

# Bulletin of the European Communities

Commission



No 2 1989 Volume 22

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# **Bulletin of the European Communities**

**Commission**

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References to other issues of the Bulletin, to a Bulletin Supplement, to an Official Journal etc. are given in footnotes.

## New presentation of the Bulletin

Opinions and resolutions adopted by Parliament, the Court of Auditors, the Economic and Social Committee and the ECSC Consultative Committee are now reported in the appropriate policy section of the Bulletin.

Council business is no longer reported in a 'Council' paragraph in the relevant section: it is itemized in the 'Council' section of the 'Political and institutional matters' chapter and cross-referenced to the appropriate points in the policy sections.

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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- 2/89 Programme of the Commission for 1989**
- 3/89 Takeover and other general bids — proposal for a 13th company law Directive**





**PART ONE**

**SPECIAL FEATURES**

# 1. The Commission's programme

1.1.1. Following his statement in January giving the broad lines of the new Commission's policy,<sup>1</sup> Mr Delors presented the Commission's programme for 1989 to Parliament on 16 February.<sup>2</sup> Five key ideas were highlighted in his address:

- (i) completing the single European market on schedule, priority being given to reducing controls at internal frontiers and aligning tax systems more closely;
- (ii) fulfilling all the objectives of the Single European Act (here Mr Delors stressed the importance of three basic principles: consistency in Community action, increased cooperation, and greater economic and social cohesion);
- (iii) developing a caring Community, a blueprint for society, particular attention needing to be paid to environmental problems, the social dimension of European integration, and education and training;
- (iv) consolidating the Community's role on the international stage, particularly in relations with developing countries;
- (v) the part to be played by the Community's institutions, especially the fundamental importance of dialogue with Parliament.

1.1.2. The Commission's programme itself is broken down into five sections, representing the priority areas for action in 1989.

## Implementing the Single European Act

1.1.3. Implementation of all the objectives in the Single European Act connected with the establishment of a frontier-free area must be pursued. The Commission's action on this front will continue to rely on two main principles in 1989:

Firstly, simultaneous promotion of cooperation and competition; only through closer cooperation between businesses, research centres, regions and governments will it be possible to take full advantage of the com-

plementarity generated by greater interdependence.

Secondly, acceptance of the Member States' fundamental diversity and of the principle of subsidiarity: harmonization can never mean aligning on the lowest common denominator; the autonomy of decision-making at any particular level should be limited only to the extent dictated by the common interest.

## Progress towards a frontier-free Europe

1.1.4. The Commission will be presenting to the Council the last of the proposals called for in the White Paper on completing the internal market. There are seven priority areas:

- (i) the abolition of physical frontiers, which must go hand in hand with a tightening of controls at external frontiers and greater cooperation in the fight against terrorism, drugs and crime;
- (ii) taxation, involving closer alignment and harmonization not only of indirect but also of direct taxes and company taxes;
- (iii) public procurement, which must be opened up further and made more transparent;
- (iv) banking and financial services, whose development will be conditioned by the requirements of prudential supervision, mutual recognition and control;
- (v) closer alignment of technical standards, with the possible introduction of a Community authorization system for placing pharmaceutical products on the market;
- (vi) intellectual property;

<sup>1</sup> Bull. EC 1-1989, points 1.1.1 to 1.1.5; Supplement 1/89 — Bull. EC.

<sup>2</sup> The full text of Mr Delors' address, his reply at the end of the debate in the House and the Commission's programme are reproduced in Supplement 2/89 — Bull. EC.

(vii) the establishment of a European company statute.

### **Development of an integrated economic and social area**

1.1.5. Opening up an integrated economic and social area will mean pressing ahead with work on:

- (i) coordinating macroeconomic policies, with particular regard to price stability, the convergence of interest rates and the medium-term compatibility of payments balances;
- (ii) implementing the back-up policies, particularly the reform of the structural Funds;
- (iii) coping with the impact of the single market in terms of the necessary social dimension, by stepping up the social dialogue, putting into operation a large number of practical schemes covering vocational training, job creation and occupational mobility, and adopting a Community charter of basic social rights;
- (iv) meeting the twofold challenge facing European agriculture, involving the need to adapt the common agricultural policy to the new economic realities and to develop back-up policies, such as farm income support;
- (v) defining priorities for a truly Community strategy in the field of research and development and establishing a single telecommunications area;
- (vi) protecting the environment, which will mean tightening up the implementation of Community legislation in the Member States and completing the existing legislative framework; it will also mean giving environmental protection a new impetus, with the establishment of a European measurement and verification system, a communication on the cost of neglecting

the environment and a Green Paper on the protection of the urban environment.

### **Strengthening the Community's role in the world**

1.1.6. The Community must build up an external policy commensurate with its post-1992 stature. Commission action here will be aimed at:

- (i) enabling the Community to exercise its powers effectively in world forums, especially in the new Uruguay Round of multilateral trade negotiations;
- (ii) making an active contribution to the growth of world trade;
- (iii) pursuing the dialogue with industrialized countries with firmness;
- (iv) developing proximity policies towards neighbouring countries with a view to strengthening relations with the EFTA countries, concluding new bilateral agreements with East European countries and working out a suitable approach towards the Mediterranean countries;
- (v) maintaining the commitment to developing countries and, in particular, concluding the negotiations for the renewal of the ACP-EEC Convention by the end of the year.

### **Towards a European society**

1.1.7. A whole range of projects is planned in order to make Europe more tangible to the individual. The year 1989 will see the second phase of the Erasmus programme get under way, as well as the launching of an exchange programme for secondary-school pupils (classes of 1992) and a language-teaching programme (Lingua). A programme of assistance for the underprivileged will also come into operation, consumer protection will be strengthened, a European audiovisual area will begin to emerge and cooperation on civil protection will continue.

## 2. Taxation of savings

### **Liberalization of capital movements and taxation**

1.2.1. In accordance with Directive 88/361/EEC of 24 June 1988 on the liberalization of capital movements,<sup>1</sup> on 8 February the Commission adopted for transmission to the Council two proposals for Directives<sup>2</sup> due to come into effect on 1 July 1990. The first is intended to align more closely the ways in which savings are taxed in the various Member States while the second will strengthen mutual assistance by the competent authorities of the Member States in the field of direct taxation.

### **Reducing the risk of imbalances**

1.2.2. The aim of the proposed measures is to eliminate or reduce the risk of distortion, avoidance and evasion. Particularly in those Member States which have not yet abolished all exchange controls, there is a risk that the liberalization of capital movements will lead to greater tax evasion. From 1 July 1990 Community residents will be free to transfer their savings into bank accounts in any other Member State without necessarily declaring the income to the tax authorities of their Member State of residence. Since in a number of Member States there is no withholding tax on bank interest paid to non-residents, investments would tend to move towards those countries, so escaping all forms of taxation. Capital movements of that type, motivated only by tax considerations, would clearly run counter to the optimal allocation of resources which is the purpose of establishing a Community financial area.

### **Withholding tax on interest**

1.2.3. The first proposal for a Directive provides for all the Member States to introduce a withholding tax at a minimum rate of 15% on interest paid to Community residents. This would remove the incentive to invest in a Member State which had more

favourable tax provisions than the investor's country of residence while at the same time imposing a minimum level of taxation on income from capital. A withholding tax would not in any way be a novelty. Nine Member States already have one, although only three apply it to both residents and non-residents.

### **Great freedom for the Member States**

1.2.4. The proposal is not intended to bring about complete harmonization of the taxation of savings, which is not necessary at the moment. It leaves the Member States very considerable room for manoeuvre. Although, in general, the withholding tax constitutes simply an advance payment of income tax, with any overpayment being refunded, the Member States may, in the case of their own residents, regard it as being in full discharge of tax liability. They may also exempt certain types of interest, such as interest paid on small savings, which should be encouraged for economic and social reasons. Member States may exempt their own residents from withholding tax if they have a system of automatic declaration to the tax authorities of interest payments made by banks or if the recipient is not subject to income tax or profits tax. Member States may also choose not to levy the withholding tax on interest payments constituting industrial or commercial income on which full tax checks can be carried out. Member States have very considerable freedom as regards the rate of the tax, provided this is not lower than 15%. They may apply a higher rate to their own residents and may levy different rates depending on the nature of the financial product, as some do already.

The Commission deliberately set the rate of withholding tax at a low level both to reduce its impact on those Member States which either have no such tax at the

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<sup>1</sup> OJ L 178, 8.7.1988; Bull. EC 6-1988, point 2.1.8.

<sup>2</sup> COM(89) 60 final.

moment or levy it only at a lower rate and to avoid the risk of flights of capital and a shift of financial activities to non-member countries.

### **Preserving the international role of Community financial centres**

1.2.5. The Commission has paid particular attention to the maintenance and development of the Community as an international financial centre and accordingly has given the Member States the option to exempt from withholding tax both interest on Eurobonds and interest paid to residents of non-member countries. It also wishes to ensure that the tax does not increase the costs of Community firms, which have to retain their competitiveness on the world market.

In order to limit the slight but real risk that introduction of a withholding tax could encourage Community residents to invest their savings in non-member countries which do not impose such a tax, the Commission considers that the Community

should open negotiations with its major trading partners in order to extend the scope of the system.

### **Greater cooperation between tax authorities**

1.2.6. The second proposal for a Directive seeks to amend Council Directive 77/799/EEC of 19 December 1977 concerning mutual assistance by tax authorities.<sup>1</sup> The aim is to facilitate the exchange of information between tax authorities where there are well-founded suspicions of tax evasion by removing all administrative barriers without, however, jeopardizing banking secrecy.

### **Initial discussion in the Council**

1.2.7. The Council of Ministers held an initial policy discussion of these proposals at its economic and financial affairs meeting on 13 February.

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<sup>1</sup> OJ L 336, 27.12.1977.

### 3. News in brief

#### **Economic and monetary policy**

The Commission adopts a communication to the Council concerning economic policy problems and outlook for 1989 and 1990 (→ point 2.1.1).

#### **The internal market — Removal of physical frontiers**

The national coordinators designated following the December 1988 Rhodes European Council hold their first meeting (→ point 2.1.5).

#### **Enterprise**

The Commission adopts the proposal for a Decision on improving the business environment and promoting the development of enterprises, in particular SMEs (→ point 2.1.12).

#### **Employment, education and social policy**

The Economic and Social Committee adopts an opinion on basic social rights (→ point 2.1.75).

#### **Reform of the structural Funds**

The Commission adopts guidelines for Objectives 1 and 2 (→ point 2.1.91) and 3 and 4 (→ point 2.1.77).

#### **External relations**

Consistency between external policy and political cooperation: the Council adopts the Regulation on exports of chemicals (→ point 2.2.1).

Fifth Ministerial Conference Community/Central American States/Contadora Group ('San José V'): greater Community support for the peace process (→ point 2.2.19).

# **PART TWO**

## **ACTIVITIES IN FEBRUARY 1989**

# 1. Building the Community

## Economic and monetary policy

### Economic situation

2.1.1. On 22 February the Commission adopted a communication on the economic outlook and economic policy problems for 1989 and 1990 entitled 'Safeguarding the conditions for a successful 1992'.<sup>1</sup> In accordance with Council Decision 74/120/EEC of 18 February 1974 on convergence of Member States' economic policies,<sup>2</sup> the communication examines whether the economic policy guidelines contained in the annual economic report<sup>3</sup> adopted by the Council last December<sup>4</sup> are still valid in the light of the recent changes in the economic situation. The Commission notes that, despite a disturbing accentuation of certain imbalances, Member States' economies recorded excellent performances in 1988, the best since 1976. The outlook for 1989 and 1990 is also favourable, with GDP growth of the order of 3% and very satisfactory investment and employment figures. Against this background and in view of the prospects opened up by completion of the internal market, the Commission considers that attainment of a medium-term growth rate of some 3.5% a year (which would be consistent with that adopted in connection with the cooperative growth strategy)<sup>5</sup> is within reach, creating the possibility of an appreciable reduction in unemployment. On current trends and with growth now proving to be more employment-creating than ever, job creation can be expected to bring unemployment down below 10% by 1992 even though a significant expansion of the labour force will have to be accommodated. Over the period 1986-90 more than six million new jobs will have been created in the Community, the main reason for this being the spread of part-time employment, particularly in the services sector. In order to consolidate the recent improvement in the conditions for growth and to preserve the good chances of achieving the 1992 objective, the Commission considers it essential that the policies set out in the

annual economic report 1988-89<sup>3</sup> be pursued. Accordingly, it calls for the remaining decisions required for completion of the internal market to be taken and implemented rapidly so as to maintain the momentum already generated and for economic policy to be directed towards correcting the growing imbalances before they begin to undermine private-sector confidence and the very foundations of the growth now under way. However, with certain disequilibria having become still more marked since the annual economic report was drawn up, it lays greater emphasis on the need for a rapid economic policy response to three disturbing trends: the persistent and widening external imbalances between Member States; the failure of some Member States to take adequate steps to reduce debt/GDP ratios, which are still rising; and the resurgence of inflationary pressures, which are leading to price increases in some countries and to a build-up of inflationary expectations in those countries where, statistically, the pressure on prices remains weak. These three problems being closely linked, the Commission calls for budgetary policy to be given a more important role alongside the current over-reliance on monetary policy. The same applies at international level, where the process of adjusting the balance-of-payments disequilibria of the three major economic areas is likely to come to a standstill. It is therefore essential that economic policy cooperation be stepped up in order to safeguard the stability of financial markets.

### Developing the new financial instruments — Financial engineering

#### NCI V

2.1.2. On 22 February the Economic and Social Committee delivered a favourable

<sup>1</sup> COM(89) 101 final.

<sup>2</sup> OJ L 63, 5.3.1974.

<sup>3</sup> Bull. EC 10-1988, point 1.1.1 *et seq.*

<sup>4</sup> Bull. EC 12-1988, point 2.1.1.

<sup>5</sup> Bull. EC 10-1985, point 1.3.1 *et seq.*



opinion on the proposal for a Council Decision empowering the Commission to make further borrowings under the New Community Instrument (NCI).<sup>1</sup> It asked the Commission to inform it of the results of the first three years and to persuade financial intermediaries of the need to make it known that the loans in question are allocated out of NCI resources.

## The internal market

### People's Europe

#### Civil protection

2.1.3. On 13 February, the Council and the representatives of the governments of the Member States meeting within the Council formally adopted the resolution on the new developments in Community cooperation on civil protection,<sup>2</sup> on which agreement had been reached on 4 November 1988.<sup>3</sup>

#### Sport

2.1.4. On 17 February, Parliament adopted a resolution<sup>4</sup> on sport in the European Community and a people's Europe. In it Parliament called on the Commission, in close cooperation with the Council of Europe, to develop a coherent sports policy, which should include an international approach to the social aspects, assess the implications of 1992 and promote the Community dimension. Expressing the wish for consolidation of the financial resources devoted to this field of Community activity, Parliament also urged the Ministers responsible for sport to meet in 1989 to discuss an action programme for the period up to 1992.

### Free movement of persons — Freedom to provide services

#### *Removal of restrictions*

#### Abolition of frontiers

2.1.5. On 27 February the Council (Internal Market) was presented with a report

by the President on the free movement of persons and the removal of physical frontiers. The report sets out the results of the meeting of coordinators designated by the Member States following the Rhodes European Council.<sup>5</sup> The meeting was held in Madrid on 22 February, and was attended by Mr Bangemann, Vice-President of the Commission. The Council took note of the working method and the programme of the coordinators adopted at the meeting.

### Free movement of goods

#### *Removal of barriers to trade*

#### Industrial products

##### *Motor vehicles*

2.1.6. On 15 February Parliament adopted a decision<sup>4</sup> on the Council's common position<sup>6</sup> on the proposal for a Directive relating to lateral protection (side guards) of certain motor vehicles and their trailers.<sup>7</sup> This decision seeks to reinstate the amendments adopted in first reading, making the Directive's provisions mandatory, and to replace the Committee on Adaptation to Technical Progress by an Advisory Committee.

##### *Dangerous substances*

2.1.7. On 22 February the Commission adopted Directive 89/178/EEC<sup>8</sup> adapting to technical progress Council Directive 88/379/EEC of 7 June 1988 on the classification, packaging and labelling of dangerous substances.<sup>9</sup> This amendment concerns

<sup>1</sup> OJ C 335, 30.12.1988; Bull. EC 11-1988, point 2.1.4.

<sup>2</sup> OJ C 44, 23.2.1989.

<sup>3</sup> Bull. EC 11-1988, point 2.1.6.

<sup>4</sup> OJ C 69, 20.3.1989.

<sup>5</sup> Bull. EC 12-1988, points 1.1.3 and 2.1.7.

<sup>6</sup> Bull. EC 11-1988, point 2.1.17.

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

OJ C 230, 6.9.1988; Bull. EC 7/8-1988, point 2.1.6.

<sup>8</sup> OJ L 64, 8.3.1989.

<sup>9</sup> OJ L 187, 16.7.1988; Bull. EC 6-1988, point 2.1.34.

requirements relating to the lead content of paints and varnishes, and to active chlorine and cadmium.

### *Wheeled agricultural and forestry tractors*

2.1.8. On 22 February the Economic and Social Committee adopted three opinions on the proposal to amend<sup>1</sup> Council Directives 77/536/EEC of 28 June 1977,<sup>2</sup> 86/298/EEC of 27 May 1986<sup>3</sup> and 87/402/EEC of 25 June 1987<sup>4</sup> on roll-over protection structures. The Committee approved the extension of the field of application of the first Directive, and the introduction of additional tests in the dynamic test procedure provided for in the other two. However, it did not feel that it was necessary to replace the Committee on Adaptation to Technical Progress by an Advisory Committee procedure, as provided for in the three proposals.

### *Electromagnetic compatibility*

2.1.9. On 15 February Parliament adopted a decision<sup>5</sup> on the Council's common position<sup>6</sup> on the proposal for a Directive on electromagnetic compatibility.<sup>7</sup> It adopted four amendments seeking to simplify administrative procedures for manufacturers under the special schemes for certifying equipment for which standards have not been applied or do not yet exist, and telecommunications terminal equipment.

### **Foodstuffs**

2.1.10. At its meeting on 27 February the Council (Internal Market) reached an agreement in principle on a common position on the proposal amending for the fifth time<sup>8</sup> Council Directive 74/329/EEC<sup>9</sup> of 18 June 1974 relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.

### **Fertilizers**

2.1.11. On 22 February the Economic and Social Committee delivered a favourable

opinion on the proposal for a Directive on the trace elements boron, cobalt, copper, iron, manganese, molybdenum and zinc contained in fertilizers.<sup>10</sup>

## **Enterprise**

### **Action programme for SMEs**

2.1.12. On 22 February the Commission adopted for transmission to the Council a proposal for a Decision relating to the improvement of the business environment and the promotion of the development of enterprises, especially SMEs, in the Community.<sup>11</sup> The proposal is justified by the fact that the various initiatives undertaken since the Council resolution of 3 November 1986 on the action programme for SMEs<sup>12</sup> have now reached a stage where it has become necessary to create an appropriate legal basis in order to maximize the effectiveness of the policy and to guarantee its funding. The main objectives are as follows:

- (i) to remove undue administrative, financial and legal constraints which hold back the development and creation of small and medium-sized enterprises;
- (ii) to inform and assist enterprises, and in particular SMEs, on national and Community policies, rules and regulations and activities which concern them or are likely to concern them;
- (iii) to encourage cooperation and partnership between enterprises, in particular

<sup>1</sup> OJ C 305, 30.11.1988; OJ C 311, 6.12.1988; OJ C 324, 17.12.1988; Bull. EC 11-1988, point 2.1.21.

<sup>2</sup> OJ L 220, 29.8.1977.

<sup>3</sup> OJ L 186, 8.7.1986; Bull. EC 5-1986, point 2.1.13.

<sup>4</sup> OJ L 220, 8.8.1987; Bull. EC 6-1987, point 2.1.12.

<sup>5</sup> OJ C 69, 20.3.1989.

<sup>6</sup> Bull. EC 11-1987, point 2.1.23.

<sup>7</sup> OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.22.

<sup>8</sup> OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.39.

<sup>9</sup> OJ L 189, 12.7.1974.

<sup>10</sup> OJ C 304, 29.11.1988; Bull. EC 10-1988, point 2.1.16.

<sup>11</sup> OJ C 79, 30.3.1989; COM(89) 102 final.

<sup>12</sup> OJ C 287, 14.11.1986; Bull. EC 11-1986, point 2.1.22; Bull. EC 10-1986, point 1.3.1 *et seq.*

between enterprises from different regions of the Community.

The Commission estimates that an overall allocation of ECU 135 million from the Community budget will be needed for the implementation of this decision for the period from 1990 to 1993.

2.1.13. The Commission also adopted on 24 February, for transmission to the Council, its third report<sup>1</sup> on the implementation of the objectives of the Community action programme for SMEs.<sup>2</sup> This document focuses on the measures taken to improve the business environment and to promote the development of firms and suggests future action in this area. The principal measures introduced are as follows: proposals for Directives on single-member companies<sup>3</sup> and the accounts of small and medium-sized companies;<sup>4</sup> an internal Commission system for assessing the impact on businesses of any new Community legislation;<sup>5</sup> a communication on administrative simplification in the Community;<sup>6</sup> completion of the first phase of the Euro-Info-Centre project;<sup>7</sup> the entry into operation of the Business Cooperation Network (BC-NET);<sup>8</sup> specific measures relating to seed capital<sup>9</sup> and training for managers in SMEs;<sup>10</sup> particular efforts by the Commission to increase the benefit to SMEs of other Community policies, such as research and operations under the structural Funds.

## Improvement of the business environment

### *Intellectual property*

2.1.14. On 13 February the Commission adopted, for transmission to the Council, a communication on the diplomatic conference for the preparation of a treaty on intellectual property in the field of integrated circuits, to be held in Washington from 8 to 26 May. The Council is requested to authorize the Commission to negotiate on behalf of the Community and to define a

common position for the Member States at the conference.

### *Commercial law*

#### Contractual obligations

2.1.15. The two Protocols concerning the interpretation by the Court of Justice of the Rome Convention on the law applicable to contractual obligations,<sup>11</sup> signed on 19 October 1988, were published on 20 February.<sup>12</sup> The First Protocol gives the courts in the contracting States the right, when judging an appeal, to request a preliminary ruling from the Court of Justice on the interpretation of the Rome Convention and subsequent Conventions of accession, and on the interpretation of the Protocol itself. The Second Protocol authorizes the Court of Justice to exercise the jurisdiction conferred by the first. The entry into force of the First Protocol is conditional both on the entry into force of the Second Protocol and upon its own ratification by seven Member States in which the Rome Convention is in the force. The entry into force of the Second Protocol depends on ratification by all 12 Member States.

### *Public contracts*

2.1.16. Parliament adopted on 15 February a decision<sup>13</sup> on the common position of the Council<sup>14</sup> concerning a proposal for a

<sup>1</sup> COM(89) 38 final.

<sup>2</sup> Previous report: Bull. EC 2-1988, point 2.1.14.

<sup>3</sup> OJ C 173, 2.7.1988; Bull. EC 3-1988, point 2.1.93.

<sup>4</sup> OJ C 287, 11.11.1988; Bull. EC 6-1988, point 2.1.123.

<sup>5</sup> Bull. EC 4-1987, point 2.1.16.

<sup>6</sup> Bull. EC 4-1988, point 2.1.29.

<sup>7</sup> Bull. EC 12-1988, point 2.1.38.

<sup>8</sup> Bull. EC 3-1988, point 2.1.28.

<sup>9</sup> Bull. EC 10-1988, point 2.1.20.

<sup>10</sup> Bull. EC 12-1988, point 2.1.39.

<sup>11</sup> OJ L 266, 9.10.1980; OJ L 146, 31.5.1984; Bull. EC 4-1984, point 2.1.16.

<sup>12</sup> OJ L 48, 20.2.1989.

<sup>13</sup> OJ C 69, 20.3.1989.

<sup>14</sup> Bull. EC 11-1988, point 2.1.36.

Directive<sup>1</sup> amending Directive 71/305/EEC of 26 July 1971, coordinating procedures for the award of public works contracts.<sup>2</sup> It adopted amendments intended to take into account individual projects to combat long-term unemployment and promote the assimilation of young people into the employment market.

## Services to promote business start-ups and expansion

### Europartnership

2.1.17. On 23 February the Commission adopted, for transmission to the Council, a communication<sup>3</sup> entitled 'Europartnership: results and assessment'. The results of the first Europartnership operation, which took place in Ireland in June 1988,<sup>4</sup> have proved very positive and encouraging for the continuation and expansion of the programme.

The Europartnership operation which will take place in June, in Andalusia, Spain, was launched by the Commission on 27 February. A catalogue setting out 221 cooperation projects proposed by Andalusian firms will be distributed by the Euro-Info-Centres, Business and Innovation Centres and BC-NET members throughout the Community with a view to canvassing potential partners.

## Industrial strategy and services

### Steel

#### *The Community steel industry*

### Restructuring measures

#### *State aid*

2.1.18. Having received the assent of the Council and the opinion of the ECSC Con-

sultative Committee, the Commission adopted on 1 February Decision 322/89/ECSC establishing Community rules for aid to the steel industry (→ point 2.1.70).

### Social measures

2.1.19. On 15 February the Commission amended its proposal concerning the financing of social measures (→ point 2.3.7).

## Research and technology

### Community R&TD

#### *Aerospace*

2.1.20. On 22 February the Economic and Social Committee adopted an additional opinion<sup>5</sup> on the proposal concerning a pilot phase (1989-90) of a Community programme in the field of aeronautics.<sup>6</sup> It welcomed the incorporation<sup>7</sup> of this proposal in the proposed Brite/Euram programme,<sup>8</sup> which would provide an opportunity of covering some of the topics affected by the cuts in the funds initially earmarked for the pilot phase of the aeronautics programme.

#### *Coordination of national policies*

2.1.21. Meeting in Brussels on 23 and 24 February, the Scientific and Technical Research Committee (Crest) gave a favourable opinion on the Commission proposals for new programmes in the following fields: raw materials and recycling,<sup>9</sup> biotechno-

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<sup>1</sup> Bull. EC 12-1986, point 2.1.35; Bull. EC 6-1988, point 2.1.50.

<sup>2</sup> OJ L 185, 16.8.1971.

<sup>3</sup> COM(89) 76 final.

<sup>4</sup> Bull. EC 12-1987, point 2.1.24.

<sup>5</sup> First opinion: Bull. EC 12-1988, point 2.1.56.

<sup>6</sup> OJ C 266, 13.10.1988; Bull. EC 7/8-1988, point 2.1.18.

<sup>7</sup> OJ C 19, 25.1.1989; Bull. EC 12-1988, point 2.1.61.

<sup>8</sup> OJ C 228, 3.9.1988; Bull. EC 7/8-1988, point 2.1.25.

<sup>9</sup> Bull. EC 1-1989, point 2.1.17.

logy (Bridge programme),<sup>1</sup> environmental protection and climatology (STEP/Epoch programme).<sup>2</sup> The Committee also completed its examination of the 'First report on the state of science and technology in Europe'.<sup>3</sup>

### *International cooperation*

#### **Framework agreements with the EFTA countries**

2.1.22. On 22 February the Economic and Social Committee adopted a favourable opinion on the proposal for a Decision relating to a framework agreement for scientific cooperation with Iceland.<sup>4</sup>

#### **COST**

2.1.23. On 21 February Sweden signed the Memorandum of Understanding relating to the following COST projects: 217 (Optical measurement techniques for advanced optical fibre devices systems), 223 (Antennas in the 1990s — active array antennas for future satellite and terrestrial communications) and 507 (Databank for light alloy design).

### **Main areas of Community R & TD**

#### *Quality of life*

#### **Health**

2.1.24. On 15 February Parliament adopted (first reading)<sup>5</sup> an opinion on the proposal for a Decision on a research programme (1989-91) in the field of health: predictive medicine: human genome analysis.<sup>6</sup> It adopted a number of amendments relating mainly to the definition of the research field concerned (dropping of the term 'predictive medicine' so that the title of the programme refers only to 'human genome analysis') and consideration of the ethical, social and legal issues related to human genetic research.

### *Industrial technologies*

#### **Brite-Euram**

2.1.25. After Parliament had delivered its opinion (second reading) on 15 February,<sup>5</sup> the Commission adopted, on 23 February, an amendment<sup>7</sup> to its proposal for a Decision on the Brite-Euram programme (1989-93),<sup>8</sup> although it did not incorporate Parliament's proposed amendment.

### *Biological resources*

#### **Agro-industrial technology**

2.1.26. In the light of Parliament's opinion (first reading),<sup>9</sup> the Commission adopted, on 16 February,<sup>10</sup> an amendment to its proposal for a Decision for a research and development programme in the field of food science and technology (1989-93) (Flair).<sup>11</sup>

2.1.27. After Parliament had delivered its opinion,<sup>12</sup> and on the basis of a re-examined proposal<sup>13</sup> from the Commission, the Council adopted, on 23 February, Decision 89/160/EEC<sup>14</sup> concerning a biotechnology-based agro-industrial research and technology development programme (1988-93) (Eclair),<sup>15</sup> on which it had adopted a common position on 17 November 1988.<sup>16</sup>

<sup>1</sup> Bull. EC 12-1988, point 2.1.65.

<sup>2</sup> OJ C 327, 30.12.1988; Bull. EC 11-1988, point 2.1.54.

<sup>3</sup> Bull. EC 11-1988, point 2.1.47.

<sup>4</sup> OJ C 273, 22.10.1988; Bull. EC 10-1988, point 2.1.28.

<sup>5</sup> OJ C 69, 20.3.1989.

<sup>6</sup> OJ C 27, 2.2.1989; Bull. EC 7/8-1988, point 2.1.23.

<sup>7</sup> OJ C 67, 17.3.1989; COM(89) 84 final.

<sup>8</sup> OJ C 228, 3.9.1988; Bull. EC 7/8-1988, point 2.1.25;

OJ C 19, 25.1.1989; Bull. EC 12-1988, point 2.1.61.

<sup>9</sup> OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.1.19.

<sup>10</sup> OJ C 73, 21.3.1989; COM(89) 77 final.

<sup>11</sup> OJ C 306, 1.12.1988; Bull. EC 6-1988, point 2.1.71.

<sup>12</sup> OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.1.18.

<sup>13</sup> OJ C 76, 28.3.1989; COM(89) 51 final.

<sup>14</sup> OJ L 60, 3.3.1989.

<sup>15</sup> 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.

<sup>16</sup> Bull. EC 11-1988, point 2.1.57.

## Energy

### Nuclear fusion

2.1.28. On 20 February, in accordance with Decision 89/149/Euratom<sup>1</sup> of 10 February, the Commission signed, on behalf of the Community, a cooperation agreement with Japan in the field of thermonuclear fusion research.<sup>2</sup> This is the first formal scientific agreement between the Community and Japan and it provides for mutual access to fusion experiments, the development of joint projects, the sharing of results and exchange of staff. Similar agreements were signed by the Community with Canada<sup>3</sup> and the United States<sup>4</sup> in 1986, and in 1988 the Community, the United States, Japan, and the USSR signed the quadripartite ITER agreement.<sup>5</sup>

2.1.29. On 16 February Parliament adopted (first reading) an opinion<sup>6</sup> on the proposal for a Council Decision on a programme (1989-93) in the field of the decommissioning of nuclear installations,<sup>7</sup> subject to two budgetary amendments.

2.1.30. On 22 February the Economic and Social Committee endorsed this proposal, asking the Commission to provide for an increase in the indicative amount allocated for the programme, to examine in detail the question of the disposal and storage of radioactive waste and to send it the findings of the programme review and the assessment report.

2.1.31. On 22 February the Economic and Social Committee adopted a favourable opinion on the proposal for a Council Decision on a research and training programme (1989-93) in the field of remote handling in nuclear hazardous and disordered environments (Teleman).<sup>8</sup> It stressed the advantage of pooling the resources for this programme and the programme on the decommissioning of power stations mentioned above, and of having a central Community register so that the results of the programme can be widely publicized.

### Non-nuclear energy

2.1.32. Further to Parliament's opinion (second reading) delivered on 15 February,<sup>6</sup> the Commission amended,<sup>9</sup> on 22 February, its proposal for a Decision on a programme in the field of non-nuclear energies and rational use of energy (1989-92) (Joule).<sup>10</sup> The Commission did not incorporate Parliament's amendments.

2.1.33. On 16 February the Commission adopted medium-term guidelines for technical coal research (1990-95).<sup>11</sup> The guidelines cover the two main sectors of the coal industry, namely mining engineering and coal upgrading. They should allow the Commission to assess the admissibility of requests for aid submitted by firms, research institutes or natural persons wishing to carry out research under Article 55 of the ECSC Treaty.

### Marine resources

#### Marine science and technology

2.1.34. On 22 February, further to Parliament's opinion (first reading) and the opinion of the Economic and Social Committee, delivered on 15<sup>6</sup> and 22 February respectively, the Commission amended<sup>12</sup> its proposal for a Decision on a programme in the field of marine science and technology (MAST).<sup>13</sup> The changes mainly concern the method of programme management (committee procedure), the need to contribute to the economic and social cohesion of the

<sup>1</sup> OJ L 57, 28.2.1989.

<sup>2</sup> Bull. EC 1-1989, point 2.1.20.

<sup>3</sup> OJ L 35, 19.2.1986; Bull. EC 3-1986, point 2.1.41.

<sup>4</sup> OJ L 46, 14.2.1987; Bull. EC 12-1986, point 2.1.71.

<sup>5</sup> OJ L 102, 21.4.1988; Bull. EC 2-1988, point 2.1.38.

<sup>6</sup> OJ C 69, 20.3.1989.

<sup>7</sup> OJ C 250, 24.9.1988; Bull. EC 7/8-1988, point 2.1.29.

<sup>8</sup> OJ C 311, 6.12.1988; Bull. EC 7/8-1988, point 2.1.30.

<sup>9</sup> COM(89) 93 final.

<sup>10</sup> OJ C 221, 25.8.1988; Bull. EC 7/8-1988, point 2.1.31;

OJ C 329, 22.12.1988; Bull. EC 12-1988, point 2.1.68.

<sup>11</sup> OJ C 52, 1.3.1989.

<sup>12</sup> OJ C 75, 23.3.1989; COM(89) 92 final.

<sup>13</sup> OJ C 298, 23.11.1988; Bull. EC 10-1988, point 2.1.38.

Community and better dissemination of programme results.

### *European scientific and technical cooperation*

#### Researchers' Europe

2.1.35. On 13 February, on a proposal from the Commission,<sup>1</sup> the Council adopted Decision 89/118/EEC<sup>2</sup> on a stimulation plan for economic science (1989-92) (SPES), on which it had adopted a common position in November.<sup>3</sup>

2.1.36. Further to the opinion adopted on 15 February by Parliament (first reading)<sup>4</sup> on the Council's common position,<sup>5</sup> the Commission made certain technical amendments<sup>6</sup> to its proposal<sup>7</sup> for a Decision on an experimental Community plan designed to support and facilitate access to large-scale scientific facilities.

#### Forecasting and evaluation

2.1.37. On 24 February, further to Parliament's opinion (first reading) delivered on 15 February,<sup>4</sup> the Commission made a number of technical amendments<sup>8</sup> to its proposal for a decision on a programme in the field of strategic analysis, forecasting and evaluation in matters of research and technology (1988-92) (Monitor).<sup>9</sup>

## Telecommunications, information technology and innovation

### Information technology

#### Esprit

2.1.38. On 20 February, under the second phase of the Esprit programme, the Commission published a call for proposals<sup>10</sup> for a parallel computing action.<sup>11</sup> Universities and research institutes may make proposals

for software projects exploiting parallel computer architectures. The total contribution from the Esprit budget is planned to be about ECU 2 million, with which it should be possible to launch some 20 projects.

### Combined use of information technology and telecommunications in general applications

#### Tedis

2.1.39. On 17 February Parliament approved<sup>4</sup> the proposal to amend<sup>12</sup> Council Decision 87/499/EEC of 5 October 1987 introducing a Community programme on trade electronic data interchange (Tedis)<sup>13</sup> which involves the use of telecommunications networks.

#### AIM

2.1.40. The call for proposals published in November on Community action in the field of information technologies applied to health care<sup>14</sup> closed on 14 February. 220 proposals were received and the requests for financial support totalled 10 times more than the budget allocation.

### Standardization

2.1.41. In accordance with Council Decision 87/95/EEC of 22 December 1986

<sup>1</sup> OJ C 109, 26.4.1988; Bull. EC 3-1988, point 2.1.47.

<sup>2</sup> OJ L 44, 16.2.1989.

<sup>3</sup> Bull. EC 11-1988, point 2.1.63.

<sup>4</sup> OJ C 69, 20.3.1989.

<sup>5</sup> Bull. EC 11-1988, point 2.1.64.

<sup>6</sup> COM(89) 90 final.

<sup>7</sup> Bull. EC 7/8-1987, point 2.1.62; Bull. EC 6-1988, point 2.1.74.

<sup>8</sup> OJ C 74, 22.3.1989; COM(89) 104 final.

<sup>9</sup> OJ C 29, 4.2.1989; Bull. EC 7/8-1988, point 2.1.33.

<sup>10</sup> OJ L 118, 6.3.1988; Bull. EC 4-1988, point 2.1.54.

<sup>11</sup> OJ C 46, 25.2.1989.

<sup>12</sup> OJ C 273, 22.10.1988; Bull. EC 10-1988, point 2.1.43.

<sup>13</sup> OJ L 285, 8.10.1987; Bull. EC 10-1987, point 2.1.45.

<sup>14</sup> OJ C 284, 8.11.1988; Bull. EC 11-1988, point 2.1.75.

on standardization in the field of information technology and telecommunications,<sup>1</sup> the Commission published on 10 February a call for proposals for the setting-up, on a shared-cost basis, of 'conformity to standards' testing services in information technology and telecommunications.<sup>2</sup> This was an additional call for proposals to those published in 1985<sup>3</sup> and 1987<sup>4</sup> and covers specific technical fields such as ISDN (Integrated services digital network), videotex, Edifact (Electronic data interchange for administration, commerce and transport), the OSI (Open systems interconnection) virtual terminal, and OSI network management.

## Innovation

### Sprint

2.1.42. Following the opinion delivered by Parliament on 16 February,<sup>5</sup> on 24 February the Commission amended<sup>6</sup> its proposal for a Decision on the implementation at Community level of the main phase of the strategic programme for innovation and technology transfer (Sprint).<sup>7</sup> The Commission accepted seven of the amendments proposed by Parliament, mainly concerning the development of transnational exchanges and interregional cooperation.

## Information services

### Information market

2.1.43. The call for proposals published in July 1988<sup>8</sup> on pilot and demonstration projects for the development of a European information services market (Impact) closed on 28 February. 141 proposals were received and the requests for financial support totalled seven times more than the budget allocation.

### Removing language barriers

2.1.44. In accordance with Parliament's opinion,<sup>9</sup> on 14 February the Commission

amended<sup>10</sup> its proposal for a Decision on a specific programme for the implementation of a machine translation system of advanced design (Eurotra).<sup>11</sup> It proposes that the estimated budget for the third phase be increased from the ECU 5.5 million provided for in Council Decision 82/752/EEC<sup>12</sup> of 4 November 1982 to ECU 12.5 million, plus ECU 7 million of national contributions.

## Customs union and indirect taxation

### Customs union

#### *Simplification of customs formalities*

#### International conventions

2.1.45. On 27 February the Commission adopted, for transmission to the Council, a proposal for a Decision<sup>13</sup> accepting on behalf of the Community the amendment of 21 June 1988 to the recommendation of 15 June 1962 of the Customs Cooperation Council concerning the customs treatment of registered baggage carried by rail. The aim of the amendment is essentially to update the specimen customs declaration annexed to the recommendation and adapt it to make it applicable to the greatest possible number of rail travellers. The new specimen declaration adopts the model proposed by the Community, drafted in close cooperation with the railway authorities.

<sup>1</sup> OJ L 36, 7.2.1987; Bull. EC 12-1986, point 2.1.76.

<sup>2</sup> OJ C 34, 10.2.1989.

<sup>3</sup> OJ C 90, 12.4.1985.

<sup>4</sup> OJ C 135, 20.5.1987.

<sup>5</sup> OJ C 69, 20.3.1989.

<sup>6</sup> OJ C 68, 18.3.1989; COM(89) 105 final.

<sup>7</sup> OJ C 268, 15.10.1988; Bull. EC 7/8-1988, point 2.1.40.

<sup>8</sup> OJ C 182, 12.7.1988; Bull. EC 7/8-1988, point 2.1.42.

<sup>9</sup> OJ C 12, 16.1.1989; Bull. EC 12-1988, point 2.1.86.

<sup>10</sup> COM(89) 20 final.

<sup>11</sup> Bull. EC 5-1988, point 2.1.50.

<sup>12</sup> OJ L 317, 13.11.1982; Bull. EC 11-1982, point 2.1.25.

<sup>13</sup> COM(89) 74 final.



## General legislation

### Temporary use

2.1.46. Parliament and the Economic and Social Committee having delivered their opinions on 17 and 22 February respectively, the Council (Internal Market) adopted a common position on 27 February on the proposal for an amendment to Council Regulation (EEC) No 3/84 of 19 December 1983 introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States.<sup>1</sup>

### International conventions

2.1.47. On 23 February the Commission adopted a recommendation for a Council Decision on Community participation in negotiations for the revision of the Customs Conventions on the temporary importation of private road vehicles (1954) and commercial road vehicles (1956).<sup>2</sup> One aim of the negotiations is to have a clause incorporated in the Conventions enabling the Community to become a contracting party.

## Common Customs Tariff/Combined Nomenclature

### Common Customs Tariff

2.1.48. On 14 February the Council adopted Regulation (EEC) No 390/89 totally or partially suspending certain customs duties applicable by the Community of Ten to imports from Spain.<sup>3</sup> This brings forward the dismantling of tariffs under the Act of Accession on a number of processed agricultural products.

### Combined Nomenclature

2.1.49. In February the Commission adopted four Regulations on the classification of goods (Regulations (EEC) Nos 184/89,<sup>4</sup> 424/89,<sup>5</sup> 440/89<sup>6</sup> and 489/89<sup>7</sup>)

with the aim of ensuring uniform application of the Combined Nomenclature.

### Origin

2.1.50. On 3 February the Commission adopted Regulation (EEC) No 288/89 on determining the origin of integrated circuits.<sup>8</sup> The Regulation does not establish any new rules, but provides a common Community interpretation of the application in this instance of the general rules laid down in Council Regulation (EEC) No 802/68 of 27 June 1968 on the common definition of the concept of the origin of goods.<sup>9</sup> Articles 5 of that Regulation lays down that the Country of origin is the country in which the last substantial process or operation that is economically justified was performed, and applying that principle the Commission has ruled that diffusion—the operation completing the intelligent contribution to the integrated circuit—is the operation which determines origin.

2.1.51. On 10 February the Commission approved, for transmission to the Council, a proposal for a Regulation on the origin of photocopying apparatus incorporating an optical system or of the contact type.<sup>10</sup> The proposal provides that assembly operations accompanied by the manufacture of certain components do not constitute the last substantial process or operation within the meaning of Article 5 of Regulation (EEC) No 802/68<sup>9</sup> and accordingly do not confer the origin of the country where they are performed.

<sup>1</sup> Parliament's opinion: OJ C 69, 20.3.1989. Proposal: OJ C 324, 17.12.1988; Bull. EC 11-1988, point 2.1.83. Regulation: OJ L 2, 4.1.1984; Bull. EC 12-1983, point 2.1.25.

<sup>2</sup> COM(89) 8 final.

<sup>3</sup> OJ L 45, 17.2.1989.

<sup>4</sup> OJ L 23, 27.1.1989.

<sup>5</sup> OJ L 49, 21.2.1989.

<sup>6</sup> OJ L 51, 23.2.1989.

<sup>7</sup> OJ L 57, 28.2.1989.

<sup>8</sup> OJ L 33, 4.2.1989.

<sup>9</sup> OJ L 148, 28.6.1968.

<sup>10</sup> COM(89) 31 final.

## Indirect taxation

### *Tax reliefs*

2.1.52. On 17 February Parliament endorsed (first reading)<sup>1</sup> a proposal<sup>2</sup> amending Directive 69/169/EEC of 28 May 1969<sup>3</sup> as regards a derogation granted to the Kingdom of Denmark relating to the rules governing travellers' allowances on imports.

## Competition

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

#### Permissible forms of cooperation

##### *Eurotunnel*

2.1.53. On 16 February the Commission decided to raise no objection to a contract covering the use of the Channel Tunnel concluded between British Rail and SCNF on 29 July 1987. The contract seeks to allocate transport markets, make traffic forecasts, and lay down rules for the use of the tunnel. Under Council Regulation (EEC) No 1017/68,<sup>4</sup> the contract, which was notified on 2 November 1987, is now exempt for three years from 16 November 1988, the day on which a summary of the application was published in the Official Journal.<sup>5</sup>

#### Mergers

##### *TWIL Ltd and Bridon plc*

2.1.54. Following Commission investigation of TWIL Ltd (UK), SA Bekaert NV (Belgium), British Steel plc (UK) and Bridon plc (UK), Bridon has agreed to dispose of its entire shareholding in TWIL, the largest UK producer of steel wire products, and to sever all its links with the Company. TWIL is a long-standing joint venture, owned by

Bekaert, British Steel and Bridon, the voting rights being held 50%, 25%, 25% respectively. As Bekaert and Bridon are also producers of steel wire products, this has led to the danger of an unacceptable degree of commercial cooperation between these parties, contrary to the Community competition rules. Under the new structure Bekaert will own 60% and British Steel 40% of TWIL. As part payment for its shareholding TWIL Bridon will acquire three TWIL subsidiaries. One of these, Fox Wire Ltd, has a substantial position in the UK market for stainless-steel wire, a market in which Bridon already has a small presence. However, there are at least five other UK producers of this product, and substantial imports from the rest of the Community, so this increase in market share is acceptable. The Commission accordingly closed its file in February.

#### State aid

##### General schemes

##### *Greece*

2.1.55. On 8 February the Commission approved a Greek Government plan to assist venture capital companies investing in advanced technology and innovation. Venture capital companies taking a stake in companies set up to invest in those fields, or increasing their capital in order to do so, may qualify for assistance amounting to 30% of the holding acquired. They may also deduct 3% of a holding existing at the end of the year from their taxable profits, and transfer this sum to a special reserve to cover future losses on sales of holdings. Third parties holding bonds in venture capital companies are not taxable on income from such bonds. Third parties acting together with venture capital companies to

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<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> OJ C 26, 1.2.1989; Bull. EC 12-1988, point 2.1.98.

<sup>3</sup> OJ L 133, 4.6.1969.

<sup>4</sup> OJ L 175, 23.7.1968.

<sup>5</sup> OJ C 292, 16.11.1988.

acquire company holdings may deduct 50% of their stake from their taxable income, subject to stated limits.

## Research and development

### *Belgium*

2.1.56. On 22 February the Commission cleared a decision by the Belgian authorities to allocate a sum of BFR 600 million (ECU 14 million) to the Industrial Renewal Fund, to help finance applied research projects in fields within the responsibility of the regional executives to be used under an existing scheme for supporting prototype development, taking account of the recommendations the Commission made to the Belgian Government when it examined that scheme under Article 93(1) of the EEC Treaty in September 1988.<sup>1</sup> The increase in the budget of the prototypes scheme did not alter the Commission's assessment of it; the change was not liable to affect trade to an extent contrary to the common interest, and qualified for exemption under Article 92(3)(c).

### *Spain*

2.1.57. On 1 February the Commission decided to approve a scheme of assistance introduced by the autonomous community of Madrid to help finance technological research and innovation projects and the acquisition of scientific infrastructures. The scheme, which is to last for one year, has a budget of PTA 100 million (ECU 714 000). The assistance will be available to firms with a staff of less than 100 and a turnover of less than ECU 10 million, regardless of the industry in which they operate. The aid intensity may not exceed 50% of the costs of the project definition phase or 16% of the total cost.

### *Italy*

2.1.58. On 1 February the Commission decided to approve the financing by the Italian authorities of an aid scheme for applied research involving expenditure of

LIT 1 500 billion (ECU 1 billion) over the period 1988-89. The Special Fund for Applied Research is the principal means whereby aid is provided in Italy to finance research projects undertaken by industry. The new implementing rules reduce aid intensity to 31.7% for firms in central and northern Italy and to 37.6% for firms in the Mezzogiorno with effect from 1989. In the case of projects costing in excess of LIT 10 billion, loans approved by the Istituto Mobiliare Italiano (IMI) out of its own funds may attract a level of interest relief comparable to that attaching to loans granted by the Special Fund for Applied Research.

The Commission also approved the funding of feasibility studies by small firms connected with international projects, including those stemming from the Eureka programme.

### *Netherlands*

2.1.59. On 1 February the Commission decided to approve the Dutch Government's business-oriented technology incentive programme, which is designed to promote R&D in selected areas (information technologies, biotechnologies, materials technologies and medical technologies). The aid will be granted for feasibility studies, basic industrial R&D, and demonstration projects; a budget of HFL 108 million (ECU 47 million) was allocated for this scheme in 1988.

### *United Kingdom*

2.1.60. On 1 February the Commission decided to approve the scheme of assistance to Eureka projects submitted by the UK Government. The budget is to be UKL 13 million (ECU 18.4 million) for 1988/89; the assistance is intended to promote participation in R&D projects by UK firms in association with other European partners.

<sup>1</sup> Bull. EC 9-1988, point 2.1.51.

## Environment

### *Netherlands*

2.1.61. On 7 February the Commission gave notice of the initiation of the procedure under Article 93(2) of the EEC Treaty in respect of tax incentives planned by the Dutch Government to encourage the purchase of less polluting motor cars.<sup>1</sup> A tax reduction of HFL 850 or 1 700 would be allowed according to whether vehicles complied with standards already agreed at Community level<sup>2</sup> or with a stricter set of standards. The Commission took the view that it did not have sufficient information on the nature of the measures envisaged and consequently was not in a position to decide whether or not they were compatible with Article 92(1) of the Treaty.

### Regional schemes

#### *Portugal*

2.1.62. On 1 February the Commission approved aid under Programme No 2, concerning vocational training, in the framework of Pedip, the specific programme for the development of Portuguese industry.<sup>3</sup> The budget for Programme No 2 is ECU 197 million over four years (1989-92). Community assistance, from the European Social Fund and the additional budget heading for Pedip, comes to ECU 112 million, and approved Portuguese assistance amounts to ECU 85 million.

2.1.63. On 22 February the Commission decided to approve aid towards Pedip Programmes No 5 and No 6, concerning industrial productivity and quality and design. For the period 1989 to 1992 the overall cost of the two programmes is estimated at ECU 68 million and ECU 29 million respectively. In both cases the Community would bear 75% of the overall cost.

### Industry schemes

#### *Shipbuilding*

##### **Germany**

2.1.64. On 8 February the Commission approved investment assistance to be given

to the German shipyard HDW Nobiskrug. The assistance would be provided under a regional scheme, and amounts to DM 805 000 (ECU 386 000) for a total investment of DM 3.5 million (ECU 1.7 million), representing an aid intensity of 23%. The yard was recently taken over by Howaldtswerke Deutsche Werft (HDW), and has ceased new shipbuilding, concentrating instead on conversion and repairs. In view of the restructuring process which has taken place at the yard and in the German industry as a whole, the Commission took the view that the planned aid was compatible with the Sixth Directive on aid to shipbuilding.<sup>4</sup>

2.1.65. On 22 February the Commission decided to approve investment assistance of DM 4 million (ECU 1.9 million) to the German yard Howaldtswerke Deutsche Werft (HDW) in Kiel, towards a DM 40 million investment project in the yard's merchant shipbuilding branch. Outdated machinery would be replaced, and computer-assisted design and manufacture (CAD/CAM) would be introduced. There would be no immediate effect on the size of the workforce, but a loss of 200 jobs is expected in the longer term. The project would not generate any increase in capacity, and the aid intensity is at an acceptable level; the Commission concluded that the assistance was compatible with the Sixth Directive.

On 22 February the Commission approved operating aid granted by the German Government to the Oldenburger Brand-Werft yard in 1987 and 1988, in the form of an 80% guarantee on a loan of DM 4 million (ECU 1.9 million) and investment aid of DM 1.8 million (ECU 865 609). The Commission was satisfied that the requirements of the Sixth Directive were met.

##### **Belgium**

2.1.66. On 8 February the Commission decided to terminate the Article 93(2) pro-

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<sup>1</sup> OJ C 31, 7.2.1989.

<sup>2</sup> OJ L 36, 9.2.1988; Bull. EC 9-1987, point 2.1.111; Bull. EC 12-1988, point 2.1.214.

<sup>3</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.166.

<sup>4</sup> OJ L 69, 12.3.1987; Bull. EC 1-1987, point 2.1.49.

cedure it had initiated in May 1988<sup>1</sup> in respect of Belgian measures to assist shipbuilding. In the course of the procedure the Belgian Government made it clear that in applying the system to shipowners it would ensure that the aid intensity was adjusted so as to comply with the ceiling imposed by the Commission for ships costing less than ECU 6 million. Similarly, in applying the Economic Expansion Acts it would scrupulously observe Articles 6 and 8 of the Sixth Directive, concerning investments and R&D, in any cases where investments in shipbuilding were eligible.

### Italy

2.1.67. On 1 February the Commission decided to terminate the scrutiny procedure it initiated in November 1987<sup>2</sup> concerning fresh funding, in respect of small and medium-sized shipyards, for the scheme established by the Italian Shipbuilding Aid Act, No 111/85. In November 1987 the Commission authorized fresh funding to cover the surplus of orders placed in 1986 with large yards but not those placed with small and medium-sized yards, given the magnitude of the budget and the tonnage involved, which amounted to LIT 145 billion (ECU 94.7 million) and 99 800 cgt respectively, and the fact that these were additional to the LIT 130 billion (ECU 84.9 million) and 210 000 cgt already authorized. In the Commission's view such an increase ran counter to its earlier Decision authorizing implementation of Act No 111/85,<sup>3</sup> which required that the tonnage aided be run down over time. Following discussions with the Italian authorities, the Commission has now decided to approve further funding at the lower figure of LIT 38.5 billion (ECU 25.1 million) for 60 000 cgt. These figures give a ratio of LIT 0.6 billion (ECU 0.4 million) per aided cgt, which is comparable to that for the aid already authorized. No retrospective effect will be applicable to aid for these yards under the measures to be notified in 1989 and to be scrutinized in accordance with the Sixth Directive.

### Paper

#### Germany

2.1.68. On 8 February the Commission decided to initiate the Article 93(2) procedure in respect of a plan to grant aid to a paper manufacturer, Strepp GmbH & Co. KG Papierfabrik, of Kreuzau, Germany. The regional authorities in North Rhine-Westphalia propose to make a 6% grant towards an investment amounting to DM 60 million (ECU 28.8 million); the area concerned, the Düren labour market region, is not an assisted area. Investment there does not qualify for regional assistance, and on the information in its possession the Commission takes the view that the planned aid would not be justified.

#### France

2.1.69. On 22 February the Commission decided to raise no objection to a French Government plan to extend until 31 December 1989 a scheme of assistance aimed at promoting research in the paper and forestry industry and at combating pollution in paper manufacture. The scheme is financed out of parafiscal charges on paper pulp, paper and board. The amount set aside for 1989, FF 78 million (ECU 11 million), is lower than in previous years. The Commission took a favourable view of the measures, which seek to protect the environment and to promote research.

### Steel

2.1.70. With the assent of the Council, given on 13 December 1988,<sup>4</sup> and after consulting the ECSC Consultative Committee, which delivered its opinion on 2 December 1988, the Commission on 1 February adopted Decision 322/89/ECSC establishing Community rules for aid to the steel

<sup>1</sup> Bull. EC 5-1988, point 2.1.71.

<sup>2</sup> Bull. EC 11-1987, point 2.1.99.

<sup>3</sup> Bull. EC 7/8-1985, point 2.1.63.

<sup>4</sup> OJ C 18, 24.1.1989; Bull. EC 12-1988, point 2.1.129.

industry.<sup>1</sup> The Decision for the most part renews the admissibility of the limited categories of aid set out in Decision 3484/85/ECSC,<sup>2</sup> but takes account of the situation created by the ending of the quota system<sup>3</sup> and of the continuing presence of excess production capacities, which make it of particular importance that a strict aid policy be pursued. The new rules apply in Spain, but Portugal continues to be subject to a transitional arrangement until 1 January 1991.

### Germany

2.1.71. On 22 February the Commission decided to approve the grant of research and development aid amounting to DM 227 500 (ECU 109 000) to the steel undertaking Moselstahlwerke GmbH (MSW). The money would be paid under a scheme to support research and development in small businesses which is operated by the *Land* of Rhineland-Palatinate. The project financed is aimed at improving the quality of concrete reinforcing bars. The Commission took the view that the assistance was compatible with the steel aid code, Decision 322/89/ECSC mentioned above, and could be permitted on the ground that it was aimed at encouraging research and development.

## Financial institutions and company law

### Financial institutions

#### *Banks and other financial institutions*

2.1.72. On 13 February the Council, acting on a proposal from the Commission,<sup>4</sup> adopted Directive 89/117/EEC on the obligation of branches established in a Member State of credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents,<sup>5</sup>

on which it had adopted a common position in June 1988.<sup>6</sup>

### *Stock exchanges and securities*

2.1.73. On 15 February Parliament endorsed<sup>7</sup> the Council's common position<sup>8</sup> on the proposal for a Directive coordinating the requirements for the drawing up, scrutiny and distribution of the prospectus to be published when securities are offered for subscription or sale to the public.<sup>9</sup>

## Company law, company taxation and capital movements

### *Taxation of savings*

2.1.74. On 8 February the Commission adopted for transmission to the Council two proposals for Directives concerning tax measures in support of the liberalization of capital movements (→ point 1.2.1 *et seq.*).

## Employment, education and social policy

### The social dimension of the internal market

2.1.75. In response to the request made by the Commission in November 1988,<sup>10</sup> the Economic and Social Committee adopted on 22 February an opinion on basic Community social rights by 135 votes to 22,

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<sup>1</sup> OJ L 38, 10.2.1989.

<sup>2</sup> OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.25.

<sup>3</sup> Bull. EC 6-1988, point 2.1.53.

<sup>4</sup> OJ C 230, 11.9.1986; Bull. EC 7/8-1986, point 2.1.86; OJ C 143, 1.6.1988; Bull. EC 3-1988, point 2.1.91; OJ C 321, 14.12.1988; Bull. EC 11-1988, point 2.1.113.

<sup>5</sup> OJ L 44, 16.2.1989.

<sup>6</sup> Bull. EC 6-1988, point 2.1.123.

<sup>7</sup> OJ C 69, 20.3.1989.

<sup>8</sup> Bull. EC 12-1988, point 2.1.148.

<sup>9</sup> OJ C 355, 31.12.1980; Bull. EC 12-1980, point 2.1.41; OJ C 226, 31.8.1982; Bull. EC 7/8-1982, point 2.1.53.

<sup>10</sup> Bull. EC 11-1988, points 2.1.116 and 2.4.41.

with 8 abstentions. The opinion is based essentially on the following guidelines:

(i) recognizing the principle of subsidiarity, the Community must accept that each Member State has its own social legislation and that, within each Member State, those matters which may be the subject of direct agreements between social partners are regulated by collective bargaining;

(ii) the basic Community social rights which we wish to guarantee go beyond those arising from the employer/worker relationship; they relate also to the rights of all citizens, consumers and members of mutual societies and cooperatives;

(iii) with the completion of the single market in view, Community legal instruments must be adopted to avoid the pitfalls of unfair competition in three spheres: the dismissal of cross-frontier workers and unfair exploitation of their atypical terms of employment, the right to information and consultation in the event of the restructuring or merger of firms and the application of existing social legislation and collective bargaining agreements when awarding public contracts;

(iv) the instruments assuring Europeans of their fundamental social guarantees must not be classified by using international social law terminology (Charter, Covenant, Convention, etc.). Rather, the instruments and procedures specified in the Treaty must be deployed to ensure protection of basic social rights in the context of the Member States' legal systems.

In conclusion, the Committee requested that it be called upon to conduct an annual review of the application of and follow-up to the measures adopted for the definition and implementation of basic social rights.

## Employment

### Employment and the labour market

2.1.76. On 20 February, the Commission published an invitation to tender<sup>1</sup> for the development of a Community system of

documentation on employment. In keeping with the Commission working paper on the social dimension of the internal market,<sup>2</sup> the aim of the system will be to collect, analyse, summarize and disseminate available information on the development of prospects for employment.

## Financial instruments

### European Social Fund

2.1.77. In accordance with Council Regulation (EEC) No 2052/88<sup>3</sup> of 24 June 1988 on the reform of the structural Funds and the implementing Council Regulation (EEC) No 4255/88<sup>4</sup> of 13 December 1988, concerning the European Social Fund (ESF), on 15 February the Commission adopted the guidelines<sup>5</sup> concerning ESF intervention in respect of action against long-term unemployment and occupational integration of young people (Objectives 3 and 4 in the context of the reform of the structural Funds).

These guidelines, based on the aim of achieving a substantial reduction in the number of long-term unemployed workers and unemployed young people in the Community between now and 1992, will be taken into account by the Commission when defining Community support framework for coordinated assistance from the structural Funds on the basis of plans presented by the Member States. They take account of experience as regards the effectiveness of the various systems for reducing unemployment among young people and the long-term unemployed, the increase in the funds set aside for these policies both by the Member States and by the Community and the prospects of greater economic dynamism related to the completion of the internal market.

<sup>1</sup> OJ C 51, 28.2.1989.

<sup>2</sup> Bull. EC 9-1988, points 1.1.1 to 1.1.7.

<sup>3</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

<sup>4</sup> OJ L 374, 31.12.1988; Bull. EC 12-1988, point 2.1.200.

<sup>5</sup> OJ C 45, 24.2.1989.

The guidelines adopted make it possible to determine the conditions which the operations implemented under Objectives 3 and 4 must meet if they are to be given preferential treatment. With regard to combating long-term unemployment, operations combining several types of intervention will be given priority so as to promote occupational integration by means of training, making the most of local employment development potential, creating new, stable jobs and self-employed activities and promoting training and occupational integration of women wishing to go back to work after a long break. As regards the occupational integration of young people, preference will be given to operations to help young people who leave school without acquiring the basic knowledge to enable them to follow a normal course of vocational training and basic training linked to work experience for a period equivalent to that of the theoretical training, training leading to high-level qualifications involving the use of new technologies and recruitment aids for newly-created stable jobs and for the creation of self-employed activities. Lastly, other conditions are applicable equally to both objectives and concern transnational operations, those referring to regions covered by other objectives of the structural Funds, training in advanced technology, innovatory operations, training and recruitment incentives in the interest of modernization, improved and more effective training structures and operations for categories of persons encountering special difficulties on the labour market.

2.1.78. On 14 February, Parliament for its part adopted a resolution<sup>1</sup> on these guidelines on the basis of a Commission working paper. It welcomed the new guidelines and, in particular, the conditions applicable equally to both objectives. Underlining the importance of partnership in the management of the ESF, it requested that all the competent authorities, especially at local level, be consulted during the drafting of national programmes. Parliament also considered it advisable to form a closer link between Fund assistance and the prospects

as regards the development of the internal market and also draw a clearer distinction between assistance according to the regions concerned under the various objectives of the reform. Stressing the importance of the definition of qualitative selection criteria and objective project assessment criteria, Parliament requested the Commission to introduce as a matter of urgency measures to inform the public of the ESF's new working methods.

## Education and vocational training

2.1.79. On 17 February, Parliament adopted a resolution<sup>1</sup> on education in the European Community (medium-term perspectives: 1989-92). It considered the Commission communication<sup>2</sup> on the topic to be a good basis for drafting a medium-term programme. Recommending increased cooperation in education and closer integration between education and training and economic development policy, Parliament called for an extension of the existing programmes (Erasmus, Comett, etc.), and also the launching of new initiatives, e.g. in adult education and educational innovation, including the use of the new technologies. Sensitive to the guarantee of genuine equality of opportunity in education, Parliament expressed its desire to see a specific programme set up to strengthen the European dimension in education, as envisaged in the Council resolution of 24 May 1988.<sup>3</sup>

## Youth exchanges

2.1.80. On 17 February, Parliament adopted a resolution<sup>1</sup> on the need for a European young people's pass in which it requested the Member States to increase awareness of the opportunities offered by such an instrument and to enhance its cultural role. Parliament also called on the Member States to take steps to increase the information available to young people and

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<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> Bull. EC 5-1988, points 1.2.3 to 1.2.9.

<sup>3</sup> OJ C 177, 6.7.1988; Bull. EC 5-1988, point 1.2.2.



their protection, by entitling cardholders to certain services.

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2.1.81. On 17 February, Parliament also adopted a resolution on European leisure policy<sup>1</sup> which it hoped to see implemented. It therefore requested the Commission to submit a preparatory report within a year defining the objectives and various aspects of such a policy. Moreover, Parliament requested the Council to include this item on its agenda immediately and requested the Member States to provide the necessary funds to finance the required activities.

## Living and working conditions and social protection

### Free movement of migrant workers

2.1.82. On 14 February Parliament adopted two resolutions concerning the fight against racism and xenophobia.<sup>1</sup> In the first it requested the Council to adopt forthwith the proposal for a resolution transmitted by the Commission on 29 June 1988.<sup>2</sup> In the second, relating to the Joint Declaration of 11 June 1986,<sup>3</sup> it also expressed the desire to see the Council adopt an action programme in this field. Parliament also requested the Member States to enact legislation aimed at the prevention and punishment of racial discrimination, to revoke legal and administrative provisions still in force based on people's origin, race or sex and to pass anti-discrimination laws which would be enforced by the national courts. Parliament also requested the Council to study the setting up of a forum for all ethnic communities and asked the Commission to establish a network of organizations to deal with these matters. Lastly, Parliament requested the Member States which had not yet done so to grant the right to vote in local elections to all migrant workers and their families living and working on their territory, whether or not they are Community nationals.

## Health and safety

### Health and safety at work

2.1.83. Following the approval as regards the substance given at its meeting on 16 and 17 December 1988,<sup>4</sup> the Council formally adopted its common position on 13 February on the proposal for a Directive on the introduction of measures to encourage improvements in the safety and health of workers at the workplace.<sup>5</sup>

## Communication and culture

### Communication

2.1.84. On 1 February the Commission approved the policy approach for its 1989 priority information programme. The purpose of the programme is to provide guidelines on information and communication for the various Commission departments involved, to identify the chief information requirements for each Member State, the targets and the means of action, to define the Community topics best suited to the requirements identified, to back up the Commission's major policy initiatives and to ensure consistent use of the resources available. The policy approach centres on three themes: making a success of 1992, enhancing 1992, and preparing for post-1992. The aim is to create a policy instrument to accompany and promote its work programme and enable it to assess the impact and relevance of the effort targeted at public opinion.

### Audiovisual policy and production

#### *Media programme*

2.1.85. On 16 February Parliament adopted a resolution on the European film

<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.146.

<sup>3</sup> OJ C 158, 25.6.1986; Bull. EC 6-1986, point 1.4.1.

<sup>4</sup> Bull. EC 12-1988, point 2.1.177.

<sup>5</sup> OJ C 141, 30.5.1988; Bull. EC 2-1988, point 1.2.4.

and television industry.<sup>1</sup> Welcoming the increasing degree of Community concern with the problems the industry was facing, Parliament made the point, however, that these went beyond what was covered in the Media programme.<sup>2</sup> It therefore wished to see the Commission extend the scope of its action here, particularly as regards the economic, financial and commercial aspects of film and television production and distribution. Calling on all Member States to ratify the 1961 Rome Convention on the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Parliament again urged the Commission to devise a means of collecting reliable statistics on the audiovisual industry and to investigate the possible need for rules on programme scheduling.

2.1.86. On 1 February a second one-day seminar, attended by Mr Dondelinger, was held in Brussels to publicize the Media programme. Promotion and implementation of the programme also continued at the Eighth Monte Carlo International Forum on New Images (8 to 11 February).

### Involvement of the public

#### *92 Team*

2.1.87. From 22 to 24 February the last of seven seminars was held in Brussels to get the '92 Team' under way. This is a team of independent lecturers drawn from different social and professional circles whose job it will be to answer the growing demand for information on the coming single European market. Something similar is being done to train a team to deal with the common agricultural policy.

#### *Europe in the world: developing countries*

2.1.88. An ACP-EEC press gathering was held in the People's Republic of the Congo from 10 to 18 February at which visits were arranged to projects there which are directly or indirectly supported by the Community.

2.1.89. The Commission helped to organize the 11th Pan-African Film Festival in Ouagadougou (Burkina Faso) from 25 February to 4 March. At the Festival, which received support from the European Development Fund (cultural cooperation), Community prizes were awarded to the two best short documentaries on development.

### Cultural action

2.1.90. On 17 February Parliament adopted a resolution on a fresh boost for Community action in the cultural sector,<sup>1</sup> in which it also set out its views on recent developments in Community policy on education and language learning. Endorsing the general tenor of the Commission's communication on a fresh boost for culture<sup>3</sup> and expressing satisfaction at the Council resolution of 27 May 1988,<sup>4</sup> Parliament asked to be fully involved in the Community's action in this field.

It approved the Commission's planned approach to creating a European cultural area, but wanted to see particular attention devoted to artists and cultural workers (especially social security cover for them), to young people and to the protection of Europe's architectural and archaeological heritage.

Parliament stressed the need to increase the resources available for culture. This would also mean encouraging sponsorship, though some caution needed to be exercised here.

Welcoming the Commission's action in the priority area of the audiovisual sector and the conclusions adopted by the Hanover<sup>5</sup> and Rhodes<sup>6</sup> European Councils in this respect, Parliament called on the Council to reach a common position at the earliest

<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> Bull. EC 4-1986, point 2.1.79.

<sup>3</sup> Supplement 4/87 — Bull. EC; Bull. EC 12-1987, points 1.2.1 to 1.2.6.

<sup>4</sup> OJ C 197, 27.7.1988; Bull. EC 5-1988, point 2.1.92.

<sup>5</sup> Bull. EC 6-1988, point 3.4.1.

<sup>6</sup> Bull. EC 12-1988, point 1.1.9.

opportunity on high-definition television.<sup>1</sup> Parliament also approved the idea of a certain percentage of broadcasting time being set aside for programmes originating in the Community and of strict rules being laid down on advertising. It also drew attention to the problem of copyright protection and to the crisis facing European cinema. The need was brought out for more information on cultural Europe, with a view to helping the less-favoured regions and alternative forms of culture.

Expressing concern about the situation regarding books, records, libraries and archives, Parliament drew attention to the beneficial role played by cultural associations and foundations, which should be encouraged. Lastly, it welcomed plans to foster cultural and intercultural dialogue, providing an opportunity to affirm Europe's true dimension in cultural terms.

## Regional policy

### Guidelines

2.1.91. In accordance with Council Regulation (EEC) No 2052/88 of 24 June 1988 on the reform of the structural Funds<sup>2</sup> (known as the 'comprehensive' Regulation), and with Council implementing Regulation (EEC) No 4254/84 of 13 December 1988 concerning the European Regional Development Fund (ERDF),<sup>3</sup> the Commission adopted on 15 February a note setting out guidelines for the Community's policy in support of Objectives 1 ('promoting the development and structural adjustment of the regions whose development is lagging behind') and 2 ('converting the regions, frontier regions or parts of regions [...] seriously affected by industrial decline') of the comprehensive Regulation. The guidelines are designed to clarify for the Commission's partners the priorities it will apply at the different planning stages. These priorities, drawn up with a view to helping the less-favoured regions meet the challenges of the large internal market, can be summarized

as follows: job creation through measures to stimulate investment, whether productive investment (especially in the regions covered by Objective 2) or investment in infrastructures capable of fostering local economic potential (especially in the regions covered by Objective 1); joint financing of investment (loans and grants); development of local initiatives (notably by delegating to regional development agencies the responsibility for managing general grants); diversification of economic activities, with the emphasis on new technologies; continuation of regional development measures at Community level (financing of studies and pilot projects, especially transfrontier projects, and pooling of experience gained at regional level).

### Financial instruments

#### *European Regional Development Fund*

#### Programme preparation

2.1.92. On 14 February the Commission adopted Decision 89/164/EEC on the inclusion of the *Land* of Bremen, which comprises the cities of Bremen and Bremerhaven, among the areas eligible for the Community programme to assist the conversion of shipbuilding areas (Renaval),<sup>4</sup> which was instituted by Council Regulation (EEC) No 2506/88 of 26 July 1988.<sup>5</sup>

#### ERDF grants

#### *Programmes*

2.1.93. On 7 February the Commission approved the granting of ERDF assistance for the period from 1 January 1988 to 31 December 1992 to three national programmes of Community interest (NPCI)

<sup>1</sup> OJ C 37, 14.2.1989; Bull. EC 11-1988, points to 1.2.4.

<sup>2</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

<sup>3</sup> OJ L 374, 31.12.1988; Bull. EC 12-1988, point 2.1.200.

<sup>4</sup> OJ L 61, 4.3.1989.

<sup>5</sup> OJ L 225, 15.8.1988; Bull. EC 7/8-1988, point 2.1.98.

connected with integrated Mediterranean programmes (IMPs).<sup>1</sup> The regions involved are:

Campania (Italy): ECU 42.34 million;

Apulia (Italy): ECU 54.25 million;

Sicily (Italy): ECU 43.96 million.

#### *Financing of studies*

2.1.94. On 7 February the Commission decided to grant financial assistance of ECU 57 000 for a development study concerning the central area of the Spanish Pyrenees.

#### *Aid for disaster victims*

2.1.95. On 16 February Parliament adopted four resolutions<sup>2</sup> on drought in the southern regions of the Community, on flooding in the Highlands of Scotland, on the cyclone in Réunion and New Caledonia, and on the devastation caused by the cyclone Firinga in Réunion. It called on the Commission to grant emergency aid to the victims.

## Coordination of structural instruments

### *Reform of the structural Funds*

2.1.96. On 15 February the Commission approved guidelines for Objectives 1 and 2 (→ point 2.1.91) and Objectives 3 and 4 (→ point 2.1.77) of Council Regulation (EEC) No 2052/88 of June 1988 on the reform of the structural Funds.

## Environment and consumers

### **Environment**

#### *Prevention and reduction of pollution and nuisance*

#### **Air pollution**

2.1.97. On 17 February Parliament adopted an opinion<sup>2</sup> on a proposal for a

Directive on the prevention of air pollution from new municipal waste incineration plants.<sup>3</sup> Its approval was qualified by certain amendments concerning emission limit values, systems of measurement and public access to information, which the Commission was unable to accept. It also called upon the Commission to withdraw a second proposal for a Directive on existing municipal waste incineration plants,<sup>3</sup> on the grounds that the first could cover both types of plant.

#### **Waste**

2.1.98. The Economic and Social Committee adopted on 22 February a favourable opinion on a proposal<sup>4</sup> for a Directive amending in respect of chromium Council Directive 86/278/EEC of 12 June 1986 on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture.<sup>5</sup> The Committee endorsed the limit values proposed for chromium in the soil and sludge spread on the soil.

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

2.1.99. Under Directive 82/501/EEC of 24 June 1982 on the major-accident hazards of certain industrial activities (known as the 'Seveso Directive'),<sup>6</sup> the Commission has established a reference library at Ispra on industrial hazards, which will collect and examine technical regulations and guidelines in this field.

#### *Conservation and management of resources*

#### **Antarctic ecosystem**

2.1.100. On 16 February Parliament adopted a resolution on the dangers of the

<sup>1</sup> OJ L 292, 26.10.1988; Bull. EC 11-1988, point 2.1.160.

<sup>2</sup> OJ C 69, 20.3.1989.

<sup>3</sup> OJ C 75, 23.3.1988; Bull. EC 2-1988, point 2.1.102.

<sup>4</sup> OJ C 307, 2.12.1988; Bull. EC 11-1988, point 2.1.175.

<sup>5</sup> OJ L 181, 4.7.1986; Bull. EC 6-1986, point 2.1.164.

<sup>6</sup> OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

destruction of the Antarctic ecosystem. It called for a strict ban on any exploitation of the mineral resources of Antarctica and for the Community to undertake to recognize the entire Antarctic as a world nature reserve.<sup>1</sup>

## Flora and fauna

2.1.101. Parliament adopted on 17 February a series of resolutions on the protection of animals,<sup>1</sup> concerning:

*Experiments on animals:* Parliament called upon the Commission to establish a European centre for developing alternative testing methods to replace those involving laboratory animals, and to promote the development and validation of alternative testing methods for experiments in general;

*Leghold traps:* Parliament called once more for a total ban<sup>2</sup> on the use, sale and manufacture of these traps in the Community and for the labelling of furs imported from countries where legtraps have not been banned or internationally approved humane trapping methods are not used;

*The protection of wolves and brown bears in the Community:* Parliament welcomed the Commission's emergency measures to conserve these two highly endangered species and called upon it to increase funding for these measures;

*The protection of the whale:* Parliament called upon the Commission to take all possible steps to provide effective protection for all species of whale and to enforce the 1986 moratorium on commercial whaling.

## Consumers

2.1.102. The Commission decided on 8 February to set up a new autonomous Consumer Policy Service which will assume the tasks of the department which was previously attached to the Directorate-General for the Environment, Consumer Protection and Nuclear Safety. The job of the Service, whose creation shows the importance the Commission attaches to promoting the interests of the consumer as it moves

towards the single European market, will be to influence the development of sectoral policies, promote interests and further extend specific consumer protection policy.

## Physical protection and product safety

### Product safety

2.1.103. At its plenary meeting on 16 February the Consumers Consultative Committee adopted an opinion envisaging the drafting of a priority programme on the quality and safety of consumer goods with respect to rules and technical standards. The programme is in keeping with the Council resolution of 7 May 1985 on a new approach to technical harmonization and standards,<sup>3</sup> the Commission recommendation of 10 December 1987 on the involvement and improvement of consumer participation in standardization<sup>4</sup> and the Council resolution of 4 November 1988 on the same subject.<sup>5</sup> The Committee sets out a list of specific Community measures to be implemented as a priority and also stipulates the standardization operations with which it intends to be directly involved on certain conditions.

### Cosmetics

2.1.104. On 21 February the Commission adopted Directive 89/174/EEC<sup>6</sup> adapting to technical progress Annexes II to VII to Council Directive 76/768/EEC<sup>7</sup> on the approximation of the laws of the Member States relating to cosmetic products. The amendment takes into account the results of the latest scientific and technical research, in particular regarding cosmetics containing ultraviolet filters. It also prohibits the use

<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> Bull. EC 10-1988, point 2.1.117.

<sup>3</sup> OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1 *et seq.*

<sup>4</sup> OJ L 23, 28.1.1988; Bull. EC 12-1987, point 2.1.200.

<sup>5</sup> OJ C 293, 17.11.1988; Bull. EC 11-1988, point 2.1.181.

<sup>6</sup> OJ L 64, 8.3.1989.

<sup>7</sup> OJ L 262, 27.9.1976.

in these products of padimate A, benzoyl peroxide, 2-amino-4-nitrophenol and 2-amino-5-nitrophenol.

### *Protection of economic and legal interests*

#### **Package tours**

2.1.105. On 15 February Parliament issued its opinion<sup>1</sup> in a first reading of the proposal for a Directive on package travel, including package holidays and package tours.<sup>2</sup> A number of amendments were adopted, in particular as regards the scope of the Directive, compensation for victims of accidents resulting in physical injury and the non-discriminatory nature of insurance contracts relating to tours covered by the proposal.

2.1.106. On 22 February the Economic and Social Committee issued an opinion endorsing the above proposal. The Committee listed a number of specific points to be examined with a view to finding a rapid solution to disputes between tourists and the tourist trade and within the tourist trade.

## **Agriculture**

### **Market organizations**

#### *Cereals and rice*

2.1.107 On 23 February the Economic and Social Committee adopted an opinion on the proposal<sup>3</sup> for a Regulation amending Council Regulation (EEC) No 2727/75 of 29 October 1975 on the common organization of the market in cereals.<sup>4</sup> The Committee endorsed the principle of a premium for the use of cereals in animal feed with the aim of achieving a better balance between cereals supply and demand, provided any discrimination between users in surplus

regions and in regions where there was a shortfall were avoided.

#### *Wine*

2.1.108. In February Parliament approved<sup>1</sup> the proposal for a Regulation providing for the adjustment of the price applicable to table wine delivered for compulsory distillation in Spain.<sup>5</sup>

On 22 February this proposal was also approved by the Economic and Social Committee.

#### *Milk and milk products*

2.1.109. On 20 February the Council, acting on a Commission proposal<sup>6</sup> endorsed by Parliament in February,<sup>1</sup> adopted Decision 89/144/EEC extending certain provisions on the supply of milk and milk products at a reduced price to cover Portugal.<sup>7</sup> This Decision allows Portugal to benefit with effect from 1 January 1989 from the aid scheme for the supply of milk and milk products to pupils in educational establishments.<sup>8</sup>

2.1.110. On 15 February the Commission adopted, on the basis of the 13th communication to the Council concerning the programme for the utilization of co-responsibility levy funds in the milk sector for the 1989/90 milk year,<sup>9</sup> Regulation (EEC) No 381/89<sup>10</sup> continuing the promotional and publicity measures for milk and milk products and Regulation (EEC) No 382/89<sup>10</sup> on measures to facilitate the implementation of Council Directive 85/397/EEC on health

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<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> OJ C 96, 12.4.1988; Bull. EC 3-1988, point 2.1.134.

<sup>3</sup> OJ C 328, 21.12.1988; Bull. EC 11-1988, point 2.1.187.

<sup>4</sup> OJ L 281, 1.11.1975.

<sup>5</sup> OJ C 329, 22.12.1988; Bull. E 11-1988, point 2.1.192.

<sup>6</sup> OJ C 329, 22.12.1988; Bull. EC 11-1988, point 2.1.252.

<sup>7</sup> OJ L 53, 25.2.1989.

<sup>8</sup> OJ L 183, 7.7.1983; Bull. EC 7/8-1983, point 2.1.104.

<sup>9</sup> Bull. EC 12-1988, point 2.1.253.

<sup>10</sup> OJ L 44, 16.2.1989.

and animal-health problems affecting intra-Community trade in heat-treated milk.<sup>1</sup>

As regards the promotional measures, which began in 1978 (Regulation (EEC) No 723/78)<sup>2</sup> and have proved an effective means of expanding the markets in milk and milk products in the Community, Regulation (EEC) No 381/89 implements, in particular, an integrated market survey to ascertain the effectiveness of the measures carried out. Regulation (EEC) No 382/89 provides financial assistance to help laboratories acquire the necessary equipment to check that the required quality standards are met.

### *Beef/veal*

2.1.111. On 17 February Parliament adopted two opinions<sup>3</sup> on the proposals for Regulations<sup>4</sup> to reform the beef/veal arrangements, which the House approved subject to a number of amendments relating to the proposed premiums.

### *Sugar*

2.1.112. On 15 February the Commission adopted for transmission to the Council a proposal for a Regulation<sup>5</sup> amending Council Regulation (EEC) No 1785/81 of 30 June 1981 on the common organization of the market in the sugar sector.<sup>6</sup> The aim of this proposal is to ensure the supply to Portuguese refineries of raw sugar imported from non-member countries at a reduced levy under price conditions similar to those for preferential sugar and therefore provides for the extension to such refineries of the aid scheme applied to other Community refineries.

### **Structures**

2.1.113. On 27 February the Council, acting on a proposal from the Commission<sup>7</sup> endorsed by Parliament in February,<sup>3</sup> adopted Regulation (EEC) No 503/89 instituting an exceptional emergency measure for less-favoured areas in Portugal.<sup>8</sup> This

Regulation provides for a financial contribution of ECU 20 million in addition to the compensatory allowances paid in 1989 to help farmers in the regions concerned overcome the difficulties caused by the appalling weather conditions in 1988.

2.1.114. In February Parliament approved the proposal<sup>9</sup> for a Regulation amending Council Regulation (EEC) No 797/85 of 12 March 1985<sup>10</sup> as regards extensification of production.

## **Legislation**

### **Veterinary and animal husbandry**

2.1.115. On 20 February the Council, acting on a proposal from the Commission<sup>11</sup> after receiving the opinion of Parliament,<sup>3</sup> adopted Decision 89/145/EEC introducing a Community financial measure for the eradication of contagious bovine pleuropneumonia (CBPP) in Portugal.<sup>12</sup>

2.1.116. On 14 February the Commission adopted for transmission to the Council a proposal for a Regulation on animal health conditions governing intra-Community trade in and imports from non-member countries of poultry and hatching eggs.<sup>13</sup> The proposal seeks to harmonize the animal-health rules governing trade, while avoiding the spread of the main contagious poultry diseases, thus contributing to the completion of the internal market.

<sup>1</sup> OJ L 226, 24.8.1985; Bull. EC 7/8-1985, point 2.1.159.

<sup>2</sup> OJ L 98, 11.4.1978.

<sup>3</sup> OJ C 69, 20.3.1989.

<sup>4</sup> OJ C 300, 25.11.1988; Bull. EC 10-1988, point 2.1.144.

<sup>5</sup> OJ C 58, 7.3.1989; COM(89) 67 final.

<sup>6</sup> OJ L 177, 1.7.1989; Bull. EC 6-1981, point 2.1.88.

<sup>7</sup> OJ C 6, 7.1.1989; Bull. EC 12-1988, point 2.1.277.

<sup>8</sup> OJ L 58, 1.3.1989.

<sup>9</sup> OJ C 20, 26.1.1989; Bull. EC 12-1988, point 2.1.275.

<sup>10</sup> OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

<sup>11</sup> Bull. EC 12-1988, point 2.1.282.

<sup>12</sup> OJ L 53, 25.2.1989.

<sup>13</sup> COM(89) 9 final.

2.1.117. On 10 February the Commission adopted Decision 89/162/EEC<sup>1</sup> which supplements the list of animal diseases within the Community which have to be notified under Council Directive 82/894/EEC of 21 December 1982.<sup>2</sup>

On 13 February, following the adoption of this Decision, the Commission adopted Decision 89/163/EEC<sup>1</sup> amending for the second time Decision 84/90/EEC of 3 February 1984<sup>3</sup> laying down the codified form for the notification of these diseases.

2.1.118. On 13 February the Commission also adopted Decision 89/153/EEC concerning the correlation of samples taken for residue examination with animals and their farms of origin.<sup>4</sup>

2.1.119. On 21 and 22 February respectively the Commission adopted Decisions 89/159/EEC<sup>4</sup> and 89/165/EEC<sup>1</sup> recognizing that Denmark and the United Kingdom each apply to heat-treated milk intended for direct home consumption the microbiological standards laid down in Council Directive 85/397/EEC of 5 August 1985.<sup>5</sup>

### Plant health

2.1.120. On 14 February the Commission adopted for transmission to the Council an amended proposal for a Directive concerning the placing of EEC-accepted plant protection products on the market.<sup>6</sup> The amended proposal is intended to update and strengthen the technical provisions contained in the original proposal, which dates back to August 1976,<sup>7</sup> and in particular those relating to environmental protection, as well as to reinforce the envisaged Community regulatory arrangements so that they correspond more closely to the objectives of the White Paper on completing the internal market.

### Competition

2.1.121. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to make no objection to the introduction of

the following proposed schemes, which had been duly notified.

#### *Germany*

##### **Hessen**

Two measures on the introduction of environmentally favourable grassland farming methods on land along watercourses.

Aid for investments in environmental protection.

##### **Baden-Württemberg**

Aid for agricultural training.

##### **North Rhine-Westphalia**

Measures to assist the restructuring of the 'Niederrhein EG' dairy in accordance with the Community framework for aid schemes in respect of milk and milk products.

##### **Bavaria**

Aid for the extension of a dairy at Fischach-Aretsried, in accordance with the above-mentioned framework.

#### *Belgium*

Aid to be granted to a potato processing undertaking pursuant of the Act of 17 July 1959 on economic expansion.

#### *United Kingdom*

##### **Northern Ireland**

Aid to be granted in respect of milk and milk products for the extension of a dairy in accordance with the Community framework for such aid schemes.

<sup>1</sup> OJ L 61, 4.3.1989.

<sup>2</sup> OJ L 378, 31.12.1982; Bull. EC 12-1982, point 2.1.129

<sup>3</sup> OJ L 50, 21.2.1984.

<sup>4</sup> OJ L 59, 2.3.1989.

<sup>5</sup> OJ L 226, 24.8.1985; Bull. EC 7/8-1985, point 2.1.159.

<sup>6</sup> COM(89) 34 final.

<sup>7</sup> OJ C 212, 9.9.1976; Bull. EC 7/8-1976, point 2.2.56.



### Isle of Man

Extension for an unlimited duration of the 1988 Farm Improvement Scheme and amendments thereto. However, the Commission reiterated its recommendation that no aid should be granted for the construction of hen houses.

2.1.122. The Commission decided to initiate the Article 92(3) procedure in respect of an Italian aid scheme to assist cooperatives and farm holdings in Abruzzi (excessive level of aid in relation to eligible expenditure in the form of amounts owing on investment loans; aid to increase the registered capital of cooperatives without this being connected to investments).

## European Agricultural Guidance and Guarantee Fund

### Guarantee Section

2.1.123. On 22 February the Commission adopted Regulation (EEC) No 439/89<sup>1</sup> amending Regulation (EEC) No 411/88 of 12 February 1988 on the method to be used and the interest rates to be applied for the calculation of the cost of financing intervention in the form of buying in, storage and disposal.<sup>2</sup> This reflects the trend in interest rates in recent months and raises the uniform interest rate for Member States from 7 to 7.7%. However, for the period from 1 January to 30 September 1989, the specific interest rate for Germany was set at 6% (previously 5%) and at 6.5% for Luxembourg and the Netherlands (previously 7% and 5.5% respectively).

2.1.124. The Commission adopted the provisional accounts for EAGGF Guarantee expenditure relating to the 1988 budget. Compared with the appropriations for 1988, i.e. ECU 28 795 million, including fisheries, the figure is ECU 27 687.3 million, and covers overall a period of about 11½ months from the beginning of November 1987 to 15 October 1988. Payments relating to the latter part of 1988 are made under the 1989 budget pursuant to Council Regu-

lation (EEC) No 2048/88 of 24 June 1988<sup>3</sup> amending Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy.<sup>4</sup>

This expenditure breaks down as set out in Table 1.

Table 1 — EAGGF-Guarantee expenditure (1988 operations — provisional accounts)

Product group	Expenditure under the 1988 budget	
	million ECU	%
Cereals and rice	4 337.2	15.7
Sugar	2 081.8	7.6
Olive oil and oilseeds	3 916.8	14.1
Fruit and vegetables, wine, tobacco	3 219.9	11.6
Milk products	5 915.1	21.4
Beef/veal, sheepmeat, goatmeat, pigmeat, eggs and poultry	4 179.2	15.1
Other product groups	1 852.6	6.7
<b>Total agricultural products</b>	<b>25 502.6</b>	<b>92.2</b>
Accession compensatory amounts	64.3	0.2
Monetary compensatory amounts	505.2	1.8
Depreciation of intervention stocks	1 240.0	4.5
Refunds on food aid operations	242.7	0.9
Interest payments resulting from the reform of the financing method	37.5	0.1
Distribution of free food from intervention stocks	65.8	0.2
Clearance of previous years	29.2	0.1
<b>Grand total</b>	<b>27 687.3</b>	<b>100</b>

<sup>1</sup> OJ L 51, 23.2.1989.

<sup>2</sup> OJ L 40, 13.2.1988.

<sup>3</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.5.

<sup>4</sup> OJ L 94, 28.4.1970.

## Fisheries

### Resources

#### *Internal aspects*

#### Community measures

##### *TACs and quotas*

2.1.125. On 3 February the Council, acting on a proposal from the Commission,<sup>1</sup> adopted Regulation (EEC) No 295/89<sup>2</sup> amending 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 the conditions under which they may be fished.<sup>3</sup> The purpose of this amendment was to implement the agreement with Sweden in the Community fishing zone.

##### *Control measures*

2.1.126. On 24 February the Commission adopted Regulation (EEC) No 473/89<sup>4</sup> amending Regulation (EEC) No 2827/83 of 22 September 1983 laying down detailed rules for recording information on Member States' catches of fish.<sup>5</sup> The purpose of this amendment is to clarify certain procedures for the transmission of logbook data when catches are landed in a Member State other than that whose flag the vessel is flying.

#### *External aspects*

#### Bilateral relations

##### *Sweden*

2.1.127. On 3 February the Council, acting on proposals from the Commission,<sup>6</sup> adopted Regulation (EEC) No 296/89<sup>7</sup> amending 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 Sweden<sup>7</sup> and

Regulation (EEC) No 279/89 allocating additional catch quotas among Member States for vessels fishing in Swedish waters.<sup>2</sup>

##### *Greenland*

2.1.128. On 23 February the Council, acting on a proposal from the Commission,<sup>8</sup> adopted a Decision concerning the Community's acceptance of Greenland's offer of an additional catch quota for 1989 amounting to 4 000 tonnes of cod from the West Greenland stock.

##### *United States*

2.1.129. On 23 February the Council, acting on a proposal from the Commission,<sup>9</sup> also adopted Decision 89/167/EEC<sup>10</sup> extending until 1 July 1991 the fisheries agreement between the United States and the Community.<sup>11</sup> The agreement enables Community vessels to catch some 20 000 tonnes of mackerel per year off the coast of the United States, subject to the payment of fees by shipowners and Community participation in a technical and commercial cooperation programme.

##### *Japan*

2.1.130. On the same date the Council, acting on a proposal from the Commission,<sup>12</sup> adopted Regulation (EEC) No 529/89 establishing, for the period from 1 March to 31 June 1989, certain measures for the conservation and management of fishery resources applicable to vessels flying

<sup>1</sup> Bull. EC 1-1989, point 2.1.80.

<sup>2</sup> OJ L 33, 4.2.1989.

<sup>3</sup> OJ L 369, 31.12.1988; Bull. EC 12-1988, point 2.1.302.

<sup>4</sup> OJ L 53, 25.2.1989.

<sup>5</sup> OJ L 276, 10.10.1983.

<sup>6</sup> Bull. EC 1-1988, point 2.1.81.

<sup>7</sup> OJ L 369, 31.12.1988; Bull. EC 12-1988, point 2.1.306.

<sup>8</sup> COM(89) 65 final.

<sup>9</sup> COM(89) 64 final.

<sup>10</sup> OJ L 63, 7.3.1989.

<sup>11</sup> OJ L 272, 13.10.1984; Bull. EC 9-1984, point 2.1.102.

<sup>12</sup> COM(89) 48 final.

the Japanese flag in waters falling under the sovereignty or jurisdiction of Portugal.<sup>1</sup>

The new arrangements introduced by this Regulation differ from those in force hitherto<sup>2</sup> in that the authorized fishing effort is to be reduced and, in return for the fishing rights granted, Japan is to draw up a programme of scientific, technical and economic cooperation.

### *Malta*

2.1.131. On 24 February the Commission adopted, for transmission to the Council, a recommendation for a Decision authorizing it to negotiate an agreement with Malta.<sup>3</sup> The main purpose of this recommendation is to restore to Community vessels the fishing rights which they traditionally enjoyed before the Maltese Government's decision to extend the limit of its territorial waters from 12 to 25 miles.

### **Multilateral relations**

#### *Baltic Sea, Belts and Sound*

2.1.132. On 17 February the Commission adopted, for transmission to the Council, a proposal for a Regulation<sup>4</sup> amending for the third time<sup>5</sup> Council Regulation (EEC) No 1866/86 of 12 June 1986 laying down certain technical measures for the conservation of fishery resources in the waters of the Baltic Sea, the Belts and the Sound.<sup>6</sup> The purpose of the proposal is to implement a number of recommendations adopted by the International Baltic Sea Fishery Commission (IBSFC) at its 14th meeting, which was held in Warsaw from 19 to 24 September 1988.<sup>7</sup>

## **Transport**

### **Infrastructure**

2.1.133. On 13 February the Council gave its assent, under Article 54 of the ECSC

Treaty, to the co-financing by the Community of a new railway line, enabling a high-speed rail service to be introduced between Paris and Brest, Quimper, La Croisic, La Rochelle, Toulouse, Tarbes and Hendaye in France ('TGV Atlantique').

## **Inland transport**

### *Road transport*

### **Technical aspects**

2.1.134. The Commission adopted on 13 February, for transmission to the Council, a proposal for a Directive<sup>8</sup> amending Directive 77/143/EEC of 29 December 1976 on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers.<sup>9</sup> This proposal seeks to establish uniform minimum standards for the points to be checked on vehicles in order to ensure comparable levels of safety and environmental quality throughout the Community.

## **Shipping**

2.1.135. Parliament gave a favourable opinion on 17 February<sup>10</sup> on a proposal<sup>11</sup> to amend Council Decision 78/774/EEC of 19 December 1978 concerning the activities of certain third countries in the field of cargo shipping.<sup>12</sup> It also endorsed the proposal<sup>11</sup> to extend by one year the system

<sup>1</sup> OJ L 59, 2.3.1989.

<sup>2</sup> OJ L 57, 3.3.1988; Bull. EC 2-1988, point 2.1.155.

<sup>3</sup> Bull. EC 11-1988, point 2.1.240.

<sup>4</sup> COM(89) 11.

<sup>5</sup> OJ L 191, 22.7.1988; Bull. EC 7/8-1988, point 2.1.215.

<sup>6</sup> OJ L 162, 18.6.1986; Bull. EC 6-1986, point 2.1.216.

<sup>7</sup> Bull. EC 9-1988, point 2.1.126.

<sup>8</sup> OJ C 74, 22.3.1989; COM(89) 6 final.

<sup>9</sup> OJ L 47, 12.2.1977.

<sup>10</sup> OJ C 69, 20.3.1989.

<sup>11</sup> OJ C 28, 3.2.1989; Bull. EC 1-1989, point 2.1.97.

<sup>12</sup> OJ L 258, 21.9.1978.

of monitoring the activities of carriers in certain areas of operation.<sup>1</sup>

## Energy<sup>2</sup>

### Formulating and implementing a Community energy policy

#### *Specific problems*

#### Solid fuels

2.1.136. In accordance with Commission Decision No 2064/86/ECSC of 30 June 1986 establishing Community rules for State aid to the coal industry,<sup>3</sup> the Commission authorized on 7 and 21 February respectively additional aid from Germany for 1988<sup>4</sup> (DM 279 million: Decision 89/161/ECSC)<sup>5</sup> and from the United Kingdom for 1987/88<sup>6</sup> (UKL 109.5 million: Decision 89/175/ECSC).<sup>7</sup>

2.1.137. Having approved on 10 November 1988 the memorandum on financial measures taken by Spain and Portugal to assist their coal industries in 1986,<sup>8</sup> and after consulting the Council, the Commission approved on 22 February Decision 89/176/ECSC<sup>7</sup> and Decision 89/177/

ECSC<sup>7</sup> authorizing aid of PTA 29 683.2 million for Spain and ESC 667.2 million for Portugal.

## Nuclear safety

### Plant safety

2.1.138. As promised in its communication of April 1987 on the technological problems of nuclear safety,<sup>9</sup> and in response to the conclusions adopted in this connection by the Council in September 1988,<sup>10</sup> on 24 February the Commission adopted, for transmission to the Council and Parliament, a communication on nuclear safety describing the objectives and methods, formulated and agreed in the Member States, whereby the safety of nuclear power stations equipped with light-water and fast reactors can be ensured at the design stage and during operation.<sup>11</sup>

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<sup>1</sup> OJ L 382, 31.12.1986; Bull. EC 12-1986, point 2.1.302.

<sup>2</sup> For energy research see 'Research and technology'.

<sup>3</sup> OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.236.

<sup>4</sup> OJ L 33, 5.2.1988; Bull. EC 6-1988, point 2.1.285.

<sup>5</sup> OJ L 61, 4.3.1989.

<sup>6</sup> OJ L 241, 25.8.1987; Bull. EC 7/8-1987, point 2.1.267.

<sup>7</sup> OJ L 64, 8.3.1989.

<sup>8</sup> Bull. EC 11-1988, point 2.1.268.

<sup>9</sup> Bull. EC 4-1987, point 2.1.150.

<sup>10</sup> Bull. EC 9-1988, point 2.1.145.

<sup>11</sup> COM(88) 788 final.

## 2. External relations

### Commercial policy

#### Implementing the common commercial policy

##### *Commercial policy instruments*

##### Export controls

2.2.1. On 20 February the Council adopted Regulation (EEC) No 428/89 concerning the export of certain chemical products.<sup>1</sup> Under the Regulation, the export of eight chemical products is subject to a prior authorization to be issued by the relevant authorities of the Member States. Such authorization must be refused if there is reason to believe that the products in question will be used for the development or production of chemical weapons or that there is a risk of their being delivered directly or indirectly to belligerent countries or to areas of serious international tension. The list of chemical products may be reviewed if necessary.

The Regulation was adopted under Article 113 of the EEC Treaty, on a proposal from the Commission, and ensues from a consensus reached by the Ministers of the Twelve meeting in Madrid on 14 February within the framework of political cooperation that urgent measures must be taken to control such exports. The Regulation also refers to

the undertakings given by the Twelve at the international conference on chemical weapons held in Paris from 7 to 11 January, and to the European Parliament's resolution of 19 January on the proliferation of chemical weapons.<sup>2</sup>

The Regulation, which entered into force on 22 February, in no way affects the Member States' freedom to carry out other checks on export and transit operations, in accordance with the EEC Treaty, to prevent the development, production, stockpiling and proliferation of chemical weapons.

##### Easing of restrictive measures

2.2.2. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,<sup>3</sup> the Commission decided to open quotas and abolish quantitative restrictions on the release for free circulation of various products.<sup>4</sup>

##### Trade protection

2.2.3. Trade protection measures taken in February are shown in Table 2.

<sup>1</sup> OJ L 50, 22.2.1989.

<sup>2</sup> OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.4.1.

<sup>3</sup> OJ L 346, 8.12.1983.

<sup>4</sup> OJ C 33, 9.2.1989; OJ C 38, 15.2.1989; OJ C 40, 17.2.1989; OJ L 30, 1.2.1989.

Table 2 — *Trade protection measures*

Council	Commission
<i>Anti-dumping proceedings</i>	<i>Anti-dumping proceedings</i>
<i>Definitive anti-dumping duty on imports of:</i>	<i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i>
video cassette recorders originating in Japan and the Republic of Korea and definitive collection of the provisional duty paid on those imports and Council	silicon metal originating in China and exported from China or Hong Kong OJ C 26, 1.2.1989

Council	Commission
<p>Decision accepting undertakings relating to the proceedings given by the exporters OJ L 57, 28.2.1989 (provisional duty: OJ L 254, 14.9.1988; OJ L 355, 23.12.1988)</p> <p>urea originating in the United States of America or Venezuela; amendment of Council Regulation (EEC) No 3339/87 of 4 November 1987 OJ L 52, 24.2.1989 (provisional duty: OJ L 235, 25.8.1988)</p> <p><i>Repeal of anti-dumping duty on imports of:</i></p> <p>certain plain paper photocopiers assembled in the Community by Konica Business Machines Manufacturing GmbH OJ L 43, 15.2.1989 (anti-dumping duty: OJ L 284, 19.10.1988)</p>	<p><i>Notice of review and initiation of an anti-dumping proceeding concerning imports of:</i></p> <p>dicumyl peroxide originating in Japan or Taiwan OJ C 39, 16.2.1989 (acceptance of undertakings: OJ L 329, 25.11.1983)</p> <p><i>Notice of review of:</i></p> <p>measures applicable to imports of certain synthetic fibre hand-knitting yarn originating in Turkey; reopening of the investigations concerning such imports OJ C 42, 21.2.1989 (acceptance of undertakings: OJ L 67, 9.3.1984)</p> <p><i>Acceptance of undertakings concerning imports of:</i></p> <p>urea originating in Austria, Hungary, Malaysia or Romania; confirmation of undertakings accepted pursuant to Council Regulation (EEC) No 3339/87 of 4 November 1987; termination of the investigation OJ L 52, 24.2.1989 (provisional duty: OJ L 235, 25.8.1988; OJ L 355, 23.12.1988)</p> <p><i>Commission Decision terminating:</i></p> <p>the anti-dumping proceeding concerning imports of wheeled loaders originating in Japan OJ L 39, 11.2.1989 (initiation of proceeding: OJ C 146, 3.6.1988)</p> <p>the review of anti-dumping measures concerning imports of low carbon ferro-chromium originating in South Africa, Turkey and Zimbabwe; confirmation of the expiry of those measures OJ L 39, 11.2.1989 (acceptance of undertakings: OJ L 161, 21.6.1983)</p> <p><i>Notice of expiry of the anti-dumping duty imposed on imports of:</i></p> <p>oxalic acid originating in China OJ C 39, 16.2.1989 (definitive duty: OJ L 148, 27.5.1982; acceptance of undertakings: OJ C 137, 22.5.1987)</p> <p><i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i></p> <p>polyester fibres and polyester yarns originating in Turkey OJ C 33, 9.2.1989</p>

***Treaties and trade agreements:  
extension or automatic renewal***

2.2.4. On 27 February, on a proposal from the Commission,<sup>1</sup> the Council adopted Decision 89/150/EEC authorizing the automatic renewal or maintenance in force of provisions governing matters covered by the common commercial policy contained in the friendship, trade and navigation treaties and similar agreements concluded between Member States and third countries.<sup>2</sup>

**Individual sectors**

***Textiles***

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

***MFA countries***

2.2.5. Following talks held from 29 January to 7 February with Indonesia and the Philippines under the bilateral trade agreements in the textiles sector between the Community and those countries,<sup>3</sup> it was agreed that Indonesia would restrict its exports of certain T-shirts (category 4), while the Philippines would restrict exports of certain types of sportswear (category 73).

**Relations with industrialized  
countries**

**United States**

2.2.6. On 20 February the Council (General Affairs) took note of the results of the consultations in Washington at which the Commission's representatives, Mr Andriessen and Mr Mac Sharry, met their American counterparts, Mr Yeutter, Secretary of Agriculture, and Mrs Hills, US Trade representative, to discuss the application from 1 January of the Directive prohibiting the import into the Community of meat to which hormones have been admini-

stered.<sup>4</sup> These consultations led to the formation of a high-level working party on hormones, which was given 75 days to find technical solutions to this problem which has brought the Community and the United States into conflict.

The Council noted that the outcome of the Washington talks was a step in the right direction which should make it possible to reach a solution consistent with Community law.

The Council also took note of the preliminary results of the multilateral action initiated by the Community within GATT (→ point 2.2.41) and confirmed its conclusions of 23 January,<sup>5</sup> requesting the Commission to pursue its efforts within GATT to have the United States' unilateral retaliatory measures condemned and to continue its work at bilateral level towards an amicable settlement to the dispute.

It once again called upon the United States Administration to suspend application of the measures.

2.2.7. During his visit to the Commission on 17 February, Mr Baker, United States Secretary of State, had talks with Mr Delors, Mr Andriessen, and Mr Matutes, on all aspects of relations between the United States and the Community, and between East and West. They stressed the importance of strengthening relations in all areas of mutual interest and of preserving the liberal world trading system.

Looking ahead to 1992, the Commission emphasized the advantages offered by the single market to non-member countries and declared its willingness to participate in the search for satisfactory solutions to any problems which might arise.

2.2.8. During a meeting with United States officials in Washington on 18 February, Mr

<sup>1</sup> COM(89) 27 final.

<sup>2</sup> OJ L 58, 1.3.1989.

<sup>3</sup> Bull. EC 6-1986, point 2.2.9.

<sup>4</sup> OJ L 8, 11.1.1989; Bull. EC 12-1988, point 2.1.287.

<sup>5</sup> Bull. EC 1-1989, point 2.2.7.

Andriessen expressed concern about the United States' request for negotiations on reciprocal access to the telecommunications market under US trade legislation.<sup>1</sup> He drew attention to the Community's commitment to the liberalization of the telecommunications sector in the context of the single market programme and pointed out that the Community was already running a substantial deficit in telecommunications equipment trade with the United States.

### Canada

2.2.9. On 20 February, on a proposal from the Commission,<sup>2</sup> the Council adopted Decision 89/189/EEC on the conclusion of an Agreement between the Community and Canada concerning trade and commerce in alcoholic beverages,<sup>3</sup> which was initialled in December 1988<sup>4</sup> and signed in Brussels on 28 February. This Agreement was reached in the light of the findings of the GATT panel on the import, distribution and sale of alcoholic drinks by Canadian provincial marketing agencies.<sup>5</sup>

### Japan

2.2.10. Visiting the Commission on 3 February, the new Japanese Minister for International Trade and Industry, Mr Mitsuzuka, had constructive talks with Mr Delors, Mr Andriessen and Mr Bangemann, on relations between the Community and Japan and international economic issues.

A second round of informal consultations took place in Tokyo from 9 to 11 February<sup>6</sup> concerning the residual quantitative restrictions on the import of certain products from Japan into Member States of the Community, which were notified by Japan under the terms of the Uruguay Round's rollback and standstill commitment.<sup>7</sup>

Visiting Japan to attend the funeral of Emperor Hirohito on 24 February, Mr Andriessen met Mr Uno, Minister for Foreign Affairs, Mr Mitsuzuka, Minister for International Trade and Industry, Mr Hata, Minister for Agriculture, Forestry and

Fisheries, and Mr Abe, Secretary-General of the Liberal Democratic Party.

### Australia

2.2.11. During his visit to the Commission on 20 February, Mr Duffy, Australian Minister for Foreign Affairs, discussed with Mr Andriessen and Mr Mac Sharry the prospects for a compromise on agriculture in the Uruguay Round. They also discussed bilateral issues, such as beef, sheepmeat and dessert apples, and the procedures for importing legumes into the Community.

## Relations with other countries and regions

### Mediterranean countries

#### Malta

2.2.12. On 27 February the Council adopted Decisions 89/207/EEC and 89/208/EEC<sup>8</sup> concluding two Protocols to the Association Agreement with Malta,<sup>9</sup> one a Supplementary Protocol extending the first stage of the Agreement until 31 December 1990, and the other establishing the procedures and timetables to be followed for the adjustments to be made consequent on the accession of Spain and Portugal.

The Council exchanged the necessary instruments of ratification with Malta on 28 January, so the Protocols can enter into force on 1 April.

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<sup>1</sup> Bull. EC 7/8-1988, points 2.2.20 and 3.6.1 *et seq.*

<sup>2</sup> Bull. EC 1-1989, point 2.2.9.

<sup>3</sup> OJ L 71, 15.3.1989.

<sup>4</sup> Bull. EC 12-1988, point 2.2.15.

<sup>5</sup> Bull. EC 2-1988, point 2.2.56.

<sup>6</sup> First round: Bull. EC 9-1988, point 2.2.16.

<sup>7</sup> Bull. EC 9-1986, point 1.4.4.

<sup>8</sup> OJ L 81, 23.3.1989. Commission proposal: OJ C 294, 18.11.1988; Bull. EC 10-1988, point 2.2.25. Parliament's assent: OJ C 69, 20.3.1989.

<sup>9</sup> OJ L 61, 14.3.1971.



## Tunisia

2.2.13. The EEC-Tunisia Cooperation Council held its fourth meeting in Brussels on 20 February.<sup>1</sup> The delegations were headed by Mr Fernández Ordóñez, President-in-Office of the Council, and Mr Eschek, Tunisia's Foreign Minister. The Commission was represented by Mr Matutes.

In response to the profound political and economic changes which had taken place in Tunisia since 1987, the Community said it would be continuing to strive for even broader and more effective cooperation. Accordingly, it would be doing its best to find satisfactory answers to the various problems arising in the implementation of the Cooperation Agreement.<sup>2</sup>

Mr Matutes set out the Commission's views on the scope for developing the various types of cooperation, notably industrial cooperation.

Parallel to the meeting of the Cooperation Council, Ministers from the Twelve and Tunisia held informal talks on a number of current political issues.

## Israel

2.2.14. Israel's Minister for Industry and Trade, Mr Sharon, visited the Commission on 2 February for talks with Mr Matutes. They discussed the implications of the free-trade area established between Israel and the Community on 1 January and the outlook for relations between the two sides.

## Countries of the Gulf and the Arabian peninsula

### Gulf Cooperation Council

2.2.15. Acting on a proposal from the Commission,<sup>3</sup> on 20 February the Council adopted Decision 89/147/EEC<sup>4</sup> concerning the conclusion of a Cooperation Agreement between the Community and the members of the Gulf Cooperation Council,<sup>5</sup> which

was signed in Luxembourg on 15 June 1988.<sup>3</sup>

## Asia

### Philippines

2.2.16. On 17 February Parliament adopted a resolution<sup>6</sup> on the political situation in the Philippines, reaffirming its support for democracy in that country and calling for more Community technical and financial aid to facilitate the prompt implementation of agrarian reform, foster balanced economic growth and assist in the earning of foreign exchange. It condemned any attempt at revolution or *coup d'état* by any separatist group or tendency, and appealed to international financial organizations and the world banking community to facilitate the reduction and rescheduling of the country's external debt. It also called on multinational companies operating in the Philippines to improve their economic plans and reform their social policies. Parliament stressed the urgency of agrarian reform, and welcomed the Commission's concentration of Community aid on rural development.

### India

2.2.17. The EC-India Industrial Cooperation Working Group held its third meeting,<sup>7</sup> in Brussels from 30 January to 1 February, an occasion which highlighted the importance of this means of support for India's industrial modernization policies. Industrial cooperation was launched in 1987,<sup>8</sup> and the standardization, information and energy parts of the programme have all been stepped up. There are plans

<sup>1</sup> Third meeting: Bull. EC 5-1987, point 2.2.21.

<sup>2</sup> OJ L 265, 27.9.1978.

<sup>3</sup> Bull. EC 5-1988, point 2.2.31.

<sup>4</sup> OJ L 54, 25.2.1989.

<sup>5</sup> United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar and Kuwait.

<sup>6</sup> OJ C 69, 20.3.1989.

<sup>7</sup> First meeting: Bull. EC 3-1987, point 2.2.21.

<sup>8</sup> Bull. EC 1-1987, point 2.2.17.

to foster contacts between Community and Indian firms, notably in the steel, machine-tool, medical equipment and software sectors. Environmental protection operations are planned.

## South Korea

2.2.18. Mr Han Seung-Soo, South Korea's Minister for Trade and Industry, had talks in Brussels on 24 February with Mr Bangemann. They discussed a number of general multilateral issues as well as the liberalization of South Korea's market and the Community after 1992.

Mr Bangemann pointed to the importance of South Korea's taking an active part in the exploratory talks under way between the Community, Japan and Finland on ship-building.<sup>1</sup> He also noted that the Community was still looking for a satisfactory solution to the problem of protection of intellectual property rights.

Mr Han for his part reiterated South Korea's concern over the large number of anti-dumping actions against it, the safeguard measures applied to its footwear exports and the redressive duty on containerized cargo carried in liner service between the Community and Australia by Hyundai Merchant Marine Company Ltd.<sup>2</sup>

## Latin America

### Community-Latin America dialogue

2.2.19. The fifth Ministerial Conference<sup>3</sup> between the Community and its Member States and the countries of Central America<sup>4</sup> and of the Contadora Group<sup>5</sup> as part of the political and economic dialogue launched at San José (Costa Rica) in September 1984,<sup>6</sup> took place in San Pedro Sula (Honduras) on 27 and 28 February. It was attended by Mr Azcona Hoyo, President of Honduras, Mr Fernández Ordóñez, President of the Council, and Mr Matutes, representing the Commission.

The Conference followed on closely from the summit meeting of the Heads of State of the five Central American countries held in El Salvador on 13 and 14 February, and confirmed the support of the Community and the Contadora Group for the Esquipulas peace plan.<sup>7</sup> The Community also reaffirmed its desire to contribute to regional stability by providing support for economic development, particularly in the context of regional integration.

Mr Matutes expressed satisfaction at the record of Community-Central American cooperation. Total aid to the region in 1989, including that from the Member States, was ECU 430 million, more than ECU 112 million of which went to the Isthmus.

Looking ahead, he stressed the importance of reviving trade and economic integration within the region, and indicated that the Community would step up its commitment in the light of the development of the peace process.

At the end of the conference the participants adopted joint political and economic declarations (→ point 3.3.1).

2.2.20. On 16 February Parliament adopted a resolution<sup>8</sup> on a programme for restructuring and reactivating the process of Central American economic integration. As part of the move towards disbanding the many movements in the region and consolidating the peace process, Parliament said it supported the plan for the reintegration into civilian life, through social, economic and training programmes, of those who had laid down their arms.

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<sup>1</sup> Bull. EC 3-1988, point 2.1.34.

<sup>2</sup> OJ L 4, 6.1.1989; Bull. EC 1-1989, point 2.1.96.

<sup>3</sup> Fourth conference: Bull. EC 3-1988, point 1.3.1 *et seq.*

<sup>4</sup> Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

<sup>5</sup> Colombia, Mexico, Panama and Venezuela.

<sup>6</sup> Bull. EC 9-1984, point 1.3.1 *et seq.*

<sup>7</sup> Bull. EC 5-1987, point 2.2.23; Bull. EC 6-1987, point 2.2.23.

<sup>8</sup> OJ C 69, 20.3.1989.

## State-trading countries

### Poland

2.2.21. On 20 February, acting on a proposal from the Commission,<sup>1</sup> the Council adopted a decision authorizing the Commission to negotiate a trade and commercial and economic cooperation Agreement between the European Economic Community and the People's Republic of Poland. This is a further step towards the normalization of the Community's relations with East European countries; the planned Agreement would provide for the harmonious development of trade and cooperation in fields of mutual interest.

### Czechoslovakia

2.2.22. On 17 February Parliament approved<sup>2</sup> the proposal<sup>3</sup> for a Decision concerning the conclusion of an Agreement between the Community and Czechoslovakia on trade in industrial products.

### Hungary

2.2.23. Hungary's Foreign Minister Mr Várkonyi met Mr Andriessen on 2 February to discuss 1992 and the single market, and the economic reforms under way in Hungary. Mr Várkonyi said Hungary was keen to develop its productive sector and hoped for an increased flow of investment from the Community; it wanted to encourage the establishment of joint ventures.

### Soviet Union

2.2.24. On 16 February the Commission adopted a Decision concerning the supply of food as humanitarian relief to victims of the Armenian earthquake on 8 December, the aim being to streamline procedures by easing the rules for claiming refunds and waiving the collection of negative monetary compensatory amounts if the exporter is prepared to forgo the refund.

## Bulgaria

2.2.25. On 20 February, acting on a proposal from the Commission,<sup>4</sup> the Council adopted a Decision authorizing the Commission to negotiate a trade and commercial and economic cooperation Agreement between the Community and Bulgaria, as part of the same normalization process as the Agreement to be negotiated with Poland (→ point 2.2.21).

## Development

### ACP-EEC Convention

#### Renewal of the Convention

2.2.26. The second ministerial meeting of the ACP-EEC negotiations was held in Brazzaville on 16 and 17 February.<sup>5</sup> The meeting was chaired by Sir Ratu Mara, Fiji's Prime Minister, and Mr Fernández Ordóñez, President of the Council. The Commission was represented by Mr Marín.

The meeting served to consolidate at political level the results of the preparatory work summarized in the reports drafted by the eight working groups set up in December 1988 and by the central negotiating group.<sup>6</sup> The meeting adopted a document listing the points on which the parties agreed—most of the principles and objectives of the new Convention—and those on which agreement had not yet been reached or which remained open to debate, namely the applications to join put forward by Haiti and the Dominican Republic, the duration of the Convention, the export of toxic waste and the proposed institution of new bodies. The outcome provided a solid base on which negotiations could be pursued.

<sup>1</sup> Bull. EC 12-1988, point 2.2.35.

<sup>2</sup> OJ C 69, 20.3.1989.

<sup>3</sup> OJ C 7, 10.1.1989; Bull. EC 12-1988, point 2.2.37.

<sup>4</sup> Bull. EC 12-1988, point 2.2.43.

<sup>5</sup> Previous meeting: Bull. EC 10-1988, points 1.3.1 to 1.3.4.

<sup>6</sup> Bull. EC 12-1988, point 2.2.45.

## Commodities and world agreements

### Copper

2.2.27. At the UN Conference on copper which closed in Geneva on 24 February, producer and consumer countries, with the exception of Japan, adopted a final resolution containing the rules governing the international copper study group and establishing the procedure for notification to the UN Secretary-General of their acceptance by States and intergovernmental bodies. A number of countries, however, entered reservations on some of the resolution's key points, concerning both the group's status and the issues of market development and the entry into force of the resolution.

The Community secured an amendment to Article 5 enabling it to join as an inter-governmental body.

### Coffee

2.2.28. The second round of negotiations for the proposed International Coffee Agreement took place in London from 20 to 24 February.<sup>1</sup> Since producers and consumers failed to agree, it proved impossible to reach a consensus on the basic principles. Addressing the problems posed by the dual market and the inadequate supply of Arabica coffee, consumer countries proposed a universal quota system and a stock withholding scheme. The producer countries were divided among themselves, but did not really enter into negotiations and limited themselves to proposing minor changes to the system of compulsory verification.

In a preliminary statement, the Community elaborated on the concept of the global export quota, a suggestion it had already put forward in November 1988 on the basis of the guidelines set by the Council.<sup>2</sup>

## Campaign against hunger in the world

### Food aid

2.2.29. On 17 February the Commission, with the approval of the Food Aid Commit-

tee, allocated 15 000 tonnes of milk powder to India.

### Emergency aid

#### Ethiopia

2.2.30. The Commission approved an allocation of ECU 333 000 in emergency aid for Ethiopia to help fight a meningitis epidemic. The aid will be used by Christian Relief and Development Association and Médecins sans Frontières—Belgium to provide medical supplies and assistance.

#### Aid to promote self-sufficiency of refugee groups

2.2.31. The Commission granted emergency food aid of 300 tonnes of vegetable oil and 100 tonnes of sugar for Somali and Sudanese refugees in Ethiopia, in response to an appeal from the Office of the United Nations High Commissioner for Refugees, which is implementing an aid and relief programme for the 350 000 Somali refugees in the south-east of the country and the 380 000 Sudanese in western Ethiopia.

2.2.32. The Commission granted financial support for five projects to help refugees under Article 204 of the Third Lomé Convention.

These initiatives will provide assistance for the World Food Programme (WFP) transport programme in Ethiopia (ECU 350 000) and aid for Niger refugees repatriated from Algeria (ECU 750 000), promote the economic integration of refugees in Kenya (ECU 45 000), provide health care for Angolan refugees in Zaire (ECU 675 000) and aid for refugees from Irian Jaya province in Papua New Guinea (ECU 730 000).

2.2.33. On 17 February Parliament approved a resolution on the common agricultural policy and the developing

<sup>1</sup> First round: Bull. EC 11-1988, point 2.2.35.

<sup>2</sup> Bull. EC 11-1988, point 2.2.34.

countries.<sup>1</sup> It addresses various aspects of agricultural trade having a direct bearing on the developing countries' production and self-sufficiency objectives, calling for a reduction in the level of agricultural subsidy and an increase in world market prices. Parliament recommended that countries with a particularly high food deficit be accorded differential treatment on the basis of medium-term agreements among industrialized and developing countries, and requested the Commission to draft a proposal in this respect. The Commission was also urged to maintain the Sugar Protocol attached to the Lomé Convention, to encourage diversification and processing of sugar in production areas and to provide for negotiations to fix sugar prices each year. Parliament further condemned export subsidies and hoped that, within the context of GATT, industrialized countries might reach an agreement to prevent the disposal of agricultural surpluses as food aid.

## Stabex

### Least-developed countries not signatory to the Lomé Convention

2.2.34. On 27 February the Commission adopted for transmission to the Council and

Parliament a report on the administration during 1988 of the system of compensation for loss of export earnings for least-developed countries not signatory to the Third ACP-EEC Convention.<sup>2</sup>

The report indicates that out of the 10 requests received for the 1987 application year from the four States eligible under the system (Haiti, Nepal, Bangladesh and Yemen Arab Republic), five were accepted, totalling ECU 10 594 150.<sup>3</sup> The report provides information on the utilization of transfers according to the indications received from the beneficiary States.

## Financial and technical cooperation

### ACP States

2.2.35. In February the Commission allocated resources from the Fourth, Fifth and Sixth EDFs totalling ECU 10 310 000 to finance projects, programmes and emergency aid operations which it administers (Table 3).

<sup>1</sup> OJ C 69, 20.3.1989.

<sup>2</sup> COM(89) 81 final.

<sup>3</sup> Bull. EC 12-1988, point 2.2.57.

Table 3 — *Financing of Fourth, Fifth and Sixth EDF operations*

Sector/country	Project/programme	Amount	
		Grants	Loans
<i>(million ECU)</i>			
<i>Economic infrastructure</i>			
Fiji	Rural electrification		3.000
Gambia	Water supply	1.850	1.500
<i>Rural production</i>			
New Caledonia	Livestock farming		0.700
<i>Social development</i>			
SADCC countries	Regional training centre	2.460	
French Polynesia	Water supply		0.800
	Total	4.310	6.000

## Regional cooperation

### SADCC General Conference

2.2.36. The SADCC Annual Consultative Conference<sup>1</sup> was held in Luanda from 1 to 3 February.<sup>2</sup> Mr Marín, representing the Commission, announced an increase in Community aid allocated to the SADCC regional programme under Lomé III, bringing the total amount to ECU 141 million. He said that the Commission had pledged ECU 60 million to the reconstruction programme for Angola and was taking part in the Lobito Corridor project,<sup>3</sup> and announced that it had earmarked ECU 10 million to assist Namibia in preparing for independence.

### Cooperation via non-governmental organizations

2.2.37. Between 1 January and 28 February 1989 the Commission committed ECU 13.7 million for the co-financing in developing countries of 130 projects put forward by 115 NGOs.

The Commission also contributed ECU 675 207 for five projects aimed at increasing European public awareness of development issues.

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### Visits

2.2.38. On the occasion of the SADCC Annual Consultative Conference (→ point 2.2.36), Mr Marín paid an official visit to Angola where he met President José Eduardo Dos Santos, with whom he reviewed the situation in South Africa, the peace agreement signed in December 1988 in New York, Community activities to assist Angola<sup>4</sup> and the part played by the country in Namibia's transition to independence.

Mr Marín also had meetings with the Minister for Planning and other members of the Angolan Government.

2.2.39. Mr Djibo Ka, Senegal's Minister for Planning and Cooperation, and Mr Sadock Fayala, Secretary-General of the IASD (Interafricaine socialiste et démocratique) had a meeting with Mr Delors. They conveyed a personal message from President Diouf in which he expressed the hope that the Commission would lend its support to the organization of an international symposium on 'Africa and the Europe of 1992' to be held in Lomé next July. Mr Delors was in favour of providing support for all African initiatives aimed at promoting the exchange of ideas and information on the consequences of the completion of the single market on the cooperation between Community and developing countries. The two sides also discussed the economic situation in the sub-Saharan region, with particular reference to Senegal, and cooperation between the Community and Senegal.

2.2.40. Mr Sommaruga, President of the International Committee of the Red Cross, had a meeting with Mr Andriessen and Mr Matutes. Thanking the Community for the aid it provides for Red Cross operations, Mr Sommaruga sought its continued support for his organization's future initiatives. Mr Matutes reiterated the Commission's resolve to cooperate closely with the Red Cross in its humanitarian work.

## International organizations and conferences

### General Agreement on Tariffs and Trade

#### Council

2.2.41. At the GATT Council meeting on 9 February, the Community called for con-

<sup>1</sup> Previous meeting: Bull. EC 2-1988, point 2.2.52.

<sup>2</sup> The Southern Africa Development Coordination Conference, whose members are: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

<sup>3</sup> Bull. EC 1-1987, point 2.2.26.

<sup>4</sup> Bull. EC 1-1989, point 2.2.26.

demnation of unilateral retaliatory measures applied by the United States since 1 January,<sup>1</sup> in response to the entry into force on the same date of the hormones Directive.<sup>2</sup>

There was a broad consensus, within the GATT Council, that was critical of these measures. In the absence of any formal condemnation, however, the Community requested that a panel be set up to examine them, whilst agreeing to the United States' request for preliminary consultations (→ point 2.2.6).

## Council of Europe

### Parliamentary Assembly

2.2.42. During its meeting from 30 January to 3 February, the Parliamentary Assembly of the Council of Europe discussed political and sectoral issues.<sup>3</sup>

The Assembly voted unanimously for the admission of Finland, which will become the 23rd member State of the Council of Europe.

In the course of the traditional address on behalf of the Committee of Ministers, its Chairman, Mr Van den Broek, the Dutch Foreign Minister, welcomed the discussion initiated by the Secretary-General, Mr Oreja, on the future character of the Council of Europe and its role in the building of Europe, which should lead to the adoption of a solemn declaration on the 40th anniversary of the Council of Europe on 5 May.

Turning to sectoral issues, the Assembly adopted, in the field of transport, resolutions and recommendations on the major traffic routes of south-west Europe and on air safety. In the area of science and technology, it called upon the Committee of Ministers to establish an ethical framework and, more specifically, to formulate a European convention on biomedicine and human biotechnology. Finally, the Assembly heard a report on the latest developments in the

European publicity campaign on North-South interdependence and solidarity.

## Cooperation

2.2.43. The Council meeting (General Affairs) on 20 February held a preliminary examination of the question of strengthening the Community's cooperation and information links with the Council of Europe. This examination was based on the memorandum presented at the meeting by Mr Van den Broek, Dutch Minister for Foreign Affairs, which was intended to give a political dimension to the current dialogue between the two organizations by establishing twice-yearly consultations between the Commission and the Presidency of the Council, and the Chairman of the Committee of Ministers of the Council of Europe.

## Diplomatic relations

2.2.44. The following ambassadors, whose appointments took effect on the dates shown, presented their letters of credence to the President of the Council and the President of the Commission.

### 9 February:

HE Mr Terrence Baden Semper, Head of Mission of the Republic of Trinidad and Tobago to the European Communities; HE Mr Brown Bai, Head of Mission of Papua New Guinea to the European Communities; HE Mr Eivin Berg, Head of Mission of the Kingdom of Norway to the European Communities.

### 20 February:

HE Mr Mabotse Leretholi, Head of Mission of the Kingdom of Lesotho to the European Communities.

<sup>1</sup> Bull. EC 1-1989, point 2.2.7.

<sup>2</sup> OJ L 8, 11.1.1989; Bull. EC 12-1988, point 2.1.287.

<sup>3</sup> Previous meeting: Bull. EC 10-1988, point 2.2.75.

21 February:

HE Mr Donald McLeod, Head of Mission of the Republic of Suriname to the European Communities; HE Mr Falilou Kane, Representative of the Republic of Senegal to

the EEC; HE Mr Kamaluddin Chowdhury, Head of Mission of the People's Republic of Bangladesh to the European Communities; HE Mr Salim Rashid Salim Al-Agroubi, Head of Mission of the United Arab Emirates to the European Communities.

### 3. Financing Community activities

#### Budgets

##### General budget

##### Budgetary procedure

2.3.1. On 15 February, under the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities,<sup>1</sup> as amended by Council Regulation (ECSC, EEC, Euratom) No 2049/88 of 24 June 1988,<sup>2</sup> the Commission decided:

(i) to carry over to 1989 ECU 15 929 442 in commitment appropriations and ECU 48 137 412 in payment appropriations from Part B of Section III — Commission — of the 1988 budget;

(ii) to re-enter in the 1989 budget ECU 400.034 million in commitment appropriations from Part B of Section III — Commission — of the 1988 budget, broken down as follows:

ECU 215.422 million for the Regional Fund;  
ECU 147.745 million for the Social Fund;  
ECU 36.867 million for the EAGGF Guidance Section.

This was the first application of the principles for strengthening budgetary management laid down by the Brussels European Council of February 1988.<sup>3</sup>

##### Supplementary and amending budget No 1/89

2.3.2. On 9 February the Commission sent preliminary draft supplementary and amending budget No 1/89 to the budgetary authority.<sup>4</sup> It contains additional expenditure of ECU 3 457 460 to allow the Court of First Instance of the European Communities set up by Council Decision 88/591/ECSC, EEC, Euratom of 24 October 1988<sup>5</sup> to start its operations in September 1989.

##### Financial perspective

2.3.3. On 15 February, in preparation for the preliminary draft 1990 budget, the Commission made the annual adjustment<sup>6</sup> to the financial perspective adopted by the Brussels European Council in February 1988<sup>7</sup> and confirmed by the interinstitutional agreement on budgetary discipline and improvement of the budgetary procedure, which entered into force on 1 July 1988.<sup>8</sup> To ensure the smooth application of the budgetary reform and the stability and continuity of the new mechanisms, this

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<sup>1</sup> OJ L 356, 31.12.1977.

<sup>2</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.14.

<sup>3</sup> Bull. EC 2-1988, point 1.1.1.

<sup>4</sup> COM(89) 41.

<sup>5</sup> OJ L 319, 25.11.1988; Bull. EC 10-1988, point 2.4.7.

<sup>6</sup> COM(89) 79 final.

<sup>7</sup> Bull. EC 2-1988, point 1.1.1.

<sup>8</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, points 2.3.8, 2.3.10 and 2.4.12.



updating consists only of technical adjustments to take account of movements in GNP and prices and adjustments in the light of the outturn of the 1988 budget.

Table 4 contains the financial perspective for 1988 and 1989 at current prices and gives adjusted figures for the period from 1990 to 1992 at 1990 prices.

Table 4 — *Financial perspective (commitment appropriations)*

	<i>(million ECU)</i>				
	1988	1989	1990	1991	1992
	Current prices		Constant 1990 prices		
1. EAGGF Guarantee	27 500	28 613	30 700	31 350	32 000
2. Structural operations	7 790	9 522	11 555	13 160	14 630
3. Policies with multiannual allocations (IMPs, research)	1 210	1 708	2 071	2 340	2 610
4. Other policies	2 103	2 468	2 729	2 940	3 050
<i>of which: non-comp. expenditure</i>	1 646	1 864	2 023	2 080	2 140
5. Repayments and administration	5 741	5 153	4 930	4 390	3 900
<i>of which: stock disposal</i>	1 240	1 449	1 523	1 523	1 523
6. Monetary reserve	1 000	1 000	1 000	1 000	1 000
<b>Total</b>	<b>45 344</b>	<b>48 464</b>	<b>52 985</b>	<b>55 180</b>	<b>57 190</b>
<i>of which: comp. expenditure</i>	33 739	33 764	35 446	35 630	36 080
<i>non-comp. expenditure</i>	11 605	14 700	17 539	19 550	21 110
Payment appropriations required	43 820	46 885	50 791	52 620	54 250
<i>of which: comp. expenditure</i>	33 681	33 745	35 369	35 550	35 770
<i>non-comp. expenditure</i>	10 139	13 140	15 422	17 070	18 480
Payment appropriations as % of GNP	1.11	1.10	1.12	1.13	1.13
Margin for unforeseen expenditure	0.03	0.03	0.03	0.03	0.03
Own resources required as percentage of GNP	1.14	1.13	1.15	1.16	1.16

## Own resources

2.3.4. Following ratification by all the Member States, Council Decision 88/376/EEC of 24 June 1988 on the system of the Communities' own resources<sup>1</sup> entered into force on 1 February with retrospective effect from 1 January 1988.

2.3.5. On 13 February, following the discussions of the Economic and Financial Affairs Council on 12 December 1988,<sup>2</sup> the Council approved two joint guidelines on the proposal for a Regulation on the definitive uniform arrangements for the collection

of own resources accruing from value-added tax (VAT)<sup>3</sup> and the proposal for a Regulation<sup>4</sup> implementing Council Decision 88/376/EEC, Euratom on the system of the Communities' own resources.<sup>1</sup>

2.3.6. On the same date the Council also adopted the Directive on the harmonization of the compilation of gross national product at market prices (→ point 2.5.1).

<sup>1</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.5.

<sup>2</sup> Bull. EC 12-1988, points 2.3.2 and 2.3.3.

<sup>3</sup> OJ C 128, 17.5.1988; Bull. EC 3-1988, point 2.3.5.

<sup>4</sup> OJ C 255, 1.10.1988; Bull. EC 9-1988, point 2.3.2.

## ECSC operating budget

2.3.7. On 15 February the Commission adopted a communication on a financial proposal for the steel industry social support programme for transmission to the Council.<sup>1</sup> This communication contains the adjustments to be made to the proposal for a Decision, submitted on 16 June 1988, on a contribution from the general budget of the Communities to the ECSC to finance social measures connected with the restructuring of the steel industry.<sup>2</sup> The changes relate to the total funds (reduced from ECU 165 million to ECU 150 million) and the duration of the social support programme which is increased from three to four years (1988-91). Of the total allocation, ECU 110 million comes from the ECSC's own resources, including an advance of ECU 35 million from the Guarantee Fund; the remainder will come from a transfer which the Council will grant from the general budget.

## Financial operations

### ECSC

#### Loans raised

2.3.8. In February the Commission made a number of private placings in French francs and pesetas for the equivalent of ECU 11.6 million.

#### Loans paid out

2.3.9. Acting under Article 56 of the ECSC Treaty, the Commission paid out loans in February for a total of ECU 15.35 million, broken down as follows:

##### *Conversion loans*

2.3.10. Conversion loans (Article 56) totalling ECU 14.09 million were paid out for projects in Germany, Spain and France.

##### *Workers' housing*

2.3.11. Housebuilding loans for ECSC workers in Spain, France, Italy, Luxembourg and the United Kingdom amounted to ECU 1.26 million.

### EEC-NCI

#### Loans raised

2.3.12. The Commission made an ECU 60 million public issue at  $9\frac{1}{8}\%$ , for a period of three years and two months and with an issue price of  $101\frac{1}{8}\%$ . This operation is to refinance an earlier loan on more advantageous terms and also reflects the confidence in the ecu shown by the Commission which, through its action, intends to give a positive sign in a difficult situation by stimulating the interest of investors.

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<sup>1</sup> COM(89) 80 final.

<sup>2</sup> OJ C 194, 23.7.1988; Bull. EC 6-1988, point 2.3.18.

## 4. Political and institutional matters

### European political cooperation

2.4.1. At the European political cooperation ministerial meeting in Madrid on 14 February the Twelve issued the following three joint statements supporting the round table talks in Poland, welcoming the complete withdrawal of Soviet troops from Afghanistan, and reviewing implementation of the code of conduct for Community companies with subsidiaries in South Africa.

#### Poland

'The Twelve follow with hope the start of round table talks in Poland involving the representatives of the Government and the different political and social forces of the country. The Twelve trust that this dialogue will make it possible to reach agreements that will ensure pluralism, democratic reforms, political and social stability and economic consolidation in the country. They point out that these developments are also an important factor for future cooperation.'

#### Afghanistan

'The Twelve express their satisfaction at the withdrawal of Soviet troops from Afghanistan to be completed on 15 February. This fulfils one of the main provisions of the Geneva Agreements, which constitute an important step towards a comprehensive political solution to the Afghan problem.

With the full Soviet withdrawal, possibilities now increase for an internal settlement in Afghanistan. Therefore, the Twelve urge all parties concerned, including the resistance, to exercise moderation and realism in order to achieve the establishment of a fully representative government formed through a genuine act of self-determination. The Twelve reiterate their continued support for the efforts of the United Nations Secretary-General to assist the formation of such a government, while accepting that it is the exclusive responsibility of the Afghan people to decide upon its composition.

The achievement of a comprehensive political settlement, which should guarantee a non-aligned, independent and democratic Afghanistan where respect for human rights will prevail, and the restoration of peace are necessary preconditions for the voluntary return of the refugees in safety and honour. The Twelve pay tribute to Pakistan for

the generous shelter afforded to the Afghan refugees and note with deep sorrow the immense loss of life and the enormous destruction of the last nine years in Afghanistan.

The EC and its Member States stress their readiness to contribute to the multilateral aid effort to resettle the refugees, help the innocent victims of war and reconstruct the country, in close cooperation with the United Nations Coordinator for Humanitarian and Economic Assistance to Afghanistan, Prince Sadhruddin Aga Khan.'

### **Eighth synthesis report on the code of conduct for Community companies with subsidiaries in South Africa**

'The Ministers for Foreign Affairs approved the eighth synthesis report on the application of the code of conduct for companies from the EC with subsidiaries, branches or representation in South Africa. They decided to forward it to the European Parliament and to the Economic and Social Committee of the European Community.

The report covers the period from 1 July 1986 to 30 June 1987 and analyses activity reports drawn up by 247 companies with more than 97 000 black employees. It also takes into account the annual report by representatives of the Twelve in Pretoria on implementation of the code.

The period under review was one of increased union growth and activity despite the restrictions of the South African Government's emergency powers. There was severe labour unrest. The economic climate remained difficult and an inflation rate of around 17% led to a decline in average wages in real terms.

The Twelve noted with satisfaction:

- I. that the reports received indicate a consolidation of company policy to promote and improve relations between the employers and workers;
- II. that the companies accept the principle of equal pay for equal work regardless of race. In concrete terms, the implementation of the code led to an improvement in wages and a wide range of fringe benefits were made available by companies;
- III. that many companies continue to promote development in the training and the advancement of black employees;
- IV. that a number of companies further contributed to the encouragement of black businesses.

The Twelve believe that the measures taken by European companies to abolish segregation at the

workplace have contributed to furthering their policy aimed at achieving the dismantlement of apartheid by peaceful means. They wish to encourage European companies to further pursue their efforts to improve the conditions of black employees and underline in this context their determination to promote the implementation of the code to this end. At the same time, the Twelve call once again on the South African Government to take the necessary steps to remove all racial discrimination.'

2.4.2. On 16 February the Twelve issued the following joint statement in response to the declaration adopted by the five Central American Presidents after the summit meeting in El Salvador.

### Central American Summit

'The Twelve welcome the declaration adopted by the five Central American Presidents after the summit meeting in El Salvador on 14 February.

They consider it an important step forward in the process of full implementation of the Esquipulas Agreements. They particularly welcome the announcement by the Nicaraguan Government of its decision to call for free and general elections within one year with the presence of international observers in the context of a programme of measures conducive to national reconciliation. They equally wish to stress the importance of the agreement to elaborate a joint plan for demobilization and voluntary resettlement and repatriation of the members of the Nicaraguan resistance and their families.

They also note the Presidents' appeal to all sectors, and particularly to insurgent movements and irregular forces acting in the area, to join the constitutional political processes in their respective countries, as well as their call to all sectors of Salvadorian society to participate in the forthcoming elections.

The Community and its Member States note the appeal to the EC contained in the declaration concerning the programme for economic integration in the Central American Isthmus. They look forward to discussing in the coming meeting at San Pedro Sula the concrete forms of their economic and political contribution to the peace process in the area.'

2.4.3. Following the meeting of the Council (General Affairs) on 20 February, the 12 Ministers issued the following joint statement on the Iranian threats against Mr Salman Rushdie and his publishers.

### Iranian threats against Mr Rushdie and his publishers

'The Ministers for Foreign Affairs of the 12 Member States of the European Community, meeting in Brussels on 20 February, discussed the Iranian threats and incitement to murder against novelist Salman Rushdie and his publishers, now repeated despite the apology made by the author on 18 February.

The Foreign Ministers view these threats with the gravest concern. They condemn this incitement to murder as an unacceptable violation of the most elementary principles and obligations that govern relations among sovereign States. They underline that such behaviour is contrary to the Charter of the United Nations.

They believe that fundamental principles are at stake. They reaffirm that the Twelve have the fullest respect for the religious feelings of all peoples. They remain fully committed to the principles of freedom of thought and expression within their territories. They will ensure protection of the life and properties of their citizens. In no case will they accept attempts to violate these basic rights.

The Twelve express their continuing interest in developing normal constructive relations with the Islamic Republic of Iran, but if Iran shares this desire, it has to declare its respect for international obligations and renounce the use or the threatened use of violence.

Meanwhile the Foreign Ministers of the Twelve decided to simultaneously recall their Heads of Mission in Tehran for consultations and to suspend exchanges of high-level official visits.

The Iranian authorities will be informed of the above in the hope that the universal values of tolerance, freedom and respect for international law will prevail. The Twelve look to the Iranian authorities to protect the life and safety of all Community citizens in their country.'

2.4.4. On 24 February the Twelve issued the following two joint statements, one following the Maghreb Summit in Marrakesh and the other on press censorship in South Africa.

### The Maghreb Summit in Marrakesh

'The Twelve express their satisfaction at the second summit of States of the Maghreb held in Marrakesh and they welcome the conclusions adopted as a result of the meeting.

The Treaty establishing the Maghreb Arab Union signed by the Heads of State or Government is welcomed by the European Community and its Member States, who have always had the greatest interest in this neighbouring region and who have encouraged any effort towards strengthening inter-Maghreb cooperation and stability.

The Twelve believe that this historical step for the people of the Maghreb will permit a mutually advantageous development of relations between the Community, its Member States, and the Maghreb. In this regard, the Community could envisage complementing the construction of the Maghreb Arab Union by cooperation on matters of mutual interest.

The Twelve hope that the inter-Maghreb cooperation can also facilitate the efforts undertaken by the Secretary-General of the United Nations and his special representative as well as by the parties concerned, to open the way for a just and lasting settlement to the Western Sahara conflict.<sup>7</sup>

### Press censorship in South Africa

'The Twelve have repeatedly expressed to the South African Government their concern about the press censorship prevailing in South Africa. The suspension for three months of the newspapers *Grassroots* and *New Era*, in spite of the representations made by the Twelve on 9 February, is an act which seriously erodes freedom of expression and does not contribute to the improvement of the present situation.'

## Human rights and fundamental freedoms

### Sakharov prize

2.4.5. On 15 February Lord Plumb, President of the European Parliament, presented the Sakharov Prize for freedom of thought to the widow of Mr Anatoli Marchenko and the grandson of Mr Nelson Mandela. The Sakharov prize was established in 1985<sup>1</sup> and is awarded for a study or work on the development of East-West relations in the light of the Helsinki Final Act (and in particular Basket III, which deals with human rights), the defence of basic rights, respect for international law, and govern-

ment practice as compared with the letter of constitutional provisions.

### Resolutions of Parliament

2.4.6. At its February session<sup>2</sup> Parliament adopted two resolutions on racism and xenophobia (→ point 2.1.82).

2.4.7. Parliament also delivered its opinion on the proposal for a Decision on a research programme in the field of health: Predictive medicine: human genome analysis (1989-91), in which it emphasized the dangers of this type of research for mankind (→ point 2.1.24).

2.4.8. Parliament also adopted resolutions on the following subjects:

*Recent events in Poland.* Parliament hoped that the spirit of dialogue now emerging between the Polish Government and Solidarity would make a substantial contribution, together with recognition of political and trade union pluralism, to solving the country's economic, social and political problems; it also expressed its solidarity with the families of the murdered priests and urged the Polish authorities to carry out a full investigation and bring the perpetrators to justice.

*Repression in Czechoslovakia during the tribute to Jan Palach.* Parliament condemned the organized repression by the authorities at the time of the ceremonies to commemorate the sacrifice of Jan Palach, expressed its grave concern about the fate of the demonstrators who had been arrested and imprisoned and called on the Head of State to give the Community information on their detention and arrange for their release.

*Oppression in the German Democratic Republic (GDR).* Stressing that the GDR was in constant violation of the human rights clauses of the Helsinki Final Act and of the CSCE Agreement recently reached in Vienna, Parliament called on the Com-

<sup>1</sup> Bull. EC 12-1985, point 2.5.13.

<sup>2</sup> OJ C 69, 20.3.1989.

mission and the Council to impress on the Government of the GDR that such continued violation of human rights must affect relations between the GDR and the Community.

*The deteriorating human rights situation in Iran.* Parliament called on all Member States to bring pressure on Iran to end the wave of political executions and demanded that the Council make plain to the Iranian Government that if attempts were made on the lives of Salman Rushdie and his publishers severe sanctions would be taken against Iranian interests and that force would be used to bring the criminals concerned to justice.

*The situation in Afghanistan.* Parliament welcomed the fact that the Soviet troops were withdrawing according to the timetable and that a provisional government was being formed, representing the legitimate aspirations of the Afghan people, approved the grant of Community aid to Afghanistan and asked that it be continued, or indeed increased, for several more years.

*The elections in Panama.* Parliament trusted that the Panamanian elections of 7 May would be genuinely free and peaceful, undertook to follow closely the democratic process before, during and after the elections by sending a delegation of observers and called on those responsible for European political cooperation to follow the election process closely.

*The situation in El Salvador.* Parliament called on the European Community to adopt any measure designed to support the peace process in Central America and on the Foreign Ministers meeting in European political cooperation to support the possibility of peace in El Salvador at the fifth San José Conference (→ point 2.2.19).

*The establishment of democracy in Paraguay.* Parliament called on the new rulers of Paraguay to keep their promise to establish democracy by enabling all democratic opposition parties to take part in the electoral process, called for the immediate restoration of basic rights and liberties and the release of all political prisoners and

supported the Paraguayan opposition's wish that the European Parliament should send a delegation of observers.

*The detention in solitary confinement of the Chilean climber Karin Eitel Villar.* Parliament condemned the arrest of Karin Eitel Villar, guilty of pursuing an untiring struggle for the respect of human rights, and called on the Presidency of European political cooperation to take steps as a matter of urgency to obtain her release and guarantee an immediate public trial with the right to defence, to be attended by international observers.

*The critical situation in the Sudan and the threat to the peace initiative.* Concerned at the fact that the peace settlement of December 1988 is under threat. Parliament approved the Dutch Government's decision to review its cooperation policy with Sudan with the aim of ensuring that the Sudanese authorities show greater respect for human rights and provide for a fairer distribution of aid between the north and south. Parliament also called on the Foreign Ministers meeting in European political cooperation to coordinate their views and called on the Commission to ensure that there is a fairer distribution of EEC projects and aid between north and south, by giving absolute priority to aid to the south, where the population's very survival is at risk.

*Human rights in South Africa and the charging and sentencing of two conscientious objectors.* Parliament called for a review of the clause in the Defence Act whereby the maximum sentence is automatically and summarily imposed on conscientious objectors, pointed out that nationals of Community Member States appeared on the list of objectors and called on the Member States and the Ministers meeting in European political cooperation to show active concern in identifying and supporting their cases.

*The imprisonment of Ebrahim Ismail, Mandla Maseko and Simon Dladla in South Africa.* Parliament called on the Foreign Ministers meeting in European political cooperation to issue a vigorous condemnation of this new attack on liberties and

to take urgent action to obtain the release of these three political prisoners, and renewed its call to the Community Foreign Ministers to hold an extraordinary meeting to consider the problems of southern Africa.

### Basic Community social rights

2.4.9. On 23 February the Economic and Social Committee delivered its opinion on basic Community social rights, as requested by Mr Delors and Mr Marin in November (→ point 2.1.75).

## European policy — Relations between the institutions

### European policy

#### European elections

2.4.10. On 14 February Parliament adopted a written declaration under Article 65 of its Rules of Procedure to the effect that the 'European electoral laws in force should in no circumstances be altered in the six months leading up to the elections'.

#### Relations between the institutions

2.4.11. On 16 February President Delors presented the Commission's work programme for 1989 to Parliament (→ point 1.1.1 *et seq.*).

2.4.12. On 16 February, at the end of a major institutional debate, Parliament adopted resolutions on its strategy for achieving European Union, its relations with the national parliaments, and the conciliation procedure (→ point 2.4.15).

2.4.13. On 22 February the Commission approved a number of policy guidelines and practical measures to ensure the satisfactory

organization of its relations with Parliament. It also stressed the need to maintain and strengthen regular contacts at the appropriate level with Parliament, to keep Parliament regularly informed of the status of its proposals and to take a clear line on legislative amendments.

## Institutions and organs of the Communities

### Parliament

*Strasbourg: 13-17 February*<sup>1</sup>

#### Highlights

2.4.14. Parliament's February part-session heard the presentation by President Delors of the Commission's programme for 1989 (→ point 1.1.1 *et seq.*) and an address by Mr Delamuraz, President of the Swiss Confederation. Affirming Switzerland's European role, Mr Delamuraz declared his full support for a special relationship between the Community and EFTA, thus endorsing the line taken by Mr Delors in his January statement.<sup>2</sup> There was a major institutional debate on three reports, ending with the adoption of a resolution in which the House defined its strategy for starting straight away on the preparations for European Union. Also during the part-session the President of Parliament, Lord Plumb, presented the Sakharov Prize for freedom of thought to family representatives of Anatoli Marchenko and Nelson Mandela (→ point 2.4.5).

<sup>1</sup> The texts of the resolutions adopted by Parliament appear in OJ C 69, 20.3.1989, and the report of the proceedings is published in OJ Annex 2-374. 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, page 51 (footnote 2).

<sup>2</sup> Bull. EC 1-1989, point 1.1.1.

## An institutional strategy for the advance of Europe

2.4.15. The presentation of three institutional reports by Mr Herman (*EPP/B*), Mr Seeler (*S/D*) and Mr Prag (*ED/UK*) was the occasion for a wide-ranging debate on the operation and the future of the Community institutions.

The discussion centred on Mr Herman's report on European Union. Stressing the threefold—economic, political and budgetary—change that would come about with the completion of the internal market, Mr Herman said that what Europe needed was institutions commanding real decision-making powers but without any inherent risk of democratic deficit. He therefore wanted to see a European monetary authority, accountable to a political authority, and an executive capable of taking decisions and able to speak with a single voice. A new treaty should be drafted, with the people of Europe being given the responsibility of putting pressure on the Member States' governments, while Parliament itself must not hesitate to wield, immediately, all the powers conferred on it by the Single Act.

Mr Seeler, author of the report on Parliament's relations with the national parliaments, believed that cooperation should be intensified, the contacts between the two at present being less than satisfactory. Mr Prag, presenting his report on the conciliation procedure, restated the value of this procedure, particularly as a way around the stalemates which could be produced by the cooperation procedure introduced by the Single Act.

Some 40 speakers, expressing differing opinions, took the floor during the debate.

Some held that the Herman report did not go far enough. They included Mr Pannella (*NA/I*), who regretted that both the draft treaty on European Union and the constituent parliament had apparently gone by the board, Mr Cervetti (*Com/I*), who hoped that, to overcome the increasing number of barriers to European Union, Parliament should be unequivocally vested with con-

stituent powers, and Mr Roelants du Vivier (*Rainbow/B*), who complained that the report had not clearly spelt out the requirements for creating a democratic Europe, such as the holding of a referendum and more emphasis on regionalization. While Mr Nord (*LDR/NL*) said that rather than too much pragmatism he preferred the line of Winston Churchill's call for 'a kind of United States of Europe', Mr Giavazzi (*EPP/I*) reminded the House of the four pillars on which European Union must rest: elimination of the democratic deficit; participation and consultation of the peoples of Europe at all levels; close cooperation with the national parliaments; optimum application of all the Community has already achieved.

Mr Sutra de Germa (*S/F*), who did not insist upon constituent power, said they had to accept the whole Single Act, and even more than the Single Act, in order to avoid inertia and ensure true solidarity, both inside and outside the Community, and with the Third World especially. Although he accepted the link made in the report between a possible enlargement and institutional reforms, he regretted the re-emergence of the old idea of a two-speed Europe, with some Member States advancing faster than others, and hoped that the text would be amended on that point.

Taking a far more guarded line both Mr Lalor (*EDA/IRL*) and Mr Paisley (*NA/UK*) said they were opposed to any formula, such as a Security and Defence Community, which would mean a further loss of national sovereignty. Mr Prout (*ED/UK*) made many objections, in the firm belief that a proper institutional balance would best be achieved by a careful step-by-step approach. He therefore deplored the fact that there was no mention in the report of the powers that the Single Act conferred on the House, which he incidentally attacked for not wielding them sufficiently, or of the improvements that could be made, in the present state of affairs, to the functioning of the institutions and relations between them.

The other two reports, in contrast, provoked little argument. Both Mr Nord (*LDR/*



NL) and Mr Guermeur (EDA/F) stressed the need for better mutual knowledge and closer cooperation between the European Parliament and its national counterparts, Mr Guermeur preferring to leave the initiative, initially, to each Member State, rather than have binding comprehensive solutions imposed. Mr Dankert (S/NL) endorsed Mr Prag's assessment of the value of the conciliation procedure, recalling the success scored by the conclusion of the interinstitutional agreement on budgetary discipline.<sup>1</sup>

2.4.16. In his reply, Mr Delors made three main points. Firstly, any future progress could come only from proper application of the Single Act. No legitimate request for further changes could be made unless public opinion was convinced that the progress already claimed—improving our competitive position, economic growth, the social area, reducing the cost of non-Europe—had truly been made. Secondly, the Treaties themselves provide scope for further progress: they offer, in particular, the possibility of giving Parliament powers of co-decision in the appointment of the President and the Members of the Commission, a move that he would personally support; moreover, in certain areas, like environment policy where unanimity is required, Member States which are not in agreement can choose to abstain rather than vote against. Thirdly, it makes sense to start thinking now about possible amendments to the Treaties after 1992, on the basis of three criteria: necessity (if the Council should come out in favour of economic and monetary union), subsidiarity (in the case of some sectors, such as research and technology) and complementarity (possible in sectors such as telecommunications and transport infrastructure).

Moving to the cooperation procedure, Mr Delors indicated that the Commission would in future be paying far more attention to the work of Parliament's Committees, before the first readings, in a bid to stop problems arising during the second reading. He made a distinction between conciliation—'the virtue of dialogue'—and cooperation—the preparation of a joint

decision. He expressed his agreement with the Prag report, believing that the extension of the conciliation procedure to other sectors would be altogether a good thing.

At the end of the debate Parliament passed the resolution on its strategy for the creation of European Union by 141 votes to 52 and 29 abstentions and adopted unanimously the two resolutions on relations with the national parliaments and the conciliation procedure.<sup>2</sup>

### Opinions, decisions and resolutions

2.4.17. Parliament adopted resolutions giving its opinion (first reading) on the following Commission proposals:

Decision to adopt a specific research and technological development programme in the field of marine science and technology (MAST) (→ point 2.1.34);

Community programme in the field of strategic analysis, forecasting and evaluation in matters of research and technology (Monitor) (→ point 2.1.37);

an amendment to the Regulation introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States (→ point 2.1.46);

Directive on package travel, including package holidays and package tours (→ point 2.1.105);

2.4.18. Parliament adopted decisions (second reading) concerning the Council's common position on the following Commission proposals:

lateral protection of certain motor vehicles and their trailers (→ point 2.1.6);

electromagnetic compatibility (→ point 2.1.9);

<sup>1</sup> OJL 185, 15.7.1988; Bull. EC 6-1988, points 2.3.8, 2.3.10 and 2.4.12.

<sup>2</sup> The texts of these three resolutions are to be found in 'Documentation', *infra*, point 3.2.1 *et seq.*

an amendment to the Directive concerning coordination of procedures for the award of public works contracts (→ point 2.1.16);

Decision adopting a specific research and technological development programme of the European Economic Community in the fields of industrial manufacturing technologies and advanced materials applications (Brite/Euram) (→ point 2.1.25);

Decision adopting a specific research and technological development programme in the field of energy—Non-nuclear energies and rational use of energy (Joule) (→ point 2.1.32);

Decision adopting a Community plan for access to large-scale scientific facilities of European interest (→ point 2.1.36);

Directive concerning the prospectus to be published when transferable securities are offered to the public (→ point 2.1.73).

2.4.19. Parliament gave opinions on the following Commission proposals:

a specific research programme in the field of health: Predictive medicine: human genome analysis (→ point 2.1.24);

a research and technological development programme in the field of the decommissioning of nuclear installations (→ point 2.1.29);

an amendment to the Decision introducing a communications network Community programme on trade electronic data interchange systems (Tedis) (→ point 2.1.39);

implementation of the main phase of the strategic programme for innovation and technology transfer (Sprint) (→ point 2.1.42);

an amendment to the Directive as regards a derogation granted to the Kingdom of Denmark relating to the rules governing travellers' allowances on imports (→ point 2.1.52);

two Directives concerning the prevention and the reduction of air pollution from municipal waste incineration plants (→ point 2.1.97);

a Regulation adapting the price applicable to table wines for compulsory distillation in Spain (→ point 2.1.108);

a Decision extending certain provisions on the supply of milk and milk products at a reduced price to cover Portugal (→ point 2.1.109);

amendments to two Regulations governing beef/veal (→ point 2.1.111);

a Regulation instituting an exceptional emergency measure for less-favoured areas in Portugal (→ point 2.1.113);

an amendment to the Regulation on extensification of production (→ point 2.1.114);

a Decision introducing a Community financial measure for the eradication of contagious bovine pleuro-pneumonia in Portugal (→ point 2.1.115);

an amendment to the Regulation on the survey characteristics for the set-aside of arable land;

an amendment to the Decision concerning the activities of certain third countries in the field of cargo shipping (→ point 2.1.135);

a Decision on the conclusion of an Agreement with Czechoslovakia on trade in industrial products (→ point 2.2.22).

2.4.20. Parliament gave its assent to the conclusion of two Protocols to the Association Agreement with Malta (→ point 2.2.12).

2.4.21. Resolutions were passed on the following subjects:

sport in the European Community and a People's Europe (→ point 2.1.4);

the Commission's proposed guidelines for the management of the European Social Fund with regard to action to combat long-term unemployment and to facilitate the occupational integration of young people (→ point 2.1.78);

education in the Community: medium-term perspectives (→ point 2.1.79);

the need for a European young people's pass (→ point 2.1.80);

European leisure policy (→ point 2.1.81);

the fight against racism and xenophobia (→ point 2.1.82);

the European film and television industry (→ point 2.1.85);

a fresh boost for Community action in the cultural sector (→ point 2.1.90)

the devastation caused by cyclone Firinga in Réunion (→ point 2.1.95);

the cyclone in Réunion and New Caledonia (→ point 2.1.95);

flooding in the Highlands of Scotland (→ point 2.1.95);

drought in the southern regions of the Community (→ point 2.1.95);

the dangers of the destruction of the Antarctic ecosystem (→ point 2.1.100);

a reduction in the use of animals for experimental purposes (→ point 2.1.101);

harmonization of legislation within the Community on the manufacture, sale and use of the leghold trap (→ point 2.1.101);

the protection of brown bears in the Community (→ point 2.1.101);

wolf conservation (→ point 2.1.101);

draft resolution of the Communities on whaling (→ point 2.1.101)

the political situation in the Philippines (→ point 2.2.16);

a programme for restructuring and reactivating the process of Central American economic integration (→ point 2.2.20);

the common agricultural policy and the developing countries (→ point 2.2.33);

recent events in Poland (→ point 2.4.8);

repression in Czechoslovakia during the tribute to Jan Palach (→ point 2.4.8);

oppression in the German Democratic Republic (→ point 2.4.8);

the deteriorating human rights situation in Iran (→ point 2.4.8);

the situation in Afghanistan (→ point 2.4.8);

the elections in Panama (→ point 2.4.8);

the situation in El Salvador (→ point 2.4.8);

the establishment of democracy in Paraguay (→ point 2.4.8);

the detention in solitary confinement of the Chilean climber Karin Eitel Villar (→ point 2.4.8);

the critical situation in the Sudan and the threat to the peace initiative (→ point 2.4.8);

human rights in South Africa and the charging and sentencing of Charles Bester and Saul Batzofin, two conscientious objectors (→ point 2.4.8);

the imprisonment of Ebrahim Ismail, Mandla Maseko and Simon Dladla in South Africa (→ point 2.4.8);

the strategy of the European Parliament for achieving European Union (→ points 2.4.12 and 3.2.1);

Parliament's relations with the national parliaments (→ points 2.4.12 and 3.2.2);

the conciliation procedure (→ points 2.4.12 and 3.2.3).

## Council

**2.4.22. 1 296th meeting — Economic and financial affairs**  
(Brussels, 13 February)

*President:* Mr Solchaga Catalan, Spanish Minister for Economic Affairs and Finance.

*Commission:* Mr Christophersen, Mrs Scrivener.

### *Main item*

Taxation of savings: initial general discussion (→ point 1.2.1 *et seq.*).

**2.4.23. 1 297th meeting — Agriculture**  
(Brussels, 13 and 14 February).

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

*Commission:* Mr Mac Sharry.

*Other business*

- (i) Farm prices and related measures for 1989/90: initial exchange of views;
- (ii) Extensification of production: examination.

**2.4.24. 1 298th meeting — General affairs**  
(Brussels, 20 February)

*President:* Mr Fernández Ordóñez, Spanish Minister for Foreign Affairs.

*Commission:* Mr Delors, Mr Andriessen, Mr Marín, Mr Mac Sharry and Mr Matutes.

*Main items*

- (i) Export of certain chemical products: Regulation adopted (→ point 2.2.1);
- (ii) United States — hormones: conclusions adopted (→ point 2.2.6);
- (iii) Relations with Poland and Bulgaria: Decisions adopted (→ points 2.2.21 and 2.2.25);
- (iv) Relations with the Council of Europe: examination (→ point 2.2.43).

*Other business*

- (i) Relations with Tunisia: preparations for fourth meeting of EEC-Tunisia Cooperation Council;
- (ii) Fifth EEC-Central America Ministerial Conference: preparations;
- (iii) Relations with the Soviet Union and Eastern Europe: general discussion;
- (iv) New ACP-EEC Convention: briefing;
- (v) Financial and technical cooperation with developing countries in Latin America and Asia: briefing.

**2.4.25. 1 299th meeting — Fisheries**  
(Brussels, 23 February).

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

*Commission:* Mr Marín.

*Main items*

- (i) Additional catch quota for cod from the West Greenland stock: Decision adopted (→ point 2.1.128);
- (ii) Extension of EEC-US fisheries agreement: Decision adopted (→ point 2.1.129);
- (iii) Vessels flying the Japanese flag in Portuguese waters: Regulation adopted (→ point 2.1.130).

*Other business*

- (i) Autonomous Community tariff quotas for certain fishery products for 1989: Regulation adopted;
- (ii) Community contribution towards expenditure by Member States on monitoring fishing activities: preliminary general discussion;
- (iii) Relations with the Soviet Union with a view to resuming negotiations for a fisheries agreement: discussion.

**2.4.26. 1 300th meeting — Internal market**  
(Brussels, 23 February).

*President:* Mr Solves, Spanish State Secretary for Relations with the European Communities.

*Commission:* Mr Bangemann, Mr Dondelinger, Mrs Scrivener.

*Main items*

- (i) Removal of physical frontiers: report submitted (→ point 2.1.5);
- (ii) Emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs: basic agreement on a common position (→ point 2.1.10);
- (iii) Arrangements for movement within the Community of goods for temporary use in one or more other Member States: common position adopted (→ point 2.1.46).

*Other business*

- (i) Broadcasting (TV without frontiers): discussion.

## Commission <sup>1</sup>

### Measures taken

2.4.27. Classification, packaging and labelling of dangerous substances: Directive on adaptation to technical progress (→ point 2.1.7).

Europartnership '89 — Andalusia: Presentation (→ point 2.1.17).

Thermonuclear fusion research: Signature of Community-Japan Agreement (→ point 2.1.58).

Coal research: Medium-term guidelines (1990-95) (→ point 2.1.33).

Origin of integrated circuits: Regulation (→ point 2.1.50).

Community rules on aid to the steel industry: Decision (→ point 2.1.70).

Priority information programme: Approval of political guidelines (→ point 2.1.84).

Renaval programme: Decision to include Bremer and Bremerhaven (→ point 2.1.92).

Reform of the structural Funds: Adoption of guidelines for Objectives 1 and 2 (→ point 2.1.91) and 3 and 4 (→ point 2.1.77).

Cosmetics: Directive on adaptation to technical progress (→ point 2.1.104).

Financial perspective: Annual adjustment (→ point 2.3.3).

### Measures proposed

*Proposals to be adopted under the cooperation procedure*

2.4.28. Taxing of savings and mutual assistance between tax authorities: two proposals for Directives (→ point 1.2.1 *et seq.*).

Roadworthiness testing of motor vehicles and their trailers: protocol for a Directive (→ point 2.1.134).

### *Other proposals and recommendations*

2.4.29. Improving the business environment and promoting the development of enterprises, in particular SMEs: proposal for a Decision (→ point 2.1.12).

Origin of photocopier: proposal for a Regulation (→ point 2.1.51).

Health checks on intra-Community trade and imports of poultrymeat and hatching eggs: proposal for a Regulation (→ point 2.1.116).

Marketing of EEC type-approved plant protection products: amended proposal for a Directive (→ point 2.1.120).

Malta: recommendation for a Decision on the negotiation of a fishing agreement (→ point 2.1.131).

Supplementary and amending budget No 1/89: preliminary draft (→ point 2.3.2).

### *Communications and reports*

2.4.30. Economic policy problems and outlook: communication (→ point 2.1.1).

Attainment of the objectives of the SME action programme: Third report (→ point 2.1.13).

Intellectual property as regards integrated circuits (Washington Diplomatic Conference): communication (→ point 2.1.14).

Europartnership: Results and assessment: communication (→ point 2.1.17).

Stabex — LDCs not signatory to the Lomé Convention: report on the administration in 1988 of the system of compensation for loss of export earnings (→ point 2.2.34).

Steel industry social support programme: communication on the financing proposal (→ point 2.3.7).

<sup>1</sup> Selected items.

**Court of Justice<sup>1</sup>**

**2.4.31. New cases**

Case	Subject	Basis
<p><b>ECSC — Steel</b></p> <p>26/89 Bisider v Commission</p>	<p>Annulment of Commission Decision No C (88) 2323 of 8 December 1988 concerning a penalty imposed on the basis of Article 58 of the ECSC Treaty on Bisider SpA, and in the alternative reduction of the fine to the nominal amount of ECU 1</p>	<p>Articles 33 and 36 ECSC</p>
<p><b>Free movement of goods</b></p> <p>10/89 CNL-Sucal v HAG GF</p>	<p>Applicability of the rule concerning a trade mark with two holders and a common origin which was developed by the Court in <i>Van Zuylen v Hag</i> [1974] ECR 731 where a trade mark has been expropriated in one Member State and the undertaking which has acquired it in that Member State wishes to export its product to the Member State in which the trade mark has remained the property of the original holder</p>	<p>Article 177 EEC</p>
<p>23/89 Quietlynn and Richards v Southend Borough Council<sup>1</sup></p>	<ol style="list-style-type: none"> <li>1. Is a prohibition on the sale of sex articles from a sex establishment which is not licensed by the local authority a measure having an effect equivalent to a quantitative restriction on imports?</li> <li>2. Is such a restriction justified within the meaning of Article 36?</li> <li>3. Is such a prohibition enforceable only to the extent that it prevents the sale of goods manufactured domestically?</li> </ol>	<p>Article 177 EEC</p>
<p><b>Customs union</b></p> <p>1/89 Raab v HZA Berlin-Packhof<sup>2</sup></p>	<p>Are 36 photographs by the artist Robert Mapplethorpe, purchased as a set for DM 66 783.30, to be classified under CN code 4911 400 90 ('Photographs') or CN code 9902 000 00 ('Original engravings, prints and lithographs') or, in the alternative, are they to be classified under CN code 4911 500 10 ('Suspension of duties for artists' screen prints')?</p>	<p>Article 177 EEC</p>

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

Case	Subject	Basis
11/89 Unifert Handelsgesellschaft v HZA Münster	Interpretation of the words 'transaction value', 'purchase commission' and 'demurrage charges'	Article 177 EEC
17/89 HZA Frankfurt am Main-Ost v Deutsche Olivetti <sup>3</sup>	According to what criteria are transport costs which pursuant to Article 8(1)(e)(i) of Council Regulation No 1224/80 are to be added to the price actually paid or payable for goods, within the meaning of Article 3, to be determined, if under fob terms of delivery an importer has paid an all-in price for transport of the goods beyond the place of introduction into the Community to a point inside the Community? If goods are imported in a container, is it material or not whether the goods were carried in the same container during the entire journey?	Article 177 EEC
<b>Taxation</b>		
4/89 Comune di Carpaneto Piacentino and Others v Ufficio Provinciale IVA di Piacenza <sup>2</sup>	Interpretation of Article 4(5) of the Sixth VAT Directive (Council Directive 77/388/EEC) with reference to the definition of activities engaged in by local authorities 'as public authorities' in order to determine whether or not they are taxable persons for VAT purposes	Article 177 EEC
15/89 Deltakabel v Staatssecretaris van Financiën <sup>1</sup>	If a parent company finances a loss incurred by its subsidiary by remitting in whole or in part a claim against the subsidiary, does Article 4(2)(b) of Directive 69/335/EEC permit the levying of capital duty, particularly in view of the requirement that the remission must be capable of raising the value of the shares?	Article 177 EEC
<b>Competition</b>		
41/89 Automec v Commission	Annulment of the individual decision of the Directorate-General for Competition of 30 November 1988 (Case IV/32.426) rejecting a complaint as inadmissible	Article 173 EEC
50/89 BPB Industries and British Gypsum v Commission	Annulment of Commission Decision 89/22/EEC relating to a proceeding under Article 86 of the EEC Treaty (IV/31.900, BPB Industries plc)	Articles 172 and 173 EEC
<b>State aid</b>		
20/89 Crete Citron Producers' Association v Commission	1. Annulment of Commission Decision 88/600/EEC renewing and amending Decision 85/594/EEC authorizing the Hellenic Republic to take certain protective measures pursuant to Article 108(3) of the EEC Treaty, in so far as the second paragraph of Article 1 of that Decision provides that as from 4 February 1988 no aid shall be granted for the export of candied fruit peel (Nimexe codes 20.04-30 and 2006-00-39 as from 1 January 1989)	Article 173 EEC

Case	Subject	Basis
	<p>2. Joining of this application for annulment to the application of 7 April 1988 (Case 112/88) for the annulment of Commission Decision C(88) 200 of 4 February 1988 by reason of their connexity</p>	
<p><b>Social policy</b> 51/89 UK v Council</p>	<p>Annulment of Council Decision 89/27/EEC adopting the second phase of the programme of cooperation between universities and industry regarding training in the field of technology (Comett II) (1990-94)</p>	<p>Article 173 EEC</p>
<p><b>Social security</b> 12/89 Gatto v Bundesanstalt für Arbeit</p>	<p>Does Article 74(1) of Regulation No 1408/71, in addition to laying down a rule of notional residence, also have as a result that the requirement under the law of the country in which the worker was (last) employed that, for the purpose of family benefits, a member of the family be unemployed is to be regarded as fulfilled if the member of the family is at the disposal of the labour exchange in the country in which he resides?</p>	<p>Article 177 EEC</p>
<p><b>Agriculture</b></p>		
<p>354/88 Vleeswarenbedrijf Roermond v Produktschap voor Vee en Vlees</p>	<p>1. Is the first subparagraph of Article 2(2) of Regulation No 3602/82 valid? 2. If so, what criteria should be used to determine the natural proportion of muscle tissue and bone in the entire cuts, referred to in the provision cited in question 1?</p>	<p>Article 177 EEC</p>
<p>355/88 Slegers Vleeswarenfabriek v Produktschap voor Vee en Vlees</p>	<p>Subject-matter identical with <i>Vleeswarenb-drijf Roermond</i> above</p>	<p>Article 177 EEC</p>
<p>356/88 Kühne en Heitz v Produktschap voor Vee en Vlees</p>	<p>Subject-matter identical with <i>Vleeswarenb-drijf Roermond</i> above</p>	<p>Article 177 EEC</p>
<p>16/89 Spronk v Minister van Landbouw en Visserij<sup>3</sup></p>	<p>Interpretation of Article 3(1) of Council Regulation No 857/84 adopting general rules for the application of the levy referred to in Article 5c of Regulation No 804/68 in the milk and milk products sector</p>	<p>Article 177 EEC</p>
<p>18/89 Maizena v HZA Krefeld</p>	<p>1. Does Article 5a(1) of Regulation No 2742/75, as amended by Regulation No 1665/77, prohibit the granting of production refunds even for products which are destined for the manufacture of isoglucose to be used as an intermediate product, not intended for marketing, in the manufacture of sorbitol?</p>	<p>Article 177 EEC</p>



Case	Subject	Basis
22/89 Netherlands v Commission <sup>1</sup>	<p>2. If Question 1 is answered in the affirmative: is that provision invalid on the ground that it infringes the prohibition of discrimination under Community law?</p> <p>Annulment of Commission Decision 88/630/EEC on the clearance of the accounts presented by the Member States in respect of the expenditure for 1986 of the Guarantee Section of the EAGGF</p>	Article 173 EEC
28/89 Germany v Commission	Subject-matter identical with <i>Netherlands v Commission</i> above	Article 173 EEC
32/89 and 32/89 R Greece v Commission	<p>1. Subject-matter identical with <i>Netherlands v Commission</i> above</p> <p>2. Suspension of the application of the contested Decision</p>	Articles 185 and 186 EEC
34/89 Italy v Commission	Subject-matter identical with <i>Netherlands v Commission</i> above	Article 173 EEC
46/89 SICA and Sipefel v Commission	Damages for loss suffered as a result of the unlawful adoption of Commission Regulation No 530/88 withdrawing new potatoes from the list of products covered by the supplementary trade mechanism	Articles 178 and 215 EEC
<b>Institutions</b>		
39/89 Luxembourg v Parliament <sup>4</sup>	Annulment of the resolution of the European Parliament of 18 January 1989 on 'the seat of the institutions and the main place of work of the European Parliament'	Article 173 EEC
<b>Infringements</b>		
25/89 Commission v Italy <sup>1</sup>	Seeking a declaration that by refusing to pay default interest Italy has failed to fulfil its obligations under Article 11 of Council Regulation No 2891/77 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources	Article 169 EEC
29/89 Commission v Italy	Seeking a declaration that by imposing unjustified restrictions on the marketing and use of black-core malleable cast-iron connections, and by not communicating draft standard UNI 5192/86 to the Commission, Italy has failed to fulfil its obligations under Article 30 of the EEC Treaty and Article 4 of Council Directive 83/189/EEC laying down a procedure for the provision of information in the field of technical standards and regulations	Article 169 EEC

Case	Subject	Basis
30/89 Commission v France <sup>4</sup>	Failure to pay own resources and default interest: exemption from VAT for passenger transport between mainland France and Corsica for the part of the journey occurring outside the national territory	Article 169 EEC
31/89 Commission v Spain <sup>4</sup>	Seeking a declaration that in not granting exemption from VAT for permanent imports of certain personal property of individuals (motor vehicles, trailers, etc.), contrary to Council Directive 83/183/EEC on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals, Spain has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC
42/89 Commission v Belgium	Failure to comply with Council Directive 80/778/EEC	Article 169 EEC
47/89 Commission v Italy	Failure to comply with Council Directive 82/501/EEC on the major-accident hazards of certain industrial activities	Article 169 EEC
48/89 Commission v Italy	Failure to comply with the following Council Directives: 75/442/EEC (waste); 76/403/EEC (disposal of PCBs); 78/319/EEC (toxic and dangerous waste)	Article 169 EEC
54/89 Commission v Italy	Failure to comply with Council Directive 84/491/EEC on limit values and quality objectives for discharges of hexachlorocyclohexane	Article 169 EEC
55/89 Commission v Italy	Seeking a declaration that by imposing the requirement that the by-products from the processing of seed oils imported from other Member States must be denatured Italy has failed to fulfil its obligations under Article 30 of the EEC Treaty	Article 169 EEC
57/89 Commission v Germany	Failure properly to comply with Council Directive 79/409/EEC on the conservation of wild birds	Article 169 EEC
58/89 Commission v Germany	Failure properly to comply with Council Directive 75/440/EEC concerning the quality required of surface water intended for the abstraction of drinking water in the Member States	Article 169 EEC
59/89 Commission v Germany	Failure properly to comply with Council Directive 82/884/EEC on a limit value for lead in the air	Article 169 EEC
45/89 Commission v Italy	Seeking a declaration that by maintaining in force a system of authorizations and/or quotas for combined road/rail carriage between Member States and by refusing authorizations to private persons wishing to undertake such carriage Italy has failed to fulfil its obligations under Council Directive 75/130/EEC on the	Article 169 EEC

Case	Subject	Basis
	establishment of common rules for certain types of combined road/rail carriage of goods between Member States, and in particular Article 2 thereof	

### Disputes between the Community and its staff

v Commission:

24/89 Pinto Teixeira

36/89 Latham

40/89 Sterl

<sup>1</sup> OJ C 60, 9.3.1989.

<sup>2</sup> OJ C 34, 10.2.1989.

<sup>3</sup> OJ C 45, 24.2.1989.

<sup>4</sup> OJ C 66, 16.3.1989.

### 2.4.32. Judgments

Date and Case	Held
<b>ECSC—Steel</b>	
2.2.1989: 209/87 — <i>EISA v Commission</i> <sup>1</sup>	Removed from the Court Register (Seeking the annulment of Commission Decision No 1433/87/ECSC on converting a proportion of the production quotas into quotas for delivery in the common market)
2.2.1989: 214/87 — <i>Cockerill Sambre v Commission</i> <sup>1</sup>	Removed from the Court Register (Subject-matter identical with <i>EISA v Commission</i> above)
<b>Customs union</b>	
23.2.1989: 230/88 — <i>Parma Handelsgesellschaft v Commission</i>	Removed from the Court Register (Seeking the annulment of the Commission Decision of 28 July 1987 on the post-clearance recovery of import duties on morello cherries)
28.2.1989: 245/87 — <i>Blaupunkt-Werke v Oberfinanzdirektion Berlin</i>	Subheading 92.11B of the Common Customs Tariff must be interpreted as meaning that it includes composite apparatus incorporating within the same housing a television camera and a video-recorder which is unable to record television programmes except by means of an accessory which must be obtained separately in so far as the accessory has only a secondary function in the recording of television programmes and its price is negligible in relation to the price of the composite apparatus

Date and Case	Held
<p>28.2.1989: 19/88 ICT and BFI Électronique v Direction générale des douanes et droits indirects</p>	<p>Apparatus for measuring electrical quantities within the meaning of subheading 90.28AII(a) of the Common Customs Tariff does not include apparatus which effects such measurements only for the purpose of checking electronic components for conformity</p>
<p><b>Free movement of persons</b></p>	
<p>2.2.1989: 186/87 — Cowan v Trésor public</p>	<p>The prohibition of discrimination laid down in particular in Article 7 of the ECSC Treaty must be interpreted as meaning that in respect of persons whose freedom to travel to a Member State, in particular as recipients of services, is guaranteed by Community law that State may not make the award of State compensation for harm caused in that State to the victim of an assault resulting in physical injury subject to the condition that he hold a residence permit or be a national of a country which has entered into a reciprocal agreement with that Member State</p>
<p><b>State aid</b></p>	
<p>2.2.1989: 94/87 — Commission v Germany<sup>1</sup></p>	<p>By not complying with Commission Decision 86/60/EEC on the aid which the <i>Land</i> of Rheinland-Pfalz has provided to an undertaking producing primary aluminium, situated in Ludwigshafen, the Federal Republic of Germany has failed to fulfil its obligations under the EEC Treaty</p>
<p><b>Freedom of movement for workers</b></p>	
<p>28.2.1989: 29/88 — Schmitt v Bundesversicherungsanstalt für Angestellte</p>	<p>Article 51 of the EEC Treaty and Council Regulation No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community is not applicable for the purpose of determining the conditions of membership of a social security scheme, whether compulsory or voluntary</p>
<p><b>Agriculture</b></p>	
<p>2.2.1989: 262/87 — Netherlands v Commission</p>	<p>The application is dismissed (Seeking the annulment of Commission Decision 87/368/EEC in so far as it disallows for EAGGF purposes expenditure on export refunds for mackerel caught in excess of the quota)</p>
<p>14.2.1989: 13/88 — Knoeckel, Schmidt &amp; Cie Papierfabriken v HZA Landau<sup>1</sup></p>	<p>Article 4(3) of Commission Regulation No 2169/86 laying down detailed rules for the control and payment of the production refunds in the cereals and rice sectors can validly make the grant of production refunds conditional on the presen-</p>

Date and Case	Held
21.2.1989: 214/86 — Greece v Commission <sup>1</sup>	<p>tation of a declaration by the manufacturer stating that the starch to be used has not been produced from a raw material other than maize, wheat, rice or potatoes</p> <p>The application is dismissed (Seeking the annulment of the Commission's refusal to allow to Greece the sum of DR 8 195 027 084 from the Guarantee Section of the EAGGF in connection with the clearance of accounts for 1982)</p>
28.2.1989: 182/87 — Trouw v Hoofdprodukschap voor Akkerbouwprodukten	<p>The coefficient of 0.9 laid down in Article 1(5) of Commission Regulation No 1725/79 serves solely to determine the quantities of milk powder on the basis of which the aid is calculated</p>
28.2.1989: 201/87 Cargill v Produktschap voor Margarine, Vetten en Oliën	<ol style="list-style-type: none"> <li>1. Having regard to Article 8(1) of Council Regulation No 1594/83, Commission Regulation No 756/85 is invalid</li> <li>2. So long as Commission Regulation No 735/85 has not been declared to be invalid the invalidity of Commission Regulation No 756/85 means that the Produktschap must issue to Cargill with retroactive effect the advance-fixing certificates requested on 22 March 1985 and pay it the subsidy in the sum fixed by Commission Regulation No 735/85</li> </ol>
28.2.1989: 233/87 — Merkur Aussenhandel v HZA Hamburg-Jonas	<p>The customs authorities of the exporting State which claim the repayment of monetary compensatory amounts upon importation are bound by amendments to weights communicated to them by the customs authorities of the importing State, whether or not they are recorded on the control copies</p> <p>In proceedings between the exporter and the customs authorities of the exporting State concerning the repayment of monetary compensatory amounts upon importation, a national court is not bound by amendments to weights communicated to the customs authorities of the exporting State by the customs authorities of the importing State</p>
<p><b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b></p>	<ol style="list-style-type: none"> <li>1. Article 5(1) of the Convention must be interpreted as meaning that, as regards contracts of employment, the obligation to be taken into consideration is that which characterizes the contract, in particular the obligation to carry out the duties agreed</li> <li>2. Where, in the case of a contract of employment, the obligation of the employee to carry out the duties agreed was performed and has to</li> </ol>
15.2.1989: 32/88 — Six Constructions v Humbert	<ol style="list-style-type: none"> <li>1. Article 5(1) of the Convention must be interpreted as meaning that, as regards contracts of employment, the obligation to be taken into consideration is that which characterizes the contract, in particular the obligation to carry out the duties agreed</li> <li>2. Where, in the case of a contract of employment, the obligation of the employee to carry out the duties agreed was performed and has to</li> </ol>

Date and Case	Held
	<p>be performed outside the territory of the contracting States, Article 5(1) of the Convention is not applicable; in such a case the courts of the State where the defendant is domiciled have jurisdiction in accordance with Article 2 of the Convention</p>
<p><b>External relations</b></p>	
<p>2.2.1989: 275/87 — Commission v Council<sup>1</sup></p>	<p>1. Council Regulation No 2096/87 on the temporary importation of containers is declared void 2. The aforesaid Regulation shall continue to have effect until the measures which the Council is required to adopt in order to comply with this judgment have entered into force</p>
<p>14.2.1989: 206/87 — Lefebvre v Commission<sup>1</sup></p>	<p>The application is dismissed as inadmissible (Seeking the annulment of the Commission Decision of 8 May 1987 authorizing the French Republic to exclude from Community treatment bananas from certain non-member countries in free circulation in the other Member States)</p>
<p>14.2.1989: 247/87 — Star Fruit v Commission<sup>1</sup></p>	<p>The application is dismissed as inadmissible (The Commission's failure to act on a complaint against restrictions imposed by France on imports of bananas)</p>
<p><b>Budget</b></p>	
<p>22.2.1989: 54/87 — Commission v Italy</p>	<p>By refusing to pay, pursuant to Article 11 of Council Regulation No 2891/77 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources, default interest due as a result of an accounting error in respect of a number of customs duties in January, February and March 1980, Italy has failed to fulfil its obligations under the EEC Treaty</p>
<p><b>Infringements</b></p>	
<p>1.2.1989: 23/88 — Commission v Belgium</p>	<p>Removed from the Court Register (Seeking a declaration that, by adopting and maintaining in force administrative practices consisting in the drawing-up of individual situation reports, including fingerprints, on foreigners residing in Belgium although they are nationals of another Member State and are covered by the Community rules on freedom of movement, Belgium has failed to fulfil its obligations under the Treaty and under Council Directives 68/360/EEC and 73/148/EEC</p>
<p>1.2.1989: Commission v Belgium</p>	<p>Removed from the Court Register (Failure to comply with Council Directive 82/605/EEC on</p>

Date and Case	Held
2.2.1989: 22/87 — Commission v Italy	<p>the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work)</p> <p>By failing to adopt within the period prescribed the measures needed to implement Council Directive 80/98/EEC on the protection of employees in the event of the insolvency of their employer, Italy has failed to fulfil its obligations pursuant to the EEC Treaty</p>
2.2.1989: 274/87 — Commission v Germany	<p>By prohibiting the importation and marketing in its territory of meat products from other Member States which do not comply with paragraphs 4 and 5 of the Fleisch-Verordnung (Meat Regulation), the Federal Republic of Germany has failed to fulfil its obligations pursuant to Article 30 of the EEC Treaty</p>
2.2.1989: 353/87 — Commission v Italy <sup>1</sup>	<p>By failing to adopt within the prescribed period the measures necessary to implement the Tenth VAT Directive (Council Directive 84/386/EEC) Italy has failed to fulfil its obligations under the EEC Treaty</p>
3.2.1989: 352/85 R — Commission v Italy <sup>1</sup>	<p>The application for interim measures is dismissed (Application for interim measures requiring the Italian authorities for the time being to authorize Aer Lingus to operate a 'fifth-freedom' scheduled air service on the Dublin-Manchester-Milan air route pursuant to Council Decision 87/602/EEC)</p>
21.2.1989: 203/87 — Commission v Italy	<p>By granting, for the period between 1 January 1984 and 31 December 1988, an exemption from value-added tax with refund of the tax paid at the preceding stage in respect of certain transactions carried out for earthquake victims in Campania and Basilicata, Italy infringed the provisions of Article 2 of the Sixth VAT Directive (Council Directive 77/388/EEC)</p>
22.2.1989: 92 and 93/87 — Commission v France and UK	<p>The applications are dismissed (Seeking a declaration that France and the UK have failed to fulfil their obligations under the EEC Treaty by failing to recover monetary compensatory amounts avoided by two undertakings in the course of a triangular inward processing operation with equivalent compensation and prior exportation)</p>
23.2.1989: 370/87 — Commission v Netherlands	<p>Removed from the Court Register (Seeking a declaration that by restricting the distribution by cable of radio and television programmes supplied from other Member States which contain advertisements especially intended for the public in the Netherlands the Netherlands has failed to fulfil its obligations under Article 59 of the Treaty)</p>
23.2.1989: 223/88 — Commission v Ireland	<p>Removed from the Court Register (Failure to comply with Council Directive 82/605/EEC on</p>

Date and Case	Held
	the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work)
23.2.1989: 239/88 — Commission v Ireland	Removed from the Court Register (Failure to comply with Commission Directive 86/562/EEC on the rear-view mirrors of motor vehicles)
23.2.1989: 240/88 — Commission v Ireland	Removed from the Court Register (Failure to comply with Council Directive 85/326/EEC amending Directive 71/118/EEC on health problems affecting trade in fresh poultrymeat)
23.2.1989: 312/88 — Commission v France	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)
23.2.1989: 313/88 — Commission v France	Removed from the Court Register (Failure to comply with Council Directive 83/417/EEC on certain lactoproteins (caseins and caseinates) intended for human consumption)
23.2.1989: 298/8 — Commission v Netherlands	Removed from the Court Register (Subject-matter identical with Case 313/88 <i>Commission v France</i> above)
23.2.1989: 327/87 — Commission v Italy	Removed from the Court Register (Failure to comply with Council Directive 85/1/EEC amending Directive 80/181/EEC on units of measurement)

Disputes between the Community and its staff

v Commission:

14.2.1989: 346/87 Bossi<sup>1</sup> — The application is dismissed

14.2.1989: 289/88 Van Sinay — Removed from the Court Register

28.2.1989: 341/85, 251, 258, 259, 262, 266/86 and 222 and 232/87 Van der Stijl and Cullington — 1. The decision to maintain Mr Math in his post as Head of the F1 Division in the Directorate-General for Energy from 7 October 1985 to 16 October 1985 is annulled. 2. The decision to engage Mr Math as a member of the temporary staff is annulled for the period between 28 September 1983 and 15 October 1986. 3. The decision to extend Mr Math's engagement from 31 December 1985 to 30 June 1986 is annulled. 4. Notice of Competition No COM/A/477 is annulled. 5. The claims for damages are dismissed

28.2.1989: 100, 146 and 153/87 Basch and Others — The decision of the selection board for Competition No COM/B/2/82, arising from the letter sent in identical terms to all the applicants on 12 February 1987 refusing to allow them to take part in the tests for that competition, is annulled

<sup>1</sup> OJ C 66, 16.3.1989.



## Court of Auditors

2.4.33. At its meeting of 9 February the Court of Auditors adopted its opinion on a proposal for a general revision<sup>1</sup> of the Council Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.<sup>2</sup>

## Economic and Social Committee

### *Plenary session*

2.4.34. The Economic and Social Committee held its 263rd plenary session in Brussels on 22 and 23 February with Mr Masprone in the chair. The Committee adopted an opinion on basic Community social rights, as requested by the Commission in November 1988 (→ point 2.1.75). This opinion reflects the efforts made on all sides to reach agreement and, despite being something of a compromise, contains positive elements at several levels. First and foremost it is a token of the determination of the employers and the trade unions to avoid deadlock and to continue their dialogue in order to achieve tangible results. The opinion is likely to prompt further thought when the House, in turn, comes to consider the issue, and it is also clear that some problems are to be expected in hammering out an agreement between the Member States concerning these rights and guaranteeing them. The unusual procedure followed by the Commission, together with the media reaction and the discussion provoked by the opinion's adoption, have helped to make the public aware of the role of the Economic and Social Committee.

2.4.35. Following debates, the Committee also adopted opinion on:

- package travel (→ point 2.1.106);
- the common organization of the market in cereals (→ point 2.1.107);
- the importing of yams.

2.4.36. The Committee adopted unanimous opinions on the following subjects without debate:

- empowering the Commission to borrow under NCI V (→ point 2.1.2);
- agricultural and forestry tractors (→ point 2.1.8);
- fertilizers (→ point 2.1.11);
- the programme of strategic research in aeronautics (→ point 2.1.20);
- the framework agreement for scientific cooperation with Iceland (→ point 2.1.22);
- the research and technological development programme on the decommissioning of nuclear installations (→ point 2.1.29);
- the Teleman programme (→ point 2.1.31);
- the MAST programme (→ point 2.1.34);
- movements of goods for temporary use (→ point 2.1.46);
- sewage sludge (→ point 2.1.98);
- table wines for distillation in Spain (→ point 2.1.108);
- the eradication of contagious bovine pleuropneumonia in Portugal (→ point 2.1.115);
- testing for brucellosis in swine.

## European Investment Bank<sup>3</sup>

2.4.37. Loans announced by the European Investment Bank in January and February for investments within the Community totalled ECU 1 168.4 million,<sup>4</sup> of which ECU 39.2 million was lent from the resources of the new Community borrowing and lending instrument (NCI).<sup>5</sup> Of these

<sup>1</sup> OJ C 72, 20.3.1989; Bull. EC 12-1988, point 2.3.8.

<sup>2</sup> OJ L 356, 31.12.1977.

<sup>3</sup> Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. (352) 4379-1).

<sup>4</sup> The conversion rates at 30 December 1988 used by the EIB in statistics for the first quarter of 1988 were 1 ECU = BFR 43.58, DKR 8.03, DM 2.08, DR 172.91, ESC 171.10, FF 7.10, HFL 2.35, IRL 0.78, LFR 43.58, LIT 1 531, PTA 132.88, UKL 0.65, USD 1.17.

<sup>5</sup> OJ L 298, 20.10.1978.

loans, ECU 963 million went to projects in Italy, ECU 48.3 million to Germany, ECU 42.3 million to France, ECU 31.6 million to Spain and ECU 8.2 million to Denmark. A loan of ECU 75 million was also granted for a telecommunications project of direct interest to the Community. Outside the Community the Bank lent ECU 5.15 million to three ACP States: Burkina Faso, St Lucia and Kenya.

## Community

2.4.38. The Bank lent ECU 75 million to Eutelsat for its project to build and place into orbit a second generation of satellites. The project, which has no geographical location as such but is of direct benefit to all the Community, had already received ECU 175 million in 1986 and 1987.<sup>1</sup>

## Italy

2.4.39. The Bank granted loans amounting to LIT 1 475 billion, including LIT 60 billion from NCI resources. In line with the Bank's main responsibility — regional development — some two-thirds of the total went to projects in the Mezzogiorno.

In the energy sector, the Bank backed a series of projects for promoting or rationalizing electricity distribution in Puglia and Sicily through extension of the existing grid, developing production of oil fields near Novara and off the Abruzzi, expanding the natural gas distribution network in various central regions and continuing work on the construction of a gas pipeline bringing natural gas from the USSR into the national network. Finally, it also gave funding for the production of lead-free petrol in refineries in Tarento, Sicily, Milazzo and Augusta.

The Bank granted LIT 140 billion in the form of global loans to various financial institutions for investments by small and medium-sized firms in agriculture, related services and tourism, in particular for energy-saving or environmental protection projects. It also lent LIT 60 billion to other

financial institutions for capital investment by small and medium-sized firms in industry, agriculture and related services. The Bank also granted individual loans towards extending a factory at Pomigliano (Province of Naples), constructing the new ATR 72 aircraft, building an electronic components plant at Turin, restructuring two polypropylene plants at Brindisi and Terni and modernizing an ice-cream factory in Naples.

On the infrastructure side, the Bank gave funding towards the continuation and completion of work on the autostrada delle gallerie ('motorway of the tunnels') in Piedmont, building a third lane on the Naples-Rome motorway and modernizing and extending the telephone network in the Mezzogiorno. Finally, through the Fondo Investimenti e Occupazione (FIO), it backed the construction of a new research laboratory at the faculty of agricultural science at Viterbo University and channelling work on the River Po to protect the towns and infrastructures of Venice province.

## Germany

2.4.40. The Bank granted DM 48.3 million to the Kreditanstalt für Wiederaufbau for environmental protection schemes. KfW will draw on the funds to co-finance, via commercial banks, projects by industrial companies to reduce atmospheric and water pollution, combat noise and vibration and treat waste matter entailing total investment costs of up to DM 40 million.

## France

2.4.41. The Bank lent FF 300 million for an infrastructure project involving the construction of a dam and hydroelectric plant with a power rating of 46 MW at St Egrève-Noyarey sur l'Isère in the Rhône-Alpes region.

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<sup>1</sup> Bull. EC 6-1986, point 2.4.22; Bull. EC 9-1988, point 2.4.46.

*Spain*

2.4.42. The Bank granted a loan of PTA 4.2 billion for an infrastructure project to extend Madrid's gas transmission network and convert it to natural gas. The project will help diversify energy supplies, replacing with natural gas the coal and gasoil used to produce town gas. By the same token, it will also help to combat the high levels of atmospheric pollution found in the central part of Madrid. The loan is in pesetas with a revisable interest rate. This is a new form of finance in which the interest rate is fixed for the first six years. After this period it will be revised and fixed for the following six years.

*Denmark*

2.4.43. The Bank lent DKR 66 million to the Grundfos group, a specialized pump manufacturer, for the construction of a research and development centre at Bjerlingbro in Jutland. The project will concentrate and reinforce Grundfos' R&D facilities. The new centre should help this specific part of the European manufacturing industry to stay abreast of the increasing competition on world markets.

*Outside the Community**ACP States*

2.4.44. The Bank granted a loan of ECU 3 million for improving electricity supply on the Caribbean island of St Lucia. The funds will go towards the installation of two 6.3 MW diesel generators and a 66 kV overhead transmission line. The project, scheduled for completion in March 1990, is costed at ECU 30 million. The Commonwealth Development Corporation (CDC), London, is also helping to finance it.

2.4.45. The Bank gave a loan of ECU 3 million from risk capital to Burkina Faso for modernizing and extending a medium-sized plant producing plastic sheeting and sacks in the capital, Ouagadougou. The scheme, costed at ECU 3.15 million, will increase capacity and boost productivity as well as extending the product range.

2.4.46. In Kenya, the Bank lent ECU 150 000, again from risk capital, for a feasibility study on the renovation of slaughterhouses and a meat canning plant near Nairobi and in Mombasa.

# 5. Statistics

## General

### Legislation

2.5.1. On 13 February the Council formally adopted, on a proposal from the Commission,<sup>1</sup> Directive 89/130/EEC, Euratom,<sup>2</sup> on the harmonization of definitions of gross national product at market prices (GNPmp) on which it had reached agreement in June 1988.<sup>3</sup>

2.5.2. On 22 February<sup>4</sup> the Commission adopted for transmission to the Council a proposal for a Decision amending — for France and Italy — the reference periods for the 1989 survey on areas under vines, as provided for in Regulation (EEC) No 357/79<sup>5</sup> of 5 February 1979. This amendment is designed to enable the data for both this survey and the agricultural census to be collected at the same time.

### Cooperation

2.5.3. In February, on the initiative of the Commission (Eurostat), an agreement was concluded with the Luxembourg authorities on the setting up in Luxembourg of a centre for the coordination of European centres for the training of economist statisticians from developing countries.

## Data

### Electricity (1987)

2.5.4. In 1988 net electricity production in the Community rose to 1 610.5 TWh,<sup>6</sup> up 2.7% on 1987. Conventional power stations accounted for 53.4% of total electricity production compared with 55.8% in 1987, a drop of 1.7%; the nuclear share of production was up 7.8% on 1987, accounting for 33.9% of total production (32.3% in 1987).

2.5.5. Electricity consumption in the Community rose to 1 632.4 TWh in 1988, up 2.9% on 1987 (the increase from 1986 to 1987 was 3.2%). Over the same period GNP rose by 3.7% (up 2.65% on 1987). All the Member States recorded an increase in electricity consumption in 1988, the rate of increase ranging from 1.3% (Denmark, France) to 10.2% (Luxembourg).

2.5.6. Imports of electricity totalled 21.9 TWh, accounting for 1.3% of total Community consumption.

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<sup>1</sup> OJ C 137, 27.5.1988; Bull. EC 4-1988, point 2.5.1.

<sup>2</sup> OJ L 49, 21.2.1989.

<sup>3</sup> Bull. EC 6-1988, point 2.4.11.

<sup>4</sup> OJ C 79, 30.3.1989; COM(89) 69 final.

<sup>5</sup> OJ L 54, 5.3.1979.

<sup>6</sup> Terawatts per hour ( $10^{12}$  watts per hour).

**PART THREE**  
**DOCUMENTATION**

# 1. The ecu

## Values in national currencies of one ecu

28 February 1989<sup>1</sup>

BFR/ LFR	Belgian franc and Luxembourg franc (convertible)	43.5476
	Belgian franc and Luxembourg franc (financial)	43.7094
DKR	Danish krone	8.08822
DM	German mark	2.07652
DR	Greek drachma	174.611
ESC	Portuguese escudo	171.604
FF	French franc	7.06995
HFL	Dutch guilder	2.34423
IRL	Irish pound	0.779672
LIT	Italian lira	1 529.96
PTA	Spanish peseta	130.086
UKL	Pound sterling	0.652774
AUD	Australian dollar	1.42334
CAD	Canadian dollar	1.36129
FMK	Finnish mark	4.85736
NKR	Norwegian krone	7.61855
NZD	New Zealand dollar	1.83494
OS	Austrian shilling	14.6090
SFR	Swiss franc	1.77132
SKR	Swedish krone	7.14832
USD	United States dollar	1.13583
YEN	Japanese yen	144.557

<sup>1</sup> OJ C 52, 1.3.1989.

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

February 1989		
National currency		Value in national currency of one ecu
BFR/ LFR	Belgian franc and Luxembourg franc	48.2869 <sup>17, 19</sup> 48.0467 <sup>10</sup>
DKR	Danish krone	8.66492 <sup>1</sup> 8.93007 <sup>4</sup> 8.75497 <sup>10</sup> 8.84165 <sup>5, 19</sup>
DM	German mark	2.38591 <sup>6</sup> 2.37360 <sup>7</sup> 2.36110 <sup>5</sup>
DR	Greek drachma	163.533 <sup>4</sup> 180.508 <sup>1</sup> 149.782 <sup>15</sup> 145.018 <sup>2</sup> 164.729 <sup>7, 8, 11, 16, 18</sup> 156.020 <sup>9</sup>
ESC	Portuguese escudo	188.007 <sup>17</sup>
FF	French franc	7.58418 <sup>3, 6</sup> 7.69553 <sup>10</sup> 7.65577 <sup>1</sup> 7.56606 <sup>14</sup> 7.54389 <sup>11</sup> 7.85183 <sup>4</sup> 7.81036 <sup>19</sup>
HFL	Dutch guilder	2.66089 <sup>6, 7</sup> 2.64704 <sup>5</sup>
IRL	Irish pound	0.856765 <sup>4, 19</sup> 0.844585 <sup>2</sup> 0.843818 <sup>3</sup> 0.832119 <sup>10</sup> 0.829788 <sup>1</sup>
LIT	Italian lira	1 668.00 <sup>13</sup> 1 716.00 <sup>4</sup> 1 613.00 <sup>10</sup> 1 635.00 <sup>7, 12</sup> 1 641.00 <sup>11</sup> 1 652.00 <sup>1, 5, 19</sup>
PTA	Spanish peseta	153.315 <sup>1</sup> 155.786 <sup>2</sup> 154.213 <sup>3</sup> 146.854 <sup>4</sup>

February 1989		
National currency		Value in national currency of one ecu
UKL	Pound sterling	0.723693 <sup>4</sup> 0.665557 <sup>10</sup> 0.671291 <sup>1</sup> 0.685035 <sup>2</sup> 0.675071 <sup>3</sup>

- 1 Sheepmeat and goatmeat.
- 2 Other livestock products.
- 3 Crop products.
- 4 Pigmeat.
- 5 Other products.
- 6 Milk and milk products.
- 7 Cereals.
- 8 Sugar.
- 9 Other crop products.
- 10 Beef/veal.
- 11 Wine.
- 12 Oilseeds.
- 13 Fruit and vegetables and tobacco.
- 14 Fishery products.
- 15 Eggs and poultrymeat.
- 16 Olive oil.
- 17 All products.
- 18 Tobacco.
- 19 Beef/veal from 27.2.1989.

## 2. Parliamentary resolutions on institutional matters

### Resolution on the strategy of the European Parliament for achieving European Union

#### 3.2.1. The European Parliament,

having regard to the Treaties establishing the European Communities and the Single Act amending them,

having regard to the Solemn Declaration of the Stuttgart European Council of 19 June 1983,<sup>1</sup>

having regard to its draft Treaty establishing the European Union, adopted on 14 February 1984,<sup>2</sup>

having regard to its resolution of 16 January 1986 on the Single European Act, in particular paragraph 4 thereof,<sup>3</sup> and its resolution of 11 December 1976 on the Single European Act,<sup>4</sup>

having regard to various resolutions adopted by the national parliaments at the time of ratification of the Single Act or subsequently,

having regard to the interim report of its Committee on Institutional Affairs and its resolution of 17 June 1987,<sup>5</sup>

having regard to its resolutions of 17 June 1988 on the cost of non-Europe, the democratic deficit and the procedures for consulting European citizens on European political union,<sup>6</sup>

having regard to its resolution of 27 October 1988 on the assessment of the first year of application of the Single Act,<sup>7</sup>

having regard to the Commission's report on the implementation of the White Paper on completing the internal market,

having regard to the draft report on decision-making practices in the Council,

having regard to the contacts and discussions between its Committee on Institutional Affairs and delegations from the national parliaments,

having regard to its written declaration of 16 May 1988 on the European Parliaments' powers and the convening of the 'European States-General' as proposed by the Italian Camera dei Deputati,<sup>8</sup>

having regard to its written declaration of 16 June 1988 on the holding of a plebiscite on the political

Union of Europe and the constituent powers of the European Parliament,<sup>9</sup>

having regard to the report of its Committee on Institutional Affairs;

- A. Whereas the arguments put forward in its abovementioned resolution of 17 June 1987 on the strategy of the European Parliament for achieving European Union, adopted on 17 June 1987, have been fully confirmed by studies, political events, the European Parliament's contacts and reports over the last 16 months;
- B. Whereas European integration cannot be restricted to the establishment of a free trade or market area and whereas the promotion of employment for all and the reduction of regional and social disparities are not only essential Community objectives but conditions for the attainment of a market without internal frontiers;
- C. Whereas the Commission's study on the potential for a single integrated market at European level (Cecchini report) estimates the 'cost of non-Europe' in this sector at at least ECU 200 000 million;
- D. Stressing in particular the fact that the Cecchini report indicates that at least 3 million jobs could be created as a result of extending joint policies at Community level;
- E. Whereas the 'cost of non-Europe' is also felt in other sectors, such as research, in the lack of coordination of short-term economic policies, in the provision of infrastructures and in the military sector;
- F. Noting the statement made by the President of the Commission to the European Parliament on 17 January 1989 concerning the need to convoke a new intergovernmental conference with responsibility for completing the provisions of the Treaties as regards the institutional changes needed to achieve economic and monetary union;

<sup>1</sup> Bull. EC 6-1983, point 1.6.1.

<sup>2</sup> OJ C 77, 19.3.1984; Bull. EC 2-1984, point 1.1.1.

<sup>3</sup> OJ C 36, 17.2.1986; Bull. EC 1-1986, point 1.2.3.

<sup>4</sup> OJ C 7, 12.1.1987; Bull. EC 12-1986, point 2.4.19.

<sup>5</sup> OJ C 190, 20.7.1987; Bull. EC 6-1987, point 2.4.19.

<sup>6</sup> OJ C 187, 18.7.1988; Bull. EC 1988, point 2.4.24.

<sup>7</sup> OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.4.6.

<sup>8</sup> OJ C 167, 27.6.1988.

<sup>9</sup> OJ C 187, 18.7.1988.



- G. Whereas the retention of 12 independent currencies is incompatible with free movement of capital and exchange-rate stability;
- H. Whereas there is a danger that the considerable benefits which can be expected from the completion of the internal market and monetary union may not be achieved if a number of the decisions required to bring them about remain subject to the unanimity rule;
- I. Whereas the single market, even if it has not been perfected in 1992, will require much more powerful instruments to maintain and manage the joint economy thereby created;
- J. Whereas a large proportion of economic, financial and social legislation will be enacted at Community level after the completion of the internal market;
- K. Whereas such legislative power can only be exercised by observing the fundamental principles of democracy and the dual democratic mandate, national and Community, on which European integration is based, and whereas, therefore, it is unacceptable that the powers that the national parliaments have transferred to the Community should continue to be exercised for the most part exclusively by the Council which meets in camera;
- L. Whereas this 'democratic deficit' is still more significant in view of certain inadequacies in the protection of fundamental rights at Community level;
- M. Whereas, despite the improvements which have occurred through the extension of majority voting in the Council and the use of the cooperation procedure since adoption of the Single European Act, the Community's decision-making system still lacks efficiency and suffers from the dilatoriness of the Council in its legislative role and from regular intervention by the numerous committees of national civil servants in the Commissions' executive tasks;
- N. Whereas the Community's budgetary resources will represent scarcely 1.2% of GDP in 1993 and whereas each increase in the ceiling on resources has required long negotiations between the Member States, sometimes lasting years, to arrive at solutions which suffice for only a few years;
- O. Whereas Europe's voice in the world carries less weight than it could and should, and the coordination of the foreign policies of the Member States, even after the setting up of a political secretariat, separate from the Community institutions, does not enable Europe to defend its interests effectively or to play a part corresponding to its potential in international affairs;
- P. Whereas the first year of application of the Single European Act has demonstrated that the improvement which it has brought about in this situation is inadequate, in particular because:
- (i) the joint decision-making procedure which would ensure genuine democratic supervision of Community decisions and guarantee their acceptability to the chosen representatives of European voters is lacking except in the case of the budget and the assent procedure; in all other areas the Council may overrule Parliament's wishes,
  - (ii) the reinforcement of the Commission's executive powers provided for in the Single Act has not really come about because the so-called 'commitology' system established by the Council and its practical application have meant that many of the Commission's decisions are subject to the approval of national civil servants, failing which the decisions are taken by the Council,
  - (iii) too many areas are still governed by the unanimous decision-making procedure in the Council,
  - (iv) Parliament plays only a minimal role in the appointment and investiture of the Commission,
  - (v) in many fields, notably in relation to currency, foreign-policy and security matters, the Community has few powers to take positive action and the Twelve have to rely on reactive measures rather than coherent policies;
- Q. Whereas the report from the Commission to the Council on the implementation of the White Paper on the internal market has pointed out delays and opposition, particularly with regard to the following:
- (i) the social dimension of the single market,
  - (ii) a people's Europe (right of residence, abolition of physical frontiers, measures in favour of immigrants and youth programmes),
  - (iii) tax harmonization;
- R. Whereas there is increasing awareness of the Community's deficiencies among national parliaments, political parties and the general public;

- S. Whereas all the opinion polls conducted by Eurobarometer and the European Parliament's Federalist Intergroup have indicated support for further efforts towards the democratic unification of Europe;
- T. Whereas there is a need to include the national parliaments in its project and to pursue intensively the dialogue already begun between the Committee on Institutional Affairs and the other European Parliament committees;
- U. Whereas there is a need for the major groups within society to be involved not only in European integration but also in the drafting of Community legislation and, more especially, a need for increased cooperation with the Economic and Social Committee;
- V. Whereas 1992 is not only the deadline for the completion of the internal market (which will necessitate an analysis of either the reasons for its non-completion or the consequences of its completion) but also the deadline specified in Article 30(11) of the Single Act for any revision of the provisions governing political cooperation and the year in which the Community will once again exhaust its budgetary resources; whereas the coinciding of these dates will necessitate an overall review of the Community and the process of European integration;
- W. Whereas, during the European Parliaments' third electoral period, the Community institutions and the national governments will have to take all the decisions necessary not only to complete the internal market but also to attain genuine monetary union, to improve cooperation in foreign affairs and to amend the system of own resources;
- X. Whereas, to achieve the concrete objective of monetary union, it is essential to make the institutional and legal changes enabling attainment of that objective;
- Y. Whereas the European Parliament, the legitimate representative of all the European citizens who elected it, has a duty to those citizens to draw up, before that deadline and as part of an overall institutional plan, proposals for the introduction of more efficient and more democratic decision-making procedures meeting to a greater extent the real needs of Europeans;
1. Reaffirms the position adopted in its resolution of 17 June 1987 and declares its intention to continue on the same road by:
- (a) making maximum use of the possibilities offered by the Single Act,
  - (b) starting work on preparing proposals for transition to European Union;
2. Announces that, with the backing of the mandate given by the voters in the June 1989 elections, it intends to draw up comprehensive proposals based in the main on its draft Treaty adopted on 14 February 1984 to give the European Union the necessary institutional basis, in the form of a draft which will meet Europe's needs and the new needs arising out of the attainment of the 1992 target;
3. Is convinced that, to prepare the revision of the Community institutions properly by ensuring the awareness and consent of the people of Europe, it is essential to focus the next European election campaign on this issue and to make the parties expressly state their position with regard to that revision;
4. Calls on the governments of the Member States meeting in the European Council in Madrid to recognize the need for this project and to undertake to support it by all appropriate means;
5. Considers that a means of involving the people of Europe more closely in the constitution of European Union would be to hold a referendum at European level, or failing that in the Member States where possible, whereby either the principles of the constitution are submitted to them in advance at the time of the 1989 European elections or the text of the constitution is submitted to them at the time of its ratification;
6. Underlines its intention to involve the other institutions and the national parliaments from the outset and as closely as possible in the preparation of the draft so that its proposals can be based on the widest consensus in the Member States, thus facilitating the national ratification procedures;
7. Calls on the institutions representing democratic legitimacy at national and European level, political parties and representative bodies in our societies, notably those which are represented in the Economic and Social Committee, to support this initiative and enter into dialogue with Parliament;
8. Believes that the draft should be based on the 'acquis communautaire', the draft Treaty establishing the European Union adopted on 14 February 1984, the comments on this draft Treaty submitted by the national parliaments, the experience of operating the Single European Act, the need for effective functioning of a single, barrier-free

market and any constructive contributions put forward in public debates at the time of the 1989 European elections;

9. Announces that it would be unable to approve any further accession treaty with a new Member State without the institutional reforms necessary to make the Community more effective and more democratic and unless significant progress towards European Union were made;

10. Recognizes that a State cannot be forced to become a member of a European Union against its will but that a small minority should not prevent the vast majority who are committed to the goal of European Union from creating this Union;

11. Welcomes the undertaking given by the Commission that it will take an active part in the discussions concerning the institutional revision of the Community and calls upon it to give its support to the democratic requirements expressed by the European Parliament;

12. Instructs its President to forward this resolution and the report of its committee, together with its resolution of 17 June 1987, to the governments and parliaments of the Member States, the Commission and the Council.

### Resolution on relations between the national parliaments and the European Parliament

#### 3.2.2. The European Parliament,

having regard to the draft Treaty establishing the European Union, which it adopted on 14 February 1984, and the accompanying resolution,<sup>1</sup>

having regard to its request of 17 April 1986 to the national parliaments, when ratifying the Single Act, to point out its shortcomings to the national governments,<sup>2</sup>

having regard to the documents submitted and resolutions passed by national parliaments in this connection,

having regard to the contacts between the respective delegations of its Committee on Institutional Affairs and the Member States' parliaments,

having regard to its resolution of 17 April 1985 on the progress of deliberations in the national parliaments on the draft Treaty establishing the European Union<sup>3</sup> and its resolution of 17 June 1988 on the democratic deficit,<sup>4</sup>

having regard to motions for resolutions put down,

having regard to the report of its Committee on Institutional Affairs;

- A. Whereas, while frequent visits, usually involving the same people, may establish and cultivate the necessary contacts, particularly on a personal level, they do not promote joint work to a sufficient extent;
- B. Whereas, in the coming years, a major proportion of legislation affecting the economy and a substantial part of tax and social legislation could be enacted at Community level and whereas there is, therefore, an urgent need for much closer and detailed cooperation with national parliaments;
- C. Whereas there is a need to provide national parliaments and their Members with better information about the work of the European Parliament and the need for further development of the European Community towards European Union;

1. Considers that practical cooperation with representatives of the national parliaments is imperative for the promotion of further institutional reforms, notably increased involvement of the European Parliament in Community legislating, strengthening the executive powers of the Commission, the further development of European monetary union and European political cooperation and for the preparation of the necessary amendments to the Community's founding Treaties, on the basis of the relevant provisions of the European Parliament's draft Treaty establishing the European Union, which require ratification by the national parliaments;

2. Considers that there is an urgent need for close cooperation between the European Parliament and the national parliaments in all areas, such as environmental protection, consumer protection, transport and energy, where policy must be shaped by the legislative and executive authorities at both Community and national levels;

3. Considers it necessary in particular for the national parliaments to monitor the proper application of the Single Act by the relevant national representatives in the Council of Ministers and the European Council and to ensure the speedy incorporation of directives, particularly those affecting the internal market, into the national law of the Member States, and for this reason will see to it that the national parliaments are kept informed, particularly about the state of development of the internal market;

4. Welcomes the setting-up in the national parliaments of select committees, subcommittees and

<sup>1</sup> OJ C 77, 19.3.1984; Bull. EC 2-1984, point 2.4.8.

<sup>2</sup> OJ C 120, 20.5.1986; Bull. EC 4-1986, point 2.4.8.

<sup>3</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.4.7.

<sup>4</sup> OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.4.24.

commissions responsible for European Community affairs; and considers particularly useful the practice whereby certain national parliaments invite Members of the European Parliament to participate fully in these committees as a step towards more structural cooperation between the national parliaments and the European Parliament;

5. Believes that members of these bodies should be entitled to attend meetings of European Parliament committees in a consultative capacity and considers that regular joint meetings should be held between representatives of these bodies and the European Parliament's standing committees;

6. Recommends to this end that the national parliaments appoint liaison officers in their committees to be responsible for contacts with the European Parliament and its committees and that these officers meet regularly with the members of the corresponding EP committees for consultation and exchanges of views;

7. Suggests that staff exchanges be organized between European Parliament officials and civil servants working for the parliaments of the Member States; welcomes the fact that the Bureau of the European Parliament has taken a decision to that effect and appropriations have already been entered for that purpose in the 1989 budget;

8. Welcomes the regular joint meetings of the Presidents of the national parliaments and the President of the European Parliament;

9. Recommends that the chairman of the European Parliament's political groups hold regular meetings with their counterparts in the national parliaments;

10. Instructs its Committee on Institutional Affairs to invite appropriate delegations from the national parliaments to Brussels to take part in talks on specific topics, in particular for discussion of further steps towards democratization and reform of the European Community as it progresses towards European Union;

11. Instructs its President to forward this resolution and the report of its committee to the national parliaments.

### Resolution on the conciliation procedure

#### 3.2.3. The European Parliament,

having regard to the conciliation procedure instituted by the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975,<sup>1</sup>

having regard to its resolution of 9 July 1981, calling for the extension of the conciliation procedure to all of the Commission's proposals to which Parliament attaches especial importance,<sup>2</sup>

having regard to the Stuttgart Solemn Declaration on European Union in which the European Council undertook to enter into talks with Parliament with the aim of improving and extending the scope of the conciliation procedure,<sup>3</sup>

having regard to the Commission's proposal for a draft second Joint Declaration on the conciliation procedure,<sup>4</sup>

having regard to its opinion of 14 December 1983 on this proposal,<sup>5</sup>

having regard to the Single European Act and in particular the cooperation procedure instituted by that Act,

having regard to the interinstitutional agreement on budgetary discipline,<sup>6</sup>

having regard to the motion for a resolution by Mr Prout on the conciliation procedure;

having regard to the report by the Committee on Institutional Affairs and the opinions of the Committees on Budgets, on Legal Affairs and Citizens' Rights and on Political Affairs;

- A. Whereas the conciliation procedure has so far proved of limited value, but none the less retains the potential for developing into a valuable means of reconciling divergences of view between the Parliament and the Council;
- B. Whereas such a channel of negotiation can be used to reach compromises on the content of Community legislation in order to enable such legislation to be adopted with the approval of both the Council, in which national governments are represented, and the European Parliament which represents the electorate as a whole;
- C. Whereas the new cooperation procedure has important similarities to conciliation;
- D. Whereas it is desirable under the new cooperation procedure to avoid the rejection of legislation in second reading either by Parliament (by an absolute majority) or by the Council (by failing to approve or amend before the deadline);

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<sup>1</sup> OJ C 89, 22.4.1975.

<sup>2</sup> OJ C 234, 14.9.1981; Bull. EC 7/8-1981, point 2.3.7.

<sup>3</sup> Solemn Declaration on European Union (Stuttgart, 19 June 1983), paragraph 2.3.6; Bull. EC 6-1983, point 1.6.1.

<sup>4</sup> Bull. EC 12-1981, points 1.3.1 to 1.3.7 and point 2.3.2.

<sup>5</sup> OJ C 10, 16.1.1984; Bull. EC 12-1983, point 2.4.5.

<sup>6</sup> OJ L 185, 15.7.1988; Bull. EC 7/8-1988, point 2.3.6.

- E. Whereas it would therefore be helpful if compromises could be reached wherever possible between Parliament and the Council and conciliation is the only existing formal procedure enabling such compromises to be negotiated;
- F. Whereas the current volume of legislation makes it physically extremely difficult to hold separate conciliation meetings on all important legislation;
- G. Recalling that the Commission's proposal for extending the procedure is still on the table and that the Member States through the Solemn Declaration are committed to negotiating on a new Joint Declaration;
- H. Whereas the existing procedure could be improved, notably to make it more effective and also to ensure its smooth combination with the cooperation procedure;
- I. Aware that Parliament's own preparation for conciliation could also be further improved;
- J. Whereas participation in and chairmanship of conciliation meetings is based on equality between the Council and Parliament;
1. Calls on the Council and the Commission to resume consideration of this matter and reach agreement with Parliament, before the European elections of 1989, on a second Joint Declaration on the conciliation procedure, and authorizes its President to conduct the negotiations in accordance with the trialogue procedure established in the Joint Declaration of 30 June 1982;
  2. Considers that the procedure should be extended to cover all major Community legislation including those areas subject to the cooperation procedure;
  3. Believes that the procedure should be initiated at the request of any of the three institutions concerned, and considers that the Council's participation in the legislative planning procedure established by Parliament and the Commission would facilitate decisions on whether conciliation is necessary, enable conciliation to be carried out effectively and without delays and also permit several legislative proposals in a particular area to be dealt with at a single conciliation meeting;
  4. Considers that, where conciliation has been requested, it is highly desirable that preliminary contacts should be established (at the level of the President-in-Office of the Council and the President of Parliament who may be accompanied or represented by the chairman or rapporteur of the parliamentary committee primarily concerned) before the Council agrees on its position, thus obviating the need for conciliation if positions converge sufficiently;
  5. Believes that, for this purpose, the agreement between the Council and Parliament of 4 October 1971 should be reactivated;<sup>1</sup>
  6. Believes that better technical preparation by Parliament and the Council secretariats should allow the meetings themselves to concentrate on the vital points at issue;
  7. Considers that, where the Council and Parliament are in agreement, the recitals of the legislation adopted should refer to this agreement, notably when there is agreement on the budgetary implications of the legislation;
  8. Considers that, when the Council and Parliament remain in disagreement after conciliation, Parliament should be able to deliver a new opinion to this effect; the Commission would still be in a position to modify its proposal in the light of Parliament's new opinion and should do so in the same spirit as it does for second readings under the cooperation procedure;
  9. Points out that the Council, in its Decision of 24 June 1988 concerning budgetary discipline, acknowledged that the financial implementation of any Council decision is subject to its being compatible with the budget and the financial estimates contained in the interinstitutional agreement; therefore considers it essential that the Commission, Parliament and the Council should decide, by mutual agreement and by means of the conciliation procedure, on the financial consequences of legislative acts;
  10. Regards it as essential that the Council respects its commitments to keep Parliament systematically and comprehensively informed of the course of relevant proceedings in the Council and in particular of the reasons which cause the Council to diverge from Parliament's opinion;
  11. Decides for its part to improve its own preparation of conciliation meetings, notably by:
    - (i) making more complete use of the procedure wherever it is Parliament's judgment that the subject warrants its use as a result of the political importance of the question, the significance of the divergence between Parliament and the Council and the likelihood of achieving progress through negotiation,

<sup>1</sup> When the report from the Committee of Permanent Representatives to the Council differs significantly from the opinion of Parliament, the President of the Council shall establish contact with the President of Parliament who may be accompanied or represented by the chairman and/or the rapporteur of the competent committee of Parliament. He shall submit a report on this exchange of views to the Council.

- (ii) ensuring that a proper report on the outcome of conciliation meetings is presented to the plenary in accordance with Rule 43 of its Rules of Procedure; such a report could lead to the adoption of a second parliamentary opinion, as provided for in paragraph 7 of the Joint Declaration,
- (iii) taking care to choose the composition of its delegation not only in relation to its internal political balances but also bearing in mind the composition of the Council,
- (iv) coordinating more effectively the positions adopted by its various bodies, in order to ensure they are consistent and can be implemented within the budgetary resources available,

(v) stepping up the interaction between legislative procedures (legislative opinion, cooperation procedure and assent) and budgetary procedures (updating of financial perspectives, establishment of budgets, transfer and carrying-over of appropriations and discharge),

(vi) providing its conciliation secretariat with an administrative structure and resources comparable to those of a small parliamentary committee, able to coordinate the conciliation procedures involving the various parliamentary committees;

12. Instructs its President to forward this resolution to the Commission, the Council and, as regards its internal aspects, to the Bureau of Parliament.

### 3. Community — Central America dialogue

**Joint economic communiqué from the European Community and the countries party to the General Treaty on Central American economic integration and Panama resulting from the Ministerial Conference on political dialogue and economic cooperation between the European Community and its Member States, the Central American States and the States of the Contadora Group, held in San Pedro Sula on 27 and 28 February 1989**

3.3.1. The Ministerial Conference held in San Pedro Sula published the following economic communiqué:

‘1. The Community and the countries of the Central American Isthmus welcomed the continued development of the political and economic dialogue initiated between the two regions, the progress made in implementing the Luxembourg Agreement and the resolve to strengthen their economic cooperation in accordance with the Esquipulas agreements signed by the Presidents of the countries of the region, in particular the progress made in the “procedure to achieve firm and lasting peace in Central America”.

2. In this connection both parties also welcomed the progress made by the Central American Presidents at the meeting held in El Salvador on 13 and

14 February 1989 at which they had made an urgent appeal “to the international community to support the process of socio-economic recovery of the Central American nations in both the short and medium terms, taking into account the seriousness of the foreign-debt problem and the need for recovery of the levels of intra-regional trade as a basic factor in strengthening the integration process”.

3. Both parties also referred to the Community’s support for the “specific and supplementary actions” agreed upon at the joint ministerial meeting in Hamburg in February 1988 in response to an appeal by the Central American countries to the international community to provide support for sustained economic and social development based on the priorities set out in the “Immediate action plan”.

The Community and the countries of the Isthmus expressed their satisfaction at the adoption by consensus of Resolution No 42/231 of the United Nations General Assembly, which gave its support to the “Special economic cooperation plan for Central America”.

The Community reaffirmed its resolve to support the efforts of the Central American countries to contribute to the process of peace and development in the region. Both sides referred expressly to the meetings held at various levels in 1988 which had made it possible to bring out the link between

economic and social development and democracy, peace and political stability.

4. Both parties noted that the situations of conflict still existing in certain parts of the Isthmus, together with the natural disasters which had hit the Central American region and the endemic causes of socio-economic imbalance, had exacerbated the region's economic and social plight and compounded the economic difficulties of the countries of the Isthmus. This situation required a rapid mobilization of international solidarity and increased cooperation between the different Central American countries in order to give the necessary support to the various reconstruction efforts for the region and to the national measures of economic reorganization and social policy that would have to be adopted in each country in order to introduce the necessary socio-economic changes of a structural nature.

5. The Community reiterated that it had been honouring its commitment to increase significantly its financial and technical cooperation with the Central American region, thereby supporting the efforts of the Central American countries to improve the quality of life of their population.

The Central American side expressed its appreciation for the level of Community cooperation approved for the region in 1988, which for the first time had exceeded the figure of ECU 100 million. It acknowledged that the Community's financial and technical cooperation with the Central American Isthmus had been very substantial and was on the increase but said that the overall needs of the Isthmus were so great that they required even greater efforts by the international community over and above the contributions it currently received.

6. The Ministers noted with satisfaction the stepping up in 1988 of activities directed towards Central American economic integration. They stressed the high level of coordination achieved by the countries of the Central American Isthmus in organizing the use of international aid furnished to the region as a whole, in particular the intra-regional coordinating machinery approved by the meeting of Central American Vice-Presidents in September 1988.

7. The Community welcomed the progress made towards the accession of several countries of the Isthmus to the GATT with a view to their integration into the international trade system.

It assured the Central American side of its support in the competent bodies during the drafting of the clauses relating to the Accession Protocols.

Both parties recognized the fundamental importance of the Uruguay Round of multilateral trade

negotiations taking place under GATT and noted the advanced state of these negotiations which had been examined at the ministerial meeting of the contracting parties in Montreal.

Due consideration should be given to the inter-relationship between commercial, financial and monetary aspects in order to help resolve the difficulties facing the indebted countries and those heavily dependent on commodities, and to promote the reordering and improvement of the overall balance of the international economy.

8. In the field of trade, both parties confirmed that the Community's Generalized System of Preferences had allowed an increase in the volume of Central American exports eligible for access to the Community market on the basis of that system and was worth continuing systematically so that the most might be made of present possibilities. The Community also reiterated its undertaking to facilitate better and wider use by the Isthmus countries of the Community's Generalized System of Preferences.

The Community and the countries of the Isthmus acknowledged the importance of increasing exports as a means of promoting economic development, and with a view to ensuring stable, and if possible greater, access to the Community market they agreed to examine the question within the Joint Committee provided for in the Luxembourg Agreement. They also acknowledged the importance of increasing cooperation between the two regions in order to diversify exports of goods and services from the Central American countries, to increase the production of exportable goods by making them more competitive and to attract European investment for these products.

Furthermore, the Community stated that it was willing to decide unilaterally on autonomous tariff reductions, even before the conclusion of the Uruguay Round negotiations, for certain tropical products of interest to the Central American countries.

The Ministers of the Central American Isthmus noted the progress being made in the implementation of the Single Act with the aim of unifying the European market in 1992, and expressed their interest in exchanging information on this issue.

9. The Community and the countries of the Isthmus, recalling the content of the San José III and San José IV economic communiqués, noted the Community's determination to pay constant and particular attention to the problems arising in Central America owing to the variations adversely affecting revenue from the region's commodity exports.

The Community stated that it was willing to examine developments in the situation within the Joint

Committee with a view, if appropriate, to making recommendations in this field.

10. After acknowledging the positive impact of regional development projects in strengthening the integration process among the countries of the Isthmus, both sides stressed that these projects had priority and confirmed that a major part of aid would continue to be channelled towards them, attention being drawn to the Community undertaking contained in the Luxembourg Agreement.

Both sides agreed on the need to support Central American regional institutions in order to strengthen the links between the countries of the region and intensify the economic integration process. The Community stated its willingness to assist in achieving these objectives by means of appropriate cooperation with the BCIE, the SIECA, the CMCA and other regional institutions.

In conjunction with support for regional financial bodies there was an undertaking on the part of the countries of the Central American Isthmus to take the necessary measures to ensure that those bodies were maintained and strengthened as effective instruments of integration and development.

Both parties reaffirmed that resources granted by the Community under the heading of financial and technical assistance through the medium of regional institutions should be distributed, without any exclusions, in the light of the specific requirements of the various countries and in accordance with the aim of achieving balanced development in the region.

11. Both sides emphasized that the burden of servicing the Central American region's external debt continued to be serious and was a brake on the region's development. The Ministers stated that this problem must be solved with the participation of all the parties involved, especially creditor and debtor countries, multilateral financial bodies and the private international banking sector, bearing in mind the need to ensure economic growth and social and political peace in the Central American Isthmus. The parties agreed to continue their efforts to find solutions.

12. In accordance with undertakings entered into at Hamburg, the Community had intensified cooperation in the sectors regarded by the Isthmus countries as the most important. It had thus ensured the implementation of a large number of the essential elements of the "Special economic cooperation plan for Central America" which had been incorporated into the "Immediate action plan" which the countries of the Isthmus had put before the international community.

The Community confirmed its undertaking to continue taking part in specific measures for relaunching and developing the economy of the region

according to the priorities laid down in the plan adopted by the United Nations. In pursuing this objective it would come to a joint agreement with the Central American countries on the priorities to be adopted while ensuring the necessary coordination between the other countries and organizations which would collaborate at international level.

The Community and the Isthmus countries recognized that the framework of the Luxembourg Agreement and its instruments formed a suitable basis for defining and implementing the future actions which the Community would support, in connection particularly with its participation in various specific actions under the Immediate action plan and the Special economic cooperation plan for Central America.

13. Both sides welcomed the progress of the programmes and projects currently being implemented with financial and technical assistance from the European Community and its Member States. These measures covered, in particular, food security, health, promotion of cooperatives, exploitation of fishery resources, promotion of the development of small and medium-sized undertakings, export diversification, human-resource development and cooperation between scientific establishments in the two regions.

They noted with satisfaction that new projects would start to be implemented shortly, such as integrated rural development in border areas, the strengthening of the Central American air traffic control organization (Cocesna), inter-university cooperation, promotion of trade between Panama and the other countries of the Isthmus, the preparation of an overall programme for the integrated regional development of tourism, and agricultural research as a component of the food-security programme.

14. The Community and the Isthmus countries stressed the importance of safeguarding the environment of the region in order to ensure lasting development, and agreed that this concern should be suitably reflected in the various cooperation activities. In this connection they acknowledged the importance of the establishment by the Central American Presidents, during the El Salvador meeting, of the Central American Environment and Development Committee. The Community affirmed its readiness to support the countries of the Isthmus in their efforts to include the environmental aspect in the areas subject to economic planning as a component of their overall strategy. In this context it stated that it was prepared to study and consider the implementation of projects and other activities for ecological recovery, improvement and development.

The Community and the countries of the Isthmus also welcomed the proposal to continue to develop



cooperation in areas such as scientific and technological development, development in energy matters and the financing of basic training campaigns and of regional tourism projects.

Both parties reiterated the importance they attached to the participation of women, on the basis of equal rights and responsibilities, in the development processes of the Isthmus countries.

15. In view of the importance which the countries of the Central American Isthmus attach to the agricultural sector as part of regional strategy and of the process of stepping up integration, both parties agreed to strengthen relations and cooperation between the Community and Central American organizations connected with the agricultural and livestock sectors.

16. Both parties stressed the importance of a pragmatic approach to industrial cooperation, which would follow on the cooperation arrangements already established in other areas, in particular the areas of trade, finance and technology, as a further contribution to strengthening the Central American integration process as an essential element in the economic development of the region.

It was agreed by both parties that at the next Joint Committee meeting they would together consider an action programme for EC-Central America industrial cooperation which would follow the guidelines of the UN's Special economic cooperation plan for the region on that subject, which were supported by the Community.

17. The Ministers were satisfied with the implementation of operations sponsored by the Community and its Member States for the voluntary repatriation of refugees and displaced persons to their countries or places of origin in accordance with the provisions of international law on humanitarian matters and the criteria adopted at the Hamburg meeting in 1988. Both parties agreed that continuing vigilance was needed to see that these criteria were respected.

The Community and some Member States said that they would give financial backing to the preparations for the proceedings of the International Conference on Central American Refugees to be held in Guatemala in May 1989, in which the Community would also be taking part. It also said that it was prepared to take note of any recommendations and projects which might emerge from that meeting and to study the possibility of supporting them.

18. The countries of the Central American Isthmus expressed their appreciation for the immediate Community response, in accordance with the Hamburg undertakings, to their requests for food

aid, which had been more than doubled between 1987 and 1988 in order to deal with the consequences of the drought, variations in rainfall and natural disasters which had recently affected the region. They said that it was necessary to continue this support and reaffirmed, in particular, the need to set up a storage centre for food-aid operations in Central America, as mentioned in the San José III joint economic communiqué.

19. Both parties reaffirmed the importance which they attached to the creation of a Central American Parliament elected by universal suffrage. The Community repeated its readiness to make a specific contribution, in close cooperation with the European Parliament, to the various stages of the material and technical organization of the elections.

The Community had already financed training and awareness campaigns in this connection.

20. The Ministers of the countries of the Isthmus reiterated their interest in the extension by the European Investment Bank (EIB) of its activities to the countries of the region. The Community noted this interest.

21. Both parties drew attention to the call by the Central American Presidents at the meeting in El Salvador on 13 and 14 February for Community support for the implementation of a programme of restructuring, reactivating and intensifying the process of economic integration of the Isthmus, which has been formally submitted to the Community in Guatemala on 26 January 1989, as an essential element contributing to economic stabilization and peace in the region. To this end, the countries of the Central American Isthmus called for additional financial and technical resources for the drawing-up of a programme to reduce the main financial limitations on intra-regional trade; these resources would step up Community cooperation with the region. The programme consists of the following components:

- (a) Reorganization of the regional payment system and creation of a special facility for intra-regional export undertakings;
- (b) Creation of a special facility for relatively less developed countries with chronic deficits in intra-regional trade;
- (c) Strengthening and restructuring of the BCIE to enable it to support the region's economic reactivation and development processes.

22. The Community noted that the countries of the Central American Isthmus had submitted such a request in favour of reactivating intra-regional trade.

The Community likewise expressed its satisfaction at the submission of this project whose aim corre-

sponded to the common hopes expressed in the joint communiqués issued after earlier ministerial meetings. It recognized that the Central American side had made a considerable political effort, endorsed at the Presidents' meeting on 13 and 14 February 1989, to arrive at a common position on a definite project which confirmed its determination to strengthen the peace process in the region by reactivating Central American economic integration.

The Community accordingly undertook to pursue without delay and in a constructive spirit its examination of the Central American project and to define on the basis of the examination of that

project all the procedures necessary for implementation of a programme which would lay the foundations for the speeding-up of regional economic integration and for the growth of trade between the countries of the Isthmus, for the implementation of which a special effort would be made from 1989 onwards.

With regard to the BCIE and in so far as its institutional restructuring and strengthening were initiated, the Community Member States wishing to contribute towards an increase in its capital would take the necessary steps to do so. Agreements would have to be drawn up to ensure that the Member States concerned participated in the bank's administration.<sup>7</sup>

## 4. Infringement procedures

### Initiation of proceedings for failure to implement directives

#### Letters of formal notice

3.4.1. In February 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 of 26 January 1982<sup>1</sup> amending the Council Directive of 16 June 1975 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in

medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>2</sup> and the Council Directive of 16 June 1975 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors<sup>2</sup> (Italy).

#### Employment, education and social policy

Council Directive of 14 February 1977 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses<sup>3</sup> (Italy).

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<sup>1</sup> OJ L 43, 15.2.1982.

<sup>2</sup> OJ L 167, 30.6.1975.

<sup>3</sup> OJ L 61, 5.3.1977.

# 5. Additional references in the Official Journal

3.5.1. 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 10—1988**

### *Point 2.1.186*

Proposal for a Council Decision on consultation and coordination between Member States in the field of air traffic services and air traffic flow management

Proposal for a Council Decision extending Decision 78/174/EEC to the field of sea and air transport infrastructure  
OJ C 34, 10.2.1989

## **Bull. EC 11—1988**

### *Point 2.1.7*

Proposal for a Council Directive on the driving licence  
OJ C 48, 27.2.1989

### *Point 2.1.89*

Commission Regulation (EEC) No 556/89 of 30 November 1988 on the application of Article 85(3) of the Treaty to certain categories of know-how licensing agreements  
OJ L 61, 4.3.1989

### *Point 2.1.157*

Draft Joint Decision of the Council and the Commission of the European Communities setting up a programme of options specific to the remote and insular nature of the overseas departments (Poseidom)  
OJ C 53, 2.3.1989

## **Bull. EC 2-1989**

### *Point 2.1.218*

Amendment to the proposal for a Council Directive on health problems affecting the production and the placing on the market of egg products  
OJ C 53, 2.3.1989

## **Bull. EC 12—1988**

### *Point 2.1.1*

Council Decision 88/655/EEC of 21 December 1988 adopting the annual report on the economic situation in the Community and laying down economic policy guidelines for 1989  
OJ L 377, 31.12.1988

### *Point 2.1.20*

Council Directive 89/173/EEC of 21 December 1988 on the approximation of the laws of the Member States relating to certain components and characteristics of wheeled agricultural or forestry tractors  
OJ L 67, 10.3.1989

### *Point 2.1.22*

Proposal for a Council Directive on the harmonization of the laws of the Member States relating to non-automatic weighing instruments  
OJ C 55, 4.3.1989

### *Point 2.1.24*

Proposal for a Council Directive on the approximation of the laws of the Member States on mobile machinery  
OJ C 70, 20.3.1989

### *Point 2.1.34*

Proposal for a Council Regulation (EEC) laying down a Community procedure for the establishment of tolerances for residues of veterinary medicinal products

Proposal for a Council Directive amending Directive 81/851/EEC on the approximation of the laws of the Member States relating to veterinary medicinal products

Proposal for a Council Directive extending the scope of Directive 81/851/EEC on the approximation of the laws of the Member States relating

to veterinary medicinal products and laying down additional provisions for immunological veterinary medicinal products  
OJ C 61, 10.3.1989

*Point 2.1.35*

Proposal for a Council Regulation (EEC) on the elimination of controls performed at the frontiers of Member States in the field of road and inland waterway transport  
OJ C 58, 7.3.1989

*Point 2.1.65*

Proposal for a Council Decision adopting a specific research and technological development programme in the field of biotechnology (1990 to 1994) — Biotechnology research for innovation, development and growth in Europe (Bridge)  
OJ C 70, 20.3.1989

*Point 2.1.91*

Council Regulation (EEC) No 4235/88 of 21 December 1988 amending Regulation (EEC) No 918/83 setting up a Community system of reliefs from duty  
OJ L 373, 31.12.1988

*Point 2.1.94*

Council Regulation (EEC) No 4271/88 of 21 December 1988 on the application of Decision No 5/88 of the EEC-Austria Joint Committee modifying Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules

Council Regulation (EEC) No 4272/88 of 21 December 1988 on the application of Decision No 5/88 of the EEC-Finland Joint Committee modifying Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules

Council Regulation (EEC) No 4273/88 of 21 December 1988 on the application of Decision No 5/88 of the EEC-Iceland Joint Committee modifying Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules

Council Regulation (EEC) No 4274/88 of 21 December 1988 on the application of Decision No 5/88 of the EEC-Norway Joint Committee

modifying Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules

Council Regulation (EEC) No 4275/88 of 21 December 1988 on the application of Decision No 5/88 of the EEC-Sweden Joint Committee modifying Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules

Council Regulation (EEC) No 4276/88 of 21 December 1988 on the application of Decision No 5/88 of the EEC-Switzerland Joint Committee modifying Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation in order to simplify the cumulation rules

Council Regulation (EEC) No 4277/88 of 21 December 1988 concerning the safeguard measure laid down in Article 2 of Decision No 5/88 of the EEC-Austria Joint Committee amending Protocol 3

Council Regulation (EEC) No 4278/88 of 21 December 1988 concerning the safeguard measure laid down in Article 2 of Decision No 5/88 of the EEC-Finland Joint Committee amending Protocol 3

Council Regulation (EEC) No 4279/88 of 21 December 1988 concerning the safeguard measure laid down in Article 2 of Decision No 5/88 of the EEC-Iceland Joint Committee amending Protocol 3

Council Regulation (EEC) No 4280/88 of 21 December 1988 concerning the safeguard measure laid down in Article 2 of Decision No 5/88 of the EEC-Norway Joint Committee amending Protocol 3

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