lira	1 490.60
PTA	Spanish peseta	129.946
UKL	Pound sterling	0.675100
AUD	Australian dollar	1.38506
CAD	Canadian dollar	1.24743
FMK	Finnish markka	4.68754
NKR	Norwegian krone	7.56003
NZD	New Zealand dollar	1.79588
OS	Austrian schilling	14.6327
SFR	Swiss franc	1.79120
SKR	Swedish krona	7.01171
USD	United States dollar	1.05957
YEN	Japanese yen	153.267

<sup>1</sup> OJ C 225, 1.9.1989.

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

July/August 1989		
National currency/sector		Value in national currency of ECU 1
BFR/ LFR	Belgian franc and Luxembourg franc All products	48.2869
DKR	Danish krone Sheepmeat and goatmeat Other products	8.66492 8.93007
DM	German mark Milk and milk products and beef and veal Cereals Other products	2.35053 2.37360 2.36110
DR	Greek drachma Sheepmeat and goatmeat Pigmeat  Eggs and poultrymeat Wine and olive oil Other crop products Structures Tobacco, cereals and sugar Other products	180.508 195.951 196.093 on 10.7.1989 196.727 on 17.7.1989 196.851 on 24.7.1989 196.916 on 31.7.1989 171.165 164.729 179.387 197.622 190.998 164.996
ESC	Portuguese escudo Olive oil Other products	188.007 192.002
FF	French franc Milk and milk products Sheepmeat and goatmeat Beef/veal Wine Olive oil Other products	7.69787 7.65577 7.85183 7.54389 7.58418 7.69787

July/August 1989		
National currency/sector		Value in national currency of ECU 1
HFL	Dutch guilder Cereals Other products	2.66089 2.63785
IRL	Irish pound Sheepmeat and goatmeat Beef/veal Olive oil Other products	0.829788 0.873900 0.843818 0.856765
LIT	Italian lira Pigmeat  Cereals and oilseeds Wine Fruit and vegetables and tobacco Olive oil Other products	1 714.00 1 712.96 on 10.7.1989 1 712.26 on 31.7.1989 1 673.00 1 641.00 1 690.00 1 652.00 1 682.00
PTA	Spanish peseta Sheepmeat and goatmeat Pigmeat Other livestock products Cereals, sugar and olive oil Other crop products	153.315 147.136 155.786 154.213 152.896
UKL	Pound sterling Sheepmeat and goatmeat Beef/veal Pigmeat Other livestock products Olive oil Other crop products	0.671291 0.729831 0.747127 0.706728 0.675071 0.701383

## 2. Western Economic Summit

3.2.1. The Heads of State or Government of seven major industrial nations and the President of the Commission, meeting in Paris from 14 to 16 July, adopted the following declarations:

### Economic declaration

3.2.2. '1. We, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, have met in Paris for the 15th annual Economic Summit. The Summit of the Arch initiates a new round of Summits to succeed those begun at Rambouillet in 1975 and at Versailles in 1982. The round beginning in 1982 has seen one of the longest periods of sustained growth since the Second World War. These Summits have permitted effective consultations and offered the opportunity to launch initiatives and to strengthen international cooperation.

2. This year's world economic situation presents three main challenges:

(i) the choice and the implementation of measures needed to maintain balanced and sustained growth, counter inflation, create jobs and promote social justice. These measures should also facilitate the adjustment of external imbalances, promote international trade and investment, and improve the economic situation of developing countries;

(ii) the development and the further integration of developing countries into the world economy. Whilst there has been substantial progress in many developing countries, particularly those implementing sound economic policies, the debt burden and the persistence of poverty, often made worse by natural disasters affecting hundreds of millions of people, are problems of deep concern which we must continue to face in a spirit of solidarity;

(iii) the urgent need to safeguard the environment for future generations. Scientific studies have revealed the existence of serious threats to our environment such as the depletion of the stratospheric ozone layer and excessive emissions of carbon dioxide and other greenhouse gases which could lead to future climate changes. Protecting the environment calls for a determined and concerted international response and for the early adoption, worldwide, of policies based on sustainable development.

### International economic situation

3. Growth has been sustained by focusing policies on improving the efficiency and flexibility of our economies and by strengthening our coopera-

tive efforts and the coordination process. In the medium term, the current buoyant investment seen during this period should pave the way for an increased supply of goods and services and help reduce the dangers of inflation. The outlook is not, however, without risks.

4. Until now, the threat of inflation in many countries has been contained, thanks to the concerted efforts of governments and monetary authorities. But continued vigilance is required and inflation, where it has increased, will continue to receive a firm policy response so that it will be put on a downward path.

5. While some progress has been made in reducing external imbalances, the momentum of adjustment has recently weakened markedly. There needs to be further progress in adjusting external imbalances through cooperation.

6. In countries with fiscal and current account deficits, including the United States of America, Canada and Italy, further reductions in budget deficits are needed. Action will be taken to bring them down. This may help reduce the saving-investment gap and external imbalances, contribute to countering inflation and encourage greater exchange-rate stability in a context of decreasing interest rates.

7. Countries with external surpluses, including Japan and Germany, should continue to pursue appropriate macroeconomic policies and structural reforms that will encourage non-inflationary growth of domestic demand and facilitate external adjustment.

8. All our countries share the responsibility for the sound development of the world economy. Over the medium term, deficit countries have to play a key role in global adjustment through their external adjustment and increased exports; surplus countries have to contribute to sustaining global expansion through policies providing favourable conditions for growth of domestic demand and imports.

9. The emergence of the newly industrializing economies and the initiation of a dialogue with them are welcome. We call on those with substantial surpluses to contribute to the adjustment of external imbalances and the open trade and payments system. To that end, they should permit exchange rates to reflect their competitive position, implement GATT commitments and reduce trade barriers.

### International monetary developments and coordination

10. Under the Plaza and Louvre agreements, our countries agreed to pursue, in a mutually reinforced

ing way, policies of surveillance and coordination aimed at improving their economic fundamentals and at fostering stability of exchange rates consistent with those economic fundamentals.

There has been progress in the multilateral surveillance and coordination of economic policies with a view to ensuring internal consistency of domestic policies and their international compatibility. The procedures to be used have been more clearly defined and improved in cooperation with the International Monetary Fund.

11. The coordination process has made a positive contribution to world economic development and it has also contributed greatly to improving the functioning of the international monetary system. There has also been continued cooperation in exchange markets.

It is important to continue, and where appropriate, to develop this cooperative and flexible approach to improve the functioning and the stability of the international monetary system in a manner consistent with economic fundamentals. We therefore ask the Finance Ministers to continue to keep under review possible steps that could be taken to improve the coordination process, exchange market cooperation, and the functioning of the international monetary system.

12. We welcome the decision to complete the work on the ninth review of the International Monetary Fund quotas with a view to a decision on this matter before the end of the year.

We note that the question of a resumption of SDR allocation remains under consideration in the Executive Board of the International Monetary Fund.

13. Within the European Community, the European Monetary System has contributed to a significant degree of economic policy convergence and monetary stability.

### Improving economic efficiency

14. We will continue to promote measures in order to remove inefficiencies in our economies. These inefficiencies affect many aspects of economic activity, reduce potential growth rates and the prospects for job creation, diminish the effectiveness of macroeconomic policies and impede the external adjustment process. In this context, tax reforms, modernization of financial markets, strengthening of competition policies and reducing rigidities in all sectors including energy, industry and agriculture are necessary. So are the improvement of education and vocational training, transportation and distribution systems and further policies aimed at giving more flexibility and

mobility to the labour market and reducing unemployment. Within the European Community, the steady progress towards the completion by the end of 1992 of the programme contained in the Single Act has already given a strong momentum to economic efficiency.

15. The decline of saving in some of our countries in this decade is a cause for concern. This lower level of saving can contribute to high real interest rates and therefore hamper growth. Inadequate saving and large fiscal deficits are associated with large external deficits. We recommend, within the framework of policy coordination, policies to encourage saving and remove hindrances where they exist.

16. Financial activities are being increasingly carried out with new techniques on a worldwide basis. As regards insider trading, which could hamper the credibility of financial markets, regulations vary greatly among our countries. These regulations have been recently, or are in the process of being, strengthened. International cooperation should be pursued and enhanced.

### Trade issues

17. World trade developed rapidly last year. Yet protectionism remains a real threat. We strongly reaffirm our determination to fight it in all its forms. We shall fulfil the Punta del Este standstill and rollback commitments which, *inter alia*, require the avoidance of any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement and its instruments. We agree to make effective use of the improved GATT dispute settlement mechanism and to make progress in negotiations for further improvements. We will avoid any discriminatory or autonomous actions, which undermine the principles of the GATT and the integrity of the multilateral trading system. We also are pledged to oppose the tendency towards unilateralism, bilateralism, sectoralism and managed trade which threatens to undermine the multilateral system and the Uruguay Round negotiations.

18. The successful negotiation of the Trade Negotiations Committee of the Uruguay Round in Geneva last April, thereby completing the mid-term review, is a very important achievement. It gives a clear framework for future work in all sectors including the pursuit of agricultural reform in the short term as well as in the long term. It also gives the necessary framework for substantive negotiations in important sectors not yet fully included in GATT disciplines, such as services, trade-related investment measures and intellectual property.

Developing countries participated actively in these negotiations and contributed to this success. All countries should make their most constructive contribution possible.

We express our full commitment to making further substantive progress in the Uruguay Round in order to complete it by the end of 1990.

19. We note with satisfaction the entry into force of the Free Trade Agreement between Canada and the United States, as well as more recent initiatives to intensify the close economic relations between the European Community and EFTA countries. It remains our policy that these and other developments in regional cooperation should be trade-creating and complementary to the multilateral liberalization process.

20. It is the firm intention of the European Community that the trade aspect of the single market programme should also be trade-creating and complementary to the multilateral liberalization process.

21. We note with satisfaction the progress that has been made in strengthening the multilateral disciplines on trade- and aid-distorting export-credit subsidies. The effort must be pursued actively and completed in the competent bodies of the OECD with a view to improving present guidelines at the earliest possible date.

### General problems of development

22. Development is a shared global challenge. We shall help developing countries by opening the world trading system and by supporting their structural adjustment. We shall encourage too economic diversification in commodity-dependent countries and the creation of a favourable environment for transfers of technology and capital flows.

We underline the continuing importance of official development assistance and welcome the increased efforts of Summit participants in this respect. We note the targets already established by international organizations for the future level of official development assistance and stress the importance of overall financial flows to development.

We underline simultaneously the importance attached to the quality of the aid and to the evaluation of the projects and the programmes financed.

23. We urge developing countries to implement sound economic policies. A vital factor will be the adoption of financial and fiscal policies which attract inward investment and encourage growth and the return of flight capital.

24. We note with satisfaction that there has been substantial progress in the multilateral aid initiative for the Philippines that was given special attention in the Toronto economic declaration.

25. Faced with the worrying economic situation of Yugoslavia, we encourage its Government to implement a strong economic reform programme that can command bilateral and multilateral support.

### The situation in the poorest countries

26. The enhancement of the International Monetary Fund structural adjustment facility, the World Bank special programme of assistance for the poorest and most indebted countries and the fifth replenishment of the African Development Fund are all important measures benefiting those countries having embarked upon an adjustment process. We stress the importance attached to a substantial replenishment of International Development Association resources.

27. As we urged last year in Toronto, the Paris Club reached a consensus in September 1988 on the conditions of implementation of significant reduction of debt service payments for the poorest countries. Thirteen countries have already benefited by this decision.

28. We welcome the increasing grant element in the development assistance as well as the steps taken to convert loans into grants and we urge further steps to this end. Flexibility in development aid as much as in debt rescheduling is required.

29. We attach great importance to the efficient and successful preparation of the next general conference of the United Nations on the least-developed countries, which will take place in Paris in 1990.

### Strengthened debt strategy for the heavily indebted countries

30. Our approach to the debt problems has produced significant results, but serious challenges remain: in many countries the ratio of debt service to exports remains high, financing for growth-promoting investment is scarce, and capital flight is a key problem. An improvement in the investment climate must be a critical part of efforts to achieve a sustainable level of growth without excessive levels of debt. These improvements of the current situation depend above all on sustained and effective adjustment policies in the debtor countries.

31. To address these challenges, we are strongly committed to the strengthened debt strategy. This



will rely, on a case-by-case basis, on the following actions:

- (i) borrowing countries should implement, with the assistance of the Fund and the Bank, sound economic policies, particularly designed to mobilize savings, stimulate investment and reverse capital flight;
- (ii) banks should increasingly focus on voluntary, market-based debt and debt-service reduction operations, as a complement to new lending;
- (iii) the International Monetary Fund and World Bank will support significant debt reduction by setting aside a portion of policy-based loans;
- (iv) limited interest support will be provided, through additional financing by the International Monetary Fund and the World Bank, for transactions involving significant debt and debt-service reduction. For that purpose the use of escrow accounts is agreed;
- (v) continued Paris Club rescheduling and flexibility of export-credit agencies;
- (vi) strengthening of the international financial institutions' capability for supporting medium-term macroeconomic and structural adjustment programmes and for compensating the negative effects of export shortfalls and external shocks.

32. In the framework of this strategy:

- (i) we welcome the recent decisions taken by the two institutions to encourage debt and debt-service reduction which provide adequate resources for these purposes;
- (ii) we urge debtor countries to move ahead promptly to develop strong economic reform programmes that may lead to debt and debt-service reductions in accordance with the guidelines defined by the two Bretton Woods institutions;
- (iii) we urge banks to take realistic and constructive approaches in their negotiations with the debtor countries and to move promptly to conclude agreements on financial packages including debt reduction, debt-service reduction and new money. We stress that official creditors should not substitute for private lenders. Our governments are prepared to consider as appropriate tax, regulatory and accounting practices with a view to eliminating unnecessary obstacles to debt and debt-service reductions.

## Environment

33. There is growing awareness throughout the world of the necessity to preserve better the global ecological balance. This includes serious threats to the atmosphere, which could lead to future climate changes. We note with great concern the growing

pollution of air, lakes, rivers, oceans and seas; acid rain, dangerous substances; and the rapid desertification and deforestation. Such environmental degradation endangers species and undermines the well-being of individuals and societies.

Decisive action is urgently needed to understand and protect the earth's ecological balance. We will work together to achieve the common goals of preserving a healthy and balanced global environment in order to meet shared economic and social objectives and to carry out obligations to future generations.

34. We urge all countries to give further impetus to scientific research on environmental issues, to develop necessary technologies and to make clear evaluations of the economic costs and benefits of environmental policies.

The persisting uncertainty on some of these issues should not unduly delay our action.

In this connection, we ask all countries to combine their efforts in order to improve observation and monitoring on a global scale.

35. We believe that international cooperation also needs to be enhanced in the field of technology and technology transfer in order to reduce pollution or provide alternative solutions.

36. We believe that industry has a crucial role in preventing pollution at source, in waste minimization, in energy conservation, and in the design and marketing of cost-effective clean technologies. The agricultural sector must also contribute to tackling problems such as water pollution, soil erosion and desertification.

37. Environmental protection is integral to issues such as trade, development, energy transport, agriculture and economic planning. Therefore, environmental considerations must be taken into account in economic decision-making. In fact good economic policies and good environmental policies are mutually reinforcing.

In order to achieve sustainable development, we shall ensure the compatibility of economic growth and development with the protection of the environment. Environmental protection and related investment should contribute to economic growth. In this respect, intensified efforts for technological breakthrough are important to reconcile economic growth and environmental policies.

Clear assessments of the costs, benefits and resource implications of environmental protection should help governments to take the necessary decisions on the mix of price signals (e.g., taxes or expenditures) and regulatory actions, reflecting where possible the full value of natural resources.

We encourage the World Bank and regional development banks to integrate environmental considerations into their activities. International organizations such as the OECD and the United Nations and its affiliated organizations, will be asked to develop further techniques of analysis which would help governments assess appropriate economic measures to promote the quality of the environment. We ask the OECD, within the context of its work on integrating environmental and economic decision-making, to examine how selected environmental indicators could be developed. We expect the 1992 UN Conference on the Environment and Development to give additional momentum to the protection of the global environment.

38. To help developing countries deal with past damage and to encourage them to take environmentally desirable action, economic incentives may include the use of aid mechanisms and specific transfer of technology. In special cases, ODA debt forgiveness and debt-for-nature swaps can play a useful role in environmental protection.

We also emphasize the necessity to take into account the interests and needs of developing countries in sustaining the growth of their economies and the financial and technological requirements to meet environmental challenges.

39. The depletion of the stratospheric ozone layer is alarming and calls for prompt action.

We welcome the Helsinki conclusions related, among other issues, to the complete abandonment of the production and consumption of chlorofluorocarbons covered by the Montreal Protocol as soon as possible and not later than the end of the century. Specific attention must also be given to those ozone-depleting substances not covered by the Montreal Protocol. We shall promote the development and use of suitable substitute substances and technologies. More emphasis should be placed on projects that provide alternatives to chlorofluorocarbons.

40. We strongly advocate common efforts to limit emissions of carbon dioxide and other greenhouse gases, which threaten to induce climate change, endangering the environment and ultimately the economy. We strongly support the work undertaken by the Intergovernmental Panel on Climate Change, on this issue.

We need to strengthen the worldwide network of observatories for greenhouse gases and support the World Meteorological Organization initiative to establish a global climatological reference network to detect climate changes.

41. We agree that increasing energy efficiency could make a substantial contribution to these goals. We urge international organizations concerned to encourage measures, including economic measures, to improve energy conservation and, more broadly, efficiency in the use of energy of all kinds and to promote relevant techniques and technologies.

We are committed to maintaining the highest safety standards for nuclear power plants and to strengthening international cooperation in safe operation of power plants and waste management, and we recognize that nuclear power also plays an important role in limiting output of greenhouse gases.

42. Deforestation also damages the atmosphere and must be reversed. We call for the adoption of sustainable forest-management practices, with a view to preserving the scale of world forests. The relevant international organizations will be asked to complete reports on the state of the world's forests by 1990.

43. Preserving the tropical forests is an urgent need for the world as a whole. While recognizing the sovereign rights of developing countries to make use of their natural resources, we encourage, through a sustainable use of tropical forests, the protection of all the species therein and the traditional rights to land and other resources of local communities. We welcome the German initiative in this field as a basis for progress.

To this end, we give strong support to rapid implementation of the tropical forest action plan which was adopted in 1986 in the framework of the Food and Agricultural Organization. We appeal to both consumer and producer countries, which are united in the International Tropical Timber Organization, to join their efforts to ensure better conservation of the forests. We express our readiness to assist the efforts of nations with tropical forests through financial and technical cooperation, and in international organizations.

44. Temperate forests, lakes and rivers must be protected against the effects of acid pollutants such as sulphur dioxide and nitrogen oxides. It is necessary to pursue actively the bilateral and multilateral efforts to this end.

45. The increasing complexity of the issues related to the protection of the atmosphere calls for innovative solutions. New instruments may be contemplated. We believe that the conclusion of

a framework or umbrella convention on climate change to set out general principles or guidelines is urgently required to mobilize and rationalize the efforts made by the international community. We welcome the work under way by the UN environment programme, in cooperation with the World Meteorological Organization, drawing on the work of the Intergovernmental Panel on Climate Change and the results of other international meetings. Specific protocols containing concrete commitments could be fitted into the framework as scientific evidence requires and permits.

46. We condemn indiscriminate use of oceans as dumping grounds for polluting waste. There is a particular problem with the deterioration of coastal waters. To ensure the sustainable management of the marine environment, we recognize the importance of international cooperation in preserving it and conserving the living resources of the sea. We call for relevant bodies of the United Nations to prepare a report on the state of the world's oceans.

We express our concern that national, regional and global capabilities to contain and alleviate the consequences of maritime oil spills be improved. We urge all countries to make better use of the latest monitoring and clean-up technologies. We ask all countries to adhere to and implement fully the international conventions for the prevention of oil pollution of the oceans. We also ask the International Maritime Organization to put forward proposals for further preventive action.

47. We are committed to ensuring full implementation of existing rules for the environment. In this respect, we note with interest the initiative of the Italian Government to host in 1990 a forum on international law for the environment with scholars, scientific experts and officials, to consider the need for a digest of existing rules and to give in-depth consideration to the legal aspects of environment at the international level.

48. We advocate that existing environment institutions be strengthened within the UN system. In particular, the UN environment programme urgently requires strengthening and increased financial support. Some of us have agreed that the establishment within the United Nations of a new institution may also be worth considering.

49. We have taken note of the report of the sixth conference on bioethics held in Brussels which examined the elaboration of a universal code of environmental ethics based upon the concept of the 'human stewardship of nature'.

50. It is a matter of international concern that Bangladesh, one of the poorest and most densely populated countries in the world, is periodically devastated by catastrophic floods.

We stress the urgent need for effective, coordinated action by the international community, in support of the Government of Bangladesh, in order to find solutions to this major problem which are technically, financially, economically and environmentally sound. In that spirit, and taking account of help already given, we take note of the different studies concerning flood alleviation, initiated by France, Japan, the United States and the UN development programme which have been reviewed by experts from all our countries. We welcome the World Bank's agreement, following those studies, to coordinate the efforts of the international community so that a sound basis for achieving a real improvement in alleviating the effects of flood can be established. We also welcome the agreement of the World Bank to chair, by the end of the year, a meeting to be held in the United Kingdom by invitation of the Bangladesh Government, of the countries willing to take an active part in such a programme.

51. We give political support to projects such as the joint project to set up an observatory of the Saharan areas, which answers the need to monitor the development of that rapidly deteriorating, fragile, arid region, in order to protect it more effectively.

## Drug issues

52. The drug problem has reached devastating proportions. We stress the urgent need for decisive action, both on a national and an international basis. We urge all countries, especially those where drug production, trading and consumption are large, to join our efforts to counter drug production, to reduce demand, and to carry forward the fight against drug trafficking itself and the laundering of its proceeds.

53. Accordingly, we resolve to take the following measures within relevant forums:

(i) Give greater emphasis on bilateral and UN programmes for the conversion of illicit cultivation in the producer countries. The UN Fund for Drug Abuse Control (Unfdac), and other United Nations and multilateral organizations should be supported, strengthened and made more effective. These efforts could include particular support for the implementation of effective programmes to stop drug cultivation and trading as well as developmental and technical assistance.

(ii) Support the efforts of producing countries who ask for assistance to counter illegal production or trafficking.

(iii) Strengthen the role of the United Nations in the war against drugs through an increase in its

resources and through reinforced effectiveness of its operation.

(iv) Intensify the exchange of information on the prevention of addiction, and rehabilitation of drug addicts.

(v) Support the international conference planned for 1990 on cocaine and drug-demand reduction.

(vi) Strengthen the efficiency of the cooperative and mutual assistance on these issues, the first steps being a prompt adhesion to, ratification and implementation of the Vienna Convention on Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

(vii) Conclude further bilateral or multilateral agreements and support initiatives and cooperation, where appropriate, which include measures to facilitate the identification, tracing, freezing, seizure and forfeiture of drug-crime proceeds.

(viii) Convene a financial action task force from Summit participants and other countries interested in these problems. Its mandate is to assess the results of cooperation already undertaken in order to prevent the utilization of the banking system and financial institutions for the purpose of money laundering, and to consider additional preventive efforts in this field, including the adaptation of the legal and regulatory systems so as to enhance multilateral judicial assistance. The first meeting of this task force will be called by France and its report will be completed by April 1990.

### *International cooperation against AIDS.*

54. We take note of the creation of an International Ethics Committee on AIDS which met in Paris in May 1989, as decided at the Summit of Venice (June 1987). It assembled the Summit participants and the other Members of the EC, together with the active participation of the World Health Organization.

55. We take note of the representations that we received from various Heads of State or Government and organizations and we will study them with interest.

### *Next economic summit*

56. We have accepted the invitation of the President of the United States to meet next year in the United States of America.

## **Political declarations**

### **Declaration on East-West relations**

3.2.3. '1. We, the leaders of our seven countries and the representatives of the European Com-

munity, reaffirm the universal and supreme importance which we attach to freedom, democracy and the promotion of human rights.

2. We see signs of this same desire for greater freedom and democracy in the East. The people there, including the young people, are reasserting these values and calling for a pluralist democratic society. Some of their leaders are aware of the positive contribution that greater freedom and democracy can make to the modernization of their countries and are starting to make changes to their laws, practices and institutions. Others are still endeavouring to resist this movement by taking repressive measures which we strongly condemn.

3. We hope that freedom will be broadened and democracy strengthened and that they will form the basis, after decades of military confrontation, ideological antagonism and mistrust, for increased dialogue and cooperation. We welcome the reforms under way and the prospects of lessening the division of Europe.

4. We call upon the Soviet Government to translate its new policies and pronouncements into further concrete action at home and abroad. Military imbalances favouring the Soviet Union, both in Europe and in Asia, remain an objective threat to each of us. Our Governments must therefore continue to be vigilant and maintain the strength of our countries. For the foreseeable future, there is no alternative for each of us, within existing alliances, to maintaining a strategy of deterrence based upon an appropriate mix of adequate and effective nuclear and conventional forces. In order to hasten the advent of a world in which the weight of arms and military strength is reduced, we recommit ourselves to the urgent pursuit of a global ban on chemical weapons, a conventional forces balance in Europe at the lowest possible level consistent with our security requirements, and a substantial reduction in Soviet and American strategic nuclear arms.

5. We offer the countries of the East the opportunity to develop balanced economic cooperation on a sound commercial basis consistent with the security interest of each of our countries and with the general principles of international trade. We have noted developments of relations between the EEC and countries of the East, in particular the conclusion of an agreement with Hungary, the progress already achieved during the current discussions with Poland and the opening of negotiations with the Soviet Union.

6. We welcome the process of reform under way in Poland and Hungary. We recognize that the political changes taking place in these countries will be difficult to sustain without economic progress. Each of us is prepared to support this process

and to consider, as appropriate and in a coordinated fashion, economic assistance aimed at transforming and opening their economies in a durable manner. We believe that each of us should direct our assistance to these countries so as to sustain the momentum of reform through inward investment, joint ventures, transfer of managerial skills, professional training and other ventures which would help develop a more competitive economy.

Each of us is developing concrete initiatives designed to encourage economic reforms, to promote more competitive economies and to provide new opportunities for trade.

We agreed to work along with other interested countries and multilateral institutions to concert support for the process of reform under way in Hungary and Poland, in order to make our measures of support more effective and mutually reinforcing. We will encourage further creative efforts by interested governments and the public and private sectors in support of the reform process.

Concerning concerted support for reform in Poland and Hungary, we call for a meeting with all interested countries which will take place in the next few weeks. We underline, for Poland, the urgent need for food in present circumstances.

To these ends, we ask the Commission of the European Communities to take the necessary initiatives in agreement with the other Member States of the Community, and to associate, besides the Summit participants, all interested countries.

7. We are in favour of an early conclusion of the negotiations between the IMF and Poland. The strengthened debt strategy is applicable to Poland, provided it meets the conditions. We are ready to support in the Paris Club the rescheduling of Polish debt expeditiously and in a flexible and forthcoming manner.

8. We see good opportunities for the countries of West and East to work together to find just solutions to conflicts around the world, to fight against underdevelopment, to safeguard the resources and the environment and to build a freer and more open world.'

## Declaration on China

3.2.4. 'We have already condemned the violent repression in China in defiance of human rights. We urge the Chinese authorities to cease action against those who have done no more than claim their legitimate rights to democracy and liberty.

This repression has led each of us to take appropriate measures to express our deep sense of condemnation to suspend bilateral ministerial and high-level contacts, and also to suspend arms trade with

China, where it exists. Furthermore, each of us has agreed that, in view of current economic uncertainties, the examination of new loans by the World Bank be postponed. We have also decided to extend the stays of those Chinese students who so desire.

We look to the Chinese authorities to create conditions which will avoid their isolation and provide for a return to cooperation based upon the resumption of movement towards political and economic reform and openness. We understand and share the grave concern felt by the people of Hong Kong following these events. We call on the Government of the People's Republic of China to do what is necessary to restore confidence in Hong Kong. We recognize that the continuing support of the international community will be an important element in the maintenance of confidence in Hong Kong.'

## Declaration on human rights

3.2.5. 'In 1789, the rights of man and of the citizen were solemnly proclaimed. Just over 40 years ago, the General Assembly of the United Nations adopted the Universal Declaration of Human Rights, which have been further developed and codified and are now embodied in the covenants on civil and political rights and on economic, social and cultural rights.

We reaffirm our commitment to freedom, democratic principles and human rights. We reaffirm our belief in the rule of law which respects and protects without fear or favour the rights and liberties of every citizen and provides the setting in which the human spirit can develop in freedom and diversity.

Human rights are a matter of legitimate international concern. We commit ourselves again to encouraging and promoting universal respect for human rights and fundamental freedoms.

Looking towards the future, we see opportunities as well as threats; this impels us to pledge our firm commitment to uphold international standards of human rights and to confirm our willingness to reaffirm them and to develop them further.

We stress the protection of freedom of thought, conscience and religion, and of freedom of opinion and expression; for without these freedoms, other rights cannot be fully realized.

We stress also respect for the rule of law and the plurality of opinion, for without them there can be neither representative government nor democracy.

We believe equally in freedom of association in a pluralist society.

We hold that the right of each individual to physical integrity and dignity must be guaranteed. We abhor and condemn torture in all its forms.

We believe that all human beings must act towards each other in a spirit of fraternity.

We believe that everyone has a right to equality of opportunity as well as to own property, alone or in association with others. Extreme poverty and exclusion from society violate the dignity of everyone enduring them. Those who suffer or are in need should be supported.

We stress that the rights of the child, the disabled and the elderly require special protection.

We consider that developments in the human sciences, for instance the progress achieved in genetics and organ transplantation, must be applied in accordance with all human rights if the dignity of human beings is to be preserved.

We, the present generation, have an obligation to ensure that future generations will inherit a healthy environment.

We reaffirm our belief that these rights and freedoms cannot be properly safeguarded without the rule of law, impartial justice and genuine democratic institutions.'

### Declaration on terrorism

3.2.6. '1. We remain resolutely opposed to terrorism in all its forms. We confirm the commitment each of us has undertaken to the principle of making no concessions to terrorists or their sponsors and to cooperating, bilaterally and in all relevant international forums, in combating

terrorism. We reiterate our commitment to the policies agreed at previous summits; in particular we condemn State sponsored terrorism. We are determined not to let terrorists remain unpunished, and to have them brought to justice within the framework of international law and in conformity with the rule of law . We call upon those States which have supported or encouraged terrorist acts to demonstrate by their actions that they have renounced such policies. We reaffirm in particular our absolute condemnation of the taking of hostages. We call on those holding hostages to release them immediately and unconditionally and on those with influence over hostage-takers to use it to this end.

2. Deeply concerned for the safety of all travellers and outraged by the murderous attacks perpetrated against international civil aviation and the frequent threat to air transport safety from terrorist groups, we reaffirm our commitment to the fight against all forms of terrorism affecting civil aviation. We reiterate our determination to contribute to reinforcing internationally agreed measures for protection against aircraft hijackings and sabotage.

3. We particularly condemn the recent attack on an aircraft over Scotland, which killed 270 people. We have agreed to give priority to preventing such attacks by further strengthening security measures. We attach importance to the implementation of the work plan recently adopted by the ICAO Council for this purpose.

4. We have also agreed on the need for improved methods of detecting explosives. We endorse efforts currently under way in ICAO to develop, as a matter of high priority, an appropriate international regime for the marking of plastic and sheet explosives for detection.'

### 3. Statement on the Spanish Presidency

3.3.1. Address to the European Parliament by Pedro Solbes Mira, Spanish State Secretary for the European Communities, on the Spanish Presidency, given in Strasbourg on 26 July.

'It is the usual custom, after a European Council, for the President to come to inform this House about it, and likewise for the President of the Council of Ministers and European Political Cooperation to take stock of the activities of the Presidency. However, on account of the election during this semester and Minister Fernandez Ordóñez's personal circumstances, I am here today to perform this task.

With regard to the appearance of the President before this House, the electoral timetable made it advisable to move it forward to 12 April — that is, quite some time before the Madrid meeting. Prime Minister González availed himself of that occasion to review the work carried out until then, and give you his general ideas about the state of the Community.

As you probably know, the President of the Council of Ministers during the past six months, Francisco Fernández Ordóñez, was recently operated on. Although the operation was fortunately successful, he is still unable to travel, and for this reason he asked me to convey to you his deep regrets about not being able to be with you here today. I bring you his greetings, and also his excuses.

Under these circumstances, I think that the best thing would be to report to you jointly on the European Council and the overall results of the Presidency.

Before beginning, I must mention the elections to the European Parliament. Although they affected the activity of this House to a certain extent over the past few months, they have demonstrated the vitality of the democratic processes in the Community. I should like to congratulate all of you very especially on your election. I believe that this new Parliament is going to play a fundamental role during the coming months and years, not only in showing the way for project 1992, but also in preparing for post-1992 that we are already anticipating. For some time now we have been laying the stage for the major decisions whose purpose is to achieve advances towards the building of Europe through the implementation of the Single European Act. You will undoubtedly play an important part in this task, and I wish you every success.

I can also do no less than mention that this renewed House has elected as President a Spaniard, with

abundant personal and European credentials. I congratulate you Mr President, and hope that this Parliament will preserve its present dynamism.

With regard to the report on the past six months and the results of the European Council at Madrid—during whose work I was honoured to be present as a member of the Presidency delegation—the conclusions adopted there constitute a good guideline for my tasks today.<sup>1</sup> European Councils must undertake to provide the necessary political stimulus with a view to encouraging progress on the major issues, as well as report on what has already been achieved. In this sense, the Madrid European Council entirely fulfilled its purpose.

Its Conclusions, a document which the Honourable Members have no doubt already analysed, are susceptible to different evaluations, but everybody, in my opinion, must agree that they are operational. Careful reading reveals that in the spheres both of the Community and of political cooperation, they contain many provisions of practical application or, in other words, recommendations to the Council and the Commission regarding action in specific fields. These, of course, are of varying importance, but in any case the objective pursued is that they be operational.

#### Institutional level

This is seen in the institutional sphere. The Spanish Presidency wished to set a course and get a healthy and inevitable institutional discussion under way, as the President said to this House in his speech on the programme on 17 January. We took the initiative of inviting Lord Plumb, President of the European Parliament, to express the Parliament's views at the informal meeting of Ministers of Foreign Affairs at Granada on 15 April. It was the first time since the adoption of the Single Act that the Ministers had discussed this issue. Lord Plumb also expressed his points of view regarding inter-institutional cooperation at the Madrid European Council. And the latter has invited the different Community institutions to undertake an analysis of their roles with a view to the post-1992 prospects. I think that all of us must respond positively to this invitation.

In a wider sense, on the institutional level, I wish to point out that during the past six months it has been a constant goal of the Spanish Presidency to make Community action increasingly coherent. In this connection, different initiatives can be mentioned, such as—for example—the planning of the

<sup>1</sup> Bull. EC 6-1989, point 1.1.1 *et seq.*

Council's work in close contact with the Commission and the Parliament; the information given to this Parliament on subjects of political cooperation; the statement by the Council about coordination of political and economic action on its relations with specific countries and, finally, the interinstitutional agreement on the right of petition.<sup>1</sup>

The Spanish Government is convinced that it is necessary to continue working in this direction, which not only leads to progressively more effective work on the part of all the institutions, but also — in a quiet way perhaps — contributes positively to progress towards true European integration.

### The internal market

Undoubtedly the prospect of the single market is that which has provided the biggest thrust to Community life. The European Council devoted a large part of its deliberations to the different facets of the creation of the internal market. The European Council has recognized the progress made in the sphere of elimination of technical barriers, and pointed out that, "it was now necessary to make similar progress towards the elimination of physical and fiscal obstacles" while at the same time confirming 31 December 1992 as the date for achieving a Europe without internal frontiers.

By the end of June, as pointed out by the European Commission itself, more than 50% of the decisions necessary for the creation of the internal market had been taken. During the Spanish Presidency, a common or final position was achieved in respect of seven Regulations, 45 Directives and 10 Decisions on matters contained in the White Paper and related measures.

Obviously, it was not possible to reach final agreement on some of the more difficult issues. The very nature of these difficulties will entail long processes of preparation and decision. Nevertheless, the Spanish Presidency worked on all the issues before the Council, achieving definitive solutions in some instances and paving the way in others. The European Council has taken note of this situation and pointed out some specific priorities.

One of the thorniest problems in this field is that of taxation, both direct and indirect. With regard to direct taxation, the Spanish Presidency strived to focus on the real question underlying the whole issue. The most important goal is to avoid fraud and tax evasion when capital movements are liberalized as of July 1990. The European Council has emphasized this idea, fixing this date as the

deadline for reaching an operational agreement on this matter.

At the same time, regarding indirect taxation, which is absolutely basic to the completion of the internal market, progress was made during the Spanish Presidency in identifying the most difficult problems. We trust that the foundations have been laid in order that, following new contributions by the Commission and the Member States, an agreement may be reached on the main points before the end of the year, as requested by the European Council.

The Spanish Presidency made a great effort in the audiovisual field. We were able to adopt, by a qualified majority, a common position in respect of the Directive on television without frontiers.<sup>2</sup> I am especially grateful to this Parliament for the thoroughness and speed with which it examined this matter, making it possible for it to be submitted to the Council for the second reading within a very short space of time. We trust that, as indicated by the European Council, final approval will be obtained within the time-limits laid down. Spain will make every possible effort towards this end. At the same time, I should like to remind you of the Decision adopted in the industrial and technological field on high-definition television.<sup>3</sup> I consider this to be a very important step forward in the fostering of European state-of-the-art technology that will have a great impact in very different sectors, including that of culture.

In the matter of free movement of persons, the Group of Coordinators drew up the Palma de Mallorca document, which is a report recommending that 68 specific measures be taken in the pertinent forums, of which 37 are considered to be "essential" and 31 "desirable". A timetable, until 1993, has been agreed to for their adoption. The Spanish Presidency has worked to overcome the problems that had prevented progress, with a pragmatic approach that made it possible to obtain concrete results. This is acknowledged by the European Council which, on the one hand has accepted the conclusions of this document, and on the other has given the Group of Coordinators a mandate to provide the means for putting the programme into practice. The European Council has now placed this process under the responsibility of the General Affairs Council, thereby underlining its great political importance.

### The social dimension

One of the priorities of the Spanish Presidency was that of promoting the different aspects of the

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<sup>1</sup> Bull. EC 4-1989, point 2.4.2.

<sup>2</sup> Bull. EC 4-1989, point 2.1.16.

<sup>3</sup> OJ L 142, 25.5.1989; Bull. EC 4-1989, point 2.1.62.



internal market's social dimension, including the European Social Charter.<sup>1</sup> It has not been possible to obtain approval for the Social Charter, partly for political reasons and partly on account of the timetable. One Member State was unable to accept the draft conclusions debated in the Social Affairs Council on 12 June — the first in which the preliminary draft European Social Charter was discussed. These conclusions sought to make the measures contained in the Social Charter legally binding. The matter remains open, and Spain hopes that as much progress as possible will be made in this field.

I should like to stress, however, that the European Council's conclusions on the social dimension of the internal market were unanimously adopted, except for the paragraph referring to the Charter, which was approved by 11 Member States. This is important, since it was considered by the Twelve that, "in the course of the construction of the single European market, social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion". It was acknowledged by the Twelve that, "job development and creation must be given top priority in the achievement of the internal market". These are not just words. The European Council invited the Commission, the Council and those responsible for social affairs to expedite the on-going work with a view to introducing as soon as possible a number of measures such as the mutual recognition of qualifications, full occupational mobility, the integration of young people into working life and combating long-term unemployment. "And the necessary measures to achieve the social dimension of the single market" will be taken, bearing in mind the fundamental social rights.

I should also like to remind you that during the past six months the second framework Directive on work health and safety was adopted as well as three specific Directives in this field. In other words, progress is being made by the Twelve in concrete matters. And at the same time social dialogue at a Community level, initiated by the Commission, continues. This is of the utmost importance for the creation of the internal market.

### The environment

Now changing the subject, I should like to talk about another issue of growing importance in our times and which is also making progress in the Community, although perhaps not at the speed that we should like. I am referring here to environmental protection. The efforts made during the Presidency were successful. I can recall, amongst other things, conclusions that were adopted rela-

tive to an 85% reduction in the production and consumption of CFCs as soon as possible, with a view to their total elimination by the end of the century;<sup>2</sup> a resolution was approved whereby Member States undertake to define and put in motion a global response to the global problem of the greenhouse effect; exhaust emissions were regulated for cars of less than 1 400 cubic centimetres; and, in agriculture, a forestry policy<sup>3</sup> was introduced that will have a positive effect on the protection and conservation of the environment.

Three operational decisions were reached in the European Council in this field. The first was that the Commission submit a programme for environmental protection in those regions of the Community affected by desertification, erosion and deforestation, which are of great importance in some Mediterranean areas. The second was that the issues of great natural imbalances, especially that of the vital contribution of the tropical jungle to the stability of the world climate and to the conservation of the earth's genetic resources, be dealt with in collaboration with the third countries concerned. And in the third place, the European Council responded positively to the idea of a European Environment Agency, proposed by the Commission and which the Council will study.

### Other topics and the people's Europe

I could go into further detail on other important points discussed during the Presidency or taken up by the Madrid European Council, such as the liberalization of the transport sector, research and development, a number of agreements in connection with agriculture — amongst which the approval, in time, of prices and related measures and the aforementioned forestry policy — the progress achieved in health matters, the Lingua programme, consumer-protection measures and the path traced out in the struggle against fraud to the detriment of the Community budget. But that would make this account too long.

Nevertheless, I cannot fail to mention a serious flaw in the development of the Community — in other words, the slow growth in the people's Europe. I admit that we have not been able to advance as much as we should have liked in this area. No agreement has been reached concerning the right of residence or of participation in municipal elections. Without this dimension of the people's Europe, the single market will be devoid of human qualities. The man in the street will not understand it, will not experience it, and will not

<sup>1</sup> Bull. EC 5-1989, points 1.2.1 to 1.2.15 and 3.3.1.

<sup>2</sup> OJ L 144, 27.5.1989; Bull. EC 4-1989, point 2.1.112.

<sup>3</sup> Bull. EC 5-1989, point 2.1.177.

feel that he is a member of the Community. In this connection the European Council has issued a reminder and requested the Council and the Commission to take stock of progress in this area and draw the necessary conclusions regarding action to be taken.

### Economic and monetary union

Now we come to the most important issue on which the European Council of Madrid was centred, and because of which it could have failed: economic and monetary union. Some precise conclusions were reached in Madrid. They make it possible to start work immediately, and that is what the French Presidency has done — at the first meeting of the Economic and Financial Affairs Council of its six-month term, on 10 July last.

In Hanover, a mandate to write a report was given to the Committee chaired by Jacques Delors. This was completed last April.<sup>1</sup> There is no need for me to tell you about this report, with which you are no doubt thoroughly familiar. A procedure is laid down in it for attaining economic and monetary union.

It is important to emphasize that this report was unanimously adopted by all the members of the Committee, which is a real feat. In May, the informal Council of Ministers of Economic and Financial Affairs meeting in S'Agaró, discussed it for the first time. And on 27 June the European Council of Madrid reached an initial agreement on the subject, with at least seven operational measures.

- *One:* Economic and monetary union will not come into being in a void but rather “in the perspective of the internal market and in the context of economic and social cohesion”.
- *Two:* The Delors Report has been accepted as a good basis for discussion and it is deemed that it entirely fulfils the mandate given in Hanover.
- *Three:* When achieving such union the parallelism between the economic and monetary aspects must be borne in mind. Moreover, the principle of “subsidiarity” must be respected, and the different circumstances of the Member States must be taken into account.
- *Four:* the first stage of bringing about economic and monetary union will start on July 1990. I think that this is a step of the utmost importance. Of course the date coincides with the entry into force in eight Member States of the freedom of capital movements. I should like to stress the importance, as emphasized in the Delors Report, of the joining of the European Monetary System exchange-mechanism by all the different currencies during the first stage. In this connection, I wish to remind

you that the Spanish Government took this step on 19 June last with the entry of the peseta into this system.

- *Five:* The competent bodies are asked to take the necessary steps in order for this first stage to start on the date envisaged. As I have said already, the French Presidency has lost no time in going to work on this issue.
- *Six:* The preparatory work will be carried out completely and adequately with a view to convening an inter-governmental conference to establish the subsequent stages. I can inform you that this work also has already started.
- *Seven:* This conference will meet as soon as the first stage has begun — that is, as of 1 July 1990.

From the beginning, the attitude of the Prime Minister of Spain towards the European Council was that of avoiding a confrontation in order to reach a consensus. We felt that it was important to prevent a rupture on the Community front, which would have meant the collapse of the present process of integration. During the course of the discussions in the European Council there were difficult moments which made us fear that the meeting would end in failure. The Prime Minister, when explaining what had happened to the Parliament the following day, said: “If the discussion had taken the form of a confrontation, Europe would have been deeply divided, and not just 11 to one, which is already bad enough; it would have been divided in a much more serious way, in both qualitative and quantitative terms”.

As the Honourable Members are aware, a simple majority is sufficient in order to call an inter-governmental conference, but any decisions arising from it with a view to revising the Treaties must be adopted unanimously. The Spanish Prime Minister declared that, “if there were no possibility for this intergovernmental conference to revise the Treaties, Europe would face a very serious problem for the setting up of the monetary union, because it would have to choose either between renouncing the second and third stage — which most of the European countries are not prepared to do — or else conceiving a Europe which has been talked about so much, a so-called two-speed Europe, in which a group of countries would decide, independently of the Treaties in force, to negotiate a new one that did not include all the Community countries. When organizing this Summit the possibility was perceived that these differing positions, which could give rise to confrontation, would crystallize into rigid positions.”

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<sup>1</sup> Bull. EC 4-1989, point 1.1.1 *et seq.*

Some people would have liked to go further. Others made concessions in order to arrive at what was achieved. Frankly, this was an agreement on what was possible. And I think that it was an important step, both on account of the decisions themselves and because a rupture in the Community was avoided. Therefore Madrid signifies a political compromise enabling us to move in the direction of economic and monetary union. We have still not started to thoroughly discuss its content, regarding the terms and pace of which we shall have to reach an agreement. Now that the principle has been reaffirmed and an initial timetable set up, we are in a position to start the real implementation of economic and monetary union.

### External relations and political cooperation

Until now I have not touched on the Community's foreign policy. On presenting the Presidency's programme in January, we proposed to achieve coherence between the Community's external relations and the political dimension with which European political cooperation is concerned, and to revitalize both of them. This has been seen, for example, in our exchange of viewpoints with our EFTA neighbours, the new approaches in our relations with Eastern Europe, and our action in connection with Latin America. I feel that important processes have got under way in these respects during our Presidency, which are seen in the Conclusions of the European Council.

### EFTA

The existing legal framework governing relations between the Community and EFTA is not sufficient in order to fulfil our goal of adequate participation by these countries in the process of the internal market. This was a need that had been felt for quite a while, and it was brought up formally for the first time during the Spanish Presidency, when joint efforts started to be made in search of a solution.

The EEC/EFTA ministerial meeting on 20 March in Brussels marked the beginning of a process of deliberation with a view to finding new forms of more structured cooperation between both organizations and their member countries.<sup>1</sup> This process has continued at other levels — first with technical contacts at the Commission level. Another ministerial meeting will be held in the autumn. The purpose is to explore the possibility of new forms of cooperation that can be adapted to real needs. In this way the Community is responding positively to the appeal made by the Heads of State of the EFTA countries meeting

during the same month of March at the Oslo Summit.

### USA

The first problem facing our Presidency was one of trade with the United States connected with the entry into force of the prohibition against the use of hormones in meat for human consumption. From the outset we were determined to avoid a trade war with harmful effects on world trade, in this as well as in other issues on which progress has been made — such as the mid-term review negotiations in the GATT Uruguay Round. At the same time, we have promoted in-depth political dialogue with the new US Administration. In other words, as indicated in the European Council Conclusions, advances are being made in the process of cooperation with the United States.

### East-West

The progress of East-West relations over the last few years is substantially modifying some of the fundamental political coordinates on the international scene. For the first time there is a possibility of overcoming the basically most distressing element of the situation in Europe since 1945: that is, its division into two opposing camps.

The Twelve must necessarily play a central role in designing the new model of East-West relations that is now being contemplated. For this the Twelve have the abundant political, economic and cultural resource of their societies. And although this is not always borne out by our actions, our policies are not necessarily incompatible with imagination.

The Spanish Presidency has started a regular political dialogue with the Soviet Union and other Eastern countries which have decided to embark on the path to political and economic reform. The President of the Council has had ministerial contacts with his Soviet, Hungarian and Polish counterparts. The "troika" of political directors travelled to Moscow during the course of these months.

In the field of East-West relations, under the Spanish Presidency, the Community and the Twelve have made an effort to better coordinate Community activities and those of European political cooperation relative to Central and Eastern Europe. Work has continued, based on the Rhodes document, with a view to the attainment of this coherence, which also makes it possible to coordinate Community action with that of each Member

<sup>1</sup> Bull. EC 3-1989, point 2.2.7.

State. On the occasion of the European Council of Madrid, a joint meeting of Coreper and the Political Committee was held for the first time. It gave rise to a document that synthesizes all these aspects of the relations with the Eastern countries.

If this double-faceted coherence has been developed under the Spanish Presidency, it must be mentioned that its source of inspiration was a proposal by Leo Tindemans, then Belgian Minister of Foreign Affairs and today a Member of this Parliament and a sure source of further inspiration to it.

In this spirit of coherence, we have fostered the entering into of economic and trade agreements with countries such as Poland and the USSR and have suspended negotiations with Romania. The situation in Romania has been the subject of the Twelve's constant attention during our Presidency. The violations of human rights and the sometimes tragic consequences for the population of the systematization plan have been repeatedly denounced by the Twelve.

### *Latin America and the problem of debt*

Consistency should be applied, and therefore we have also stimulated it in other regions of the world, especially Latin America where we find a new phenomenon, which is that of the poor democracies.

During our Presidency we have promoted political and economic relations with Latin America in an attempt, which is still too modest, to foster democracy and an improvement in the standard of living in these countries, with action that is differentiated according to each individual case. But, as has already been pointed out, how much misery can freedom stand?

A basic problem in most of these countries is that of the debt, which was brought up during our meeting with the Rio Group in Granada. We were able to reach some joint conclusions and catch a glimpse of some possible solutions. Therefore the Conclusions of the European Council in this field are extremely important. The connection was emphasized between the stability of the Latin American democratic systems and the need to study solutions based on the fact that strictly financial or economic remedies are not sufficient in order to solve the problem.

Allow me to remind you that Spain submitted some concrete proposals for the setting-up of a European Guarantee Fund for payment-reduction transactions and reduction of the level of external debt in the deeply-indebted countries. These will now be examined by the Economic and Financial

Affairs Council. This is a supplementary proposal with a view to solving a matter of utmost gravity.

The Conclusions of the European Council, as stated by the Prime Minister of Spain, 'were a document that would have been unthinkable within the Community a few years ago, and therefore valuable in so far as they fostered awareness'. Now that democracy is growing in Latin America, we must continue along this path in order to support it.

With regard to Central America, the San José V meeting which took place in San Pedro Sula<sup>1</sup> ratified the political support by the Twelve for the peace process based on the Esquipulas Agreements and make a commitment for Community financial backing for the plan to reactivate intra-Central-American trade. This is a clear example of an issue in which the Community dimension and political cooperation are working hand in hand. But in order to advance it will be necessary for the countries in the region to fully apply the Esquipulas Agreements and also fully respect the freely-accepted democratic processes.

### *ACP countries*

I cannot fail to mention the progress which has been made in the negotiations with the ACP countries with a view to the renewal of the Lomé Convention. Nevertheless, greater efforts are also needed here, in order that—as recommended by the European Council—they may conclude before the end of this year.

### *The Middle East*

In January of this year there was a climate of expectation in the Middle East determined by a number of factors. The continuation of the Intifada and the about-turn of the PLO towards moderate and realistic positions, together with the beginning of political contacts between the Palestinian organization and the United States Government had substantially modified the situation. All the implications of the recent elections in Israel and the United States were not yet clear.

Under these circumstances, there was a political vacuum which had to be filled by Europe. The Twelve had to be daring enough to use their political capital in order to play the role befitting them in the area.

To this end, the Spanish Presidency initiated a process of contacts with the parties to the conflict. The "troika" journeyed to Israel, Egypt, Jordan and Syria and met with Yasser Arafat in Madrid. For the first time it had a meeting in Vienna with

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<sup>1</sup> Bull. EC 2-1989, point 3.3.1.

the American Secretary of State, devoted exclusively to discussing the situation in the Near East, and this problem was also included in the political dialogue with the USSR.

As a result of all this, new elements began to emerge which pointed to the course which the Twelve should take in order to contribute to fostering the peace process. These elements are contained in the Madrid Declaration adopted by the European Council. We believe that it amounts to a substantial advance in the European position—in fact the most important advance since the Venice Declaration—when we consider, among other things, that the PLO must participate in the peace process.

At the same time, the Twelve have repeatedly expressed their concern about the situation in the Occupied Territories, as well as in Lebanon. In the latter instance we hope, as was stated in Madrid, that the efforts of the Committee of three Heads of State of the Arab League will culminate in an agreement that will enable an end to be put to the tragic situation in this Mediterranean country.

The intolerable death sentence passed on Salman Rushdie by the Iranian authorities, as well as the statements of the Speaker of the Parliament of that country, Mr Rafsanjani, were strongly condemned by the Twelve. Nobody is unaware of the political importance of Iran, nor of the richness of its ancient civilization. We trust that the new Iranian leaders will demonstrate by means of deeds their will to establish constructive relations with Europe.

The establishment of the Maghreb Arab Union was a source of great satisfaction for the Twelve. Our future is necessarily linked to that of our neighbours of the Maghreb. Therefore we must contribute to consolidating its political and economic stability, by fully supporting its current process of integration. The European Council of Madrid made special reference to this objective, in line with the goal of the Spanish Presidency to promote the Twelve's relations with the Mediterranean countries. Over the course of this six-month period Councils of Association or Cooperation were held with Tunisia, Morocco and Algeria, as well as with Malta and Israel.

### *China*

I must mention the grave happenings in China during June, which were strongly condemned at the Madrid European Council. A number of measures were also taken that modulate our contacts with that country. We trust that the Chinese authorities will come to understand that a process of economic reforms is not enough, and that it is also necessary to carry out a parallel process of political reforms. Europe has an obvious interest in main-

taining good relations with China and we hope that the Peking authorities will take the necessary steps in order to make this possible.

### *General EPC*

I could refer to other important moments in European political cooperation during our Presidency, such as the meeting with the front-line ministers, our backing for the pacification of southern Africa or our increased cohesiveness within the United Nations and in the CSCE. I should also like to emphasize, as I already said when referring to institutional issues, that we have attempted in European political cooperation to follow the resolutions of this House more closely.

During the course of these months, European political cooperation has become more dynamic and more coherent. Political cooperation is the germ of European external policy. It is a complex process. At times its advances are slow. But if we are conscious that each step forward in this field brings us closer to a common external policy, then we shall understand the importance of the process and the value of the advances that can take place in it, however modest they may be.

The Spanish Presidency has tried to be aware of the role played by political cooperation in the political building of Europe. For this reason, our Presidency did not hesitate to work actively in those areas of political cooperation in which we thought that it would be possible to make progress. Political cooperation is being called upon to play an increasingly relevant role on behalf of us all. And the "troika" will become more and more of a fixture on the international scene.

### *Conclusion*

Our first experience of the Presidency has been exciting and enriching, coming as it did at a particularly interesting time in the life of the Community and in the context of world affairs. We aimed at achieving a coordinated and well-planned Presidency, both internally and with the different Community institutions—especially the Commission, the Council, the Parliament and the previous and following Presidencies. I should like to sincerely thank all those who have participated in this collective effort. We said in this hemicycle on January 17 that our Presidency aimed at being institutional and realistic, but also ambitious and political. I believe that the results I have spelt out to you satisfy the aims we set out at that time. I now trust that, under the French Presidency, the Community will continue to advance at this time that is crucial for the process of integration.<sup>1</sup>

<sup>1</sup> Bull. EC 2-1989, point 3.3.1.

# 4. Statement on the programme for the French Presidency

3.4.1. Address to the European Parliament by Roland Dumas, President-in-Office of the Council, given in Strasbourg on 27 July.

'1. Let me first, Sir, congratulate you warmly on your election as President of the European Parliament, an office for which, by your qualities as a politician, a writer and above all as an ardent militant for the European cause, you are eminently qualified. I am delighted to see you at the head of this Parliament which, after the elections, returns to its task with fresh vigour at such a significant and perhaps decisive moment in the process of European construction.

2. I also wish to pay tribute to Spain, whose remarkable achievements during its first occupancy of the Presidency is to be praised and admired. The French Presidency will continue the work thus accomplished during the first half of 1989.

3. I am pleased today to be following in a now well-established tradition and to present to you the Presidency's work programme and the priorities it will follow during the next six months.

I am happy to be doing so here in Strasbourg, this French city whose heart quickens for Europe and which, by its vitality and potential, daily claims its place as a European capital. I hope that the Parliament feels at home and develops fully here. The cooperation of Parliament is vital to the inter-institutional process. Permanent and confident cooperation between the Parliament, the Council and the Commission, which was introduced by the Single Act, is one — and not the least — of the keys of our Community's development.

4. With each day European Union comes one step closer. We are well aware of the difficulty of the undertaking but we also weigh the hopes it kindles. Let us not disappoint those hopes. The real challenge remains: the creation of a common space which each of the Europe of Twelve's 320 million citizens will feel as his home.

It is to this process that the Presidency hopes to make its contribution. It will do so with the energy underscored by the resolute commitment of the President of the French Republic.

Our contribution in the coming months will focus on three areas:

(i) continuing work on the body of legislation and regulations ahead of the 1992 objective, incorporating the social dimension, economic and monetary union, as well as traditional or new policies

— I am thinking of the audiovisual sector, the environment and research — which together give true meaning to the Community being built,

(ii) strengthening the dialogue between the European Community and the rest of the world in a spirit of openness and genuine cooperation, through the affirmation of our identity,

(iii) developing and enhancing, through political cooperation, the joint expression of our views and positions in the international arena so that Europe's voice is heard on all matters which determine the future of the peoples of the world and of the international Community.

## The development of the Community

### Social Europe

5. Social Europe cannot be dissociated from economic Europe; it is not its by-product. How could we hope for the single market to succeed if this great challenge did not include all the Community's workers?

The Europe of 1993 is not solely a Europe of goods and capital but also a chance held out to all to combat unemployment more effectively, to improve working and employment conditions, to develop workers' geographical and vocational mobility and to promote training. In short, it is an opportunity to make Europe, in this respect, a model and a reference point for the rest of the world.

We will base our efforts on the results already achieved by the Spanish Presidency.

France will first seek to obtain the adoption of the Community Charter of Fundamental Social Rights.<sup>1</sup> The Charter's implications and significance cannot be over-emphasized. The rights which will be associated with it will have to be implemented according to the procedures most appropriate to each. The Charter must give those rights their full meaning. The Presidency is not afraid of the binding features of such a text. For if it is to obtain the support of one and all, it is vital that everyone knows and sees that the single market neither undermines nor levels down workers' social rights. Quite the contrary.

<sup>1</sup> Bull. EC 5-1989, points 1.2.1 to 1.2.15.

Our economies are afflicted by the canker of unemployment.

Employment will therefore be the major concern. Our policies will be all the more successful in developing it if they incorporate the social dimension. But action presupposes knowledge. We need firm, definite and precise information on developments in employment, sector by sector, region by region, in order to have a basis for our diagnosis and redirect our policies profitably. The report which the Commission has just published makes a useful contribution in this connection. The European Employment Observatory will endow the Community with a permanent means for evaluation and action. It is my firm ambition that this project should be realized before the end of this half-year.

France will also support all initiatives to strengthen the social dialogue at European level and to further the spread of information to workers within undertakings.

We also wish to continue until their adoption the examination of precise and specific measures: new Directives to improve health and safety at the workplace, vocational-training programmes, strengthening of action undertaken in the education field.

But the social spectrum will not be complete if attention is not given to improving coordination between social-protection mechanisms, in a Community where the mobility of persons is developing, to ensuring better insertion into society of the handicapped, and to considering together the implications of demographic developments in Europe.

### Economic and monetary union

6. In Madrid<sup>1</sup> the Community demonstrated its resolve to start along the road to economic and monetary union. The way ahead has now been marked out and nothing can hinder this new qualitative leap.

To take us forward we have the Delors Report,<sup>2</sup> seen by the European Council as fully complying with the mandate given in Hanover.

The Heads of State or Government have asked us firstly to adopt the measures necessary for the first phase to be started on 1 July 1990 and secondly to carry out the preparatory work for the Inter-Governmental Conference which is to frame the new Treaty setting the seal on the subsequent stages.

The Presidency intends to organize its work so that the European Council in Strasbourg can express an

opinion on the progress achieved over the whole area of economic and monetary union. The European Council should be able to note decisive progress towards the implementation of phase I and definite steps forward in preparation for the Inter-Governmental Conference.

This enterprise calls for energy and determination. France for its part has a single overall vision of this subject which will be expressed in all the appropriate bodies with the firm intention of reaching a successful outcome. During its Presidency it intends to miss no opportunity to work towards the now recognized goal. The Finance Ministers have set themselves a work programme; the General Affairs Council will carry out the task of general coordination and synthesis, and will ensure that the political impetus given by the Heads of State or Government is maintained. Madrid provided the impulse. It will be for Strasbourg to record what has been done and achieved. In this spirit, I have proposed that the Council set up a group of Ministers' personal representatives to start work without delay on the preparatory texts for the drafting of a new Treaty.

### The audiovisual challenge

7. The audiovisual file contains clear objectives: to enable Europe to make up its shortfall in programme production by combining its technological assets and its creative capacities.

What is the situation now as I speak to you? In April the Council adopted a Decision on high-definition television; as a result of that Decision, the Community will be able to enter into the tough struggle to define a common world standard with a united front. This is a vital gain.

The Presidency has also undertaken to continue, and take to a successful conclusion, the Council's examination of the Directive on television broadcasting, upon which your predecessors here were able to adopt a well-reasoned position last May.<sup>3</sup> Rest assured that the Presidency will make every effort to make good use of the cooperation procedure in progress. The additional period of a month which the Council has asked Parliament for has precisely this aim.

The objective, for the Community, is indeed to give its producers and creators the sign they have been waiting for to construct the audiovisual Europe of tomorrow. The debates in Parliament and Council alike measure up to what is at stake. Doubtless differences of view remain between the

<sup>1</sup> Bull. EC 6-1989, point 1.1.1 *et seq.*

<sup>2</sup> Bull. EC 4-1989, point 1.1.1 *et seq.*

<sup>3</sup> Bull. EC 5-1989, point 2.1.11.

Member States on the ways and means which will enable that objective to be embodied in a Community text. But no one questions the objective itself.

Finally, France is happy to welcome in Paris, from 30 September to 2 October, the European Audiovisual Sector Conclave. The Commission is working actively to prepare for it. The aim of the Conclave is to mobilize all potential partners, public and private, who wish to cooperate to encourage the emergence of a strong and structured programme industry. This meeting will be the starting point of "Audiovisual Eureka", the idea for which was put forward by the President of the French Republic.

## Environment

8. Protection of the environment is a major concern for Parliament. It is a priority subject for the Presidency.

The new world-wide awareness of the dangers threatening our planet will make it easier to take specific and effective action.

The Community will bring its full weight to bear to ensure that revision of the Montreal Protocol brings about a much quicker reduction in the production and consumption of CFCs which endanger the ozone layer. Vigorous action is required at European level to counter the greenhouse effect. Developing research programmes, limiting emissions of carbon dioxide into the atmosphere, playing an active part in international initiatives—all these are means to attain this goal.

But the field is immense. We shall not have completed the task if we do not attack pollution from cars, the waste problem, water pollution, protection of flora and fauna, if we do not take measures to oppose desertification, erosion and deforestation.

The effort required is considerable. The Community requires new resources: we hope for rapid acceptance of the Commission's proposal to establish a European Environment Agency open to European countries that are not members of the Community.

## Research

9. Community research policy should take a significant step forward during the second half of 1989.

The success of the major Community programmes such as Esprit, RACE or Brite shows that we were not wrong to sketch out new horizons for the

Community in the Single Act. I quote: "to strengthen the scientific and technological basis of European industry and to encourage it to become more competitive at international level". Successes in Community research policy encourage us to continue and increase our efforts in this area. The revision of the framework programme is an opportunity to burn this desire into reality.

We now know that technological Europe does not stop at the frontiers of the Community Member States: our action will strengthen coordination with the other major European research programmes, in particular Eureka; association of the EFTA countries with Community research programmes is also becoming more frequent: let us welcome, and above all encourage that process. The Presidency will ensure this, for it knows that a Europe without research, like an aircraft without radar, would be lost in the fog.

## Internal market and common policies

10. The major concern remains the completion of the single market: in Madrid, we were able to assess what progress had been made, and measure what remains to be achieved. The Spanish Presidency carried out its task in a way which compels admiration. From the dimensions of lorries to the opening-up of public contracts, from banking services to company law, many decisions have been taken during these last six months which bring us closer to our goal.

Maintaining the balance and rhythm of progress in all fields is the condition for attaining the planned deadline of 1993.

11. Balance first of all between liberalization and harmonization. Undertakings have been made regarding the harmonization of taxation on savings, an essential complement to the liberalization of capital movements. They will have to be complied with.

We must also make progress towards the abolition of fiscal frontiers.

But balance in all other areas too: the liberalization of telecommunications services requires the harmonization of networks, the common market in road transport presupposes a minimum of uniform rules.

With this in view, the work on harmonization of standards, on public contracts, on the control of concentrations will be actively pursued.

On a general level, we would hope that the major arteries, the major networks, i.e. energy distribution, transport and telecommunications, which are in a sense the nervous system of the Com-



munity, may be strengthened and contribute to increasing Europe's competitiveness *vis-à-vis* its major competitors.

12. The Presidency will also commit itself to continuing the adaptation and development of the common agricultural policy; to continue the reform process and at the same time improve the situation of the farming community. Has the time not come to trace out new perspectives to ensure the development of Community agriculture? The Commission's proposals on the future of the countryside are, in this respect, full of opportunities.

From taking socio-cultural measures to exploiting outlets for our agri-foodstuffs industries, there remains much scope for thought and action.

13. That leads me to speak of the budget. The increase in the Community's resources and the Interinstitutional Agreement between the Commission and the two branches of the budgetary authority should enable us adopt a good budget before the end of the year. Those who have known more difficult times can only welcome the circumstances under which today's budgets are drafted and adopted. The Presidency hopes that this will also be the case in 1990.

## People's Europe

14. The energy which we are expending to make a success of strengthening the bonds of our Community is visible each day in the intense activity of our meeting places. From the Berlaymont to the Charlemagne in Brussels via the Kirchberg Plateau in Luxembourg, to here in Strasbourg, in this Palais de l'Europe where the representatives of our peoples, of the people of Europe, sit, thousands of men and women, devoted to the European cause, work daily towards the success of the undertaking. Let us pay them the tribute they deserve. They are the spearhead of the Europe of tomorrow.

However, the complexity and difficulty of the undertaking, the patient progress of matters under discussion, the interplay between States, must not cause us to lose sight of the political objective which we are seeking to achieve: a more united, more interdependent Community, in which each citizen recognizes himself and to which he feels allegiance as to a new homeland. Let us ensure that we do not lock ourselves up in these glass and steel buildings, whose majesty maintains a sense of mystery, sometimes isolating us from the living profusion of the reality of our Europe.

The Community still suffers from the lack of enthusiasm of those who live in it.

Let us make no mistake, without the allegiance of the citizen, without the vital enthusiasm of youth, we shall not manage to overcome the final—and toughest—obstacles to union; we shall not manage to break the barriers that still separate these 12 thick-skinned States.

The achievement of a people's Europe has lagged behind. Hence the relative apathy observed and the gap between what is being done and reality as lived and perceived. People feel that Europe is not yet made for them.

That Europe remains to build. Let us provide the impetus it requires. I remember the interest aroused in 1984 by the Fontainebleau conclusions on behalf of the citizen. The Adonnino Report<sup>1</sup> submitted concrete proposals. Too few of them have been implemented. I remember in 1985 the symbolic abolition of frontiers between the five signatory States of the Schengen Agreements; in view of the slowness of the measures and the difficulties of extending them to Twelve, we should not be surprised that at home Europe provokes some scepticism and disillusionment.

This is the task we must attack. The French Presidency intends to contribute with concrete proposals. Here are two examples, which could quickly be put into effect:

- (i) introduce for young people a European pass for transport, museums, entertainment and services, which could be used anywhere in the Europe of Twelve, and offer it on such terms that young people will be tempted and get the taste for discovering new horizons of tomorrow's Europe. A kind of "Open Sesame" throwing open the doors and windows of Europe to them.
- (ii) organize a genuine European civilian cooperation service to take the place of national service, which would focus on developing countries, so that young Europeans, irrespective of nationality, can be messengers and players in the Community's aid programmes.

These are some paths that could be pursued. The programmes already in hand like Erasmus or the anti-cancer campaigns must also be brought to notice.

In addition to practical initiatives, the European citizen must be central to the objectives of all our common policy aims.

The internal market is first and foremost the free movement of persons, consumer information and safety, the highest quality of service; environmental policy means seeking the best quality of life for everyone and economic and monetary union will

<sup>1</sup> Supplement 7/85 — Bull. EC.

reach its goal when a single common currency is in everyday use by Europeans.

### **Stepping up cooperation with third countries**

15. As the Community asserts itself on the international scene, its role is increasingly coming under discussion. But also, its company is increasingly sought. Let's try to be clear about this. The European Community is not a fortress. That can never be repeated enough. Part of the international trading system, the Community wants to develop its ties with the rest of the world, first and foremost with its closest neighbours. Without losing its identity or jeopardizing its unification. The Community of Twelve can and must open itself up to its partners to the north and to the south, to the east and to the west.

Confident in its attitude and proud of its success, the Community will take its part in the great developments which are drawing peoples and countries closer together and making world affairs easier to manage.

### **EFTA**

16. Let's take EFTA first of all.

For 17 years now, the Community has been developing deeper and closer links with the EFTA countries. With 1993 approaching, they want to set up more structured and more effective means of cooperation. We understand their concern and are ready to respond to it. The EEC-EFTA ministerial meeting on 19 December will be aimed at launching negotiations to improve the framework of our relations and define the objectives. EFTA is European too. It's up to us to take that into account.

### **Eastern Europe**

17. Shouldn't the Community's relations with East European countries be approached in the same spirit? The French Presidency's chief task will be to continue the policy of signing agreements and bring it to a successful conclusion.

Agreements have been concluded with Hungary and Czechoslovakia. Talks are going on with Bulgaria and talks with Poland are nearing conclusion. We also hope that negotiations with the Soviet Union will be concluded before the end of the year and that the Commission will in due course propose a mandate for negotiations with the GDR to the Council. These relations have been given a

new dimension by the conclusions of the Summit of the Seven. As it has done with Poland and Hungary, the Community can and must assert itself as a major, privileged partner for the other Europe.

### **Mediterranean**

18. The Maghreb countries, on the road towards effective union, are addressing Europe in new terms. Let us respond with new initiatives.

### **Asean — Latin America — Gulf States**

19. The Community of Twelve cooperates with many countries throughout the world; we must persevere, enhance our agreements and our dialogue with Asean, strengthen our ties with the Latin American countries, open negotiations with the Gulf States.

### **Lomé Convention**

20. The 66 African, Caribbean and Pacific States expect more and, particularly, better of us. Let us not show meanness. My concern will be to conclude the new Lomé Convention before the end of the year.

### ***Relations with major trading partners***

21. The Community's attitude to its major trading partners has never been to run away from difficulties. Recently we have had to deal with a trade crisis of a magnitude comparable to the monetary crisis of the 1970s.

The situation seems to be improving. The grounds for hope are fragile of course, but we can see the signs of a new spirit of compromise and moderation. And we have been able to complete the mid-term review of the Uruguay Round to general satisfaction.

The Presidency will start by trying to consolidate the perceptible improvement in relations with the United States. It also hopes that the Council will follow developments in relations with Japan attentively.

In the next six months the Community will also have to clarify its positions for the final stretch of the Geneva Round: in 1990 we shall have to display unshakeable unity and solidarity.

## ***New applications for membership***

### **Austria**

22. Success breeds success, they say. Is it success that attracts new countries to the Community? I believe it is. But let us deal with the matter prudently.

Last week Austria submitted its application for membership. In accordance with the Treaties the Presidency ensured that the Council immediately referred the matter to the Commission for an opinion. The Commission's opinion on Turkey's application is expected in the next few months. In both cases the European Parliament will have to deliver opinions. Those opinions will be of paramount importance.

These two applications, it must be said, raise fundamental problems on which the three Community institutions concerned will have to reflect. Will other applications be made? Can we consider further enlargements when the completion of the internal market will require most of our efforts for the next three and a half years? Can the Community accept new members without changes in its mode of operation? And in the case of Austria's application, is neutral status compatible with prospects of political union contained in the Single Act? All these questions should be raised. They call for deep reflection and questioning about the Community's future.

## **Deepening and enriching political cooperation**

### **Revival of political cooperation**

23. After a long period of marking time, political cooperation, enriched by the Single Act and emphasized by the Spanish Presidency, has acquired an unexpected vigour and speed.

The "troika" is the instrument for achieving a more active presence and a direct dialogue on the most sensitive current issues. I have been observing with interest this need for dialogue with the Twelve which is being expressed with increasing urgency throughout the world, so much so that serious timetable problems are beginning to arise.

I consider it, however, both necessary and useful to make the political dialogue even more extensive. The values which have brought us together need to be heard by the whole world. They do not age despite the passage of time.

A Europe that is certain of its values and aware of its duties will be expected to talk to China on human rights, to Eastern Europe on democracy, to Israel and the PLO on the right of peoples to a homeland and on the right to security; it must talk to every country of the rights of Lebanon, Cambodia, Afghanistan and Namibia to sovereignty, independence and peace; it must talk to Romania on freedom and to South Africa on equality; it must speak out concerning the fate of refugees and the right to humanitarian assistance wherever the existence of minorities is under threat.

### **Regional conflicts**

24. The Europe of Twelve must therefore make its presence actively felt in favour of peace. It must play the part expected of it in settling regional conflicts.

In the Near East, the Twelve are toiling to resolve the Arab-Israeli conflict. The Madrid European Council reaffirmed our positions in favour of an international peace conference. During the first half-year we held extremely useful meetings with most of our colleagues in the region. Ought we to press on? I am fully prepared to do so if it can help speed up a long overdue solution. We must grasp every opportunity of preparing the way for peace.

In Lebanon, torn by 15 years of war, the Community must respond to the appeals made to it. All our efforts are needed for a ceasefire, a political settlement and national reconstruction. By our own actions, particularly in the humanitarian sphere, by our moves within the UN and by the support given to the task of the three Heads of State appointed by the Arab League, we are endeavouring to bring to an end the tragic situation of our Lebanese friends. If it will help, I am willing to go to Beirut to speak on behalf of the Community.

Cambodia is another country which has suffered from years of strife. A settlement lies within our reach. Let us put every effort into grasping it. The four Cambodian factions met in Paris two days ago. The international conference will commence in three days' time. The Twelve are not, as such, involved in these negotiations. Nevertheless, they have expressed their wholehearted support for France as the country hosting the negotiations. It is important that, on the verge of a particularly difficult undertaking, the French Presidency should be able to count on the willingness of the Community and of its Member States to help restore peace and, in due course, rebuild Cambodia.

## East-West relations

Other conflicts, other aspirations, are causing Europe to muster its resources. But its contribution does not amount only to that. The Community and its member countries are playing a full part in the CSCE process, as the success of the London talks on information and of the Paris meeting on the human dimension has shown.

As I have said, the Community is both the centre and the driving force of the dialogue with the other Europe. The changes taking place before our eyes in Eastern Europe and the progress of the reforms must be encouraged and safeguarded. Let there be no misunderstanding. It is essentially our own future that is at stake.

## United Nations

These are some of the paths which lie before us entailing as they do the strengthening of European political cooperation. As our cohesion increases, so will our presence and role in the world. I hope that this will be reflected in the common expression of our views in international bodies, especially the United Nations.

Such then, Mr President and Honourable Members, are the approaches which I wished to set before you and which will form the warp and woof of the French Presidency's activity over the next six months. I can assure you that the President of the French Republic is determined to forge resolutely ahead in this direction.

Finally I should like to stress three points:

(i) The Single Act created a turning point in the life of the Community by setting up the procedure for cooperation with the European Parliament. I trust that we shall exploit its full potential.

(ii) Economic and monetary union will mark a new stage in a painstaking and ultimately irreversible process of construction. France is determined to make it succeed.

(iii) The edifice we are building will be crowned by the creation of new institutions.

These advances will perhaps require new Treaties, and probably new practices. The essential need is to preserve the spirit in which the European Community has been established and to stay on the course which has led us to where we are today.

Let us march on together towards the 21st century, towards unity and towards the Europe of the future.<sup>3</sup>

# 5. Infringement procedures

## Initiation of proceedings for failure to implement Directives

### *Letters of formal notice*

3.5.1. In July and August the Commission sent letters of formal notice for failure to inform it of national measures to implement the following Directives:

### Internal market

Council Directive 87/358/EEC of 25 June 1987 amending Directive 70/156/EEC on the approximation of the laws of the Member States relating to the type-approval of motor vehicles and their trailers (Greece).<sup>1</sup>

Council Directive 87/403/EEC of 25 June 1987 supplementing Annex I to Directive 70/156/EEC

on the approximation of the laws of the Member States relating to the type-approval of motor vehicles and their trailers (Greece).<sup>1</sup>

Council Directive 88/76/EEC of 3 December 1987 amending Directive 70/220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from the engines of motor vehicles (Greece).<sup>2</sup>

Council Directive 88/77/EEC of 3 December 1987 on the approximation of the laws of the Member States relating to measures to be taken against the emission of gaseous pollutants from diesel engines for use in vehicles (Greece).<sup>3</sup>

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<sup>1</sup> OJ L 192, 11.7.1987.

<sup>2</sup> OJ L 36, 9.2.1988.

<sup>3</sup> OJ L 36, 9.2.1988.

Commission Directive 88/194/EEC of 24 March 1988 adapting to technical progress Council Directive 71/320/EEC on the approximation of the laws of the Member States relating to the braking devices of certain categories of motor vehicles and their trailers (Greece).<sup>1</sup>

Commission Directive 88/195/EEC of 24 March 1988 adapting to technical progress Council Directive 80/1269/EEC on the approximation of the laws of the Member States relating to the engine power of motor vehicles (Greece).<sup>1</sup>

Commission Directive 88/366/EEC of 17 May 1988 on the adaptation to technical progress of Council Directive 77/649/EEC on the approximation of the laws of the Member States relating to the field of vision of motor vehicle drivers (Greece).<sup>2</sup>

Commission Directive 88/410/EEC of 21 June 1988 adapting to technical progress Council Directive 74/151/EEC on the approximation of the laws of the Member States relating to certain components or characteristics of wheeled agricultural or forestry tractors (Greece and United Kingdom).<sup>3</sup>

Commission Directive 88/411/EEC of 21 June 1988 adapting to technical progress Council Directive 75/321/EEC on the approximation of the laws of the Member States relating to the steering equipment of wheeled agricultural or forestry tractors (Greece and United Kingdom).<sup>3</sup>

Commission Directive 88/412/EEC of 22 June 1988 adapting to technical progress Council Directive 74/152/EEC on the approximation of the laws of the Member States relating to the maximum design speed and load platforms of wheeled agricultural or forestry tractors (Greece and United Kingdom).<sup>3</sup>

Commission Directive 88/413/EEC of 22 June 1988 adapting to technical progress Council Directive 79/622/EEC on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural or forestry tractors (static testing) (Greece and United Kingdom).<sup>3</sup>

Commission Directive 88/414/EEC of 22 June 1988 adapting to technical progress Council Directive 80/720/EEC on the approximation of the laws of the Member States relating to the operating space, access to the driving position and the doors and windows of wheeled agricultural or forestry tractors (Greece and United Kingdom).<sup>3</sup>

Council Directive 88/436/EEC of 16 June 1988 amending Directive 70.220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from the engines of motor vehicles (Restriction of particulate pollutant emissions from diesel engines) (Greece).<sup>4</sup>

Commission Directive 88/465/EEC of 30 June 1988 adapting to technical progress Council Directive 78/764/EEC on the laws of the Member States relating to the driver's seat on wheeled agricultural or forestry tractors (Greece and United Kingdom).<sup>5</sup>

## Transport

Council Directive 87/540/EEC of 9 November 1987 on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation (Belgium, France and Luxembourg).<sup>6</sup>

## Environment

Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (Greece).<sup>7</sup>

Council Directive 87/216/EEC of 19 March 1987 amending Directive 82/501/EEC on the major-accident hazards of certain industrial activities (Spain).<sup>8</sup>

## *Financial institutions and company law*

First Council Directive (68/151/EEC) of 9 March 1968 on coordination of safeguards which, for the protection of the interests of members and others, are required by the Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community (Spain).<sup>9</sup>

Second Council Directive (77/91/EEC) of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by the Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (Spain).<sup>10</sup>

<sup>1</sup> OJ L 92, 9.4.1988.

<sup>2</sup> OJ L 181, 12.7.1988.

<sup>3</sup> OJ L 200, 26.7.1988.

<sup>4</sup> OJ L 214, 6.8.1988.

<sup>5</sup> OJ L 228, 17.8.1988.

<sup>6</sup> OJ L 322, 12.11.1987.

<sup>7</sup> OJ L 175, 5.7.1985.

<sup>8</sup> OJ L 85, 28.3.1987.

<sup>9</sup> OJ L 65, 14.3.1968.

<sup>10</sup> OJ L 26, 30.1.1977.

Fourth Council Directive (78/660/EEC) of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies (Spain and Portugal).<sup>1</sup>

Third Council Directive (78/855/EEC) of 9 October 1978 based on Article 54(3)(g) of the Treaty concerning mergers of public limited liability companies (Spain).<sup>2</sup>

Sixth Council Directive (82/891/EEC) of 17 December 1982 based on Article 54(3)(g) of the Treaty, concerning the division of public limited liability companies (Spain).<sup>3</sup>

Seventh Council Directive (83/349/EEC) of 13 June based on Article 54(3)(g) of the Treaty on consolidated accounts (Belgium, Denmark, Spain, Ireland, Italy, Portugal and United Kingdom).<sup>4</sup>

Eighth Council Directive (84/253/EEC) of 10 April 1984 based on Article 54(3)(g) of the Treaty on the approval of persons responsible for carrying out the statutory audits of accounting documents (Denmark, Ireland, Italy, Netherlands, United Kingdom).<sup>5</sup>

### Consumer protection

Commission Directive 87/140/EEC of 6 February 1987 amending Annex II to Council Directive 71/307/EEC on the approximation of the laws of the Member States relating to textile names (Greece and Netherlands).<sup>6</sup>

Commission Directive 87/143/EEC of 10 February 1987 amending the First Directive (80/1335/EEC) on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products (Greece).<sup>7</sup>

Commission Directive 87/184/EEC of 6 February 1987 amending Annex II to Council Directive 72/276/EEC on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures (Luxembourg and Netherlands).<sup>8</sup>

Tenth Commission Directive (88/233/EEC) of 2 March 1988 adapting to technical progress Annexes II, III, IV and VI to Council Directive 76/768/EEC on the approximation of the laws of the Member States relating to cosmetic products (Belgium, Greece, Luxembourg and Netherlands).<sup>9</sup>

3.5.2. The Commission also sent a letter of formal notice for failure to comply with a judgment of the Court of Justice concerning the following Directives:

### Employment and social affairs

Council Directive 76/207/EEC of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions (France).<sup>10</sup>

### Transport

Council Directive 82/714/EEC of 4 October 1982 laying down technical requirements for inland waterway vessels (Belgium).<sup>11</sup>

### Reasoned opinions

3.5.3. In July and August the Commission delivered reasoned opinions for failure to inform it of national measures to implement the following Directives:

### Internal market

Council Directive 77/62/EEC of 21 December 1976 coordinating procedures for the award of public contracts (Italy).<sup>12</sup>

Council Directive 87/20/EEC of 22 December 1986 amending Directive 81/852/EEC on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products (Italy).<sup>13</sup>

### Environment

Council Directive 80/779/EEC of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates (France).<sup>14</sup>

Council Directive 84/631/EEC of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste (Federal Republic of Germany).<sup>15</sup>

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<sup>1</sup> OJ L 222, 14.8.1978.

<sup>2</sup> OJ L 295, 20.10.1978.

<sup>3</sup> OJ L 378, 31.12.1982.

<sup>4</sup> OJ L 193, 18.7.1983.

<sup>5</sup> OJ L 126, 12.5.1984.

<sup>6</sup> OJ L 56, 26.2.1987.

<sup>7</sup> OJ L 57, 27.2.1987.

<sup>8</sup> OJ L 75, 17.3.1987.

<sup>9</sup> OJ L 105, 26.4.1988.

<sup>10</sup> OJ L 39, 14.2.1976.

<sup>11</sup> OJ L 301, 28.10.1982.

<sup>12</sup> OJ L 13, 15.1.1977.

<sup>13</sup> OJ L 15, 17.1.1987.

<sup>14</sup> OJ L 229, 30.8.1980.

<sup>15</sup> OJ L 326, 13.12.1984.

## 6. Additional references in the Official Journal

3.6.1. 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 1-1989**

#### *Point 2.2.27 et seq.*

Joint Assembly of the Convention concluded between the African, Caribbean and Pacific States and the European Economic Community of 24 to 27 January 1989 at Bridgetown (Barbados)  
OJ C 186, 24.7.1989

### **Bull. EC 3-1989**

#### *Point 2.1.71*

Commission Decision 89/456/EEC of 8 March 1989 concerning the French Government's aid proposal in favour of Caulliez Frères, cotton yarn producer located in Prouvy, France  
OJ L 223, 2.8.1989

### **Bull. EC 4-1989**

#### *Point 2.1.11*

Amended proposal for a Second Council Directive on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions and amending Directive 77/780/EEC  
OJ C 167, 3.7.1989

#### *Point 2.1.64*

Proposal for a Council Recommendation on the coordinated introduction of pan-European land-based public radio paging in the Community

Proposal for a Council Directive on the frequency bands to be reserved for the coordinated introduc-

tion of pan-European land-based public radio paging in the Community  
OJ C 193, 31.7.1989

#### *Point 2.1.121*

Proposal for a Council Directive concerning general product safety  
OJ C 193, 31.7.1989

#### *Point 2.5.6*

Decision 89/494/EEC/Euratom/ECSC of the European Parliament of 13 April 1989 granting discharge to the Commission in respect of the implementation of the budget of the European Communities for the 1987 financial year concerning Sections I — Parliament, II — Council, III — Commission, IV — Court of Justice and V — Court of Auditors

Resolution embodying the comments on the Decision granting a discharge in respect of the implementation of the budget of the European Communities for the 1987 financial year

Decision 89/495/EEC of the European Parliament of 13 April 1989 granting discharge to the Commission in respect of the financial management of the third European Development Fund during the 1987 financial year

Decision 89/496/EEC of the European Parliament of 13 April 1989 granting discharge to the Commission in respect of the financial management of the fourth European Development Fund during the 1987 financial year

Decision 89/497/EEC of the European Parliament of 13 April 1989 granting discharge to the Commission in respect of the financial management of the fifth European Development Fund during the 1987 financial year

Decision 89/498/EEC of the European Parliament of 13 April 1989 granting discharge to the Commission in respect of the financial management of the sixth European Development Fund during the 1987 financial year

Resolution containing the observations accompanying the Decisions granting discharge in respect of the financial management of the third, fifth and sixth European Development Funds during the 1987 financial year  
OJ L 247, 23.8.1989

*Point 2.5.8*

Decision 89/499/EEC of the European Parliament of 13 April 1989 granting discharge to the Administrative Board of the European Centre for the Development of Vocational Training in respect of the implementation of its appropriations for the 1987 financial year

Decision 89/500/EEC of the European Parliament of 13 April 1989 granting discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its appropriations for the 1987 financial year  
OJ L 247, 23.8.1989

**Bull. EC 5-1989**

*Point 2.1.8*

Amended proposal for a Council Directive on a solvency ratio for credit institutions  
OJ C 167, 3.7.1989

*Point 2.1.53*

Council Recommendation relating to the implementation of a policy of administrative simplification in favour of small and medium-sized enterprises in the Member States  
OJ C 189, 26.7.1989

*Point 2.1.75*

Amendments to the proposal for a Council Decision adopting a specific research and technological development programme in the field of biotechnology (1990 to 1994) — Biotechnology research for innovation, development and growth in Europe (Bridge)  
OJ C 198, 3.8.1989

*Point 2.1.215*

Amendment to the proposal for a Council Regulation (EEC) amending Regulation (EEC) No 3820/85 on the harmonization of certain social legislation relating to road transport and Regulation (EEC) No 3821/85 on recording equipment in road transport

Amendment to the proposal for a Council Directive (EEC) on standard checking procedures for the implementation of Regulation (EEC) No 3820/85 on the harmonization of certain social legislation relating to road transport and Regulation

(EEC) No 3821/85 on recording equipment in road transport  
OJ C 199, 4.8.1989

*Point 2.5.3*

Amended proposal for a Council Regulation (ECSC, EEC, Euratom) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities  
OJ C 193, 31.7.1989

*Points 2.7.27 to 2.7.29*

Opinions adopted by the Economic and Social Committee during its session on 31 May and 1 June 1989  
OJ C 194, 31.7.1989

**Bull. EC 6-1989**

*Point 2.1.5*

Proposal for a Council Regulation (EEC) amending Article 1 of Council Regulation (EEC) No 3180/78 relating to the value of the unit of account used by the European Monetary Cooperation Fund, as amended by Regulation (EEC) No 2626/84  
OJ C 198, 3.8.1989

*Point 2.1.51*

Proposal for a Council Decision concerning the conclusion of a Cooperation Agreement between the European Economic Community and the Republic of Finland on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science)

Proposal for a Council Decision concerning the conclusion of a Cooperation Agreement between the European Economic Community and the Kingdom of Sweden on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science)

Proposal for a Council Decision concerning the conclusion of a Cooperation Agreement between the European Economic Community and the Swiss Confederation on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science)  
OJ C 197, 2.8.1989



*Point 2.1.65*

Proposal for a Council Directive on the approximation of the laws of the Member States concerning telecommunications terminal equipment, including the mutual recognition of their conformity

OJ C 211, 17.8.1989

*Point 2.1.69*

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OJ C 214, 21.8.1989

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OJ C 217, 23.8.1989

*Point 2.1.160*

Proposal for a Council Regulation (EEC) concerning minimum standards for the protection of calves kept in intensive farming systems

Proposal for a Council Regulation (EEC) concerning minimum standards for the protection of pigs kept in intensive farming systems

OJ C 214, 21.8.1989

*Point 2.1.171*

Proposal for a Council Regulation (EEC) on the conclusion of the Protocol setting out the fishing opportunities and financial compensation provided for in the Agreement between the European Economic Community and the Government of the People's Republic of Angola on fishing off Angola for the period from 3 May 1989 to 2 May 1990

OJ C 214, 21.8.1989

*Point 2.6.4.*

Draft Council Regulation (EEC) on the submission of data on the landings of fishery products in Member States

OJ C 214, 21.8.1989

*Points 2.7.21 and 2.7.22*

Opinions adopted by the Economic and Social Committee during its session on 21 and 22 June 1989

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Last published Index: 1984.



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