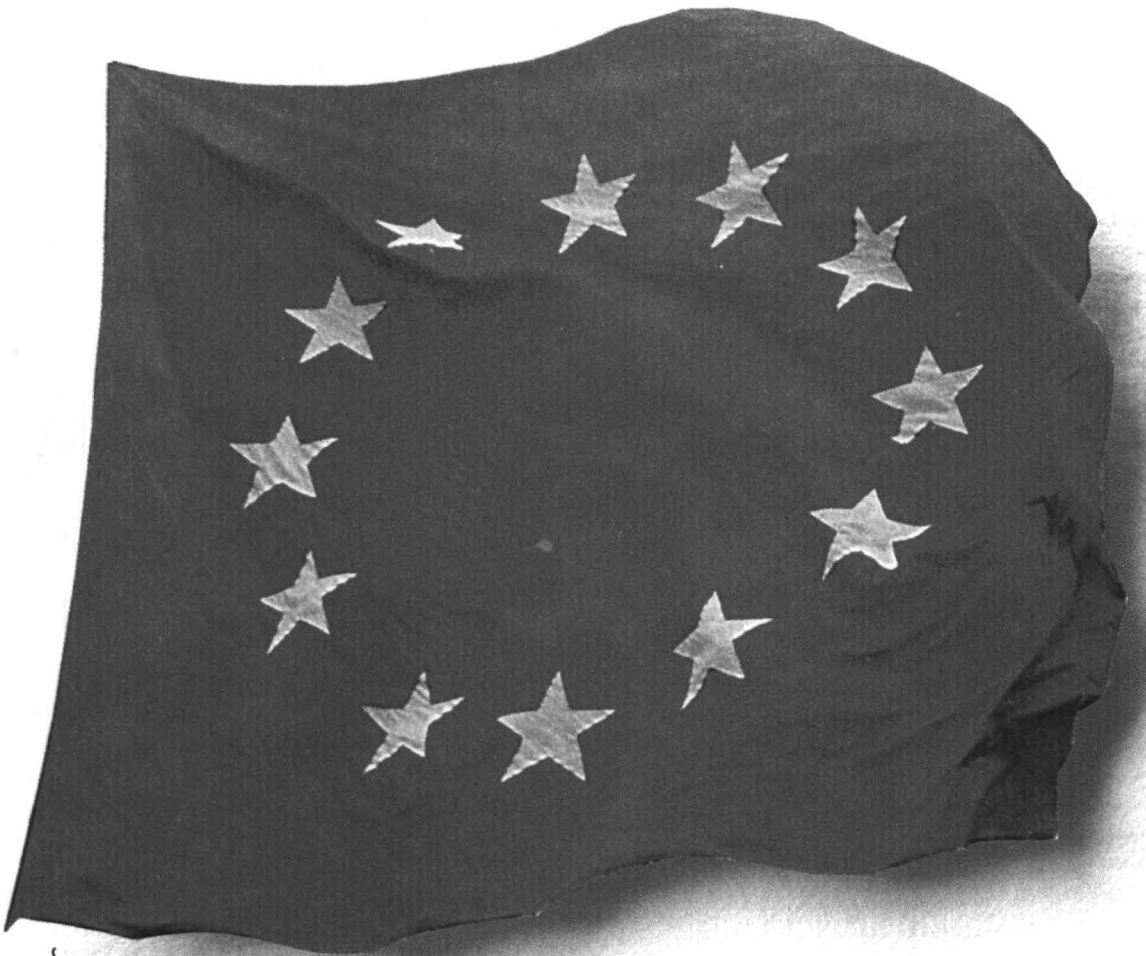


Bulletin of the European Communities

Commission



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No 1 1989 Volume 22

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

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

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PART ONE

SPECIAL FEATURES

1. Inauguration of the new Commission

Statement by Jacques Delors, President of the Commission, setting out the broad lines of Commission policy

Europe is on the move again, our house is in order and on the economic front we are keeping pace with our major trading partners

1.1.1. On 17 January Mr Delors gave an important speech before Parliament in which he reviewed recent developments and outlined the course the Community would be taking under the new Commission during the next four years.¹

Emphasizing that the European venture was a matter of continuity and impetus, Mr Delors highlighted three major challenges.

First, making a success of the Single Act: 'Nothing will distract us from our determination'. However, though Europe was well on the way to achieving the goals it had set itself, 'you cannot fall in love with a single market'. That was why it was important to stress the need not only for a frontier-free area but also for 'the flanking policies which will open up new horizons for the men and women who make up this Community of ours'.

Second, Europe must be able to exercise influence commensurate with its place in the world. But Europe would be a partner, not a fortress, despite the unfounded accusations to the contrary. Now, when the reactions of the rest of the world were evidence that Europe was really on the move, 'we still need to demonstrate that the Community speaks with one voice, that it is an actor rather than a spectator on the contemporary stage'.

The third challenge was the challenge of civilization, of fusing the sometimes contradictory aspirations of our contemporaries into new constructs: 'It is for us, in advance of 1993, to put some flesh on the Com-

munity's bones and, dare I suggest, give it a little more soul'.

With these challenges in mind, Mr Delors went into four questions more especially. Conservation of the environment and the quality of life called for action as a matter of priority. Europe was in the front line of the worldwide campaign for conservation of the environment. More than ever before, the Community needed to mobilize all its resources if it was to have the policy it needed to tackle the problems. Applying the principles defined in the Single Act (which gave the Community jurisdiction in this area), the Community ought therefore to plan to introduce 'a European system of environmental measurement and verification which could be the precursor of a European environment agency'.

Another major field of action would be the revival of the North-South dialogue, which had been in abeyance because of the crisis and because the sudden accession to wealth of a number of oil-producing countries and the emergence of newly industrialized countries had generated a feeling that the world order was about to change. Drawing attention to the trade link in the finance-trade-currency chain, Mr Delors called on the Community to contribute to finding a proper solution combining structural efforts by the debtor countries, an increase in private and public financing and greater access to the markets of the industrialized world.

What direction should the Community take in strengthening cooperation with the European Free Trade Association? Concerning this third issue Mr Delors felt that the Twelve must be prepared for a full and frank discussion of the scope for closer cooperation with the EFTA countries, possibly including 'a new, more structured partnership with common decision-making and administrative institutions' (flexible proximity policy).

¹ The full text of Mr Delors's statement and extracts from his reply to the debate on it in the House are reproduced in Supplement 1/89 — Bull. EC.

The progressive establishment of economic and monetary union, which the Madrid European Council was to examine ways and means of achieving, represented a 'quantum leap' which would open up new possibilities for economic prosperity and job creation.

A stronger, more united Europe should be in a better position to meet the challenge of a venture involving more than just economic integration. In this connection the President said that the face of European society tomorrow must not be neglected. He drew attention here to the Community's cultural, educational and social dimension and made two specific proposals, for the expansion of the system of exchanges between secondary school pupils and the pooling of research to develop an AIDS vaccine.

In conclusion, Mr Delors spoke of the principles underlying the Commission's action, past and future: subsidiarity, to avoid wasteful and excessive centralization, and pluralism.

The debate

1.1.2. Leaving aside the different shades of emphasis and specific concerns to be expected among the various political groups, there was general agreement on the broad lines of Commission policy presented by Mr Delors.

Speaking on behalf of the Socialist Group, Mr R. Arndt (D) stressed that the Single Act was a whole and that resistance in the Member States must be overcome so that the Community could put the scheduled social, environmental and financial policy measures into operation. He also wanted to see the Commission proposal concerning the right of Community nationals to vote in local elections in all the Member States adopted as soon as possible.¹

After expressing reservations about the way in which the Member States had chosen the new Commissioners, Mr E. Klepsch (EEP/D) emphasized the importance, as matters

rating priority, of having a common currency, a comprehensive social policy based on dialogue between the two sides of industry, an environmental policy backed up by high standards, and improved controls at the Community's external frontiers with a view to stepping up the common struggle against drugs and terrorism. The single market and European Union would need to go together, and the Community needed to play a greater part in the outside world, particularly in security matters.

Addressing Mr Delors, Mr C. Prout (ED/UK) said: 'If you achieve as much over the next four years as you did during your last presidency, you will have done very well indeed.' He went on to speak of institutional questions, particularly the powers of the European Parliament, its relations with national parliaments, cooperation between Parliament and the Commission and how the workings of the Council were to be monitored. He also said that the Community needed to concentrate on Project 1992 and not allow energies that ought to be directed at the completion of the internal market to be diverted to subsidiary considerations.

For Mr G. Cervetti (Com/I) there had to be continuity between the single market, social Europe and political union, together with a heightened Community presence on the international scene as a mover in the overall *détente* process. The charter of social rights, equality for women and Community budget financing were other subjects touched on by Mr Cervetti.

Questioning whether Mr Delors was not overly optimistic in his speech, Mrs S. Veil (LDR/F) made the point that European Union could only come about through the political will of the Member States, that this will must show itself, among other ways, in the formulation of a common defence policy, and that such a policy could not be put into effect without a common industrial strategy.

¹ OJ C 246, 20.9.1988; Supplement 2/88 — Bull. EC; Bull. EC 6-1988, point 2.1.20.

Mr C. de la Malène (*EDA/F*) criticized the fact that the political process in the Community was lagging behind its economic progress. He also emphasized the need for the Community to erect 'eastern frontiers' so that political union could be consolidated in specific fields, including defence.

Speaking for the Rainbow Group, Mr J. P. Bonde (*DK*) referred to environmental protection questions, in particular the ozone layer and renewable sources of energy.

Stressing the fact that his Group endorsed a considerable part of what Mr Delors had said, particularly with regard to the environment, Mr J. M. Le Pen (*ER/F*) reaffirmed his position on the preservation of a European identity in the political integration process, alluding here to the problems of population numbers and immigration.

Lastly, Mr M. Pannella (*NA/I*) launched a plea for simultaneous consolidation and enlargement of Europe, having regard in particular to the 'demand for democracy' from outside the Community.

1.1.3. Following these remarks, a number of Members spoke on more specific issues, such as the lack of democracy in Community institutions, economic and social cohesion, poverty, rural development and equality for women.

1.1.4. Replying to the various speakers, Mr Delors said there was a gap between the revitalized action of the Community and the shared political will yet to be achieved among the Member States, which meant that in what it did the Commission had to be selective, to answer a specific need, while still keeping faith with its overall strategy. With regard to the outside world, a response must be found to the call from the 'other Europeans', 'How do we reconcile the successful integration of the Twelve without rebuffing those who are just as entitled to call themselves Europeans?' Within the Community, further consolidation was needed so that Europe could acquire a personality of its own from which political

Europe could develop. As for relations with Parliament, Mr Delors said that they were good but there was still room for improvement. The opinion that Parliament would be delivering on economic and monetary union would be a landmark here. Lastly, replying to those who were puzzled by his optimism, Mr Delors asked why they should not be somewhat optimistic 'when things are going a little better'.

Vote of confidence

1.1.5. At the close of the debate Parliament adopted the resolution below, expressing its confidence in the new Commission; the Socialist, EEP and Liberal Groups voted in favour and the European Democrats abstained. Two motions for resolutions tabled by the Communist and the EDA Groups were rejected.

The European Parliament

- (a) representing the people of Europe,
 - (b) having regard to its resolution of 13 December 1984 on the appointment and swearing in of the Commission,¹
 - (c) considering that in making their nominations not all Member States have shown respect for the nature and purpose of the Commission as established by the Treaties,
 - (d) taking note of the Commission's outline programme presented by the President of the Commission on 17 January 1989,
 - (e) awaiting the statement of the President of the Commission on its detailed programme which will be debated in accordance with established procedure,
1. Calls upon the Commission as a whole to fulfil its collective responsibilities and obligations as guardian of the Treaties and as an independent institution working for the development of European Union and, given the need for continuity in the work of the Commission, welcomes the reappointment of President Delors;

¹ OJ C 12, 14.1.1985; Bull. EC 12-1984, point 2.4.13.

2. Considers that the period of office of the new Commission coincides with a decisive phase in the development of the Community during which all the objectives enshrined in the Treaties, and in particular in the Single European Act, should be achieved in a balanced and timely fashion;

3. Approves, in particular, the statement by the President of the new Commission confirming that the achievement of the objectives of the Single Act should be considered as an initial step towards a genuine European Union and that the new formulation of common policies now in progress should

result in the strengthening of the European Parliament's powers;

4. Reminds the Commission that in order to maintain the confidence of Parliament, the two institutions must work closely together in order to achieve agreed objectives; the Commission should in general support the initiatives and positions taken by Parliament and, in particular, during the legislative procedure should support amendments which have obtained a qualified majority within the European Parliament;

5. On this basis expresses its confidence in the new Commission.

2. Relaunching the social dialogue

1.2.1. On 12 January Mr Delors, the Commission President, together with Mr Bange-mann and Sir Leon Brittan, two of the Vice-Presidents, and Ms Papandreou and Mr Cardoso e Cunha, the Members with special responsibility for social affairs and for small business, met the presidents and secretaries-general of the national organizations affiliated to the European Trade Union Confederation (ETUC), the Union of Industries of the European Community (Unice) and the European Centre of Public Enterprises (CEEP). The meeting, which was part of the social dialogue begun at Val Duchesse in January 1985,¹ bears witness to the importance which the new Commission attaches to the dialogue and to the positive contributions which social and economic interest groups can make to full implementation of the Single Act.

1.2.2. In his opening address Mr Delors first of all outlined the state of European Union, which, he said, justified optimism about the Community's future, and presented the guiding principles of the new Commission's programme (→ point 1.1.1).

He went on to suggest the discussion topics likely to take priority: permanent vocational

training and the existence of a European labour market. The first of these was a vast problem in respect of which many initiatives were being taken. These could be assessed by the Commission in such a way as to nurture a dialogue that might lead to a joint opinion which would be generally useful. The second topic was equally complex, especially in that it raised the subsidiary question of the implications a European labour market would have for national employment offices and how they operated.

However, the major difficulty was to clarify the spirit and methods of working within the social dialogue. Rules had to be laid down that were based on a balanced relationship between statutory regulation and regulation by agreement and on strict observance of the autonomy of the two sides of industry.

1.2.3. Ms Papandreou said that the Commission, with a view to improving knowledge of the employment situation and trends within the Community, had decided to put out each year a report which could be discussed within the framework of the

¹ Bull. EC 1-1985, point 2.4.19.

social dialogue and submitted to the Standing Committee on Employment, whose conclusions would then go to the Council. This would enable the Council to state its position on the employment situation, knowing the views of the employers' and workers' organizations. Also—once again with a view to gaining a better idea of employment prospects in those industries which are most sensitive to the advent of the single market—the Commission intended to step up its observation of the impact of 1992 on a number of major industries.

As regards continuing training, the resumption of the dialogue should enable the two sides of industry to move towards a comprehensive agreement on the basis of an exchange of ideas on developments and experience in the various Member States.

1.2.4. In the ensuing discussion, the representatives of ETUC agreed with the picture drawn by Mr Delors, which showed that Europe was making progress and that the parties gathered round the table could help to give it a boost. Aware of the responsibilities devolving upon them, the trade unions wished to tackle at the same time, as part of the social dialogue, all the social implications of introducing a single market. To that end the gradual development of a collective agreement policy at Community level was in their eyes a medium-term objective of value to everyone, and the two sides of industry should endeavour to create the social and economic conditions which would make possible the development of free bargaining which committed them. Dialogue between the two sides of industry and the Community institutions also needed to be improved, notably by involving the Economic and Social Committee and the Standing Committee on Employment more closely. Finally, the Community-level social dialogue had to be augmented at national, regional and industry levels, with the Commission exerting both a stimulating and a moderating influence.

1.2.5. The Unice representatives stressed the importance which the employers' organ-

izations attached to the social dialogue despite the differences of culture, mentality and situation which characterized industrial relations and made it difficult to identify a common denominator between the Member States. The two sides of industry should continue their discussion of all the various issues, none being ruled out on principle. The record of the social dialogue was a positive one: its joint opinions were an important achievement on the basis of which it should be possible to set it more ambitious tasks, arriving one day at genuine agreements. Unice was ready to contribute to promoting a new style of more constructive industrial relations throughout the Community.

1.2.6. The CEEP representatives said the Centre was available to give a deeper dimension to both the spirit of the dialogue and the search for productive and prudent solutions. With due regard for the independence of the two sides of industry, the joint opinions could become points of reference for national negotiators.

1.2.7. At the end of the meeting the President of the Commission made public the conclusions unanimously adopted by the participants, the salient points of which are set out below.

(i) As regards method, it was decided to set up a political-level steering group made up of representatives of the three organizations and the Commission. The purpose of this group would be to provide a continuing stimulus for the social dialogue, to initiate and plan the work to be done on the different themes selected, and to evaluate the joint opinions adopted in the context of the social dialogue and assess their possible follow-up. It would also be authorized to request the Commission to consult two sides of industry on any project or proposal for a decision during its preparatory phase.

(ii) As regards themes for the social dialogue, it was agreed that the steering group would turn its attention first to education and training, and the prospects for a European labour market as the aims of the Single Act are progressively achieved.

(iii) As regards the central issue of employment, the Commission would draw up a detailed annual report on the current situation and the employment

outlook in the Community, which would be discussed within the framework of the dialogue and subsequently submitted to the Standing Committee on Employment. The conclusions would then be submitted to the Council.

(iv) As regards consultation of the two sides of industry on projects in preparation, the Commission was prepared:

(a) to consult the two sides of industry at regional level when development programmes are being drawn up under structural policy Objectives 1, 2 and 5(b);¹

(b) to seek the opinion of the organizations represented in the social dialogue on the content of

a social charter once the Economic and Social Committee has given its opinion;² and

(c) to consult these organizations on the proposed European company.³

(v) As regards other Commission projects, the Commission is prepared to discuss with the two sides of industry at the appropriate time the impact on individual industries of the implementation of the Single Act. The Commission is also ready to study the public authorities' contribution to the competitiveness and performance of firms.

¹ Bull. EC 7/8-1988, points 1.1.1 to 1.1.14.

² Bull. EC 11-1988, points 2.1.116 and 2.4.41.

³ Supplement 3/88 — Bull. EC; Bull. EC 6-1988, point 2.1.127.

3. News in brief

Agriculture

The Council agreed a package of measures as part of the reform of the CAP (→ point 2.1.53).

The Commission adopted farm price proposals designed to continue the process of adjusting agriculture to the new market situation (→ points 2.1.60 to 2.1.70).

Transport

The Commission proposed a Directive to establish speed limits for commercial vehicles (→ point 2.1.91).

External relations

The Vienna CSCE follow-up meeting was concluded (→ point 2.2.33).

PART TWO

ACTIVITIES

IN JANUARY 1989

1. Building the Community

Internal market

A people's Europe

Special rights

2.1.1. On 25 January the Economic and Social Committee adopted an opinion on the proposal for a Directive on voting rights for Community nationals in local elections in their Member State of residence.¹ The Committee endorsed the proposal but made a number of comments and suggestions with the aim of facilitating the adoption and implementation of the Directive in the light of experience gained in this field in some countries.

Free movement of goods

Removal of barriers to trade

Industrial products

Electromagnetic compatibility

2.1.2. On 26 January the Economic and Social Committee adopted an additional opinion² on the proposal for a Directive relating to electromagnetic compatibility.³ The Committee took the view that the requirement, introduced by the Council in its common position on the proposal,⁴ for third-party certification in the case of apparatus for which no recognized standards exist might delay marketing unacceptably.

Dangerous substances

2.1.3. On 23 January the Council adopted, on a proposal from the Commission,⁵ a Decision authorizing the Commission to take part on behalf of the Community in the negotiation of an OECD decision-recommendation on compliance with principles of good laboratory practice.

Foodstuffs

2.1.4. On 24 January, having reached agreement on the substance at its meeting on 22 December 1988, the Council formally adopted a common position on the proposal for a Directive on the official inspection of foodstuffs.⁶

2.1.5. On 18 January Parliament endorsed at first reading⁷ the proposal for a Directive⁸ to amend for the fifth time Directive 74/329/EEC of 18 June 1974 relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.⁹

Fertilizers

2.1.6. On 18 January Parliament adopted a decision⁷ concerning the Council's common position (adopted on 14 October 1988) on the proposal for a Directive¹⁰ to supplement and amend Directive 76/116/EEC of 18 December 1975¹¹ in respect of the calcium, magnesium, sodium and sulphur content of fertilizers.

Enterprise

Improving the business environment

Intellectual property

2.1.7. On 25 January the Economic and Social Committee endorsed the Com-

¹ Supplement 2/88 — Bull. EC; OJ C 246, 20.9.1988; Bull. EC 6-1988, point 2.1.20.

² Earlier opinion: OJ C 134, 24.5.1988; Bull. EC 3-1988, point 2.4.31.

³ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.22; OJ C 272, 21.10.1988; Bull. EC 10-1988, Point 2.1.10.

⁴ Bull. EC 11-1988, point 2.1.23.

⁵ Bull. EC 11-1988, point 2.1.24.

⁶ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.28; OJ C 88, 5.4.1988; Bull. EC 2-1988, point 2.1.9; Bull. EC 12-1988, point 2.1.29.

⁷ OJ C 47, 27.2.1989.

⁸ OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.39.

⁹ OJ L 189, 12.7.1974.

¹⁰ OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.19.

¹¹ OJ L 24, 30.1.1976.

mission's Green Paper on copyright.¹ It welcomed the conclusions concerning the need for Directives to protect computer software and to introduce a rental right for sound and video recordings, but would also like the Commission to look into the protection of industrial designs and models and photocopying.

Public procurement

2.1.8. On 28 January the Commission published a notice² to the Member States on monitoring compliance with public procurement rules in the case of projects and programmes financed by the structural Funds and financial instruments.³ The system will operate on the basis of a payment request form and a questionnaire for public contracts covered by Directives 77/62/EEC,⁴ 80/767/EEC⁵ and 88/295/EEC⁶ on public supply contracts and/or Directive 71/305/EEC on public works.⁷ Monitoring will be carried out not only by the Commission but also by the national authorities, particularly in cases where financing is provided for programmes. The Commission will also carry out spot checks. Another aspect of the system is that, if demand exceeds supply in the case of projects and programmes involving contracts in sectors not covered by the above Directives, the Commission will, all other things being equal, give priority to applicants who open up their contracts to Community-wide competition. The monitoring system will become operative two months after the date of publication of the notice in the Official Journal.

Industrial strategy and services

Steel

The Community steel industry

Market situation

2.1.9. Crude steel production in the Community in 1988 was 137.19 million tonnes

(see Table 1). World production, according to the International Iron and Steel Institute, reached 780 million tonnes (6% up on 1987) following significant increases in output in the industrialized West (up by 12% in the USA and by 8.8% in the Community). In the Community, however, this higher output was achieved with 25 000 fewer workers (6% down on 1987). Firm demand pushed up prices, first for flat products and then, in mid-1988, for long products. Export prices rose to near prices in the Community, if not higher.

Table 1 — Crude steel production

Member State	1988 (million tonnes)	1988/87 (% change)
Belgium	11.2	+ 14.7
Denmark	0.65	+ 7.4
Germany (FR)	41	+ 13.1
Greece	0.96	+ 5.6
Spain	11.6	- 0.3
France	18.7	+ 7.1
Ireland	0.27	+ 23
Italy	23.8	+ 4
Luxembourg	3.7	+ 10.8
Netherlands	5.5	+ 8.7
Portugal	0.81	+ 10.8
United Kingdom	19	+ 10.8
Total	137.19	+ 8.9

Source: Eurostat.

2.1.10. The Commission continued its consultations to monitor the market, as requested by the Council on 24 June 1988.⁸ Assuming trade with non-Community countries remains unchanged, the Com-

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

² OJ C 22, 28.1.1989.

³ Bull. EC 5-1988, point 2.1.20.

⁴ OJ L 13, 15.1.1977.

⁵ OJ L 215, 18.8.1980.

⁶ OJ L 127, 20.5.1988; Bull. EC 3-1988, point 2.1.26.

⁷ OJ L 185, 16.8.1971.

⁸ Bull. EC 6-1988, point 2.1.53.

mission expects demand in the Community to decline in 1989, reducing output by 3 or 4%. Generally, neither the stock situation nor the world market is giving any cause for concern and the current situation is favourable for steelmakers.

2.1.11. Iron ore production and potential both continued to fall in the Community. Production fell sharply, compared with capacity, as a number of German and French mines had embarked on closure programmes, which began to make an impact in 1988. Production potential in the Community, excluding Spain, fell from over 77 million tonnes of crude ore in 1974 to 10.5 million tonnes in 1989. Potential in Spain rose slightly.

Investment

2.1.12. The Commission published the 1988 report on *Investment in the Community coalmining and iron and steel industries*.¹ This presents the results of the survey conducted of the investment made by 1 January 1988 or forecast for 1988 and 1989. In 1988 roughly ECU 3 billion is expected to be invested, some 14% less than in 1987, largely because of further restructuring.

External trade

2.1.13. On 23 January the Council adopted negotiating directives concerning the external aspects of steel policy for 1989 (→ point 2.2.4).

Pedip

2.1.14. In January the Portuguese authorities submitted a general programme on the development of electronic and information technologies for consideration as part of the specific industrial development programme for Portugal (Pedip).²

Research and technology

Community R&TD policy

Coordination of national policies

2.1.15. Meeting in Brussels on 19 and 20 January, the Scientific and Technical Research Committee (Crest) discussed the first report on the state of science and technology in Europe.³ It asked the Commission to look further into some of the issues raised, such as the effect of completion of the international market on R&TD strategies, the coordination of national activities and the management of Community research programmes.

International cooperation

COST⁴

2.1.16. Meeting in Brussels on 12 and 13 January, the COST Committee of Senior Officials also took note of the first report on the state of science and technology in Europe.³ It welcomed the high quality of the report and hoped that the revised version would take account of the contribution made by COST and draw attention to the need for careful coordination of the revision of the Community framework programme and the current discussions on COST activities.

Following on from the round-table discussions held in Reading in October 1988,⁵ the Committee also approved the Commission proposals to simplify the current COST system by reducing the four categories to two, one for projects included in

¹ Available from the office for Official Publications of the European Communities, L-2985 Luxembourg. Previous report: Bull. EC 4-1988, point 2.1.33.

² OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.166.

³ Bull. EC 11-1988, point 2.1.47.

⁴ European cooperation on scientific and technical research.

⁵ Bull. EC 10-1988, point 2.1.30.

Community programmes and the second for other projects. However, the Committee felt that the Commission proposal to restrict COST to concerted-action projects (which is already virtually standard practice) should be considered separately from the proposal to simplify the COST categories.

Main areas of Community R&TD

Industrial technology

Raw materials

2.1.17. On 24 January the Commission adopted, for transmittal to the Council, a communication incorporating a proposal for a Council Decision on a research and technological development programme in the field of raw materials and recycling (1990-92).¹ With a budget of ECU 45 million, the programme, which continues the work undertaken in the previous programme (1986-89),² will cover four main areas of research: primary raw materials, recycling of non-ferrous and strategic metals, renewable raw materials and recycling of waste (Reward).

Biological resources

Agro-industrial technologies

2.1.18. On 18 January Parliament adopted at second reading a decision³ concerning the Council's common position of 17 November 1988⁴ on the Commission proposal for a Decision to adopt a first multiannual biotechnology-based agro-industrial research and technological development programme (Eclair).⁵ Parliament approved the common position subject to three amendments relating to annual budget appropriations, the main objectives of the programme and binding safety regulations.

2.1.19. The same day Parliament adopted at first reading an opinion³ on the Commission proposal for a multiannual research and development programme in food sci-

ence and technology (1989 to mid-1993) (Flair).⁶ Parliament approved the proposal subject to 23 amendments. Most of the changes were technical, but the House also wanted the participation of small businesses from the Community's less-favoured regions to be facilitated.

Energy

Fusion energy

2.1.20. On 23 January the Council adopted the Decision approving conclusion by the Commission of the cooperation agreement between Euratom and the Japanese Government in the field of controlled thermonuclear fusion.⁷

Non-nuclear energy

2.1.21. On 6 January the Commission published a call⁸ for research proposals from individuals and undertakings in the Community interested in concluding R&TD contracts under the Joule programme on non-nuclear energies and the rational use of energy (1989-92).⁹

Marine resources

Marine science and technology

2.1.22. On 14 January the Commission published an advance notice¹⁰ for participation in the marine science and technology programme (1989-92) (MAST).¹¹

¹ COM(88) 795 final.

² OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.65.

³ OJ C 47, 27.2.1989.

⁴ Bull. EC 11-1988, point 2.1.57.

⁵ OJ C 62, 5.3.1988; Bull. EC 12-1987, point 2.1.58; OJ C 294, 18.11.1988; Bull. EC 10-1988, point 2.1.34.

⁶ OJ C 306, 1.12.1988; Bull. EC 6-1988, point 2.1.71.

⁷ Bull. EC 10-1988, point 2.1.36.

⁸ OJ C 4, 6.1.1989; OJ C 20, 20.1.1989.

⁹ OJ C 221, 25.8.1988; Bull. EC 7/8-1988, point 2.1.31.

¹⁰ OJ C 11, 14.1.1989.

¹¹ OJ C 298, 23.11.1988; Bull. EC 10-1988, point 2.1.38.

European scientific and technological cooperation

A researchers' Europe

2.1.23. On 5 January the Commission published a communication¹ on the aims and organization of the Community support plan to facilitate access to large-scale scientific facilities of European interest² and the selection criteria and procedure for joint proposals.

2.1.24. On 18 January Parliament approved (second reading)³ the Council's common position⁴ on the proposed stimulation plan for economic science (1989-92) (SPES).⁵

Telecommunications, information technology and innovation

Standardization

2.1.25. From 11 to 13 January the Commission held a seminar in Luxembourg on the use of the OSI (Open Systems Interconnection) reference model for bibliographic applications. The purpose of the seminar was to present the technical implications of the introduction of the OSI model in European libraries, to enable users to define their needs and to identify the areas on which the standardization bodies should concentrate. The two main recommendations to emerge from the seminar were that moves should be made to establish libraries' requirements clearly and to set up a standardization structure.

Customs union and indirect taxation

Customs union

Common Customs Tariff/ Combined Nomenclature

Nomenclature

2.1.26. Council Regulation (EEC) No 4107/88 of 21 December 1988⁶ amending

Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff⁷ came into force on 1 January. It aligns the system of tariff suspensions in respect of goods for incorporation in drilling or production platforms on that for vessels.

2.1.27. On 4 January the Commission adopted another regulation amending Regulation (EEC) No 2658/87. Regulation (EEC) No 20/89⁸ modifies some of the duties in the Combined Nomenclature to take account of the entry into force on 1 January of the Community's agreement with the United States on the Mediterranean preferences, citrus and pasta.⁹

International tariff questions

2.1.28. On 23 January the Commission sent the Council a recommendation for a Decision authorizing it to negotiate additional protocols to the Community's free trade agreements with the EFTA countries providing for total suspension of those countries' customs duties on imports from Spain.

Indirect taxation

Tax reliefs

2.1.29. On 25 January the Economic and Social Committee endorsed the proposal¹⁰ to amend Directive 69/169/EEC of 28 May 1969¹¹ in respect of a derogation for Denmark from the arrangements relating to tax reliefs on imports in international travel.¹⁰

¹ OJ C 3, 5.1.1989.

² Bull. EC 7/8-1987, point 2.1.62; Bull. EC 6-1988, point 2.1.74; Bull. EC 11-1988, point 2.1.64.

³ OJ C 47, 27.2.1989.

⁴ Bull. EC 11-1988, point 2.1.63.

⁵ OJ C 109, 26.4.1988; Bull. EC 3-1988, point 2.1.47.

⁶ OJ L 361, 29.12.1988.

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

⁸ OJ L 4, 6.1.1989.

⁹ OJ L 62, 5.3.1987; Bull. EC 11-1986, point 2.2.8.

¹⁰ Bull. EC 12-1988, point 2.1.98.

¹¹ OJ L 133, 4.6.1969.

Competition

Seventeenth Report on Competition Policy

2.1.30. On 26 January the Economic and Social Committee gave its opinion on the Commission's Seventeenth Report on Competition Policy.¹ Besides specific comments on the Commission's policy, the Committee criticized the continuing failure of the Council to enact the required Regulation for a Community merger control system and regretted the lack of precision in the implementation of competition policy. It also called on the Commission to improve its price surveys and increase their number.

Restrictive practices, mergers and dominant positions: specific cases

Mergers

Raab Karcher/Cory Coal Trading

2.1.31. On 20 January, under the ECSC Treaty merger control provisions (Article 66(2)), the Commission authorized the coal traders Raab Karcher (UK) Ltd, of London, a wholly owned subsidiary of Raab Karcher AG, of Essen, Germany, to acquire all the issued share capital of the London company Cory Coal Trading Ltd.

Although the merger would significantly increase Raab Karcher's sales in the United Kingdom, in relation to the size of the market and the very large share of it held by the nationalized producer British Coal, the transaction appeared unlikely to have an adverse effect on competition. Indeed, as Raab Karcher is part of the VEBA group, which mainly trades in coal imported from outside the Community (which is frequently cheaper than Community coal), there was a possibility that the merger would increase competition.

State aid²

General schemes

Employment

Spain

2.1.32. On 18 January the Commission authorized two employment schemes proposed by the Aragon region and the Canary Islands. The Aragon scheme offers grants of between PTA 350 000 and 500 000 (ECU 2 655 to 3 750) per person for people under 25 who are taken on by a company in a newly created job or who start up their own businesses or join cooperatives. In the Canary Islands the scheme will provide grants of PTA 560 000 (ECU 4 250) per person to employers taking on people under 25 or long-term unemployed. The Commission considered that the schemes, being targeted at two of the worst-off groups of unemployed, were pursuing similar objectives to those of the European Social Fund.

Small business

Spain

2.1.33. The same day the Commission also gave clearance for a central government scheme to support investment by small companies in Castilla-La Mancha. Under the scheme, one-off grants covering up to 25% of the project cost, subject to a maximum of PTA 5 million (ECU 38 000) per project, will be available for investment in new plant and equipment or for extending or modernizing plant and equipment, where the project is not eligible for support from the regional aid scheme under Spain's Act 50/1985 because the sum invested is too small. Firms employing over 100 people, having annual sales of over PTA 1 billion (ECU 7.6 million) or over one-third-owned by companies bigger than themselves and firms in

¹ Bull. EC 6-1988, point 2.1.102.

² See the 'Agriculture', 'Energy' and 'Fisheries' sections for State-aid measures in those fields.

the agriculture or food industries are excluded from the scheme.

Employment, education and social policy

Employment

Sectoral aspects of employment policy

2.1.34. The Joint Committee on Road Transport devoted the greater part of its meeting on 20 January to questions of social legislation, notably the implementation of Council Directive 88/599/EEC of 23 November 1988 on standard checking procedures.¹ There was also discussion of the application of Council Directive 85/3/EEC of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles.²

2.1.35. At its meeting in Brussels on 17 January, the Joint Committee on Social Problems of Agricultural Workers took a decision to set up a forestry subgroup which would monitor the implementation of the Community forestry action programme for 1989-92 proposed by the Commission in its communication to the Council on 28 September 1988.³

Dialogue with the two sides of industry

2.1.36. On 12 January a meeting took place in Brussels to relaunch the social dialogue (→ point 1.2.1 *et seq.*).

Financial instruments

European Social Fund

2.1.37. On 19 January Parliament adopted a resolution on problems concerning the budget management and administration of the European Social Fund in the period 1981-87.⁴ While regretting the shortcomings which resulted in massive cancel-

lation of appropriations, Parliament noted the beneficial effects of the rationalization plan implemented by the Commission to settle outstanding commitments⁵ and the Commission's willingness to adopt specific measures to correct the deficiencies identified. It also urged an intensification of on-the-spot checks.

Health and safety

Public health

Action against cancer

2.1.38. On 9 January the Commission sent the Council a draft recommendation on banning smoking in public places.⁶ The various measures which this document sets out, aimed at limiting and reducing the use of tobacco, form an integral part of the Community programme of action against cancer, adopted by the Council on 7 July 1986.⁷ It is proposed that the Council recommend to the Member States that they ban smoking in public places which are part of public or private establishments intended for one of the uses which the recommendation lists. The Member States are free to add to the establishments listed, in which clearly defined areas must be set aside for smokers. In case of conflict between the right of the non-smoker to health and the right of the smoker to smoke, the right of the non-smoker prevails in these establishments and at all workplaces. The Member States are also urged to extend the ban on smoking to cover all forms of public transport and to inform the Commission every two years with regard to the implementation of the recommendation.

¹ OJ L 325, 29.11.1988; Bull. EC 11-1988, point 2.1.257.

² OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

³ OJ C 312, 7.12.1988; Bull. EC 9-1988, points 1.2.1 to 1.2.6.

⁴ OJ C 47, 27.2.1989.

⁵ Bull. EC 11-1988, point 2.1.120.

⁶ OJ C 32, 8.2.1989; COM(88) 674 final.

⁷ OJ C 184, 23.7.1986; Bull. EC 7/8-1986, point 2.1.112.

Measures to combat drugs

2.1.39. On 18 January Parliament adopted two resolutions on measures to combat drugs and on drug trafficking.¹ In the first it called on the Commission to propose to the Council that the Community accede to the new United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.² Parliament also invited the Commission to join with it in organizing a Community conference to evaluate the policies of the Member States and draw up a comprehensive Community action programme against drugs. In addition, Parliament called on the Member States to appoint as quickly as possible coordinators responsible for studying questions relating to internal security at Community level further to the decision of the European Council in Rhodes.³ In its second resolution Parliament considered the implications of crop substitution programmes in developing countries and suggested in this regard a general programme of aid. It reiterated its concern that there should be improved collaboration at European and international level.

Communication and culture

Communication

2.1.40. On 19 January Parliament adopted a resolution on controlling the use of the appropriations earmarked for the information policy of the Community institutions.¹ In the light of the fact that the Community should give the greatest possible publicity to the Single Act objectives of economic cohesion and completion of the internal market, Parliament noted that the resources available to the Community for the purpose were modest compared to those available to the Member States. It proposed to the Commission a number of information policy objectives and recommendations for restructuring that policy, requesting it to forward annually to Parliament documents summarizing policy, and emphasizing that

the external offices had an important role to play in the dissemination of information.

Public awareness

Information campaigns

2.1.41. The Commission and the COPA (Committee of Professional Agricultural Organizations in the Community) Women's Committee arranged a meeting at Mitilini in Greece from 11 to 14 January during which 200 women farmers from the Community held discussions and exchanged information on the problems they faced on their farms. The participants called for the determination of a proper legal status for women farmers, who in many countries still all too often had rights only through their husbands.

2.1.42. The Commission has produced a film on farming in Europe in collaboration with FIT Production of Paris. It is entitled *Champ contre champ* and gives farmers the opportunity to talk about the Europe in which they live, to bring out the unique identity of the Community's farmers and to dispel a number of myths about them.

2.1.43. The Commission has published the first issue of a monthly news-sheet entitled *Women of Europe Newsletter*. It is to be produced in English and French and is aimed particularly at those dealing with equal opportunities for men and women in the Member States.

2.1.44. In mid-January, at the Community's information office in Dublin, Ireland's Health Minister launched a large-scale information campaign as part of European Information on Cancer Year.

¹ OJ C 47, 27.2.1989.

² Bull. EC 12-1988, point 2.2.69.

³ Bull. EC 12-1988, point 1.1.3.

Regional policy

Financial instruments

European Regional Development Fund

2.1.45. On 25 January the Commission, in accordance with Regulation (EEC) No 2052/88 of 24 June 1988 on the reform of the structural Funds,¹ decided on an indicative allocation between Member States of 85% of the ERDF appropriations for Objective 1 (to promote the development and structural adjustment of regions whose development is lagging behind) for the period 1989-93. This indicative allocation, which is based on the list of regions contained in the Regulation and on the population shares and relative prosperity of each region and Member State, does not represent a quota or guarantee but is merely a planning guide for the five-year period concerned.

Aid for disaster victims

2.1.46. On 31 January the Commission decided to grant emergency assistance totalling ECU 200 000 (Article 690 of the budget) to the victims of Hurricane Firinga in the French overseas department of Réunion.

Coordination of structural instruments

Reform of the structural Funds

2.1.47. On 25 January the Commission made an initial indicative allocation between Member States of 85% of the ERDF appropriations for Objective 1 (→ point 2.1.45).

2.1.48. The Commission published a notice to Member States on monitoring compliance with public procurement rules in the case of projects and programmes

financed by the structural Funds and financial instruments (→ point 2.1.8).

*

2.1.49. On 18 January Parliament adopted a resolution on economic and social cohesion in the Community² in which it reaffirmed the need to implement a strategy for both growth and cohesion based on economic and monetary cooperation, reform of the structural Funds, effective redistribution through the budget and flexible application of competition policy. Ten priority sectors were identified in which Community measures should take particular account of less-favoured areas: infrastructures, education and training, new technologies, reform of the CAP, diversification of regional economies, environment, regional participation, social cohesion, external trade policy conducive to cohesion, and monitoring of progress towards economic and social cohesion.

Environment and consumers

Environment

Prevention and reduction of pollution and nuisance

Noise abatement

Motorcycles

2.1.50. On 18 January Parliament approved at second reading³ the Council's common position⁴ on the proposal for a Directive⁵ to amend Directive 78/1015/EEC of 23 November 1978 on the approximation of the laws of the Member States

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

² OJ C 47, 27.2.1989.

³ OJ C 47, 27.2.1989. First reading opinion: OJ C 262, 10.10.1988; Bull. EC 9-1988, point 2.1.89.

⁴ Bull. EC 10-1988, point 2.1.107.

⁵ OJ C 44, 17.2.1988; Bull. EC 1-1988, point 2.1.59. OJ L 349, 13.12.1978.

relating to the permissible sound levels and exhaust systems of motorcycles.¹

International cooperation

2.1.51. The Commission took part in a United Nations Environment Programme meeting in Nairobi between 18 and 20 January. Participants reached a consensus on the role of UNEP and its wider policy objectives over the coming years, and discussed the organization of a world environment conference in 1992. They also went into other subjects of global interest, such as climatic change.

Consumers

Physical protection and product safety

Cosmetics

2.1.52. On 18 January Parliament delivered a favourable opinion (first reading)² on the proposal for a Directive³ to amend for the fifth time Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products.⁴ The purpose of the latest amendment is to substitute an advisory committee for the regulatory committee procedure in the Directive as it now stands.

Agriculture

Continuing reform of the CAP

2.1.53. At its meeting on 23 and 24 January the Council reached an important political agreement by a qualified majority on a package of measures which continue the general thrust of Community action over the past three years as regards the reform of the common agricultural policy⁵ and which represent a further stage in the implementation of the conclusions drawn by the February 1988 European Council as regards agriculture.⁶

This agreement constitutes a common approach, as Parliament has yet to give its opinion on certain of the proposals relating to income aid, beef/veal, the arrangements for small producers of cereals, the adjustment of the milk quota scheme ('SLOM'), nuts and agri-monetary measures.

Income aid

2.1.54. The system of transitional aid to agricultural income⁷ agreed on represents a new instrument to support farms facing an uncertain future because of prevailing market conditions which are unable to carry through the adjustment process on their own. The aid may help to:

- (i) keep income at reasonable levels in the course of adjustment processes affecting farm structure, organization or management;
- (ii) soften the effect on income of farms' financial obligations; and
- (iii) support agricultural income levels where farmers are trying to diversify out of agriculture.

The aid may also help maintain the socio-economic equilibrium in a region.

For implementation of the scheme, Member States must draw up a framework programme setting out the manner in which the scheme will be applied in accordance with Community rules. This programme will not become operational until it has been approved by the Commission.

The amount of aid granted is linked to the prejudicial effects of market adjustment. The aid is restricted to farmers whose overall income (both agricultural and non-agricultural) is below a threshold set by the Member States which may under no circum-

¹ OJ L 349, 13.12.1978.

² OJ C 47, 27.2.1989.

³ OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.192.

⁴ OJ L 262, 27.9.1976.

⁵ Supplement 4/83 — Bull. EC; Bull. EC 7/8-1983, point 1.1.1 *et seq.*

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

⁷ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*; OJ C 180, 9.7.1988; Bull. EC 5-1988, point 2.1.118.

stances exceed certain limits determined at Community level (70% of national gross domestic product or 90% of regional GDP per member of the working population).

The measure will be of limited duration (not more than five years) and degressive in nature. The maximum aid may not exceed ECU 2 500 per annual work unit (AWU) and will be set as a proportion of national or regional income.

The Community contribution to the financing of the aid will be 70% in regions whose development is lagging behind (Objective 1) and 25% in other regions. An intermediate rate could be established for certain areas classified as Objective 5(b) regions. The maximum amount of aid eligible for Community cofinancing will be ECU 1 000 per AWU.

Member States have a period of four years in which they may submit framework programmes to the Commission, which takes the overall duration of the scheme to nine years.

In accordance with the conclusions of the Brussels European Council of February 1988, a special heading for income aids has been entered in the budget, to be allocated a maximum of ECU 300 million in 1992.

Beef/veal

2.1.55. The Council reached agreement on the proposal for Regulations¹ for reform of the beef and veal sector, subject to a slightly higher ceiling (of 220 000 tonnes instead of the 200 000 tonnes proposed by the Commission) on the quantities bought in by tender each year in the Community from 3 April 1989. In the event of an abnormal market situation, the Commission can resort to public intervention buying of additional quantities (safety net).

As regards the various premium schemes, it was decided that only the special premium for male bovine animals and the suckler cow premium would be maintained and that the variable slaughter premium and the calving premium would not be renewed.

Small producers of cereals

2.1.56. As regards the general rules for the special system applicable to small producers as part of the co-responsibility arrangements in the cereals sector,² the Council agreed basically to maintain the rules in force for the 1988/89 marketing year³ for the next three years. A total amount of ECU 220 million is set aside for the aid to be granted under this scheme.

It will be for the Member States to define, subject to Commission control, which farmers are to be considered as small producers taking account in particular of the area given over to the cultivation of cereals, of the utilized agricultural area or of the amount cereals contribute to the earnings of the holdings.

Milk quotas

2.1.57. As for the proposals for Regulations concerning the adjustment of the milk-quota scheme and related measures ('SLOM'),⁴ the Council reached a consensus on the allocation to eligible producers of a non-transferable quota of 60% of the quantity for which entitlement to the premium for the non marketing of milk under Council Regulation (EEC) No 1078/77 of 17 May 1977⁵ introducing the 'SLOM' programme was maintained.

Nuts

2.1.58. As regards the proposals for Regulations concerning nut-growing,⁶ the Council took a favourable view of a series of measures aimed at increasing the competitiveness of these products by providing an additional incentive for the formation of producers' organizations and by strengthening the role of those organizations in relation to production and marketing.

¹ OJ C 300, 25.11.1988; Bull. EC 10-1988, point 2.1.144.

² Bull. EC 11-1988, point 2.1.188.

³ OJ L 197, 26.7.1988; Bull. EC 7/8-1988, point 2.1.127.

⁴ OJ C 265, 12.10.1988; Bull. EC 9-1988, point 2.1.102.

⁵ OJ L 131, 26.5.1977.

⁶ OJ C 322, 15.12.1988; Bull. EC 10-1988, point 2.1.129.

Agri-monetary measures

2.1.59. The Council agreed to reduce the monetary gaps for Greece by six points from the end of January. This corresponds to the additional dismantling agreed in July 1988 as part of the 1988/89 farm price review.¹

In addition, it was agreed to eliminate monetary compensatory amounts (MCAs) for pigmeat in Ireland by applying a minimal dismantling of the monetary gap in this sector. As regards beef/veal, it was decided that the dismantling of the negative MCAs, already agreed in the other sectors for the 1988/89 marketing year, should begin in February 1989.

Agricultural prices and related measures for 1989/90

2.1.60. On 18 January the Commission adopted its proposals on agricultural prices, related measures and changes to the agri-monetary system for the 1989/90 marketing year.² These proposals confirm the approach which has been followed for some years now and are intended to continue the process of adjusting the farm sector to the new situation on Community and world markets. They meet the need to ensure that the resources allocated to agriculture are used effectively and equitably, by rationalizing market management and by diversifying the ways in which support and guidance are provided under the CAP. This rationalization process also serves to consolidate, at international level, the position attained by the Community as a producer and exporter of agricultural produce with steps being taken to prevent such rationalization resulting in unacceptable social or regional imbalances.

The efforts made by the Community to make farms more competitive are accompanied by a stepping-up and rationalization of the instruments of structural policy. At its 23 and 24 January meeting the Council reached political agreement on the broad lines of a direct aid scheme for the most hard-pressed farmers (→ point 2.1.54). To these steps should be added the

measures set out in the Commission's communication on the future of rural society.³

In making its proposals for prices and related measures for the coming marketing year, the Commission has tried to ignore purely short-term developments on certain markets, which should not be allowed to hide the long- and medium-term trends.

Prices

2.1.61. The present situation and medium-term prospects on agricultural markets give every reason for continuing with the restrictive prices policy of the last few years. Market prices in 1989/90 will not be determined solely by the institutional prices. In addition to market conditions, they will also be affected by the related measures, the agri-monetary measures and any effects of the introduction of stabilizers.⁴

Taking these various factors into account, the Commission has proposed that the common prices for most food products remain unchanged. However, in a number of sectors where a decrease in institutional prices is justified, either because of the market situation or in order to guarantee equality of treatment between crops which compete in the rotation, or in order to encourage the search for market outlets, the Commission is proposing price cuts as against the current marketing year (see Table 2).

The impact of these proposals on support prices for agricultural products in the Community is -0.2% in ecus and +0.6% in national currencies (see Table 4).

Related measures

2.1.62. The related measures concern mainly the conditions of intervention, quality standards and aids. They thus constitute a necessary adjunct to the price proposals. This year, however, the Commission has focused its attention on prices, and has kept to a minimum the related measures which supplement the stabilizers at present in force (see Table 5).

¹ Bull. EC 7/8-1988, point 2.1.137.

² COM(89) 40 final.

³ Supplement 4/88 — Bull. EC 7/8-1988, point 1.2.1 *et seq.*

⁴ OJ L 110, 29.4.1988; Bull. EC 4-1988, point 2.1.126; OJ L 132, 28.5.1988; Bull. EC 5-1988, point 2.1.117.

Table 2 — Price proposals for individual agricultural products

Product and type of price or amount (with period of application)	Decisions 1988-89		Proposals 1989-90		Spain			Portugal		
	Amounts (Ecu/tonne)	% change	Amounts (Ecu/tonne)	% change	Amounts (Ecu/tonne)		% change	Amounts (Ecu/tonne)		% change
					1988-89	1989-90		1988-89	1989-90	
1	2	3	4	5	6	7	8	9	10	11
Common wheat 1.7.1989-30.6.1990										
• Target price	250.30	- 2.26	247.78	- 1.01	250.30	247.78	- 1.01	—	—	—
• Intervention price for bread wheat	179.44	0	179.44	0	179.44	179.44	0	—	—	—
• Intervention price for fodder wheat	170.47	0	170.47	0	170.47	170.47	0	—	—	—
Barley 1.7.1989-30.6.1990										
• Target price	228.00	- 2.48	225.48	- 1.11	228.00	225.48	- 1.11	—	—	—
• Intervention price	170.47	0	170.47	0	161.17	170.47	+ 5.75	—	—	—
Maize 1.7.1989-30.6.1990										
• Target price	228.00	- 2.48	225.48	- 1.11	228.00	225.48	- 1.11	—	—	—
• Intervention price	179.44	0	179.44	0	179.44	179.44	0	—	—	—
Sorghum 1.7.1989-30.6.1990										
• Target price	228.00	- 2.48	225.48	- 1.11	228.00	225.48	- 1.11	—	—	—
• Intervention price	170.47	0	170.47	0	161.17	170.47	+ 5.75	—	—	—
Rye 1.7.1989-30.6.1990										
• Target price	228.00	- 2.48	225.48	- 1.11	228.00	225.48	- 1.11	—	—	—
• Intervention price	170.47	0	170.47	0	162.85	170.47	+ 4.66	—	—	—
Durum wheat 1.7.1989-30.6.1990										
• Target price	334.91	- 6.37	315.39	- 5.83	334.91	315.39	- 5.83	—	—	—
• Intervention price	276.34	- 5.23	261.09	- 5.52	221.90	222.51	+ 0.27	—	—	—
• Aid (Ecu/ha)	137.05	+ 12.52	152.30	+ 11.13	54.49	78.94	+ 44.87	—	—	—
Rice 1.9.1989-31.8.1990										
• Target price — husked rice	549.85	+ 0.82	546.88	- 0.54	549.85	546.88	- 0.54	—	—	—
• Intervention price — paddy rice	314.19	0	314.19	0	270.64	281.52	+ 4.02	—	—	—
• Aid for Indica (Ecu/ha)	330.00	0	300.00	- 9.09	330.00	300.00	- 9.09	—	—	—
Sugar 1.7.1989-30.6.1990										
• Basic price for sugarbeet	40.89	0	38.85	- 5	47.98	45.58	- 5.0	43.72	41.53	- 5.0
• Intervention price for white sugar ¹	54.18	0	51.47	- 5	62.78	59.64	- 5.0	51.88	50.12	- 3.4

Olive oil	1.11.1989-31.10.1990										
• Production target price		3 225.6	0	3 225.6	0	3 225.6	3 225.6	0	3 225.6	3 225.6	0
• Intervention price		2 162.4	0	2 162.4	0	1 550.1	1 652.1	+ 6	2 037.9	2 058.7	+ 10
• Production aid		709.5	0	709.5	0	271.0	333.6	+ 23	212.9	283.8	+ 33
Rape	1.7.1989-30.6.1990										
• Target price		450.2	0	450.2	0	408.6	414.5	+ 1.4	450.2	450.2	0
• Intervention price		407.6	0	407.6	0	366.0	371.9	+ 1.6	407.6	407.6	0
Sunflower seed	1.8.1989-31.7.1990										
• Target price		583.5	0	583.5	0	462.8	480.0	+ 3.7	583.5	583.5	0
• Intervention price		534.7	0	534.7	0	414.0	431.2	+ 4.2	534.7	534.7	0
Soya beans	1.9.1989-31.8.1990										
• Guide price		558.5	0	558.5	0	443.5	459.9	+ 3.7	558.5	558.5	0
• Minimum price		489.4	0	489.4	0	374.4	390.8	+ 4.4	489.4	489.4	0
Dried fodder	1.5.1989-30.4.1990										
• Guide price		178.92	0	178.92	0	161.27	165.68	+ 2.7	178.92	178.92	0
Peas and field beans	1.7.1989-30.6.1990										
• Activating price		447.6	0	447.6	0	447.6	447.6	0	447.6	447.6	0
• Guide price		295.2	0	295.2	0	295.2	295.2	0	295.2	295.2	0
• Minimum price — peas		257.7	0	257.7	0	257.7	257.7	0	257.7	257.7	0
— field beans		248.6	0	234.7	- 5.6	248.6	234.7	- 5.6	248.6	234.7	- 5.6
Lupins	1.7.1989-30.6.1990										
• Activating price		430.5	0	430.5	0	409.5	414.7	+ 1.3	430.5	430.5	0
• Minimum price		289.0	0	289.0	0	276.4	280.9	+ 1.6	289.0	289.0	0
Flax	1.8.1989-31.7.1990										
• Guide price (seed)		554.1	0	554.1	0	487.3	496.8	+ 2	554.1	554.1	0
• Fixed-rate aid (fibre) (per ha)		355.09	0	375.0	+ 5.6	152.19	207.89	+ 36.6	152.19	207.89	+ 36.6
Hemp	1.8.1989-31.7.1990										
• Fixed-rate aid (per ha)		322.48	0	340.0	+ 5.4	138.21	188.66	+ 36.5	138.21	188.86	+ 36.5
• Aid (seed)		250.0	0	250.0	0	250.0	250.0	0	250.0	250.0	0
Silkworms	1.4.1989-31.3.1990										
• Aid per box of silkseed		112.00	0	112.00	0	47.68	63.76	+ 34	47.68	63.76	+ 34
Cotton	1.9.1989-31.8.1990										
• Guide price		960.2	0	960.2	0	960.2	960.2	0	960.2	960.2	0
• Minimum price		912.3	0	912.3	0	912.3	912.3	0	912.3	912.3	0
Milk	1.4.1989-31.3.1990										
• Target price		278.4	0	278.4	0	—	—	—	—	—	—
Butter											
• Intervention price		3 132.0	0	3 069.4	- 2 ²	3 391.3	3 284.0	- 3.17	—	—	—

Table 2 (continued)

Product and type of price or amount (with period of application)	Decisions 1988-89		Proposals 1989-90		Spain			Portugal		
	Amounts (Ecu/tonne)	% change	Amounts (Ecu/tonne)	% change	Amounts (Ecu/tonne)		% change	Amounts (Ecu/tonne)		% change
					1988-89	1989-90		1988-89	1989-90	
1	2	3	4	5	6	7	8	9	10	11
Skimmed-milk powder										
• Intervention price	1 740.4	0	1 740.4	0	2 260.4	2 201.2	- 2.62	—	—	—
Grana padano cheese 30-60 days										
• Intervention price	3 889.3	0	3 889.3	0	—	—	—	—	—	—
Grana padano cheese 6 months										
• Intervention price	4 803.3	0	4 803.3	0	—	—	—	—	—	—
Parmigiano-Reggiano 6 months										
• Intervention price	5 291.9	0	5 291.9	0	—	—	—	—	—	—
Beaf/veal 6.4.1989-3.4.1990										
• Guide price for adult bovines ³	2 050.2	0	2 050.2	0	2 050.2	2 050.2	0	—	—	—
• Intervention price quality R 3 cat. A	3 440.0	0	3 440.0	0	3 440.0	3 440.0	0	—	—	—
• Intervention price quality R 3 cat. C	3 440.0	0	3 440.0	0	3 440.0	3 440.0	0	—	—	—
Sheepmeat 6.1.1989-3.1.1990										
• Basic price (carcass weight)	4 323.2	0	4 323.2	0	4 323.2	4 323.2	0	4 323.2	4 323.2	0
Pigmeat 1.7.1989-30.6.1990										
• Basic price (carcass weight)	2 033.3	0	2 033.3	0	2 033.3	2 033.3	0	—	—	—
Fruit and vegetables — Basic price										
• Cauliflowers 1.5.1989-30.4.1990		0		0	—	—	—	—	—	—
• Tomatoes 11.6.1989-30.11.1989		0		0	—	—	—	—	—	—
• Peaches 1.6.1989-30.9.1989		0		0	—	—	—	—	—	—
• Lemons 1.6.1989-31.5.1990		0		0	—	—	—	—	—	—
• Pears 1.7.1989-30.4.1990		0		0	—	—	—	—	—	—
• Table grapes 1.8.1989-31.10.1989		0		0	—	—	—	—	—	—
• Apples 1.8.1989-31.5.1990		0		0	—	—	—	—	—	—
• Mandarins 16.11.1989-28.2.1990		0		- 7.5	—	—	—	—	—	—
• Sweet oranges 1.12.1989-31.5.1990		0		- 7.5	—	—	—	—	—	—
• Apricots 1.6.1989-31.7.1990		0		0	—	—	—	—	—	—
• Aubergines 1.7.1989-31.10.1989		0		0	—	—	—	—	—	—
• Clementines 1.12.1989-15.2.1990		0		- 7.5	—	—	—	—	—	—
• Satsumas 16.10.1989-15.1.1990		pm		- 7.5	—	—	—	—	—	—
• Nectarines 1.6.1989-31.8.1989		pm		0	—	—	—	—	—	—

Table wine ⁴	1.9.1989-31.8.1990									
● Guide price Type R I	3.35	0	3.27	- 2.5	2.49	2.69	+ 8	—	—	—
● Guide price Type R II	3.35	0	3.27	- 2.5	2.49	2.69	+ 8	—	—	—
● Guide price Type R III	52.23	0	52.23	0	38.89	42.23	+ 8.59	—	—	—
● Guide price Type A I	3.11	0	3.17	+ 2	2.31	2.53	+ 9.52	—	—	—
● Guide price Type A II	69.60	0	69.60	0	51.78	56.24	+ 8.61	—	—	—
● Guide price Type A III	79.49	0	79.49	0	59.14	64.23	+ 8.61	—	—	—

¹ Ecu/quintal.

² Following the possible decisions on the 'SLOM'.

³ Price per tonne liveweight.

⁴ R I, R II and A I expressed in Ecu/%/hl.

R III, A II and A III expressed in Ecu/hl.

Table 3 — Price proposals for tobacco

Product and type of price or amount	1988 harvest decisions		Proposals for 1989 (EUR 12)	
	Price/premium (% change on 1987)		Price/premium (% change on 1988)	
1	2		3	
Group I	3. Virgin D 7. Bright 17. Basmas 18. Katerini 26. Virgin Gr. 31. Virgin Esp. 33. Virgin Port.	Price 0 Premium + 2	Price 0 Premium 0	
Group II	2. Bad. Burley 8. Burley I 9. Maryland 25. Burley Gr. 32. Burley Esp. 34. Burley Port. 28. Fermented Burley	Price 0 Premium + 1	Price 0 Prime 0	
Group III	1. Bad. Geud. 4. Paraguay 5. Nijkerk 6. Missionero 10. Kentucky 16. Round Tip 27. Santa Fé 29. Havana Esp. 30. Round Scafati	Price 0 Premium 0	Price 0 Premium 0	
Group IV	13. Xanti-Yaka 14. Perustitza 15. Erzegovina 19. K.K. classic 20. K.K. non-classic 21. Myrodata Ag. 22. Zichnomyrodata	Price - 6 Premium - 6	Price 0 Premium 0	
Group V	11. Forch. Havanna 12. Beneventano 23. Tsebelia 24. Mavra	Price - 8 Premium - 8	Price 0 ¹ Premium 0	

¹ It is proposed that, for Forchheimer Havanna, Mavra and Tsebelia from the 1989, 1990 and 1991 harvests, the intervention price/norm price ratio be reduced from 85 to 75%.

Table 4 — *Effect of Commission proposals on support prices in ecus and in national currency*

	Percentage change ¹	
	in ecus ²	in national currency ^{2,3}
Belgium	- 0.3	- 0.3
Denmark	- 0.1	- 0.1
Germany (FR)	- 0.2	- 1.5
Greece	- 0.6	10.9
Spain ⁴	1.3	0.4
France	- 0.3	0.7
Ireland	- 0.1	0.7
Italy	- 0.8	0.3
Luxembourg	0	0
Netherlands	- 0.2	- 0.8
Portugal ⁴	6.6	9.2
United Kingdom	- 0.1	1.6
EUR 12 ⁴	- 0.2	0.6

¹ Percentage change between proposed support prices for 1989/90 and those for 1988/89.

² Support (intervention or equivalent) prices, weighted in accordance with share of various products in value of agricultural production covered by common prices.

³ Common prices in ecus converted at green rates in the Commission proposal.

⁴ Including effect of alignment of Spanish and Portuguese prices on common prices under accession arrangements.

Extending or altering the stabilizer system

2.1.63. Given the difficulties that are being encountered in disposing of apples and cauliflowers, the Commission is proposing that intervention thresholds be introduced for these products. If these thresholds are exceeded during a marketing year, the basic and buying-in prices for the following year will be cut. The Commission also proposes that the quota for Williams' pears in syrup be converted into a guarantee threshold, any overstepping of which would entail a reduction in the aid for the next marketing year.

In the tobacco sector, the Commission proposes a new distribution by variety or by group of varieties of the maximum guaranteed quantities for the next two harvests.

Controlling production

2.1.64. In order to influence production levels direct, the Commission is proposing to introduce incentives for the grubbing of apple orchards and a ban on the transfer of vineyard replanting rights from one category of vineyard to another.

Charges to the intervention system

2.1.65. In order to make intervention act more effectively as a safety net at the end of the marketing year rather than as a normal outlet, it is proposed that there should be a two-stage reduction in the intervention period for cereals, rice and oilseeds, by one month in 1989/90 and by two months in 1990/91. It is also proposed that there be, in the case of cereals and rice, oilseeds and peas and field beans, a 25% reduction in the monthly increases, which will be applied only during the intervention period.

In the wine sector the Commission proposes that wines suitable for yielding table wines should qualify for compulsory distillation.

In order to reduce the amount of citrus fruit withdrawn from the market and to increase the use of such fruits by the processing industry, the Commission proposes that, for three years, the present system of aid for processing oranges into juice be extended to include mandarins, satsumas and clementines. It also proposes that withdrawal prices be aligned on the minimum producer prices for oranges, mandarins, satsumas and clementines.

Improving quality

2.1.66. The Commission is proposing:

that the special premium for common wheat and rye of bread-making quality be retained, its amount, however, being adjusted in line with the maximum guaranteed quantity arrangements;

that the premium on the target and intervention prices for double-low varieties of oilseed rape be maintained, these being the only varieties to qualify for aid as from 1991/92;

that the 2% deduction from the olive-oil production aid to finance measures to improve the quality of output be maintained;

that, in the dried fodder sector, the minimum quality criteria for grant of production aid, especially protein content, be reinforced; and

that the production aid for Indica rice be retained, but at a level 9% lower.

Table 5 — *Stabilizers and production thresholds*

	1988/89			1989/90
	Quota or maximum guaranteed quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Cereals	Maximum guaranteed quantity: 160 million t	Estimated production: 162.5 million t	Yes: additional co-responsibility levy for 1988/89: 1.6%; 3% price reduction for 1989/90	160 million t
Sugar	Quota A: 10.539 million t Quota B: 2.289 million t	Production (including carryovers) Quota A: 10.281 million t Quota B: 2.204 million t C sugar: 2.762 million t Total: 15.247 million t	No overshoot expected	As for 1988/89
Isoglucose	Quota A: 240 743 t Quota B: 50 342 t	Estimated production: within the quotas	No overshoot expected	As for 1988/89
Rape	Maximum guaranteed quantity: EUR 10: 4 500 000 t Spain: 10 000 t Portugal: 1 300 t	Estimated production: EUR 10: 5 300 000 t Spain: 10 000 t Portugal: —	EUR 10: 17.7% overshoot (rounded down to 17%): 17×0.45 giving a 7.65% or ECU 3.44/100 kg reduction in the target price None None	Maximum guaranteed quantity: as for 1988/89 Coefficient 0.5 instead of 0.45
Sunflower	Maximum guaranteed quantity: EUR 10: 2 000 000 t Spain: 1 411 800 t Portugal: 63 600 t	Estimated production: EUR 10: 2 880 000 t Spain: 1 250 000 t Portugal: 47 000 t	EUR 10: 44% overshoot, resulting in a reduction of 19.8% (44×0.45) or ECU 11.55/100 kg in the target price None None	Maximum guaranteed quantity: 1988/89, except for Portugal 75 700 t Coefficient 0.5 instead of 0.45
Soya	Maximum guaranteed quantity: EUR 12: 1 300 000 t	Estimated production: EUR 12: 1 600 000 t	23.07% overshoot (rounded down to 23%), resulting in a reduction of 10.35% (23×0.45) in the guide price or ECU 5.78/100 kg for EUR 10 and ECU 4.59/100 kg for Spain	Maximum guaranteed quantity: as for 1988/89 Coefficient: 0.5 instead of 4.5
Peas, field beans and sweet lupins	Maximum guaranteed quantity: EUR 12: 3 500 000 t	Estimated production: EUR 12: 4 200 000 t	20% overshoot, resulting in a price reduction of 9% (20×0.45) or ECU 2.66/100 kg for sweet lupins in Spain and ECU 2.94/100 kg for sweet lupins in the other Member States	Maximum guaranteed quantity: as for 1988/89 Coefficient 0.5 instead of 0.45
Olive oil	Maximum guaranteed quantity: EUR 12: 1 350 000 t	Production estimated six months after the end of the marketing year	No overshoot expected	Maximum guaranteed quantity: as for 1988/89

	1988/89			1989/90
	Quota or maximum guaranteed quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Wine	A ceiling is set on voluntary distillation for each producer. The volume for compulsory distillation is unlimited; prices determined according to total quantity for compulsory distillation as follows: volume equivalent to 10% of normal utilized volume (approx. 10 million hl) at 50% of guide price, the remainder at 25% of guide price	Quality for compulsory distillation: 9 million hl	None	
Tobacco	Total maximum guaranteed quantity: EUR 12: 385 000 t of leaf tobacco, broken down by variety	Total estimated production: EUR 12: 382 000 t	Overshoot for Badischer, Gendertheimer, Tsebelia and Navra: 5% penalty on prices and premiums will be applied for the 1988 harvest	Total maximum guaranteed quantity: EUR 12: 385 000 t, broken down by variety and by group of varieties
Cotton	Maximum guaranteed quantity for 1988/89: EUR 12: 752 000 t Maximum guaranteed quantity including the adjustment carried over from 1987/88: 705 242 t	Estimated production: EUR 12: 1 086 902 t	54.1% overshoot. Guide price: -20% (cut-off for 1988/89) or -ECU 19.200/100 kg	Maximum guaranteed quantity: EUR 12: 752 000 t
Fresh tomatoes	Intervention threshold: EUR 10: 390 000 t	Quantity withdrawn: EUR 10: 28 934 t (provisional figure)	No overshoot expected	Same thresholds as for 1988/89
Cauliflowers	—	—	—	Intervention thresholds: 3% for average production for fresh consumption (proposal)
Oranges	Intervention threshold: EUR 10: 301 972 t	Start of marketing year: December 1988		13.5% of average production over past 5 years
Lemons	Intervention threshold: EUR 10: 99 714 t Spain: 69 590 t	Current marketing year	The main months for withdrawal are February and March	13.5% of average production over past 5 years
Satsumas	Intervention threshold: EUR 10: 270 t	Start of marketing year: 16 October 1988		10% of average production over past 5 years
Clementines	Intervention threshold: EUR 10: 23 650 t Spain: 61 500 t	Start of marketing year: December 1988		10% of average production over past 5 years

Agriculture

	1988/89			1989/90
	Quota or maximum guaranteed quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Nectarines	Intervention threshold: EUR 10: 37 272 t	Quantity withdrawn: 85 830 t	Overshoot expected. Reduction in basic price close to maximum 20% permitted	10% of average production over past 5 years
Mandarins	Intervention threshold: EUR 10: 148 299 t	Start of marketing year: 16 December 1988		35% of average production over past 5 years
Peaches	Intervention threshold: EUR 10: 358 417 t	Quantity withdrawn: EUR 10: 285 701 t	No overshoot expected	17% of average production over past 5 years
Apples	—	—	—	Intervention threshold: 3% of average production for fresh consumption
Processed tomatoes	Guarantee threshold: <i>Concentrated</i> EUR 10: 2 987 850 t Spain: 370 000 t Portugal: 682 945 t <i>Peeled</i> EUR 10: 1 307 150 t Spain: 209 000 t Portugal: 9 600 t <i>Other</i> EUR 10: 405 000 t Spain: 88 000 t Portugal: 2 192 t		No overshoot expected	Same guarantee thresholds as for 1988/89
Dried grapes	Guarantee threshold: Currants: 70 000 t Sultanas: 93 000 t Muscatels: 4 000 t		No overshoot expected	No proposal. Report to the Council
Williams' pears	Quota: EUR 12: 102 305 t		No overshoot expected	Quota replaced by a guarantee threshold equivalent to the quota, plus 500 t of Rocha pears for Portugal (proposal)
Peaches in syrup	Guarantee threshold: EUR 11: 502 000 t Spain: 80 000 t		No overshoot expected	Same guarantee threshold as for 1988/89
Milk	Overall guaranteed quantity (including Community reserve and temporary 5.5% reduction): EUR 12: 95 782 736 t (without Portugal)	Deliveries expected to be 3.4% down on 1987/88	Overall overshoot expected	Overall guaranteed quantity (including temporary reduction): 95 339 736 t + Community reserve

	1988/89			1989/90
	Quota or maximum guaranteed quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Sheepmeat	Maximum guaranteed level for ewe flock: 63 400 000 head, with 18 100 000 for Great Britain and 45 300 000 for EUR 11 and Northern Ireland	Estimated 1988 flock: 46 443 000 head for EUR 11 and Northern Ireland and 18 730 000 head for Great Britain	2.5% overshoot for EUR 11 and Northern Ireland and 3.5% for Great Britain, resulting in a lowering of the basic and derived prices by 2 and 3% respectively with effect from 23 May 1988	Same maximum as for 1988/89 but price reduction coefficients set at 7.5% for Great Britain and 3.0% for the rest of the Community. Likely overshoot 7.9% for Great Britain and 3.2% for EUR 11 and Northern Ireland, resulting in a revision of the correction coefficients of 7 and 3% respectively with effect from 2 January 1989

Special situations

2.1.67. The proposals designed to allow for special situations include:

an increase in the production aid for durum wheat, in order to offset some of the effects on producers' incomes of the intervention price reductions proposed for this crop;

the continued payment of a higher level of olive oil production aid for producers whose production does not exceed 300kg;

Community cofinancing for the restructuring of milk production in Spain; and

in the milk sector, implementation of the system of temporary suspension of part of the reference quantities in Italy.

Agri-monetary measures

2.1.68. In 1988 the level of monetary compensatory amounts (MCAs) remained steady for all the currencies accepting the discipline of the European Monetary System (EMS). MCAs for the other currencies were either increased (Greek drachma and Portuguese escudo) or reduced (pound sterling and Spanish peseta). After the reduction in negative monetary gaps on 1 January, there remain a number of monetary gaps the dismantling of which is the subject of past commitments, namely the elimination of the remaining positive monetary gaps at the beginning of the 1989/90 marketing year,¹ and the dismantling of the remaining negative real monetary gaps between July 1988 and the end of 1992.²

In the light of those commitments and the situation with regard to real monetary gaps and MCAs as at 1 January 1989, the Commission is proposing:

- (i) for Germany and the Netherlands, the complete elimination of real monetary differences;
- (ii) for the other Member States applying the full disciplines of the EMS to their currencies, taking account of the level of real monetary differences on 1 January 1989, the elimination of real monetary gaps in two steps, the first of which would take place at the beginning of the 1989/90 marketing year and would imply the elimination of MCAs and would mean a reduction of two points in the real monetary gap in Denmark for the sheep and goat sector, in France for all sectors except pigmeat and in Ireland for all sectors;
- (iii) for Italy, the United Kingdom and Spain, the dismantling of one third of the real monetary gap on 1 January 1989 in those sectors where MCAs are actually applied and in sectors without MCAs where the gap is larger than 1.5 points;
- (iv) for Greece, the dismantling of the monetary gaps in such a way as to obtain on average a price increase close to the target inflation rate for 1989 (12 to 13%) and to reduce the number of agricultural conversion rates which have to be taken into consideration; and
- (v) for Portugal, the elimination of the slight negative monetary gaps which have been created.

These proposals are set out in detail in Tables 6 and 7.

¹ Bull. EC 6-1987, point 1.1.6.

² Bull. EC 7/8-1988, point 2.1.137.

Table 6 — Agrimonetary proposals — Fixed MCAs

	Situation at 1 January 1989 ¹				Proposals 1989/90				Consequences	
	Green central rate ²	Green rate	Real gap	Applied gap	Dismantlement	Green rate	Real gap	Applied gap	Devaluation	Effect on price
	Value of ecu in n.c.		Points		Points	Value of ecu in n.c.	Points		%	
GERMANY (FR)	2.34113									
Milk		2.38591	1.877	0	1.877	2.34113	0	0	1.913	- 1.877
Cereals		2.37360	1.368	0	1.368	2.34113	0	0	1.387	- 1.368
Other products		2.36110	0.846	0	0.846	2.34113	0	0	0.853	- 0.846
NETHERLANDS	2.63785									
Milk, cereals		2.66089	0.866	0	0.866	2.63785	0	0	0.873	- 0.866
Other products		2.64704	0.347	0	0.347	2.63785	0	0	0.348	- 0.347
BLEU	48.2869									
All products		48.2869	0	0		48.2869	0	0	0	0
FRANCE	7.85183									
Milk		7.58418	- 3.529	- 2.0	- 1.529	7.69787	- 2.000	0	- 1.477	1.499
Pigmeat		7.85183	0	0		7.85183	0	0	0	0
Beef/veal		7.81036	- 0.531	0		7.81036	- 0.531	0	0	0
Sheepmeat		7.65577	- 2.561	—	- 0.561	7.69787	- 2.000	—	- 0.547	0.550
Other livestock products		7.56606	- 3.777	0	- 1.777	7.69787	- 2.000	0	1.712	1.742
Wine		7.54389	- 4.082	0	- 2.082	7.69787	- 2.000	0	- 2.000	2.041
Olive oil		7.58418	- 3.529	0	- 1.529	7.69787	- 2.000	0	- 1.477	1.499
Cereals, sugar		7.58418	- 3.529	- 2.0	- 1.529	7.69787	- 2.000	0	- 1.477	1.499
Other products		7.58418	- 3.529	—	- 1.529	7.69787	- 2.000	—	- 1.477	1.499
DENMARK	8.93007									
Pigmeat		8.93007	0	0		8.93007	0	0	0	0
Sheepmeat		8.66492	- 3.060	—	- 1.060	8.75497	- 2.000	—	- 1.029	1.039
Other products		8.84165	- 1.000	0		8.84165	- 1.000	0	0	0
IRELAND	0.873900									
Sheepmeat		0.829788	- 5.316	—	- 3.316	0.856765	- 2.000	—	- 3.149	3.251
Beef/veal, pigmeat		0.856765	- 2.000	0		0.856765	- 2.000	0	0	0
Poultry		0.844585	- 3.471	0	- 1.471	0.856765	- 2.000	0	- 1.422	1.442
Crop products		0.843818	- 3.565	- 2.1	- 1.565	0.856765	- 2.000	0	- 1.511	1.534
Other products		0.844585	- 3.471	- 2.0	- 1.471	0.856765	- 2.000	0	- 1.422	1.442

¹ Having regard to the December 1988 proposal.² Coefficient: 1.137282 (0.879289).

Table 7 — Agrimonetary proposals — Variable MCAs

	Situation at 1 January 1989 ¹				Proposals 1989/90				Consequences	
	Green central rate ²	Green rate	Real gap	Applied gap	Dismantlement	Green rate	Real gap	Applied gap	Devaluation	Effect on price
	Value of ecu in n.c.	Points			Points	Value of ecu in n.c.	Points		%	
GREECE	192.894									
Pigmeat	163.533	- 17.954	- 16.5	- 13.402	184.496	- 4.552	- 3.1	- 11.362	12.819	
Sheepmeat	180.508	- 6.862	—	- 6.862	192.894	0	—	- 6.421	6.862	
Poultry	149.762	- 28.800	- 12.1	- 14.311	168.482	- 14.489	0	- 11.111	12.500	
Cereals, sugar	164.729	- 17.096	- 15.6	- 12.546	184.496	- 4.552	- 3.1	- 10.714	12.000	
Wine	164.729	- 17.096	- 12.1	- 12.546	184.496	- 4.552	0	- 10.714	12.000	
Olive oil	164.729	- 17.096	- 7.1	- 12.546	184.496	- 4.552	0	- 10.714	12.000	
Tobacco	164.729	- 17.096	—	- 12.546	184.496	- 4.552	—	- 10.714	12.000	
Other crop products	156.020	- 23.634	—	- 13.737	175.523	- 9.897	—	- 11.111	12.500	
Structures	190.827	- 1.083	—	- 1.083	192.894	0	—	- 1.072	1.083	
Other products	145.018	- 33.014	- 31.5	- 14.252	162.421	- 18.762	- 17.3	- 10.715	12.000	
SPAIN	150.490									
Pigmeat	153.561	2.000	0	0.667	152.523	1.333	0	0.680	- 0.676	
Sheepmeat	153.315	1.843	—	0.614	152.363	1.229	—	0.625	- 0.621	
Poultry	155.786	3.400	0	1.133	153.981	2.267	0	1.172	- 1.159	
Other livestock products	155.786	3.400	1.9	1.133	153.981	2.267	1.0	1.172	- 1.159	
Crop products	154.213	2.414	1.0	0.805	152.951	1.609	0.0	0.825	- 0.818	
Other products	155.786	3.400	—	1.133	153.981	2.267	—	1.172	- 1.159	
ITALY	1 711.84									
Pigmeat	1 716.00	- 0.242	0	—	1 716.00	- 0.242	0	0	0	
Poultry	1 652.00	- 3.622	0	- 1.178	1 671.00	- 2.444	0	- 1.137	1.150	
Cereals, oilseeds, dried fodder	1 635.00	- 4.700	- 3.2	- 1.577	1 660.00	- 3.123	- 1.6	- 1.506	1.529	
Fruit/vegetables, tobacco	1 668.00	- 2.628	—	- 0.854	1 682.00	- 1.774	—	- 0.832	0.839	
Wine	1 641.00	- 4.317	0	- 1.442	1 664.00	- 2.875	0	- 1.382	1.402	
Olive oil	1 652.00	- 3.622	0	- 1.178	1 671.00	- 2.444	0	- 1.137	1.150	
Other products	1 652.00	- 3.622	- 2.1	- 1.178	1 671.00	- 2.444	- 1.0	- 1.137	1.150	
PORTUGAL	192.446									
Olive oil	188.007	- 2.361	0	- 2.361	192.446	0	0	- 2.307	2.361	
Other products	188.007	- 2.361	- 1.0	- 2.361	192.446	0	0	- 2.307	2.361	
UNITED KINGDOM	0.726572									
Pigmeat	0.725849	- 0.100	0	—	0.725849	- 0.100	0	0	0	
Sheepmeat	0.671291	- 8.235	—	- 2.745	0.688762	- 5.490	—	- 2.537	2.603	
Beef/veal	0.710546	- 2.255	- 1.0	- 0.752	0.715809	- 1.504	0	- 0.735	0.741	
Poultry	0.685035	- 6.063	- 2.6	- 2.021	0.698341	- 4.043	0	- 1.905	1.942	
Olive oil	0.675071	- 7.629	0	- 2.543	0.691410	- 5.086	0	- 2.363	2.420	
Other crop products	0.675071	- 7.629	- 6.1	- 2.543	0.691410	- 5.086	- 3.6	- 2.363	2.420	
Other products	0.685035	- 6.063	- 4.6	- 2.021	0.698341	- 4.043	- 2.5	- 1.905	1.942	

¹ Having regard to the December 1988 proposal.² Coefficient: 1.137282 (0.879289).

Budgetary implications

2.1.69. Appropriations in Titles 1 and 2 of the 1989 budget amount to ECU 26 741 million, giving a margin of ECU 1 863 million over the guideline¹ of ECU 28 624 million laid down for agriculture (including 50% financing of set-aside expenditure by the EAGGF Guarantee Section). The situation at 1 January indicated that expenditure under the 1989 budget would fall short of appropriations by ECU 210 million.

It is estimated that the financial implications of the proposals for prices and related measures will, in 1989, be a saving of ECU 28 million, which means they can be financed without exceeding the appropriations in Titles 1 and 2 of the budget.²

For 1990, it is estimated that these proposals will entail an increase in expenditure of ECU 94 million.

From a budgetary point of view the price proposals for 1989/90 can therefore be described as 'neutral' as regards both 1989 and 1990.

Tightening up Community anti-fraud provisions

2.1.70. Fraud at the expense of the EAGGF and refusals to finance large sums at accounts clearance time because the Member States have applied Community rules incorrectly threaten not only to jeopardize the uniform application of Community rules and to distort competition but also to throw general discredit on the common agricultural policy.

Experience in combating fraud and in clearing the accounts of the EAGGF Guarantee Section shows the need to pay much greater attention to the checks to be carried out by Member States in order to prevent fraud and to the penalties which must ensue from the detection of undue payments.

The Commission hopes that the Council will cooperate with it in tightening up the Community rules with regard to fraud (→ point 2.3.4).

Market organizations

Cereals and rice

Market situation³

2.1.71. Community cereal production in 1988 is put at 162.5 million tonnes, which

is 5.2% up on the 1987 harvest as a result of increased yields both in Spain and in the northern part of the Community which offset to a large extent the further shrinkage in the area down to cereals from 35.032 million hectares in 1987 to 34.7 million hectares in 1988.

Production of common wheat rose from 64.4 to 68.3 million tonnes. The breadmaking quality of the common wheat was good, despite the low protein content in certain parts of the Community. Market prices were sustained by increased exports onto the world market. As a result of the favourable situation on the world market, owing to lower production in several traditional exporting countries, intervention stocks of common wheat fell from 4.567 million tonnes at the beginning of the marketing year to 3 million tonnes.

There was no further expansion in the cultivation of durum wheat. Production fell from 7.4 million tonnes in 1987 to 6.8 million tonnes in 1988. Since the situation on the world market is even more favourable than for common wheat, the Community committed large quantities for export; more than 2.5 million tonnes were exported, of which 1.2 million tonnes came from intervention stocks. This allowed the intervention agencies to cut their stocks of durum wheat from 2.3 million tonnes at the beginning of the marketing year to 1.2 million tonnes.

Barley production, which is put at 50 million tonnes, was 6% up on the previous year, with Spanish production hitting a record level for the second year in succession. As is the case for common and durum wheat, barley exports are up on previous years.

Maize production was up 9.5%, in particular as a result of an increase in the areas sown. The Community is now 104% self-sufficient in maize.

¹ Bull. EC 2-1988, point 1.1.1 *et seq.*; Bull. EC 3-1988, point 1.2.6.

² Bull. EC 12-1988, point 2.3.1.

³ Bull. EC 7/8-1988, point 2.1.144.

Wine

2.1.72. In January the Council, following the substantive agreement reached at its December 1988 meeting,¹ formally adopted a common position on the proposal for a Regulation laying down general rules on the definition, description and presentation of spirit drinks.²

2.1.73. On 24 January the Council, acting on a proposal from the Commission,³ adopted Regulation (EEC) No 222/89⁴ amending Regulation (EEC) No 354/79 of 5 February 1979 laying down general rules for the import of wines, grape juice and grape must.⁵ This further extends to 31 July 1989 the system whereby certain facilities are provided for the import of wine sector products from non-member countries.⁶

2.1.74. On 16 January the Commission adopted Regulation (EEC) No 85/89⁷ opening compulsory distillation as provided for in Article 39 of Council Regulation (EEC) No 822/87 of 16 March 1987⁸ and derogating for the 1988/89 wine year from certain detailed rules for the application thereof. Such distillation is essential in order to correct the imbalance on the market and concerns a volume of 9 million hectolitres broken down between France (2.47 million hl), Italy (6.33 million hl) and Greece (0.2 million hl) on the basis of the quantities of table wine produced by these Member States and of stock levels during the current wine year. Low production in the other Member States, including Spain, where the harvest was well down this year, has meant that they are exempt from compulsory distillation.

Since the volume to be distilled is less than 10% of likely normal utilization for the year, the buying-in price was set at 50% of the guide price.

2.1.75. On 16 January, in parallel with Regulation (EEC) No 85/89, the Commission also adopted Regulation (EEC) No 86/89⁷ opening, for the 1988/89 wine year,

distillation of table wine as provided for in Article 41(1) of Regulation (EEC) No 822/87. This support distillation operation, which is restricted to producers in regions in which compulsory distillation is opened, relates to a maximum quantity of 3.5 million hectolitres at a buying-in price of 82% of the guide price.

Milk and milk products

2.1.76. On 30 January the Commission adopted Regulation (EEC) No 231/89⁴ amending Regulation (EEC) No 3143/85 of 11 November 1985 on the sale at reduced prices of intervention butter intended for direct consumption in the form of concentrated butter.⁹ Given the improvement in the market situation for this product and the fall in public stocks of butter, the Commission decided to cut the reduction in the prices at which the butter is sold by ECU 15/100kg.

Structures

2.1.77. On 25 January the Economic and Social Committee delivered an opinion approving the proposal for a Regulation¹⁰ amending Council Regulation (EEC) No 797/85 of 12 March 1985¹¹ as regards extension of production.

Legislation

2.1.78. On 5 January the Commission sent the Council a report on the rabies situation

¹ Bull. EC 12-1988, point 2.1.241.

² OJ C 189, 23.7.1982, OJ C 269, 25.10.1986; Bull. EC 9-1986, point 2.1.114.

³ COM(88) 790 final.

⁴ OJ L 29, 31.1.1989.

⁵ OJ L 54, 5.3.1979.

⁶ Previous extension: OJ L 373, 31.12.1988; Bull. EC 12-1988, point 2.1.238.

⁷ OJ L 13, 17.1.1989.

⁸ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁹ OJ L 298, 12.11.1985; Bull. EC 11-1985, point 2.1.137.

¹⁰ Bull. EC 12-1988, point 2.1.275.

¹¹ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

in the Member States, accompanied by a proposal for a Regulation instituting a certificate for dogs and cats on visits of less than one year in the Member States and introducing Community measures to set up pilot projects for the control and eradication of rabies.¹ This proposal, which is a step towards the completion of the internal market, is intended to harmonize the certificate which accompanies dogs and cats on short-stay visits in another Member State, which would avoid delays and hold-ups at border crossings. There is no intention to require Ireland and the United Kingdom to withdraw their quarantine provisions. A further aim of the proposal is to encourage the Member States to set up pilot projects for the eradication of rabies in those parts of the Community where the disease is rife.

Competition

2.1.79. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to make no comment on the introduction of the following proposed schemes, which had been duly notified.

Germany

Aid to cease farming.

Schleswig-Holstein

Measures to promote the conversion of arable land into grassland to prevent groundwater pollution.

Measures to assist flax growers (natural disaster relief).

Measures to assist a flax-processing plant (State guarantee).

Rhineland-Palatinate

Regeneration of meadowland for environmental protection purposes and the use of grasslands on damp valley flats in the southern part of the Palatinate.

Programme to encourage environmentally favourable forms of agricultural production.

Bavaria

Measures to assist producers of dried vegetables (start-up aid).

Denmark

Bill to improve the efficiency of agricultural structures (aid for woodland planting).

Variation of an existing scheme to encourage ecological forms of agricultural production.

France

Aid to improve the quality of pig production in hill and mountain areas (quality control, advisory services, investments) — measure envisaged at the special agricultural conference held on 25 February 1988.

Aid for sheep and goat producers, the Council having authorized such aid in the form of premiums under the third subparagraph of Article 93(2).

Italy

Apulia

Bill introducing measures to enhance the value of agricultural produce (publicity, promotion) and the carrying out of quality checks.

United Kingdom

Northern Ireland

Aid for research in the sheep sector.

¹ COM(88) 836 final.

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.80. On 20 January the Commission adopted, for transmission to the Council, a proposal for a Regulation¹ amending Council Regulation (EEC) No 4194/88 of 21 December 1988 fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1989 and certain conditions under which they may be fished.² The purpose of this amendment was to implement the 1989 fisheries arrangement between the Community and Sweden as regards the quotas allocated to Member States in the Community fishing zone.

External aspects

Bilateral relations

Sweden

On 20 January the Commission adopted, for transmission to the Council, two proposals for Regulations,³ one amending Council Regulation (EEC) No 4197/88 of 21 December 1988 laying down for 1989 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Sweden⁴ and the other allocating additional catch quotas between Member States for vessels fishing in Swedish waters. These proposals also relate to the fisheries arrangement with Sweden for 1989 in respect of the area formerly contested between Sweden and the USSR consequent upon the extension of

Sweden's fishing jurisdiction in the Baltic Sea.

Multilateral relations

2.1.82. On 20 January Parliament adopted a resolution on fishery resources in the south-west Atlantic,⁵ in which it takes the view that the Council should give the Commission the task of seeking to call together all the parties concerned to take part in talks with a view to introducing arrangements for the conservation and management of fish stocks in these waters and that it should empower the Commission to negotiate long-term access to them for Community fishermen.

Markets and structures

Market organization

2.1.83. On 5 January the Council adopted Regulation (EEC) No 33/89⁶ amending Regulation (EEC) No 103/76 of 19 January 1976 laying down common marketing standards for certain fresh or chilled fish.⁷ The purpose of this amendment was to add 16 new species to those subject to marketing standards and to tighten the rules in certain respects, with a view to improving the quality of the fresh products offered for sale.

2.1.84. On 20 January Parliament adopted a resolution on Norway lobster fishing in the Community,⁵ in which it notes that the quality of this product needs to be safeguarded and calls on the Council to add Norway lobster to the list of species for which withdrawal prices are set under the market organization rules.

¹ COM(89) 13 final.

² OJ L 369, 31.12.1988, Bull. EC 12-1988, point 2.1.302.

³ COM(89) 12 final.

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

⁵ OJ C 47, 27.2.1989.

⁶ OJ L 5, 7.1.1989.

⁷ OJ L 20, 28.1.1976.

Structures

2.1.85. On 24 January the Commission adopted Regulation (EEC) No 163/89 concerning the Community register of fishing vessels.¹ The establishment of such a register was provided for in Council Regulation (EEC) No 4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector.²

2.1.86. On 20 January Parliament adopted a resolution on small-scale fisheries,³ in which it noted that, after the accession of Spain and Portugal, the Community's small-scale fleet had increased by nearly one third and that the catches taken by the fleet had doubled. The vessels concerned, which are the only source of livelihood in certain regions, are becoming outdated. Parliament has therefore called for the introduction of Community measures to ensure that small-scale fishermen enjoy a fair standard of living.

2.1.87. On the same day Parliament also passed a resolution on the fish processing industry.³ The House called for the inclusion of assistance for the processing and marketing of fishery products within the structures policy, the harmonization of food hygiene laws, the establishment of on-shore processing facilities for herring and mackerel, improvements in the quality of these products and the modernization of traditional activities (salting, curing, drying and traditional preservation techniques).

*

2.1.88. Again on 20 January Parliament adopted a resolution on the achievements and prospects of Europe's fisheries policy,³ in which it draws the attention of the Commission and the Council to the possible need for additional regulations to prevent the economic destabilization of certain maritime regions of the Community on completion of the single market. Parliament also made a number of detailed points concerning the conservation and management of

fishery resources, market policy, promoting the processing industry, surveillance, fisheries agreements with non-member countries, social policy, research policy, structural policy and fishing in the Mediterranean.

Transport

Inland transport

Railways

2.1.89. On 24 January the Community of European Railways presented to the Commission a report on the European high-speed rail network in response to a Commission paper issued in June 1986.⁴ The report announces plans for the phased development of a network which would serve both central and peripheral regions of the Community.

Road transport

Technical aspects

2.1.90. On 6 January the Commission adopted, for transmission to the Council, a communication entitled 'Road safety: a priority for the Community'.⁵ This paper provides an overview of the achievements of the past few years and of ongoing activities in this field. It also mentions three proposals for Directives on driving licences,⁶ maximum blood-alcohol levels for drivers⁷ and speed limits (→ point 2.1.91).

¹ OJ L 20, 25.1.1989.

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

³ OJ C 47, 27.2.1989.

⁴ Bull. EC 6-1986, point 2.1.225.

⁵ COM(88) 704 final.

⁶ Bull. EC 11-1988, point 2.1.7.

⁷ Bull. EC 11-1988, point 2.1.255.

2.1.91. The Commission also adopted on 6 January, for transmission to the Council, a proposal for a Directive designed to establish speed limits for commercial vehicles, differentiated according to the user category (the carriage of passengers and goods) and the nature of the infrastructure.¹

2.1.92. On 20 January Parliament adopted an opinion² approving the proposal for a Directive on the tread-depth of tyres of certain categories of motor vehicles and their trailers.³ It called, however, for an amendment to the effective date of the Directive and for provisions to facilitate checking of tread-depth.

2.1.93. On 20 January Parliament issued an opinion² approving without amendment the proposal for a Directive⁴ amending Directive 85/3/EEC of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles.⁵

2.1.94. On 26 January the Economic and Social Committee adopted an opinion on this same proposal. The Committee called upon the Commission to revise and supplement it to improve road safety and driver comfort.

Social conditions

2.1.95. Parliament adopted on 20 January an opinion² on the proposal for a Directive on vocational training for certain drivers of vehicles carrying dangerous goods by road.⁶ It endorsed the proposal subject to some technical amendments designed to further the Commission's road safety objectives.

Shipping

2.1.96. The Council adopted on 4 January, on a proposal from the Commission,⁷ Regulation (EEC) No 15/89 introducing a redressive duty on containerized cargo to be transported in liner service between the

Community and Australia by Hyundai Merchant Marine Company Ltd of Seoul, Korea.⁸ The Council decided that Hyundai had received non-commercial advantages granted by the Korean Government, thereby causing major injury to Community ship-owners. The amount of redressive duty was set at ECU 450 per 20-foot container.

2.1.97. On 19 January the Commission transmitted to the Council a proposal for a Decision⁹ extending until 31 December 1989 the collection of information concerning the activities of carriers participating in cargo liner traffic in certain areas of operation¹⁰ and a proposal for a Decision amending Decision 78/774/EEC of 19 September 1978 concerning the activities of certain non-member countries in the field of cargo shipping.¹¹ This amendment aims to introduce qualified majority voting in accordance with the Single European Act.¹²

2.1.98. On 25 January the Economic and Social Committee approved these two proposals.

Air transport

2.1.99. On 19 January Parliament adopted a resolution on the murder of 270 people in the explosion of a Pan Am Boeing.² It condemned the act of terrorism committed over southern Scotland on 21 December 1988, and its instigators and perpetrators. It shared the grief of the families of victims aboard the aircraft and in the village of Lockerbie, and requested the Commission to consider financial help for them. Parliament congratulated local emergency ser-

¹ OJ C 33, 9.2.1989; COM(88) 706 final.

² OJ C 47, 27.2.1989.

³ OJ C 279, 17.10.1987; Bull. EC 9-1987, point 2.1.182.

⁴ OJ C 214, 16.8.1988; Bull. EC 5-1988, point 2.1.186.

⁵ OJ L 2, 3.1.1985.

⁶ OJ C 322, 15.12.1988; Bull. EC 6-1988, point 2.1.263.

⁷ Bull. EC 10-1988, point 2.1.184.

⁸ OJ L 4, 6.1.1989.

⁹ OJ C 28, 3.2.1989; COM(88) 748 final.

¹⁰ OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.302.

¹¹ OJ L 258, 21.9.1978.

¹² OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

vices and volunteers on their prompt action. It called for a rigorous review of airline and airport security in the Community, requesting the Commission to compile a dossier on security measures at airports. Parliament voiced its belief that the governments of the Member States should affirm their commitment to track down, arrest and try the terrorists, and reminded them of their duty to cooperate in the prevention of terrorism.

2.1.100. Parliament adopted on the same day a resolution on the Leicestershire air disaster of 8 January.¹ It expressed its sympathy for the relatives of the 44 passengers who lost their lives in the disaster which befell British Midland Flight BD 92, and called upon the authorities to establish as quickly as possible the causes of the accident and to take steps to ensure that no such accident happens again.

2.1.101. Again on 19 January Parliament passed a resolution on air traffic safety.¹ In view of the constant expansion of air traffic, it called upon the Commission to make proposals for the establishment at Community level of an independent authority responsible for air traffic management and control.

Energy²

Specific problems

Solid fuels

2.1.102. On 24 January the Commission, acting under Decision No 2064/86/ECSC of

30 June 1986 establishing Community rules for State aid to the coal industry,³ adopted a Decision authorizing Spain to grant aid to the coal industry totalling PTA 51 684 million for 1989.

Nuclear safety

Decommissioning of power stations

2.1.103. In January the Commission published a report entitled 'Radiological protection criteria for the recycling of materials from the dismantling of nuclear installations',⁴ which contains the recommendations of the group of experts referred to in Article 31 of the Euratom Treaty. The report states the maximum radiation levels below which scrap and equipment from decommissioned nuclear installations may be recycled without further inspection.

¹ OJ C 47, 27.2.1989.

² For energy research projects see 'Research and technology'.

³ OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.236.

⁴ *Radiation Protection* No 43 (XI-3134-88), published by the Commission of the European Communities.

2. External relations

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.1. Under Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in

State-trading countries, not liberalized at Community level,¹ the Commission in January opened quotas and ended quantitative restrictions on the release of various products for free circulation.²

Trade protection

2.2.2. Trade protection measures taken in January are shown in Table 8.

¹ OJ L 346, 8.12.1983.

² OJ C 9, 12.1.1989; OJ C 14, 18.1.1989; OJ C 19, 25.1.1989.

Table 8 — *Trade protection measures*

Council	Commission
<i>Anti-dumping proceedings</i>	<i>Anti-dumping proceedings</i>
<i>Imposition of an anti-dumping duty on imports of:</i>	<i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i>
Copper sulphate originating in Bulgaria or the Soviet Union OJ L 23, 27.1.1989 (provisional anti-dumping duty: OJ L 205, 30.7.1988; OJ L 326, 30.11.1988)	Audio-cassettes and audio-cassette tapes originating in Japan, Korea or Hong Kong OJ C 11, 14.1.1989
Serial impact fully formed (SIFF) character printers originating in Japan OJ L 5, 7.1.1989 (provisional anti-dumping duty: OJ L 177, 8.7.1988; OJ L 302, 5.11.1988)	Tungsten ores and concentrates originating in China and exported from China or Hong Kong OJ C 2, 4.1.1989
<i>Extension of a provisional anti-dumping duty on imports of paint, distemper, varnish and similar brushes originating in China</i> OJ L 272, 4.10.1988 (provisional anti-dumping duty: OJ L 23, 27.1.1989)	Polyolefin woven bags weighing 120 g/m ² or less originating in China OJ C 21, 27.1.1989
	<i>Notice of termination of:</i>
	The proceeding under Article 13(10) of Regulation (EEC) No 2423/99 of 11 July 1988 concerning certain ball-bearings assembled in the Community OJ L 25, 28.1.1989 (Initiation of the proceeding: OJ C 150, 8.6.1988)
	The anti-dumping proceeding concerning imports of certain seamless tubes of iron or non-alloy steel originating in Austria OJ L 25, 28.1.1989 (Initiation of the proceeding: OJ C 24, 29.1.1988)
	<i>Notice of expiry of anti-dumping measures</i> OJ C 3, 5.1.1989
	<i>Notice of initiation of</i> an anti-subsidy proceeding concerning imports of polyester fibres and polyester yarns originating in Turkey OJ C 33, 9.2.1989

*Treaties and trade agreements:
extension or automatic renewal*

2.2.3. On 23 January the Council adopted Decision 89/54/EEC authorizing the extension or automatic renewal of certain trade agreements between Member States and other countries.¹

Individual sectors

Iron and steel products

**Agreements and arrangements
with non-Community countries**

2.2.4. On 23 January the Council authorized the Commission to undertake negotiations concerning the external steel policy for 1989² and adopted negotiating directives for the conclusion of agreements on imports of iron and steel products into the Community from the following countries: Austria, Finland, Norway and Sweden; Bulgaria, Czechoslovakia, Hungary, Poland and Romania; Brazil, South Korea and Venezuela.

The arrangements proposed for 1989 are more liberal than those for 1988.³ EFTA countries are offered a return to the terms of the free trade agreement, coupled with a consultation clause to be invoked should problems arise. For other countries, the reference tonnages in the arrangements will be increased by 3% to reflect the marked increase in apparent consumption in 1988 compared with previous years and the similar forecasts for 1989. Member States which have retained independent quotas will proportionately increase the tonnages protected by the system.

Finally, the range of products covered by the arrangements has been reduced by excluding semi-finished products. The plentiful and cheap supply of raw materials to the Community iron and steel industry and the absence of difficulties in the industry justify this liberalization, which has already

been considered at various times over the last 10 years.

Unilateral measures

2.2.5. On 13 January the Commission adopted a Decision amending the import arrangements laid down by Council Regulation (EEC) No 3420/83 of 14 November 1983⁴ and decided to impose quantitative restrictions on the release for free circulation in the Benelux countries of angles, shapes and sections of iron or non-alloy steel, not further worked than cold-formed or cold-finished, originating in the German Democratic Republic. Annual quotas will be in force from 1 January 1989.

2.2.6. On 30 January the Commission adopted Recommendation No 256/89/ECSC⁵ extending for 1989 Recommendation No 3451/87/ECSC of 18 November 1987 on Community surveillance of imports of certain iron and steel products originating in non-member countries,⁶ with a view to providing detailed information on such imports.

**Relations with industrialized
countries**

United States

2.2.7. Following the application of the hormones Directive⁷ to imported meats from 1 January, in accordance with the

¹ OJ L 23, 27.1.1989.

² Bull. EC 11-1988, point 2.2.10.

³ Bull. EC 2-1988, point 2.2.12; Bull. EC 4-1988, point 2.2.7.

⁴ OJ L 346, 8.12.1983.

⁵ OJ L 30, 1.2.1989.

⁶ OJ L 328, 19.11.1987; Bull. EC 11-1987, point 2.1.51.

⁷ OJ L 70, 16.3.1988; Bull. EC 3-1988, point 2.1.138. See also: OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173; OJ L 339, 1.12.1987; Bull. EC 11-1987, point 2.1.209; OJ L 8, 11.1.1989; Bull. EC 12-1988, point 2.1.287.

conclusions adopted by the Council on 19 December,¹ the United States announced that duties on certain Community products would be raised 100% with effect from 1 January as a retaliatory measure. The products involved (boneless beef, ham, prepared tomatoes, instant coffee, fruit juices, fermented alcoholic beverages and pet food) represent a trade volume of some USD 100 million.

The Council reviewed the situation on 23 January, noting that an arrangement had been reached with the United States to allow a grace period till the end of the month for goods despatched by either side before the end of 1988. The Council called upon the Commission to continue the action initiated in GATT seeking condemnation of the unilateral retaliatory measures taken by the United States and to keep up bilateral contacts with the American authorities with a view to reaching an amicable settlement to the dispute.

The Council approved the revised list of Community countermeasures taking account of the reduced volume of trade affected by the US action. The countermeasures consist in an increase in customs duties to 100% for walnuts in shell, and the following dried fruits: apricots, peaches, prunes, apples, pears, papaws and fruit salads.

2.2.8. On 20 January Parliament adopted a resolution² on the negotiations with the United States over the hormones dispute, reaffirming its support for a ban on the use of hormones in livestock farming as a precautionary measure to protect the health of consumers. It considered the import ban to be non-discriminatory and consistent with GATT rules. Parliament hoped the United States would suspend the countermeasures already approved and called on both sides to refrain from unilateral action and to initiate bilateral negotiations or seek arbitration in GATT.

Canada

2.2.9. On 17 January the Commission adopted a proposal³ to be transmitted to

the Council for a Decision on the conclusion of an Agreement between Canada and the Community concerning trade and commerce in alcoholic beverages, initialled in December.⁴

2.2.10. The Prime Minister of Quebec, Mr Robert Bourassa, visited the Commission, where he had talks with Mr Andriessen.

They discussed 1992 and the prospects for non-member countries on the single market; bilateral relations, with particular reference to Quebec, in which connection Mr Andriessen called for renewed impetus to be given to cooperation under the 1976 Framework Agreement;⁵ and science and technology, with Mr Bourassa expressing Quebec's desire for development and enhanced cooperation with the Community in this area.

European Free Trade Association

2.2.11. After hearing a full report from Mr Andriessen on developments in Community-EFTA relations over the last 12 months, the Council took stock of the situation and noted that substantial progress had been made towards creating the European economic area envisaged in the Luxembourg Declaration⁶ and with the current work programme.⁷ The Council confirmed its determination to extend and strengthen cooperation with the EFTA partners, in line with the conclusions of the European Council in Rhodes in December 1988.⁸

2.2.12. Relations between the Community and the EFTA countries were also discussed during talks that Mr Andriessen had with Mr J. Balstad, Norway's Minister for Trade

¹ Bull. EC 12-1988, point 2.2.14.

² OJ C 47, 27.2.1989.

³ COM(89) 15 final.

⁴ Bull. EC 12-1988, point 2.2.15.

⁵ OJ L 260, 24.9.1976.

⁶ Bull. EC 4-1984, point 1.2.1 *et seq.*

⁷ Bull. EC 2-1988, point 2.2.18; Bull. EC 6-1988, point 2.2.24.

⁸ Bull. EC 12-1988, point 1.1.10.

and Shipping, and Mr G. Reisch, Secretary-General of EFTA, in Brussels on 27 January. The two sides expressed their satisfaction with what had been achieved and stressed the need for detailed reflection on the future shape of relations.

Relations with other countries and regions

Mediterranean countries

Turkey

2.2.13. A meeting of the EEC-Turkey Joint Parliamentary Committee, which last met in 1980, was held in Strasbourg from 17 to 19 January. Respect for human rights in Turkey and the implementation of the EEC-Turkey Association Agreement,¹ with particular reference to access to the Turkish market, were the main issues discussed.

Cyprus

2.2.14. On 23 January the Council, acting on a proposal from the Commission,² adopted a Decision authorizing the Commission to negotiate with Cyprus the conclusion of a third financial protocol.

Malta

2.2.15. On the same day the Council, again acting on a proposal from the Commission,³ adopted a Decision authorizing the Commission to negotiate with Malta the conclusion of a third financial protocol.

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2.2.16. On 20 January Parliament adopted a resolution on economic and trade relations between the EEC and the Mediterranean countries following enlargement,⁴ The House noted with satisfaction the

adjustment of the agreements between the Community and the Mediterranean countries and called on the Commission to make every effort to develop and improve them.

Countries of the Gulf and the Arabian peninsula

Gulf Cooperation Council

2.2.17. Mr Abdullah Yacoub Bishara, Secretary-General of the Cooperation Council for the Arab States of the Gulf (GOC), met Mr Martin Bangemann, one of the Vice-Presidents of the Commission, and two other members, Mr Abel Matutes and Mr Antonio Cardoso e Cunha. The visit was part of the process of formalization of bilateral economic cooperation and trade relations with GOC countries. The parties reviewed progress with the ratification of the Cooperation Agreement⁵ signed on 15 June 1988 and expressed their wish to enter into negotiations for a trade agreement.

State-trading countries

Czechoslovakia

2.2.18. On 25 January the Czechoslovak Minister for External Trade, Mr Jan Sterba, had talks with Mr Frans Andriessen, a Vice-President of the Commission. The talks centred on the prospects opened up by the trade agreement on industrial products⁶ signed by the Community and Czechoslovakia on 19 December 1988 and on the country's present situation.

¹ OJ 127, 29.12.1964.

² Bull. EC 10-1988, point 2.2.23.

³ Bull. EC 10-1988, point 2.2.24.

⁴ OJ C 47, 27.2.1989.

⁵ Bull. EC 6-1988, point 2.2.39.

⁶ Bull. EC 10-1988, point 2.2.47; Bull. EC 12-1987, point 2.2.37.

Development

ACP-EEC Convention

Renewal of the Convention

2.2.19. In the run-up to the ministerial conference due to take place in Brazzaville on 16 and 17 February, the eight specialist subgroups set up in December¹ continued negotiations to find a common platform reflecting points of agreement and disagreement and issues requiring further discussion.

Commodities and world agreements

Cocoa

2.2.20. The International Cocoa Council held its 37th regular meeting² in London from 19 to 27 January but was unable to break the deadlock which has stalled proceedings for nearly a year.³ Negotiations between producers and consumers to set a reference price range, reach a settlement on payment of arrears to the buffer stock, and bring the withholding scheme into force made no progress, partly because of the refusal of the producing countries to agree to a more realistic price bracket and partly because of financial issues linked with the huge debt accumulated by certain exporting countries, which is preventing the introduction of the withholding scheme.

Campaign against hunger in the world

Food aid

2.2.21. On 19 January Parliament adopted a resolution on the management of food aid counterpart funds.⁴ It reiterated its support for this type of development aid and rec-

ommended ways of improving its efficiency, in particular as regards the protection of these funds against the risks of monetary instability; it also called for strict controls on the funds, which should be used in the first instance to finance food production projects. Parliament stressed the importance of sound internal management of food aid as a precondition for demanding better use of the counterpart funds by recipient countries.

2.2.22. Parliament also adopted on 19 January a resolution on the reasons for the delays in implementing food aid.⁵ It criticized the cumbersome decision-making process, which hampered the implementation of budget appropriations and considerably lengthened the delivery period, but welcomed the improvement brought about by the adoption of Regulation (EEC) No 3972/86 of 22 December 1986 on food aid policy and food aid management⁶ and reiterated its support for the advisory committee procedure. Parliament's view is that if the programming and management of food aid are to be improved, the Commission must have greater freedom of manoeuvre. It made a number of suggestions, including a recommendation that the budgetary authority should make compensatory transfers between the two budget chapters covering the total cost of food aid.

Stabex

LLDCs not signatory to the Lomé Convention

2.2.23. Parliament approved⁵ two proposals for amendments,⁷ one to Article 4 of Council Regulation (EEC) No 428/87 of 9 February 1987 setting up the system of

¹ Bull. EC 12-1988, point 2.2.45.

² Previous meeting: Bull. EC 9-1988, point 2.2.37.

³ Bull. EC 3-1988, point 2.2.46.

⁴ OJ C 47, 27.2.1989.

⁵ OJ C 47, 27.2.1989.

⁶ OJ L 370, 30.12.1986; Bull. EC 12-1985, point 2.2.31.

⁷ OJ C 254, 30.9.1988; Bull. EC 9-1988, point 2.2.42.

compensation for loss of export earnings for least-developed countries not signatory to the third ACP-EEC Convention,¹ the other to the list of countries in Annex II to Council Regulation (EEC) No 429/87 of 9 February 1987 laying down detailed implementation rules for Regulation (EEC) No 428/87.¹ The changes are designed to extend the scheme to cover Burma.

Financial and technical cooperation

ACP States

2.2.24. In January the Commission allocated ECU 3 300 000 of emergency aid which it administers under the sixth EDF to finance the operations listed in Table 9.

Table 9 — *Financing of sixth EDF operations*

<i>(million ECU)</i>		
Country	Project/programme	Amount (Grants)
<i>Emergency aid</i>		
Sudan	Contribution to humanitarian organizations' relief programmes for communities in southern Sudan	3 000
Somalia	Financing of a medical and feeding programme carried out by Médecins sans frontières (Netherlands) in northern Somalia following the recent fighting	300
	Total	3 300

Latin American and Asian developing countries

2.2.25. On 16 January the Commission adopted its 11th report to the Council and Parliament on the implementation of financial and technical assistance to Latin American and Asian developing countries as at 31 December 1987.² The report reviews activities in 1987 and operations over the period 1976-87 as a whole. Analysing the figures, the Commission notes that a record commitment rate was achieved in 1987 but actual payments fell. It promised to continue looking for ways to improve efficiency and stressed the need to increase the proportion of aid to least-developed countries

and work on the cofinancing of operations with Member States.

Regional cooperation

ACP States

Special programme for Angola

2.2.26. The Commission participated in the donors' conference held on 26 and 27

¹ OJ L 43, 13.2.1987; Bull. EC 2-1987, point 2.2.32.

² COM(88) 715 final. Tenth report: Bull. EC 11-1987, point 2.2.57.

January in Luanda, Angola, to raise funds for the rehabilitation of the Benguela railway.

The conference was essentially concerned with projects forming part of the preparatory stage of the works, to cost USD 94.1 million; the total cost of the rehabilitation of the Lobito Corridor under the 10-year development programme is put at USD 575 million.

At the end of the conference a total of USD 81 million had been pledged; two-thirds of this will come from the EDF and Community countries on a bilateral basis. The Commission pledged an initial ECU 15 million for projects centred on the port of Lobito, including the coordination unit for the whole corridor, a new coastal terminal, technical assistance and repairs to port infrastructure.

Institutions

ACP States

ACP-EEC Joint Assembly

2.2.27. The ACP-EEC Joint Assembly held its first meeting of the year at Bridgetown, Barbados, from 24 to 27 January. The meeting was co-chaired by Mr Bersani (EPP/Italy) and Mr Berhane (Ethiopia), and attended by Mr Marín. The ACP-EEC Council was represented by its President, Mr Yáñez, Spain's State Secretary for International Cooperation, and Mr Greenidge, Guyana's Minister for Finance.

2.2.28. The main items on the agenda were as follows:

Commodities. The Joint Assembly adopted a resolution drafted by Mr Botchwey (Ghana), highlighting the plight of many ACP countries as a result of falling prices, protectionist trends in international trade and the burden of debt. It believed commodity prices should be stabilized by means

of international agreements and called for aid to enable producing countries to process their own commodities and diversify their economies. It also proposed the establishment of a Stabex-type system worldwide and an extension of Sysmin.

Local processing. A report on the local processing of commodities as an instrument of ACP economic and social development was presented by Mr Anzuluni (Zaire). He made clear the need for structural change in the economies of ACP countries in response to falling commodity prices, deteriorating terms of trade and the general economic difficulties facing many of these countries. Mr Marín, for the Commission, said that the processing of commodities was part of the broader issue of ACP industrialization.

Caribbean produce. Issues of concern to the Caribbean countries included the treatment of rum, bananas and sugar in the context of 1992 and the completion of the single market. Following a debate, a compromise resolution was adopted on the implementation of the Lomé Convention in the Caribbean countries. The Assembly called for speedier implementation of the regional programme, continuation in force of the protocol on bananas and inclusion of rum made from sugar cane or molasses. It also asked the Community to avoid the reduction of ACP export earnings from sugar.

Membership applications. Representatives of Haiti and the Dominican Republic attended the meeting with observer status and sought the support of the Assembly for their applications to accede to the Convention. A resolution was accordingly adopted calling on ministers to consider these applications at the February meeting of the ACP-EEC Council in Brazzaville.

Southern Africa. The Commission gave a full account of its activities: aid to the SADCC, the Community programme of action for Angola (→ point 2.2.26), aid to Namibia and positive measures for victims of apartheid. A resolution was adopted on Namibia calling on the Commission to step

up its assistance and give the UN Council for Namibia observer status at the Lomé renewal negotiations. A resolution was also passed calling for increased support for the development of southern African countries to reduce their dependence on South Africa, the freeing of Nelson Mandela and other political prisoners and the implementation of further sanctions.

Burundi. An ACP-EEC delegation which visited the country following the tribal massacres in August 1988 reported on the situation, noting that improvements had taken place, reflected in the setting up of a joint committee to look at the question of national unity and the more even ethnic balance in the new government.

2.2.29. On 19 January Parliament adopted a resolution¹ on the outcome of last year's Joint Assembly sessions in Lomé² and Madrid.³ It welcomed the positive outcome of ACP-EEC parliamentary cooperation, with particular reference to the preparations for the fourth Convention, and expressed its conviction that the decisions taken by the Assembly must be integrated into its own work. It endorsed various resolutions adopted at Lomé and Madrid, including those on South Africa, exports of toxic waste, the development of cooperation in the field of health, the impact on ACP States of the completion of the internal market and the accession of Haiti and the Dominican Republic to the fourth Convention.

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2.2.30. Ethiopia's Planning Minister, Mr Mersie Ejigu, visited the Commission on 23 January for talks about his country's economic situation and the recent measures to encourage investment there. Cooperation between the Community and Ethiopia was also reviewed in detail.

2.2.31. A high-level Somali delegation led by Deputy Prime Minister Hussein Kulmiye Afrah and including the Finance Minister and Minister of State for Planning met Mr Marín on 30 January to discuss the coun-

try's economic and political situation and review cooperation with the Community.

International organizations and conferences

United Nations

General Assembly

International action against narcotic drugs

2.2.32. On 26 January the Commission adopted for transmission to the Council a proposal⁴ for a Council Decision on the signing of the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances concluded in Vienna on 20 December 1988.⁵

Conference on Security and Cooperation in Europe

2.2.33. The third CSCE follow-up meeting ended in Vienna on 19 January.⁶ During the final session, which was attended by Mr Frans Andriessen, a Vice-President of the Commission, Mr Francisco Fernández Ordóñez, President of the Council, presented a statement on behalf of the Twelve stressing the role played by the Community in all the meetings which followed the Helsinki Final Act. He recalled the objective of 1992 and the single market and the Community's growing responsibilities.

The results of the meeting on trade and industrial cooperation, science and technology, the environment, transport, migrant workers and cooperation in the Mediter-

¹ OJ C 47, 27.2.1989.

² OJ C 245, 19.9.1988; Bull. EC 3-1988, point 2.2.68.

³ Bull. EC 9-1988, point 2.2.47.

⁴ COM(89) 26.

⁵ Bull. EC 12-1988, point 2.2.69.

⁶ Opening of the meeting: Bull. EC 11-1986, point 2.2.56.

anean reflect the views and interests of the Community and in many respects constitute significant advances. Intersessional meetings are scheduled on the protection of the environment in Sofia in October-November 1989 and on economic cooperation in Bonn in March-April 1990.

Substantial progress was also made in the field of humanitarian cooperation, notably as regards human contacts and the dissemination of information. An information forum is to be convened in London in April-May 1989 and a symposium on the cultural heritage of CSCE countries in Cracow in 1991. Participating States entered into firm commitments in respect of the 'human dimension of the CSCE', and the monitoring mechanism is to include three conferences (in Paris in May-June 1989, Copenhagen in June 1990 and Moscow in September-October 1991).

Diplomatic relations

2.2.34. The following ambassadors, whose appointments took effect on the dates shown, presented their letters of cre-

dence to the President of the Council and the President of the Commission: 23 January HE Mrs Patricia Elaine Joan Rodgers, Head of Mission of the Commonwealth of the Bahamas to the European Communities. 24 January HE Mr Mohamed Alfaituri, Head of Mission of the Socialist People's Libyan Arab Jamahiriya to the EEC; HE Mr Danai Tulalamba, Head of Mission of the Kingdom of Thailand to the European Communities; HE Mr Ahmad A.K.S. Ibrahim, Head of Mission of the State of Kuwait to the European Communities; HE Mrs Teresita Averhoff Purón, Head of Mission of the Republic of Cuba to the European Communities; HE Mrs Mirla Paniza de Bellavita, Head of Mission of the Republic of Panama to the European Communities; HE Mr Álvaro Porta Bermúdez, Head of Mission of the Republic of Nicaragua to the European Communities; HE Mr József Nemeth, Head of Mission of the Hungarian People's Republic to the European Communities.

The Heads of Mission of Cuba and Hungary are the first ambassadors from these countries to be accredited to the European Communities. The number of missions has now increased to 135.

3. Financing Community activities

Financial operations

ECSC

Loans raised

2.3.1. In January the Commission made a private placing in marks for the equivalent of ECU 2.3 million.

Loans paid out

Workers' housing

2.3.2. Loans totalling ECU 1.624 million for building housing for steelworkers and coalminers were paid out in Denmark, France, Germany, Spain and the United Kingdom.

EEC-NCI

Loans raised

2.3.3. In January the Commission made two public issues—CAD 80 million for two years and two months with an interest rate of 11.25% and an issue price of 101.55% swapped into ECU 60 million with an interest rate of 8% and an ECU 25 million issue for two years and two months with an interest rate of 8% and an issue price of 100.5%

Control measures

Strategy

2.3.4. Between 23 and 25 January Parliament's Committee on Budgetary Control held a public hearing on the prevention of fraud affecting the Community budget in Europe after 1992.

During the hearing, which was attended by the President of Parliament, the President of the Council, the President of the Court of Auditors and a large number of experts, members of the judiciary and representatives of the national ministries, Mr Delors, President of the Commission, outlined the policy which the Commission intended to pursue in this field. He underlined the seriousness of the financial, economic and political damage caused by fraud and called for increased cooperation between national government departments and Community institutions. The head of the Unit for the Coordination of Fraud Prevention described the contents of the action plan adopted by the Commission on 21 December 1988¹ and explained the priorities for 1989.

After this public hearing, the Unit held the first meeting of the Community committee for the coordination of fraud prevention. This committee, which was set up to increase cooperation between the Member States and the Commission and consists of national officials responsible for fraud prevention, will deal with the general political aspects and coordinate the activities of the existing sectoral working parties.

¹ Bull. EC 12-1988, point 2.3.18.

4. Political and institutional matters

European political cooperation

2.4.1. At its January part-session Parliament adopted resolutions on the following subjects.¹

The importance of Northern Europe to European security. Parliament noted the important part played by Denmark, Iceland and Norway within the Atlantic Alliance, and expressed its concern at the huge build-up of military power by the Soviet Union in its northern military regions. The resolution set out the political principles and objectives Parliament would like the Foreign Ministers meeting in European political cooperation to pursue. The House looked forward to the rapid dismantling of Soviet nuclear weapons in the Kola Peninsula within the framework of Start, and called on the Member States' Governments to set up a working group to establish a common position with regard to the economic exploitation and the protection of the environment in the Arctic, since this would help to create an atmosphere of *détente* and to establish contacts with the neutral States of Northern Europe.

The independence of the Baltic States. Aware of the firm desire for independence which had clearly emerged in these States, notably in the economic and cultural spheres, and pointing out that the Member States of the Community had never recognized their annexation by the Soviet Union, Parliament called on the USSR to accede to the overwhelming desire of the Baltic people. It called on the Soviet authorities to promote a democratic solution in the Baltic States and urged the Foreign Ministers to find a peaceful solution, taking account of the legitimate interests of all parties concerned.

The political situation in South America. Parliament welcomed the restoration of democracy in Suriname, congratulated the Chilean people on their rejection of dictatorship, and noted the slow improvement of the human rights situation in most Latin American countries, although it voiced concern at the rampant economic depression.

Deploring the restrictions placed on the freedom of action of trade unions and emphasizing the important role of the Catholic Church both in social matters and as a mediator, Parliament examined the political and economic situation of the region and stressed the role that it could itself play in the consolidation and protection of pluralist democracies. It appealed to all governments and States in Latin America to respect human rights and take action against terrorism and drug-trafficking, to implement agrarian reforms, to encourage investment and stem the flight of capital. Parliament went on to list the measures the Community should take on the economic and political levels and as regards the external debt.

The situation in Kampuchea. The House took note of the difficulties standing in the way of an agreement on arrangements for a government of national union in Kampuchea and, in view of the dire economic conditions and the threat of famine in Vietnam, called on the Vietnamese Government to complete the withdrawal of its occupation troops from Kampuchea. It also called on all States to withdraw all forms of political, diplomatic and military support from the Khmer Rouge leadership responsible for acts of genocide. It called for the immediate establishment of a united national government which would take up Kampuchea's seat at the United Nations and organize free and fair elections. Finally, Parliament urged all EEC Member States and the international community to increase their support for the work of non-governmental organizations in Kampuchea and called on the Commission to increase its emergency aid.

The proliferation of chemical weapons. Pointing out that, despite Iraq's use of chemical weapons, no sanctions had been imposed on the Iraqi Government, and dismayed by reports that such weapons were being manufactured in Libya with the involvement of European companies, Parliament deplored the lack of any measures

¹ OJ C 47, 27.2.1989.

to encourage compliance with the 1925 Geneva Convention prohibiting the use of chemical weapons. It called on the Twelve to exercise self-restraint in respect of exports and prepare to take sanctions against those who violated the Geneva Convention.

Human rights and fundamental freedoms

2.4.2. At its January part-session Parliament adopted resolutions on the following subjects:¹

Human rights in the world and Community policy on human rights for the year 1987/88. Since the Community's commitment to the protection of human rights is deemed to extend beyond the Community itself, Parliament made a number of proposals for reinforcing the role of the Community in this field in institutional terms and in relations with non-member countries.

With respect to institutional matters, it called for a Community act which would give legal force to declarations on human rights and which the Commission should present to the Council under Article 235 of the EEC Treaty, the appointment of a Commission representative who would be a direct interlocutor with Parliament on human rights and the strengthening of interinstitutional contacts on the subject of human rights through the creation of a working party.

As regards relations with non-member countries, Parliament called for the inclusion of specific references to human rights in the next ACP-EEC Convention, and for Commission delegates to monitor the human rights situation in the countries for which they are responsible.

The commemoration in 1989 of the bicentenary of the Declaration of the Rights of Man and of the Citizen. Parliament resolved to set up a committee to celebrate this anniversary with due ceremony and asked that all decisions connected with the commemoration should be taken in conjunction with

the other Community institutions, the Council of Europe and the competent national authorities. It urged those Member States which had not yet done so to ratify certain international agreements on the protection of citizens' rights, notably those which had been ratified by a majority of the Member States and, in particular, the European Social Charter.

Human rights in Bulgaria. Parliament noted that several dozen members of the independent Association for Human Rights who had not committed any offence had been arrested and arbitrarily detained by the police, and called for their immediate release. The Bulgarian authorities were reminded that the cause of human rights was one and indivisible and must be adhered to particularly in a 'people's democracy'.

Czechoslovakia. Parliament considered that the Czechoslovak authorities, while declaring their commitment to the 'House of Europe' concept and despite having signed agreements and international treaties concerning the application of human and citizens' rights, continued to violate those rights. Shocked by the brutality deployed in Prague against Czechoslovaks wishing to commemorate peacefully the death of Jan Palach, it condemned the authorities for their violations of human rights. Parliament called on the government to allow a group of independent psychiatrists to examine Augustin Navratil, the father of a large family, who had been improperly committed to a psychiatric asylum. Parliament emphasized that the fruitful development of East-West relations depended on the observance of mutual undertakings.

Repression in Soviet Armenia. Parliament condemned the arrest of the leaders of the Kharabakh Committee, which had requested the reattachment of the autonomous region of Upper Kharabakh to Soviet Armenia and demanded that Soviet Armenia should be allowed to exercise its sovereign rights as a republic. Parliament

¹ OJ C 47, 27.2.1989.

called for the immediate release of the members of the Kharabakh Committee and asked the Soviet authorities to allow the Committee to carry out its activities freely and to accord it full recognition as an interlocutor. It hoped that the development of national legislations would provide a genuine guarantee that the fundamental rights and freedoms of all would be respected and that all religions might be freely exercised as a civil and social right. Parliament called on the Soviet Government to ensure the effective protection of Armenians living in Azerbaijan.

Belgian hostages in Lebanon. Parliament called on the Belgian Government to make every effort to secure the release of these hostages, and on the Foreign Ministers meeting in European political cooperation to support and assist the Belgian Government in this matter. It asked the Commission to make resources available to NGOs that had to suspend their projects in Lebanon because of the abduction of staff.

The detention in Iran of Annie Esbert. Parliament called on the Government in Teheran to provide information as to the fate of Annie Esbert, a French nurse, wife of an opponent of the Teheran regime, who had reportedly been held in prison since late July 1988, and was allegedly tortured after being taken prisoner while she was tending the wounded. It urged the Iranian authorities to take all the requisite measures to secure the prompt release of Mrs Esbert.

The situation of 11 trade unionists and the economist, Mario Alegría Castillo, imprisoned in Nicaragua. Parliament affirmed its support for democracy and respect for human rights in Central America and asked the Nicaragua authorities to remain vigilant in order to prevent possible acts of violence against opposition representatives. It expected all countries that had signed the Esquipulas II agreements to respect international agreements concerning human rights and trade union freedoms.

Human rights violations in Guatemala and the death threats issued to Mr Amílcar Méndez. Parliament called for the necessary measures to be taken to safeguard the life

of Mr Amílcar Méndez, who was constantly under threat from death squads in his position as coordinator of the Comunidades Étnicas Rujenal Junam (CERJ). The aim of CERJ was to promote human rights in Guatemala, especially those of the ethnic groups which were subject to particularly violent repression. Parliament demanded the disbanding of the death squads and freedom to exercise the rights not to join 'self-defence' groups or associations.

The detention of leaders of the Chilean Communist Party and the seizure of documents and archives belonging to the Vicaría de la Solidaridad. Parliament condemned the arrest of former Ministers for Labour and Finance in the Allende Government, of the Secretary-General of the United Left, and of the Communist Youth leader on grounds of allegedly violating the internal security law. It called on the Chilean Government and judicial authorities to release the detainees without delay and halt the legal proceedings to seize the documents and files of the Vicaría de la Solidaridad.

The assassination of Francisco Mendes. Parliament condemned all acts of violence, and particularly the crime of which Francisco Mendes was the victim. He had made an important contribution towards arousing public awareness of the destruction of the Amazon forests and to the protection of the rights of the workers and ethnic groups in that region. Parliament expressed its appreciation of the work of all the militants and civil, social and religious organizations using peaceful means to fight for the conservation of the natural environment and, ultimately, for the protection of human existence. It considered that the rapid action of the law in this case would have a dissuasive effect for the future and guarantee the security of the country's population.

The fate of the 'boat people' in Hong Kong. The British Government had declared its readiness to allow 1 000 of the 15 000 officially recognized refugees to settle in the United Kingdom provided that other countries were prepared to make a similar gesture. Parliament was aware that the Hong Kong authorities were facing con-

siderable difficulties over this matter, and called on the other Member States to offer asylum to an equivalent number of refugees.

2.4.3. On 25 January the Economic and Social Committee delivered its opinion on the proposal for a Directive on voting rights for Community nationals in municipal elections in the Member States of residence (→ point 2.1.1).

2.4.4. Delegates from 35 countries attending a CSCE review meeting in Vienna adopted a final document (→ point 2.2.33). A number of follow-up conferences were planned, including one on the human dimension which would open in Paris on 29 May.

European policy — Relations between the institutions

European policy

2.4.5. On 18 January Parliament adopted a resolution on the seat of the institutions and its main place of work.¹ Despite the increased workload arising out of the operation of the Single European Act and the new responsibilities this created, and despite repeated calls on the governments of the Member States to come to a decision on the seat of the institutions, Parliament could see no prospect of the governments' acting in the foreseeable future. Accordingly it resolved to take the necessary steps to secure all the staff and infrastructure needed for it to carry out its tasks efficiently and effectively. It also called on the Member States' governments to consult with it on the subject. Parliament stressed the need to hold additional and supplementary plenary sessions coinciding with one or more of the weeks devoted to committee or political group meetings. It recognized the symbolic importance of Strasbourg in the history of the Community, and requested the competent authorities to implement the measures advocated in the resolution as soon as possible.

Relations between the institutions

2.4.6. Following the debate on the Commission's programme for the next four years outlined by Mr Delors (→ point 1.1.1 *et seq.*), Parliament adopted a resolution expressing its confidence in the new Commission.

2.4.7. On 17 January Parliament heard a statement by Mr Fernández Ordóñez, President of the Council, on the programme for Spain's six-month term in the chair (→ point 3.2.1).

2.4.8. At the Economic and Social Committee's January session Ms Papandreou presented the new Commission's programme, and Mr Solbes Mira outlined the programme for Spain's presidency of the Council (→ point 2.4.25).

Institutions and organs of the Communities

Parliament

*Strasbourg: 16 to 20 January*²

Highlights

2.4.9. Parliament's January part-session was mainly distinguished by Mr Jacques Delors's statement on Commission policy (→ point 1.1.1). This was broadly endorsed in the ensuing debate, at the end of which Parliament expressed its confidence in the new Commission. The House also heard the statement by Mr Francisco Fernández Ordóñez, President of the Council, on the priorities for Spain's term in the Council

¹ OJ C 47, 27.2.1989.

² The texts of the resolutions and opinions adopted by Parliament appear in OJ C 47, 17.2.1989, and the report of the proceedings is published in OJ Annex 2-373. The political groups and countries of origin of members speaking in the debates are shown in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, p. 51 (footnote 2).

chair (→ point 3.2.1). The adoption of a resolution on the seat of the institutions and on Parliament's main place of work was preceded by a major debate (→ point 2.4.5). Parliament adopted the annual report on human rights in the world and Community policy on human rights (→ point 2.4.2) and expressed its concern over the all-too-many intolerable situations in this regard. The House also accomplished a substantial body of legislative work in various areas, notably completion of the internal market and research policy. Several resolutions were passed on fishery problems in the Community.

Opinions, decisions and resolutions

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

an amendment to Directive 74/329/EEC of 18 June 1974 on emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs (→ point 2.1.5);

a Decision to adopt a multiannual research and development programme in food science and technology (Flair) (→ point 2.1.19);

an amendment to Directive 76/768/EEC of 27 July 1976 relating to cosmetic products (→ point 2.1.52);

a Decision instituting a specific multiannual programme for the research and development of statistical expert systems (Doses) (→ point 2.5.1).

2.4.11. Parliament adopted decisions (second reading) on the Council's common positions on the following Commission proposals:

an amendment to Directive 76/116/EEC of 18 December 1975 in respect of the calcium, magnesium, sodium and sulphur content of fertilizers (→ point 2.1.6);

a Decision adopting a first multiannual programme for biotechnology-based agro-industrial research and technological development (Eclair)(→ point 2.1.18);

a Decision on a European stimulation plan for cooperation and exchange of researchers in economic science (SPES) (→ point 2.1.24);

an amendment to Directive 78/1015/EEC of 23 November 1978 on the permissible sound level and exhaust system of motorcycles (→ point 2.1.50).

2.4.12. Parliament gave opinions on Commission proposals concerning:

a Directive relating to the tread depth of tyres of certain categories of motor vehicles and their trailers (→ point 2.1.92);

an amendment to Directive 85/3/EEC of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles (→ point 2.1.93);

a Directive on the vocational training of certain drivers of vehicles carrying dangerous goods by road (→ point 2.1.95);

amendments to Regulations (EEC) No 428/87 and 429/87 of 9 February 1987 concerning the system of compensation for loss of export earnings for least-developed countries not signatory to the third ACP-EEC Convention (→ point 2.2.23).

2.4.13. Resolutions were passed on:

the investiture of the new Commission and the statement by its President (→ point 1.1.5);

the budget management and administration of the European Social Fund in the period 1981-87 (→ point 2.1.37);

measures to combat drugs and drug trafficking (→ point 2.1.39);

controlling the use of the appropriations earmarked for the information policy of the institutions (→ point 2.1.40);

economic and social cohesion in the Community (→ point 2.1.49);

south-west Atlantic fishing resources (→ point 2.1.82);

Norway lobster fishing in the Community (→ point 2.1.82);

small-scale fisheries (→ point 2.1.86);

the fish processing industry (→ point 2.1.87);

the achievements and prospects of Europe's fisheries policy (→ point 2.1.88);

the murder of 270 people by the destruction of the Pan Am Boeing *Maid of the Seas* (→ point 2.1.99);

the air disaster in Leicestershire on 8 January 1989 (→ point 2.1.100);

air transport safety (→ point 2.1.101);

the negotiations with the United States concerning the hormones conflict (→ point 2.2.8);

economic and trade relations between the EEC and the Mediterranean countries following enlargement of the Community (→ point 2.2.16);

the management of counterpart funds in respect of food aid (→ point 2.2.21);

the reasons for the delays in implementing food aid (→ point 2.2.22);

the results of the work of the EEC-ACP Joint Assembly in Lomé and Madrid in 1988 (→ point 2.2.39);

the importance of Northern Europe to European security (→ point 2.4.1);

the independence of the Baltic States (→ point 2.4.1);

the political situation in South America (→ point 2.4.1);

the situation in Kampuchea (→ point 2.4.1);

the proliferation of chemical weapons (→ point 2.4.1);

human rights in the world and Community policy on human rights for the year 1987/88 (→ point 2.4.2);

the commemoration in 1989 of the bicentenary of the Declaration of the Rights of Man and of the Citizen (→ point 2.4.2);

human rights in Bulgaria (→ point 2.4.2);
Czechoslovakia (→ point 2.4.2);

repression in Soviet Armenia (→ point 2.4.2);

Belgian hostages in Lebanon (→ point 2.4.2);

the detention in Iran of Annie Esbert (→ point 2.4.2);

the situation of 11 trade unionists and the economist, Mario Algría Castillo, imprisoned in Nicaragua (→ point 2.4.2);

human rights violations in Guatemala and the death threats issued to Mr Amílcar Méndez (→ point 2.4.2);

the detention of leaders of the Chilean Communist Party and the seizure of documents and archives belonging to the Vicaría de la Solidaridad (→ point 2.4.2);

the assassination of Francisco Mendes (→ point 2.4.2);

the fate of the 'boat people' in Hong Kong (→ point 2.4.2);

the seat of the institutions and the main place of work of the European Parliament (→ point 2.4.5).

Council

2.4.14. 1294th meeting — Agriculture (Brussels, 23 and 24 January)

President: Mr Romero Herrera, Spanish Minister for Agriculture, Fisheries and Food

Commission: Mr Mac Sharry

Main items

Income support, beef/veal, 'SLOM', nut-growing, arrangements applicable to small producers of cereals, agri-monetary measures: political agreement by a qualified majority on a common approach (→ points 2.1.53 to 2.1.59).

Other business

Specific measure for certain grain legumes: discussion;

General rules for the import of wines, grape juice and grape must: agreement;

Exceptional emergency measure for the less-favoured areas of Portugal: examination;

Prices of agricultural products and related measures (1989/90): briefing.

2.4.15. 1295th meeting — General affairs (Brussels, 23 January)

President: Mr Fernández Ordóñez, Spanish Minister for Foreign Affairs

Commission: Mr Delors, Mr Andriessen, Mr Matutes

Main items

United States — hormones: conclusions (→ point 2.2.7);

Relations with the EFTA countries: discussions (→ point 2.2.11);

Financial Protocols with Cyprus and Malta: adoption of Decisions (→ points 2.2.14 and 2.2.15).

Other business

Right to vote in local elections: briefing.

Commission¹

2.4.16. On 20 January the Members of the Commission—except those reappointed from the outgoing Commission, who did not need to do so—gave the solemn undertaking required by Article 10(2) of the Treaty establishing a Single Council and a Single Commission of the European Communities before the Court of Justice.

2.4.17. On 23 January the Representatives of the Governments of the Member States appointed Mr F. Andriessen, Mr M. Bange-mann, Sir Leon Brittan, Mr H. Christophersen, Mr M. Marín González and Mr F. M. Pandolfi Vice-Presidents of the Commission until 5 January 1991.

Measures taken

2.4.18. ERDF: indicative allocation of appropriations for Objective 1 (→ point 2.1.45).

Measures proposed

2.4.19. Raw and recycled materials (research programme): proposal for a Decision (→ point 2.1.17).

Bilateral free-trade agreements with the EFTA countries (additional protocol): recommendation for a Decision (→ point 2.1.28).

Ban on smoking in public places: draft recommendation (→ point 2.1.38).

Agricultural prices: price proposals and related measures for 1989/90 (→ points 2.1.60 to 2.1.70).

Rabies: report and proposal for a Regulation (→ point 2.1.78).

Fishery arrangement with Sweden:

(i) TACs and catch quotas for Community waters: proposal for a Regulation (→ point 2.1.80).

(ii) Conservation and management measures — additional catch quotas for Swedish waters: proposals for Regulations (→ point 2.1.81).

Speed limits: proposal for a Directive (→ point 2.1.91).

Illicit traffic in drugs and psychotropic substances: proposal for a Decision (→ point 2.2.32).

Communications and reports

2.4.20. Public procurement rules in the case of projects and programmes financed by the structural Funds and financial instruments: communication (→ point 2.1.8).

Investment in ECSC industries: annual report (→ point 2.1.12).

Road safety: communication (→ point 2.1.90).

¹ Selected items.

Court of Justice ¹

Analysis of judgments delivered between 1 October and 31 December 1988

Scope of Community law

2.4.21. In *Steymann* the Court held that participation in a community based on religion or another form of philosophy was within the scope of European Community law only where it could be regarded as an economic activity within the meaning of Article 2 of the EEC Treaty. Work done by the members of the community constituted an economic activity if the benefits which the community provided to its members could be regarded as indirect compensation for genuine and effective work. If these conditions are met, then, the members of such a community established in a Member State other than their Member State of origin enjoy the rights which the Treaty confers on workers and self-employed persons, so that they can claim a right of residence in the host country.²

Free movement of goods and customs union

2.4.22. In *Circa and Maxicar v Renault*³ and *Volvo v Erik Veng (UK)*⁴ the Court had to rule on the compatibility with Articles 30 and 86 of the EEC Treaty of national intellectual property legislation which protected motor-car bodywork components,

2.4.23. New cases

Case	Subject	Basis
Free movement of goods 337/88 SAFA v Amministrazione delle Finanze dello Stato	Validity of the retroactive effect of Commission Regulation No 49/81 on methods of administrative cooperation to safeguard during the transitional period the free movement of goods between Greece and the other Member States and of Commission Regulation No 57/81 on	Article 177 EEC

entitling the right holder to prevent their manufacture by third parties.

The Court said that as Community law now stood it was for Member States to determine the conditions and procedures under which designs and models might be protected. The mere fact of obtaining a legally protected right in an ornamental design could not be regarded as an improper method of eliminating competition for purposes of Article 86.

Neither Article 86 nor the rules on the free movement of goods precluded the application of national legislation under which a right holder could prohibit third parties from manufacturing, selling or importing relevant goods without his consent. His exclusive right would otherwise be devoid of substance.

But Article 86 could restrict the exercise of such rights if this took the form of abusive conduct, such as arbitrary refusal to supply spare parts to independent repairers, the fixing of prices for spare parts at an unfair level, or a halt to production of spare parts for a particular model even though many cars of that model were still in circulation, provided that such conduct was liable to affect trade between Member States.

¹ For more detailed information, see the material published by the Court of Justice in the Official Journal and the *European Court Reports*, and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

² Case 196/87 *Steymann v Staatssecretaris van Justitie*: OJ C 284, 8.11.1988.

³ Case 53/87: OJ C 284, 8.11.1988.

⁴ Case 238/87: OJ C 281, 4.11.1988.

Case	Subject	Basis
351/88 <i>Laboratori Bruneau v Unità Sanitaria Locale RM/24</i>	<p>transitional measures to be taken, on account of the accession of Greece, in respect of trade in agricultural products; the Regulations were adopted on the accession of Greece, and purport to apply from the first day of accession</p> <p>Compatibility of Act No 64 on aid to the Mezzogiorno with Article 30 <i>et seq.</i>, Article 92 and Article 93 of the EEC Treaty, with Commission Directive 79/32/EEC on provision of goods to the State, to local authorities and other official bodies, and with Council Directive 77/62/EEC coordinating procedures for the award of public supply contracts</p>	Article 177 EEC
362/88 <i>GB-INNO-BM v Confédération du commerce luxembourgeois</i>	<p>Is a provision in the legislation of a Member State whereby the offering of goods for retail sale at a temporarily reduced price, independently of special sales or clearance sales, is permitted only on condition that the offers shall not state their duration and that there shall be no reference to previous prices contrary to Article 30, the first paragraph of Article 31 and Article 36 of the EEC Treaty, properly construed?</p>	Article 177 EEC
369/88 <i>Criminal proceedings against Delattre</i>	<p>Scope of the Community definitions of medicine, foodstuff and cosmetic</p>	Article 177 EEC
Competition		
13/89 <i>Dansk Pelsdyravlerforening v Commission</i> ¹	<p>Annulment of Commission Decision 88/587/EEC relating to a proceeding pursuant to Article 85 of the EEC Treaty (IV/B-2/31.424, Hudson's Bay — Dansk Pelsdyravlerforening)</p>	Article 173 EEC
State aid		
5/89 <i>Commission v Germany</i> ²	<p>Failure to comply with Commission Decision 88/174/EEC concerning aid which Baden-Württemberg has provided to BUG-Alutechnik, a company producing semi-finished and finished aluminium products (failure to recover assistance paid to the recipient)</p>	Second subparagraph of Article 93(2) EEC
Social security		
2/89 <i>Bestuur der Sociale Verzekeringsbank v Heirs of and/or successors in title to Kits van Heijningen</i> ³	<p>Can the activities as a part-time teacher (previously carried out as secondary activities) which a retired worker continues after the start of his retirement for two lessons each on two days per week be regarded as real and actual activities for the application of the Community rules on the free movement of workers?</p> <p>If not, does the legislation of the Member State on whose territory the former principal activi-</p>	Article 177 EEC

Case	Subject	Basis
	ties were last carried out continue to apply pursuant to Article 13(2) (a) of Regulation No 1408/71 even after the date of retirement?	
Agriculture		
345/88 Federal Republic of Germany, represented by Bundesamt für Ernährung und Forstwirtschaft v Butter-Absatz Osnabrück-Emsland	Consequences of failure on the part of a farmer to supply a statement of the size of his herd to the dairy for purposes of special aid for skimmed milk for use as feed for animals other than young calves	Article 177 EEC
346/88 Schweizerische Lactina Panchaud v Federal Republic of Germany, represented by Bundesamt für Ernährung und Forstwirtschaft	Is the condition laid down in Article 4(4) (b) of Commission Regulation No 1725/79 to the effect that the package containing the mixture must bear certain statements satisfied if the statements are on labels which are firmly sewed into the upper seam of the paper bags?	Article 177 EEC
357/88 Oberhausener Kraftfutterwerk Wilhelm Hopermann v Bundesanstalt für landwirtschaftliche Marktordnung	Is observance of the time limit for notification that products have entered an undertaking, as stipulated in Article 18(1) of Commission Regulation No 2192/82 or Article 18 as amended by Commission Regulation No 3322/82 a condition for the grant of aid?	Article 177 EEC
358/88 Oberhausener Kraftfutterwerk Wilhelm Hopermann v Bundesanstalt für landwirtschaftliche Marktordnung	Is the period for making application for aid under Article 22(1) of Commission Regulation No 2192/82 or Article 22 as amended by Commission Regulation No 3322/82 a time-limit?	Article 177 EEC
372/88 Milk Marketing Board v Cricket St Thomas Estate	Does pasteurized milk fall within the scope of Article 25 of Council Regulation No 804/68 on the common organization of the market in milk and milk products? Is the Milk Marketing Board entitled to charge a levy in respect of milk which the producer pasteurizes himself?	Article 177 EEC
Fisheries		
348/88 Summary proceedings against Hakvoort	Interpretation of Commission Regulation No 2108/84 laying down detailed rules for determining the mesh size of fishing nets and of Council Regulation No 3094/86 laying down certain technical measures for the conservation of fishery resources, with reference to the number of meshes to be measured	Article 177 EEC
370/88 Procurator Fiscal, Stranraer v Marshall	1. Do the provisions of Article 7 or Article 40(3) of the EEC Treaty, or any other provision of Community law, prevent a Member State from adopting, with the prior valid approval of the Commission, a measure prohibiting the carriage on a fishing vessel registered in that Member State, while that vessel is within an area of the inshore waters of that Member State adjacent to a part of the coast thereof, of a fishing net of a specified type and	Article 177 EEC

Case	Subject	Basis
9/89 Spain v Council	<p>construction, the use of which is otherwise not prohibited under Community legislation; and if so, in what circumstances?</p> <p>2. (a) Is Article 19 of Council Regulation 171/83 valid under Community law?</p> <p>(b) If so, does a measure such as that described in Question 1 properly come within the scope of Article 19?</p> <p>Annulment of Council Regulation No 3483/88 amending Regulation No 2241/87 establishing certain control measures for fishing activities</p>	Article 173 EEC
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p> <p>365/88 Kongress Agentur Hagen v Zeehaghe</p>	<p>1. If a defendant domiciled in a Contracting State is sued on the basis of Article 5(1) of the Convention in another Contracting State, may the court in the latter State derive from Article 6(2) of the Convention jurisdiction to entertain a claim by the defendant in guarantee against a person domiciled in a Contracting State other than that of the court?</p> <p>2. Must Article 6(2) of the Convention be interpreted as meaning that the court is bound to grant leave for the claim in guarantee to be brought unless the exception provided for in that provision applies?</p> <p>3. If Question 2 is answered in the negative, may the court apply the procedural rules of its national law in assessing whether the request for leave to bring the claim in guarantee should be granted or do the provisions of the Convention mean that the court must consider the request in the light of criteria other than those laid down in its national procedural law and, if so, what are those criteria?</p>	
<p>External relations</p> <p>19/89 AMT (Tin Recoveries) and Others v Council and Commission</p>	<p>Application for compensation for damage suffered by the applicant as a result of the signature by the defendant of the Sixth International Tin Agreement, its participation since 1982 in the operation and decision-making of the International Tin Council, and its failure to warn the firms concerned by ITC operations of the possible dangers inherent in those operations</p>	Articles 178 and 215 EEC

Case	Subject	Basis
Environment		
359/88 Criminal proceedings against Zanetti and Others	<p>1. Has the Italian legislature adopted in Article 2(1) of Presidential Decree No 915 of 1982 a definition of waste which is in conformity with Council Directives 75/442/EEC and 78/319/EEC?</p> <p>2. Has the Italian legislature complied with Article 10 of Directive 75/442/EEC in imposing the requirement of authorization solely for the disposal of toxic and harmful waste, without providing for the issue of individual authorizations in respect of similar operations involving special waste?</p> <p>3. Has the Italian legislature, in providing for the issue of individual regional authorizations for the transportation of waste, complied with the terms of Article 5 of Directive 75/442/EEC in the sense that the competent authorities would appear to be limited to those responsible for a 'given zone'?</p>	Article 177 EEC
Infringements		
6/89 Commission v Belgium ²	Seeking a declaration that by adopting Article 2 of Royal Decree No 471 of 24 October 1986, reducing by 50% the secondment pay or the salary allowance granted to teaching staff seconded to European Schools in circumstances which lead to an increase in the burden on the Community budget, Belgium has failed to fulfil its obligations under Article 5 of the EEC Treaty	Article 169 EEC
21/89 Commission v Spain	Failure to comply with Council Directive 78/319/EEC on toxic and dangerous waste, Council Directive 80/68/EEC on the protection of groundwater against pollution, Council Directive 75/440/EEC concerning the quality required of surface water, and Council Directive 80/778/EEC relating to the quality of water intended for human consumption	Article 169 EEC
Institutions		
353/88 Briantex and Di Domenico v Commission	Damages: the applicants claim that they suffered losses caused by inadequate organization at the third EEC-China Trade Week, and hold the Commission responsible	Article 178 and the second paragraph of Article 215 EEC

Disputes between the Community and its staff

v Commission:

7/89 Van Gerwen¹

v Parliament:

3/89 Graf Yorck von Wartenburg

¹ OJ C 43, 22.2.1989.² OJ C 32, 8.2.1989.³ OJ C 26, 1.2.1989.

2.4.24. Judgments

Date and Case	Held
ECSC — Steel	
18.1.1989: 137, 197 and 250/87 — Otto Wolff Flachstahl v Commission	Removed from the Court Register (Seeking annulment of the individual Commission decisions of 5 March, 28 April and 8 July 1987 in so far as they lay down production and reference quantities, production quotas and parts thereof for the first, second and third quarters of 1987)
18.1.1989: 139/87 — Otto Wolff Flachstahl v Commission	Removed from the Court Register (Seeking annulment of an individual decision addressed by the Commission to Krupp Stahl under Article 13(4) of Decision No 3485/85/ECSC)
18.1.1989: 237/87 — Otto Wolff Flachstahl v Commission	Removed from the Court Register (Seeking annulment of the decision, which may be inferred from the silence of the Commission, refusing the applicant's application of 27 April 1987 for an adjustment to its reference production in respect of products in category Ib)
18.1.1989: 135/88 — Otto Wolff Flachstahl v Commission	Removed from the Court Register (Seeking annulment of the Commission decision of 29 March 1988 notifying the applicant of its new reference figures)
Free movement of goods	
24.1.1989: 341/87 — EMI Electrola v 1. Patricia Imund Export Verwaltungsgesellschaft; 2. Lüne-ton Tonträger-Herstellung; 3. Kraul and 4. Beetz	Articles 30 and 36 of the EEC Treaty, properly construed, do not stand in the way of the application of legislation in a Member State which allows a manufacturer of sound recordings in that Member State to exercise exclusive rights which he holds over the reproduction and sale of a musical work in such a manner as to prohibit the sale in the territory of that Member State of sound recordings of the same musical work which are imported without the consent of the right holder or his licensee from another Member State where they had been regularly sold and where the manufacturer of those recordings previously enjoyed protection but the period of protection has now expired

Date and Case	Held
Customs union	
20.1.1989: 234/87 — Casio Computer Deutschland v Oberfinanzdirektion München ¹	Electronic devices which are essentially designed to carry out calculating, but also other operations which are programmable by a method that is more simple to use than, for example, the programming language 'BASIC' and which correspond to the criteria set out in Note 3(A)(a) to CCT Chapter 84 are automatic data-processing machines within the meaning of CCT heading No 84.53
Competition	
18.1.1989: 296/88 — Kruse v Provinzial Brandkasse Versicherungsanstalt Schleswig-Holstein	Removed from the Court Register (Interpretation of Article 85 of the EEC Treaty and of Council Regulation No 17)
Agriculture	
18.1.1989: 183/87 — Spain v Council	Removed from the Court Register (Seeking the annulment of Council Regulation No 801/87 amending Regulation No 1883/78 laying down general rules for the financing of interventions by the EAGGF Guarantee Section, which postpones the financing of losses on the disposal of butter from public stocks in 1987 and 1988 until 1989-92, thus increasing Spain's net share in this financing)
18.1.1989: 184/87 — Portugal v Council	Removed from the Court Register (Seeking the annulment of Council Regulation No 801/87 amending Regulation No 1883/78 laying down general rules for the financing of interventions by the EAGGF Guarantee Section, with reference to a specific measure for the disposal of butter from public stocks)
Fisheries	
18.1.1989: 167/87 — Opagac and its member undertakings v Commission	There is no need to give judgment on the application (Seeking the annulment of Commission Regulation No 712/87 determining the maximum amount of the compensation for tuna supplied to the canning industry during the period 1 March to 31 May 1986)
18.1.1989: 168/87 — Optuc v Commission	There is no need to give judgment on the application (Subject-matter identical with Case 167/87 <i>Opagac</i> above)

Date and Case	Held
18.1.1989: 28/88 — Opagac and its member undertakings v Commission	The is no need to give judgment on the application (Seeking the annulment of Commission Regulation No 3307/87 determining the maximum amount of the compensation for tuna supplied to the canning industry during the period 1 June to 31 August 1986)
18.1.1989: 123/88 — Opagac and its member undertakings v Commission	There is no need to give judgment on the application (Seeking the annulment of Commission Regulation No 228/88 determining the maximum amount of the compensation for tuna supplied to the canning industry during the period 1 September to 31 December 1986)
Staff	
18.1.1989: 183/88 — Sadini v Commission	Removed from the Court Register (Payment of mission expenses at a rate different from that agreed by the parties)
Infringements	
17.1.1989: 128/87 — Commission v Greece ²	The application is dismissed (Seeking a declaration that by restricting official recognition of olive oil producer organizations to those which 'are entitled to pursue, on behalf of their members and on their responsibility, all commercial activities related to the collection, distribution and sale of olive products and whose members — physical persons — participate in the organization or are represented by local organizations established at the level of communities or adjoining communities, having legal personality, pursuing economic and social objectives and which undertake to provide the organization with information concerning all their agricultural activities', Greece has failed to fulfil its obligations under Council Regulation No 2261/84 laying down rules on the granting of aid for the production of olive oil and of aid to olive-oil producer organizations, and under Article 40(3) of the EEC Treaty)
18.1.1989: 75/87 — Commission v France	Removed from the Court Register (Seeking a declaration that by requiring a declaration for the importation of certain agriculture products and foodstuffs originating in the Community or originating in non-member countries but in free circulation, France has failed to fulfil its obligations under the Treaty)
18.1.1989: 210/88 — Commission v Italy	Removed from the Court Register (Seeking a declaration that by providing in Article 3(3) of Presidential Decree No 322 of 18

Date and Case	Held
18.1.1989: 299/88 — Commission v Belgium	<p>May 1982 that the particulars in Italian to be shown on the labelling of foodstuffs must appear in lettering as large as or larger than that used for other languages, and by preventing the marketing of foodstuffs from other Member States which do not comply with that requirement Italy has failed to fulfil its obligations under Council Directive 79/112/EEC, in particular Article 3, Article 11(2) and Article 14 thereof, and Article 30 of the EEC Treaty)</p> <p>Removed from the Court Register (Failure to comply with Council Directive 83/635/EEC amending for the second time Directive 76/118/EEC on certain partly or wholly dehydrated preserved milk for human consumption)</p>

Disputes between the Community and its staff

v Commission:

- 17.1.1989: 310/87 Stempels — The application is dismissed
- 26.1.1989: 293/86 Bahbout — Removed from the Court Register
- 26.1.1989: 224/87 Koutchoumoff — The application is dismissed
- 31.1.1989: 307/87 Klein — The Commission's decision of 17 December 1986 not to grant the applicant the household allowance is void

v Parliament:

- 17.1.1989: 293/87 Vainker¹ — The three decisions of the Secretary-General of the European Parliament of 30 October 1986 promoting nine officials from grade A5 to grade A4 in the career bracket of principal administrator are annulled

¹ OJ C 43, 22.2.1989.
² OJ C 32, 8.2.1989.

Economic and Social Committee

262nd plenary session

2.4.25. The Economic and Social Committee held its 262nd plenary session in Brussels on 25 and 26 January, with Mr Masprone in the chair. The session was attended by the President of the Council and by Ms Papandreou, Member of the Commission, who presented the new Commission's programme (→ point 1.2.3), which devoted considerable space to social and cultural matters. The Commission wished to strengthen economic and social cohesion in

the Community to make sure that it became more than just a free trade area. Community solidarity had already made its mark in the reform of the structural Funds and had also worked to the advantage of the CAP. The quality of life and the anti-pollution campaign were priority objectives. The Commission had asked for the Committee's assistance in promoting the Charter of Social Rights and was aware that it could count on a constructive approach from the Committee. After many speakers had commented on Ms Papandreou's remarks, Mr P. Solbes Mira, Spain's State Secretary for the European Communities and current President of the Council, made a detailed

statement on the issues which Spain would seek to promote during its term as Council President. A special effort would be made with regard to the European social area, including the launching of the procedure leading to the eventual introduction of a Community Social Charter.

2.4.27. The Committee debated and adopted opinions on the following items:

voting rights for Community nationals in municipal elections (→ point 2.1.1);

electromagnetic compatibility (→ point 2.1.2);

copyright and the challenge of technology (→ point 2.1.7);

the Seventeenth Report on Competition Policy (→ point 2.1.30);

grain legumes;

road vehicle weights and dimensions (→ point 2.1.94).

2.4.27. The Committee adopted by unanimous vote, without debate, opinions on the following items:

derogations granted to Denmark on travellers' allowances;

extensification of production (→ point 2.1.77);

collection of information — cargo-liner traffic.

European Investment Bank ¹

Operations in 1988

General situation

2.4.28. Lending by the European Investment Bank in 1988 totalled over ECU 10 billion for the first time (10.175 billion), an increase of 30% over total financing in 1987 (ECU 7.8 billion).² Within the Community, out of a total of ECU 9 474.8 million, 356.8 million came from the resources of the New Community Instrument for borrowing and lending (NCI).³ Outside the Community,

ECU 700.2 million was advanced, comprising ECU 520.2 million from own resources and ECU 180 million from budgetary resources.

Salient features of the year were:

(i) an appreciable rise in financing for regional development projects (almost 60% of total activity) as a means of increasing economic and social cohesion;

(ii) lively growth in lending for major infrastructure, in particular transport and telecommunications, in anticipation of the completion of the single market;

(iii) a further rise in financing for industry, to increase company competitiveness; brisk growth in credit for small businesses, with over 5 200 of them receiving funds under global loans;

(iv) maintenance of a high level of lending for environmental protection;

(v) sustained support for investment furthering the Community's energy policy;

(vi) outside the Community, an upturn in lending under the Mediterranean protocols and continued commitments under the third Lomé Convention, producing an increase of almost 80% over 1987;

(vii) an increase in borrowing operations: almost ECU 7.7 billion raised in 1988, compared with ECU 5.6 billion in 1987, with a heavy predominance of Community currencies (84%), led by the mark and the ecu, with the peseta and the escudo making their début.

Financing in the Community

2.4.29. The considerable growth in financing recorded in 1988 is a reflection of the buoyant level of investment in the member

¹ Further details can be obtained from the Information Division of the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. (352) 43791).

² The conversion rates at 31 December were ECU 1 = BFR 43.58, DKR 8.03, DM 2.08, DR 172.91, ESC 171.70, FF 7.10, HFL 2.35, IRL 0.78, LFR 43.58, LIT 1 531, PTA 132.88, UKL 0.65, USD 1.17.

³ OJ L 298, 25.10.1978.

countries and of the contribution the EIB was able to make to the financing requirements arising in anticipation of the completion of the single market in 1993. These arose both for the infrastructure needed for healthy trade development and for projects designed to give Community enterprises a keener competitive edge. The EIB thus lays greater emphasis on strengthening the economic and social cohesion of the Community.

The conditions offered by the Bank, affording greater flexibility to borrowers, in terms both of rate and duration and of currency options, also played their part in this increase in the volume of loans. Thanks to the current economic climate, the EIB believes that 1989 could see a further increase in financing, although it is not possible at this stage to estimate its scale.

In deploying its financing, the Bank does not mount operations according to any set scale, by country and/or by sector; the granting of its loans hinges on demand, on the compatibility of the investments concerned with the economic policy objectives pursued by the Bank, and on their viability. In 1988 the Bank mounted operations in 11 member countries and also financed telecommunications satellite projects benefiting the Community at large, although geographically indefinable. The growth in operations was chiefly attributable to lending from own resources (up ECU 2.1 billion). Expansion was marked in Spain and Portugal and also in France, Denmark and above all Germany and the Netherlands. In the United Kingdom, maintenance of a high level of activity was attended by much diversification. There was a modest rise in lending in Italy, while in the other countries activity more or less remained at previous levels.

The volume of investment towards which EIB operations contributed in 1988 (20 to 50% of the cost, depending on the project) can be estimated at more than ECU 25 billion, or slightly more than 3% of total gross fixed capital formation within the Community. This percentage was particu-

larly high in Portugal (11%), Greece (5%), Ireland (7%) and southern Italy (14%). The direct impact of this investment on employment is put at 40 000 permanent jobs, a large proportion of which were with small firms financed out of global loans.

In its field, the EIB provides an immediate stimulus to priority investment in the Community, in terms of regional development, the improvement of infrastructure, the enhancement of industrial competitiveness (mainly through support for small firms and the development of advanced technology), the supply and more rational use of energy and environmental protection. Cooperation between the Commission and the Bank is set to be taken still further with the reform of the structural Funds and the plan to differentiate levels of loans and grants,¹ as well as by the quality of the programming-procedures to be followed.

Financing in member countries in line with Community policies²

2.4.30. As in previous years, and in accordance with the Bank's primary mission since the outset, the largest share of financing within the Community (59%) went in support of regional development, for which ECU 4.9 billion was granted, compared with ECU 3.8 billion in 1987. Some 70% of these loans were concentrated in those countries and regions (Portugal, Greece, Ireland, Northern Ireland, the Mezzogiorno and certain regions of Spain) that face the most severe structural problems should occur. About 30% of the funds went to regions suffering decline or affected by conversion from their traditional activities. Some ECU 2.7 billion financed either projects directly embraced by integrated Mediterranean programmes or investment addressed to similar objectives in the regions concerned.³ During the past five years, EIB loans in support of

¹ Bull. EC 12-1988, point 2.1.201.

² As some loans go towards more than one policy objective, the totals for the various headings together exceed the grand total.

³ All of Greece, some regions of Italy (mainly the south) and the south of France.

regional development have totalled over ECU 18 billion.

Of the ECU 3.9 billion advanced for transport and telecommunications, ECU 1.7 billion was for the improvement of communications between member countries, the need for which is being felt increasingly as 1993 approaches. Of this, ECU 1.1 billion went more directly for transport infrastructure, in particular the Channel Tunnel, for which ECU 213 million was disbursed in 1988 under the cofinancing agreement signed in 1987; ECU 404 million went to roads and motorways and ECU 384 million to airports and airline fleets. For telecommunications, ECU 604 million was granted (ECU 185 million in the form of a guarantee), largely through the Inmarsat and Intelsat satellite programmes.

Of the ECU 2.9 billion of financing for the industrial sector, ECU 1.8 billion went in the form of credit for small businesses under ongoing global loans and ECU 1.1 billion in the form of individual loans to larger firms for a whole range of investments from aeronautical engineering to microelectronics and chemicals. A total of ECU 1.7 billion was earmarked for modernizing Community industry and strengthening its international competitiveness. This included ECU 611 million related to investment contributing to the development of advanced technology and a further ECU 285 million to the construction and launching of telecommunications satellites. There were also a number of projects in traditional areas involving cooperation between firms from several Member States or helping companies in the new Member States to adapt to changed market conditions resulting from accession to the Community.

In 1988 the EIB stepped up its cooperation with specialist banks and institutions for the purposes of financing small and medium-sized firms via its global loans: 5 232 investments were financed, including 2 160 through leasing credit, for a total of ECU 1.8 billion; 3 153 firms received funds (ECU 1 billion) in the least-favoured regions and another 1 957 (ECU 605 million) elsewhere, including 1 273 from the Bank's own

resources and 684 from NCI resources. In the advanced technology area, 42 smaller investment schemes received a total of ECU 113 million, along with 80 small projects aimed at environmental improvements and/or the rational use of energy, for a further ECU 94 million.

This means that since European Small Business Year in 1983, the Bank has contributed from its own and NCI resources to the financing of a total of some 25 000 productive investment schemes implemented by small and medium-sized firms, for a total of some ECU 7.7 billion.¹

Investment in pursuit of the Community's energy objectives received ECU 1.8 billion. Projects for developing indigenous resources accounted for over ECU 0.9 billion, while loans for the diversification of imports amounted to ECU 536 million and those for the rational use of energy to ECU 380 million. Some 15% of this financing went into projects that also had beneficial environmental impact, in particular the modernization of thermal power stations in Germany and industrial installations in Italy.

The European Year of the Environment had drawn to its close, but the Bank maintained efforts to support the manufacture and installation of equipment to combat pollution and improve living conditions: ECU 1.2 billion granted, in particular, for the improvement of drinking-water quality and sewage treatment in Portugal, Spain, Italy, the United Kingdom, Germany, Ireland, France, Greece and Denmark. A total of ECU 362 million went towards reducing atmospheric pollution by power stations and boiler plants, refineries and other industrial installations in Germany, France and Italy. Some ECU 200 million went to various other items of infrastructure to reduce water and air pollution, treat waste and improve the urban environment.

¹ From EIB resources: almost 14 500 firms (ECU 4.3 billion); from NCI resources: 9 820 firms (ECU 2.7 billion). Rational use of energy and environmental protection: 655 projects (ECU 605 million). Advanced technology: 77 projects (ECU 226 million).

Table 10 — *Geographical breakdown of financing**(million ECU)*

	1988			1987		
	Total	of which NCI	% share	Total	of which NCI	% share
Community	9 474.8	356.5	100	7 450.4	446.9	100
Italy	3 371.9	97.3	35.6	3 112.2	196.2	41.8
France	1 350.5	106.6	14.3	1 006.5	76.8	13.5
United Kingdom	1 178.7	99.2	12.4	1 133.7	14.0	15.2
Spain	1 018.5	21.9	10.7	707.4	113.7	9.5
Germany	603.0	—	6.4	276.5	—	3.7
Portugal	560.4	—	5.9	389.9	9.9	5.2
Denmark	494.1	31.4	5.2	315.3	31.8	4.2
Netherlands	259.7	—	2.7	18.0	—	0.2
Greece	186.5	—	2.0	164.8	4.6	2.2
Ireland	154.8	—	1.6	178.6	—	2.4
Belgium	11.6	—	0.1	37.1	—	0.5
Luxembourg	—	—	—	1.6	—	0.1
Other ¹	285.0	—	3.0	108.7	—	1.5
Outside Community	700.2			392.1		
of which EIB funds	520.1			188.8		
of which budget	180.1			203.3		
ACP States	302.2			349.3		
Mediterranean	398.0			42.8		
Grand total	10 175.0			7 842.5		

¹ Projects of direct benefit to the Community but located outside the territories of the Member States.

In June 1988 the Board of Governors appointed the Bank's Board of Directors and its Management Committee, in which Mr Ernst-Günther Bröder had his term as President extended, and Mr C. Richard Ross, Mr Lucio Izzo, Mr Alain Prate and Mr Miguel A. Arnedo Orbañanos were confirmed as Vice-Presidents. Mr Erling Jørgensen and Mr Ludovicus Meulemans were newly appointed as Vice-Presidents to replace Mr Arie Pais and Mr Noel Whelan, whose terms had expired. The Governors conferred the title of Honorary Vice-President on the two outgoing Vice-Presidents.

Financing outside the Community: ECU 700 million

2.4.31. Outside the Community, the EIB contributes to the deployment of Community development aid under cooperation or association agreements between the Community and 12 Mediterranean and 66 African, Caribbean and Pacific countries, signatories of the third Lomé Convention.

For the most part, EIB loans from own resources attract an interest subsidy from budgetary resources (European Development Fund or the general Community

budget). In addition, the Bank mobilizes financing from risk capital resources, also using budgetary funds, on special terms.

Operations outside the Community amounted to ECU 700.2 million in 1988 (ECU 392.1 million in 1987), of which ECU 398 million was advanced in Mediterranean countries and ECU 302.2 million in the ACP countries.

Mediterranean countries

2.4.32. The pivotal event of 1988 was the entry into force of a new generation of financial protocols between the Community and a number of Mediterranean countries (Maghreb, Mashreq, Israel and Yugoslavia). This made for the swift resumption of Bank activity in those countries, for a total of ECU 398 million, including ECU 7 million from risk capital to be used on a priority basis for financing investment by joint ventures with Community companies. In Yugoslavia, ECU 210 million was advanced, plus ECU 60 million in Tunisia, ECU 50 million in Morocco, ECU 34 million in Jordan, ECU 28 million in Egypt and ECU 16 million in Malta.

ACP countries and OCTs

2.4.33. Through its continuing operations under the third Lomé Convention, which came into force in 1986, and the specific parallel aid provided for the overseas countries and territories, the EIB in 1988 granted ECU 302.2 million, of which ECU 173.1 million took the form of risk capital provided for under the Lomé Convention, the administration of which is entrusted to the Bank.

As in previous years, the larger part of the financing went for industry and the agro-industrial sector (47% for small firms, in cooperation with national or regional development banks). Energy, in particular the harnessing of local resources, electricity transmission and the interconnection of power grids, accounted for 23%, water supply and waste-water treatment for 21%, and the development of communications for 9%.

The EIB continued to mount operations in support of the rehabilitation of industry and infrastructure by helping to finance the modernization or restructuring of companies contending with adverse economic conditions, or moves to strengthen the finances of operation companies or the sound management of utilities (water and power). In addition, it gave backing for the improvement of telecommunications, water distribution and electricity generation and transmission with the aim of improving living conditions, creating a better economic climate for companies and bringing a positive influence to bear on the balance of payments.

As in previous years, there were frequent instances of cofinancing with bilateral aid from the Member States or with the multilateral financial institutions, along with the Commission of the European Communities (European Development Fund) and other banks.

Resources raised

2.4.34. Confirming its role as a first-rank borrower (the leading institutional borrower, with the World Bank), the EIB mobilized close on ECU 7.7 billion in 1988, compared with just under ECU 5.6 billion in 1987 (+ 37%). Of these funds, ECU 7.4 billion was raised on the capital markets and ECU 253 million in the form of ecu notes on the money markets.

On the capital markets, over ECU 5.7 billion was raised via public issues and almost ECU 1.3 billion through private placings, ECU 311 million in the form of interbank operations and ECU 56 million through the issue of medium-term notes in US dollars.

As in previous years, in seeking to accommodate the wishes of its borrowers, the EIB intensified operations to raise Community currencies, which in 1984 accounted for 84% of all calls on the markets, compared with 68% in 1987. As in 1987, the German mark was the principal currency of borrowing, at ECU 1 545 million, or over 20% of the total. The ecu followed the pattern that

emerged in 1985 and remained in second position, at ECU 1 076 million. In 1988 the EIB mounted its first borrowing operations in pesetas and pioneered the long-term market in foreign escudo-denominated bonds. It mounted operations in the capital markets of almost all the member countries of the Community.

In 1988 the EIB raised the volume of its floating-rate borrowings, to ECU 655 million (393 million in 1987), the vast majority of these operations being conducted via currency and/or interest-rate swaps (ECU 498 million). The only other such operations were two direct floating-rate lira issues.

Table 11 — *Principal currencies raised on the capital markets*

	<i>(million ECU)</i>			
	1988		1987 ¹	
1. Marks	1 545	(20.8%)	1 153	(20.6%)
2. Ecus	1 076	(14.5%)	807	(14.4%)
3. French francs	854	(11.5%)	464	(8.3%)
4. Pounds sterling	752	(10.1%)	142	(2.5%)
5. Italian lire	652	(8.8%)	639	(11.4%)
6. Swiss francs	556	(7.5%)	370	(6.6%)
7. Dutch guilders	500	(6.7%)	338	(6.0%)
8. Belgian francs	473	(6.4%)	302	(5.4%)
9. Japanese yen	314	(4.2%)	517	(9.2%)
10. US dollars	307	(4.1%)	722	(12.9%)
11. Pesetas	237	(3.2%)	—	—
12. Luxembourg francs	85	(1.2%)	79	(1.4%)
13. Irish pounds	32	(0.4%)	—	—
14. Escudos	29	(0.4%)	—	—

¹ In 1987 the EIB had also borrowed Danish kroner and Austrian schillings.

The year just closed saw a further decline in the US dollar and the yen, with the importance of the role of the ecu to the EIB becoming still more apparent. The main recipient countries for loans

disbursed wholly or partly in ecus in 1988 were Italy (423 million), France (351 million), Denmark (266 million), Spain (191 million) and Portugal (171 million).

5. Statistics

General

Programmes

2.5.1. On 18 January Parliament adopted a favourable opinion (at first reading)¹ on the proposal for a Decision instituting a programme for the research and development of statistical expert systems (Doses).² It put forward a number of technical amendments and an amendment, which the Commission was unable to accept, increasing the budget allocation for the programme by ECU 2 million (to ECU 6 million instead of the 4 million proposed).

Work and projects

2.5.2. The Committee on External Trade Statistics, which was set up under Regulation (EEC) No 1736/75 of 24 June 1975,³ held its 50th meeting in Luxembourg from 24 to 27 January; the meeting focused on the definition of a work programme for 1989 concerning warehousing and transit statistics and procedures for applying the Intrastat system,⁴ in particular to statistics of trade between Member States.

Data

Interim statistics for coal, 1988

2.5.3. Coal production in the Community in 1988 amounted to some 214.5 million tonnes, 7.2 million tonnes (3.3%) down on 1987, while the average annual manning level was 229 400 workers employed below ground, a fall of 10%. In the Member States the drop in production was more or less concurrent with the decline in manpower, except in the United Kingdom, which with an underground manning level 15% down on 1987 (-13 300 workers), almost maintained its previous year's level of production

(101.3 million tonnes in 1988, 101.6 million tonnes in 1987).

Imports of coal from non-member countries totalled some 93.4 million tonnes (91.6 million in 1987), increasing in Ireland, Italy, the Netherlands, Portugal and the United Kingdom and decreasing in the other Member States. Total deliveries of coal in the Community could amount to 311.5 million tonnes in 1988, as against 318.6 million tonnes in 1987 (-2.2%). Of that figure, it is estimated that 188.7 million tonnes were delivered to power stations, as against 195.5 million tonnes in 1987 (-3.5%), while 70.4 million tonnes went to coking plants (71.6 million tonnes in 1987, a drop of 1.7%).

Following the substantial decreases in coke production in the Community in 1986 and 1987, which resulted from the closure of coking plants in certain countries, coke production fell by only 2 million tonnes in 1988 (51.8 million tonnes produced in 1988, as against 53.8 million tonnes in 1987), on account of the continuing favourable situation on the steel market. In 1988 the amount of coke required by the steel industry was 47.0 million tonnes (44.9 million tonnes in 1987). In view of the drop in production, demand was met in part by reducing stocks (8.2 million tonnes in 1988, as against 10.3 million tonnes in 1987).

Publications

2.5.4. In January Eurostat published the 1988 statistical yearbook for iron and steel,⁵ giving annual statistics on the structure and economic situation of the Community industry.

¹ OJ C 47, 27.2.1989.

² OJ C 203, 4.8.1988, Bull. EC 7/8-1988, point 2.5.1.

³ OJ L 183, 14.7.1975.

⁴ Bull. EC 12-1988, 2.5.1.

⁵ Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

PART THREE
DOCUMENTATION

1. The ecu

Values in national currencies of one ecu

31 January 1989¹

BFR/ LFR	Belgian franc and Luxembourg franc (convertible)	43.7433
	Belgian franc and Luxembourg franc (financial)	43.9337
DKR	Danish krone	8.11191
DM	German mark	2.08854
DR	Greek drachma	173.327
ESC	Portuguese escudo	170.543
FF	French franc	7.10163
HFL	Dutch guilder	2.35780
IRL	Irish pound	0.780735
LIT	Italian lira	1 524.15
PTA	Spanish peseta	129.197
UKL	Pound sterling	0.636027
AUD	Australian dollar	1.26017
CAD	Canadian dollar	1.32389
FMK	Finnish mark	4.80890
NKR	Norwegian krone	7.53341
NZD	New Zealand dollar	1.84521
OS	Austrian shilling	14.6916
SFR	Swiss franc	1.77527
SKR	Swedish krone	7.08763
USD	United States dollar	1.12004
YEN	Japanese yen	144.934

¹ OJ C 26, 1.2.1989.

NB: Explanatory notes on the ecu and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ecu used in connection with the common agricultural policy

January 1989		
National currency		Value in national currency of one ecu
BFR/ LFR	Belgian franc and Luxembourg franc	48.2869 ¹ 48.0467 ²
DKR	Danish krone	8.66492 ³ 8.93007 ⁴ 8.84165 ⁵ 8.75497 ²
DM	German mark	2.38591 ⁶ 2.37360 ⁷ 2.36110 ⁵
DR	Greek drachma	155.617 ⁴ 170.912 ³ 156.699 ^{7, 8, 9, 10} 143.096 ¹¹ 148.799 ¹² 138.759 ⁵ 163.533 ¹³ 180.508 ¹⁴ 149.762 ¹⁵ 145.018 ¹⁶ 164.729 ¹⁷ 156.020 ¹⁸
ESC	Portuguese escudo	188.007 ¹
FF	French franc	7.58418 ^{6, 19} 7.69553 ² 7.65577 ³ 7.56606 ²⁰ 7.54389 ⁹ 7.85183 ⁴
HFL	Dutch guilder	2.66089 ^{6, 7} 2.64704 ⁵
IRL	Irish pound	0.856765 ¹³ 0.844585 ²¹ 0.843818 ¹⁹ 0.832119 ² 0.856236 ⁴ 0.829788 ³
LIT	Italian lira	1 668.00 ²² 1 652.00 ^{3, 5} 1 716.00 ⁴ 1 613.00 ² 1 635.00 ^{7, 23} 1 641.00 ⁹

January 1989		
	National currency	Value in national currency of one ecu
PTA	Spanish peseta	153.315 ³ 155.786 ²¹ 154.213 ¹⁹ 153.561 ²⁴ 152.665 ²⁵ 151.486 ²⁶ 149.437 ²⁷ 148.444 ²⁸ 147.821 ¹³
UKL	Pound sterling	0.725149 ¹³ 0.725849 ⁴ 0.665557 ² 0.671291 ³ 0.685035 ²¹ 0.675071 ¹⁹

- ¹ All products.
- ² Beef/veal to 27.2.1989.
- ³ Sheepmeat and goatmeat.
- ⁴ Pigmeat.
- ⁵ Other products.
- ⁶ Milk and milk products.
- ⁷ Cereals.
- ⁸ Sugar.
- ⁹ Wine.
- ¹⁰ Olive oil.
- ¹¹ Eggs and poultrymeat.
- ¹² Other crop products.
- ¹³ Pigmeat from 30.1.1989.
- ¹⁴ Sheepmeat from 30.1.1989.
- ¹⁵ Eggs and poultrymeat from 30.1.1989.
- ¹⁶ Other livestock products from 30.1.1989.
- ¹⁷ Cereals, sugar, tobacco, olive oil and wine from 30.1.1989.
- ¹⁸ Other crop products from 30.1.1989.
- ¹⁹ Crop products.
- ²⁰ Fishery products.
- ²¹ Other livestock products.
- ²² Fruit and vegetables and tobacco.
- ²³ Oilseeds.
- ²⁴ Pigmeat on 1.1.1989.
- ²⁵ Pigmeat from 2.1.1989 to 8.1.1989.
- ²⁶ Pigmeat from 9.1.1989 to 15.1.1989.
- ²⁷ Pigmeat from 16.1.1989 to 22.1.1989.
- ²⁸ Pigmeat from 23.1.1989. to 29.1.1989.

2. Statement on Spain's term as Council President

Strasbourg: 17 January 1989¹

3.2.1. For the first time in the history of the Community, Spain is taking over the Presidency of the Council of Ministers. My appearance before you to set out our programme is also my first act before a Community institution in my capacity as President of the Council.

That fact is more than mere coincidence. The European Parliament is the Community institution which directly reflects the democratic principles which are at the basis of coexistence in and between our respective countries. My presence here today is not merely a formality: it is a response to the legitimate right of supervision which any parliamentary institution should exercise over the executive authority and which is accorded to you under Article 137 of the Treaty of Rome.

Clearly, moreover, when a given Member State takes over the Presidency of the Council for six months, that period is not, and should not be regarded as, an isolated stage in the life of the Community. Such an interpretation would inevitably lead us to distort the role of the Presidency and fall victim to the temptation to set national objectives, when the true function of the Presidency is to provide impetus in all those areas which are perceived to be of common interest. Let us therefore express ourselves in a different manner and speak, from now on, not of Spanish priorities for the Community Presidency but of Community priorities for the Spanish Presidency.

The priority of the Spanish Presidency will be Europe.

This handing-over of responsibilities is none the less a suitable moment at which to carry out a programming exercise which will result in a degree of discipline being imposed on all of us.

In maintaining the continuity which should govern the conduct of successive Presidencies, I believe we must begin this exercise by considering the current situation of our Community.

1988 has been a vitally important year.

The crisis looming over European integration has been overcome and we have stretching out before us a period of time in which we can work constructively, without having to take decisions on what might be termed questions of survival. However, the time we have before us is not infinite and we must make full use of it. There are difficulties and they are serious ones. We have covered a long stretch of the road, but it was the easiest section.

In front of us we have the major obstacles which were anticipated from the beginning of the journey. None of us is surprised that we have not yet overcome those obstacles. However, we cannot side-step them for otherwise we shall get nowhere. When the European Council in February adopted the package of measures rightly known as the 'Delors' reform' it brought the Community out of a long tunnel from which it has begun to emerge laboriously and practically by stages. First in 1984 with the Fontainebleau decisions, then in 1985 with the signing of the Treaty of Accession of Spain and Portugal, almost two years later with the entry into force of the Single Act, and finally this year with the decisions of the Brussels Summit.²

It is now possible to say that all the conditions have been met to enable us to move forward towards the goals which we set ourselves in the Single Act. We must make progress with the immediate objectives, such as the programme for the internal market, but also with the longer-term objectives such as monetary union and European Union.

As regards these latter objectives, it should not be forgotten that, as recently pointed out by the Spanish Prime Minister, Felipe González, they involve 'political commitments made by governments in response to a need deeply felt by the people of Europe'. 'We may disagree on some procedures, on the exact timetable, but we are all bound by a commitment which we entered into voluntarily.'

This new and dynamic situation, which has made a deep impression on European public opinion because it has its roots there, has awakened great expectations. It has enabled us in the course of this year to adopt fundamental decisions, such as the liberalization of capital movements, the mutual recognition of diplomas and the reform of the structural Funds.³

It has also enabled us to return to normality by adopting the 1989 budget, thanks to the help of this Assembly. Lastly, it has made it possible for European Councils to return to their task of laying down guidelines, both in Hanover and in Rhodes. Fruitful discussions have been held on fundamental topics such as monetary union, the social area, the internal market and European foreign policy:

It is my belief that the optimistic picture I have painted is an objective one which corresponds to the reality of the past year.

¹ Speech in Parliament by Mr Francisco Fernández Ordóñez, incoming President of the Council, on Spain's programme for its six-month term.

² Bull. EC 6-1987, point 1.1.1 *et seq.*

³ Bull. EC 7/8-1988, point 1.1.1 *et seq.*

It is an accurate description of our position.

The Community requires an internal dynamic and a creative tension for its very existence. I think we have achieved these, but we need to press forward with all our headlights full on. Courage is required, the courage to look ahead. We cannot travel through history with our eyes fixed on the rear-view mirror.

The Presidency of the Council will be institutionally minded in this context — realistic but ambitious and political at the same time.

By institutionally minded we mean Community-minded. We shall press on mindful of the managerial responsibility which the Treaty of Rome assigns to the Commission and of the function of this Chamber which houses the direct representatives of the citizens of Europe who elected it. We have been endeavouring to coordinate our work with Parliament and the Commission since before we took over the Presidency.

Ours will be a realistic presidency but a one with an eye to the future. There is a time for sowing and a time for reaping. The sowing will be full of hope but above all will extend over the whole field before us. No problem will be evaded, no responsibility will be shirked. Our aim is to progress as far as possible in the most difficult areas, not to amble quietly along the easiest paths.

Finally, it will be a presidency of political cooperation. We shall strive to keep Parliament informed as frequently as possible. We shall strive to follow its resolutions and to make political cooperation something more than mere statements, to make it represent genuine collective action. Lastly, we shall strive to ensure maximum possible consistency between the line followed by the Council of Ministers of the European Community and action by the Commission and the guidelines of European political cooperation, since these are parts of a whole which only achieve their logical significance when they act in coordination.

Making a success of the Single Act

The first point I wish to cover in this speech relates to making a success of the Single Act. We should bear in mind that the Single Act is not the sole component of the building of Europe, it is not all there is to the European venture, but it is our most urgent task.

In order to build Europe as an economic entity, political decisions must be taken. To fulfil the minimum programme of the Community will require political decisions which overcome the inertia at national level. One thing is clear: we

have passed the point of no return, and since we are obliged to press on, let us do so in a coherent manner.

Varying degrees of progress have been achieved in each of the six areas which we are to discuss. In the case of the internal market, progress on legislation is relatively far advanced. In other areas of fundamental importance, such as economic union or social policy, we are just beginning to examine in detail the drafting of measures which may lead to their full attainment. As for the environment, research and development and cohesion, we are at the halfway stage.

Solid work has already been done in all these areas, but it cannot be said that the Community's capacity to initiate new measures has been exhausted.

I will discuss these policies one by one, and underline the areas where the Spanish Presidency sees scope for action.

Internal market

In broaching the subject of the internal market, that fundamental chapter of the construction of Europe, it is imperative that we seriously reflect upon the situation in which we find ourselves. The Commission's presentation of its report to the European Council in Rhodes highlighted what has been achieved and what remains to be achieved in the pursuit of this basic objective.

The completion of the internal market has become irreversible, but there is no guarantee that the process will be completed within the deadlines laid down. Extra efforts are needed.

The positive aspects which I should like to single out relate to the sheer number of measures adopted and to specific areas in which the rate of work has brought results which can be regarded as satisfactory, such as the abolition of technical barriers. The European Parliament has also played a noteworthy part in the final approval of these measures.

The shortcomings are of course to be found in two areas highlighted in the Commission report: limited progress has yet been made in areas of great importance, such as the removal of physical frontiers and tax frontiers. Nor should we forget that, as has been said before, the work of reform began on the easier aspects. The work which lies before us is of enormous importance, because of its quantity as well as its nature.

The obvious inference to draw from this statement is that we are approaching the hard core of the proposals contained in the White Paper. If we

wish to meet the deadlines which we have set for ourselves it is essential that the Spanish Presidency and its successors should make it a priority objective to tackle in a resolute fashion the following two major groups of proposals in the White Paper: the abolition of physical barriers and of tax barriers.

The Spanish Presidency is aware of the difficulties inherent in this task, among them being the possibility that, despite its best intentions, it should encounter resistance which would slow progress on one or other matter. It is of course firmly resolved to press forward in all the areas related to these two fundamental chapters in an attempt to achieve what we have so often set as a policy goal: the attainment of balanced progress in the programme for the internal market. We should avoid a process under which genuine priority gives way to expediency.

The Spanish Presidency feels sure that it can count on the unflinching cooperation of the Commission and the European Parliament in ensuring that this work programme bears fruit. The Commission's help will be needed because a few proposals have yet to be submitted to the Council; the help of Parliament will be needed because its cooperation is of value in securing final approval of the various measures.

The specific chapters of the programme for the internal market which are to receive special attention from the Spanish presidency during the next six months are the following:

- (i) The people's Europe and the European social area, emphasis being placed *inter alia* upon measures to facilitate the free movement of persons, the right of residence or arrangements for protection of the individual.
- (ii) Tax harmonization, both in the area of direct taxation with a view to achieving effective freedom of movement for capital, and in order to overcome the problems which continue to exist with indirect taxation.
- (iii) Harmonization of plant health and veterinary controls with a view to progress towards full abolition of physical frontiers.
- (iv) Abolition of technical barriers, with the assistance of the new proposals in line with the 'new approach' to be presented by the Commission, and harmonization of certification and testing systems.
- (v) Promotion of services based on new technology with special reference to Europe's cultural and economic heritage, the telecommunications sector and the freedom to exercise broadcasting activities.

- (vi) Continuation of the process of liberalizing financial services.

Social area

With regard to what is known as the European social area, we must endeavour to observe some restraint in what we say. We must refrain from lengthy speeches; we should instead give genuine substance to Community policy and promote in every way an idea which is obvious: that social progress is not an automatic consequence of eliminating barriers or dismantling regulations; rather the reverse is true, i.e. the creation of an internal market calls for special attention to be paid to the social effects which have a direct impact upon people's daily lives. The programme at issue is not one designed to achieve uniformity so much as a coherent approach. As Felipe González recently put it, we are paying more attention to business and capital than to human beings. If progress is achieved in coordinating the major policies of the Member States, there is no reason why matters relating to our citizens should be seen as a reserved area.

We must endeavour to make cautious but resolute progress on the social dimension. In the words of the European Trade Union Confederation, we will endeavour to foster progress and upwards levelling by all countries and regions of the Community, neither calling into question the higher achievements which have been gained nor standing in the way of further gains; in this way we will bring about an internal market marked by solidarity. We cannot accept the paradox that the European Communities should achieve uniformity in a number of marginal aspects of working life (such as the dimensions and shape of rest areas) without attaining the slightest harmonization in legislative or institutional matters.

During the period in which Spain exercises the Presidency of the Council, it will endeavour to give weight to the social aspects of the internal market with a view to achieving what has been called 'a European social area' which makes no attempt whatever to achieve uniformity of the various systems of labour law in the Member States but rather endeavours to harmonize them, taking as a basis a common conception of the criteria governing those matters which are considered to be fundamental to employer-employee relations.

In other words Spain has no desire whatever to achieve exact similarity, but rather to harmonize thinking which in the medium and long term will enable convergence between the various systems and comparable treatment of social matters to be achieved in the Member States.

In brief, the approach which is being proposed by Spain during its Presidency is to begin to establish the social area starting with its legal foundations and making step-by-step progress; this will not mean that, at some future date, general working conditions on a Community scale will not be worked out, but this is not our starting point; it is our ultimate objective and it still lies a long way off.

For the Spanish Presidency, the social objectives must lie in the following directions:

- (i) Progress must be made on harmonizing labour legislation in the Member States, and to this end it is necessary to set concrete objectives to enable Community social achievements to be constituted. Special care will have to be taken when working out the package of laws on safety and health at the workplace.
- (ii) In the framework of cohesion, and seen from that angle, special emphasis must be placed on employment and continuing vocational training, for which reliance will be placed on the reform of the structural Funds and more particularly of the European Social Fund.
- (iii) Progress must be made in the area of protection in social matters such as equal treatment for men and women, social security for migrant workers and care for the most disadvantaged groups such as the physically handicapped.
- (iv) We must develop and promote European social dialogue in such a way that its conclusions may serve as a basis and point of departure for work on the harmonization of legislation.
- (v) We must make progress in obtaining freedom of movement for persons.
- (vi) Finally, we must go further towards defining a European Social Charter which will lay down a basis of workers' rights.

In all these aspects of a genuine Community social policy, and in the important matter of the European company, Spain seeks to achieve progress and is looking to concrete proposals from the Commission in those cases where such proposals have not yet been tabled for discussion.

Monetary union

The Spanish Presidency is due to be presented with the report of the special Committee set up by the European Council in Hanover to investigate the various problems arising in connection with economic and monetary union.¹

The principal questions to be dealt with by this Committee of experts concern monetary union in connection with economic union, the European

monetary authority and the various stages for achieving monetary union.

The Spanish Presidency intends to start examining the positions adopted by the Committee at the informal Council meeting on economic and financial questions to be held next May, and subsequently to deal with the issue at formal level as well as part of the preparations for the European Council in Madrid.

In this matter also we are aware that there are differing views on the advisability of continuing along this path of European integration. Nevertheless, it should be pointed out that a growing tide of informed public opinion supports the need to establish a single currency and a supranational authority as essential ingredients for the creation of a genuine internal market.

While the Spanish Presidency cannot and must not anticipate the opinions of the Heads of State or Government at the Madrid European Council, it wishes to reaffirm its conviction that monetary union constitutes an essential element for the achievement of European Union. Accordingly, it is in favour of making as much progress as possible in defining the necessary stages for achieving monetary union.

Research and development

In the field of research and technology, which it is essential to further in order to ensure the international competitiveness of European industry, we must step up the efforts undertaken to strengthen the technological side of Europe with the participation of all the Member States. To that end, we shall endeavour to make further progress in implementing the current framework programme by adopting the new research programmes proposed (such as Flair, Mast, Eurotra, STEP, Epoch, Value, Agriculture, Doses, Monitor and Bridge).

We shall continue with efforts to bring out the potential of the new rules in this area, which were introduced by the Single European Act, in particular in connection with the revision of the framework programme to be carried out this year. This revision should provide an opportunity to consider progress to date and to reaffirm or correct objectives on the basis of a proper assessment of the framework programme, using all the parameters laid down for that purpose.

Environment

We must also intensify our work on the environment, a subject of especial concern to the European

¹ Bull. EC 6-1988, points 1.1.1 *et seq.* and 3.4.1.

Parliament. Implementing the provisions of the Single Act in this area will entail an approach based on a global and balanced perspective that embraces both the environmental aspect and the various other concerns and difficulties existing in all the Member States.

Among the various proposals which we would like to see adopted are those concerning genetically modified organisms, transboundary movements of hazardous wastes, the programme on environmental projects which could help to create jobs and the Directives regarding minimum water quality and the conservation of habitats.

Cohesion

We have also made progress in the implementation of the Single European Act as far as strengthening economic and social cohesion are concerned. We particularly welcome the progress made in adopting the implementing Regulations for the structural Funds, thus meeting the deadline set in this important field.

Of course, that is only a small part of the mandate incorporated in the Treaties by the Single Act. The new Articles 130a, 130b and 8a have produced not only specific measures to strengthen cohesion, but also an effective and parallel presence of that objective in developing the various policies and the internal market.

The foregoing remarks presuppose a dual responsibility: on the one hand, that of being constantly aware of the varying weight of effort to be made by certain economies in shaping the various policies and, on the other hand, specific actions of variable content in the policies which contribute as far as possible to strengthening cohesion. Understood in that sense, cohesion is not just a quantitative concept, nor an obstacle to the development of each sectoral policy, but a positive principle of harmonious integration within the general unification effort.

It would also be desirable to establish a mechanism enabling the effect and impact of the measures affecting the internal market to be evaluated. The European Council has reiterated the importance of developing cohesion, which is an essential factor in ensuring that the implementation of liberalization does not have distorting effects.

Implementation of other Community policies

We have briefly reviewed the various policies which make up the European Single Act together

with our programme of work and intentions with regard to each of those policies. Let us now turn to other chapters of the *acquis communautaire* which will be particularly relevant in the coming months. I propose to examine here the principal chapters in this area of the Community's work: agriculture and fisheries, the audiovisual sector, education and culture, health and consumer affairs, a people's Europe, tourism and communications, and industry and energy.

Agriculture and fisheries

The Spanish Presidency's essential priority in the agricultural sector will be to ensure the adoption of the new package of prices and related measures by the plenary session prior to the European elections. It is of the utmost importance to the Spanish Presidency to see that farmers have clear guidelines as soon as possible for the prices and conditions in force for the various common organizations of the market during the next farming year. It is of particular importance to farmers in the southern areas of the Community, whose harvests are earlier. The single market should of course also extend to agricultural products.

Progress must be made on those aspects of the White Paper lagging furthest behind. Spain will therefore concentrate on the various initiatives directed at harmonizing plant and animal health regulations, which form an important part of the programme for developing the internal market together with an adequate health guarantee for Community produce.

The Spanish Presidency considers price alignment a matter of importance if Spain is to become fully integrated into the internal market in agriculture. With regard to food policy, the Spanish Presidency wishes to concentrate on proposals leading to the gradual abolition of border controls, with special emphasis on the need for national standards to be harmonized.

Still in the same area, Spain hopes to see proposals submitted on quality protection policy, which is not only of benefit to the consumer but also squares with the promotion of products of greater added value, with positive spin-offs for producers' incomes.

Spain will, moreover, encourage work on crystallizing the nascent Community forestry policy on the basis of the principle that, in those regions suffering from environmental or climatological problems, greater emphasis should be placed on conservation than on output. Efforts will be made to develop the regulation on joint action.

Spain will maintain efforts to establish supplementary legislation for the implementation of the reform of the structural Funds with regard to rural society. Efforts will be focused on speeding up the process of adjusting the horizontal regulations on agricultural structures to the new criteria. The Spanish Presidency will to this end rekindle the discussions commenced recently on the document on rural society, which endeavours to outline a model of development for these regions of Europe by seeking medium-term strategies which will give direction to the regulations to be drawn up in the future.

On fisheries policy, the Spanish Presidency feels that efforts need to be concentrated in two areas: firstly, on improving and expanding relations with third countries and international organizations in order to step up Community fishing activity and, secondly, on progress in achieving measures to tailor the common fisheries policy to the realities of internal resources and market demand, which is another topic of major importance.

Audiovisual

Amongst the new initiatives within the Community, we shall pay particular attention to developing audiovisual policy in accordance with the important conclusions adopted at the most recent meetings of the European Council and, more specifically, in line with policy agreed at the Rhodes meeting.¹ Stepping up efforts to achieve concrete means of establishing and promoting Europe's audiovisual capacity is, we feel, of paramount importance.

To this end we must take steps to establish a European cultural area with programme exchanges and production and, on the technological and industrial level, we must ensure that technical broadcasting standards are harmonized, and that the European high-definition television system is promoted in every country. All efforts deployed in this field must be consistent with the Council of Europe Convention and promote production (and broadcasting) consonant with the richness and diversity of European culture.

The Presidency will spare no effort to achieve early approval of the 'television without frontiers' Directive and will support every measure to encourage the emergence of a European audiovisual market.

Education and culture

Public opinion in the various Community countries, the institutions of the Community itself and the respective governments are, for the greater

part, one in their desire to go further along the path towards a political and a people's Europe. The Adonnino Report² and the continual recommendations by the European Parliament are firm evidence of this common will.

To achieve this end, we must educate our citizens to have a European cultural identity and to be able to operate within Europe as a whole. Our most valuable instrument, from that point of view, is education, the role of which has, after a shaky start, been strengthening and expanding over the whole range of Community activity.

The Single Act has speeded up this expansion. What is more, the need for us to build, together, a Europe with greater cohesion and fewer inequalities also requires education to play an ever deeper and more decisive role.

The main areas on which the Spanish Presidency proposes concentrating efforts are:

- (i) examination of and political support for the medium-term education programme submitted by the Commission; this involves establishing a coherent framework for Community activity in the sphere of education and certain priorities in the light of 1992;
- (ii) examination and possible approval of the programme of access to foreign language teaching (Lingua programme) submitted by the Commission, the aim of which is to improve teaching of foreign languages within the Community, the real Achilles heel as far as the free movement of workers is concerned;
- (iii) discussion of the school-related aspects of the action programme designed to ease the transition from school to working life for young people;
- (iv) initiation of the review of the Erasmus programme.

In order to strengthen the foundations for a cultural Europe we shall actively support a Community book policy which shall take into account not only aspects relating to the translation and circulation of books but also questions relating to the problem of libraries, making culture accessible to the general public, etc.

Health and consumer affairs

Few aspects of social policy can offer such long-term benefits as health, which gives a human content to Community policy at very low financial

¹ Bull. EC 12-1988, point 1.1.1 *et seq.*

² Supplement 7/85 — Bull. EC.

cost. I am not referring to a common policy on health care, but rather to a common policy for the prevention of those diseases which are most widespread among our citizens and for health promotion. The Community must be in a position to take the lead in this policy of prevention and health promotion.

For all of the above, it is essential that the 'Europe Hope' programme which was devised for the fight against cancer be energetically implemented. 1989 has been declared 'Europe against Cancer Year' and consequently it would be difficult to understand if the Community Directives regulating the use of tobacco were not approved in the course of the year.

All member countries will have to promote the celebration of this European Year and ensure the implementation of the pluriannual programme for the common fight against this disease. In addition, the programme will have to be extended to other causes of illness, in particular the primary cause, which is cardiovascular disease.

In order to initiate action in this area, the Spanish Government has prepared a memorandum on a possible cardiological strategy for Europe. It also seems advisable to begin studies on the growing incidence of alcoholism among young people in Europe.

This last problem brings us to another of a more universal and serious nature—the problem of drugs. In this field there is a need for better coordination of the action which is already being taken and for an overall Community perspective on the scale of the problem in all its aspects. Drug addiction is becoming an increasing threat, particularly now that it is linked with the risk of AIDS. In the face of this risk, a very realistic common position has been worked out which needs to be supplemented as regards the social aspects of the disease, prevention campaigns and a uniform method of counting numbers of cases.

On the other hand, the completion of the single market means that account must be taken of citizens in their daily lives as consumers.

In this area we have an interesting starting point in the form of the Community's programme for a new impetus for consumer protection policy which defines the future direction of policy in this connection.

The aim now is to put this policy into practice from the twofold perspective of the well-being of citizens and the efficiency of production on the basis of a more precise analysis of the impact of the single market on European consumers, a subject on which we await a Commission study.

In the area of consumer policy there are draft rules of great interest which the Spanish Presidency would like to see examined and approved in 1989. I am referring to rules which will regulate consumer credit, package travel, unfair conditions and the safety of consumer goods. At the same time, the Community may strengthen its consumers' associations and give them easier access to the legal system.

A people's Europe

Spain has opted decisively for a Europe which is felt and experienced by its citizens, an authentic community in the sociological sense of the term.

The European Community's greatness stems from its plurality and diversity, but also from the strengthening of those elements which characterize us.

Accordingly, the Spanish Presidency wishes to promote measures concerning the elimination of frontiers, the right of abode and the participation in politics of Community citizens, as well as increasing their legal security and combating manifestations of xenophobia or racism.

Being aware of the importance of these objectives, and wishing to act on the conclusions of the European Council in Rhodes, the Spanish Presidency considers that the appointment of the coordinator of each Member State is of the greatest importance if sufficient progress is to be made in intergovernmental cooperation in this area.

The Spanish Presidency is also motivated by the wish to strengthen the Community image in the outside world in both directions in which it is perceived:

- (i) with respect to Community citizens, by supporting consular cooperation in non-member countries and by promoting the issuing of Community passports and the 'European youth card';
- (ii) with respect to foreign citizens, by proposing the possible creation of the legal, administrative and economic framework required in order to bring a harmonized visa system into force, and by considering the important matter of the right to asylum and refuge.

Transport, tourism and communications

Spain is taking over the Presidency of the European Economic Community at a time when the common transport policy, after a long period of relative inactivity, is experiencing a new impetus before the prospect of the single market. In this sector important decisions will have to be taken in the

near future on a large number of matters which are at present being discussed.

In the field of inland transport, the Spanish Presidency has an opportunity to take the decisive steps towards establishing common standards for the weights and dimensions of transport vehicles, a process whose complexity can be gauged by the fact that it began in the 1970s, and which should be completed in the first half of next year. This is a decision of great importance affecting both the European motor vehicle industry and the harmonization of conditions of competition in road transport.

It will also be necessary to adopt other harmonization measures accompanying the liberalization of the road transport market, agreed on recently by the Council for 1993. Amongst such measures we may single out the adoption of common standards for access to the profession of road-haulage operator, which should be approved during the Spanish Presidency.

On another topic, it should be pointed out that during our Presidency discussions will begin on a package of measures constituting the start of a Community policy on road safety, a matter on which this chamber has always shown great sensibility. Some of these measures, in addition to providing the guidelines for the overall discussions, should already be adopted in the first half of 1989.

In the field of transport infrastructures, account will have to be taken of the Community financing programmes proposed by the Commission to facilitate the integration of peripheral areas of the Community in the internal market.

As regards air transport, in view of the alarming situations occurring increasingly often with regard to the saturation of our air space and airports, organizing control of this air space has become a particularly important problem, which goes beyond the possibilities for national action. The Spanish Presidency will endeavour to give a fresh boost to the adoption of Community decisions in this regard, as well as making progress in discussing the Commission's most recent proposals in the field.

As regards shipping, a major effort towards liberalization was achieved in 1986 but it requires a further boost to be completed. The Spanish Presidency expresses its willingness to act constructively in this regard, while it hopes that it will be accompanied by efforts to improve the competitiveness of Community shipping.

In the telecommunications and tourism sectors, with respect to which no Community policy has existed until now, the first steps are being taken. Accordingly, the Spanish Presidency will encour-

age the adoption of measures to develop the Green Paper on telecommunications and, as regards tourism, will direct discussions towards possible priority measures for a Community programme.

Industry and energy

In the field of industrial policy one of the Spanish Presidency's priority objectives is to encourage industrial cooperation between firms in the Community countries. The aim of this initiative is to extend already existing objectives and programmes to areas other than production and marketing.

During the Spanish Presidency emphasis will continue to be laid on developing the policy of support for small and medium-sized businesses, which has been given a considerable boost in the last two years. Studies are now at a very advanced stage on a series of proposals in the information and consultancy fields, which should take practical shape in creating a favourable environment for the development of undertakings and industrial financing and cooperation.

In the field of energy, our efforts will be concentrated on developing an internal energy market which brings about a reduction in energy prices and an increase in the quality of service. Advances in this area will have to take into account the technical, strategic and economic characteristics of this sector which single it out from the goods and services sectors as a whole.

Furthermore, the Spanish Presidency will also focus its attention on promoting existing proposals with regard to reducing dependence on energy, rationalizing energy use and developing new and alternative energy sources.

External relations and political cooperation

I am pleased that in areas as closely connected as external relations and political cooperation the Spanish Presidency should coincide with a phase of clearly positive dynamism. There is a wish for dialogue between nations. A new climate seems to be emerging, which also favours the activities of interventional organizations to which we give our unconditional support.

The enormous value of the United Nations for the peaceful solution of disputes is being confirmed. The Council of Europe is taking on a new lease of life, offering fields of cooperation to non-member States, in accordance with guidelines which we wish to support and encourage.

We have welcomed the first tangible results in the process of nuclear disarmament, which should be extended to strategic weapons. We must succeed in eliminating chemical weapons throughout the world and are pleased that the recent Conference in Paris should have obtained results which will undoubtedly encourage the work in this field of the Geneva Disarmament Conference, which the Twelve have always supported. In addition to the conclusion of the CSCE meeting in Vienna, the negotiations on conventional disarmament between 23 sovereign States participating in the CSCE should produce results which in the end will enhance the security of all. We also hope to see advances in the area of confidence and security-building measures between the 35 States participating in the CSCE.

The Vienna meeting does in fact appear to be on the verge of concluding with results which meet our criteria. The meetings of experts provided for in the final document will have to bring about results in such important matters as human rights and the free movement of ideas and information, the promotion of economic and scientific exchanges, and more effective cooperation in ecological matters of fundamental importance for the entire planet.

We are a powerful force for peace. The Community and its Member States will continue to make an active contribution to ensuring that international relations are relations of peaceful cooperation.

Nevertheless, because of a surprising paradox, the more active we prove to be, the clearer our wish for cooperation and to help in eliminating barriers to trade is, the more extensive our dialogue with non-member States is, the more I express our wish to play an active role in international policy, the more we hear specific accusations that we want to build a fortress within which to retreat, isolated from the rest of the world.

No doubt we have been unsuccessful in explaining clearly what our approach is and objectives are. Of course we want a stronger, more cohesive European Community, but also one that is more open and shows more solidarity with the rest of the world. The presidency will tackle this task decisively and hopes to receive the important contribution that this Parliament can make. You will not want for information about our activities so that you too can bring them to the attention of all our citizens.

That paradox to which I have just referred was revealed clearly at a crucial point in the GATT negotiations: in Montreal an attempt was made, and to some extent it succeeded, to turn the debate on agricultural subsidies into a pretext for isolating

the Community, ignoring other aspects of great importance which were also under discussion. At the next negotiating meeting in April, the Community will have to maintain its close unity, offer positive contributions for a general dialogue and contribute new negotiating points and elements.

We must make every effort to avoid trade wars, the consequences of which would be bound to be negative, with those who must remain our closest allies. The dialogue with the United States is of supreme importance. We need to consolidate and strengthen a stable framework for relations.

The Presidency is preparing to make its first contact, on behalf of the Twelve, with the new US administration. We hope it will show the same desire to find reasonable solutions that motivate us, in order to avoid unwished-for conflicts in this area.

In Washington we shall be exchanging views on the contribution which both sides have to make to the consolidation of new, constructive approaches which are emerging in States which, until very recently, based their international dealings predominantly on the dialectic of confrontation and force. We shall be examining how we can coordinate and mutually enhance our contributions to the resolution of regional conflicts.

We also attach special importance to the dialogue with other industrialized States which, although geographically remote, share with us important economic interests and, very often, political positions. Such is the case with Canada and, more and more, Japan; our contacts at both ministerial and political director level will give us an opportunity to satisfy an evident desire for information about our activities and positions on the international political front.

At the meeting in Japan with the ministerial troika we shall have an opportunity to review the aspects of trade policy which continue to give cause for concern.

Relations with the EFTA countries will take a priority role during these six months. Since the Luxembourg Declaration a process of greater rapprochement has been initiated, with a view to a European economic area linking the Twelve and the Six. Over the coming months practical decisions will have to be adopted in line with the Commission's proposals on strengthening relations between the Community and EFTA in the context of cohesion.

The Presidency also attributes special importance to the political dialogue with these EFTA countries; during the first half of 1988 agreement was reached on formulas for dialogue with Nor-

way and Austria and meetings will continue with both countries on the basis of those criteria.

The signing of the joint declaration on the establishment of diplomatic relations between the Community and the countries of Comecon¹ has opened up a new stage in relations.

The agreements with Hungary and Czechoslovakia have been concluded, and during the next six months we hope to complete the negotiations with Poland and Bulgaria, bearing in mind that the draft negotiating brief have just been submitted to the Council by the Commission.

We also hope that during the Spanish Presidency the Community will succeed in defining a Community framework for relations with the Soviet Union. We shall accordingly be asking the Commission to submit without delay a draft negotiating brief which reflects the overall thrust of Community interests.

We can make a significant contribution to the economic development of the USSR and of the countries of Central and Eastern Europe. We shall do this in a coordinated way and in consistency with our political positions.

It is, in fact, in this area of our external dealing that we observe most clearly the need to maintain, at all times, consistency between political action and economic action. The Presidency will help with the implementation of more effective mechanisms for strengthening coordination between Community and European political cooperation bodies.

Our opening towards the East and our readiness for political dialogue are based on a positive assessment of processes of change which we regard as consistent with the commitments entered into in the Helsinki Act and with our desire to heal the division of our continent, strengthening security, trust and cooperation between all our States.

The Presidency will strive to put into practice the programme of action approved by the European Council in Rhodes.² My forthcoming meeting with the Soviet Minister for Foreign Affairs, Edvard Shevardnadze, should usher in a new era of contacts which will not be confined to the USSR.

If we are to give a new impetus to the dialogue with the Soviet Union and with other Warsaw Pact countries we shall have to be fully aware of the overriding importance of developing the security dimension within the process of constructing European Union. When the time comes to consider the possibility of revising the content of Title III of the Single Act, we shall have to examine whether we should remove the restrictions which Article 30 imposes on our coordination on security issues. Spanish membership of the WEU is the result of a

dichotomy recognized in the Single Act itself and one which my country would like to see resolved. In the mean time, we must not avoid an extremely important debate to which, I am pleased to note, Parliament is giving all the attention it deserves.

Political cooperation—which is not yet equivalent to the joint formulation and implementation of a European foreign policy as laid down in the Single Act—means working together for peace through dialogue. This is how it must be understood by those nations which unfortunately have not yet succeeded in achieving it. As we have stated and demonstrated on numerous occasions, we are prepared to contribute to the efforts of those who share our absolute commitment to negotiation and the peaceful resolution of conflicts.

The Presidency believes that diplomacy should not restrict itself to making statements, and wishes to make an active contribution, in conjunction with the other Member States, towards resolving one of the most complex conflicts of our time. A peaceful solution must be found for the Middle East and we have repeatedly stated the basis on which we consider this to be feasible. Parliament fully agrees with this, as it showed most recently last December.

We shall speak with all the parties involved. The recent public statements by the PLO leaders and the positive response by the United States have presented a particularly significant opportunity which should not be wasted. Peace and security for all the States in the region will only be achieved by recognizing the political rights of the Palestinians and Israel's right to live in peace and security.

Although our relations with Israel are close and important, the relations which the majority of the Member States maintain with the Arab countries are no less sound. With them, as with other areas of the Arab countries are no less sound. With them, as with other areas of the world, there is still scope for cooperation. The Presidency will make every effort to ensure that the meeting of the General Committee of the Euro-Arab Dialogue is a success and will pave the way for fruitful cooperation in many areas.

The Presidency will also devote its attention and efforts to further developing the Community's relations with the member countries of the Gulf Cooperation Council, working in due course towards a new phase to build upon the recent agreement.

Spain's undoubted Mediterranean character means that the Presidency is particularly pleased to be

¹ Bull. EC 6-1988, point 1.5.1 *et seq.*

² Bull. EC 12-1988, point 1.1.1 *et seq.*

able to devote special attention to the development and strengthening of relations with the countries of the Mediterranean basin.

The conclusion during the next six months of the Financial Protocols with Cyprus and Malta (and we hope also with Syria and Turkey) will mark the end of the operation to adapt the Community's relations with the Mediterranean countries to the most recent enlargement of the Community. This set of technical, commercial and financial agreements has emphasized that the Community of Twelve wishes to maintain and improve the role of the preferential Mediterranean agreements, leaving aside national interests. In this way, for the first time in an enlargement, we shall be able to maintain the spirit of the privileged links which have always inspired and will continue to inspire the Community's activities in this region which is so close to us.

In these six months, and as part of the normal activities of the institutions provided for in the Mediterranean agreements, meetings are at present scheduled for the Cooperation Council with Tunisia and the Association Council with Malta, a country with which arrangements have recently been finalized for a political dialogue, which we are willing to begin without delay.

Political cooperation will continue to devote particular attention to Lebanon. We shall renew our support for any initiative to restore its sovereignty, unity, independence and territorial integrity.

On the same basis and through dialogue between the Communities, a viable solution must be found for the problem of Cyprus. We shall endeavour to help find such a solution, by supporting the efforts of the United Nations Secretary-General and continuing a political dialogue on behalf of the Twelve with the Government of Cyprus, on the basis of arrangements recently agreed.

The stability of Yugoslavia is of the greatest importance for the whole of Europe and we should give proper consideration to how we can contribute in this respect. The desire to strengthen our relations was demonstrated only a few weeks ago with the decision to institutionalize and initiate a political dialogue.

Once more we must stress the importance of maintaining the necessary consistency in our political relations and cooperation activities.

This is an essential point as regards Latin America. Since its accession to the Community, Spain has constantly stated its conviction that the framework of relations with that part of the world does not correspond to the common links of tradition, history and democratic beliefs which unite us.

In the last three years, with the invaluable help of this Parliament, significant steps have been taken to strengthen those relations. However, we cannot be content with this: our clear commitment to political support of democracy in Latin America and to resolving the Central American conflict does not yet correspond to the level of our economic support.

We shall be holding two important meetings during our six months: in February we shall be holding a meeting in Honduras with the Central American countries and the Contadora Group and in April there will be a further meeting with the member countries of the Rio Group.

The San José V meeting in San Pedro Sula must be the occasion for significant new moves by the Community to take an active part in rebuilding the economy of the area, thus helping to reinforce the peace process which we have been pressing for so determinedly in European political cooperation. In San Pedro Sula we will be counting on the presence of this Parliament and, once again, its encouragement.

In Granada, the fourth meeting involving the member countries of the permanent mechanism for consultation and concerted political action should provide an opportunity for a direct and fruitful dialogue. The consolidation of democracy, economic development and social stability seem to us to be fundamental and of course interrelated questions.

The continent of Latin America, the vast proportion of which is democratic, with a profoundly European heritage, now more than ever needs our contact and our understanding. Problems such as that of indebtedness have been the subject of intense debate among the foremost authorities in every corner of the world, including the top leaders of various European countries. However, the collective voice of the Community still remains silent on this, one of the most crying problems in international politics.

Special mention must be made of Chile. The Twelve welcome the result of the plebiscite as a first step towards the re-establishment of democracy, a process which the Government must aid by opening a dialogue with the democratic opposition. We shall press strongly our demand for the full re-establishment of civil liberties and respect for human rights, which are preconditions for that swift and orderly return to democracy which we want to help become a reality.

During the next six months, the Community's relations with the developing countries as well as those of its Member States will indeed be a matter

of the greatest importance and will be given special attention by the Presidency.

The renewal of the Convention with the ACP countries will have to be negotiated. Two ministerial negotiating meetings are scheduled, in February and May, which we trust will be of practical help in the search for the right solutions to the problems of this group of countries so important to the Community. The Lomé Convention is the most important development cooperation instrument in the world today and Spain wishes to take this opportunity of reaffirming its total commitment to it.

The aims which the Presidency must help to achieve are of great importance: to search for solutions which will make a real impact on the economic problems suffered by many of these developing countries; to use the most appropriate methods for employing the funds at its disposal positively; and to enhance significantly the achievements already gained. The Spanish Presidency will spare no effort to pursue these aims.

To mention Lomé is to mention Africa, a continent in which many flashpoints regrettably persist, which are receiving constant attention in political cooperation. Happily, the new climate in international relations which I mentioned a few minutes ago seems also to have permeated into southern Africa.

You will recall that the Twelve welcomed the important Protocol which was signed by Angola, Cuba and South Africa in Brazzaville on 13 December 1988. We will do all in our power to help the people of Namibia with a view to securing a peaceful transition to independence. In this connection, a number of Member States, among which Spain, have shown willingness to cooperate in the implementation of resolution 435 of the UN Security Council by joining the Transition Assistance Group (Untac).

The Twelve will naturally express their support for this important contribution to the imminent independence of Namibia.

Likewise, Spain is taking part in the United Nations Angola Verification Mission (Unavem) for the withdrawal of Cuban troops from Angola in accordance with the agreed timetable.

It cannot be ruled out that in future, and in other areas of conflict, responsibilities of this sort may be collectively assumed by the Twelve. This would be fully consistent with our political commitment to dialogue and reconciliation.

We are determined, in defending human rights without discrimination wherever they are violated, to maintain a close eye on events in South Africa,

whose Government is perfectly aware of our deep-rooted opposition to the intolerable system of racial segregation.

With the Commission's support, we shall endeavour to improve the coordination of our national programmes of positive measures to help the victims of apartheid, measures which have proved so valuable and effective that the South African authorities have been attempting to curtail them by legislative means, which we regard as unacceptable.

Our common aim is to contribute towards the total abolition of apartheid. Although our restrictive measures are clearly effective, they are not on their own sufficient. Consequently, the Presidency will also endeavour to increase the scope of provisions in the Code of Conduct for our undertakings in South Africa. Through that Code we indicate what we consider to be acceptable treatment to be given to every worker, irrespective of his race, and we show how blatant are the injustices committed daily in South Africa towards non-white workers.

Peace in southern Africa is not compatible with the acts of aggression and political destabilization which the Government of South Africa has been committing for years and which have always been condemned by the Twelve.

Our dialogue with the front-line countries must continue and the Presidency will examine favourably the possibility of another ministerial meeting, since it is already a long time since the last one, which was held in Lusaka in 1986.

I have referred to various matters arising in the context of the Community's external relations. I am aware that there are omissions, but these do not indicate lack of interest by the Presidency. An obvious example would be Andorra, where the Spanish Presidency's interest is self-evident; we have just received a draft negotiating brief from the Commission and we hope that the corresponding agreement will be concluded swiftly.

I make no claim to provide this Parliament with an exhaustive list of the matters to be dealt with on our political cooperation agendas. You have recently received the latest annual report on European Union, which gives a detailed description of our activity, and you will have seen that we have paid attention to such important questions as the search for a just and permanent solution to the conflict between Iran and Iraq, the situation in Sudan and the Horn of Africa and the prospects for dialogue between the two Koreas. I have not referred in detail to these and other areas of conflict in the world, but this should not be interpreted as meaning that they are of no importance to the Presidency. I do, however, feel that there should be

specific mention of two important Asian problems: Afghanistan and Kampuchea.

We hope that all Soviet troops will be withdrawn from Afghanistan on time, after which it should be possible for refugees to return, for a representative government to be set up and for the Afghan people to exercise its right to self-determination, with the Afghan resistance participating throughout the process. If at any time the Parties involved feel that the good offices of the Twelve might be useful, the Presidency will act swiftly and within the limits of a consensus which must always be respected, even in cases where an excessive zeal in safeguarding national positions unfortunately distorts a basic approach which the presidency would hope might always be interpreted in a positive way.

In Kampuchea too, there should be a total withdrawal of foreign troops. We support the efforts of Prince Sihanuk and Asean to achieve an overall political agreement to which other countries in the region should contribute.

When it has completed withdrawal of the troops it currently has in Kampuchea, we shall have to re-examine our relations with Viet Nam, which has expressed a desire to follow the example of other Comecon countries in establishing relations with the Community.

The recent history of Kampuchea has left us with images of appalling violations of human rights and these must not recur.

Allow me to say again that respect for human rights is paramount for the Twelve. That this is also the case for Parliament has been demonstrated on countless occasions. You will be receiving in good time the regular memorandum reflecting our activities in this area. It is the Presidency's hope that at the 45th meeting of the Commission of Human Rights a statement will be made on behalf of all our Governments. We should also make ourselves clearly and forcefully heard in Geneva.

All terrorist action inexorably gives rise to grave violations of the most elementary human rights. There can be no possible justification for terrorism. We must keep fighting it resolutely, we must do our utmost to coordinate our efforts in political cooperation, in the Trevi Group and wherever in international bodies we can strengthen the means of eradicating it in all its forms. I feel that it is inappropriate to speak of 'international terrorism'. No adjectives can qualify terrorism.

It would be absurd to imagine that all the topics to which I have just referred could be dealt with and all questions answered within the coming six months. Wherever our efforts do not succeed in bringing about completely satisfactory results, our successors will take up the challenge, for ours is

an activity that can make no sense without the active contribution of all concerned.

Permit me now to say a few words about institutional questions.

Institutional questions

From Spain's point of view, there can be not the slightest doubt that the institutional framework of the Communities calls for one of those quiet revolutions of which Jean Monnet so often spoke; meaning an impulse not devoid of boldness, one able to combine consensus with realism, especially as regards the institutional evolution of the European Parliament within the process of European integration.

It is certain that the entry into force of the Single Act, together with the setting in motion of the cooperation procedure, has enhanced the value of this Chamber. Mindful of this, the Council has publicly expressed its appreciation of the serious and consistent work which the European Parliament has been doing since the Single Act substantially altered the scope of its functions, and Spain, which has always shown an unshakable confidence in the Community Assembly, views this achievement with pride. At the same time, it sees it as a foretaste of the day when, through the dialectical process which will inevitably be generated by an internal market solidly anchored in Community reality, in the broadest possible sense of the term, we shall attain the happily inevitable goal of European Union.

The definition of the future role of the European Parliament is not just a problem of political identity or of providing popular legitimacy for the other Community institutions, it is also a matter of practical efficiency. What counts is that all the Community institutions should obtain their maximum potential in terms of dynamism, creativity and political linkage, for the benefit of the Community as a whole. In a balanced and well-grounded system of democratic institutions a relative lack of symmetry can be advantageous neither in terms of political power nor of the efficiency of the system itself.

Therefore, aspects such as the allocation of powers within and outside the Community institutions with a view to European Union, and the unanimity or joint decision rule, are major issues for the European Community which must be the subject of prudent and discreet thinking not only within Parliament but in the other institutions and throughout European society.

Clearly, if progress is to be made in this direction, political determination will be needed; this the

Spanish Presidency has, as has been repeatedly evidenced by the statements of Spain's highest authorities.

In a recent address the Spanish Prime Minister alluded to the fact that 'the progressive introduction of the internal market and of economic integration must necessarily give rise to a debate on institutional issues, leading up to a rethinking of the institutional workings of the Community'.

Plainly, this is not — as some would have it — a matter of granting greater powers to the 'Brussels bureaucracy', but of giving a clearer profile to a set of institutions which we have all freely accepted.

In line with this, we would express our warm appreciation of the good work carried out by the Institutional Committee of the European Parliament.

We regard it as highly useful to propose bases for future thinking and discussion on these questions, especially at a time when the European political groups are beginning to draw up their election programmes.

The Spanish Presidency undertakes not only to accept these bases and endorse them, but through institutional solidarity to promote them, thus resolutely widening the scope of a constructive dialogue firmly directed towards European Union.

In regard to the European Parliament, Spain has taken great pains in its preparation for this Presidency. Of this, many Honourable Members will be well aware, for we have had occasion to exchange impressions with them over the past few months, comparing our respective ideas, plans, dreams and well, — why not? — realities.

The Spanish Presidency will take part actively and in an open and positive manner in the machinery for interinstitutional cooperation governing the work of the Community, fully mindful of the special circumstances through which Parliament is now moving in its striving for that expeditious handling of business to which every legislature must aspire. In this connection I wish to repeat to this Assembly that the Spanish Presidency is, as we have on several occasions made clear, prepared to do everything possible to find ways of avoiding institutional friction, despite sharp deadlines, so as fully to respect and to comply at Council level with the present and future work programme of Parliament.

Moreover the Spanish Presidency — acting in the spirit of the conclusions of the Planas report — will

do its utmost to arrange lively and workmanlike periodic information meetings between the Political Committee and European Political Cooperation, through flexible arrangements which permit of the greatest possible understanding and coherence in political action on the part of the Twelve.

Finally, I should like to recall that during the six months which are now beginning the 40th anniversary of the Council of Europe, that sister institution of the Community, will be taking place. This should provide a suitable opportunity for livening discussion on our mutual relations, to the inevitable advantage of both European bodies.

Conclusion

This brings my presentation of our working programme to an end. More than 30 years of Community experience have given rise within our institutions to a body of practices and to traditions and modes of behaviour which amount almost to a distinctive culture. From this experience we all know that, from time to time, circumstances call for that additional tension which precedes the adoption of fundamental decisions. We believe that we are now going through such a process. The dimensions of the problems before us call for more than mere expert analysis. Of course, there is nothing new about that. All major decisions have always been political decisions.

On the other hand, this programme will call for great efforts on the part of the new Commission if it is to present us in time with a series of proposals on certain questions now tabled. It will also call for a determined effort on the part of Parliament in order to complete the process during these pre-electoral months. We are counting upon you, although we are aware that, in the words of the Spanish poet José Angel Valente, 'time is short, and the limit is uncertain'.

We should like to conclude by saying that the Spanish Presidency will fail you neither in its capacity for work nor in its capacity for forward-looking; but we do think that today this forward-looking attitude and this work on the construction of Europe are values amply shared within this Chamber. For we are striving to build up a collective hope. A final word: this was one of the first images of the Community project: a flock of birds taking wing above the ruins of history. We know the way and we know that the adventure is worth embarking upon because we are all in it together.

3. Infringement procedures

Initiation of proceedings for failure to implement directives

Letters of formal notice

3.3.1. In January the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market

Council Directive 85/591/EEC of 20 December 1985 concerning the introduction of Community methods of sampling and analysis for the monitoring of foodstuffs intended for human consumption¹ (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, United Kingdom).

Council Directive 86/297/EEC of 26 May 1986 on the approximation of the laws of the Member States relating to the power take-offs of wheeled agricultural and forestry tractors and their protection² (Greece).

Council Directive 86/298/EEC of 26 May 1986 on rear-mounted roll-over protection structures of narrow-track wheeled agricultural and forestry tractors² (Greece).

Agriculture

Fourth Commission Directive 86/299/EEC of 3 June 1986³ amending the Annex to Council Directive 74/63/EEC of 17 December 1973 on the fixing of maximum permitted levels for undesirable sub-

stances and products in feedingstuffs⁴ (France, Ireland, Italy, Luxembourg).

Council Directive 87/153/EEC of 16 February 1987 fixing guidelines for the assessment of additives in animal nutrition⁵ (France, Greece, Ireland, Italy, Luxembourg, Netherlands).

Commission Directive 88/228/EEC of 8 April 1988⁶ amending the Annexes to Council Directive 70/524/EEC of 23 November 1970 concerning additives in feedingstuffs⁷ (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, United Kingdom).

Environment and consumer protection

Council Directive 87/432/EEC of 3 August 1987⁸ adapting to technical progress for the eighth time Council Directive 67/548/EEC of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances⁹ (Italy).

Council Directive 85/577/EEC of 20 December 1985 to protect the consumer in respect of contracts negotiated away from business premises¹ (Italy).

¹ OJ L 372, 31.12.1985.

² OJ L 186, 8.7.1986.

³ OJ L 189, 11.7.1986.

⁴ OJ L 38, 11.2.1974.

⁵ OJ L 64, 7.3.1987.

⁶ OJ L 101, 20.4.1988.

⁷ OJ L 270, 14.12.1980.

⁸ OJ L 239, 21.8.1987.

⁹ OJ 196, 16.8.1967.

4. Additional references in the Official Journal

3.4.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 4-1988

Point 2.1.183

Proposal for a Council Decision on the conclusion of the Agreement between the European Economic Community, Finland, Norway, Switzerland, Sweden and Yugoslavia on the international combined road/rail carriage of goods (ATC)
OJ C 30, 6.2.1989

Bull. EC 6-1988

Point 2.1.51

Proposal for a Council Directive on the procurement procedures of entities operating in the telecommunications sector
OJ C 40, 17.2.1989

Bull. EC 7/8-1988

Point 2.1.23

Proposal for a Council Decision adopting a specific research programme in the field of health — Predictive medicine: Human genome analysis (1989-91)
OJ C 27, 2.2.1989

Point 2.1.33

Proposal for a Council Decision concerning a Community programme in the field of strategic analysis, forecasting an evaluation in matters of research and technology (Monitor) (1988-92)
OJ C 29, 4.2.1989

Bull. EC 1-1989

Point 2.1.65

Commission Decision 89/58/EEC of 13 July 1988 concerning aid provided by the United Kingdom Government to the Rover Group, an undertaking producing motor vehicles
OJ L 25, 28.1.1989

Point 2.1.76

Commission Decision 89/43/EEC of 26 July 1988 on aids granted by the Italian Government to ENI-Lanerossi
OJ L 16, 20.1.1989

Bull. EC 11-1988

Point 1.2.1 et seq.

Proposal for a Council Decision on high-definition television
OJ C 37, 14.2.1989

Point 2.1.12

Re-examined proposal for a Council Directive on a general system for the recognition of higher-education diplomas awarded on completion of professional training of at least three years' duration
OJ C 15, 19.1.1989

Point 2.1.37

Amended proposal for a Council Directive on the coordination of the laws, regulations and administrative provisions relating to the application of Community rules on procedures for the award of public supply and public works contracts
OJ C 15, 19.1.1989

Point 2.1.90

Amended proposal for a Council Regulation (EEC) on the control of concentrations between undertakings
OJ C 22, 28.1.1989

Point 2.1.157

Proposal for a Council Decision concerning the dock dues arrangements in the French overseas departments
OJ C 39, 16.2.1989

Point 2.1.171

Proposal for a Council Directive on the limitation of noise emission from civil subsonic jet aeroplanes
OJ C 37, 14.2.1989

Point 2.1.233

Proposal for a Council Decision on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring respect of the Community system for the conservation and management of fishery resources
OJ C 20, 26.1.1989

Point 2.1.255

Proposal for a Council Directive relating to the maximum permitted blood alcohol concentration for vehicle drivers
OJ C 25, 31.1.1989

Point 2.1.262

Complement to the proposal for a Council Decision on the conclusion of the Agreement between the European Economic Community, Finland, Norway, Switzerland, Sweden and Yugoslavia on the international combined road-rail carriage of goods (ATC) (COM(88) 247 final)
OJ C 30, 6.2.1989

Points 2.4.43 and 2.4.45

Opinions adopted by the Economic and Social Committee during its session on 23 and 24 November 1988
OJ C 23, 30.1.1989

Bull. EC 12-1988

Point 2.1.9

Amended proposal for a Council Decision on an action programme for European Tourism Year (1990)
OJ C 19, 25.1.1989

Council Decision 89/46/EEC of 21 December 1988 on an action programme for European Tourism Year (1990)
OJ L 17, 21.1.1989

Point 2.1.10

Council Directive 89/48/EEC of 21 December 1988 on a general system for the recognition of higher-education diplomas awarded on completion of professional education and training of at least three years' duration
OJ L 19, 24.1.1989

Point 2.1.14

Re-examined proposal for a Council Directive on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products
OJ C 25, 31.1.1989

Council Directive 89/106/EEC of 21 December 1988 on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products
OJ L 40, 11.2.1989

Point 2.1.19

Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to machinery
OJ C 37, 14.2.1989

Point 2.1.21

Proposal for a Council Directive on the approximation of the laws of the Member States relating to appliances burning gaseous fuels
OJ C 42, 21.2.1989

Point 2.1.23

Proposal for a Council Directive on the approximation of the laws of the Member States relating to active implantable electromedical equipment
OJ C 14, 18.1.1989

Point 2.1.26

Proposal for a Council Directive amending Directive 80/181/EEC on the approximation of the laws of the Member States relating to units of measurement
OJ C 31, 7.2.1989

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of the Member States relating to the making-up by volume of certain prepackaged liquids
OJ C 31, 7.2.1989

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OJ C 32, 8.2.1989

Council Directive 89/107/EEC of 21 December 1988 on the approximation of the laws of the Member States concerning food additives authorized for use in foodstuffs intended for human consumption

Council Directive 89/108/EEC of 21 December 1988 on the approximation of the laws of the Member States relating to quick-frozen foodstuffs for human consumption

Council Directive 89/109/EEC of 21 December 1988 on the approximation of the laws of the Member States relating to materials and articles intended to come into contact with foodstuffs
OJ L 40 of 11.2.1989

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OJ C 40, 11.2.1989

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OJ L 40, 11.2.1989

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OJ C 16, 20.1.1989

Point 2.1.61

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OJ C 27, 2.2.1989

Point 2.1.87

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Council Regulation (EEC) No 4283/88 of 21 December 1988 on the abolition of certain exit formalities at internal Community frontiers — Introduction of common border posts
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OJ L 36, 8.2.1989

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OJ L 35, 7.2.1989

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OJ L 22, 26.1.1989

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M

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T

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U

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V

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