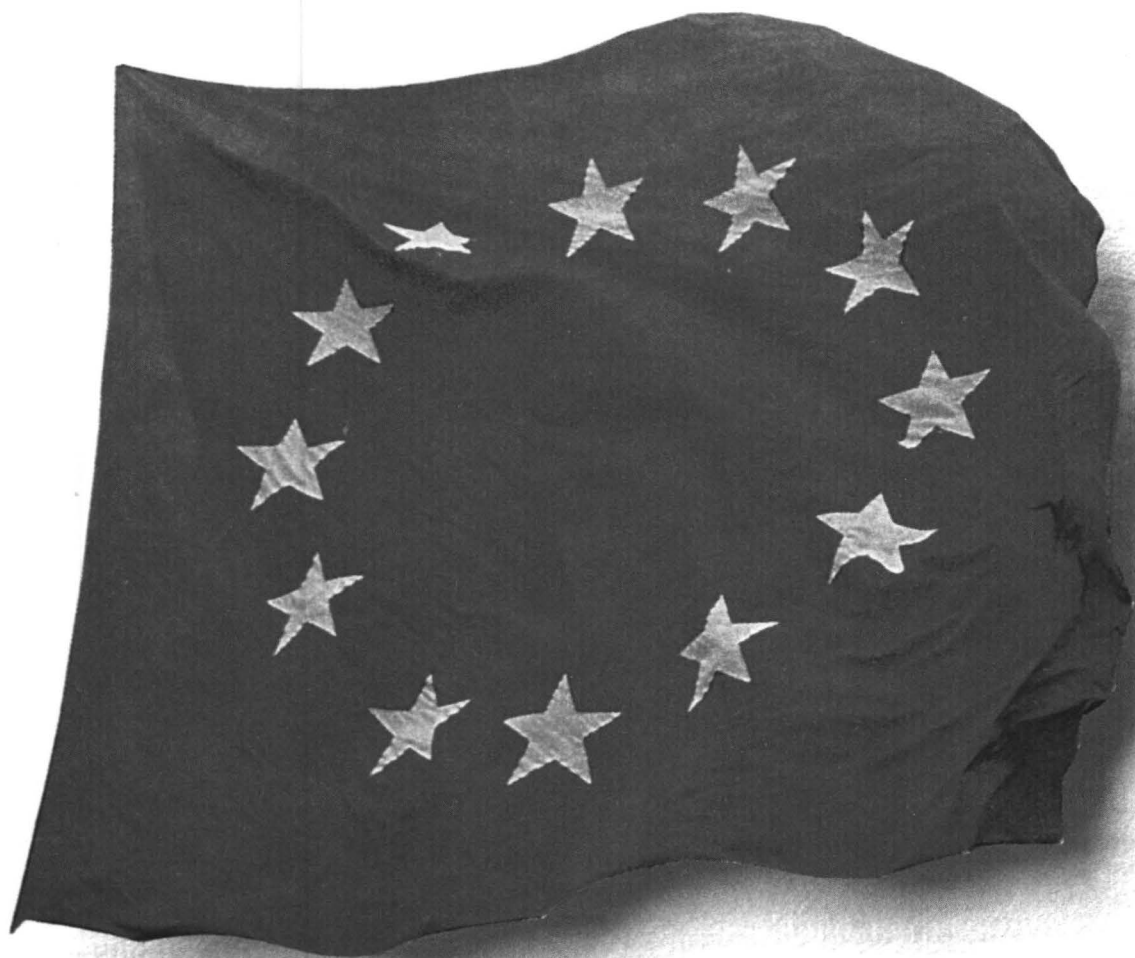


Bulletin of the European Communities

Commission



No 10 1989 Volume 22

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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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- 5/89 Statute for a European company**



PART ONE

SPECIAL FEATURES

1. Coordinated aid to Poland and Hungary

Follow-up to the Paris Summit

1.1.1. The Group of 24 countries taking part in Operation Phare (assistance with economic recovery in Poland and Hungary) met for the second time in Brussels on 26 September¹ as part of the coordination process set in motion at their first meeting on 1 August² when Operation Phare³ was launched. The International Monetary Fund, the World Bank, the OECD and the Paris Club⁴ attended the meeting as observers. The meeting was presented with a second memorandum from Hungary, which was more explicit than that prepared for the 1 August meeting, and a memorandum from Poland. President Delors and Vice-President Andriessen referred to the critical economic situation in the two countries and the urgent need for swift action on the part of the 24, since what was at stake was the establishment in Poland and Hungary of political and economic systems based on democratic values.

The Commission had assessed the assistance already being provided, and had come to the conclusion that additional efforts were needed from the industrialized countries. It took the view that it should not only coordinate the operation but also submit its own proposals, which was why it submitted to the 24 an action plan for coordinated aid to Poland and Hungary reflecting the main priorities already identified: food supplies (Poland) and the restructuring of agriculture, measures to facilitate access to markets, investment promotion, vocational training schemes and environmental measures. The plan is intended as a framework for action by the Community and as an incentive for the other members of the Group of 24 to take similar and coordinated initiatives. The plan submitted by the Commission provides for a financial outlay of around ECU 200 million by the Community from its 1990 budget. This is in addition to the counterpart fund in Poland raised from the sale of agricultural products given by the Community with a value of

over ECU 100 million. This outlay should be supplemented by at least ECU 400 million from the Community Member States and the other members of the Group out of their national budgets.

The 24 welcomed the broad lines and individual components of the plan and reaffirmed the need for action in the areas in question. In one of these areas, namely the supply of food to Poland, they noted that deliveries with a total value of USD 271 million had already been decided on by several participants (other countries also joined in during October). The 24 encouraged the Commission to continue with its coordination efforts, for which special working parties were essential. They also contemplated a further high-level meeting, which was later arranged for 24 November.

Action by the Community

1.1.2. Following this meeting the Commission had the task of translating the action plan into practical Community measures. On 3 October the Council (General Affairs) welcomed the general approach of the action plan. In particular, it endorsed the proposal to enter a sum of ECU 200 million in the 1990 budget for this purpose, and agreed in principle to the acceleration of the timetable for the liberalization of specific quantitative restrictions *vis-à-vis* Poland and Hungary and to agricultural and tariff concessions. It also welcomed the proposal to make Poland and Hungary eligible for European Investment Bank loans guaranteed by the Community budget.

¹ Bull. EC 9-1989, points 2.2.7 and 2.2.8.

² Bull. EC 7/8-1989, point 1.1.6.

³ Bull. EC 7/8-1989, point 1.1.2.

⁴ The Paris Club, which consists of creditor countries, examines the procedures for managing the debts of debtor countries.

1.1.3. The Commission's first proposal to the Council, adopted on 4 October,¹ concerned the European Investment Bank: the Council was asked to encourage the Bank to lend to those two countries and to adopt a decision whereby the Community would guarantee the loans. The Commission estimated that the volume of loans over the next three years could be of the order of ECU 800 to 1 000 million.

1.1.4. The Commission had also submitted a draft letter of amendment² introducing in the 1990 budget an item with an appropriation of ECU 200 million for the Community guarantee for the funding of the economic assistance in question. The Council meeting (Economic and Financial Affairs) of 9 October adopted the letter of amendment and agreed in principle to a Community guarantee for loans granted by the European Investment Bank.

1.1.5. The second Commission proposal, adopted on 11 October,³ concerned the liberalization of quantitative restrictions. In line with its action plan, the Commission came to the conclusion that to secure better market access it was first necessary to abolish in full and without delay all the specific quantitative restrictions imposed on Poland and Hungary as State-trading countries pursuant to Council Regulation (EEC) No 3420/83 of 14 November 1983 which covers trade with those countries.⁴ The aim of the Commission proposal was therefore to provide that as from 1 January 1990 the only quantitative restrictions imposed on Poland and Hungary would be those which also apply to countries other than State-trading countries pursuant to Council Regulation (EEC) No 288/82 of 5 February 1982,⁵ that is, in practice the GATT market-economy countries. This proposal was adopted by the Council (General Affairs) on 6 November as Regulation (EEC) No 3381/89.⁶ The Council even went further by asking the Commission to submit a proposal concerning the non-specific quantitative restrictions especially affecting Poland and Hungary. These decisions are indicative

of the progress made in the six weeks or so since the Agreement was signed,⁷ on 19 September, between the Community and Poland aimed at the phased removal of restrictions by the end of 1994. The Agreement concluded with Hungary in 1988 provided for the phased removal of restrictions in 1995.⁸

1.1.6. Still in the area of market access, and in accordance with its action plan, on 11 October the Commission adopted for transmission to the Council a proposal⁹ amending its earlier proposals concerning the opening of the Community's generalized tariff preferences for 1990 so that Poland and Hungary would also benefit from these preferences. The generalized scheme of preferences (GSP) is normally reserved for developing countries, but it is true that on the basis of several economic parameters, Poland and Hungary are comparable to certain developing countries. They had in fact asked the Community to benefit from the GSP, and this facility is already granted to them by certain industrialized countries in the Group of 24. The Commission has therefore proposed to the Council that for a period of five years they should be granted the benefits of the GSP for industrial, textile and agricultural products covered by the Community's present preference schemes, but not for ECSC products which are the subject of arrangements the renewal of which will be discussed in the near future. In the case of Poland, fisheries products would also be excluded, as separate negotiations are scheduled.

1.1.7. As the action plan also provided for an improvement in the Community's agricultural concessions to Poland and

¹ OJ C 283, 9.11.1989.

² Bull. EC 9-1989, point 2.5.1.

³ COM(89) 504 final.

⁴ OJ L 346, 8.12.1983.

⁵ OJ L 35, 9.2.1982; Bull. EC 2-1982, point 2.2.5.

⁶ OJ L 326, 11.11.1989.

⁷ OJ L 339, 22.11.1989; Bull. EC 9-1989, point 2.2.11.

⁸ OJ L 327, 30.11.1988; Bull. EC 11-1988, point 2.2.29.

⁹ COM(89) 494 final.

Hungary, on 31 October the Commission proposed that these concessions should be granted via the GSP. This proposal to the Council comprised a list of products subject to customs duty, for which the Commission was proposing tariff reductions, and a list of products subject to levy, for which it was proposing a levy reduction.

1.1.8. On 25 October¹ the Commission adopted for transmission to the Council a proposal for a Regulation seeking to establish the legal basis for economic aid to Poland and Hungary. The proposal defines the purpose of the aid, i.e. to finance projects or cooperation operations aimed at the economic development and modernization of Hungary and Poland (particularly in the private sector) and the strengthening of commercial and economic links with the Community; it also specifies the areas and procedures for granting the aid, which will generally be in the form of grants, and the management procedures. On 26 October, during its debate on the 1990 budget, the European Parliament² came to the conclusion that aid amounting to ECU 300 million should be granted.

Progress with the aid programme

1.1.9. After the meeting of the Group of 24 on 26 September, the specialized working parties (environment, vocational training, and investment promotion) examined the respective needs of Poland and Hungary in the areas in question in order to establish the priorities for action and to achieve the requisite degree of coordination. Fact-finding missions were sent to the two countries to examine the situation on the spot and to discuss matters with the respective authorities. The Commission has also kept in touch with the abovementioned international organizations: there is a close link between Operation Phare and the agreements being negotiated between the IMF and Poland and Hungary, which would entail structural reform and improvement programmes in the two countries. Another Group consisting of countries providing food aid to Poland has met on several occasions, this Group initially consisted of the Community and four other countries, but more countries have now joined in, having decided in their turn to supply food products to Poland.

¹ OJ C 296, 24.11.1989; COM(89) 536 final.

² OJ C 304, 4.12.1989.

2. Facing the challenges of the early 1990s

Annual Economic Report 1989-90

1.2.1. On 18 October, acting in accordance with Council Decision 74/120/EEC of 18 February 1974 on the attainment of a high degree of convergence of economic policies,¹ the Commission adopted for transmission to the Council, the European Parliament and the Economic and Social Committee the Annual Economic Report 1989-90² entitled 'Facing the challenges of the early 1990s'.³ It emerges from this report that the state of the Community economy at the outset of the new decade is quite promising, and that the fundamental improvements which have been achieved during the 1980s are resulting in a significantly better growth and employment performance. Unemployment is still very high, however, and levels of GDP per head are still very different throughout the Community. In addition, there is a risk that the persistence or indeed the worsening of certain negative features which have characterized the Community economy over recent years — inflation, current account imbalances and budgetary disequilibria — could endanger the continuation of the present expansion and of further progress towards monetary stability in the Community.

Economic policy in the Community therefore faces two major challenges:

- (i) strengthening the determinants of growth;
- (ii) improving convergence towards stability.

Strengthening the determinants of growth

1.2.2. Economic growth is continuing strongly with an expected increase in real output in 1990 of about 3%. Even if this growth rate is lower than the 3.8% achieved in 1988 and the 3.5% expected in 1989, it is still significantly higher than the 1.6% in the period 1982-84 and the 2.6% in 1985-87.

High growth rate in investment in equipment and in construction with figures for 1989 and 1990 considerably higher than in 1986 and 1987 investment remains the most dynamic component of demand, together with the growth in exports.

With faster economic growth, job creation has speeded up. After the record increases of 1988 and 1989, another 1.5 million jobs should be added in 1990 also because the employment content of growth has increased substantially. In the 1960s, annual GDP growth of 4.8% barely created 0.3% of new employment, whereas today, a GDP growth trend of slightly above 3% is accompanied by a net annual employment expansion of more than 1%.

However, even with the favourable employment trend, unemployment in the Community will average about 9% in 1990 with significant differences between Member States. It must therefore be reduced significantly and the catching-up process of the less-favoured regions continued. This requires further improvements in profitability, making for continued increases in investment and a reduction in public spending in many Member States.

At Community level it is important that the internal market programme should be pursued resolutely and that other structural policies should be implemented, for example, as regards competition and economic improvement in regions lagging behind.

Improving convergence towards stability

1.2.3. Sustainable growth can only be achieved by preventing inflationary expectations from arising and by reducing divergences in inflation, in external balances and in budgetary positions.

¹ OJ L 63, 5.3.1974.

² COM(89) 497 final.

³ Previous report: OJ L 377, 31.12.1988; Bull. EC 12-1988, point 2.1.1.

Inflation accelerated between mid-1988 and mid-1989 under the combined impact of higher import prices, higher wages in some countries and higher taxes and public service charges in others. Thanks to a swift reaction by monetary policy makers and to the softening of import prices in the course of 1989, this trend now appears to have been halted. In 1990, average inflation in the Community could be reduced to about 4.5% from 5% in 1989. The average does, however, mask the fact that rates within the Community differ widely. Certain Member States are still experiencing two-figure inflation.

The sooner inflation is stopped, the lower will be the price paid in terms of lost growth and employment. The Community has shown that it can successfully reduce inflation even when the external environment seems to be unfavourable: the halving of inflation between 1980 (13%) and 1985 (6%) occurred despite depreciating European currencies and consequently higher import prices.

It is good news that the current account for the Community is still in broad equilibrium. The divergence in the external positions of the Member States, however, is expected to go on increasing. The exceptionally high level of the German surplus, which may reach a level approaching 6% of GNP in 1990, constitutes a danger for exchange-rate stability in the Community, and produces unwelcome structural distortions in Germany itself.

The deficit of Greece is worrying both for the speed of its deterioration and for its origin, which lies essentially in a lack of competitiveness of the exporting sectors. This results from wage increases which are too high relative to productivity and to excessive public finance deficits.

The deficits of Spain and Portugal, to the extent that they are due to a rapid increase of imports of investment goods and are financed by long-term capital, are in line with a development pattern expected in countries in a catching-up process. They have, however, reached a point where

additional deterioration would force the authorities to intervene to correct them. If the deficit is not reduced by raising exports or lowering imports of consumer goods, the continued expansion of investment that these countries need might be impeded.

Denmark is already experiencing a period of slow growth necessary to bring the current account to a position which will make the substantial external debt accumulated over many years more manageable. A continuation of the wage moderation of the last few years is necessary to improve the price competitiveness of Danish exports.

Increasing the contribution of budgetary policies towards growth and stability

1.2.4. Budgetary policy must contribute to the reduction of existing or to the avoidance of future fundamental disequilibria. In many countries budgetary policies are not helping sufficiently to create conditions favourable to economic growth. Budget deficits and public debt to GDP ratios are still very high and increasing in Greece, Italy and Portugal. In Belgium, and to a lesser extent in the Netherlands, budget consolidation needs to be continued. These countries should exploit better the strength of economic growth to reduce their budgetary imbalances.

Ensuring favourable prospects in the 1990s

1.2.5. When presenting the Annual Economic Report 1989-90 and asking the Council to adopt its policy recommendations, Vice-President Christophersen said:

‘The European economy has regained its strength and its confidence in future opportunities within and outside the Community and it is on the right track towards that balanced, sustained growth needed to create more jobs in the next decade, to keep Europe competitive on the world markets and to ensure that the catching-up process within the Community is not impeded. To ensure sustainability, divergences within the Community must be reduced towards sounder levels.

The progressive opening-up of the internal market has a crucial role to play in this dynamic development. It is therefore of paramount importance that this process is not slowed down and expectations not disappointed.

The creation of the internal market has at the same time clearly demonstrated the increasing economic interdependence between Member States. The need to ensure the continuation of growth and progress towards economic and monetary union

requires determined action from individual Member States and more effective coordination between them.

This reality has been demonstrated through the recent, almost simultaneous increases in interest rates in many Community countries.

It is a clear example of the level of economic and monetary interdependence, not only between EMS narrow band Member States, but throughout the Community.'

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3. News in brief

Customs union

- The Commission adopts a proposal to reform the Community transit procedure (→ point 2.1.26)

Taxation

- The Commission adopts a new approach to excise-duty rates (→ point 2.1.38).

Information, communication and culture

Audiovisual sector

- The Council adopts the Directive on television without frontiers (→ point 2.1.18).
- 26 European countries and the Commission adopt a joint declaration establishing 'Audiovisual Eureka' (→ point 2.1.98).

Structural Funds

- The Commission adopts the breakdown by objective of the appropriations for the structural Funds for the period 1989-93 (→ point 2.1.109).

Environment

- The Commission adopts a proposal for a Directive concerning municipal wastewater treatment (→ point 2.1.111).

PART TWO

ACTIVITIES

IN OCTOBER 1989

1. Building the Community

Economic and monetary policy

Economic and monetary union

2.1.1. On 19 October the Economic and Social Committee adopted an own-initiative opinion on the report on economic and monetary union in the European Community¹ produced by the Committee for the Study of Economic and Monetary Union (Delors Committee) at the request of the Hanover European Council.² The ESC endorsed the major options set out in the report and stressed that the question of how the transfer of economic and monetary powers to the Community was viewed was still all-important for the broad political approval needed for economic and monetary union (EMU). However, the extent of this transfer of powers needed to be agreed upon before a binding decision was taken on the final stage of EMU. The Committee pointed out that the Community institutions had not yet discussed to what extent irrevocable exchange rates or even a single Community currency would make it necessary to transfer responsibilities to the Community. It also believed that closer consideration should be given to the benefits and difficulties stemming from EMU, notably the social aspects of the structural adjustments needed. It then made a number of recommendations for tackling the problems that would arise during the different stages of EMU. The recommendations were concerned in particular with: attainment of parallelism between a common monetary policy and a convergent economic policy; price stability; exchange-market intervention policy; the statute of the European System of Central Banks (ESCB); budgetary policy; correction of national and regional income disparities; the resources of the structural Funds; structural adjustment; European financial area; the role of the ecu.

2.1.2. On 25 October Parliament adopted a resolution on economic and monetary union (→ point 2.7.13).³

Economic situation

Annual Economic Report 1989-90

2.1.3. On 18 October the Commission approved, for transmission to the Council, Parliament and the Economic and Social Committee, the Annual Economic Report for 1989-90, entitled 'Facing the challenges of the early 1990s' (→ point 1.2.1 *et seq.*).⁴

Internal market

2.1.4. On 11 October the European Parliament held a major debate on the completion of the internal market, following which it adopted two resolutions (→ point 2.7.6).⁵

People's Europe

Free movement of persons

Mutual recognition of diplomas — Access to economic activities

2.1.5. On 10 October, acting on a Commission proposal,⁶ in cooperation with the European Parliament⁷ and in the light of the opinion of the Economic and Social Committee,⁸ the Council formally adopted directive 89/595/EEC⁹ amending Directives 77/452/EC and 77/453/EEC of 27 June 1977 concerning nurses responsible for general

¹ ISBN 92-826-0555-4, Office for Official Publications of the European Communities, L-2985 Luxembourg; Bull. EC 4-1989, point 1.1.1 *et seq.*

² Bull. EC 6-1988, point 1.1.1 *et seq.*

³ OJ C 304, 4.12.1989.

⁴ COM(89) 497 final.

⁵ OJ C 291, 20.10.1989.

⁶ OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.13; OJ C 322, 15.12.1988; Bull. EC 11-1988, point 2.1.11.

⁷ First reading: OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.5; Second reading: OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.1.7.

⁸ OJ C 134, 24.5.1988; Bull. EC 3-1989, point 2.4.30.

⁹ OJ L 341, 23.11.1989.

care,¹ on which it had adopted a common position on 14 June.²

2.1.6. On 30 October, acting on a Commission proposal,³ in cooperation with the European Parliament⁴ and in the light of the opinion of the Economic and Social Committee,⁵ the Council formally adopted Directive 89/594/EEC⁶ amending Council Directives 75/362/EEC of 16 June 1975,⁷ 77/452/EEC of 27 June 1977,¹ 78/686/EEC of 25 July 1978,⁸ 78/1026/EEC of 18 December 1978⁹ and 80/154/EEC of 21 January 1980¹⁰ concerning the mutual recognition of diplomas for doctors, nurses responsible for general care, dental practitioners, veterinary surgeons and midwives, and Council Directives 75/363/EEC of 16 June 1975,⁷ 78/1027/EEC of 18 December 1978⁹ and 80/155/EEC of 21 January 1980¹⁰ concerning the activities of doctors, veterinary surgeons and midwives on which it had adopted a common position on 14 June.¹¹

2.1.7. On 4 October the Commission approved a proposal for a Directive on the mutual acceptance of personnel licences and qualifications for the exercise of functions in civil aviation (→ point 2.1.190).

Special rights

2.1.8. On 17 October, in the light of the opinions delivered by the Economic and Social Committee¹² and the European Parliament¹³ on 25 January and 16 March respectively, the Commission amended¹⁴ its proposal for a Directive on voting rights for Community nationals in local elections in their Member State of residence.¹⁵

2.1.9. On 18 October the Economic and Social Committee adopted, unanimously and without debate, an opinion on three proposals for Directives on the right of residence, including the right of residence for students and pensioners.¹⁶ The Committee approved the objective of the proposals, and emphasized the need for all three of them to be adopted swiftly. It also called for special attention to be paid to the position

of widows, divorcees, non-Community spouses, and their dependents or orphans.

Civil protection

2.1.10. The first Community civil protection exercise took place from 17 to 19 October at the border between France and Spain at Le Perthus. Some 140 European experts (120 from the 12 Community Member States and 20 from five EFTA countries)¹⁷ took part in this operation which consisted of tracking down an airliner involved in an accident and organizing relief for the people involved. The exercise provided the opportunity to test the effectiveness of a bilateral emergency plan, to compare the various national systems of the same type and to bring together all the people responsible at European level to inform them of the Commission's intentions in the civil protection sphere.

Freedom to provide services

Financial services

Banks and other financial institutions

2.1.11. On 25 October the European Parliament adopted a decision¹⁸ on the com-

¹ OJ L 176, 15.7.1977.

² Bull. EC 6-1989, point 2.1.9.

³ OJ C 353, 30.12.1987; Bull. EC 11-1987, point 2.1.15; OJ C 322, 15.12.1988; Bull. EC 11-1988, point 2.1.10.

⁴ First reading: OJ C 235, 12.9.1988; Bull. EC 7/8-1988, point 2.1.14; Second reading: OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.1.7.

⁵ OJ C 134, 24.5.1988; Bull. EC 3-1988, point 2.4.29.

⁶ OJ L 341, 23.11.1989.

⁷ OJ L 167, 30.6.1975.

⁸ OJ L 233, 24.8.1978.

⁹ OJ L 362, 23.12.1978.

¹⁰ OJ L 33, 11.2.1980.

¹¹ Bull. EC 6-1989, point 2.1.9.

¹² OJ C 71, 20.3.1989; Bull. EC 1-1989, point 2.1.1.

¹³ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.7.2.

¹⁴ COM(89)524 final; OJ C 290, 18.11.1989.

¹⁵ OJ C 246, 20.9.1988; Bull. EC 6-1988, point 2.1.20; Supplement 2-1988, Bull. EC.

¹⁶ OJ C 191, 28.7.1989; Bull. EC 6-1989, point 2.1.10.

¹⁷ Finland, Norway, Sweden, Austria and Switzerland.

¹⁸ OJ C 304, 4.12.1989; First reading: OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.5.

mon position of the Council¹ on the proposal,² as amended,³ for a Directive on a solvency ratio for credit institutions. Parliament adopted four amendments.

Insurance

2.1.12. On 10 October in Luxembourg the Community and the Swiss Confederation signed an Agreement on direct insurance other than life insurance.⁴ It provides for the harmonization of Community and Swiss legislation on the taking-up and pursuit of the profession, and in particular the solvency of insurance companies. It will enable insurance companies with their head office in one contracting party to set up agencies or branches in the territory of the other contracting party on a harmonized and non-discretionary basis.

2.1.13. On 25 October, in the light of the opinions delivered by the Economic and Social Committee⁵ and by the European Parliament (first reading)⁶ in September 1987 and 15 March 1989 respectively, the Commission amended⁷ its proposal for a Directive on the annual accounts and consolidated accounts of insurance undertakings.⁸ The main amendments compared with the initial text concern the obligation of Lloyd's syndicates to draw up annual accounts, the gross and net presentation in the profit and loss accounts and the presentation of commissions.

2.1.14. On 25 October the European Parliament endorsed (first reading)⁹ the proposal for a Third Directive relating to insurance against civil liability in respect of the use of motor vehicles,¹⁰ subject to a number of amendments.

Stock exchanges and securities

2.1.15. On 11 October¹¹ the European Parliament adopted a decision on the common position of the Council¹² concerning the proposal,¹³ as amended,¹⁴ for a Directive coordinating regulations on insider trading. Parliament made three amendments.

2.1.16. On 25 October the European Parliament delivered its opinion (first reading)⁹ on the proposal for a Directive on investment services in the securities field,¹⁵ subject to numerous amendments.

2.1.17. Also on 25 October Parliament approved (first reading),⁹ without debate, the proposal for a Directive¹⁶ amending Council Directive 80/390/EEC of 17 March 1980 coordinating the requirements for the drawing-up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock-exchange listing.¹⁷

Audiovisual services

2.1.18. On 3 October, acting on a Commission proposal,¹⁸ in cooperation with the European Parliament,¹⁹ and in the light of the opinion of the Economic and Social Committee,²⁰ the Council formally adopted Directive 89/552/EEC concerning the pursuit of television broadcasting activities.²¹ The purpose of the Directive is to ensure freedom of reception and retransmission of broadcasts coming from another Member

¹ Bull. EC 7/8-1989, point 2.1.6.

² OJ C 135, 25.5.1988; Bull. EC 4-1988, points 1.2.1 to 1.2.4.

³ OJ C 167, 3.7.1989; Bull. EC 5-1989, point 2.1.8.

⁴ Bull. EC 9-1989, point 2.1.8.

⁵ OJ C 319, 30.11.1987; Bull. EC 9-1987, point 2.4.32.

⁶ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.8.

⁷ COM(89) 474 final.

⁸ OJ C 131, 18.5.1987; Bull. EC 12-1986, point 2.1.125.

⁹ OJ C 304, 4.12.1989.

¹⁰ OJ C 16, 20.1.1989; Bull. EC 12-1988, point 2.1.144.

¹¹ OJ C 291, 20.11.1989.

¹² Bull. EC 6-1989, point 2.1.11.

¹³ OJ C 153, 11.6.1987; Bull. EC 4-1987, point 2.1.65.

¹⁴ OJ C 277, 27.10.1988; Bull. EC 10-1988, point 2.1.67.

¹⁵ OJ C 43, 22.2.1989; Bull. EC 12-1988, point 2.1.147.

¹⁶ OJ C 101, 22.4.1989; Bull. EC 3-1989, point 2.1.9.

¹⁷ OJ L 100, 17.4.1980; Bull. EC 3-1980, point 2.1.34.

¹⁸ OJ C 179, 17.7.1986; Bull. EC 3-1986, points 1.2.1 to 1.2.15, Supplement 5-1986, 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.

¹⁹ First reading: OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.1.8; Second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.11.

²⁰ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.17.

²¹ OJ L 298, 17.10.1989.

State, provided that the broadcasts in question comply with the national law of the country of origin, as harmonized by the Directive. To this end, the Directive lays down the principle that compliance with the rule of law is to be enforced by the country of origin. The harmonization sought by the Directive concerns advertising breaks, the duration of advertising, the advertising of certain products, ethical questions, sponsorship, protection of minors, the right of reply and the production and distribution of European audiovisual works. In this connection, the Directive specifies that Member States shall ensure, where practicable and by appropriate means, that broadcasters reserve a majority proportion of their transmission time, excluding the time appointed to certain types of programmes, for European works. It also specifies, with the same provisos, that broadcasters should reserve at least 10% of air time or at least 10% of their programming budget for European works from independent producers.

Free movement of goods

Removal of trade barriers

Industrial products

Personal protective equipment

2.1.19. On 25 October the European Parliament adopted a decision¹ on the common position of the Council² concerning the proposal,³ as amended⁴ for a Directive relating to personal protective equipment. Parliament made two amendments.

Dangerous substances and preparations

2.1.20. On 11 October the European Parliament adopted a decision⁵ on the common position of the Council⁶ concerning the proposal⁷ for a Directive amending Council Directive 76/769/EEC of 27 July 1976⁸ relating to restrictions on the market-

ing and use of certain dangerous substances and preparations. Parliament made a number of amendments.

2.1.21. Also on 11 October⁵ Parliament delivered its opinion (first reading on the proposal for a Directive⁹ amending Directive 76/769/EEC⁸ for the ninth time, subject to a number of amendments.

Weighing instruments

2.1.22. In the light of Parliament's opinion (first reading),¹⁰ on 31 October the Commission decided¹¹ to amend its proposal for a Directive on non-automatic weighing instruments.¹² One of the main amendments is intended to allow Member States to entrust any body that it judges competent the task of carrying out in-service inspections.

Units of measurement

2.1.23. On 11 October Parliament approved (second reading)⁵ the common position of the Council¹³ on the proposal for a Directive¹⁴ amending Council Directive 80/181/EEC of 20 December 1979 relating to units of measurement.¹⁵

Prepackaged liquids

2.1.24. On 11 October Parliament adopted a decision⁵ on the common position of the Council¹⁶ concerning the proposal for a Directive¹⁷ amending Directive

¹ OJ C 304, 4.12.1989.

² Bull. EC 6-1989, point 2.1.16.

³ OJ C 141, 30.5.1988; Bull. EC 4-1988, point 2.1.13.

⁴ OJ C 142, 8.2.1989; Bull. EC 5-1989, point 2.1.33.

⁵ OJ C 291, 20.11.1989.

⁶ Bull. EC 7/8-1989, point 2.1.17.

⁷ Bull. EC 10-1983, point 2.1.96.

⁸ OJ L 262, 27.9.1976.

⁹ OJ C 117, 4.5.1988; Bull. EC 4-1988, point 2.1.15.

¹⁰ OJ C 158, 26.6.1989; Bull. EC 5-1989, points 2.1.16.

¹¹ COM(89)553 final; OK C 297, 25.11.1989.

¹² OJ C 55, 4.3.1989; Bull. EC 12-1988, point 2.1.22.

¹³ Bull. EC 6-1989, point 2.1.19.

¹⁴ OJ C 31, 7.2.1989; Bull. EC 12-1988, points 2.1.26.

¹⁵ OJ L 39, 15.2.1980.

¹⁶ Bull. EC 6-1989, point 2.1.21.

¹⁷ OJ C 31, 7.2.1989; Bull. EC 12-1988, point 2.1.27.

75/106/EEC of 19 December 1974 relating to the making-up by volume of certain pre-packaged liquids¹ Parliament made an amendment.

Foodstuffs

2.1.25. Also on 11 October Parliament delivered its opinion (first reading)² on the proposal for a Council Directive concerning foods and food ingredients treated with ionizing radiation,³ subject to amendments concerning the list of products which may be treated in this way, and public access to scientific data.

Customs union

Simplification of customs formalities

Community transit

2.1.26. On 17 October the Commission adopted for transmission to the Council a proposal for a Regulation on Community transit⁴ which would modify substantially the scope and operating rules of the Community transit procedure laid down by Council Regulation (EEC) No 222/77 of 13 December 1976⁵ in preparation for the internal market, and codify the rules in force, replacing the existing Regulation.

Under the Commission's proposal, the Community transit procedure would in future apply basically to non-Community goods (external procedure), affecting Community goods (internal procedure) only in a small number of well-defined cases:

- (i) dispatch to or via the EFTA countries;
- (ii) where the transaction is subject to specific provisions; and
- (iii) during the transitional period of the accession of Spain and Portugal, trade between the Community of Ten and those two countries, or trade between Spain and Portugal in goods which are still covered by tariff measures.

2.1.27. On 19 October the Economic and Social Committee endorsed the proposal concerning the abolition of lodgment of the transit advice note on crossing an internal frontier of Community.⁶ The Committee regarded as satisfactory the alternative solution proposed for replacing the transit advice note for the purpose of determining liability in the event of irregularities, although it did suggest that the solution should be made more flexible and that the Member States should effectively punish all infringements of this type.

General legislation

Customs debt

2.1.28. On 11 October Parliament adopted a decision² on the common position of the Council⁷ concerning the proposal for a Regulation on the security to be given to ensure payment of a customs debt.⁸ Parliament proposed an amendment to increase the threshold from which a security must be provided, and reintroduced a number of proposals which it had made on first reading.⁹

Customs procedures with economic impact

Temporary importation

2.1.29. On 30 October the Council adopted Regulation (EEC) No 3312/89 on the temporary import of containers,¹⁰ which is substantively identical to Council Regu-

¹ OJ L 42, 15.12.1975.

² OJ C 291, 20.11.1989.

³ OJ C 336, 30.12.1988; Bull. EC 11-1988, point 2.1.27.

⁴ OJ C 307, 6.12.1989; COM(89) 480 final.

⁵ OJ L 38, 9.2.1977.

⁶ OJ C 245, 26.9.1989; Bull. EC 7/8-1989, point 2.1.23.

⁷ Bull. EC 6-1989, point 2.1.30.

⁸ OJ C 30, 4.2.1983; Bull. EC 1-1983, point 2.1.21; OJ C 113, 27.4.1984; Bull. EC 4-1984, point 2.1.29.

⁹ OJ C 77, 19.3.1984; Bull. EC 2-1984, point 2.1.37.

¹⁰ OJ C 321, 4.11.1989.

lation (EEC) No 2096/87 of 13 July,¹ annulled by the Court of Justice,² but is based instead on Article 113 of the EEC Treaty.

2.1.30. Also on 30 October the Council, acting on a proposal from the Commission,³ adopted Decision 89/579/EEC⁴ amending the legal basis of Decision 87/593/EEC of 30 November 1987 accepting on behalf of the Community certain international instruments concluded within the framework of the Customs Cooperation Council.⁵

Common Customs Tariff and Combined Nomenclature

2.1.31. On 13 October Parliament endorsed, without debate,⁶ the proposal to amend⁷ the legal basis of Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature.⁸

Common Customs Tariff

2.1.32. Acting on a proposal from the Commission,⁹ on 16 October the Council adopted Regulations temporarily suspending the autonomous Common Customs Tariff duties for:

- (i) certain products intended for the construction, maintenance and repair of aircraft (Regulation (EEC) No 3173/89);¹⁰
- (ii) a number of agricultural products (Regulation (EEC) No 3174/89);¹⁰
- (iii) certain industrial products in the microelectronics sector and related sectors (Regulation (EEC) No 3393/89).¹¹

On 23 October the Council adopted Regulation (EEC) No 3394/89 temporarily suspending the autonomous Common Customs Tariff duties on a number of industrial products in the chemical and allied sectors.¹¹

Combined Nomenclature

2.1.33. In the interests of the uniform application of the Combined Nomenclature,

on 13 October the Commission adopted Regulation (EEC) No 3124/89¹² on the classification of goods listed in the Annex to Commission Regulation (EEC) No 4142/87 of 9 December 1987 determining the conditions under which certain goods are eligible for a favourable tariff arrangement by reason of their end-use.¹³

Origin

2.1.34. On 31 October the Commission adopted a paper on the rules of origin. The Commission confirmed its undertaking to ensure that the rules of origin are applied in such a way that they cannot constitute an obstacle to trade or investment. However, because of the international division of labour, the increasing complexity of manufacturing processes and the appearance of new products, the Commission considers it necessary that non-preferential origin rules be discussed at international level. The Commission wants the principles governing the rules of origin to be discussed in GATT, with the detailed work taking place in the Customs Cooperation Council (CCC), where the only existing international rules of origin were drawn up.

International cooperation

2.1.35. On 10 October the Council acting on a proposal from the Commission,¹⁴ adopted a Decision authorizing the Commission to conclude agreements on mutual

¹ OJ L 196, 17.7.1987; Bull. EC 7/8-1987, point 2.1.75.
² Judgement of Court of 2 February 1989 in Case 275/87; *Commission of the European Communities v Council of the European Communities*, OJ C 266, 16.3.1989.
³ Bull. EC 6-1989, point 2.1.28.
⁴ OJ L 322, 7.11.1989.
⁵ OJ L 362, 22.12.1987; Bull. EC 11-1987, point 2.1.77.
⁶ OJ C 291, 20.11.1989.
⁷ Bull. EC 6-1989, point 2.1.34.
⁸ OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2/1/80.
⁹ Bull. EC 9-1989, point 2.1.23.
¹⁰ OJ L 311, 26.10.1989.
¹¹ OJ L 332, 16.11.1989.
¹² OJ L 301, 19.10.1989.
¹³ OJ L 387, 31.12.1987.
¹⁴ Bull. EC 6-1989, point 2.1.37.

administrative assistance in customs matters with the EFTA countries.

Taxation

Indirect taxation

Removal of tax frontiers

2.1.36. At its economic and financial affairs meeting on 9 October, the Council adopted conclusions regarding the removal of tax frontiers. It considered that the introduction of a system of taxation in the country of origin, as proposed by the Commission,¹ presupposed the fulfilment of conditions which could not be satisfied before 1 January 1993. In its view, therefore, VAT and excise duties should continue to be levied in the Member States of consumption after that date for a limited period. Specifying that the solution contemplated would have to result in a reduction of the present burden on firms and administrations and to prevent distortions of competition without obstructing free movement, it spelt out a number of guidelines for the system of taxation to be applied after 1992.

The Commission reserved its position on the Council's conclusions. It also posed four fundamental questions designed to test the system envisaged by the Council, bearing in mind the essential requirements of the internal market:

- (i) Will the proposed system be compatible with the objective of abolishing the Community's internal frontiers?
- (ii) Will there be adequate provision for combating fraud?
- (iii) Will there be a genuine reduction in the administrative burden on firms?
- (iv) Will there be arrangements to facilitate the transition towards taxation in the country of origin?

2.1.37. On 25 October Parliament adopted a resolution on fiscal matters² in which it asserted the following principles. All tax controls at or near internal frontiers should cease from the end of 1992, tax rates should be brought together within a band based on the average for the Community, any system which did not eliminate tax frontiers in this way should be adopted only for a limited transitional period during which steps would have to be taken to secure the necessary convergence, and any transitional or permanent system would have to reduce substantially the burden of administering VAT.

2.1.38. On 25 October, with a view to abolishing tax controls at internal frontiers on 1 January 1993, the Commission adopted a new approach to excise-duty rates,³ amending⁴ accordingly its August 1987 proposals for Directives on:

- (i) the approximation of taxes on cigarettes and on manufactured tobacco other than cigarettes;⁵
- (ii) the approximation of the rates of excise duty on mineral oils;⁶
- (iii) the approximation of the rates of excise duty on alcoholic beverages and on the alcohol contained in other products.⁷

In accordance with its new guidelines for indirect taxation,⁸ the Commission therefore proposed a more flexible approach to excise duties that was compatible with the fundamental objective of abolishing tax frontiers, namely, the setting of minimum rates for all dutiable products, except certain petroleum products for which rate

¹ OJ C 250, 18.9.1987; OJ C 251, 19.9.1987; OJ C 252, 22.9.1987; OJ C 262, 1.10.1987; Bull. EC 7/8-1987, point 1.2.1. *et seq.*; Bull. EC 5-1989, point 1.1.1.

² OJ C 304, 4.12.1989.

³ COM(89) 551 final.

⁴ COM(89) 525, COM(89) 526 and COM(89) 527.

⁵ OJ C 251, 19.9.1987; Bull. EC 7/8-1987, points 1.2.3 and 2.1.86.

⁶ OJ C 262, 1.10.1987; Bull. EC 7/8-1987, points 1.2.3 and 2.1.86.

⁷ OJ C 250, 18.9.1987; Bull. EC 7/8-1987, points 1.2.3. and 2.1.86.

⁸ Bull. EC 5-1989, point 1.1.1.

bands are essential in order to avoid distortions of competition. The provisions governing the rates applicable will have to be complied with by Member States not later than 1 January 1993. In addition, taking a longer-term view, the Commission fixed, except for mineral oils, which will be similarly dealt with at a later stage, benchmark values or target rates' that, as things stood, represented the most balanced approach to convergence. Lastly, it made provision for a two-yearly review procedure for the minimum rates and the target rates after 1992.

Tax reliefs

2.1.39. On 19 October the Economic and Social Committee endorsed the proposal for a Directive¹ amending Council Directive 69/169/EEC of 28 May 1969² with a view to increasing in real terms the exemption from turnover tax and excise duty on imports in international travel. It took the view that the exemptions designed to protect the Danish retail trade should be regarded as transitional measures which should not be allowed to compromise the free movement of goods and individuals within the Community after 1 January 1993.

Enterprise

Business environment

Company law

Single-member company

2.1.40. On 11 October Parliament adopted a decision³ on the Council's common position⁴ on the proposal for a 12th Directive on company law concerning single-member private limited companies.⁵ It tabled three amendments concerning in particular the possibility of a contract being

concluded between the single member and the company.

Intellectual property

2.1.41. On 18 October the Economic and Social Committee endorsed, without debate, the proposal for a Directive⁶ on the legal protection of computer programs.

Distributive trades — Tourism

Distributive trades

2.1.42. On 10 October the Council (Internal Market) adopted a resolution on the distributive trades in the context of the single market. Emphasizing that trade in goods and services is the second largest sector of activity in the Community in terms of jobs, generation of wealth and external trade, the Council asked the Commission to make proposals and prepare a programme of activities for 1990 focusing on the transparency of statistical data and legal information, cooperation with professional circles and Member States, development of the sector with regard in particular to inter-firm cooperation and new methods of payment, and the role that commerce has to play in other Community policies (particularly competition policy, protection of the environment and consumer protection).

Industrial strategy and services

Sectoral policies

Steel

Transitional measures

2.1.43. Having received the Council's assent,⁷ and in accordance with the draft

¹ OJ C 245, 26.9.1989; Bull. EC 7/8-1987, point 2.1.37.

² OJ L 133, 4.6.1969.

³ OJ C 291, 20.11.1989.

⁴ Bull. EC 6-1989, point 2.1.42.

⁵ Supplement 5/88 — Bull. EC; OJ C 173, 2.7.1988; Bull. EC 3-1988, point 2.1.93.

⁶ OJ C 91, 12.4.1989; Bull. EC 12-1988, point 2.1.36.

⁷ Bull. EC 9-1989, point 2.1.30.

it had adopted in May,¹ on 24 October the Commission formally adopted Decision 89/574/ECSC,² fixing the delivery level of ECSC steel products of Portuguese origin on to the rest of the Community market, excluding Spain, at 110 000 tonnes.

Forward programme

2.1.44. On 17 October the Commission adopted, at the second reading,³ the forward programme for steel for the fourth quarter.⁴

Research and technology

Community R&TD

Framework programme

2.1.45. The Council met in Luxembourg on 17 October to continue its examination of the Commission's proposal of 28 August for a new framework programme (1990-94).⁵ The Council confirmed its agreement in principle to a third framework programme of five years' duration, it being understood that this programme would be subjected to a mid-term review in 1992. The Council also examined a number of questions relating to the scientific and technical content of the framework programme and asked Crest to continue work on this subject in the light of its discussions. It also discussed a number of general questions, such as the participation of non-Community countries, in particular EFTA countries, in Community research activities and the role of committees in the implementation of the specific programmes.

Coordination of national policies

2.1.46. The Scientific and Technical Research Committee (Crest) held a special meeting on 4 October with representatives of the EFTA countries. The meeting was devoted to a presentation by the Commis-

sion of the broad outline of the Community's research policy and in particular the main points of the proposed framework programme (1990-94),⁵ a presentation by the representatives of the EFTA countries of the main thrust of their national R&TD policies and an exchange of views on the possibilities of cooperation between the Community and the EFTA countries in the field of research and technological development.

At its meeting on 26 and 27 October Crest continued its examination of the proposed R&TD framework programme (1990-94).

International cooperation

Framework Agreements with EFTA countries

2.1.47. Acting on a proposal from the Commission⁶ and in the light of the opinion of the European Parliament,⁷ the Council adopted on 10 October Decision 89/558/EEC concerning the conclusion of the Cooperation Agreement between the European Economic Community and the Republic of Finland on research and development in the field of protection of the environment.

2.1.48. Acting on a proposal from the Commission⁸ and in the light of the opinion of the European Parliament,⁷ the Council adopted on 10 October Decision 89/557/EEC concerning the conclusion of the Cooperation Agreement between the European Economic Community and the Kingdom of Norway on research and development in the field of protection of the environment.

¹ Bull. EC 5-1989, point 2.1.56.

² OJ L 321, 4.11.1989.

³ First reading: Bull. EC 9-1989, point 2.1.29.

⁴ OJ C 273, 26.10.1989.

⁵ OJ C 243, 23.9.1989; Bull. EC 7/8-1989, points 1.3.1 to 1.3.3.

⁶ OJ C 299, 24.11.1988; Bull. EC 11-1988, point 2.1.50.

⁷ OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.54.

⁸ OJ C 298, 23.11.1988; Bull. EC 11-1988, point 2.1.50.

2.1.49. Acting on a proposal from the Commission,¹ and in the light of the opinion delivered on first reading by the European Parliament² and the opinion of the Economic and Social Committee,³ the Council adopted on 30 October common positions concerning the conclusion of five Agreements between the European Economic Community and Austria, Finland, Norway, Sweden and Switzerland on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science).

2.1.50. On 25 October the European Parliament endorsed (first reading)⁴ five proposals for Decisions concerning the conclusion of Cooperation Agreements between the European Economic Community and Austria, Finland, Norway, Sweden and Switzerland in the field of health and medical research.⁵

COST

2.1.51. At its meeting on 19 and 20 October in Brussels the COST Committee of Senior Officials examined matters concerning the budget and financing for COST projects. It discussed questions relating to the evaluation of COST projects and requests to participate in these projects from bodies in countries which are not members of COST. It also looked into the creation of two new *ad hoc* technical committees for chemistry and wood.

2.1.52. On 5 October Austria, France, the Netherlands, the United Kingdom, Sweden and Switzerland signed the Memorandum of Understanding on COST 313 (Socio-economic cost of road accidents).

Major areas of Community R&TD

Quality of life

Radiation protection

2.1.53. From 8 to 11 October the Commission organized in Louvain the annual mee-

ting⁶ between officials responsible for Community research into radiation protection and their counterparts from the US Department of Energy (Office of Health and Environmental Research), as provided for by the Memorandum of Understanding between the Community and the United States.⁷ At this meeting, stock was taken of the results obtained in the programmes implemented by the two parties, including the Community research programme on radiation protection (1985-89).⁸ The discussion also highlighted priority areas for joint research (animal experiments and radon epidemiology) plus subjects for joint workshops. Fresh initiatives designed to improve still further the cooperation between US and Community laboratories were also proposed.

Environment

2.1.54. On 11 October the European Parliament adopted⁹ a decision on second reading concerning the common position of the Council¹⁰ on the proposal for a decision adopting two specific research and technological development programmes in the field of the environment: STEP and Epoch (1989-92).¹¹

Parliament approved the common position subject to an amendment concerning the annual entry of appropriations needed to implement these programmes.

Industrial technologies

Brite programme

2.1.55. As part of the Brite-Euram programme¹² the Commission approved on

¹ OJ C 154, 22.6.1989; Bull. EC 5-1989, point 2.1.64; OJ C 197, 2.8.1989; Bull. EC 6-1989, point 2.1.50.

² OJ C 291, 20.11.1989.

³ Bull. EC 9-1989, point 2.1.34.

⁴ OJ C 304, 4.12.1989.

⁵ Bull. EC 7/8-1989, point 2.1.54.

⁶ Previous meeting: Bull. EC 6-1988, point 2.1.67.

⁷ Bull. EC 7/8-1986, point 2.1.45.

⁸ OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

⁹ OJ C 291, 20.11.1989.

¹⁰ Bull. EC 6-1989, point 2.1.55.

¹¹ OJ C 327, 20.12.1988; Bull. EC 11-1988, point 2.1.54.

¹² OJ L 98, 11.4.1989; Bull. EC 3-1989, point 2.1.39.

19 October 163 new research projects and 60 feasibility awards aimed at helping SMEs in their industrial research activities.

Raw materials

2.1.56. On 11 October the European Parliament adopted¹ on second reading a decision concerning the common position adopted on 20 June by the Council² on the Commission proposal for a Decision adopting a specific research and technological development programme in the fields of raw materials and recycling (1990-92).³ Parliament approved the common position subject to two amendments, one concerning the annual entry of the appropriations needed to implement this programme and the other the financial contribution of the parties involved.

Biological resources

Biotechnology

2.1.57. On 11 October the European Parliament adopted¹ a decision on second reading concerning the common position of the Council⁴ on the proposal for a Decision adopting a specific research and technological development programme in the field of biotechnology (1990-94): Bridge.⁵ Parliament approved the common position subject to two amendments, the first relating to the annual entry of the appropriations needed to implement this programme, and the allocation of a least 5% of the total budget to parallel social sciences research projects. The second amendment renders prior authorization by the national authorities obligatory for the deliberate release of genetically modified organisms.

Agriculture

2.1.58. Acting on a proposal from the Commission,⁶ as amended⁷ in the light of the opinions of the European Parliament on first reading⁸ and the Economic and Social Committee,⁹ the Council adopted on 17 October a common position with a view

to the adoption of the Decision adopting a specific Community research and technological development programme in the field of the competitiveness of agriculture and the management of agricultural resources (1989-93).

Energy

Nuclear fission

2.1.59. On 18 October the Economic and Social Committee broadly endorsed the proposal for a Decision adopting a specific research and technological development programme for the European Atomic Energy Community in the field of management and storage of radioactive waste (1990-94),¹⁰ in which it emphasized that everything had to be done to achieve the indispensable political consensus in this field.

2.1.60. As part of the research and technological development programme on the decommissioning of nuclear installations (1989-93),¹¹ the Commission organized an international conference on this subject from 24 to 27 October in Brussels. More than 400 experts from all the Member States, the United States and Japan attended this meeting, which examined the results obtained in the Community programme (1984-88)¹² and reviewed the major areas for future research.

Non-nuclear energy

2.1.61. As part of the Joule programme (1989-92),¹³ the Commission organized

¹ OJ C 291, 20.11.1989.

² Bull. EC 6-1989, point 2.1.56.

³ OJ C 164, 1.7.1989; Bull. EC 5-189, point 2.1.73.

⁴ Bull. EC 6-1989, point 2.1.57.

⁵ OJ C 70, 20.3.1989; Bull. EC 12-1988, point 2.1.65.

⁶ OJ C 146, 13.6.1989; Bull. EC 9-1988, point 2.1.27.

⁷ OJ C 269, 21.10.1989; COM(89) 506 final.

⁸ OJ C 158, 26.6.1989.

⁹ OJ C 56, 6.3.1989; Bull. EC 12-1988, point 2.1.67.

¹⁰ OJ C 144, 10.6.1989; Bull. EC 5-1989, point 2.1.77.

¹¹ OJ L 98, 11.4.1989; Bull. EC 3-1989, point 2.1.46.

¹² OJ L 36, 8.2.1984; Bull. EC 1-1984, point 2.1.110.

¹³ OJ L 98, 11.4.1989; Bull. EC 3-1989, point 2.1.48.

together with the Portuguese State Secretariat for Energy the Fifth European Conference on Biomass from 9 to 13 October in Lisbon. Some 520 experts from 50 or so countries and international organizations (FAO, INEA, World Bank) took part in this conference, the aim of which was to take stock of the state of the art as regards the use of biomass for industrial and energy purposes and to pinpoint promising areas of research in this field.

Telecommunications, information technology and innovation

Telecommunications

2.1.62. On 26 October the Commission adopted for transmission to the Council a communication on the external aspects of telecommunications which takes stock of this new aspect of Community telecommunications policy and emphasizes the importance of multilateral discussions (GATT, Uruguay Round, etc.) and bilateral relations, for example, with the EFTA countries and the United States.

2.1.63. On 31 October the Commission adopted a working document on a social environment of the future development of telecommunications and on the main thrust of future work aimed at:

- (i) managing the current shifts in patterns of employment in telecommunications, in a European environment;
- (ii) ensuring access for all social groups to the new potential of telecommunications possibilities;
- (iii) achieving a common social perception of the new telecommunications environment.

Common market in telecommunications

2.1.64. On 18 October the Economic and Social Committee unanimously adopted an

opinion on the proposal for a Council Directive on the approximation of the laws of the Member States concerning telecommunications equipment, including the mutual recognition of their conformity.¹ It recommended that the terminology used in all Directives on the mutual recognition of the conformity of such equipment be standardized to ensure optimum effectiveness of Community measures taken in this area.

At the same time the Committee expressed its concern at administrative and technical delays with incorporation of new developments, both at Community and Member State level.

Combined use of IT and telecommunications in general applications

Tedis programme

2.1.65. On 12 October, further to Council Decision 89/241/EEC² of 4 April which opened the way for firms in non-member countries to take part in the Tedis programme, the Commission approved a proposal for a Decision³ on the conclusion of bilateral agreements with the EFTA countries associating them with the implementation of the programme and enabling firms from these countries to participate in the specific projects planned under it.

Electronic data interchange is a suitable area for EEC-EFTA collaboration given the close collaboration already existing in the fields of standardization and administrative and customs procedures and the advantages for both sides of preventing any new trade barriers from being erected and of promoting cooperation in areas of common interest.

¹ OJ C 211, 17.8.1989; Bull. EC 6-1989, point 2.1.65.

² OJ L 97, 11.4.1989; Bull. EC 4-1989, point 2.1.66.

³ OJ C 285, 11.11.1989; COM(89) 482 final.

Innovation promotion

Sprint programme

2.1.66. Following the Commission communication¹ calling for proposals in connection with implementation of the Sprint programme, 47 projects were selected for Community sponsorship totalling over ECU 5.6 million. They fall into two main categories:

- (i) development of the European infrastructure of services for innovation through the institution or consolidation of intra-Community networks of agents for technology transfer and innovation promotion;
- (ii) support for specific projects aimed at disseminating innovations in receptive sectors.

In addition, the Community will be providing financial support for 40 technological innovation conferences and seminars during 1990 and 1991 in order to give them a European dimension.

Competition

General rules applying to businesses

Merger control

2.1.67. On 10 October the Council (Internal Market) agreed to adopt by the end of the year a Regulation on the control of concentrations between undertakings, based on an original Commission proposal dating back to July 1973,² as last amended on 30 November 1988.³ It laid down the following approach regarding the key points of the proposal:

- (i) on the question of thresholds, a clear tendency emerged in favour of a transitional phase lasting four years and ending in a revision of the initial thresholds;

- (ii) as regards criteria, Article 2 of the Regulation would include a prohibition clause (declaration of incompatibility with the common market) and an authorization clause (declaration of compatibility);

- (iii) as far as taking local and national markets into account is concerned, the Council acknowledged the possibility of the Commission, on a case-by-case basis, authorizing a national authority to intervene where competition was affected on a local market. Such intervention could be envisaged by the Commission, by way of exception, throughout the territory of a Member State when the Commission had established, on the basis of strictly defined criteria, that the national market in question presented all the characteristics of a local market;

- (iv) with respect to legitimate interests, the Council agreed to include a provision making it possible to protect the legitimate interests of Member States in areas such as public security, media multiplicity and prudential rules.

State aid

General schemes

Employment

Belgium

2.1.68. On 31 October the Commission decided to raise no objection to a Belgian draft Royal Decree on aid to encourage employers to take on certain categories of unemployed persons experiencing particular difficulty in finding work. An employer who, as part of a work/training package, takes on such unemployed persons under an open-ended contract will receive assistance of up to BFR 15 000 (ECU 350) a month for two years. The Commission con-

¹ OJ C 119, 13.5.1989.

² OJ C 92, 31.10.1973.

³ OJ C 22, 28.1.1989; Bull. EC 11-1988, point 2.1.90.

sidered that, by combining work and training, the scheme made a positive contribution to the promotion of stable employment.

Research and development

Germany

2.1.69. On 18 October the Commission approved the German work and technology aid scheme, granting it clearance under Article 92(3) of the EEC Treaty. The scheme, which has a budget of ECU 187 million for 1989-92, replaces the humanization of working conditions scheme approved by the Commission in December 1987.¹ It covers both fundamental research by universities and research institutes and basic and applied research. The aid intensity may be as high as 100% for R&D in universities and scientific institutes, and up to 50% for basic research or 25% for applied research. The aim of the scheme is to improve working conditions through research projects involving the application of new technologies and the protection of health at the workplace.

France

2.1.70. On 4 October the Commission gave the go-ahead under Article 92(3)(c) of the Treaty to aid by the French Government to Matra, PSA and Renault/Regienov, the firms participating in the Eureka Prometheus project. The aim of the project, which is scheduled to last from 1986 until 1994, is to provide a number of new essential services in the field of traffic management. The aid is worth ECU 57 million, and the gross rate of award to each firm is 35% of eligible costs.

2.1.71. On 18 October the Commission authorized payment by the French Government of aid to the firms participating in the Eureka Formentor project, the aim of which is to develop an expert system for the prevention of industrial accidents. Funding for the project is to be provided by the electronics industry support scheme admin-

istered by the Communication and Service Industries Department of the Ministry for Industry and Regional Development. Cap Sesa Innovation has received a grant of ECU 0.4 million towards the project definition phase. For the next phase, the French Government is planning to grant ECU 3.4 million of aid, to be divided equally between Cap Sesa Innovation and Aérospatiale.

2.1.72. On 31 October the Commission decided to raise no objection to the French industrial innovation fund scheme, granting it clearance under Article 92(3)(c). The fund, which was set up this year for an indeterminate period, has a budget of ECU 28 million for the current year and accords priority to intersectoral or cooperative research, providing assistance specifically towards high-cost projects. The standard rate of award is 30% of eligible costs in the case of applied research, rising to 40% in the case of intersectoral or cooperative projects involving basic research.

Italy

2.1.73. On 4 October the Commission decided not to oppose an Italian Government proposal to assist a Eureka project, the Famos Cim Assembly Pilot Plants project, in which the firm of Bassani Ticino is participating to the tune of LIT 6.9 billion (ECU 4.6 million). The aid, which is for either basic (50%) or applied research, amounts to LIT 2.9 billion (ECU 1.9 million), or 42.7% of eligible costs.

2.1.74. On 11 October the Commission approved Italian Government assistance towards Eurofar, a Eureka project aimed at developing a short-to-medium range convertiplane, an aircraft capable of taking off and landing vertically like a helicopter and cruising at the speed of a conventional aircraft. Italy's share in the projects amounts to LIT 13.99 billion (approximately ECU 9.1 million) and covers only the definition phase. The aid will be paid to Agusta SpA

¹ Bull. EC 12-1987, point 2.1.109.

in the form of a LIT 5.475 billion grant (39.1% of the total cost).

Netherlands

2.1.75. On 4 October the Commission, applying Article 92(3), decided to raise no objection to the refinancing in 1989 of the Dutch aid scheme for collaborative business-related research. This year's budget for the scheme, which is directed at basic research only, comes to HFL 9.75 million (ECU 4.2 million). The maximum rate of award is 50% of eligible costs, subject to a ceiling of HFL 1 million (ECU 430 000) per project spread over three years or HFL 2.5 million (ECU 1.1 million) per association of firms.

Regional aid

Spain

2.1.76. On 18 October the Commission authorized an investment aid scheme in a mining area of the Spanish province of Huelva (Andalusia) and an aid scheme administered by the Andalusia Development Institute (IFA). The aid to the Huelva mining area consists of grants, for which ECU 2.3 million has been earmarked for 1989. The IFA aid for 1989 consists of grants (ECU 3.6 million), interest rebates (ECU 18 million), guarantees (ECU 1.7 million), loans (ECU 14.6 million) and acquisitions of holdings (ECU 5.6 million). The Commission took account of the fact that Andalusia is eligible in its entirety under Article 92(3)(a), that the aid is relatively limited and that, as regards any combining of aids having different policy objectives, the Spanish Government and Andalusian authorities had given an assurance that the various aids awarded to individual investment projects in Andalusia would not, when combined, exceed 75% net grant equivalent of eligible costs.

Industry schemes

Aluminium

France

2.1.77. On 11 October the Commission decided to raise no objection to a FF 1 billion (ECU 143.4 million) capital injection by the French Government into Pechiney, or to the 25-year electricity supply agreement concluded between the State-owned electricity company EdF and the consortium including Pechiney which is building, and is to operate, a new aluminium smelter at Dunkirk. The Commission considered that the capital injection was not aid within the meaning of Article 92(3) of the Treaty, since larger injections had been made on similar terms by the private sector. The Commission scrutinized the electricity supply agreement to make sure it contained no aid elements. After verifying the pricing schedules and aluminium price forecasts, it concluded that the minimum price for 1997, 1998 and 1999 would have to be increased by 10% to remove any aid elements in the arrangement. The smelter operators and EdF have agreed to amend their agreement so as to incorporate this price increase.

Steel

Italy

2.1.78. On 4 October the Commission decided to initiate Article 93(2) proceedings in respect of aid which the Italian Government had reportedly granted for the building of a 12 000-tonne drop-forging press at Foggia. In December of last year the Commission, acting on a complaint by firms in the industry, endorsed by a Member State, had asked the Italian authorities to supply certain information. Despite several reminders, no response was forthcoming. On the information available, the Commission considered, in view of the very low rate of utilization in the Community of existing drop-forging capacity, that the significant increase in capacity that this fresh

investment would mean was likely to distort competition and would be contrary to the common interest.

Film industry

Spain

2.1.79. On 31 October the Commission decided to raise no objection to a duly notified scheme to assist the Spanish film industry, replacing the scheme introduced by Royal Decree No 3304/83. The assistance is in the form of grants for the production and promotion of films, the writing of screenplays and participation in festivals and competitions. In the production sphere, the Decree provides for the automatic award, to all film producers, of general assistance equal to 15% of box-office receipts during the first two years of commercial exploitation of their works. Other assistance will be available for the selective financing of films, subject to approval of the corresponding production projects. The Decree specifies the precise limits to each type of aid. The initial budget of PTA 3.385 billion (ECU 25 million) for 1990 can be broken down as follows: production aid: 77%; promotion aid: 18%; other aid: 5%.

As far as the principles, enshrined in the Treaty, of freedom of movement for persons and freedom to provide services are concerned, artists who are nationals of other Member States are, for film-making purposes, expressly placed by the Decree on the same footing as Spanish nationals. Certain restrictions are imposed on other workers in the film industry, but they are in keeping with Article 56 of the Spanish Act of Accession, which states that Articles 1 to 6 of Regulation (EEC) No 1612/68¹ on the free movement of workers will not be applicable in Spain to nationals of the other Member States until after 1 January 1993. The Spanish Government will have to notify a new version of the Decree before that date incorporating the freedom of movement principle.

Tin and tungsten mines

Portugal

2.1.80. Again on 31 October the Commission approved the extension until 31 December 1991 of an aid scheme for maintaining certain tin and tungsten mines in Portugal. A number of mining companies which have temporarily ceased production will receive grants designed to cover part of the maintenance costs, the wages of maintenance teams and the allowances paid to workers laid off. Should the companies resume production, they will have to repay the grants over a period of five years commencing two years after the resumption of activity.

State commercial monopolies

2.1.81. On 18 October the Commission, taking the view that Greek Law No 1769/88 on the compulsory storage of petroleum products discriminated against products imported from other Member States, sent the Greek Government a reasoned opinion under Article 169 of the EEC Treaty.

The impossibility in the case of imported products of transferring the storage obligation to Greek refineries confers an advantage on national products — which can be transferred — and has a dissuasive effect on imports, distributors of imported products being obliged under Article 5 of the Law to set up storage facilities, a more costly alternative to using local refineries.

Public enterprises

2.1.82. On 11 October the Commission addressed a reasoned opinion under Article 169 of the EEC Treaty to Greece, following the institution of infringement proceedings against that country on 20 March. The action was taken in response to the Greek Government's failure to fulfil its obligations

¹ OJ L 257, 19.10.1968.

under Article 171 of the Treaty insofar as it had still not complied with the judgment delivered by the Court of Justice on 30 June of last year¹ censuring it for not implementing within the prescribed period Commission Decision 85/276/EEC on the insurance in Greece of public property and loans granted by Greek State-owned banks.²

Employment and social policy

Social dimension of the internal market

2.1.83. The Social Affairs Council examined on 30 October the draft Community Charter of Fundamental Social Rights, which the Commission adopted on 27 October;³ the Presidency took note of the Council's agreement to forward to the European Council in Strasbourg the draft Community Charter together with a report from the Presidency to the European Council. In its report the presidency stated that the Community Charter should express the Member States' desire to link economic growth and social progress in the Community, while complying with the principle of subsidiarity and, in general, remaining strictly within the powers of the Community authorities as defined by the Treaties.

Employment

Dialogue with the two sides of industry

2.1.84. The steering group, which includes representatives of the Union of Industries of the European Community (Unice), the European Centre of Public Enterprises (CEEP) and the European Trade Union Confederation (ETUC), held its second meeting⁴ in Brussels on 4 October.

Having heard a report on the progress made in discussions by the working parties on

education and training and on the outlook for the European labour market, the parties pursued their endeavours to reach agreement on the outstanding points of contention which still prevented adoption of the joint opinion on the new technologies and adaptability of the labour market.

Sectoral aspects of employment policy

2.1.85. On 18 October the Economic and Social Committee delivered an opinion on the social consequences of transnational mergers on which the Commission adopted an amended proposal for a Regulation⁵ in November 1988. The Committee acknowledged the usefulness of cross-frontier mergers, provided that they did not have negative repercussions on workers; it emphasized the vital need for information and participation rights for employees' representatives in connection with cross-frontier mergers, and proposal that a European Advisory Committee be set up.

Living and working conditions and social protection

Social security for migrant workers

2.1.86. On a proposal from the Commission,⁶ in the light of Parliament's opinion⁷ and having received the opinion⁸ of the Economic and Social Committee, on 30 October the Social Affairs Council formally adopted Regulation (EEC) No 3427/89⁹ amending Regulation (EEC) No 1408/71¹⁰ of 14 June 1971 on the application of social

¹ Case 226/87 *Commission v Greece*.

² OJ L 152, 11.6.1985.

³ Bull. EC 9-1969, point 2.1.55.

⁴ First meeting: Bull. EC 3-1989, point 2.1.80.

⁵ OJ C 22, 28.1.1989; Bull. EC 11-1988, point 2.1.90.

⁶ OJ C 292, 16.11.1988; Bull. EC 10-1988, point 2.1.80.

⁷ OJ C 12, 16.1.1989; Bull. EC 12-1988, point 2.1.171.

⁸ OJ C 23, 30.1.1989; Bull. EC 11-1988, point 2.1.131.

⁹ OJ L 331, 16.11.1989.

¹⁰ OJ L 149, 5.7.1971.

security schemes to employed persons, to self-employed persons and to members of their families moving within the Community, and Regulation (EEC) No 574/72¹ of 21 March 1972 laying down the implementing procedures. The new Regulation provides a uniform solution to the problem of payment of family benefits to family members who do not reside in the competent State. In accordance with this solution, all French family benefits will be covered by the scheme of the country of employment, and hence exportable, with the exception of housing allowances, the home child-care allowance, the parental child-rearing allowance and the allowance for young children provided until the age of three months.

2.1.87. On 13 October² Parliament approved the proposal³ amending Regulations (EEC) Nos 1408/71⁴ and 574/72.¹

Health and safety

Public health

2.1.88. On 18 October the Commission adopted, for transmission to the Council, a proposal for a resolution⁵ on improving the prevention and treatment of acute human poisoning.

The proposal aims to improve the prevention and treatment of acute poisoning, making use of the experience of poison centres and proposing harmonization of the collection and summarizing of information, cooperation between poison centres in areas adjacent to other Member States, improvement of antidote availability and assessment at Community level of measures taken to prevent acute poisoning.

Cancer

2.1.89. Following the decision² adopted by Parliament on 11 October on the Council's common position⁶ on the proposal for a Directive concerning the labelling of tobacco products,⁷ on 31 October

the Commission adopted a re-examined proposal for transmission to the Council.

2.1.90. On 19 October the Economic and Social Committee delivered a unanimous opinion on the draft resolution⁸ concerning a second action plan (1990-94) in the framework of the Europe against Cancer programme. In approving the plan, the Committee emphasized that it should seek to trigger and encourage the introduction in all Member States of the facilities needed to combat cancer.

Health and safety at work

2.1.91. In the light of Parliament's decision⁹ on the common positions of the Council,¹⁰ on 12 October the Commission adopted, for transmission to the Council, three re-examined proposals on minimum safety and health requirements for the workplace,¹¹ and for the use by workers of personal protective equipment¹² and machines, equipment and installations.¹³

2.1.92. At its 30 October meeting, the Social Affairs Council adopted a common position on the following proposal for a Directive: the amended¹⁴ proposal for a Directive¹⁵ on the minimum health and safety requirements for handling heavy loads where there is a risk of back injury for workers. Under the proposal, employers are to take the appropriate organizational steps to prevent workers from having to handle loads or, where this cannot be pre-

¹ OJ L 74, 27.3.1972.

² OJ C 291, 20.11.1989.

³ OJ C 206, 11.8.1989; Bull. EC 7/8-1989, point 2.1.107.

⁴ OJ L 149, 5.7.1971.

⁵ OJ C 294, 22.11.1989.

⁶ Bull. EC 5-1989, point 2.1.108.

⁷ OJ C 48, 20.2.1988; Bull. EC 1-1988, point 2.1.48; OJ C 62, 11.3.1989.

⁸ OJ C 164, 1.7.1989; Bull. EC 5-1989, point 2.1.11.

⁹ OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.1.66.

¹⁰ Bull. EC 4-1989, point 2.1.90.

¹¹ OJ C 284, 10.11.1989; COM(89) 520 final.

¹² OJ C 287, 15.11.1989; COM(89) 519 final.

¹³ OJ C 287, 15.11.1989; COM(89) 521 final.

¹⁴ OJ C 129, 25.5.1989; Bull. EC 4-1989, point 2.1.91.

¹⁵ OJ C 117, 4.5.1988; Bull. EC 2-1988, point 1.2.9.

vented, to reduce the risks arising from such handling. The proposal also provides for consultation and participation of workers and/or their representatives.

Human resources, education, training and youth

Cooperation in the field of education

2.1.93. On 6 October the Council and the Ministers for Education meeting within the Council adopted conclusions on cooperation and Community policy in the field of education in the run up to 1993, establishing the principal objectives of cooperation for the next five years, namely a multicultural Europe, a mobile Europe, a Europe of training for all, a Europe of skills and a Europe open to the world.¹

2.1.94. Also on 6 October the Council and the Ministers for Education meeting within the Council adopted conclusions on the youth card in Europe, to encourage national, public or private initiatives enabling young people to benefit from privileges, in particular as regards culture, sport, travel and accommodation.

2.1.95. The Commission attended the 16th Standing Conference of European Ministers of Education held from 10 to 13 October in Istanbul. 'The information society — a challenge for education policies' was the subject of discussion, and the areas covered included the links between new information technologies and the objectives of school curricula, the use of information technology and the media to develop distance learning, the development of educational material and equipment for schools, teacher training and research.

Higher education

2.1.96. On 18 October the Economic and Social Committee endorsed, unanimously

and without debate, the revised proposal² for a Decision amending Decision 87/327/EEC³ of 15 June 1987 adopting the European action scheme for the mobility of university students (Erasmus II).

Education and training for technological change

2.1.97. On 18 October, the Economic and Social Committee also endorsed, unanimously and without debate, the proposal⁴ for a Decision on a second Community action programme (1990-94) in the field of vocational training and technological change (Eurotecnet II).

Information, communication and culture

Audiovisual policy and production: Media programme

Audiovisual Conference — Audiovisual Eureka

2.1.98. The numerous challenges facing the European audiovisual industry prompted the Heads of State or Government of the Twelve to approve the audiovisual Eureka initiative which was tabled by France at the Hanover European Council in June 1988⁵ and endorsed by the Rhodes European Council in December of the same year.⁶

Their aim was to lay the foundations for a flexible cooperation structure in accordance with the principles which had proved so successful for the technological Eureka initiative,⁷ while organizing a forum for

¹ OJ C 277, 31.10.1989.

² OJ C 232, 9.9.1989; Bull. EC 7/8-1989, point 2.1.114.

³ OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1 and 1.3.2.

⁴ OJ C 242, 22.9.1989; Bull. EC 7/8-1989, point 2.1.116.

⁵ Bull. EC 6-1988, point 3.4.1.

⁶ Bull. EC 12-1988, point 1.1.9.

⁷ Bull. EC 7/8-1985, points 2.1.210 and 2.1.211.

wide-ranging consultation with the professionals and experts concerned, in order to pinpoint the obstacles facing the development of the European audiovisual industry and the first steps to be taken to overcome them.

The Audiovisual Conference, convened jointly by France and by the Commission (the latter having confirmed on 27 September that it would take part),¹ met in Paris from 30 September to 2 October, bringing together some 300 experts from 27 European countries (the member countries of the Council of Europe, plus the Soviet Union, Hungary, Poland and Yugoslavia).

In an area where the dictates of the market sometimes clash with those of creativity and culture, the discussion covered the full and complex range of issues relating to programmes, market structures and the 'rules of the game', without overlooking the important technological aspects.

The ideas, recommendations and proposals for action which emerged from the debate constitute the raw material which the structures of audiovisual Eureka — defined in the joint declaration adopted by the Ministers and representatives of the 26 European countries participating and by the Commission — will have to translate into practical cooperation programmes.

For the Commission, participation in the Audiovisual Conference provided an opportunity to take note of the expectations of those involved in the profession and assess the impact of the Community's audiovisual policy, and in particular the Media 92 programme, which was given an additional boost as a result of the conference.²

Participation in audiovisual Eureka, particularly through its programmes, will enable the Commission to step up its support for the European audiovisual industry. President Delors, speaking at the end of the conference, announced his intention of proposing to the next European Council that over five years some ECU 250 million should be allocated by the Commission to promote audiovisual productions.

Public information and awareness

Fairs and exhibitions

2.1.99. On 19 October Mr Dondelinger chaired the first meeting of the commissioners-general for the Seville World Fair, which the Commission decided to attend on 14 December 1988.³ Subjects discussed included the high-definition television joint demonstration project.

Regional policies

Preparatory and back-up measures

Regional development in the Community

2.1.100. The Consultative Council of Regional and Local Authorities⁴ met on 24 and 25 October and made suggestions concerning the Commission proposals on transfrontier and interregional cooperation.

Implementation of regional policy

Regional plans and Community support frameworks

2.1.101. On 25 October the Commission decided on the breakdown by Member State concerned of the appropriations allocated to the Community support frameworks for declining industrial regions (Objective 2 of the reform of the structural Funds)⁵ for the period 1989-91. Of the total amount of ECU 7.2 billion for 1989-93 (→ point 2.1.109) ECU 3.9 billion has been shared out as follows: Belgium: ECU 195 million; Denmark: ECU 30 million; Federal Republic

¹ Bull. EC 9-1989, point 2.1.68.

² Bull. EC 4-1986, point 2.1.79.

³ Bull. EC 12-1988, point 2.1.189.

⁴ OJ L 247, 6.9.1988; Bull. EC 6-1988, point 2.1.158.

⁵ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

of Germany: ECU 355 million; Spain: ECU 735 million; France: ECU 700 million; Italy: ECU 265 million; Luxembourg: ECU 15 million; Netherlands: ECU 95 million; United Kingdom: ECU 1 510 million.

2.1.102. On 31 October the Commission formally adopted the Community support frameworks for the regions lagging behind in their development (Objective 1 of the reform of the structural Funds)¹ which it had approved in September.²

Commission initiatives

2.1.103. On 10 and 24 October the Commission adopted two decisions declaring various areas eligible for assistance under the Community programme for the conversion of steel areas (Resider).³ The first, Decision 89/559/EEC,⁴ concerns the steel-making area of the Grand-Duchy of Luxembourg while the second, Decision 89/598/EEC,⁵ concerns the districts of Liège and Charleroi and the Centre steelmaking area in Belgium.

2.1.104. On 19 October the Economic and Social Committee endorsed the draft Community programme for the conversion of coalmining areas (Rechar). It asked, however, for an assurance that local economic and social interest groups would participate in the implementation of measures, possibly through the establishment of appropriate

regional bodies where such did not already exist. It also advocated certain changes (the delimitation of eligible areas and the unemployment threshold).

2.1.105. On 6 October the ECSC Consultative Committee welcomed this proposal, while insisting that the objectives of the Rechar programme should be strictly social and regional and that any increase in the ECSC levy should be excluded from the outset.

Grants

Regional operational programmes

2.1.106. On 26 October the Commission decided to grant ERDF assistance to two operational programmes in Objective 1 regions in Spain for the period 1989-92. The grants go to Almeria Levante (ECU 180.5 million) and Ciudad Real (ECU 76.3 million).

Projects

2.1.107. On 6 and 26 October the Commission approved the fifth, sixth, seventh and eighth allocations of ERDF grants for 1989 (see Table 1).

¹ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.
² Bull. EC 9-1989, point 2.1.72.
³ OJ L 33, 5.2.1988; Bull. EC 2-1988, point 2.1.92.
⁴ OJ L 305, 21.10.1989.
⁵ OJ L 342, 24.22.1989.

Table 1 — ERDF grants: fifth, sixth, seventh and eighth 1989 allocations

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU)	Assistance granted (million ECU)
Greece	21	21	380.31	187.92
Spain	36	44	1 099.48	460.75
Ireland	5	5	7.93	3.56
Italy	17	53	91.83	45.64
Portugal	4	4	36.77	18.61
United Kingdom	13	2	72.81	15.30
Total	96	153	1 689.13	731.78

The total of ECU 731.78 million breaks down as follows:

- (i) ECU 90.11 million to help finance 22 projects in industry, craft industries and the service sector;
- (ii) ECU 641.66 million to help finance 130 infrastructure projects;
- (iii) ECU 40 000 to help finance a project to promote the indigenous potential of a region.

Technical assistance and studies

2.1.108. On 10 October the Commission decided to grant financial assistance amounting to about ECU 2 550 towards the cost of a study on the marketing practice of small and medium-sized firms in Ireland and Northern Ireland.

Coordination of structural policies

Community support frameworks

Appraisal — adoption

2.1.109. As part of the continuing reform of the structural Funds,¹ the Commission approved on 11 October the overall financial guidelines for each objective for the period 1989-93. A total amount of ECU 60 315 million was allocated, broken down as follows:

	<i>(million ECU)</i>
Objective 1	38 300
(i) Community support frameworks	36 200
(ii) Community initiatives	2 100
Objective 2	7 205
Objectives 3 and 4	7 450
Objective 5a	3 415
Objective 5b	2 795
Transitional and innovative measures	1 150

Publication

2.1.110. The Commission published a guide to the reform of the Community's structural Funds designed to provide concise and clear information on the matter.²

Environment

Prevention and reduction of pollution and nuisance

Water

2.1.111. On 30 October, acting on the resolutions of the Hanover European Council³ and of the Council (Environment) of June 1988,⁴ the Commission adopted, for transmission to the Council, the European Parliament and the Economic and Social Committee, a proposal for a Directive concerning municipal wastewater treatment.⁵ This proposal, which lays down minimum requirements for the treatment of municipal wastewater, contains provisions governing certain industrial discharges, disposal of sludge at sea, national programmes, public access to information and exchanges of information and of technology. The text proposes classifying receiving waters into three types, and requiring, in general, secondary (biological) treatment of municipal wastewater; in sensitive areas, additional treatment would be required to meet specific needs, such as the reduction of nutrients; in areas with favourable conditions, discharges of wastewater into coastal waters would be allowed, subject to certain conditions, after primary treatment.

¹ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159; OJ L 374, 31.12.1988; Bull. EC 12-1988, point 2.1.200.

² Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

³ Bull. EC 6-1988, points 1.1.1 *et seq.* and 3.4.1.

⁴ Bull. EC 6-1988, point 2.1.171.

⁵ OJ C 300, 29.11.1989; COM(89) 518.

2.1.112. The Commission represented the Community at the sixth regular meeting¹ of the Contracting Parties to the Barcelona Convention on the Protection of the Mediterranean against Pollution² in Athens from 3 to 6 October. The Contracting Parties adopted several recommendations on dangerous substances, adopted the action programme's 1990-91 budget, and welcomed the Italian-Yugoslav initiative for a subprogramme to protect the Adriatic.

Noise

2.1.113. On 16 October, acting on a Commission proposal, and in the light of Parliament's opinion,³ the Council approved a Directive on the limitation of noise emissions from civil subsonic jet aeroplanes.⁴

Chemical substances, industrial hazards and biotechnology

2.1.114. On 16 October the Council adopted the resolution,⁵ to which it had agreed in September,⁶ on guidelines to reduce technological and natural hazards.

Protection and use of resources

Protection of the Alps

2.1.115. On 11 October in Berchtesgarden, representatives of Austria, the Federal Republic of Germany, France, Italy, Liechtenstein, Switzerland and Yugoslavia and the Commission adopted a resolution on the protection of the Alps which calls for a framework Convention on the Alps, to be drawn up by 1991, covering the conservation of nature and landscapes, transport, tourism and mountain farming.

Flora and fauna

2.1.116. On 11 October Parliament,⁷ and on 18 October the Economic and Social

Committee, endorsed, without debate, the proposal for a Decision on the conclusion, on behalf of the Community, of the European Convention for the protection of vertebrate animals used for experimental or other scientific purposes.⁸

2.1.117. The seventh meeting⁹ of the Parties to the Washington Convention on International Trade in Endangered Species (Cites),¹⁰ took place in Lausanne from 9 to 20 October. The Community attended as an observer alongside the 10 Member States which have ratified the Convention. The Conference adopted a number of resolutions on the interpretation and implementation of the Convention, and some amendments to the Appendices, the most important concerning the inclusion in Appendix I of all African elephant populations.¹¹

International cooperation

Sofia Conference

2.1.118. The Commission represented the Community at a conference on the environment in Sofia from 15 October to 3 November, which was arranged following the CSCE meeting in Vienna in January,¹² and brought together representatives of all European countries except Albania, and the United States and Canada. The conference established basic principles for future cooperation and identified areas in which action could be taken within the framework of the United Nations Economic Commission for Europe (protection of transboundary water-

¹ Fifth meeting: Bull. EC 9-1987, point 2.1.107.

² OJ L 240, 19.9.1977.

³ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.149.

⁴ OJ C 37, 14.2.1989; Bull. EC 11-1988, point 2.1.171.

⁵ OJ C 273, 26.10.1989.

⁶ Bull. EC 9-1989, point 2.1.78.

⁷ OJ C 291, 20.11.1989.

⁸ OJ C 200, 5.8.1989; Bull. EC 7/8-1989, point 2.1.135.

⁹ Sixth meeting: Bull. EC 7/8-1987, point 2.1.176.

¹⁰ OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

¹¹ Bull. EC 9-1989, point 2.1.30.

¹² Bull. EC 1-1989, point 2.2.33.

courses and the transboundary effects of industrial accidents).

Nuclear safety

Radiation protection

2.1.119. Acting under Article 33 of the Euratom Treaty, the Commission approved draft Danish and Spanish legislation on radiation protection.

Consumers

Protection of economic and legal interests

2.1.120. On 11 October the European Parliament adopted a decision¹ on the common position of the Council² concerning the proposal³ to amend Council Directive 87/102/EEC of 22 December 1986 concerning consumer credit.⁴ Parliament formulated amendments deleting the exemptions from applying the Community method for calculating the annual percentage rate of charge for credit.

Agriculture

The future of rural society

Rural development measures

2.1.121. As a follow-up to its July 1988 communication on the future of rural society,⁵ on 18 October the Commission adopted, for transmission to the Council and Parliament, a communication on guidelines for rural development actions linked to the functioning of agricultural markets. In addition to the measures it has already taken to promote rural development in the context of the reform of the structural Funds,⁶ the Commission recently proposed

in the preliminary draft budget for 1990 the inclusion of ECU 200 million in a new budget heading in the EAGGF Guarantee Section to finance this new type of rural development measure.⁷ The communication indicates in detail how this amount would be used. The Commission is proposing three types of action:

- (i) increased differentiation (or 'modulation') of market mechanisms to help certain categories of producer cope better with the consequences of the reform of the CAP (the measures would relate initially to the main arable crops, minor cereals, cotton and beef/veal);
- (ii) the setting-up of an information and advisory network in rural areas;
- (iii) the furtherance of a policy on quality involving an indication of geographical origin and quality marks or seals, as well as information measures and other measures to promote quality.

Agri-monetary measures

2.1.122. On 23 October the Commission adopted, for transmission to the Council, a proposal for a Regulation⁸ amending Regulation (EEC) No 1678/75 fixing the conversion rates to be applied in agriculture.⁹ The purpose of this proposal is to determine the rate for converting amounts fixed in ecus into escudos, now that the Council has decided to apply certain common provisions to Portugal relating to products covered by arrangements for transition by stages, and to set the conversion rates for those products from 1 January 1990 for Spain.

¹ OJ C 291, 20.11.1989.

² Bull. EC 6-1989, point 2.1.128.

³ OJ C 155, 14.6.1988; Bull. EC 4-1988, point 2.1.125; OJ C 155, 23.6.1989; Bull. EC 5-1989, point 2.1.172.

⁴ OJ L 42, 12.2.1987; Bull. EC 12-1986, point 2.1.205.

⁵ Supplement 4/88 — Bull. EC; Bull. EC 7/8-1988, point 1.2.1 *et seq.*

⁶ Bull. EC 5-1989, point 2.1.174.

⁷ Bull. EC 7/8-1989, point 2.5.1.

⁸ COM(89) 514 final.

⁹ OJ L 164, 24.6.1975.

Market organizations

Transitional measures following accession

2.1.123. On 9 October the Commission adopted, for transmission to the Council, a proposal for a Regulation¹ amending, as regards Spain, Council Regulation (EEC) No 4007/87 of 22 December 1987 extending the period referred to in Articles 90(1) and 257(1) of the Act of Accession of Spain and Portugal.² The aim of this proposal is to extend until 31 December 1990, in the case of Spain, the period during which the Commission may adopt transitional measures to facilitate the switchover from the arrangements existing in Spain before accession to those resulting from the application of the common organization of the markets.

Cereals and rice

2.1.124. On 18 October the Commission, in the context of the stabilizer measures provided for in Regulation (EEC) No 2727/75,³ estimated that Community cereal production in 1989/90 would be 160.5 million tonnes. This amount exceeds the maximum guaranteed quantity by 500 000 tonnes and means, according to the rules of the stabilizer mechanism, that the intervention prices set by the Council for the following marketing year are automatically reduced by 3%.

In this connection, on 31 October the Commission nevertheless informed the Member States that it would not be charging an additional levy for 1989/90 as the amounts involved are minimal.

Fruit and vegetables

2.1.125. On 23 October the Council, acting on a proposal from the Commission,⁴ adopted Regulation (EEC) No 3210/89⁵ laying down general rules for applying the supplementary trade mechanism to fresh fruit and vegetables. As compared with the supplementary trade mechanism already in

force, this Regulation constitutes a simplified system for fresh fruit and vegetables.

2.1.126. On 3 October the Commission adopted Regulation (EEC) No 2987/89⁶ amending Regulation (EEC) No 1562/85 laying down detailed rules for the application of measures to encourage the processing of oranges and the marketing of products processed from lemons.⁷ The purpose of these amendments is to ensure more satisfactory operation of the intervention threshold mechanism in the case of citrus fruit.

2.1.127. On 5 October the Commission adopted Regulation (EEC) No 3007/89 fixing for the 1989/90 marketing year the minimum purchase prices for oranges, mandarins, satsumas and clementines delivered for processing and the financial compensation payable after processing.⁸ This Regulation is based on the principles laid down in Council Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of mandarins, satsumas, clementines and oranges,⁹ as amended when the 1989/90 farm prices were adopted.

The minimum price is set, for each of the products in question, on the basis of the highest withdrawal price applying during periods of major withdrawals. The financial compensation granted for oranges is set at a level such that the burden on the industry is the same as it was during the 1988/89 marketing year. That for mandarins, clementines and satsumas is set at a level such that for each of those products the burden on the industry is 75% of that for oranges, to take account of differences in juice yields.

2.1.128. On 12 October the Commission adopted Regulation (EEC) No 3077/89 fix-

¹ OJ C 282, 8.11.1989; COM(89) 479 final.

² OJ L 378, 31.12.1987; Bull. EC 12-1987, point 2.1.203.

³ OJ L 281, 1.11.1975.

⁴ Bull. EC 7/8-1989, point 2.1.149.

⁵ OJ L 312, 27.10.1989.

⁶ OJ L 286, 4.10.1989.

⁷ OJ L 152, 11.6.1985.

⁸ OJ L 288, 6.10.1989.

⁹ OJ L 324, 27.12.1969.

ing the intervention thresholds for mandarins, satsumas, clementines and oranges for the 1989/90 marketing year.¹ In strict application of the rules in force, these thresholds are set as a percentage of the average production for consumption fresh in the last five marketing years for which data are available; for mandarins this percentage is 35%, for satsumas and clementines 10% and for oranges 13.5%. However, in accordance with the decisions taken on the reform of the aid arrangements for the processing of citrus fruit in the context of the last round of farm prices, the threshold set for oranges is increased by the average of the quantities of oranges sent for processing during the 1984/85 to 1988/89 marketing years.

2.1.129. On 13 October the Commission adopted Regulation (EEC) No 3092/89 fixing for the 1989/90 marketing year the reference price for mandarins, including tangerines and satsumas, wilkings and other similar citrus hybrids, with the exception of clementines.² In accordance with the rules in force and given the stability of the basic price, the buying-in price and the financial compensation for the marketing of these products, the reference price for the 1989/90 marketing year remains the same as that for 1988/89.

2.1.130. On 16 October the Commission adopted Regulations (EEC) Nos 3102/89, 3103/89, 3104/89, 3105/89 and 3106/89 fixing for the 1989/90 marketing year the reference prices for artichokes, cabbage lettuce, sweet oranges, clementines and broad-leaved (Batavian) endives respectively.³ For artichokes and cabbage lettuce, the reference price takes account of a 1.1% increase in production costs in 1988. For sweet oranges, clementines and broad-leaved (Batavian) endives, the reference prices for 1989/90 remain the same as those for 1988/89.

2.1.131. On 4 October the Commission adopted, for transmission to the Council, a proposal for a Regulation⁴ amending Council Regulation (EEC) No 2601/69 lay-

ing down special measures to encourage the processing of mandarins, satsumas, clementines and oranges.⁵ The aim of this proposal is to introduce into the aid arrangements for the processing of citrus fruits a factor enabling price trends on the world market for these products to be taken into account.

2.1.132. On 18 October the Commission adopted a proposal for a Regulation fixing the basic and buying-in prices for certain fruit and vegetables in Spain from 1 January 1990 until the end of the 1989/90 marketing year.⁶ The Commission was able to ascertain that the price discipline provided for in Article 135 of the Act of Accession had been observed.

Wine

2.1.133. On 23 October the Council adopted a Decision authorizing the granting of certain types of aid in the wine sector in the Rhineland-Palatinate (Federal Republic of Germany), in view of the need to deal with the particular situation created on the German wine market by the size of the 1989 harvest following this year's exceptionally fine weather.

2.1.134. On 10 October the Commission adopted Regulation (EEC) No 3052/89⁷ amending Regulation (EEC) No 1780/89⁸ laying down detailed rules for the disposal of alcohol obtained from the distillation operations referred to in Articles 35, 36 and 39 of Regulation (EEC) No 822/87⁹ and held by intervention agencies. Apart from adding a number of clarifications and making a few purely procedural changes, this Regulation offers the Commission the possi-

¹ OJ L 294, 13.10.1989.

² OJ L 296, 14.10.1989.

³ OJ C 298, 17.10.1989.

⁴ OJ C 282, 8.11.1989; COM(89) 464 final.

⁵ OJ L 324, 27.12.1969.

⁶ COM(89) 508 final.

⁷ OJ L 292, 11.10.1989.

⁸ OJ L 178, 24.6.1989; Bull. EC 6-1989, point 2.1.142.

⁹ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

bility of setting floor prices that vary according to the end-use to be made of the alcohol in the event of a partial invitation to tender aimed at enabling the testing and development of new industrial uses.

2.1.135. On 5 October the Commission adopted, for transmission to the Council, a report in compliance with Article 48c of Council Regulation (EEC) No 822/87 of 16 March 1987 on the common organization of the market in wine.¹ The report reviews progress with research and development of new uses of wine sector products and sets out the results obtained by the end of March 1989. The research carried out falls into four categories: animal feed, light wines and new drinks, new uses, and technological improvements.

Milk and milk products

2.1.136. Following the adoption by the Council of Regulation (EEC) No 2967/89 relating to the continued import of New Zealand butter into the United Kingdom on special terms,² on 9 October the Commission adopted Regulation (EEC) No 3038/89 on detailed rules for implementing these special import arrangements.³ This Regulation lays down, in particular, the conditions governing verification of the origin and destination of the butter and the notifications to be provided by the United Kingdom.

2.1.137. On 9 October the Commission adopted, for transmission to the Council, a proposal for a Regulation⁴ amending Regulation (EEC) No 986/68 laying down general rules for granting aid for skimmed milk and skimmed-milk powder for use as feed.⁵ The purpose of the proposal is to delete a provision that allows the aid to be paid by another Member State instead of the Member State in which the skimmed-milk powder is denatured or incorporated in compound feed. The grounds on which this provision was introduced in 1976 have been overtaken by events. In addition, it gives rise to greater expenditure from the

Community budget than the normal arrangements for payment and the scope for fraud is greater.

2.1.138. On 18 October the Economic and Social Committee endorsed the four Commission proposals relating to the operation of the milk quota system:⁶

(i) the proposal for a Regulation amending Regulation (EEC) No 775/87⁷ temporarily withdrawing a proportion of the reference quantities referred to in Article 5c(1) of Regulation (EEC) No 804/68⁸ on the common organization of the market in milk and milk products;

(ii) the proposal for a Regulation amending Regulation (EEC) No 766/89⁹ establishing, for the period 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 804/68⁶ in the milk and milk products sector;

(iii) the proposal for a Regulation amending Regulation (EEC) No 804/68⁶ on the common organization of the market in milk and milk products;

(iv) the proposal for a Regulation amending Regulation (EEC) No 857/84¹⁰ adopting general rules for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68⁶ in the milk and milk products sector.

However, the Committee noted that a wide variety of natural influences (e.g. climatic factors, unforeseen changes in the size of dairy herds, etc.) make it impossible to control milk production precisely and so ensure that individual farms keep within the guaranteed quantities allocated. Hence

¹ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

² OJ L 281, 30.9.1989; Bull. EC 9-1989, point 2.1.99.

³ OJ L 291, 10.10.1989.

⁴ COM(89) 448 final.

⁵ OJ L 169, 18.7.1968.

⁶ OJ C 242, 22.9.1989; Bull. EC 7/8-1989, point 2.1.156.

⁷ OJ L 78, 20.3.1987; Bull. EC 3-1987, point 2.1.150.

⁸ OJ L 148, 28.6.1968.

⁹ OJ L 84, 29.3.1989; Bull. EC 3-1989, point 2.1.118.

¹⁰ OJ L 90, 1.4.1984; Bull. EC 3-1984, point 1.2.4.

compensation, whether complete or partial, should not be refused if the guaranteed quantity is exceeded, especially as producers who oversupply are subject to levies which currently exceed their return on any extra milk produced.

Sheepmeat and goatmeat

2.1.139. On 17 October the Commission adopted Regulation (EEC) No 3120/89 determining for the Member States the estimated loss of income and the estimated level of the ewe and goat premium payable for the 1989 marketing year.¹ This Regulation raises from 30 to 50% the advance on the estimated foreseeable ewe and goat premium payable for the 1989 marketing year to producers in less-favoured agricultural areas so as to take account of the fairly low prices in certain regions.

2.1.140. On 25 October Parliament adopted two resolutions² on the reorganization of the sheepmeat and goatmeat sector and on the sheepmeat Regulation³ recently adopted by the Council, in which the House acknowledged the efforts made by the Council and the Commission to facilitate the adoption of the new Regulation, the purpose of which is to adapt the various production arrangements in the run-up to 1992, and to maintain a minimum level of income for farmers. However, it called on the Commission to submit as soon as possible its proposals for the operation of the new private storage scheme due to enter into force on 1 January 1990, and requested that, since this is the only intervention mechanism, aid should be fixed at the level needed to guarantee that the arrangements work properly. It also called on the Commission to propose measures to compensate for the very low price levels during recent months.

Oils and fats

2.1.141. On 24 October the Council, acting on a proposal from the Commission,⁴

adopted Regulation (EEC) No 3280/89⁵ fixing, for the 1989/90 marketing year, the representative market price and the threshold price for olive oil and the percentages of consumption aid to be used in accordance with Article 11(5) and (6) of Regulation (EEC) No 136/66/EEC.⁶ The representative market price is ECU 190.61 per 100 kg and the threshold price ECU 189.43 per 100 kg. Deductions of 1.4% to finance trade bodies and 4% for promotional measures will be made from the consumption aid, which is set at ECU 61 per 100 kg.

2.1.142. On 31 October the Commission adopted Regulation (EEC) No 3303/89⁵ establishing the estimated soya bean production for the 1989/90 marketing year, the actual soya bean production for the 1988/89 marketing year and the adjustment to be made in the amount of aid for soya beans for the 1989/90 marketing year.⁵ This Regulation relates to the application to soya beans of the maximum guaranteed quantity system agreed at the February 1988 European Council.⁷ It sets the estimated production of soya beans for the 1989/90 marketing year at 1 765 000 tonnes and actual production in 1988/89 at 1 654 000 tonnes.

Sugar

2.1.143. On 13 October the Commission adopted Regulation (EEC) No 3098/89 establishing the sugar production levies and the coefficient for calculating the additional levy for the 1988/89 marketing year.⁸ This Regulation sets the basic production levy on A and B sugar and isoglucose and the B levy for B sugar and isoglucose. An additional coefficient was also set to cover part of the overall loss established since

¹ OJ L 300, 18.10.1989.

² OJ C 304, 4.12.1989.

³ OJ L 289, 7.10.1989; Bull. EC 9-1989, point 2.1.104.

⁴ COM(89) 477 final.

⁵ OJ L 320, 1.11.1989.

⁶ OJ L 172, 30.9.1966.

⁷ Bull. EC 2-1988, point 1.1.1.

⁸ OJ L 296, 14.10.1989.

1986/87 and losses for 1988/89. This coefficient was set at 0.26953.

Processed fruit and vegetables

2.1.144. On 4 October the Commission adopted, for transmission to the Council, a proposal for a Regulation¹ amending Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of mandarins, satsumas, clementines and oranges.² The aim of the proposal is to introduce the same system for calculating financial compensation for oranges as that used in the case of lemons processed into juice.

2.1.145. On 9 October the Commission also adopted, for transmission to the Council, a proposal for a Regulation³ setting for the 1989/90 marketing year the percentages referred to in Article 3(1)(a) of Regulation (EEC) No 426/86⁴ in connection with aid for products processed from tomatoes. The purpose of this proposal is to fix the proportion of processed tomatoes covered by contracts with producers' groups relative to the total quantities processed by each processor. As compared with the previous marketing year, the rates set are 46% up for Spain and Portugal and 7% up for the other Member States, the aim being to concentrate supplies of fresh tomatoes.

Cotton

2.1.146. On 20 October the Commission adopted Decision 89/567/EEC on the setting-up of an Advisory Committee on Cotton.⁵ This Committee is composed of representatives of the following interests: growers, cooperatives, processing industries, traders, agricultural workers and workers in the processing industries, and consumers. The Committee may be consulted by the Commission on any problem concerning the operation of the Regulations on the common organization of the market in cotton and in particular on measures to be adopted

by the Commission under those Regulations.

Structures

2.1.147. On 23 October the Council, acting on a proposal from the Commission⁶ and having received the opinion of Parliament,⁷ adopted Directives 89/586/EEC,⁸ 89/587/EEC⁸ and 89/588/EEC⁸ extending the Community list of less-favoured farming areas in the Federal Republic of Germany, France and Greece respectively.

The extension represents an area of 319 000 hectares as far as Germany is concerned, i.e. 2.6% of the utilized agricultural area (UAA), 1 584 695 hectares (5% of the UAA), in France but only 3 200 hectares in Greece.

2.1.148. In addition, on 16 October the Commission adopted Decisions 89/565/EEC⁹ and 89/566/EEC⁹ adjusting the boundaries of less-favoured farming areas in France and Spain within the meaning of Council Directive 75/268/EEC of 28 April 1975.¹⁰

2.1.149. On 27 October Parliament adopted opinions¹¹ on two proposals for Regulations¹² on speeding up the adjustment of agricultural production structures and on improving the processing and marketing of agricultural and forestry products, in which it approved the Commission's proposals subject to certain amendments.

2.1.150. On 19 October the Economic and Social Committee adopted an opinion on

¹ OJ C 282, 8.11.1989; COM(89) 464 final.

² OJ L 324, 27.12.1969.

³ COM(89) 481 final.

⁴ OJ L 49, 27.2.1986.

⁵ OJ L 309, 26.10.1989.

⁶ Bull. EC 9-1989, point 2.1.109.

⁷ OJ C 291, 20.11.1989.

⁸ OJ L 330, 15.11.1989.

⁹ OJ L 308, 25.10.1989.

¹⁰ OJ L 128, 19.5.1975.

¹¹ OJ C 304, 4.12.1989.

¹² OJ C 240, 20.9.1989; Bull. EC 5-1989, point 2.1.174.

the proposal for a Regulation¹ amending Regulation (EEC) No 797/85² as regards the rates of reimbursement for the set-aside of arable land, in which, whilst approving the proposal, the Committee noted that the main reason why the mechanism had not produced the intended effects was the fact that those Member States who were primarily concerned by the scheme had not drawn on the entire amount of aid allocated to them. This meant that farmers were unable to benefit from full compensation and did not therefore take up the scheme.

Legislation

Animal health and animal husbandry

2.1.151. On 23 October the Council, acting on a proposal from the Commission³ and having received the opinion of Parliament,⁴ adopted Decision 89/577/EEC⁵ amending Decision 86/649/EEC introducing a Community financial measure for the eradication of African swine fever in Portugal.⁶ The Decision is designed to continue the eradication programme begun in 1987 by increasing the Community contribution for some expenditure and arranging for partial pre-financing.

2.1.152. For its part, on 16 October the Commission adopted Decision 89/563/EEC approving the plan for the eradication of classical swine fever submitted by Greece.⁷ This Decision approves a new plan submitted by the Greek authorities to enable them to benefit from continuing Community financial support.

2.1.153. On 16 October the Commission adopted, for transmission to the Council, two proposals for Directives on the approval for breeding of pure-bred and hybrid breeding pigs.⁸ The aim of these proposals is to remove all restrictions on the approval of breeding pigs for breeding and the use of their semen, ova or embryos,

on the basis of the groundwork laid down by Directive 88/661/EEC.⁹

2.1.154. On 17 October the Commission adopted a proposal for a Decision concerning safeguard measures in the veterinary field in the framework of the internal market.¹⁰ This proposal puts in place a safeguard system which allows the Commission to impose such measures as are considered necessary on the Member State concerned, so as to avoid the taking of unilateral measures by the other Member States.

2.1.155. Still as regards the eradication of disease, on 17 October the Commission adopted, for transmission to the Council, a proposal for a Decision¹¹ on financial aid from the Community for the eradication of African swine fever in Sardinia which creates a barrier to trade in live pigs, pigmeat and certain meat products. Because of this disease, Sardinia is unable to send the livestock or products concerned to the rest of the Community. Community financial aid should enable a new, reinforced plan for the eradication of African swine fever to be implemented.

2.1.156. On 17 October the Commission also adopted a proposal for a Decision introducing a Community financial measure for the eradication of infectious haemopoietic necrosis of salmonids in the Community.¹² This proposal is designed to be a first step towards eliminating this serious and highly contagious disease of fish from the territory of the Community.

2.1.157. On 17 October the Commission also adopted a proposal for a Decision

¹ OJ C 268, 20.10.1989; Bull. EC 7/8-1989, point 2.1.171.

² OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.113.

³ OJ C 200, 5.8.1989; Bull. EC 7/8-1989, point 2.1.173.

⁴ OJ C 291, 20.11.1989.

⁵ OJ L 322, 7.11.1989.

⁶ OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.247.

⁷ OJ L 307, 24.10.1989.

⁸ COM(89) 485 final.

⁹ OJ L 382, 31.12.1988; Bull. EC 12-1988, point 2.1.281.

¹⁰ COM(89) 493 final.

¹¹ COM(89) 499 final.

¹² COM(89) 502 final.

introducing a Community financial measure for the eradication of brucellosis in sheep and goats.¹ Brucellosis is not only a serious and highly contagious disease of sheep and goats, but may also cause human deaths (Malta fever). The presence of the disease restricts the movement of sheep and goats from South to North in the Community. In addition, it is a barrier to trade in sheep and goats' milk and in certain soft cheeses. Community action is designed to bring about the rapid eradication of this disease.

2.1.158. On 17 October the Commission also adopted, for transmission to the Council, a proposal for a Directive² amending Directive 88/407/EEC laying down the animal health requirements applicable to intra-Community trade in and imports of deep-frozen semen of domestic animals of the bovine species.³ The proposal is designed to update the technical aspects of the Directive.

2.1.159. Also on 17 October the Commission adopted a proposal for a Regulation on animal health conditions governing the placing of rodents on the market in the Community.⁴ The purpose of the proposal is to remove the present disparities in the rules governing the placing of rodents (rabbits, hares, etc.) on the market in the Community and thereby avoid trade difficulties.

2.1.160. As regards public health, on 17 October the Commission adopted a proposal for a Regulation laying down general health rules for the production and placing on the market of products of animal origin and specific health rules for certain products of animal origin.⁵ This proposal lays down general principles applicable to all products of animal origin placed on the market in the Community. In addition, so as to avoid trade difficulties, harmonized rules are proposed for products of animal origin that are not subject to specific Community rules.

2.1.161. On 17 October the Commission also adopted, for transmission to the Council, a proposal for a Regulation laying down health rules for the production and

placing on the market of melted animal fat, greaves and by-products of rendering for human consumption.⁶ With the aim of avoiding trade problems, the proposal provides for harmonized rules on the production and placing on the Community market of melted animal fat and similar products.

2.1.162. Moreover, on 17 October the Commission adopted a proposal for a Regulation concerning game meat and rabbit meat.⁷ This proposal is designed to lay down appropriate requirements as regards animal and public health for the production and placing on the market of such meat.

2.1.163. As regards animal health, on 18 October the Commission adopted a report on a study carried out on policies currently applied by Member States in the control of foot-and-mouth disease, plus a proposal for a Directive⁸ amending Directive 85/511/EEC introducing Community measures for the control of foot-and-mouth disease.⁹ To put an end to the different systems of control practised in intra-Community trade, the proposal provides for a harmonized system (non-vaccination). Such harmonization is necessary for the free movement of livestock and products of animal origin, whilst ensuring a high level of animal health in the Community.

2.1.164. As regards horses, donkeys, and so on, on 18 October the Commission adopted a proposal for a Regulation on animal health conditions governing intra-Community trade and imports from non-member countries of live equidae,¹⁰ a proposal for a Regulation on the zootechnical and genealogical conditions governing intra-Community trade in equidae,¹⁰ and a

¹ COM(89) 498 final.

² COM(89) 495 final.

³ OJ L 194, 22.7.1988.

⁴ COM(89) 500 final.

⁵ COM(89) 492 final.

⁶ COM(89) 490 final.

⁷ COM(89) 496 final.

⁸ COM(89) 512 final.

⁹ OJ L 315, 26.11.1985; Bull. EC 11-1985, point 2.1.144.

¹⁰ COM(89) 503 final.

proposal for a Regulation on intra-Community trade in equidae intended for participation in competitions.¹ The first proposal provides for the approximation of the animal health rules governing trade in equidae between Member States. In addition, it provides for Community arrangements applicable to imports from non-member countries. With a view to eliminating barriers to trade in and use of registered equidae, the second proposal lays down general rules designed to overcome existing disparities. The third proposal is also designed to do away with the discrimination that exists in competition rules. Such discrimination is a serious barrier to intra-Community trade.

2.1.165. On 18 October the Commission adopted a proposal for a Regulation laying down the veterinary rules for the disposal and processing of animal waste, for its placing on the market and for the prevention of pathogens in feedstuffs.² The proposal seeks to harmonize the rules for the disposal or use of cadavers, slaughter offals and other animal waste in order to prevent the spread of pathogens into the environment and the animal production chain. It includes health requirements for the placing on the market of the products concerned.

2.1.166. Lastly, on 20 October the Commission adopted a proposal for a Regulation on animal health conditions governing intra-Community trade and imports from non-member countries of fresh poultrymeat and fresh meat of reared game birds.³ In addition, it provides for Community arrangements in respect of imports from non-member countries.

Plant health

2.1.167. On 18 October the Economic and Social Committee adopted an opinion on the proposal for a Regulation⁴ on the fixing of maximum levels for pesticide residues in and on certain products of plant origin including fruit and vegetables, and amend-

ing the procedural rules of Directive 76/895/EEC,⁵ in which it approved the Commission proposal, but expressed a number of reservations as regards certain technical provisions and the clarity of information given to consumers.

Livestock feed

2.1.168. On 27 October the Commission adopted Directive 89/583/EEC⁶ amending the Annexes to Council Directive 70/524/EEC concerning additives in feedingstuffs.⁷ The purpose of this Directive is to adapt existing rules to advances in scientific and technical knowledge.

State aid

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

Germany

Baden-Württemberg

Aid for advertising and quality-control measures aimed at promoting the sale of high-quality products under an approved brand name.

¹ COM(89) 503 final.

² COM(89) 509 final.

³ COM(89) 507 final.

⁴ OJ C 46, 25.2.1989; Bull. EC 12-1988, point 2.1.291.

⁵ OJ L 340, 9.12.1976.

⁶ OJ L 325, 10.11.1989.

⁷ OJ L 270, 14.12.1970.

Spain

Navarre

Improving the efficiency of agricultural structures — in particular aid for investments in processing and marketing, infrastructure, and disease control measures, and to offset the effects of natural disasters.

France

Measures to assist agriculture proposed at the congress of the national Federation of Farmers' Unions (FNSEA) (in particular, the extension of aid measures already considered to be compatible with the common market relating to farm water management in mountain and hill areas and less-favoured areas, crop production in arid uplands and in overseas departments, pig producers facing difficulties, and pigmeat quality in mountain and hill areas).

Aid for investments in pig production units, subject to their compliance with Community socio-structural rules.

Aid in the sheepmeat and goatmeat sector, in the form of an advance payment on Community aid for 1989, the Council having decided to authorize this measure under the third subparagraph of Article 93(2) of the EEC Treaty.

Aid for the replanting of woodlands devastated by the October 1987 storms.

United Kingdom

Isle of Man

Hill cow subsidy scheme—amendment of an aid in less-favoured areas for farmers with cows and heifers that calved during the year concerned and are not intended for milk production, given that the market organizations do not apply in these areas.

Netherlands

Natural gas horticultural tariff for the period 1989-94, as regards that part of the scheme that does not involve any aid component. That part of the tariff that may include an aid component will be assessed subsequently following contacts between the Dutch authorities and the Commission.

The Commission decided to initiate the Article 93(2) procedure in respect of the following aid schemes:

Belgium

Aid for the promotion of pigmeat, beef/veal, sheepmeat, goatmeat and horsemeat products, since the scheme is financed by compulsory levies that are also collected on products imported from other Member States at the slaughter stage; aid in the form of refund of the compulsory pigmeat levies in the event of export.

Aid paid by the Animal Health and Production Fund, since the scheme is financed by compulsory levies that are also collected on products imported at the slaughter stage.

Spain

Navarre

Irrigation aid, since the rate of aid exceeds that normally accepted by the Commission for this type of investment (35%).

Forests

2.1.170. On 31 October the Commission, pursuant to Council Regulation (EEC) No 3528/86 of 17 November 1986,¹ adopted the first Community forest health

¹ OJ L 326, 21.11.1986; Bull. EC 11-1986, point 2.1.203.

report — an inventory of forest damage in 1987 and 1988 carried out using a common method.

It was the appearance at the beginning of the 1980s of widespread forest decline, generally attributed to air pollution, in many regions of the Community, and the rapid spread of forest damage, which prompted the Community to take steps to protect forests against air pollution.

The Community's forest-damage inventory is the first large-scale transboundary inventory of its kind to be made using a common method involving a uniform sampling system and centralized data processing. The inventory can provide an overview of the state of forest health across the Community and assess the geographical distribution of forest damage.

The findings of the survey carried out over a period of two years give an idea of the distribution and extent of forest damage. Damage was observed both in the northern part of the Community and in the mediterranean regions. Cartographic representations of the observed defoliation, plot by plot, provided an initial impression of regional damage distribution and trends. It appears that plots with high average defoliation were particularly frequent in the eastern and south-western parts of the Federal Republic of Germany, Scotland, the Netherlands, northern and south-eastern France, northern and central regions of Greece, the south of Spain and north-west Italy.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.171. On 30 October the Commission, within the framework of Council Regulation (EEC) No 1883/78 of 2 August 1978 laying down general rules for the financing of intervention by the EAGGF, Guarantee Section,¹ adopted Regulation (EEC)

No 3271/89 concerning the prices to be used for calculating the value of agricultural products in intervention storage, to be carried over to the 1990 financial year.² The purpose of this Regulation, which is based on Article 7 of the abovementioned Council Regulation, is to arrange for the closure of the public storage accounts at the end of the financial year.

2.1.172. On 9 October the Commission submitted its second report on the impact on EAGGF Guarantee Section expenditure of movement of the dollar/ecu exchange rate for the 1989 financial year. This report, which was drawn up pursuant to Council Decision 88/377/EEC of 24 June 1988 concerning budgetary discipline,³ notes that, in the period from August 1988 to July 1989, the US dollar kept above the rate used to assess appropriations for the 1989 financial year. The appreciation in the dollar meant major savings for the EAGGF Guarantee Section, which can be estimated at ECU 1 219 million, primarily in the cereals, milk and milk products, and oilseeds and protein plants sectors. Since the savings made were higher than the ECU 400 million margin, a transfer should be made from Titles⁴ 5 and 2 of the budget (EAGGF — Guarantee Section) to the monetary reserve (Chapter 102 of the budget). The amount of that transfer corresponds to the savings made in excess of the ECU 400 million margin, namely ECU 819 million.

2.1.173. On 12 October Parliament adopted an opinion on the proposal for a Regulation⁴ concerning scrutiny by Member States of transactions forming part of the system of financing by the EAGGF Guarantee Section and repealing Council Directive 77/435/EEC of 27 June 1977,⁵ in which it approved the Commission's proposal whilst making a number of amend-

¹ OJ L 216, 5.8.1978.

² OJ L 317, 31.10.1989.

³ OJ L 185, 15.7.1988.

⁴ Bull. EC 6-1989, point 2.1.166.

⁵ OJ L 172, 12.7.1977.

ments aimed at increasing the opportunity for scrutiny.

Fisheries

Resources

Internal aspects

Community measures

Control measures

2.1.174. On 4 October the Commission adopted, for transmission to the Council, a proposal for a Decision¹ amending Decision 87/279/EEC on the Community financial contribution towards the cost of facilities for the monitoring and supervision of fishing activities in waters falling under the sovereignty or within the jurisdiction of Portugal.² The purpose of this proposal is to extend by two years, until 31 December 1991, the period covered by Decision 87/279/EEC² to take account of delays in Portugal's implementation of the programme for the acquisition of surveillance equipment.

External aspects

Norway

2.1.175. On 30 October the Council adopted Regulation (EEC) No 3278/89³ amending for the second time Regulation (EEC) No 4196/88 allocating, for 1989, certain catch quotas between Member States for vessels fishing in the Norwegian exclusive economic zone and the fishing zone around Jan Mayen. The purpose of this Regulation is to allocate among the Member States the additional quotas obtained for

Community vessels under a new agreement between the Community and the Norwegian authorities.

2.1.176. On 30 October the Council adopted Regulation (EEC) No 3279/89⁴ amending Regulation (EEC) No 4195/88 laying down for 1989 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway.⁵ The purpose of this amendment is to increase the Norwegian catch quota for ling and tusk in return for the additional fishing opportunities offered to the Community for 'other species' in Norwegian waters south of 62°N.

Norway and Sweden

2.1.177. The Community's annual bilateral consultations with Norway and Sweden began in Oslo on 16 and 19 October respectively, with a view to reaching agreement on reciprocal fishing rights and conditions for 1990.

The Community, Norway and Sweden began their annual trilateral consultations in Oslo on 18 October, with a view to reaching agreement on the fishing rights and conditions applicable to all three parties in the Skagerrak and Kattegat for 1990. These consultations are to be continued.

Guinea

2.1.178. On 4 October the Commission adopted, for transmission to the Council, a proposal for a Decision⁵ on the conclusion of an Agreement in the form of an exchange of letters concerning the temporary extension, from 8 August to 31 December, of the Protocol to the EEC-Guinea Agreement on

¹ OJ C 269, 21.10.1989; COM(89) 460 final.

² OJ L 135, 23.5.1987; Bull. EC 5-1987, point 2.1.180.

³ OJ L 317, 31.10.1989.

⁴ OJ L 369, 31.12.1988; Bull. EC 12-1988, point 2.1.306.

⁵ COM(89) 463 final.

fishing off the coast of Guinea.¹ To prevent any interruption of fishing activities by Community vessels and pending the outcome of negotiations with the Guinean authorities on the renewal of the Protocol, both parties agreed to an exchange of letters whereby the validity of the current Protocol would be extended until the end of the year. The abovementioned proposal relates to this exchange of letters.

Angola

2.1.179. On 13 October the Council, acting on a proposal from the Commission² and in the light of Parliament's opinion,³ adopted Regulation (EEC) No 3466/89⁴ on the conclusion of a Protocol laying down the fishing possibilities and financial compensation provided for in the EEC-Angola Agreement on fishing off the coast of Angola for the period from 3 May 1989 to 2 May 1990.⁵

Madagascar

2.1.180. On 30 October the Council, acting on a proposal from the Commission⁶ and in the light of Parliament's opinion,³ adopted Regulation (EEC) No 3465/89⁴ on the conclusion of a Protocol laying down the fishing possibilities and financial compensation provided for in the EEC-Madagascar Agreement on fishing off the coast of Madagascar for the period from 21 May 1989 to 20 May 1992.⁷

Indian Ocean Fishery Commission (IOFC)

2.1.181. The Community attended, as an observer, the meeting of the Indian Ocean Fishery Commission held at Mahé (Seychelles) from 2 to 6 October. The purpose of this meeting was to examine:

(i) current trends in the provision of information concerning the Indian Ocean fisheries,

with special reference to statistics and research data;

(ii) the problems of managing and developing shrimp fisheries in the region;

(iii) the progress made on the implementation of the action programmes adopted by the FAO World Conference on Fisheries Management and Development;

(iv) the structure and duties of the Commission and the coordination of its activities with those of other international organizations.

Market organization

2.1.182. On 16 October the Commission adopted two Regulations authorizing an increase in the Spanish import quota for hake:

(i) Regulation (EEC) No 3108/89⁸ amending Regulation (EEC) No 4208/88 fixing, for the 1989 fishing year, the annual import quotas for the fishery products subject to the application of quantitative restrictions by Spain and Portugal;⁹

(ii) Regulation (EEC) No 3109/89⁸ amending Regulation (EEC) No 4209/88 fixing, for the 1989 fishing year, the overall foreseeable level of imports of fishery products subject to the supplementary trade mechanism.⁹

Structures

Processing and marketing

2.1.183. On 18 October the Economic and Social Committee adopted an opinion on

¹ OJ L 111, 27.4.1983; Bull. EC 2-1983, point 2.1.118.

² OJ C 214, 21.8.1989; Bull. EC 6-1989, point 2.1.171.

³ OJ C 291, 20.11.1989.

⁴ OJ L 341, 23.11.1989.

⁵ OJ L 239, 16.8.1989; Bull. EC 7/8 1989, point 2.1.190.

⁶ OJ C 196, 1.18.1989; Bull. EC 6-1989, point 2.1.172.

⁷ OJ L 239, 16.8.1989; Bull. EC 7/8-1989, point 2.1.191.

⁸ OJ L 298, 17.10.1989.

⁹ OJ L 370, 31.12.1988; Bull. EC 12-1988, point 2.1.315.

the proposal for a Regulation on the improvement of the conditions under which fishery and aquaculture products are processed and marketed.¹ The Committee would welcome a special Regulation covering fishery and aquaculture products but takes the view that the overall objectives have not been made sufficiently clear.

Granting of aid

2.1.184. On 30 October the Commission, acting under Council Regulation (EEC) No

4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector,² decided to grant, as the second instalment for 1989,³ financial assistance totalling ECU 58.91 million towards 105 shipbuilding projects, 252 vessel-modernization projects, 94 aquaculture projects and one artificial-reef project. Table 2 gives the breakdown by Member State.

¹ OJ C 143, 9.6.1989; Bull. EC 5-1989, point 2.1.210.

² OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

³ First instalment: Bull. EC 4-1989, point 2.1.167.

Table 2 — Aid granted under Regulation (EEC) No 4028/86, by Member State

Member State	Projects submitted		Projects approved	
	Number of projects	Aid requested (million ECU) ¹	Number of projects	Aid granted (million ECU) ¹
Belgium	13	2.23	2	0.51
Denmark	50	1.69	49	1.60
FR Germany	40	4.90	24	2.14
Greece	189	31.02	23	2.40
Spain	593	161.05	166	21.38
France	309	62.79	42	9.72
Ireland	60	13.36	29	2.41
Italy	198	74.96	33	6.78
Netherlands	22	0.97	18	0.65
Portugal	138	28.79	32	7.12
United Kingdom	136	25.80	34	4.20
Total	1 748	407.56	452	58.91

¹ Converted at 1 October 1989 rates.

2.1.185. On 23 October the Commission, acting under the same Regulation,¹ adopted a Decision fixing, for 1989, the maximum level of eligible expenditure incurred by Member States on measures to adjust capacity in the fisheries sector (the permanent withdrawal of vessels). This maximum level was set at ECU 45.28 million, of which ECU 22.64 million would be reimbursed by the Community.

2.1.186. On 31 October, also acting under the same Regulation,¹ the Commission decided to grant financial assistance totalling ECU 285 000 for a campaign to promote quality frozen fish in Portugal.

Transport

Inland transport

Road transport

Fixing of rates

2.1.187. Pending the opinion of the European Parliament, the Council (Transport) adopted a joint position on the proposal for a Regulation on the fixing of rates for the carriage of goods by road between Member States,² on which the Economic and Social Committee adopted an opinion on 18 October.

Technical aspects

2.1.188. On 13 October the European Parliament endorsed,³ without debate, the proposal to amend⁴ Council Directive 77/143/EEC of 29 December 1976 on roadworthiness tests for motor vehicles and their trailers.⁵

Shipping

2.1.189. On 18 October the Economic and Social Committee adopted, without debate, an opinion on the proposal for a Directive concerning minimum requirements for vessels entering or leaving Community ports carrying packages of dangerous goods.⁶ In particular, it emphasizes that there are already very stringent international standards and that account should be taken of these when considering any Community standards.

Civil aviation

2.1.190. On 4 October the Commission approved⁷ a proposal for a Directive on the mutual acceptance of personnel licences and qualifications for the exercise of functions in civil aviation. Announced in the recent Commission communication on the development of civil aviation,⁸ this proposal reconciles the objectives of the free movement of workers and maximum air transport safety. It concerns all categories of civil aviation personnel: pilots, air traffic controllers, maintenance engineers, etc. This measure should increase the mobility of qualified personnel, broaden employment prospects in the civil aviation sector by increasing the number of accessible jobs, and improve the balance between manpower supply and demand in this sector at Community level.

¹ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

² OJ C 152, 20.6.1989; Bull. EC 4-1989, point 2.1.169.

³ OJ C 291, 20.11.1989.

⁴ OJ C 74, 22.3.1989; Bull. EC 2-1989, point 2.1.134.

⁵ OJ L 47, 12.2.1977.

⁶ OJ C 147, 14.6.1989; Bull. EC 5-1989, point 2.1.217.

⁷ COM(89) 472.

⁸ Bull. EC 7/8-1989, point 2.1.202.

Energy

General matters

Internal energy market

2.1.191. On 30 October the Council made an initial examination, pending the opinions of the European Parliament and the Economic and Social Committee, of the proposals for Directives and for the Regulation adopted by the Commission on 12 July concerning the completion of the internal energy market.¹ They relate to:

- (i) the transparency of gas and electricity prices charged to industrial end-users;²
- (ii) the transit of natural gas through the major systems;³
- (iii) the transit of electricity through the major systems;⁴ and

(iv) investment projects of interest to the Community in the petroleum, natural gas and electricity sectors.⁵

Promotion of energy technology

2.1.192. Also on 30 October the Council looked at the main features of the Thermie programme for the promotion of energy technology in Europe,⁶ pending Parliament's opinion, the Economic and Social Committee having delivered its opinion on 12 July.⁷ A joint position was reached on the provisions of the proposed Regulation. The question of the total amount of appropriations deemed necessary for the programme would, however, require further consideration.

¹ Bull. EC 7/8-1989, point 2.1.206.

² OJ C 257, 10.10.1989; Bull. EC 7/8-1989, point 2.1.207.

³ OJ C 247, 28.9.1989; Bull. EC 7/8-1989, point 2.1.213.

⁴ Bull. EC 7/8-1989, point 2.1.215.

⁵ OJ C 250, 3.10.1989; Bull. EC 7/8-1989, point 2.1.208.

⁶ OJ C 101, 22.4.1989; Bull. EC 3-1989, point 2.1.158.

⁷ OJ C 221, 28.8.1989; Bull. EC 7/8-1989, point 2.1.209.

2. External relations

Commercial policy

General matters

Commercial policy instruments

Easing of restrictive measures

2.2.1. The Commission decided in October¹ to open quotas under Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level.²

Trade protection

2.2.2. The following trade protection measures were adopted in October:

Anti-dumping measures adopted by the Council

(i) Regulation extending the anti-dumping duty imposed by Regulation (EEC) No 3651/88 to certain serial-impact dot matrix printers assembled in the Community

OJ L 291, 10.10.1989

(initial definitive duty: OJ L 317, 24.11.1989
initiation: OJ C 327, 20.12.1988)

(ii) Regulation amending the anti-dumping measures applicable to imports of certain acrylic fibres originating in Mexico by introducing an anti-dumping duty on such imports, other than those from exporters to the Community whose undertakings are accepted

OJ L 301, 19.10.1989

(initial undertakings: OJ L 272, 24.9.1986)

Anti-dumping measures adopted by the Commission

Regulation imposing a provisional anti-dumping duty on imports of welded tubes originating in Yugoslavia or Romania.

OJ L 294, 13.10.1989

(initiation: OJ C 241, 16.9.1988).

Regulation imposing a provisional anti-dumping duty on imports of small-screen colour television receivers originating in the Republic of Korea

OJ L 314, 28.10.1989

(initiation: OJ C 44, 17.2.1988)

Decision accepting undertakings and terminating the investigation under Article 13(10) of Regulation (EEC) No 2423/88 concerning certain serial-impact dot matrix printers assembled in the Community by NEC Technology Ltd and Star Micronics

OJ L 291, 10.10.1989

(initiation: OJ C 327, 20.12.1988)

Decision terminating the anti-dumping proceeding concerning imports of mica originating in Japan

OJ L 284, 3.10.1989

(initiation: OJ C 323, 16.12.1988)

Decision terminating the anti-dumping proceeding concerning imports of polyester film originating in the Republic of Korea

OJ L 305, 21.10.1989

(initiation: OJ C 7, 12.1.1988)

Decision terminating the review of anti-dumping measures applying to imports of certain synthetic fibre hand-knitting yarn originating in Turkey and confirming the expiry of the said measures

OJ L 309, 26.10.1989

(acceptance of undertaking: OJ L 67, 9.3.1984

notice of expiry: OJ C 249, 23.9.1988

initiation of review: OJ C 42, 21.2.1989)

Community surveillance

2.2.3. On 3 October the Council adopted Regulation (EEC) 3014/89 establishing Community surveillance for imports of certain agricultural products originating in

¹ OJ C 258, 11.10.1989; OJ C 261, 14.10.1989; OJ C 266, 18.10.1989; OJ C 269, 21.10.1989; OJ C 273, 26.10.1989.

² OJ L 346, 8.12.1983.

Cyprus, Yugoslavia, Egypt, Jordan, Israel, Tunisia, Syria, Malta and Morocco (1990) ¹

2.2.4. On 2 October the Commission adopted Regulation (EEC) No 2985/89 introducing retrospective Community surveillance of imports of certain textile products originating in Tunisia or Morocco. ²

Textiles

2.2.5. On 20 October the Commission adopted a proposal ³ for a Council Decision concerning the provisional application of an Agreed Minute amending the Agreement between the Community and Hong Kong on trade in textile products.

Industrialized countries

United States

2.2.6. On 9 October Mr Andriessen met a group of US Congressmen, headed by Congressman Richard Gephardt. Discussions centred on current developments in the Community, with particular reference to the single market programme, Mr Andriessen underlined the significance of European integration for the world economy and in the light of developments in Eastern Europe. The US Congressmen, for their part, declared their full support for the integration process, while expressing some concern over certain specific aspects of the single market programme.

2.2.7. On 6 October the Council adopted a Decision authorizing the Commission to open negotiations immediately with the United States on steel.

2.2.8. On 11 October the Commission examined and approved the outcome of the negotiations with the US Administration on voluntary restraint agreements and asked

the Council to agree to the conclusion of the agreements reached.

2.2.9. On 12 October Parliament adopted a resolution ⁴ on the steel Agreement with the United States, in which it deplored the conclusion of a new Agreement restricting trade in steel products. It called for a multi-lateral steel arrangement as part of the Uruguay Round in order to achieve complete liberalization of steel trade along the lines of the Community aid code.

Japan

2.2.10. Mr Andriessen and Sir Leon Brittan visited Japan in the first week of October. Mr Andriessen was in Tokyo to take part in the celebrations marking the 10th anniversary of the Commission's programme for promoting exports to Japan, and also to attend the third annual conference of Japanese and Community journalists.

Mr Andriessen met the Prime Minister, the Foreign Minister, the Minister for International Trade and Industry and the Minister for Agriculture, and also leading Japanese and Community businessmen. In a speech at the foreign press correspondents' club, Mr Andriessen noted the general improvement in EC-Japan relations but reiterated the need for the Japanese market to become more open. He urged the Community representatives to make great efforts to penetrate the Japanese market, notably through increased investment in Japan.

Sir Leon Brittan had talks with Japanese public and private sector representatives. At meetings at the Foreign Ministry, MITI and the Fair Trade Commission, and also in a speech to the Keidanren, Sir Leon called on his Japanese audience to develop a competition policy on the lines of that worked out

¹ OJ L 289, 7.10.1989.

² OJ L 286, 4.10.1989.

³ COM(89) 522 final.

⁴ OJ C 291, 20.11.1989.

by the Community as part of a strategy to open up markets while protecting consumers, with a view to removing the structural rigidities that were a feature of the Japanese economy. He also drew the attention of the Finance Ministry and Bank of Japan representatives to the difficulties encountered by Community banks in Japan.

2.2.11. The Council (General Affairs) meeting on 3 October noted the Commission report on relations between the Community and Japan, stating that, while some progress had been made in trade relations, the balance of trade with Japan continued to be a cause of concern for the Community. It asked the Commission to continue its efforts towards opening up the Japanese market and agreed to hold a discussion in November on arrangements for imports of Japanese cars after 1992.

Australia

2.2.12. On 2 October Mr John Kerin, Australia's Minister for Primary Industries and Energy, visited the Commission for talks with Mr Cardoso e Cunha and Mr Mac Sharry on bilateral and multilateral issues concerning agriculture and the coal industry. Mr Mac Sharry laid emphasis on the success of the CAP reforms already under way and made it clear that he was determined to continue along the same lines, in accordance with the Community's Uruguay Round commitments.¹

He stated that the Commission intended to continue playing an active part in the efforts to bring the negotiations to a successful conclusion. He pointed out that the Community had already presented papers on the aggregate measurement of support and on the strengthening of GATT rules, and that other papers would be presented shortly, notably on the question of rebalancing.

Mr Mac Sharry stressed that if the negotiations proved successful, other countries would have to align their policies on the reforms undertaken by the Community.

In this connection he mentioned as an example the dairy sector, Milk production in the Community had fallen by 8.5% between 1986 and 1988, whereas over the same period in other countries — including Australia — it had risen.

European Free Trade Association

2.2.13. On 20 October the Commission and the EFTA countries completed the talks on the possible scope and content of an expanded and more structured form of cooperation between the Community and the EFTA countries, which had begun following the EC-EFTA ministerial meeting of 20 March.² A considerable amount of common ground was identified during the talks and a series of options on various major questions was examined in preparation for the EC-EFTA ministerial meeting on 19 December. In this connection, Mr Andriessen met Mr Hannibalsson, the Icelandic Foreign Minister, in his capacity as EFTA Chairman, in Strasbourg on 25 October to compare notes on the outcome of the talks. At a further meeting in Brussels on 30 October Mr Hannibalsson informed Mr Andriessen of the outcome of the informal EFTA ministerial meeting held on 27 October.

Bilateral relations

Austria

2.2.14. Mr Andriessen visited Vienna on 19 October for the annual ministerial meeting between the Commission and Austria.³ He met Mr Mock, the Foreign Minister, Mr Riegler, Vice-Chancellor, and Mr Schlüssel, Minister for Economic Affairs. Current issues arising out of bilateral, multilateral (EFTA) and international relations were discussed.

¹ Bull. EC 9-1986, points 1.4.1 to 1.4.4.

² Bull. EC 3-1989, point 2.2.7.

³ Previous meeting: Bull. EC 10-1988, point 2.2.20.

Eastern Europe

Coordinated aid for Poland and Hungary

2.2.15. The Council (General Affairs) meeting in Luxembourg on 3 October recognized the urgent need for additional support from the Community and the Group of 24 and welcomed the general approach of the action plan proposed by the Commission (→ point 1.1.2).

Bilateral relations

Hungary

2.2.16. The first trade promotion event organized by the Commission in Eastern Europe was held in Budapest on 3 and 4 October.

This EC-Hungary trade forum brought together nearly 400 people, including around 120 participants from the Community, with the aim of boosting commercial and economic cooperation.

Various sectors were represented, the two main ones being applied electronics and the agri-foodstuffs industry.

Mediterranean, Gulf and Arabian Peninsula countries

Mediterranean

Cyprus

2.2.17. On the basis of the Council Decision of 23 January,¹ the Commission adopted a recommendation² on 6 October for transmission to the Council, containing a proposal for the conclusion of a Protocol on financial and technical cooperation

between the European Economic Community and the Republic of Cyprus. This, the third EEC-Cyprus Financial Protocol, was initialled on 14 July following negotiations between the Commission and a Cypriot delegation.³

Morocco

2.2.18. On 24 October the Commission approved an ECU 40 million grant under the third EEC-Morocco Financial Protocol⁴ to improve the system of scientific and technical education in Morocco.

West Bank and Gaza Strip

2.2.19. In October the Commission approved an ECU 4 655 000 grant to assist the Arab population in the West Bank and the Gaza Strip.

Asia

Southern Asia

Bangladesh

2.2.20. On 13 October Mr Matutes signed an agreement with the Government of Bangladesh governing the privileges and immunities of the Commission Delegation in Bangladesh. The Commission Office set up in Dhaka in 1983 is thus being upgraded to a Delegation. Mr Matutes reiterated the Commission's wish to help improve the standard of living in Bangladesh. The Community and Bangladesh concluded an Agreement on trade and cooperation in 1976.⁵

¹ Bull. EC 1-1989, point 2.2.14.

² COM(89) 431 final.

³ Bull. EC 7/8-1989, point 2.2.20.

⁴ OJ L 224, 13.8.1989; Bull. EC 6-988, point 2.2.36.

⁵ OJ L 319, 19.11.1976.

Association of South-East Asian Nations

Malaysia

2.2.21. On 10 October Mr Matutes met Mr Datine Rafidah Aziz, Trade Minister of Malaysia. The talks focused on the implications of the single market for Malaysia and also touched on matters concerning textiles and investment promotion in Malaysia.

Thailand

2.2.22. On 13 October Mr Matutes met Mr Subin Pinkhayan, Trade Minister of Thailand. The talks covered the Agreement on manioc¹ between the Community and Thailand and other topics of bilateral concern.

Latin America

Bananas

2.2.23. On 2 October Mr Matutes received a delegation representing Latin American banana-exporting countries. Members of the delegation included the Colombian Minister for Agriculture, Mr Gabriel Rosas Vega, and his Costa Rican opposite number Mr José Maria Figueras. The talks concerned the arrangements for imports of bananas into the Community after 1992.

Andean Group

2.2.24. On 6 October Mr Matutes received a Conandex² delegation for talks on industrial and trade cooperation between the Community and the Andean Group, and joint training schemes.

Central America

2.2.25. On 13 October the European Parliament adopted a resolution³ on the Tela Summit endorsing the agreements reached as a significant step forward in the further development of Esquipulas II.⁴ Parliament recommended that a delegation of observers be sent to monitor the elections to be held in Nicaragua on 25 February 1990 (→ point 2.4.3).

ACP countries and OCTs

Renewal of the ACP-EEC Convention

2.2.26. The fourth ACP-EEC Ministerial Negotiating Conference⁵ was held in Luxembourg from 27 to 29 October with Mr Sefali, Lesotho's Minister of Planning, and Mr Dumas, the French Foreign Minister and President of the Council, as co-chairmen. The Commission was represented by Mr Marin.

Meeting on 27 and 28 October during the Conference, the Council (General Affairs) arrived at a Community position on a number of topics still pending, involving:

- (i) the Protocols on bananas and rum; as a result, the Agreement on the accession of the Dominican Republic to the Convention (with Haiti and Namibia) was confirmed;
- (ii) the duration of the Convention, for which the two parties agreed on 10 years, with a review clause and two five-year Protocols;
- (iii) movements of hazardous and radioactive waste, for which the principle of a two-way ban was confirmed;

¹ OJ L 155, 10.6.1986; OJ L 371, 31.12.1986.

² Andean Exporters Council.

³ OJ C 291, 20.11.1989.

⁴ Bull. EC 9-1987, point 2.4.14.

⁵ Previous meeting: Bull. EC 6-1989, point 2.2.31.

- (iv) the trade component, commodities and the Stabex and Sysmin systems;
- (v) a number of Commission proposals on debt;
- (vi) criteria for administering structural adjustment support.

Most of the proposals were received favourably or accepted by the ACP countries. Stressing the importance of the financial component, the ACP countries requested that they be informed as quickly as possible of the size and terms of the next Convention's financial package, points about which the Community has not yet been able to make an announcement. The Conference agreed on draft documents on agriculture, fisheries, cooperation on industry, mining and energy, regional cooperation, the development of the service industry, cultural and social cooperation, the least-developed, landlocked and island countries, and the objectives and general principles of the Convention.

2.2.27. On 25 October the European Parliament adopted a resolution¹ on the negotiations, stressing the importance of trade to the development of the ACP countries and asking for the rules of origin to be made more flexible. It also emphasized the needs to make better use of commodities and to improve the operation of the Stabex and Sysmin systems. It stressed the key role of the social partners in implementing the Convention and in industrializing the ACP countries, and that of women in the social and economic development process. It called for adequate financial resources, in addition to those available under the Convention, to deal with the macroeconomic problems and indebtedness of the ACP countries, and stated that the appropriation under the Convention should not be less than ECU 12.8 billion and should be assessed according to a number of precise criteria.

Third ACP-EEC Convention

2.2.28. On 6 October the Commission adopted a report on the implementation of

financial and technical cooperation under the Lomé Conventions entitled 'Lomé III: 1986-88 mid-term review'. Provided for under the terms of Lomé III² and intended for the ACP-EEC Council of Ministers, the report was drawn up in cooperation with the European Investment Bank. The document, based on an analysis of the structure and implementation of EDF aid and on a review of progress made on evaluation, and of political developments during the implementation of Lomé III, presents a number of useful conclusions for the future.

Stabex

2.2.29. In accordance with the provisions of Lomé III on the timetable for administering the system for stabilizing earnings from exports of agricultural commodities, the Commission drew up for the information of the Committee of Ambassadors its annual report on the processing of applications for Stabex transfers submitted by ACP countries for 1988. The report states that the financial resources in the system were ECU 315.35 million for 1988, to which a decision of the Committee of Ambassadors added a further ECU 125 million,³ and the 47 eligible applications, which involved 25 countries, brought the transfer bases to more than ECU 761 million. A reduction was therefore necessary.

Transfers

2.2.30. Under Decision 86/283/EEC of 30 June 1986 on the association of the OCTs with the Community,⁴ the Council adopted on 23 October a Commission proposal⁵ for a Decision on a transfer to be paid to French Polynesia for 1988. The transfer, ECU 800 000, is intended to compensate for lost copra oil export earnings.

¹ OJ C 304, 4.12.1989.

² Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*

³ Bull. EC 7/8-1989, point 2.2.34.

⁴ OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.51.

⁵ Bull. EC 7/8-1989, point 2.2.35.

Protocols

Sugar

2.2.31. On 23 October the Council approved a Commission proposal authorizing the Commission to negotiate agreements between the Community and the ACP countries referred to in Protocol 7 to the third ACP-EEC Convention¹ and between the Community and India, on the guaranteed prices applicable for 1989-90 to cane sugar consignments.

Financial and technical cooperation

European Development Fund

2.2.32. In October the Commission allocated resources from the fifth and sixth EDFs totalling ECU 71 992 000 to finance projects, programmes and emergency aid operations which it administers (see Table 3).

¹ OJ L 86, 31.3.1986; Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*; Bull. EC 4-1986, point 2.2.31.

Table 3 — *Financing of operation under the fifth and sixth EDFs*

Sector/country	Project/programme	Amount	
		Grants	Loans
<i>(million ECU)</i>			
<i>Economic infrastructure</i>			
Regional:			
Kenya-Uganda-Rwanda-Burundi-Zaire	Northern Corridor transport programme		10.400
Equatorial Guinea	Support for agricultural development	1.700	
Trinidad and Tobago	Sectoral import programme	6.000	6.000
Caribbean	Construction of Bequia airport	18.500	
<i>Rural production</i>			
Regional:			
16 West African States	Traditional fishing	0.895	
Kenya	Nature conservation	1.350	
<i>Industrialization</i>			
Equatorial Guinea	Import programme for petroleum products	1.500	
<i>Social development</i>			
Botswana	Village water scheme		2.000
Burkina Faso	Training programme	1.400	
Zimbabwe	Development of human resources	4.500	
Papua New Guinea	Training programme	1.850	
New Caledonia	Development of human resources	1.715	

General development cooperation

		<i>(million ECU)</i>	
Sector/country	Project/programme	Amount	
		Grants	Loans
<i>Trade promotion</i>			
Zimbabwe	Development of tourism	3.600	
All ACP countries and OCTs	1990 fairs and exhibitions	4.932	
<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	5.000	
Angola	Aid to victims of the conflict and drought	0.650	
Total		53.592	18.400

Regional cooperation

Angola

2.2.33. On 12 October the European Parliament adopted a resolution on the situation in Angola.¹ It called for the introduction of mechanisms needed to eliminate Angola's external debt and, in the light of the role which Angola has played in the process of independence in Namibia and the losses it has suffered in pursuing that commitment, called for an increase in Community aid to Angola.

Visits

2.2.34. On 18 October Mr Delors and Mr Marin met Hissène Habré, President of the Republic of Chad, and members of his government. They had talks on various aspects of cooperation between the Community and Chad, including commodity problems, the structural adjustment programme and the implementation of the indicative programme under Lomé III. The two parties expressed satisfaction at the fact that all the Community aid available under the sixth EDF had been committed. There was an exchange of views on regional coop-

eration under CILSS (the Permanent Interstate Committee for Drought Control in the Sahel), at which Mr Mahamane Brah, the Executive Secretary of CILSS, was present. An ECU 3 million financing agreement was also signed for the improvement of basic infrastructure, from the outstanding balance of fourth and fifth EDF funds.

General development cooperation

Commodities and world agreements

Coffee

2.2.35. The 54th and 55th meetings of the Council of the International Coffee Agreement were held in London from 25 to 29 September and 2 to 6 October respectively.²

The 54th meeting was given over to administrative and financial matters connected with the expiry, on 30 September, of the

¹ OJ C 291, 20.11.1989.

² Previous meeting: Bull. EC 7/8-1989, point 2.2.40.

1983 Agreement¹ and procedural aspects of the extension of the Agreement until 30 September 1991.²

Food aid

Standard food aid

2.2.36. In accordance with Regulation (EEC) No 2508/88 of 4 August 1988,³ the Commission decided to make a contribution under Article 951 of the budget to the financing of purchases of foodstuffs and seeds by a non-governmental organization (see Table 4).

Table 4 — *Contribution to the financing of purchases of foodstuffs*

NGO	Recipient	Community contribution (ECU)	Product
German Agro Action	Ethiopia	69 350	Wheat

Emergency aid

Viet Nam

2.2.37. Following the major damage caused by typhoons Angela, Brian and Dan in the provinces of Nghe Tinh and Bin Tri Thien, the Commission decided on 27 October to grant emergency aid of ECU 400 000 to those affected. This sum is to be used for purchasing, transporting and distributing essential supplies (medicines, foodstuffs, tiles, etc.) and financing medical care, and the aid will be implemented by the following non-governmental organizations: Trocaire (ECU 140 000) and Médecins sans frontières — Belgium (ECU 260 000).

Angola

2.2.38. In October the Commission decided to grant emergency aid of ECU

650 000 to those affected by the fighting and drought in central and southern Angola. The aid will be implemented by the International Committee of the Red Cross and is intended for financing the sending of foodstuffs by air.

Financial and technical cooperation

2.2.39. Following the favourable opinion delivered by the Committee on Aid to Developing Countries in Latin America and Asia, the Commission decided, on 20 October, to grant financial assistance amounting to ECU 7 500 000 to the Junta of the Cartagena Agreement of the Andean Pact⁴ for the consolidation programme for agriculture and industry, the total cost of which is ECU 10 500 000.

Storage programmes and early-warning system

2.2.40. Following the favourable opinion delivered by the Food Aid Committee, the Commission decided, on 12 October, to allocate ECU 1 500 000 for increasing the storage capacity for cereals in the villages and main towns of Chad.

Cooperation via non-governmental organizations

2.2.41. In the period from 1 January to 31 October the Commission committed ECU 67.2 million for the co-financing in developing countries of 425 projects presented by 167 NGOs.

The Commission also contributed ECU 7 046 294 to 82 publicity campaigns in the Community.

¹ OJ L 308, 9.11.1983; Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.

² Bull. EC 7/8-1989, point 2.2.40.

³ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.67.

⁴ Bolivia, Ecuador, Colombia, Peru and Venezuela.

2.2.42. On 17 October the Commission adopted for transmission to the Council a report on cooperation with European NGOs in areas of concern to developing countries (1988 financial year). This document shows how the funds available in 1988 under Article 941 of the Community budget were used.

Aid to promote self-sufficiency of refugee groups

2.2.43. On 3 October the Council, acting on a recommendation from the Commission, authorized the Commission to open negotiations for the renewal of the Convention between the Community and the United Nations Relief and Works Agency for Palestine Refugees for a further period of three years (1990-92).¹

2.2.44. Under Article 204 of the third Lomé Convention, the Commission decided in October to finance seven projects for refugees and repatriates. These projects comprised the repatriation and reintegration of refugees from Ntega and Maren-gara in Burundi, coming from Rwanda (ECU 750 000), assistance for the programme for repatriates in the West Nile region in Uganda (ECU 330 000), aid for Sudanese refugees in Uganda (ECU 500 000), infrastructure support for medical establishments in the refugee reception areas (ECU 401 000), the repair and maintenance of access roads to the refugee camps in Malawi (ECU 739 000), repairs to the embankments at Chiromo and the Bangula-Marka road in Malawi (ECU 670 000), aid for the programme of medical assistance and education for Mozambican refugees in Malawi (ECU 519 713).

Positive measures for victims of apartheid

2.2.45. The Commission decided to make a further contribution of some ECU 6.5 million to 20 projects to help victims of apartheid. This decision has been taken in addition to the decisions² following the

ministerial meeting on political cooperation held in Luxembourg on 10 September 1985;³ the total sum is therefore ECU 74.4 million for 287 projects.

United Nations Food and Agriculture Organization (FAO)

2.2.46. Mr Saouma, Director-General of the FAO, came to the Commission and met Mr Delors, Mr Mac Sharry and Mr Williamson, Secretary-General of the Commission.

The talks covered, among other things, recent developments in Poland and Hungary, the GATT negotiations, the problem of tropical deforestation and the possibilities for tightening up cooperation between the two organizations. Mr Saouma's visit was linked with the Community's possible accession to the FAO.

With this in view and in accordance with the decisions taken by the Council of the European Communities¹ and the FAO Council,⁴ the Commission and the FAO Secretariat began exploratory talks in Rome on 24 October.

IMF

2.2.47. Mr Michel Camdessus, Managing Director of the IMF, visited the Commission on 9 October for talks with Mr Delors, Mr Andriessen and Mr Marín.

They discussed development cooperation, with particular reference to structural adjustment. A number of developing countries have recently adopted structural adjustment programmes which are affected in various ways by the operations of the IMF and the Community. It had become apparent that dialogue between the two institutions was necessary in order to prevent their operations cancelling each other

¹ Bull. EC 5-1989, point 2.2.55.

² Previous decision: Bull EC 6-1989, point 2.2.51.

³ Bull. EC 9-1985, point 2.5.1.

⁴ Bull. EC 6-1989, point 2.2.53.

out, and it was the purpose of Mr Camdessus' visit to bring this about. It was decided that the Community would take part in the Country Support Group set up by the IMF and any conflicts which might arise would be dealt with by means of a dialogue between the institutions, arrangements for which would be worked out soon.

International organizations and conferences

General Agreement on Tariffs and Trade

Uruguay Round

2.2.48. At the meeting of the Negotiating Group on Services in Geneva on 23 October the Community tabled two new proposals concerning the definition of trade in services and non-discrimination. Together with the proposals presented in May on sectoral coverage and in July on transparency and gradual liberalization, these proposals constitute a firm basis comprising all the crucial elements for the negotiation of a draft multilateral framework by the end of 1989, the objective set by the Ministers at the mid-term review in Montreal.¹

This gives the Community a good foundation for taking part in the intensive negotiations due to take place in the weeks ahead. The draft framework will in turn provide the basis for detailed negotiations

on specific liberalization commitments in 1990.

2.2.49. At a meeting in Geneva on 19 and 20 October the Group on Subsidies and Countervailing Measures continued its topic-by-topic discussion of the points raised in contributions already on the table (those of Canada, Switzerland and Japan) in accordance with the negotiating framework. The Group dealt with remedies against actionable subsidies and special, differential treatment for developing countries. On remedies the Community pointed out the need to strike a balance between the twin objectives of Article VI and the Code: effective protection against the effects of subsidized exports and prevention of the abuse of remedies. In response to a call by the developing countries for the enhancement of differential treatment, the Community noted the objectives set at Punta del Este² in respect of 'graduation' and the specific problems of the least-developed countries.

Diplomatic relations

2.2.50. The following Ambassador, whose appointment took effect on 10 October, presented her letters of credence to the President of the Council and the President of the Commission:

HE Mrs Isabelle Bassong, Representative of the Republic of Cameroon to the EEC and Head of Mission to the ECSC and Euratom.

¹ Bull. EC 4-1989, point 1.3.1. *et seq.*

² Bull. EC 9-1986, point 1.4.1. *et seq.*

3. Intergovernmental cooperation

European political cooperation

Lebanon

2.3.1. The Twelve published the following joint statements in Paris and Brussels on 5 and 25 October:

2.3.2. Statement of 5 October:

'The Twelve, who on 19 September welcomed¹ the agreement of all parties to the proposals of the Tripartite Committee for a settlement of the Lebanese crisis, are glad to note that the implementation of these proposals is now under way.

Following the entry into force of the ceasefire, the Twelve consider that every effort should be made to consolidate a situation which opens for the whole of the Lebanese people the prospect of a return to normal life after the tragic ordeals that they have suffered.

The opening of the dialogue among the Lebanese Members of Parliament in Taef, under the aegis of the Arab Tripartite Committee, begins the process of national reconciliation and the restoration of Lebanese sovereignty, on the basis of renewed institutions. The Twelve call on all parties to preserve a propitious climate for the development of this work and to act in a way which will allow Members of Parliament, free of any pressure, to bring it to a successful conclusion.'

2.3.3. Statement of 25 October:

'The Twelve, who have consistently called for the resumption of the dialogue between Lebanese, welcome the agreement which the Lebanese Members of Parliament, meeting in Taef, have reached on the principles of a national understanding. They pay tribute to the resolute action of the Arab Tripartite Committee which has made possible the establishment of the ceasefire—the consolidation of which is a priority—and the initiation of the political process.

This process calls on all Lebanese to rebuild a Lebanon with renewed institutions and restored sovereignty and unity, free of all non-Lebanese military presence. It should now be developed through the appropriate constitutional means, free from any form of pressure. It demands the cooperation of all parties and calls for the support of the international community.

Fully sharing these objectives, the Twelve will not fail to contribute to bringing them to fulfilment.

It is in this spirit that the Community and its Member States will develop the action they have already initiated for the benefit of Lebanon, to make possible the resumption of economic and social activities and to provide this country with the assistance needed to build its future.'

The situation of schools and universities in the occupied territories

2.3.4. On 6 October the Twelve published the following joint statement in Paris and Brussels:

'The European Community and its Member States consider that the normal functioning of schools and universities in the occupied territories is of the very highest importance for the population of these territories. They recall the obligations concerning the normal functioning of schools and universities that devolve on the occupying power under the Fourth Geneva Convention and customary international law. High priority should therefore be given to ensuring that schools and universities function normally, all the more so as this is a major factor in establishing the climate of confidence that is indispensable for the development of the peace process.

For this reason, the European Community and its Member States, while they note with satisfaction the reopening of primary and secondary schools, are bound to make clear once again their concern at the continued closure of the universities, in particular considering that in December the holders of secondary school leaving certificates are due to begin their studies. The Community and its Member States therefore request the Israeli Government in the strongest terms to end without delay the closure of the universities and other higher-level educational institutions in the occupied territories. They address to the Israeli Government a solemn appeal to refrain in future from any measure such as to compromise the functioning of the educational system.

While not seeking in any way to relieve the occupying power of its responsibilities, the Community and its Member States are resolved to further develop actions to assist the proper functioning of educational institutions at school and university levels, in particular through the very extensive support which they will continue to give to UNRWA.'

¹ Bull. EC 9-1989, point 2.3.7.

4. Human rights and fundamental freedoms

Conscientious objectors

2.4.1. On 13 October the European Parliament held a heated debate on Mrs Schmidbauer's report on conscientious objection to military service, and alternative civilian service.

A resolution was finally adopted by 83 votes to 69, with 43 abstentions. The Conservatives, Christian Democrats, Liberals and right-wingers voted against, while the Greens abstained because the alternative civilian service might significantly exceed the period of normal military service, which was contrary to the view expressed by Parliament in its resolution of 17 February 1983.

In the resolution adopted, Parliament:

- (i) called for conscientious objectors who are nationals of a Member State to be allowed, where appropriate and at their request, to participate in programmes of alternative service in another Member State and be released from alternative service in their own country as a result;
- (ii) called on the Commission to draw up a programme of Third World development projects in which all conscientious objectors from the Member States could participate, where appropriate and at their request, such participation releasing them from alternative service in their own country.

The Commission stated its willingness to support any initiative enabling young people to do alternative service in the Third World, and stated that the French Presidency had made a proposal to this effect in its sixth-monthly programme.

Acts of terrorism

2.4.2. At the opening of the first part-session of October, the President, Mr Barón Crespo, conveyed, on behalf of Parliament, his sympathy for the families of European citizens who had been the victims of recent terrorist attacks. He restated the need for all democratic forces to fight terrorism,

whatever its form or origin. He said that he had conveyed Parliament's sympathy and support for the families of the victims of the Ténéré aircraft disaster, the blind and cowardly massacre of bandmen at the Royal Marines School of Music at Deal, and the terrorist acts of the ETA and the IRA. He also mentioned the assassination of Paulos Bakoyannis in Greece and the violent death in Brussels of Dr Joseph Wybran. He said that the representatives of the citizens of democratic countries could not allow terrorist threats and attacks to undermine democracy and harmony between peoples and nations, whatever their race, religion or political affiliation. He said that they must maintain a clear position in defence of their values, and not yield to threats and provocations, however big they may be. That was the best way to defend their peoples, ideals and democracy.

Human rights in the world

2.4.3. During the two part-sessions which it held in October¹ the European Parliament adopted resolutions on the following:

The execution of minors: Parliament called on the President of the United States of America and on the US Congress to take the necessary steps for the complete abolition of the death penalty, initially by not carrying out the pending executions (278 indicted juveniles are under threat of execution on Death Row), and subsequently by commuting all death sentences;

The German Democratic Republic: Parliament requested the Foreign Ministers meeting in political cooperation to call on the East German Government to observe human rights, and called on the governments of the Member States to discuss the human rights situation in the GDR, as well as support for the reform movements in Eastern and Central Europe, at the European Council in Strasbourg on 8 and 9 December;

¹ OJ C 291, 20.11.1989; OJ C 304, 4.12.1989.

Hunger strikers in Morocco: perturbed by the continuing failure to respect the rights of political prisoners in Moroccan prisons and by cases of physical abuse, Parliament asked the Foreign Ministers meeting in political cooperation to make urgent representations on humanitarian grounds on behalf of the political prisoners who have begun a hunger strike to protest at their prison sentences and the conditions in which they are being held;

The Palestinian problem: after repeating its call for a negotiated settlement to the Middle East conflict which upholds the right of all States in the region to security and the right to self-determination for all the peoples concerned, with all that this implies, Parliament called on the Foreign Ministers meeting in political cooperation to take appropriate action to back moves to organize an international peace conference on the Middle East under the auspices of the United Nations. It also called on the Council to do everything in its power to ensure that a conference is held between the Israelis and the Palestinians to make preparations for elections in the occupied territories in line with the principles announced by the Foreign Ministers meeting in political cooperation;

Death sentences in Myanmar (Burma): gravely concerned by the report of repeated and severe violations of human rights and aware that three young men had been sentenced to death after a trial in which no evidence of their guilt was offered, Parliament called on the Burmese authorities to annul these death sentences and, if they considered that there was sufficient evidence to justify them, to bring the young men in question before a civilian court;

The forthcoming executions in Indonesia: Parliament called upon the Council, the Commission and the Member States to approach the Indonesian Government with a view to preventing the executions;

The Tela Summit: Parliament adopted a resolution in which it hoped that the elections in Nicaragua in February 1990 would provide every guarantee of freedom and

fairness and equal access to the information media for all the political forces. It resolved to include in the 1990 budget an item for aid to support the process of democratization, particularly in Central America, and called on the Commission to give priority to projects aimed at regional integration, the establishment of the Central American Parliament, agrarian reform, humanitarian measures on behalf of repatriated persons, and the resettlement of refugees;

The situation in Panama: Parliament adopted a resolution in which it condemned without reservation the numerous human rights violations perpetrated by the Panamanian regime, called for the immediate release of all political prisoners arbitrarily detained by the Panamanian authorities, and resolved to monitor developments in Panama closely — especially in relation to human rights — if necessary by sending an *ad hoc* delegation to the country;

Progress with negotiations for a fourth ACP-EEC Convention (→ point 2.2.27): Parliament considered that a general policy on migrant workers and ACP students residing in the EEC should be defined and implemented at Community level in line with the provisions of the future Convention on Human Rights and Social Rights;

The situation in South Africa: after reiterating its total condemnation of the inhuman and immoral system of apartheid, Parliament noted with concern the abandonment by the Council of restrictive measures and reasserted the role these measures must play as an integral part of EEC policy; it called on the Presidency to seek consensus on further restrictive measures on the basis of the European Council statement at The Hague in June 1986,¹ and called for the negotiations on the rescheduling of South Africa's debt and the granting of further loans to be used as a way of bringing pressure to bear;

Situation in Namibia: Parliament condemned the murder of Mr Anton Lubowski,

¹ Bull. EC 6-1986, point 1.1.18.

a leading Swapo official. It called on the UN Special Representative to take appropriate action to ensure the personal safety of all those actively involved in the organization of the constituent assembly elections and decided to send a party of observers to Namibia as a matter of urgency to monitor

events before and during the elections. Parliament welcomed the commitment of the Commission to the mobilization of rapid and effective support for an independent Namibia and pointed out that implementation of this commitment involved a Commission presence in Namibia.

5. Financing Community activities

Budgets

General budget

Budgetary procedure

Letter of amendment No 1/1990

2.5.1. On 9 October, acting on a proposal from the Commission,¹ the Council established letter of amendment No 1 to the draft budget for 1990 to provide ECU 200 million in the budget for the programme of aid for the economic restructuring of Poland and Hungary. The letter of amendment also inserts a new budget heading to provide a Community guarantee for EIB loans to the two countries (→ point 1.1.4).

2.5.2. On 18 October the Commission approved, for transmission to the budgetary authority, letter of amendment No 2 to the preliminary draft budget for 1990 concerning savings made in the EAGGF Guarantee Section. Pursuant to Article 12 of Council Decision 88/377/EEC of 24 June 1988 concerning budgetary discipline,² these savings are transferred to the monetary reserve to constitute a surplus which is counted as a revenue item in the following year's budget.

Draft budget for 1990 — Parliament's first reading

2.5.3. On 26 October Parliament gave the first reading to the draft budget for 1990.³ The main amendments adopted in respect of non-compulsory expenditure were as follows:

	<i>(million ECU)</i>
Aid to Poland and Hungary	+ 100
Deletion of the negative reserve entered by letter of amendment No 1/1990	+ 200
Structural operations	+ 28
Policies with multiannual allocations	+ 113
New policies — Lingua, social consequences of 1992, Environment Fund, Thermie, fight against drugs, transport, ecology in developing countries (amount entered in a special reserve, the implementation of which is conditional on a revision of the financial perspective)	+ 185
Other policies (existing operations)	+ 205
Personnel and administration	+ 80

In a resolution⁴ approved by a very large majority Parliament demanded that the

¹ Bull. EC 9-1989, point 2.5.1.

² OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.14.

³ Bull. EC 7/8-1989, point 2.5.1.

⁴ OJ C 304, 4.12.1989.

Commission present its specific intentions concerning the general revision of the financial perspective before the second reading of the budget.

Discharge in respect of implementation of the 1988 budget

2.5.4. In accordance with Article 83 of the Financial Regulation of 21 December 1977, the Commission sent the Court of Auditors its replies to the comments which the Court considers it must make in its annual report on the implementation of the general budget of the European Communities for 1988.

ECSC operating budget

2.5.5. The Commission sent the Court of Auditors its replies to the Court's comments on the management of accounts and the financial management of the ECSC attached to the ECSC annual report for 1988.

Financial operations

ECSC

Loans raised

2.5.6. In October the Commission made several private placings in marks for the equivalent of ECU 19.6 million.

Loans granted

2.5.7. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission granted loans in October totalling ECU 141.3 million, as follows:

Industrial loans

2.5.8. Industrial loans (Article 54 ECSC) totalling ECU 75.65 million were made to the Netherlands.

Conversion loans

2.5.9. Conversion loans (Article 56 ECSC) totalling ECU 65.34 million were paid out to the Federal Republic of Germany.

Workers' housing

2.5.10. Housing loans totalling ECU 0.3 million were granted for steelworkers and mineworkers in Italy and Portugal.

EEC-NCI

Loans raised

2.5.11. In October the Commission made a Yen 14.5 billion three-year public issue at 5.3%. The issue price was 100.8%. The proceeds were swapped for BFR 4.03 billion, at the rate of 8.8%.

6. Statistics

General

Legislation

2.6.1. On 10 October the European Parliament endorsed¹ the proposal for a Regulation on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities.² It adopted a number of draft amendments.

Programmes

2.6.2. The Council adopted on 6 October, on a proposal from the Commission,³ Regulation (EEC) No 3044/89 on the organization of a labour force sample survey in the spring of 1990 and 1991.⁴

2.6.3. The European Parliament endorsed¹ on 13 October, with the Economic and Social Committee following suit on 18 October, without debate, the proposal⁵ to amend Council Decision 88/390/EEC of 11 July 1988 on special support for the development of agricultural statistics in Ireland.⁶

2.6.4. On 27 October the European Parliament endorsed,⁷ without debate, the proposal⁸ to extend Council Decision 81/518/EEC of 6 July 1981 on the restructuring of the system for agricultural surveys in Italy.⁹

2.6.5. In accordance with Council Regulation (EEC) No 571/88 of 29 February 1988 on the organization of Community surveys on the structure of agricultural holdings between 1988 and 1997,¹⁰ the Commission adopted three Decisions on 26 October relating respectively to:

- (i) the definitions to be applied in the surveys in question;
- (ii) the Community programme of tables to be stored in the Eurofarm base;¹⁰
- (iii) the final dates for sending the results of surveys to the Statistical Office.

Cooperation

2.6.6. The Commission (Eurostat) and the French National Statistical Institute (Insee) organized a seminar of the International Association of Survey Statisticians in Lomé from 11 to 17 October. The seminar focused on the use of statistics for decision-taking in Africa and was attended by 22 national African delegations and a dozen international organizations. It emerged from a detailed study of the question of the balance between the supply of and the demand for statistics in certain areas (agriculture, industry, external trade, structural adjustment and national accounts) that, because of changes in the demand for information brought on by changes to economic policies, African statistical offices were not always able to meet the new needs, and a dialogue should be established between the statistical offices and the parties responsible for development policy.

Publications

2.6.7. In October the Commission published the 26th¹¹ edition of 'Basic statistics of the Community'.¹² This work compares the most important statistical data for the Community with data from other European countries, including the USSR, and data from the United States and Japan in the following areas: general statistics, economy and finance, population and social conditions, energy and industry, agriculture, forestry and fisheries, external trade, and transport services.

¹ OJ C 291, 20.11.1989.

² OJ C 86, 7.4.1989; Bull. EC 3-1989, point 2.6.1.

³ Bull. EC 4-1989, point 2.6.2.

⁴ OJ L 292, 11.10.1989.

⁵ OJ C 234, 12.9.1989; Bull. EC 7/8-1989, point 2.6.1.

⁶ OJ L 186, 16.7.1988; Bull. EC 7/8-1988, point 2.1.184.

⁷ OJ C 304, 4.12.1989.

⁸ OJ C 260, 13.10.1989; Bull. EC 9-1989, point 2.6.2.

⁹ OJ L 195, 18.7.1981.

¹⁰ OJ L 56, 2.3.1988; Bull. EC 2-1988, point 2.5.1.

¹¹ 25th edition: Bull. EC 6-1988, point 2.5.5.

¹² Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

7. Institutions and organs of the Community

European Parliament

Strasbourg, 9 to 13 October

Highlights

2.7.1. At its first part-session of October,¹ Parliament delivered opinions on 19 fairly technical proposals under the cooperation procedure, 10 of them on second reading. The proposal concerning irradiated foodstuffs was the only one that was the subject of a particularly heated debate, culminating in the adoption of substantial amendments to the text of the Directive (→ point 2.1.25).

The main highlight of the session was the second major debate of the legislative period,² this time on the subject of the internal market (→ points 2.7.2 to 2.7.6).

Completing the internal market

2.7.2. Opening the debate on the basis of 20 or so oral questions to the Council and the Commission, members of all the groups and the Chairman of the Committee on Economic and Monetary Affairs, Mr Brenner (EPP/NL), interrogated both institutions on the completion of the internal market. Noting that there was deadlock on some of the matters where decisions were taken unanimously, the question of abolishing unanimous voting was raised once again by a number of speakers.

The debate was not confined just to the internal market but also covered social aspects, the environment, the taxation aspects of opening up frontiers, regional aspects, and industrial policy. Eight motions for resolutions had been submitted by the SOC, the EPP, the LDR, the ED, the Greens, the EUL, the LU and the EDA. Following agreement between the groups, two compromise motions for resolutions were submitted to Parliament: the first proposed by the SOC, the EUL and the LU, the second

emanating from the EPP, the LDR, the EDA and the ED.

2.7.3. Opening the debate, the Council President, Mrs Cresson, emphasized that implementing the White Paper³ was only one aspect of the Single Act.⁴ In making a detailed assessment of the progress achieved, she mentioned in particular the delays in incorporating directives into national law,⁵ and called upon the European Parliament to get involved in the efforts to bring about a solution to this problem, and called on the Commission to fulfil its role as guardian of the Treaties. With regard to public procurement and enterprise, she said that considerable progress had been made in the Council on public supply contracts,⁶ public works contracts,⁷ takeover bids⁸ and patents.⁹ On the taxation of savings, and in particular the abolition of fiscal frontiers, Mrs Cresson said that she understood the Honourable Members' fears and assured them that every effort would be made to reach agreement on the broad lines of the proposals in question before the end of the year. Turning to social aspects, she said that it was vital to reach agreement rapidly on the European Company Statute¹⁰ so as to ensure worker participation and, speaking about the environment, she mentioned the implications of the Council's agreement in principle to the establishment of a European Environment Agency.¹¹ She also commented on the

¹ The text of the opinions and resolutions adopted by Parliament appear in OJ C 291, 20.11.1989, and the report of the proceedings is published in OJ Annex 2-381.

² First major debate: OJ C 256, 9.10.1989; Bull. EC 9-1989, points 2.7.2 to 2.7.7.

³ COM(85) 310, published in the 'Documents' series; Bull. EC 6-1985, point 1.3.1 *et seq.*

⁴ OJ L 169, 29.6.1987; Bull. EC 6-1987, point 2.4.5. Bull. EC 9-1989, point 2.1.6.

⁵ OJ L 127, 20.5.1988; Bull. EC 3-1988, point 2.1.26.

⁶ OJ L 210, 21.7.1989; Bull. EC 7/8-1989, point 2.1.9.

⁷ OJ L 348, 17.12.1988; Bull. EC 12-1988, point 2.1.146.

⁸ Bull. EC 9-1989, point 2.1.26.

⁹ Bull. EC 7/8-1989, point 1.2.1 *et seq.*

¹¹ Bull. EC 9-1989, point 2.1.74; OJ C 217, 23.8.1989; Bull. EC 6-1989, point 2.1.114.

implementation of the Adonino Report,¹ and asked Parliament to deliver its opinion as soon as possible on the right of residence for students and pensioners,² while recognizing that certain problems relating to the free movement of persons (e.g. immigration)³ came under the heading of inter-governmental cooperation. Turning to the external aspects, while reaffirming that liberalization was a factor of growth and prosperity, Mrs Cresson displayed some sympathy for comments concerning reciprocity with regard to access to products and services, the importance of which she recognized, especially in the case of public procurement.

Taking the floor on behalf of the Commission, Vice-President Bangemann highlighted the dynamic nature of completion of the internal market. He also emphasized the integrationist value of the internal market and its social and regional effects. However, he said that he was in favour of a more active industrial policy, while considering that the creation of an economic area within the Community was already a step in this direction.

He also clarified the Commission's position on the three remaining areas of concern, namely the abolition of controls at frontiers, tax harmonization (which should make it possible to combat fraud and reduce firms' costs without calling into question the removal of frontiers), and the incorporation of directives into national law (on which the Commission should act politically and not just as a legal watchdog). Lastly, in connection with the danger of Community protectionism mentioned by several speakers, he said that protectionism of any kind was inconsistent with the internal market and that the Community would continue to initiate anti-dumping procedures against any of its partners which did not comply with the free-trade rules.

2.7.4. The spokespersons for the groups, seconded by numerous Members of Parliament, expressed scepticism about the substance of the progress made in certain cases. The criticisms from the Right and the Cen-

tre mainly concerned the pace of implementation of the White Paper, which was regarded as too slow, delays in incorporating directives into national law, and inadequate progress on the tax front. Left-wingers criticized in particular the imbalance in the progress made on the various chapters of the Single Act, culminating in inadequate progress on the social, regional and environmental aspects and workers' rights. The Greens criticized the growth myth and the resulting impossibility of offsetting the environmental impact of economic growth: they therefore called for tougher penalties in the event of pollution and a rethinking of energy policy.

2.7.5. Some differences of approach were in evidence concerning the main topics of the discussions:

Internal market: the Socialist Group criticized the attitude that implementing the internal market would in itself resolve the social and regional problems; it therefore called for determined application of regional and social flanking measures and an active industrial policy;

Taxation: several speakers considered that Parliament should, as a prior condition of its agreement on this matter, impose certain requirements so as to ensure that the solution adopted is not just another shoddy device to conceal existing practices;

Environment: the Greens reaffirmed the link between growth and pollution, demanding proposals on a non-nuclear energy policy and strict application of the 'polluter pays' principle;

The regional aspects of the single market were raised mainly by members from the outlying regions, all of whom called for greater solidarity reflected in an increase in the structural Funds and the establishment of tax incentives;

¹ Bull. EC 3-1985, points 2.1.8 and 3.5.1; Bull. EC 6-1985, points 1.4.1 to 1.4.8; Supplement 7/85 — Bull. EC.

² OJ C 191, 28.7.1989; Bull. EC 6-1989, point 2.1.10.

³ Bull. EC 5-1989, point 2.3.6.

Incorporation of directives: noting the delays and failures in this respect, numerous speakers asked the Commission to make greater use of its enforcement powers and to refer matters to the Court of Justice more frequently;

Institutional aspects: several groups expressed their concern over the democratic deficit and, observing that proposals covered by the Single Act procedures were making better progress than those to which the traditional rules applied, spoke in favour of making full use of the possibilities offered to Parliament by the Single Act which increased its sphere of influence.

2.7.6. At the end of the debate, Parliament adopted two compromise resolutions.

The first, emanating from the Socialist Group (SOC), the Group of the European Unitarian Left (EUL) and the Left Unity Group (LU), was adopted by 168 votes to 35, with 49 abstentions; the Greens voted against the resolution, arguing that the text completely failed to distance itself from a growth-orientated economic policy. In the resolution, which placed the emphasis on the need for democratic scrutiny, Parliament called in particular for the initiation by the Commission and the Council of the conciliation procedure with Parliament on taxation matters, measures to remedy the imbalance in progress so far towards European integration whereby the Europe of businesses and finance had benefited rather than the Europe of the people, an agreement on the taxation of savings¹ by 1 July 1990 in order to reduce the risk of the delocalization of savings, the adoption of a binding European Social Charter to guarantee in particular the participation and consultation of workers, the earliest possible adoption of the directives on the right of residence,² the submission by the Commission of a report on the impact of the internal market in the social field, and on less-favoured regions, the ACP countries and the environment, each proposal for a directive to be accompanied henceforth by information on these issues, and the implementation by the Commission of Par-

liament's proposals in its report on a fresh boost for European culture.³

In the second resolution, which was moved by the Liberal, Democratic and Reformist Group (LDR), the Group of the European Democratic Alliance (EDA), the Group of the European People's Party (EPP) and the European Democratic Group (ED), and which was also adopted by the main groups with the exception of the Greens and the Technical Group of the European Right (ER), Parliament pointed out that the completion of the internal market and progress towards economic and monetary union could be achieved only if they went hand in hand with greater social cohesion. Parliament therefore demanded that priority should be given to the approximation of indirect taxes, action to combat crime, and the dismantling of quotas in intra-Community trade and transport. After deploring the slow progress in areas where the procedures involving unanimity in the Council still applied, it expressed its concern at the delays in incorporating Community directives into the laws of the Member States, and called on the Member States in question to take the necessary steps to ensure that the Treaty is respected and that Community law is complied with. It stated that it was prepared to develop further its relations with the national parliaments to help in the crucial task of incorporating Community legislation into national laws, and called for a transparent system to monitor both the incorporation and application of Community law. Lastly, it asked that the policies on liberalization of the markets should not call into question the concessions obtained by the ACP countries as regards access to European markets, and stressed that the principle of reciprocity must be observed by the Community's trading partners.

¹ OJ C 141, 7.6.1989; Bull. EC 2-1989, point 1.2.1 *et seq.*

² Bull. EC 12-1988, point 2.1.6; OJ C 191, 28.7.1989; Bull. EC 6-1989, point 2.1.10.

³ OJ C 122, 9.5.1988; Bull. EC 4-1988, point 2.4.19; OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.90.

Opinions, decisions and resolutions

2.7.7. Parliament adopted decisions (second reading) on common positions of the Council on proposals concerning:

A Directive on insider trading (→ point 2.1.15);

Amendments to the Directive relating to restrictions on the marketing and use of certain dangerous substances and preparations (→ point 2.1.20);

Amendments to the Directive relating to units of measurement (→ point 2.1.23);

Amendments to the Directive relating to the making-up by volume of certain prepackaged liquids (→ point 2.1.24);

A Regulation on the security to be given to ensure payment of a customs debt (→ point 2.1.28);

A Directive on single-member private limited companies (→ point 2.1.40);

A Decision adopting the STEP and Epoch programmes (1989-92) (→ point 2.1.54);

A Decision adopting a specific research and technological development programme in the field of raw materials and recycling (1990-92) (→ point 2.1.56);

A Decision adopting the Bridge programme (1990-94) (→ point 2.1.57);

A Directive on the labelling of tobacco products (→ point 2.1.89);

Amendments to the Directive on consumer credit (→ point 2.1.120);

2.7.8. Parliament adopted opinions (first reading) on Commission proposals concerning:

A Directive on foods and food ingredients treated with ionizing radiation (→ point 2.1.25);

Decisions concerning the conclusion of five Agreements between the European Economic Community and Austria, Finland, Norway, Sweden and Switzerland on a programme plan to stimulate the international

cooperation and interchange needed by European research scientists (Science) (→ point 2.1.49);

2.7.9. Parliament adopted opinions on Commission proposals concerning:

Amendments to the tariff and statistical nomenclature, with regard to its legal basis (→ point 2.1.31);

Amendments to the Regulation on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community, and the Regulation laying down the implementing procedures (→ point 2.1.87);

A Decision on the conclusion, on behalf of the Community, of the European Convention for the protection of vertebrate animals used for experimental or other scientific purposes (→ point 2.1.116);

Directives extending the Community list of less-favoured farming areas in the Federal Republic of Germany, France and Greece (→ point 2.1.147);

Amendments to the Decision introducing a Community financial measure for the eradication of African swine fever in Portugal (→ point 2.1.151);

A Regulation on scrutiny by Member States of transactions forming part of the system of financing by the EAGGF Guarantee Section (→ point 2.1.173);

Two Regulations on the conclusion of a Protocol laying down the fishing possibilities and financial compensation provided for in the EEC-Angola and EEC-Madagascar Agreements respectively (→ points 2.1.179 and 2.1.180);

Amendments to the Directive on roadworthiness tests for motor vehicles and their trailers (→ point 2.1.188);

A Regulation on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities (→ point 2.6.1);

Amendments to the Decision on specific support for the development of agricultural statistics in Ireland (→ point 2.6.3);

Amendments to the Regulation on the procedure for adapting the Common Customs Tariff nomenclature for agricultural products;

A Decision on the conclusion of an Agreement between the EEC and Poland on trade and commercial and economic cooperation.

2.7.10. Parliament adopted resolutions on:

The internal market (→ points 2.1.4 and 2.7.6);

The Steel Agreement with the United States (→ point 2.2.9);

The situation in Angola (→ point 2.2.33);

Conscientious objection and alternative civilian service (→ point 2.4.1);

The execution of minors (→ point 2.4.3);

The German Democratic Republic (→ point 2.4.3);

Hunger strikers in Morocco (→ point 2.4.3);

The Palestinian problem (→ point 2.4.3);

Death sentences in Myanmar (Burma) (→ point 2.4.3);

The forthcoming executions in Indonesia (→ point 2.4.3);

The Tela Summit (→ point 2.4.3);

The situation in Panama (→ point 2.4.3);

The situation in South Africa (→ point 2.4.3);

Implementation of the 1989 budget.

Strasbourg: 23 to 27 October

Highlights

2.7.11. The main highlight of Parliament's second part-session of October¹ was the

speech by François Mitterrand in his capacity as President-in-Office of the European Council, in which he gave a sort of mid-term report on the French Presidency and indicated the prospects for the Strasbourg European Council. He covered a broad range of fields of both immediate and longer-term concern (→ points 2.7.14 to 2.7.39). During the session, Parliament adopted the draft budget for 1990 (first reading) on the basis of the three-pronged strategy of its Committee on Budgets (→ point 2.5.3).

The session was particularly busy, giving rise to important and thorough debates on tax harmonization (→ point 2.1.37), the Social Charter (→ point 2.1.83), Lomé IV (→ point 2.2.27), agricultural structures (→ point 2.1.149) and the Agreement with Poland.

For its third major debate, Parliament chose economic and monetary union (EMU). During the debate, equal importance was given to the economic, technical, political and institutional aspects (→ points 2.7.12 and 2.7.13).

Progress towards EMU

2.7.12. Parliament, and in particular its Committee on Economic and Monetary Affairs, as well as the SOC, the EPP, the LDR, the ED, the EUL, the EDA, the LU and the ER, asked the Council and the Commission what steps they intended to take to complete stage one of economic and monetary union, which the Madrid European Council had said would begin on 1 July 1990.²

At the end of the debate, in which President Delors, Vice-President Christophersen and the Council's President-in-Office, Mr Bérégovoy, played an active part, Parliament called for the early convening of an

¹ The texts of the opinions and resolutions adopted by Parliament appear in OJ C 304, 4.12.1989, and the report of the proceedings is published in OJ Annex 2-382.

² Bull. EC 6-1989, point 2.1.11.

intergovernmental conference to prepare the institutional changes needed.

2.7.13. On the question of the procedure to be followed, the Chairman of the Liberal Group, Mr Giscard d'Estaing (*LDR/F*) urged that decisions should be taken now so that the intergovernmental conference could start its work in the second quarter of 1990 with a view to setting the date for stage two. On the question of deadlines, the former President of the French Republic thought that, in order to establish a parallel between the single market and EMU, 1993 should be the target date for the establishment of the new structures and the beginning of stage two, allowing one year for the negotiations (July 1990 to July 1991) and 18 months for ratification.

He said that the establishment of a European system of central banks would entail a supervisory role for the European Parliament so as to ensure that the system was sufficiently independent of governments. Parliament should be involved in the institutional aspects of the negotiations: to this end, it should set up a committee specializing in monetary and financial matters. In the course of stage one it would be necessary not only to increase the role of the Committee of Governors but also to narrow down the fluctuation margins from 2.5 to 1.5% and develop the role of the ecu for public and private uses.

Lastly, Mr Giscard d'Estaing issued a warning about policy convergence: he said that it must not produce excessive centralization or take power away from the political authorities, otherwise in seeking to go too far in building Europe there was a risk of creating a different Europe, authoritarian and centralized.

Mr Herman (*EPP/B*) expressed unreserved support for EMU, emphasizing all the advantages which the Member States would derive from it, in particular the reduction in the balance of payments constraint, since reserves would be managed jointly, thus making the fears of loss of sovereignty unfounded. Establishing an independent

central bank would eliminate absolute freedom to finance budget deficits by creating more money, but that would be in the public interest. Lastly, Mr Herman said that an integrated money market would, better than any other flanking policy, enable the least-developed areas to develop, since investors would be attracted there, given the assurance that their investments would in future yield a profit. According to Mr Beumer (*EPP/NL*), the Chairman of the Committee on Economic and Monetary Affairs, it was vital for the Commission to assess the quantitative effects of EMU in greater detail, since it must encourage price stability, economic growth and measures to combat unemployment. He therefore called for all the Member States' currencies to be in the EMS at least by stage one of EMU. Mr Cravinho (*SOC/P*) expressed his support for the process, but with reservations. He thought that EMU should not be an end in itself but a means of achieving full employment and social justice. He stressed the need to deal with the democratic deficit, in this connection, and warned against excessive bureaucracy and centralization.

Other speakers also had their reservations. For example, Mr Cassidy (*ED/UK*) said that, while he was in favour of EMU, he disagreed with the approach proposed in the report by the *ad hoc* Committee¹ after stage one.

Mr Bérégovoy, the President-in-Office of the Council, spoke during the debate and at the end of the debate. On the first occasion, he said that in connection with stage one the Commission had prepared two proposals concerning the strengthening of the coordination of Member States' economic and monetary policies; the first proposal concerned the convergence of economic performance, while the second concerned increased cooperation between the Member States' central banks.² He also said that he would like the groundwork for stage one to be carried out in parallel with

¹ Bull. EC 4-1989, point 1.1.1 to 1.1.5.

² Bull. EC 9-1989, point 2.1.2.

work on the subsequent stages. He thought that two problems needed to be resolved with regard to the substance of common economic and monetary policy: reconciling the principle of subsidiarity with the common will, and the choice between harmonizing compulsory deductions and the maintenance of exclusive national powers. The Council President agreed that EMU called for democratic scrutiny: he thought that the European Parliament should be involved in the actual operation of EMU. Recalling that the monetary financing of deficits had been ruled out at the informal Council meeting in Antibes,¹ he considered it necessary to establish limits in order to combat deficits, but that to improve the economies overall it would be necessary to distribute the restrictions among the countries in deficit and the countries in surplus: thus EMU should not impede the process of eliminating regional imbalances, and full liberalization of capital movements should favour the use of the ecu. Taking the floor again at the end of the debate, Mr Bérégovoy replied to the concerns expressed by many speakers about the democratic deficit in Europe, and said that there was a lack of dialogue with Parliament. On the question of the statute for an independent central bank, he said that there was no perfect model, not even the Bundesbank (which has managerial independence but the members of its board are appointed by the German Government and by the *Länder*) or the Federal Reserve Bank (which is independent as far as the conduct of policy is concerned but not as regards exchange matters).

The climax of the debate on EMU was President Delors' announcement of a report on the estimated benefits of EMU. After stating that increased coordination was not the same as integration, he set out five conditions for the success of EMU: parallelism in economic and monetary advances (he said that monetary policy should not predominate), clear objectives (economic growth and social progress must be based on stable prices and a strong currency), a clear institutional structure, a large degree of subsidiarity, since Community expenditure would not exceed 5% of the total

budget expenditure, and lastly economic and social cohesion, which would be achieved if transition periods were not synonymous with a two-speed Europe and if the reform of the structural Funds were not made a prior condition for EMU. Mr Delors said that one of the main aspects of stage one would be the new role of the Committee of Governors, which would become the focal point for monetary policy deliberations. Another aspect would be mutual supervision as a stepping-stone on the way to union. He said that the role of the ecu would increase if each Member State lifted the legislative and regulatory obstacles to its use.

At the end of the debate, Parliament adopted by 194 votes to 29, with 112 abstentions, the resolution of its Committee on Economic and Monetary Affairs and Industrial Policy on EMU as amended by the SOC, the EUL and the LU. In the resolution it asserted that the ultimate aim of EMU should be full employment, sustainable growth, and a more equitable distribution of resources and incomes, and it urged the Commission to present a clear articulation of the means to these ends. Considering that mutual and complementary adjustments were required between the economies of the weakest and the strongest Member States, Parliament called upon the Council to adopt the measures necessary to strengthen the economic cohesion of the Community, taking particular account of the following factors:

- (a) elimination of the largest intra-Community deficits and surpluses;
- (b) correction of the structural development imbalances which are at the root of trade deficits;
- (c) control of speculative movements and support for employment;
- (d) encouragement for the conversion of speculative capital towards productive investment which will create jobs:

¹ Bull. EC 9-1989, point 2.1.1.

(e) strengthening of the mutual support mechanisms provided for in the EMS in order to deal with the disruption to the trade balance and balance of payments of certain countries which may result from the liberalization of capital movements and from industrial and business restructuring.

Parliament called on the Commission to submit a report on the use of national currencies and the ecu, with a view to reducing the role of the dollar in intra-Community trade and in EEC-ACP trade; it also considered it necessary for all the currencies to participate in the EMS exchange-rate mechanism. Lastly, it considered that the Strasbourg European Council should convene the intergovernmental conference on EMU so that it is held at the latest during the second half of 1990. Parliament also took the view that it must be involved in the preparation and work of the intergovernmental conference by means of an *ad hoc* procedure.

Address by President Mitterrand

2.7.14. President Mitterrand, in his capacity as President-in-Office of the European Council, devoted a considerable amount of his speech on 25 October before the European Parliament to events in Eastern Europe, in which he took the view that the destruction of the structures of the East did not automatically entail the dislocation of the structures of the West. In his view, strengthening and accelerating the political construction of Europe will make a major contribution to positive developments in Eastern Europe.

According to Mr Mitterrand, the intergovernmental conference on EMU will be the chief tool in the political construction of Europe over the next few years. He did not rule out Parliament being involved in some way (e.g. by organizing conclaves on the future of the Community), culminating in a revision of the Treaties.

President Mitterrand's speech was a sort of mid-term report on behalf of the French Presidency: it was a wide-ranging and at

times visionary speech. The French Presidency considered that solutions must be found or at least progress made before the end of the year on six major objectives: the area without internal frontiers, economic and monetary union (→ points 2.7.12 and 2.7.13), the Social Charter, audiovisual Europe, the environment, and Lomé IV. With regard to these areas where work was in progress, President Mitterrand came to the conclusion that we must now follow up our progress with a set and unwavering idea in our heads, an idea strong enough to sweep away all obstacles, the idea of applying the Single Act and the whole Single Act according to schedule. After mentioning specific problems such as cancer, AIDS and drug abuse, he referred to the increasing role of the European Parliament and the Community's presence in the world, particularly in relation to events in Eastern Europe.

Work in progress

The area without internal frontiers

2.7.15. '(...) I am not going back on our commitment to abolish protectionism in all its forms, even the most disguised ones, but I would stress that we would be failing to keep our word if we were to recreate, under cover of deregulation or liberalization, unfair competition and new barriers. This remark is aimed in particular at the liberalization of capital movements and company mergers.

Exchange controls will be abolished on 1 July 1990. All well and good, but I would point to the dangers of a kind of 'undercutting' with regard to income tax and taxation of savings. There is no unanimity on the withholding tax proposed by the Commission and it cannot therefore be adopted for the moment. I find this state of affairs highly regrettable.

The absence of harmonization is in any case contrary to the spirit of the Community. It is also necessary to avoid accentuating differences and to make sure, for example, that banking secrecy is not allowed to conceal fraudulent transactions or, worse, the laundering of dirty money. Dotting the "i's" as soon as possible will assist our common endeavour. I am sure I shall not be alone in putting my hand to this.

The prospect of one large market will encourage European firms to form groupings. National regu-

lations, where such exist, should cease to hinder such moves. We need clear principles which can be easily applied everywhere and by everyone. You will agree, I am sure, that there is still some way to go on this. Nevertheless, it is a matter of some satisfaction that, of the first 100 groups in the world, 37 have their roots in the Community, 33 in the United States and 16 in Japan. However, in the fields of high technology—I am thinking of semi-conductors, high-capacity data processing, and consumer electronics—Europe is lagging behind, primarily as a result of failing to pool its research efforts. And yet the Esprit RACE and Eureka programmes bear witness to our ability to act. All the more reason for us to adopt before the end of the year the new Community research programme which includes, in particular, the Jessi programme for integrated circuits and the development of our high-definition television. The Community research programme as a whole will enable us to further our knowledge of the sources of life and develop our mastery of the environment and of future energy sources.

2.7.16. I am sure you will agree that Europe is not just a manufactory. It is not just a market.

It is made up of hundreds of millions of men and women who wish to live in harmony, to enjoy the same expectations. None of these people will feel any sense of involvement unless they can see that our decisions are improving their daily lives.

The people's Europe will be achieved above all through practical measures the benefit of which will be felt by all. Let me just mention at random one or two measures which are already under way: the mutual recognition of national social security cards, extension of the youth card, projects launched in the last few weeks; the approximation of our policies on visas and right of asylum, judicial and police cooperation—a way must be found of removing all obstacles—the finalization before the end of the year of the Directives on right of residence for students and retired people, the abolition of border controls as soon as possible. This will not all be completed in the next three months, but I believe that my successors in this role will continue along the same path.

In the case of students, it has to be said that the success of the Comett and Erasmus programmes has exceeded all our expectations. It now remains for practice to evolve in line with the texts. What are such programmes and directives worth without the mutual recognition of higher-education diplomas, without high-quality reception facilities for European students, without Europe as such appearing in curricula, and without language learning from an early age, in primary and secondary school? I believe that it would be a good idea for us to found a European Academy of Science

which, like those of the United States and the Soviet Union, would provide our institutions with help and advice.

Finally, in an entirely different field, we should continue our efforts towards a link-up of our communication networks on the basis of common rules. Current technology enables us to do it, so let us do it. Let us give real meaning to the fundamental right to move freely between Community countries.

Economic and monetary union

2.7.17. I now come to economic and monetary union. You will remember that it was in Hanover in June 1988, under Chancellor Kohl's Presidency, that the European Council confirmed its determination to achieve progressive realization of economic and monetary union; it was also in Hanover that a Committee chaired by Jacques Delors was asked to look into means of achieving this. You will also remember that in Madrid the European Council found that the Delors report provided a good basis for further work and—I quote—"asked the competent bodies to adopt the provisions necessary for the launch of the first stage on 1 July 1990 and to carry out the preparatory work for the organization of an intergovernmental conference to lay down the subsequent stages". That is the crux of the matter, as you will have noted. "Subsequent stages" is understood to mean that it is above all a question of preparing and adopting a new treaty.

At the very start of the French Presidency I received the Commission of the European Communities at the Elysée and I told it that, in accordance with the Madrid conclusions, France wished to press ahead simultaneously with both the first stage and preparation of the intergovernmental conference. The Ministers for Economic and Financial Affairs have worked very hard and I hope that they will be producing conclusions very shortly, in the next few weeks, because the first stage is important, involving as it does tighter coordination of economic and monetary policies. It can profitably be employed to develop use of the ecu. It will prepare the ground for economic and monetary union. But if we stop there we shall not have gone very far, at least in relation to the present situation for countries whose currencies form part of the exchange-rate mechanism of the European Monetary System. Genuine economic and monetary union will, or should, go much further than that, to arrive at—and this is the whole point—a common monetary policy, a common currency and a central bank.

Furthermore, the effort to strike a balance between economic union and monetary union will—as so

many of you have rightly pointed out—be a powerful factor in political integration, leading us to carry out a thorough review of the working of our institutions. We must work faster and also ensure that our decisions have a legitimate democratic basis. This will only be possible through an institutional overhaul. It is quite clear; the point cannot be missed; economic and monetary union will be a significant step towards the objective which must be set: the political union of the Community. All the more reason for wanting it and for making it a reality.

At the moment, an expert working party convened by the current Presidency is looking at the list of questions to be put to the future intergovernmental conference. The question of the date of the conference, which will have to be settled very shortly, is also being looked into. The Ministers for Foreign Affairs and Finance will be discussing the matter at the beginning of November. At the European Council meeting in Strasbourg we shall be reporting on the progress of the preparatory work and we shall be looking at the time-scale. For my part I hope—and I am setting a target—that the inaugural conference on the new treaty will be held in the autumn of 1990 and that it will give national parliaments time to ratify the new treaty before 1 January 1993.

The Social Charter

2.7.18. However, to build Europe without the help of the workers would be to build it in the face of the workers — a situation which would be all the more absurd in that social policy is a cohesive force and an essential driving factor in economic progress. We cannot allow ourselves to become resigned to long-term unemployment, to the underemployment of young people. The Commission's statistics over recent years are very telling. They were mentioned recently by President Delors in a lecture of which we have seen the text. 1982 to 1984: measures to combat unemployment, 1 900 000 jobs lost. 1985 to 1987: job figures up by 3 200 000. 1988 to 1990: estimates already extrapolated from the current year: job figures up by about 5 million.

The structural policies introduced under the Single Act in order to reduce disparities between regions involve, in terms of today's values, a higher financial sum than the Marshall plan. A number of measures have, as provided for in the Single Act, already been put in hand for the improvement of working conditions in relation to hygiene, health and safety.

In short, by prohibiting all downward alignment and by developing means of dialogue, the Charter will provide—if it meets my wishes and no doubt

those of many of you—the outline of a European model more advanced than all others. Despite what is often said, I do not believe that this Charter will be confined to vague or empty phrases. Otherwise—let me say it straight out—we would not want anything to do with it either.

It will commit those who subscribe to it to protect the existing rights of workers and the weakest members of society or to introduce such rights if they do not exist. Do I need to list these weaker categories? I shall at least mention the unemployed, adolescents, the handicapped, old people. Need I say more? The list of rights is also a long one. I shall spare you by mentioning only a few: the right of the unemployed to sufficient means; the right to work anywhere in the Community under the same conditions as workers in the host country; the right to fair pay, a weekly break, an annual holiday; the right to belong to a union; the right to strike; the right to be informed and consulted when there are plans to restructure or merge companies or to introduce large-scale redundancies or technological change which will completely transform working methods; the right to vocational training. I could go on, as I said, and mention also the right of adolescents to an adaptation of their working hours; I mention this because it is a contentious issue; but I approve of the idea as it will give them time to follow further courses of study; there should also be a ban on night-working for young people.

Audiovisual Europe

2.7.19. (...) Amongst the areas where work is in progress I mentioned audiovisual Europe. Two important stages have just been completed. Firstly, there was the adoption of the Directive on trans-border television, which now provides the necessary framework for harmonizing our national regulations. In addition, the 300 specialists from 26 countries who attended the first Audiovisual Conclave recently held in Paris—marking the birth of an audiovisual Eureka—defined methods of developing this creation. Proposals were made; the encouragement of scenario writing: the promotion of European co-productions—I cannot insist too much on this point; the development of new single-purpose channels concentrating on Europe in, say, news or culture; the promotion of the high-definition standard. Governments, authors, industrialists, producers and broadcasters should pool their efforts both inside and outside the Community. We shall shortly find ourselves with the best high-definition television in the world, an enterprise which has begun well but where we should take nothing for granted. This is a task where we must mobilize the whole of Europe, Europe with all its cultures, Europe with its one culture; and who

better to do this than you, ladies and gentlemen? It is that Europe—the one with no frontiers but those drawn by history and geography—it is that Europe which must rally to the defence of its cultures, of its ways of thinking, of its ways of expressing ideas. It is the essence of ourselves—at the heart of each of us—which contributes most fully to our sense of personal identity.

Environment policy

2.7.20. I turn now to environmental protection, by which I mean, among other things: protection of the atmosphere on which climatic stability and hence our own survival depends; protection of forests, in cooperation of course, as of now, with the countries of the tropics and with the whole of Europe; better management of the countryside, in order to combat desertification and control chemical pollution; the manufacture of clean products by our industries. This should be a straight priority for everyone. Let us give ourselves the necessary tools for the job.

The last summit of the industrialized countries approved the setting up of an environmental observatory. President Delors has suggested setting up a European Environment Agency. The idea is a good one. The agency will provide a better means of determining the causes of pollution and finding remedies. What I have in mind is a streamlined, independent structure linked to the best laboratories in Europe and using the best scientists (...).

Lomé IV

2.7.21. But let me press on; I should like to say a few words now about the Lomé IV negotiations. The renegotiation of the Convention will shortly be entering a decisive phase. Lomé links the Community to 66 States in Africa, the Caribbean and the Pacific, that is to say almost half the States of the planet, and this will be a truly important factor for cooperation in general between the countries in question. Let us hope that it will provide real answers to the questions facing us; a start will be made by strengthening and perfecting the mechanisms for the stabilization of export earnings (Stabex) and for aid to investment in the mining sector (Sysmin).

All this, it is true, has almost been achieved. Why mention it then? It is because the real question still remains. What is the bottom line? What budget, what amounts will be given to the European Development Fund? I would like this matter to be wound up in the next few weeks and I think we would do well to endeavour, without exaggerating but with the sense of fairness which characterizes European democracies, to arrive at as high a sum as possible

so that our partners can see quite clearly that the aid which they are offered is not merely a token.

Specific campaigns

The fight against drugs

2.7.22. (...) In the case of drugs, I am sure I have no need to tell you of the extent of the evil, it is before our very eyes, in our very homes. I do not need to remind you of this. Which of us has not had his feelings or his hopes affected, directly or indirectly, by this scourge of the soul and of the body. In short, the extent of the evil is vast; it is more widespread on other continents than our own, but do not let us believe that we are immune.

The example of Colombia is in all our minds. It is a battle, a war, and President Bush was right to regard it as such. There has been some argument here and there, I have heard it going on around me — these proposals, especially those applying to drug users; but the impetus has been given, the enemy has been pinpointed, the strategy has been defined, and I approve of it. The battle must be waged at all stages: production, processing, shipment, dealing, pushing and consumption, and the punishment must be made to fit the crime. The producer: what can we say in general? Of course, in these very poor countries if they do not produce the plants from which drugs are derived what would they live on? This is not to excuse, it is simply to understand.

As for the drug user, we should also look for the evil in our own societies. (...)

Oh, I know it is not only the poor who are affected by drug taking, but poverty is a factor. In any case I do not withdraw what I said a moment ago about the production stage. Let us take a familiar example: the breakdown of the Coffee Agreement, which caused a collapse of prices and thus reduced the incomes of poor or indebted countries by amounts far in excess of the financial aid granted by the Western countries to combat drug trafficking. Let us return to Colombia: it lost more as a result of this breakdown than it gained from the contribution of the Western powers to the fight against crime. Is this logical? Is it reasonable?

(...) On this basis, each and every one of us should help find an answer to the question of what we should do with our lives, but in so doing we should not be overbearing by claiming knowledge of absolute truth and attempting to impose our own philosophy.

We must all strive to ensure that our society is humane. (...)

(...) A 15-member working party of experts on this subject was set up at the Paris summit on 14 July this year to deal with the laundering of dirty money; not only the seven or eight participants who normally attend this kind of summit, amongst so many other summits, but eight other countries also responded to the call. I have recently written to the leaders of our States within the Community asking them to appoint one senior figure per State, a person outside the normal hierarchies. These 12 people will meet, will decide how to proceed and will devote their thinking, a part of their lives, to helping us defeat this menace.

The fight against cancer

2.7.23. (...) The cancer proposal originated with Mr Craxi, was launched as an Italo-French proposal and is now supported by most of us, as a result of which, in 1985, a first European programme, entitled 'Europe against cancer', was drawn up and adopted. Well, we shall shortly have to adopt the second programme (1990-94) if we wish to remain in a position to combat the spread of this disease. The Council of Health Ministers will be meeting in November. I expect that Council to come up with answers which will make it possible to organize the next four years. The same holds good for AIDS. I think the time has come to pin down these two objectives, which may seem rather arbitrary, but these are the areas where progress is to be found: cancer and AIDS.

Ladies and gentlemen, so far I have remained within the terms of reference entrusted to me on behalf of France. I should like now to expand a little on certain other subjects which all relate to the presence of our European Community in the world.

2.7.24. (...) For the moment I should like to say that I have been at pains—and others likewise—to entertain fruitful relations with the countries of the European Free Trade Association. An inter-group dialogue is being organized, and I am expecting a report to be made in Strasbourg in December on the state of the negotiations which have now been prepared. In the meantime, on 7 November I shall be visiting Iceland, present headquarters of the six members of EFTA, to pursue the dialogue and prepare for the measures to be taken.

2.7.25. We have received applications for membership. Those received to date come from Austria and Turkey—European countries. In my view we have a great deal to do amongst ourselves between now and 1993. We have not reconciled our contradictions. That is the very stuff of our debates. Perhaps the Twelve need a breathing space. Each President has a great deal to do with the 11 other countries and with his own.

2.7.26. I have discussed the Community's relations with the Maghreb Arab Union with President Bendjedid Chadli in Algiers and President Ben Ali in Tunis and I am due to meet the King of Morocco, who is currently president of this new body. It is very important for the European Community to maintain active relations with all parties.

2.7.27. As for third countries—a rather vague term, but we know what we mean—they must be told what I have read in practically all articles and speeches: the Europe of the Community is not a fortress. It has not pulled up the drawbridge. It is not sheltering behind massive walls with weapons mounted at every embrasure. On the contrary, it wants to break down walls. But it must itself take on some sort of form and establish rules which will enable it to succeed in this enterprise—simply succeed. Succeeding does not mean trampling over others, it simply means ensuring normal development for more than 300 million human beings.

2.7.28. I would like to say a word about Lebanon. The events taking place there are instructive. I shall refrain from value judgments except to reaffirm Lebanon's supreme right to preserve its sovereignty, independence and integrity. (...) France—on whose behalf I am not speaking today—has taken action. She was compelled to do this primarily in order to stem the tide of events, when it was a matter of life and death, when war had swept up to the gates of the last redoubt of a minority, the Maronite Christian minority. (...) I would call on all Europeans to put more into this effort than they have done recently, in order to change the course of Lebanese history and set that country back on the right path.

2.7.29. The same arguments could be applied to the open and latent conflicts between Israel and the Arab countries. Resolutions have been adopted. They are quite clear about the right of Israel to its own State within secure and recognized frontiers and the means to enforce that right—there is no arguing about this; but at the same time—and this is one of the contradictions of history and what makes our task so difficult—they uphold the equally valid right of the Palestinian people, in the same area, to a country of their own where they can create the structures of their choice.

(...) I would like the Community to look at this problem, and at the other problems affecting this part of the world. That was why I proposed a decision—taken in 1985 I think—to arrange a meeting between the Community Member States—at the time there were not 12 of them—and the Arab States. I shall therefore be inviting the 12 European States and the 22 Arab countries or organizations to a meeting in Paris before the end of December to launch major talks aimed at strengthening our ties, at giving us a better

understanding of one another's objectives, at applying the powers of reason to obtain a just solution.

2.7.30. The same approach has been made to the Latin American countries, more specifically to the seven Andean countries, and I say seven because they used to be eight not so long ago. We have to speak with them about underdevelopment, debt, drugs and the whole of our economic and political relations. A start has been made and efforts will continue.

2.7.31. I now come to an area which I only touched upon before, that of relations between the Community in Europe and the developing countries. It strikes me as intolerable that Europe, our Europe, should not always be present, as active and alert, with reflexes as swift, as those others in the world which wield power. We must not stay outside these debates; we have something to say. We do indeed say it, but generally in isolation. What I mean is that our attitudes are not yet governed by a Community reflex. Each of our countries adopts with regard to development and debt an attitude which varies according to the situation of its alliances or preferences. This is where the absence of Europe at political level is keenly felt. It is an absence which simply must be corrected.

2.7.32. Proposals have been made, and you will have time to study them if you have not already done so. The answer undoubtedly lies in regarding the case-by-case individual approach currently in fashion as insufficient because it lays developing countries open to economic and strategic pressures and because in any case the whole lengthy process will get lost in a maze of procedure.

We must have a global approach, and until we have managed to create among us a multilateral fund financed with new money not charged to the debtor, who is squeezed from day to day to the point where he produces and works at an annually decreasing income, which of course is conducive to all kinds of economic damage and thus social revolt and political upheaval. Look at the fragility of most of the democracies in Latin America.

2.7.33. I will, for the record, merely touch upon the problem of disarmament, knowing the varying situations of the countries represented in this chamber. I will simply say, again for those countries involved in the debate, that greater unity would be useful. (...) We are disarming. Are we also developing? I think that these terms should be seized on and linked, and that we should concert our approaches in both directions.

Events in Eastern Europe

2.7.34. The most important event for Europe, perhaps for the world, since the Second World

War is what is happening in Eastern Europe. We have lived for almost half a century under an order which is crumbling before our very eyes. That was the Europe of Yalta, to use the time-honoured but historically inexact phrase. That was Europe chopped into two or three: the Europe of blocs and systems. We are not finished with it yet. History is not a smoothly flowing river. To pass from one equilibrium to another, as is happening today, involves abrupt transitions, retrogressions, disturbances and crises. Are we ready for this? Are we not inclined to see a golden horizon opening up before us without realizing that man's affairs on earth are not settled in this fashion?

(...) This is today's news. Once again the people are on the move, and when they move, the effect is decisive.

In the name of what? Simply in the name of freedom. Freedom to live, to think, to act, to serve or to love. Two countries, Poland and Hungary, are clearly the vanguard of this movement. But let us note that this is possible only because the Soviet Union, or at least its leadership, has recognized and accepted a trend which is pitching the Soviet Union itself into new difficulties and—a far cry from the obvious step open to it under the old order—is now leading it with hesitant steps towards a future of uncertain promise. Poland, Hungary, the Soviet Union and, in the historic leading role, Mr Gorbachev, need to be helped.

I know that strategists almost everywhere are calculating his chances of success and are already deciding that it might be more astute to deal with his successor. We know what we have today. We do not know what we will have tomorrow. Nor do the Soviets. Let us help when we can and how we can. But let us help, let us make a contribution, without of course pre-empting the task of the authorities of that country or taking on responsibilities which are not ours. We should help to ensure that every chance exists, however slight. I believe in the will of human beings. I believe that they control their destiny, and I see that a great deal of courage is being displayed over there, even if a gulf yawns at every step. How can we help these countless and diverse peoples to adapt to the change in discipline? How can we ensure that this breath of freedom does not turn into the whirlwind which lays waste everything in its path and may well destroy what ought to be preserved?

2.7.35. The situation varies from one country to another. Look at the throes of East Germany. The situation is not the same. East Germans have greater purchasing power than some Community countries. It is obviously not poverty which is driving them to revolt. It is something we have already named: the hope of freedom.

(...) We see this movement in East Germany, and I do not want to create a diplomatic incident, but how can we for one single moment imagine that the others—which you will note have not been named—will hold out, and the problem will arise only in Warsaw and Budapest—and they are the ones at the forefront (I am referring to our Hungarian and Polish fellow Europeans).

Chancellor Kohl, with whom I had dinner last night in Paris, told me that right at the front during the events marking the proclamation of the new republic, or rather simply the republic, was a banner bearing the words 'Hungary has rejoined Europe'. Let us make sure that it does rejoin Europe, as is right and proper. It is catching. From one country to another, from one capital to another, throughout that part of Europe the movement will, we may be sure, follow the same path, encounter the same contradictions and no doubt suffer the same setbacks. Nothing is laid down in advance for the next few months or years. Yet the long-term outcome has already been determined. Let us ensure that this page of history is rapidly written—and it is within our powers to do something about this.

2.7.36. And here I come to aid for Poland. It is the only specific case I shall address. What is needed? Immediate aid. France, in whose name I do not wish to speak for the moment, has decided within the last 48 hours, more particularly at this morning's Cabinet meeting, to step up the pace and amount of sums granted as immediate aid. And Europe is doing the same as France. Some countries are doing more and others less. There is no point in competing against each other. We ought, as several of you have suggested, to pool the immediate aid we now have available.

I suggest—and here I am picking up a suggestion I heard elsewhere—that there be a major Euro-Polish solidarity loan, an emergency plan in every country and every city to adopt a region or city in Poland to ensure dispatch and distribution and follow the process from A to Z. Long-term requirements, financial and technical requirements must be assessed. The local instruments are weak, if not non-existent, which explains what some decry as delays. Who should we speak to? To a government, no doubt, but on what basis? Europe could conduct this overall analysis and organize a coordinated mission by the Twelve.

One of the major East European leaders said to me in a recent conversation: "What we suffer from most is a shortage of managerial skills, of men and women who know how to get things done; all too often we do not know or have forgotten." Well, we have to train these people. It is the job of the Europe of the Community to do so!

2.7.37. I believe that a proper, structured European foundation should be set up without delay to help in the training of managers, and I will be putting this suggestion to the Strasbourg European Council. Then come large-scale priority projects in fields such as agriculture, transport, telephones and finance. What financing? For my country I have been thinking of a Franco-Polish investment promotion centre, with an initial budget of FF 300 million a year, with joint banks operating along similar lines. What can Europe do? So much more! Why not set up a bank for Europe which, like the European Investment Bank, would finance major projects and have on its board of directors the 12 European countries. Not to mention the others, such as Poland and Hungary, and why not the Soviet Union, and yet others?

It was done for technology and for the audiovisual field under Eureka, so what is holding us back? Is the area of finance sacrosanct, or is not being an expert or a president or chairman of the board of something a disqualification? The creation of a Bank for Europe is a highly political decision. (...)

2.7.38. I am coming round to my conclusion, for there really has to be one. Who among us has not heard groups of intellectuals, journalists, politicians in debate? Eastern Europe is breaking up, but also opening up. Could this be the prelude to far-reaching transformation, to the collapse and dislocation of Western Europe? And of course, such discussions always revolve around the two Germanies. I say that with no intention of shocking our German friends here, as this is undoubtedly not the first time they have heard it said. But there is something I do not understand. People reason as if we were in the era of balance-of-power diplomacy where we witnessed, in grave circumstances, the passing of a country—Germany as it happened—yet what other country, having played the role in the history of the world over the last few centuries of one of the peoples of Europe, of one of the European States, has not acted in the same way? The reversals of alliance have been the most obvious proof of trueness to oneself. Are we still at that stage, now that the Community of Europe already has several decades behind it? Does the destruction—and this is an argument I do not understand—does the destruction of the system or structure of the East automatically entail the dislocation of the structures of the West, or should it not produce the opposite effect? By what right could we accuse the German people of wanting to come together again, when strictly speaking what is at issue is an appeal to us all from the East, advocating values which are our own? In short, the conclusion is simple. Ladies and gentlemen, we must draw the conclusion that will consist of strengthening and accelerating the political con-

struction of Europe; it is the only answer to the problem facing us.

Strengthening the construction of Europe: the European Parliament's role

2.7.39. But, at the risk of repeating myself, yes, it is the acceleration and strengthening of the Community construction of Europe which will make a major contribution to positive developments in the East. Not only will we equip ourselves with greater resources and move our Community to a higher plane but the Community will exert a greater attraction on the rest of Europe. I ask you, is that not what we have wanted from the very start?

Mr President, ladies and gentlemen. I know that you wish to be involved more than you are in carrying out all these projects. I have studied a number of the proposals you have put forward, those which you, Mr President, put forward so eminently in your speech on 28 July. Despite your differences, all these proposals point in the same direction: to enable this House to discharge as effectively as possible the mandate which our 12 peoples have entrusted to you. That is legitimate, that is normal, that is natural. Who is against giving your proceedings democratic legitimacy? I have the impression that more could be done here and now by the executive to improve working relations between the European Parliament, the Council and the Commission. It is true that the quickening pace of proceedings on the single market is taking its toll of this House as it is of us. You have the opportunity of discussing it, as I shall shortly be doing with the ministers accompanying me. You want the European Parliament to be more closely involved in proceedings on economic and monetary union and the Social Charter. I will ask for close contact to be kept with this House during the month of November, because it is now that the decisions are being taken.

As for the negotiations on economic and monetary union, I for my part would be very open to the suggestion that, in parallel with the proceedings of the intergovernmental conference responsible for preparing the new treaty — how high are the stakes? — there should be a joint study, for which you will examine the arrangements, on the future of the Community after 1992.

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Lastly, some of your proposals presuppose revision of the Treaties. I have already said that I agree, that I even believe it to be the nub of the question. When we were in Milan a few months before the Luxembourg meeting, despite the remarkable efforts of the Italian Presidency we had the feeling of failure, a feeling we still had in Luxembourg up to the last quarter of an hour of the European Council meeting. This intergovernmental conference will be the chief tool in the building of Europe over the next few years.

I believe I heard you say that you wanted the cooperation procedure strengthened and the President of the Commission to be appointed by the European Parliament.

If, as I am requesting, the intergovernmental conference is convened at the end of next year, why should it not be the occasion for what we might call the *aggiornamento* of the Community? Why doesn't the European Parliament organize conclaves from the national parliaments and representatives of the Commission and the governments would also participate? Finally, let us give free rein to our imagination — after all, there is no lack of that. Let us not be confined by existing moulds. Let us remember that if democracy is established in the Europe we are creating then you will, sooner or later, and sooner rather than later, have a constitutive role to fulfil.

So let us use our imagination! The year 2000 is not far off. The time is ripe. The year 1000 ushered in catastrophe, disaster and death. Why should not the year 2000 signal hope? That, at any rate, is the message behind what I have been saying to you today?

2.7.40. Virtually all the speakers gave a warm welcome to the speech and generally concurred in President Mitterrand's choice of priorities, especially with regard to the Social Charter, caution on enlargement, the historic events in Eastern Europe and the reduction of the democratic deficit.

Opinions, decisions and resolutions

2.7.41. Parliament adopted decisions (second reading) on common positions of the Council on proposals concerning:

A Directive on a solvency ratio for credit institutions (→ point 2.1.11);

A Directive on personal protective equipment (→ point 2.1.19);

2.7.42. Parliament adopted opinions (first reading) on Commission proposals concerning:

A Directive on insurance against civil liability in respect of motor vehicles (→ point 2.1.14);

A Directive on investment services in the securities field (→ point 2.1.16);

Amendments to the Directive coordinating the requirements for the drawing-up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock-exchange listing (→ point 2.1.17);

Decisions concerning the conclusion of cooperation agreements between the European Economic Community and Austria, Finland, Norway, Sweden and Switzerland in the field of medical and health research (→ point 2.1.50).

2.7.43. Parliament adopted opinions on Commission proposals concerning:

Amendments to the Regulation on speeding up the adjustment of agricultural production structures (→ point 2.1.149);

Amendments to the Regulation on improving the processing and marketing of agricultural and forestry products (→ point 2.1.149);

Amendments to the Decision on the restructuring of the system for agricultural surveys in Italy (→ point 2.6.4).

2.7.44. Parliament adopted resolutions on:

Economic and monetary union (→ points 2.1.12 and 2.7.13);

Fiscal matters (→ point 2.1.37);

The reorganization of the sheepmeat and goatmeat sector (→ point 2.1.140);

The Sheepmeat Regulation (→ point 2.1.140);

Negotiations for the renewal of the ACP-EEC Convention (→ points 2.2.27 and 2.4.3);

First reading of the draft general budget for 1990 (→ point 2.5.3);

A Decision on the conclusion of the Agreement on trade and commercial and economic cooperation between the EEC and the Polish People's Republic.

Council

1349th meeting

2.7.45. General Affairs (Luxembourg, 3 October)¹

President: Mr Dumas, French Minister for Foreign Affairs.

Commission: Mr Andriessen, Mr Bange-mann, Mr Christophersen, Mr Dondelinger, Mr Marín and Mr Matutes.

Main items

Coordinated aid to Poland and Hungary: conclusions adopted (→ points 1.1.2 and 2.2.15);

Pursuit of television broadcasting activities: Directive adopted (→ point 2.1.18);

Relations with Japan: Commission report (→ point 2.2.11).

Other business

Relations with the United States: Commission report;

Lebanon: review of the situation;

Relation with the Gulf States: Commission submission;

Renewal of the ACP-EEC Convention: Commission statement.

¹ Previous meeting: Bull. EC 7/8-1989, point 2.7.10.

1350th meeting

2.7.46. Council and Ministers for Education (Luxembourg, 6 October)

President: Mr Jospin, French Minister for Education, Youth and Sport.

Commission: Ms Papandreou.

Main items

Cooperation and Community policy in the field of education in the run-up to 1993: conclusions adopted (→ point 2.1.93);

Youth card: conclusions adopted (→ point 2.1.94).

Other business

Technical and vocational education: discussion;

Combating failure at school: broad exchange of views;

European Schools: Commission communications.

1351st meeting

2.7.47. Economic and Financial Affairs (Luxembourg, 9 October) ¹

President: Mr Bérégovoy, French Minister for Economic and Financial Affairs.

Commission: Mr Christophersen and Mrs Scrivener.

Main item

Abolition of fiscal frontiers: conclusions adopted (→ point 2.1.36).

Other business

Taxation of savings: assessment of progress;

Aid to Poland and Hungary: Commission communication.

1352nd meeting

2.7.48. Internal market (Luxembourg, 10 October) ²

President: Mrs Cresson, French Minister for European Affairs.

Commission: Mr Bangemann, Mr Cardoso e Cunha and Sir Leon Brittan.

Main items

Distributive trade in the context of the single market: resolution approved (→ point 2.1.42);

Merger control: guidelines adopted (→ point 2.1.67).

Other business

Europe-wide networks: exchange of views;

Right of residence: wide-ranging debate.

1353rd meeting

2.7.49. Transport (Luxembourg, 16 October) ³

President: Mr Delebarre, French Minister for Infrastructure, Housing, Transport and the Sea.

Commission: Mr Van Miert.

Main items

Aircraft noise: agreement on a Directive (→ point 2.1.113);

Fixing of rates for the carriage of goods by road between Member States: guidelines adopted (→ point 2.1.187).

Other business

Improvement of operating conditions in the shipping industry: discussion;

¹ Previous meeting: Bull. EC 7/8-1989, point 2.7.9.

² Previous meeting: Bull. EC 9-1989, point 2.7.12.

³ Previous meeting: Bull. EC 6-1989, point 2.7.5.

Vocational training for certain drivers of road vehicles carrying hazardous goods: discussion;

Access of non-resident carriers to national road haulage operations within a Member State (cabotage): wide-ranging discussion;

Implementation of an infrastructure action programme with a view to bringing about an integrated transport market in 1992: policy debate;

Negotiations between the EEC and non-member countries of transit: reports;

Road safety: exchange of views;

Railway policy: note from the Presidency.

1354th meeting

2.7.50. Research (Luxembourg, 17 October)¹

President: Mr Curien, French Minister for Research and Technology.

Commission: Mr Pandolfi.

Main items

Community R&TD framework programme (1990-94): continuation of examination (→ point 2.1.45);

Specific research programme concerning competitiveness of agriculture and management of agricultural resources (1989-93): common position adopted (→ point 2.1.58).

1355th meeting

2.7.51. Agriculture (Luxembourg, 23 and 24 October)²

President: Mr Nallet, French Minister for Agriculture.

Commission: Mr Mac Sharry.

Main items

National aid in the wine sector in the Federal Republic of Germany: Decision adopted (→ point 2.1.133);

Representative market price and threshold price for olive oil: Regulation adopted (→ point 2.1.141);

Less-favoured farming areas: three Directives adopted (→ point 2.1.147).

Other business

Adjustment of the agricultural structure policy: policy debate;

Operation of the quota system in the milk and milk products sector: discussions;

Sluice-gate price and specific measures in the event of a substantial rise in pigmeat prices: two proposals examined;

Common organization of the market in cereals: exchange of views;

Nitrate pollution of water: exchange of views;

Veterinary checks in intra-Community trade: proposal examined.

1356th meeting

2.7.52. Energy (Luxembourg, 30 October)³

President: Mr Fauroux, French Minister for Industry and Town and Country Planning.

Commission: Mr Cardoso e Cunha.

Transparency of gas and electricity prices charged to industrial end-users: proposal examined (→ point 2.1.191);

Transit of natural gas through the major systems: proposal examined (→ point 2.1.191);

¹ Previous meeting: Bull. EC 9-1989, point 2.7.11.

² Previous meeting: Bull. EC 9-1989, point 2.7.14.

³ Previous meeting: Bull. EC 5-1989, point 2.7.9.

Increase in intra-Community exchanges of electricity: proposal examined (→ point 2.1.191);

Investment projects of interest to the Community in the petroleum, natural gas and electricity sectors: proposal examined (→ point 2.1.191);

Thermie programme: examination (→ point 2.1.192).

1357th meeting

2.7.53. Labour and Social Affairs (Brussels, 30 October).¹

President: Mr Soisson, French Minister for Labour, Employment and Vocational Training.

Commission: Ms Papandreou.

Main items

Community Charter of the Fundamental Social Rights of Workers: report from the Presidency to the European Council (→ point 2.1.83);

Social security for migrant workers: Regulation adopted (→ point 2.1.86);

Minimum health and safety requirements for the manual handling of loads where there is a risk of back injury to workers: common position adopted (→ point 2.1.92);

Minimum safety and health requirements for work with display screen equipment: common position adopted (→ point 2.1.92).

Other business

Rules governing working conditions in the Member States: presentation of Commission study and brief exchange of views.

Commission

Measures taken

2.7.54. In October the Commission adopted a draft resolution on improving the prevention and treatment of acute human poisoning (→ point 2.1.88).

Proposals adopted

2.7.55. Community transit: proposal for a Regulation (→ point 2.1.26);

Approximation of taxes on cigarettes and on manufactured tobacco other than cigarettes: amended proposal (→ point 2.1.38);

Approximation of the rates of excise duty on mineral oils: amended proposal (→ point 2.1.38);

Approximation of the rates of excise duty on alcoholic beverages and on the alcohol contained in other products: amended proposal (→ point 2.1.38);

Municipal wastewater treatment: proposal for a Directive (→ point 2.1.111);

Approval for breeding of pure-bred and hybrid breeding pigs: two proposals for Directives (→ point 2.1.153);

Safeguard measures in the veterinary field in the framework of the internal market: proposal for a Decision (→ point 2.1.154);

Eradication of African swine fever in Sardinia: proposal for a Decision (→ point 2.1.155);

Eradication of infectious haemopoietic necrosis of salmonids: proposal for a Directive (→ point 2.1.156);

Eradication of brucellosis in sheep and goats: proposal for a Decision (→ point 2.1.157);

Deep-frozen semen of domestic animals of the bovine species: proposal for a Directive (→ point 2.1.158);

¹ Previous meeting: Bull. EC 9-1989, point 2.7.16.

Placing of rodents on the market in the Community: proposal for a Regulation (→ point 2.1.159);

Melted animal fats, greaves and by-products of rendering: proposal for a Regulation (→ point 2.1.161);

Game meat and rabbit meat: proposal for a Regulation (→ point 2.1.162);

Control of foot-and-mouth disease: proposal for a Directive (→ point 2.1.163);

Animal health conditions governing intra-Community trade and imports from non-member countries of live equidae: proposal for a Regulation (→ point 2.1.164);

Zootechnical and genealogical conditions governing intra-Community trade in equidae: proposal for a Regulation (→ point 2.1.164);

Intra-Community trade in equidae intended for participation in competitions: proposal for a Regulation (→ point 2.1.164);

Veterinary rules for the disposal and processing of animal waste: proposal for a Regulation (→ point 2.1.165);

Animal health conditions governing fresh poultrymeat and fresh meat of reared game birds: proposal for a Regulation (→ point 2.1.166);

Facilities for the monitoring and supervision of fishing activities in waters falling under the sovereignty or within the jurisdiction of Portugal: proposal for a Decision (→ point 2.1.174);

Mutual acceptance of personnel licences and qualifications for the exercise of functions in civil aviation: proposal for a Directive (→ point 2.1.190);

Conclusion of a Protocol on financial and technical cooperation between the EEC and Cyprus: recommendation for a Decision (→ point 2.2.17).

Communications and reports

2.7.56. In October the Commission adopted the following for transmission to the institutions concerned:

Annual Economic Report 1989-90 (→ point 1.2.1 *et seq.*);

Rules of origin: communication (→ point 2.1.34);

External aspects of telecommunications: communication (→ point 2.1.62);

Rural development actions linked to the functioning of agricultural markets: communication (→ point 2.1.121).

Court of Justice

Composition of the Chambers and appointment of Presidents of the Chambers

2.7.57. At its meetings on 6 July and 4 October the Court designated for a period of one year commencing on 7 October 1989:¹

Judge Sir Gordon Slynn as President of the First and Fifth Chambers,

Judge F. A. Schockweiler as President of the Second Chamber,

Judge M. Zuleeg as President of the Third Chamber,

Judge C. N. Kakouris as President of the Fourth and Sixth Chambers.

The composition of the Chambers for the same period was determined as follows:

First Chamber

Sir Gordon Slynn, President of Chamber;
R. Joliet and G. C. Rodríguez Iglesias, Judges.

Second Chamber

F. A. Schockweiler, President of Chamber;
G. F. Mancini and T. F. O'Higgins, Judges.

Third Chamber

M. Zuleeg, President of Chamber;
J. C. Moitinho de Almeida and F. Grévisse, Judges.

¹ OJ C 274, 27.10.1989.

Fourth Chamber

C. N. Kakouris, President of Chamber;
T. Koopmans and M. Díez de Velasco,
Judges.

Fifth Chamber

Sir Gordon Slynn, President of Chamber;
M. Zuleeg, R. Joliet, J. C. Moitinho de
Almeida, G. C. Rodríguez Iglesias and
F. Grévisse, Judges.

Sixth Chamber

C. N. Kakouris, President of Chamber;
F. A. Schockweiler, T. Koopmans, G. F.
Mancini, T. F. O'Higgins and M. Díez de
Velasco, Judges.

Designation of the First Advocate General

2.7.58. On 4 October the Court designated Mr W. Van Gerven as First Advocate General for one year from 7 October.¹

Court of First Instance

2.7.59. On 3 October, as required by Council Decision 88/591/ECSC, EEC, Euratom,² the President of the Council proceeded to choose by lot the members of the Court whose terms of office will expire at the end of three years, on 31 August 1992. The following were chosen:³ Mr Da Cruz Vilaça, Mr Briët, Mr Lenaerts, Mr Schintgen, Mr Vesterdorf and Mr Yeraris.

Composition of the Chambers:⁴

First Chamber: Mr Da Cruz Vilaça (President), Mr Edward, Mr Kirschner, Mr Schintgen, Mr García Valdecasas and Mr Lenaerts;

Second Chamber: Mr Barrington (President), Mr Saggio, Mr Yeraris, Mr Vesterdorf, Mr Briët and Mr Biancarelli;

Third Chamber: Mr Saggio (President), Mr Yeraris, Mr Vesterdorf and Mr Lenaerts;

Fourth Chamber: Mr Edward (President), Mr Schintgen and Mr García Valdecasas;

Fifth Chamber: Mr Kirschner (President), Mr Briët and Mr Biancarelli.

Analysis of judgments delivered between 1 July and 30 September 1989

Judicial review and fulfilment by the Member States of their obligations

Failure to comply with Article 5 of the EEC Treaty

2.7.60. In Case 68/88 *Commission v Greece* the Court for the first time spelled out the scope of Article 5 of the Treaty in relation to the power of the Community and the Member States to impose sanctions.

The Court held that, where Community rules do not include any specific provision providing for a sanction in case of infringement, Article 5 imposes on the Member States the obligation to take all appropriate steps to ensure the effectiveness of Community law. The Member States, although they have a certain choice of sanctions, must ensure that infringements of Community law are subject to sanctions, both of substance and of procedure, analogous with those applicable to infringements of national law of a similar nature and importance, which in any case confer on the sanction an effective, proportionate and dissuasive character.

The Court held that by failing to institute criminal or disciplinary proceedings against those responsible for a fraud complained of by the Commission, Greece had failed to fulfil its obligations under Community law.⁵

¹ OJ C 274, 27.10.1989.

² OJ L 319, 25.11.1988; Bull. EC 10-1988, point 2.4.7.

³ OJ C 273, 26.10.1989.

⁴ OJ C 281, 7.11.1989.

⁵ OJ C 266, 18.10.1989.

General principles of Community law

Primacy of Community law

2.7.61. In *Binder* the Court ruled that the Community tariff rules, which are required to be published in the Official Journal, constitute the only law on the subject, a law which everyone is presumed to know. It also asserted that the primacy of Community law must be maintained even in relation to acts of national law which are not of a binding nature.¹

Community law and fundamental rights

2.7.62. In *Schröder* and *Wachauf*, which concerned the interpretation of Community rules in the agricultural sphere, the Court provided important clarification of its case-law on fundamental rights.

It began by reiterating its ruling in *Hauer*² to the effect that fundamental rights are an integral part of the general principles of law, of which the Court must ensure the observance. In ensuring that such rights are safeguarded, it is bound to draw on the constitutional traditions common to the Member States, so that no measures can be accepted in the Community which are incompatible with the fundamental rights recognized in those States. The Court emphasized that the international instruments concerning the protection of human rights to which the Member States have acceded can also furnish indications which must be taken into account in Community law.

However, the fundamental rights recognized by the Court cannot be regarded as absolute prerogatives, but have to be considered in the light of their function in society.

The Court accepted that certain restrictions on the exercise of these rights may be imposed in the context of a common organization of the market, on condition that they correspond to objectives of general interest pursued by the Community and do not, in the light of the aim pursued, constitute a

disproportionate and intolerable interference impinging on the very substance of the rights.

The Court concluded that in the cases at issue the Community rules were not contrary to the requirements of the protection of fundamental rights, because they left the Member States a wide measure of discretion to apply them in a way consistent with fundamental rights.³

Fundamental right of inviolability of the home

2.7.63. In two actions brought against the Commission relating to competition law, the Court delivered an important judgment concerning the extent of the right of inviolability of the home in Community law. The Court emphasized that the right of natural persons to inviolability of the home must be recognized in the Community legal order as a principle common to the Member States. On the other hand, the national legal systems show considerable divergences as regards the nature and degree of protection of firms' business premises.

In the Court's view, Article 8 of the European Convention on Human Rights and Fundamental Freedoms does not apply in this case, since the subject matter of the protection afforded by that Article is the personal freedom of the individual and thus it cannot be extended to business premises in the absence of any decision on this point by the European Court of Human Rights.

Free movement of goods

Protocol on internal German trade: ban on the import of goods originating in the German Democratic Republic

2.7.64. In *Schäfer Shop BV v Minister van Economische Zaken*⁴ the Court interpreted

¹ Case 161/88 *Binder v HZA Bad Reichenhall*.

² Case 44/79 *Hauer v Land Rheinland-Pfalz* [1979] ECR 3727.

³ Case 265/87 *Schröder HS Kraftfutter v HZA Gronau*, and Case 5/88 *Wachauf v Federal Republic of Germany*.

⁴ Joined Cases 46/87 and 227/88 *Hoechst v Commission*.

the Protocol on German internal trade as prohibiting Member States from taking measures which would have the effect *de jure* or *de facto* of creating an absolute bar to the entry into their territory of goods coming from the Federal Republic of Germany but originating in the German Democratic Republic, save in the exceptional case where the re-exportation from the Federal Republic of Germany of goods originating in the German Democratic Republic would constitute a threat to a Member State's economy, taken as a whole.

However, the Protocol does not preclude the introduction by Member States of a prior authorization system, even of a general nature, provided that the system constitutes in practice the only appropriate means of tackling any disturbances arising from the economies of the other Member States as a result of German internal trade.

Under such a system, authorization to import must not be discretionary: each application must be assessed in the light of the actual impact which the importation in question may have on the economic sector concerned.¹

Competition

Investigative powers of Commission officials

2.7.65. In *Hoechst v Commission* the Court dismissed the actions brought by Hoechst for the annulment of three Commission decisions adopted in the context of investigations by Commission officials into anti-competitive agreements in the PVC and polyethylene industries.

In its judgment, it defined the scope of and limits to the powers of investigation of Commission officials carrying out inspections under the competition rules.

The Court accepted that the powers of Commission staff carrying out investigations under Article 14 of Regulation No 17 had a broad scope; the right of access to business premises would be deprived of

practical effect if Commission inspectors were to be able only to request the production of documents which they were in a position to identify in advance. Such a right implied, on the contrary, the right to seek out various items of information which were as yet unknown. Without such a right, it would be impossible for the Commission to gather the data needed for the investigation.

In the case of investigations carried out pursuant to a Commission decision, the inspectors are entitled to have presented to them the documents they request and to enter the premises they indicate. On the other hand, they may not gain access to premises by force or compel the staff to afford them access, or conduct a search without the permission of the company management.

If the company refuses to submit to the investigation, the Commission inspectors may seek, without the company's cooperation, all the necessary information with the help of the national authorities. It is for each Member State to determine the conditions under which the Commission is to be assisted, the Member States being required to ensure the effectiveness of the Commission's action while safeguarding companies' rights by means of appropriate procedural formalities. The Commission, for its part, must have due regard for the procedural safeguards laid down by national law and ensure that the competent national authority is apprised of all the facts needed to exercise supervision. That authority may not, however, substitute its own assessment of the necessity of the investigation for that of the Commission. The national authority is entitled to examine the decision ordering an investigation to establish its authenticity and to consider whether the coercive measures envisaged are arbitrary or excessive in relation to the purpose of the investigation. It must also seek to ensure national rules are complied with in the enforcement of these measures.²

¹ Case 12/88.

² Joined Cases 46/87 and 227/88.

Copyright, level of royalties, reciprocal representation contracts

2.7.66. In *SACEM* and *Tournier* the Court gave two preliminary rulings on the validity of reciprocal representation contracts concluded between national copyright management societies, in the light of Articles 30, 59, 85 and 86 of the EEC Treaty.

Following precedent, the Court said that the right of an author to prevent the public performance of a work by means of sound recordings was not exhausted when the recording was put into circulation in another Member State; neither did Articles 30 and 59 of the EEC Treaty prevent the application of national legislation which treated as an infringement of copyright the public performance of a protected musical work by means of sound recordings without payment of royalties, where royalties had already been paid to the author, for the reproduction of the work, in another Member State.

After analysing the content of the contracts, the Court stated that they were contracts for the supply of services which did not in themselves restrict competition in such a way as to fall within the prohibition contained in Article 85(1). However, any concerted practice between national copyright management societies which had the effect of systematically denying foreign users direct access to their repertoire would constitute a restrictive practice likely to affect trade between Member States. It was for the national courts to determine whether any prohibited concerted action had in fact taken place.¹

Taxation

VAT Directives: special consumption tax on motor cars

2.7.67. In *Wisselink* the Court ruled that the special consumption tax on passenger cars levied in the Netherlands is not incompatible with Community law.² Underlining the principle that the compatibility of a

national tax with Community law depends, not on its name or the domestic legislative means by which it was incorporated into national law, but on its objective characteristics, the Court stated that Community law as it stands contains no specific provision designed to exclude or limit Member States' right to introduce taxes other than turnover taxes, as defined in Article 33 of the Sixth VAT Directive.

In the case in point, the Court found that the Dutch tax is not a general tax and is not imposed on the occasion of the movement of goods and services in a manner comparable to VAT. It concluded that the tax does not jeopardize the functioning of the common system of VAT and therefore does not display the characteristics of a turnover tax as the term has been defined in earlier judgments.³

Taxation of rum: Article 95

2.7.68. In Case 323/87 *Commission v Italy* the Court stated that, in infringement proceedings, it falls to the Commission to establish the existence of the infringement alleged. It nevertheless considered justified that part of the Commission's application which concerned the existence of tax discrimination prohibited by Article 95 of the EEC Treaty which worked to the detriment of rum imported into Italy from other Member States.

Transport

Common transport policy: authorizations for national and international road transport

2.7.69. In *Lambrechts Transportbedrijf v Belgian State* the Court had to decide

¹ Joined Cases 110, 241 and 242/88 *Lucazeau v SACEM and SACEM v Debelle and Soumagnac*, and Case 395/87 *Ministère Public v Tournier*.

² Joined Cases 93 and 94/88 *Wisselink v Staatssecretaris van Financiën*.

³ See in particular Case 295/84 *Organic* [1985] ECR 3759, and Case 252/86 *Bergandi*, not yet reported.

whether the principle of freedom to provide services could be relied on by a person not resident in a Member State against a decision detrimental to his interests adopted by the authorities of that Member State in 1982, having regard to the fact that the Council had not implemented a common transport policy by that date.

The Court first of all drew attention to the direct and unconditional applicability of Article 59 of the EEC Treaty, which concerns freedom to provide services within the Community.

It went on to say that freedom to provide transport services is governed by Article 74 *et seq.* of the Treaty. Consequently, even if the Council had failed to fulfil its obligations under Article 75,¹ that fact could not make Articles 59 and 60 directly applicable in the field of transport.

The Court concluded that Article 75(1) (a) and (b) does not create individual rights on which Member States' nationals may rely in proceedings before national courts with regard to decisions adopted by national authorities in 1982.²

Common agricultural policy

Action for damages: compensation for loss

2.7.70. In *Francesconi and Others v Commission*, which concerned adulterated wine containing methanol, the Court dismissed an action for compensation brought against the Commission, holding in essence that it is for the Member States to ensure compliance with the Community rules in the wine sector and that the Community institutions are required to intervene only when the national authorities do not adequately carry out their monitoring duty.³

New cases

2.7.71. The following cases came before the Court in October, either as references

for preliminary rulings or as actions brought direct:⁴

Free movement of goods

269/89 Criminal proceedings against Bonfait

Basis: Article 177 of the EEC Treaty

1. Are the provisions of the Netherlands Meat and Meat Products Order (*Vlees- en Vleeswarenbesluit*) applicable to meat products imported into the Netherlands from other Member States?
2. Are the said provisions measures within the meaning of Article 30 of the EEC Treaty?
3. Do the said provisions serve to protect public health in the Netherlands?

Freedom to provide services

Case 288/89 Stichting Collectieve Antennevoorziening Gouda and Others v Commissariaat voor de Media

Basis: Article 177 of the EEC Treaty

Compatibility with Article 59 of the EEC Treaty of Dutch rules restricting the cable relay of television programmes from other Member States which includes advertising addressed specifically to the Dutch public.

Taxation

Case 297/89 Public Prosecutor v Ryborg

Basis: Article 177 of the EEC Treaty

Confiscation by the Danish authorities of a motor car belonging to a German national who maintains family links with a person resident in Denmark.

¹ As the Court held in Case 13/83 *Parliament v Council* [1985] ECR 1513.

² Case 4/88.

³ Joined Cases 326/86 and 66/88.

⁴ 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*).

Competition

Case 302/89 *NBV and NVB v Commission*¹
Basis: Article 173 of the EEC Treaty

Partial annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.499 — Dutch banks).

Case 316/89 *Société Tréfilarmet Luxembourg-Saarbrücken v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 318/89 *Usines Gustave Boël v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 319/89 *Belgium v Commission*
Basis: Article 173 of the EEC Treaty

Annulment of the Commission Directive on competition in the markets for telecommunications services.

Case 320/89 *Ferriere Nord v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh), or, in the alternative, reduction of the fine imposed.

Case 321/89 *Steelinter v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 322/89 *Baustahlgewebe v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 325/89 *Société Métallurgique de Normandie v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 326/89 *Tréfilunion v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 327/89 *Sotralentz v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 329/89 *GB Martinelli fu GB Metallurgica v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of a Commission Decision relating to a proceeding under Article 85 of the EEC Treaty (IV/31.553 — Welded steel mesh) or, in the alternative, reduction of the fine imposed.

Case 331/89 *Italy v Commission*
Basis: Article 173 of the EEC Treaty

Annulment of the Commission Directive on competition in the markets in telecommunications services.

¹ OJ C 293, 21.11.1989.

² OJ C 306, 5.12.1989.

Competition and free movement of goods

Case 260/89 *ERT v Dimotiki Eteria Pli-
raforisis and the Mayor of Thessaloniki*
Basis: Article 177 of the EEC Treaty

Interpretation of Articles 2, 3(f), 9, 30, 36,
59, 60, 85, 86 and 90 of the EEC Treaty
with regard to the monopoly conferred on
ERT by Greek television broadcasting legis-
lation.

State aid

Case 305/89 *Italy v Commission*¹
Basis: Article 173 of the EEC Treaty

Annulment of the Commission Decision on
aid granted to the motor manufacturer Alfa
Romeo, belonging to the Finmeccanica
holding company.

Social policy

Case 304/89 *Estabelecimentos Isidoro M.
Oliveira v Commission*²
Basis: Article 173 of the EEC Treaty

Annulment of the Commission Decision to
disallow for Social Fund purposes two sums
of ESC 63 450 244 and ESC 23 713 486
respectively, which the Commission held
were not eligible for funding under aid
measures ESF 870708/P1 and 870708/P3.

Agriculture

Case 285/89 *Van der Laan v Minister van
Landbouw en Visserij*
Basis: Article 177 of the EEC Treaty

Must the situation referred to in Article 3
of Commission Regulation No 1371/84 now
Commission Regulation No 1546/88 laying
down detailed rules for the application of
the additional levy referred to in Article 5c
of Regulation No 804/68, namely 'compul-
sory appropriation of a considerable part
of the utilizable agricultural area of the
producer's holding, resulting in a temporary
reduction in the fodder area of the holding',
be interpreted as covering the case in which
the owner of land and the operator of a
public utility have reached an agreement

of the kind referred to in Article 2 of the
Netherlands Obstruction (Private Law) Act
(*Nederlandse Belemmeringenwet Privaat-
recht*) (*Staatsblad* 1927, p. 159), in order to
avoid the issue of a compulsory use order
as defined in Article 1 of that Act as a
result of which the producer in question has
temporarily lost the opportunity of using a
considerable part of the utilizable agricul-
tural area of the holding, resulting in a
temporary reduction of the fodder area of
the holding, a consequence which would
also have occurred if the aforesaid compul-
sory use order had been made?

Case 309/89 *Codorniu v Council*³
Basis: Article 173 of the EEC Treaty

Partial annulment of Council Regulation
No 2045/89 amending Regulation No 3309/
85 laying down general rules for the descrip-
tion and presentation of sparkling wines
and aerated sparkling wines.

Transport

Case 298/89 *Government of Gibraltar v
Council*
Basis: Article 173 of the EEC Treaty

Annulment of Article 2(2) of Council Direc-
tive 89/463/EEC concerning the authoriz-
ation of scheduled interregional air services
for the transport of passengers, mail and
cargo between Member States.

Institutions

Cases 301/89 and 301/89R *Eurotempo v
Commission*⁴
Basis: Article 173 of the EEC Treaty
Articles 185 and 186 of the EEC
Treaty

(i) Annulment of the decision contained
in a letter from the Directorate-General for
Information, Communication and Culture,
informing the applicant that its tender to
manage a shop selling products promoting

¹ OJ C 295, 23.11.1989.

² OJ C 278, 1.11.1989.

³ OJ C 281, 7.11.1989.

⁴ OJ C 289, 17.11.1989.

the Community image had not been accepted.

(ii) Seeking suspension of the operation of the decision.

Infringements

Case 306/89 *Commission v Greece*¹
Basis: Article 169 of the EEC Treaty

Failure to comply with Council Directive 82/470/EEC on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of activities of self-employed persons in certain services incidental to transport and travel agencies (ISIC Group 718) and in storage and warehousing (ISIC Group 720).

Case 307/89 *Commission v France*²
Basis: Article 169 of the EEC Treaty

Failure to comply with Community law: eligibility of Community nationals resident in France for supplementary benefit under the *Fonds national de solidarité* scheme.

Case 310/89 *Commission v Netherlands*
Basis: Article 169 of the EEC Treaty

Failure to comply with Council Directive 84/539/EEC on electromedical equipment used in human or veterinary medicine.

Case 311/89 *Commission v Belgium*
Basis: Article 169 of the EEC Treaty

Failure to comply with Council Directive 84/539/EEC on electromedical equipment used in human or veterinary medicine.

Case 313/89 *Commission v Spain*¹
Basis: Article 169 of the EEC Treaty

Failure to comply with Council Directive 80/155/EEC on midwives.

Case 330/89 *Commission v Belgium*
Basis: Article 169 of the EEC Treaty

Seeking a declaration that by failing to communicate to the Commission within the time allowed the programmes for reducing containers of liquids for human consumption referred to in Article 3 of Council Directive 85/339/EEC on containers of

liquids for human consumption, Belgium has failed to fulfil its obligations under the EEC Treaty.

Case 334/89 *Commission v Italy*
Basis: Article 169 of the EEC Treaty

Failure to comply with Commission Directive 85/411/EEC amending Council Directive 79/409/EEC on the conservation of wild birds.

Case 337/89 *Commission v UK*
Basis: Article 169 of the EEC Treaty

Failure to implement properly Council Directive 80/778/EEC relating to the quality of water intended for human consumption.

Miscellaneous

Case 283/89AJ *Kulbrok v Commission*
Application for legal aid.

Case 284/89AJ *Kulbrok v Commission*
Application for legal aid.

Disputes between the Community and its staff

v Commission:

Case 296/89 *Remusat*

v Parliament:

Case 303/89 *Virgili-Schettini*³

v Court of Auditors:

Case 323/89 *Williams*⁴

Judgments

2.7.72. Decisions were given in the following cases in October:

Free movement of goods

18.10.1989: Case 179/89 *Farmaindustria v Consejería de Salud de la Junta de Andalucía*⁵

¹ OJ C 288, 16.11.1989.

² OJ C 293, 21.11.1989.

³ OJ C 278, 1.11.1989.

⁴ OJ C 306, 5.12.1989.

⁵ OJ C 301, 30.11.1989.

Removed from the Court Register.

(Reference for a preliminary ruling on the interpretation of Articles 7, 30 and 92(1) of the EEC Treaty and of Council Directives 77/62/EEC and 80/767/EEC.)

26.10.1989: Case 212/88 *Criminal proceedings against Levy and Others*¹

National legislation making the importation from a Member State in which they are in free circulation of products originating in a non-member country subject to the issue of an import licence amounts to a quantitative restriction prohibited by Article 30 of the EEC Treaty, except where the Member State has been authorized by the Commission pursuant to Article 115 of the Treaty to exclude the products in question from Community treatment. Where no such authorization has been granted, Member States may not require the exporter to state, as regards the origin of the products, anything other than what he knows or may reasonably be expected to know; they may attach penalties to the omission or inaccuracy of such a declaration, but not penalties of the kind attaching to false declarations made with a view to carrying out prohibited import operations, even if the purpose of the false declaration was fraudulent. Where such authorization has been granted, and subject to its limits, Member States may declare that import operations carried out without an advance licence are subject to the penalties attaching to the undeclared importation of prohibited goods; they may require the importer to state the origin of the imported products and may attach to any infringement of that obligation the penalties attaching to false declarations made with a view to carrying out prohibited import operations.

Taxation

17.10.1989: Joined Cases 231/87 and 129/88 *Ufficio Distrettuale delle Imposte Dirette di Fiorenzuola d'Arda and Others v Comune di Carpaneto Piacentino and Another*²

1. The first subparagraph of Article 4(5) of the Sixth VAT Directive must be inter-

preted as meaning that activities pursued 'as public authorities' within the meaning of that provision are those engaged in by bodies governed by public law under the special legal regime applicable to them and do not include activities pursued by them under the same legal conditions as those that apply to private traders. It is for each Member State to choose the appropriate legislative technique for transposing into national law the rule of treatment as a non-taxable person laid down in that provision.

2. The second subparagraph of Article 4(5) of the Sixth VAT Directive must be interpreted as meaning that the Member States are required to ensure that bodies subject to public law are treated as taxable persons in respect of activities in which they engage as public authorities where those activities could also be engaged in, in competition with them, by private individuals, in cases in which their treatment as non-taxable persons could lead to significant distortions of competition, but they are not obliged to transpose that criterion literally into their national law or to lay down precise quantitative limits for such treatment.

3. The third subparagraph of Article 4(5) of the Sixth VAT Directive must be interpreted as meaning that it does not require the Member States to transpose into their tax legislation the criterion of the non-negligible scale of activities as a condition for treating the activities listed in Annex D as taxable.

4. A body governed by public law may rely on Article 4(5) of the Sixth VAT Directive for the purpose of opposing the application of a national provision making it subject to VAT in respect of an activity in which it was engaged as a public authority and which is not listed in Annex D of the Directive, where treatment of the activity as non-taxable is not liable to give rise to significant distortions of competition.

¹ OJ C 301, 30.11.1989.

² OJ C 288, 16.11.1989.

Competition

17.10.1989: Case 85/87 *Dow Benelux v Commission*¹

The application is dismissed.

(Seeking the annulment of the Commission Decision concerning an investigation under Article 14(3) of Council Regulation No 17 (IV/31.865 — PVC and IV/31.866 — polyethylene).

17.10.1989: Joined Cases 97, 98 and 99/87 *Dow Chemical Ibérica and Others v Commission*²

The applications are dismissed.

(Seeking the annulment of the Commission Decision concerning an investigation under Article 14(3) of Council Regulation No 17 (IV/31.865 — PVC and IV/31.866 — polyethylene).

18.10.1989: Case 374/87 *Orkem v Commission*¹

1. Commission Decision IV/31.866 relating to a proceeding under Article 11(5) of Council Regulation No 17 is void as regards Questions II(1)(c) and III(1) and (2).

2. For the rest, the application is dismissed.

18.10.1989: Case 27/88 *Solvay v Commission*¹

1. Commission Decision IV/31.866 relating to a proceeding under Article 11(5) of Council Regulation No 17 is void as regards Questions II(1)(c) and III(1) and (2).

2. For the rest, the application is dismissed.

Social policy

17.10.1989: Case 109/88 *Handels-og Kontorfunktionærernes Forbund i Danmark v Dansk Arbejdsgiverforening for Danfoss*³

Council Directive 75/117/EEC on equal pay for men and women must be interpreted as meaning that:

1. where an undertaking applies a system of pay which is totally lacking in transparency, it is for the employer to prove that his practice in the matter of wages is not discriminatory, if a female worker establishes, in relation to a relatively large number of employees, that the average pay for women is less than that for men;

2. where it appears that the application of criteria for additional payments such as mobility, vocational training or the length of service of the employee systematically works to the disadvantage of female employees,

(a) the employer may justify recourse to the criterion of mobility if it is understood as referring to adaptability to variable hours and places of work, by showing that such adaptability is of importance for the performance of the specific tasks which are entrusted to the employee, but not if that criterion is understood as covering the quality of the work done by the employee;

(b) the employer may justify recourse to the criterion of vocational training by showing that such training is of importance for the performance of the specific tasks which are entrusted to the employee;

(c) the employer does not have to provide special justification for recourse to the criterion of length of service.

Agriculture

4.10.1989: Case 318/87 *RAR v Commission*⁴

Removed from the Court Register.

(Seeking the annulment of Commission Regulation No 2146/87 adopting measures for the supply of raw sugar from beet harvested in the Community to Portuguese refineries during the 1987/88 marketing year.)

19.10.1988: Joined Cases 258, 337 and 338/87 *Italy v Commission*¹

¹ OJ C 288, 16.11.1989.

² OJ C 285, 11.11.1989.

³ OJ C 289, 17.11.1989.

⁴ OJ C 293, 21.11.1989.

The applications are dismissed.

(Seeking the partial annulment of the Commission's decision on the clearance of the accounts presented by Italy in respect of the EAGGF Guarantee Section expenditure for 1983 and the Commission's decisions on the clearing of the corresponding accounts presented by Italy in respect of expenditure for 1984 and 1985.)

Budget

24.10.1989: Case 16/88 *Commission v Council*¹

The application is dismissed.

(Seeking the annulment of Article 6(4) of Council Regulation No 3252/87 on the coordination and promotion of research in the fisheries sector.)

Commercial policy

19.10.1989: Case 142/88 *Hoesch and Germany v Bergrohr*²

1. Article 5 of Council Regulation No 60/85 on the restriction of exports of steel pipes and tubes to the United States of America must be interpreted as meaning that the expression 'new producers of pipes and tubes' includes undertakings which have previously produced steel pipes and tubes but which, while maintaining their legal form and name, undergo a significant change in economic terms by building a new works with significant production capacity, if that works manufactures a new product not previously manufactured by that undertaking.

2. An undertaking which is a 'new producer' within the meaning of Article 5(2) of Regulation No 60/85 must have available to it an adequate share of the available export licences, subject to the criteria contained in that provision. In particular, the authorities of the Member States responsible for determining the importance to be attached to each of those criteria must take account of the production capacity of the new producer and its potential as an

exporter, and offer it genuine access to the American pipes and tubes market.

3. The German authorities were entitled under Regulation No 60/85 to allocate to Hoesch a special quantity of pipes and tubes drawn from the national export quota of 2.82% of United States apparent consumption but were not obliged to do so.

Infringements

3.10.1989: Case 383/85 *Commission v Belgium*³

By failing to comply with the judgment of the Court in Case 137/80 *Commission v Belgium*, Belgium has failed to fulfil its obligations pursuant to Article 171 of the Treaty.

4.10.1989: Case 368/88 *Commission v Greece*

Removed from the Court Register.

(Failure to comply with Council Directives 82/890/EEC and 83/190/EEC on tractors.)

4.10.1989: Case 151/89 *Commission v Italy*⁴

Removed from the Court Register.

(Seeking a declaration that by prohibiting the marketing in Italy of beers lawfully manufactured and marketed in other Member States, although in a manner not in conformity with the Italian production rules, Italy has failed to fulfil its obligations pursuant to Article 30 of the EEC Treaty.)

5.10.1989: Case 290/87 *Commission v Netherlands*³

1. The Netherlands has failed to fulfil its obligations pursuant to Article 10(2) of Council Regulation No 2057/82 establishing certain control measures for fishing activities by vessels of the Member States in so far as in 1985 it did not close fishing for certain stocks in good time.

¹ OJ C 293, 21.11.1989.

² OJ C 288, 16.11.1989.

³ OJ C 274, 27.10.1989.

⁴ OJ C 295, 23.11.1989.

2. The remainder of the application is dismissed.

10.10.1989: Case 246/89R *Commission v UK*¹

Pending delivery of the judgment in the main proceedings, the United Kingdom shall suspend the application of sections 14(1)(a) and (c) of the Merchant Shipping Act 1988, read in conjunction with paragraphs (2) and (7) of that section, as regards the nationals of other Member States and in respect of fishing vessels which, until 31 March 1989, were pursuing a fishing activity under the British flag and under a British fishing licence.

18.10.1989: Case 226/88 *Commission v Luxembourg*

Removed from the Court Register.

(Failure to comply with the Directives on permissible sound power levels (Council Directives 84/533/EEC and 85/406/EC (compressors), 84/534/EEC (tower cranes), 84/535/EEC and 85/407/EEC (welding generators), 84/536/EEC and 85/408/EEC (power generators), 84/537/EEC and 85/409/EEC (concrete-breakers and picks).)

Disputes between the Community and its staff

v Commission:

10.10.1989: Case 201/88 *Palmerini née Atala*²

The application is dismissed.

v Court of Justice:

26.10.1989: Case 125/87 *Brown*³

The application is dismissed.

v Parliament:

28.9.1989: Case 313/87 *Andreasen and Others*⁴

Removed from the Court Register.

(Seeking the annulment of the applicants' salary statements for December 1986 and all subsequent months in so far as they applied Council Regulation No 3619/86

with regard to the amount of the adjustment of the weighting and to its retroactivity.)

28.9.1989: Case 193/88 *Barbe*⁴

Removed from the Court Register.

28.9.1989: Case 107/89 *Caturla Poch*⁴

Removed from the Court Register.

v Council:

28.9.1989: Case 314/87 *Binns and Others*⁴

Removed from the Court Register.

(Seeking the annulment of the applicants' salary statements for December 1986 and all subsequent months in so far as they applied Council Regulation No 3619/86 with regard to the amount of the adjustment of the weighting and to its retroactivity.)

Economic and Social Committee

270th plenary session

2.7.73. The Economic and Social Committee held its 270th plenary session in Brussels on 18 and 19 October. The Committee Chairman, Mr Masprone, presided, and the session was attended by Mr Soisson, French Minister for Labour, Employment and Vocational Training. Mr Soisson outlined the French Presidency's priorities for the rest of the year in the social affairs sphere: action to combat long-term unemployment, insecure employment and the shortage of skilled labour, catching-up in the field of vocational training in the Community, further work to protect workers on the basis of Article 118a of the EEC Treaty, re-launching of the social dialogue and adoption of the Charter of Fundamental Social Rights.

¹ OJ C 283, 9.11.1989.

² OJ C 275, 28.10.1989.

³ OJ C 301, 30.11.1989.

⁴ OJ C 278, 1.11.1989.

2.7.74. The Committee debated and adopted opinions on the following:

Economic and monetary union in the Community (own-initiative opinion) (→ point 2.1.1);

Abolition of lodgement of the transit advice note (→ point 2.1.27);

Transnational mergers (own-initiative opinion) (→ point 2.1.85);

Europe against cancer (→ point 2.1.90);

Programme for the economic conversion of coalmining areas (Rechar) (→ point 2.1.104);

Set-aside reimbursement rates (→ point 2.1.150);

Rates for the carriage of goods by road (→ point 2.1.187).

2.7.75. The Committee also adopted opinions on the following, without debate:

Right of residence for students, pensioners, employees and persons who have ceased their occupational activity (→ point 2.1.9);

Legal protection of computer programs (→ point 2.1.41);

Research programme in the field of management and storage of radioactive waste (→ point 2.1.59);

Telecommunications terminal equipment (→ point 2.1.64);

Erasmus II programme (→ point 2.1.96);

Action programme in the field of vocational training and technological change (Eurotecnet II) (→ point 2.1.97);

Protection of vertebrate animals used for experimental purposes (→ point 2.1.116);

Milk and milk products (→ point 2.1.138);

Pesticide residues in fruit and vegetables (→ point 2.1.167);

Processing and marketing of fishery and aquaculture products (→ point 2.1.183);

Vessels carrying packages of dangerous goods (→ point 2.1.189);

Special support for the development of agricultural statistics in Ireland (→ point 2.6.3).

European Investment Bank¹

Operations in October

2.7.76. Loans granted by the European Investment Bank in October for projects within the Community totalled ECU 1 426 million,² of which ECU 543.6 million went to projects in Italy, ECU 260 million to France, ECU 209.8 million to Denmark, ECU 92.4 million to the Federal Republic of Germany, ECU 80.8 million to Belgium, ECU 70.1 million to the United Kingdom, ECU 59.6 million to Portugal, ECU 47.2 million to the Netherlands, ECU 32.3 million to Greece and ECU 30.5 million to Spain. Outside the Community, the Bank lent ECU 78.8 million, of which ECU 47 million to Algeria and Yugoslavia, and ECU 31.8 million, including ECU 26.8 million from risk capital, to the ACP countries and OCTs.

Community

Italy

2.7.77. The EIB loaned LIT 819 billion, mainly for small and medium-scale projects, environmental protection, energy and telecommunications. A large proportion went to projects in the Mezzogiorno. LIT 189.7 billion went to a wide range of environmental projects, including facilities to reduce

¹ Further details can be obtained from the European Investment Bank, Information Division, 100 boulevard Konrad Adenauer, L-2950 Luxembourg, tel. (352) 4379-1.

² The conversion rates at 30 September 1989 used by the EIB in statistics for the current quarter were: ECU 1 = BFR 43.34; DKR 8.04; DM 2.06; DR 181.16; ESC 174.81; FF 7.00; HFL 2.33; IRL 0.77; LFR 43.34; LIT 1 506.75; PTA 131.15; UKL 0.68.

pollution along the coasts of Liguria and the Gulf of Trieste and in the Po, to contain watercourses in the Val d'Aosta and erosion in several provinces and to purchase aircraft for fighting forest fires. Several projects formed part of the World Bank/EIB action programme recently approved to combat pollution and improve the environment in the Mediterranean. LIT 260 billion went to projects to meet Community energy objectives, in particular the exploitation of underwater gas deposits in the Adriatic and an underground deposit near Ravenna, and improvement of the electricity grid between Sardinia, Corsica and mainland Italy.

Global loans totalling LIT 114.8 billion went to small and medium-scale projects in the productive sector, energy-saving, environmental protection and advanced technology.

LIT 204.5 billion went to communications infrastructures and LIT 50 billion to industry.

France

2.7.78. Of the FF 1.8 billion loaned in France, FF 1 billion took the form of a number of global loans to finance projects by small and medium-sized businesses and the local authorities in industry, tourism, energy, environmental protection, sea fisheries and aquaculture. A loan of FF 750 million was granted for the extension of a paper mill in Nord-Pas de Calais, a region severely affected by the decline of a number of industries.

Denmark

2.7.79. DKR 1.7 billion was lent to Denmark for the development of telecommunications, motorway sections leading to the future fixed link across the Great Belt and the main road connections with Scandinavia and central Europe and energy production and distribution, bringing total loans to Danish investment projects this year to DKR 3.2 billion.

Germany

2.7.80. DM 190.6 million was granted in the form of global loans to finance small and medium-sized projects in industry, infrastructures, environmental protection and the rational use of energy.

Belgium

2.7.81. BFR 3.5 billion was granted in the form of global loans to investments by small and medium-sized firms in industry and related services throughout Belgium.

United Kingdom

2.7.82. Of the UKL 47.7 million lent, UKL 25 million went to develop the port of Felixstowe, the largest container port in the United Kingdom, and the remainder to extend a newsprint mill in Wales and modernize a starch and glucose plant near Manchester.

Portugal

2.7.83. Of the ESC 10.4 billion granted to Portugal, ESC 9.4 billion was intended to be used as global loans to finance small and medium-scale projects in tourism, industry and related services, energy-saving and environmental protection; the remainder was used to finance the expansion and modernization of a timber plant in the north of the country.

Netherlands

2.7.84. HFL 110 million went towards the construction of two high-resistance synthetic fibre plants in Limburg.

Greece

2.7.85. DR 5.9 billion went to finance reconstruction of the town of Kalamata which was damaged by earthquakes in 1986 (DR 3 billion), electricity supply networks (DR 1.86 billion) and road improvements (DR 1 billion).

Spain

2.7.86. PTA 4 billion was loaned for various infrastructure projects contributing to regional development in Galicia: improvement of the road network, installation of new drinking water supply systems and construction of a sewage treatment plant.

Outside the Community

Mediterranean

2.7.87. A total of ECU 24 million was granted for the modernization of the Trans-Yugoslav railway link which plays a central role in the country's transport system and is the most direct rail link between Greece

and the rest of the Community. ECU 23 million was lent to Algeria for a major sewerage scheme in Algiers that will improve general sanitary conditions and reduce pollution in the Mediterranean.

ACP countries and OCTs

2.7.88. ECU 31.8 million, including ECU 26.8 million from risk capital, was lent to the ACP countries for water supply projects in Chad and Guinea, the construction of industrial plants in Lesotho, industrial fishing and fish-processing in Guinea-Bissau, small and medium-scale projects in Tonga, improvement of telecommunications in Benin and the development of harbour installations and small and medium-sized firms in industry, tourism and fisheries in the British Virgin Islands.

PART THREE

DOCUMENTATION

1. The ecu

Values in national currencies of 1 ecu

October 1989¹

BFR/ LFR	Belgian franc and Luxembourg franc (convertible)	43.1875
	Belgian franc and Luxembourg franc (financial)	43.3241
DKR	Danish krone	8.01074
DM	German mark	2.05575
DR	Greek drachma	182.565
ESC	Portuguese escudo	175.384
FF	French franc	6.97824
HFL	Dutch guilder	2.32112
IRL	Irish pound	0.772564
LIT	Italian lira	1 508.27
PTA	Spanish peseta	130.839
UKL	Pound sterling	0.694437
AUD	Australian dollar	1.42372
CAD	Canadian dollar	1.29541
FMK	Finnish markka	4.70848
NKR	Norwegian krone	7.65003
NZD	New Zealand dollar	1.87627
OS	Austrian schilling	14.4735
SFR	Swiss franc	1.79668
SKR	Swedish krona	7.10629
USD	United States dollar	1.10298
YEN	Japanese yen	156.601

¹ Average for the month; OJ C 278, 1.11.1989.

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 9-1989, point 2.1.3.

Representative rates ('green' rates)

Conversion rates into national currencies for the ecu used in connection with the common agricultural policy

October 1989		Value in national currency of ECU 1
National currency/sector		
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	180.508 197.943 on 2.10.1989 199.422 on 9.10.1989 201.089 on 16.10.1989 202.363 on 23.10.1989 204.245 on 30.10.1989
	Eggs and poultrymeat Olive oil Other crop products Structures Tobacco, cereals, sugar and wine Other products	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 and wine Sheepmeat and goatmeat Beef/veal and pigmeat Olive oil Other products	7.69787 7.65577 7.85183 7.58418 7.69787

October 1989		Value in national currency of ECU 1
National currency/sector		
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	1 700.83 1 673.00 1 676.00 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 0.749992 on 9.10.1989 0.756267 on 16.10.1989 0.706728 0.675071 0.701383

2. Address by Mr Jacques Delors at the College of Europe in Bruges

3.2.1. Address given on 17 October by Mr Delors, President of the Commission of the European Communities at the opening session of the 40th Academic Year of the College of Europe, Bruges.

'I am speaking to you today at the invitation of your Rector, Professor Lukaszewski, as the College of Europe celebrates its 40th birthday. European integration has had its up and downs over those 40 years, its high seasons of hope and progress and its long winters of despondency and stagnation. But here, in Bruges, faith in the European ideal has never wavered'.

Your Rector affirmed this, 10 years ago, in an exacting, pluralist conception of Europe. He wrote:

"Shaping European awareness, fostering attachment to Europe as a community of civilization and destiny, is totally in keeping with the great university tradition of the West".

It is a happy coincidence that this year your College has chosen to pay tribute to Denis de Rougemont, an all too little-known figure, whose lifework and writings are a precious legacy.

I would like to speak in more personal terms of Denis de Rougemont, I never had the good fortune to work with him, but I would like to tell you why I think so much of him, why I draw on his intellectual and political contribution.

First of all, as a militant European, I, like many others, am carrying on the work he began in his time. He was an ardent federalist. For him federalism was a many-splendoured thing; he saw it as a method, an approach to reality, a view of society. I often find myself invoking federalism as a method, with the addition of the principle of subsidiarity. I see it as a way of reconciling what for many appears to be irreconcilable: the emergence of a united Europe and loyalty to one's homeland; the need for a European power capable of tackling the problems of our age and the absolute necessity to preserve our roots in the shape of our nations and regions; and decentralization of responsibilities, so that we never entrust to a bigger unit anything that is best done by a smaller one. This is precisely what subsidiarity is about.

As a personalist, a disciple of Emmanuel Mounier, whose influence will, I am convinced, revive as Europeans become aware of the quandaries of frenzied individualism, just as, for some years now, they have been rejecting collectivism and, in its attenuated form, the benevolent State.

I am pleased therefore to pay tribute today to a man who, throughout his life, kept on tilling the fields of hope. It is significant that, at the 1948 Congress in The Hague, Denis de Rougemont was asked to help draft and then read the Message to Europeans:

"Europe's mission", he declared, "is to unite her peoples in accordance with their genius of diversity and with the conditions of modern community life, and to open the way towards organized freedom for which the world is seeking ...

Human dignity is Europe's finest achievement, freedom her true strength. Both are at stake in our struggle. The union of our continent is now needed not only for the salvation of the liberties we have won, but also for the extension of their benefits to all mankind.

Upon this union depend Europe's destiny and the world's peace".

Were he with us here today, I would want to discuss two points with him which have a bearing on our common future.

Denis de Rougemont believed in what I would call working from the bottom up, rebuilding from below, from small entities rooted naturally in a solidarity of interests and a convergence of feeling. That is of course essential, but it is not enough. Others, and I am one of them, must at the same time work from the top down, viewing the paths of integration from above. Otherwise the small streams of solidarity will never converge to form a wide river.

And de Rougemont abhorred power. Let me quote him again:

"My philosophy comes down to this: power is the authority one would wield over others; freedom is the authority one can wield over oneself".

Although I would not deny the philosophical value of this statement, I would beg to disagree with it from a political standpoint.

Politically speaking, power is not necessarily the obverse of freedom. Neither the European Community — nor the peoples and nations that form it — will truly exist unless it is in a position to defend its values, to act on them for the benefit of all, to be generous. Let us be powerful enough to command respect and to uphold the values of freedom and solidarity. In a world like ours, there is no other way.

I would link power with the necessity I have so often invoked to promote the revitalization of

European integration. Today I would like to get power working for the ideal. Where would necessity take us had we no vision of what we want to achieve? And, conversely, what impact can an ideal have without the resolve and the means to act? The time has come, I feel, to reconcile necessity and the ideal.

We can do so by drawing on our own experiences, on our national heritages, and on the strength of our institutions. Let me underline the importance of this at a time when people can appreciate the limits of any action implemented with national resources alone. Our present concerns — be it the social dimension or the new frontier represented by economic and monetary union — offer a golden opportunity for the joint exercise of sovereignty, while respecting diversity and hence the principles of pluralism and subsidiarity.

There is a need for urgency, for history does not wait. As upheavals shake the world, and the other “Europe” in particular, our reinvigorated Community must work for increased cohesion and set objectives commensurate with the challenges thrown down by history.

Europe, the necessity and the ideal

History is only interested in the far-sighted and those who think big, like Europe’s founding fathers. They are still with us today in the inspiration they provided and legacy the left.

By “thinking big” I mean taking account of worldwide geopolitical and economic trends, the movement of ideas and the development of the fundamental values which inspire our contemporaries. The founding fathers wanted to see an end to internecine strife in Europe. But they also sensed that Europe was losing its place as the economic and political centre of the world. Their intuition was confirmed before our very eyes, to the point in the 1970s when we had to choose between survival and decline. I shocked many people at that time by constantly arguing this point. Gradually, though, the need for a quantum leap became apparent and created a climate in which a single European market by 1992 could be accepted as an objective. The same dynamism led to revision of the Treaty of Rome — the Single Act — and to what is known as the Delors package, in other words the financial reforms necessary to pay for our ambitious plans. Necessity woke Europe from its slumbers.

By “far-sighted” I mean being simultaneously capable of drawing on our historical heritage and looking to the future. Futurology has a part to play but so has a code of ethics for the individual, society and the human adventure. Nothing is

achieved without enthusiasm, to quote workers doomed to see their firm disappear.

This, frankly, is what we lack most today. I can say, with both feet on the ground, that the theory of the bogeyman-nation has no place in the life of our Community if it wants to be a Community worthy of the name. The inevitable conflicts of interest between us must be transcended by a family feeling, a sense of shared values.

The include the enhancement of personality through mutual knowledge and exchange. The younger generation is very conscious of this new horizon. It rejects isolation, it wants to experience other ideas, to explore new territory.

The College of Europe in Bruges is the living laboratory where this new Europe is being formed.

The time has come, my friends, to revive the ideal.

Necessity as a driving force

To get there, however, we must take the path of necessity. At a time when the Community is being courted by some, threatened by others; at a time there are those who, with scant regard for the mortar which already binds us, advocate a headlong dash in the name of a greater Europe, or offer us as an ultimate reference nothing more than the laws of the market; to these we must say that our Community is the fruit not only of history and necessity, but also of political will.

Let us consider necessity for a moment. Since the turn-around of 1984-87 our achievements are there for all to see. The threat of a decline is receding. In five years we have gone from insufficient economic growth of the order of 1.5% a year to 3.5%, from a net annual loss of 600 000 jobs to the creation of 1 300 000 jobs a year, from almost no additional investment to an increase of some 6 to 7%. Businessmen and manufacturers are more aware of this than politicians, many of whom still underestimate the way in which the gradual achievement of the single European market and common policies have supported national efforts to adapt to the new world economic order. Yet all we need to do to see how far we have come is look beyond our frontiers: Europe is once again a force to be reckoned with and is arousing interest everywhere: in America, in Asia, in Africa, in the North and in the South.

Then there is political will. I know that the term has sometimes been abused, as a sort of incantation, but it is precisely political will that led first six, then nine, 10, 12 countries to decide to unite their destiny, with their eyes wide open. The contract binding them is clear, involving both rights and obligations.

Last of all, history. The Twelve cannot control history but they are now in a position to influence it once again. They did not want Europe to be cut in two at Yalta and made a hostage in the Cold War. They did not, nor do they, close the door to other European countries willing to accept the terms of the contract in full.

Reconciliation of the necessity and the ideal

The present upheavals in Eastern Europe are changing the nature of our problems. It is not merely a matter of when and how all the countries of Europe will benefit from the stimulus and the advantages of a single market. Our times are dominated by a new mercantilism and our young people expect something better of us. Are we going to turn away?

Make no mistake about it. Behind triumphant nationalism and excessive individualism, ethics are making a come-back in the wake of scientific progress. How far, for example, are we prepared to allow genetic manipulation to go? We need a code of ethics for man, we need to promote our concept of the individual and his integrity. Nature, whether pillaged or neglected, strikes back with disturbances and upheavals. So we also need a code of ethics governing the relationship between man and nature. With millions of young people knocking in vain on the door of adult society, not least to find their place in the world of work, with millions of pensioners — still in the prime of life — cut off from any real role in society, we must ask ourselves what kind of society are we building. A society in which the door is always closed?

Europe has always been the continent of doubt and questioning, seeking a humanism appropriate to its time, the cradle of ideas which ultimately encircle the globe.

The time has come to return to ideals, to let them penetrate our lives. Let us continue to consider, in everything we do in the field of politics, economics and social and cultural life, what will enable every man, every woman, to achieve their full potential in an awareness not only of their rights but also of their obligations to others and to society as a whole. We must sustain our efforts to create a humane society in which the individual can blossom through contact and cooperation with others.

Of course any reference to humanism is bound to unleash a debate among Europeans. People will hold conflicting views but a synthesis will emerge to the benefit of democracy and Europe itself. For the Community is a concept charged with significance.

“Where there is no big vision, the people perish” as Jean Monnet said, making this saying of President Roosevelt’s his own.

The Community, a concept charged with significance

In this respect, we are engaged in a unique adventure. We are creating a model, admittedly by reference to inherited principles, but in circumstances so extraordinary that the end result will be unique, without historical precedent.

We owe much to the strength of our institutions because our Community is a Community based on the rule of law. And the condition for success is the joint, transparent exercise of sovereignty.

The strength of a Community based on the rule of law

Let us consider the strength of our institutions for a moment, beginning with legitimacy. Without legitimacy — as earlier attempts to unite nations have shown — no progress, no permanence is possible. In the Community the progress of history is there for all to see. We have the Treaty duly ratified by all national parliaments, an expression of national will. The Court of Justice plays a vital role in dealing with differences of interpretation. The European Council — now institutionalized — allows Heads of State or Government to monitor progress, to pinpoint delays and failures to honour the contract that unites and binds us, to provide impetus and to make good any deficiencies. A new development is that the Commission now presents a balance sheet at each meeting of what has been accomplished and what remains to be done. The Commission takes the European Council’s pronouncements very seriously and does not hesitate to remind the Twelve of undertakings given. In this way the Community is demonstrating more and more clearly that it has little in common with organizations that produce worthy resolutions that are rarely if ever acted upon.

To take a topical issue, the Commission takes a serious view of the European Council’s reaffirmation of its determination to abolish internal frontiers — physical, technical and fiscal — and to create a vast area in which the people of Europe can do business, make contact and work together. The same is true of its twice-expressed determination to move towards economic and monetary union and, indeed, to flesh out the Community’s social dimension. That too is legitimacy.

But effectiveness is another measure of the strength of our institutions. We must never underestimate

the inspired approach of the authors of the Treaty of Rome. What demands it makes on us!

First of all on the Commission, which is responsible for seeing to it that the ground rules are observed, for ensuring that commitments are honoured, for implementing Council decisions when the Council sees fit to allow it to do so. From this point of view we are wide of the mark, more precisely of the targets set by the Single Act. But it is above all in exercising its right of initiative that the Commission shoulders its responsibilities. And everyone gives it credit for having defined goals and proposed ways and means of revitalizing European integration.

The Commission intends to retain this dynamic approach, assuming it can come up with new ideas and options. Let us be quite clear here. The Commission must never get drunk on its own powers. It must be strict in applying the principle of subsidiarity. It must be aware of the conditions for a dynamic compromise between the Twelve and to that end endeavour to understand each nation and its people. It must draw conclusions from this and be tireless in the pursuit of consensus. It must have the courage to say "no" when there is a danger of the letter and the spirit of the Treaty being ignored. And most important of all, it must have the courage to take a back seat whenever this can serve the European cause.

The strength of the law is illustrated in turn by the European Parliament. I know that there is a debate on the democratic deficit and I have no doubt whatsoever that, before too long, the powers of the Strasbourg assembly will be strengthened further. But we cannot ignore the influence that today's Parliament has had on European integration. Let me just ask you this: do you think that it would have been possible to convene the intergovernmental conference that produced the Single Act had Parliament not thrown its weight behind the idea on the basis of the draft European Union Treaty which it had adopted at the initiative of that great European, Altiero Spinelli?

Many envy us our Community based on the rule of law and this explains its growing influence. What a model our institutions, which allow every country irrespective of its size to have its say and make its contribution, offer the nations of Eastern Europe. They, and many other nations besides, admire the practical, forward-looking application of pluralist democracy within our borders.

In the circumstances how can anyone expect us to accept absorption into a larger, looser structure along intergovernmental lines? We would be abandoning a bird in the hand for two in the bush. It would be a tragic mistake for Europe.

Despite the success of our Community based on the rule of law, disputes about sovereignty continue. We need to face the issues squarely.

The joint exercise of sovereignty

A dogmatic approach will get us nowhere. It will merely complicate the difficult discussions that lie ahead and make it even harder to remove the remaining obstacles on the road to the single European market and 1992. The facts speak for themselves. Each nation needs to consider how much room for manoeuvre it genuinely has in today's world. The growing interdependence of our economies, the internationalization of the financial world, the present or growing influence of the main protagonists on the world stage — all point to a dual conclusion.

Firstly, nations should unite if they feel close to each other in terms of geography, history, values and — dare I say? — necessity.

Secondly — and ideally at the same time — cooperation should develop at world level to deal with such matters as international trade, the monetary system, underdevelopment, the environment and drugs.

The two are complementary rather than concurrent. Because the ability to survive internationally, to influence events, presupposes more than the trappings of power. It presupposes a capacity for generosity which is essential to any great undertaking.

Europe has little clout as yet, although, as I have said, our economic performance is impressing our partners and reassuring our own people. It is quite clear that the fault lies in the deliberately fostered fiction of full national sovereignty and hence of the absolute effectiveness of national policies.

We are all familiar with the expression "speaking with a single voice". This is a reality rather than a formula. It is a reality that strengthens our institutions, a reality reflected in the results achieved when we do agree to the joint exercise of sovereignty. The consequences of the opposite approach proves the point. Think of the shortcomings of our common commercial policy — enshrined though it is in the Treaty — often explained by countries acting alone or failing to identify their own interests correctly. Think of our inability to make a constructive contribution to the problems of indebtedness and underdevelopment, when joint action could move mountains of egoism and hegemony.

May I remind you of what Sir Geoffrey Howe said on 19 July last:

“The sovereign nations of the European Community, sharing their sovereignty freely (...), are building for themselves a key role in the power politics of the coming century.”

This brings me back to our institutions. You will all remember the decision-making debate which paralysed the Community in the 1960s and led ultimately to the pseudo-compromise reached in Luxembourg. Since the Single Act and increased recourse to majority voting, there is a new dynamic. Sometimes the Council takes a vote, sometimes it considers it wiser not to force countries into a minority position and adopts a decision without a vote. Thanks to this progress on the institutional front, the Community is advancing rapidly towards the single European market and strengthening its rules and common policies. To the advantage of some? No, to the advantage of all: in a sort of positive-sum game.

To put it another way, the old “inequality- unanimity-immobility” triangle has been replaced by a new “equality-majority-dynamism” triangle, the key to success.

We will need to draw conclusions from this experiment when the time comes to make further improvements to our institutional apparatus.

And that time is not far off. By its very nature, economic and monetary union is the interface between economic integration and political integration. It is the political crowning of economic convergence. It is a perfect illustration of the joint exercise of sovereignty because a single market for capital and financial services in a world dominated by financial matters calls for a monetary policy which is sufficiently coordinated and sufficiently tight to allow us to make the most of it. Without such a policy we would be prey to international speculation and the instability of dominant currencies.

Monetary union will be acceptable and feasible only if there is parallel progress towards increased convergence of our economies so that policies are more consistent and harnessed to agreed objectives. There is consensus on economic expansion against a background of stability, on qualitative growth to generate new jobs. In a democratic society objectives can only be defined by political authorities which have democratic legitimacy. We therefore need to combine an independent monetary authority — the guarantor of stability — with the subsidiarity which is vital if each nation is to pursue its own policies in areas which are a matter for it alone, and control by our elected representatives in the shape of the European Parliament, our governments and our national parliaments.

Let me remind you before I go any further that the decision on economic and monetary union has

been taken. The report of the committee which I had the honour of chairing was recognized as an essential basis for discussion by the European Council. What we need now in an institutional framework compatible with the principles discussed above and adapted to the new tasks entrusted to the Community.

Subsidiarity is central to future discussions. The principle is clear but we need to define how it will apply in this particular case. The committee's report is quite specific. A new monetary institution would formulate a common policy valid inside and outside the union. Its federal structure would guarantee that each central bank had a hand in the formulation of decisions and implemented joint guidelines nationally with substantial margins for manoeuvre.

The Council would concentrate on the convergence of objectives and the tools of economic policy but each nation would retain the resources necessary to finance its own policies on security at home and abroad, justice, education, health, social security, regional planning and so on. Approximately 95% of public funds would be available for this because the Community budget would be confined to financing common policies ranging from agriculture to cooperation on research and technology, aid to developing or crisis-hit regions and other policies still on the drawing-board such as the environment and, in due course, the infrastructure essential to the smooth operation of the market. Together these policies would account for no more than 5% of public funds Community-wide.

Where does this rather cursory explanation leave those who argue that economic and monetary union will lead to excessive centralization and *dirigisme*? The fact of the matter is that realistic application of the principle of subsidiarity leaves them without a leg to stand on. The debate — and a debate there must be — should concentrate rather on what economic and monetary union will bring, what it will add in economic and social terms to the expected benefits of the single European market. And at a time when political leaders seem to be vacillating between further development of the Community and its absorption into a larger configuration, economic and monetary union is a necessary step which will strengthen European integration and guarantee political dynamism.

Wholehearted acceptance of pluralism

Acceptance of subsidiarity implies respect for pluralism and, by implication, diversity.

This is evident not only in the discussions on economic and monetary union, but also in what we call the Community's social dimension.

The facts are clear. Our 12 countries have differing traditions in the areas of industrial relations. Major disparities persist in terms of living standards, although our common policies are designed to reduce these gradually. There can be no question, therefore, of artificially forcing standards upwards, or, conversely, of provoking the export of social problems. Last but not least, our governments have differing, and in some cases, opposing, points of view.

There are enormous problems to be overcome, then, if we are to make progress on the social dimension. But it is equally important whether our concern is regional development, town and country planning, or the need for common standards.

The social dimension permeates all our discussions and everything we do: our efforts to restore competitiveness and cooperate on macroeconomic policy to reduce unemployment and provide all young Europeans with a working future; common policies designed to promote the development of less-prosperous regions and the regeneration of regions hit by industrial change; employment policy and the concentration of efforts on helping young people to gain a foothold in the labour market and combating long-term unemployment; and the development of rural regions threatened by the decline in the number of farms, desertification and demographic imbalances.

Think what a boost it would be for democracy and social justice if we could demonstrate that we are capable of working together to create a better-integrated society open to all.

Three controversial issues need to be cleared up in this context.

First, the Charter of Social Rights. Its sole object is to provide a formal reminder that the Community has no intention of sacrificing fundamental workers' rights on the altar of economic efficiency. How could anyone object to such an idea, which is to be found in all our social traditions? How could anyone dispute the political and rhetorical significance of this message for a people's Europe, for the man in the street? When it comes to translating these principles into legislation or collective bargaining, subsidiarity comes into its own, ensuring that our different traditions are respected. This is borne out by the Commission's social programme, which will be implemented within the bounds of the Treaty as it now stands.

Next, the European Company Statute. More than any other project, this highlights the vital need for consistency between economic and social policy. Our businesses need a legal framework (chosen, incidentally, from a number of options) to promote closer links and cooperation so that they can meet

the challenge of the single European market and international competition. But we cannot introduce European legislation in this area without reference to one of the chief protagonists. I am referring, of course, to the employee and his role in the organization and production process. Here again the Commission has been true to the principles of subsidiarity and diversity. Three models are on offer, providing all the flexibility required and corresponding to the three major trends — or, more properly, the three major philosophies — underlying social policy in the Twelve today.

Third and last, the social dialogue, the dialogue between employers and unions, which I relaunched at European level in 1985, and which could hardly be said to have prospered. This is largely due to differing positions within the two camps. The same problem arises here as in the other two examples: how are we to reconcile diversity with the will to give real substance to the dialogue so that it can become a driving force for European integration? The Commission cannot be expected to work miracles. Its sole function is to suggest topics for discussion and attempt to fuel the debate. It has no wish whatsoever to undermine the autonomy of employers and unions, a basic principle common to all our countries.

In this area, as in others, the Commission has no intention of getting embroiled in insidious tactical manoeuvring designed to lead the Member States in a direction they do not wish to take. Let me repeat that our Community is a Community based on the rule of law, where we work by the book with complete openness. Indeed, this is the first rule for success.

Everyone must acknowledge this in good faith. If I turn to the principles of federalism in a bid to find workable solutions, it is precisely because they provide all the necessary guarantees on pluralism and the efficiency of the emergent institutional machinery. Here, there are two essential rules:

- (i) the rule of autonomy, which preserves the identity of each Member State and removes any temptation to pursue unification regardless;
- (ii) the rule of participation, which does not allow one entity to be subordinated to another but, on the contrary, promotes cooperation and synergy, on the basis of the clear and well-defined provisions contained in the Treaty.

This is the starting-point for an original experiment which resists comparison with any other models, such as the United States of America for instance. I have always shied away from such parallels, because I know that our task is to unite old nations with strong traditions and personalities. There is no conspiracy against the nation state. Nobody is being asked to renounce legit-

imate patriotism. I want not only to unite people, as Jean Monnet did, but also to bring nations together. As the Community develops, as our governments emphasize the need for a people's Europe, is it heresy to hope that all Europeans could feel that they belong to a Community which they see as a second homeland? If this view is rejected, European integration will founder and the spectre of nationalism will return to haunt us, because the Community will have failed to win the hearts and minds of the people, the first requirement for the success of any human venture.

The Community, a model for others

The success of the Community is such that it is attracting interest from all quarters. It cannot ignore this without abandoning its claim to a universal dimension. But here again the question of "what should be done" is inseparable from the question of "how do we go about it".

History will not wait

History will not wait for the Single Act to work through the system. It is knocking at our door even now.

The African, Caribbean and Pacific countries are worried that the Community is over-preoccupied with a greater Europe, that it is not paying enough attention to furthering cooperation with them under future Lomé Conventions.

Our North African neighbours have set up the Maghreb Arab Union modelled on our venture and are not going to let us forget that they badly need an active partnership with the Community. Demographic trends alone should give us pause and prompt us to think seriously about the terms on which the two shores of the Mediterranean can coexist.

South and Central America no longer look to the Community merely as a model for relations between their own countries. They want Europe, which has so many blood-ties with the people of Latin America, to be more actively involved in their part of the world.

The calls on Europe from Asia and the Pacific are less pressing. But if we persist in ignoring these countries as we have in the past, Europe will miss economic opportunities and, what is more serious, allow dangerous imbalances to develop in terms of influence.

What can one European nation hope to achieve on its own? Nurture nostalgia for its glorious past? This is yet another illustration of the burden imposed by a mistaken view of national sover-

eignty. By contrast the Community, because it is a model, because it belongs to the present, can respond to the expectations of other peoples, provided of course that it pursues its own development and that its resources are commensurate with its ambitions.

Only a self-confident Community can, as I have proposed, offer a global partnership with the United States. As I see it, this is the only way to come to grips with the upheavals which are shaking the work, to combat disorder in the world economy, and to require Japan, the new big power, to share the burden of world responsibility with North America and Europe.

Another historical challenge: Europe bubbling over

Events are moving fast, new horizons are opening up, and calls are being made on the Community from within Europe itself.

Turkey and Austria have already applied to join and others are bound to follow.

EFTA countries are anxious to take full advantage of the benefits of the single European market. This is why we are working with them to define the framework for a new form of contract to pave the way for a European economic alliance. This new contract will probably be less demanding than the Treaties which bind us, but at the same time it will allow us to tighten economic and political ties. There are so many shared problems to be solved — starting with the inadequacy of our transport infrastructures which causes a host of difficulties. I believe that the time has come to propose a major programme of rail and road networks to make for easier, environment-friendly travel between Copenhagen and Athens, Hamburg and Rome, via Switzerland, Austria and Yugoslavia. What better way could there be to highlight our common interests and demonstrate our solidarity?

Lastly and most importantly, Communist Europe is exploding before our eyes. Gorbachev has launched *perestroika* and *glasnost*. Poland and Hungary are carrying out political reforms, ushering in an era of greater freedom and democracy. East Germany totters as tens of thousands of its people flee to the West. The virus of freedom has reached Leipzig and East Berlin.

As early as 1984 François Mitterrand, in a speech to the European Parliament, voiced his presentiment of a radical new departure in Europe.

"It is clear," he said, "that we are moving away from the time when Europe's sole destiny was to be shared out and divided up by others. The two words 'European independence' now sound differ-

ent. This is a fact that our century, which is nearing its end, will, I am sure, remember.”

As many European leaders have already stressed, it is our Community, a Community based on the rule of law, a democratic entity and a buoyant economy, that has served as the model and the catalyst for these developments. The West is not drifting eastwards, it is the East that is being drawn towards the West.

Will the Community prove equal to the challenges of the future? This is the question we should ask ourselves today, whether we mean helping the countries of Eastern Europe to modernize their economies — a precondition for the success of political reforms — or getting to grips with the German question when the time comes — in other words, extending the right of self-determination to everyone.

I have no doubt, that if we refuse to face up to these new challenges, not only will we be shirking our responsibilities but the Community will disintegrate, stopped in its tracks by the weight of unresolved contradictions.

When I look around me now, as these events unfold, I see too much despondency, too much defeatist thinking, too much willingness paralysed by passive acquiescence. Let me remind these pessimists of a statement by Hans-Dietrich Genscher which goes to the heart of the German question:

“The German people, in the heart of Europe, must never be seen as an obstacle to the prosperity of the people of Europe. On the contrary, they should behave in such a way that their existence is seen as a piece of good fortune, or indeed a necessity, for the whole. That is the best possible guarantee of their survival.”

How are we to find a solution except by strengthening the federalist features of the Community which, to paraphrase Hans-Dietrich Genscher, offer the best possible guarantee of survival to all concerned? There, I am quite sure, lies the only acceptable and satisfactory solution to the German question.

What needs to be done

How are we to shoulder our international responsibilities and at the same time pave the way for the emergence of a greater Europe, except by pressing ahead with European integration? Only a strong, self-confident Community, a Community which is united and determined, can truly hope to control that process.

The pace of change is gathering momentum and we must try to keep up.

If our institutions are to adapt to the new situation, we cannot afford to shilly-shally about economic and monetary union. There is no question of shortening the time we need to test wide-ranging cooperation and move on to successive stages. That would be unrealistic. But time is running out for the political decision which will generate the dynamism necessary for success and lead to the creation of institutions with the capacity to face up to the demands imposed by our international responsibilities.

The European Council to be held in Strasbourg should take the decisions which will make it possible for the new treaty to be adopted, and then ratified by the national parliaments, before the end of 1992, the deadline for the single European market. Without that commitment, I fear that moves towards economic and monetary union and the success of the first phase will be compromised by a patent lack of dynamism. We need a binding commitment to produce results.

I have always favoured the step-by-step approach — as the experiment we are embarked upon shows. But today I am moving away from it precisely because time is short. We need a radical change in the way we think of the Community and in the way we act on the world stage. We need to overcome whatever resistance we encounter, if only to adapt the instruments we already have, so that we can, for example, inject more substance into the Lomé Convention or make a success of our aid programme for Poland and Hungary. We need to give countries that depend on exports for survival more access to our markets to prevent them plunging deeper into debt. We need financial instruments which will help these countries to adapt and modernize their economies.

I am concerned that we will never achieve all this with our present decision-making procedures. Thanks to the Single Act, the Council, Parliament and the Commission are a more efficient institutional troika than they were a few years ago. But this is not enough to enable us to keep pace with events.

For the honour of your generation and mine, I hope that in two years' time we will be able to repeat the very words which another great European, Paul-Henri Spaak, spoke at the signing of the Treaty of Rome:

“This time the people of the West have not lacked daring and have not acted too late.”

It is time, then, for new political initiative. The Commission is ready for it and will play its full part in pointing the way. It will propose answers to the questions raised by another quantum leap: who takes the decisions; how do the various

levels of decision-making intermesh (subsidiarity again!); who puts decisions into practice; what resources will be available; what will it mean in terms of democracy?

There is no doubt that we are living in exciting times, but they are dangerous times too. The Community is faced with the challenge of making a telling contribution to the next phase of our history.

As I stand before a predominantly young audience, I find myself dreaming of a Europe which has thrown off the chains of Yalta, a Europe which tends its immense cultural heritage so that it bears fruit, a Europe which imprints the mark of soli-

arity on a world which is far too hard and too forgetful of its underdeveloped regions.

I say to these young people: if we can achieve this Europe you will be able to stretch yourselves to the utmost, you will have all the space you need to achieve your full potential. For you are being invited to play your part in a unique venture, one which brings peoples and nations together for the better, not for the worse. It will bring you back to your philosophical and cultural roots, to the perennial values of Europe. But you will need to give of yourselves and insist that those who govern you display boldness tempered with caution, a fertile imagination and a clear commitment to making the Community a necessity for survival and an ideal towards which to work.'

3. Infringement procedures

Failure to implement directives

Letters of formal notice

3.3.1. In October the Commission sent letters of formal notice for failure to inform it of national measures to implement the following Directives:

Internal market

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 (*The Netherlands*)

OJ L 200, 26.7.1988

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 (*The Netherlands*)

OJ L 200, 26.7.1988

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 (*The Netherlands*)

OJ L 200, 26.7.1988

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 (*The Netherlands*)

OJ L 200, 26.7.1988

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 (*The Netherlands*)

OJ L 200, 26.7.1988

Commission Directive 88/465/EEC of 30 June 1988 adapting to technical progress Council Directive 78/764/EEC on the approximation of the laws of the Member States relating to the driver's seat on wheeled agricultural or forestry tractors (*The Netherlands*)

OJ L 228, 17.8.1988

Commission Directive 87/94/EEC of 8 December 1986 on the approximation of the laws of the Member States relating to procedures for the control of characteristics of, limits for and resistance

to detonation of straight ammonium nitrate fertilizers of high nitrogen content (*Belgium, France and Luxembourg*)

OJ L 38, 7.2.1987

Commission Directive 87/566/EEC of 24 November 1987 amending Directive 77/535/EEC on the approximation of the laws of the Member States relating to methods of sampling and analysis for fertilizers (*Belgium and Luxembourg*)

OJ L 342, 4.12.1987

Agriculture

Council Directive 86/362/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals (*Italy and Luxembourg*)

OJ L 221, 7.8.1986

Council Directive 86/363/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin (*Greece, Italy and Luxembourg*)

OJ L 221, 7.8.1986

Council Directive 88/298/EEC of 16 May 1988 amending Annex II to Directives 76/895/EEC and 86/362/EEC relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables and cereals respectively (*Federal Republic of Germany and Italy*)

OJ L 126, 20.5.1988

Council Directive 85/397/EEC on 5 August 1985 on health and animal-health problems affecting intra-Community trade in heat-treated milk (*Belgium and Ireland*)

OJ L 226, 24.8.1985

Council Directive 87/328/EEC of 18 June 1987 on the acceptance for breeding purposes of pure-bred breeding animals of the bovine species (*Ireland, Luxembourg and the Netherlands*)

OJ L 167, 26.6.1987

Council Directive 87/489/EEC of 22 September 1987 amending Directives 64/432/EEC and 72/461/EEC as regards certain measures relating to swine fever (*Belgium and France*)

OJ L 280, 3.10.1987

Council Directive 88/146/EEC of 7 March 1988 prohibiting the use in livestock farming of certain substances having a hormonal action (*Belgium*)

OJ L 70, 16.3.1988

Council Directive 88/288/EEC of 3 May 1988 amending Directive 64/433/EEC on health problems affecting intra-Community trade in fresh

meat (*Belgium, the Netherlands and United Kingdom*)

OJ L 124, 18.5.1988

Council Directive 88/289/EEC of 3 May 1988 amending Directive 72/462/EEC on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries (*Belgium and the Netherlands*)

OJ L 124, 18.5.1988

Environment

Council Directive 87/217/EEC of 19 March 1987 on the prevention and reduction of environmental pollution by asbestos (*Ireland*)

OJ L 85, 28.3.1988

Council Directive 88/347/EEC of 16 June 1988 amending Annex II to Directive 86/280/EEC on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to Directive 76/464/EEC (*Belgium, Federal Republic of Germany, France and Ireland*)

OJ L 158, 25.6.1988

Council Directive 86/622/EEC of 22 December 1986 on the limitation of noise emitted by hydraulic excavators, rope-operated excavators, dozers, loaders and excavator-loaders (*Luxembourg*)

OJ L 384, 31.12.1986

Reasoned opinions

3.3.2. In October the Commission delivered reasoned opinions for failure to inform it of national measures to implement the following Directives:

Internal market

First Commission Directive (85/503/EEC) of 25 October 1985 on methods of analysis for edible caseins and caseinates (*United Kingdom*)

OJ L 308, 20.11.1985

Council Directive 87/354/EEC of 25 June 1987 amending certain directives on the approximation of the laws of the Member States relating to industrial products with respect to the distinctive numbers and letters indicating the Member States (*Italy*)

OJ L 192, 11.7.1987

Council Directive 87/355/EEC of 25 June 1987 amending Directive 71/316/EEC on the approximation of the laws of the Member States relating

to common provisions for both measuring instruments and methods of metrological control (*Italy*)
OJ L 192, 11.7.1987

Agriculture

Fourth Commission Directive (86/299/EEC) of 3 June 1986 amending the Annex to Council Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs (*Ireland and Italy*)
OJ L 189, 11.7.1986

Council Directive 86/153/EEC of 16 February 1987 fixing guidelines for the assessment of additives in animal nutrition (*The Netherlands*)
OJ L 64, 7.3.1987

Commission Directive 88/228/EEC of 8 April 1988 amending the Annexes to Council Directive 70/524/EEC concerning additives in feedingstuffs (*United Kingdom*)
OJ L 101, 20.4.1988

Council Directive 79/109/EEC of 24 January 1979 amending Directive 64/432/EEC as regards brucellosis (*Italy*)
OJ L 29, 3.2.1979

Council Directive 80/219/EEC of 22 January 1980 amending Directive 64/432/EEC as regards tuberculosis and brucellosis (*Italy*)
OJ L 47, 21.2.1980

Council Directive 80/1098/EEC of 11 November 1980 amending Directive 64/432/EEC with regard to swine vesicular disease and classical swine fever

(*Italy*)
OJ L 325, 1.12.1980

Council Directive 80/1099/EEC of 11 November 1980 amending Directive 72/461/EEC with regard to swine vesicular disease and classical swine fever (*Italy*)
OJ L 325, 1.12.1980

Council Directive 87/64/EEC of 30 December 1986 amending Directive 72/461/EEC on health problems affecting intra-Community trade in fresh meat and Directive 72/462/EEC on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries (*Belgium*)
OJ L 34, 5.2.1987

Council Directive 87/486/EEC of 22 September 1987 amending Directive 80/217/EEC introducing Community measures for the control of classical swine fever (*Italy*)
OJ L 280, 3.10.1987

Council Directive 87/491/EEC of 22 September 1987 amending Directive 80/215/EEC on animal health problems affecting intra-Community trade in meat products (*Italy and Ireland*)
OJ L 279, 2.10.1987

Council Directive 88/166/EEC of 7 March 1988 complying with the judgment of the Court of Justice in Case 131/86 (annulment of Council Directive 86/113/EEC of 25 March 1986 laying down minimum standards for the protection of laying hens kept in battery cages) (*Belgium and Ireland*)
OJ L 74, 19.3.1988

4. Additional references in the Official Journal

3.4.1. 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.

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