

General Secretariat of the Council
of the European Union

FORTIETH REVIEW OF THE COUNCIL'S WORK

(The Secretary-General's Report)

1 JANUARY — 31 DECEMBER 1992



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Foreword

An original venture, unique in the annals of international relations, the Community is constantly evolving. It proceeds in stages, borne by the prevailing political will towards periodically redefined goals and adapting to the altering circumstances of a world in a state of rapid change. The year 1992 alone saw, simultaneously, the completion of a historic stage in the construction of Europe, the difficult beginnings of a new impetus and significant efforts to adjust the acquis in key areas of Community integration.

Conceived along with the very idea of Europe, enshrined in the Treaty of Rome and given systematic form in the Single Act, the large market without frontiers became a reality on 1 January 1993. This required intensive legislative activity to which the Council, in close cooperation with the other institutions and the European Parliament in particular, made a decisive contribution.

In parallel with this, 1992 saw the beginning of a new stage in the construction of Europe with the signing in February of the Maastricht Treaty, which has so far been ratified by 10 Member States. The vehemence of the debates to which ratification gave rise in a number of countries has revealed certain weaknesses in the process and has, more seriously, revealed a gap between the governments and part of the public regarding their ideas of the aims and methods of the construction of Europe. Awareness of this led the European Council in Birmingham and then in Edinburgh to outline a sort of guide to the proper use of the Maastricht Treaty, giving a strong reminder of the need for democracy, information, transparency and respect for the citizen without which any form of Community construction would be doomed to failure. In the same spirit the European Council adopted a series of provisions to allay Denmark's concern, but within the terms of the Treaty.

Having thus put Maastricht in a new light, the European Council drew the first conclusions by adopting what had come to be known as the 'Delors II package', which determines the financial framework of the Community's policies until the end of the decade, with particular emphasis being placed on the imperative of economic and social cohesion.

Since the question of the Community's future financing had been resolved and there was every prospect that Maastricht would be ratified quickly, the Heads of State or Government were able to open the door to applicant countries,

deciding that enlargement negotiations would start at the beginning of 1993 in the case of Austria, Finland and Sweden and, for Norway, as soon as the Commission opinion was available. At the same time as being concerned about the future of the Community, the Edinburgh European Council wanted to react to the deterioration of the current economic situation and to rising unemployment by adopting the principle of a growth initiative with the aim of encouraging economic recovery in Europe.

In addition to defining new ambitions for the Community, the Council sought throughout the year to improve what had already been achieved. Thus, in particular, it undertook a courageous reform of the common agricultural policy with the intention — while respecting the main principles which had made it such a success over the last 30 years — of avoiding the inevitable surpluses which had been the source of excessive financial burdens without any real profits for farmers.

Internationally, in a difficult, unstable climate, the Community endeavoured to maintain its course. Firstly, the course of economic and commercial liberalism, by opening up the economic area without frontiers to all the EFTA countries while making a constructive contribution throughout 1992 to the search for an overall, balanced solution to the question of the Uruguay Round. Then, the course of solidarity by continuing, in conjunction with its Western partners, to meet as fully as possible the permanent challenges and multiple needs accompanying the enormous changes in the former USSR and Central and Eastern Europe.

In broader terms, the Community continued to develop the increasingly close network of relations with the rest of the world and to deepen the privileged dialogue which it maintains with the countries closest to it geographically or historically. In this context the Council and its Member States attempted on behalf of the Community — with the still limited means that it has in this sphere — to defuse the most serious tensions and crises and in particular the dramatic situation in the former Yugoslavia, in a spirit that is in keeping with the ideals of democracy, peace and solidarity which are at the source of the European idea.

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During its 87 meetings in 1992 the Council adopted a total of 375 regulations, 120 decisions and 93 directives.

Part I — Summary

I — Towards European Union

The Treaty on European Union was signed in Maastricht on 7 February by the Ministers for Foreign Affairs and the Ministers for Finance, in the presence of the Presidents of the European Parliament and the Commission. All the Member States except Denmark and the United Kingdom had ratified it by 31 December 1992. Ratification led to referendums being held in Denmark, France and Ireland and required revision of the Constitution in seven Member States, particularly with regard to the right of Community nationals to vote and stand in local elections and the implications of economic and monetary union (EMU). In France, approval by the National Assembly and the Senate meeting in Congress for the revision of the Constitution was followed by a referendum on 20 September 1992 in which 51.04% of those voting were in favour of the Treaty. Before this there had been two other referendums: one in Ireland on 18 June 1992, with 68.7% in favour of the Treaty and the other in Denmark, where on 2 June 1992, 50.7% of those voting were against ratifying the Maastricht Treaty, which the Folketing had approved by a very large majority.

After an internal political debate on the matter, on 30 October 1992 Denmark submitted to the other Member States a document entitled 'Denmark in Europe' setting out the questions that it felt to be the most important following the referendum. Those questions related in particular to defence policy, the third stage of EMU, citizenship of the Union and cooperation in the field of justice and home affairs. To allay Danish concern the European Council in Edinburgh on 12 December 1992 adopted a series of provisions which were fully compatible with the Treaty on European Union.

The outcome of the Danish referendum had a significant influence on the situation in the United Kingdom, where the ratification process was broken off not to be resumed until December amid acrimonious political debate. In the Federal Republic of Germany the debate led to lively discussions between the **Länder** and the Federal Government over their respective roles within the future European Union, which led ultimately to a revision of the Constitution and ratification by a large majority. In the other countries ratification took place without any great controversy.

The very lively debates surrounding the referendums in Denmark and France served to highlight a split between the government and part of the public on the construction of Europe, which seemed to point to a degree of dissatisfaction with and even distrust of the Community and the work done since 1958. The

European Council in Birmingham on 16 October 1992 sought to meet this concern by adopting a declaration on 'A Community close to its citizens'. Starting from the premise that a democratic Community of democracies can only move forward with the support of the public, the Birmingham Declaration recognized the urgent need to make clearer the benefits that the Maastricht Treaty can bring to the individual citizen and the need to make the Community more comprehensible and more transparent. At the same time the Heads of State or Government of the Twelve were unambiguously confirming their political determination to progress along the path to European Union, which had already been forcefully expressed a few weeks after the Denmark referendum, at the Lisbon European Council.

In accordance with the undertaking given in Birmingham, the Edinburgh European Council adopted a series of concrete measures making for **openness and transparency**, the aim of which was to improve the content and presentation of information for the public and to make Community legislation clearer and more accessible. Similarly, the European Council confirmed that the European Union should scrupulously adhere to the principle of subsidiarity, which means that decisions are to be taken as close as possible to the citizen, and went on to define the practical measures for turning this principle into reality.

The political uncertainty caused by the difficulties over the ratification of the Treaty on European Union, coupled with the difficult financial situation, was probably conducive, in the last few months of 1992, to a general feeling of pessimism regarding the future of Europe. By opening up new prospects for the ratification of the Maastricht Treaty, reaching agreement on the future financing of the Community and adopting an action plan for economic recovery in Europe, the European Council expressed, just a few days before the symbolic date for the completion of the single market, its determination to continue on the path towards European Union.

II — Medium-term structural and financial measures

In February 1988 the Council adopted a set of structural and financial measures known collectively as the 'Delors I package'. It was in three parts: (a) a **reform of the system of financing the Community** aimed at guaranteeing it stable and adequate resources by setting a ceiling on resources expressed as a percentage of Community GNP (1.2%) and introducing a fourth resource based on GNP; (b) the establishment of **budgetary discipline** to guarantee ordered growth of expenditure as a whole and the curbing of agricultural expenditure; the principal instrument of budgetary discipline was the establishment of a **financial perspective** * determining the development of the main budget areas for a period of five years (1988-92). This was subsequently enshrined by the European Parliament in an interinstitutional agreement; (c) a **reform of the Community structural action**, based in particular on the rationalization of the tasks of the three Funds (EAGGF Guidance Section, ESF and ERDF) so that full weight could be given to the policy of economic and social cohesion announced by the Single Act.

Just as in 1988 the Community felt the need to equip itself with the budgetary means of implementing the Single Act, during 1992 it sought to establish the legal and financial framework allowing the ambitions outlined in the Maastricht Treaty to be given concrete form.

At the beginning of the year the Commission accordingly submitted a series of measures (the 'Delors II package') containing a new medium-term financial plan covering the period 1993-97, together with proposals to consolidate what had been achieved with the 1988 reform, to make good any defects and to adapt the instruments to new challenges. In this new financial perspective the Commission proposed an increase of around 30% in Community spending between 1992 and 1997, thus bringing total expenditure in 1997 to ECU 83 billion. To free the resources required to finance this expenditure, the Commission proposed progressively raising the ceiling on the Community's own resources from 1.20 to 1.37% of Community GNP between 1992 and 1997 and making certain adjustments to the structure of resources in order to give practical effect to the wish expressed by the European Council in Maastricht to take greater account of each Member State's capacity to contribute.

* See Annex V.

In February 1992 the Commission proposals were examined in detail by the Council's subordinate bodies. Special meetings of the Permanent Representatives Committee, assisted by an **ad hoc** working party, were devoted to that examination, which was based on very detailed technical documentation from the Commission and important contributions by the European Parliament and the Court of Auditors. These intensive discussions allowed the **Lisbon European Council** in June 1992 to put forward a set of political guidelines which included the confirmation of the **agricultural guideline** *, the reaffirmation of economic and social cohesion as an essential dimension of the Community, the implementation of the Cohesion Fund in early 1993, an appreciable increase in the resources devoted to external actions and the rebalancing of the structure of own resources to take account of the situation of the least prosperous Member States.

In the second half of the year discussions were resumed on the basis of a document identifying the main outstanding questions and then a first set of draft conclusions which were to be adapted in the light of the progress of negotiations. Among the contributions to the debate, that of the President of the Commission should be noted. At the beginning of November he submitted a compromise proposal, basically seeking to spread expenditure objectives over seven years as opposed to five, to keep the status quo for two years in respect of own resources and to redistribute certain funding between the Structural Funds and internal policies. On the basis both of the Presidency's draft conclusions and of the Commission compromise proposal, negotiations continued intensively at both technical and political level before an overall agreement on the whole package was reached at the European Council in Edinburgh.

The Edinburgh agreement represents a point of balance between the need to give the Community sufficient resources to finance its policies and the undeniable budgetary constraints facing Member States in the present economic climate. The status quo on **resources** was maintained for two years and the changes decided on in Edinburgh will not come into effect until 1995. From that date the own-resources ceiling will be gradually raised, to reach 1.27% of GNP in 1999. Moreover, in accordance with the undertakings entered into in Maastricht and Lisbon regarding the capacity of Member States to contribute, the proportion of resources deriving from VAT will be gradually reduced in favour of resources based on GNP, which is held to be fairer. Finally, the Commission will study the possibility of introducing a fifth resource, in accordance with the wish expressed by several Member States.

With regard to **expenditure**, the financial perspective resulting from the Edinburgh conclusions confirms the trend launched by the Delors I package to increase considerably the appropriations for economic and social cohesion and

* See Annex V.

to stabilize agricultural expenditure in relative terms. To this must be added a new priority for external action by the Community and a tempering of the growth of administrative expenditure.

Expenditure on cohesion will reach ECU 30 billion in 1999 and ECU 176 billion over the whole period 1993-99, as against 67 billion during the preceding period. In accordance with the Maastricht agreements, structural action will be concentrated on the least prosperous Member States, outermost regions and rural areas. Most of the resources allocated will go to the Structural Funds, which will continue to operate in accordance with the broad lines of the 1988 reform, although an effort will be made to simplify procedures. The new **Cohesion Fund**, under which Spain, Greece, Ireland and Portugal will benefit, will for the whole period total a little over ECU 15 billion, allocated to the environment and transport infrastructure.

As regards **external policies**, the financial perspective makes provision for an increase of around 40% over the period and sets up two reserves intended for emergency aid and the financing of a guarantee fund for loans to third countries, with the aim of reducing the impact on the Community budget of possible debt defaulting. The other major categories of expenditure, i.e. those concerning **internal policies and administrative expenditure**, will progress at a more moderate rate than the sectors deemed to have priority. **Agricultural expenditure** will continue to rise within the limits of the **guideline** established in 1988. However, the European Council agreed that appropriate steps should be taken to fund the EAGGF Guarantee Section, if currency movements were to jeopardize the financing of the CAP.

The increase in overall funding resulting from the new financial perspective (from ECU 69.2 billion in 1993 to 84.1 billion in 1999 in commitment appropriations) goes hand in hand with a strengthening of budgetary discipline, which should be the subject of a new interinstitutional agreement between the Council, the European Parliament and the Commission, on the basis of the guidelines adopted by the European Council.

The Edinburgh agreement on the Delors II package provides an ambitious yet realistic financial framework for the development of the Community's policies until the end of the century. It now behoves the Community institutions and the Member States to ensure that the best use is made of resources to achieve the new objectives which the Union has set itself and, more generally, to contribute to continuing progress towards the construction of Europe.

III — Functioning of the institutions and institutional affairs

Relations with the European Parliament

In the steady build-up of relations between the Council and the European Parliament, 1992 has been a year of particularly active cooperation between the two institutions, both in **legislative activity** as such and in the **political dialogue** in general.

Pending entry into force of the Maastricht Treaty and implementation of a new procedure giving more power to the European Parliament, called the **co-decision** * procedure, Parliament's growing involvement in the Community's **legislative process** has continued on the basis of existing procedures. Under the **cooperation procedure** * brought in by the Single Act, the European Parliament has been closely associated in implementation of the Commission's White Paper on completion of the internal market. At the European Council in Edinburgh, tribute was paid to the constructive cooperation between Council and Parliament in this field, which enabled the 1 January 1993 deadline to be met. Thus, far from causing complications, as some people had feared, the new decision-making procedure brought in by the Single Act has proved highly efficient, especially through use of qualified majority voting.

Quite apart from the actual volume of legislation concerned (60 texts in 1992), Parliament's growing influence on the preparation of Community legislation can be seen from the large number of amendments of parliamentary origin adopted by the Council either on first reading (nearly half) or on second reading (over a quarter). These results augur well for future cooperation under the cooperation procedure — the scope of which has been considerably extended by the Maastricht Treaty — and under the new co-decision procedure.

Alongside this legislative work, the **political dialogue** between Council and Parliament has been particularly intense throughout 1992, in keeping with a universally acknowledged concern to remedy the 'democratic deficit'. In the first place, the dialogue took its usual form, whereby the Presidency keeps Parliament regularly informed of the Council's intentions, its day-to-day activities and the results of its actions. The Portuguese and United Kingdom Presidencies thus came before the plenary session of Parliament to present their programmes, and subsequently take stock of their six-month terms, in particular the results of the European Councils. Furthermore, in replying to the

* See Annex V.

growing number of oral questions from Parliament (nearly 340 questions in 1992), whether at Question Time or during the major debates in plenary session, the Presidency kept Parliament abreast at all times of the Council's views on topical Community issues. There were, for example, debates on the Maastricht Treaty (April), the reform of the common agricultural policy (March), development cooperation policy (May), completion of the internal market and its social dimension (July), racism and xenophobia (October) and the principle of subsidiarity (November), which all provided Parliament with opportunities for reacting to the Council's views and influencing its subsequent proceedings.

Considerable use was made of the **trilogue**, a more developed form of institutional cooperation bringing together Parliament, the Commission and the Council, for discussing subjects such as the progress of ratification of the new treaty, practical implementation of some of its provisions, renewal of the term of office of the Commission President and the problems of enlargement. During the second six-month period, there were also several meetings of this type on the medium-term financial perspective (Delors II package) and renewal of the interinstitutional agreement on budget discipline.

Furthermore, following the positive experience with discussions on the Treaty of Maastricht, two **interinstitutional conferences** were held in November 1992, with a delegation from the European Parliament, the 12 members of the Council and the Commission meeting to discuss implementation of the principles of subsidiarity and transparency. This ongoing political dialogue always helps towards better mutual understanding and may also, in some cases, result in the conclusion of formal agreements in which the institutions undertake to observe certain rules of conduct. The Council has already indicated in this spirit that it would be ready to conclude such agreements on application of the principle of subsidiarity and on medium-term financial programming and budget discipline.

Lastly, 1992 was the first time that the President of the European Parliament entered into direct dialogue with the Heads of State or Government at the European Council in Edinburgh; previously his participation was confined to making a report. Thanks to this innovation, the various parties engaged in the construction of Europe will now be able to compare views at the highest political level; it shows the Council's awareness that the quality of interinstitutional relations is an important factor in the smooth running of the Community.

Institutional affairs

At the end of 1992, the Edinburgh European Council reached agreement on two questions of particular importance for the future operation of the institutions.

Firstly, it agreed to increase the number of members of the European Parliament and reallocate seats between the Member States to reflect German unification and to cater for the forthcoming enlargement. The Decision follows Parliament's proposal exactly, and brings the number of European parliamentarians to 567 (instead of 518); it will apply as from the next legislative period, in 1994.

Secondly, the European Council decided on the permanent seats of the institutions and principal bodies of the Community, thus putting an end to the provisional arrangements which had obtained since the Community was founded, and had several times been a source of some friction, especially between the Council and the European Parliament.

IV — Internal market and free movement of persons

The year 1992 saw the Council embarking upon the last stage of its **legislative programme for completion of the internal market**, drawn up by the Commission in its 1985 White Paper. By dint of intense activity and unflinching political will, the objective of complete freedom of movement for goods, services and capital was achieved, in all essential respects, by the scheduled date of 1 January 1993. Where freedom of movement for persons is concerned, it has to be acknowledged that, despite considerable progress, matters have fallen somewhat behind.

Furthermore, as the 1993 deadline drew close, the Council increasingly turned its attention to the measures that would be needed to make the internal market work in practice; it adopted a resolution on the subject which will form the basis for future work in the field, together with the conclusions of the report submitted by the working party chaired by Mr Peter Sutherland.

Controls on goods — Customs union

The Council adopted the remaining measures needed for the abolition of controls on goods at intra-Community frontiers, in particular cultural goods (see below). In December, the Council adopted conclusions on certain sensitive products capable of being used for both military and civil purposes, whereby such products will no longer be subject to regular frontier controls, but to non-discriminatory controls throughout Community territory. Alongside these measures, the Council adopted the new *Community Customs Code*, which combines all the provisions governing trade between the Community and third countries, previously scattered amongst some 30 pieces of legislation. This consolidation, probably the most important undertaking in Community legislation to date, represents major progress towards simplifying the customs arrangements and making them more transparent, for the benefit of all those engaged in international trade.

Free movement of persons

Article 8a of the Treaty sets the goal of free movement for persons in conjunction with completion of the internal market. Member States have accordingly stepped up their cooperation, particularly on immigration and right of asylum,

and measures to combat terrorism, organized crime and drug trafficking. Although some results have been achieved, the Edinburgh European Council was obliged to note that there had been insufficient progress with the alignment of national policies necessary for making the new freedom a reality but without posing a threat to public security. However, the European Council was able to note that travellers would benefit from some significant progress towards easing controls in the course of 1993, and asked the Ministers responsible to speed up their proceedings.

Harmonization of legislation

The process of technical harmonization, which covers a broad range of products, continued throughout 1992. A number of important measures have been adopted, particularly in the **pharmaceuticals and motor vehicle sectors**. The Council adopted new arrangements for the pharmaceuticals sector which mark the culmination of 20 years' effort to establish a genuine common market in medicines. These arrangements include both a 'centralized' system of Community-wide authorization for the most innovative products and a 'decentralized' system based on the mutual recognition of national authorizations for other products. The Council also reached agreement of principle on the setting-up of a European Agency for the Evaluation of Medicinal Products within this system. For *passenger cars*, the Council adopted the last Directives on **EEC type-approval** which will mean that, from 1 January 1993, any vehicle having obtained this type-approval can be marketed freely throughout the Community without having to go through 12 different national systems of type-approval.

As regards **public procurement**, with supply and works contracts already settled, the Council concentrated on public service contracts, reaching agreement on two Directives, one applicable to public contracts in general and the other to contracts awarded in the water, energy, transport and telecommunications sectors. In effect, these decisions mark the end of the legislative programme to free up public procurement and place it on a Community-wide footing; the capital importance of such measures for the proper functioning of the internal market scarcely needs to be demonstrated.

Following mutual recognition of higher-level **professional qualifications** achieved in 1989, the final stage on the road to freedom of movement for self-employed workers and employees came in June 1992 with the adoption of the second general system for the recognition of professional education and training. The Directive provides for the mutual recognition of all secondary and post-secondary professional qualifications obtained by Member State nationals.

Financial services and insurance

The Council reached a long-awaited agreement on two Directives which lay the basis for the future Community market for **investment services in the field of**

securities. These were, firstly, the 'investment services' Directive, which provides that investment firms approved in their home country will receive a European 'passport' authorizing them to do business throughout Community territory and, secondly, the Directive on capital adequacy applicable to banks and investment firms which sets the amounts of initial capital that these establishments will have to have in order to qualify for the passport. Progress was also made on **banking law**, with the December adoption of the Directive on large exposures which underpins the stability of the banking system by limiting the risks which banks may take on in respect of one or more particular clients.

The Council completed the legislative programme for **insurance** contained in the White Paper by adopting three Directives on life assurance and insurance other than life assurance. These texts provide the basis necessary for mutual recognition of systems of prudential supervision between Member States. From 1 July 1994, insurance companies will be able to compete on a level playing field throughout the Community, in all branches of insurance, on the basis of an authorization granted by the home Member State, which will take sole responsibility for prudential supervision.

Abolition of fiscal frontiers

Abolishing fiscal frontiers between Member States seemed to be one of the most complex problems to be solved before borders could be opened on 1 January 1993. Indeed, the different rates of VAT and excise duty in each Member State, the diversity of national monitoring systems and the substantial tax revenue generated by imports were all obstacles that could only be overcome through determined political will, backed up by pressure from economic interests.

On **VAT**, it took nearly three years of discussion to reach the conclusion that the formula initially envisaged — taxation in the country of origin — was not acceptable politically, and to move towards a transitional arrangement that involves keeping taxation in the country of destination. Between 1989 and 1991, the Council laid down the general framework for the new arrangements that were to enable fiscal frontiers to be abolished, while 1992 was spent finalizing the practical details, just in time to authorize the opening of borders on 1 January 1993. Consonant with the abolition of border controls, the new VAT arrangements remove the link which used to exist between the charging of tax and the actual entry of the goods into the fiscal territory of a Member State, while maintaining the principle of taxation in the Member State of destination (except for purchases by individuals, which will be taxed in the Member State of origin).

As a result of the new system neither firms nor individuals — whether, in the case of individuals, they are moving or importing goods for their personal use

— will any longer be subject to VAT or any other formality when they cross an intra-Community border.

Progress has also been made towards abolishing fiscal frontiers as regards **excise duties** on fuel, tobacco and alcohol. For commercial operations, the new rules are similar to those already applied within the Member States. They are based chiefly on a system of interconnected warehouses throughout the Community. As for individuals, they are allowed to buy excisable products for their personal use in other Member States at the rate charged in the country of purchase. Unlike the VAT arrangements, the new excise duty rules have been laid down once and for all.

The abolition of fiscal frontiers goes hand in hand with close and continuing computerized cooperation between national administrations in order to eliminate the risk of fraud. It also presupposes, for both VAT and excise duty, a harmonization of the tax base and an alignment of rates in order to avoid distorting competition. For VAT, the Council set the standard rate at a minimum of 15%; Member States are also allowed to apply either one or two reduced rates, but not lower than 5%, to be confined to a number of goods and services which are basic necessities or meet an objective of social or cultural policy. As a parallel measure, the Council adopted a common structure for excise duty and minimum rates of duty on manufactured tobacco, mineral oils, alcohol and alcoholic beverages.

V — Creation of an economic area — General and sectoral aspects

General economic trends

The year 1992 saw a serious deterioration in Europe's economic situation; growth slowed dramatically, rising unemployment rates topped 10% on average, industrial production decreased and Community exports fell. The economic downturn deepened budget deficits; the total Community deficit reached unprecedented levels in 1992. The only grounds for satisfaction came from the continued lowering of inflation, one of the few positive signs amidst all the economic indicators.

This worrying situation is due, amongst other things, to the international environment being less favourable than forecast. Economic growth in the other OECD countries has been weaker than anticipated and Community exporters have had to contend not only with less dynamic export markets, but also with tougher than expected competition from third countries. What is more, the appreciation of European currencies against the dollar has eroded the competitiveness of Community exports still further. This unfavourable economic environment has been aggravated by a measure of uncertainty surrounding the difficulties encountered in ratifying the Treaty on European Union and the successive delays in reaching final agreement on the Uruguay Round, all of which has sapped business confidence. The resulting turbulence on European money markets unsettled the system of exchange rates within the EMS which had been regarded as almost fixed, following a long period of stability; there were three realignments affecting the Portuguese escudo, the Italian lira and the Spanish peseta, then, as pressure continued, the lira and the pound sterling left the EMS exchange-rate mechanism. The French franc, the Danish krone and the Irish pound also came under severe pressure, which was halted by central bank intervention or higher interest rates.

In response to these events, the Birmingham European Council, while still fully committed to the EMS, asked the Finance Ministers, assisted by the Monetary Committee, with the involvement of the Commission and the cooperation of the central bank governors, to consider the causes of the financial turbulence witnessed in the second half of the year, in the light of developments in capital markets and the European and world monetary systems.

Coordination of economic policies and growth initiative

Against this background, the regular monitoring by the Economics and Finance Ministers of the economic situation in the Community took on particular

significance. As part of their multilateral surveillance exercises, the Ministers undertook a systematic assessment of the economies of the Member States so that their policies could be as closely coordinated as possible, as provided for in the first stage of economic and monetary union (EMU). In order to achieve lasting convergence between their economies more quickly, and secure a smooth transition to the following stages of EMU, the Member States implemented **convergence programmes*** setting out major economic policy objectives and the measures to be taken to achieve them. During 1992 the Council examined convergence programmes from Ireland, Germany, Spain, the Netherlands and Belgium and re-examined the Italian programme initially submitted in November 1991.

Faced with the worsening economic situation, the Heads of State or Government meeting in Edinburgh on 11 and 12 December decided on a number of measures designed to restore business confidence and start a recovery process boosting growth and jobs, without endangering the objectives of controlling inflation and maintaining budget discipline, these being inherent in the achievement of economic and monetary union.

The **initiative for growth** adopted in Edinburgh sets out a three-pronged approach. Firstly, concerted implementation of **national measures** designed to promote investment; secondly, creation of a **European Investment Fund** with capital of ECU 2 billion involving the Community, the EIB and other financial institutions in order to offer investment credit guarantees; thirdly, implementation of a **temporary lending facility** of ECU 5 billion within the EIB, the purpose being to accelerate the financing of infrastructure projects, in particular those connected with trans-European networks. All in all, the Community action provided for in the initiative will provide some ECU 30 billion of support for public and private sector investment in the Member States over the coming years.

Industrial policy — General aspects

The Council concentrated on creating a climate conducive to recovery and strengthening the industrial fabric of the Community by administrative streamlining, by establishing a legal framework favourable to undertakings and by improving competitiveness, with due regard for the environment.

Aware that the increasing complexity of Community legislation might impose a disproportionate burden on undertakings, particularly SMEs, the Industry

* See Annex V.

Council adopted a resolution on **administrative simplification** in November 1992. It asked the Commission to take full account in the preparation of its proposals of the constraints they might impose on undertakings, compared with the likely benefits. For its part, the Council undertook to avoid imposing any excessive or unjustified burden on undertakings when it comes to take decisions on Commission proposals and invited the Member States to work along the same lines. Regarding the **relationship between industry and the environment**, the Council announced its intention that environmental protection requirements should henceforward be taken into account in the definition of policies designed to increase industrial competitiveness, in order to secure sound and lasting growth for the economy. Accordingly, it adopted a resolution inviting the Commission to promote a continuing dialogue with industry to seek ways of achieving environmental objectives, while leaving undertakings sufficient flexibility to adjust to new requirements. Lastly, on **intellectual property**, 1992 did not see any agreement reached on the Community patent or the setting-up of the European Trade Marks Office, despite some progress, but a number of important pieces of legislation were adopted in the field of copyright.

Sectoral aspects

The situation in the Community **steel industry** deteriorated markedly at the end of the year owing to a sharp fall in prices due, amongst other things, to the general economic recession, production over-capacity and increased competition from Central and Eastern Europe and the CIS, combined with export difficulties. The Council discussed the various aspects of the problem in the closing months of 1992 and agreed to return to the question, and in particular the issue of a new restructuring drive, right at the beginning of 1993.

As regards **shipbuilding**, in July 1992 the Council approved a Directive allowing shipyards in the five new German **Länder** to be granted aid compatible with the common market, provided that it did not exceed 36% of annual turnover and that a genuine and irreversible reduction in capacity of 40% was achieved by the end of 1995.

Lastly, on **motor vehicles**, the Council discussed the Commission's communication on the future of the European motor vehicle industry and drew attention, in a resolution, to the importance of completing the internal market and also to the need for an environment favourable to adaptation by Community undertakings and for the international markets to function satisfactorily.

Transport

In the run-up to the single market, the Council concentrated its energies in 1992 on putting in place the final measures needed for full liberalization of transport services in the Community.

On 23 July 1992 the Council adopted a package of measures on **air transport** which rounds off the liberalization of intra-Community flights by introducing free pricing, broad freedom of access to all routes for Community airlines and a common system for the issue of operating licences to air carriers established in the Community. This full liberalization of air transport goes hand in hand with the adoption of a number of provisions on competition and efforts to harmonize ticket reservation, aircraft safety, noise and the granting of pilot's licences, in order to maintain high safety levels and protect consumer interests. Lastly, in December 1992 the Council reached agreement of principle on a Regulation on the allocation of slots at Community airports establishing a code of conduct to guarantee the transparent, efficient and non-discriminatory allocation of slots against a background of mounting difficulties in respect of managing air space and Community airport capacity. As with air transport, the principle of freedom to provide **maritime transport** services within Member States was established in 1992, subject to certain specific derogations. To that end, the Council adopted a Regulation providing for the gradual liberalization of maritime **cabotage** * for Community shipowners, according to a precise timetable going up to the year 2003.

For **road and rail transport**, however, the Council was unable to complete the liberalization of the road haulage market owing to lack of agreement on the final arrangements for road *cabotage* and on tax questions (taxing of fuel, tolls, etc.). The Council did reach agreement on a number of measures to liberalize the transport of passengers by bus, including non-discriminatory access to the international transport market for carriers from all Member States, and *cabotage*, which will apply from 1996. On the external front, major agreements on **transit** were concluded with **Austria** and **Switzerland**, containing measures designed to promote rail transport and combined road/rail transport and the necessary infrastructure work. The agreement with Austria also provides for a system to control transit traffic by linking the authorized number of transit journeys made by lorries to a reduction in the pollution caused (eco-points system). The agreement with Switzerland limits the total laden weight of lorries in transit to 28 tonnes, with certain exemptions should there no longer be any combined transport capacity available.

Telecommunications — HDTV

The Council continued to pursue the policy adopted in 1990, which was to establish an internal market for telecommunications services combining liberalization and harmonization, in particular through the implementation of **open**

* See Annex V.

network provision (ONP) *. Accordingly, it adopted a Directive on the application of ONP to leased lines and two recommendations implementing ONP principles, firstly to packet-switched data services (PSDS) and secondly to integrated services digital network (ISDN) access.

On several occasions the Council studied the action plan proposed by the Commission for the introduction of advanced television services in Europe. The action plan, lasting five years, is designed to develop the market for advanced satellite and cable services, based on the D2-MAC and HD-MAC standards (in particular in the 16:9 format), subject to financial support from the Community to cover a part of the cost of supplying such services. At the close of its meeting on 15 December, the Council noted that there were still substantial differences over the action to be taken on the Commission plan, owing to current uncertainty as to technological developments in the sector.

Energy

The Council first endeavoured to make progress towards the gradual elimination of barriers to the **free movement of energy products and services**, which entails action in many fields, such as supplies of raw materials, ownership of and prospecting for domestic resources, **third-party access to networks *** and establishment of infrastructure, control of shipments of some nuclear materials and lastly technical harmonization measures. In 1992 the Council adopted a Directive on the control of shipments of radioactive waste between Member States and a Directive on the indication by labelling of energy consumption by household appliances.

The second task addressed by the Community was to ensure the **compatibility of energy policy with environmental protection** in accordance with the objectives laid down by the Rio Conference (see below). With that end in view, the Commission submitted to the Council a communication on a Community and global strategy to limit carbon dioxide emissions. The Council set in hand a number of specific measures under the SAVE programme to improve energy efficiency and the Altener programme to promote renewable energy sources. Internationally, the Community made its contribution to the implementation of the **European Energy Charter *** signed in The Hague in 1991, the purpose of which is in particular to provide the countries in Central and Eastern Europe with an international-law framework to underpin their reforms. There was moreover very sizeable technical and financial assistance for those countries in the main energy-policy areas, in particular nuclear safety.

* See Annex V.

Research

The Council rounded off the implementation of the third framework programme in the field of research and technological development (1990-94) with the adoption of the last three specific programmes, on human capital and mobility, biotechnology and measurements and testing. Lest the continuity of the Community's research effort be placed in jeopardy in 1993 and 1994, the Council also agreed in December to add a sum of ECU 900 million to the figure earmarked for the third framework programme, bringing its total to ECU 6 600 million.

Economic and social cohesion and regional policy

Economic and social cohesion issues were discussed under the Delors II package (see above). In **regional policy**, the Community continued its action to assist the most remote regions of the Community (the French overseas departments, the Canary Islands, the Azores and Madeira), whose geographical and economic situation calls for special measures in accordance with the guidelines laid down by the European Council in 1988. During 1992 the Council adopted a number of regulations to assist the Canary Islands, the Azores and Madeira and the French overseas departments with regard to their customs arrangements, agriculture and fisheries.

VI — Common agricultural policy

The key event in agriculture during 1992 was unquestionably the decision on **the reform of the common agricultural policy (CAP)**. This was taken after a very long debate which had been going on at the Council since 1991 on the basis of two Commission communications. The debate had dealt initially with the development of Community agriculture, which had been subject since 1984 to increasingly restrictive measures aimed at controlling production and bringing it more into line with the actual market situation. Despite the growing severity of these measures (MGQ, quotas, price freezes, expenditure capping) the situation in a number of production sectors was still marked, in early 1992, by large structural surpluses. The Commission was thus able to demonstrate that the system of price guarantees directly linked to the level of production — the main element of the market-support policy since it was introduced in the 1960s and 1970s — inevitably led to increased production which in turn resulted in vast intervention stocks and an uncontrolled rise in budgetary expenditure, without improving farmers' incomes.

Given this situation, the idea of a more radical reform gradually took shape, a reform derived from a questioning of the link between the level of financial support and the quantities produced. Reform was inevitable for reasons inherent in the internal situation of Community agriculture, but there were other grounds for it as well, in that the Community needed to play a positive part in settling the agricultural aspect of the Uruguay Round negotiations, which were about to enter a decisive phase.

Following a discussion which became particularly intense during the first five months of 1992, the Council reached a political agreement on 21 May 1992. This was confirmed by the formal (and unanimous) adoption on 30 June 1992 of the various regulations embodying the reform in sectors of arable crops, tobacco, milk, beef and veal and sheepmeat. In broad terms, the reform does not call into question the fundamental principles of the CAP: price unity, Community preference and financial solidarity. It is based on three main factors. First, a **substantial reduction in support prices**, to bring them into line with the actual market situation and to make agricultural products more competitive on the Community and world markets. Second, the introduction of a system of **compensatory aid or premiums** to neutralize the effect of lower prices on farmers' incomes. Such aid no longer depends on the quantities produced but is determined by land area or by references to past practices, so as not to encourage any increase in production. Third, the introduction in the

arable-crop sector of an annual **set-aside** * scheme based on rotation, with a rate of 15% for the first year. As well as these new arrangements, there are a number of 'back-up' measures concerning environmental protection, the afforestation of agricultural land and the setting-up of an early-retirement scheme for farmers.

The new support mechanisms introduced under the reform necessitated controls, and so the Council adopted in November 1992 a Regulation establishing **an integrated administration and control system**, which provides for the creation of a database listing the holdings, plots and animals that are eligible for the various premiums. Still in the interests of ensuring control that was as effective as possible, the Council likewise adopted a Directive introducing a system of animal identification to make it possible to control the granting of the various premiums created by the reform and to monitor intra-Community trade following the abolition of veterinary controls at frontiers. Given this set of measures, the new system of compensatory aid linked to cultivated area or the number of animals held on each holding can take effect as from 1993, or at all events before the start of the new marketing years.

The task that now falls to politicians at both Community and national level is to explain and to persuade farmers themselves to accept a reform which will be guiding their activities and determine their incomes in the years to come. Early in 1993 the Commission will submit a report on the practical implementation of the reform and any difficulties it might cause to certain farmers, thus enabling appropriate solutions to be found.

Following these decisions of prime importance for the future of Community agriculture, the Council concentrated during the second half of the year on a number of dossiers concerned with consolidation of the reform itself, completion of the internal market and observance of certain international obligations.

At its meeting from 14 to 17 December 1992, after discussions which had been going on for several months, the Council agreed to **a number of decisions supplementing or adjusting the CAP reform** in various sectors, including cattle and sheep breeding and durum wheat. And following more than two years of quite hard work, the Council adopted a package of measures concerning Community protection of **registered designations of origin** and geographical descriptions of agricultural products and foodstuffs. The Council thus signalled the Community's concern to introduce a decisive policy to protect and increase the value of quality agricultural products and so help to improve agricultural incomes. As well as supplementing the reform in this way, the Council adopted a number of **measures in the run-up to the 1 January 1993 deadline**. Among other things, it adopted a new system for automatically adjusting support prices

* See Annex V.

to monetary fluctuations. This established the **switch-over** * system and finalized the permanent discontinuation — necessitated by the abolition of frontier controls — of monetary compensatory amounts. Likewise, it moved ahead with the harmonization of national legislation in the areas of animal and plant health and of hygiene. With regard to the veterinary field, the Council adopted in December a series of measures to ensure that, as required by the single market, all veterinary controls at the frontiers between Member States were abolished as from 1 January 1993.

In the banana sector, which had become politically very sensitive because of the diverging interests at stake, the Community sought to reconcile free movement within the single market, the protection of Community producers' interests and, externally, the need to honour the Community's ACP and GATT commitments. On the basis of the guidelines which it laid down in December, the Council undertook to adopt the necessary texts before 1 March 1993, so that the new arrangements would be fully effective by 1 July 1993.

In the sphere of external relations, the Council paid close attention to developments in the agricultural negotiations of the Uruguay Round. At each of its meetings in 1992 it took stock, together with the Commission, of the progress of the negotiations. At the end of 1992 the Council concentrated on the question of whether the result of the negotiations as presented by the Commission was compatible with the reform of the CAP (see below).

* See Annex V.

VII — Common fisheries policy

After several discussions at ministerial level, the Council adopted a **new Community system for fisheries and aquaculture** on 20 December 1992 to replace the one set up in 1983. In the face of diminished resources, the aim of the new rules is to ensure that fish stocks are exploited responsibly, with due care for the marine ecosystem, while safeguarding the legitimate interests of fishermen and consumers. The Regulation carries forward the main achievements of the current policy, especially as regards access to fishing zones and the allocation of fishing activity as between the Member States. In addition, there is to be a Community system of **licences** administered by the Member States and more effective control measures are to be introduced. The Council will soon draw up the details of multiannual action concerning production structures, the aim being to achieve in the medium term a sustainable balance between resources and their exploitation. All these measures reflect a desire to guarantee the industry a degree of predictability and a certain security by establishing a coherent framework within which it will be possible for the Community's fishing activities to develop smoothly over the next 10 years.

In parallel with these reforms, the Council continued its policy on the **annual management of fishery resources**, adjusting the total allowable catches (TACs) and quotas for 1992 and adopting new TACs and quotas for 1993. It also sought to improve the biological situation of stocks by introducing new **technical conservation measures** * applicable to fishing and it reviewed the common organization of the market to ensure greater price stability. Externally, the Council continued its policy of expanding the fishing opportunities allowed to Community fishermen in the waters of third countries, in particular by renewing a series of agreements, including the very important one with Morocco.

* See Annex V.

VIII — Europe and the citizen: policy on social affairs, employment, education, culture, health, consumer protection and the environment

Social and employment policy

The deteriorating employment situation received the Council's attention throughout the year. This resulted in an initiative by the European Council in December on promoting economic recovery in Europe (see above) and a resolution outlining the framework for future action to reduce unemployment. The Council points out in the resolution that measures to combat unemployment are in the first instance the responsibility of the Member States, but that coordinated supporting action Community-wide can increase their chances of success. It states that economic growth and the improved competitiveness of enterprises are the preconditions for improving employment, and emphasizes the part which can be played by certain changes in the way that work itself is organized. The Council goes on in the same resolution to stress the importance of both sides of industry playing an active part in seeking solutions to the problems caused by unemployment both on a European scale and nationally. Among the specific measures to be implemented, the Council mentions information, training and vocational education, improved working conditions, growth of the services sector, all forms of work-sharing, and voluntary approaches to the organization of work.

As well as this resolution on the general approach to the problem of unemployment, the Council continued examining a number of specific proposals based on the **Community Charter of the Fundamental Social Rights of Workers** *. In the area of the **free movement of workers**, the Council considered the possibility of extending to new beneficiaries the rights established by 1968 regulations and adopted a new system for clearing vacancies and applications for employment (EURES) to ensure the greatest possible transparency in the labour market. As to **working conditions**, the Council made progress on the question of adjusting working time but because of the Member States' differing situations, practices and concepts did not at that stage reach a final agreement. It did, however, agree on a Directive that improved the procedures for prior consultation with workers' representatives in the event of large-scale redundancies whether the decision was that of the direct employer or of another under-

* See Annex V.

taking which controlled that employer. The Council also addressed a Recommendation to the Member States calling on them to make wider use of the arrangements for individual or collective participation by employees in company profits and assets and in this context to take account of the respective roles and responsibilities of management and labour.

In 1992 (European Year of Safety, Hygiene and Health Protection at Work) the Council systematically continued its activities to ensure the **protection of workers' health and safety** by adopting a number of specific Directives covering temporary and mobile work sites, the provision of signs, the extractive industries, medical treatment on board vessels and the situation of pregnant women.

Education

In their conclusions on the European dimension in higher education, the Education Ministers noted that for financial or other reasons many students were unable to benefit directly from the Community programmes in this area: Comett, on cooperation between the universities and industry; Erasmus, on the mobility of students between Member States; and Lingua, on the learning of European languages. They therefore asked the Commission to consider further measures to increase the mobility of teachers and the number of links between higher education establishments. They discussed various aspects of **distance learning** in view of the growing importance of this form of education and the scope for using it across frontiers. The guidelines that were established will enable the Commission either to submit a specific proposal or to incorporate this particular dimension of education into existing programmes. The Council renewed for one year the Tempus programme concerning a trans-European mobility scheme for university studies (a pilot phase for three years began in 1990). The programme is aimed at the Central and East European countries taking part in the PHARE economic aid programme, enabling them to obtain support for developing their higher education systems through cooperation with university or industrial partners from the Community.

Culture

In the run-up to the single market, the Council adopted a text on the **export of cultural goods** to third countries and one on the **return of cultural objects unlawfully removed from the territory** of one Member State to another. These rules do not affect the principle whereby the responsibility for protecting national treasures lies in the first instance with the Member States. Their purpose is to set up at the Community's external frontiers the control arrangements necessitated by the abolition of its internal frontiers. They establish a cooperation procedure between Member States to enable them to secure the return to their territory of cultural objects which have been removed from it unlawfully.

On a more general level, the Ministers for Culture, drawing on what had been learnt from a series of priority measures implemented since 1988, adopted conclusions on 'guidelines for Community cultural action' in the years ahead with regard to the audiovisual sector, books and reading, business sponsorship in the arts, cultural heritage, strengthening the dialogue between the public authorities and professional interests, and cultural cooperation with third countries and international bodies.

Health

In 1992 the Council mainly devoted itself to a general discussion of the guidelines and framework for future action by the Community in the field of public health. The matters considered included: the campaign against the major health scourges (cancer, AIDS, drug abuse); hereditary diseases; health education; and blood products, with the complex problems arising from their availability, use and free movement. A further step was taken in the fight against cancer with the adoption of a Directive strengthening the requirements governing the labelling of tobacco products.

Environment

Community action on environmental protection continues to arouse considerable interest not only on the part of those directly involved but among the general public as well. 1992 will have marked an important step, owing to the number and scope of the legislative instruments adopted internally, and the work done at international level — the foremost example being the United Nations Conference on Environment and Development in Rio in June. Throughout the Conference, known as the 'Earth Summit', the Community played a key role in promoting the idea of **sustainable development** * and of a global vision of the environment which found expression in the signing of the Convention on Climate Change and the Convention on Biological Diversity and in the adoption of many other agreements including the Earth Charter, Agenda 21, the Statement on Forests and the decision on desertification control.

On an internal level, the Council approved in a resolution the broad lines of the fifth environmental action programme (1993-2000) submitted by the Commission. The programme as conceived represents a turning-point and provides the general framework for all the Community's specific forms of action in the next few years, all of which will now be broadly based on the new concept of sustainable development.

* See Annex V.

The many specific measures adopted by the Council in 1992 include the 'Habitats' Directive on **the protection of endangered species of fauna and flora**, which establishes a European network of protected natural areas. In the increasingly sensitive field of **waste disposal**, the Council adopted a Regulation on the supervision and control of shipments of waste, with the aim of minimizing the risks inherent in the movement of waste. The Regulation applies to trade between Member States and to shipments into and out of Community territory and will enable the Community to comply with the provisions of the Basle Convention on the control of transboundary movements of hazardous wastes and their disposal. As part of a new policy to encourage consumers to choose products which cause least harm to the environment, the Council set up the eco-label system. This is a Community system of **ecological labelling** based on an assessment of a product's environmental impact throughout its life cycle. And in accordance with the measures agreed internationally (Montreal Protocol), the Council approved a new Regulation designed to speed up the phasing-out of substances that deplete the ozone layer.

On a more general level, the Council created the instrument known as 'LIFE', which will in the future provide a coherent framework for financing all the Community's environmental actions subject to the 'polluter pays' and subsidiarity principles.

Consumers

The Council adopted a resolution on future priorities for the development of consumer protection policy (consumer information and education, legal redress, safety and health, defence of economic interests and, more generally, taking consumer protection into account in all common policies). As regards legislation, the Council adopted a Directive on **general product safety**, which lays a general obligation on manufacturers, importers and distributors to produce and sell only safe products. It also agreed on a Directive aimed at eliminating **unfair terms in contracts** and made progress on several other important proposals from the Commission including those concerned with regulating, in the consumer's favour, **contracts negotiated at a distance** and **time-sharing**.

IX — External relations and development cooperation

Uruguay Round

The **Uruguay Round** negotiations remained one of the Community's main priorities. It stated on several occasions that it intended to strive for a balanced overall compromise that would strengthen the multilateral trading system and help revitalize the world economy. At its meetings in late December 1991 and early 1992 the Council took the view that, in so far as it called into question the very foundations of the common agricultural policy, the draft Final Act submitted by the GATT Director-General was unacceptable and so would have to be amended. As to the other aspects, the Council accepted that the draft had some positive features but thought that the result was not a balanced one and that it would have to be improved in certain respects. It soon became apparent that the multilateral negotiations at Geneva could not make any real headway until the Community and the United States of America reconciled their differences of approach on the most important issues, especially agriculture. Following the Agriculture Council's decisions in May on the reform of the common agricultural policy, the process of bilateral discussions with the United States became reactivated and led in November 1992 to a compromise, subject to confirmation, between the Commission as Community negotiator and the United States. The General Affairs and Agriculture Councils reviewed the situation at their meetings in December 1992 in the light of a Commission report on the compatibility of the compromise with the reform of the CAP. The General Affairs Council concluded that this issue of compatibility should continue to be studied by the appropriate bodies, that substantial results on the non-agriculture subjects were still needed if a balanced overall agreement was to be concluded, and that the overall result of the negotiations would have to be examined in due course.

European Economic Area — prospects for enlargement

The Agreement on the European Economic Area (EEA) was signed in Oporto on 2 May 1992. Following the 'no' vote in the Swiss referendum on 6 December 1992, negotiations will soon be under way to make the necessary amendments to the Agreement so that it can be implemented by the other Contracting Parties.

After pointing out that under the Treaty on European Union any democratic European State could apply to join the Union and that the EEA Agreement had

paved the way for the opening of enlargement negotiations, the European Council meeting in Lisbon called on the institutions to expedite the preparatory work on the accession of the applicant EFTA countries, adding that official negotiations would begin as soon as the Treaty on European Union had been ratified and agreement had been reached on the Delors II package. At its meeting in Edinburgh the European Council noted the agreement reached on the future financing of the Community and the prospects for early ratification by all Member States of the Treaty on European Union and agreed that negotiations for accession to the European Union could start with Austria, Sweden and Finland at the beginning of 1993 and with Norway once the Commission's opinion was available. The negotiations could not be concluded until the Treaty on European Union had been ratified by all the Member States.

As regards the accession applications from Turkey, Cyprus and Malta, the European Council took the view that each one should be considered on its merits. Relations with Turkey would be intensified in line with the prospect set out in the Association Agreement of 1964, including a political dialogue at the highest level. Relations with Cyprus and Malta would be strengthened on the basis of the Association Agreements and their accession applications and by intensifying the political dialogue.

Countries of Central and Eastern Europe — Former USSR

At both Lisbon and Edinburgh, the European Council reaffirmed the Community's desire to develop close cooperation with the countries of Central and Eastern Europe under Europe Agreements designed to support their efforts to restructure their economies and their institutions and thus prepare for the accession they were seeking to the Union. Agreements of this kind mainly involve the gradual creation of a free-trade area, extensive economic cooperation and the institutionalization of the political dialogue. They were first concluded with the Visegrad countries (Poland, Hungary and the Czech and Slovak Federal Republic) and then with Romania and Bulgaria. 'First generation' trade and cooperation agreements, to prepare the way for the eventual conclusion of Europe Agreements, were concluded with the Baltic States and Albania. Activities under the PHARE programme, whose purpose is to support the process of reform in the countries of Central and Eastern Europe, continued in 1992 with increased funds (ECU 550 million in 1990, ECU 800 million in 1991 and ECU 1 000 million in 1992).

In its declaration on Russia and the Commonwealth of Independent States, the European Council in Edinburgh renewed the Community's commitment to help the transition from communism to democracy in order to ensure the full integration of those countries into the world's political and economic systems. In October 1992, the Council accordingly adopted directives for the conclusion of partnership and cooperation agreements, to establish close political and

economic relations between the Community and each of the 12 republics of the former USSR. Already, the implementation of the TACIS technical assistance programme (ECU 450 million for 1992) is providing substantial support for complex economic reforms in the States of the former Soviet Union and for their transition to a market economy.

The Community is also providing a considerable volume of humanitarian aid, making a sizeable contribution to the improvement of people's living conditions and thus giving reform a better chance of succeeding.

On the world stage, coordination of international aid to the States of the former USSR was discussed at conferences in Washington (January), Lisbon (May) and Tokyo (October). Lastly, an Agreement was signed in November 1992 between the Community, the USA, Japan and Russia establishing an International Science and Technology Centre for the retraining of scientists and engineers from the former USSR specializing in the field of nuclear weapons and weapons of mass destruction.

Former Yugoslavia

Following the denunciation in 1991 of the 1980 EEC-Yugoslavia Cooperation Agreement, the Community adopted positive measures *vis-à-vis* the four republics of the former Yugoslavia cooperating in the peace process (Slovenia, Croatia, Bosnia-Herzegovina, and the territory of the former Yugoslav Republic of Macedonia), in order to continue to allow them to benefit from the commercial and economic advantages under that Agreement. With regard to Serbia and Montenegro, the Community implemented a trade embargo in accordance with United Nations Resolutions. The Community also made an especial budgetary effort to assist victims of the conflict, in addition to national aid from the Member States. All of these Community measures served to back up action undertaken in political cooperation as well, to try and bring about a negotiated settlement to the conflict (see below).

Mediterranean — Gulf States

The redirected Mediterranean policy became fully operational with the adoption of the regulations required for its implementation and the conclusion of the Fourth Financial Protocols with Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon and Israel and the Third Financial Protocol with Syria. The Community is thus involved in greater commercial, economic and financial cooperation with its Mediterranean partners. The Lisbon European Council also adopted a declaration on relations between Europe and the Maghreb, in which it showed its determination to place those relations on a footing which, in scale and intensity, is commensurate with the links forged by geographical proximity and by history.

At a ministerial meeting held in Kuwait in May the Community also continued strengthening its cooperation with the countries party to the Charter of the Cooperation Council for the Arab States of the Gulf (United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait).

ACP States

The Community's steadfast commitment to its ACP partners was demonstrated by the active pursuit of the cooperation objectives laid down in the new Lomé Convention, which came into force in 1991. In the sphere of trade, the Community endeavoured to allay the fears of its ACP partners that they might not continue to benefit from their advantages and opportunities for access to the Community market, with the prospects of the conclusion of the GATT multilateral negotiations, the reform of the common agricultural policy and lastly the future Community arrangements for sugar and bananas. In the field of financial cooperation, the ACP-EEC Council of Ministers in particular adopted an important resolution on structural adjustment in the ACP States. Faced with the many situations of distress suffered by people in some ACP States, particularly in Africa, the Community and its Member States continued to show their active solidarity. An additional budgetary effort was made for a further food-aid programme providing in 1992 for an extra 800 000 tonnes of cereal equivalent in aid, chiefly for countries in the Horn of Africa and southern Africa experiencing an unprecedented drought. In particular, the Community and its Member States played a very considerable part in humanitarian assistance for Somalia.

In its relations with the ACP States, as indeed with its other developing partners, the Council implemented the principles contained in its resolution on human rights, democracy and development. In particular, it supported with practical measures the efforts of ACP States taking the road to democracy and human rights observance and it was prompted, where the breaches of those principles are most flagrant (Sudan, Somalia, Malawi, Zaire, Haiti and Liberia), to suspend economic assistance, while continuing with humanitarian aid.

Latin America — Asia

The network of third generation Cooperation Agreements now extends to the vast majority of the Community's partners in Asia and Latin America. These Agreements feature a reference to observance of democratic principles and human rights as a fundamental element of the Agreement together with substantially broadened and strengthened cooperation more closely geared to developments in the situation in those countries. In 1992 such Agreements were

negotiated with Brazil, India, Macao, Mongolia, the Andean Pact and Uruguay. Moreover, access to EIB loans was opened up, within certain limits, to partners in Asia and Latin America with which the Community has concluded Cooperation Agreements. Under the institutionalized political and economic dialogues, the second meeting with the Rio Group was held in Santiago de Chile in May 1992, on which occasion the Commission signed an interinstitutional Cooperation Agreement between the European Communities and Mercosur (Argentina, Brazil, Paraguay and Uruguay). The eighth meeting in the dialogue with Central America was held in Lisbon on 24 and 25 February 1992 and the ninth ministerial meeting with ASEAN in Manila in October 1992.

Japan

In its conclusions of 15 June 1992, the Council confirmed the need, under the political and economic dialogue established by the EEC-Japan Joint Declaration, to continue with a balanced approach aimed both at improving access to Japanese markets and at stepping up economic cooperation. It laid down objectives and methods under that approach, which in the case of economic relations include statistical analysis of developments in trade in order to pinpoint problems with a view to their timely resolution.

Lastly, the Council continued adapting **development policy** to new situations and challenges. Particular reference should be made to the Declaration of 18 November 1992 on aspects of development cooperation in the run-up to 2000, which gears Community strategy to the consolidation and development of democracy; sustainable economic and social development, in particular for the most disadvantaged developing countries; the smooth and gradual integration of the developing countries into the world economy and the campaign against poverty.

X — Political cooperation

Central and Eastern Europe

Following the dissolution of the Soviet Union at the end of 1991 the Community and its Member States noted that the international rights and obligations of the former USSR would continue to be exercised by Russia. The Member States duly recognized the 11 other former Soviet republics as independent States on the basis of the criteria set out in their Statement of 23 December.

The Community and its Member States are playing their full part in international efforts to help the economies of Russia and the other new States. They have also been actively pursuing political dialogue. A number of high-level meetings have been held in European political cooperation (EPC), including ministerial ones, with the Ministers for Foreign Affairs meeting in March 1992 in Brussels and in September 1992 in New York, to coincide with the United Nations General Assembly. A more substantial political-dialogue component is currently being negotiated with Russia under the partnership agreement.

The Community and its Member States have strengthened ties with Estonia, Latvia and Lithuania (signing a Trade and Cooperation Agreement and adopting a joint declaration on political dialogue in May 1992).

The provisions on political dialogue contained in the Europe Agreements signed with the Visegrad countries (Poland, Hungary and the Czech and Slovak Federal Republic) in December 1991 are already being implemented *de facto*. A Europe Agreement was initialled with Romania on 17 November 1992 and a Trade and Cooperation Agreement signed with Albania in May 1992, with a joint declaration being adopted on political dialogue.

Former Yugoslavia

The Community and its Member States have strongly condemned the continuing violence in the former Yugoslavia, for which they consider Serbia bears primary responsibility. They have continued to be actively involved in the process of finding a peaceful and lasting solution to the conflict through the International Conference on Yugoslavia chaired jointly by the United Nations and the European Community, through the European Community Monitoring Mission, in the framework of the CSCE and through direct contact with the parties concerned. Sadly, the considerable activity engaged in by the Commun-

ity and its Member States has not yet managed to bring about a peaceful settlement to the crisis.

United Nations Security Council Resolution 713 of 25 September 1991, which imposed an **arms embargo** on all the republics of the former Yugoslavia, has been implemented by the Community and its Member States.

Following the adoption on 30 May 1992 of United Nations Security Council Resolution 757, the Community and its Member States adopted on 1 June 1992 an EEC Regulation and an ECSC Decision implementing economic sanctions against Serbia and Montenegro.

The **UN Protection Force** (Unprofor) and the **EC Monitoring Mission** (ECMM) cooperate on the ground in the implementation of the UN peacekeeping plan. As part of the UN plan, the ECMM has taken up monitoring duties in the 'pink zones', i.e. areas outside the UN-protected areas, which remain under Serb control. It also helps Unprofor supervise the demilitarization and disarmament process. The ECMM is currently extending its operation to monitor developments in Bulgaria, Hungary and Albania on their borders with the former Yugoslavia.

Effective delivery of **humanitarian aid** to Sarajevo and elsewhere remains a priority. Important steps have been taken to ensure the passage and protection of humanitarian flights and convoys, notably through United Nations Security Council Resolutions 776 and 781.

The Community and its Member States have repeatedly deplored all **human rights abuses** in the former Yugoslavia, including the practice of ethnic cleansing in Bosnia-Herzegovina. They have condemned the existence of detention centres, especially in Bosnia-Herzegovina, and called for camps to be opened immediately to international inspection and shut down as soon as possible. They have also insisted that all displaced persons should be enabled to return in peace to their former homes.

The Community and its Member States have strongly endorsed United Nations Security Council Resolution 780 on **war crimes** and welcome the appointment of a commission of experts to assist the Secretary-General in the analysis of evidence. The perpetrators of mass killings and other grave breaches of international humanitarian law will be held individually responsible for their actions and the Community and its Member States will cooperate with the United Nations and the relevant bodies in ensuring that justice is done.

Middle East

The Community and its Member States remain firmly committed to the sovereignty, unity, independence and territorial integrity of all States in the region.

They are firmly resolved to play a constructive and active role in both the bilateral and multilateral tracks of the peace process, based on their positions of principle and on United Nations Security Council Resolutions 242 and 338.

The Community and its Member States remain committed to prompt and full implementation of all Security Council resolutions pertaining to **Iraq**. They welcome the sustained effort of the UN Security Council to this end.

The Community and its Member States believe that they should continue to pursue a critical dialogue with **Iran** in order to encourage Iran to improve its behaviour in a number of fields, particularly human rights, the death sentence pronounced by a 'fatwa' of Ayatollah Khomeini against the author Salman Rushdie, which is contrary to international law, and terrorism.

At the Lisbon European Council meeting, in June 1992, the Community and its Member States reiterated their firm determination to contribute to the stability and prosperity of the **Mediterranean region** on the basis of an approach favouring partnership.

Asia

In accordance with the Joint Declaration between **Japan** and the Community and its Member States, the second summit meeting was held in London on 4 July 1992, which provided an opportunity to intensify and broaden the scope of EC-Japan relations within the framework of wide-ranging political dialogue and practical cooperation.

At the **ASEAN** Post-Ministerial Conference in Manila from 24 to 26 July 1992, Ministers of the EC troika had useful discussions with ASEAN Foreign Ministers about developments in the region and the prospects for greater cooperation. They welcomed in particular ASEAN's readiness to address regional security issues and ASEAN plans to develop a free-trade area.

The Community and its Member States have worked for the successful implementation of the comprehensive political settlement of the **Cambodia** conflict and have provided considerable support both to the UN operation and to the rehabilitation of that country.

The Community and its Member States attach great importance to the full implementation of IAEA inspections in the **Democratic People's Republic of Korea** and of bilateral nuclear inspections agreed to under the Joint Declaration on the Denuclearization of the Korean Peninsula of 31 December 1991.

The Community and its Member States, which attach the greatest of importance to their relations with **China**, have continued to express their concern about the human rights situation, including that in Tibet.

The Community and its Member States have also expressed their concern about the human rights situation in **East Timor**. In addition, they have maintained their suspension of all non-humanitarian aid programmes to **Burma** and agreed a total ban on arms sales.

Africa

The Community and its Member States have been following with deep concern developments in the situation in **Somalia**. They have urged all parties to comply with United Nations Security Council Resolutions, in the interests of humanitarian relief and national reconciliation, and all Somali factions to cooperate with UN armed security personnel in the protection of emergency-aid distribution. The Community and the Member States individually are contributing to the relief effort.

The Community and its Member States have encouraged South Africa's peaceful transition to a democratic, united and non-racial society. A **troika** * of Foreign Ministers and the Vice-President of the Commission visited South Africa on 2 and 3 September 1992. Agreement was reached on the deployment of EC observers, to be coordinated with those of the UN and other organizations, in order to assist the new mechanisms under the peace accord to enforce the law, by drawing up independent, unbiased reports.

The Community and its Member States welcomed the Peace Conference on **Sudan** under the auspices of President Babangida and the decision of all parties to the conflict to participate in the peace talks. They stressed the unacceptability of interference in humanitarian relief efforts in areas of need in Sudan from whatever quarter.

The Community and its Member States warmly welcomed the signing in Rome on 4 October 1992 of the **Mozambican** Peace Agreement between the Government of Mozambique and Renamo.

In **Angola** the Community and its Member States attach importance to the implementation of the Estoril Peace Agreements. They provided significant financial and material contributions as well as observers for the elections on 1 October 1992; they support the UN's valuable role in ceasefire monitoring, emergency assistance, demobilization and electoral assistance.

* See Annex V.

Latin America

At the eighth Ministerial Conference, in Lisbon on 24 and 25 February 1992 (San José VIII), it was agreed that the Luxembourg Agreement of November 1985, the main instrument for **EC-Central America** cooperation, should be revised to take account of the new realities of Central America and to reflect the trend towards peace, democracy and economic and social development in the region.

The multiannual programme for the promotion of human rights in Central America, agreed in Lisbon, was set in motion with the approval of a first list of projects and a timetable for action at the first expert group meeting in Managua, on 10 and 11 September 1992.

At the second institutionalized ministerial meeting between the EEC and the Rio Group, in Santiago de Chile on 28 and 29 May 1992, the link between democracy, respect for human rights and sustainable development was stressed.

Preventive diplomacy and an agenda for peace

The Community and its Member States welcomed the release in June 1992 of the UN Secretary-General's report 'An agenda for peace'. They believe that the potential of the Charter should be explored to foster a deeper and more effective use of its capabilities to defuse potential conflicts at an early stage. In this respect, they welcome the call for increased activity by the United Nations in preventing conflicts, seeking negotiated and lasting solutions and maintaining peace, as well as enhanced cooperation with regional organizations.

CSCE

The Helsinki follow-up meeting provided an important opportunity for discussions on the future role of the CSCE as a regional arrangement and in particular the strengthening of its institutions to increase the effectiveness of the CSCE in the prevention, management and peaceful settlement of disputes. In this context, the Community and its Member States welcomed the decision to appoint a High Commissioner for National Minorities and to provide the CSCE with peacekeeping capabilities as part of its responsibilities in the process of dispute resolution.

Human rights

In Lisbon in June 1992, the European Council recalled that respecting, promoting and safeguarding human rights is an essential part of international relations and one of the cornerstones of relations between the Community and its

Member States and other countries. The Community and its Member States welcome the growing political consensus on the fundamental relationship between pluralistic democracy, respect for human rights and development, as outlined in the EC Council resolution of 28 November 1991.

The Community and its Member States have played an active role in the preparatory process of the World Conference on Human Rights.

Non-proliferation and arms exports

The Non-proliferation Treaty is the cornerstone of the international non-proliferation arrangements and the Community and its Member States strongly supported its indefinite extension. In Lisbon, the European Council noted with satisfaction the conclusion of a common list of nuclear goods and nuclear-related dual-use goods to be controlled by Member States, when exported.

Administrative cooperation

The Missions of the EC and its Member States in third countries have continued their cooperation in the fields of medical assistance, training, joint services, consular matters, including evacuation and repatriation emergency operations and security.

This cooperation has been extended to estate-related matters and a first achievement in this area is the European House in Abuja, the new capital of Nigeria.

XI — Intergovernmental cooperation in the fields of justice and home affairs

Member States' governments have long felt it worth developing cooperation outside the sphere of Community activities proper, in **customs** matters to combat trafficking in arms, drugs and stolen goods, in **police** matters (TREV1) to cope with terrorism in particular and, lastly, in the **judicial** field (civil and criminal justice) to improve the operation of justice in a context increasingly involving foreign aspects.

However, it was the 1986 Single European Act which made that need more apparent and led to the broadening of the scope of such cooperation by providing in Article 8a for the progressive establishment by 31 December 1992 of 'an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of this Treaty'. That prospect was to prompt governments to cooperate more systematically in the areas of immigration, asylum and action against terrorism, crime, drugs and trafficking in works of art and antiques. In 1985 the Ministers with responsibility for immigration set up the **ad hoc** Group on Immigration, which involves a number of subgroups, in particular on asylum, external borders, visas, etc. In 1988 the European Council, meeting in Rhodes, set up the Coordinators Group on Free Movement of Persons to 'step up such cooperation in order to achieve rapid and concrete results'. Their first task was to be the drawing-up of an inventory (the 'Palma document') identifying the essential measures to be taken for the establishment of free movement of persons, specifying the bodies responsible and putting forward a timetable for their adoption.

In recent years, increased pressure of migration by way of asylum has further strengthened belief in the need for permanent, wide-ranging, detailed cooperation in this field, becoming all the more essential with the approach of the 1 January 1993 deadline. Member States consider that abolition of controls at internal frontiers in accordance with Article 8a of the Treaty entails harmonization of controls at the Community's external frontiers and other measures to ensure that the achievement of free movement of persons does not endanger public security or undermine action to combat illegal immigration. Three main instruments are to contribute to this: the Convention on the crossing of external frontiers, negotiations for which are almost completed, the Convention determining the Member State responsible for examining applications for asylum (the Dublin Convention), which is by way of being ratified, and the Convention

establishing a European Information System, now being drafted. During 1992, preparations for the implementation of the Dublin Convention and the draft Convention on the crossing of external frontiers pressed ahead, so that those Conventions could be applied upon ratification.

However, further progress is still required for the actual implementation of those various instruments and in the meantime the European Council was constrained at its meeting in Edinburgh to note that free movement of persons within the Community, in accordance with Article 8a of the Treaty of Rome, could not be fully ensured as of the scheduled 1 January 1993 deadline.

As regards action against drugs, CELAD has drawn up a report on the implementation and future course of the European Plan to Combat Drugs adopted by the European Council, meeting in Rome in December 1990. Meanwhile, the Dublin Group, an informal consultation machinery on action against drugs, has continued with its information and coordination task.

XII — Budgetary matters

The year 1992 saw the last stage of application of the multiannual financial perspective (Delors I package) providing the frame of reference for drawing up the Community budget over the period 1988-92. During the year, the three parties to the interinstitutional agreement on budgetary discipline — Council, European Parliament and Commission — found themselves having to make a number of amendments to the financial perspective in order to meet new Community financial commitments in connection with external events, particularly in Central and Eastern Europe. Those revisions of the financial perspective, bringing a swift, effective response (within the limits of the own-resources ceiling) to unforeseen requirements or contingencies, bear witness to the flexibility and value of the instrument created in 1988 to ensure budgetary discipline.

The budget procedure for the 1993 financial year was directly affected by the unavailability until mid-December of the financial perspective applicable to that year. The new financial perspective adopted by the European Council in Edinburgh under the Delors II package enabled the Council and the European Parliament to reach agreement swiftly on the various parts of the 1993 budget, which amounts to ECU 69 billion in commitment appropriations, an increase of 8% over the 1992 budget.

Part II

Chapter I

Functioning of the institutions and institutional affairs

A — Council

1. During the first half of 1992 the Presidency of the Council was held by Portugal, and during the second half by the United Kingdom¹.

The 45 meetings in the first half were chaired by:

General Affairs (8)	Mr João Pinheiro, Minister for Foreign Affairs Mr Fernando Faria de Oliveira, Minister for Trade and Tourism
Agriculture (8)	Mr Arlindo Cunha, Minister for Agriculture
Ecofin (5)	Mr Jorge Braga de Macedo, Minister for Finance
Internal Market (4)	Mr Vítor Martins, State Secretary for European Integration
Social Affairs (2)	Mr José da Silva Peneda, Minister for Employment and Social Security
Environment (2)	Mr Carlos Borrego, Minister for the Environment and Natural Resources
Fisheries (2)	Mr Eduardo de Azevedo Soares, Minister for Maritime Affairs

¹ The number of meetings per sector is given in brackets.

Transport (2)	Mr Joaquim Ferreira do Amaral, Minister for Public Works, Transport and Communications Mr Eduardo de Azevedo Soares, Minister for Maritime Affairs
Consumers (1)	Mr Carlos Borrego, Minister for the Environment and Natural Resources
Culture (1)	Mr Pedro Miguel Santana Lopes, State Secretary for Culture
Development (1)	Mr José Manuel Durão Barroso, State Secretary for Foreign Affairs and Cooperation
Development/ Environment (1)	Mr Carlos Borrego, Minister for the Environment and Natural Resources Mr José Manuel Durão Barroso, State Secretary for Foreign Affairs and Cooperation
Education (1)	Mr António Couto dos Santos, Minister for Education
Energy (1)	Mr Luís Fernando de Mira Amaral, Minister for Industry and Energy
Industry (1)	Mr Luís Fernando de Mira Amaral, Minister for Industry and Energy
Justice (1)	Mr Álvaro Laborinho Lúcio, Minister for Justice
Research (1)	Mr Luís Valente de Oliveira, Minister for Planning and Administration
Health (1)	Mr Arlindo de Carvalho, Minister for Health
Telecommunications (1)	Mr Joaquim Ferreira do Amaral, Minister for Public Works, Transport and Communications
Tourism (1)	Mr Fernando Faria de Oliveira, Minister for Trade and Tourism

Ministerial meetings were also held:

Meeting of Ministers
concerned with
immigration (1)

Mr Manuel Joaquim Dias Loureiro, Minister
for the Interior

Standing Committee
on Employment (1)

Mr José da Silva Peneda, Minister for Em-
ployment and Social Security

*
* *

The 42 meetings in the second half of the year were chaired by:

General Affairs (7)

Mr Douglas Hurd, Secretary of State for For-
eign and Commonwealth Affairs
Mr Tristan Garel-Jones, Minister of State,
Foreign and Commonwealth Office

Agriculture (5)

Mr John Gummer, Minister for Agriculture,
Fisheries and Food

Ecofin (6)

Mr Norman Lamont, Chancellor of the Ex-
chequer
Sir John Cope, Paymaster-General

Internal Market (3)

Mr Richard Needham, Minister of State, De-
partment of Trade and Industry

Fisheries (3)

Mr John Gummer, Minister for Agriculture,
Fisheries and Food
Mr David Curry, Minister of State, Ministry
of Agriculture, Fisheries and Food

Budget (2)

Sir John Cope, Paymaster-General

Environment (2)

Mr Michael Howard, Secretary of State for
the Environment

Research (2)

Mr William Waldegrave, Chancellor of the
Duchy of Lancaster, with responsibility for
Science

Telecommunications (2)	Mr Timothy Sainsbury, Minister of State, Department of Trade and Industry Mr Edward Leigh, Parliamentary Under-Secretary of State, Department of Trade and Industry (Consumer Affairs and Small Firms)
Transport (2)	Mr John MacGregor, Secretary of State for Transport
Social Affairs (1)	Mrs Gillian Shephard, Secretary of State for Employment
Consumers (1)	Baroness Denton of Wakefield, Parliamentary Under-Secretary of State, Department of Trade and Industry (Consumer Affairs and Small Firms)
Culture (1)	Mr Robert Key, Parliamentary Under-Secretary of State for National Heritage
Development (1)	Baroness Chalker, Minister for Overseas Development
Education (1)	Mr John Patten, Secretary of State for Education
Energy (1)	Mr Timothy Eggar, Minister of State, Department of Trade and Industry (Minister for Energy)
Industry (1)	Mr Michael Heseltine, Secretary of State for Trade and Industry
Health (1)	Mrs Virginia Bottomley, Secretary of State for Health

A ministerial meeting was also held:

Meeting of Ministers concerned with immigration (1)	Mr Kenneth Clarke, Home Secretary
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The 87 meetings held in 1992 may be broken down as follows:

General Affairs	15
Agriculture	13
Ecofin	11
Internal Market	7
Fisheries	5
Environment	4
Transport	4
Social Affairs	3
Justice	3
Research	3
Telecommunications	3
Budget	2
Consumers	2
Culture	2
Development	2
Education	2
Energy	2
Industry	2
Health	2
Tourism	1
Development/Environment	1

Ministerial meetings:

Immigration	2
Standing Committee on Employment	1

B — Relations with the European Parliament

Presentation to the European Parliament of the programmes and reports of the Portuguese and United Kingdom Presidencies

2. On 16 January 1992 Mr Pinheiro, Minister for Foreign Affairs of Portugal and President-in-Office of the Council, presented the Portuguese Presidency's programme to the European Parliament meeting in plenary session in Strasbourg. The priorities he outlined included relations with the countries of Central and Eastern Europe, the achievement of the European Economic Area, European integration following the Maastricht European Council, completion of the single market and implementation of the Social Charter.

On 7 July 1992 he presented the European Parliament — in plenary session in Strasbourg — with a review of the Portuguese Presidency's achievements, emphasizing the progress made on matters such as the technical aspects of the future financing of the Community, the Rio Conference and relations with the East European countries and EFTA.

3. On 8 July 1992 Mr Douglas Hurd, Secretary of State for Foreign and Commonwealth Affairs and President-in-Office of the Council, presented to the European Parliament the priorities of the United Kingdom Presidency: completion of the single market, opening-up of the Community to the EFTA countries, conclusion of the Uruguay Round, and a more precise definition of the principle of subsidiarity.

On Wednesday 16 December 1992, at a plenary session of the European Parliament, Mr John Major, Prime Minister and President-in-Office of the European Council, reviewed the work that had been done during the six months of the United Kingdom Presidency. He emphasized that the Edinburgh European Council had made it possible for the main problems facing the Community to be resolved.

Presentation to the European Parliament of the results of the European Councils

4. Mr A. Cavaco Silva, Prime Minister of Portugal, described to the European Parliament meeting in plenary session in Strasbourg on 7 July the result of the European Council meeting held in Lisbon on 26 and 27 June 1992. Among other things, the European Council had laid down guidelines for the future financing of the Community and opened the way for an enlargement of the Community.

Mr Hurd, Secretary of State for Foreign and Commonwealth Affairs and President-in-Office of the Council, took part in the debate on the results of the Birmingham European Council (16 October) at a plenary session of the European Parliament on 27 October 1992. The European Council had reached conclusions on several matters, including transparency, bringing the Community closer to its citizens and restoring confidence in the process of European integration.

On 16 December 1992 Mr Major, Prime Minister of the United Kingdom and President-in-Office of the European Council, presented to the European Parliament the conclusions of the Edinburgh European Council (11 and 12 December), with particular reference to the openness of the single market, economic recovery, a solution to certain problems raised by Denmark in connection with the Treaty on European Union, bringing the Community closer to its

citizens, the implementation of subsidiarity, the enlargement and future financing of the Community, and an agreement on the seats of the institutions and certain bodies of the Communities.

Debates in plenary session in which the Council took part

5. Mr Cunha, Minister for Agriculture of Portugal, President-in-Office of the Council, took part in the debates on the reform of the common agricultural policy at the sitting in Strasbourg on 10 March 1992.

Mr Martins, State Secretary for European Affairs of Portugal, President-in-Office of the Council, took part in a number of major European Parliament debates on the Maastricht Treaty at the sitting on 7 April 1992.

Mr Pinheiro, Minister for Foreign Affairs of Portugal, President-in-Office of the Council, took part in the debates on the situation in the former Yugoslavia at the sitting on 12 March 1992.

Mr Barroso, then State Secretary for Foreign Affairs and Cooperation of Portugal, President-in-Office of the Council, took part in the European Parliament debates on the North-South Dialogue and on development policy at the sitting on 13 May 1992.

At the European Parliament sitting on 10 June 1992, Mr Martins, President-in-Office of the Council, made a statement on the referendum in Denmark; this was followed by a debate. He also took part in a debate on the Community's financial development (Delors II package).

6. Mr Garel-Jones, Minister of State at the Foreign and Commonwealth Office, President-in-Office of the Council, took part in a European Parliament debate on the completion of the internal market and its social dimension at a sitting on 8 July 1992.

Mr Garel-Jones also took part on 15 September 1992 in the commemoration on the occasion of the 40th anniversary of the first European Parliament session. He also took part in the debates on the situation in the former Yugoslavia and in Somalia. He furthermore made a statement on the Helsinki Conference (CSCE) and took part in the debates on exports of arms and industrial restructuring.

Sir John Cope, President-in-Office of the Council and Paymaster-General of the United Kingdom, held an initial exchange of views with the European Parliament on the 1993 budget at the sitting in Strasbourg on 15 September 1992.

Mr Garel-Jones, President-in-Office of the Council, took part in an extraordinary meeting of the European Parliament in Strasbourg on 14 October 1992. This meeting, held on the eve of the European Council in Birmingham, was devoted to a debate on the ratification of the Treaty on European Union.

Mr Garel-Jones also took part in the debates held at the sittings on 27 and 28 October 1992 devoted more particularly to recent manifestations of racism and xenophobia, to economic policy and employment.

Sir John Cope took part in an initial examination by the European Parliament of the 1993 draft budget in Strasbourg on 27 and 29 October 1992.

Mr Garel-Jones took part in the debates on subsidiarity, the ratification of the Maastricht Treaty, the GATT negotiations and the transport of plutonium at the sitting on 18 November 1992.

He took part in the European Parliament debates on the common foreign policy and on a number of institutional questions (e.g. conciliation procedure, Ombudsman, committees of inquiry) within the framework of the new Treaty on European Union at the sitting on 16 December 1992.

Sir John Cope took part in the debates devoted to the 1993 budget in Strasbourg from 15 to 17 December 1992.

C — Relations with other institutions or bodies

Economic and Social Committee

7. Following the sudden death of Mr François Staedelin, Chairman of the Economic and Social Committee, the Council was represented by the Permanent Representative of Portugal, at a formal Committee meeting on 29 January 1992. The following day, Mr Vítor Martins, President-in-Office of the Council and Portuguese State Secretary for European Integration, submitted to the Committee the Presidency's work programme, including the follow-up to the Maastricht Summit.

At the 299th plenary Committee meeting on 23 September 1992, Mr Hurd, President-in-Office of the Council and United Kingdom Secretary of State for Foreign and Commonwealth Affairs, outlined the Presidency's work programme, referring in particular to the outcome of the Danish and French referendums on the Maastricht Treaty.

On a proposal from the Committee Bureau and in agreement with the Commission, the Council decided to appoint Mr Simon-Pierre Nothomb as Secretary-General of the Economic and Social Committee to succeed Mr Jacques Moreau as from 1 November 1993.

Council of Europe

8. The excessive workload of Community bodies, as a result of the preparations for implementation of the Treaty on European Union and the difficulties entailed in its ratification, meant that it was not possible in 1992 to organize the quadripartite meetings previously held since July 1989 between the Presidents of the Council, the Commission and the Committee of Ministers and the Secretary-General of the Council of Europe. There are contacts under way to organize a further meeting in the near future. It should however be noted that the Presidencies of the Council and of the Committee of Ministers of the Council of Europe were held by the United Kingdom in the last two months of the year and that this situation will occur again in 1993 under the Belgian Presidency.

D — Statistics

9. Attendance by Presidents-in-Office of the Council at meetings of European Parliament committees (see Annexes I and II).

10. Parliamentary questions

In the course of 1992, the Council replied to 294 questions during Question Time, to 20 oral questions with debate and to 308 written questions.

Consultations of the European Parliament: 224

Consultations of the Economic and Social Committee: 151

Requests for urgent procedure regarding files: 41

Common positions: 58.

E — Institutional affairs — Community law

11. In the institutional area the entire year 1992, which began with the signing of the Treaty on European Union in Maastricht on 7 February, was characterized by difficulties entailed in the process of ratification. A major debate on the

nature and objectives of European integration was initiated in all the Member States; at the same time, outside its borders the Community's force of attraction was confirmed, in that Finland, Switzerland and Norway successively submitted their requests for accession during that year, while the will to join the Union was recognized and confirmed *vis-à-vis* Central and East European countries with which the Community had concluded Association Agreements, particularly the Visegrad countries (Poland, Hungary and the Czech and Slovak Federal Republic). Moreover, a Summit attended by their Heads of Government, by Mr Major, President-in-Office of the European Council and Mr Delors, President of the Commission, was held in London on 28 October.

The Agreement on the European Economic Area signed in Oporto on 2 May 1992 with the member countries of the European Free Trade Association will also help to speed up full integration of those among them wishing to accede to the Community. However, the Swiss electors' rejection of the Agreement (50.3% against) on 6 December has also delayed its expected application.

In delivering its Opinion on 7 April — with some dissent, but favourable ultimately — the European Parliament pleaded for further strengthening of the democratic legitimacy of European construction and stressed that a fresh review would be required in the near future, particularly in order to deal with the adjustments inevitably stemming from enlargement.

12. In order to take account of German unification, which had been achieved by then, the European Parliament proposed on 10 June an increase and new allocation of seats within its Assembly. This proposal was adopted in its entirety at the Edinburgh European Council six months later.

13. Following the negative results (50.7% against) of the referendum on ratification of the new Treaty in Denmark on 2 June, the Council reaffirmed in Oslo on 4 June the determination of the 11 other signatories to continue the Treaty process and to exclude any renegotiations. This viewpoint was supported by the European Parliament in a resolution dated 10 June.

On 16 June, Mr Pinheiro (Portugal), President-in-Office of the Council, accompanied by Mr Dankert (Netherlands), the outgoing President, and by Mr Garel-Jones (United Kingdom), the subsequent President (the *troika*), met their colleagues from the European Parliament, Mr Klepsch, and from the Commission, Mr Delors, for a tripartite dialogue in Luxembourg. A wide range of subjects affecting the life of the Community was dealt with there, such as preparations for implementation of a number of new provisions of the Treaty (Ombudsman, parliamentary committees of inquiry, co-decision procedure and — within that context — the Conciliation Committee), the progress of the ratification process, the involvement of the European Parliament in the areas of

foreign policy and the external and internal security of the future Union, the renewal of the term of the President of the Commission and the problems of enlargement.

On 17 June the President of the Council held an in-depth conversation on the same topics with the members of the Institutional Committee of the European Parliament meeting in Lisbon.

On 18 June the Irish people ratified the Maastricht Treaty in a referendum, by a wide majority (69% in favour).

14. In implementation of the procedure set out by the Stuttgart European Council (17 to 19 June 1983) in its Solemn Declaration on European Union, the President-in-Office of the European Council, Mr Cavaco Silva, consulted, for the first time in person, the enlarged Bureau of the European Parliament meeting in Brussels on 23 June, on the governments of the Member States' nominee for President of the Commission. He also heard a broad exchange of views with the members of the Bureau concerning the agenda for the Lisbon European Council and the arguments that the Presidency intended to defend. He considered in particular that the Maastricht Treaty was already part of the Community patrimony.

15. After hearing the President of the European Parliament address Parliament's concerns, the Lisbon European Council, held on 26 and 27 June, defined the general framework for future enlargements, and came out in favour of a rapid launching of the negotiations with the EFTA applicant Member States, which the Agreement on the European Economic Area would greatly facilitate. However, he set the condition that the Treaty on European Union should be ratified beforehand and that it should form the framework for their accession. This first enlargement should be able to be carried out without substantial institutional amendments, but this could not apply to any following enlargements. Thus, the intergovernmental conference planned for 1996 would be the appropriate framework.

At the same time and in deference to the fears expressed increasingly by citizens at open debates in the Member States, occasioned by the ratification of the Maastricht Treaty, the European Council proceeded with consideration of the implementation of the principle of subsidiarity — enshrined in the new Treaty — and improved transparency of the Community decision-making process.

This is what the Portuguese Prime Minister explained to the European Parliament when, on 7 July he summarized the outcome of the European Council. On that occasion he informed the Parliament that Mr Delors' term of office as President of the Commission had been extended.

16. Taking over the Presidency, the United Kingdom Minister for Foreign Affairs, Mr Hurd, spoke on 8 July to the Members of the European Parliament on the United Kingdom's programme for its six months in the Council Presidency. In line with the conclusions of the European Council and the work already carried out by the Portuguese Presidency, the incoming Presidency would endeavour to dissipate citizens' unease by working for a Community which was closer to its citizens and rich in its respect for their diversity.

On 15 September the European Parliament celebrated its 40th anniversary. On behalf of the Council, Mr Garel-Jones emphasized the importance of control and democratic responsibility, and called for combined efforts and action by the national and European parliaments, at European level.

September also saw the shake-up of the European Monetary System, mostly due to concern at the approach of the French referendum on ratification of the new Treaty. This monetary crisis and the very slim margin (51.05% in favour) of the French vote led the Presidency to call a special European Council in Birmingham on 16 October.

As it was to be present at the debate, the European Parliament held an extraordinary session on 14 October, the day before the European Council. The President of the Council, Mr Garel-Jones submitted to the European Parliament the main topic, which was to send the citizens of the Member States a message of confidence in the Community, through its openness, the protection of national identities and demonstration of the advantages secured for citizens by the new Treaty. Concluding its debates, Parliament adopted a request to the European Council for the improvement of transparency and democracy in the Community, which its President, Mr Klepsch, submitted to the Heads of State or Government meeting in Birmingham.

Adopting the Birmingham Declaration, the European Council pleaded in turn for a Community that was close to its citizens, more transparent and governed by the principle of subsidiarity, whereby decisions should be taken as close as possible to the citizens. Mr Hurd, commenting on the Declaration to the European Parliament on 27 October, emphasized that the Community could not flourish again unless it were in harmony with its citizens. He stressed in particular the need for clear Community legislation and wider involvement of the national parliaments and also of the regions, within the Committee set up by the new Treaty, implementation of which would lead to greater democracy in Europe.

17. The debate on implementation of the principle of subsidiarity became more intense over the last quarter of the year, particularly interinstitutionally.

The Council meeting on 5 and 6 October opened the way for contacts on this issue with the European Parliament.

This was followed by two interinstitutional conferences, on 10 and 26 November, which the European Parliament extended to cover the problem of transparency and democracy in the process of European construction. These meetings, as well as a major debate in the course of a plenary sitting of Parliament on 18 November attended by the Commission (represented by Mr Delors) and by the Council President, Mr Garel-Jones, helped to bring together points of view on this capital but sensitive topic. The resolution that the European Parliament adopted at the conclusion of that debate served as a basis for the draft interinstitutional agreement that its delegation forwarded to the two other institutions at the interinstitutional conference on 26 November and which, in the main, concerned procedural aspects (scrutiny of conformity to be included in the normal decision-making process, and keeping a check on compliance).

At its Edinburgh meeting on 11 and 12 December, the European Council defined its overall approach to the application of the principle of subsidiarity as formulated in Article G.3B of the Treaty on European Union and laid down the ways and means of implementing the Birmingham Declaration on the transparency of the Council's work and of Community legislation, by simplifying it. It also adopted a decision affording Denmark a specific arrangement designed to allow it certain exemptions from the Maastricht Treaty, to enable Denmark to ratify following a second referendum.

Lastly, in addition to the agreement achieved on a larger number of seats in the European Parliament, as referred to earlier, the European Council adopted a decision putting an end to the altercation about seats among the various Community institutions and certain of its bodies, by making the provisional existing workplaces final and authorizing the European Parliament to hold additional meetings in Brussels.

The same Council also afforded the opportunity for showing its spirit of openness and frank cooperation with the European Parliament, a process which had been considerably strengthened since 1990: indeed, apart from the now traditional address by the President of Parliament at the beginning of their proceedings, the members of the European Council have been holding a broad exchange of views with Parliament.

On 16 December Mr Major reported before the European Parliament on the outcome of the Edinburgh European Council, commenting that it had prevented the European Parliament from getting bogged down and opened up the way for the ratification and entry into force of the new Treaty between all 12 Member States, a process which the agreement on the new financial perspectives could not but facilitate. Accordingly, it would be possible for the official accession negotiations with Austria, Sweden and Finland to be opened at the beginning of 1993.

Chapter II

Internal market —

Freedom of movement

A — Abolition of physical frontiers

Controls on goods and customs union

CUSTOMS CODE

18. On 12 October 1992 the Council adopted Regulation No 2913/92 establishing the Community Customs Code.¹

That Regulation consolidates some 30 customs acts — Regulations or Directives — governing the Community's trade with non-member countries. Apart from Articles 161 (export procedure), 182 (re-exportation) and 185 (re-importation), which are applicable with effect from 1 January 1993, the Code's 253 Articles are to come into force on 1 January 1994. The Code, which the business world had been calling for, sets out in a single legal instrument the basic principles contained in a multitude of Community provisions and forms one of the most significant pieces of consolidation carried out to date in Community law. Broadly, the Code may be subdivided into four main parts:

- (i) the first contains the basic rules of customs law (definition of the customs territory of the Community, rights and obligations of persons, customs tariff, value for customs purposes and procedures on entering the territory);
- (ii) the second deals with the customs-approved treatment or use to be assigned to goods and the various customs procedures that may be applied (normal and simplified procedures and suspensive arrangements, namely transit, warehousing, inward and outward processing, processing under customs control and temporary importation), the system of free zones and the rules applicable to exports;
- (iii) the third deals with matters relating to customs debt (incurance of a debt, security, recovery and repayment) and the right of appeal;

¹ OJ L 302, 19.10.1992.

- (iv) the fourth contains institutional and final provisions regarding the Code's implementation.

On the penultimate point, it should be noted that one of the salient features of the Code is surely the introduction of the institutionalized right of appeal against decisions taken by the customs authorities. This represents an innovation in Community law and in some Member States' national laws. At all events, the section concerning that right will not take effect in the United Kingdom until 1 January 1995.

PSYCHOTROPIC SUBSTANCES

19. On 31 March 1992 the Council adopted the Regulation amending Regulation No 3677/90 laying down measures to be taken to discourage the diversion of certain substances (precursors) to the illicit manufacture of narcotic drugs and psychotropic substances.¹

The main purpose of that Regulation is to extend Regulation No 3677/90 to take into account the recommendations of the Chemical Action Task Force set up by the G7 at the Houston Summit in 1990. Those recommendations were approved by the G7 at the London Economic Summit in July 1991.

Through the new Regulation, the Community intends to contribute to the effectiveness of international efforts to combat the diversion of precursors to the illicit manufacture of drugs, having particular regard to the needs of the non-industrialized countries of Latin America and Asia concerned by the illicit manufacture of drugs such as cocaine and heroin.

That Regulation is supplemented by a Directive,² adopted on 14 December 1992, laying down common rules Community-wide, with a view to completion of the internal market, in order to avoid any diversion of precursors from lawful trade and to ensure uniform application of the rules adopted.

MEANS OF TRANSPORT

20. On 17 December 1992 the Council adopted a Regulation on controls carried out within the Community in the field of road and inland waterway transport in respect of means of transport registered or put into circulation in a third country³.

¹ OJ L 96, 10.4.1992.

² OJ L 370, 19.12.1992.

³ OJ L 395, 31.12.1992.

That Regulation forms the external facet of the abolition of controls at internal borders. Under it, for means of transport registered in third countries, controls — apart from those carried out on entering the Community, of course — will no longer be carried out at internal borders but merely in the course of normal controls throughout the Community. It thus forms a counterpart to Council Regulation No 4060/89, as amended by Regulation No 3356/91, which abolished controls at internal borders for means of transport registered or put into circulation in a Member State.

COMMON CUSTOMS TARIFF

21. During 1992 the Council adopted nine Regulations temporarily suspending autonomous Common Customs Tariff duties and 19 Regulations opening or increasing Community tariff quotas for particular products, or amending such Regulations.

STATISTICS

22. On 17 December 1992 the Council adopted a common position on the Regulation on the statistical units for the observation and analysis of the system of production in the Community.

On 21 December 1992 the Council also adopted a common position on a Regulation on transit and storage statistics relating to the trading of goods between Member States. This Regulation is particularly important as it will enable those Member States which so wish to keep statistics on goods which are imported into their territory, but merely on transit to another Member State.

B — Abolition of technical and legal frontiers

Harmonization of legislation and standardization

23. As in previous years, 1992 saw the adoption of a large number of Directives covering a wide variety of sectors. The spectacular progress made in the pharmaceuticals sector (with nine Directives adopted, either finally or as common positions) calls for particular mention.

STANDARDIZATION POLICY

24. Following the submission by the Commission of a communication¹ on standardization in the European economy, summarizing in particular the reactions to its Green Paper, on 18 June 1992 the Council adopted a resolution containing a number of recommendations to European standards organizations, the Commission and the Member States, intended to speed up standardization in the European economy.²

The Council also continued discussions on the Commission proposals concerning the affixing and use of the CE marking; the Council's efforts are directed in particular at removing the ambiguity surrounding the rules on CE marking of industrial products covered by 12 Directives already adopted under the new approach.

PHARMACEUTICALS

25. The Council agreed to a set of measures designed to round off 20 years' harmonization in this sector and thus effectively establish a single market in pharmaceuticals.

These measures are as follows.

26. (a) On 31 March 1992 the Council adopted four Directives concerning rational use of medicinal products for human use,³ with regard to:

- (i) labelling and package leaflets;
- (ii) classification for supply;
- (iii) wholesale distribution;
- (iv) advertising.

The Directive on labelling and package leaflets for medicinal products is intended to harmonize the information supplied to the user of a medicinal product, which will have to appear on the outer packaging and also in the package leaflet which it will in future be compulsory to include in the packaging.

The Directive on classification of medicinal products harmonizes the conditions for supplying medicinal products to patients by establishing a legal classification system for medicinal products, in particular for those that can be obtained only with a doctor's prescription.

¹ OJ C 20, 28.1.1991.

² OJ C 173, 29.7.1992.

³ OJ L 113, 3.4.1992.

The aim of the Directive on wholesale distribution of medicinal products is to exercise control over the wholesale distribution of medicinal products, in order, **inter alia**, to facilitate the withdrawal of defective products from the market and allow more effective action against counterfeit products.

The Directive on advertising of medicinal products is designed to harmonize the conditions under which pharmaceutical advertising is permitted.

27. (b) On 22 September 1992 the Council adopted:

- (i) a Directive widening the scope of Directives 65/65/EEC and 75/319/EEC on the approximation of provisions laid down by law, regulation or administrative action relating to medicinal products and laying down additional provisions on homeopathic medicinal products;¹
- (ii) a Directive widening the scope of Directive 81/851/EEC on the approximation of provisions laid down by law, regulation or administrative action relating to veterinary medicinal products and laying down additional provisions on homeopathic veterinary medicinal products.¹

The purpose of these two Directives is to extend Community pharmaceutical legislation to homeopathic medicinal products for human and veterinary uses respectively.

28. (c) On 17 December 1992 the Council adopted common positions on:

- (i) the amendment of Directives 65/65/EEC, 75/318/EEC and 75/319/EEC on the approximation of provisions laid down by law, regulation or administrative action relating to medicinal products;
- (ii) the repealing of Directive 87/22/EEC on the approximation of national measures relating to the placing on the market of high-technology medicinal products, particularly those derived from biotechnology;
- (iii) the amendment of Directive 81/851/EEC on the approximation of the laws of the Member States relating to veterinary medicinal products.

29. (d) The Council also recorded political agreement on the Regulation laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products.

This legislative package is aimed at ensuring that there is a genuine single market in medicinal products and it supplements the technical harmonization in the pharmaceuticals sector begun in 1965 and completed earlier in 1992 with the adoption of the Directives on the rational use of medicinal products for human use.

¹ OJ L 297, 13.10.1992.

The main features of this new system for the free movement of medicinal products are summarized below.

- (i) It establishes a new centralized procedure leading to a Community authorization directly valid in all the Member States for the most innovative medicinal products. The Community is, moreover, responsible for the monitoring of the medicinal products authorized under this procedure and the technical updating of the supporting documentation.

The centralized procedure is compulsory for biotechnological and veterinary medicinal products intended to increase productivity and is optional for other innovative medicinal products.

- (ii) The decentralized procedure, which is based on the principle of mutual recognition of national authorizations and which enables marketing authorizations issued by one Member State to be extended to other Member States, has been reinforced.

The decentralized procedure, based on experience going back to 1983, will enable a firm which has obtained an authorization in one Member State to apply for one or more other Member States to accept that authorization, with binding arbitration at Community level in the event of any of the Member States concerned not accepting it.

After a period of three years during which the decentralized procedure would remain optional, this procedure will become compulsory whenever a request for authorization concerns more than one Member State, in order to ensure that decisions are uniform throughout the internal market.

- (iii) A European Agency for the Evaluation of Medicinal Products supplying appropriate logistical support for the proper functioning of these two procedures is established. The new Agency will encompass in particular the present Committee for Proprietary Medicinal Products and the Committee for Veterinary Medicinal Products, which will be at the head of its scientific structures.
- (iv) Cooperation and, where appropriate, coordination procedures regarding pharmacovigilance (monitoring of the side effects of medicinal products) have been introduced.

The location of the prospective Agency will be settled later.

VEHICLES

30. With regard to vehicles having four wheels or more, on 31 March 1992 the Council adopted the Directive on speed limitation devices for heavy goods and passenger vehicles.¹

¹ OJ L 129, 14.5.1992.

That Directive lays down the technical requirements to be met by speed limitation devices, both in design and installation.

It also adopted Directives on:

- (i) the masses and dimensions of motor vehicles of category M1;¹
- (ii) safety glazing and glazing materials on motor vehicles and their trailers;¹
- (iii) pneumatic tyres for motor vehicles and their trailers.

These three Directives, together with the one amending Directive 70/156/EEC,² adopted on 18 June 1992, form a package of measures taking on considerable significance in the context of the internal market, in that as from 1 January 1993 they allow private-car manufacturers to obtain full EEC type-approval instead of 12 national type-approvals as hitherto.

31. On 30 June 1992 the Council adopted a Directive relating to the type-approval of two-or three-wheeled motor vehicles. The purpose of this Directive is to achieve complete harmonization of construction regulations governing two- or three-wheeled motor vehicles. The approach proposed is similar to that used for cars, lorries and agricultural tractors, an approach based on a procedure of vehicle type-approval and approval of the various components.²

The Directive provides a framework establishing the procedures on the basis of which type-approval will be given to two-or three-wheeled vehicles and approval given to their components, with the technical regulations proper forming the subject of individual Directives.

On 17 and 18 December 1992 the Council adopted a common position on the first individual Directive under that framework Directive. This was a Directive laying down the technical specifications to be fulfilled by braking devices for such vehicles.

COSMETICS

32. On 17 December 1992 the Council adopted a common position on the Directive amending for the sixth time Council Directive 76/768/EEC on the approximation of the laws of the Member States relating to cosmetic products.

¹ OJ L 129, 14.5.1992.

² OJ L 225, 10.8.1992.

The new Directive is designed to improve and harmonize information for consumers and supervisory authorities on cosmetic products marketed in the Community and thereby to eliminate the last remaining risks of barriers to the free movement of such products in the single market. It also deals with the banning of testing on animals in the cosmetics industry.

In the area of information, the common position provides specifically for the compiling of an inventory of ingredients used in cosmetic products with a view in particular to establishing a common nomenclature for such ingredients. The text also provides for an obligation on producers to indicate the ingredients on the packaging of cosmetic products. In addition, it lays down criteria for the form and content of the information which the manufacturer must keep available for the supervisory authorities, in particular on the identity, quality, efficacy and safety of the product.

With regard to the testing of cosmetics on animals, the common position provides that the Member States are to ban the marketing of cosmetic products containing ingredients or combinations of ingredients tested on animals as from January 1998.

However, in cases where, because of insufficient progress in developing alternatives to testing on animals, there are no scientifically validated alternative methods offering an equivalent level of consumer protection, the date of application of the ban will be deferred by decision of the Commission assisted by a committee composed of representatives of the Member States.

MISCELLANEOUS

33. On 28 April 1992 the Council adopted the Directive amending Directive 89/336/EEC on the approximation of the laws of the Member States relating to electromagnetic compatibility.¹ That Directive inserts in Directive 89/336/EEC, which applies to electric and electronic appliances both as regards protecting them from outside interference and as regards the emission by them of electromagnetic disturbances, a transitional period to make allowance for the disposal of stocks of certain appliances manufactured in accordance with national legislation obtaining at the time of implementation of the Directive.

On 17 December 1992 the Council adopted its common position on the Directive on the harmonization of the provisions relating to the placing on the market and supervision of explosives for civil uses.

¹ OJ L 126, 12.5.1992.

The chief objectives of the Directive are:

- (i) firstly, to harmonize legislation on the marketing of explosives, with the laying down of essential safety requirements for products and procedures for checking that they comply;
- (ii) secondly, to introduce provisions on supervision of transfers within the Community, the main aim being to eliminate controls at internal borders.

34. On 17 December 1992 the Council also adopted a common position on the Directive amending Directive 89/392/EEC on the approximation of the laws of the Member States relating to machinery.

The main purpose of that Directive is to insert in Directive 89/392/EEC a section on machinery for the raising and moving at a height of persons with the exception of lifts, which are included in a separate proposal for a Directive. It allows for the additional risks specifically run by such persons, which are not covered by the essential safety requirements in Chapter 4 of the Directive on machinery (relating to lifting equipment (for goods)).

On 17 December 1992 the Council reached political agreement with a view to adopting a common position on a Directive to harmonize, under the new approach procedure, the rules governing medical devices, for which there is a large market. It was planned to adopt the common position during the first quarter of 1993.

PROTECTION OF INDIVIDUALS WITH REGARD TO THE PROCESSING OF PERSONAL DATA AND SECURITY OF INFORMATION SYSTEMS

Security of information systems

35. On 31 March 1992 the Council finally adopted Decision 92/242/EEC¹ concerning the development of Community action to devise strategies for ensuring security in the use of information systems throughout the Community, while enabling information to circulate freely within the single market. The Community action comprises:

- (i) the development of overall strategies for the security of information systems for an initial period of 24 months;
- (ii) the setting-up of a Senior Officials Group with a long-term remit to advise the Commission on action in the field.

¹ OJ L 123, 8.5.1992.

The action plan includes preparatory work under the following themes:

- (a) development of a strategic framework for the security of information systems;
- (b) identification of user requirements for the security of information systems;
- (c) solutions for certain immediate and interim needs of users, suppliers and service providers;
- (d) development of specifications, standardization, evaluation and certification in respect of information systems;
- (e) technological and operational developments;
- (f) provision of security of information systems.

The budget provided for the initial 24-month period is ECU 12 million, including ECU 2 million for 1992.

Amended proposal for a Council Directive on the protection of individuals with regard to the processing of personal data and on the free movement of such data

36. In response to the European Parliament's opinion, the Commission submitted the above amended proposal to the Council on 16 October 1992. The purpose of the proposal is to remove obstacles to the free movement of personal data between Member States, while ensuring a high level of protection of individuals' privacy, rights and freedoms. That objective requires harmonization of national legislation, while observing the principle of subsidiarity.

The proposal sets out broad guidelines for legislation, while leaving Member States considerable latitude in the application of common principles and in the choice of methods and procedures for enforcing those principles.

The Council has made a start on and is continuing with discussion of the amended proposal.

Public contracts

PUBLIC SERVICE CONTRACTS

37. On 18 June 1992 the Council adopted Directive 92/50/EEC relating to the coordination of procedures for the award of public service contracts.

That Directive extends the Community rules on public contracts to service procurement by public authorities at central, regional and local level. By

encouraging greater competition on equal terms for the supply of services, such extension should make for better value for money in public authorities' procurement and also promote transparency and the free flow of services within the Community.

The full rules in the Directive are applicable only to those services regarded as taking priority for cross-border operations. Procurement of other services is subject merely to the rules on publication and transparency.

PUBLIC CONTRACTS IN 'EXCLUDED SECTORS'

38. In the water, energy, transport and telecommunications sectors, which are governed by special rules, on 21 December 1992 the Council adopted a common position on a Directive consolidating Directive 90/531/EEC, and at the same time included rules on service procurement by authorities with responsibility in those sectors. As a result of this inclusion the Directive in question will round off the main body of Community rules in the public contract sectors.

PUBLIC WORKS CONTRACTS

39. On 18 June 1992 the Council adopted a common position on the consolidation of existing Directives concerning public works contracts. This is the first such consolidation for public contracts and is designed to make it easier to consult provisions on public works contracts contained in a number of texts.

On 7 December 1992 the Council also adopted a common position on a Directive making a technical amendment to the basic Directive on public works contracts, as consolidated on 18 June 1992.

Freedom of movement for employees and in the liberal professions

SECOND GENERAL SYSTEM FOR THE RECOGNITION OF PROFESSIONAL EDUCATION OR TRAINING

40. On 18 June 1992 the Council adopted Directive 92/51/EEC on a second general system for the recognition of professional education or training.¹ That

¹ OJ L 209, 24.7.1992.

Directive builds on Directive 89/48/EEC, which established an initial general system for the recognition of higher education diplomas providing evidence of professional education or training lasting at least three years.

The Directive is the final part of a series of measures aimed at ensuring that every Community national can have qualifications which he obtained in another Member State recognized by a host Member State which regulates a professional activity. Recognition is based on the principle of mutual trust, without any prior coordination of the types of training for the various professions concerned.

The scope of the Directive in principle covers two levels of education or training, namely higher or post-secondary diplomas obtained after a period of less than three years and secondary education diplomas, and it also applies to certain persons who have not obtained diplomas but have acquired professional experience.

The Directive provides for cross-over links between the two systems in order to cover those professions which come under the first system in one Member State but under the second in another.

The Directive, which is to be transposed into national law by 18 June 1994, thus makes a significant contribution to achieving freedom of movement for professional people, since it will facilitate the pursuit of the regulated activities in question, in either an employed or a self-employed capacity.

CONSOLIDATION OF THE DIRECTIVES ON DOCTORS

41. On 14 December 1992 the Council adopted its common position with a view to the adoption of the Directive to facilitate the free movement of doctors and the mutual recognition of their diplomas, certificates and other evidence of formal qualifications (consolidated version). The main purpose of the Directive is to consolidate existing Directives in the fields of:

- (i) the mutual recognition of diplomas, certificates and other evidence of formal qualifications in medicine, comprising measures to facilitate the effective exercise of the right of establishment and freedom to provide services;
- (ii) coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors;
- (iii) specific training in general medical practice.

Services

ACTION PLAN TO ASSIST TOURISM

42. On 13 July 1992 the Council adopted a Decision on a Community action plan to assist tourism.¹

The Decision establishes a three-year framework programme, starting from 1 January 1993, to promote tourism in the Community. The financial resources for the action plan are estimated at ECU 18 million.

The Decision reflects the growing importance of tourism under Community and national policies and envisages the implementation of some specific new measures. It aims to promote greater knowledge of Community Member States' cultures and ways of life on the part of all citizens. The action plan will also help improve the quality and competitiveness of the Community tourist industry and will encourage more effective interaction between tourism and the environment.

The planned measures concern the following fields in particular:
improving knowledge of the tourist industry and ensuring greater consistency of measures;
tourists as consumers;
cultural tourism;
tourism and the environment;
training.

At the end of the plan's third year, the Council is to decide whether to extend it, on the basis of a report to be supplied by the Commission, following its assessment of the results of the action plan.

PROGRAMME FOR THE DEVELOPMENT OF EUROPEAN STATISTICS ON SERVICES

43. On 18 June 1992 the Council adopted the Decision establishing a two-year programme (1992-93) for the development of European statistics on services.²

That Decision establishes a European reference framework and information system for statistics on services with a view to facilitating the functioning of the single market and meeting the needs of administrations and undertakings; it is

¹ OJ L 231, 13.8.1992.

² OJ L 179, 1.7.1992.

also intended to harmonize efforts being made with regard to statistics on services in the Member States.

The amount of financial resources deemed necessary for implementation of the programme is ECU 8.5 million.

Financial area

44. The year 1992 brought about crucial progress in the creation of a financial area, particularly for securities, with the adoption of common positions on two major basic Directives. Important Directives were also adopted in banking, and the legislative programme for insurance was completed.

BANKING

45. On 6 April 1992 the Council adopted a Directive on the supervision of credit institutions on a consolidated basis.¹

That Directive extends the authorities' sphere of supervision to financial institutions other than just banks and builds on Directive 83/350/EEC of 13 June 1983. Hence, by bringing under supervision other entities (e.g. those with holdings in credit institutions and/or other financial institutions), it gives a broader overview of the various components of groups' own funds, allowing a better appraisal of exposures and a more precise assessment of overall solvency.

On 21 December 1992 the Council adopted a Directive on the monitoring and control of large exposures of credit institutions.

That Directive harmonizes the rules governing risk-spreading by banks, a key feature of banking supervision designed to prevent default by one client from jeopardizing the financial soundness of a credit institution and, through the interdependence of markets, affecting the financial stability of the entire sector. The main provisions of the Directive are as follows:

- (i) the limit on exposure to a single client, initially set at 40% of an institution's own funds, is to be gradually reduced to a final figure of 25%;
- (ii) large exposures must be reported as soon as they amount to 10% of own funds;
- (iii) all large exposures in aggregate must not exceed 800% of the institution's own funds.

¹ OJ L 110, 28.4.1992; corrigendum: OJ L 280, 24.9.1992.

On 14 May 1992 the Commission submitted a proposal for a Directive on deposit-guarantee schemes, to which credit institutions are to belong in order to protect their clients from any financial crises and ensure stability throughout the banking system. Discussion of that proposal is continuing in the Council's subordinate bodies.

INSURANCE

46. On completion of the cooperation procedure with the European Parliament, the Council finally adopted:

- (i) on 18 June 1992, the third Directive on direct insurance other than life assurance;¹
- (ii) on 10 November 1992, the third Directive on direct life assurance.²

Each of those two Directives amends and builds on the two Directives already adopted both in the case of life assurance and in that of non-life insurance.

The coordination, under the two Directives, of the main rules on prudential and financial supervision brings about the mutual recognition of individual Member States' system of prudential supervision and hence the mutual recognition of authorization for insurance undertakings.

In this way, on the basis of a single authorization issued by the Member State in which they have their head office (their home Member State), insurance undertakings will in future be able to operate throughout the Community both by way of establishment and by way of the provision of services; in the process, the financial supervision of all of an undertaking's business will be the responsibility of the authorities in its home Member State. The two Directives also arrange for a system of cooperation between the home State authorities and the host State authorities to ensure that an undertaking complies with the legislation applicable to it in the host State.

SECURITIES

47. On 21 December 1992 the Council adopted its common position on the Directive on investment services in the securities field.

The Directive will enable an investment firm in any Member State to carry on business throughout the Community on the basis of a single authorization (the European 'passport') issued by its home Member State.

¹ OJ L 228, 11.8.1992.

² OJ L 360, 9.12.1992.

To this end, the Directive, *inter alia*:

harmonizes the conditions of authorization and for carrying on business;
assigns responsibilities for prudential supervision to the supervisory authorities of the home Member State;

organizes cooperation between the authorities of the host Member State and of the home Member State in monitoring compliance by a firm's activities with the rules in the host Member State which apply to it;

gives investment firms right of access to all regulated markets in the Community, on the understanding that local rules and the operating rules for clearing and settlement systems must be observed;

establishes minimum transparency rules to be complied with on regulated markets in order to guarantee investors a sufficient level of protection;

sets out the principles which the rules of conduct, to be established by Member States, must observe and which investment firms must respect in their relations with investors.

Further harmonization is planned in respect of compensation systems for investors. Pending adoption of that legislation, each investor can be covered by his own national system.

48. On 27 July 1992 the Council also adopted its common position on the Directive on the capital adequacy of investment firms and credit institutions, forming the necessary counterpart to the Directive on investment services.

That Directive fulfils several aims at once: it answers the soundness of an important aspect of financial services on integrated bases that provide equivalent treatment throughout the Community, it guarantees the same degree of protection for investors and it brings about equivalent terms of competition between banks and securities firms. The main details are as follows.

While the second banking Directive laid down the amounts of initial capital required by credit institutions, this Directive lays down three levels of initial capital which investment firms must possess when starting up, depending on the nature of the activities they are authorized to engage in:

- (i) firms which neither hold their clients' money nor are authorized to deal for their own account: ECU 50 000;
- (ii) firms dealing on investors' orders: ECU 125 000;
- (iii) all other firms: ECU 730 000.

These amounts are lower than those required of credit institutions because the activities of investment firms are concentrated on the trading book; investment

firms are obliged to hold basic capital equivalent to three months' overhead expenses.

A temporary derogation is provided for firms in existence on the date of the Directive's entry into force to enable them to adjust their funds. A transitional solution has also been found for changes in partnerships in which one of the initial partners remains in the partnership and for transfers by inheritance.

For the purposes of the Directive, the following have been redefined with the specific aim of ensuring liquidity in operations on the trading book: the capital and cover requirements for such operations, the conditions under which supervision is to be exercised on a consolidated basis and the limits on major exposures to a single client.

INSTITUTIONS FOR RETIREMENT PROVISION

49. The Council began discussing a proposal for a Directive relating to the freedom of management and investment of funds held by institutions for retirement provision. The main purpose of the proposal is to put into practice the free movement of capital provided for by the Treaty, as applying to institutions for retirement provision, through cross-border freedom of financial management and investment of funds held by such institutions.

Creation of a favourable legal and fiscal business environment

COMPANY LAW

50. On 23 November 1992 the Council finally adopted a Directive amending the second company law Directive on the formation of public limited-liability companies and the maintenance and alteration of their capital.¹

In order to ensure that the subscribed capital is maintained, the second Directive includes restrictions on the extent to which a company may acquire its own shares (Articles 18 to 24). The rules laid down by the Directive for that purpose apply not just to acquisition by a public limited-liability company itself but also to acquisition by anyone acting on its behalf.

However, the system introduced by the second Directive left a loophole. There was nothing to prevent a company from making use of a subsidiary for the

¹ OJ L 347, 28.11.1992.

acquisition of its own shares. That ploy not only allowed the limits laid down by the second Directive to be circumvented, thereby jeopardizing the maintenance of a public limited-liability company's capital, but also gave that company a way of defending itself against any hostile takeover bid.

The amendment adopted is designed to prevent a public limited-liability company from using another company, in which it holds a majority of the voting rights or over which it can exercise a dominant influence, for the acquisition of its own shares without observing the limits laid down in the second Directive.

51. Discussion of the proposals for a Regulation on the Statute for a European Company (SE) and for a Directive complementing the Statute pressed ahead at quite a brisk pace, after which they were referred to the Council, both during the Portuguese and the United Kingdom Presidencies.

The Council reached agreement or majority approaches on a number of issues such as:

- (i) access to the formation of a European company;
- (ii) protection of minority shareholders in the event of a transfer of registered office and in the event of a merger;
- (iii) procedure for determining the rules applicable to a European company;
- (iv) rules of procedure regarding a quorum and the majority required for decision-making in the organs of a European company;
- (v) the minimum amount of subscribed capital;
- (vi) compulsory denomination of a European company's capital in ecus;
- (vii) non-discrimination against a European company as compared with national public limited-liability companies;
- (viii) the opportunity for employees in some cases to seek redress from a judicial authority.

The discussions served to simplify the text of the draft Regulation, in particular, and also to identify the differences on which future efforts should focus in order to culminate in adoption.

52. Discussions on the Bankruptcy Convention are continuing on the basis of a draft prepared by the permanent Chairman of the *ad hoc* Working Party on the Bankruptcy Convention. The draft Convention, which would plug a loophole deliberately left in the Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, is particularly important in the light of the freedom of establishment of undertakings within the single market.

The draft Convention is based on a system of qualified universality, involving the opening of main insolvency proceedings in the Member State in which the centre of the debtor's main interests is situated, with effect throughout the Community, without precluding secondary proceedings in those other Member States in which the debtor has establishments or assets, with the proviso that any such secondary proceedings would be purely local in effect.

INTELLECTUAL PROPERTY

Patent law

Agreement relating to Community patents of 15 December 1989

53. Pursuant to a Declaration made by the Member States, as signatories of the Agreement relating to Community patents,¹ when signing the Agreement on 15 December 1989, Portugal, holding the Presidency of the Council, convened a Conference on the Community Patent, held in Lisbon on 4 and 5 May 1992. The aim of that conference was to find unanimously the means of ensuring that the Community patent system was implemented at the time of completion of the internal market, on 1 January 1993. At the time when the conference was convened, it was practically out of the question for that Agreement to be ratified by all 12 Member States in time for it to come into force by that date.

The conference's aim could not be achieved, since neither the basic proposal nor two other proposals put forward by the Portuguese Presidency met with the requisite unanimity. All of those proposals were designed to make allowance, firstly, for constitutional or political difficulties faced by Ireland and Denmark in implementing the Agreement and, secondly, for the special position of Spain and Portugal in relation to the Agreement, owing to their late accession to the European Communities.

54. Although the conference in May 1992 did not end in success, the chances of early entry into force of the Agreement relating to Community patents have increased considerably for 1993 as a result of:

- (i) the ratification of the Agreement by three Member States in the first place (France, Germany and Greece);
- (ii) the favourable outcome of the referendum in Ireland on the Maastricht Treaty, in June 1992, enabling the Irish Government to embark upon ratification of the Agreement;

¹ OJ L 401, 30.12.1989.

- (iii) the vote in favour of the Agreement in the Danish Parliament in December 1992, enabling the Danish Government swiftly to complete the ratification procedure.

Legal protection for medicinal products

55. On 18 June 1992 the Council adopted by a qualified majority the Regulation on the creation of a supplementary protection certificate for medicinal products.¹ The Regulation is designed to improve legal protection in the Member States for medicinal products covered by a patent whose period of protection is in practice shortened by the system of national marketing authorizations. Such improvement is brought about by means of a supplementary certificate taking effect upon expiry of the relevant patent.

The text of the Regulation corresponds to the common position which was adopted on 25 February 1992, as the European Parliament did not propose any amendments to the common positions in its second reading. The Regulation, for the annulment of which Spain brought proceedings before the Court of Justice in September 1992, came into force on 2 January 1993.

Legal protection of biotechnological inventions

56. Having received the European Parliament's opinion in October 1992, the Council took note of a Presidency progress report² and urged the Council's subordinate bodies to continue efforts in order to resolve the various issues outstanding.

Trade-mark law

57. The Council discussed the proposal for a Regulation on the Community trade mark on a number of occasions, looking at the technical issues still outstanding. Leaving aside the problem of the location of the prospective Community Trade Marks Office, to be resolved as part and parcel of the siting of Community bodies as a whole, the Council was thus able to resolve a number of outstanding issues. At its last meeting, on 17 December 1992, it was found that above all the issue of the languages to be used by the Community Trade Marks Office was still in dispute and would require further discussion before the Regulation could be adopted unanimously, subject to the future location of the Office.

¹ OJ L 182, 2.7.1992.

² Doc. 10959/92 PI 127.

Proceedings at international organizations, in particular the World Intellectual Property Organization (WIPO)

58. The Member States and the Commission coordinated their positions, under the usual procedures, for the following:

second session of the Committee of Experts on a possible Protocol relating to the Berne Convention for the Protection of Literary and Artistic Works (10 to 14 February 1992);

second preparatory meeting of the Committee of Experts on the development of the Hague Arrangement concerning the International Deposit of Industrial Designs (27 to 30 April 1992);

third and fourth sessions of the Committee of Experts on the Harmonization of Laws for the Protection of Marks (1 to 5 June and 16 to 20 November 1992); 23rd series of meetings of the WIPO executive bodies (21 to 29 September 1992);

fifth session of the Working Group on the Application of the Madrid Protocol (12 to 16 October 1992);

proceedings at the Council of Europe regarding a draft Convention on issues of copyright and neighbouring rights in the course of cross-border satellite broadcasting.

Copyright and neighbouring rights

Provision of a common basis for subsequent harmonization in the field of copyright and neighbouring rights

59. In a policy debate in December 1991 on the proposal for a Council Decision concerning the accession of the Member States to the Berne Convention for the Protection of Literary and Artistic Works, as revised by the Paris Act of 24 July 1971, and the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention) of 26 October 1961,¹ the Internal Market Council noted that all delegations agreed on the urgent need to harmonize the laws of the Member States in the field of copyright and neighbouring rights on the basis of the Berne and Rome Conventions, but that the Member States as well as the Council Legal Service had serious difficulty in accepting the method proposed by the Commission. The Council therefore agreed to look into other possible ways of achieving that objective.

¹ OJ C 24, 31.1.1991.

60. After considering a number of options in early 1992, the Council agreed to draw a distinction between the external and internal aspects:

- (i) externally, it thought that the most appropriate means of signalling to non-member countries that the Community and its Member States were committed to the Berne Convention as revised by the Paris Act (copyright) and to the Rome Convention (neighbouring rights) would be a Council resolution noting Member States' undertaking to become parties to both Conventions, where not already so, by 1 January 1995 and also calling on the Commission to pay particular attention in the negotiation of agreements between the Community and non-member countries to participation in those two Conventions by such countries.

Accordingly, the Internal Market Council unanimously adopted the resolution of 14 May 1992 on increased protection for copyright and neighbouring rights;¹

- (ii) internally, it thought that the objectives regarding neighbouring rights could be achieved under the proposal for a Directive on rental and lending (see below).

Rental right and lending right

61. Following a policy debate on 14 May 1992, it was on 18 June 1992 that the Internal Market Council adopted its common position with a view to adoption of the Directive on rental right and lending right and on certain rights related to copyright in the field of intellectual property.

Following the European Parliament's second-reading opinion delivered on 28 October 1992, the Council finally adopted the Directive on 19 November 1992.² The text adopted corresponds to the common position; the only amendment proposed by the European Parliament in its second reading had already been rejected by the Council when adopting its common position.

The Directive provides for an exclusive right enabling authors, performing artists, producers of phonograms and producers of films to authorize or prohibit the rental and lending of their works, performances, phonograms and films; Member States will be able to derogate from the exclusive lending right under certain conditions laid down in the Directive. The Directive also involves approximation of the laws of the Member States concerning certain rights related to copyright by laying down rights of fixation, reproduction, distribu-

¹ OJ C 138, 28.5.1992.

² OJ L 346, 27.11.1992.

tion, broadcasting and communication to the public for those categories of related-rights holders and for broadcasting organizations.

Broadcasting

62. Throughout 1992 the Council and its subordinate bodies continued discussing the proposal for a Council Directive on the coordination of certain rules concerning copyright and neighbouring rights applicable to satellite broadcasting and cable retransmission.¹

That proposal is intended to build on Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities² (the frontier-free television Directive) by means of provisions on copyright and neighbouring rights for satellite broadcasting and for cable retransmission.

On 17 December 1992 the Internal Market Council held a detailed discussion on the few problems still to be resolved. In the light of the points made during that discussion, it instructed the Permanent Representatives Committee to seek appropriate solutions to those problems prior to the adoption of a common position at one of its first meetings in 1993.

Duration of protection

63. The Council's subordinate bodies gave detailed consideration to the proposal for a Council Directive harmonizing the duration of copyright protection and protection of certain neighbouring rights.³

The Internal Market Council held a policy debate on some aspects of the proposal on 10 November 1992. It instructed the Permanent Representatives Committee to continue discussions, taking into account the European Parliament's opinion, which was delivered on 19 November 1992.

Databases

64. Pending the opinions of the European Parliament and the Economic and Social Committee, the Council's subordinate bodies began preliminary discus-

¹ OJ C 255, 1.10.1991.

² OJ L 298, 17.10.1989.

³ OJ C 92, 11.4.1992.

sion of the proposal for a Council Directive on the legal protection of databases.¹

That proposal provides for copyright protection of electronic databases as collections within the meaning of Article 2(5) of the Berne Convention for the Protection of Literary and Artistic Works, provided that they satisfy the criterion of originality, and also for a specific right protecting the contents of electronic databases, applying irrespective of whether or not they are eligible for copyright protection.

Topographies of semiconductor products

65. On 21 December 1992 the Council adopted:

- (i) a Decision on the extension of the legal protection of topographies of semiconductor products to persons from the United States of America and certain territories;
- (ii) a Decision amending Decision 90/510/EEC on the extension of the legal protection of topographies of semiconductor products to persons from certain countries and territories.²

Decision 90/511/EEC of 9 October 1990 on the extension of the legal protection of topographies of semiconductor products to persons from certain countries and territories³ provisionally extended the protection provided for in Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products⁴ to natural and legal persons from certain countries and territories until 31 December 1992. The first Decision of 21 December 1992 extends that provisional protection, for a further limited period, to persons from some of those countries and territories (the United States of America and some United Kingdom overseas territories and dependencies) while the second Decision of 21 December 1992 extends the permanent protection provided for in Decision 90/510/EEC of 9 October 1990⁵ to persons from other non-member countries (Finland, Iceland, Liechtenstein, Norway and Switzerland) not previously covered by provisional protection under Decision 90/511/EEC; the change in arrangements is warranted on account of developments in legislation on the protection of topographies of semiconductor products in the countries concerned.

¹ OJ C 156, 23.6.1992.

² Docs. 10831/92 PI 123 and 10832/92 PI 124; Decisions not yet published in the Official Journal.

³ OJ L 285, 17.10.1990.

⁴ OJ L 24, 27.1.1987.

⁵ OJ L 285, 17.10.1990.

C — Abolition of fiscal frontiers: VAT and excise duties

66. During 1992 the Council rounded off its programme of legislation required for the completion of the internal market in the sphere of indirect taxation.

Regarding VAT, on 27 January 1992 the Council adopted Regulation (EEC) No 218/92 on administrative cooperation in the field of indirect taxation (VAT).¹ That Regulation follows up Directive 91/680/EEC,² which introduced the new VAT arrangements to apply after 1992.

On 19 October 1992 the Council adopted Directive 92/77/EEC³ concerning approximation of VAT rates.

Lastly, on 14 December 1992 the Council adopted Directive 92/111/EEC,⁴ designed to clarify and simplify the rules under the transitional VAT arrangements.

67. Regarding excise duties, on 25 February 1992 the Council adopted Directive 92/12/EEC on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products.⁵ On 14 December 1992 the Council adopted Directive 92/108/EEC,⁶ designed to simplify and clarify those arrangements.

In addition, on 19 October 1992 the Council adopted:⁷

Directives 92/78/EEC, 92/81/EEC and 92/83/EEC on the harmonization of structures of excise duties on manufactured tobacco, on mineral oils and on alcohol and alcoholic beverages;

Directives 92/79/EEC, 92/80/EEC, 92/82/EEC and 92/84/EEC on the approximation of excise duties on cigarettes, on other manufactured tobacco, on mineral oils and on alcohol and alcoholic beverages;

Decision 92/510/EEC, authorizing Member States to continue to apply excise duty reduction or exemptions to certain mineral oils.

¹ OJ L 24, 1.2.1992.

² See 39th Review, point 111.

³ OJ L 316, 31.10.1992.

⁴ OJ L 384, 30.12.1992.

⁵ OJ L 76, 23.3.1992.

⁶ OJ L 390, 31.12.1992.

⁷ OJ L 316, 31.10.1992.

D — Future operation of the single market

68. Besides the legislative programme, the Council discussed, on a number of occasions, particularly during the second half of the year, the need to ensure the smooth operation of the internal market after 1992 and the ways and means of achieving that. Here, it welcomed the initiative taken by the Commission in setting up a high-level group chaired by a former Member of the Commission, Mr Peter Sutherland, to look into the matter and put forward recommendations by the end of the year.

Pending the Commission's response to the specific recommendations put forward by the Sutherland Group, on 7 December 1992 the Council went on to adopt a resolution on making the single market work.¹ This points to the Council's determination to ensure that the single market works effectively, guaranteeing observance of the four freedoms, namely the free movement of goods, in accordance with the Treaty provisions, of persons, services and capital. The resolution accordingly stresses how important it is, in close partnership between Member States and between the Member States and the Commission, for the single market provisions to be fully transposed and implemented by Member States in a timely, clear and accurate manner.

69. In addition, realizing the need to encourage contacts between national administrative authorities, on 22 September 1992 the Council adopted a Decision on the adoption of an action plan for the exchange, between Member State administrations, of national officials who are engaged in the implementation of Community legislation required to achieve the internal market² (the Karolus programme).

The action plan takes as a model the Matthaëus programme, extending it to the internal market field as a whole. The objective of the exchanges is to allow a more homogeneous approach to the implementation of Community legislation, in particular by making national officials aware of the European dimension of their work and by building mutual confidence between Member State administrations.

The action plan is spread over five years. The Community financial resources estimated as necessary for its implementation amount to ECU 17.3 million, corresponding to a total of 1 900 participants.

¹ OJ C 334, 18.12.1992.

² OJ L 286, 1.10.1992.

E — Competition policy

70. At its meeting on 24 November 1992 the Council took note of the twenty-first Commission's **Report on Competition Policy**, which it welcomed. The Council also pointed to the need to continue applying the Community competition policy punctiliously in every case. Lastly, it pointed to the continuing high level of State aid and noted the Commission's intention of continuing its action to bring about the reduction of such aid.

F — Free movement of persons and intergovernmental cooperation

Introduction

71. Activities forming part of intergovernmental cooperation in the field of justice and home affairs were dominated by preparations for the deadline of 1 January 1993 for completion of the internal market.

Proceedings showed Member States' resolve that freedom of movement for persons should be brought about in a manner compatible with public security and action against illegal immigration.

Further progress in the intergovernmental cooperation built up for the purpose is required; in the meantime, the European Council had to take note at its meeting in Edinburgh that free movement of persons within the Community, in accordance with Article 8a of the Treaty of Rome, could not be fully ensured as of the planned date.

Other activities during 1992 were chiefly concerned with preparing for implementation of the Dublin Convention and the draft Convention on the crossing of external frontiers.

Important decisions were taken, too, in implementation of the report on immigration approved by the European Council at its meeting in Maastricht. Very close consultation also took place over the situation of people displaced by the conflict in the former Yugoslavia.

The Coordinators Group on Free Movement of Persons updated the 'Palma document'. It also drew up two reports in preparation for implementing Title VI of the Treaty on European Union.

CELAD (the European Committee to Combat Drugs) considered this issue, specifically in terms of the drugs problem. CELAD moreover drew up a report on implementation of the European Plan to Combat Drugs, adopted in 1990, and the future course it should take.

Preparation for the deadline of 1 January 1993

72. The Coordinators Group conducted a detailed review of work, showing that significant progress has been made in putting into practice the measures listed in the Palma document. For many of those measures, work is continuing apace, for example, on the setting-up of Europol, implementation of decisions on exchanges of liaison officers, establishment of the Customs Information System and of a customs control strategy at external frontiers, as well as activities within the Community sphere (e.g. removal of frontiers in fiscal respects, firearms controls and plant-health checks), though many such measures are only at the stage of partial application.

As for the three main instruments, the situation is as follows.

DRAFT CONVENTION ON THE CROSSING OF EXTERNAL FRONTIERS

73. Quite a number of the measures in the Palma document depend on the implementation of this Convention.

The Member States concerned by the one problem still standing in the way of the opening of the Convention for signing continued their talks, but the problem remains unresolved.

In the meantime, as requested by the European Council in Luxembourg, work is continuing regardless on drawing up the detailed measures necessary for implementation of the Convention. The Ministers with responsibility for immigration have already approved a number of those measures.

EUROPEAN INFORMATION SYSTEM (EIS)

74. Member States agreed that the implementation of the Convention on the crossing of external frontiers should be accompanied by a separate instrument concerning the establishment, organization and operation of a computerized information system and that such an instrument should make provision for data protection as well as for judicial and police cooperation.

The European Council, meeting in Maastricht, asked the Coordinators Group to consider how the EIS should be structured, and to look first into the possibility of extending to all Member States application of the arrangements already concluded by some of them. Accordingly, the Coordinators Group considered the possibility of basing the EIS on some provisions of the Convention applying the Schengen Agreement.

A draft based on the relevant provisions of that Convention was tabled and discussed on a number of occasions by the horizontal group specially set up for the EIS by the Coordinators Group. However, drafting work is not yet sufficiently advanced for the text to be signed.

DUBLIN CONVENTION

75. Five Member States have now ratified the Dublin Convention. Work is under way on drawing up implementing rules.

To sum up, work on the Convention on the Crossing of External Frontiers has been completed, in substance, at any rate on those provisions of it not affecting the one problem still outstanding; the text of the Dublin Convention is, of course, final. Preparations for implementation of both these instruments are under way, and will have to continue up to the time of ratification and beyond it. The third main instrument, concerning the EIS, is at a less advanced stage, since the text drawn up at the request of the European Council, meeting in Lisbon, is still under discussion on matters of substance.

Preparation for implementation of the Dublin Convention

76. The Ministers with responsibility for immigration adopted some conclusions concerning interpretation of concepts and uniform application of the Dublin Convention.

Preparation for implementation of the draft Convention on the Crossing of External Frontiers

77. The Ministers agreed to some conclusions for the uniform application of the Convention.

Prominent among the conclusions are those on:

- (i) refusal of admission;
- (ii) checking on means of subsistence.

The Ministers also approved the establishment of a Centre for Information, Discussion and Exchange on the Crossing of Borders and Immigration (CIREFI).

Implementation of the report adopted by the European Council in Maastricht on immigration and asylum policy

ASYLUM

78. Important decisions were taken with a view to harmonizing asylum policies. The opinion of the UNHCR was taken into consideration.

Resolution on manifestly unfounded applications for asylum

The Ministers adopted this resolution and called for consideration of the possibility of embodying its principles in a binding convention.

In this connection, the Ministers reaffirmed their determination, in keeping with their common humanitarian tradition, to guarantee adequate protection for refugees in accordance with the Geneva Convention of 28 July 1951 (as amended by the New York Protocol of 31 January 1967) relating to the Status of Refugees.

The Ministers also noted that a rising number of applicants for asylum in the Member States were not in genuine need of protection within the Member States under the Geneva Convention and they expressed their concern that such manifestly unfounded applications overloaded asylum procedures, delayed the recognition of refugees in genuine need of protection and jeopardized the integrity of the institution of asylum.

Resolution concerning host third countries

79. The Ministers adopted this resolution and called for consideration of the possibility of embodying its principles in a binding convention.

The purpose of the resolution, which sets down for the first time objective criteria for the application of the well-established principle of host third countries, is to address concern arising from the problem of refugees and asylum-seekers unlawfully leaving countries where they have already been granted protection or have had a genuine opportunity to seek such protection. By means of the resolution, the Ministers agreed that a concerted response should be

made to this problem, as suggested in Conclusion No 58 on Protection adopted by the UNHCR Executive Committee at its 40th session (1989).

Countries in which there is generally no serious risk of persecution

80. The Ministers approved the report submitted to them by the **ad hoc** Group. The purpose of that report was to define this concept in order to establish a harmonized approach to manifestly unfounded applications from nationals of countries such as those referred to above and to reduce pressure on asylum-determination systems that are at present excessively burdened with such applications. This will help to ensure that refugees in genuine need of protection are not kept waiting unnecessarily long for their status to be recognized and to discourage misuse of asylum procedures.

People displaced by the conflict in the former Yugoslavia

81. At their meeting in London, the Ministers adopted a common approach on the problem of people displaced by the conflict in the former Yugoslavia.

They also decided to set up a special subgroup under the **ad hoc** Group on Immigration to look into problems arising from the situation in the former Yugoslavia.

82. Beyond the bounds of asylum policy harmonization proper, it should be noted that the Ministers:

- (i) approved the preliminary draft Convention extending the Dublin Convention to non-member countries, as a basis for negotiation. They considered that formal negotiations on the preliminary draft should not begin until all Member States had ratified the Dublin Convention;
- (ii) decided to set up a Centre for Information, Discussion and Exchange on Asylum (CIREA). Particularly through the exchanges and contacts to be organized within it, that Centre will make for progress towards the objective of asylum policy harmonization.

EXPULSION

83. The Ministers approved a Recommendation regarding practices followed by Member States on expulsion of people unlawfully present in their territories. The Recommendation is based on existing practices in the Member States and is without prejudice either to Community law or to the provisions of international conventions on extradition.

The Ministers approved a Recommendation on transit for the purposes of expulsion. They asked the **ad hoc** Group on Immigration to undertake further work during the Danish Presidency on the detailed arrangements for facilitating as far as possible the implementation of that Recommendation.

The Coordinators Group on Free Movement of Persons produced an update of progress made in implementing the 1989 Palma document, identifying essential and desirable measures for the introduction of free movement of persons.

84. The Coordinators Group paved the way for implementation of the Treaty on European Union as regards the role of the Article K.4 Committee and the organization of structures under it. Their conclusions may be summarized as follows:

Relationship between the Permanent Representatives Committee and the Article K.4 Committee

Besides its general role in coordinating its various subsidiary bodies, the Article K.4 Committee is to endeavour, in preparing for Council proceedings, to resolve as far as possible substantive problems arising from the various items before they are referred to the Permanent Representatives Committee and then to the Council.

The Article K.4 Committee is also to give, of its own accord, the opinions referred to in the first indent of Article K.4(1).

Role and organization of the Article K.4 Committee

The Article K.4 Committee has authority in the fields referred to in Article K.1. It has a right of initiative as to proceedings in the various sectors of activity. It bears responsibility for the smooth progress of proceedings with a view both to Council decision-making and to the adoption of the practical measures needed to implement the decisions taken.

85. With regard to the Committee's subsidiary structures, in view of the very wide range of subjects covered in Title VI of the Treaty on European Union, the Coordinators Group concluded in its first report (subject to two scrutiny reservations) that work under the Article K.4 Committee should be arranged in three sectors:

- (i) immigration and asylum;
- (ii) security and law enforcement, and police and customs cooperation;
- (iii) judicial cooperation.

For each sector there should be a steering group, which would propose to the Article K.4 Committee each year a work programme/timetable, to be reviewed six months later. The working parties needed to process the anticipated work and their terms of reference would be regularly reviewed together with the work programme.

On that basis the Coordinators Group determined certain working structures.

86. On this same point of structures under the Article K.4 Committee, CELAD concluded that, once the Treaty on European Union is implemented, the Permanent Representatives Committee will have to exercise supervision over and ensure consistency in work on drugs under all three pillars.

However, the designation of national drugs coordinators has proved its worth; they could be asked by the Permanent Representatives Committee and/or the Presidency to meet for particular clearly defined purposes.

One of the Permanent Representatives Committee's main tasks will be to see that high priority is given to action against drugs. The national drugs coordinators, making up CELAD, are prepared to assist the Permanent Representatives Committee in that task, if need be.

CELAD also drew up a report on implementation of the European Plan to Combat Drugs, adopted in Rome in December 1990. It contains directions for future work.

87. The Dublin Group, an informal consultation arrangement on anti-drugs action, comprising the 12 Community Member States, Australia, Canada, Sweden, the USA and the UNDCP, met both in plenary form and in regional groupings, in Brussels and *in loco* in countries mainly affected. Proceedings enabled participating States to be better informed and hence to provide them with greater means of preventing and combating the evil of drugs.

Chapter III

Economic and monetary policy — Sectoral policies (industry, research, energy, transport, telecommunications and postal services) — Economic and social cohesion

A — Economic and monetary policy

Economic and monetary union

CONVERGENCE OF ECONOMIC POLICIES AND PERFORMANCE

Multilateral surveillance

88. On 10 February 1992, the Council carried out multilateral surveillance of the Member States' economic policies, in accordance with the Decision of 12 March 1990 which established new procedures designed to achieve greater convergence of the Member States' economic policies and performance. Its examination revealed low economic growth and highlighted the need to improve Member States' performance with respect to inflation, labour-market flexibility and savings.

At its meeting on 9 June 1992, the Council confirmed the agreement reached by the Ministers for Economic and Financial Affairs at their informal meeting in Oporto regarding the need to strengthen multilateral surveillance. To that end it was acknowledged that, if multilateral surveillance was to be made more effective, greater compatibility between convergence programmes and Commission forecasts would have to be sought.

The Council again carried out multilateral surveillance of the Community's economic situation at its meeting on 13 July 1992.

Convergence programmes

89. In the course of the year the Council also examined the convergence programmes of five countries, namely Ireland, Germany, Spain, the Netherlands and Belgium.¹ Furthermore, at its meeting on 19 May 1992, the Council reviewed the progress made by Italy in implementing its programme of convergence first submitted in November 1991.

Derogation from the free movement of capital

90. On 21 December 1992, the Council authorized the Hellenic Republic to defer until 30 June 1994 the liberalization of certain capital movements in accordance with Article 6(2) of Directive 88/361/EEC.²

The Hellenic Republic was already benefiting from a derogation for the capital movements in question.

PROMOTING ECONOMIC RECOVERY IN EUROPE

91. The deterioration of the economic situation in the Community was increasingly evident over the second half of the year. As a result, a joint initiative was needed to improve the prospects for economic recovery in the Community.

The European Council meeting in Edinburgh on 11 and 12 December finalized a wide-ranging recovery programme involving the following:

- (i) national measures requiring concerted implementation designed to boost confidence and promote economic recovery;
- (ii) the creation of a European Investment Fund involving the Community, the EIB and international financial institutions;
- (iii) implementation of a temporary lending facility of ECU 5 billion within the EIB.

92. The national measures should aim to improve the prospects for growth, create lasting jobs and be consistent with a medium-term framework founded

¹ These programmes were examined at the Council meetings on 10 February, 19 May, 9 June, 13 July and 23 November respectively.

² OJ L 409, 31.12.1992.

on the principles of convergence established in the Maastricht Treaty. In particular, Member States were asked to:

take every opportunity, according to their national circumstances, to exploit the margins of manoeuvre available as concerns budgetary policy;

switch, to the extent possible, their public expenditure priorities towards infrastructure and other capital investment and growth-supporting expenditure;

implement measures to encourage private investment, especially by small and medium-sized enterprises;

act to improve further the efficiency of their economies, for example through action to reduce subsidies and measures to enhance competition and market flexibility;

make efforts to achieve restraint in wage settlements within the public sector. The European Council noted that restraint on wage bills would help to control government current spending, would help to improve competitiveness and to reduce unemployment.

93. The European Investment Fund is to have a capital of ECU 2 billion provided by the EIB, other financial institutions and the Commission, in order to offer guarantees of between ECU 5 and 10 billion. In all, this Fund could provide backing for up to ECU 20 billion of projects.

Finally, the temporary lending facility is intended to accelerate the financing of infrastructure projects, in particular those connected with trans-European networks. These networks may include projects involving the countries of Central and Eastern Europe, in so far as they are of mutual interest and ensure inter-operability with networks in the Community.

For projects financed by this facility, the EIB can raise the normal ceiling on loans from 50 to 75% and the combined (loans and grants) ceiling from 70 to 90%.

The European Council considered that the measures launched in Edinburgh on 11 and 12 December would provide some ECU 30 billion of support for public and private sector investment in Member States over the coming years.

EUROPEAN MONETARY SYSTEM

94. On 6 April 1992 the Portuguese escudo joined the European Monetary System's exchange and intervention mechanism. For a transitional period, that currency will benefit from a broad fluctuation band (6%).

In the second half of the year, the EMS came under considerable pressure, which seriously affected several Community currencies.

On 14 September 1992 all the currencies involved in the exchange system with the exception of the Italian lira were realigned by 3.5%, while the lira was devalued by 3.5%.

On 17 September 1992, the United Kingdom decided to suspend the pound's participation in the European Monetary System. Italy decided to abstain temporarily from intervention on foreign exchange markets. The Spanish peseta was devalued by 5%.

On 22 November 1992 the Portuguese escudo and the Spanish peseta were devalued by 6%.

At its meeting in Birmingham on 16 October 1992 the European Council acknowledged that the monetary and financial situation required careful consideration. It asked the Ministers for Economic and Financial Affairs, assisted by the Monetary Committee, to continue giving careful thought, together with the Commission and in cooperation with the governors of the central banks.

The Edinburgh European Council stressed the importance of the European Monetary System as a factor for economic stability and prosperity in Europe.

International economic and monetary questions

G7 SUMMIT

95. At its meeting on 20 July 1992, the Council discussed the Munich Summit and noted in particular the progress achieved on relations with the CIS States, on the debt of the developing countries, on humanitarian aid to the republics of the former Yugoslavia and on the follow-up to the Rio Earth Summit.

RELATIONS WITH THE IMF

96. The new accessions to the International Monetary Fund were undoubted milestones in 1992.

Since the end of 1991, the number of States which are members of the IMF went from 155 to 173. Fourteen of the States which made up the former Soviet Union joined the IMF in September 1992. Albania also joined the IMF during

this same period as did Switzerland, following a referendum among its voters. The IMF has thus become practically a worldwide institution.

At its meeting on 16 March 1992, in preparation for the meeting of the IMF's Interim Committee on 27 April 1992, the Council asked the Member States to renew their support for early accession by the independent States of the former Soviet Union and underlined the need to take specific decisions, in particular on the creation of a new seat on the IMF Governing Board.

GATT AND FINANCIAL SERVICES

97. At its meeting on 19 October, the Council agreed to make representations to the main developing countries and newly industrialized countries (NICs) which are partners in the Uruguay Round negotiations, urging them to improve their offers in the area of liberalization of financial services.

The Council also asked the Member States and the other countries to implement rapidly the recent decisions on quota increases and the third amendment to the IMF Statute.

Financial assistance to the countries of Central and Eastern Europe

98. Throughout 1992, within the G24 framework, the Community continued its financial support for the structural adjustment programmes of the countries of Central and Eastern Europe. The Community's participation in medium-term financial assistance for those countries' balance of payments is based on the principle whereby the Community meets some 50% of the residual funding requirement, once the IMF has provided aid, while the other G24 members give support comparable to that provided by the Community.

In 1992 the Community provided financial assistance for the balance of payments of Bulgaria (ECU 110 million),¹ Romania (ECU 80 million),² the Baltic countries (Estonia: ECU 40 million, Latvia: ECU 80 million, Lithuania: ECU 110 million).³

¹ OJ L 317, 31.10.1992.

² OJ L 353, 3.12.1992.

³ OJ L 351, 2.12.1992.

In view of Albania's particularly difficult situation, the Community made a grant of ECU 70 million to that country.¹

Financial assistance to the countries of Central and Eastern Europe in 1992

(billion ECU)

Country	Date	Type	Amount	Procedure	Duration
Albania	28.9.1992	Grant	70	2 tranches	
Bulgaria	19.10.1992	Loan	110	2 tranches	Maximum 7 years
Romania	27.11.1992	Loan	80	1 tranche	Maximum 7 years
Baltic countries	23.11.1992	Loan	Estonia: 40 Latvia: 80 Lithuania: 100	2 tranches	Maximum 7 years

Aid to the republics of the former Soviet Union

99. In 1992 the Community implemented the medium-term loan of ECU 1 250 million decided on in December 1991² for the Soviet Union and its constituent republics to finance the import of agricultural and food products and medicinal supplies originating in the Community and in Eastern Europe.

The product of the loan was distributed among the republics of the former Soviet Union which agreed to the loan conditions laid down by the Council and more particularly to the recognition of the former Soviet debt.

The first loan contracts were signed in July 1992:

on 10 July 1992, contracts with Armenia (ECU 38 million), Kyrgyzstan (ECU 32 million), Turkmenistan (ECU 45 million) and Moldova (ECU 27 million);

on 13 July 1992, a contract with Ukraine for ECU 130 million;

on 24 July 1992 a contract with Belarus (ECU 102 million), Tadjikistan (ECU 55 million) and Georgia (ECU 70 million).

Russia, for its part, received two exceptional amounts of assistance in the form of loans to the VEB (Vnesheconombank), one of ECU 150 million agreed on 13

¹ OJ L 287, 2.10.1992.

² OJ L 362, 31.12.1991.

July and the other of ECU 349 million agreed on 19 October and intended for the supply of humanitarian aid.

Statistical framework programme (1993-97)

100. At the end of 1992 pending receipt of the opinions of the European Parliament and the Economic and Social Committee, the Council's subordinate bodies began examination of the Commission proposal on a framework programme for priority actions in the field of statistical information for the period 1993 to 1997.

Export credits

ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS

Strengthening of the Arrangement

101. On 23 March 1992 the Council approved a set of measures designed to strengthen discipline as regards export credits and covering in particular restrictions on the use of aid financing. This series of measures is the outcome of two years of negotiation between the participants to the Arrangement (essentially OECD countries).

Extension of the Decision of 4 April 1978

102. On 14 December 1992 the Council adopted a Decision extending for an indefinite period the Decision of 4 April 1978 on the application of the guidelines Arrangement within the Community and incorporating the series of measures referred to in the previous paragraph.

Specialized sectors

103. Negotiations on amendments to the Sector Understanding on Export Credits for Civil Aircraft continued during 1992.

The Community also took part in negotiations regarding export credits for ships in the course of finalization of an OECD agreement aimed at dismantling measures to assist shipbuilding where these are incompatible with normal

conditions of competition. The Community took part in these negotiations on the basis of the negotiating directives adopted by the Council in July 1990.

Consultations within the framework of the participants

104. The above new measures on aid financing gave rise to a further OECD consultation procedure in which the Council's Export Credit Group played its part. In December 1992, with a view to improving the organization of the Group's proceedings on the examination of projects subject to the new discipline, the Commission submitted a proposal for a Directive on consultation and information procedures in the sphere of export credits, credit insurance, credit guarantees and officially supported financial credit.

OTHER QUESTIONS

Intra-Community consultations

105. Consultations under Decision 73/391/EEC¹ took place as in the past for all proposed operations of more than five years' duration. Furthermore, risk trends in various buyer countries and cover policies have been the subject of regular exchanges of views between Member States particularly as regards the Gulf countries and the East European countries. Particular attention was paid to payment incidents with the republics of the former Soviet Union.

Single market

106. A Council working party completed a stocktaking and examination of the problems involved in 'short-term' credit insurance in the run-up to the single market.

The same working party also pinpointed the harmonization and cooperation measures which needed to be taken to meet the requirements of the single market.

Another working party was at the same time studying questions relating to similar 'medium-term' credit insurance problems. That working party is expected to complete its proceedings in the first half of 1993.

¹ OJ L 345, 17.12.1973.

B — Industrial policy

Sectoral questions

STEEL

Community rules on aid to the steel industry

107. At its meeting on 30 June 1992 the Council agreed to give its assent, pursuant to Article 95 of the ECSC Treaty, on the compatibility of the aid in Denmark and the Netherlands intended to reduce the tax burden on steel undertakings resulting from the introduction of a tax on carbon dioxide emissions.¹

Assents

108. As regards aid in this sector, the Council gave a number of assents under either Article 54(2)² of the ECSC Treaty or under Article 55(2)(c) thereof.³

ECSC financing activities

109. At its meeting on 24 November 1992 the Council discussed the future financial activities of the ECSC on the basis of a Commission communication and adopted the following conclusions:

‘The Council reaffirms the conclusion reached at its meeting on 29 April 1991 supporting the Commission’s view that the ECSC Treaty should continue until its expiry in 2002, with an increasingly flexible application of its provisions in the interim. The Council recalls its view that the Commission should undertake a more detailed analysis of the implications, and looks forward to studying that analysis as soon as possible.

The Council recognizes the need to work towards phasing out the regime established by the ECSC Treaty, so that coal and steel industries can be treated in the same way as other industries, for example in the area of competition policy.

¹ OJ L 223, 8.8.1992 (Decision 92/411/ECSC).

² OJ C 61, 10.3.1992; OJ C 147, 11.6.1992; OJ C 198, 5.8.1992.

³ OJ C 147, 11.6.1992.

The Council recognizes that the Community's coal and steel industries are currently experiencing severe difficulties which have led to calls for ECSC assistance towards, *inter alia*, the restructuring of the industries, and the associated social costs.

The Council recalls the frequently expressed view of the industries that the levy hinders competitiveness and should be ended and the reserves used for the benefit of the industries. It welcomes the small reductions made in recent years in the rate of the levy.

The Council considers that it is essential to examine the efficacy of ECSC financial mechanisms and the arguments for and against their continuation. Moreover, it believes that a clear picture of the size and shape of ECSC financing activities during the period to 2002 is indispensable to the proper consideration of individual financing proposals.

The Council welcomes the increased flexibility which the Commission has shown in its application of the ECSC Treaty. The Council encourages the Commission to apply the ECSC provisions in order to take account of developments in the market.

The Council calls on the Commission to:

make the most substantial possible reductions in the levy in order to achieve a rapid phasing-out and make proposals for using the reserves, in the transitional period, in the way most suitable directly and indirectly for the industries concerned in order to ensure a smooth transition to the period post-2002 including a rapid reduction of ECSC lending and borrowing activities;

consider the phasing-out of Article 54 loans, bearing in mind that this may be of limited benefit to the industries, in particular those loans relating to encouraging consumption;

examine the continued need for Article 56 loans, bearing in mind the view of some Member States that there is little justification for interest subsidies on such loans, and the view of others that there are considerable benefits;

take account of the social aspects in considering ECSC financial matters;

examine ways in which the financial bodies, among them the EIB could take over some ECSC financing activities without excluding the possibility of making available reserves backing up such activities in the run-up to 2002;

examine ways in which current ECSC research activities could be brought within the EC framework, bearing in mind the importance which the Council attaches to these activities.'

Spanish steel industry

110. At its meeting on 24 November 1992, the Council held a policy debate on the restructuring plans of the Spanish undertakings CSI (Corporación de la siderurgia integral) and Sidenor, submitted to the Commission by the Spanish Government.

Following discussion of these two issues, it was noted that the time was not yet ripe for a decision on the matter. Solutions would continue to be sought and fuller information would be provided in bilateral discussions. The issue would be put before another meeting of the Council in due course during 1993; this would be done either as part of a wider response to the problems of the steel industry in Europe or by addressing the Spanish case separately beforehand.

Community steel industry

111. At its meeting on 24 November 1992 the Council examined, on the basis of a Commission communication, the question of the restructuring of the Community steel industry with a view to increasing competitiveness. This communication makes a new overall assessment of the market situation and production structures and sets out a package of measures which the Commission would be prepared to put in place as quickly as possible in order to encourage and facilitate the restructuring process accompanying the measures to be taken by the steel undertakings in this process.

The Council took note of the Commission communication and invited the Commission to continue with its work.

Industrial cooperation with third countries

112. The Council meeting on 17 June 1992 heard a statement by the Commission that it undertook to submit to the Council an annual report on the progress made in implementation of the industrial policy, including the various aspects of internal and external industrial cooperation. At the same meeting the Council adopted a resolution on this subject.¹

SHIPBUILDING

113. Further to the political agreement reached at the Council meeting on 17 June 1992 and following examination of the European Parliament's opinion,

¹ OJ C 178, 15.7.1992.

on 20 July 1992 the Council adopted by a qualified majority a Directive amending the seventh Directive on aid to shipbuilding.¹

The amendment aims to define the conditions under which the shipbuilding sector in the five new German **Länder** can qualify for a derogation from the seventh Directive which establishes the rules for the level of and conditions for State aid in this sector.

TEXTILE AND CLOTHING INDUSTRIES — EUROPEAN MOTOR VEHICLE INDUSTRY — EUROPEAN CIVIL AIRCRAFT INDUSTRY

114. At its meeting on 17 June 1992 the Council discussed these items on the basis of Commission communications and adopted two resolutions (textiles and motor vehicles) and conclusions (civil aircraft) in these areas.²

MINING INDUSTRY

115. At its meeting on 17 June 1992 the Council asked the Commission to prepare a written report for discussion at a future Council meeting. That written report was submitted to the meeting on 24 November, on which occasion the Council heard an oral presentation of it by the Commission and agreed to postpone examination thereof until 1993.

SHIPPING INDUSTRIES

116. At its meeting on 17 June 1992 the Council noted the information provided by the Commission on the Commission's activities in this sector, and invited it to submit a written report on the subject, particularly in the light of the proceedings of the Maritime Forum, which brought together representatives of the various parties concerned.

Support for enterprises and the business environment — SMEs, craft industries

SMALL AND MEDIUM-SIZED ENTERPRISES

117. At two meetings on 17 June and 24 November 1992, the Council discussed the problem of small and medium-sized enterprises and heard a report

¹ OJ L 219, 4.8.1992 (Decision 92/68/EEC amending Decision 90/684/EEC).

² OJ C 178, 15.7.1992.

from the Commission on the European market in subcontracting and the role of mutual guarantee systems in the financing of SMEs in the Community.

Following its discussions on 17 June 1992, the Council adopted a resolution on Community action to support enterprises, in particular SMEs, including craft industry enterprises.¹

At its meeting on 24 November 1992 the Council noted that the Commission intended to submit a new programme for SMEs for the period 1994-97 as part of an initiative designed to encourage economic growth in the Community.

ADMINISTRATIVE SIMPLIFICATION FOR ENTERPRISES, ESPECIALLY SMALL AND MEDIUM-SIZED ENTERPRISES

118. At its meeting on 24 November 1992 the Council took note of a Commission report and of the need to reduce to a minimum the constraints Community legislation placed on enterprises, in particular SMEs. At the same meeting the Council adopted a resolution.²

INDUSTRIAL COMPETITIVENESS AND ENVIRONMENTAL PROTECTION

119. Having discussed the Commission communication, on 24 November 1992 the Council adopted a resolution on this subject.²

EC-Japan Centre for Industrial Cooperation

120. At its meeting from 18 to 21 May 1992, the Council adopted a Decision consolidating the EC-Japan Centre for Industrial Cooperation as a common venture between the Community and Japan. This Centre, which was founded in 1986, is jointly financed by the Japanese Government, the Community and private sponsors and contributes to the organization of management training programmes for European business executives.³

¹ OJ C 178, 15.7.1992.

² OJ C 331, 16.12.1992.

³ OJ L 144, 26.5.1992 (Decision 92/278/EEC).

C — Research and technology policy

Framework programmes and specific research programmes

121. In 1992 the Council completed the implementation of the third Community R & TD framework programme by adopting the last five specific programmes under that framework programme (1990-94). These programmes are backed by a total budget of ECU 1 096.50 million in commitment appropriations (see Annex III) and relate to:

- (i) human capital and mobility: this programme aims to increase the human resources available for research and technological development by promoting the training and mobility of researchers and setting up research networks;
- (ii) biotechnology: this programme deals in particular with molecular approaches, biology of the cell and organism, and ecology, including ethical and social implications;
- (iii) dissemination and exploitation of knowledge: this decision sets up centralized action for the dissemination and exploitation of knowledge focused on three lines of action, namely the interfaces between research and industry, research and the scientific community and research and society;
- (iv) measurement and testing: this programme aims to achieve improved harmonization of methods of measurement, analysis and testing, and to contribute to the introduction of new methods of measurement and testing in Europe;
- (v) the specific programmes to be implemented by the Joint Research Centre, including the programme on the operation of the high flux reactor.

The Council also adopted a common position on the proposal concerning supplementary financing for the third framework programme (1990-94) amounting to a total of ECU 900 million.

ECSC

122. The Council gave the assent requested by the Commission on whether financial aid should be granted from levy funds, to an amount of ECU 44 735 400, for a research programme in the sphere of mining techniques and product improvement: an amount of ECU 902 800 is granted for the dissemination of knowledge and connected expenditure; subject to the availability of funds, an amount of ECU 3 384 000 would be allocated to a supplementary programme. The total cost of the programme, including that part to be borne by the contracting parties, amounts to ECU 74 559 000; the overall cost of the supplementary programme is ECU 5 640 000.

The Council gave its assent on a second Commission request regarding financial aid in 1992 for a project of technical coal research in the field of environmental protection amounting to ECU 1 674 808. The total cost of the project including the proportion covered by the contracting parties amounts to ECU 2 791 346.

CREST proceedings

123. During its 1992 proceedings, the Scientific and Technical Research Committee (CREST) delivered opinions on programmes put forward by the Commission in the following spheres:

multiannual programme for the development of Community statistics on research, development and innovation (1993-97);

supplementary financing for the third framework programme of Community R & TD activities (1990-94).

External relations

INTERNATIONAL SCIENTIFIC AND TECHNICAL COOPERATION

124. On 6 April 1992 the Council approved the conclusion by the Commission of the agreement between the European Atomic Energy Community, the Government of Japan, the Government of the Russian Federation and the Government of the United States of America on cooperation in the engineering design activities for the international thermonuclear experimental reactor (ITER).

EUROPEAN COOPERATION IN THE FIELD OF SCIENTIFIC AND TECHNICAL RESEARCH

125. On 3 February 1992 the Council adopted a Decision concerning the conclusion of a Cooperation Agreement between the European Economic Community and the Republic of Turkey in the field of medical and health research.

On the same date it also adopted a Decision on the conclusion of bilateral Cooperation Agreements:

on research and development in the field of the environment: science and technology for environmental protection (STEP) and the European programme on climatology and natural hazards (EPOCH) between the European Economic Community and the Republic of Iceland and the Kingdom of Sweden respectively;

concerning science and technology for environmental protection (STEP) between the European Economic Community and the Republic of Austria, the Republic of Finland and the Kingdom of Norway respectively.

On 2 March 1992 the Council adopted Decisions concerning the conclusion of two Community-COST multilateral Cooperation Agreements on:

- (i) five concerted research operations in the field of biotechnology (Bridge programme);
- (ii) 11 concerted operations in the field of food science and technology (FLAIR programme);

On 29 June 1992, the Council adopted Decisions concerning the conclusion of the following Cooperation Agreements:

- (i) in the field of renewable raw materials: forestry and wood products (including cork) (Forest 1990-92) between the European Economic Community and the Republic of Finland;
- (ii) in the field of renewable raw materials: forestry and wood products (including cork) (Forest) and the recycling of waste (Reward) between the European Economic Community and the Kingdom of Sweden.

D — Energy policy

Non-nuclear Energy

INTERNAL ENERGY MARKET

126. Following the European Council's confirmation of the need to establish an internal market in the energy sphere as well, the following measures were adopted.

Common rules for the internal market in electricity and natural gas

127. As a first step, in 1990 and 1991 the Council adopted three Directives on the transit of electricity and natural gas through transmission grids and on price transparency.

In a second stage, on 24 February 1992 the Commission submitted two proposals for Directives concerning common rules for the internal market in electricity and natural gas.

This second stage involves various phases:

- (i) the opening-up to competition of electricity investment and production by the creation of a transparent, non-discriminatory licensing system;
- (ii) unbundling, i.e. separation of the management and accounting functions in vertically integrated undertakings;
- (iii) the introduction (initially on a limited basis) of third-party access (TPA) to networks at reasonable rates.

These proposals were forwarded to the European Parliament and the Economic and Social Committee for their opinions and have already been examined by the Council on two occasions in 1992 (on 21 May and 30 November), when they gave rise to animated discussion. On 1 October 1992 the European Parliament also held a public hearing on the question.

Since the European Parliament and the Economic and Social Committee did not deliver their opinions in 1992, at the Council meeting on 30 November 1992 the Council put to the Commission a number of principles which required compliance in any further progress towards completion of the internal market in energy (security of supply; environmental protection and the protection of small consumers; transparency and non-discrimination; subsidiary, transitional arrangements and the specific features of the gas market). It invited the Commission to consider modifications to its proposals along these lines in the light of the Council discussions and of the opinions of the European Parliament and the Economic and Social Committee.

Trans-European networks — energy aspect

128. One of the preconditions for the establishment of an internal energy market is the existence and availability of adequate structures. Article 129c of the Treaty on European Union provides for establishment by the Community of guidelines identifying projects of common interest in the sphere of trans-European networks.

At its meeting on 21 May 1992 the Council was briefed by the Commission on progress with this question and agreed to return to the matter once the Commission had submitted its proposals.

Conditions for granting and exercising authorizations to prospect, exploit and extract hydrocarbons

129. On 11 May 1992, in anticipation of the single market, the Commission submitted a proposal for a Directive on the exploration for and exploitation of hydrocarbons (oil and natural gas). The purpose of this proposal is to remove a

number of restrictions imposed by the public authorities on the exercise of such activities, so as to ensure non-discriminatory access and practice.

The European Parliament delivered its opinion on 18 November 1992 and the Economic and Social Committee on 25 November 1992; the Council then began its discussion of the proposal at its meeting on 30 November 1992.

Discussion within the Council covered the main political question, i.e. the extent of whatever State participation there might be.

It also highlighted the few technical problems still unresolved, such as the period of validity of existing authorizations, the tie-up with the Commission's powers regarding negotiations with third countries and with the Directive on public procurement in excluded sectors (90/531/EEC).

On 21 December 1992 the Commission amended its proposal in the light of the European Parliament's opinion along lines broadly consistent with the outcome of the Council's initial proceedings.

Oil market and refining industry in the Community

130. The Commission submitted two communications to the Council:

- (i) on 21 April 1992, a communication on the oil market and the refining industry in the Community (recent developments and prospects);
- (ii) on 1 July 1992, a communication entitled 'Towards greater stability in Community oil supplies'.

The Council took note of these communications and in particular expressed satisfaction at the way in which the oil industry had managed to guarantee stability in Community supplies, particularly during the Gulf crisis.

Community energy policy objectives

131. At its meeting on 21 May 1992 the Commission informed the Council of the progress it had made on updating the Community objectives for 1995.

Appropriate measures to be taken in the event of difficulties in the supply of crude oil and petroleum products to the Community and the question of the possible accession of the Community to the IEA

132. On 28 and 29 April 1992 the Commission forwarded to the Council:

- (i) a proposal for a Directive designed to offset any 'oil crisis';

- (ii) a recommendation for a Decision on the Community's accession to the IEA.

These proposals constitute a response to the request made by the Council on 29 October 1991 to the Commission inviting it to revise its proposals for a Directive on the oil crisis and a Directive on oil stocks as well as its approach to the Community's accession to the IEA.¹

At its meeting on 30 November 1992 the Council was still awaiting the European Parliament's opinion on the proposal for a Directive on the oil crisis, while the Economic and Social Committee's opinion had been received on 22 October 1992. The Council accordingly recorded a unanimous favourable policy stance by delegations on a draft Directive but a general reservation on the Commission's part, particularly as regards its role should the IEA's crisis mechanism be triggered.

With respect to the recommendation for a Decision, the Council also recorded a difference of opinion with the Commission on the same grounds.

Since the European Parliament had not delivered its opinion on the proposal for a Directive and these two dossiers had a close bearing on one another, the Council confined itself to holding a policy debate on 30 November 1992.

It should be noted that, at the European Council meeting in Edinburgh on 12 December 1992, the Presidency noted that the Commission was considering withdrawing the 'measures proposed at the time of the Gulf crisis in the event of oil supply and stock difficulties in the Community'.

State aid to the coal industry

133. One element of the internal energy market is supplies from indigenous primary energy sources, coal being one of the most important.

The Community coal industry has hitherto received State aid in varying degrees. With a view to the optimum allocation of resources in anticipation of the achievement of the single market, this area requires careful scrutiny.

At its meeting on 30 November 1992, the Council asked the Commission what its intentions were, inasmuch as the present arrangements expired on 1 January 1994. The Commission confirmed that it would shortly be submitting a proposal for new Community rules for State aid to the coal industry.

¹ See 39th Review, point 151.

COMMUNITY ENERGY STRATEGY TO LIMIT CARBON DIOXIDE EMISSIONS

134. On 4 June 1992 the Commission submitted to the Council a communication entitled 'A Community strategy to limit carbon dioxide (CO₂) emissions and to improve energy efficiency', as a follow-up to a communication on the same topic it had submitted to the Council on 15 October 1991.¹ Both these communications are intended to contribute to implementation of the target of stabilizing CO₂ emissions in the Community by the year 2000; that target was set by the joint Energy/Environment Councils on 29 October 1990² and 13 December 1991.¹

This communication introduced and explained a set of four proposals designed to help limit CO₂ emissions:

- (i) proposal for a Directive on energy efficiency under the SAVE programme;
- (ii) proposal for a Decision on the promotion of renewable energy sources in the Community — Altener programme;
- (iii) proposal for a Directive introducing a combined CO₂/energy tax;
- (iv) proposal for a Decision on a monitoring mechanism for Community CO₂ and other greenhouse gas emissions.

At its meeting on 30 November 1992 the Energy Council took note of the action being taken to implement this overall strategy.

Indication by labelling of the consumption of energy and other resources by household appliances

135. On 26 August 1991 the Commission submitted to the Council a proposal for a Directive based on Article 100a of the EEC Treaty designed, within the context of improving energy efficiency, to give a precise indication of the (mainly electric) consumption of household appliances by means of labelling and standard production information.

This proposal was aimed at enabling the consumer to choose appliances with the best energy efficiency. It was also designed to contribute to improved movement of such appliances within the Community by eliminating national measures which could form an obstacle to trade.

¹ See 39th Review, point 148.

² See 38th Review, point 126.

At its meeting on 21 May 1992 the Council adopted its common position on this proposal for a Directive and forwarded it to the European Parliament under the cooperation procedure.

On 8 July 1992 the European Parliament decided to reject this common position on the grounds that it differed significantly from the original proposal particularly as regards the type of committee responsible for assisting the Commission.

After careful consideration, on 22 September 1992, the Council decided unanimously, pursuant to Article 149(2)(c) of the Treaty, to confirm its common position, and adopted the Directive as an important element of the Community's strategy for the improvement of energy efficiency, in particular with regard to the completion of the internal market.¹

Promotion of renewable energy sources in the Community (Altener programme)

136. On 20 May 1992, the Commission submitted to the Council a proposal for a Decision based on Article 130s of the Treaty concerning the Altener programme for the period 1993-97.²

This proposal constitutes a follow-up to a number of acts adopted earlier by the Council, in 1986 and 1988, on the promotion of renewable sources of energy and cooperation with electricity producers.

This programme, which consists of support measures (studies, support for sectoral and training initiatives, creation of an information network, industrial pilot measures relating to the biomass), is designed to meet precise CO₂-emission reduction objectives through the development of renewable sources of energy.

At its meeting on 30 November 1992 the Council considered that the legal basis to be adopted should be Article 235 of the Treaty used in the sphere of energy rather than Article 130s (environment). On the substance of the Decision, it adopted a favourable political position pending the European Parliament's opinion (the Economic and Social Committee's opinion was delivered on 24 November 1992).

¹ OJ L 297, 13.10.1992.

² See point 134 above.

Continuation of the SAVE programme

137. On 20 May 1992 the Commission submitted to the Council a proposal for a Directive, based on Article 130s of the Treaty, aimed at a limitation of CO₂ emissions and improving energy efficiency (follow-up to the SAVE programme).

To achieve the desired target, specific measures are proposed in the following areas:

energy certification of buildings,

the billing of heating, air-conditioning and hot-water costs on the basis of actual consumption,

promoting third-party financing of investments in energy efficiency in the public sector,

thermal insulation of new buildings,

regular inspection of boilers,

regular inspection of cars,

energy audits of businesses.

At its meeting on 30 November 1992, the Council held a policy debate pending receipt of the European Parliament's opinion (the Economic and Social Committee's opinion was delivered on 25 November 1992).

It agreed that it would also replace the legal basis (Article 130s) with Article 235 of the EEC Treaty, used in the sphere of energy.

Furthermore, to stress the subsidiarity aspect, it agreed to consider adoption, by the Member States, of programmes rather than measures; at the same time it recorded a preliminary favourable stance on the list of seven areas drawn up by the Commission.

RELATIONS WITH THIRD COUNTRIES (NON-NUCLEAR ENERGY)

Energy sectors

138. As in 1991, the Community was faced with significant developments which had repercussions for the vast internationally interdependent area of energy. The Council, with the backing of the other Community institutions, pressed on with the following forms of action:

Cooperation within the IEA

139. The Council continued prior exchanges of views to coordinate Community positions at the meeting of the Governing Board of the International Energy Agency (IEA).

Washington Conference

140. The Community and its Member States took part in the programme of short-term assistance to the CIS set up following the Washington Conference and the subsequent Lisbon and Tokyo Conferences. The Netherlands held the joint chairmanship of the Energy Working Party at that conference and the Community coordinated its position.

PHARE/TACIS

141. The Council continued with technical assistance in the sphere of energy to the countries of Central and Eastern Europe (including the PHARE programme) and the republics of the CIS (TACIS programme). The Council's subordinate bodies are keeping a close eye on the management and coordination of these assistance programmes, which are operated by the Commission (in cooperation with other competent international organizations) and financed from Community funds.

European Energy Charter

142. The idea of a European Energy Charter was floated at the Dublin European Council in June 1990 by Mr R. Lubbers, Prime Minister of the Netherlands, in a memorandum on a European Energy Community extending beyond EEC frontiers. This concept was put into practice by the convening, following the European Council on 14 and 15 December 1990, of an inter-governmental conference responsible for drawing up a cooperation agreement for the entire energy sector.

The European Energy Charter, signed in The Hague on 17 December 1991, constitutes a political undertaking which establishes the basis for cooperation and may be regarded as a first step towards the implementation of the commitments entered into within the ECSC framework in a priority sector for both the East and the West.

On this issue, the Lisbon European Council (26 and 27 June 1992) concluded as follows:

'The development of close cooperation in the energy sector will make a vital contribution to facilitate and accelerate the transition of the former socialist countries towards a market economy. Based on the progress towards achieving the internal energy market, it will play an important role in maintaining and strengthening economic and political stability in Europe, and in enhancing environmental protection'.

By 31 December 1992, the Charter had been signed by 48 countries: the Member States of the European Community, the Community itself, all the other countries of Western Europe, the four main non-European members of the OECD, all the republics of the former USSR (except for Turkmenistan), almost all the countries of Eastern Europe and three Mediterranean countries (Cyprus, Malta and Turkey). Several Maghreb and Gulf countries and a number of international organizations have observer status.

143. While the Charter was being negotiated under the chairmanship of the European Community, four working groups were set up to draw up the texts implementing the Charter, negotiation of which continued throughout 1992 and will probably end in 1993, namely:

- (a) a Basic Agreement (or 'Charter Treaty'), a document which aims at transposing into legally binding language the content of the Charter and which was entrusted to Working Group II chaired by the United Kingdom,
- (b) at this stage three sectoral protocols:
 - a protocol on energy efficiency (Working Group III, chaired by Hungary);
 - a protocol on hydrocarbons (Working Group IV, chaired by Norway);
 - a protocol on cooperation in the nuclear sector, including safety aspects (Working Group V, chaired by Canada).

Several Community members, as well as our East European and former Soviet Union partners, would like a specific protocol for the electricity sector to be prepared over the coming months.

Other protocols may follow, either negotiated among all Charter members or possibly confined to those members concerned in a specific area.

However, the proceedings of Working Groups III, IV and V were suspended in the second half of 1992. Priority was in fact given to preparation of the Basic Agreement which establishes the general rules from which the specific rules for each sector covered by specific protocols will subsequently be derived.

144. During 1992 the content of the Basic Agreement was gradually established and significant progress made with aligning delegations' positions.

As worded at present, the Basic Agreement permits signatories to grant national treatment to investors from any Charter country once investment has taken place; in the pre-investment phase, limited exemptions are allowed, although they will be subject to a standstill and rollback clause.

Access to resources and, as a quid pro quo, access to markets will be ensured according to standards of transparency and non-discrimination while respecting national sovereignty. Notwithstanding the fact that all Charter signatories are not yet GATT members, GATT rules underpin the trade provisions of the Basic Agreement.

Specific provisions have been laid down for transit, taxation, access to financing, technological cooperation and the settlement of disputes. There will be transitional measures to help countries of Eastern Europe and the former Soviet Union which are in transition to amend their laws and procedures before they become entirely subject to obligations under the Charter.

Institutional questions have yet to be resolved: it is likely that the Conference will remain in place with the task of supervising the process and that a small secretariat will be set up; a number of specific tasks might be entrusted to existing international organizations (for instance the IEA, the EBRD, the ECE/UN).

The Community played a central role not only at political level in maintaining the momentum of the negotiations but also in the practical organization of meetings and in providing delegates from the newly independent States with the necessary help (organizing information seminars, funding attendance at meetings, etc.).

The Energy Council on 30 November 1992 and the European Council in Edinburgh on 11 and 12 December 1992 expressed the wish that the Basic Agreement would be signed at the earliest opportunity and if possible before the end of June 1993.

Nuclear energy

RADIATION PROTECTION AND THE SINGLE MARKET

Transfer of radioactive waste

145. With a view to maintaining the high level of radiation protection within the Community after the abolition of border controls on 1 January 1993, on 3

February 1992, in accordance with Chapter III of the Euratom Treaty, the Council adopted a Directive on the supervision and control of shipments of radioactive waste between Member States and into and out of the Community.¹

This Directive is one of a number of legal acts the Council has adopted in recent years to intensify and increase the health protection of the population and workers against dangers arising from ionizing radiation.

Shipments of radioactive substances

146. At the same time the Council's subordinate bodies carried out the preliminary work in preparation for the future adoption by the Council of a draft Council Regulation on shipments of certain radioactive substances between Community Member States, in order to ensure the administrative follow-up of such substances after the abolition of internal Community border controls as a result of the completion of the internal market. This proposal is currently before the European Parliament.

OTHER SECTORS OF ACTIVITY

Plan of action in the field of radioactive waste

147. On 15 June 1992 the Council adopted a resolution on the renewal of the Community plan of action in the field of radioactive waste for 1993 to 1999, having regard to technological progress, new safety and environmental requirements as well as the new context created by the advent of the internal market and the gradual enlargement of the Community.

Technological problems of nuclear safety

148. On 18 June 1992 the Council also adopted a resolution on the technological problems of nuclear safety designed to encourage the process of consultation and cooperation within the Community in order to arrive at a set of safety criteria and requirements recognized throughout the Community and to extend the outcome of these efforts beyond the Community.²

¹ OJ L 35, 12.2.1992.

² OJ C 172, 8.7.1992.

Euratom safeguards

149. Finally, on 5 October 1992 the Council adopted conclusions on the operation of Euratom safeguards in accordance with Chapter VII of the Euratom Treaty reaffirming the importance of nuclear non-proliferation safeguard activities and encouraging the Commission to continue to ensure a high level of safeguards in the Community.

RELATIONS WITH THIRD COUNTRIES (NUCLEAR ENERGY)

Bilateral agreements

150. As in previous years, the Council's subordinate bodies regularly reviewed the application of bilateral agreements concluded in the nuclear sphere between Euratom and a number of third countries (Australia, Canada and the United States).

The progress of the current negotiations for the renewal of the bilateral Agreement with the United States in accordance with the negotiating directives adopted by the Council on 16 December 1991 is also reviewed periodically.

The draft cooperation Agreements between Euratom and Russia drawn up on the basis of the brief given by the Council to the Commission on 17 June 1991 for conducting negotiations with the USSR are currently being examined by the Council's subordinate bodies.

Relations with the International Atomic Energy Agency

151. In the overall problem of the budgetary streamlining of the proceedings of the two institutions, the Council followed with close interest the work undertaken together with the International Atomic Energy Agency (IAEA) to develop a new partnership approach designed to optimize safety inspections of nuclear installations and at the same time avoid duplication of effort.

The Council examined the interim results of the work undertaken within bodies of the IAEA to draw up an International Nuclear Safety Convention.

On 29 June 1992 it also approved the conclusion of a tripartite Euratom/United Kingdom/IAEA Safeguards Agreement pursuant to Additional Protocol No 1 to the Treaty of Tlatelolco applying the statute of denuclearization in respect of warlike purposes in territories in Latin America under United Kingdom jurisdiction.

Cooperation with and assistance for the countries of Central and Eastern Europe and of the former Soviet Union

152. Finally, the Council reviewed the nuclear aspects of cooperation with the countries of Central and Eastern Europe as well as with the countries of the former Soviet Union within the framework of the PHARE and TACIS programmes and of the coordination of G24 activities. On this occasion:

- (i) in conclusions adopted on 7 December 1992, the Council recalled the importance it attached to nuclear safety in Europe and pointed out that these problems should be given priority in the cooperation and technical assistance to these countries of that region in which nuclear plants were sited;
- (ii) the Council established a common Community position on the Nuclear Protocol of the European Energy Charter, final adoption of which hinged on prior adoption of the Basic Agreement, referred to above.¹

E — Transport policy

Air transport

EEC-NORWAY/SWEDEN AGREEMENT

153. On 22 June 1992 the Council adopted Decision 92/384/EEC² concerning the conclusion of an Agreement between the European Economic Community, the Kingdom of Norway and the Kingdom of Sweden on civil aviation.

This Agreement applies the **acquis communautaire** in the field of air transport to Norway and Sweden.

THIRD LIBERALIZATION PACKAGE

154. On 23 July 1992 the Council adopted five Regulations³ concerning the third phase of liberalization of air transport, namely:

Regulation (EEC) No 2407/92 on licensing of air carriers;

Regulation (EEC) No 2408/92 on access for Community air carriers to intra-Community air routes;

¹ See point 142 et seq. of this Review.

² OJ L 200, 18.7.1992.

³ OJ L 240, 24.8.1992.

Regulation (EEC) No 2409/92 on fares and rates for air services;
Regulation (EEC) No 2410/92 amending Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector;
Regulation (EEC) No 2411/92 amending Regulation (EEC) No 3976/87¹ on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector.

155. (a) The first Regulation lays down the conditions for the granting of operating licences to air carriers established in the Community on the understanding that, under the Regulation on access for air carriers to scheduled intra-Community air service routes, any Community air carrier in possession of a licence will be granted traffic rights between all Community airports.

The carrier's operating licence thus becomes the key to access to the Community air transport market, replacing the previous licence to operate certain routes.

The text contains Community provisions specifically governing relations between the competent national authorities and carriers established or to be established in the Member States.

These rules are based on harmonized Community criteria and establish common rules defining the financial and technical fitness conditions for the issue of licences.

Specifically:

they lay down non-discriminatory criteria as regards the place of business and control of undertakings seeking to be licensed; the principle of effective control is adopted in the form used for other sectors of activity in the Community; reasonable and useful conditions of economic viability and credit-worthiness are required for new and existing undertakings;

criteria for assessing technical capacity are to be adopted in further Community legislation. National criteria are to continue to apply to the AOC (Air Operator's Certificate) pending integration into Community legislation of JAR-OPS (codes for the operation of aircraft engaged in commercial aviation and general aviation with the exception of helicopters);

the registration of aircraft in the Community has been allowed a certain flexibility.

156. (b) The second Regulation concerns access for air carriers to air routes. Within the framework of the internal market, this Regulation lays down access

¹ OJ L 374, 31.12.1987; as amended by Regulation (EEC) No 2344/90, published in OJ L 217, 11.8.1990.

for Community air carriers to routes between all airports open for commercial air transport operations in Community territory.

However, a transitional period will apply to the introduction of cabotage until 1 April 1997, during which period consecutive cabotage will be authorized up to a limit of 50% of capacity.

Over the same period Member States may continue to regulate access to routes within their territory for resident air carriers.

The Regulation makes provision for certain safeguards, subject to Community control, to take account of effects on the environment, infrastructure limits, links with islands and coordination between different modes of transport.

It recognizes the principle of public service obligation, which is necessary if adequate air services are to be maintained in a number of national areas, in particular islands.

157. (c) The third Regulation concerns fares and rates for air services and is based on a system of free price fixing.

The system of free price fixing is accompanied by adequate safeguards to protect the industry's interests (price reductions all round across one market) and consumer interests (excessively high fares).

158. (d) The fourth Regulation amends Regulation No 3975/87 by extending application of the Community competition rules (Articles 85 and 86 of the Treaty) to air transport operated entirely within a Member State (the scope of Regulation No 3975/87 was restricted to international air transport between Community airports).

159. (e) The fifth Regulation concerns the application of Article 85(3) to categories of agreements and concerted practices in the air transport sector (authorization to the Commission to grant block exemptions).

SLOT ALLOCATION

160. Political agreement was reached at the Transport Council meeting on 7 and 8 December 1992 on a draft Regulation on common rules for the allocation of slots at Community airports.¹

¹ Regulation (EEC) No 95/93, formally adopted by the Council on 18 January 1993; OJ L 14, 22.1.1993.

The Regulation establishes a code of conduct guaranteeing the transparent, efficient and non-discriminatory allocation of slots against a background of mounting difficulties in respect of airport capacity.

The Community system is based on the optional guide to scheduling introduced by IATA. It is linked to the application of the Treaty competition rules, in particular with regard to the block exemptions in respect of slot allocation and planning of aircraft movements within an airport, due to enter into force on 1 January 1993, under the third liberalization package for air transport.

Transparency of information is an essential element in the new code of conduct aimed at establishing an objective procedure for slot allocation.

The Regulation defines coordinated and fully coordinated airports and lays down the duties of the coordinator who may, in particular, be made responsible for allocating slots. The Regulation enables a Member State to designate any airport as a coordinated airport.

In order to avoid situations where, through a lack of sufficient slots, the advantages of air transport liberalization are shared out unequally and competition is distorted, the Regulation lays down in particular the conditions of access for new entrants to the market.

In addition, the text recommends better utilization of existing slots based on the 'use it or lose it' rules, backed up by efficient control and a revision clause.

In some cases, the Regulation allows special provision to be made for the maintenance of slots for regional air services.

With regard to external relations, the Council considers that third countries should grant Community transporters equivalent treatment.

The text makes provision for free exchange of slots and for safeguard mechanisms where there is a clear imbalance between air carriers.

The Regulation came into force with effect from 22 February 1993.

Maritime transport

FREEDOM TO PROVIDE MARITIME TRANSPORT SERVICES WITHIN MEMBER STATES (MARITIME CABOTAGE)

161. After seven years of intense discussions, and having reconsulted the European Parliament, the Council adopted Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to mari-

time transport within Member States (maritime cabotage).¹ The Regulation liberalizes maritime cabotage as from 1 January 1993 for Community ship-owners operating ships registered in a Member State. However, it temporarily exempts some shipping services in the Mediterranean and along the coast of Spain, Portugal and France, namely cruise services (until 1 January 1995), transport of strategic goods (until 1 January 1997), services by ships smaller than 650 gross tonnes (until 1 January 1998), regular passenger and ferry services and island cabotage (until 1 January 1999) and regular passenger services and services provided by small vessels plying to the Greek islands (until 1 January 2004). The Regulation also lays down a safeguard system in the event of serious market disruption, designates the law applicable to manning and provides for the possibility of imposing public service obligations in island traffic.

SAFETY AT SEA

Radionavigation systems

162. On 25 February 1992 the Council formally adopted a Decision on radionavigation systems for Europe.²

COMPETITION RULES

Consortia

163. On 25 February 1992 the Council adopted the Regulation on the application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices between liner shipping companies (consortia).³

RELATIONS WITH THIRD COUNTRIES

164. At its meetings on 7, 8 and 21 December 1992, the Council asked the Commission to submit to it a document setting out the strategy to be adopted and the organization of work in shipping relations with third countries. The Commission also submitted to the Council a report on the application of Council Regulation No 4055/86 of 22 December 1986 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries.

¹ OJ L 364, 12.12.1992.

² OJ L 59, 4.3.1992.

³ OJ L 55, 29.2.1992.

Inland transport

ROAD TRANSPORT

Market access

165. On 26 March 1992 the Council adopted Regulation (EEC) No 881/92 on access to the market in the carriage of goods by road within the Community to or from the territory of a Member State or passing through the territory of one or more Member States.¹

Under the new market access arrangements, such transport will be carried out, as from 1 January 1993, under Community licences not subject to quotas, issued on the basis of certain quality criteria.

Passengers

166. On 16 March 1992 the Council adopted Regulation (EEC) No 684/92 on common rules for the international carriage of passengers by coach and bus.²

Under that Regulation the principle of freedom to provide services is to apply to such transport, thereby guaranteeing transporters from all Member States access to the market in question without discrimination on grounds of nationality or place of establishment.

The Regulation provides for:

- (i) the liberalization of shuttle services with accommodation and of most occasional services as well as journeys by empty vehicles in connection with such transport;
- (ii) objective criteria for authorizing new regular services or shuttle services without accommodation.

Road haulage cabotage

167. Regulation (EEC) No 4059/89 laid down transitionally (from 1 July 1990 to 31 December 1992) rules for the operation of road haulage cabotage within the Community, under a limited quota.

In accordance with Article 9 of that Regulation, the Commission submitted to the Council a proposal for the adoption by the Council, by 1 July 1992, of a

¹ OJ L 95, 9.4.1992.

² OJ L 74, 20.3.1992.

Regulation laying down the definitive cabotage system, which was to have come into force on 1 January 1993.

The system proposed by the Commission provides for non-resident carriers to be allowed to operate domestic road haulage services within a Member State, on a temporary basis and without quantitative restrictions, as from 1 January 1993.

On 16 July 1992, in Case C-65/90 (**European Parliament v Council**) the Court of Justice annulled Regulation No 4059/89, but decreed that all its effects should be maintained until the date on which it was due to expire, namely 31 December 1992.

The proposal for a Regulation was discussed by the Council on many occasions.

On 21 December 1992, being unable to reach agreement on the proposal, the Council:

- (i) agreed to continue discussions at a subsequent meeting;
- (ii) noted that the legal effects of Council Regulation (EEC) No 4059/89 would be maintained by the Member States in compliance with the principle of non-discrimination and pursuant to Article 76 of the Treaty.

It was understood that the Commission:

- (i) would continue to assign cabotage authorizations to the Member States under the quota as applied during the second half of 1992;
- (ii) stood by the proposal for a Council Regulation laying down the definitive system under which non-resident carriers may operate domestic road haulage services within a Member State.

Road passenger transport cabotage

168. On 23 July 1992 the Council adopted Regulation (EEC) No 2454/92¹ concerning road passenger transport services (passenger cabotage).

The provisions of the Regulation, which came into force on 1 January 1993, lay down:

- (a) for regular services:
 - (i) immediate liberalization of certain special regular frontier-zone services;

¹ OJ L 251, 29.8.1992.

- (ii) exclusion of other regular services for the time being: subsequent review of the situation regarding such services in the light of a report to be drawn up by the Commission by 31 December 1995;
- (b) for non-regular services:
 - (i) immediate liberalization of closed-door tours;
 - (ii) liberalization of all non-regular services as from 1 January 1996.

The Regulation goes on to provide for the future simplification of procedures for authorizing services which are still subject to such procedures and it does not rule out a further round of liberalization at a later stage. To that end the Commission is to report to the Council, and in the light of the report submit to it by 1 January 1996 a proposal for a Regulation, on which the Council will be required to act by a qualified majority by 1 January 1997.

In the case of transport from a Member State to a third country or vice versa, the Regulation is applicable to the leg of the journey within the Member State of departure or of destination, upon conclusion of the relevant agreement between the Community and the third country.

Speed limitation devices

169. On 10 February 1992 the Council adopted Directive 92/6/EEC on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community.¹

The Directive provides for the installation to all heavy goods and passenger vehicles and compulsory use of a device restricting their speed to standardized limits.

Weights and dimensions

170. On 10 February 1992 the Council adopted Directive 92/7/EEC amending Directive 85/3/EEC on the weights, dimensions and certain technical characteristics of certain road vehicles.¹

The Directive is designed to ensure equivalence between certain non-air suspension systems and air suspension systems for four-axle articulated vehicles, three- and four-axle motor vehicles and certain tandem axles of motor vehicles. It lays down a new Annex III to Directive 85/3/EEC determining, by means of a set of technically objective parameters, what is meant by such equivalence.

¹ OJ L 57, 2.3.1992.

Roadworthiness test: brakes and exhaust emissions

171. On 22 June 1992 the Council adopted two individual Directives under Directive 77/143/EEC,¹ which provides for periodic roadworthiness testing of commercial vehicles and private cars. The Directives in question lay down minimum standards and methods regarding brakes and exhaust emissions.

*Council Directive 92/54/EEC of 22 June 1992 amending Directive 77/143/EEC on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers (brakes)*²

The Directive amends Annex II to Directive 77/143/EEC so as to determine more clearly the various components of the braking system which need to be inspected, together with the likely reasons (objective and subjective criteria) for their failure.

*Council Directive 92/55/EEC of 22 June 1992 amending Directive 77/143/EEC on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers (exhaust emissions)*³

The Directive amends Annex II to Directive 77/143/EEC so as to determine more clearly the limit values for gaseous exhaust emissions from spark ignition (petrol) engines, and for smoke opacity in the case of compression ignition (diesel) engines, in motor vehicles.

Combined transport

DIRECTIVE 92/106/EEC

172. On 7 December 1992 the Council adopted Directive 92/106/EEC on the establishment of common rules for certain types of combined transport of goods between Member States.³

The Directive extends the scope of Directive 75/130/EEC to combined transport operations including a sea leg. The initial and final road legs of combined transport by road and sea are liberalized within a radius not exceeding 150 km

¹ OJ L 47, 18.2.1977. Directive as last amended by Directive 91/328/EEC (OJ L 178, 6.7.1991).

² OJ L 225, 10.8.1992.

³ OJ L 368, 17.12.1992.

as the crow flies from the seaport of loading or unloading. Combined transport by road and sea including a sea leg of not more than 100 km as the crow flies is excluded from the scope of the Directive.

It should be noted that the Directive represents a revision of Directive 75/130/EEC, into which these new provisions have been incorporated.

REGULATION (EEC) NO 3578/92

173. On 7 December 1992 the Council adopted Regulation (EEC) No 3578/92 amending Regulation (EEC) No 1107/70 on the granting of aids for transport by rail, road and inland waterway.¹

As proposed by the Commission, the Regulation renews until 31 December 1995 the rules on aid for investments in combined transport under Regulation (EEC) No 1107/70, which expired on 31 December 1992.

The Regulation also, in particular, extends the scope of Regulation (EEC) No 1107/70 to the granting of aid for transport equipment specifically designed for combined transport and used exclusively in combined transport. Such investment in specialist equipment should provide an alternative for Member States unable to carry out swiftly the infrastructure work required for the development of combined transport.

Market observation system

RESOLUTION

174. On 26 March 1992, the Council adopted a resolution on the extension of the system for observing the markets for the carriage of goods by rail, road and inland waterway.²

Transport infrastructure

COMMISSION COMMUNICATIONS

175. On 2 July 1992 the Commission submitted to the Council four communications on transport infrastructure which address the subject from the angle of the Community's contribution to establishing and developing trans-European networks provided for in the Treaty on European Union:

¹ OJ L 364, 12.12.1992.

² OJ C 86, 7.4.1992.

(a) a communication accompanied by a proposal for an amendment to Regulation (EEC) No 3359/90,¹ which expired on 31 December 1992, extending the duration of its current action programme until the entry into force of the Treaty on European Union and its implementing provisions.

At its meeting on 7 and 8 December 1992 the Council took note of the draft regulation resulting from the work of the Council's subordinate bodies on the Commission proposal. Since that draft had the effect of substantially amending the Commission's original proposal, the Council decided to consult the European Parliament again on the draft;

(b) three communications on the development of infrastructure (network guidelines):

- (i) a communication accompanied by a proposal for a Council decision on the creation of a trans-European road network;
- (ii) a communication accompanied by a proposal for a Council decision on the creation of a European inland waterway network;
- (iii) a communication on the creation of a European combined transport network and its operating conditions, to which are attached:
 - a proposal for a Council Decision concerning the establishment of a combined transport network in the Community (network guideline);
 - a proposal for a Council Directive amending Council Directive 75/130/EEC, on the basis of which the Council adopted Directive 92/106/EEC on 7 December 1992;
 - a proposal for a Council Regulation amending Regulation (EEC) No 1100/89 on the granting of aids, on the basis of which the Council adopted Regulation (EEC) No 3578/92 on 7 December 1992.

The Council will begin examining the three proposals for decisions relating to network guidelines (road network, inland waterway network and combined transport network) annexed to the above three communications at the beginning of 1993.

External relations in the field of inland transport

AGREEMENTS WITH AUSTRIA AND SWITZERLAND ON TRANSIT BY RAIL AND BY ROAD

176. On 27 and 30 November 1992 the Council adopted two decisions concerning the conclusion of transit agreements between the Community and

¹ Regulation for an action programme in the field of transport infrastructure with a view to the completion of an integrated transport market in 1992; OJ L 326, 24.11.1990.

Austria (92/577/EEC),¹ and between the Community and Switzerland (92/578/EEC).¹

These agreements, which were signed at the same time as the EEA Agreement on 2 May 1992 in Oporto, are designed to facilitate trade and road haulage services through Austria and Switzerland.

The transit agreement with Austria entered into force on 1 July 1993 and the agreement on transport with Switzerland on 22 January 1993.

177. With regard to the distribution of 'eco-points' between the Member States under the transit Agreement with Austria, on 27 November 1992 the Council adopted Regulation (EEC) No 3637/92 on a system of distribution of rights of transit (eco-points) for heavy goods vehicles with a laden weight of over 7.5 tonnes registered in a Member State transiting through Austria.¹

This Regulation, which entered into force on 1 January 1993, established a system of distribution between the interested hauliers of eco-points made available to the Community by virtue of Article 15 of the transit Agreement with Austria.

The following should be noted:

- (i) the estimate of transit journeys referred to in Article 15(4)(2) of the Agreement amounts to 1 264 000 for the Community. That figure may rise by 4 to 8% in the event of good technical performances by the vehicle fleet;
- (ii) the eco-points to be allocated to the Community on that basis will be apportioned among the Member States in accordance with the following table:

Italy	510 000
Germany	482 500
Netherlands	123 500
Greece	60 500
Denmark	40 500
Belgium	32 500
United Kingdom	8 500
Spain	1 200
France	5 000
Luxembourg	5 000
Ireland	1 000
Portugal	400
Total	1 270 600

¹ OJ L 373, 21.12.1992.

- (iii) the eco-points from the Community reserve are to be distributed by the Commission on the basis of objective criteria and in the light of the real needs of the Member States;
- (iv) in a statement in the Council minutes the Council noted that the provisions of the transit agreement with Austria did not stand in the way of a review of the matter during any accession negotiations.

AGREEMENT WITH THE REPUBLIC OF SLOVENIA IN THE FIELD OF TRANSPORT

178. On 26 October 1992 the Council adopted a decision authorizing the Commission to negotiate an agreement with the Republic of Slovenia in the field of transport.

That agreement, which confirms freedom of Community transit through Slovenia, was initialled on 6 January 1993. It will be signed and concluded formally after submission by the Commission of a proposal for a decision to that effect.

RELATIONS WITH THIRD COUNTRIES ON INLAND WATERWAY TRANSPORT

179. On 7 and 8 December 1992 the Council adopted a decision authorizing the Commission to negotiate agreements on inland waterway transport with certain third countries within the framework of the negotiating brief given by the Council.

The first round of negotiations is to take place in Brussels at the beginning of March 1993.

General questions

SUMMERTIME

180. On 26 March 1992 the Council adopted the sixth Directive 92/20/EEC on summertime arrangements.¹

The Directive fixes the date and time for the beginning of the summertime period throughout the Community in 1993 and 1994.

¹ OJ L 89, 4.4.1992.

F — Telecommunications and postal services

181. On 5 June 1992 the Council adopted, in implementation of Directive 90/387/EEC on the establishment of the internal market for telecommunications services through the implementation of open network provision (ONP):

(a) a Directive on the application of ONP to leased lines.¹ The Directive is designed to ensure non-discriminatory and efficient access for users to telecommunications networks and public services in the field of the supply of leased lines while implementing the general principles harmonized by framework Directive 90/337/EEC.

It sets out the conditions for the application of open network provision to leased lines and states the nature of the lines leased which must be provided in the Member States in a harmonized manner.

Harmonization also extends to conditions of use, principles governing tariffs, ordering procedures, monitoring by national authorities and conciliation procedures in the case of disagreement between the user and supplier of leased lines.

Leased lines are an essential element of public telecommunications infrastructure. They are one of the main elements of telecommunications networks which undertakings use to meet their own needs or to supply services to third countries, in particular added-value or competitive services;

(b) a recommendation on the harmonized provision of a minimum set of packet-switched data services (PSDS);

(c) a recommendation on the provision of harmonized ISDN access arrangements (integrated services digital network) and a minimum set of ISDN offerings.²

182. At the same meeting the Council also adopted a resolution containing a number of recommendations to the Member States, the Commission and public telecommunications network operators designed to encourage the development of the integrated services digital network (ISDN) in the context of trans-European networks in the European Community.

On 19 November 1992 the Council adopted a resolution on the promotion of Europe-wide cooperation on numbering of telecommunications services, with a

¹ OJ L 165, 19.6.1992.

² OJ L 200, 18.7.1992.

view, in particular, to introducing a European area code for telephone services which could be provided Europe-wide.¹

At the same meeting the Council also adopted two resolutions concerning:

- (i) the implementation of the European Radiocommunications Committee (ERC) decisions on the terrestrial flight telecommunications system (TFTS) and road transport telematics (RTT) systems;¹
- (ii) assessment of the situation in the Community telecommunications sector in which it states *inter alia* the approach that it wishes to see followed regarding the preparation of decisions to be taken regarding the introduction of the forthcoming liberalization stage of the telecommunications services sector.²

G — Economic and social cohesion — Regional policy

183. Under the Community policy in favour of its most remote regions, at its meeting on 15 June 1992 the Council adopted eight Regulations for the French overseas departments and the Canary Islands, the Azores and Madeira. These Regulations concern the following fields:

two Regulations (No 1600/92 for Madeira and the Azores, No 1601/92 for the Canary Islands) concerning specific measures in the agricultural sector, in particular with regard to supplies, the protection of local production, improving agricultural structures and plant health protection;¹

a Regulation (No 1602/92) temporarily derogating from implementation of Community anti-dumping measures on imports into the Canary Islands of certain sensitive products;¹

a Regulation (No 1603/92) concerning the three most remote regions, authorizing an enhanced aid system for the formation of producers' organizations in the fisheries sector;³

a Regulation (No 1604/92) concerning the three most remote regions, amending Regulation (EEC) No 2504/88 on free zones and free warehouses;¹

two Regulations (Nos 1605/92 and 1606/92) temporarily suspending the autonomous CCT duties on imports into the Canary Islands of certain industrial products and certain tobaccos.³

¹ OJ C 318, 4.12.1992.

² OJ C 2, 6.1.1993.

³ OJ L 173, 27.6.1992.

The representatives of the governments of the Member States meeting within the Council also adopted an ECSC Decision (92/319/ECSC) temporarily suspending the customs duty applying to the import into the Canary Islands of an iron and steel product.¹

The Council also adopted Regulation No 3621/92 of 14 December 1992 temporarily suspending the autonomous CCT duties on imports of certain fishery products into the Canary Islands.²

Taking into account the social and regional consequences of the abolition of customs formalities on 31 December 1992, the Council adopted Regulation No 3904/92 of 17 December 1992 on measures to adapt the profession of customs agent to the internal market.³

¹ OJ L 173, 27.6.1992.

² OJ L 368, 17.12.1992.

³ OJ L 394, 31.12.1992.

Chapter IV

Common agricultural policy and common fisheries policy

I — *Common agricultural policy*

A — Guidelines

Reform

184. Broadly speaking, the reform of the common agricultural policy on which political agreement was reached by the Council on 21 May 1992 is based on the following elements:

PLANT PRODUCTS

Arable crops

185. In the cereals sector, the target price will be reduced by 29% in three stages as from the 1993/94 marketing year. This price reduction will be accompanied by a per hectare compensatory payment calculated taking account of the regional yield as established on the basis of the regionalization plans drawn up by the Member States.

The specific arrangements for oilseeds adopted by the Council in 1991¹ will, as from the 1993/94 marketing year, be integrated into the system applying to all arable crops with support being provided through per hectare aid which is fixed at Community level and may be regionalized, having regard to the average regional yield in either cereals or oilseeds. The amount of the aid was fixed at ECU 359 per hectare and will be adjusted in the light of price trends on the world market.

As from the 1993/94 marketing year, the arrangements applicable to protein crops will, in the case of peas, field beans and sweet lupins, be replaced by

¹ See 39th Review, point 345.

compensatory aid which will also be granted per hectare and on the basis of the regional yield in cereals. Other protein crops (lentils, chick-peas and vetches) will continue to benefit from the current aid arrangements until the 1995/96 marketing year.

Payments in compensation for the price reductions applied in the cereal, oilseed and protein-crop sectors will be made available to those producers who set aside a part of their land, set at 15% for the 1993/94 marketing year; this percentage is established on the basis of the reference areas. This condition will not be applicable to producers whose land is of an area less than that required to produce 92 tonnes of cereals.

Dried fodder

186. The aid for the 1992/93 marketing year was fixed at 80% of the difference between the guide price and the world price. In 1993/94, the percentage will be 70% of the gap between these two prices. It will subsequently be decided whether, as from 1994/95, such fodder should continue to be granted specific aid or be included in the general framework for arable crops.

Tobacco

187. In this sector, a global quota was introduced for allocation to eight categories of tobacco varieties. The level of this quota was fixed at 370 000 tonnes for 1993 and 350 000 tonnes as from 1994. A single premium will be paid for each variety group, and producer support will be provided by this premium. Intervention and export refunds will be abolished. It was also decided to:

- (i) create a Community research and information fund financed by means of a deduction equal to no more than 1% of the premiums granted;
- (ii) set up an agency in each Member State to monitor Community tobacco arrangements;
- (iii) implement a conversion programme for the Mavra, Tsebelia, Forchheimer Havana hybrids and hybrids of Geudertheimer varieties.

Moreover, in view of the way in which production of the Virginia variety has been extended in Greece on the basis of the investments decided on before 30 December 1991, at its meeting from 14 to 17 December 1992 the Council requested the Commission to reconsider the allocation of quotas to the range of tobacco varieties in Greece and to submit conclusions as soon as possible.

ANIMAL PRODUCTS

Milk and milk products

188. The production quota system introduced in this sector in 1984 was confirmed by the Council for a further period of seven times 12 months, beginning on 1 April 1993.

Regarding prices in this sector, a 5% reduction in the price of butter was decided on; this will be done in two stages of 2.5%, one in each of the marketing years 1993/94 and 1994/95.

Finally, the Council agreed to consolidate and simplify the milk-quota arrangements. The relevant Regulation, No 3950/92, was adopted by the Council on 28 December 1992.¹ The Council agreed at that time to adapt the overall reference quantities before 31 March 1993, in the light *inter alia* of its decisions of 21 May 1992 and a report to be submitted by the Commission on the state of the market. When assessing the state of the market, the Commission will have to take account of all relevant factors and in particular the effect on Community production of the reductions made or planned in Spain and Italy.

The Council in fact took a decision of principle on 21 May 1992 that, if it obtained satisfactory proof that the quota arrangements had actually been applied in Spain and Greece in 1992/93 and production had therefore been cut, certain adjustments to the guaranteed overall quantities for these States would be agreed to as from 1993/94 (Spain: revised quota: + 500 000 t; Greece: + 100 000 t).

Regarding the milk-quota arrangements in Italy, the Council at its meeting from 14 to 16 December 1992 noted by a qualified majority the efforts made by Italy to resolve the problem entailed in compliance with the quota arrangements, which required it to reduce its production by 1.57 million tonnes. It agreed to consider an increase of 0.9 million tonnes in the Italian quota, subject to the provision of proof that the arrangements were being applied correctly. The Council will act on this matter in the light of a Commission report on application of the quota arrangements in Italy.

Beef and veal

189. The Council decided to cut the intervention price for beef and veal by 15%. This reduction will be spread over three years as from 1 July 1993. The

¹ OJ L 405, 31.12.1992.

intervention arrangements will also be amended with a lowering of intervention purchasing ceilings, which will be reduced in stages from 750 000 tonnes in 1993 to 350 000 tonnes in 1997, the introduction of a safety net applicable in any Member State in which the market price is less than 60% of the intervention price during a reference period and the limiting of eligibility for intervention to meat of good slaughter quality. Producers will be eligible for four premiums: for male bovine animals, suckler cows, calf conversion and extensification. Finally, in order to take account of environmental worries, the Council decided to limit the support given by such premiums to a maximum livestock density per hectare of fodder area.

Pursuant to these decisions, the Commission submitted to the Council a proposal amending the basic Regulation on beef and veal in order to extend entitlement to the suckler-cow premium to all medium-sized producers having a reference quantity of less than 120 000 kg and to limit the deseasonalization premium to bullocks. During its meeting from 14 to 17 December 1992, the Council noted the agreement by a qualified majority of delegations to this proposal, on the understanding that additional rights to the suckler-cow premium of 800 000 head would be added to national reserves, and that the total number of such rights would be distributed among the Member States on the basis of average beef production percentages and valid suckler-cow premium claims. The Regulation will be formally adopted at the beginning of 1993.

Sheepmeat

190. The premium system currently in force in this sector was maintained: where the individual ceilings — fixed at 1 000 head in less-favoured regions and 500 in other regions — are exceeded, the premiums granted will be reduced by 50%. These premiums will be granted on the basis of a reference year, 1989, 1990 or 1991, to be determined by each Member State. Provision was made for reserves to take account of certain producers who are submitting applications for the first time, and of the special situation of less-favoured regions. Finally, measures were adopted in order to regulate transfers of rights between producers and between regions.

ACCOMPANYING MEASURES

191. Decisions concerning the reform also include measures of a more structural nature intended to integrate environmental protection and rural economy development requirements more fully into the common agricultural policy. On 30 June 1992 the Council adopted three Regulations concerning: environment-friendly protection methods;

an aid scheme for early retirement in agriculture;
afforestation of agricultural land.¹

Agricultural prices for the 1992/93 marketing year

192. The agricultural prices for the forthcoming marketing year were the subject of a political agreement reached by the Council on 21 May 1992 in the course of its discussions on reform of the common agricultural policy.

Without prejudice to the consequences of applying the stabilizer mechanism, of specific adjustments to obtaining prices in Spain and Portugal and of monetary adjustments, prices were in general maintained at the levels fixed for the previous marketing year.

It should, however, be noted that the target prices for cereals and rice were lowered slightly in order to take account of an updating of transport costs, something which was taken into account in calculating the prices on the basis of the intervention price.

In the olive oil sector, it was decided in the light of the market situation to transfer part of consumption aid to production aid and thereby reduce the intervention price for this product by the same amount-ECU 135 per tonne.

Finally, the prices obtaining in the cotton sector were adjusted on the technical level in order to reflect an improvement in standard quality.

New common organizations of the market

193. In the context of completion of the single market, the Commission submitted proposals to the Council in the course of the second half of 1992 concerning the establishing of common organizations of the markets for bananas and potatoes.

BANANAS

194. The guidelines for the banana sector adopted by the Council at its meeting from 14 to 16 December 1992, cover the following external features:

- (i) opening of a 2 million tonne reduced-duty (ECU 100/tonne) tariff quota subject to increase in the light of the market situation. Imports in excess of the quota will be subject to a duty of ECU 850/tonne;

¹ See point 218 et seq. of this Review.

- (ii) allowing of duty-free imports from ACP States up to the traditional level reflecting their highest sendings in any one year up to and including 1990. These exports may be increased under certain conditions. For ACP non-traditional quantities, the ECU 100/tonne duty will be reduced;
- (iii) introduction of a scheme to distribute licences giving access to the reduced-duty tariff quota and ensuring compliance with obligations towards Community and ACP producers..

The Council agreed to adopt a Decision on a proposal from the Commission, amended as indicated above, between now and 1 March 1993 in order to make possible its full application no later than 1 July 1993; transitional measures will have to be taken in the meantime to avoid any disruption of the market.

POTATOES

195. In this sector, the Commission proposed measures intended to encourage the marketing of potatoes through producer groups, which would be instructed to contribute to the stabilization of the Community market and promote the quality and viability of production, and also proposed trade arrangements for third countries making possible, where necessary, the introduction of a system of import certificates and to apply appropriate measures in the event of severe disturbance of the Community market. The Council examined this proposal in December 1992, when it envisaged supplementing the proposed measures by adding provisions for marketing standards and taking a decision on these new arrangements once the European Parliament had delivered its opinion.

B — Management of the common agricultural policy

196. During 1992, the Council adopted several Regulations concerning management of those sectors subject to common organization of the market and adaptation of the basic Regulations. The main features of these measures are indicated below.

Plant products

CEREALS AND RICE

197. In order to enable Portugal to deal with the consequences of the drought and in particular to ensure that Portuguese breeders are not obliged to sell their

livestock prematurely for want of fodder, the Council on 31 March 1992 adopted Regulation No 916/92 on the transfer to Portugal of 382 000 tonnes of cereals held by various intervention agencies.¹

In the agreement concluded on 30 January 1987 between itself and the United States, the Community undertook to open for four years an annual quota for imports into Spain of 2 million tonnes of maize and 0.3 million tonnes of sorghum. That agreement was extended in 1991 and again until the end of 1992, whereupon the Council decided on 28 December 1992, by adopting Regulation No 3875/92, to make the appropriate amendments to Regulation (EEC) No 1799/84 concerning these special import arrangements in order to ensure the practical implementation of the most recent extension.²

Finally, at its meeting from 14 to 17 December 1992, the Council welcomed the fact that the Commission intended shortly to propose a Regulation extending in France the zones in which durum wheat producers may be eligible for per hectare specific aid and enabling Spain and Portugal to take account of reference periods other than those currently applicable for the purpose of determining the areas eligible for specific durum wheat aid.

SUGAR

198. Pending examination of all Community arrangements applicable to sugar, the Council decided on 27 November 1992, by adopting Regulation No 3484/92 amending the basic Regulation on sugar, to extend for six months (until 30 June 1993) the specific arrangements for supplying Portuguese refineries with raw sugar as provided for in the Act of Accession.³

Regarding preferential sugar, on 23 July 1992 the Council adopted: the Decision on the conclusion of the Agreement in the form of an Exchange of Letters between the Community and the Republic of India on the guaranteed prices for cane sugar for the 1989/90, 1990/91 and 1991/92 delivery periods; the Decision authorizing the Commission to negotiate the guaranteed prices applicable during the 1992/93 delivery period to cane sugar originating in certain ACP States and in India; the negotiations in question were concluded on 21 October 1992 with the ACP States and on 23 November 1992 with India.

¹ OJ L 98, 11.4.1992.

² OJ L 391, 31.12.1992.

³ OJ L 353, 3.12.1992.

OILS AND FATS

199. On 27 January 1992 the Council adopted Regulation No 221/92 laying down derogating provisions as regards storage contracts for olive oil in Greece, Spain and Portugal.¹ These measures provide that, where there are no producer groups, storage contracts may be concluded in the Member States concerned by producers' organizations or recognized associations thereof within the meaning of the basic Regulation on oils and fats.

This basic Regulation No 136/66/EEC, was first amended by Regulation No 356/92 adopted by the Council on 10 February 1992, when it was decided to adapt the definitions of virgin olive oils in order to harmonize them with those adopted by the International Olive Oil Council.²

The basic Regulation was amended for the second time on 30 June 1992 when the Council, in the course of fixing agricultural prices for the following marketing year, decided by adopting Regulation No 2046/92 to allow access to Community intervention to producer groups and recognized associations thereof.³

On 3 March 1992 the Council also adopted Regulation No 593/92 amending Regulation (EEC) No 2262/84 laying down special measures in respect of olive oil.⁴ The purpose of the amendments made to this Regulation is, firstly, to improve the operation of the monitoring agencies in the olive oil sector and extend their powers to ensure correct and uniform application of the various Community rules in this sector and, secondly, to adopt the method for financing those agencies for a further five-year period as from the 1992/93 marketing year.

Finally, on 23 July 1992 the Council adopted Regulation No 2159/92 on the financing of expenditure for the establishment and updating of the register of olive cultivation.⁵ This Regulation fixed at 2.4% for each of the marketing years from 1992/93 to 1997/98 the deductions from aid for olive oil production to be used for financing the said expenditure.

¹ OJ L 24, 1.2.1992.

² OJ L 39, 15.2.1992.

³ OJ L 215, 30.7.1992.

⁴ OJ L 64, 10.3.1992.

⁵ OJ L 217, 31.7.1992.

TABLE OLIVES

200. On 18 May 1992, the Council adopted Regulation No 1332/92 introducing specific measures for table olives.¹ This Regulation involves measures to develop the consumption of table olives and the granting of specific aid for the constitution of working capital aimed at stabilizing supply, in particular through the financing of storage required for the phased release of olives to the market.

FRUIT AND VEGETABLES

201. On 27 January 1992, the Council adopted Regulation No 220/92 amending Regulation (EEC) No 3285/83 laying down general rules for the extension of certain rules issued by producers' organizations in the fruit and vegetable sector.² The purpose of this amendment is to maintain for Spain and Portugal the provisions establishing the threshold requirement relating to representativeness, i.e. more than 50% of the producers and more than 50% of the production in a given economic area.

Regulation No 525/92 on temporary compensation for the consequences of the situation in the former Yugoslavia on transport of some fresh fruit and vegetables from Greece was adopted by the Council on 25 February 1992³ in order to give the operators concerned financial assistance to compensate for the increase corresponding to their consignments in 1991.

In view of the persistence of the conflict in the former Yugoslavia, the Council in its overall Decision on prices for the 1992/93 marketing year requested the Commission to submit a proposal for continuation of this special assistance. On 23 November 1992 the Council adopted the Regulation in question, No 3438/92,⁴ which extends for the years 1992 and 1993, in so far as the conflict rules out use of the traditional routes, application of the special measures introduced by Regulation (EEC) No 525/92, while adapting them in the light of experience acquired.⁴

On 30 March 1992, the Council adopted Regulation No 832/92 amending Regulation (EEC) No 790/89 fixing the level of additional flat-rate aid for the formation of producers' organizations in the nut and locust bean-growing sector.⁵ The aim of this Regulation is to authorize the organizations concerned,

¹ OJ L 145, 27.5.1992.

² OJ L 24, 1.2.1992.

³ OJ L 58, 3.3.1992.

⁴ OJ L 350, 1.12.1992.

⁵ OJ L 88, 3.4.1992.

in the event of unfavourable weather conditions, to base the calculation of their formation aid on the first or second marketing year following the date of recognition.

202. In order to take account of the increase in imports of preserved mushrooms into the Community, of the Association Agreement with Poland providing for an increase in the amounts reserved for that country and of the changes in the tariff nomenclature, the Council on 28 April 1992 adopted Regulation No 1122/92 making the appropriate amendments to Regulation (EEC) No 1796/81 on measures applicable to imports of preserved cultivated mushrooms.¹

Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables was amended on 28 April 1992² when the Council decided, by adopting Regulation No 1156/92, to make it possible for the Commission to grant authorizations allowing the official inspection authorities of third countries to carry out checks on the conformity of fruit and vegetables with Community quality standards before they are exported to the Community.

In the course of the year, the Council introduced two measures in the small soft fruits sector. Firstly, on 18 May 1992 it adopted Regulation No 1333/92 on the system of minimum import prices for certain soft fruits originating in Hungary, Poland and the Czech and Slovak Federal Republic.³ This Regulation lays down general rules governing that system, including the criteria for fixing the level of the minimum prices, and provisions to be invoked in the event of non-compliance with the prices. Then, on 13 July 1992, the Council adopted Regulation No 1991/92 establishing a special scheme for raspberries intended for processing.⁴ In order to deal with the difficulties which have arisen, this measure provides for aid to organizations of producers of raspberries intended for processing, provided they agree to participate in a programme to improve the competitiveness of this sector.

On 16 June 1992 the Council adopted Regulation No 1569/92 amending Regulation (EEC) No 426/86 on the common organization of the market in products processed from fruit and vegetables;⁵ this amendment makes a technical adjustment to existing provisions for fixing the minimum price to be paid for fresh tomatoes intended for the manufacture of tomato concentrate, juice and flakes.

¹ OJ L 117, 1.5.1992.

² OJ L 122, 7.5.1992.

³ OJ L 145, 27.5.1992.

⁴ OJ L 199, 18.7.1992.

⁵ OJ L 166, 20.6.1992.

A premium is granted for processed tomato products provided that a significant quantity of the fresh tomatoes used is the subject of a contract concluded with the producers' associations. For the 1992/93 marketing year, Regulation No 3609/92 adopted by the Council on 14 December 1992 fixed this quantity at 80% of the total quantity of processed tomatoes.¹

WINE

203. Pending an arrangement in the wine sector between the Community and the United States, the Council decided, by adopting Regulations Nos 526/92 and 527/92 on 25 February 1992, to extend for three months until 30 April 1992 the derogations granted to the United States, which make possible greater flexibility with certificates of origin and analysis reports through appropriate guarantees and imports of wines which have undergone certain oenological practices authorized in the United States but not allowed in the Community.²

In the absence of a conclusion to negotiations with the United States, these derogations were further extended by the Council firstly on 18 May 1992 until 31 October 1992 by means of Regulations Nos 1335/92 and 1336/92³ and then on 27 October 1992 until 30 April 1993 by means of Regulations Nos 3200/92 and 3201/92.⁴

In order to extend to Portugal as from the 1991/92 marketing year the Community permanent abandonment arrangements in respect of wine-growing areas, while maintaining in Portugal the abandonment premiums in force applicable to the undertakings already entered into, the Council on 30 March 1992 adopted Regulation No 833/92 making the appropriate amendments to Regulation (EEC) No 1442/88 on the granting for the 1988/89 to 1995/96 wine years of permanent abandonment premiums in respect of wine-growing areas and repealing Regulation (EEC) No 2239/86 on a specific common measure to improve wine-growing structures in Portugal.⁵

Regulation (EEC) No 1442/88 was the subject of a second amendment on 30 June 1992, when the Council decided, by adopting Regulation No 1869/92, to specify that for abandonment operations the total amounts paid or recovered for the 1988/89 and 1989/90 wine years are booked to the Guarantee Section of the EAGGF.⁶

¹ OJ L 366, 15.12.1992.

² OJ L 58, 3.3.1992.

³ OJ L 145, 27.5.1992.

⁴ OJ L 319, 4.11.1992.

⁵ OJ L 88, 3.4.1992.

⁶ OJ L 189, 9.7.1992.

204. In view of the numerous successive consolidation operations which have taken place in Community rules in the wine sector, for reasons of logic and clarity the Council on 13 July 1992 adopted Regulations Nos 2332 and 2333 consolidating current Regulations on sparkling wines produced in the Community¹ and laying down general rules for the description and presentation of sparkling wines and aerated sparkling wines.¹

Finally, pending the conclusion of a global agreement between the Community and Hungary, the Council decided by adopting Regulation No 2795/92 on 21 September 1992, to extend for one year, until 31 August 1993 the derogation provided for in Regulation (EEC) No 3677/89 for certain quality wines originating in Hungary in regard to the total alcoholic strength by volume, which exceeds the 15% maximum strength normally allowed under Community rules.²

SPIRIT DRINKS

205. After completing the procedure for cooperation with the European Parliament, the Council on 9 November 1992 adopted Regulations Nos 3279/92 and 3280/92 which are intended to prohibit the use of lead-based capsules or foil to cover the closing devices of containers used for aromatized wines and spirit drinks.³

HOPS

206. On 26 October 1992, the Council adopted Regulation No 3124/92 amending Regulation (EEC) No 1696/71 on the common organization of the market in hops.⁴ This amendment defines certain products covered by the basic Regulation and introduces measures intended to gradually step up marketing by recognized producer groups.

A series of Regulations concerning this sector were adopted by the Council on 16 November 1992.

Firstly, in Regulation No 3337/92 amending Regulation (EEC) No 1981/82 drawing up the list of Community regions in which production aid for hops is granted only to recognized producer groups, the Council decided to supplement

¹ OJ L 231, 13.8.1992.

² OJ L 282, 26.9.1992.

³ OJ L 327, 13.11.1992.

⁴ OJ L 313, 30.10.1992.

this list by adding three new German *Länder*: Saxony, Saxony-Anhalt and Thuringia.¹

The Council then, in Regulation No 3338/92, amended Regulation (EEC) No 2997/87 laying down, in respect of hops, the amount of aid to producers for the 1986 harvest and providing for special measures for certain regions of production.¹ By this amendment, it was decided to extend from 1992 to 1994 the period in which conversion plans may be carried out and to increase the maximum eligible surface for each Member State from 800 ha to 1 000 ha in order to take account of the increase in areas of bitter-hop varieties following the unification of Germany and to take account of the practical problems encountered by other Member States in implementing conversion measures.

Finally, the amount of aid to producers for the 1991 harvest was fixed by Regulation No 3339/92, as for the 1990 harvest, at ECU 340 per hectare for all groups of varieties.¹

TOBACCO

207. Since it was not possible to decide on reform of the common agricultural policy in time for it to be applied in the tobacco sector from the start of the 1992/93 marketing year, the Council on 30 March 1992 adopted Regulations Nos 860/92 and 861/92, deciding;

in the case of the maximum guaranteed quantities, to maintain for the 1992 harvest the quantities set for each variety and group of varieties for the previous harvest;

in the case of the price and premium reductions where the maximum guaranteed quantities are exceeded, to raise the limit for such reductions from a 15% maximum to 23%.²

Following a judgment by the Court of Justice, which in Case C-368/89 declared Regulations (EEC) Nos 114/88 and 2268/88 void in so far as they provided for a maximum guaranteed quantity for tobacco of the Bright variety harvested in 1988, the Council decided, by adopting Regulations Nos 1570/92 and 1571/92, to abolish as a legal safeguard, all the maximum guaranteed quantity arrangements laid down for the 1988 harvest.³

¹ OJ L 336, 20.11.1992.

² OJ L 91, 7.4.1992.

³ OJ L 166, 20.6.1992.

FLORICULTURE

208. On 16 November 1992, the Council through Regulation No 3336/92 made a technical amendment to Regulation (EEC) No 234/68 on the common organization of the market in live trees and other plants, bulbs, roots and the like, cut flowers and ornamental foliage.¹ This amendment means that chicory plants and roots are subject to the common organization of the market as from 1 January 1993.

Animal products

MILK PRODUCTS

209. As indicated in the previous Review, the Council decided in January 1991 to suspend until the end of the 1991/92 milk year, with certain derogations, the inward processing arrangements in this sector (IPA). By Regulation No 611/92 adopted on 3 March 1992, the Council reconfirmed in legal terms the IPA situation obtaining at 31 December 1991, and extended to certain modified wheys the list of products eligible for a derogation from this suspension.²

Since the milk-quota system instituted in 1984 expires on 31 March 1992 the Council, without prejudice to any future measures that might be taken in the milk sector under the reform of the CAP, adopted Regulations Nos 816/92, 817/92 and 818/92 on 31 March 1992 extending the quota system for a further marketing year.³

On 28 April 1992, the Council adopted Regulation No 1188/92 amending Regulation (EEC) No 1637/91 fixing compensation with regard to the reduction of the reference quantities referred to in Article 5c of Regulation (EEC) No 804/68 and compensation for the definitive abandonment of milk production.⁴ With this measure the Council authorized the Member States to continue the scheme for the discontinuation of milk production until 30 September 1992 and to invite producers who had not resumed milk production as at 1 April 1992 to apply for compensation for discontinuing production.

The guideline figure for the fat content of standardized whole milk imported into Ireland and the United Kingdom for the 1992/93 milk year was fixed by the Council on 18 May 1992 in Regulation No 1334/92 at 3.50% for Ireland and 4% for the United Kingdom.⁵

¹ OJ L 336, 20.11.1992.

² OJ L 67, 12.3.1992.

³ OJ L 86, 1.4.1992.

⁴ OJ L 124, 9.5.1992.

⁵ OJ L 145, 27.5.1992.

210. In order to remove the final obstacles to free movement of drinking milk in the Community, the Council introduced on 23 July 1992 in Regulation No 2138/92 the appropriate amendment to Regulation (EEC) No 1411/71 laying down additional rules on the common market organization in milk and milk products for drinking milk.¹

In a judgment delivered on 19 May 1992, the Court of Justice decided that the Council and the Commission should compensate for the damage suffered by those milk producers who had given undertakings not to market milk pursuant to Council Regulation (EEC) No 1078/77 ('SLOM' producers) and who had not been allocated quotas when the milk quota system was set up in 1984.

Pursuant to that judgment, the Council and the Commission recognized in Communication No 92/C 198/04 their non-contractual liability *vis-à-vis* those SLOM producers falling within the terms and criteria of the judgment, agreed to interrupt the bar on claims in the case of claims which were not yet barred on the date of the Communication and announced that producers would be informed by a subsequent act of the practical arrangements for compensation.²

211. On 27 November 1992, the Council decided in Regulation No 3483/92 to extend for the 1992/93 milk year the arrangements introduced by Regulation (EEC) No 1307/85 authorizing the Member States to grant a consumption aid for butter.³ The maximum amount of the aid was set at ECU 50 per 100 kg, reduced to ECU 25 per 100 kg as from 1 January 1993.

The Council also decided in Regulation No 3654/92 of 14 December 1992 to extend for two years — until 31 December 1994 — the arrangements provided for in Regulation (EEC) No 2990/82 on the sale of butter at reduced prices to persons receiving social assistance⁴ with the amount of the aid in question being ECU 140 per 100 kg.

The specific arrangements for importing New Zealand butter into the United Kingdom on special terms was extended by the Council on 17 December 1992 in Regulation No 3841/92 until 31 December 1993;⁵ the imports will involve an amount of 51 830 tonnes subject to a levy rate of ECU 34.28 per 100 kg.

Finally, it should be noted that Council bodies continued examination during the year of a Commission proposal submitted at the end of 1991 with a view to

¹ OJ L 214, 30.7.1992.

² OJ C 198, 5.8.1992.

³ OJ L 353, 3.12.1992.

⁴ OJ L 370, 19.12.1992.

⁵ OJ L 390, 31.12.1992.

laying down general Community rules for the definition, classification, designation and placing on the market of fats for use as spreads for supply to the final consumer, with the scope of the proposed measures covering milk and non-milk fats and fats composed of plant and animal products.

BEEF AND VEAL

212. The estimates of imports in the beef and veal sector for 1992 (92/59/EEC and 92/60/EEC) were adopted by the Council on 27 January 1992. Those estimates were fixed at:

198 000 head of young male bovine animals weighing 300 kg or less and intended for fattening;¹

and, in view of the particular conditions on the market, zero for beef and veal intended for the processing industry.¹

In order to enable the Commission to spread more efficiently over the year the quantities of young bovine animals liable to be imported into the Community under the Association Agreements with Hungary, Poland and the Czech and Slovak Federal Republic, the Council on 28 April 1992 adopted Regulation No 1157/92 authorizing the implementation of management measures relating to imports of live bovine animals.²

On the same date, the Council adopted Regulation No 1158/92 opening a special import tariff quota for 1992 at 20% duty covering, as in the previous year, 11 430 tonnes of high-quality, fresh, chilled or frozen beef and veal.²

213. On 13 July 1992 the Council adopted Regulations Nos 1950/92 and 1951/92 opening and providing for the administration of a Community tariff quota for the period from 1 July 1992 to 30 June 1993 with a 4% rate of duty for:

42 600 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds;

5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds.³

In the course of the GATT multilateral negotiations the Community had undertaken to open tariff quotas for specific amounts of certain products in

¹ OJ L 28, 4.2.1992.

² OJ L 122, 7.5.1992.

³ OJ L 197, 16.7.1992.

this sector; the said quotas were accordingly fixed for 1993 by the Council on 23 November 1992 in Regulations Nos 3391/92, 3392/92, 3393/92 and 3394/92 at: 34 300 tonnes of high-quality fresh, chilled or frozen meat of bovine animals with a 20% rate of duty; 53 000 tonnes of frozen meat of bovine animals with a 20% rate of duty; 2 250 tonnes of frozen buffalo meat with a 20% rate of duty; 1 500 tonnes of frozen thin-skirt of bovine animals with a 4% rate of duty.¹

Finally, on 19 December 1992 the Council adopted the estimates for meat which may be imported during 1993 under the arrangements provided for by the basic Regulations on beef and veal. Those estimates were fixed at 198 000 head of young male bovine animals weighing 300 kg or less and intended for fattening,² and, in view of the Community funds likely to be available for 1993, at zero for beef and veal intended for the processing industry.³

SHEEPMEAT AND BEEF AND VEAL

214. As indicated in the previous Review, pending a more detailed examination of the Commission proposal submitted in December 1991, the Council extended until 31 March 1992 Decision 82/530/EEC authorizing the United Kingdom to permit the Isle of Man authorities to apply a system of special import licences to sheepmeat, beef and veal so as not to disrupt domestic production.

Once that examination was completed, the Council in Decision 92/153/EEC of 3 March 1992 extended the Decision in question until 31 December 1995.⁴

SHEEPMEAT AND GOATMEAT

215. Pursuant to the free-trade Agreement between the Community on the one hand and the Government of Denmark and the Home Government of the Faeroes on the other, the Council in Regulation No 1568/92 of 16 June 1992 opened a zero tariff quota for 20 tonnes of products in this sector originating in the Faeroes through an appropriate amendment to Regulation (EEC) No

¹ OJ L 346, 27.11.1992.

² Estimate (93/6/EEC) OJ L 6, 12.1.1993.

³ Estimate (93/7/EEC) OJ L 6, 12.1.1993.

⁴ OJ L 65, 11.3.1992.

3643/85 concerning the import arrangements applicable to certain third countries in the sheepmeat and goatmeat sector as from 1986.¹

On 23 July 1992 the Council adopted Regulation No 2137/92 concerning the Community scale for the classification of carcasses of ovine animals and determining the Community standard quality of fresh or chilled sheep carcasses and extending Regulation (EEC) No 338/91.² This scale for classification, which is to apply from the 1993 marketing year, will be used in particular when prices are being fixed by the Member States.

In view of the exceptional situation resulting from the conflict on the territory of the former Yugoslavia, the Council on 26 October 1992 adopted Regulation No 3125/92 concerning the arrangements applicable to the import into the Community of products from the sheepmeat and goatmeat sector originating in the republics of Bosnia-Herzegovina, Croatia, Slovenia, Montenegro, Serbia and the former Yugoslav Republic of Macedonia.³ The aim of this measure was on the one hand to suspend the system of administration of the Agreement on voluntary restraint in trade in live animals and meat from the sheepmeat and goatmeat sector between the Community and the Socialist Federal Republic of Yugoslavia, and on the other hand to make temporary provision for administration of the Agreement by the Community in order to ensure the fair distribution of imports among the various republics in question.

Pending the institution of a new multilateral framework for trade in agricultural products, on 3 December 1992 the Council authorized the Commission to embark on negotiations with a view to extending until 31 December 1993 the voluntary restraint agreements with certain third countries in this sector, which are due to expire at the end of 1992. The outcome of those negotiations was approved by the Council on 17 December 1992 (Decisions 93/60/EEC and 93/61/EEC)⁴ and at the same time it decided in Regulation No 3842/92 to extend until 30 December 1993, within certain quantitative limits, suspension of the import levy on sheepmeat and goatmeat sector products to cover all countries supplying the Community.⁵

Finally, at its meeting from 14 to 17 December 1992, the Council envisaged on the one hand treating the year 1992, for the purpose of calculating the ewe premium in Ireland and Northern Ireland, as the last year of transition to a common premium system, and on the other hand increasing from ECU 5.5 to

¹ OJ L 166, 20.6.1992.

² OJ L 214, 30.7.1992.

³ OJ L 313, 30.10.1992.

⁴ OJ L 17, 26.1.1993.

⁵ OJ L 390, 31.12.1992.

ECU 7 by way of an exception for 1992 the 'rural world' premium applicable in the less-favoured regions of all the Member States. The Council asked the Commission to provide it with an appropriate proposal.

Transitional measures concerning the accession of Spain and Portugal

216. In order to make possible the specific adjustments necessary to help the Canary Islands, the Council on 3 February 1992 adopted Regulation (EEC) No 284/92 amending Regulation (EEC) No 1911/91 postponing the latest date for application in the archipelago of the provisions of the common agricultural policy.¹

The Act of Accession provided for a period during which the Commission may adopt the adaptation measures necessary to facilitate the passage to Community arrangements from the agricultural arrangements existing in Spain and Portugal before accession. That period as fixed by the Act of Accession and then extended by Regulation (EEC) No 4007/87 expired in Spain on 31 December 1991 and in Portugal on 31 December 1992. Since certain specific difficulties may still arise, the Council initially decided in Regulation No 477/92 of 25 February 1992 to extend the period until 31 December 1992 for Spain² and then agreed in Regulation No 3876/92 of 28 December 1992 to extend this period until 31 December 1993 for both these Member States.³

On 30 March 1992 the Council adopted Regulation (EEC) No 831/92 amending Regulation (EEC) No 3659/90 on products subject to the supplementary trade mechanism during the second stage of Portuguese accession.⁴ This measure, which should facilitate integration into the Community market, deleted milk and cream in small packings from the list of products subject to the mechanism in question.

In the course of setting up the single market as from 1 January 1993, there was a problem with the transitional arrangements provided for agricultural products in the Act of Accession of Spain and Portugal. In order to solve that problem, the Council on 28 December 1992 adopted Regulations Nos 3814/92, 3815/92, 3816/92, 3817/92 and 3818/92, which are intended to abolish or adapt the transitional measures applicable to Spain.⁵

¹ OJ L 31, 7.2.1992.

² OJ L 55, 29.2.1992.

³ OJ L 391, 31.12.1992.

⁴ OJ L 88, 3.4.1992.

⁵ OJ L 387, 31.12.1992.

The measures proposed by the Commission in the case of Portugal are still being examined by the Council.

Aid to the victims of the conflict in the former Yugoslavia

217. As part of management of the common agricultural policy, the Council introduced a number of measures during the year to help victims of the conflict in the former Yugoslavia.

Accordingly, in implementation of the conclusions of the European Council held in Lisbon on 26 and 27 June 1992, the Council adopted Regulation No 2139/92 on 23 July 1992 on urgent action for the supply of agricultural products held by the Community's intervention agencies to the victims of the conflict in the former Yugoslavia.¹

A second Regulation, No 2793/92, was adopted by the Council on 21 September 1992;² this action, for which expenditure was fixed at ECU 37.5 million, provides for the supply of foodstuffs bought on the market as well as those taken from intervention stocks.

On 27 October 1992, the Council then adopted Regulation (EEC) No 3196/92, which enables apples withdrawn from the Community market to be made available during the 1992/93 marketing year to charitable organizations with a view to their free distribution to populations which are affected by this conflict.³

C — Agricultural structures policy

Structural measures of a horizontal nature

218. All the measures concerning reform of the common agricultural policy which were formally adopted by the Council at its meeting on 30 June 1992 represent an important step towards integration into the CAP of considerations to do with the environment and the development of the rural economy.

In particular, the Council accordingly adopted three Regulations of major importance, namely:

¹ OJ L 214, 30.7.1992.

² OJ L 282, 26.9.1992.

³ OJ L 317, 31.10.1992.

- (i) Regulation No 2078/92¹ on agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside. This agri-environmental scheme is intended to reward those farmers who undertake to manage land in a way which has positive effects on the environment and who agree to meet the requirements laid down in the zonal programmes drawn up for this purpose by the Member States.
- (ii) Regulation No 2079/92¹ instituting a Community aid scheme for early retirement from farming. The introduction of early retirement schemes for farmers and agricultural workers is designed to encourage structural adjustment in the agricultural sector and thus contribute both to the viability of that sector and to the rural world as a whole.
- (iii) Regulation No 2080/92¹ instituting a Community aid scheme for forestry measures in agriculture. The aim of this scheme is to encourage, in appropriate cases, the alternative use of agricultural land and development of forestry activities on farms.

219. The Council thought it necessary for the resources available for implementation of the measures provided for in these three Regulations to be added to those designed for carrying out the measures introduced under rules on the Structural Funds. It therefore decided that Community aid schemes should be cofinanced by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

It should be noted moreover that a number of conditions favouring the environment are also included in other Regulations involved in reform of the CAP, for example, restricting the numbers of cattle for the beef and veal premium in Regulation No 2066/92¹ and the obligation on Member States to apply suitable environmental measures in the case of set-aside under the new support arrangements for arable areas in Regulation No 1765/92.²

Structural measures of a regional nature

220. At its meeting on 9 November 1992, the Council adopted three Directives extending the Community list of less-favoured farming areas in the five new **Länder** of Germany, in the Netherlands and in Italy:

Directive 92/92/EEC³ amending Directive 86/465/EEC concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (Federal Republic of Germany) 'new **Länder**';

¹ OJ L 215, 30.7.1992.

² OJ L 181, 1.7.1992.

³ OJ L 338, 23.11.1992.

Directive 92/93/EEC¹ amending Directive 75/275/EEC concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (Netherlands);

Directive 92/94/EEC¹ amending Directive 75/273/EEC concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (Italy).

Adoption of these three Directives increases the areas classified as less-favoured farming areas to 46.8% of the utilized agricultural area (UAA) for all the new German *Länder*, 3.3% of the UAA for the Netherlands and 52.5% of the UAA for Italy.

Other activities

221. At its meeting on 9 November 1992, the Council adopted Regulation 3311/92² on special measures for farmers affected by the 1991/92 drought in Portugal. The aim of this Regulation is to offset the serious problems which Portuguese farmers are facing following the exceptional drought during the period from the autumn of 1991 to the spring of 1992. The Regulation provides for the producers affected to be granted aid per hectare in the cereals sector and for the introduction in the stockfarming sector of special aid arrangements to compensate for the purchase of additional fodder.

On 22 June 1992, the Council's subordinate bodies held an exchange of views on a Commission report to the Council concerning aid for the formation of producer groups and associations thereof and on a proposal for a Council Regulation amending Regulation (EEC) No 1360/78³ on producer groups and associations thereof. Following that exchange of views, there was broad agreement on the need to continue and indeed step up action to help producer groups and their associations. The Commission was requested to consider the suggestions made in this area.

222. The Council's subordinate bodies also took note on 5 and 6 November 1992 of a Commission report to the Council concerning conservation and utilization of plant genetic resources. This report forms the response to the issue raised at the Council on 26 and 27 March 1990 concerning the need for coordinating plant genetic resource conservation Community-wide. In its report, the Commission concludes that Community action is now needed to complement the action taken by the Member States. The Council bodies took

¹ OJ L 338, 23.11.1992.

² OJ L 332, 18.11.1992.

³ OJ L 166, 23.6.1978.

note of the Commission's intention of submitting a relevant proposal to the Council in the near future.

On 23 and 24 November 1992, the Council bodies took note of a report from the Commission to the European Parliament and the Council on the operation of the agricultural income aid system set up by Regulation (EEC) No 768/89 of 21 March 1989.¹ In its report, the Commission submitted an assessment of the agricultural income aid programmes implemented by several Member States; it reached the conclusion that, after adoption of CAP reform, it would no longer be necessary to extend this Regulation, which expires on 31 March 1993 as provided for in Article 15 thereof.

On 30 November 1992, the Council's subordinate bodies took note of a Commission report to the Council on the application of the options of extensive grazing and the production of lentils, chick-peas and vetches, as provided for in Regulation (EEC) No 2328/91.² The report submitted by the Commission gives figures for the results of application of these two measures and provides an overall evaluation. The Council bodies agreed with the Commission's analysis and the conclusions it had reached, namely that interest in these measures had been limited to farmers in certain regions of the Community and the effect on the markets in the products concerned had been slight, chiefly owing to the small total amount of land put into set-aside.

Measures concerning the Community's forests

223. In 1992 the Council also continued its policy to promote protection of the Community's forests by measures designed to supplement the policies conducted nationally in this area.

Accordingly, at its meeting on 23 July 1992 the Council adopted two Regulations in this area:

- (i) Regulation No 2157/92³ amending Regulation No 3528/86 on the protection of the Community's forests against atmospheric pollution. This Regulation prolongs for five years the European network of observation plots and supplements it by setting up a much more intensive monitoring network. These rules also form part of an international programme applied by 31 countries on the basis of the 1979 Convention on Long-range Air Pollution drawn up by the United Nations Economic Commission for Europe.

¹ OJ L 84, 29.3.1989.

² OJ L 218, 6.8.1991.

³ OJ L 217, 31.7.1992.

- (ii) Regulation No 2158/92¹ on protection of the Community's forests against fire. This Regulation prolongs Regulation 3529/86 for a period of five years and introduces a major amendment intended to:
- concentrate Community efforts first and foremost on areas where there is a high risk of fire;
 - step up studies of the causes of forest fires, prevention and monitoring in area programmes;
 - develop a system of information (databank) on forest fires.

Integrated administration and control system

224. The Commission proposed that the Council, in conjunction with proposals for reform of the common agricultural policy, should adapt the administration and control mechanism to the new situation, which is characterized by an increase in the range of direct aid to farmers linked to the number of animals or the cultivated area, and by the generalizing of set-aside. This adaptation was intended to increase the efficiency and viability of these administration and control mechanisms and was regarded as an indispensable means of applying the reform in a way which does not discriminate between the Member States.

Five months after adoption of the reform, the Council adopted Regulation (EEC) No 3508/92 of 27 November 1992, establishing an integrated administration and control system for certain Community aid schemes.

This Regulation provides that each Member State shall set up an integrated system comprising a computerized database, an alphanumeric identification system for agricultural parcels, an alphanumeric system for the identification and registration of animals, aid applications and an integrated control system. It should result in a sometimes considerable improvement in the quality of controls.

There is provision for three years of Community financing not exceeding 50% of a Member State's expenditure.

Owing to the complexity of the problems posed by application of this Regulation, which are the subject of Commission Regulation 3887/92 of 23 December 1992², provision has been made for implementation to be phased in by 1 January 1996.

¹ OJ L 217, 31.7.1992.

² OJ L 391, 31.12.1992.

Together with this Regulation, the Council adopted Directive 92/102/EEC on the identification and registration of animals.¹

D — Agricultural statistics

225. On 23 and 24 November 1992, the Council bodies took careful note of the content of three statistical reports from the Commission, namely:

- (i) the annual report on the implementation of the programme for restructuring the system of agricultural surveys in Greece;
- (ii) the report on the implementation of Council Decisions 88/390/EEC and 89/623/EEC on special support for the development of agricultural statistics in Ireland; and
- (iii) the report on the implementation of Council Decisions 81/518/EEC, 87/570/EEC and 89/624/EEC concerning the restructuring of the system for agricultural surveys in Italy (1982/91).

Approval of these reports marks the final stage in a series of measures decided on by the Council during the 1980s in order to ensure that Greece, Italy and Ireland can effectively comply with Community requirements for the supply of information on agricultural statistics. For two of the Member States concerned, the reports approved confirm that the desired aims have been achieved; in the case of Greece, the Council has recognized the advisability of a further prolongation for three years of the restructuring programmes and therefore, at its meetings on 14, 15 and 16 December 1992, adopted Decision 92/582/EEC² amending Decision 85/360/EEC on the restructuring of the system of agricultural surveys in Greece.

The Council bodies also took note on 7 and 8 December 1992 of a Commission report to the Council on the operation of the Eurofarm project. The Eurofarm project was designed as part of the implementation of the programme of Community surveys on the structure of agriculture holdings between 1988 and 1997.¹ It establishes a set of databases making it possible to exploit these Community surveys for the purposes of national and Community agricultural policies. The Commission report stresses the participation of Member States in the operation of the Eurofarm project and proposes various adjustments to that project, particularly in the light of experience acquired during the first three years.

¹ OJ L 355, 5.12.1992.

² OJ L 394, 31.12.1992.

³ OJ L 56, 2.3.1988.

E — Agri-monetary sector

226. From the agri-monetary point of view, the first half of 1992 was relatively stable, but there was some disturbance in the second half.

During the first half of the year, as part of the decisions on prices for the 1992/93 marketing year taken in conjunction with reform of the CAP, the Council amended certain green rates¹ by adopting Regulation (EEC) No 1380/92 of 26 May 1992 amending Regulation No 1678/85 fixing the conversion rates to be applied in agriculture² in order to reduce the gaps between the exchange rates in ecus of the various national currencies, so as to pave the way for abolition of all monetary compensatory amounts (MCA)³ by 1 January 1993, on which date abolition of controls at internal Community borders would mean that MCAs could no longer be maintained.

This Council decision concerned certain currencies which did not at the time comply with the narrow 2.25% margin of fluctuation in the European Monetary System (EMS), namely the drachma, the peseta, the escudo and the pound sterling. There was not in the case of the other currencies any gap between their green rate and the market rate (as modified by the correcting factor).⁴

Following the Council Decision of 26 May 1992, monetary compensatory amounts were no longer applied except in the case of Portugal for all products and Spain for certain products.

227. During the second half of the year several important events occurred in the monetary sphere leading to realignments within the EMS on 13 September, 17 September and 21 November 1992. Following these realignments, and in

¹ A reminder: the agricultural conversion rate, commonly known as the green rate, is the rate of conversion of the ecu into national currencies that is specific to the common agricultural policy.

² OJ L 147, 29.5.1992.

³ The MCAs are equivalent on the one hand to taxes on exports from countries with a devalued currency and imports to countries with a revalued currency and, on the other hand, to subsidies for exports from countries with a revalued currency and imports to countries with a devalued currency. They were introduced by Regulations No 1586/69 of 11 August 1969 and No 974/71 of 12 May 1971 in order to ensure price unity on markets in agricultural products within the Community.

⁴ The correcting factor raises the common prices in ecus, fixed under the CAP, by the revaluation percentage, as compared with the ecu, of the strongest currency in the case of monetary realignment. Use of the correcting factor was provided for by Council Regulation No 855/84 in order, by means of a transfer of monetary gaps (generally known as 'switch-over'), to avoid the creation of positive MCAs which, if dismantled, would lead to price reductions in national currencies in certain Member States.

accordance with the powers conferred upon it by Council Regulation No 1677/85 of 11 June 1985, the Commission on the one hand readjusted the correcting factor, which increased from 1.145109 before 13 September to 1.154338 on 17 September,¹ to 1.157346 on 22 September² and to 1.195066 on 26 November 1992,³ and on the other hand amended the Council Regulation fixing the green rates on 17 September 1992 for Greece, Spain, Italy and the United Kingdom,⁴ on 22 September 1992 for Greece, Spain, Italy and the United Kingdom⁵ and on 26 November 1992 for Greece, Spain, Italy, Portugal and the United Kingdom.⁶

These readjustments and amendments were made by the Commission in accordance with the rules fixed by the Council for any monetary realignment, on the understanding that the Council still has the power to fix green rates as a general rule.

This is why, following the departure of the Italian lira and the pound sterling from the EMS, it was the Council which, on a proposal from the Commission and at the request of the Member States concerned, decided to devalue certain currencies whose fall in value had created quite considerable monetary gaps.⁷ It was desirable to reduce such gaps in order to avoid speculative movements of goods which might occur if there were sure to be an increase in national currency prices at a given date: the abolition of MCAs as from 1 January 1993 made devaluation of the green rates of such currencies inevitable.

The Council accordingly adopted Regulation No 3197/92 of 30 October 1992 devaluing the green rate of the Italian lira,⁸ Regulation No 3318/92 of 16 November 1992 devaluing the green rate of the pound sterling⁹ and Regulation No 3679/92 of 17 December 1992 devaluing the green rates of the peseta and the Italian lira.¹⁰

228. Independently of these monetary movements, the Council was obliged to amend the agri-monetary arrangements in force in order to adapt them to

¹ Regulation (EEC) No 2693/92 of 16.9.1992.

² Regulation (EEC) No 2735/92 of 22.9.1992.

³ Regulation (EEC) No 3387/92 of 25.11.1992.

⁴ Regulation (EEC) No 2703/92 of 16.9.1992.

⁵ Regulation (EEC) No 2736/92 of 21.9.1992.

⁶ Regulation (EEC) No 3388/92 of 25.11.1992.

⁷ The monetary gap is equal to the percentage represented by the difference between the green rate on the one hand and the market rate as modified by the correcting factor on the other.

⁸ OJ L 317, 31.10.1992.

⁹ OJ L 332, 18.11.1992.

¹⁰ OJ L 370, 19.12.1992.

abolition of controls at the Community's internal borders. Consequently, on the eve of entry into force of the single market, the Council used the written procedure on 28 December 1992 to adopt Regulation No 3813/92¹ determining the new agri-monetary arrangements applicable in the single market. These new arrangements maintain the agricultural conversion rates, but involve abolition of the MCAs through a system of swift alteration of the green rates which prevents the creation of monetary gaps likely to disturb trade. A series of rules were laid down for this purpose, making it possible for the Commission to reduce the monetary gaps by altering the green rates in the case of overstepping of certain thresholds (franchise) beyond which it is considered that the monetary gap involves a very high risk of trade disturbance. These rules provide for the reduction or elimination of monetary gaps for all currencies in the case of realignment and ensure permanent monitoring of the gaps between floating currencies and their possible reduction in principle every month if necessary and more frequently where required.

Under this new agri-monetary system, the Commission also fixed the green rates of all Community currencies as at 1 January 1993 so that all MCAs which exist at 31 December 1992 are abolished.¹

	<i>ecu 1 =</i>
BFR/LFR	48.5563
DKR	8.97989
DM	2.35418
DR	310.35
ESC	209.523
FF	7.89563
HFL	2.65256
IRL	0.878776
LIT	2087.00
PTA	166.075
UKL	0.939052

F — National aid

Temporary aid for incomes in Germany

229. In order to take account of the expiry on 31 December 1991 of Council Directive 85/361/EEC of 16 July 1985 which, in accordance with Council

¹ OJ L 387, 31.12.1992.

Regulation No 855/84 of 31 March 1984 on the calculation and the dismantlement of the monetary compensatory amounts, used VAT to grant special aid to farmers in Germany following the fall in prices in national currency caused in Germany by adaptation of the agricultural conversion rates, and in order to take account of the recent unfavourable trend in farm incomes in Germany, the Council, in Decision 92/392/EEC of 30 June 1992,¹ authorized Germany to provide its farmers with temporary national compensation.

This aid was made subject to a ceiling and limited to 1992; it is being granted in conjunction with and by means of a mechanism similar to that for the per hectare aid granted under Council Decision 88/402/EEC of 30 June 1988 and will be valid from 1 January 1989 to 31 December 1992.

The political agreement reached by the Council in December 1992 provided for a three-year extension of this aid, which is to be phased out by the end of that period.

Extraordinary aid for distillation in France

230. At its meeting from 14 to 17 December 1992, the Council decided to grant extraordinary aid for the distillation of certain wines in France. As the 1992 vintage was extremely abundant in France in 1992, the Council recognized that there were exceptional circumstances and that France should therefore be authorized, by way of a temporary derogation, to grant supplementary aid for preventive distillation of a maximum amount of 3 million hectolitres of certain wines.

Action against fraud

231. The Council bodies attached particular importance to special report No 2/92 of the Court of Auditors on the auditing of export refunds paid to selected large undertakings in the milk-product sector. Examination of the report showed that risk analysis should play a larger part in the organization of audits and that an effort should be made at Community level not to over-complicate and if possible to simplify the rules. This examination showed in particular that more auditing was necessary in the case of transnational operations. In this area, there was broad agreement on improving the functioning of cooperation and coordination between the Member States rather than creating an *ad hoc* Community unit.

¹ OJ L 215, 30.7.1992.

G — Agri-financial matters

Early-warning system

232. The Council bodies regularly examined the Commission's monthly reports to the Budget Authority on the evolution of EAGGF Guarantee expenditure.

The evolution of expenditure in relation to the indicator, which is constituted by the profile of expenditure drawn up at the beginning of the year and given in Report No 1 of each year, already showed in the initial months of implementation of the budget (for the EAGGF Guarantee Section from 16 October 1991 to 15 October 1992) that expenditure would be less than the budget appropriations, which in 1992 amounted to the guideline, i.e. ECU 35 039 million.

This under-use of appropriations was confirmed during the year and particularly affected milk products, cereals, fruit and vegetables and the wine-growing sector.

Drawing its conclusions from this evolution the Budget Authority adopted a supplementary and amending budget on 25 September 1992, which reduced the initial appropriations for the EAGGF Guarantee Section by ECU 2 944 million, bringing them down to ECU 32 095 million. Even with these revised appropriations, there was still a positive balance at the end of the financial year of about ECU 690 million. In addition, in the financial year 1992 the effect of movements of the dollar/ecu parity was reflected in savings estimated at ECU 355 million for the EAGGF Guarantee Section. Since this amount was less than the franchise of ECU 400 million fixed by the budgetary discipline rules, there was no need to make a transfer from the EAGGF Guarantee Section to the monetary reserve.

Financial implications of the proposals submitted by the Commission to the Council

233. The Council bodies examined the financial implications of those Commission proposals financed from the EAGGF Guarantee Section.

A particularly important examination of the financial consequences of the CAP reform was completed in 1991.

When the Council reached political agreement on the CAP reform in May 1992, Commissioner Mac Sharry confirmed that the budgetary cost of the reformed CAP could be met within the limits of the financial parameters established for the agricultural guideline.

A detailed check on the financial implications of the decision confirmed that expenditure would reach a high-point in the years 1995 and 1996 and then stabilize or even slightly fall.

Agricultural guideline

234. The Edinburgh Summit settled the question of the agricultural guideline by the following conclusions:

The growth rate and base level of the agricultural guideline as defined in Articles 1 and 2 of Decision No 377/88 should remain unchanged.

The coverage of the agricultural guideline should be extended to cover the measures accompanying CAP reform and such coverage should be reviewed in 1996.

The monetary reserve should be reduced from ECU 1 000 million to ECU 500 million from 1995, with a reduction in the franchise from ECU 400 million to ECU 200 million.

The European Council reaffirmed the importance of sound budgetary discipline and financial control under the reformed CAP and called upon the Commission and the Council to ensure that the budgetary costs were kept under control sector by sector.

The European Council also noted that recent monetary movements would result in a significant increase in EAGGF expenditure.

It agreed that the operation of the monetary reserve would be adjusted so that the costs resulting from monetary realignments between the Member States were taken into account to the extent necessary.

In addition, it agreed that if, as a consequence of this increase, agricultural expenditure were to exceed the guideline and thus compromise the funding of the new common agricultural policy as already approved, appropriate steps to fund the EAGGF Guarantee Section would be taken by the Council.

H — International agricultural matters

GATT and the Uruguay Round

235. In view of the importance of agriculture in the Uruguay Round and the possible consequences for Community agriculture of the decisions taken, the Council at each of its meetings on agricultural questions was informed by the Community negotiator of the content and progress of discussions, and the Council continued to reiterate its desire to reach a globally balanced solution on the basis of mutual concessions.

The Council was also informed of the outcome of the negotiations conducted by the Commission with the United States on the agricultural aspects of the Uruguay Round and the controversy over Community arrangements for oil-seeds following the conclusions of the GATT Panel. In December 1992, the Council reaffirmed its intention of continuing an analysis of the compatibility with the common agricultural policy of the results of the agricultural negotiations in the context of the Uruguay Round and of taking these deliberations into account when judging the final global package.

International Sugar Agreement

236. In December 1991 the Council defined negotiating directives for participation by the Commission in work on drawing up a new International Sugar Agreement. The United Nations Conference for negotiating this Agreement was held in March 1992 and concluded with the adoption of a Resolution establishing the text of the 1992 International Sugar Agreement. The new Agreement, which was signed and approved by the Community in November 1992,¹ has the objectives of ensuring enhanced international cooperation by consultation on world sugar matters and related issues, providing a forum for intergovernmental consultations on sugar and on ways to improve the world sugar economy, facilitating trade by collecting and providing information on the world sugar market and other sweeteners and encouraging increased demand for sugar, particularly for non-traditional uses.

International Olive Oil Council (IOOC)

237. In 1992, the IOOC continued work on management of the International Agreement on Olive Oil and Table Olives, with particular reference to advertising olive oil in the United States.

¹ OJ L 379, 23.12.1992.

Moreover, the IOOC decided to renew the Agreement in question, which dates from 1986 and expires on 31 December 1993, for a further period of five years with the possibility of extension. This decision will be finalized in spring 1993 under an extension Protocol to be adopted in Geneva by a United Nations Conference on Olive Oil and Table Olives.

The Community took part in IOOC meetings in 1992 and organized prior coordination meetings.

International Vine and Wine Office (IWO)

238. The IWO held its 72nd general assembly in Madrid from 17 to 26 May 1992 on the following general topic:

‘500 years of American wine-growing and its relations with Europe’.

The Council kept abreast of these discussions, to which end coordination meetings between the Member States and the Commission were convened.

FAO

239. The accession of the Community to the FAO in November 1991 represented an important element in relations with this particular United Nations organization and, as regards coordination of the positions of the Member States and the Community, involved a necessary revision of the rules applied up to that date. The arrangement decided on for this by the Council in December 1991 defined the procedure for allocating responsibility for the carrying out of duties and obligations in the context of the FAO.

The year 1992 was marked by practical application of this new form of cooperation between the Member States and the Commission; this cooperation made it possible for the interests of the Community and its Member States to be given a higher profile within the FAO.

‘Codex Alimentarius’ (FAO-WHO)

240. In the course of the proceedings of the ‘Codex Alimentarius’ (a joint programme of the FAO and the World Health Organization), the Member States and the Commission coordinated their respective positions following a well-established procedure in order to reach a common attitude on the matters dealt with at the meetings of the various Codex Committees.

I — Harmonization of legislation

Veterinary and zootechnical sector

241. During the period under review, the Council took the decisions still to be adopted pursuant to the 'White Paper' in order to abolish veterinary checks at borders between Member States as from 1 January 1993.

These decisions made it possible to complete legislative acts so as to fix Community-wide all the health rules to be complied with for trade in and imports of livestock and products.

As regards animal health, the Council completed the introduction of common measures to combat the main diseases likely to affect or threaten Community livestock production.

On 29 April 1992, the Council adopted Decision 92/35/EEC¹ laying down control rules and measures to combat African horse sickness, which still affects certain parts of Community territory and, in order to take account of this Decision, adopted Decision 92/36/EEC¹ amending, with regard to African horse sickness, Directive 90/426/EEC on animal health conditions governing the movement of **equidae** and their import from third countries.

242. In the period under review, the Council also made other products of animal origin subject to Community health legislation. Accordingly:

- Directive 92/45/EEC² of 16 June 1992 laid down the public health and animal health rules relating to the killing of wild game and the placing on the market of wild-game meat. Since consumption of wild game is of great importance in certain Member States, particularly Germany, it was necessary to pay particular attention to maintaining very strict health requirements for the placing on the market and imports from third countries of a specific product to which the normal rules on health inspection and slaughter do not apply;
- Directive 92/118/EEC³ of 17 December 1992 laid down animal health and public health requirements governing trade in and imports into the Community of products not subject to the said requirements laid down in specific Community rules referred to in Annex A (I) to Directives 90/425/EEC and 89/662/EEC.

¹ OJ L 157, 10.6.1992.

² OJ L 268, 14.9.1992.

³ OJ L 62, 15.3.1993.

This text is the counterpart to Directive 92/65/EEC of 13 July 1992, which fixed the animal health rules intended to prevent the spread of diseases to which animals are exposed. It repeats the principle in the aforementioned Directive, namely that all the products concerned may move or be imported freely except in cases where the Directive lays down specific requirements for a given product regarding diseases to which both man and animals are exposed.

243. As part of an overall compromise, the Council also adopted on 17 December 1992 Directive 92/117/EEC concerning measures for protection against specified zoonoses and specified zoonotic agents in animals and products of animal origin in order to prevent outbreaks of food-borne infections and intoxications.¹

This Directive establishes a general framework making it possible to collect information on the actual situation in the various Member States regarding the main zoonoses (salmonellosis, trichinosis, listeriosis, etc.) so that suitable subsequent action may be taken at Community level in the case of zoonoses which are in any way a serious threat to the health of consumers.

The Council recognized, as an initial measure, that it was necessary to react forthwith on a Community scale by taking action to cleanse poultry farms affected by salmonellosis, with the help of a Community financial contribution.

Finally, in Directive 92/120/EEC of 17 December 1992,¹ the Council agreed to grant temporary and limited derogations from specific Community health rules on the production and marketing of certain products of animal origin.

The text adopted takes account for a limited transitional period of certain difficulties encountered by the Member States in ensuring compliance as at 1 January 1993 with requirements and particularly structural requirements imposed by the acts adopted during the last two years pursuant to the White Paper.

244. Moreover, in the case of small slaughterhouses, the Council agreed to adopt a single figure (20 livestock units per week) as maximum slaughtering capacity, whatever the location of such slaughterhouses, until 31 December 1994. Likewise, for cutting plants the figure in Article 2(2) of this Directive is 5 tonnes per week for the same period.

In order to maintain for a transitional period, until 31 December 1992, documentary controls at borders between Member States, the Council adopted

¹ OJ L 62, 15.3.1993.

Directive 92/67/EEC amending on 14 July 1992 Directive 89/662/EEC concerning veterinary checks in intra-Community trade with a view to the completion of the internal market.¹

Finally, on 14 December 1992 the Council adopted Decision 92/583/EEC on the conclusion of the Protocol of amendment to the European Convention for the Protection of Animals kept for Farming Purposes.²

Plant-health sector

245. On 16 November 1992, the Council adopted Directive 92/98/EEC amending Annex V to Directive 77/93/EEC on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community.³

This Directive supplements the new plant-health rules introduced with a view to completion of the internal market by listing the plants, plant products and other objects which involve a potential plant health risk to Community crops and must consequently, before any movement within the Community, undergo a plant-health examination and be accompanied by an appropriate plant-health document.

It should also be noted here that on 16 December 1992 the Council came out in favour of a proposal for a Commission Directive setting a single date for implementation of the new plant health rules in order to provide all the requisite legal security to national administrations and operators who will shortly be called upon to act in a Community area without internal borders.

The Council agreed to continue the procedure for adoption of this Directive once the European Parliament, which had been consulted, delivered its opinion.

Feedingstuffs

246. In the feedingstuffs sector, the Council adopted Directive 92/88/EEC on 26 October 1992 amending Directive 74/63/EEC on undesirable substances and products in feedingstuffs.⁴

¹ OJ L 268, 14.9.1992.

² OJ L 395, 31.12.1992.

³ OJ L 352, 2.12.1992.

⁴ OJ L 321, 6.11.1992.

This Directive contains a series of amendments to the basic Directive designed to make safer feedingstuffs intended for animals belonging to species which are normally kept or consumed by man and to extend the scope of the Directive concerned so that in future it also covers species living freely in the wild where they are sometimes fed with feedingstuffs.

Seeds and seedlings

247. During the period under review, the Council adopted the following two Directives which constitute an indispensable complement to Community legislation in force in this sector regarding the internal market:

- Directive 92/33/EEC of 28 April 1992 on the marketing of vegetable propagating and planting material other than seed;¹
- Directive 92/34/EEC of 28 April 1992 on the marketing of fruit plant propagating material and fruit plants intended for fruit production.¹

The Council also adopted two Decisions granting third countries equivalence with Community countries for the purpose of field inspections of seed-producing crops, seed and checks on practices for the maintenance of varieties.

The Decisions were as follows:

- Decision 92/221/EEC of 30 March 1992 amending seventh Decision 85/355/EEC on the equivalence of field inspections carried out in third countries on seed-producing crops and seventh Decision 85/356/EEC on the equivalence of seed produced in third countries;²
- Decision 92/420/EEC of 13 July 1992 on the equivalence of checks on practices for the maintenance of varieties carried out in third countries.³

Foodstuffs

248. During the period covered by this Review, the Council adopted a number of acts intended either to adapt legislation in force in the light of experience acquired or to supplement it with new measures.

- Directive 92/11/EEC of 3 March 1992 amending Directive 89/396/EEC on indications or marks identifying the lot to which a foodstuff belongs.⁴

¹ OJ L 157, 10.6.1992.

² OJ L 107, 24.4.1992.

³ OJ L 231, 13.8.1992.

⁴ OJ L 65, 11.3.1992.

The main aim of this Directive is to extend the deadline for application of the basic Directive, on account of insurmountable technical problems which had made application within the prescribed period impossible.

- Directive 92/52/EEC of 18 June 1992 on infant formulas and follow-on formulas intended for export to third countries.¹

This Directive is important for the protection of human health beyond the Community's borders and is intended to extend the applicability of Community rules or international standards on the composition of infant formula and follow-on formula intended for export to third countries; it also makes compulsory the application of Community labelling rules where such products are exported to third countries.

249. The Council wished to stress the importance it attached to compliance with all Community or international standards concerning the marketing of breast-milk substitutes by adopting Resolution 92/C 172/01 on the same date on the marketing of breast-milk substitutes in third countries by Community-based manufacturers.²

In this resolution, the Community proposes contributing to the application of appropriate marketing practices for breast-milk substitutes in third countries and the Commission is instructed to ensure a link with the competent authorities in third countries through its delegations there.

Provision is also made for the results of application of the resolution to be forwarded to the European Parliament and to the Council every two years.

- Directive 92/115/EEC³ amending for the first time Directive 88/344/EEC on the approximation of the laws of the Member States on extraction solvents used in the production of foodstuffs and food ingredients.

This is a technical Directive intended to adapt certain provisions of the basic Directive following consultation by the Commission with the Scientific Committee for Food, and in particular to protect the health of consumers. By these amendments, the Council established Community provisions for certain substances hitherto governed by national laws and this will facilitate free movement of foodstuffs.

¹ OJ L 179, 1.7.1992.

² OJ C 172, 8.7.1992.

³ OJ L 409, 31.12.1992.

J — Food quality and organic production

Food quality

250. On 14 July 1992, the Council adopted two Regulations on the quality of Community food products.

The first, Regulation (EEC) No 2081/92 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs,¹ establishes a system for registering and protecting such names on specific conditions. Wines and spirit drinks for which Community rules already exist are excluded from the scope as are products bearing a generic name.

The second, Regulation (EEC) No 2082/92 on certificates of specific character for agricultural products and foodstuffs¹ also establishes a system for registering and protecting names. In this case, however, the arrangements are based on compliance with a traditional product specification in order to be eligible for the specific name and not on the link between the product and the place of production.

These rules constitute both improved information and a guarantee of authenticity for the consumer together with a Community legal framework for a range of agricultural and food products which have long been manufactured in various regions of the Community.

Organic production

251. The Council adopted Regulation (EEC) No 2083/92 on 14 July 1992 amending Regulation (EEC) No 2092/91 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs.¹

An amendment to the basic Regulation had in fact become necessary in order to ensure the continuity of imports of products from third countries which had not introduced a request for inclusion on a list drawn up in accordance with Regulation (EEC) No 2092/91 by the given deadline and were thus not authorized to export their products to the Community.

¹ OJ L 208, 24.7.1992.

II — *Common fisheries policy*

A — **Community arrangements for the conservation and management of resources**

252. During the year, the Council made four amendments to the TACs and quotas applicable in 1992 as laid down by Regulation No 3892/91 of 18 December 1991,¹ by:

- (i) establishing in Regulation No 2119/92 of 20 July 1992 the conditions for fishing with nets of a small mesh size;
- (ii) increasing in Regulation No 2121/92 of 20 July 1992 the TAC for common sole in the North Sea;²
- (iii) increasing proportionally in Regulation No 2985/92 of 12 October 1992 the TAC for Arctic cod for 1992 following the meeting of the Joint Norwegian-Russian Fisheries Commission;³
- (iv) fixing in Regulation No 3305/92 of 12 November 1992 the TACs for sprat in the Baltic Sea and cod in the Baltic Sea following the meeting of the International Baltic Sea Fishery Commission and deepwater prawn in Zone III following consultation with Sweden.⁴

At its meeting on 19 and 20 December 1992, the Council adopted Regulation No 3919/92 of 20 December 1992 fixing the TACs and allocating the quotas and related technical conditions for fishing in 1993.⁵

253. The Council continued its policy of improving the situation with particular reference to cod, haddock and whiting in the North Sea and West of Scotland where TAC levels were in general maintained at those of 1992.

The Council took note of the serious situation of cod stocks in the North Sea. The Commission pledged that, if there were no improvement in 1993, it would submit a package of management measures to the Council, to include closed areas, prohibited seasons and an improvement in the selectivity of fishing methods in order to considerably reduce the level of exploitation of the stock and in particular of juvenile fish.

¹ OJ L 367, 31.12.1991.

² OJ L 213, 29.7.1992.

³ OJ L 300, 16.10.1992.

⁴ OJ L 331, 17.11.1992.

⁵ OJ L 397, 31.12.1992.

At its meeting on 19 and 20 December 1992, the Council adopted the usual Regulations implementing the Act of Accession of Spain and Portugal: Regulation No 3908/92 determined the fishing rights for Portugal in the waters of the Community of Ten¹ (Spain's fishing rights in the waters of the Community of Ten were fixed in the Act of Accession itself), while Regulations No 3907/92¹ and No 3906/92¹ laid down the fishing rights for vessels of the Community of Ten in the waters of Portugal and Spain for 1993.

Finally, at the same meeting on 19 and 20 December 1992, the Council adopted Regulation No 3929/92 laying down for 1993 certain measures for the conservation and management of fishery resources in the 200-nautical-mile zone off the coast of the French Department of Guyana.²

B — Technical conservation measures

254. The Council amended Regulation No 3094/86 laying down certain technical measures for the conservation of fishery resources:

- for the 11th time with Regulation No 345/92 of 20 January 1992³ concerning certain mesh sizes and driftnets;
- for the 12th time with Regulation No 1465/92 of 1 June 1992⁴ concerning minimum mesh sizes for certain pelagic species and for prawns (**Pandalus** spp. excluding **Pandalus montagui**) and sole in Regions 1 and 2 except Skagerrak and Kattegat;
- for the 13th time with Regulation No 2120/92 of 20 July 1992⁵ concerning conditions for fishing whiting (**Merlangus merlangus**);
- for the 14th time with Regulation No 3034/92 of 19 October 1992⁶ concerning fishing with purse seines.

On 13 July 1992, the Council adopted Regulation No 2004/92 amending Regulation (EEC) No 2245/85 laying down certain technical measures for the conservation of fish stocks in the Antarctic.⁷

¹ OJ L 394, 31.12.1992.

² OJ L 397, 31.12.1992.

³ OJ L 42, 18.2.1992.

⁴ OJ L 155, 6.6.1992.

⁵ OJ L 213, 29.7.1992.

⁶ OJ L 307, 23.10.1992.

⁷ OJ L 203, 21.7.1992.

C — Common organization of the markets

255. At its meeting on 19 and 20 December 1992, the Council adopted Regulation No 3759/92 on the common organization of the market in fishery and aquaculture products.¹ This Regulation, which replaces Regulation (EEC) No 3687/91 as the basis for common organization of the market in fishery products, will continue to involve support mechanisms, which remain linked to the real economic state of the market in a context of more rational use of scarce resources.

On 9 June 1992, the Council also adopted Regulation No 1536/92 laying down common marketing standards for preserved tuna and bonito.²

For the period from 1 January to 31 December 1993, the Council in Regulation No 3412/92, which was enshrined in Community law on 23 November 1992, opened and provided for the administration of Community tariff quotas for certain fishery products.³

The Council also adopted Regulation No 3413/92 on 23 November 1992 temporarily suspending totally or partially the autonomous duties of the Common Customs Tariff for certain fishery products.³

Common prices

256. The guide prices in the fisheries sector for the marketing year from 1 January to 31 December 1993 were fixed by the Council on 3 December 1992.

In the case of the fresh or chilled products (listed in Annex I(A), (D) and (E) of Regulation (EEC) No 3687/91), most prices were maintained at their 1992 level or only slightly adjusted⁴.

In the case of the frozen products (listed in Annex II to the same Regulation), the Council in Regulation No 3725/92 reduced the guide price for squid of the species *Loligo patagonica* by 5% compared with 1992, while prices for squid of the species *Illex* and *Todarodes* were maintained.⁴

¹ OJ L 388, 31.12.1992.

² OJ L 163, 17.6.1992.

³ OJ L 347, 28.11.1992.

⁴ OJ L 380, 24.12.1992.

Finally, in view of market price trends, the Council in Regulation No 3726/92 maintained the production price for tuna intended for the preserving industry at that of 1992.¹

D — Structural policy

257. On 21 September 1992, the Council adopted Regulation No 2794/92 amending for the second time Regulation (EEC) No 4028/86 of 18 December 1986,² making it possible to increase the rate of Community aid in the aquaculture sector in certain less-developed Community regions.

A third amendment to Regulation No 4028/86 was made by the Council on 19 December 1992 in Regulation (EEC) No 3946/92³ enabling Member States to take measures to reduce fishing effort in order to achieve the objectives laid down in the multiannual guidance programmes for the fleet in a better adjusted way taking account of the activities of vessels.

E — Fisheries relations between the Community and certain third countries

Scandinavian countries and North Atlantic fisheries

258. As it does each year, the Community held consultations with the competent authorities of Norway, Sweden and the Faeroes on fishery arrangements for 1993, resulting in Regulation No 2919/92 on TACs and quotas for 1993, which allocates the quotas available to the Community among the Member States⁴ in the case of joint stocks, and separate Regulations adopted on 20 December 1992 in the case of autonomous stocks.⁵

¹ OJ L 380, 24.12.1992.

² OJ L 282, 26.9.1992.

³ OJ L 401, 31.12.1992.

⁴ OJ L 397, 31.12.1992.

⁵ For Norway: Regulations Nos 3920/92 and 3921/92; OJ L 397, 31.12.1992.

For Sweden: Regulations Nos 3922/92 and 3923/92; OJ L 397, 31.12.1992.

For the Faeroes: Regulations Nos 3924/92 and 3925/92; OJ L 397, 31.12.1992.

For Greenland: Regulation No 3926/92; OJ L 397, 31.12.1992.

NORWAY

259. Community fishing facilities in Norwegian waters improved in the case of cod, haddock, saithe and mackerel.

During the aforementioned consultations with Norway concerning joint stocks, the TACs were generally maintained at their 1992 levels.

SWEDEN

260. Regulation No 755/92 adopted by the Council on 23 March 1992¹ allocates for 1992 additional catch quotas among Member States for vessels fishing in Swedish waters.

FAEROES

261. The TACs and quotas for Faeroes vessels fishing in the Community zone and for Community vessels fishing in waters of the Faeroes were generally maintained at their 1992 levels.

GREENLAND

262. The TACs and quotas for Community vessels fishing in the waters of Greenland were generally maintained at their 1992 levels. The Community made full use of its rights under the second Protocol and also accepted an additional offer of grenadier.

NAFO

263. On 20 December 1992, the Council adopted Regulation No 3927/92² laying down for 1993 the catch facilities for certain fish stocks or groups of fish stocks in the regulatory area as defined in the NAFO Convention.

In general, the TACs and quotas were maintained with the exception of the TAC for cod in NAFO zone 2J-3KL, which was fixed at zero. In the case of Atlantic redfish in NAFO division 3LN, the quota for the former GDR was attributed to Germany.

¹ OJ L 83, 28.3.1992.

² OJ L 397, 31.12.1992.

On the same date the Council also adopted Regulation No 3928/92 establishing a NAFO pilot observer scheme applicable to Community fishing vessels operating in the Regulatory Area of the NAFO.¹

Countries of the African continent and the Indian Ocean

GUINEA

264. On 7 December 1992, the Council in Regulation No 3680/92 approved the conclusion of a fisheries Protocol with the Republic of Guinea² for a period of two years (1 January 1992 to 31 December 1993), involving the following fishing opportunities:

- (i) trawlers: 12 000 grt per month, annual average;
- (ii) freezer tuna seiners: 24 vessels;
- (iii) pole-and-line tuna vessels and surface longliners: eight vessels;
- (iv) surface longliners: five vessels.

Financial compensation is ECU 6.7 million with participation in the financing of scientific and technical programmes amounting to ECU 400 000, and of training programmes amounting to ECU 400 000.

GUINEA-BISSAU

265. On 27 January 1992, the Council in Regulation No 346/92 approved the conclusion of a fisheries Protocol with Guinea-Bissau³ for a period of two years (16 June 1991 to 15 June 1993) providing for the following fishing opportunities:

- (i) freezer shrimp trawlers: 11 000 grt per month, annual average;
- (ii) freezer fin fish and cephalopod trawlers: 6 000 grt per month, annual average;
- (iii) freezer tuna seiners: 20 vessels;
- (iv) pole-and-line tuna vessels and surface longliners: 12 vessels.

Financial compensation amounts to ECU 12 million, with participation in the financing of scientific and technical programmes amounting to ECU 800 000, and of training programmes amounting to ECU 550 000.

¹ OJ L 397, 31.12.1992.

² OJ L 379, 23.12.1992.

³ OJ L 42, 27.2.1992.

MOROCCO

266. On 19 December 1992, the Council approved Regulation No 3954/92 on the conclusion of a second fisheries Agreement between the Kingdom of Morocco and the Community on 15 December 1992.¹

This Agreement is of great importance to the Community and constitutes one aspect of preparation for a new economic, political and social partnership between the two parties. It is to last for four years and in general maintains the level of fishing opportunities already granted to the Community.

It provides for the stepping-up of conservation measures (in future applicable to all fleets operating in Moroccan waters) and an adjustment to the tariff concessions for preserved sardines. It also provides for Community aid for the development of scientific research and a series of specific measures in the fisheries sector.

Community financial compensation amounts to an annual average of ECU 102.1 million.

ANGOLA

267. In its Decision 92/410/EEC of 27 July 1992, the Council provisionally applied the Protocol establishing the fishing opportunities and financial compensation provided for in the Agreement² between the Community and Angola for a period of two years (3 May 1992 to 2 May 1994) with the following fishing opportunities:

- (i) shrimp trawlers: 7 350 grt per month, annual average, with a maximum of 22 vessels;
- (ii) demersal fishing trawlers: 1 800 grt per month, annual average, with a maximum of five vessels;
- (iii) freezer tuna seiners: 27 vessels;
- (iv) surface longliners: five vessels.

Community financial compensation amounts to ECU 13.9 million, with participation in the financing of scientific programmes amounting to ECU 2.8 million, and of training programmes amounting to ECU 1.8 million.

¹ OJ L 407, 31.12.1992.

² OJ L 223, 8.8.1992.

SENEGAL

268. In its Decision 92/560/EEC of 27 November 1992,¹ the Council temporarily applied the fisheries Protocol between the Community and Senegal for a period of two years (2 October 1992 to 1 October 1994).

This Protocol enabled the Community to regain fishing opportunities amounting to a total of 30 600 grt per month with a very satisfactory distribution for the Community fleet.

Community financial compensation amounts to ECU 31.2 million with participation in the financing of scientific programmes amounting to ECU 600 000, and of training programmes amounting to ECU 200 000.

SOUTH AFRICA

269. On 3 March 1992, the Council adopted Decisions 92/158/EEC and 92/159/EEC authorizing the Kingdom of Spain and the Portuguese Republic to extend for one year their respective Agreements (until 7 March 1993) on mutual fishery relations with the Republic of South Africa, in order to avoid any interruption in the fishing activities of the Community vessels concerned.²

MOZAMBIQUE

270. On 30 March 1992, the Council in its Decision 92/219/EEC provisionally applied a fisheries Protocol between the Community and the People's Republic of Mozambique for the period from 1 January 1992 to 30 September 1993,³ providing for the granting of licences for 42 ocean-going freezer tuna boats.

Community financial compensation amounts to ECU 300 000 and corresponds to total catches of 6 000 tonnes. Participation in financing amounts to ECU 180 000 for the scientific programmes of which a part not exceeding ECU 50 000 may be used for the costs of participation in international meetings.

MADAGASCAR

271. On 21 September 1992, the Council in its Decision 92/477/EEC provisionally applied a fisheries Protocol between the Community and the

¹ OJ L 359, 9.12.1992.

² OJ L 69, 14.3.1992.

³ OJ L 107, 24.4.1992.

Democratic Republic of Madagascar¹ for a period of three years (21 May 1992 to 20 May 1995), providing for the granting of licences to 42 freezer tuna seiners and eight surface longliners.

Financial compensation amounts to ECU 1.35 million corresponding to 9 000 tonnes per annum of **thunnidae**, with participation in the financing of scientific programmes amounting to ECU 375 000, and of training programmes amounting to ECU 450 000.

COMOROS

272. On 28 September 1992, the Council in Regulation No 2885/92 approved the conclusion of a fisheries Protocol² valid for a period of three years (20 July 1991 to 19 July 1994) between the Community and the Comoros, providing for fishing opportunities for 42 ocean-going freezer tuna boats.

Community financial compensation amounts to ECU 300 000 per annum. Moreover, the contribution to scientific programmes amounts to ECU 325 000 and the contribution to the training programme amounts to ECU 175 000.

F — International organizations

273. As in the past, the Community participated in the work carried out by bodies set up under the various international fisheries Conventions of which the most important are the following:

- Convention for the Conservation of Salmon in the North Atlantic Ocean (NASCO);
- Convention on Fishing and Conservation of Resources in the Baltic Sea (IBSFC);
- Convention on Multilateral Cooperation in North-West Atlantic Fisheries (NAFO);
- Convention on Multilateral Cooperation in North-East Atlantic Fisheries (NEAFC);
- Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR);
- International Convention for the Conservation of Atlantic Tunas (ICCAT).

¹ OJ L 282, 26.9.1992.

² OJ L 288, 3.10.1992.

Chapter V

Policy on social affairs, employment, education, culture, health, consumer protection and the environment

A — Social and employment policy

General

274. The Council held three meetings (in Luxembourg on 30 April and 24 June, and in Brussels on 3 December).

In addition, the Ministers for Labour and Social Affairs discussed several important topical matters at two informal meetings held in Alvor (Portugal) from 12 to 14 March and Chepstow (United Kingdom) on 12 and 13 October.

Dialogue with the two sides of industry was continued in the Standing Committee on Employment, which held its 43rd meeting on 14 May 1992, on the theme of immigration and employment.

At its meeting on 21 December 1992, the Council adopted conclusions (93/C 49/03) on the effective implementation and enforcement of Community legislation in the area of social affairs.¹

In these conclusions the Council emphasized that in order to make a reality of Community social legislation for individual citizens, it was essential that arrangements for its implementation were such as to transpose it accurately and on time into national legislation. Moreover, the legislation had also to be enforced effectively and consistently in all Member States.

275. The Commission was invited, *inter alia*, to continue to publish systematic information on an annual basis on the state of implementation of Community social legislation, commenting where appropriate on general progress and any

¹ OJ C 49, 19.2.1993.

difficulties in enforcement identified from the reports by Member States on the implementation of this legislation.

The Member States and the Commission were also invited, *inter alia*, to establish the exchange of information and a network of relevant officials to assist the achievement of effective enforcement of Community social legislation.

Lastly, the Council undertook to pay close regard to ensuring that, *inter alia*, the scope of Community social legislation was the subject of rigorous analysis, and that the legislation took account of practical aspects concerning its subsequent effective enforcement.

The Member States coordinated their positions on the subjects dealt with at the 79th session of the International Labour Conference (Geneva, June 1992), particularly the following: protection of workers' claims in the event of the insolvency of their employer; prevention of major industrial accidents; apartheid; situation of workers in the Occupied Territories.

Employment and vocational training

276. At its meeting on 21 December 1992, the Council adopted Resolution 93/C 49/02 on the need to tackle the serious and deteriorating situation of unemployment in the Community.¹

The resolution lays down a number of principles and considerations as the framework for the effective operation of labour market policies.

It points out that the task of tackling unemployment lies first and foremost with the Member States, but there is also an important contribution which can be made through coordinated supporting action at Community level.

It underlines the importance of economic growth and improving the competitiveness of enterprises, but points out that labour market measures also have a key role to play in reducing unemployment, for example:

high quality services for job-seekers and for employers who are looking for new employees;

training and vocational education which provide those seeking work with the skills needed to secure and to retain jobs;

creating and maintaining conditions to foster developments in the labour market likely to favour growth of jobs which provide the right levels of

¹ OJ C 49, 19.2.1993.

protection for employees (in particular, well-organized patterns of work; growth of the services sector; job-sharing in all its forms; the breaking-down of outdated stereotypes concerning women, disadvantaged groups and older workers; structures to assist local growth and development).

277. In conjunction with implementation of the resolution, the Council called on the Commission, **inter alia**:

to take the resolution into account when drawing up its proposals for the review of the Structural Funds and in particular of the European Social Fund;

to secure wider dissemination and utilization of information, in particular that collected through the employment survey networks;

to conduct a continuing, specific examination, in close collaboration with the Member States, the ILO, OECD and other authoritative bodies, of the effectiveness of policy responses to the present unemployment problem, and to present a first report in 1993;

to pursue its work to improve labour mobility at Community level, in particular through Regulation (EEC) No 2434/92 setting up the EURES system.

The Council called on the Member States:

to promote dissemination and discussion of the matters addressed by the resolution, notably by way of both sides of industry;

to pay regard to the resolution in drawing up and operating their own labour market measures.

Lastly, the Council undertook:

to discuss once every six months, in appropriate forums, including as appropriate the Standing Committee on Employment, the employment situation in the Community;

to discuss each year the annual report from the Commission on 'Employment in Europe';

to bring this resolution to the attention of the European Parliament, the Economic and Social Committee and both sides of industry in the framework of the social dialogue and to seek their comments with a view to informing continued consideration at Community level of the problem of employment.

278. The Council adopted Resolution 93/C 49/01 on transparency of qualifications¹ on 3 December 1992.

¹ OJ C 49, 19.2.1993.

This resolution has the dual objective of:

- (i) enabling individuals who so wish to present their occupational qualifications, education and work experience to potential employers throughout the Community;
- (ii) helping employers to have easy access to clear descriptions of qualifications and relevant professional experience, in order to establish the relevance of the skills of job applicants from other Member States to jobs on offer.

The Council emphasized that mutual understanding of, and confidence in, the diverse qualifications systems of Member States and the qualifications themselves should be improved.

It also gave certain guidelines for future Commission proposals, which should, **inter alia**, take full account of the development of the EURES system and be subject to voluntary participation by individuals and employers.

279. It called on the Commission to formulate its proposals having regard to the following priorities:

the identification, in cooperation with Member States and the social partners, of any information about qualifications and experience needed at the Community level to meet the dual objective of the resolution;

the evaluation, in cooperation with Member States, management and labour, of possible means of helping individuals and employers to communicate the information needed; in this connection, it might be useful to make available to individuals, on request, a summary of individual achievement (which might be called an 'individual portfolio'), giving a brief account of achievements and experience gained in the course of education, training and throughout working life;

encouragement for national initiatives to exchange information and expertise about qualifications and qualifications systems.

The Council received from the Commission, pursuant to Article 56(2)(a) of the ECSC Treaty, 25 requests for assent to enable that institution to reabsorb ECSC workers redundant or threatened with redundancy into productive employment by the granting of conversion loans to companies or, in the form of a global loan, to financial institutions.

The Council gave a favourable reply to these requests by authorizing the granting of loans for a total amount of ECU 1 470 million, with individual amounts ranging from ECU 5 to 343 million.

On 21 December 1992 the Council adopted Regulation No 3949/92 relating to the organization of a survey of labour costs in industry and the services sector.¹

This Regulation arises from the Commission's periodic surveys on labour costs and workers' incomes, and lays down that the Commission will conduct a survey on labour costs in industry and certain services sectors in 1993 on the basis of accounting data relating to 1992.

Labour relations

280. At its meetings on 24 June 1992 and 3 December 1992, the Council noted that although there was broad agreement on most of the provisions being considered, some aspects of the organization of working time still gave rise to difficulties.

Examination of these difficulties is continuing with a view to reaching agreement so that a common position can be adopted.

On 24 June 1992 the Council adopted Directive 92/56/EEC amending Directive 75/129/EEC on the approximation of the laws of the Member States relating to collective redundancies.²

The Directive supplements the existing provisions concerning information for and consultation of workers' representatives in the event of collective redundancies. In particular, it takes account of the impact of the internal market in this field and provides that information and consultation obligations apply irrespective of whether the decision concerning collective redundancies is taken by the employer or by an enterprise which controls the employer.

The Directive also provides that administrative and/or legal procedures are available to workers' representatives and/or workers in order to ensure that the obligations set out in the Directive are observed.

The Directive is to be implemented at the latest two years after its adoption.

281. On 27 July 1992 the Council adopted Recommendation 92/443/EEC concerning the promotion of participation by employed persons in profits and enterprise results (including equity participation).²

¹ OJ L 404, 31.12.1992.

² OJ L 245, 26.8.1992.

In this Recommendation, the Council invited the Member States to acknowledge the potential benefits of wider use of a broad variety of schemes to increase the participation of employed persons in enterprise profits, by means of profit sharing, employee share-ownership or a combination of both.

The role and responsibility of management and labour should be taken into account in this context, given that their interest and active involvement in this Community initiative are a precondition for its ultimate success.

The Council made Member States a series of specific recommendations, including the recommendation that they should contemplate and/or encourage consideration of the points set out in the annex to the Recommendation, including regularity, predetermined formula, voluntary participation, calculation of amounts, risks, enterprise type and size, when new financial participation schemes are being prepared or when existing schemes are being reviewed.

Health and safety at work

INDIVIDUAL DIRECTIVES WITHIN THE MEANING OF THE 1989 FRAMEWORK DIRECTIVE

282. The Council adopted five individual Directives within the meaning of Article 16(1) of the framework Directive 89/391/EEC, namely:

Directive 92/57/EEC of 24 June 1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites (eighth individual Directive);¹

Council Directive 92/58/EEC of 24 June 1992 on the minimum requirements for the provision of safety and/or health signs at work (ninth individual Directive);¹

Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breast-feeding (10th individual Directive);²

Directive 92/91/EEC of 3 November 1992 concerning the minimum requirements for improving the safety and health protection of workers in industries extracting minerals by drilling (11th individual Directive);²

Directive 92/104/EEC of 3 December 1992 on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries (12th individual Directive).³

¹ OJ L 245, 26.8.1992.

² OJ L 348, 28.11.1992.

³ OJ L 404, 31.12.1992.

283. Directive 92/57/EEC, due to be implemented by 31 December 1993, takes a comprehensive approach to prevention, establishing a chain of responsibility linking all parties concerned: clients, projects supervisors, employers, coordinators and self-employed persons.

It includes provisions on:

the preparation of a safety and health plan prior to the commencement of works at the site;

prior notice to the competent authorities before the commencement of works where the site concerned exceeds a certain size;

information for, consultation of and participation by workers and/or their representatives regarding safety and health at the site.

The Directive also provides in its annexes for:

a non-exhaustive list of the building and civil engineering work covered by the Directive;

the contents of the prior notice to be sent to the competent authorities;

a non-exhaustive list of works involving special risks to the safety and health of workers;

minimum safety and health requirements for work sites.

284. Directive 92/58/EEC, which is due for implementation by 24 June 1994 at the latest, is designed, more specifically, to combat risk factors associated with linguistic and cultural differences which might arise as a result of the free movement of workers.

In contrast with Council Directive 77/576/EEC, which it replaces, it is designed to make the provision of signs compulsory in certain circumstances and to introduce new safety signboards and other harmonized forms of signs.

It also covers more firms and workers than Directive 77/576/EEC, since its scope in relation to persons is that of framework Directive 89/391/EEC.

285. Directive 92/85/EEC lays down provisions, **inter alia**:

prohibiting the exposure of workers who are pregnant, have recently given birth or are breast-feeding to certain agents and working conditions which could jeopardize their safety or health;

ensuring a continuous period of maternity leave of at least 14 weeks allocated before and/or after confinement;

entitling pregnant workers to time off, without loss of pay, in order to attend antenatal examinations, if such examinations have to take place during working hours;

prohibiting dismissal of pregnant workers or workers who have recently given birth or are breast-feeding during the period from the beginning of their pregnancy to the end of the maternity leave;

ensuring maintenance of the pregnant worker's rights under the employment contract;

guaranteeing any worker who may consider herself wronged by failure to comply with the obligations arising from the Directive to pursue her claims by judicial process and/or by recourse to other competent authorities.

The Directive is due to be implemented two years at the latest after adoption.

286. Directives 92/91/EEC and 92/104/EEC contain clauses setting out detailed obligations for employers, to protect the safety and health of workers in the mineral-extracting industries.

Employers must also ensure that a safety and health document covering the relevant requirements laid down in Articles 6, 9 and 10 of Directive 89/391/EEC is drawn up and kept up to date, and revised if the workplace undergoes any major alterations.

The Directives also contain provisions on keeping workers informed and on worker consultation and participation, as well as provisions on monitoring their health.

There is a technical annex giving minimum specifications to accompany the enacting terms of each of the Directives on these sectors.

OTHER ACTS

287. At its meeting on 31 March 1992 the Council adopted Directive 92/29/EEC on the minimum safety and health requirements for improved medical treatment on board vessels.¹

The Directive is designed to improve the safety and health of workers on board a vessel, which constitutes a workplace involving a wide range of risks, bearing in mind, *inter alia*, where appropriate, its geographical isolation.

It provides, *inter alia*, that:

- (i) vessels should have adequate medical supplies, kept in good order and checked at regular intervals, so that workers can obtain the necessary medical treatment at sea;

¹ OJ L 113, 30.4.1992.

- (ii) any vessel with a crew of 100 or more workers and engaged on an international voyage of more than three days has a doctor responsible for the medical care of the workers on board;
- (iii) training and information of seafarers should be organized in order to ensure appropriate medical treatment at sea;
- (iv) a system for giving medical advice by radio be set up.

The Directive is due to be implemented by 31 December 1994 at the latest.

Equal treatment for men and women — Family policy

288. On 19 October 1992 the Council adopted Directive 92/85/EEC on the introduction of measures to encourage improvements in the safety and health of pregnant workers and workers who have recently given birth or are breast-feeding (10th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC).

The Council adopted Recommendation 92/241/EEC on child care¹ on 31 March 1992.

The Recommendation provides for a series of initiatives on child care to enable parents better to reconcile their vocational, family and educational responsibilities: child-care services, special leave, environment, structure and organization of work and sharing of responsibilities.

The Council considered, *inter alia*, that:

- (i) it was essential to promote the well-being of children and families, ensuring that their various needs are met and taking into account the fact that responsibilities arising from the care and upbringing of children continue up to and throughout the period of children's schooling, and especially when they are younger;
- (ii) the inadequate provision of child-care services at prices affordable to parents and other initiatives to reconcile responsibility for the family and the upbringing of children with the employment or with the education and training of parents in order to obtain employment constitutes a major barrier to women's access to and more effective participation in the labour market, on equal terms with men, and the effective use of their talents, skills and abilities in the current demographic situation.

¹ OJ L 123, 8.5.1992.

Free movement of workers — Social security

289. On 27 July 1992 the Council adopted Regulation No 2434/92 amending Part II of Regulation No 1612/68 on freedom of movement for workers within the Community.¹

The Regulation sets up a new system for clearing vacancies and applications for employment (EURES) designed to make the Community labour market as transparent as possible.

The Council continued its discussions on the proposal for a Regulation and the proposal for a Directive amending, respectively, Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community and Directive 68/360/EEC on movement and residence within the Community for workers of Member States and their families.

A compromise suggestion submitted by the Presidency met with a broad measure of support from the delegations at the meeting on 3 December 1992.

290. The Council adopted three Regulations on social security for migrant workers on 30 April 1992:

- (i) Regulation (EEC) No 1247/92² amending Regulation (EEC) No 1408/71 on non-contributory benefits;
- (ii) Regulation (EEC) No 1248/92² amending Regulations (EEC) Nos 1408/71 and 574/72 on the award and calculation of pensions;
- (iii) Regulation (EEC) No 1249/92² amending Regulations (EEC) Nos 1408/71 and 574/72 on miscellaneous technical amendments to these last Regulations.

Regulations (EEC) Nos 1247/92 and 1248/92, which certain delegations considered to have a close bearing on one another, have been under discussion in the Council since 1985 and 1989 respectively; they are designed, *inter alia*, to take account of the case-law of the Court of Justice.

The first Regulation makes provision for coordinating national legislation on special non-contributory benefits — particularly as regards equal treatment and the aggregation of periods giving entitlement — under which Member States are obliged to grant these special benefits to workers resident in their territory, under their own legislation, provided that such benefits are listed in a new annex provided for in the Regulation.

¹ OJ L 245, 26.8.1992.

² OJ L 136, 19.5.1992.

The second Regulation is designed to simplify the award and calculation of the pensions of those who have worked in more than one Member State. Its purpose is to resolve problems arising in connection with the aggregation of periods of employment under different types of legislation in cases where pensions overlap, and to protect migrant workers from over-stringent application of national provisions against overlapping.

The third Regulation takes account, *inter alia*, of changes in national legislation and is designed to complete Regulations (EEC) Nos 1408/71 and 574/72 in the light of experience gained in their application.

291. On 24 June 1992 the Council adopted Decision 92/440/EEC on the organization of the European Year of the Elderly and of Solidarity between Generations (1993).¹

This Decision is a follow-up to Decision 91/49/EEC of 26 November 1990 on Community actions for the elderly, including the designation of 1993 as the European Year of the Elderly and of Solidarity between Generations.

The purpose of the Decision is to bring a general improvement in the situation of the elderly, bearing in mind the present demographic trend towards a major increase in the elderly as a proportion of the population, which will have considerable economic and social implications.

The Decision's more specific objectives are to:

- (i) heighten society's awareness of the situation of the elderly;
- (ii) promote reflection and discussions at all levels on measures of special concern to the elderly;
- (iii) promote the principle of solidarity between generations;
- (iv) involve the elderly more in the process of community integration.

The amount of Community financing deemed necessary to implement the Decision is ECU 6.9 million.

A large number of coordinated measures for the European Year will be taken by the Community, the Member States — including regional and local authorities, where appropriate — employers' and workers' representatives and non-governmental organizations representing or dealing with the elderly.

292. On 24 June 1992 the Council adopted Recommendation 92/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems.¹

¹ OJ L 245, 26.8.1992.

The purpose of the Recommendation is to recognize the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity as part of a comprehensive and consistent drive to combat social exclusion.

The Recommendation contains a number of general principles and practical guidelines for Member States in order to arrange for the recognition of that basic right and putting it into practice.

Furthermore, on 27 July 1992 the Council adopted Recommendation 92/442/EEC on the convergence of social protection objectives and policies.¹

The Recommendation sets out a number of principles and guidelines for Member States with the aim of bringing about convergence of national social protection policies in the following areas: sickness, maternity, unemployment, incapacity for work, the elderly and the family.

B — Education

Tempus programme

293. At its meeting on 28 April 1992 the Council adopted a Decision amending Decision 90/233/EEC establishing a trans-European mobility scheme for university studies (Tempus).²

By this Decision the Council extended the pilot phase of the programme by one year, to enable it to examine an evaluation of the results of the initial years of the programme and to receive a proposal for a second phase of Tempus starting on 1 July 1994. The Commission submitted this proposal on 1 October 1992.

European dimension in higher education

294. In their conclusions of 27 November 1992,³ the Council and the Ministers, noting that the vast majority of students were unable to benefit directly from a mobility programme allowing them to experience the European dimension by spending time abroad, advocated additional measures to increase teaching staff mobility and interinstitutional links and to develop curricula common to the faculties of different establishments. The Commission was

¹ OJ C 245, 26.8.1992.

² OJ L 122, 7.5.1992.

³ OJ C 336, 19.12.1992.

invited to make a summary report by the end of 1993 on measures for developing the European dimension in higher education.

Assessment of new Community programmes concerning education and training

295. At its meeting on 1 June 1992, the Council stated in its conclusions¹ that all new Community programmes concerning education and training should be assessed by means of criteria and procedures appropriate to their individual objectives.

Such assessment should involve a report identifying the situation that exists before the implementation of a programme (initial report), a report on the first two years of the implementation of a programme, proposing any appropriate adaptations (interim report) and a report drawn up after the conclusion of a programme (final report).

Community/US cooperation in the field of education and training

296. The Council and the Ministers noted a Commission communication on the development of Community/US cooperation in the field of education and training and adopted conclusions² expressing the desire that this cooperation should provide added value to Member States' existing cooperation under bilateral agreements with the United States.

They invited the Commission to make preparations and then submit a draft agreement with the United States.

Development of open and distance learning in the European Community

297. In their conclusions of 1 June 1992¹ the Council and the Ministers maintained that open and distance learning elements should be incorporated whenever justified into appropriate Community education and training programmes. They should further be fully taken into account in policies arising from current discussions in the Member States concerning the Commission memorandums on 'Higher education in the European Community' and 'Voca-

¹ OJ C 151, 16.6.1992.

² OJ C 336, 19.12.1992.

tional training in the European Community for the 1990s'. Moreover, the potential for developing better arrangements of open and distance learning offered by Community programmes in other fields should be fully exploited.

In supplementary conclusions on 27 November 1992,¹ the Council and the Ministers emphasized that distance learning should be of high quality, providing training particularly for those who were unable to follow traditional courses; students should be given appropriate information on the recognition of diplomas and the accreditation of qualifications.

The Commission was asked to review current achievements in distance learning in the Member States. Particular attention was to be paid to initiatives outside the scope of higher education, since these activities were least well known.

Development of environmental education

298. In their conclusions of 1 June 1992,² the Council and the Ministers for Education emphasized that this form of education should be considered an integral part of every European citizen's upbringing, should be strengthened at all stages of education and should be considered an important vehicle for linking education institutions to their surrounding community. An important role was to be played by teachers, for whom initial and in-service training would have to be stepped up.

Health education

299. In their conclusions of 27 November 1992,¹ the Council and the Ministers recognized the importance of close cooperation between health and education authorities. They also recognized that, in the light of the experience gained so far, the school setting offered numerous opportunities for promoting the acquisition of personal skills and knowledge that would develop well-informed young people, equipped to choose healthy lifestyles. The general principles and the lines of action set out in the 1988 resolution should continue to be pursued and increased, bearing in mind, amongst other things, the need to pay particular attention to education on drug misuse and road safety.

The Council and the Ministers for Education invited the Commission to make a further report on activities in implementation of the 1988 resolution by the end of 1995.

¹ OJ C 336, 19.12.1992.

² OJ C 151, 16.6.1992.

Education information network in the European Community (Eurydice)

300. In their conclusions of 27 November 1992,¹ the Council and the Ministers felt that future developments in Eurydice should take account of the integration of the EFTA countries into the network and the changes in qualitative and quantitative needs for information in the field of education at Community level.

The Council and the Ministers will provide appropriate assistance to the network in relation to the first of the above two aspects, while the Commission was invited to bring forward a proposal to the Council in which future objectives, priorities, target groups and operational methods of the Eurydice network would be specified.

Convention defining the Statute of the European Schools

301. At their meeting on 27 November 1992 the Ministers for Education recorded agreement on the text of a new Convention defining the Statute of the European Schools and instructed the Permanent Representatives Committee to finalize it.

C — Culture

Guidelines for Community cultural action

302. On 12 November 1992, the Council and the Ministers for Culture meeting within the Council approved conclusions on guidelines for Community cultural action.¹

These conclusions were drawn up in the context of the Commission communication, submitted to the Council on 9 May, on new prospects for Community cultural action. Community initiatives in this area will have to respect national and regional diversity and at the same time bring the common cultural heritage to the fore, a principle laid down in Article 128 of the Treaty on European Union. The conclusions provide for a coherent approach in the various proposals for Community-wide action, in order to promote cultural activities with a European dimension throughout the Community.

¹ OJ C 336, 19.12.1992.

The content of the conclusions can be summarized under four headings:

SCOPE OF COMMUNITY CULTURAL ACTION

The action covers various sectors: audiovisual, books and reading, cultural heritage both movable and fixed; and other forms of cultural expression. New approaches to these sectors will include encouragement for European cultural networks; exchange and training of personnel in the cultural field, business sponsorship of the arts and ways of increasing awareness of different cultures. The action should not duplicate activities organized at national or regional level, and must be coordinated with other international forums.

CULTURAL ASPECTS OF ACTION UNDER DIFFERENT TREATY PROVISIONS

Other Community policies may have an impact on cultural matters. In the interests of effectiveness, coordination and transparency, Ministers for Culture should be kept informed of any such proposals coming from other sectors.

CULTURAL COOPERATION WITH THIRD COUNTRIES

The conclusions emphasize the need to step up cultural cooperation with third countries, on the basis of existing cooperation within the Community and bearing in mind Member States' bilateral agreements. Special efforts should be made in regard to the countries of Central and Eastern Europe.

PREPARING PLANNED AND STRUCTURED PROGRAMMES

The Commission was invited to present an annual outline of its proposals. The conclusions contain a non-exhaustive list of action to be taken in the medium term.

Cultural goods

303. Bearing in mind that, under the terms and within the limits of Article 36 of the EEC Treaty, Member States will retain the right after 1992 to define and protect national treasures possessing artistic, historic or archaeological value, the Council adopted, on 9 December 1992:

- (i) Regulation No 3911/92¹ on the export of cultural goods;
- (ii) a common position on a Directive on the return of cultural objects unlawfully removed from the territory of a Member State.

The Regulation makes export of certain cultural goods outside Community customs territory subject to presentation of an export licence. The goods concerned are defined in the Annex to the Regulation: it contains 14 categories of cultural goods, to some of which monetary thresholds apply.

The export licence for a cultural object listed in one of the categories is issued at the request of the person concerned by the competent authorities of the Member State on whose territory the cultural object in question was lawfully and definitively located on 1 January 1993 or, thereafter, on whose territory it is located following lawful and definitive export from another Member State; import from a third country after 1 January 1993 is also covered.

Entry into force of the Regulation depends on the date of adoption of the Directive on the return of cultural objects.

The Directive provides for a return procedure to be set up to enable Member States to secure the return to their territories of cultural objects which have been removed unlawfully; the procedure will cover cultural objects classed as national treasures within the meaning of Article 36 and belonging either to one of the categories listed in the annex to the Directive (which is similar to the annex to the Regulation) or, under given circumstances, to public collections or to the inventories of ecclesiastical institutions.

European Cities of Culture

304. On 18 May 1992, the Council and the Ministers for Culture adopted conclusions concerning the choice of European Cities of Culture after 1996 and the European Cultural Month.²

They approved new guidelines for regulating the event after 1996, in order to extend the choice of European City of Culture to any democratic European State. In particular, they proposed to alternate between current Member States and other European States, but without making any hard and fast rules. In the same way, it was felt advisable to alternate between capital and provincial cities and to vary the geographical area. By way of exception, they envisaged the possibility of twinning two cities or sharing a year between two cities.

¹ OJ L 395, 31.12.1992.

² OJ C 151, 16.6.1992.

Lastly, the European Cultural Month event would be continued. An assessment would be made after 'Europe in Graz 1993'.

On 12 November 1992, the Council and the Ministers for Culture approved conclusions on the procedure for the designation of European Cities of Culture.¹ Four headings were to be added to the existing procedures:

- (i) timing of designations;
- (ii) deadlines for submission;
- (iii) accompanying dossier;
- (iv) criteria for selection.

The cities already designated for the next few years are:

European City of Culture

1993: Antwerp
1994: Lisbon
1995: Luxembourg
1996: Copenhagen
1997: Thessaloniki

European Cultural Month

1993: Graz
1994: Budapest

D — Health

305. 1992 was a period of transition and reflection.

Accordingly, the Council embarked upon a general debate on future action on health, while continuing with its more specific discussions.

Future action in the field of public health

306. Working on the basis of considerations put forward by the Commission, and a general note from the Presidency, the Council started a broad debate at its meeting on 13 November 1992, not only on general guidelines and priorities, but also on a framework for future action in this field, aimed at developing a comprehensive approach.

As can be seen from the Presidency's conclusions,² this initial debate was directed towards the need for greater continuity and coherence in future work,

¹ OJ C 336, 19.12.1992.

² Doc. 9926/92 (Presse 207).

the setting of priorities over a number of years, and developing criteria for doing so, the need for closer cooperation with international organizations active in the field, and seeking a sufficiently balanced and flexible general framework, on the basis of an assessment of various areas and courses of action, that would take into account the health-related aspects of other policies or decision-taking bodies.

This debate will be continued and extended during 1993.

Measures to counter major diseases and other ‘scourges’ and harmful practices

CANCER — SMOKING

307. The Council gave particular attention, as part of its anti-cancer campaign and of more general preventive measures, to reducing smoking and its effects.

On 15 May 1992, following Parliament’s opinion on second reading and on the basis of the re-examined Commission proposal submitted on 17 April 1992, the Council adopted Directive 92/41/EEC amending Directive 89/622/EEC on the approximation of the laws, regulations and administrative provisions of the Member States concerning the labelling of tobacco products.¹ The Directive supplements the prescriptions of the 1989 Directive on the warnings to be carried on tobacco products put up for sale and introduces a ban on the marketing of certain new products for oral use; it keeps to the terms of the common position adopted by the Council in November 1991.

As regards the amended proposal for a Directive on advertising for tobacco products,² the Council took note of the opinions of Parliament and the Economic and Social Committee and continued its discussions with a view to reaching a common position.

Furthermore, pending the Commission’s evaluation report on action undertaken under the ‘Europe against cancer’ programme, the Council and the Ministers for Health, meeting within the Council, held a wide-ranging debate on reducing tobacco use in the Community at their meeting on 13 November 1992, on the basis of a memorandum drawn up by the Presidency. As can be seen from the Presidency’s conclusions,³ this general debate, which highlighted, *inter alia*, the importance of discouraging young people from starting to smoke,

¹ OJ L 158, 11.6.1992.

² OJ C 129, 21.5.1992.

³ Doc. 9926/92 (Presse 207).

covered a whole series of ways of helping to achieve this objective, including health education, prices and tobacco advertising. The debate was due to continue, in order better to identify priorities for action.

AIDS

308. As regards the anti-AIDS campaign, the Council's activities were confined to exchanges of information, pending the Commission's interim report on the implementation of the 'Europe against AIDS' programme (1991-93 action plan).¹

DRUGS

309. On 13 November the Health Ministers took part in the official presentation of European Drug Prevention Week (16 to 22 November 1992).

In a statement on 15 May 1992² announcing the event, the Council and the Ministers for Health, meeting within the Council, appealed to the public for the broadest possible participation in the organization and promotion of the event.

This was a coordinated measure to increase awareness, especially among young people, intended to usher in closer, ongoing cooperation in the field of drug prevention.

The Council and the Ministers for Health, meeting within the Council, took note at their meeting on 13 November 1992 of the Commission's second report on drug demand reduction in the European Community and reviewed, in their conclusions on the report,³ the general approach to be followed to determine the priorities for action in the field, and the Commission's future contribution in that context, bearing in mind the data due to become available from the European Drugs Monitoring Centre.

At the same time, the Commission was asked to report back on the evaluation and the lessons which could be learned from the European Week.

DOPING

310. As a follow-up to their resolution of 3 December 1990 on Community action to combat the use of drugs, including the abuse of medicinal products,

¹ OJ L 175, 4.7.1991.

² OJ C 148, 12.6.1992.

³ OJ C 326, 11.12.1992.

particularly in sport,¹ which provided, amongst other things, for the formulation, dissemination and use of a code of conduct against doping, the Council and the representatives of the governments of the Member States, meeting within the Council, adopted a resolution on the code on 19 February 1992.² The code, presented as an instrument serving to inform and educate, contains a series of recommendations addressed not only to those involved in sport, but also, with a wider preventive purpose, to all people and groups able to help in prevention (family, schools, doctors and paramedics, clubs and organizations involved in sporting activities at various levels, the media).

At their meeting on 15 May 1992, the Council and the Ministers for Health took note of the Commission's measures to secure the widest possible dissemination of the code at the Winter Olympics in Albertville (France) and with a view to the Olympic Games in Barcelona (Spain).

COOPERATION IN COMBATING CERTAIN TYPES OF ILLNESS

311. The Council and the Ministers for Health also turned their attention, for the first time, to two groups of illnesses playing a large or a significant part, particularly in view of their economic and social repercussions, in public health problems Community-wide.

(a) The first group, given their longer-run implications, are hereditary illnesses. In some conclusions concerning such illnesses,³ adopted at their meeting on 15 May 1992 in response to a memorandum submitted by the Portuguese Presidency, the Council and the Ministers for Health, meeting within the Council, point in particular to the importance of enhancing the role of epidemiological research and the contribution to be made by the pooling of data and experience in combating such illnesses. Without overlooking their complexity, they consider that matters connected with the fight against such illnesses, notably the need for cooperation among the Member States, should be included in discussions on future Community health policies.

(b) Another point of concern which takes on more immediate relevance, against the background of greater mobility of people and foodstuffs in connection with the development of the internal market, is the monitoring and surveillance of communicable diseases. At their meeting on 13 November 1992, the Council and the Ministers for Health, meeting within the Council, adopted a resolution⁴

¹ OJ C 329, 31.12.1990.

² OJ C 44, 19.2.1992.

³ OJ C 148, 12.6.1992.

⁴ OJ C 326, 11.12.1992.

setting out an approach making for greater cooperation between Member States, with the Commission's assistance, in this field, which might also provide a worthwhile example for cooperation in other areas.

They accordingly asked the Commission to take stock of existing arrangements for cooperation and, in the light of that exercise, to submit to the Council by the end of 1993 a report pointing the way for possible and desirable lines of action.

Promotion of general preventive factors

NUTRITION

312. In some conclusions on nutrition and health,¹ adopted at their meeting on 15 May 1992, the Council and the Ministers for Health pointed to the importance of the role of a proper diet in the prevention of various diseases and risk factors and referred to their resolution of 3 December 1990 concerning an action programme on nutrition and health;² they took the view that such action should make a substantial additional contribution to action already being undertaken by the Member States. They considered that these issues should continue to figure in the Commission's discussions on the framing of future Community health policies. In the meantime they called on the Commission to 'continue its studies in close cooperation with the senior officials designated for this purpose by the Member States'.

HEALTH EDUCATION

313. On 13 November 1992 for the first time, the Council and the Ministers for Health adopted some general conclusions concerning health education.³

Bearing in mind the very considerable impact on health of people's lifestyles and behaviour and the key preventive role of effective health education both at school and in other settings for specific groups at all ages, they express an interest both:

- (a) in seeing the Commission consider the possibility of extending to settings other than school any or all of the recommendations in its communication as models for the development of cooperation over health education targeted at specific groups at all ages, and

¹ OJ C 148, 12.6.1992.

² OJ C 329, 31.12.1990.

³ OJ C 326, 11.12.1992.

- (b) in close cooperation between health and education authorities and the most effective use of professional expertise in public health so as to encourage synergy between health education in and outside school and to get across a consistent, persuasive message to children and young people.

Other aspects of health and health care

TOXICOLOGY

314. At their meeting on 15 May 1992, the Council and the Ministers for Health examined a Commission communication reporting on all activities carried out from 1986 to 1990 under the Community programme of action in the field of toxicology for health protection¹ and adopted some conclusions² calling on the Commission:

- (i) to disseminate the results widely and to complete work in progress, and
- (ii) in view of the contribution which experience acquired in this field can also make to the prevention of disease, to identify any future action which might accordingly be implemented.

BLOOD PRODUCTS

315. With particular reference to the release into free circulation of medicinal products derived from human blood or human plasma, as provided for in Directive 89/381/EEC, the Council again turned its attention during 1992 to the complex problems arising from the availability of blood products; in particular, it adopted with the Ministers for Health at the meeting on 15 May 1992 some conclusions concerning adequate availability of blood products.³ Taking note of a Commission working paper and reiterating their endorsement of the objective of blood self-sufficiency and of the ethical and safety principles to be applied to blood donation and use, the Council and the Ministers for Health agreed on the need to promote exchanges of information and experience in order to look into the problems connected with the implementation of those principles. They asked the Commission to continue and intensify its work with a view to submitting to the Council shortly its report, accompanied by suitable proposals, if any.

¹ Resolution of the Council and the representatives of the governments of the Member States, meeting within the Council, of 29 May 1986 on that programme: OJ C 184, 23.7.1986.

² OJ C 148, 12.6.1992.

³ Doc. 6427/92 (Presse 80).

E — Consumer affairs

316. In 1992 the Council held two meetings on consumer protection policy, on 29 June in Luxembourg and on 3 November in Brussels.

The proposals on which decisions were taken are listed below.

Directives and other instruments adopted by the Consumer Affairs Council in 1992

*Council resolution of 13 July 1992 on future priorities for the development of consumer protection policy*¹

317. The resolution sets future priorities for the development of consumer protection policy and deals with the incorporation of policy to protect consumers and promote their interests into other Community policies, with consumer information and education, consumer redress, safety and health and representation of consumers and their economic interests.

*Council Directive 92/59/EEC of 29 June 1992 on general product safety*²

318. The Directive follows up the Council resolution of 23 June 1986 on a new impetus for consumer protection policy and forms a necessary addition to Directive 85/374/EEC concerning liability for defective products. Under the Directive, manufacturers, importers and distributors have a general duty to produce and sell only safe products.

*Common position on the Council Directive on unfair terms in consumer contracts*³

319. The common position on the Directive was adopted on 22 September 1992. The Directive covers all contracts concluded between a consumer and any person acting in the course of his trade, business or profession and is designed in particular to eliminate unfair terms in all consumer contracts.

¹ OJ C 186, 23.7.1992.

² OJ L 228, 11.8.1992.

³ Doc. 8406/92 CONSOM 322.

F — Environment

320. During 1992 the Council held four meetings specifically dealing with Community environmental protection policy. They took place on 23 March and on 26 and 27 May in Brussels, on 20 October in Luxembourg and on 15 and 16 December in Brussels; a joint Development/Environment Council meeting was also held on 5 May 1992 in Brussels.

Regulations, Directives and other instruments adopted by the Environment Council in 1992

*Council resolution on a Community programme of policy and action in relation to the environment and sustainable development*¹

321. The resolution, approved as to the substance on 15 December 1992, sets out the Council's position regarding the fifth Community environmental action programme 'Towards sustainability', drawn up by the Commission. That programme is intended to take over from the fourth programme, which expired at the end of 1992, providing an overall framework to encompass specific Community action and envisaging a new approach to environmental problems. The programme also includes a report on the state of the environment in the European Community.

*Council Regulation No 1973/92 of 21 May 1992 establishing a financial instrument for the environment*²

322. The Regulation follows the call to the Commission by the European Council, meeting on 25 and 26 June 1990, to take stock of all resources drawn on under the Community budget to provide financial support for environmental projects. The purpose of the Regulation is to establish a financial instrument for the environment (LIFE), so as to provide a consistent financing framework and be better suited to Community environmental action, while observing the 'polluter pays' principle and the principle of subsidiarity.

¹ Doc. 10763/92 ENV 322.

² OJ L 206, 22.7.1992.

***Council Regulation on the supervision and control of shipments of waste within, into and out of the European Community*¹**

323. The Regulation, approved as to the substance on 15 December 1992, is designed to amend and supersede Council Directive 84/631/EEC of 6 December 1984, as amended by Directive 86/279/EEC, which established a system for the notification and control of transfrontier shipments of hazardous waste. The amendment proved necessary as a result of the Community waste management strategy approved by the Council on 7 May 1990 and the signing by the Community of the Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (the Basle Convention), as well as the provisions of the fourth Lomé Convention.

***Council Regulation No 880/92 on a Community eco-label award scheme*²**

324. The Regulation, adopted by the Council on 23 March 1992, introduces a Community eco-label award scheme as an instrument of environmental policy to promote the making of more environment-friendly products; it follows the call to the Commission by the Council, in its resolution on waste policy, to submit a proposal for a Community-wide eco-labelling scheme covering a product's environmental impact throughout its life cycle.

***Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora*³**

325. The Directive comes under the fourth environmental action programme, which provides for measures for the comprehensive protection of the habitats of threatened species of fauna and flora through a Community system of protected areas, and it follows up a number of environmental instruments, in particular the Community Directive on the conservation of wild birds and the Berne Convention on the Conservation of European Wildlife and Natural Habitats.

The Directive also sets out to establish a network of protected areas, making in particular for the more effective implementation within the Community of the Berne Convention. Such protected areas are to be covered by management

¹ Doc. 9506/92 ENV 262 + ADD 1.

² OJ L 99, 11.4.1992.

³ OJ L 206, 22.7.1992.

plans, to be incorporated into integrated programmes designed to promote both regional development and improvement of the environment.

Council resolution on future Community policy concerning the European coastal zone¹

326. The resolution recognizes that the European coastal zone, including islands, is a fragile and vital common heritage and that it is essential to safeguard its biological diversity, its landscape value, ecological quality and capacity to sustain life, health, economic activities and social well-being.

The resolution calls on the Commission to propose for consideration a Community strategy for integrated coastal zone management, which will provide a framework for conservation and sustainable use, and to incorporate this initiative into the fifth environmental action programme.

Proposal for a Council Regulation amending Regulation (EEC) No 594/91 of 4 March 1991 in order to speed up the phasing-out of substances that deplete the ozone layer²

327. At its meeting on 15 and 16 December 1992, the Council reached agreement in substance on the text, to be formally adopted after final editing. The Regulation is designed to speed up the phasing-out on the basis of scientific and technical data supplied by the evaluation procedure of the United Nations Environment Programme.

Council Directive 92/72/EEC of 21 September 1992 on air pollution by ozone³

328. The Directive forms part of a variety of measures undertaken by the Community to counteract air pollution and in particular the fourth environmental action programme. The Directive is designed to obtain the fullest possible knowledge of levels of pollution by ozone throughout the Member States, which involves the setting-up of measuring stations to determine ozone concentrations in the air, using equivalent methods in all Member States. The

¹ OJ C 59, 6.3.1992.

² Doc. 5762/92 ENV 89.

³ OJ L 297, 13.10.1992.

Directive stipulates that action against air pollution by ozone may also include measures to reduce ozone precursors.

Proposal for a Council Directive on the approximation of the laws of the Member States relating to the sulphur content of gas oil¹

329. On 23 March 1992 the Council reached agreement on a common position on the Directive, subject to drafting of the preamble and legal and linguistic editing of the text. The Directive is designed to improve the quality of air affected by emissions of sulphur dioxide and other pollutants and steadily reduce the sulphur content of gas oil used for self-propelling vehicles, including aircraft and ships, and for heating, industrial and marine purposes, and to approximate the relevant laws of the Member States.

Council Regulation (EEC) No 2455/92 of 23 July 1992 concerning the export and import of certain dangerous chemicals²

330. The Regulation follows up Council Resolution 88/C 170/1 of 16 June 1988, which called on the Commission to consider the question of prior informed consent and to submit appropriate proposals for any amendments to Council Regulation (EEC) No 1734/88 concerning Community exports and imports of certain dangerous chemicals.

Council Directive amending for the seventh time Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances³

331. The Directive is designed, firstly, to correct some anomalies which have come to light since the last amendment of Directive 67/548/EEC and, secondly, to make for more effective implementation of that Directive.

Council resolution of 25 February 1992 on the future Community groundwater policy⁴

332. The resolution points to the dangers of the lowering of groundwater levels and/or the pollution of certain aquifers and notes that this important

¹ Doc. 5849/92 ENV 94.

² OJ L 251, 29.8.1992.

³ OJ L 154, 5.6.1992.

⁴ OJ C 59, 6.3.1992.

resource is limited, that its conservation for the future is a major political, economic and environmental imperative and that it can be exploited only in strict observance of the principle of sustainable development.

The resolution calls upon the Commission to submit a detailed action programme, if possible by the middle of 1993, and to draft a proposal for revising Council Directive 80/68/EEC of 17 December 1979 on the protection of groundwater against pollution caused by certain dangerous substances so as to incorporate it into a general freshwater management policy, including freshwater protection.

Council Directive 92/112/EEC on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry¹

333. The Directive, adopted by the Council on 15 December 1992, is designed to fill the legal vacuum left by the annulment of Directive 89/428/EEC of 21 June 1989 on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry and to restore the substance of the situation brought about by the annulled Directive.

Action on the world stage

334. During 1992 the Council took the following decisions in the area of international activities.

UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (UNCED) IN RIO DE JANEIRO, JUNE 1992

335. The Council paid considerable attention to UNCED at meetings dealing specifically with environmental protection.

At its meeting on 23 March 1992, the Council highlighted the leading role to be played by the Community in preparations for UNCED.

The matter was discussed in depth at the joint Development/Environment Council meeting on 5 May 1992.

¹ Doc. 6289/2/92 ENV 123 PRO-COOP 33 REV 2 + ADD 1.

On 26 and 27 May 1992 before the UNCED meeting, the Council held a final discussion covering financial resources, institutional aspects and practical organization of the Conference, as well as the Conventions on Climate Change and on Biological Diversity, the Statement on Forests, Agenda 21, the Earth Charter and the decision on combating desertification.

At the Conference, held in Rio de Janeiro from 3 to 14 June 1992, the Community played a leading role, both in general discussions and at the summit meeting of Heads of State or Government, which culminated in the signing of the framework Convention on Climate Change and the Convention on Biological Diversity and in the adoption of the other agreements emerging from the Conference, in particular the Earth Charter, Agenda 21, the Statement on Forests and the decision on combating desertification.

Lastly, at its meeting on 20 October 1992, in the light of the conclusions of the European Council meeting in Lisbon, the Council considered follow-up to UNCED and discussed the matter, with a particular view to the United Nations General Assembly in November 1992.

AUTHORIZATION FOR THE COMMISSION TO PARTICIPATE, ON THE COMMUNITY'S BEHALF, IN NEGOTIATIONS FOR THE CONVENTIONS AND/OR PROTOCOLS

336. The Conventions and/or Protocols concerned are as follows:

OECD: Draft Decision on the control of transfrontier movements of waste destined for recovery operations¹ — Decision of 10 February 1992;

Framework Convention on the Protection and Use of Transboundary Watercourses and International Lakes² — Decision of 25 February 1992;

International Convention on Damage resulting from Activities dangerous to the Environment³ — Decision of 26 March 1992;

Convention on the Protection of the Marine Environment of the Baltic Sea Area⁴ — Decision of 28 April 1992;

Convention on the Protection and Use of the Danube⁵ — Decision of 13 July 1992;

¹ Doc. 4232/1/92 ENV RELEX 2.

² Doc. 4310/92 ENV 10.

³ Doc. 5461/92 ENV 76.

⁴ Doc. 5668/92 ENV 85.

⁵ Doc. 7737/92 ENV 183.

Revision of the Convention for the Prevention of Marine Pollution from Land-based Sources (Paris Convention) and the Convention for the Prevention of Marine Pollution by Dumping from Ships and Aircraft (Oslo Convention)¹ — Decision of 13 July 1992;

Preparation for the fourth meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (Copenhagen, 23 to 25 November 1992)² — Decision of 20 October 1992.

SIGNING BY THE COMMUNITY, SUBJECT TO SUBSEQUENT CONCLUSION, OF THE CONVENTIONS AND/OR PROTOCOLS

337. The Conventions and/or Protocols concerned are as follows:

Protocol to the Geneva Convention on Long-range Transboundary Air Pollution concerning the control of emission of volatile organic compounds or their transboundary fluxes³ — Decision of 10 February 1992;

Convention on the Protection and Use of Transboundary Watercourses and International Lakes, in the framework of the United Nations Economic Commission for Europe⁴ — Decision of 16 March 1992;

Convention on the Transboundary Impact of Industrial Accidents, in the framework of the United Nations Economic Commission for Europe⁵ — Decision of 16 March 1992;

Convention on the Protection of the Marine Environment in the Baltic Sea Area (Helsinki Convention, as revised in 1992)⁶ — Decision of 18 May 1992;

Agreement on the Conservation of Small Cetaceans of the Baltic and North Seas⁷ — Decision of 18 May 1992;

Convention on Biological Diversity⁸ — Decision of 9 June 1992;

Convention on Climate Change — Decision of 26 May 1992;

Convention on the Protection of the Waters of the Oder⁹ — Decision of 23 July 1992;

¹ Doc. 7738/92 ENV 184.

² Doc. 9459/92 ENV 258.

³ Doc. 9430/92 ENV 344.

⁴ Doc. 5080/92 ENV 53.

⁵ Doc. 5079/92 ENV 52.

⁶ Doc. 5668/92 ENV 85.

⁷ Doc. 6215/92 ENV 117 Pêche 119.

⁸ Doc. 7017/92 ENV 163.

⁹ Doc. 7967/92 ENV 193.

Convention on the Protection of the Marine Environment of the North-East Atlantic¹ — Decision of 22 September 1992.

CONCLUSIONS BY THE COMMUNITY OF A CONVENTION

338. The Convention concerned is as follows:

Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basle Convention)² — Decided in substance at the meeting on 15 December 1992.

¹ Doc. 8568/92 ENV 210.

² Doc. 8304/90 ENV 187.

Chapter VI

External relations and development cooperation

A — Commercial policy

Uruguay Round

339. The Uruguay Round negotiations remained one of the main priorities of the Community, whose intentions were confirmed on several occasions by the General Affairs Council and the European Council: to strive for a rapid conclusion to the negotiations to strengthen the multilateral trading system and help revitalize the world economy; the negotiations covered a wide range of subjects but formed a whole, and the final agreement must be a fair and balanced one.

At its meetings in late December 1991 and early 1992, the Council took the view that, in so far as it called into question the very foundations of the common agricultural policy, the draft Final Act submitted by the GATT Director-General, Mr Dunkel, was unacceptable and so would have to be amended. As to the other aspects, the Council accepted that the draft had some positive features but thought that overall the proposed result was not a balanced one and that it would have to be improved in certain respects. It finally stressed the need for a genuine effort by some of the Community's major partners, especially the United States and Japan if all the parties were to derive increased mutual benefits from the results of the negotiations.

It soon became apparent to all of the participants that the multilateral negotiations in Geneva — the success of which is essential to the conclusion of the Uruguay Round — could not make any real headway unless the Community and the United States first reconciled their differences of approach on the most important issues, including agriculture.

340. The Agriculture Council's decisions in May 1992 on the reform of the common agricultural policy clarified the internal situation and at the same time made a particularly important contribution to the success of the negotiations. The process of bilateral discussions with the United States was reactivated and led on 20 November 1992 to a compromise, subject to confirmation, between

the Community negotiators and the United States which also covered the bilateral dispute on oilseeds.¹

The Foreign Affairs and Agriculture Councils reviewed the situation at their meetings in December 1992 in the light of a Commission report on the compatibility of the compromise with the reform of the CAP. The General Affairs Council on 7 December 1992 concluded in particular that this issue of compatibility should be actively studied by the appropriate bodies, including the Agriculture Council, and due account taken of these discussions in the multilateral process in Geneva. The Council also reaffirmed the great importance of non-agricultural subjects and agreed that substantial results on these subjects were essential to the conclusion of a balanced overall agreement. It also noted that the overall result of the negotiations would have to be examined in due course. At the same time the Council noted the position of one delegation which considered the draft compromise incompatible with the CAP and stated that if the Council were to adopt a position on such measures, it would oppose them in order to preserve the very important interests which it had at stake here.

The multilateral process was reactivated in Geneva in December 1992, the Edinburgh European Council of 12 December having reaffirmed its commitment in Birmingham to an early, comprehensive and balanced agreement, calling on all the parties to complete the negotiations accordingly and noting that the final package had to be considered as a whole. At the EEC/United States Summit in Washington on 18 December 1992, President Bush, Prime Minister Major and the President of the Commission launched an appeal for the negotiations to be speeded up in the first half of January 1993.

GATT

341. In parallel with the Uruguay Round negotiations, the Community participated actively, as in previous years, in the usual GATT proceedings and in the search for solutions to the problems covered by GATT's field of activities. The dispute between the Community and the United States regarding the new support scheme for oilseed products brought in by the Community at the end of 1991 was a major issue.² Further to the recommendations of the special GATT group, which had been reconvened to examine the new American complaints and which had concluded that the Community should act rapidly to eliminate the reduction in tariff concessions either by modifying its new support scheme or by renegotiating its tariff concessions for oilseeds, the Community negotiator, on the basis of the negotiating directives adopted by the Council in June

¹ See point 341 of this Review.

² See also 39th Review.

1992, asked for and obtained in that same month the authorization of the GATT Contracting Parties to enter into negotiations with the third countries concerned having negotiating rights or substantial interests (namely the United States, Canada, Argentina, Brazil, Uruguay, Poland, Sweden, Hungary, Pakistan and India) under Article XXVIII.4 of the GATT relating to the renegotiation of tariff concessions. Following this authorization, intensive negotiation took place with the countries in question in the summer of 1992, but no agreement was reached on the possible solutions. With the United States,¹ settlement of the basic aspects of this issue formed an integral part of the compromise arrived at, subject to confirmation, in Washington on 20 November 1992. Since then, the Community negotiator has been endeavouring to settle the issue with the other third countries concerned, but no agreement has yet been reached because of the additional requests for compensation made by these countries.

Mention should also be made of the Community's efforts to draw up a multilateral agreement on steel, the positive outcome of the bilateral negotiations between the Community and the United States on their dispute with regard to civil aircraft subsidies and the Community initiative aimed at strengthening the multilateral rules of the GATT code on civil aircraft, the constructive role played by the Community, pending the conclusion of the Uruguay Round, in bringing about a further extension of the MFA arrangement on textiles, and the substantial contribution made by the Community to the progress of the negotiations on the deepening and widening of the public procurement code. The Community also focused its attention on the problems of trade and the environment with the aim, particularly in the light of the outcome of the UNCED Conference in Rio, of closer GATT involvement in analysing the problems and seeking solutions through increased international cooperation.

Commercial policy instruments

342. The Council's work continued apace during the autumn on a whole series of Commission proposals concerning commercial policy, designed to simplify and standardize Community rules primarily aimed at:

- (i) for market economy countries, the removal of all remaining national quantitative restrictions as from 1 January 1993;
- (ii) for State-trading countries, the removal of national quantitative restrictions as from 1 January 1993 and the introduction of quantitative quotas or Community surveillance for a limited number of products and third countries;

¹ See point 348 of this Review.

(iii) for third countries:

- the simplification and standardization of the import formalities to be completed by importers where surveillance or safeguard measures are applied;
- the possibility of adopting regional safeguard or surveillance measures in exceptional circumstances where no other solution exists;

(iv) the introduction of a Community procedure for the administration of quantitative quotas; and

(v) a horizontal proposal amending decision-making procedures for the different Community instruments of commercial defence, including the transfer of implementing powers to the Commission under Article 145 of the Treaty.

On two occasions in December, the Council held exhaustive discussions on the Commission proposals without arriving at any overall agreement, mainly because delegations' views on the proposed changes for the decision-making procedures applicable to Community instruments of commercial defence continued to differ widely. Work is continuing on possible solutions with a view to arriving at overall political agreement in early 1993.

Sectoral questions

TEXTILES

343. The year 1992 was important for textiles policy, with a busy work programme and two fundamental issues on the Council's agenda, namely:

- (i) during the first half of the year, the Council signified its agreement in principle on the Commission communication on the implications of the internal market for commercial policy in the textile and clothing sector, highlighting the various questions to be dealt with by the Council during the following months in order to complete the internal market in this area. As a direct follow-up to this communication, the Commission submitted two proposals to the Council in December on the autonomous import arrangements for textile products in the single market and on the administration of OPT quotas at Community level. Through lack of time, the work of finalizing these Regulations had to be postponed until 1993;
- (ii) during the second half of the year, the Article 113 Committee closely monitored the Commission's efforts in negotiating an extension of the MFA (a one-year extension was agreed in Geneva on 9 December) and the renewal of all the bilateral agreements concluded by the Community on trade in MFA textile products. Discussions in the Council of the economic aspects of the negotiating directives was particularly protracted and it was

not until 6 October that the Commission received its instructions. Although the Commission had very little room for manoeuvre in these negotiations, its negotiators managed to conclude negotiations on all 20 MFA agreements (each one concluded for a maximum of three years or until the entry into force of the Uruguay Round conclusions should that occur beforehand in accordance with the negotiating directives and in time for the Council to adopt on 21 December 1992 the Decision on the provisional application of these agreements as from 1 January 1993). The main innovations in these agreements are the provisions required for their implementation in a single Community market in trade in textile products, a major advantage for exporters to the Community market.

344. In addition, the Council agreed to the provisional application as from 1 January 1993 of:

- (i) the textile agreement negotiated with Viet Nam (in accordance with the negotiating directives adopted by the Council in October) which will replace the comparatively restrictive autonomous arrangement governing trade up to then;
- (ii) the five-year additional protocols concluded with Poland, Hungary and the Czech and Slovak Federal Republic (in accordance with the negotiating directives adopted by the Council in June) providing for 'association'-type import arrangements substantially improving these countries' access as preferential trading partners;
- (iii) extensions of the existing bilateral agreements with Romania and Bulgaria for a maximum of one year pending the negotiation and conclusion of additional protocols under the Association Agreements.

SHIPBUILDING

345. The Council was kept informed of the discussions between the Commission and the other OECD partners concerned on resuming negotiations on the conclusion of an OECD agreement to abolish unfair competition in the shipbuilding sector.

STEEL

346. In addition to continued efforts in Geneva to obtain a multilateral agreement on steel, the major issue facing the Community was the large number of actions filed in the United States in June against steel exporters in order to obtain anti-dumping and countervailing duties.¹

¹ See point 348 of this Review.

B — Relations with non-European industrialized countries

United States

347. From a political point of view, relations with the United States in 1992 were characterized by constructive and fruitful dialogue in the context of the Transatlantic Declaration approved by both parties in 1990. Meetings took place in April and in December between the Presidents of the European Council and the Commission and the President of the United States. The first of these meetings was essentially devoted to the Uruguay Round negotiations, with both parties trying to give the process fresh political impetus and, to that end, putting forward new ideas for agriculture. This meeting was also an opportunity to examine other questions of mutual interest such as the situation in the former Yugoslavia and aid to the republics of the former Soviet Union, the Middle East, the countries of the Maghreb and the preparation of the Earth Summit in Rio. Efforts were also made at the December meeting to convey a similar message to the Uruguay Round negotiators so that everything possible might be done to ensure that the Round was concluded at political level by mid-January 1993.

348. On the whole, bilateral trade between the Community and the United States continued to increase. A number of disputes were settled in 1992. Others remain to be settled in 1993, all being well within the framework of the Uruguay Round negotiations.¹

- (a) Airbus: in July, the Council approved the conclusion of an agreement preventing trade distortions resulting from direct or indirect government support for the development and production of large civil aircraft. This agreement is of particular importance to Member States participating in the Airbus consortium. Following this agreement, negotiations were initiated in Geneva with a view to the conclusion of a multilateral agreement on international trade in civil aircraft to replace the current GATT code on trade in civil aircraft.
- (b) Oilseeds: in conjunction with the negotiations on the agricultural aspect of the Uruguay Round,¹ the Commission was also able to arrive at a compromise, subject to confirmation, with the United States on Community aid for oilseed producers.²
- (c) Slaughterhouses: in October, the Council approved an agreement, due to enter into force by 1 July 1994, introducing greater harmonization in the approval of slaughterhouses in the Community and the United States.

¹ See point 339 et seq. of this Review.

² See point 341 of this Review.

Thanks to that agreement, which will be preceded by an interim agreement, a problem which has been the source of a large number of misunderstandings has now been settled to the mutual satisfaction of both parties.

- (d) Steel: in October and December, the Council examined the numerous anti-dumping and countervailing actions filed in the United States in June against steel imports from the United States' main trading partners in the steel sector, including the Community, which resulted in the imposition of prohibitive preliminary anti-dumping and countervailing duties on Community exports to the United States of the products concerned. The Council stated categorically that such action was unacceptable and totally unjustified and gave its unreserved support to the Commission's efforts to solve this problem, if need be through consultations in GATT. The Council would continue to monitor the situation in the first half of 1993 pending the definitive fixing of duties at the end of the spring.

Japan

349. In June, the Council held a debate on overall relations with Japan on the basis of a very detailed Commission communication. The Council welcomed the political and economic dialogue established by the Joint Declaration approved by both parties in The Hague in July 1991. It confirmed the need for a balanced approach in relations with Japan based, on the one hand, on policies to improve access to Japanese markets by Community firms and, on the other hand, on the strengthening of dialogue and the development of cooperation in areas of mutual interest. It also recognized that the fact that Japan followed a policy of growth led by export rather than domestic demand, the slow pace of structural reform and the growing tendency to come to bilateral arrangements with the United States made access to the Japanese market for Community firms and investment more and more difficult. It therefore invited Japan to examine these questions.

As provided for in the 1991 Declaration, a meeting was held in London in July between the Presidents of the European Council and the Commission and the Japanese Prime Minister. This meeting, which followed largely from the conclusions adopted by the Council the month before, was essentially devoted to economic relations between the two partners. In particular, both parties agreed to cooperate in correcting the Community's steadily increasing trade deficit with Japan. One of the areas in which measures were deemed necessary was access for European companies to particular sectors and the promotion of Community investment in Japan. There was also recognition of the importance of Japanese economic growth for sales on Japanese markets of important equipment such as aircraft and satellites. Possible areas of scientific and technical cooperation and ways of improving the political dialogue were also discussed.

Canada

350. In the context of the 1990 Transatlantic Declaration on EC-Canada relations, a meeting was held in April between the Presidents of the Council and the Commission and the Canadian Prime Minister. Discussion centred on the Uruguay Round and other international questions of mutual interest, notably the situation in the former Yugoslavia, the peace process in the Middle East and the preparation of the Earth Summit in Rio. On bilateral issues, relations were considered satisfactory, except on the question of fishing in international waters off Newfoundland.

South Korea

351. The Council continued to follow relations with Korea, noting that despite the improvement in the Community export situation, the Commission was still urging Korea, whether on a bilateral level or in the context of the GATT negotiations, to open up its markets in certain key sectors such as telecommunications.

Other countries

352. The trading problems between the Community and other large industrialized countries are examined both in a multilateral and in a bilateral context in high-level consultations which take place regularly between the Commission and these countries. The Council is regularly informed of these consultations.

C — Relations with the EFTA Countries

353. Relations with the EFTA partners were marked by two major events.

- (a) *The signing in Oporto on 2 May 1992 of the Agreement on the European Economic Area*

Also signed at the same time were the bilateral agreements between the Community and all or some of the EFTA countries on agriculture, fisheries and road transit.

The purpose of the EEA Agreement is to create a homogeneous economic area based on the Community's internal market legislation. It provides for the EFTA countries to adopt — in general immediately but in some cases with

transitional periods — the ‘**acquis communautaire**’ built up over 30 years relating to the free movement of goods, persons, services and capital.

While it associates the EFTA countries with the Community internal market, the EEA Agreement does not affect the decision-making autonomy of the Community or of the EFTA countries. With particular reference to future Community legislation, it establishes a procedure which, on the one hand, will facilitate the fully autonomous development of that legislation and, on the other hand, the adoption of that legislation throughout the EEA, establishing a process of information and thorough consultation ensuring that the views of the EFTA countries are taken into account.

The EEA Agreement also provides for increased cooperation between the Community and the EFTA countries in the context of the ‘flanking’ policies (research and development, environment, education, training and youth, social policy, consumer protection, small and medium-sized enterprises, tourism, the audiovisual sector, and civil protection).

It will also contribute to reducing regional economic and social disparities in the context of the arrangements provided for in the agricultural and fisheries sectors and through the introduction by the EFTA countries of a five-year financial mechanism amounting to ECU 1 500 million in soft loans and ECU 500 million in the form of grants for Spain, Portugal, Ireland and Greece.

Finally, it establishes a political dialogue between the Twelve and the EFTA countries.

354. Following the non-ratification of the EEA Agreement by Switzerland as a result of the referendum of 6 December 1992, the Council expressed the hope that the European Economic Area would rapidly be established and the Community’s desire to enter into negotiations with the EFTA countries other than Switzerland to agree on the amendments to the EEA Agreement necessitated by Switzerland’s withdrawal.

The Council therefore called on the Commission to submit to it as soon as possible a recommendation for a Decision authorizing the Commission to initiate these negotiations.

(b) *The applications for membership of the European Communities submitted by Finland on 18 March 1992, by Switzerland on 26 May 1992 and by Norway on 25 November 1992*

The Commission submitted its opinion concerning Sweden (which had applied for membership on 1 July 1991) on 31 July 1992 and on Finland on 5 November 1992.

D — Enlargement

355. The European Council in Lisbon on 26 and 27 June 1992 established basic guidelines on accession to the European Union, which were supplemented by the European Council in Edinburgh on 12 December 1992.

The European Council in Lisbon pointed out that the Treaty on European Union provided that any European State whose system of government is founded on the principle of democracy may apply to become a member of the Union. The principle of a Union open to European States that aspire to full participation and who fulfil the conditions for membership is a fundamental element of the construction of Europe.

With reference to the EFTA countries seeking membership, the European Council in Lisbon considered that the EEA Agreement had paved the way for opening enlargement negotiations and invited the institutions to speed up the preparatory work, stating that the official negotiations would be opened immediately after the Treaty on European Union was ratified and agreement achieved on the Delors II package.

Given the agreement reached on the future financing of the Community and the prospects for early ratification of the Treaty on European Union by all Member States, the Edinburgh European Council agreed that enlargement negotiations would start with Austria, Sweden and Finland at the beginning of 1993. These would be transformed into negotiations under Article O of the Treaty on European Union once it entered into force and could only be concluded once the Treaty on European Union had been ratified by all Member States. The conditions of admission would be based on the acceptance in full of the Treaty on European Union and the *acquis*, subject to possible transitional measures to be agreed in the negotiations. The negotiations with Norway would be conducted on the same basis as soon as the Commission's opinion on that country's application was available. Negotiations would to the extent possible be conducted in parallel with each applicant being treated on its own merits. The Commission was also invited, in preparing its opinion on the Swiss application, to take into account the views of the Swiss authorities following the 6 December referendum on the EEA Agreement.

356. The European Council in Lisbon agreed with reference to the EFTA applicant countries, that enlargement was possible on the basis of the institutional provisions contained in the Treaty on European Union and attached declarations.

The European Council in Lisbon considered that if the challenges of a European Union composed of a larger number of Member States were to be met

successfully, parallel progress was needed as regards the internal development of the Union and the preparation for membership of other countries.

In this connection, the European Council discussed the applications submitted by Turkey, Cyprus and Malta and considered that each of these applications had to be considered on its own merits.

It emphasized that in the current European political situation the role of Turkey was of the greatest importance and that there was every reason to intensify cooperation and develop relations with Turkey in line with the Association Agreement of 1964, including a political dialogue at the highest level.

Relations with Cyprus and Malta would be developed and strengthened by building on the Association Agreements and their applications for membership and by developing political dialogue. The General Affairs Council on 5 and 6 October also noted that the Commission intended to submit its opinions on the applications for membership from Cyprus and Malta as quickly as possible.

E — Relations with the countries of Central and Eastern Europe

Countries of Central and Eastern Europe

PREPARATION OF THESE COUNTRIES FOR MEMBERSHIP OF THE UNION

357. The European Council in Lisbon on 26 and 27 June 1992 reaffirmed the Community's will to develop its partnership with the countries of Central and Eastern Europe within the framework of the Europe Agreements to assist their efforts to restructure their economies and institutions. The political dialogue would be intensified and extended to include meetings at the highest political level. Cooperation would be systematically focused on assisting their efforts to prepare for accession to the Union which they sought. The Commission was invited to assess progress made in this respect and report to the European Council in Edinburgh suggesting further measures as appropriate.

In this connection, the Council agreed on 5 October 1992 to the draft joint statement to be published following the first joint meeting between the Ministers for Foreign Affairs of the European Community, the Vice-President of the Commission and the Ministers for Foreign Affairs of the Visegrad countries held in Luxembourg on 5 October 1992. The Ministers welcomed this occasion as marking a significant development in the process of strengthening dialogue

and cooperation between them. They agreed that this process served their common objective of gradual integration of the Visegrad countries into the Community.¹

The will to intensify political, economic and democratic cooperation between the Community and the Visegrad countries was also expressed at a summit meeting in London on 28 October 1992 between the President of the Council, the President of the Commission and the Heads of State or Government of the Visegrad countries.

358. The European Council in Edinburgh on 11 and 12 December 1992 welcomed the report which the Commission submitted to it on 4 December 'Towards a new association with the countries of Central and Eastern Europe'. It saw this as a positive response to the commitment of the Lisbon European Council to develop the Community's partnership with these countries within the framework of the Europe Agreements and to the proposals in the memorandum from the Visegrad countries.

The European Council regarded the Europe Agreements as the means by which the Community intends to support and encourage political stability and economic growth in Central and Eastern Europe. It believed that they must be implemented speedily and in full in order to strengthen the associate countries' links with the Community. It welcomed the intensified political dialogue which had been established with the Visegrad countries at ministerial and head of State or government level and called for this to be further extended.

The European Council called on the Council of Ministers to give early consideration to the Commission's recommendations and to promote a wide-ranging debate involving interested parties in the Community and in these countries. At its meeting in Copenhagen, the European Council would reach decisions on the various components of the Commission's report in order to prepare the associate countries for accession to the Union.

At the Council meeting on 21 December 1992 the Danish Presidency, which intended to hold a conference with the countries of Central and Eastern Europe during its Presidency, said it would give this question high priority in order to prepare for decisions at the European Council in Copenhagen on the framework necessary for this process of preparing the associate countries for accession to the Union.²

¹ Doc. 9033/92 (Presse 170).

² Doc. 11173/92 (Presse 257).

HUNGARY — POLAND — CZECHOSLOVAKIA: EUROPE AGREEMENTS/INTERIM AGREEMENTS

359. Pending completion of the procedures for ratifying the Europe Agreements signed on 16 December 1991 with Poland, the former Czechoslovakia and Hungary, the Council decided on 25 February 1992 to conclude Interim Agreements with those countries.¹ These Agreements enabled the trade and trade-related provisions of the Europe Agreements to be applied from 1 March 1992.

On 27 February 1992 the Council adopted the implementing regulations for the Interim Agreements and in particular set the Community quotas and tariff ceilings for certain products originating in those countries.²

On 13 July 1992 the Council adopted the implementing regulations for Protocol No 3 to the Interim Agreements concerning processed agricultural products.³

In view of the time required for the procedures under way for ratification of the Europe Agreements with the three Visegrad countries and of the scant likelihood of the Agreements entering into force on 1 January 1993, on 19 October 1992 the Council authorized the Commission to negotiate with these three partners an extension of the validity of the Interim Agreements beyond 31 December 1992 in order to avoid any discontinuity in relations with those countries.⁴ Following this authorization, the Commission negotiated with the three partner countries agreements in the form of exchanges of letters, which the Council approved on 7 December 1992.

These agreements entered into force with the Czech and Slovak Federal Republic, Hungary and Poland on 16, 18 and 22 December 1992 respectively. The Interim Agreements are consequently applicable until the entry into force of the Europe Agreements.

On 28 December 1992 the Council adopted the Regulation opening and providing for the administration of Community tariff quotas and ceilings for 1993 for certain agricultural and industrial products and establishing a reduced variable component for certain processed agricultural products originating in Hungary, Poland and the Czech and Slovak Federal Republic.⁵

¹ OJ L 114, 30.4.1992; OJ L 115, 30.4.1992; OJ L 116, 30.4.1992.

² OJ L 56, 29.2.1992.

³ OJ L 212, 28.7.1992.

⁴ Doc. 8515/92 EST 192.

⁵ Doc. 11208/92 EST 313 UD 240.

Joint Committees

360. The first meetings of the Joint Committees under the Interim Agreements took place in Brussels with the Czech and Slovak Federal Republic on 21 May 1992, with Hungary on 22 June 1992 and with Poland on 29 June 1992. At these meetings there was discussion, in particular, of a number of trade problems in the fields of agriculture, textiles, steel and industry which had arisen during the first months of application of the Interim Agreements, and stock was taken of scientific and economic cooperation under the former trade and commercial and economic cooperation agreements.

Transit

361. The Council decided on 29 June 1992 to proceed with the signing, subject to subsequent conclusion, of the exchanges of letters which the Commission had negotiated with the Czech and Slovak Federal Republic and Hungary following the decision to raise their transit tariffs taken by these two countries after the signing of the Europe Agreements and the Interim Agreements.

These new exchanges of letters amend the exchanges of letters signed on 16 December 1991 and provide for a mutually acceptable reduction in the price of transit authorizations and a clearer reaffirmation of the commitment of the Community to seek with Hungary and the Czech and Slovak Federal Republic ways of financing improvements in the surface transport infrastructure of those countries.¹

The exchanges of letters were signed with Hungary and the Czech and Slovak Federal Republic respectively on 3 July 1992. On 7 December 1992 the Council adopted the Decisions on the conclusion of these Agreements in the form of exchanges of letters,² which entered into force on 10 December 1992.

BULGARIA — ROMANIA: EUROPE AGREEMENTS/INTERIM AGREEMENTS

362. The principle of concluding Europe Agreements with Bulgaria and Romania was also agreed by the Council in 1991. At its meeting on 11 May 1992 the Council authorized the Commission to open negotiations with Bulgaria and Romania for the conclusion of Europe Association Agreements and adopted negotiating directives to this effect.³

¹ Doc. 7460/92 (Presse 132).

² Doc. 10523/92 (Presse 235).

³ Doc. 6326/92 (Presse 71).

After six negotiating sessions with Romania, the Commission completed the last negotiations and the texts of the Europe Agreement and the Interim Agreement were initialled on 17 November 1992. In view of the time required for the procedures to ratify the Europe Agreement and pending its entry into force, the Interim Agreement will enable the commercial section of the Europe Agreement and certain accompanying provisions to enter into force at an earlier date.

After seven negotiating sessions with Bulgaria, the texts of the Europe Agreement and the Interim Agreement were initialled on 22 December 1992.

The content of these Agreements is largely based on the Agreements already signed with Poland, Hungary and the former Czechoslovakia, while taking account of the particular characteristics of the Romanian and Bulgarian partners. The Europe Agreements are founded on the principle of the gradual achievement of a free-trade area and are intended to make progress on the three other freedoms and institutionalize political dialogue. They consolidate the linking of the partners to the Community and constitute one of the main features of the new architecture of Europe. In the preamble to the Agreements, it is stated that the latter will furnish the framework enabling those two countries gradually to integrate into the Community.

A link is established between observance of democratic principles, human rights and the principles of market economy, which are essential components of the Association, on the one hand, and full implementation of the Association, on the other hand. Should these countries fail to observe the abovementioned fundamental principles, the Community can — pursuant to the final provisions of the Agreement — at any time take such measures as it deems appropriate.

Aid to support balance of payments

363. The Council decided upon further medium-term financial aid to the partner countries. On 19 October 1992 the Council decided to loan to Bulgaria ECU 110 million over seven years in two instalments.¹ On 27 November 1992 the Council decided to loan to Romania ECU 80 million over seven years.²

BALTIC STATES — ALBANIA

Trade and commercial and economic cooperation agreements

364. On 11 May 1992 the Council decided to sign, subject to their conclusion, trade and commercial and economic cooperation agreements between the Com-

¹ OJ L 317, 31.10.1992.

² OJ L 353, 3.12.1992.

munity and Albania, Estonia, Latvia and Lithuania respectively. The signing took place the same day.¹

These are conventional, non-preferential framework agreements adaptable to future developments. They will in due course, when conditions are met, contribute to the achievement of the objective of an Association Agreement and to the further strengthening of relations with these countries.

The agreements expressly state that respect for the democratic principles and human rights established by the Helsinki Final Act and the Paris Charter should inspire the domestic and external policies of the parties and constitute an essential element of the agreements.² The signatories at the same time approved joint declarations on the establishment of political dialogue.

On 26 October 1992 the Council adopted the Decision concluding the Agreement with Albania, which entered into force on 1 December 1992.³

On 21 December 1992 the Council adopted the Decision concluding the Agreements with Estonia, Latvia and Lithuania.⁴

Aid to the Baltic States

365. On 7 August 1992 the Council approved emergency aid for the supply of foodstuffs to the people of Estonia, Latvia and Lithuania for an amount of ECU 45 million.⁵

On 23 November 1992 the Council decided to grant medium-term financial assistance in two instalments over seven years of ECU 40 million to Estonia, ECU 80 million to Latvia, and ECU 100 million to Lithuania in order to help restore the balance of payments of those countries.⁶

Riga Conference

366. An extraordinary meeting of the Group of 24 took place on 23 and 24 November 1992 in Riga on coordinated assistance to Estonia, Latvia and Lithuania. This meeting afforded an opportunity for constructive dialogue on the state of political and economic reforms in the Baltic States, on assistance to

¹ Doc. 6396/92 (Presse 71).

² Doc. 6166/92 (Presse 67).

³ OJ L 343, 25.11.1992.

⁴ Doc. 11173/92.

⁵ OJ L 227, 11.8.1992.

⁶ OJ L 351, 2.12.1992.

those countries, and on their short and medium-term prospects. The discussions focused particularly on trade, energy, infrastructures, the financial sector, the environment, agriculture, civil society and the creation of democratic institutions, the development of the private sector and support for the balance of payments.

Aid to Albania

367. On 15 May 1992 the Council decided upon a support measure in the form of a grant of ECU 20 million to an import programme to support Albanian industry.¹

On 15 June 1992 the Council decided upon an emergency measure for the free supply of foodstuffs to the people of Albania for an amount of ECU 45 million.² On 26 October 1992 the Council decided upon a further emergency measure for an amount of ECU 40 million.³

On 28 September 1992 the Council decided to grant Albania financial assistance in the form of a grant of ECU 70 million in two instalments to help support the balance of payments.⁴

Tirana Conference

368. In preparation for the Conference of G24 donor countries in Tirana on 22 and 23 July 1992, the objective of which was to address a message of support to the Albanian people and the government, the Council on 20 July 1992 adopted conclusions stressing past, present and future Community aid to Albania to support the democratically elected government in its efforts to maintain stability and institute political reforms as well as an economic reform programme in support of the IMF programme.⁵

AID FOR ECONOMIC RESTRUCTURING

369. Throughout the year the Community continued its activities to assist the countries of Central and Eastern Europe by implementing a coherent set of measures intended to support the political and economic reform process and the transition of those countries towards a market economy.

¹ OJ L 144, 26.5.1992.

² OJ L 166, 20.6.1992.

³ OJ L 312, 29.10.1992.

⁴ OJ L 287, 2.10.1992.

⁵ Doc. 8051/92 EST 177.

This Community effort was given concrete expression in the strengthening of the PHARE programme which was awarded ECU 1 015 million in 1992 and in the continuation of food-aid measures in cases where this proved necessary.

In view of the humanitarian aid requirements in the countries eligible for PHARE assistance, the Council and the Commission decided at the Council meeting on 9 November 1992 to increase for 1992 the amount for humanitarian aid measures and contributions to non-governmental organizations from 10 to 15% of total aid under the PHARE Regulation.¹

370. At its meeting on 16 November 1992, the Council approved conclusions concerning the future pattern of the PHARE programme for assistance to the countries of Central and Eastern Europe. The Council:

noted that the PHARE results were positive and encouraged the Commission to continue evaluating the results (by the end of 1992 appropriations committed will amount to ECU 2 250 million);

reaffirmed its determination to devote adequate funding to PHARE, increasingly on a multiannual programming basis (without instituting a formal multi-annual budgetary commitment);

stressed that the objective of supporting political and economic reforms could not be achieved if the process being conducted in the recipient countries faltered seriously. The Commission should take account in its aid decisions of the progress of reforms in each recipient country;

requested the Commission to rationalize programme implementation, increase decentralization, and guarantee transparency (without thereby imposing undue constraints on recipient governments);

underlined the need to maintain close coordination between recipients and donors (particularly international financial institutions) in support of a single and coherent reform programme in each country. Coordination was also necessary between PHARE and the national programmes of Member States;

confirmed that PHARE aid would continue to take the form of grants and focus on technical cooperation and the provision of equipment for that purpose, without excluding, as necessary, other forms of support: health, education, pilot housing programmes and the promotion of productive investment;

stated that the EIB would be involved in the preparation and support of productive investment operations and that full cooperation should be established with the EBRD. The Commission would inform the Council of the arrangements for cooperation with the EIB and the EBRD;

¹ Doc. 9759/92 (Presse 196).

underlined the importance of PHARE for regional cooperation among East European countries and for nuclear safety;

laid down that import aid could be envisaged in countries where reforms were in their infancy;

stressed the need for a 'transparent and competitive' procedure for selecting the private undertakings responsible for carrying out projects.¹

The Edinburgh European Council meeting on 11 and 12 December 1992 welcomed the more flexible guidelines approved for the operation of the PHARE technical assistance programme and the intention of the Commission to extend its cooperation with the European Bank for Reconstruction and Development.²

Former USSR

371. One year after the collapse of the Soviet Union the Edinburgh European Council meeting on 11 and 12 December 1992 reaffirmed its commitment to facilitate the transition from communism to democracy. The aim of the Community is the full integration of the States of the former USSR into the world political and economic system. The Community wishes to establish new relations between equal partners, based on respect for sovereignty, on the same values of freedom, democracy, civil and political rights and social well-being as well as on the principles of market economy and free enterprise.

PARTNERSHIP AND COOPERATION AGREEMENTS

372. In this spirit the Council on 5 October 1992 adopted directives enabling the Commission to open negotiations with Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, Tadjikistan, Turkmenistan and Ukraine for the conclusion of partnership and cooperation agreements. These agreements are intended to establish close political and economic relations between the Community and each of the 12 republics of the former USSR and will cover a wide range of areas including in particular trade, economic and financial cooperation, political dialogue and cultural cooperation.

The Edinburgh European Council welcomed the opening of negotiations with Russia on 25 November 1992 and hoped that the negotiations with the other States would make rapid progress.

¹ Doc. 10082/92 (Presse 210).

² Doc. SN 456/92.

ASSISTANCE TO THE USSR

Humanitarian aid and technical assistance

Emergency food aid

373. In view of the precarious food supply situation in the Russian cities the Council on 10 February 1992 approved an emergency aid action for an amount of ECU 100 million to assist the people of Moscow, St Petersburg, Saratov, Cheliabinsk and Nizhny Novgorod.¹ This programme, including the two previous instalments of food aid, would permit the transport of more than 150 000 tonnes of products. For the first time, Western aid was sold in Russia. This was done to dispose of the products at a price which would not disturb the market and to constitute counterpart funds in order to help the most needy.

Use of the ECU 1 250 million loan granted to the former USSR

374. The Lisbon European Council on 26 and 27 June 1992 agreed that urgent action should be taken to provide emergency medical aid to the CIS by mobilizing an appropriate portion of the ECU 1 250 million loan granted in 1991 to the Soviet Union and its republics.

At its meeting on 13 July 1992 the Council decided to grant a loan of a maximum amount of ECU 150 million to the Vnesheconombank (VEB) to meet Russia's medical requirements.

At the same meeting the Council welcomed the fact that eight of the States of the former Soviet Union (Armenia, Belarus, Georgia, Kyrgyzstan, Moldova, Tadjikistan, Turkmenistan and Ukraine) had to date signed the Protocols of Agreement authorizing the payment of their respective shares of the ECU 1 250 million loan.²

On the other hand, the Council regretted the fact that Russia was still not ready, for the remaining ECU 349 million of its share of the ECU 1 250 million loan, to give the type of legal guarantee which normally accompanies the loans which the Community grants to States. Nonetheless, since this loan was granted principally for the purposes of humanitarian aid, the Council asked the Commission to make the remaining ECU 349 million available to Russia by means of a direct Community loan to the VEB in accordance with the provisions of the Council Decision of 16 December 1991 and subject to the following conditions:

¹ OJ L 36, 13.2.1992.

² Doc. 9040/92 (Presse 177).

- (i) Russia must not be in default on its repayments of the credit guarantee of ECU 500 million;
- (ii) the loan must be accompanied by an adequate guarantee on the part of the Russian Government.

The Council attaches importance to the States of the former Soviet Union reaching an agreement with their creditors in the Paris Club for the rescheduling of their debt on satisfactory terms.

The loan would principally finance shipments of foodstuffs and agricultural products or, if the Russians so wished, medical assistance.¹

375. The Edinburgh European Council on 11 and 12 December 1992 recalled that the humanitarian loan of ECU 1 250 million granted by the Community to the States of the former Soviet Union was currently being used to purchase foodstuffs and medical equipment and products and hoped that this aid would be sufficient to meet requirements in view of the improved harvest in 1992.

The European Council hoped that it would be possible to reach swift agreement on a realistic and generous rescheduling of the external debt of the former Soviet Union within the Paris Club. The European Council likewise hoped that Russia and the IMF would reach rapid agreement giving access to substantial resources from the international financial institutions and other sources.

Technical assistance (TACIS programme)

376. Technical assistance to States of the former USSR was carried out under the TACIS programme, which comprised a budget of ECU 450 million for 1992, of which ECU 270 million were devoted to national projects. Russia, with ECU 111 million, was the principal beneficiary of this programme, followed by Ukraine with ECU 48 million.

A large part of the budget, ECU 80 million, was reserved for action programmes in the field of nuclear safety.

International conferences on assistance to the new independent States

377. The United States took the initiative of convening in Washington on 22 and 23 January 1992 a conference on aid to the independent States of the

¹ Doc. 9040/92 (Presse 177).

former Soviet Union, bringing together more than 60 States and international organizations.

The aim of this conference was to show solidarity in the critical situation facing the former USSR and to make the efforts of the various donors more effective through better coordination.

The conference was limited to emergency humanitarian aid and to the technical assistance problems connected therewith.

Four working groups were set up to address humanitarian requirements in the areas of food, medicine, energy and shelter. A fifth working group was created to coordinate technical assistance.

At its meeting on 10 January 1992 the Council prepared this conference in which the Community and its Member States, who provide the bulk of the aid effort to the former USSR, actively participated on the basis of a common position which was the subject of close prior coordination.

The Community declared its readiness in principle to organize the follow-up conference, which was decided upon in Washington.

378. At its meetings on 3 February, 2 March, 6 April and 11 May 1992 the Council prepared the second conference, held in Lisbon on 23 and 24 May 1992 at the invitation of the European Community. At that conference, following which the Presidency published conclusions, the ministers of the 12 independent States (who had not been present in Washington) had an opportunity to inform the conference of the state of their economies and their priority requirements.

The Lisbon Conference addressed the need to institute new arrangements for the future coordination of assistance to the newly independent States and it envisaged the creation of groups bringing providers of funds and appropriate international organizations together with the country or countries concerned.¹

The third and last conference was held in Tokyo at the invitation of Japan on 29 and 30 October 1992. The Community position in Tokyo had been carefully prepared within the Council bodies. The conference decided that in future coordination would be carried out within the consultative groups (one for each republic) under the responsibility of the World Bank. The Community would be represented within these groups. For Russia an *ad hoc* Group would be constituted, for which secretarial services would be provided by Russia itself.

¹ Doc. 6771/92 (Presse 96).

INTERNATIONAL SCIENCE AND TECHNOLOGY CENTRE (ISTC)

379. At its meeting on 2 March 1992 the Council agreed to the principle of Community participation in the establishment in Moscow of an ISTC on the basis of an appropriate financial contribution. This Centre would enable weapons scientists and engineers in Russia and other interested States of the CIS and Georgia, and in particular those who 'possess knowledge and skills related to weapons of mass destruction or missile delivery systems ... to redirect their talents to peaceful activities'. The Centre will support basic and applied research and the development of technologies in areas such as environmental protection, energy production and nuclear safety as well as the integration of scientists from the countries concerned into the international scientific community.

On 11 March 1992 the four founder parties of the Centre, namely the Community, the United States, Russia and Japan, published a joint declaration to promote the rapid establishment of this Centre.

On 13 April 1992 the Council gave the Commission negotiating directives for the establishment of the Centre.¹

On 11 May 1992 the Council decided to sign the Agreement setting up the Centre. This Agreement was initialled in Lisbon on 24 May 1992 and signed in Moscow on 27 November 1992.

On 21 December 1992 the Council adopted the Regulation on the conclusion of this Agreement.

The Community contributes to the Centre the sum of USD 25.4 million (ECU 20 million), the United States the sum of USD 25 million and Japan the sum of USD 17 million. The Russian Federation will provide the facilities and equipment as well as maintenance and security services.

Conference on Security and Cooperation in Europe (CSCE) — Helsinki follow-up meeting

380. At its meeting on 2 March 1992, the Council agreed the common position of the Community and its Member States intended to serve as a basis for the proceedings of the Helsinki follow-up meeting of the CSCE (March-July 1992).

This Conference was the first opportunity, following the Paris Summit in November 1990, to carry out a global evaluation of the fundamental changes

¹ Doc. 5858/92 EST 80 RECH 47 ATO 34.

which had occurred over the last few years in Central and Eastern Europe and in the former Soviet Union, to assess their repercussions on the CSCE and to agree on the future development of the Helsinki process.

This was a transitional Conference the chief objective of which was to discuss the transformation of the CSCE from an **ad hoc** process into a structured political consultation and decision-making system, namely the development of institutions and mechanisms to ensure security and stability in the CSCE region.

At the Conference the Community and its Member States wished to place the emphasis on the implementation of undertakings already entered into within the CSCE and to give fresh impetus to cooperation, particularly in the fields of science and technology, telecommunications, the environment, transport, tourism and human resources.¹

The bulk of the decisions taken in the final document of Helsinki 1992, entitled 'The challenges of change', concerned the strengthening of the institutions and structures of the CSCE, conflict prevention and crisis management, the peaceful settlement of disputes, relations with the international organizations and non-participating States, the creation of a permanent security forum, the human dimension, economic cooperation and the environment.

Former Yugoslavia

381. In support of the action carried out by the Community in the context of the Peace Conference in The Hague and the London Conference, the following practical measures were taken:

following the denunciation in 1991 of the EEC-Yugoslavia Cooperation Agreement of 1980, the Council on 3 February adopted positive measures towards four republics of the former Yugoslavia, namely Slovenia, Croatia, Bosnia-Herzegovina and the territory of the former Yugoslav Republic of Macedonia. These measures were aimed at maintaining their commercial and economic advantages under the former EEC-Yugoslavia Agreement and the benefit of PHARE operations;

in accordance with United Nations Security Council Resolution 757, the Council decided on 1 June upon an embargo *vis-à-vis* Serbia and Montenegro, forbidding trade in EEC and ECSC products between those republics and the Community, a derogation being made for food and medicinal products and products for humanitarian purposes;

¹ Doc. 4934/92 (Presse 28).

the Community granted humanitarian aid (food aid, shelter, logistics, health, etc.) for the population of the whole of the former Yugoslavia (ECU 289.9 million since 1 October 1991). At bilateral Member State level, aid (ECU 204 million in all) was granted between 1 October 1991 and 1 December 1992.

With regard to the future the Community decided to strengthen its links of cooperation with those former Yugoslav republics which fulfil the necessary economic and political conditions.

382. In this spirit the Council meeting on 20 July adopted negotiating directives for the conclusion of an EEC-Slovenia Cooperation and Trade Agreement and an ECSC Agreement. The content of that Agreement was similar to the EEC-Yugoslavia Cooperation Agreement of 1980, the social aspects being included in an exchange of letters. The Agreement includes a future developments clause providing for the possibility of subsequently concluding a Europe Association Agreement.

As regards the general objective of the Agreement, reference would be made to the particular attachment of the two parties to observance of the principles of democracy and human rights, which constitute an essential component of the Agreement. The Agreement was initialled on 5 November 1992.

The Council furthermore approved, on 18 September 1992, the directives for the negotiation of an EEC-Slovenia Financial Protocol which will be endowed with ECU 170 million, of which ECU 150 million will be EIB loans from its own resources and of which ECU 20 million will be budgetary funds for interest-rate relief. A transport agreement is likewise envisaged. These three instruments should be signed and concluded simultaneously.

F — Mediterranean — Andorra — San Marino — Gulf States — Euro-Arab Dialogue

Mediterranean

NEW MEDITERRANEAN POLICY

383. The relaunched Mediterranean policy was made fully operational.

Following the assent of the European Parliament, the Council concluded the fourth Financial Protocols with Algeria, Morocco, Tunisia, Egypt, Jordan,

Lebanon and Israel and the third Financial Protocol with Syria,¹ since the European Parliament had not yet given its assent to the fourth Financial Protocol with the latter country. On 29 June 1992, the Council also adopted the Regulation on the implementation of the Financial Protocols, the Regulation concerning financial cooperation in respect of all Mediterranean non-member countries and the Regulation improving agricultural trade concessions.²

Finally, the Mediterranean partners benefit, as do the partners in Asia and Latin America, from the ECIP instrument, which was extended by the Council for a further three-year trial period.³ This instrument makes it possible to encourage, particularly in the form of joint ventures, participation by the private sector, and particularly by small and medium-sized undertakings, in the investment process.

The Community is thus engaged in intensifying its cooperation with its Mediterranean partners on the basis of increased funds and certain new instruments. These include support for structural adjustment for the Maghreb and Mashreq countries and horizontal financial cooperation intended to promote regional cooperation, particularly in the field of the environment, for which all the partners in the Mediterranean region are eligible.

With its relaunched Mediterranean policy, which constitutes an essential factor for greater economic and political stability in the region, the Community is providing a significant contribution to the Middle East Peace Conference, and particularly to the multilateral phase of negotiations on economic cooperation.

MEDITERRANEAN ASSOCIATED COUNTRIES (TURKEY, MALTA AND CYPRUS)

384. The outcome of the discussions of the Lisbon European Council on 26 and 27 June 1992 concerning the applications for accession submitted by Turkey, Cyprus and Malta is set out in the chapter of this Review concerning enlargement.⁴

At its meetings on 20 July and 5 and 6 October 1992, the Council discussed the follow-up to the aforementioned conclusions of the Lisbon European Council in relations with Turkey, Malta and Cyprus in preparation, *inter alia*, for the forthcoming Association Council meetings with Turkey and Cyprus. At its meeting on 5 and 6 October, the Council also noted that the Commission

¹ OJ L 352, 2.12.1992, OJ L 18, 25.1.1992 and OJ L 94, 8.4.1992.

² OJ L 181, 1.7.1992.

³ OJ L 35, 12.12.1992.

⁴ See point 356 of this Review.

envisaged issuing its opinions on the applications for accession by Cyprus and Malta as soon as possible.

The EEC-Malta Association Council held its seventh meeting on 6 April 1992 in Luxembourg. It expressed satisfaction at the development of trade and cooperation between the Community and Malta. As regards financial cooperation, it welcomed the fact that the funds made available under the Financial Protocols had made a significant contribution to modernizing Malta's infrastructures. The Maltese delegation took the opportunity of that meeting to express its views on Malta's application for accession to the Community.

The cooperation already existing between the European Parliament and the Maltese Parliament was institutionalized with the setting-up of an EEC-Malta Joint Parliamentary Committee, which held its inaugural meeting on 24 and 25 September 1992 in Brussels, with the President of the Council attending.

385. The 33rd meeting of the Association Council with Turkey was held on 9 November 1992 in Brussels.

Both sides confirmed their determination to achieve the customs union provided for by the Ankara Agreement and the Additional Protocol. Taking note of the report from the Association Committee meeting on 16 October 1992, the Association Council instructed the Committee to submit to it by its next meeting a report on the progress of its proceedings. It also welcomed the fact that Turkey was among those countries able to take part in projects in the fields of horizontal financial cooperation and the environment.

Both sides agreed on the establishment of a political dialogue at the highest level as envisaged at the Lisbon European Council, comprising, *inter alia*, the organization of meetings as necessary between the President or Prime Minister of Turkey and the Presidents of the European Council and the European Commission.

The Association Council meeting also provided the opportunity for exchanges of views on political issues of mutual interest during which the Community gave a reminder, in particular, of the European Council's declarations on Cyprus and pointed out that the current situation was not acceptable.

Two meetings of the EEC-Turkey Joint Parliamentary Committee took place in 1992, attended by the President of the Council: the first was in Istanbul on 29 and 30 June and the second in Brussels from 25 to 27 November.

386. The EEC-Cyprus Association Council held its 14th meeting on 21 December 1992 in Brussels. At that meeting both sides expressed their satisfaction at the functioning of the Association Agreement in the area of trade. As regards

financial cooperation, the Association Council noted the excellent level of cooperation during the implementation of the first two Financial Protocols in Cyprus. As for the third Financial Protocol covering the period 1988 to 1993, both sides expressed the wish to see its implementation speeded up early in 1993.

On the political dialogue, it was agreed, in accordance with the conclusions of the Lisbon European Council, to intensify, at the highest level necessary, the arrangements agreed upon in this area in 1988.

The Association Council meeting also provided the opportunity to exchange views on political issues of mutual interest, and particularly the Cyprus problem.

As in the case of Malta, cooperation between the European Parliament and the Parliament of the Republic of Cyprus has been institutionalized with the establishment of an EEC-Cyprus Joint Parliamentary Committee. The inaugural meeting of this Committee was held on 17 March 1992 in Brussels; a second meeting was held from 14 to 16 July in Nicosia. The President of the Council attended both these meetings.

SOUTHERN MEDITERRANEAN COUNTRIES

387. The Lisbon European Council adopted a declaration on relations between Europe and the Maghreb, in which it showed its determination to place these relations on a footing which, in scale and intensity, is commensurate with the links forged by geography and history on the basis of an approach favouring partnership. This declaration defines the main features of that partnership, notably:

- (i) a common commitment to respect for international law, human rights, fundamental freedoms, democratic values, tolerance and coexistence between cultures and religions;
- (ii) the establishment of a political dialogue;
- (iii) support for the continuation of economic reforms, in particular through financial cooperation, especially in the context of the re-directed Mediterranean policy, investment promotion, increased technical cooperation and the phased setting-up of a free-trade area;
- (iv) priority consideration to the problems raised on both sides of the Mediterranean by migration and the living and working conditions of migrant communities and by demographic imbalances and the attendant economic and social disparities;
- (v) a greater degree of cultural cooperation.

The Community and its Member States are also prepared to continue in due course the dialogue initiated with the AMU.

Further to exploratory talks with Morocco, the Commission submitted a recommendation on 15 December for a Decision authorizing it to negotiate a Euro-Maghreb Association Agreement with that country, the examination of which was begun immediately by the Council. The Commission also began exploratory talks with Tunisia.

388. The 10th meeting of the Cooperation Council was held at ministerial level with Israel on 11 May 1992 in Brussels, the two parties examined the state of application of the Cooperation Agreement and emphasized the intensity of their relations and the constant concern to improve implementation of the Agreement in the various areas of cooperation: trade, industry, scientific and technical cooperation, standardization and financial cooperation.

The two parties also discussed the prospects for strengthening their contractual relations. Here, the Community pointed out that these relations could not be considered separately from the progress made towards a just and lasting peace in the Middle East and a realization on Israel's part of the political dimension and role of the Community.

The meeting also provided the opportunity for political exchanges of views on the Middle East peace process.

The eighth meeting at ministerial level of the EEC-Egypt Cooperation Council was held on 20 July 1992 in Brussels.

The discussions highlighted the will of both parties to pursue and step up their cooperation. The two delegations held an exchange of views on the economic situation in Egypt and welcomed the continued commitment of the Egyptian Government to its economic reform programme and its efforts to meet the target agreed with the international financial institutions. This aims to provide a more favourable climate to attract European investments and to create a sound basis for long-term sustainable economic growth.

The two sides stressed the importance of financial and technical cooperation, with particular regard to the fourth Financial Protocol which provides a total of ECU 568 million for the period 1992 to 1996.

OCCUPIED TERRITORIES

389. On the basis of a programme drawn up for 1992, the Community continued its aid and assistance measures for the Palestinians in the Occupied Territories.

Andorra — San Marino

390. In July 1992, the Council agreed to a Decision of the EEC-Andorra Joint Committee derogating from the rules of origin laid down in the Agreement, in order to take into account the specific situation of the manufacture in Andorra of certain processed agricultural products (pastes, including marzipan).

Pending completion of the procedures for ratification of the Agreement on trade and customs union signed with the Republic of San Marino on 16 December 1991, an Interim Agreement implementing the trade provisions of the aforementioned agreement was signed with that country on 27 November 1992; the Agreement entered into force on 1 December 1992.¹

The first meeting of the Cooperation Committee set up under this Agreement took place on 21 December 1992, at which the Committee adopted its rules of procedure and three decisions necessary for the smooth functioning of the customs union.

Gulf States

391. In the course of relations with the parties to the Charter of the Cooperation Council for the Arab States of the Gulf (United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait), the Community and the countries of the GCC held a ministerial meeting and the third meeting of the Joint Council of the Cooperation Agreement in Kuwait on 16 May 1992. It was agreed to intensify cooperation, particularly in the areas of industry, energy and the environment. The ministers expressed their satisfaction at the restoration of international legality in the Gulf, and reaffirmed their commitment to the peace process in the Middle East.

The second Industrial Cooperation Conference, bringing together economic operators from the Community and the countries of the Gulf Cooperation Council, was held in Doha (Qatar) from 25 to 27 October 1992.

The fourth meeting of the EEC-Republic of Yemen Joint Committee was held in Brussels on 13 January 1992. It was agreed that economic cooperation would continue to focus on tourism, science and energy and would be extended to cover the new area of fisheries. Development cooperation would concern water resources and education, in particular.

On 29 June, the Council authorized the Commission to negotiate an exchange of letters in order to extend the scope of the Cooperation Agreement to the whole territory of the new Republic of Yemen.

¹ OJ L 359, 9.12.1992.

Euro-Arab Dialogue

392. A meeting of the co-Chairmen, co-Vice-Chairmen and co-rapporteurs of the three working committees (economic, technical, social and cultural) of the Euro-Arab Dialogue was held in Lisbon on 20 and 21 April 1992. In the spirit of the ministerial meeting in Paris and of the General Committee meeting in Dublin, the Lisbon meeting enabled the two sides to stress their determination to relaunch the dialogue, by setting the agendas, dates and venues for the forthcoming meetings of the working committees.

Miscellaneous

393. On 7 December 1992 the Council adopted Regulation No 3541/92 prohibiting the satisfying of Iraqi claims with regard to contracts and transactions the performance of which was affected by United Nations Security Council Resolution 661 (1990) and related resolutions.¹

On 14 April 1992 the Council adopted Regulation No 945/92² implementing at Community level United Nations Security Council Resolution 748 (1992) prohibiting the supply of certain goods and services to Libya.

G — Relations with the ACP States and the overseas countries and territories — South Africa

Relations with the ACP States

The ACP-EEC joint bodies held the following meetings.

394. The ACP-EEC Council of Ministers held its 17th ordinary meeting, the first under the fourth Convention³ which entered into force on 1 September 1991, in Kingston (Jamaica) on 21 and 22 May 1992. At this meeting, the Council reviewed the progress made and the problems encountered in the various areas of ACP-EEC cooperation.

¹ OJ L 361, 10.12.1992.

² OJ L 101, 15.4.1992.

³ OJ L 229, 19.8.1991.

Ministerial meetings of the Commodities Committee provided for in Article 76 of the Convention and of the Development Finance Cooperation Committee provided for in Article 325 of Lomé IV also took place on the fringe of the Council meeting.

The ACP-EEC Committee of Ambassadors held a first meeting on 27 April 1992 to prepare for the discussions at the aforementioned meeting of the Council of Ministers. It also met on 16 July 1992, essentially to discuss the Stabex situation. It held a third meeting on 5 November 1992, at which it mainly discussed the situation in Somalia.

The ACP-EEC Joint Assembly met on two occasions, from 17 to 20 February 1992 in Santo Domingo (Dominican Republic) and from 27 September to 2 October 1992 in Luxembourg. It adopted numerous resolutions covering all the areas of ACP-EEC cooperation and certain topical issues. The Santo Domingo meeting was dominated by the situation in Haiti. The question of democracy, human rights and development in the ACP States was at the centre of discussions at the Luxembourg meeting.

Under the aegis of the Joint Assembly, the 16th annual meeting of the ACP-EEC Economic and Social Interest Groups was held on 27 and 28 November 1992 on the topic of 'The democratization process: its socioeconomic base and the role of the ACP-EEC economic and social interest groups'.

The Presidency of the EEC Council took an active part in all of these proceedings.

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395. The main topics set out below were discussed by the ACP-EEC Committee of Ambassadors and the ACP-EEC Council of Ministers.

Uruguay Round

The Community and the ACP States gave their assessment of the progress and prospects of the Uruguay Round after six years of negotiations. The Community pointed out that its objective was to continue the negotiations with a view to achieving as soon as possible an overall and balanced agreement which was beneficial to all the trading partners.

A difference of opinion emerged between the two sides. The ACP States considered that the Community should not only support them with a view to

better access to the markets of third countries, but also grant them appropriate compensation for any loss of preferences resulting from the concessions granted by the Community to third countries. The Community could not concur with these arguments. The multilateral negotiations within GATT were likely to lead to an overall balance between the concessions granted and the counter-concessions obtained for better market access. Furthermore, the Convention did not provide for compensation, but did provide for ensuring, in the overall application of the Convention, the maintenance of the competitive position of the ACP States (Annex XXIX).

The Community confirmed its willingness to study, together with the ACP States, appropriate specific measures in order to safeguard their interests.

Bananas

396. The ACP-EEC Council of Ministers held an initial discussion on the potential impact of the dual prospect of the liberalization of international trade and the implementation of the single market on the share of ACP exports of bananas to the Community market.

The ACP States stressed their concern to maintain the level of their producers' incomes and to see the Community continue to adopt a very firm position on the proposals made within the Uruguay Round for making bananas subject to the tariff mechanism. The Community, for its part, confirmed its undertakings. It should be noted that Annex LXXIV to the Convention stipulates that no ACP State, traditional supplier to the Community, shall be placed as regards access to, and advantages in, the Community in a less favourable situation than in the past or at present. This text also specifies that this does not prevent the Community from establishing common rules for bananas, in full consultation with the ACP.

During the meeting of the Council of Ministers, the Commission initiated informal consultations with the exporting ACP States. After the submission in August 1992 of the Commission proposal for the establishment of a common organization of the market in bananas, consultations with the ACP States were continued in the official framework of the bodies of the Convention. On that occasion, the ACP States said they could, generally speaking, subscribe to the concept proposed by the Commission. The two sides agreed to continue these consultations early in 1993 as regards both the outcome of the EEC Council's proceedings on the proposal for a COM and on a further Commission proposal for a Council Regulation concerning a special system for assistance to tradi-

tional ACP suppliers, which it had submitted to the Council at the beginning of December 1992.

Other issues

397. As regards the other issues in the field of trade and customs cooperation, the two sides, *inter alia*:

held consultations under Annex XXX on the implications of the arrangements accorded by the Community to certain Andean and Central American countries;

took stock of the progress made with a view to establishing the trade development project referred to in Annex XX to the Convention;

examined questions raised by the practice existing in certain Member States of marketing spirit drinks under the name of 'rum' without these products having the characteristics of rum;

agreed to submit the fourth ACP-EEC Convention to the GATT by means of a joint communication.

SUGAR

398. The Community and the sugar-exporting ACP States concluded the negotiations on guaranteed prices under the Sugar Protocol (Protocol No 8 annexed to the Convention) for the four delivery periods between 1989/90 and 1992/93.

In the same context, the Community reiterated the assurance already given to the ACP States that any adjustment to the common organization of the market in Community sugar following the Uruguay Round or as part of the reform of the CAP would not affect any of the guarantees given in the Sugar Protocol, which had been concluded for an indefinite period.

The two sides began consultations on the Commission proposal to extend, for a six-month period, the transitional arrangements applying to ACP sugar under the Act of Accession of Portugal to the Community; under these arrangements, which expired on 31 December 1992, Portugal is authorized to import at a reduced levy 75 000 tonnes of raw sugar per production year from certain ACP States.

The two sides finally noted that talks were continuing between the Commission and Zambia on that country's application to accede to the Sugar Protocol.

COOPERATION IN THE FIELD OF COMMODITIES

Coffee and cocoa agreements

399. During the consultations which took place between the two sides, particularly within the Commodities Committee which met at ministerial level during the meeting of the Council of Ministers in May 1992, the two sides informed each other of their positions on the renegotiation of the international agreements on coffee and cocoa, while the ACP States also requested the Community to support their position as far as possible in those negotiations. They noted that progress had been made and that important problems still had to be resolved.

The Community recalled the positive role it had played in the renegotiation of these agreements. It stressed that it still had an open mind on the conclusion of commodities agreements where they proved necessary and provided that they were viable and effective – which presupposes in particular an adequate level of participation by producer and consumer countries – and that they took account of market trends.

Stabilization of export earnings

400. Faced with the inadequacy of Stabex resources to cover all the eligible transfer bases (ECU 956 million), the Committee of Ambassadors agreed to allocate to the ACP States concerned an additional amount of ECU 75 million for the 1991 year of application. The resources available for that year were thus increased to approximately ECU 391 million (annual instalment of ECU 316 million). These additional resources were mobilized by an exceptional drawing upon the resources of the system, thus reducing the annual instalments for 1993 and 1994 by ECU 37.5 million respectively.

Taking note of the position of the ACP States, which once again denounced the inadequacy of the cover of requirements for the 1991 year of application, the Community recalled the limits of Stabex, which could not on its own resolve the problems on the commodities markets and which could offset the drop in export earnings only from within the necessarily limited resources allocated to it under the Convention.

As regards the 1980, 1981, 1987, 1988 and 1989 years of application during which the resources of the system had also proved inadequate, the ACP States pointed out at the meeting of the Council of Ministers in May 1992 that they were not upholding their request to obtain full compensation for the losses incurred.

DEVELOPMENT FINANCE COOPERATION¹

401. The ACP-EEC Council of Ministers meeting in Jamaica took note of the work done by the ACP-EEC Development Finance Cooperation Committee which had met in Kingston on 20 May 1992. In this connection, in particular, it: (a) approved the reports and adopted the corresponding resolutions on structural adjustment, the implementation of financial and technical cooperation in 1990 and aid programming under Lomé IV.

In the resolution on adjustment, the two sides emphasized their support for the concept of structural adjustment, the implementation of which should contribute to restoration of the major balances and creation of the right economic climate to boost economic growth, while taking care to improve the social well-being of the people. For the first time a group of developed and developing countries had subscribed to a joint text on this essential issue. This text also incorporates most of the provisions of the resolution on structural adjustment adopted by the Council on 4 May 1992.

The resolution on the implementation of financial cooperation recalls, in particular, that cooperation will be directed towards development centred on man, the main protagonist and beneficiary of development, which thus entails respect for the promotion of all human rights. In this resolution, the ACP-EEC Council of Ministers also welcomes the democratization taking place in the ACP States, which should continue to be encouraged by the Community.

The resolution on programming draws up a generally positive balance-sheet for the aid programming exercise under Lomé IV.

402. (b) The ACP-EEC Council of Ministers Meeting in Jamaica took note of an interim report on the joint study launched at the meeting of the ACP-EEC Council of Ministers in Fiji on the procedures for implementing financial and technical cooperation, the objective of which was to identify the bottlenecks

¹ As regards the EEC Council's own activities in the context of the financial management of the Convention, it should be noted that, *inter alia*, the Council:

- (i) adopted on 16 March 1992 the Recommendations addressed to the European Parliament concerning the discharge to be given to the Commission in respect of the operations of the fourth, fifth and sixth EDFs for the financial year 1990;
- (ii) adopted on 19 December 1992 a Decision fixing the schedule of calls for Member States' contributions under the sixth EDF for the financial year 1993;
- (iii) examined, in accordance with the provisions of the internal financial agreements and regulations, the report from the Court of Auditors for 1990 (EDF section), the EIB's report on the implementation, as at 31 December 1991, of the operations financed from the resources of the fourth, fifth and sixth EDFs and the Commission's report on the outcome of the calls for tenders under the EDF for 1991.

with a view to resolving them. The ACP-EEC Council of Ministers was in favour of speeding up this study.

At its meeting on 5 November 1992, the ACP-EEC Committee of Ambassadors took note of a declaration made by the Community presenting a number of principles concerning investment protection in the ACP States. Welcoming the Community's initiative as part of the implementation of the provisions contained in the new Convention (Articles 258 to 274 and Annex LIII), the ACP States expressed their intention to give due consideration to these principles and to examine whether practical steps are to be taken in this respect. Examination of this important matter would continue within the Development Finance Cooperation Committee.

INDUSTRIAL AND AGRICULTURAL COOPERATION

403. In the course of 1992, the relevant subordinate bodies of the Council, in cooperation with the ACP side, prepared certain texts which are essential to the continued smooth functioning of the Centre for the Development of Industry (CDI) and the technical Centre for Agricultural and Rural Cooperation (CTA).

Of the texts adopted in the context of industrial cooperation, reference may be made, in particular, to the following:

Decision No 1/92 of the ACP-EEC Council of Ministers of 15 December 1992 concerning the Staff Regulations of the CDI under Lomé IV;

Decision No 1/92 of the ACP-EEC Committee on Industrial Cooperation of 22 December 1992 on the adjustment of the remuneration and the tax brackets laid down respectively in Article 3 of Decision No 4/86 of the ACP-EEC Council of Ministers and in the Annex thereto;

Decision No 2/92 of the ACP-EEC Committee on Industrial Cooperation of 22 December 1992 approving the budget of the Centre for 1993.

A discussion on the new policies and guidelines of the CDI as regards industrial cooperation under Lomé IV took place with all the Community and ACP bodies concerned taking part.

The following Decisions were adopted as regards agricultural cooperation:

Decision No 2/92 of the ACP-EEC Committee of Ambassadors of 22 December 1992 laying down the Staff Regulations of the CTA under Lomé IV;

Decision No 3/92 of the ACP-EEC Committee of Ambassadors of 22 December 1992 on the appointment of a member of the Advisory Committee of the CTA;

Decision No 4/92 of the ACP-EEC Committee of Ambassadors of 22 December 1992 adopting the budget of the CTA for 1993.

ACP-EEC CULTURAL COOPERATION

404. The ACP-EEC Committee of Ambassadors noted that a start had been made on the negotiations between the Commission and the Foundation for ACP-EEC Cultural Cooperation on the agreement protocol provided for in Annex XXII to the Convention. This Foundation is to have the task of contributing to the implementation of the objectives of cultural cooperation as defined in Part Two, Title XI, of Lomé IV. Provision is made for a financial contribution by the Community to the Foundation.

OTHER MATTERS

AIDS programme

405. The ACP-EEC Council of Ministers noted the Commission's intention to implement a new prevention programme for the ACP States, for which the estimated amount required was ECU 50 million to be drawn from the national indicative programme funds and from the Lomé IV regional funds.

Emergency situations and other disasters

406. The ACP-EEC Council of Ministers expressed deep concern at the increase in emergency situations and disasters in the ACP States. It took stock of the measures taken or envisaged by the Community to assist refugees and returnees, to combat malaria, to provide emergency aid for the victims of typhoons and cyclones and to combat the famine ravaging southern Africa and the Horn of Africa, in particular. In this connection, it noted with satisfaction the additional effort made by the Community, consisting of a new food aid programme for 1992 providing a further 800 000 tonnes of food aid, mainly for Africa.

Somalia

407. The ACP-EEC Committee of Ambassadors agreed to issue the following joint press communiqué: 'The ACP-EEC Committee of Ambassadors, at its meeting held on Friday 6 November 1992 at ACP House, deplored the catastrophic situation and human suffering in Somalia, and while noting the efforts made by the Community and its Member States, agreed to do everything possible to mobilize public opinion and international assistance with a view to containing the disaster, promoting peace initiatives and supporting rehabilitation actions for the Somali people'.

On 4 December 1992, the ACP-EEC Council of Ministers adopted conclusions making it possible, at the initiative of the Chief Authorizing Officer of the EDF, to use the resources still available for Somalia under the national indicative programmes of the second and third Conventions. This decision was made necessary because of the impossibility for Somalia to ratify the Convention and of the lack of government or any other internationally recognized authority or of a national authorizing officer, which made it impossible to achieve the objectives of cooperation with that country.

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408. The meeting of the ACP-EEC Council of Ministers in Jamaica provided the opportunity for very open exchanges of views on the prospects for strengthening ACP-EEC relations in a rapidly changing world context.

In this context, it addressed the extremely sensitive subject of the terms and conditions for aid in conjunction, in particular, with the question of human rights. The Community, on the basis of the resolution adopted by the Council on 28 November 1991 on democracy, human rights and development cooperation,¹ recalled that respect for and the safeguarding and promotion of human rights were essential for sustainable and balanced development in the ACP States. It emphasized that the Community's policy was aimed at improving the quality and effectiveness of Community aid in order to contribute to improved development, which corresponded to an increasingly pressing demand on the part of public opinion in the European countries and of the peoples of the ACP States.

The ACP-EEC Council of Ministers also acknowledged the need to improve the dialogue between the two sides within the joint bodies and started to give thought to ways and means of achieving this objective. In particular, it agreed on the advisability of providing for closer participation by its members in future in discussions at its annual meetings, of focusing its agendas on the essential issues and of also addressing problems of general topicality in the field of development.

409. The tragic fate of peoples who are the victims of violent conflicts in the ACP States was to the forefront of the concerns of the Community and its Member States. The troika of the Development Council went to Somalia to demonstrate the Community's support for the Somali people and for the peace initiatives. In support of the efforts made within the framework of European political cooperation towards national reconciliation and the establishment of a

¹ See point 424 of this Review; see also 39th Review, point 263.

lasting peace in Mozambique and Angola, the Community and its Member States said they were prepared to continue their humanitarian aid and to contribute towards the reconstruction of those countries once peace was restored.

Vis-à-vis the ACP States, as, indeed, towards its other developing partners, the Council has constantly reiterated the principles contained in the resolution adopted in November 1991 on human rights, democracy and development. Pursuant to those principles, the Community and its Member States adopted a number of concrete measures to support the efforts of certain ACP States along the path towards democracy and respect for human rights. They were also prompted, in the most flagrant cases of human rights violations (Sudan, Somalia, Malawi, Zaire, Haiti and Liberia) to take measures to suspend their economic assistance, while maintaining their humanitarian aid which was of direct benefit to the people. By means of these measures, the Community reaffirmed its commitment to sustainable and balanced development centred on man, the main protagonist and beneficiary of development.

Relations with the overseas countries and territories

410. By virtue of Council Decision 91/482/EEC¹ on the association of the overseas countries and territories with the Community, the Council decided on the following Stabex transfers:

for 1990: ECU 880 876 for French Polynesia (copra oil) and ECU 619 124 for the Falkland Islands (wool);

for 1991: ECU 1 200 000 for the Falkland Islands (wool).

Relations with South Africa

411. Since President de Klerk's declaration before parliament in Pretoria on 2 February 1990, the Community has supported the South African Government's measures to dismantle the legislative pillars of apartheid.

The Council also continued and intensified its special programme for South Africa. ECU 80 million were allocated in 1992 to projects for positive measures, which represents a 33% increase on the previous year. The projects are making it possible to enhance the Community's image gradually and are aimed at defining a longer-term development strategy for the special programme, taking into account the change in the political climate of the country.

¹ OJ L 263, 19.9.1991; Corrigendum: OJ L 331, 3.12.1991. See also Decision of 25 July 1991 for ECSC products (same OJ).

H — Relations with Latin America and Asia

412. The Community continued to strengthen relations with its Latin American and Asian partners under the new guidelines for cooperation with these two regions, adopted in 1991, with increased financing. On 25 February 1992, to implement these guidelines, the Council adopted Regulation No 443/92 on financial and technical assistance to and economic cooperation with the developing countries in Asia and Latin America.¹

On 19 May 1992 the Council decided to grant the Latin American and Asian countries with which the Community had concluded cooperation agreements access to loans from the European Investment Bank up to an annual ceiling of ECU 250 million for a period of three years for projects that met the Bank's usual intervention criteria.

The ECIP (EC Investment Partners) instrument,² which encourages private sector participation and in particular that of small and medium-sized businesses in the investment process, especially in the form of joint ventures, was extended by the Council for a further three-year trial period by means of Regulation No 319/92 of 3 February 1992.³

On the same date, by means of Regulation No 282/92,⁴ the Council extended, for 1992, the exceptional temporary trade concessions it had granted under the generalized system of preferences (GSP), particularly in the context of combating drugs, to four Andean Pact countries and to the countries of Central America.

On 21 December 1992, the Council extended these measures for 1993 by means of Regulation No 3917/92.⁵

The Community continued to conclude or negotiate the 'third generation' cooperation agreements that were to replace the previous agreements. The special features of these agreements are their reference to respect for democratic principles and human rights as a fundamental aspect of the agreement and substantially broader and deeper cooperation that is better suited to the changing situations of the various partners.

¹ OJ L 52, 27.2.1992.

² For which the Mediterranean partners are also eligible.

³ OJ L 35, 12.2.1992.

⁴ OJ L 31, 7.2.1992.

⁵ OJ L 396, 31.12.1992.

413. In 1992 the following agreements were concluded, signed or negotiated:

Latin America

On 16 March 1992 the Council concluded the EEC-Uruguay Agreement,¹ which had been signed on 4 November 1991. On 19 October 1992 the Council concluded the EEC-Paraguay Agreement,² which had been signed on 3 February 1992.

On 29 June 1992 the EEC-Brazil Agreement, for which the negotiating directives had been adopted by the Council on 16 March 1992, was signed in Brasilia.

On 4 May 1992 the Council adopted the negotiating directives for a new EEC-Andean Pact Agreement. The Agreement was initialled on 26 June 1992. Owing to the suspension of the democratic process in Peru, signature of the Agreement has been provisionally suspended.

On 18 November 1992 the Council adopted negotiating directives for a new EEC-Central America Agreement; negotiations began on 17 and 18 December 1992.

Asia

On 15 June 1992 trade and cooperation agreements were signed between the EEC and both Macao and Mongolia. In each case, this was the first time that contractual relations had been established.

On 26 and 27 October 1992 the Council adopted the Decision authorizing the Commission to open negotiations with a view to a new cooperation agreement between the EEC and the Republic of India. The Agreement was initialled in Brussels on 11 December 1992.

The human rights situation in East Timor meant that the Council could not approve the negotiating directives with a view to the conclusion of a third generation agreement with ASEAN.

414. The following Joint Committee meetings were held in 1992:

EEC-Pakistan in Brussels on 16 March,
EEC-Sri Lanka in Colombo on 24 and 25 November,
EEC-Paraguay in Asunción on 24 and 25 November,

¹ OJ L 94, 8.4.1992.

² OJ L 313, 30.10.1992.

EEC-Uruguay in Montevideo on 27 and 28 November,
EEC-Mexico in Mexico City on 30 November and 1 December.

These Joint Committees assessed cooperation between the parties and set priorities and guidelines for future cooperation.

415. Three ministerial conferences also took place in 1992:

Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama)

The eighth Ministerial Conference in the San José series was held in Lisbon on 24 and 25 February 1992. The Conference was chaired for the Community by Mr João de Deus Pinheiro, the Portuguese Minister for Foreign Affairs and President-in-Office of the Council; Mr Abel Matutes represented the Commission.

The Conference noted the considerable progress made towards peace and democracy in the region. The Community and the countries of Central America agreed on the need to continue along the road to peace, reconciliation and respect for human rights and reaffirmed the close links between economic and social development. The Community reiterated its determination to continue to support these efforts.

Ministers noted that contractual relations, based on the 1985 Agreement, had led to a significant increase in cooperation between the Community and Central America.

Development cooperation had intensified and improved in terms of the volume of financial commitment (approximately ECU 143 million in 1992) and the number, diversity and quality of projects financed.

In 1992 the Community devoted approximately 10% of its aid to supporting interregional cooperation.

In the area of commerce the range of trade between the two parties increased significantly and operators in the two regions developed closer relations, leading to hopes of ever stronger trade relations between the two regions and increased European private sector participation in the economic development of the Central American isthmus.

After the signing of the peace agreements in El Salvador on 16 January 1992, the Community decided to make available various forms of aid amounting to more than ECU 53 million in 1992.

Rio Group (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela)

416. The second Ministerial Conference between the European Community and the Rio Group was held in Santiago de Chile on 28 and 29 May 1992. The conference was chaired for the Community by Mr João de Deus Pinheiro, the Portuguese Minister for Foreign Affairs and President-in-Office of the Council; the Commission was represented by Mr Abel Matutes.

In particular, Ministers reviewed the situation in Latin America and in Europe. They acknowledged that fundamental changes had occurred in politics, economics, trade, finance and institutions in Latin America.

In accordance with the conclusions of the ministerial conference a meeting of senior officials was held on 29 October 1992 for a joint evaluation of the various aspects likely to influence trade between the Community and the Rio Group.

Particular emphasis was placed on new cooperation priorities such as the preservation and conservation of the environment and new resources, combating drugs and related financial offences, combating major epidemics and energy issues.

417. Alongside the informal meeting of Community Ministers for Foreign Affairs which took place in Guimaraes on 2 May 1992, an informal ministerial meeting took place between the Community and the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) which enabled the Community to confirm its support for the Mercosur integration process.

In that spirit, on 29 May 1992 the Commission and Mercosur signed an interinstitutional agreement making provision, in particular, for training and technical assistance measures in the areas of customs, technical standards and agriculture.

ASEAN (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand)

418. The 10th EC-ASEAN ministerial meeting took place in Manila on 29 and 30 October 1992. The meeting was chaired for the Community by Mr Douglas Hurd, the United Kingdom Secretary of State for Foreign and Commonwealth Affairs and President-in-Office of the Council; the Commission was represented by Mr Abel Matutes.

The meeting provided an opportunity for a detailed exchange of views on the question of human rights. In this connection ministers particularly stressed their shared commitment under the Charter of the United Nations and the Universal Declaration of Human Rights to promote respect for human rights and fundamental freedoms, development, democracy and greater social justice; they agreed to continue their dialogue and cooperation on these issues.

The ministers decided to increase cooperation on the basis of the 1980 Cooperation Agreement, placing particular emphasis on the following areas: industrial cooperation and the protection of investment and intellectual property rights, the environment, human resources, science and technology, energy cooperation and the fight against drugs.

I — General development cooperation policy — North-South Dialogue

General development cooperation policy

FOOD AID AND EMERGENCY AID

419. At its meeting on 4 May 1992 the Development Council, acting on a Commission proposal after the budget authority had taken the relevant funding decisions, agreed in substance to a special food aid programme for 1992 involving 800 000 tonnes of cereal equivalent at an estimated total cost of ECU 220 million.

The programme, supplementing the Community's normal food aid programme, was adopted in response to the exceptional famine and suffering affecting southern Africa and the Horn of Africa¹ as well as other regions in Asia and Latin America. It was almost fully implemented before the end of the year.

Throughout 1992 the Council's bodies formulated the stance to be taken by the Community, in coordination with the Member States, in various international forums, notably the meetings of the WFP Committee on Food Aid Policies and Programmes in Rome (May and November) and those of the Committee of the Food Aid Convention in London (June and December).

¹ See also point 406 et seq. of this Review.

1993 GENERALIZED SYSTEM OF PREFERENCES (GSP)

420. Pending the 10-year review of the Community GSP to be undertaken on completion of the Uruguay Round, the Council decided to continue the 1991 GSP scheme in 1993, as it had already done in 1992.¹

The scheme provides preferential tariffs on certain agricultural, industrial and textile products originating in developing countries. The specific GSP arrangements for the Andean Pact and the Central American countries were also renewed for 1993.

The Council added Liberia, Zaire, Madagascar, Zambia, Cambodia, the Solomon Islands and Vanuatu to the list of least developed countries beneficiaries under the GSP.

The Council also decided, as an exceptional and temporary measure, to add Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tadjikistan and Kyrgyzstan to the list of countries benefiting from the generalized system of preferences in 1993.

As regards Romania and Bulgaria, the Council decided that these countries would benefit from GSP concessions for the period 1993 preceding the entry into force of the preferential arrangements provided for under the interim agreements with those countries.

Albania, Estonia, Latvia and Lithuania would be eligible in 1993 for GSP concessions for MFA textile products.

Some technical modifications to the management of the GSP fixed duty-free amounts were made further to the introduction of the single market on 1 January 1993.

A decision extending into 1993 the 1991 generalized tariff scheme in respect of certain steel products was also adopted.

As regards the Berlin 'Partners for progress' Fair, the Council also adopted a Regulation providing for additional GSP concessions for certain products originating in developing countries and sold during the Fair.²

¹ OJ L 396, 31.12.1992.

² OJ L 131, 16.5.1992.

DEVELOPMENT COOPERATION POLICY

421. The Development Cooperation Council continued adapting development policy to reality and new challenges at its meetings on 4 May and 18 November 1992.

Development cooperation policy in the run-up to 2000

422. On 18 November 1992 the Council, in response to a Commission communication, adopted a declaration stating that far-reaching changes on the international scene had contributed to the creation of a new climate and favourable opportunities for revitalizing the relationship between the Community, its Member States and developing countries. In view of the new international climate, the Community and its Member States undertook to play a major role in development cooperation with these countries in accordance with the following objectives:

- (i) the sustainable economic and social development of the developing countries, particularly the most disadvantaged;
- (ii) the smooth and gradual integration of the developing countries into the world economy;
- (iii) the campaign against poverty in the developing countries.

Cooperation will contribute to the general objective of developing and consolidating democracy and the rule of law, observance of human rights and fundamental freedoms.

423. In the same declaration the Council again refers to other problems which must be faced and which affect developing and developed countries alike, in particular:

- degradation of the environment;
- population growth and the migration issue;
- the role of women in development;
- the production, trafficking and consumption of illegal drugs;
- the spread of AIDS.

The Council considered that the above objectives should be achieved with greater efficiency and better coordination between the Community and its Member States. To that end a set of principles was laid down concerning:

- policy coordination;
- operational coordination (at sectoral and country level);

coordination outside the Community and coordination of Community development instruments and policies;
linkage with other Community policies.

The Council further drew up a work programme for 1993 to guarantee implementation of the declaration.

Human rights, democracy and development

424. At its meeting on 4 May 1992 the Council stressed the need, while taking appropriate flexibility into account, to ensure that the resolution on human rights, democracy and development adopted in November 1991 was implemented in a consistent and coordinated fashion with regard to all partners.¹

On 18 November 1992 the Council reaffirmed the principles set out in the November 1991 resolution, which is the cornerstone of Community policy in this area.

Among the positive measures provided for in the resolution, the Council stated that the coordination of development cooperation policies between the Member States should be improved and the Commission, in order to strengthen or support greater efforts by developing countries to:

- set up new democratic institutions;
- strengthen the rule of law;
- encourage wider public participation;
- promote good governance;
- reduce excessive military expenditure.

425. These areas could be supplemented by action in other areas such as:
the promotion of a free press and other media;
the participation by minorities of the benefits of development assistance and in wider political processes;
the underpinning of peaceful settlement of internal and regional conflicts;
support for political exiles wishing to return to their country of origin.

The Council further undertook to exchange information on restrictive measures and to consider joint approaches in reaction to any violations noted.

¹ See 39th Review, point 263.

In order to provide a consolidated basis for focused assistance in this area, the Member States and the Commission undertook to cooperate closely on the spot.

Family planning in the population policies of developing countries

426. On 18 November 1992 the Council adopted a resolution defining the basic principles and objectives of aid to developing countries in the field of family planning. It emphasized that such assistance should not be given for programmes which were coercive, discriminatory or prejudicial to fundamental human rights and that their design and implementation must take account of ethical and cultural considerations in each country.

The Council wanted family planning to be one of the instruments in a policy aimed at ensuring the balanced demography compatible with sustainable development. It also defined in the resolution the action priorities which should govern the design and implementation of family planning cooperation programmes.

The Council encouraged the Commission and the Member States to coordinate their policies and operations and wanted donor agencies to work together and coordinate their aid for population activities.

Evaluation of Community development aid

427. On 4 May 1992 the Council adopted a set of conclusions concerning the evaluation of Community development aid in which it in particular:

- (i) noted with satisfaction the adoption by the Commission of a new integrated approach to the management of the projects/programmes cycle;
- (ii) reiterated the importance it attached to mutual exchange of information between the Commission and the Member States on evaluation results and methods;
- (iii) invited the Commission and the Member States to conduct general discussions on development cooperation strategies and on new topics and subjects of common interest which could be suitable for individual and/or joint evaluations by the agencies concerned.

Cooperation with NGOs

428. Meeting on 18 November 1992, the Council reaffirmed its commitment to full and increasing support for the involvement of NGOs in the development

process, particularly in those areas where NGOs have special expertise and experience.

The Council considered that particular importance should be attached to: building up the capacity of Member States' and developing countries' NGOs to work in the field of development cooperation;

Community support for the efforts of NGOs to promote and strengthen the democratic fabric and respect for human rights in developing countries;

the establishment of close contacts between the governmental and non-governmental sectors, particularly between the NGO-EC Liaison Committee, the Commission and the Council;

the criteria used for selecting development and development education projects for cofinancing and the open system for funding employed by the Commission;

reducing the administrative burden on NGOs and processing finance applications quickly and efficiently;

ensuring that the activities of NGOs are adequately funded through cofinancing, so that all the resources available to NGOs are put to the most effective use.

Clean and efficient energy for development

429. At its November 1992 meeting, the Council stressed the importance it attached to progress in this area, particularly in the context of the follow-up to UNCED.¹

The Council pointed out that an essential objective of cooperation with all developing countries in this area was to contribute to the promotion of sustainable energy production and consumption through the implementation of effective energy policies and the introduction of more efficient technologies in the production, transmission and consumption of energy. The Council further drew up a list of those sectors which would be given special attention and invited the Commission to implement action in the following areas:

- (i) policy planning and technical assistance;
- (ii) investment;
- (iii) coordination with the Member States.

The Council considered that actions such as those undertaken under Community programmes of scientific cooperation and research (STD and JOULE) and

¹ See point 433 below.

new technology promotion (Thermie) could benefit developing countries because of the potential impact of these programmes on their technological development.

North-South Dialogue

430. In 1992 the North-South Dialogue was marked by two major events.

The eighth session of the United Nations Conference on Trade and Development took place in Cartagena de Indias, Colombia, from 8 to 25 February 1992.

From 3 to 14 June 1992, the Heads of State or Government met in Rio de Janeiro at the United Nations Conference on Environment and Development, also referred to as the 'Earth Summit'.

431. (a)The United Nations Conference on Trade and Development (Unctad VIII) adopted at its eighth session a short policy declaration entitled 'The spirit of Cartagena'. This declaration highlighted the priority to be given henceforth to economic and social development in international relations, the 'new partnership for development' under which all States should engage in a continuous and constructive dialogue aimed at achieving a more efficient and equitable world economy and the role to be played by a revitalized and restructured Unctad in the search for global development which would narrow the gap between rich and poor countries while at the same time protecting the environment.

The above themes were elaborated in the Final Act adopted by the Conference, which stated that views had converged on the importance for development of democratic systems based on popular consent and accountability, and on the stimulus that the observance of human rights could give to creativity, innovation and initiative, making all human rights — civil, political, economic, social and cultural — not only a moral imperative, but also an important factor for development (point 21 of the Final Act).

The Conference also adopted a procedural decision on the possible convening of a world conference on commodities. It recommended that efforts be made to improve the functioning of commodity markets, particularly through enhanced transparency (analysis of prospects and outlets for the various products) and by negotiating viable and more effective international agreements, taking account of market trends, in which all consumer and producer countries should actively participate. The Final Act suggested that particular importance be attached to the agreements on cocoa, coffee, sugar and tropical timber.

During the Conference a special debate was held on the follow-up to the substantial programme of action for the least developed countries, as revised

and updated by the 1990 Paris Conference. During the debate, the President of the Council reaffirmed the commitment of the Community and its Member States towards the least developed countries.

To help speed up implementation of Agenda 21, the European Community and its Member States announced at the Conference that they intended to commit as soon as possible ECU 3 billion, including new and additional resources, for specific projects and programmes to be undertaken in its key sectors.

432. Following the Rio Conference the European Community and its Member States adopted an eight-point programme at the Lisbon European Council to ensure the follow-up to that Conference.

As an initial contribution to the immediate implementation of Agenda 21, the Development Council on 18 November 1992 agreed that the Community and its Member States would seek to provide developing countries in 1993 with an initial tranche of ECU 600 million in support of priority Agenda 21 sectors.

On a suggestion from the Conference, the United Nations General Assembly adopted at its 47th session a resolution setting up the new United Nations Sustainable Development Commission. The European Community and its Member States have made sure that this Commission can operate efficiently on the basis of appropriate principles and arrangements, and that the Community can participate in its proceedings under satisfactory conditions.

Thanks to their dynamic and constructive stance, the Community and its Member States were able to make a decisive contribution to the success of the Cartagena Conference.

433. (b) The United Nations Conference on Environment and Development held in Rio de Janeiro, the key importance of which, for the sustainable development of industrialized and developing countries alike, will become apparent only in the medium and long term and a major merit of which has been to initiate a new global process of thinking and action aimed at reconciling environmental and development imperatives, was held after lengthy preparations, the closing and decisive phase of which took place in New York in March/April. Since 1991 the Council, composed of the Ministers responsible for environment and development, has throughout the proceedings defined the position to be taken by the Community and the Member States in the various negotiating bodies. Community cohesion was endorsed throughout both the preparatory proceedings and the Conference itself, in numerous Community coordination sessions held alongside the meetings.

The European Community and its Member States played a leading role in drawing up and finalizing the documents adopted by the Conference. These

include, in particular, the Rio Declaration on Environment and Development, which lists the principles enabling the objective of sustainable development to be achieved, Agenda 21, which sets out the action to be taken in securing this goal, and the Statement on Forests, which contains principles for the management, conservation and sustainable development of all types of forests.

COMMODITIES

434. Throughout 1992 negotiations aimed at concluding international agreements on cocoa, coffee and tropical timber were conducted on the basis of the Integrated Programme for Commodities and the recommendations adopted at the eighth session of Unctad.

The Community and its Member States are playing an active part in these various negotiations under negotiating briefs formulated in Council bodies.

Pending completion of the negotiations, the Council approved the extension of the current coffee and cocoa agreements (administrative agreements without economic clauses) and the conclusion of international agreements on natural rubber and jute.

Chapter VII

Financing of Community activities

A — Financial perspective

435. 1992 was the last year of application of the financial perspective annexed to the Interinstitutional Agreement of 1988.

Although the budget for the financial year 1992 fell within the 1992 financial framework, during the year the Budget Authority had to take decisions on four occasions concerning the ceilings in the financial perspective in order to respond to additional financial requirements. Those requirements involved supplementing certain parts of the 1992 budget approved in December 1991, establishing a special food aid programme for Africa, meeting the shortage of payment appropriations in some sectors and implementing a programme of humanitarian aid for the former Yugoslavia.

Additions to the 1992 budget

436. The first decision relating to the financial perspective followed on from the 1992 budgetary procedure; it redefined the financial framework of the 1992 budget to allow supplementary and amending budget No 1/92 to be adopted in order to provide financial and budgetary solutions to the various issues which were not concluded in December 1991.

The negotiations between the Council, Parliament and the Commission led to a compromise, approved by the Council on 10 February 1992 and by Parliament on 12 February 1992. This in turn led to the Decision on the financial perspective.

The Decision included raising the ceiling of heading 4 (Other policies) by ECU 412 million and that for non-compulsory expenditure by ECU 500 million, to allow for the continuation of the technical assistance programme for the independent States of the former Soviet Union by allocating ECU 450 million and an increase in the allocation for tropical forests of ECU 50 million; heading 2 (Structural action) was raised by allocating a further ECU 100 million for the Structural Funds in order to compensate for inflation. The ceiling for heading 3 (Policies with multiannual allocations) was lowered by ECU 200 million affect-

ing the allocation of the third framework research programme and thus remaining within the amounts deemed necessary; the total amount of heading 5 (Repayments and administration) was reduced in order to release ECU 40 million from repayments to meet the Commission's administrative expenditure and, in particular, to allow it to meet its external obligations.

Special food aid programme for Africa

437. On 3 April 1992 the Commission sent a communication to the Council and Parliament on a special food aid programme for 1992 in response to the very serious threat of famine in the Horn of Africa and some southern African countries and to cover exceptional needs in other regions of the world.

At its meeting on 4 May 1992 the Council agreed to allocate ECU 220 million to the special programme.

The financial arrangements, discussed at a meeting between the President of the Council and representatives of Parliament and the Commission on 5 May 1992, led to a Decision on the financial perspective on 13 May 1992.

The Decision made provision for the financing of the special programme taking into account that part of the funding had to come from a redeployment of expenditure under headings 3 and 4 in the financial perspective. Consequently, the ceiling of heading 4 (Other policies) was raised by ECU 200 million, increasing the allocation for non-compulsory expenditure by ECU 205 million while reducing the ceiling for heading 3 (Policies with multiannual allocations) by ECU 10 million; the net increase in the overall ceiling was ECU 190 million.

Shortage of payment appropriations

438. On 27 May 1992 the Commission sent a communication to the Council and Parliament on the shortage of payment appropriations for 1992 in the amount of the Structural Funds allocated to the new German **Länder** and certain research programmes under the third framework programme.

It proposed to raise the ceiling for payment appropriations by ECU 550 million in respect of non-compulsory expenditure.

The Decision on the financial perspective relating to this increase of ECU 550 million in payment appropriations was signed by the Council, Parliament and the Commission on 23 July 1992.

Programme of humanitarian aid to help the former Yugoslavia

439. On 3 September 1992 the Commission sent a communication to the Council and Parliament on the third stage of the programme of humanitarian aid for refugees and displaced persons in the former Yugoslavia allocating ECU 120 million and a further ECU 25 million for financial assistance to Albania.

The results of the tripartite meeting of the Council, Parliament and the Commission on 15 September 1992 were approved by Parliament on 16 September 1992 and by the Council on 21 September 1992. Consequently, a Decision was taken about the financial perspective on 21 September 1992.

The Decision only covered the ECU 120 million of humanitarian aid to the former Yugoslavia as no agreement was reached on the refinancing of financial assistance to Albania. In practice this meant raising the ceiling of heading 4 (Other policies) by ECU 100 million, increasing the allocation for non-compulsory expenditure by ECU 120 million and reducing the amount for compulsory expenditure by ECU 20 million.

B — 1993 Budgetary procedure

440. It should be pointed out that, as already mentioned in connection with the revision of the financial perspective (see section A above), the 1993 budgetary procedure differed from previous financial years in that from 1993 onwards no multiannual financial framework existed. Consequently, the budgetary procedure had to be based solely on the relevant articles of the Treaties and in particular Article 203(9) EEC on the maximum rate of increase for non-compulsory expenditure.

Commission preliminary draft budget (including Letter of Amendment No 1)

441. The preliminary draft budget for 1993, submitted by the Commission on 26 June 1992, took total expenditure to ECU 67 309 million in commitment appropriations and ECU 64 344 million in payment appropriations; in relation to the budget approved for 1992, those figures (including supplementary and amending budgets Nos 1 and 2 although supplementary and amending budget No 3/92 had not been approved at the time of the preliminary draft budget) represented an overall increase of 1.13% in commitment appropriations and 2.05% in payment appropriations. From these allocations, the Commission proposed an increase in non-compulsory expenditure of 16.9% in commitment appropriations and 21.3% in payment appropriations respectively.

The preliminary draft budget was modified by Letter of Amendment No 1 sent to the Council on 9 July 1992 raising commitment appropriations to ECU 69 226 million and payment appropriations to ECU 66 261 million; the appropriations, amended according to the estimates submitted by the institutions, were raised to ECU 69 274 million for commitments and ECU 66 309 million for payments. The increase in relation to the 1992 budget (supplementary and amending budgets Nos 1 and 2), was therefore 4.08% in commitment appropriations and 5.17% in payment appropriations respectively.

The Letter of Amendment covered three areas: an increase of ECU 1 917 million in appropriations for agricultural expenditure, allowances for certain budgetary implications of the agreement on the European Economic Area (EEA) and the introduction of budget guarantees (in the form of a token entry) for financial assistance projects in Bulgaria, Romania and Albania.

Taking into account the Letter of Amendment, the increase in non-compulsory expenditure stood at 16.30% in commitment appropriations and 20.67% in payment appropriations. The figures contrasted with the maximum rate of increase for non-compulsory expenditure, declared by the Commission in accordance with Article 203(9) of the Treaty, which was 7.2%.

442. The Commission sought to submit a comprehensive preliminary draft budget to take account of the new factors which should in principle characterize the financial year 1993, and also of the Treaty of Maastricht, the EEA Agreement and the implementation of the internal market from 1 January 1993. Given this situation, the Commission judged it appropriate to include certain expenditure in the preliminary draft budget (making it necessary to exceed the MRI rates) and in particular expenditure provided for:

- (i) social and economic cohesion (and in particular setting up a Cohesion Fund);
- (ii) development of the trans-European networks and the updating of the third framework programme for research in order to improve the competitiveness of Community industry;
- (iii) reinforcing external action so that Community action increasingly corresponded to Community responsibility.

Council — First reading

443. On 23 July 1992 the Council discussed the preliminary draft budget following the traditional meeting with a delegation from the European Parliament.

After the discussion, the Council established the 1993 draft general budget of the European Communities which provided for a total of ECU 65 703.8 million in commitment appropriations (CA) and ECU 62 926.3 million in payment appropriations (PA) including:

(ECU)

	CA	PA
Non-compulsory expenditure (NCE)	29 245 039 897	26 520 181 898
Compulsory expenditure (CE)	36 458 785 100	36 406 085 100

The 1993 draft budget was established by the Council within the maximum rates, in accordance with Article 203(9) of the Treaty (7.2%); the rate of increase for non-compulsory expenditure in 1993 in the Council's draft budget is 3.79% in commitment appropriations and 7.2% in payment appropriations. In order to stay within the 7.2% margin, the Council's approach included entering in chapter BO-42 a negative reserve of ECU 200 million in payment appropriations for non-compulsory expenditure covered by Part B of Section III of the general budget, excluding the Structural Funds (B2-1).

444. The principle amounts of the draft budget¹ are as follows:

(million ECU)

	CA	PA
Common agricultural policy	33 285.0	33 285.0
Other measures	757.0	757.0
Structural Funds	19 763.0	18 590.8
Other structural measures	396.4	546.8
Research	2 137.5	2 015.9
Other internal policies	1 237.5	983.6
External measures	3 818.1	2 597.9
including PHARE	1 100.0	507.6
Administrative expenditure:		
Commission	2 241.5	2 241.5
other institutions	1 107.8	1 107.8
Monetary reserve	1 000.0	1 000.0

¹ The table follows the structure of the preliminary draft budget without prejudice to the outcome of the examination of the Delors II package.

445. The amendments made by the Council to the preliminary draft budget submitted by the Commission were mainly inspired by the desire not to anticipate the discussions under way in the context of the Delors II package, or the outcome of the Edinburgh European Council in December 1992 which was expected to clarify the situation of the 1993 budget. The Council therefore created a new heading (with token entry only) with regard to the Cohesion Fund provided for in the Maastricht Treaty, and accompanied this measure by a statement to be recorded in the minutes, asking provision for the situation to be re-examined in the light of the decisions taken in Edinburgh.

The Council's draft budget also takes into account certain general considerations for healthy financial management including the principles of 'cost-effectiveness' and 'subsidiarity'.

LETTER OF AMENDMENT NO 1 TO THE 1993 DRAFT BUDGET

446. At its meeting on 12 October 1992 the Council drew up Letter of Amendment No 1 to the 1993 draft budget. The main aim of the letter was to allow for the implementation of the Committee of the Regions, projected for 1993, which was decided upon at the Maastricht European Council and, more specifically, to enter in the ESC Annex to Section II (Council) a new heading with a token entry and to enter an appropriation of ECU 2 million in commitment appropriations and payment appropriations in chapter 100 under this Article.

The contents of the Letter of Amendment were approved by the Parliament at its first reading.

European Parliament — first reading

447. At its sitting on 29 October 1992, the European Parliament adopted amendments and proposed modifications to the draft budget adopted by the Council at the first reading. Parliament sent the amended and modified draft to the Council in a letter dated 6 November 1992.

The vote showed Parliament's approach was similar to that of the Commission in its preliminary draft budget and was mainly based on the belief that it was vital to take into account the changes anticipated in the Community during 1993 in internal and external policies and, in particular, the possibility of the Treaty on European Union coming into effect. Consequently, Parliament made provision for expenditure to allow in particular for:

- (i) the establishment of the Cohesion Fund;
- (ii) the strengthening of industrial potential;

- (iii) the implementation of the social dimension in the Community;
- (iv) the extension of the research policy;
- (v) as regards external policies, an increase in appropriations for a consistent foreign strategy and an increase in development cooperation, the entry of a contingency reserve for emergency humanitarian aid and financing for a global environmental policy.

448. Parliament, aware that financing such policies was not possible within the framework of the MRI (7.2%), called on the Council, in the remarks accompanying the operating appropriations for the expenditure outlined above, to adopt a new MRI, under Article 203(9) of the Treaty, by common agreement with Parliament.

The overall results of Parliament's vote at its first reading were as follows:

(ECU)

	CA	PA
Total expenditure	70 160 204 052	65 994 156 052
of which:		
— compulsory expenditure (CE)	36 861 904 100	36 803 204 100
— non-compulsory expenditure (NCE)	33 298 299 952	29 190 951 952

Council Second reading (16 November)

449. At its second reading of the draft general budget of the European Communities for 1993 the Council adopted a position on all the proposed modifications and amendments adopted by the European Parliament at the first reading. It did not consider it possible to copy Parliament's approach and anticipate the results of the discussions under way in the context of the Delors II package and in particular the conclusions of the Edinburgh European Council.

The expenditure agreed by the Council at its second reading of the draft 1993 budget amounted to:

(million ECU)

Commitment appropriations	65 863
Payment appropriations	63 363
of which non-compulsory expenditure:	
commitment appropriations	29 404
payment appropriations	26 957

450. The appropriations break down as follows:

(million ECU)

	CA	PA
Common agricultural policy	33 285.0	33 285.0
Other measures	757.0	757.0
Structural Funds	19 763.0	18 590.8
Other structural measures	393.0	560.3
Research	2 142.2	2 132.0
Other internal policies	1 314.1	1 049.2
External measures	3 845.1	2 625.1
of which: PHARE	1 100.0	507.6
Administrative expenditure:		
Commission	2 251.8	2 251.8
other institutions	1 111.8	1 111.8
Monetary reserve	1 000.0	1 000.0

The rate of increase in non-compulsory expenditure is thus 3.91% for commitment appropriations and 5.47% for payment appropriations.

The Council also wanted a complete budget, taking account of the need for genuine budgetary discipline, to be adopted on time in December and will negotiate to that end in the light of the conclusions of the Edinburgh European Council on the Delors II package and of the relevant specialized Councils.

European Parliament — Second reading (17 December 1992)

451. Parliament's second reading took place in a singular context: before finalizing its position at the second reading, Parliament was waiting for the outcome of the Edinburgh European Council (11 and 12 December 1992) which, among other things, was to conclude the negotiations on the Delors II package. The President of the Council made a report to this effect to the European Parliament on 14 December 1992 in Strasbourg and, along with Parliament and the Commission, reached agreement on a number of items of expenditure to be added to the Council's draft budget and, consequently, on an adjustment of the MRI. On 16 December 1992, first Coreper and then the Council agreed to the compromise concluded by the Presidency and Parliament representatives. At its plenary session on 17 December 1992, Parliament, in the

context of the second reading of the 1993 budget, was able to ratify the compromise.

452. Following the vote, the 1993 budget stood as follows:

(ECU)

	CA	PA
Total expenditure	69 058 484 052	65 522 639 052
of which:		
compulsory expenditure	36 476 904 100	36 418 204 100
non-compulsory expenditure	32 581 579 952	29 104 434 952

The rate of increase of non-compulsory expenditure was 15.14% in commitment appropriations and 13.87% in payment appropriations.

The growth in total expenditure in relation to the previous financial year was 8.06% in commitment appropriations and 7.24% in payment appropriations.

The 1993 budget was finally adopted on 17 December 1992 when the President of Parliament approved the results of the vote.

1993 budget

(ECU)

	Commitments	Payments
1. Common agricultural policy		
— Market expenditure (B1-1 to B1-3, excluding B1-26)	33 295 000 000	33 295 000 000
— Accompanying measures (B1-5)	182 000 000	182 000 000
— Set-aside (B1-40)	489 000 000	489 000 000
— Income aid (B1-41)	59 000 000	59 000 000
— European Fisheries Guarantee Fund (B1-26)	27 000 000	27 000 000
<i>Total 1</i>	34 052 000 000	34 052 000 000
2. Structural operations		
— Structural Funds (B2-1)	20 193 000 000	18 923 800 000
PEDIP (B2-20)	0	60 191 000
— Community support frameworks (B2-21)	13 540 000	9 767 000
— IMPs (B2-22)	623 000	194 438 000
— European Fisheries Guidance Fund (B2-23)	341 100 000	272 403 000

	Commitments	Payments
— Programme for the outermost regions (B2-24)	64 700 000	36 891 000
— Cohesion Fund (B2-30)	1 565 000 000	1 000 000 000
— Accompanying measures (B2-40)		
<i>Total 2</i>	22 177 963 000	20 497 490 000
3. Internal policies		
— Research and technological development (B6)	2 555 822 000	2 351 543 000
— Other agricultural operations (B2-5)	205 800 000	128 094 000
— Other regional operations (B2-6)	30 000 000	53 003 000
— Transport (B2-7)	12 770 000	12 570 000
— Other measures concerning fisheries and the sea (B2-9)	25 000 000	18 670 000
— Education, vocational training and youth policy (B3-1)	270 079 000	253 565 000
— Culture and audiovisual media (B3-2)	63 575 000	63 943 000
— Information and communication (B3-3)	33 731 000	22 137 000
— Other social operations (B3-4)	168 695 000	130 407 000
— Energy (B4-1)	202 292 000	139 876 000
— Euratom nuclear safeguards (B4-2)	11 500 000	7 367 000
— Environment (B4-3)	100 733 000	95 323 000
— Consumer protection (B5-1)	16 000 000	10 011 000
— Aid for reconstruction (B5-2)	12 900 000	12 471 000
— Internal market (B5-3)	118 815 000	93 868 000
— Industry (B5-4)	32 850 000	31 820 000
— Information market (B5-5)	10 000 000	11 601 000
— Statistical information (B5-6)	29 000 000	30 936 000
— Trans-European networks (B5-7)	209 000 000	107 808 000
— Negative reserve (B0-42)		
<i>Total 3</i>	4 108 562 000	3 575 013 000
4. External measures		
— Food aid (B7-2)	574 000 000	570 832 000
— Cooperation with Asian and Latin American developing countries (B7-3)	634 000 000	354 168 000
— Cooperation with Mediterranean countries (B7-4)	408 700 000	352 148 000
— Other cooperation measures (B7-5)	626 700 000	497 636 000
— Cooperation with countries of Central and Eastern Europe and the independent States of the former Soviet Union (B7-6)	1 573 000 000	692 573 000
— Cooperation with other third countries (B7-7)	0	29 003 000

	Commitments	Payments
— External aspects of certain Community policies and common foreign and security policy (B7-8 and B7-9)	293 700 000	291 917 000
— Negative reserve (BO-42)		
<i>Total 4</i>	4 110 100 000	2 788 277 000
5. Administrative expenditure of the institutions		
— Part A	2 283 609 688	2 283 609 688
— Other institutions		
• Parliament	630 000 000	630 000 000
• Council	299 808 260	299 808 260
• Economic and Social Committee	57 529 303	57 529 303
• Court of Justice	89 814 565	89 814 565
• Court of Auditors	40 097 236	40 097 236
<i>Subtotal other institutions</i>	1 117 249 364	1 117 249 364
— Stock disposal and reimbursements	0	0
<i>Total 5</i>	3 400 859 052	3 400 859 052
6. Reserves		
— Monetary reserve	1 000 000 000	1 000 000 000
— Reserve for exceptional expenditure		
—		
• Emergency aid	209 000 000	209 000 000
• Loan guarantees		
<i>Total 6</i>	1 209 000 000	1 209 000 000
— Negative reserve (BO-42)		
<i>Grand total</i>	69 058 484 052	65 522 639 052

C — Follow-up to the 1992 budgetary procedure

453. During 1992 various supplementary and amending budgets were adopted for the 1992 financial year. Most of them were the logical outcome of the various decisions regarding the financial perspective adopted during the year.

Supplementary and amending budget No 1 for the 1992 financial year

454. In response to preliminary draft supplementary and amending budget No 1/92, forwarded by the Commission on 19 February 1992, the Council established draft supplementary and amending budget No 1/92 at its meeting on 2 March 1992.

The threefold purpose of this draft budget was to incorporate in the budget all the elements which prompted the decision on the financial perspective agreed upon by the Ecofin Council on 10 February 1992 and approved by the European Parliament on 12 February 1992, to include the points set out in Letter of Amendment No 1/92 which was rejected in December 1991, and finally to take into account the additional requirements of the Court of Justice.

In terms of expenditure, this meant the entry of an additional ECU 100 million in commitment appropriations and ECU 60 million for the Structural Funds to allow for inflation, a reduction in research appropriations by ECU 200 million in commitment appropriations and ECU 90 million in payment appropriations, the inclusion of an additional ECU 450 million in commitment appropriations and ECU 200 million in payment appropriations for technical cooperation with the independent States of the former USSR, the inclusion of an extra ECU 50 million in commitment appropriations and ECU 10 million in payment appropriations earmarked for operations to promote tropical rainforests, the inclusion of an additional sum of ECU 40 million in commitment appropriations and payment appropriations for the Commission's administrative expenditure, reinstating the budgetary provisions for the Council's administrative expenditure approved by the Council in December 1991 in Letter of Amendment No 1/92, the inclusion of an extra sum of ECU 1.255 million in commitment appropriations and payment appropriations for Court of Justice expenditure and deletion of the exceptional reserve under title B0-5 in the 1992 budget.

455. As regards revenue, the Council also entered a provisional balance for the financial year 1991 of ECU 2.764 million in the draft budget and revised the figure for the United Kingdom correction for budgetary imbalance to be entered in the 1992 budget downwards from ECU 2.921 million to ECU 2.627 million. It also created Article 403 on 'Products of the temporary contribution affecting the remuneration', entered an extra ECU 30.6 million for deductions from remuneration and deleted Article 1401 dealing with the exceptional reserve contained in the 1992 budget.

At the meetings on 26 and 27 March 1992, at the second reading, the Council took a decision on draft supplementary and amending budget No 1/92, as amended by the European Parliament on 11 March 1992, without changing any of the amendments.

On 1 April 1992, the President of the European Parliament adopted supplementary and amending budget No 1/92 encompassing all the elements referred to above.

Supplementary and amending budget No 2 for the 1992 financial year

456. In response to preliminary draft supplementary and amending budget No 2/92 forwarded by the Commission on 7 May 1992, the Council established draft supplementary and amending budget No 2/92 embracing all the conclusions reached by Parliament and the Commission on the financial arrangements for a special food aid programme worth ECU 220 million in commitment appropriations and payment appropriations and designed to respond to the serious situation in southern Africa and the Horn of Africa and exceptional needs in the other regions of the world.

In practice, this meant entering in the exceptional reserve an extra ECU 220 million in commitment appropriations and payment appropriations for food aid, a reduction of ECU 190 million in the EAGGF Guarantee Section under 'milk and milk products' and the creation of a negative reserve of ECU 30 million in commitment appropriations and payment appropriations, split into ECU 10 million for heading 3 of the financial perspective (Research), ECU 20 million for heading 4 (Other policies) and ECU 30 million in payment appropriations.

On 13 May 1992, following the discussions in Parliament, the President of the European Parliament adopted supplementary and amending budget No 2/92.

Supplementary and amending budget No 3 for the 1992 financial year

457. In response to preliminary draft supplementary and amending budget No 3/92, forwarded by the Commission, at its meeting on 23 July 1992 the Council established draft supplementary and amending budget No 3/92 with the aim of incorporating surplus agricultural expenditure from 1992 into the budget and, at the same time, implementing the decision on the financial perspective concerning the shortage of payment appropriations in certain areas.

In practice, that meant a reduction of ECU 2.782 million in EAGGF Guarantee Section appropriations, an increase of ECU 178 million in appropriations under the heading 'Other products' (agricultural) to finance food aid, in particular for the former Yugoslavia, the entry of an extra ECU 560 million in payment

appropriations for the Structural Funds assigned to the new German **Länder**, and ECU 140 million for research appropriations.

Where revenue was concerned, the Council also incorporated into this draft budget the final adjustment for the estimated balance from the financial year 1991, the creation of a budget heading to receive revenue from the Erasmus programme and the creation of three budget headings covering lending guarantees in the context of financial assistance for Bulgaria, Romania and Albania.

458. At its meeting on 21 September 1992, at the second reading, without amending the modifications, the Council took a decision on draft supplementary and amending budget No 3/92 as amended by the European Parliament on 16 September 1992 and subject to the proposed modifications.

The amendments relate to the creation of a further ECU 20 million negative reserve in commitment appropriations and payment appropriations under heading 4 of the financial perspective, the entry of an ECU 120 million increase in commitment appropriations and payment appropriations for humanitarian aid to the former Yugoslavia, the deletion of the ECU 10 million negative reserve under heading 3 of the financial perspective, which had been introduced by supplementary and amending budget No 2/92, and also the reinstatement of ECU 28 million under agricultural expenditure.

On 25 September 1992 the President of the European Parliament adopted supplementary and amending budget No 3/92 encompassing all the points referred to above.

Preliminary draft supplementary and amending budget No 4 for the 1992 financial year

459. In response to preliminary draft supplementary and amending budget No 4/92, forwarded by the Commission on 5 November 1992, after discussions with Parliament, as laid down in Article 15(5) of the Financial Regulation applicable to the general budget of the European Communities, the Council decided that it was not appropriate to establish a draft supplementary and amending budget. The Council was of the opinion that, in the preliminary draft budget, the first item, that is, the need to increase appropriations under the budgetary heading allowing repayments for fines wrongly collected in the PVC case, could be solved by the transfer of appropriations, and the second, the creation of budget guarantees for further financial assistance to the Baltic republics, could be solved by including the relevant budgetary headings in the 1993 budgetary procedure.

D — Other budgetary matters

Discharge given to the Commission on implementation of the 1990 budget

460. At its meeting on 16 March 1992, the Council recommended to Parliament that it give a discharge to the Commission on the implementation of the budget of the European Communities for the financial year 1990.

On 18 November 1992 the European Parliament gave the Commission a discharge for the implementation of that budget.

Fight against fraud affecting the Community budget

461. At its meeting on 28 September 1992, following an exchange of views, the Council agreed on two series of conclusions, the first concerned with the fight against fraud in general and the second based on the Commission's annual report on fraud.

It also decided to set-up a high-level **ad hoc** working party to report on a number of specific questions.

At its meeting on 23 November 1992, the Council had an exchange of views, on the basis of the report from the high-level working party, on the question of the fight against fraud and irregularity affecting the Community budget.

Following that exchange of views, the Council agreed on a series of conclusions confirming the fact that it was determined to fight against fraud and to maintain the momentum already achieved in this respect.

Carry-overs of appropriations

462. At its meeting on 2 March 1992, the Council agreed to two requests from the Commission, the first on 31 January 1992 and the second on 11 February 1992, for carry-overs of non-differentiated appropriations in accordance with Article 7(3) of the Financial Regulation applicable to the general budget of the European Communities.

After being consulted by Parliament, the Council at its meeting on 16 March 1992 also delivered a favourable opinion with regard to the last two requests for non-automatic carry-overs of appropriations but an unfavourable opinion concerning the European Environment Agency.

Transfers of appropriations

463. The Council approved various proposals for transfers of appropriations between chapters relating to compulsory expenditure which were submitted by the Commission (Article 26(4) and (5)(a) of the Financial Regulation).

The Council was also consulted by the European Parliament on a number of other requests for transfers relating to non-compulsory expenditure (Article 26(4) and (5)(b) of the Financial Regulation).

The Council considered a total of 29 proposals for transfers in 'Section III — Commission' of the general budget.

E — Staff Regulations

464. Apart from some decisions of a routine or internal nature, the Council also acted in the following areas.

Remuneration of officials and other servants

Following the Court of Justice ruling on 23 January 1992 in the Case C-301/90, the Council adopted Regulation (EEC, Euratom, ECSC) No 1180/92 of 30 April 1992¹ fixing a weighting applicable to the remuneration of officials and other servants of the European Communities serving in Munich.

With Regulation (EEC, Euratom, ECSC) No 2014/92 of 20 July 1992,² the Council effected an intermediate adjustment of remuneration and pensions, with effect from 1 January 1992, in places of employment where, in the second half of 1991, the cost of living had increased substantially.

In the context of the annual review of remuneration, the Council adopted Regulation (EEC, Euratom, ECSC) No 3761/92 of 21 December 1992³ adjusting, with effect from 1 July 1992, the remuneration and pensions of officials and other servants, taking account of the growth in the purchasing power of remuneration in the Member States' central administrations and cost of living indexes in the various places of employment.

¹ OJ L 123, 8.5.1992.

² OJ L 205, 20.7.1992.

³ OJ L 383, 29.12.1992.

At its meeting on 21 December 1992, the Council adopted Regulations (EEC, Euratom, ECSC) Nos 3765/92 and 3766/92¹ correcting, with effect from 1 January 1991 and 1 July 1991 respectively, the weightings applicable to the remuneration and pensions of officials and other servants of the European Communities in Member States other than Belgium and Luxembourg.

The first Regulation followed the five-yearly verification of weightings by the Statistical Office of the European Communities in accordance with the method of adjusting remuneration applicable until 30 June 1991² of which this was the last application.

The second Regulation related to the definitive establishment, on the basis of the new procedures for adjusting remuneration which appear in Annex XI of the Staff Regulations, of the weightings adopted provisionally by the Council at the time of the 1991 annual review.

Provisions applicable to Community officials serving in third countries.

465. With Regulations (EEC, Euratom, ECSC) No 572/92 of 2 March 1992³ and No 3948/92 of 22 December 1992⁴ the Council adjusted the weightings applicable to the remuneration of officials serving in third countries with effect from 1 July 1991 and 1 January 1992 respectively.

At its meeting on 21 December 1992 the Council also responded to the results of the statistical surveys based on a new system for the collection of data (replacing the UN system) by adopting Regulations (EEC, Euratom, ECSC) Nos 3763/92 and 3764/92¹ adjusting the weightings applicable to the remuneration of officials serving in countries outside the Community.

Amendments to the Staff Regulations and the conditions of employment of other servants of the European Communities

466. At its meeting on 2 March 1992, the Council adopted Regulation (EEC, Euratom, ECSC) No 571/92³ amending Article 11(1) and (2) of Annex VIII to

¹ OJ L 383, 29.12.1992.

² OJ L 386, 31.12.1981.

³ OJ L 62, 7.3.1992.

⁴ OJ L 404, 31.12.1992.

the Staff Regulations on transfers of pension rights. By adopting the Regulation, which was in response to a recent Court of Justice ruling, the Council eradicated a difference in treatment, in the transfer of pension rights from a national system to the Communities' pension scheme, between officials who had acquired such rights in an employed capacity and those who had done so in a self-employed capacity.

On 21 December 1992, after several years of discussions, the Council adopted Regulation (EEC, Euratom, ECSC) No 3947/92¹ amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities.

The amendment of the Staff Regulations essentially comprised the following items:

- (a) institutions able for the first time to entrust to one of their number or to an interinstitutional body the exercise of powers conferred on the appointing authority in respect of recruitment (organization of common competitions), social security and pension schemes;
- (b) adjustment of the arrangements governing the probationary period to enable the probationer's merits to be assessed more accurately;
- (c) elimination of the need to hold a competition for transfers from the Language Service (LA) to Category A and vice versa.

¹ OJ L 404, 31.12.1992.

ANNEX I

Portuguese Presidency
(First half of 1992)

Attendance by Presidents-in-Office of the Council at meetings
of European Parliament Committees

Committee	President-in-Office	Date and place
Transport and Tourism	Mr Ferreira do Amaral Minister for Public Works, Transport and Communications	21 January Brussels
Social Affairs, Employment and the Working Environment	Mr da Silva Peneda Minister for Employment and Social Security	21 January Brussels
Transport and Tourism (shipping aspect)	Mr de Azevedo Soares Minister for Maritime Affairs	22 January Brussels
Subcommittee on Fisheries	Mr de Azevedo Soares Minister for Maritime Affairs	22 January Brussels
Agriculture, Fisheries and Rural Development	Mr Cunha Minister for Agriculture	29 January Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Mira Amaral Minister for Industry and Energy	19 February Brussels
Joint ACP-EEC Assembly	Mr Durão Barroso State Secretary for Foreign Affairs and Cooperation	19 February Santo Domingo

Committee	President-in-Office	Date and place
Energy, Research and Technology	Mr Mira Amaral Minister for Industry and Energy	19 February Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Pinheiro Minister for Foreign Affairs	19 February Brussels
Environment, Public Health and Consumer Protection	Mr Borrego Minister for the Environment and Natural Resources	25 February Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Braz State Secretary for the Treasury	17 March Brussels
Legal Affairs and Citizens' Rights	Mr Martins State Secretary for European Integration	24 March Brussels
Culture, Youth, Education and the Media	Mr Santana Lopes State Secretary for Culture	25 March Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Martins State Secretary for European Integration	25 March Brussels
Transport and Tourism	Mr Faria de Oliveira Minister for Trade and Tourism	27 March Brussels
<i>Ad hoc</i> : Delors II package	Mr Pinheiro Minister for Foreign Affairs	12 May Strasbourg
Energy, Research and Technology	Mr Valente de Oliveira Minister for Planning and Administration	19 May Brussels
Regional Policy and Regional Planning	Mr Valente de Oliveira Minister for Planning and administration	20 May Brussels

Committee	President-in-Office	Date and place
Civil Liberties and Internal Affairs	Mr Dias Loureiro Minister for the Interior	25 May Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Pinheiro Minister for Foreign Affairs	26 May Lisbon
Culture, Youth, Education and the Media	Mr Couto dos Santos Minister attached to the Prime Minister and Minister for Youth (Education aspect)	16 June Brussels
Budgetary Control	Mr Valente de Oliveira Minister for Planning and Administration and Mr Braz State Secretary for the Treasury	17 June Lisbon
Institutional Affairs	Mr Pinheiro Minister for Foreign Affairs	17 June Lisbon
Budgetary Control	Mr Laborinho Lúcio Minister for Justice	18 June Lisbon
Culture, Youth, Education and the Media	Mr Marques Mendes State Secretary for Relations with the Prime Minister's Office (Youth aspect)	18 June Brussels
Women's Rights	Mr da Silva Peneda Minister for Employment and Social Security	19 June Brussels

Committee	President-in-Office	Date and place
Development and Cooperation	Mr Durão Barroso State Secretary for Foreign Affairs and Cooperation	23 June Brussels
Subcommittee on Fisheries	Mr de Azevedo Soares Minister for Maritime Affairs	24 June Brussels
EEC-Turkey Joint Parliamentary Committee	Mr Martins State Secretary for European Integration	29 June Istanbul

ANNEX II

United Kingdom Presidency
(Second half of 1992)

Attendance by Presidents-in-Office of the Council at meetings
of European Parliament Committees

Committee	President-in-Office	Date and place
Foreign Affairs and Security (quarterly colloquy)	Mr Hurd Secretary of State for Foreign and Commonwealth Affairs	14 July London
Transport and Tourism	Mr MacGregor Secretary of State for Transport	14 July Brussels
Development and Cooperation	Baroness Chalker Minister for Overseas Development	15 July Brussels
Energy, Research and Technology	Mr Waldegrave Chancellor of the Duchy of Lancaster with responsibility for Science	22 September Brussels
Social Affairs, Employment and the Working Environment	Mrs Shephard Secretary of State for Employment	22 September Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Needham Minister of State, Department of Trade and Industry	23 September Brussels
Budgetary Control	Sir John Cope Paymaster-General	23 September Brussels

Committee	President-in-Office	Date and place
Foreign Affairs and Security	Mr Douglas Hogg Minister of State, Foreign and Commonwealth Office	23 September Brussels
Environment, Public Health and Consumer Protection	Mr Howard Secretary of State for the Environment	24 September Brussels
Women's Rights	Mrs Shephard Secretary of State for Employment	28 September Galway
Transport and Tourism	Mr MacGregor Secretary of State for Transport	28 September Dublin
Economic and Monetary Affairs and Industrial Policy	Sir John Cope Paymaster-General	29 September Brussels
Joint ACP-EEC Assembly	Baroness Chalker Minister for Overseas Development	29 September Luxembourg
Subcommittee on Fisheries	Mr Curry Minister of State, Ministry of Agriculture, Fisheries and Food	30 September Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Leigh Parliamentary Under-Secretary of State, Department of Trade and Industry (Consumer Affairs and Small Firms (Telecom aspect))	14 October Brussels
Agriculture, Fisheries and Rural Development	Mr Gummer Minister for Agriculture, Fisheries and Food	14 October Brussels
External Economic Relations	Mr Needham Minister of State, Department of Trade and Industry	15 October Brussels

Committee	President-in-Office	Date and place
Environment, Public Health and Consumer Protection	Lady Denton Parliamentary Under-Secretary of State, Department of Trade and Industry	16 October Brussels
Culture, Youth, Education and the Media	Mr Key Parliamentary Under-Secretary of State for National Heritage	5 November Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Lamont Chancellor of the Exchequer	24 November Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Garel-Jones Minister of State, Foreign and Commonwealth Office	24 November Brussels
Civil Liberties and Internal Affairs	Mr Clarke Home Secretary	24 November Brussels
Agriculture, Fisheries and Food	Mr Gummer Minister for Agriculture, Fisheries and Food	24 November Brussels
Culture, Youth, Education and the Media	Mr Patten Secretary of State for Education	26 November Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Sainsbury Minister of State, Department of Trade and Industry (Minister for Industry)	30 November Brussels
Development and Cooperation	Baroness Chalker Minister for Overseas Development	1 December Brussels

Committee	President-in-Office	Date and place
Regional Policy, Regional Planning and Relations with Regional and Local Authorities	Mr Sainsbury Minister of State, Department of Trade and Industry (Minister for Industry)	3 December Brussels
Environment, Public Health and Consumer Protection	Mr Howard Secretary of State for the Environment	3 December Brussels

ANNEX III

**Table of Decisions concerning specific
Community research programmes adopted
by the Council in 1992**

Field of research	Date of Decision	Allocation (million ECU)	Completion date	Official Journal
Human capital and mobility	16.3.1992	488.07	31.12.1994	L 107, 24.4.1992
Biotechnology	26.3.1992	162.36	31.12.1994	L 107, 24.4.1992
Dissemination and exploitation of knowledge	29.4.1992	57.00	31.12.1994	L 141, 23.5.1992
Measurements and testing	29.4.1992	47.52	31.12.1994	L 126, 12.5.1992
Joint Research Centre	29.4.1992	341.55	31.12.1994	L 141, 23.5.1992

ANNEX IV

Number of days spent on Council meetings and meetings of preparatory bodies

Year	Ministers	Ambassadors and ministerial delegations	Committees and working parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63‡	146‡	744‡
1964	102‡	229‡	1 002‡
1965	35	105‡	760‡
1966	70‡	112‡	952‡
1967	75‡	134	1 233
1968	61	132	1 253
1969	69	129	1 412‡
1970	81	154	1 403
1971	75‡	127‡	1 439
1972	73	159	2 135
1973	79‡	148	1 820
1974	66	114‡	1 999‡
1975	67‡	118	2 079‡
1976	65‡	108‡	2 130
1977	71	122	2 108‡
1978	76‡	104‡	2 090
1979	59	107‡	2 000
1980	83	106‡	2 078‡
1981	83	110	1 976
1982	86	107	1 885
1983	121‡	105‡	1 912‡
1984	133	86	1 868‡
1985	118	117	1 892
1986	107	118‡	1 842‡
1987	123	120‡	1 828
1988	117‡	104	2 000‡
1989	119‡	100	1 932
1990	138	107	2 021‡
1991	115‡	145‡	2 239
1992	126	133‡	2 147

Terminology

Agricultural guideline

For each financial year, the agricultural guideline represents the ceiling on Community expenditure in support of agricultural markets (EAGGF Guarantee Section). The ceiling is adjusted each year to allow for inflation and the GNP growth rate, though for the growth rate the adjustment is limited to 74% thereof.

Cabotage

The procedure whereby a carrier based in one Member State is allowed to carry goods or passengers by land, sea or air between two points within another Member State.

Co-decision procedure

A legislative procedure instituted by the Treaty on European Union which represents a refinement of the cooperation procedure, differing from it in particular through: (i) the involvement, if the Council rejects amendments proposed by the European Parliament, of a Conciliation Committee composed of members of both institutions with the task of bridging the gap between their viewpoints and, if possible, arriving at a joint text; (ii) Parliament's option, failing agreement in the Conciliation Committee, of rejecting outright, by an absolute majority of its members, the text unilaterally adopted by the Council.

Community Charter of the Fundamental Social Rights of Workers

Adopted in a Solemn Declaration by the Heads of State or Government of the Member States (apart from the United Kingdom) at the European Council meeting in Strasbourg on 8 and 9 December 1989, the Charter enshrines a set of principles concerning the fundamental social rights of workers in the following fields: improvement of living and working conditions; freedom of movement for employed and self-employed workers; employment and earnings; social protection; freedom of association and collective bargaining; vocational train-

ing; equal treatment for men and women; information, consultation and participation for workers; health protection and safety at the place of work; protection of children, adolescents, the elderly and the disabled.

Convergence programme

A package of economic and financial measures applicable in a Member State in order to contribute to lasting convergence of economies within the Community as required for the achievement of economic and monetary union, with particular reference to price stability and sound public finances; convergence programmes are decided on by Member States and submitted to the Council for scrutiny.

Cooperation procedure

A legislative procedure introduced by the Single European Act, involving two readings by Parliament and by the Council. On first reading, after obtaining Parliament's opinion, the Council adopts a draft known as a 'common position', which is sent to Parliament for a further reading. On second reading, the Council requires unanimity in order to depart from Parliament's amendments supported by the Commission.

European Energy Charter

A Community initiative to mesh Western technology and capital with resources (oil, natural gas, coal and uranium) in Eastern Europe, including the former USSR, in a Treaty embracing 50 countries (OECD, Europe and the former USSR).

Financial perspective

The financial perspective establishes for a given period the breakdown of Community expenditure by broad headings and the annual ceilings for each of them. The 1988-92 financial perspective decided on by the European Council in 1988 was subsequently agreed between Parliament, the Council and the Commission. The 1993-99 financial perspective was set by the European Council, meeting in Edinburgh, which expressed its wish, as in 1988, to arrive at an agreement between the three institutions. The financial perspective decided on in Edinburgh covers the following six headings: agricultural expenditure, structural expenditure, internal expenditure, external expenditure, administrative expenditure and reserves.

Open network provision (ONP)

Harmonization of conditions of access to public telecommunications networks in order to facilitate their use by companies or individuals providing services, wherever they are based in the Community.

Own resources

The Community budget is financed in the main by resources termed 'own resources' because they are regarded not as contributions by the Member States but as belonging to the Community; those resources comprise customs duties and agricultural levies charged at the Community's external frontiers, a fraction of VAT (as a percentage of a harmonized tax base) and a fraction of each Member State's GNP.

Set-aside

Withdrawal of part of arable land from production (of cereals, oilseeds and protein crops); under the reform of the CAP, such withdrawal forms a requirement for the grant of aid to producers in order to offset lost earnings as a result of the reduction in some support prices.

Sustainable development

Economic development fulfilling present needs without jeopardizing the ability of future generations to fulfil their needs. Such development must maintain the quality of life generally, maintain continuing access to natural resources and avoid any persistent environmental damage.

Switch-over

An ecu-revaluation arrangement used for EAGGF Guarantee Section expenditure (the green ecu). The switch-over is designed to avoid any reduction in support prices for agricultural products following a currency realignment. Under such a system, prices denominated in a national currency which has been revalued against the ecu remain at the same level (instead of being reduced as they otherwise would) and price unity within the Community is preserved by means of a corresponding 'artificial' increase in prices in the other Member States through a monetary coefficient (corrective factor). The switch-over results in support prices paid to farmers moving in parallel with the strongest currency in the European Monetary System. However, the effect of this is

lessened by 25% through a reduction in prices set in ecus at the start of the following marketing year.

Technical conservation measures

Measures designed to ensure the protection of marine biological resources and their balanced exploitation, such as minimum mesh sizes for nets, maximum by-catch percentages in fishing for other species, minimum landing sizes for fish, restrictions on the use of some kinds of fishing gear, a ban on fishing in particular areas, etc.

Third-party access to networks in the energy sector

The opportunity for energy producers or users to transport energy, at their convenience, through networks (oil pipelines, gas pipelines and high-voltage power transmission lines) which do not belong to them.

Troika

A delegation composed of a representative of the Presidency-in-Office, assisted by a representative of the Member State which last held the Presidency and a representative of the Member State next to hold the Presidency, with Commission participation. This arrangement is used primarily in political cooperation.

ANNEX VI

Abbreviations and acronyms

— A —

ACP

African, Caribbean and Pacific States (69 States signatory to the Lomé Convention)

Altener

Promotion of renewable energy sources in the Community

ASEAN

Association of South-East Asian Nations (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand)

— B —

Bridge

Biotechnology research for innovation, development and growth in Europe (research programme in the field of biotechnology)

— C —

CAP

common agricultural policy

CCT

Common Customs Tariff

CE

compulsory expenditure

CELAD

European Committee to Combat Drugs

CIS

Commonwealth of Independent States

CMO

common market organization

Comett

Community programme in education and training for technology

Coreper

Permanent Representatives Committee

COST

European Cooperation in the field of Scientific and Technical Research

CSCE

Conference on Security and Cooperation in Europe

— D —

D2-MAC/HD-MAC

Standards for satellite broadcasting of television signals (MAC: multiplexed analog component)

DC

developing countries

DTS

detailed technical specifications

— E —

EAGGF

European Agricultural Guidance and Guarantee Fund

EBRD

European Bank for Reconstruction and Development

ECE

Economic Commission for Europe (UN)

ECIP
European Community International Invest-
ment Partners

ECSC
European Coal and Steel Community

ECU
European currency unit

EDF
European Development Fund

EEA
European Economic Area

EEC
European Economic Community

EFTA
European Free Trade Association (Austria,
Finland, Iceland, Liechtenstein, Norway, Swe-
den, Switzerland)

EIB
European Investment Bank

EIS
European Information System

EMS
European Monetary System

EMU
economic and monetary union

EPOCH
European programme on climatology and na-
tural hazards

Erasmus
European Community action scheme for the
mobility of university students

ERDF
European Regional Development Fund

ESC
Economic and Social Committee

ESF
European Social Fund

EURES
European Employment Service (formerly SE-
DOC: European System for the International
Clearing of Vacancies and Applications for
Employment)

Eurofarm
A set of data banks to be used for processing
Community surveys for the requirements of
national and Community agricultural policies

Eurydice
education information network in the Euro-
pean Community

— F —

FAO
Food and Agriculture Organization of the Un-
ited Nations

FLAIR
Food-linked agro-industrial research

— G —

GATT
General Agreement on Tariffs and Trade

GCC
Gulf Cooperation Council

GNP
gross national product

grt
gross registered tonnage (shipping)

GSP
Generalized system of preferences

— H —

HCR
High Commissioner for Refugees (UN)

HDTV
high-definition television

— I —

IATA
International Air Transport Association

IEA
International Energy Agency

IMF
International Monetary Fund

— J —

JOULE
Joint opportunities for unconventional or
long-term energy supply

— K —

Karolus
Action plan for the exchange between Member
State administrations of national officials who
are engaged in the implementation of Com-
munity legislation required to achieve the in-
ternal market

— L —

LIFE
Financial instrument for the environment

Lingua
action programme to promote foreign lan-
guage competence in the European Commu-
nity

— M —

Matthaeus
Community action on the subject of the voca-
tional training of customs officials

MCA
monetary compensatory amounts

Mercosur
Southern Cone Common Market (Argentina,
Brazil, Paraguay, Uruguay)

MFA
Multifibre Arrangement

MGQ
maximum guaranteed quantity

MRI
maximum rate of increase

— N —

NAFO
North-West Atlantic Fisheries Organization

NCE
non-compulsory expenditure

NGO
non-governmental organization

— O —

OCTs
overseas countries and territories

OECD
Organization for Economic Cooperation and
Development

ONP
open network provision (telecommunications)

— P —

PEDIP
Specific programme for the development of
Portuguese industry

PHARE
Poland and Hungary: aid for economic re-
structuring

— S —

SAVE
Specific action programme for vigorous energy
efficiency

SMEs
small and medium-sized enterprises

Stabex
System of stabilization of ACP and OCT ex-
port earnings

STEP
Science and technology for environmental pro-
tection

— T —

t
tonne

TAC
total allowable catch

TACIS
Technical assistance to the Commonwealth of
Independent States and Georgia

Tempus
Trans-European mobility scheme for univer-
sity studies

Thermie
programme for the promotion of energy tech-
nology in Europe

— U —

UN
United Nations

UNCED
United Nations Conference on Environment
and Development

Unctad
United Nations Conference on Trade and De-
velopment

UNDCP
United Nations International Drug Control
Programme

— V —

VAT
value-added tax

— W —

WIPO
World Intellectual Property Organization

ANNEX VII

Index

The numbers refer to paragraphs. When a subject is dealt with in consecutive paragraphs, only the first is given.

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