

General Secretariat of the Council  
of the European Union

# **FORTY-FIRST REVIEW OF THE COUNCIL'S WORK**

**(The Secretary-General's Report)**

1 January — 31 December 1993

Part I — Summary





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## Foreword

*From the outset the builders of Europe have operated, simultaneously or successively, on two fronts. The first involved casting and recasting the basic texts in an effort to achieve the final goal of an ever-closer union among the peoples of Europe. The second, outwardly more prosaic, involves using the means available under the Treaties as they stand to meet the political, economic and social challenges of the moment. Seen from the latter angle, last year represented a watershed. 1993 in fact saw the provisional end – pending its re-opening in 1996 – of a phase of intense institutional activity, while at the same time a new challenge was taken up to resolve several crucial problems facing the Union.*

*In its solemn declaration of 29 October on the occasion of the entry into force of the Treaty on European Union, the European Council welcomed the important step which was being taken towards greater economic prosperity, greater external ambition and greater democracy while at the same time confirming its wish for a Europe close to the citizen which would intervene only where this was necessary in pursuit of our common interests. At the same time as it welcomed the entry into force of the new Treaty, the European Council set out a number of political guidelines for its implementation, including the second stage of Economic and Monetary Union, the definition of new foreign policy instruments and the practical realization in the day-to-day life of the Union of the principles of transparency and openness established by the European Council in Edinburgh. Furthermore, in a number of areas connected with the implementation of the new Treaty the Council has been at pains to seek common ground with the European Parliament, culminating in the conclusion of interinstitutional agreements which will guarantee effective co-operation in the future.*

*Thus, bolstered by the success of the Communities, wiser as a result of its experience and with new instruments for dealing with the problems of the moment, on 1 November 1993 the Union was able to make a confident entry into history. Two priority tasks were awaiting it: internally, the problem of combating unemployment, which had become an undoubted threat to social cohesion and, externally, bringing peace and security to a continent unsettled by the dramatic events in the former Yugoslavia.*

*In June 1993 the Copenhagen European Council strove to give new impetus to the growth initiative decided on in Edinburgh although, faced with the full extent of the crisis, it concentrated on establishing a timetable by mandating the President of the Commission to give longer-term consideration to the conditions needed for a resumption of growth. The fruits of this consideration, set out in a "White Paper on the Strategy for Growth and Employment", were the focus for the European Council's discussions in Brussels in December 1993. Using an analysis of the existing obstacles as the basis for an overview of the future of our society, the White Paper inspired the Heads of State and Government to adopt an ambitious action plan mobilizing the joint efforts of the Union and its Member States to rethink the organization of work, harness technological progress to the service of economic and social progress and reorganize the Community area thanks in particular to the development of trans-European networks. With respect to another priority objective, namely the strengthening of economic and social cohesion between Member States, the Council was able to introduce from the beginning of the second six-month period a reform of the Structural Funds the principle and financial framework of which had been agreed on in Edinburgh in December 1992.*

*In the sphere of external relations, the Community, followed by the Union, continued to strive for peace and co-operation with the rest of the world, focusing particularly on the poorest countries and those closest to it by virtue of geography or history. In this context the Union made efforts to shoulder its particular responsibilities within a European continent undergoing profound changes. It did so by taking further steps to ensure its enlargement with four new States, which will help strengthen its efforts on the international stage. It also*



*continued to mobilize its resources and those of the Member States – be it in the form of humanitarian aid of every description, a military presence on the ground or diplomatic action – to put an end to the tragic events in the former Yugoslavia. At the same time the Union continued its technical and financial support to the countries emerging from the former USSR, as well as to the countries of Central and Eastern Europe engaged in economic and democratic reform with the goal of possible accession. Finally, with the more general aim of making the European continent into an area of peace and democracy, the Union took the initiative of adopting a Stability Pact designed to strengthen collective security by forestalling conflict and encouraging good neighbourly relations, inter alia, by resolving the problems of minorities.*

*In the area of international trade relations, the determination and unswerving solidarity shown within the Council throughout particularly difficult negotiations made a substantial contribution to the successful conclusion of the Uruguay Round talks, which are expected to contribute decisively to economic upturn and the emergence of a new economic order.*

*1993 will thus have demonstrated that, having scarcely emerged from an internal debate the bitterness of which gave rise to some doubts about its future, the Union was capable of a spirit of initiative and a vitality which are the best guarantees of the solidity and durability of the European enterprise.*

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# FUNCTIONING OF THE INSTITUTIONS AND INSTITUTIONAL QUESTIONS

## *Relations with the European Parliament*

With a view to the Treaty on European Union coming into force, 1993 was mainly devoted to negotiating interinstitutional agreements implementing certain provisions of the new Treaty. These negotiations took place during the Interinstitutional Conference attended by the Members of the Council, an equal number of Members of the European Parliament and a delegation from the Commission. The result was the adoption in Luxembourg on 25 October 1993 of a set of texts affirming the Institutions' common desire to co-operate effectively and in good faith in applying the new Treaty and the conclusions of the European Council meeting in Edinburgh in December 1992.

First, there was an *Interinstitutional Declaration on Democracy, Transparency and Subsidiarity*, which incorporated the undertakings given by each Institution with regard to openness and transparency, the aim being to ensure that the Institutions operated in a manner more in keeping with the democratic principles on which the systems of government of the Member States were based. Secondly, an Interinstitutional Agreement laid down the procedures for implementing the *principle of subsidiarity* which had been introduced into the Community's legislative process by Article 3b of the new Treaty. Lastly, the Interinstitutional Conference adopted the practical arrangements for the proceedings of the *Conciliation Committee* set up by Article 189b of the EC Treaty (co-decision procedure between the Parliament and the Council).

Still in the context of implementing the provisions of the Treaty on Union, the Conference agreed the terms of a draft Decision laying down the regulations and general conditions governing the performance of the *Ombudsman's* duties. This was adopted by the European Parliament in November for submission to the Council.

On the subject of *law-making* in general, in 1993 the European Parliament was involved, through its Opinions or in the co-operation procedure, in the preparation of nearly 300 texts affecting all areas of Community activity.

Throughout the year, the Presidency of the Council kept in close touch with the European Parliament by taking part in plenary part-sessions during which it answered oral questions with or without debate put by Members of the Parliament (nearly 600 questions were put in 1993). The Council and Political Co-operation also replied to more than 500 written questions.

The Presidency also took pains to respond to the European Parliament's wish to be promptly and fully informed, by making statements at each major event in the life of the Community or in connection with European Political Co-operation activities. The beginning and end of the Danish and Belgian Presidencies and the three meetings of the European Council gave rise to general policy debates during which the Presidency made known the Council's views and heard the Parliament's opinion on the main issues of the time.

Ministers appeared more and more frequently before committees of the European Parliament, whether from the Member State holding the Presidency or from other Member States. At each monthly plenary part-session of the European Parliament, it became customary for a meeting to be held by the Presidents of the three Institutions to discuss matters of common interest.

In accordance with what is now a well-established tradition, the President of the European Parliament presented his Institution's position to the European Council at the start of its meetings in Copenhagen and Brussels, these presentations being followed by an exchange of views with the Heads of State or Government on the main items on the agenda.

### *Institutional questions*

On 1 February 1993 the Council adopted a decision formalizing the agreement reached by the European Council in Edinburgh to raise the number of Members of the European Parliament from 518 to 567. The decision has to be ratified by each Member State and is intended to apply as from the next elections to the European Parliament, scheduled for 9 to 12 June 1994. During these elections, one of the rights that symbolize most clearly the fact of citizenship of the Union established by the new Treaty should also take effect, namely the right to vote and to stand as a candidate in elections to the European Parliament for citizens of the Union who reside in a Member State of which they are not nationals. A Directive laying down detailed arrangements for the exercise of these rights was adopted by the Council on 6 December 1993 and should be incorporated into national law by the time the next elections are held.

During the European Council meeting on 29 October, the representatives of the Governments of the Member States, meeting at the level of Heads of State or Government, adopted by common agreement a Decision on the seats of a number of bodies or services: the European Environment Agency was to have its seat in Copenhagen, the European Training Foundation (Central and Eastern Europe) in Turin, the European Agency for the Evaluation of Medicinal Products in London, the Office for Veterinary and Plant-Health Inspection and Control in Dublin, the European Monitoring Centre for Drugs in Lisbon, the European Agency for Health

and Safety at Work in Bilbao, the Office for Harmonization in the Internal Market (trade marks, designs and models) in Alicante, the European Monetary Institute and eventually the European Central Bank in Frankfurt-am-Main, and Europol and its Drugs Unit in The Hague.

It was also agreed that the European Centre for the Development of Vocational Training would be transferred from Berlin to Thessaloniki, a translation centre for the new bodies would be set up in Luxembourg, and the future Community Patent Appeal Court would also be set up in Luxembourg.

Work on setting up the *Committee of the Regions*, composed of representatives of regional and local authorities, was carried out with the aim of making it operational as soon as possible. By the end of the year nearly all the Member States had sent the Council the names of their proposed members and alternates. The *Economic and Social Committee* continued to make a useful contribution to the legislative work of the Council, which paid close attention to the Committee's Opinions. The new Treaty acknowledges the importance of the Committee's role by giving it greater autonomy. The Presidency of the Council took part in several of the Committee's plenary sessions and the President of the European Council himself addressed the Committee at its meeting in September.

The Council decided that in future it would be known as the *Council of the European Union*.

#### *Institutional questions relating to enlargement*

At its meeting in Brussels on 10 and 11 December, the European Council established the Union's position on the place of the applicant countries in the institutions. It adopted the proposal contained in the *European Parliament's* Resolution of 10 June 1992 that there

should be 20 seats in the Parliament for Austria, 16 for Finland, 21 for Sweden and 15 for Norway (which had not yet applied when the Parliament's Resolution was adopted). This would bring the total number of Members of the European Parliament after enlargement to 639.

For the other Institutions or bodies, the general principle adopted by the European Council was that there should be one member per new acceding State. The following breakdown was proposed for the *Economic and Social Committee* and the *Committee of the Regions*: Austria 11, Finland and Norway 9 each, Sweden 11. As to the weighting of votes in the Council, it was planned to give 4 each to Austria and Sweden and 3 each to Finland and Norway.

The sequence for holding the Presidency of the Council was arranged so that each group of three consecutive Presidencies (the "Troika") would always include at least one large or medium-sized Member State. Finnish, Norwegian and Swedish were granted official-language status.

As well as these decisions, which have yet to be endorsed by the applicant countries, the Member States agreed that, as well as the other matters dealt with in the Treaty on European Union, the intergovernmental Conference on the revision of the Treaty in 1996 would examine the questions relating to the number of members of the Commission, the weighting of votes in the Council, measures to ensure the efficient operation of the Institutions and the legislative role of the European Parliament.

### *Openness and transparency*

In order to implement the Declaration on the right of access to information annexed to the Treaty and to fulfil the commitments given by the European Council at its meetings in Edinburgh and Copenhagen on the subject of openness and transparency, the Council and the

Commission adopted on 6 December a *code of conduct on public access to their documents*. On 20 December the Council adopted a Decision on the practical arrangements for implementing the code insofar as it was concerned. The Council also adopted *new Rules of Procedure*, the purpose of which, among other things, was to follow up the commitments given by the European Council in Edinburgh on opening up the Council's discussions to the public and publishing the results of votes.



## INTERNAL MARKET

The end of 1992 (the deadline for achieving the Internal Market) saw the completion of most of the programme contained in the White Paper of 1985. Community activity therefore concentrated on the introduction of the necessary measures to ensure the smooth running and the development of the internal market in future years, and the adoption of the remaining proposals envisaged in the original programme, these being supplemented by a number of texts which, while not appearing in the White Paper, were considered to be important for the completion of the internal market.

### *Management and reinforcement of the internal market*

In June 1993 the Commission sent the Council and the European Parliament a communication entitled "Reinforcing the effectiveness of the internal market", together with a working document entitled "Towards a strategic programme for the internal market". The Commission's aim was to elicit comments and contributions from the Institutions and the relevant economic and social organizations on how to ensure the proper administration and the development of the internal market in the years ahead.

On 27 September 1993 the Internal Market Council held a broad discussion on the future strategic programme, from which the Presidency drew a number of conclusions. On a general level, the political desirability of a programme such as that envisaged by the Commission was broadly recognized, as was its dual objective, namely the consolidation of the internal market through the effective and irreversible implementation of the four freedoms of movement in accordance with the Treaty, and its development through the exploitation of

its full potential. Among the priorities for future Council consideration, the conclusions refer to the administration and management of an area without frontiers, the development of the single market and the reinforcement of trans-European networks.

In December 1993 the Commission submitted a *strategic programme* drawn up in the light of the Council's conclusions and also the outcome of its contacts with the other Community institutions and with economic organizations. The Council held a first discussion on the subject at its meeting on 16 December 1993, when it gave a favourable response to the broad lines of the programme and promised to examine without delay the specific communications and proposals which the Commission said it would be submitting for the programme's implementation.

### ***Legislative activities***

#### ***Checks on Goods – Customs Union***

With the disappearance of internal borders on 1 January 1993, the Council turned to the external aspects of the customs union. At its meeting on 8 February 1993 it adopted a Regulation concerning checks on the conformity of products imported from third countries, the main purpose of which was to avoid any differences in application by the customs authorities that might be prejudicial to the health and safety of consumers. Other customs-union measures adopted to ensure the smooth running of the internal market included a Decision authorizing the Commission to negotiate customs co-operation agreements with Canada, Korea, the United States, Hong Kong and Japan and another authorizing it to negotiate an agreement with the ASEAN countries on the control of drug precursors. The Council adopted a Decision concluding the Convention on Temporary Admission (Istanbul Convention).

## *Harmonization of legislation*

The process of harmonizing national laws continued in many fields throughout 1993.

In July the Council adopted a Directive and a Decision of a horizontal nature designed to ensure simplicity and consistency in Community legislation by introducing uniform requirements on CE-marking and on procedures for assessing the conformity of products. Harmonized provisions were added to a dozen existing Directives to make them easier to implement both for national government departments and for manufacturers of the various products involved.

The single market in medicinal products was established in 1992 with the adoption of a Community system for authorizing the marketing of medicinal products for human and veterinary use. By way of scientific and logistical back-up for the new rules, a European Agency for the Evaluation of Medicinal Products was set up, with its headquarters in London.

With regard to technical harmonization in the field of motor vehicles, the question of *EEC type-approval* for private cars had been settled, and so the Council concentrated on *EEC type-approval* for two- and three-wheel vehicles, where substantial progress was made. It also adopted a series of measures to reduce motor-vehicle pollution, including a Directive which replaces the transitional provisions applicable to light commercial vehicles with definitive standards that are now as strict as those for private cars.

Other important measures adopted in 1993 to remove technical barriers to trade include a Directive on medical devices, a Directive adding to the Machinery Directive a chapter on devices for the lifting of persons and a Directive on the supervision of explosives for civil use.

### *Foodstuffs*

The Council continued its work in the field of harmonizing the legislation on foodstuffs. Decisions were taken on contaminants, the hygiene of foodstuffs, fruit juices, measures to control food products and scientific co-operation. In the important field of additives that can be used in foodstuffs, the Council adopted a number of common positions aimed at supplementing the relevant legislation on, among other things, sweeteners and colours.

### *Intellectual Property – Copyright and neighbouring rights*

Community harmonization in the field of copyright and neighbouring rights continued in 1993 with the adoption of two new Directives. The first of these supplements the Directive on cross-border TV with provisions to ensure that copyright and neighbouring rights are observed when works, performances or other objects protected by such rights are retransmitted by cable or broadcast by satellite.

The second Directive concerns the term of protection of copyright. This was set at 70 years after the author's death for literary, artistic, cinematographic and audiovisual works. In the specific case of films and audiovisual works, the term of protection is calculated from the death of the last person to survive among the principal director, the author of the screenplay,

the author of the dialogue and the composer of the music. The term of protection of the main related rights (of performers, for example) was set at 50 years.

#### *Intellectual Property – Community Trade Mark*

At its meeting on 20 and 21 December 1993 the Council adopted a Regulation on the Community trade mark, supplementing the systems that exist in the Member States. Under the Regulation, commercial trade marks that are valid throughout the Community will be registered by a Community body known as the Office for Harmonization in the Internal Market (Trade Marks, Designs and Models), which will have its seat in Alicante, Spain.

By means of a single formality at a single office, an applicant will be able to obtain a trade mark that is valid in all twelve Member States of the Community. The system does not replace the national registration systems, which will continue to exist alongside it and to which an applicant can still have recourse if he so wishes.

#### *Public contracts*

The programme for harmonizing the legislation on public contracts was finally completed with the Council's adoption in June 1993 of the consolidation of the Directives concerning public works contracts and public supply contracts and the adoption of a Directive supplementing the procurement procedures of entities operating in the water, energy, transport and

telecommunications sectors. In May the Council adopted a Decision concerning the conclusion of an Agreement in the form of a Memorandum of Understanding between the European Economic Community and the United States on government procurement. The Agreement is for two years and its main purpose is to extend the mutual scope for access to public goods, works and services contracts awarded by central governments.

### *Financial services*

With the adoption in March 1993 of a Directive on the capital adequacy of investments firms and credit institutions, and the adoption in May 1993 of a Directive on investment services in the securities field, *the establishment of a European financial area* was, broadly speaking, completed. Following the lead of the banking and insurance sectors, the *Single-authorization system* (European passport) was introduced for the securities sector, with the task of prudential supervision being given to the authorities of a firm's home Member State. The two Directives seek to harmonize the conditions of authorization, the basic operating conditions and the financial guarantees to be provided by credit institutions and by investments firms, thus ensuring an appropriate level of protection for investors while preserving the competitiveness of the Community's financial centres.

Other financial-sector proposals discussed at the Council in 1993 included a Directive relating to the freedom of management and investment of funds held by institutions for retirement provision and a Directive on deposit-guarantee schemes which aims to protect depositors in the event of default by a credit institution.

## *Company Law and Bankruptcy Convention*

At its meetings on 10 May and 16 December 1993 the Council re-examined the main questions still outstanding in regard to the Statute of the *European Company*, and in particular the involvement of employees. In December 1993 it noted the work to date on the Commission proposals concerning *co-operatives* (including the proposals on the European co-operative society). Lastly, in the light of progress on the Bankruptcy Convention it was agreed to instruct a drafting committee to finalize the text with a view to the possibility of holding a diplomatic conference in 1994.

## *Tax harmonization*

The new indirect taxation arrangements that came into force on 1 January 1993, with the abolition of frontier controls, was supplemented later in the year by a number of specific decisions essential to the smooth running of the internal market. On 13 December 1993 the Council gave its approval to *special arrangements for second-hand goods, works of art, antiques and collector's items* (7th VAT Directive). Under these arrangements, it will be possible to apply the tax to the taxable dealer's profit margin instead of applying it to the total price of the goods in question. In October 1993 the Council adopted a Directive concerning *taxes on commercial vehicles* and also *tolls and charges for the use of certain infrastructures*, which at the same time made it possible for the road transport sector to be fully liberalized.

In connection with the adjustment of existing tax legislation, the Council agreed to increase from ECU 45 to ECU 175 the value of goods which travellers coming from non-Community countries can import into the Community without being taxed, and to raise from ECU 45 to ECU 90 the limits for tax-free purchases made during travel within the Community.

As regards the co-operation between Member States' administrations which is essential if the new indirect taxation arrangements are to operate smoothly, the Council adopted the *Matthaeus-Tax Programme*. This will enable tax authorities to adapt to their new Community-wide control duties, inter alia through exchanges of officials.



## INDUSTRIAL POLICY

### *Small and medium-sized enterprises*

In June 1993 the Industry Council adopted a multiannual programme aimed at ensuring the continuity and consolidation of an enterprise policy with special emphasis on small and medium-sized enterprises. The aim of the programme, inter alia, is to alleviate the administrative burdens on SMEs, facilitate access to information by extending the network of Euro Info Centres and promote co-operation between enterprises in the Community. Still in the same vein, the Internal Market Council adopted in November a Resolution on strengthening the competitiveness of enterprises, in particular of small and medium-sized enterprises and craft enterprises, and developing employment. In this Resolution the Council invites the Commission and the Member States to take a series of administrative and financial measures to create a favourable environment for the development and establishment of SMEs.

### *Restructuring of the Community steel industry*

The worsening of the situation in the Community steel sector, mainly due to a considerable fall-off in demand, continued during 1993. To cope with this situation, the Council and the Commission considered it necessary to take action with regard to the monitoring of State aid for public enterprises and simultaneously to envisage additional efforts by private enterprises. In the case of public enterprises, the Council introduced the possibility for State aid to be granted in certain instances provided that the beneficiary enterprises reduced their production capacity. In the case of the private sector, it was agreed to request the enterprises to restructure and to reduce capacity on a voluntary basis subject to a system of pre-financing

in the form of Community loans. In both the public and private sectors provision was made for back-up measures and in particular a social assistance scheme to respond to the most acute problems arising from the unavoidable closure of production units.

At the end of 1993 the Council reached agreement on the amounts of State aid authorized, monitoring procedures and reductions in capacity. The way was therefore open for private industry to finalize the voluntary restructuring and rationalization plan leading to an overall reorganization of the steel industry with a view to restoring the competitiveness of this sector on a lasting basis.

### *Shipbuilding*

The Council agreed to extend until the end of 1994 the Directive regulating the levels of and conditions for state aid authorized in the shipbuilding sector.

### *Telecommunications*

The Council continued its efforts to establish conditions for an open and unified market for telecommunications equipment by extending existing legislation to satellite earth station equipment.

On a more general level the Council, in the light of consultations held by the Commission and the current state of regulations, took stock of the situation of telecommunications services and adopted two Resolutions laying down the main general guidelines for the future of the sector. The first Resolution establishes the key elements of a Community policy in the telecommunications sector and defines the medium-term objectives of such a policy with a

view to full liberalization of public telephony services in the run-up to 1998. The second Resolution recognizes that the maintenance and development of a *universal service* constitutes an essential factor in the future expansion of telecommunications in the Community, identifies the principal features of such a service and determines those questions raised by its definition which have still to be examined in more detail.

As regards video broadcasting, the Council successfully concluded the work begun in 1992 by adopting an action plan for the introduction of advanced television services aimed at fostering the production and broadcasting of programmes in the 16:9 format. Simultaneously it agreed to adapt the existing rules on broadcasting standards to developments on the market and in technology and to define a consistent Community approach as regards standards for new digital television systems.

The Council conducted an initial analysis of the implications for the telecommunications sector of the entry into force of Title XII of the Maastricht Treaty on trans-European networks. It also continued its discussions on the applications of telecommunications technologies in the area of exchanges of information between national authorities and Community Institutions in order to facilitate the working of the internal market and the implementation of common policies.

#### *Postal services*

The Council laid the foundations for the future Community policy in this sector by identifying, in a Resolution, the main aims of a policy for developing postal services and in particular the provision of a universal service, and the work to be carried out to that end.



## ENERGY

The work of the Council in the energy sector focused on a number of objectives which were deemed to be of priority interest, including the establishment of a true internal energy market, the introduction of a Community strategy to reduce carbon dioxide emissions, the maintenance of a viable coal industry in the Community through the introduction of a new State-aid code and, lastly, the finalization of a Basic Agreement aimed at transforming into binding provisions the principles embodied in the European Energy Charter.

Although its common position is not yet finalized, the Energy Council nevertheless devoted considerable effort to the proposals for Directives on the *liberalization of the electricity and natural gas market*. The subsequent adoption of both these Directives, which will be supplemented by a proposal on trans-European energy networks constitutes an important stage in the establishment of the single market. As regards the proposal concerning authorizations for the prospection, exploration and extraction of hydrocarbons on European Union territory, the Council adopted a common position which will be forwarded to the European Parliament for second reading. The aim of the proposal is to guarantee non-discriminatory access to the activities concerned so as to promote greater competition. As a result of the importance of this Directive to Norway, close contacts are being maintained with that country in the context of the accession negotiations.

In the nuclear sphere the Council adopted, in connection with the implementation of the single market, a Regulation on shipments of radioactive substances between Member States.

As for the problems connected with *climate change* and the strategy to be adopted in this respect, the joint meeting of the Environment/Energy Council stressed the need for co-ordinated action on a world scale. In this connection the Council adopted the Altener framework decision designed to promote renewable energy and a Directive implementing the SAVE programme aimed at limiting CO<sub>2</sub> emissions by improving energy efficiency. The advisability and methods of introducing a CO<sub>2</sub>/energy tax were also discussed within the Council.

As the State aid scheme for the *coal industry* expired at the end of 1993, the Council gave its assent to a Commission Decision on new Community rules for State aid to the coal industry. These new rules cover the period 1 January 1994 to 23 July 2002, the expiry date of the ECSC Treaty. It provides for the possibility of granting certain aids provided that they improve the economic viability of the sector, that they help solve certain social or regional problems or that they permit better protection of the environment.

Special attention was given to the finalization of the *Basic Agreement on the European Energy Charter* as a result in particular of the positive role that such an Agreement may play in the development of political and economic relations between the European Community and the Republics of the former Soviet Union and between the latter and the countries of Central and Eastern Europe. Co-operation in this sphere, the aim of which is to create an embryonic European energy market for the whole of Europe, is intended inter alia to guarantee security of supply to the Community and, simultaneously, to facilitate reconstruction of the economic system of those countries.

Stressing the importance it attaches to nuclear safety and to assistance for the countries engaged in economic reforms, the Council also adopted conclusions on nuclear safety and related needs concerning energy supplies in the countries of Central and Eastern Europe and the former Soviet Union.





## TRANSPORT

### *Inland transport*

The Council adopted two measures of major importance for the implementation of a common transport policy with a view to the completion of the internal market. The first measure is the final liberalization measure in the area of road transport which concerns goods cabotage and the second measure is a Directive on the harmonization of road haulage taxation, both subjects being linked politically.

The Regulation on *road cabotage* lays down that as from 1 July 1998 any carriers established in a Member State and fulfilling certain conditions, notably as regards qualifications, will be allowed to carry goods without any quantitative restrictions on the roads of another Member State.

The purpose of the Directive on *taxation* is to approximate the conditions of competition in this sector by ensuring that road hauliers pay their fair share of the infrastructure costs they occasion. The Community scheme for offsetting infrastructure costs laid down by the Directive is based on a combination of three factors: an excise duty on fuel in respect of which there is already a common maximum rate, a vehicle tax based on a minimum rate dependent on the weight of the vehicle and, finally, tolls and user charges (sticker), the introduction of which depends on Member States complying with certain conditions. It is also planned that Member States may introduce regional systems of user charges (regional sticker).

The establishment and development of *trans-European networks*, as provided for by the Treaty on European Union, represent a special way of deriving the most from the single market and promoting the development of regional economies. To this end the Council adopted outline plans for combined transport networks, transport by road and transport by inland waterway. The aim of these Decisions is to establish a new basis for the Community contribution to the development of transport infrastructures, the main objectives being to promote the interconnection and interoperability of national networks as well as access to such networks while taking account of the need to link island, landlocked and peripheral regions to the central regions of the Community. A new impetus was given to Community action in this sphere by the *Commission's White Paper on a medium-term strategy for growth, competitiveness and employment*. On the basis of this White Paper the Brussels European Council on 10 and 11 December 1993 asked the Council to make full use of the new possibilities offered by the Treaty on Union by rapidly adopting the outline plans which are still missing, with the Member States being invited to identify without delay priority investment programmes to be integrated with the networks. A group of personal representatives of the Heads of State or of Government, chaired by Mr CHRISTOPHERSEN, Vice-President of the Commission, was instructed to oversee the practical implementation of this programme which is due to receive substantial financial support from the Community in the form of aid, loans or guarantees.

Finally, in an area which arouses increasing concern on the part of public authorities and the public itself, viz. road traffic, the Council adopted a Resolution which designates 1995 as the "Year of the Young Driver" and a Decision on the creation of a database on road accidents which will collate statistics on road accidents resulting in death or injury throughout the Community.

## *Shipping*

Following a series of serious accidents off the coasts of the Community, the Council, at a special meeting of the Ministers for Transport and the Environment, adopted conclusions on *maritime safety and pollution prevention* in which the Community and its Member States are called upon to support the activities of the competent international organizations, in particular in connection with the raising of standards applicable to vessels, the stepping-up of inspections and the monitoring of routes. On the basis of a subsequent Commission communication on safe seas, the Council discussed the matter again and adopted a Resolution comprising a programme of priority Community activities aimed at banning from Community waters any vessel which does not comply with the standards and protecting ecologically sensitive zones. A Directive concerning minimum requirements for vessels entering or leaving Community ports carrying packages of dangerous or polluting goods was the first specific act in implementation of this programme. To the same end, the Council began discussing two proposals, one on the minimum level of training for maritime occupations and the other on criteria to be met by ship inspection organizations.

## *Air transport*

The Council adopted a Regulation on a code of conduct for the allocation of *slots* at Community airports. This Regulation, which comes under the liberalization of air transport, is intended to ensure that slots are allocated in a transparent, efficient and non-discriminatory fashion. In the same vein, the Council adopted a Regulation amending the code of conduct for the use of *computerized information systems* (CIR). The purpose of this amendment is to make this code more transparent in order to ensure better conditions of competition between air carriers and better information for users.

Continuing its efforts to cope with the problems of congestion of the skies over Europe, the Council adopted a Directive on the definition and use of compatible technical specifications for the procurement of air-traffic management equipment and systems. The main aim of the Directive is gradually to harmonize the equipment concerned by incorporating into Community legislation the specifications and standards developed by Eurocontrol.

On the subject of external relations the Council, with a view to rationalizing its work, set up an Aviation Group with the task of examining all the matters concerning relations between the European Union and third countries in the air transport sector. The Council also adopted a Decision amending the Agreement between the European Economic Community, Norway and Sweden. The amendment is intended in particular to incorporate into the Agreement in force the provisions contained in the third set of liberalization measures in the air transport sector.

## RESEARCH AND TECHNOLOGICAL DEVELOPMENT

Following the adoption of a Decision at the beginning of the year concerning an increase of ECU 900 million in the budget earmarked for the third framework programme in the field of research and technological development (1990-1994), the total amount of which was thus increased to ECU 6,6 billion, the bulk of the Council's proceedings during 1993 was given over to preparing the fourth framework programme regarding Community activities in the field of research, technological development and demonstration (1994-1998) and the framework programme regarding Community activities in the field of research and education for the European Atomic Energy Community (1994-1998).

Having received several preparatory documents on the Community's research policy at the end of 1992 and then two formal Commission proposals in June 1993, the Council reached an agreement on the two framework research programmes at its meeting on 22 December. In accordance with the guidance given by the European Council on 10 and 11 December 1993 the overall financial package was fixed at ECU 12 billion (ECU 10 746 million for the EC framework programme and ECU 1 254 million for the Euratom framework programme) with the possibility, subject to a mid-term review, of increasing that sum to ECU 13 billion (ECU 11 641 million and 1 359 million respectively). As regards the breakdown of appropriations, priority was given to information and communications technologies, industrial technologies, the environment, life sciences and technologies and to energy (non-nuclear and nuclear). Two new areas were included, viz. transport and socio-economic research. In addition, activities involving international co-operation, the dissemination and optimization of the results and the training and mobility of research workers also remain one of the priorities of Community research work.

Since the fourth framework research programme was due to be adopted under the new co-decision procedure with the European Parliament, introduced by the Treaty on European Union, the two Institutions held talks at the end of 1993 so as to make it easier to take the final decision, which was due early in 1994.

As for international co-operation, the Council adopted a new negotiating brief concerning Protocol No 2 to the Euratom-Japan-Russia-United States Agreement on co-operation in the Engineering Design Activities for the International Thermonuclear Experimental Reactor (ITER).

## ENVIRONMENT

1993 also saw international undertakings by the European Union in the sphere of the environment. Following the Rio Conference, for instance, the Union and its Member States ratified the two most important instruments resulting from the Earth Summit, namely the *Convention on Climate Change* and that on *Biological Diversity*, thus highlighting the driving role that the European Union plays at international level in this area. In the same context the Council introduced a mechanism for the monitoring of CO<sub>2</sub> and other greenhouse gas emissions while reaffirming its commitment to stabilize such emissions. Where protection of the ozone layer was concerned, the Council ratified the amendments to the Montreal Protocol aimed at improved monitoring of the use of substances which deplete the ozone layer. With respect to protection of the environment in Central and Eastern Europe, the Council made sure the Community played an active role at the Conference of European Environment Ministers in Lucerne with the aim in particular of increasing co-operation in this sphere at European level.

Early in 1993, two accidents at sea involving oil tankers caused serious environmental damage to Community coasts. The Council, in a composition bringing together Environment Ministers and their colleagues with responsibility for maritime transport, gave urgent examination to the question of safety and the *prevention of maritime pollution* in the Community, analysing the role of shipping accidents in an effort inter alia to draw up plans for intervention, strengthen mutual assistance between Member States and provide greater protection for areas of major ecological importance.

An important preoccupation of the Council's in 1993 was the problem of waste. The Council adopted a Regulation on the control of movements of waste and reached agreement on a proposal for a Directive on the incineration of dangerous waste; it also recorded agreement on a common position to be forwarded to the European Parliament on packaging and packaging waste. At international level, the Council decided that the Community would ratify the Basel Convention on transboundary movements of hazardous wastes and their disposal.

In an effort to supplement the regulatory approach with voluntary, market-policy instruments, the Council adopted a system modelled on the Community system adopted in 1992 for the award of an ecological label aimed at the voluntary introduction by companies of an Eco-Management and Audit scheme.



## CONSUMER PROTECTION

The Council adopted a Directive on unfair terms in contracts which constitutes a major step towards improved *consumer protection*. It establishes the principle that consumers are not bound by unnegotiated clauses of an unfair nature included in contracts and gives consumer organizations the right to bring legal actions. The Council also recorded agreement on a common position to be forwarded to the European Parliament regarding a new Directive on the protection of purchasers in *contracts relating to the purchase of a right to utilize one or more immovable properties on a timeshare basis* ("timeshare" contracts). This Directive, which should also be seen in the context of completion of the internal market, aims to increase consumer protection in this expanding sector of the property market where most contracts are of a cross-border type and aggressive sales techniques are common.

The Council approved the continuation of the *Community system of information on home and leisure accidents* (EHLASS) which, on the basis of data supplied by hospitals or gleaned from questioning households, operates as an indicator of the risks involved in certain products, thus enabling consumer protection measures to be adopted in the Member States and at Community level.

Finally, the Council adopted a Resolution on future action on the *labelling of products* in the interest of the consumer, which aims to ensure that the information on labelling is comprehensible, relevant and transparent.



## PROGRESS TOWARDS ECONOMIC AND MONETARY UNION

### *Economic and monetary convergence*

The slow-down in economic activity which characterized 1992 continued throughout 1993 with growth limited to around 0,4% and a significant increase in unemployment, which today affects some 17 million individuals in the Community.

The monetary tensions which had affected the *European monetary system* from the autumn of 1992 continued to fuel uncertainty on the exchange rate markets throughout the first half of the year. On 30 January the Irish punt was devalued by 10%; on 13 May the peseta and the escudo were again devalued by 8 and 6,5% respectively. Finally, on 2 August 1993, to counteract the speculation which was seriously undermining other Community currencies – particularly the French franc and the Danish crown – the Finance Ministers decided to increase temporarily to  $\pm 15\%$  the margins within which currencies participating in the EMS exchange-rate mechanism could fluctuate. This relaxation in the operating rules made it possible to put a stop to speculation without jeopardizing the system itself. The cautious approach adopted since August to reducing interest rates demonstrates that the Community is still committed to monetary co-operation based on stable exchange rates.

Where the *budgetary situation* is concerned, in 1993 the government deficit for the Community as a whole amounted to 6,4% of GDP. With the exception of Ireland and Luxembourg, no Member State is today meeting the reference value of 3% of GDP laid down by the Treaty on European Union for transition to the third stage of economic and monetary union. Moreover, since this budgetary deterioration has occurred over a period in which

economic growth and inflation have been particularly weak, it has resulted in an almost general increase in the debt ratio which, in several Member States, is at a level significantly above the 60% value set for the third stage of economic and monetary union.

Despite the unfavourable climate, the Ecofin Council pressed on with the convergence process by ensuring that the convergence programmes already submitted by certain Member States in the previous year (Italy, Portugal, Denmark, Germany, Spain, Netherlands, Belgium) were implemented while at the same time approving new programmes: that submitted by Greece in March, the United Kingdom's in July and those of Germany and France in November. The Community also gave its support to the economic adjustment and reform programme in Italy by granting it a Community loan of ECU 8 billion, the first two tranches of which were paid out in 1993. Generally speaking, the other Member States also undertook reforms aimed at removing the structural inflexibility affecting their economies while at the same time provisions were gradually introduced at institutional level to guarantee the independence of the central banks.

With respect to price stability, substantial progress was made in 1993 inasmuch as it is generally accepted that annual inflation rates will, for seven Member States, be no more than 3 to 4%, which corresponds to the threshold set by the Treaty on European Union. Finally, significant progress was also made with the alignment of long-term interest rates in the Community. Eight of the twelve Member States are complying with the criterion laid down by the Treaty for interest rates. This tendency essentially reflects the favourable trend in inflation and is an illustration of the high level of financial integration achieved within the Community.

### *Broad guidelines of economic policies*

The Union Treaty defined a new framework for closer co-ordination of economic policies in the second stage of economic and monetary union beginning on 1 January 1994. This improved co-ordination should make it possible to accelerate economic convergence among Member States, which will in turn constitute the basis for creating employment. In accordance with Article 103 of the new Treaty, in December 1993 the Council adopted for the first time the broad guidelines of the economic policies of the Member States and of the Community aiming as a matter of priority at a return to sustainable employment-creating and non-inflationary growth.

### *Preparation of the second stage of economic and monetary union*

At the end of 1993 the Council adopted the legislative acts necessary for the launch of the second stage of EMU on 1 January 1994. The most important of these provisions concern the prohibition of privileged access by the public authorities to financial institutions, the prohibition of any monetary financing of the public authorities by the central banks, the excessive deficit procedure and, lastly, the key for the financial resources of the European Monetary Institute.

The governments of the Member States also decided that the European Monetary Institute and the future European Central Bank would have their seat at Frankfurt; they appointed Baron Lamfalussy as the first President of the European Monetary Institute.

## *Growth initiative*

As had been agreed at the Edinburgh European Council, the Community contributed to the Member States' efforts to promote economic upturn. The measures agreed on by the European Council were rapidly implemented, in particular those relating to the *EIB temporary credit facility and to the creation of the European Investment Fund*.

The EIB therefore opened a *temporary loan mechanism* for an amount increased, following the European Council in Copenhagen, to ECU 8 billion. These loans, originally intended for the funding of infrastructure projects in the fields of transport, telecommunications, energy and the environment, were subsequently extended to cover urban renewal and investment to strengthen the competitiveness of small and medium-sized enterprises, for which an amount of ECU 1 billion was earmarked. During the autumn of 1993, some ECU 3 billion was also committed in the form of loans to around 50 projects including some of the most ambitious schemes in recent years such as the Great Belt Link in Denmark, the new Jubilee Line in London, the Belgian high-speed train and the gas pipeline between Italy and Algeria.

With respect to the *European Investment Fund*, the legal instruments needed for its introduction (amendment of the Statute of the EIB and Community membership of the Fund) were approved. This Fund will bring together the EIB, the Community and financial institutions in the Member States and will be responsible for offering guarantees for loans intended to fund the major trans-European networks and the development of SMEs. The Fund, which should be operational in 1994, will at a later stage also be able to participate directly in the funding of projects.

On the subject of the medium-term strategy for growth, competitiveness and employment, in December 1993 the European Council in Brussels decided to implement an *overall action plan* based on the White Paper drawn up by the Commission.

This action plan consists of general guidelines for the policies implemented by the Member States to promote employment, together with specific accompanying measures to be undertaken at Community level; these are supplemented by a *monitoring procedure* which should allow the European Council to take stock at the end of each year of the practical results achieved in the field. The specific action at Community level involves in particular making full use of the single market by simplifying regulations and creating an environment favourable to SMEs, as well as early completion of the trans-European networks in the area of transport, energy and information infrastructures.

All these measures will be funded, within the financial perspective defined in Edinburgh, by means of a contribution from the Community budget of some ECU 5 billion per year as well as a contribution from the EIB and the European Investment Fund amounting to ECU 7 billion annually in the form of loans and guarantees. The Ecofin Council will also study ways of mobilizing up to a further ECU 8 billion per annum in loans should this prove necessary in order to execute the action plan.

### *Financial assistance to third countries*

The Community continued to provide financial support for the process of structural adjustment of the economies of the Central and Eastern European countries as well as the Republics of the former Soviet Union. Two particularly significant financial assistance measures were implemented.

The first, adopted on 13 December 1993, makes provision for a guarantee from the Community budget amounting to a total of ECU 3 billion over a 3-year period for EIB loans in Central and Eastern European countries. The countries concerned are Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Bulgaria, Estonia, Latvia, Lithuania and Albania.

The second measure opens up the possibility of using the Euratom borrowing capabilities currently available to contribute to the financing of measures to increase the safety and efficiency of nuclear power stations in those countries. The loans which may be granted under this measure amount to some ECU 1,1 billion. The legislative procedures for implementation of this measure should be completed early in 1994.

Finally, the Community also provided a guarantee from its budget for EIB loans to third countries with which the Community has concluded co-operation agreements. An overall limit of ECU 250 million per year has been set for a 3-year period. The countries which will benefit from this measure are Latin American and Asian developing countries.



## SOCIAL POLICY

Throughout 1993 the Council monitored the particularly worrying trend in the employment situation. Against this background it welcomed the submission by the Commission of the Green Paper on European social policy and the White Paper on growth, competitiveness and employment, both designed to react against this deterioration in the situation and putting forward a number of suggestions for future action by the Union and its Member States. The Council also discussed broader questions of social protection, including the position of the elderly and people exposed to social exclusion.

Where regulations on *labour relations* were concerned, the Council adopted a Directive on certain aspects of the organization of working time. In addition, following broad agreement within the Council on the proposal for a Directive introducing *European Works Councils*, the Commission initiated the procedure for consulting management and labour provided for in the Protocol on Social Policy annexed to the Treaty on European Union.

Finally, in the sphere of *the protection of safety and health at work*, the Council adopted a Directive on the minimum safety and health requirements for work on board fishing vessels as well as a common position on the proposal for a Directive on the protection of young people at work.



## EDUCATION

One of the Council's most important decisions in the education sphere was the extension for a second four-year phase, beginning with the academic year 1994/1995, of the Tempus scheme. The Tempus scheme (trans-European co-operation scheme for higher education) is an instrument designed to help the countries of Central and Eastern Europe and the Republics of the former Soviet Union with the restructuring of their higher education by adjusting the courses offered to the new requirements and reforming structures and management in higher education institutions. Tempus is an integral component of the PHARE and TACIS programmes of Community assistance.

At internal level, the Council adopted conclusions on furthering an open European area for co-operation within higher education based on the principle that students should be able to pursue part or all of their studies in the higher education institutions of other Member States in ways which best match their needs while retaining their right to any financial assistance. In this context it also examined the problems of access to higher education and movements of students between Member States.

Finally, in a Resolution on *vocational education and training in the 1990s*, the Council pointed to the need to improve the quality of vocational education and training in order to meet the new requirements of the labour market and give each individual the opportunity to develop his knowledge and skills throughout his working life.



## CULTURE

The measures adopted by the Ministers in 1993 included notably a measure to promote the translation of contemporary European dramatic works. The centenary of the cinema was also celebrated by the adoption of a Resolution making provision for a number of measures designed to encourage the restoration and distribution of the European film heritage, to promote awareness of artistic trends in European cinema and to increase support for film festivals. The Ministers designated Stockholm and Weimar as European Cities of Culture for 1998 and 1999 respectively and Ljubljana and Nicosia as joint hosts of the European Cultural Month in 1995.



## HEALTH

The Council concentrated on combating the major health scourges and the question of blood products.

In the *combat against major health scourges*, the Council took the necessary measures to enable activities under the current "Europe against Cancer" and "Europe against AIDS" programmes to continue in 1993, and it outlined future action to be taken by the Union in these two vital areas of public health. Regarding communicable diseases in general, the Council stressed the need for a co-ordinated, permanent, Community epidemiological data base, and it gave the impetus for the establishment of the necessary network. In the fight against drug abuse, in which the Health Ministers work together with other ministerial bodies, it decided to organize a second European Drug Prevention Week.

In the field of *blood products*, the Council set out the measures to accompany the rules established in the framework of the free movement of medicinal products, with the aim of promoting self-sufficiency in blood in the Member States and the Community as a whole, while guaranteeing the quality and safety of blood collection and blood-derivative production.

At a general level, pending the entry into force of the Maastricht Treaty, the Council continued and finalized its ongoing discussion on future action in the health field, and established for the Commission a body of guidelines for the establishment of a framework for action and multiannual planning of the Union's activities.





## **ECONOMIC AND SOCIAL COHESION – STRUCTURAL FUNDS**

Further to the decisions taken by the Edinburgh European Council in December 1992, on 20 July 1993 the Council adopted the new rules for action under the Structural Funds (Regional Fund, Social Fund, EAGGF-Guidance Section) and under the new instrument for financing structural measures in the fisheries sector, for the period 1994-1999. The Funds' financial allocation will be ECU 141,5 billion, considerably larger than that for the preceding period, and equivalent to three times the aid provided under the Marshall plan.

These financial resources, which represent one third of the annual Community budget for the next six years, will play an important part in strengthening economic and social cohesion in the Community, while also making an appreciable contribution to the quest for growth and employment. Almost ECU 100 billion will be allocated to aid for the regions whose development is lagging behind (Objective 1) to promote their development and structural adjustment. The rest of the Funds' allocation will be used for converting the regions seriously affected by industrial decline (Objective 2), combating long-term unemployment and encouraging the integration into working life of young people and persons exposed to exclusion from the labour market (Objective 3), adapting workers to industrial changes and changes in production systems (Objective 4) and promoting rural development (Objectives 5(a) and 5(b)). The new rules adopted by the Council are also intended to increase the effectiveness of Community funding by strengthening the procedures for evaluating operations part-financed from the Structural Funds, before and after they are carried out.

With the aim of strengthening the structural operations of the Community in the Member States where the need is greatest, the Treaty on European Union provided for the creation of a *Cohesion Fund*. This Fund is intended to help Member States which have a per capita GNP of less than 90% of the Community average to fulfil the economic convergence criteria by providing financial contributions to projects relating to the environment and trans-European transport infrastructure networks. Pending the entry into force of the Maastricht Treaty, the Council decided to create a temporary cohesion financial instrument, with the same scope as the future Cohesion Fund and an allocation of ECU 1 500 million for 1993. The financial instrument provides assistance for Greece, Spain, Ireland and Portugal. The rates of assistance under the instrument are between 80 and 85% of public or similar expenditure. Following the entry into force of the Maastricht Treaty, the Commission submitted a proposal for a Regulation establishing the Cohesion Fund proper, which the Council is due to adopt some time in 1994, after the opinions of the Committee of the Regions and the assent of the Parliament have been delivered. The assistance from the cohesion financial instrument and the Cohesion Fund, added to that from the Structural Funds, will make available to the four Member States referred to above, for the period until the end of 1999, double the amount of financial support in real terms that they received during the period 1988-1993.

## COMMON AGRICULTURAL POLICY

1993 was the first year of experimentation with the CAP reform decided on by the Council in June 1992. European agriculture showed itself able to adapt to the new rules of the reform, despite the generally unfavourable economic climate and the stagnation in growth prevailing in most Member States. The introduction of the reform was eased by the adoption of specific measures to facilitate the transition to the definitive application of the new arrangements. The accompanying measures on protection of the environment, the afforestation of agricultural land, and the early retirement scheme for farmers were well-received in the Member States, to the extent that applications for aid under these schemes exceed the budget allocated for them for 1993.

The main objectives of the reform, i.e. the control of production and the maintenance of farmers' incomes by means of aid to offset the reduction in official prices, were reflected in the results of this first year of transition. Cereals production for the next marketing year is estimated at around 165 million tonnes, whereas the trend prevailing before the reform could have taken it to 180 million tonnes. Internal consumption of cereals for animal feed increased by over 4 million tonnes, as a result of greater product competitiveness following the fall in internal prices. The set-aside scheme played a major part in attaining the objective of control of production. The total area down to cereals, oilseeds and protein crops was reduced by 3,2 million hectares, mainly as a result of the reduction in the area down to cereals.

The Council's constant concern throughout the year was to secure acceptance of the reform by the farmers, if not with enthusiasm at least without major problems. To that end, the Council did its best to respond to the mounting requests from the farming community for the

reform to be simplified and for the implementing texts to be rendered sufficiently flexible. On the basis of a Commission discussion paper which the Council examined in May 1993 and which was followed by formal proposals, the Council reached general agreement at its December 1993 meeting on the introduction of substantial changes to the schemes for arable crops and *set-aside*. These changes comprise, essentially, greater flexibility in the administration of regionalization plans, simplification of the rules on set-aside, increased compensation, the possibility of continuing the five-year set-aside scheme, an opening in biomass production and greater flexibility in the rules of eligibility to take account of certain specific problems in the new German Länder.

In the *oilseeds* sector, following the conclusion of the agreement between the Community and the United States in June, the Council, as part of the overall compromise adopted at its meeting on 14-17 December 1993, reached agreement on the allocation between the different Member States of the Community base area contained in the memorandum of understanding with the United States, i.e. 5,5 million hectares for 1994/1995 and 5,128 million hectares for the following years. The Council agreed that if this total area were exceeded, the penalties set out in the memorandum would be borne by producers in those Member States in which the limits were exceeded.

The Council's discussions on *the prices and related measures package* for 1993-1994 concluded in an agreement in May 1993 which, in addition to the guidelines already mentioned which were intended to ease the acceptance of the reform by farmers, fixed prices for agricultural products for the new marketing year in keeping with the policy followed in previous years. Also under this agreement, important decisions were taken concerning the *milk products sector*, including a reduction in the intervention price of butter of 3% for 1993

and 2% for 1994, abolition of the normal co-responsibility levy, an increase in the quotas for Greece, Spain and Italy, subject to certain conditions, and a 0,6% increase in the quotas for the other Member States, in order to resolve short-term problems, and the implementation of a Community financing scheme of ECU 40 million to fund the quota restructuring measures under the current legislation. Also in the milk sector, further to a number of judgments by the Court of Justice, in July 1993 the Council adopted two Regulations aimed at settling definitively the problems of producers who, as a result of prior undertakings not to market their milk or to convert their herds, had been excluded from the allocation of quotas in 1984.

From September onwards, the Council paid particular attention to the *agrimonetary situation* that arose in the Community following the decision taken by the Finance Ministers and the Governors of the Central Banks on 2 August 1993 to extend the margins of fluctuation of the currencies in the European Monetary System. Following the Council's discussions on 21 September 1993, the Commission submitted a proposal to adjust the agrimonetary arrangements to the new situation characterized by the generalized flotation of currencies within the extended margins. In the context of the overall compromise approved in December 1993, the Council arrived at a solution based essentially on the extension to 5 points of the neutral margin within which green rates are not changed. The principal aim of this increased neutral margin was to avoid as far as possible the revaluation of green rates, with the resulting undesirable consequences for prices and thus for farm incomes in the countries concerned. In this connection, the Commission was asked to propose the measures necessary to reduce the frequency of changes in green rates and to take any measures that may be required to avoid deflecting trade flows or distorting competition.

Throughout the year, the Agriculture Council followed closely the progress of the *agricultural negotiations in the Uruguay Round*; in March 1993 the Council paid particular attention to examining the compatibility between the outcome of the Blair House negotiations between the Commission and the United States authorities and the reformed CAP.

In September 1993, the Presidency convened a joint meeting of the Ministers for Foreign Affairs, Trade and Agriculture, specifically to discuss the agricultural aspects of the negotiations and to lay down the guidelines for the ongoing discussions. At that meeting, the problem of compatibility was again discussed, as were certain specific matters such as the stocks situation and the non-reformed sectors. On the basis of the conclusions of this joint meeting, the Commission resumed the talks with the United States and, after a number of adjustments were made to the Blair House Accord, relating particularly to market access, export undertakings and the peace clause, it was possible to bring these decisive negotiations to a satisfactory conclusion. Thus for the first time since the CAP was created, its mechanisms were recognised in the GATT context as being compatible with the Community's multilateral obligations.

In the field of *structural policy*, following the adoption of the new rules for the Structural Funds for the next five years, in December 1993 the Council adopted a Regulation adjusting the structural measures in agriculture covered by Objective 5(a): the aim of this revision exercise, which should be completed in 1994, is to accelerate the adjustment of production, processing and marketing structures as part of CAP reform.

The Council continued its work in the field of harmonization of *veterinary and plant health legislation*. Important decisions were taken, concerning the extension of the ban on the use and marketing of bovine somatotrophin, and the financing of veterinary inspections and checks and animal protection.

Lastly, the Council examined the proposal for a Regulation on *Community plant variety rights* and in particular the aspects relating to "farmer's privilege", i.e. the use that the farmer may make of farm-saved seed. The Council practically finished its work on this important chapter of the proposal, which can therefore be adopted once the other aspects (language provisions, financial questions, headquarters, institutional aspects etc.) have been resolved in the appropriate fora.





## COMMON FISHERIES POLICY

The Council's work in the field of the common fisheries policy continued apace throughout 1993. It resulted essentially in the adoption by the Council of several Regulations implementing the principles and guidelines contained in the new basic Regulation of 1992. Among other things the Council adopted the Regulation establishing a Community system laying down rules on the minimum information to be contained in fishing licences. The Council also adopted the Regulation on Community structural assistance in the fisheries and aquaculture sector and the Regulation on the processing and marketing of its products. The aim of the Regulation is to incorporate, from 1 January 1994, the structural aspects of the common fisheries policy into the Structural Fund legislation, in particular by means of the financial instrument for fisheries guidance (FIG) in particular. Also in the structural field, the Council took a decision relating to the objectives and detailed rules for restructuring the Community fisheries sector over the period 1 January 1994 to 31 December 1996 with a view to achieving a lasting balance between the resources and their exploitation.

On a number of occasions the Council analysed the causes of the crisis which affected markets in 1993. The Council realized that the current mechanisms of the common organization of the markets could not alone resolve a crisis of the scale of that which the Community was experiencing, particularly when it was accompanied by a difficult general economic situation. The Council therefore advocated a number of measures in various areas, such as the control of direct landings, the control of fishing activities in general, product quality control and structural policy.

The Council also continued its work on the adjustments to be made to the fishing arrangements laid down in the Act of Accession of Spain and Portugal and on an initiative to harmonize the rules for the conservation and management of fishery resources in the Mediterranean.

Parallel with these measures, the Council pursued its current policy for the management of fishery resources by adjusting the TACs and quotas for 1993 and fixing the TACS and quotas for 1994. It laid down guide prices for certain species and the producer price for tuna for 1994. Lastly, regarding external aspects, new fisheries agreements were concluded with Argentina, Canada, the three Baltic States and Iceland.

## BUDGET

1993 was marked by the negotiations on the *Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure*, between the Council, the European Parliament and the Commission, signed on 29 October. The Agreement lays down the annual financial allocations for the period 1994-1999 which will provide long-term funding of the various policies of the Union within the limits of the own resources and at the same time give the Member States a clear idea of the financial effort they will have to make towards the Community budget during that period. The Agreement also contains a number of procedural provisions intended to improve the dialogue between the two branches of the budgetary authority and thus enable the annual budget debate to proceed smoothly.

Until the conclusion of that Agreement, the budgetary procedure for 1994 was clouded by uncertainty over the position of the Parliament on the financial perspective for 1994-1999, as adopted by the Edinburgh European Council in December 1992. The conclusion of the Interinstitutional Agreement, which incorporated the financial perspective, together with the Parliament's first reading of the budget, finally enabled the budgetary procedure to be concluded within the bounds of the new financial framework.

The 1994 budget amounts to ECU 73,444 million in commitment appropriations, i.e. a 4,3% increase over the 1993 budget. For the first time the budget includes the two reserves created by the Edinburgh European Council, the Loan Guarantee Reserve and the reserve for emergency humanitarian aid. It also includes an allocation for the new bodies set up under the Treaty on European Union.

Lastly, a supplementary and amending budget to the 1993 budget was adopted, in particular to take account of the effects of the monetary realignments that took place between September 1992 and May 1993 in the field of agricultural expenditure.

## COMMON FOREIGN AND SECURITY POLICY – EXTERNAL ECONOMIC RELATIONS

The European Union's foreign-policy record for 1993 hinges on two basic facts. Firstly, the entry into force of the Treaty on European Union brought about a decisive step forward. Secondly, crises and major developments linger on or follow their course, posing in each case challenges to be risen to by the European Union. The Union endeavours not just to react to international events or keep abreast of them but also whenever possible, to move ahead of them, particularly at international conferences framing a new international order with its sights set on respect for human rights, stability and peace. The Union's action is underpinned by the use of financial resources, commercial means and, in some cases, human resources on a considerable scale, in addition to the development or adjustment of its contractual relations.

The political design behind the introduction of the CFSP is now starting to take shape. Against that background, the joint action approved, under the Treaty on European Union, in the field of humanitarian aid in the former Yugoslavia, for the elections in Russia, to back up the democratic, non-racial transition process in South Africa and shortly to accompany the Middle East peace process, shows forth first of all as a tangible token of the European Union's resolve to step up its efforts wherever the need to act is particularly pressing.

The dramatic situation in the *former Yugoslavia* has sadly continued to take up a large part of the European Union's activities. In spite of the repeated breakdown of successive peace plans and the obstacles placed in the way of the conveying of humanitarian aid, the European Union has continued its efforts to bring about a lasting, negotiated settlement and to provide its assistance for people in need.

The resources brought to bear are common knowledge. The European Union and its Member States provide the lion's share of humanitarian assistance (ECU 600 million in 1993). Europe is also the main contributor of troops and resources made available to Unprofor. The European Community Monitoring Mission (ECMM), now with a staff of around 400, is continuing its observer and good-offices mission, inter alia at local level, under circumstances which are at times dangerous and always difficult in Croatia and in Bosnia and Herzegovina. Through its presence in the countries bordering on the former Yugoslavia, that mission is also helping to prevent the conflict from spreading and turning into an international one. Lastly, the European Union and its Member States have also made an active contribution in terms of resources and personnel to missions undertaken in the CSCE framework and to operations monitoring the embargo on the Danube under WEU auspices. The Union is furthermore involved in a variety of monitoring missions as regards the embargo in the Adriatic or the overflying ban.

Despite all these efforts, the situation in the former Yugoslavia is still marked by continuing hostilities, by human rights violations, by the practice of ethnic cleansing regardless of repeated condemnation by the international community, and by the ever-present risk of a humanitarian disaster in Bosnia. Those are the reasons leading the Union to redouble its efforts as regards both the search for a negotiated settlement, under the auspices of the Co-Chairmen of the International Conference on the Former Yugoslavia, and the conveying of humanitarian aid. On 29 October the European Council accordingly approved guidelines for *joint action*, which has already had some effect in humanitarian terms, prompting the parties to undertake to ensure the free passage of convoys and to accept the principle of protected routes. Only time will tell whether those new undertakings are complied with. The European Union adopted a common position on an action plan designed to restart the negotiations broken off since September 1993 and providing, as a first stage, for a settlement in Bosnia and Herzegovina meeting Bosnian claims as put forward in September 1993 and for a

Serbo-Croat modus vivendi in territories under UN mandate. There is also provision, in the event of effective implementation by the Serbian side, for the phased, conditional suspension of sanctions against Serbia and Montenegro. That plan was put to the parties on 29 November in Geneva. On 22 December the Ministers for Foreign Affairs of the Union convened a top-level meeting of the parties concerned in Brussels in order to call upon them once again to reach agreement on that basis.

The European Union remains firmly resolved to do its utmost to bring about a viable, comprehensive settlement of the conflict in the former Yugoslavia. Clearly, only a comprehensive settlement covering all aspects of the conflict, including genuine autonomy and suitable safeguards for national minorities in the case of Kosovo, Vojvodina and Sandjak, within internationally recognized borders, will make possible the integration of Serbia and Montenegro into the international community and the normalization of their relations with the European Union.

In *the countries of the CIS and of Central and Eastern Europe*, developments have seen real progress albeit varying from country to country, along the path of economic reform and consolidation of democracy.

October's events in *Russia* dramatically illustrated the fragility of the reform process there. The European Union responded by renewing its support for President Yeltsin and the desire for reform which he stands for. That formed the backdrop to the visit by the President of the European Council and the President of the Commission to Moscow on 11 November and the visit by the Russian President to Brussels on 9 December, when a joint declaration confirming

the introduction of new partnership relations was signed. The European Union also welcomed the successful holding of the first free, democratic elections in Russia, which formed the subject of one of its first instances of joint action. The European Union now hopes that Russia's reforms will continue and that the partnership agreement can shortly be concluded.

In the interests of even-handedness, the way was also opened for partnership agreements with other *CIS countries*, Ukraine, Belarus and Kazakhstan, with which negotiations are under way. The Union is continuing to provide substantial support for the economic reform process in the States of the former Soviet Union under the TACIS technical assistance programme (ECU 510 million in 1993).

A number of conflicts are continuing to unfold on the fringes of the former USSR. The European Union has endeavoured to remedy them – so far with limited success – by means of vigorous support for action undertaken in the CSCE framework and under UN auspices. The situation in Ukraine, too, continues to give cause for concern on account of socio-economic disintegration, the resulting political instability and the severe problems posed by relations with Russia. Besides offers of assistance, the European Union has made repeated representations to the authorities in Kiev in order to persuade them to honour their commitments on non-proliferation, denuclearization and accession to the Non-Proliferation Treaty (NPT). The European Union welcomed the signing of the agreement between the USA, Russia and Ukraine on nuclear matters and hopes that the Ukrainian Parliament will not block its implementation.

A major development has taken place in relations with the *countries of Central and Eastern Europe*. The European Council meeting in Copenhagen (June 1993) agreed that any of those countries linked to the Community by Europe Association Agreements which so wish may become members of the European Union once they are able to fulfil the requisite economic and political conditions, with the proviso that the Union's capacity to assimilate new



members whilst keeping up the momentum of European integration would also be an important factor to consider. Future co-operation with the associate countries will from now on be geared to the objective of accession. With that end in view, a number of measures were decided on in order to step up support for the transition to a market economy, including greater opening-up of the Community market and the continuation of sizeable financial assistance, in particular through the PHARE programme (around ECU 1 billion in 1993). In addition, a structured relationship was established between the Union's institutions and the countries of Central and Eastern Europe as a whole through an enhanced multilateral dialogue and through consultation on topics of mutual interest, to be developed within a number of fora and to cover a wide range of topics (Community subject areas with a trans-European dimension, common foreign and security policy, and justice and home affairs).

After Hungary and Poland, which were already associated with the Union, Europe Association Agreements were signed in 1993 with Romania (1 February), with Bulgaria (8 March) and, following the break-up of Czechoslovakia, with the Czech Republic and with Slovakia (4 October). With a view to the conclusion, in due course, of Europe Association Agreements, a "first-generation" Co-operation Agreement was signed with Slovenia and similar Agreements concluded with the Baltic States are shortly to be converted into free-trade agreements.

In the Middle East, the peace process took a spectacular step forward with the Israeli-Palestinian agreement of 13 September, forging a historic breakthrough on the way to a comprehensive solution for the region. The European Union, which has from the outset been closely involved in the peace process, is ready to play its part, in a manner still to be determined particularly as regards international guarantees, in the implementation of a comprehensive settlement. It has every interest in seeing a just, lasting, comprehensive

peace take root in an adjoining region closely bound up with its network of Mediterranean relations. The European Union is following attentively the progress achieved in negotiations between Israel and Jordan, and between Israel and Lebanon, as well as with Syria. Only a comprehensive peace can lay the foundations for genuine regional co-operation. The European Union has brought that point home to the various protagonists, making clear that it is ready to enter into co-operation with each of them in order to achieve that objective.

The European Union, together with its Member States, is already the main source of finance for the Occupied Territories. Following the Israeli-Palestinian agreement, it put up the emergency funds necessary to ensure the operation of Palestinian institutions in the Occupied Territories. It is also a member of the ad hoc liaison committee set up following the donors' conference in Washington on 1 October 1993 for the purpose of co-ordinating effective aid to the Palestinians. In the medium and longer term, the European Union is ready to play its part in a regional reconstruction and development programme underpinning a comprehensive peace, for which the Commission is proposing that ECU 500 million be earmarked for 1994-1998, 50% of it in the form of grants and 50% in loans. That aid effort will be extended to other countries in the region which are affected by the peace process in the light of their participation in that process. Moreover, use of the funds available under the non-country-specific part of the redirected Mediterranean policy and under the Financial Protocols signed with individual countries in the region will be directed towards projects designed to promote regional co-operation.

In order to put into practice the enhanced partnership between the Union and the various countries of the *Maghreb*, as determined by the European Council in Lisbon in 1992, the Union adopted directives for the opening of negotiations with Morocco and Tunisia and hopes to engage in a similar dialogue with Algeria in the near future. Negotiating directives were also approved for the conclusion of an extended agreement with *Israel*.

The ministerial meeting and Joint Council meeting under the Co-operation Agreement between the EC and the Co-operation Council for the *Arab States of the Gulf* was held in Brussels in May and served to strengthen economic and political co-operation with that important partner.

However, the Middle East region is still experiencing many other problems jeopardizing general stability. *Libya* and *Iraq* continue, through their attitudes, to prompt maximum vigilance and the European Union remains keen to see the full implementation of all Security Council Resolutions concerning them. In both cases, the lifting of sanctions can be considered only once the Security Council Resolutions have been carried out.

The European Union continued its dialogue with *Iran*, as decided by the European Council in Edinburgh. While recognizing Iran's importance as a regional power and encouraging it to play a positive role, the aim is to clarify some aspects of its behaviour which give rise to concern, as regards terrorism, its arms policy and human rights, particularly the death sentence on Mr Salman Rushdie.

A number of countries in *Africa* received particular attention, whether on account of long-running crises, as in Zaire, Liberia, Angola, Sudan and Somalia, or a sudden deterioration in the situation, as in Burundi or Nigeria, or because of positive developments that are encouraging, as in South Africa, or still fragile, as in Mozambique, Malawi, Togo, Rwanda, Uganda, Kenya and Eritrea. In those countries, the European Union committed itself to supporting the democratization process and helped provide back-up for a number of electoral processes. Respect for human rights and promotion of the rule of law and good governance are constant concerns in co-operation with such countries, which is based on a high level of solidarity as most elaborately reflected in the Lomé Convention. In that spirit and in the desire to make co-operation more effective in the interests of ACP partners' development,

the Union began determining its position for the Lomé IV mid-term review and the conclusion of a new five-year financial protocol. The European Union supported the efforts of international organizations, in particular the United Nations, supplying sizeable contingents for the operations undertaken in Somalia, Mozambique and Angola especially. Its considerable emergency aid for the Sub-Saharan countries affected by drought or civil war was backed up by rehabilitation operations (ECU 100 million in 1993) ensuring transition to the resumption of development aid.

In this picture of considerable contrasts, South Africa warrants special mention, given the significant progress made along the path to democracy and establishment of a non-racial society. That progress enabled the European Union to lift the sanctions still in force, under action against apartheid, other than those coming under the Security Council. The European Union is present on the ground through the observer mission (Ecomsa). It is preparing for the provision of considerable facilities to pave the way for and observe the elections in April 1994. Under the joint action adopted by the Council on 6 December 1993, it is also preparing to create a co-operation framework designed to strengthen the economic and social foundations for transition, and it is considering the nature of future contractual relations.

The countries in *Latin America* receiving particular attention from the European Union include Guatemala, El Salvador, Nicaragua and Haiti. Support for the process of democratization and national reconciliation embarked upon in some countries of the region has been a prime objective for the European Union, which has kept a close watch on the peace process in *Central America* and helped smooth the way for dialogue between the various political factions concerned. At the meeting with the *Rio Group* (Copenhagen, April 1993) and at the Ministerial Conference with the Central American countries (San José IX - San Salvador, February 1993), the European Union highlighted the importance it attached to the principle of full popular participation in political and democratic processes and total respect for human

rights, political freedoms and the rule of law. At those meetings, "third-generation" Co-operation Agreements based on respect for human rights and democratic principles and involving broader economic co-operation were signed in Copenhagen with the *Andean Pact* and in San Salvador with the *Central American countries*. As regards *Haiti*, the Union condemned the action of the military in power and the non-observance of the agreements concluded for the return of President Aristide, despite the considerable pressure brought to bear by the international community. That deplorable state of affairs led to the United Nations reimposing the embargo, with which the Union is complying.

In *Asia*, co-operation with *ASEAN* developed satisfactorily, inter alia, through European Union participation in the "post-ministerial" meetings following the ASEAN countries' scheduled meetings, enabling problems of mutual interest to be discussed. The post-ministerial meeting in Singapore in July 1993 made it possible, for the first time, to broach regional security issues. In the Asian region, too, developments showed especially marked contrasts from country to country. In some, as a result in particular of support from the European Union, democracy and security made significant progress. In *Cambodia*, the successful holding of elections in May 1993, followed by the adoption of a new constitution, represent a real success, in which the European Union played an active part under United Nations auspices. Elections generally regarded as free, fair and impartial were held in *Pakistan* in October 1993 with the participation of a team of observers from the European Union. While human rights violations in *Sri Lanka* seem to be decreasing, there has, on the other hand, been no improvement in the situation in *Burma*, prompting the European Union to keep up its pressure, particularly for the release of political prisoners. In another field, the European Union firmly continued with action undertaken under IAEA auspices to persuade *North Korea* to honour its non-proliferation commitments.

A "third generation" Co-operation Agreement was signed with *India* in December, together with a statement formally establishing and strengthening political dialogue. A similar agreement is shortly to be signed with *Sri Lanka* and negotiations will soon be opened with *Vietnam*.

*China* is one of the countries with which the European Union maintains a dialogue including, besides endeavours for active, mutually advantageous co-operation, some criticism with regard to human rights. The European Union, along with others, tabled a draft Resolution at the 49th meeting of the Commission on Human Rights, in March 1993, concerning the human-rights situation in China. In June 1993, the European Union voiced its strong concern at reports of the arrest of Tibetans during a visit to Tibet by European Union Heads of Mission (16 to 23 May 1993). The European Union believes that Tibet's problems can best be resolved through dialogue between the Chinese authorities and representatives of the Tibetan people, including its spiritual leader, the Dalai Lama.

In the field of *stability* and *security*, the European Union has set itself the goal of turning the continent of Europe into a haven of peace and prosperity for all of its constituent States. Realizing full well the discrepancy between that ideal and reality, particularly in terms of ways and means, the European Union has decided to master the "*European jigsaw*" step by step, patiently adjusting the different pieces to lend solidity to the whole.

The European Union attaches fundamental importance to the comprehensive nature of the CSCE process, bringing together the governments and peoples of Europe and those of the USA and Canada, in order to make a leading contribution to the peace and stability of the continent of Europe. The European Union played an active part in the proceedings of the CSCE Council of Ministers in Rome. It also, through its Member States, played a direct role in CSCE peace-keeping and conflict-prevention initiatives in the former Yugoslavia and in the countries of the former USSR.

In the same context, the European Union undertook at the Copenhagen European Council meeting to give favourable consideration to the idea of using the instrument of *joint action* to implement the French proposal for a *Stability Pact in Europe*. After preliminary talks with countries potentially involved, the initiative was formally inaugurated by the European Council in Brussels on 10 December. This is an exercise in preventive diplomacy with the aim of contributing to stability by averting tension and conflict in Europe, promoting neighbourly relations and encouraging countries to consolidate their borders and resolve problems of national minorities.

Since the entry into force of the Maastricht Treaty, *security* has formed an integral part of the Union's foreign policy in accordance with Title V of the Treaty. Two reports have been drawn up on identifying European security interests and on relations between the Union and the WEU. The European Union is also continuing its activities in such basic areas as *disarmament and arms control*. Among other matters, it has endeavoured to bring about progress in the full implementation of the CFE Treaty on Conventional Armed Forces in Europe, transparency in transfers of conventional arms and the control of arms exports. Internally, it has continued framing common rules for export controls on dual-use goods and technologies. *Non-proliferation*, whether in the chemical and biological or in the nuclear fields, also forms a priority action topic for the European Union.

Lastly, it is no exaggeration to say that the defence and promotion of *human rights* and fundamental freedoms inform practically all aspects of the European Union's foreign policy. It took every opportunity to reaffirm that commitment and urge its partners to follow its example, particularly at *the World Conference on Human Rights* (Vienna, 14 to 25 June), the

outcome of which was achieved in large part as a result of its action. Some recommendations of the Vienna Conference, such as the creation of a post of High Commissioner for Human Rights, have been put into practice as a result of the European Union's efforts. Similarly, the plan of action drawn up at the *Council of Europe Summit* (Vienna, 8 and 9 October) was extensively influenced by the Union. Lastly, the Union paid particular heed to monitoring and implementation of the Development Council Resolution of November 1991 on human rights, democracy and development.

In the field of international economic relations, the major event was the successful conclusion, on 15 December 1993 in Geneva, of the *Uruguay Round multilateral trade negotiations*, launched in 1986 at Punta del Este. The happy end to the most important trade negotiations ever embarked upon will lead, in particular through the establishment of a world trade organization and the incorporation of new sectors, to a stronger, innovative world trading system that contributes to the development of world trade, economic growth and job creation. The success of the negotiations long depended on the Community and the USA resolving a number of major differences holding up the multilateral negotiating process. In the final stage entered into in the second half of the year, the Council kept a very keen watch on developments in the talks and was prompted regularly to spell out, in close co-operation with the Commission, the objectives to be pursued by the Union. In this way Community solidarity and cohesion were ensured in the crucial phase of negotiations and the results achieved fulfil the requirement stated by the Community throughout the negotiations that a comprehensive, lasting and balanced agreement be reached.

In order to assist Portugal to resolve the key problem of the future of its textile industry, in view of the specific nature of its economic structures, the Council decided on special action for the modernization of the Portuguese textile industry, in addition to operations under



existing instruments for economic and social cohesion. The Council also arrived at solutions to strengthen the Community's commercial policy instruments. As regards agriculture, the European Council, meeting in Brussels on 11 and 12 December, took note of the Commission's assessment regarding the compatibility with the reformed CAP of the new commitments resulting from the GATT agreement. If additional measures were to prove necessary, the Council agreed that they should not increase the constraints of the reformed CAP, nor affect its proper operation. It would, if necessary, take the requisite steps for the application of the reform, while respecting the financial decisions of the Edinburgh European Council meeting.

*Negotiations for membership of the European Union* were opened on 1 January 1993 with Austria, Sweden and Finland and on 5 April 1993 with Norway. The European Council meeting in Brussels on 29 October 1993 and the ministerial negotiating meetings held in Brussels on 9 November 1993 with the four applicant States served to speed up negotiations. The parties confirmed the target date of 1 January 1995 for accession and, in view of the European Parliament's willingness to give its assent to the Accession Treaty before the end of the present parliamentary term of office (June), they set a target date of 1 March 1994 for the completion of negotiations. A significant breakthrough in the negotiations was made at the end of the year and many subject areas have already been concluded or seen substantial progress made. However, there remain some important or sensitive issues, albeit few in number, still to be tackled, particularly in agriculture, fisheries and transport.

Following the submission by the Commission of its opinions on the *membership applications from Cyprus and Malta*, the Council confirmed the ultimate suitability of those two countries for membership of the European Union and asked the Commission to use all the instruments available under the Association Agreements in order to ensure a satisfactory transition and assist those countries to make the best possible preparations for accession negotiations. In the case of Cyprus, should no prospect of a settlement to the Cyprus problem emerge in the

foreseeable future, the Council will reappraise the situation, assessing the positions stated by each side in intercommunal talks, and consider in January 1995 the question of accession in the light of that situation. A Union observer at the intercommunal talks was designated.

The European Union and *Turkey* confirmed their willingness to complete a customs union on the timescale laid down by the Association Agreement (1995), thereby continuing to strengthen co-operation between them.

The Agreement establishing the *European Economic Area* enters into force on 1 January 1994, as adjusted by the Protocol made necessary by Switzerland's non-participation. That date will thus bring free movement of goods, persons, services and capital within an economic area with a population of nearly 375 million. In response to Switzerland's wish at present to develop co-operation on a bilateral basis, while leaving open the options of participating in the EEA and joining the European Union, the Union expressed its willingness to negotiate with Switzerland further sectoral agreements based on an overall balance of reciprocal advantage at the same time as developing co-operation under the free-trade agreement.

## JUSTICE – HOME AFFAIRS

The field of Justice and Home Affairs is one of those most radically transformed by entry into force of the Treaty on European Union, since here the Twelve changed from pragmatic co-operation on specific matters to forms of co-operation defined and organized by Title VI of the Treaty.

The Council (Justice – Home Affairs) held its first meeting soon after the Treaty on European Union entered into force. It proceeded to finalize an *action plan* covering asylum policy, immigration, police co-operation, customs co-operation, the fight against drugs and judicial co-operation in civil and criminal matters, which the European Council had requested be submitted to it.

For most of 1993, however, work was conducted within the framework of intergovernmental co-operation.

As regards *asylum policy*, the Dublin Convention was ratified by six Member States and preparations for its entry into force were completed. A start was made on preparations for the possible introduction of a European automatic fingerprint recognition system (Eurodac) and other discussions are under way in this area.

The Member States focused particular attention on solving the problems raised by displaced persons from the former Yugoslavia and, at their meeting on 1 and 2 June in Copenhagen, the Ministers adopted a Resolution on certain guidelines as regards the admission of particularly vulnerable groups of distressed persons from that region.

In the area of *migration*, discussions continued on the admission of self-employed persons and students and on the employment of non-EC nationals. The Council also sought to improve the efficiency of expulsion measures and adopted basic principles for readmission agreements.

With regard to *the free movement of persons*, the Commission submitted two texts which will be considered in 1994: the one, a draft Convention on checks on persons crossing external frontiers, the other a proposal for a Regulation determining the third countries whose nationals must be in possession of a visa to enter the Community. Work is also continuing on drawing up a Convention on the establishment of a European Information System, a Convention which is closely linked to the external frontiers Convention mentioned above.

In the field of *customs co-operation*, the Council pledged itself to finalize the Convention governing the Customs Information System as soon as possible and rapidly to put in place an action plan to combat customs fraud. The implementation of these two measures will call for close collaboration between customs and the police. In the field of *judicial co-operation on criminal matters*, the Council pressed ahead with its discussions on issues related to all aspects of *extradition* and devoted special attention to co-operation on combating international organized crime. The Council also adopted an important Resolution on the protection of the Community's financial interests. *In civil matters*, attention focused on the extension of the Brussels Convention to cover questions of family law and on streamlining the procedure for transmitting documents.

1993 saw two major events in the *action to combat drugs*: on 8 February the Council adopted a Regulation establishing the *European Monitoring Centre for Drugs and Drug Addiction* and on 1 and 2 June the Ministerial Agreement setting up the *Europol Drugs Unit* was signed in Copenhagen. More generally, at its meeting in November 1993 the Council examined Recommendations on *organized crime*, trade in human beings and environmental crime. The threat of terrorism to the Member States of the Union was regularly assessed, and at its November meeting the Council called for a report on strengthening operational co-operation in this area. Lastly, the Ministers repeatedly stressed the importance of the fight against racism and xenophobia and the Council agreed to return to this question before the end of 1994 to review the situation.



## KEY TO TERMS USED

### *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 co-operation procedure, differing from it in particular through: (1) 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; (2) 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 Fundamental Social Rights*

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 training; 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 EMU, 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.

### *Co-operation 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 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, Eastern 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 1988-1992 financial perspective decided on by the European Council in 1988 was subsequently agreed between Parliament, the Council and the Commission. The 1993-1999 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.

### *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 co-operation.

### *Universal service*

In the postal and telecommunications sector, generally understood to mean access to a core number of quality services and the supply of those services to all users at affordable prices and on non-discriminatory terms. In the telecommunications sector specifically, the concept is not static but evolves with technical progress, developments in the market and users' requirements.

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## LIST OF ABBREVIATIONS AND ACRONYMS

ACP	African, Caribbean and Pacific States (69 signatories of the Lomé Convention)
ALTENER	Programme to promote renewable energy sources in the Community
ASEAN	Association of South-East Asian Nations (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand)
CAP	Common agricultural policy
COMETT	Programme on co-operation between universities and enterprises regarding training in the field of technology
DCs	Developing countries
EAGGF	European Agricultural Guidance and Guarantee Fund
EEA	European Economic Area
EFTA	European Free Trade Association (Austria, Finland, Iceland, Liechtenstein, Norway, Sweden and Switzerland)
EIB	European Investment Bank
EMS	European Monetary System
EMU	Economic and monetary union
ERDF	European Regional Development Fund
ESF	European Social Fund
GATT	General Agreement on Tariffs and Trade
GNP	Gross national product
HDTV	High-definition television
IAEA	International Atomic Energy Agency
MAGHREB (countries)	Algeria, Morocco and Tunisia
MASHREQ (countries)	Egypt, Jordan, Lebanon and Syria
OECD	Organization for Economic Co-operation and Development
PHARE	Poland-Hungary: economic restructuring assistance programme (other states in Central and Eastern Europe have since been added to the original beneficiaries)

SAVE	Programme to promote energy efficiency in the Community
SMUs	Small and medium-sized undertakings
TAC	Total allowable catch
TACIS	Programme of European Community technical assistance to the Commonwealth of Independent States and Georgia
TEMPUS	Trans-European mobility scheme for university studies
VAT	Value-added tax

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European Union — Council

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*In accordance with the conclusions of the Edinburgh European Council on 11 and 12 December 1992, Part I of the review (summary) is published separately and appears in this volume. The complete review of the Council's work (Parts I and II) will be published as soon as possible.*



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