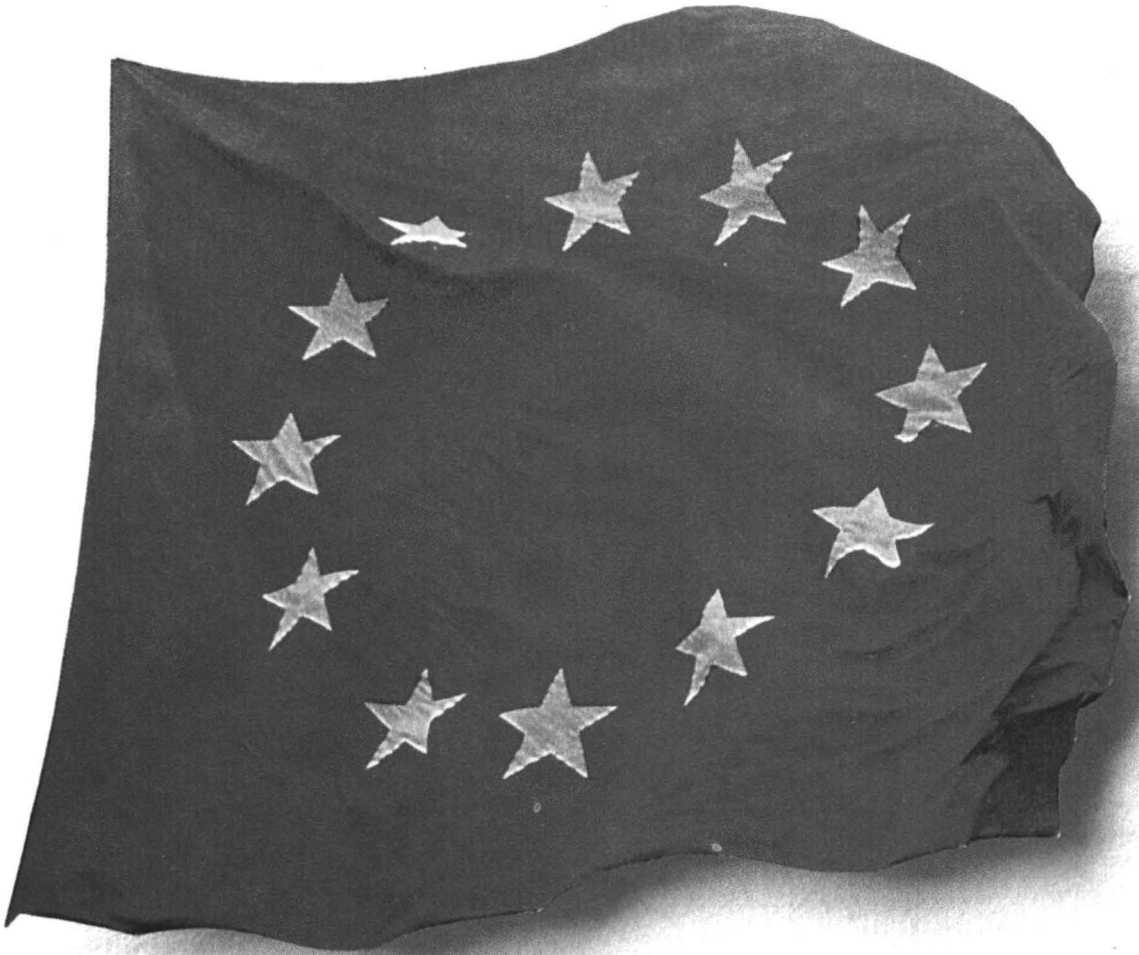


Bulletin of the European Communities

Commission



No 6 1989 Volume 22

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

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

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- 2/89 Programme of the Commission for 1989
- 3/89 Takeover and other general bids

* In preparation.

PART ONE

SPECIAL FEATURES

1. European Council

Madrid, 26 and 27 June

1.1.1. Under the outstanding chairmanship of Prime Minister Gonzales, this important meeting of the European Council focused mainly on economic and monetary union, and a number of decisive conclusions on this subject were adopted unanimously.

The European Council decided that the report drawn up by the Committee chaired by Mr Jacques Delors¹ represented a basis for further work and launched the process leading to economic and monetary union. The first stage will start on 1 July 1990. The preparations for subsequent stages, which will require an Intergovernmental Conference, will also be carried out. The process started by the Hanover European Council in June 1988² has thus achieved its first practical results involving all the Member States.

The European Council's discussion placed the question of the social dimension in the context of the implementation of all aspects of the Single Act, in particular completion of the internal market. The conclusions, unanimously approved by the Member States, form a firm foundation for further work during the French Presidency. The European Council also took note of the majority conclusions reached by the Council (Social Affairs) on 12 June (→ point 2.1.97) concerning the preliminary draft Community Charter of Fundamental Social Rights.³

The European Council also confirmed that the environment was a priority issue by calling on the Council to examine as soon as possible the proposal to set up a European Environment Agency (→ point 2.1.114) and by raising the question of the conservation of tropical forests and the problems of Community areas affected by desertification, erosion and deforestation.

The European Council expressed its satisfaction with the progress made on the internal market. In particular, it welcomed the Commission's new approach to the ques-

tion of indirect taxation and excise duty⁴ and renewed the mandate which the Hanover European Council had given to the group of coordinators for the elimination of physical frontiers.²

On external relations, the European Council's conclusions cover a wide range of subjects, in particular the situation in the Middle East and in China, on which two major declarations were adopted under the political cooperation procedure.

Presidency conclusions

1.1.2. The European Council, meeting in Madrid, reviewed the situation and the prospects for progress towards European Union.

The European Council welcomed the vigorous turn taken by European cooperation, which had been given a fresh boost by the Single Act, as demonstrated by the Community's greater role in international affairs. The completion of the internal market and the strengthening of economic and social cohesion were the priority objectives of this new chapter in the history of the Community. It also noted the progress made by the Twelve as a result of increasing involvement in world affairs and greater consistency between Community objectives as such and political cooperation.

The third elections to the European Parliament by direct universal suffrage, which took place between 15 and 18 June (→ point 1.2.1 *et seq.*), likewise bore witness to the consolidation of European integration. The European Council considered that the implementation of the provisions of the Single Act had led to a real and appreciable increase in the Parliament's contribution to the Community legislative process. This contribution was now embodied in effective cooperation between Parliament, Commission and Council, developing in a climate of mutual trust. In this connection the European Council heard a report by the outgoing President, Lord Plumb, to whom it paid special tribute. The European Council noted the broadly positive conclusions arrived at by the President of the European Parliament regarding the state of

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

² Bull. EC 6-1988, points 1.1.1 to 1.1.4 and 3.4.1.

³ Bull. EC 5-1989, points 1.2.1 to 1.2.5.

⁴ Bull. EC 5-1989, point 1.1.1.

interinstitutional cooperation and the means of improving it. In this context, it would be desirable for the various Community institutions to analyse their respective post-1992 roles.

The Community and European political cooperation were currently engaged in an ambitious work programme involving the complete and balanced implementation of the Single Act.

European Communities

Implementation of the Single Act

Internal market

Completion of the internal market

1.1.3. The European Council noted that the forward thrust in achievement of the internal market was making an ever-increasing contribution to expansion and improvement in the employment situation. This thrust had hitherto resulted mainly from the decisions taken to remove technical barriers to trade. It was now necessary to make similar progress towards the elimination of physical and fiscal obstacles with a view to achieving an area without internal frontiers by 31 December 1992 in accordance with the provisions of Article 8a of the Single Act.

The growing rate at which decisions were being taken mean that well over half the measures listed in the White Paper¹ had been adopted. The Council recalled certain priority fields identified at its meetings in Hanover² and Rhodes³ and welcomed the fact that important decisions had been taken in the areas of public contracts, banking and financial services, the approximation of technical standards and transport. However, it noted that there were still decisions to be taken in these priority fields, including transport, in particular cabotage, and asked the Council to intensify its work in these sectors.

The European Council invited the Commission to submit to the Council the remaining proposals provided for in the White Paper at the earliest opportunity, and expected the Council to finalize adoption, as quickly as possible, of the instruments that would permit the completion of the internal market.

Fraud

1.1.4. The European Council emphasized the need for firm action to tackle the problem of fraud to the detriment of the Community budget.

It welcomed the very substantial progress already achieved in combating fraud by Member States taking part in the Commission's action plan approved by the Council (Economic and Financial Affairs) on 19 June (→ point 2.5.10).

It invited the Council to decide as soon as possible on the various proposals for Regulations to combat fraud which had been submitted to it by the Commission.

Taxation

1.1.5. The European Council was concerned at the delay in finding a solution to the problem of the taxation of savings and stressed the need to ensure that the liberalization of capital movements did not facilitate tax fraud. The European Council asked the Council to increase its efforts to find a satisfactory solution to the problems of taxation of savings in order to reach an agreement before 1 July 1990.

The European Council welcomed the fact that detailed discussions had now begun in the field of the approximation of indirect taxation on the basis of the new approaches proposed by the Commission⁴ and taking account of the Member States' suggestions, and that a procedure for the continuation of those discussions had been laid down. The European Council emphasized the need to reach agreement on the broad lines of a solution in this area before the end of the year, having regard to all the problems involved, in order to ensure that the internal market came into operation on schedule.

Audiovisual production

1.1.6. The European Council considered it vital that further efforts be made to strengthen all areas of Europe's audiovisual production capacity, as requested at its meeting in Rhodes.⁵ That implied the Community's technological presence, the free

¹ Bull. EC 6-1985, points 1.3.1 to 1.3.9.

² Bull. EC 6-1988, points 1.1.1 to 1.1.4 and 3.4.1.

³ Bull. EC 12-1988, point 1.1.3.

⁴ Bull. EC 5-1989, point 1.1.1.

⁵ Bull. EC 12-1988, point 1.1.9.

movement of programmes with due regard to cultural diversity, and the promotion of European production.

The European Council noted the substantial progress made in this field with the adoption of a Decision on high-definition television.¹ In view of the above, it invited the Council to continue work on the Directive on the free movement of television signals, with a view to adopting it within the time-limit laid down in the procedure for cooperation with Parliament.² The European Council hoped that the forthcoming Audiovisual Conclave would be successful.

Free movement of persons

1.1.7. In accordance with the Rhodes European Council's decision,³ the Coordinators Group has drawn up a report (the 'Palma document') on the measures needed in different fields in order to achieve progress towards the effective freedom of movement of persons within the Community.

The European Council, feeling that free movement of persons was a priority for 1992, endorsed that document's conclusions, which were largely based on the approach and methods employed in the White Paper on the completion of the internal market,⁴ which were of proven effectiveness in this context. It instructed the Coordinators Group, at the instigation of the Council (General Affairs), to spare no effort to ensure that the programme of work proposed in the Palma document was completed as planned.

Social dimension

1.1.8. The European Council considered that, in the course of the construction of the single European market, social aspects should be given the same importance as economic aspects and should accordingly be developed in a balanced fashion.

The European Council reaffirmed its Hanover⁵ and Rhodes⁶ conclusions on the achievement of the internal market as the most efficient method of creating jobs and ensuring maximum well-being for all Community citizens. Job development and creation must be given top priority in the achievement of the internal market. In this way the Community should create five million jobs between 1988 and 1990.

The European Council noted with satisfaction that the aims of Article 118a were being fulfilled by the adoption of important directives on the safety and

health of workers, leading to an improvement in the quality of the working environment.

The European Council stressed that making the most of human resources through training was a fundamental aspect of economic and social development; it noted the agreement reached on continuing vocational training (→ point 2.1.109). The European Council called upon the Commission, the Council and both sides of industry to expedite the ongoing work with a view to obtaining as soon as possible the mutual recognition of qualifications, full occupational mobility and the implementation of both priority objectives decided upon by the Community Council in Brussels in February 1988,⁷ namely the integration of young people into working life and combating long-term unemployment.

The European Council noted with interest the progress made in the social dialogue at Community level pursuant to Article 118b of the Treaty.⁸ The internal market must be achieved in a climate of close cooperation between employers and workers so that economic and technical changes take place in a socially acceptable manner. To this end, social achievements must be preserved and economic and social cohesion strengthened.

The European Council also took note of the comparative study on national social legislation (→ point 2.1.101) which it had requested from the Commission in Hanover.⁵ It considered that an analysis of the similarities and differences contained in the study would greatly assist the current discussions.

The European Council noted that, at the Council meeting (Social Affairs) on 12 June (→ point 2.1.47), the Commission had submitted a preliminary draft Community Charter of Fundamental Social Rights on which an initial debate had been held, leading to the draft conclusions set out in Annex I (→ point 1.1.14) and accepted by 11 delegations.

The Council will continue its discussions with a view to adopting the measures necessary to achieve the social dimension of the single market, taking account of fundamental social rights. For this purpose the role to be played by Community stan-

¹ OJ L 142, 25.5.1989; Bull. EC 4-1989, point 2.1.162.

² OJ L 158, 26.6.1989; Bull. EC 5-1989, point 2.1.11.

³ Bull. EC 12-1988, point 1.1.3.

⁴ Bull. EC 6-1985, points 1.3.1 to 1.3.9.

⁵ Bull. EC 6-1988, points 1.1.1 to 1.1.4 and 3.4.1.

⁶ Bull. EC 12-1988, point 1.1.4.

⁷ Bull. EC 2-1988, point 1.1.1.

⁸ Bull. EC 1-1989, points 1.2.1 to 1.2.7.

dards, national legislation and contractual relations must be clearly established.

The Council, after consulting both sides of industry, should state its position on this work programme prior to the next meeting of the European Council.

Environment

1.1.9. The European Council welcomed the stepping-up of the Council's activity during the past six months and emphasized in particular the importance of the measures adopted in the areas of ozone layer protection,¹ the greenhouse effect (→ points 2.1.120 and 3.2.1), pollutant emissions from small cars (→ point 2.1.117) and forestry policy.²

Conscious of its responsibilities in the face of threats on a global scale (climatic changes, deforestation, desertification, etc.), the European Council considered that the Community had an essential role to play in the protection of the environment, both by means of its internal legislation and by its active contribution to all the initiatives taken at international level.

As part of a global environment policy, including the fight against desertification, erosion and deforestation, the European Council called upon the Commission to submit a programme for the protection of the environment in the regions of the Community affected by these problems.

At the request of the Chancellor of the Federal Republic of Germany, the European Council discussed the vital contribution of tropical forests to the stability of the world's climate and to the preservation of the earth's genetic resources. Aware of the special responsibility of the industrialized countries for maintaining the balance of nature worldwide, the European Council expressed the wish that these questions be dealt with in close collaboration with the countries concerned.

The European Council took note of the recent Commission proposal for the creation of a European Environment Agency open to European countries with the object of providing the bases for the scientific evaluation of ecological problems (→ point 2.1.114). It called upon the Council to examine this proposal at the earliest opportunity.

Research and development

1.1.10. Given the progress achieved in the implementation of the framework programme of

Community action, together with the work already started by the Commission and the Council on reviewing it, the European Council took note of the Commission's intention to submit a new framework programme for the period 1990-94 (→ point 2.1.49).

This review must provide the occasion to give fresh impetus to action by the Community in this area, which is of capital importance in strengthening the scientific and technological bases of European industry as a whole and increasing its international competitiveness.

Economic and monetary union

1.1.11. The European Council restated its determination progressively to achieve economic and monetary union as provided for in the Single Act and confirmed at the European Council meeting in Hanover.³ Economic and monetary union must be seen in the perspective of the completion of the internal market and in the context of economic and social cohesion.

The European Council considered that the report by the Committee chaired by Jacques Delors,⁴ which defines a process designed to lead by stages to economic and monetary union, fulfilled the mandate given in Hanover. The European Council felt that its realization would have to take account of the parallelism between economic and monetary aspects, respect the principle of subsidiarity and allow for the diversity of specific situations.

The European Council decided that the first stage of the realization of economic and monetary union would begin on 1 July 1990.

The European Council asked the competent bodies (the Council (Economic and Financial Affairs, and General Affairs), the Commission, the Committee of Central Bank Governors and the Monetary Committee):

- (a) to adopt the provisions necessary for the launch of the first stage on 1 July 1990;
- (b) to carry out the preparatory work for the organization of an Intergovernmental Conference to lay down the subsequent stages; that Conference would meet once the first stage had begun and would be preceded by full and adequate preparation.

¹ Bull. EC 3-1989, points 1.2.1 to 1.2.5.

² OJ L 165, 15.6.1989; Bull. EC 5-1989, point 2.1.177.

³ Bull. EC 6-1988, points 1.1.1 to 1.1.4 and 3.4.1.

⁴ Bull. EC 4-1989, points 1.1.1 to 1.1.5.

People's Europe

1.1.12. The European Council considered that, despite the results achieved on certain key dossiers of a people's Europe, progress had been inadequate. It requested the Council and the Commission to take stock of progress in that area and draw the necessary conclusions regarding action to be taken. The Council will report back to the next European Council meeting.

External relations

1.1.13. In keeping with the Rhodes Declaration on the international role of the European Community,¹ the European Council reviewed developments in relations between the Community and a number of its partners.

- The European Council noted with satisfaction the progress made in cooperation with the EFTA countries following the Summit of Heads of Government in Oslo and the joint meeting of Ministers for Foreign Affairs,² which were held in March. In this context it emphasized the importance which it attached to the rapid identification of the best ways of developing these relations in a more structured way. It hoped to be apprised at its first meeting of concrete results obtained in the mean time in this area.

- The European Council noted that satisfactory progress had been made in establishing an appropriate policy towards the East European countries ensuring consistency between Community policies and those agreed within political cooperation, in accordance with Article 30(5) of the Single Act. In this context, it noted the progress made towards the conclusion of trade and cooperation agreements with a number of those countries, at the same time emphasizing the common will to contribute to the efforts made, by Poland and Hungary in particular, to open up their economies and put them back on a sound footing.

- The European Council restated the importance it attached to the successful conclusion of the multilateral negotiations under the Uruguay Round,³ which should make it possible to set up an international system able to meet the challenge arising on a world scale not only for trade in goods but also for services, for the protection of intellectual property and for action on the special situation of the developing countries. It reaffirmed the Community's determination to oppose any recourse to unilateral measures which might jeopardize such an international system.

- The European Council reaffirmed its commitment to a close and comprehensive transatlantic relationship, and noted with satisfaction the cooperation relations which had already been established with the new United States Administration.

- The European Council stressed the importance it attached to the consolidation of the long-established privileged links between the Community and the ACP States. It welcomed the progress made in renegotiating the ACP-EEC Convention and called for the negotiations to be concluded by the end of the year.

- The European Council likewise confirmed the significance it attached to strengthening and extending relations with the countries associated with the Community.

- The European Council paid particular attention to examining the situation of middle-income countries facing the problem of indebtedness. Their situation was extremely worrying, especially in Latin America, where a solution to this problem was of particular importance for the consolidation and strengthening of democracy.

The European Council confirmed that the Member States of the Community had a responsibility to play an active part in finding realistic solutions, in the appropriate forums, given the historical links and the cultural and political affinities linking them with the countries in question.

The European Council and the Member States accordingly confirmed the conclusions reached by the Ministers at the meeting of the Council (Economic and Financial Affairs) in March⁴ and stressed the willingness of the Member States to consider solutions involving voluntary reductions in debt and debt servicing, case by case, with the participation of the IMF and the World Bank. It was, however, pointed out that some Member States had recently adopted global measures.

The European Council emphasized that it was not possible to delay a solution to this problem. It called upon commercial banks and debtor countries to evolve the practical mechanisms required for a solution to this matter, which posed serious economic and political problems.

The European Council took note of the Spanish proposal, summarized in Annex II (→ point 1.1.15), to set up a European Guarantee Fund

¹ Bull. EC 12-1988, point 1.1.10.

² Bull. EC 3-1989, point 2.2.7.

³ Bull. EC 9-1986, point 1.4.1 to 1.4.4; Bull. EC 12-1988, points 2.2.2 to 2.2.4; Bull. EC 4-1989, points 1.3.1 to 1.3.9.

⁴ Bull. EC 3-1989, point 2.2.48.

for the purpose of ensuring a special European contribution to the strengthening and balance of the international effort in this area. This proposal will be examined by the Council (Economic and Financial Affairs).

Annex I

Draft conclusions of the Council

1.1.14. The Council discussed in depth the preliminary draft Community Charter of Fundamental Social Rights¹ which the Commission submitted at this Council meeting.

The Council considered that the Commission's preliminary draft broadly echoed the opinion expressed by the Economic and Social Committee on 22 February 1989² and the European Parliament's resolution of 15 March 1989³ and that it constituted a major contribution to achieving a social area.

The Council stated that in the context of the establishment of the European single market the same importance should be given to social aspects as was given to economic aspects and that they should consequently be developed in a balanced fashion.

The Council hoped that in further discussions both sides of industry would be involved in the examination of fundamental social rights and as broad a consensus as possible might be reached.

The Council stated that the European social area should comprise a set of sufficiently precise and legally binding rights, which must comply with the principle of subsidiarity and promote social dialogue.

The Council took the view that the Commission's preliminary draft contained, on the one hand, a list of rights which must be defined with the utmost precision and compliance with which must be guaranteed by the adoption of compulsory rules in keeping with the provisions of the Treaties and, on the other, a series of objectives which should be pursued in the context of the attainment of the European social area and which would have to be established by means of an action programme and common policies without prejudice, on either side, to the role conferred by the Single Act on relations based on agreement.

The Council considered that the fundamental social rights must be approved as soon as possible

by means of a Solemn Declaration of the Heads of State or Government.

The Council invited the Commission immediately to set about formulating rules concerning fundamental rights and drawing up an action programme to achieve the social objectives, in accordance with the conclusions of the European Councils of Hanover⁴ and Rhodes.⁵ The Council also agreed to resume examination of the proposals already submitted by the Commission and to act on them immediately.

Without prejudice to any amendments which might still be made, the Council noted that there was a general consensus on the fundamental rights set out in the preliminary draft Charter¹ and that they constituted the social identity of the Community.

These conclusions will be forwarded to the President of the European Council.

Annex II

Elements of the Spanish proposal concerning the creation of a European Guarantee Fund (EGF) for operations to reduce the payment and level of the foreign debt of heavily indebted countries

1.1.15. The system would address the problem of the debt of middle-income countries. It would cover not only Latin America, but North African, Far Eastern and East European countries too.

For this system to be launched three conditions must be satisfied:

- (i) the debtor countries must reach agreement with the IMF on the economic programme to be pursued over the three following years;
- (ii) the banking sector must accept the reductions which the IMF and the EGF consider appropriate;
- (iii) the creditor countries which are not members of the EGF must make a contribution, on a case-by-case basis, equivalent to that made by the countries participating in the above Fund.

¹ Bull. EC 5-1989, points 1.2.1 to 1.2.15 and 3.3.1.

² OJ C 126, 23.5.1989; Bull. EC 2-1989, point 2.1.75.

³ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.79.

⁴ Bull. EC 6-1988, points 1.1.1 to 1.1.4 and 3.4.1.

⁵ Bull. EC 12-1988, point 1.1.4.

The creation of the EGF would strengthen the multilateral aspect envisaged for dealing with the debt problem.

The Fund would allow a more balanced distribution of the efforts to be made by ensuring that the commercial banks shoulder their share of responsibility.

As the EGF is to be a guarantee system, it is not envisaged that the participating countries would pay initial contributions.

The EGF would be formed on an intergovernmental basis; all interested European countries could take part in it.

Political cooperation

East-West relations, including the CSCE

1.1.16. The European Council recognizes the importance of the profound changes now taking place in the USSR and the Central European and East European countries, while regretting that serious violations of human rights still occur in some of those countries, in particular against members of ethnic and religious minorities. It has reaffirmed the determination of the Community and its Member States to play an active role in supporting and encouraging positive changes and reform.

The European Council has reaffirmed the full validity of the comprehensive approach integrating political, economic and cooperation aspects which the European Community and its Member States follow in their relations with the USSR and with Central European and East European countries.¹ It has assessed positively the concrete steps which the Community and its Member States, following the Rhodes Declaration,² have taken in these fields.

The European Council looks forward to an intensification of relations between East and West in all fields. It reaffirms its belief that progress in arms control and disarmament, respect for human rights and the free circulation of ideas, information and persons remain necessary elements for this improved East-West atmosphere to materialize into further tangible results.

The European Council is convinced that the CSCE process provides the appropriate framework for achieving greater progress in all these fields, enabling Europe to look forward to a day when its present divisions become a matter of history.

The Twelve, who are gradually strengthening their cooperation as a contribution to preserving their security, seek to enhance stability and security through lower levels of forces and armaments as well as through greater transparency and predictability in military matters and thus to promote progress in *rapprochement* and in the dialogue among all the peoples in Europe. In this framework, they attach great importance to the negotiations on conventional forces in Europe and on confidence and security-building measures currently under way in Vienna and will strive for their early and satisfactory conclusion. The resumed Geneva negotiations on reductions in strategic nuclear weapons and the negotiations on chemical weapons also offer prospects for greatly reduced military confrontation and an improved climate of relations between East and West.

Middle East

1.1.17. The European Council reiterates its determination to continue contributing to the settlement of the Arab-Israeli conflict and has approved the attached declaration (→ point 1.1.23).

In this context, the European Council considers that a definitive solution to the Lebanese crisis should be urgently negotiated and implemented. It confirms the full support of the Twelve for the Committee of the Three set up by the Arab League Summit in Casablanca. The European Council calls on all parties involved to cooperate fully with the Committee of the Three with the aim of achieving a complete and lasting ceasefire and a just political solution to the Lebanese crisis based on the sovereignty, unity and territorial integrity of Lebanon.

The European Council considers that a political solution should be based on the election of a President, political reforms and the withdrawal of all non-Lebanese troops. It renews its call for the immediate and unconditional release of all hostages in Lebanon and elsewhere. It reaffirms its full support for Unifil. The European Council has expressed its hope that the Iranian leaders will prove, by concrete actions, their willingness to develop constructive relations with the Community and its Member States, on the basis of freedom, tolerance and respect for international law.

¹ Bull. EC 4-1989, point 2.2.11.

² Bull. EC 12-1988, point 1.1.10.

Maghreb

1.1.18. The European Council attaches importance to the strengthening and development of relations with the Maghreb, particularly following the establishment of the Arab Maghreb Union, which the European Community and its Member States have publicly welcomed. The consolidation of the process of integration initiated by the establishment of the Union will contribute to the economic development and stability of the region and should enhance the prospects for a settlement of the Western Sahara dispute. The European Council also considers that the establishment of the Union provides a basis for closer cooperation between the Community and the Maghreb.

Cyprus

1.1.19. The European Council has noted with concern that the Cyprus problem has not yet found a solution and that the tragic division of the island still remains. The Twelve stand fully by the previous statements and reiterate their support for the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant UN resolutions. They stress the need for progress in the intercommunal dialogue under UN auspices and appeal to the parties concerned to cooperate with the UN Secretary-General towards this end and to refrain from any action that could jeopardize this dialogue.

Latin America

1.1.20. The European Council has noted the further development of relations between the Community and its Member States and Latin America, and has examined the results of the ministerial meetings recently held in San Pedro Sula (Honduras) and in Granada (Spain).

The European Council reaffirms the concern of the Community and its Member States at the situation in Central America. A just, stable and lasting solution must be found through diplomatic action, regional dialogue, economic cooperation and national reconciliation based on respect for democracy and human rights, in full compliance with the Esquipulas Agreement.

Latin American countries' aims of attaining genuine democracy are threatened by a difficult economic and financial situation of which debt is one of the main elements. The European Council commends the efforts towards genuine economic

reforms and welcomes the intention of the governments concerned to continue in that direction. The European Council has agreed on the need for Member States of the Community to support efforts in international financial institutions and among creditor governments and by public and private banks to seek urgent solutions to these problems.

The European Council calls for the continued development of political contacts and of economic, technical, commercial and financial cooperation between the Community and Latin America. It has noted with satisfaction the work already undertaken in the Community framework along the lines of the Hague conclusions of 26 and 27 June 1986.¹ Referring to the conclusions of various Councils, it has invited the Commission to pursue its efforts to allow the development of differentiated and increasingly effective policies of cooperation between Latin America and the European Community and its Member States, without prejudice to the development of close relations and cooperation with other regions.

Asia

1.1.21. The European Council has expressed its deep concern over the situation in China and has approved the attached declaration (→ point 1.1.24).

The European Council, reaffirming the previous declarations on Cambodia, welcomes progress made towards the settlement of the conflict in that country. While acknowledging a certain improvement in the international aspects of the Afghan conflict, it has expressed concern at the situation in Afghanistan and urges all the parties involved to work for the establishment of a truly representative government by a genuine act of self-determination. The European Community and its Member States have reiterated their readiness to contribute to the reconstruction of these countries according to their particular circumstances.

The European Council recognizes the urgency and the gravity of the problem of flooding in Bangladesh and is ready to lend effective, coordinated support to the government of that country, in the search for viable solutions which will ensure better flood control.

The European Council welcomes the fact that political dialogue and economic cooperation with the Asean countries have proved effective and will be

¹ Bull. EC 6-1985, point 1.1.17.

further developed at the forthcoming meetings in Brunei and Manila.

Southern Africa

1.1.22. The European Council confirms its determination to continue striving for the abolition of apartheid through a process of peaceful change and for the establishment of a non-racial, free, democratic and united South Africa.

In support of the UN Secretary-General and his special representative, the European Council has confirmed that it will make every effort to ensure that Security Council Resolution 435 continues to be implemented in all its aspects, allowing free and fair elections and the independence of Namibia within the agreed timetable.

The European Council welcomes the positive results obtained at the Gbadolite Summit, which has opened the way to peace in Angola. The European Community and its Member States reaffirm their willingness to contribute to the stability, reconstruction and economic development of that country.

Annex I

Declaration on the Middle East

1.1.23. The European Council has examined the situation in the Middle East conflict in the light of recent events and of contacts undertaken over several months by the Presidency and the 'troika' with the parties concerned, and it has drawn the following conclusions:

The policy of the Twelve on the Middle East conflict is defined in the Venice Declaration of 13 June 1980¹ and subsequent declarations. It consists in upholding the right to security of all States in the region, including Israel, that is to say, to live within secure, recognized and guaranteed frontiers, and in upholding justice for all the peoples of the region, which includes recognition of the legitimate rights of the Palestinian people, including their right to self-determination with all that this implies.

The Twelve consider that these objectives should be achieved by peaceful means in the framework of an international peace conference under the auspices of the United Nations, as the appropriate forum for the direct negotiations between the par-

ties concerned, with a view to a comprehensive, just and lasting settlement.

The European Council is also of the view that the PLO should participate in this process.

It expresses its support for every effort by the permanent members of the Security Council of the United Nations to bring the parties closer together, create a climate of confidence between them, and facilitate in this way the convening of the international peace conference.

The Community and its Member States have demonstrated their readiness to participate actively in the search for a negotiated solution to the conflict, and to cooperate fully in the economic and social development of the people of the region.

The European Council expressed its satisfaction regarding the policy of contacts with all the parties undertaken by the Presidency and the 'troika', and has decided to pursue it.

The European Council welcomes the support given by the Extraordinary Summit Meeting of the Arab League, held in Casablanca, to the decisions of the Palestinian National Council in Algiers, involving acceptance of Security Council Resolutions 242 and 338, which resulted in the recognition of Israel's right to exist, as well as the renunciation of terrorism.

It also welcomes the efforts undertaken by the United States in their contacts with the parties directly concerned and particularly the dialogue entered into with the PLO.

Advantage should be taken of these favourable circumstances to engender a spirit of tolerance and peace with a view to entering resolutely on the path of negotiations.

The European Council deplores the continuing deterioration of the situation in the Occupied Territories and the constant increase in the number of dead and wounded and the suffering of the population.

It appeals urgently to the Israeli authorities to put an end to repressive measures, to implement Resolutions 605, 607 and 608 of the Security Council and to respect the provisions of the Geneva Convention on the Protection of Civilian Populations in Times of War. They appeal in particular for the reopening of educational facilities in the West Bank.

On the basis of the positions of principle of the Twelve, the European Council welcomes the proposal for elections in the Occupied Territories

¹ Bull. EC 6-1980, point 1.1.6.

as a contribution to the peace process, provided that the elections are set in the context of a process towards a comprehensive, just and lasting settlement of the conflict, that the elections take place in the Occupied Territories including East Jerusalem, under adequate guarantees of freedom, and that no solution is excluded and the final negotiation takes place on the basis of Resolutions 242 and 338 of the Security Council of the United Nations, based on the principle of 'land for peace'.

The European Council launches a solemn appeal to the parties concerned to seize the opportunity to achieve peace. Respect by each of the parties for the legitimate rights of the other should facilitate the normalizing of relations between all the countries of the region. The European Council calls upon the Arab countries to establish normal relations of peace and cooperation with Israel and asks that country in turn to recognize the right of the Palestinian people to exercise self-determination.

Annex II

Declaration on China

1.1.24. The European Council, recalling the Declaration of the Twelve of 6 June (→ point 2.3.2), strongly condemns the brutal repression taking place in China. It expresses its dismay at the pursuit of executions in spite of all the appeals of the international community. It solemnly requests the Chinese authorities to stop the executions and to put an end to the repressive actions against those who legitimately claim their democratic rights.

The European Council requests the Chinese authorities to respect human rights and to take into account the hopes for freedom and democracy deeply felt by the population. It underlines that this is an essential element for the pursuit of the policy of reforms and openness that has been supported by the European Community and its Member States.

The Twelve are aware that the recent events have caused great anxiety in Hong Kong.

In the present circumstances, the European Council thinks it necessary to adopt the following measures:

- (i) raising of the issue of human rights in China in the appropriate international forums; asking for the admittance of independent observers to attend the trials and to visit the prisons,
- (ii) interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China,
- (iii) suspension of bilateral ministerial and high-level contacts,
- (iv) postponement by the Community and its Member States of new cooperation projects,
- (v) reduction of programmes of cultural, scientific and technical cooperation to only those activities that might maintain a meaning in the present circumstances,
- (vi) prolongation by the Member States of visas to the Chinese students who wish it.

Taking into account the climate of uncertainty created in the economic field by the present policy of the Chinese authorities, the European Council advocates the postponement of the examination of new requests for credit insurance and the postponement of the examination of new credits of the World Bank.

2. Results of the 1989 European elections

1.2.1. 143 million voters went to the polls on 15 June in Denmark, Spain, Ireland, the Netherlands and the United Kingdom and 18 June in the other seven Member States to elect 518 members of the European Parliament for a five-year term in the third direct European elections.¹

1.2.2. In the absence of a uniform electoral system, each Member State, as in previous elections, used a system of its own which in most cases was the same as that used in national elections. Various systems of proportional representation were used in all the Member States except the United Kingdom where, except in Northern Ireland, voting was by simple majority in single-member constituencies.

1.2.3. In most Member States the election campaign was once again dominated by domestic political issues. There were, however, signs of a greater awareness of Community questions in the statements put out by political parties, especially on the subject of completing the internal market, the social dimension and environmental protection. Even so, the turnout was lower for the Community as a whole, at 58.4% as against

61% in 1984, reflecting a fall in France, Spain, Denmark, Belgium, Italy and Portugal.

The turnout was higher, on the other hand, in the United Kingdom, Germany, the Netherlands, Greece, Luxembourg and Ireland. In the last three of these countries the fact that general elections were held on the same day had an effect on the turnout.

1.2.4. Although, generally speaking, the results went against governing parties, the main opposition groupings seem to have gained nothing by them (except in the United Kingdom), with other groups such as the Greens and the extreme right-wing parties deriving most of the benefit.

1.2.5. In the new Parliament which has emerged from the elections, there has been a slight shift to the left in its political centre of gravity, which suggests that there is likely to be greater awareness of certain issues such as the social dimension and the environment.

¹ Previous elections: Bull. EC 6-1979, points 1.3.1 to 1.3.4; Bull. EC 6-1984, points 1.2.1 to 1.2.4.

Table 1 — *Turnout*

(in millions of voters and in %)

Member State	1979		1984		1989		Number of seats
	Registered voters	Turnout	Registered voters	Turnout	Registered voters	Turnout	
Belgium ¹	6.80	91.4	6.97	92.2	7.09	90.7	24
Denmark	3.72	47.8	3.80	52.3	3.91	46.1	16
Germany	42.75	65.7	44.45	56.8	45.72	62.4	81
Greece ¹	6.80 ²	78.6 ²	7.79	77.2	7.30	79.8	24
Spain	—	—	28.45 ³	68.9 ³	29.16	54.8	60
France	35.18	60.7	36.83	56.7	38.34	48.7	81
Ireland	2.18	63.6	2.41	47.6	2.46	68.3	15
Italy	42.20	85.5	44.44	83.9	46.56	81.5	81

Member State	1979		1984		1989		Number of seats
	Registered voters	Turnout	Registered voters	Turnout	Registered voters	Turnout	
Luxembourg ¹	0.21	88.9	0.21	87.0	0.21	87.8	6
The Netherlands	9.81	58.1	10.70	50.5	11.25	47.2	25
Portugal	—	—	7.85 ⁴	72.2 ⁴	7.81	51.3	24
United Kingdom	40.53	32.6	41.92	32.6	43.67	36.2	81
Total	190.18	62	235.82	61	243.52	58.4	518

¹ Voting compulsory.² Elections of 18 October 1981.³ Elections of 10 June 1987.⁴ Elections of 19 July 1987.Table 2 — Party strengths, by Member State, in 1979, 1984 and 1989¹

Political parties and groups	1979		1984		1989	
	% of votes cast	Number of seats	% of votes cast	Number of seats	% of votes cast	Number of seats
<i>Belgium²</i>						
SP (Dutch-speaking Socialists)	12.8	3	17.1	4	13	3
PS (French-speaking Socialists)	10.6	4	13.3	5	13.5	5
CVP (Dutch-speaking Christian Democrats)	29.5	7	19.8	4	22.4	5
PSC (French-speaking Christian Democrats)	8.2	3	7.6	2	7.5	2
PVV (Dutch-speaking Liberals)	9.4	2	8.6	2	11.6	2
PRL (French-speaking Liberals)	6.0	2	9.4	3	5.9	2
Volkunie (Flemish People's Union)	6.0	1	8.5	2	6.1	1
FDJ (Democratic Front of French-speakers)	7.6 ³	2 ³	2.5	—	0.7 ⁴	—
Agalev (Dutch-speaking ecologists)	1.4	—	4.3	1	8.1	1
Ecolo (French-speaking ecologists)	2.0	—	3.9	1	5.5	2
Vlaams Blok (Flemish Nationalist Party)	—	—	1.3	—	4.5	1
<i>Denmark⁵</i>						
Socialdemokratiet (Social Democrats)	21.9	3	19.4	3	23.3	4
Centrumdemokraterne (Centre Democrats)	6.2	1	6.6	1	7.9	2
Det Konservative Folkeparti (Conservative People's Party)	14.1	2	20.8	4	13.4	2
Socialistisk Folkeparti (Socialist People's Party)	4.7	1	9.2	1	9.1	1
Venstre (Liberals)	14.5	3	12.5	2	16.6	3
Fremskridtspartiet (Progress Party)	5.8	1	3.5	—	5.3	—
Folkebevægelsen mod EF (Anti-EEC Movement)	20.1	4	20.8	4	18.9	4
Greenland: Siumut ⁶	0.3	1	0.4	1 ⁶	—	—

1989 European elections

Political parties and groups	1979 ⁹		1984 ¹²		1989	
	% of votes cast	Number of seats	% of votes cast	Number of seats	% of votes cast	Number of seats
<i>Germany</i> ⁷						
SPD (Social Democrats)	40.8	35	37.4	33	37.3	31
CDU (Christian Democrats)	39.1	34	37.5	34	29.6	25
CSU (Christian Social Union (Bavaria))	10.1	8	8.5	7	8.2	7
FDP (Liberals)	6	4	4.8	—	5.6	4
Die Grünen (Ecologists)	3.2	—	8.2	7	8.4	8
Republikaner (Republicans)	—	—	—	—	7.1	6
<i>Greece</i> ⁸						
Pasok (Socialists)	40.1	10	41.6	10	36.1	9
ND (New Democracy)	31.3	8	38.1	9	40.4	10
KKE (Communists)	12.8	3	11.6	3	—	—
KKE-es (Communists-Interior) ¹⁰	5.3	1	3.4	1	—	—
SAP (Left-wing Coalition for Progress) ¹⁰	—	—	—	—	14.3	4
EPEN (National Political Union)	—	—	2.3	1	—	—
Kodiso (Social Democrats)	4.2	1	0.8	—	—	—
KP (Progress Party)	1.2	1	0.2	—	—	—
DI-ANA (Democratic Renewal)	—	—	—	—	1.4	1
<i>Spain</i> ¹¹						
PSOE (Spanish Socialist Workers' Party)	—	—	39.1	28	39.6	27
C.i.U. (Coalición electoral convergencia i Unió (Catalonia))	—	—	4.4	3	4.2	2
CN (Nationalist Coalition)	—	—	—	—	1.9	1
AP (Popular Alliance) ¹²	—	—	—	—	—	—
PP (People's Party) ¹³	—	—	24.7	17	21.4	15
IU (United Left)	—	—	5.2	3	6.1	4
PEP-EA (Citizens' Europe Party)	—	—	1.7	1	1.5	1
IP (People's Left)	—	—	—	—	1.8	1
CDS (Democratic and Social Centre)	—	—	10.3	7	7.1	5
HB (Herri Batasuna)	—	—	1.9	1	1.7	1
PA (Andalusian Party)	—	—	—	—	1.9	1
Agrupación de Electores de José María Ruiz Mateos	—	—	—	—	3.8	2
<i>France</i> ¹⁴						
PS (Socialists)	23.5 ¹⁵	22	20.8	20	23.6	22
1979: UFE (Mrs Veil)	27.6	25	—	—	—	—
DIFE (Mr Chirac)	16.3	15	—	—	—	—

Political parties and groups	1979		1984		1989	
	% of votes cast	Number of seats	% of votes cast	Number of seats	% of votes cast	Number of seats
Union de l'opposition (United Opposition)	—	—	42.9	41	—	—
Centre pour l'Europe (CDS-LIB) (Centre for Europe)	—	—	—	—	8.4	7
Liste de l'union (UDF-RPR) (United List)	—	—	—	—	28.9	26
PCF (Communists)	20.5	19	11.2	10	7.7	7
FN (National Front)	—	—	11	10	11.7	10
Les Verts (Greens)	—	—	3.4	—	10.6	9
<i>Ireland</i> ¹⁶						
Fianna Fáil	34.7	5	39.2	8	31.5	6
Fine Gael	33.1	4	32.2	6	21.6	4
Labour	14.4	4	8.4	—	9.5	1
Progressive Democrats	—	—	—	—	11.9	1
Workers' Party	—	—	—	—	7.5	1
Independents	14.1	2	10.1	1 (Liberal)	11.9	2
<i>Italy</i> ¹⁷						
DC (Christian Democrats)	36.4	29	33	26	32.9	26
SVP (South Tyrol People's Party)	0.6	1	0.6	1	0.5	1
PCI (Communists)	29.6	24	33.3	27	27.6	22
PSI (Socialists)	11	9	11.2	9	14.8	12
PSDI (Social Democrats)	4.3	4	3.5	3	2.7	2
MSI-DN (Italian Social Movement — National Right)	5.4	4	6.5	5	5.5	4
Polo Laico (PLI-PRI-PR)	—	—	—	—	4.4	4
PLI (Liberals)	3.6	3	6.1	5	—	—
PRI (Republicans)	2.6	2	—	—	—	—
PR (Radicals)	3.7	3	3.4	3	—	—
Arcobaleno (Rainbow)	—	—	—	—	2.4	2
Lista verde (Greens)	—	—	—	—	3.8	3
PDUP (Democrats for Proletarian Union)	1.2	1	—	—	—	—
DP (Proletarian Democrats)	0.7	1	1.4	1	1.3	1
UV (Val d'Aosta Union)	—	—	0.5	1	—	—
Federal List ¹⁸	—	—	—	—	0.6	1
Antiproibizionisti (Antiprohibitionists)	—	—	—	—	1.2	1
Lega Lombarda (Lombard League)	—	—	—	—	1.8	2

1989 European elections

Political parties and groups	1979		1984 ¹⁹		1989	
	% of votes cast	Number of seats	% of votes cast	Number of seats	% of votes cast	Number of seats
<i>Luxembourg</i> ²⁰						
PSOL (Socialists)	21.6	1	29.9	2	25.5	2
PCS (Christian Democrats)	36.1	3	34.9	3	34.8	3
DP (Liberals)	28.1	2	22.1	1	20	1
Alternative Greens	—	—	6.2	—	—	—
<i>The Netherlands</i> ⁵						
PvdA (Socialists)	30.4	9	33.7	9	30.7	8
CDA (Christian Democrats)	35.6	10	30	8	34.6	10
VVD (Liberals)	16.2	4	18.9	5	13.6	3
GPA (Greens + Pacifists + Communists) ²¹	—	—	5.6	2	7	2
Regenboog (Rainbow) ¹³	—	—	—	—	—	—
SGP-RPF-GPV (Religious Right)	—	—	5.2	1	5.9	1
D66 (Democraten 66 — Centre Left)	9	2	2.3	—	5.9	1
<i>Portugal</i> ¹¹						
PS (Socialists)	—	—	22.5	6	28.5	8
CDS (Social Democratic Centre Party)	—	—	15.4	4	14.2	3
CDU (United Democratic Coalition) ²²	—	—	11.5	3	14.4	4
PSD (Social Democrats)	—	—	37.4	10	32.7	9
PRD (Democratic Renewal Party)	—	—	4.4	1	—	—
<i>United Kingdom</i> ²³						
Labour Party	31.6	17	34.7	32	40.1	45
Social Democratic and Labour Party ²⁴	1.1	1	1.1	1	—	1
Conservatives	48.4	60	38.8	45	34.1	32
Official Ulster Unionist Party ²⁴	0.9	1	1	1	—	1
Liberals	12.6	—	—	—	—	—
Alliance (Liberals-SDP)	13	—	18.5	—	—	—
Social and Liberal Democrats	—	—	—	—	6.4	—
Scottish National Party	1.9	1	1.6	1	2.6	1

Political parties and groups	1979		1984		1989	
	% of votes cast	Number of seats	% of votes cast	Number of seats	% of votes cast	Number of seats
Democratic Unionist Party ²⁴	1.3	1	1.6	1		1
Greens	—	—	—	—	15	—

- ¹ Only political parties and groups with more than 5% of votes or having representatives in the old or new Parliaments are shown.
- ² Proportional representation; two electoral colleges (Dutch-speaking and French-speaking); three constituencies; preferential voting system; voting compulsory.
- ³ Aggregate figures for FDF and Rassemblement wallon; one seat each.
- ⁴ ERE-FDF list.
- ⁵ Proportional representation; national lists; preferential voting system.
- ⁶ Greenland was a single-member constituency (relative majority voting). After it left the Community on 1 January 1985 its seat was allocated under electoral law to the Socialist People's Party, which thus had two seats in Parliament.
- ⁷ Proportional representation; national or regional lists; 5% threshold; three representatives elected by the Berlin House of Representatives.
- ⁸ 'Reinforced' proportional representation; national lists; voting compulsory.
- ⁹ For Greece, elections of 18 October 1981.
- ¹⁰ SAP includes KKE, E.AR (Greek Left) and part of EDA (United Democratic Left).
- ¹¹ Proportional representation; national lists.
- ¹² For Spain, elections of 10 June 1987.
- ¹³ 1989 elections.
- ¹⁴ Proportional representation; national lists; 5% threshold.
- ¹⁵ With the MRG (Left Radicals' Movement).
- ¹⁶ Proportional representation; four multi-member constituencies; single transferable vote.
- ¹⁷ Proportional representation; five constituencies; preferential voting system.
- ¹⁸ Includes UV and other parties.
- ¹⁹ For Portugal, elections of 19 July 1987.
- ²⁰ Proportional representation; national lists; preferential voting system; voting compulsory.
- ²¹ 1984 elections.
- ²² Includes Communists and other small left-wing parties.
- ²³ Simple majority (first past the post) system in 78 constituencies, except Northern Ireland, which has proportional representation and three constituencies.
- ²⁴ Northern Ireland.

3. News in brief

Economic and monetary policy

European Monetary System

The peseta joins the EMS exchange-rate mechanism (→ point 2.1.4).

The Regulation amending the composition of the ecu is adopted (inclusion of the peseta and the escudo (→ point 2.1.5)).

The internal market

Right of residence

The Commission adopts three proposals for Directives concerning the right of residence for students, pensioners and other Community citizens (→ point 2.1.10).

Public procurement

The Council achieves good results concerning the procedures for awarding public works contracts: transparency (agreement) (→ point 2.1.13) and means of redress (substantive agreement on a common position) (→ point 2.1.14).

Research

The Council achieves good results: seven specific programmes adopted (radiation protection (→ point 2.1.54); Flair (→ point 2.1.58); MAST (→ point 2.1.60); Monitor (→ point 2.1.61); Eurotra (→ point 2.1.66); Value (→ point 2.1.63); Doses (→ point 2.6.2)) and common positions adopted on three specific programmes (STEP and Epoch (→ point 2.1.55); raw materials (→ point 2.1.56); Bridge (→ point 2.1.57)).

Telecommunications, information technology and innovation

The Commission adopts a Directive and two proposals for Directives designed to create a single market in telecommunications: competition in services contracts (→ point 2.1.63); open network provision (→ point 2.1.64); terminal equipment (→ point 2.1.65).

Employment and social policy

The Council adopts a framework Directive laying down the minimum requirements for health and safety at work (→ point 2.1.105).

Environment

The Commission adopts a proposal for a recommendation on the establishment of the European Environment Agency (→ point 2.1.114).

The Council achieves good results: in particular substantive agreement on the directive concerning emission standards for small-engined vehicles (→ point 2.1.117); resolution adopted on the greenhouse effect (→ points 2.1.120 and 3.2.1).

External relations

President Delors visits the United States (→ point 2.2.8).

The Council adopts directives authorizing the Commission to open negotiations with the Soviet Union for a Trade and Commercial and Economic Cooperation Agreement (→ point 2.2.18).

The Community reacts to the events in China (→ points 1.1.24, 2.3.2 and 2.4.1).

Financing

The Council agrees to the revision of the Financial Regulation (→ point 2.5.1).

PART TWO

**ACTIVITIES
IN JUNE 1989**

1. Building the Community

Economic and monetary policy

Economic and monetary union

2.1.1. The European Council restated its determination progressively to achieve economic and monetary union (→ point 1.1.11).

Economic situation

2.1.2. In accordance with Article 3 of Council Decision 74/120/EEC of 18 February 1974 on convergence,¹ the Commission adopted on 28 June,² for transmission to the Council, a communication on the short-term economic outlook and budgetary policies for 1989-90 entitled 'Economic convergence in the Community: A greater effort is needed'.

It would seem that economic growth in the Community is continuing, investment is expected to grow strongly and employment will increase rapidly in 1989 and 1990. This picture is, however, marred by the appearance of some macroeconomic disequilibria which could endanger the continuation of growth unless action is taken rapidly. Inflation is increasing again, Member States' external payments disequilibria are continuing to grow and the gap in budgetary balances is widening. These developments should be combated by drawing on all available policy instruments, especially budgetary policy.

Over the last few years, a new dynamism and vitality have emerged in the Community economy owing to the prospects opened up by the 1992 project, by structural policies and by increased profitability of investment. This favourable trend is expected to continue in 1989 and 1990, with real output growing by 3.25% and 3% respectively. If the very satisfactory high investment rate is maintained, a sustained growth rate of around 3.5% a year for the Community seems a realistic medium-term prospect. This would make it possible to improve the

employment situation considerably and to reap all the benefits of completion of the internal market.

Almost 2 million jobs were created in the Community in 1988. The Commission expects another 2.5 to 3 million to be added in 1989 and 1990. This contrasts markedly with the job losses at the beginning of the 1980s. However, because of the increase in the participation rate and the continuing expansion in the labour force, this performance is only slowly bringing down the unemployment rate, which is expected to fall from 11% in 1988 to around 10% in 1990.

2.1.3. On 22 June the Economic and Social Committee adopted an own-initiative opinion on the economic situation in the Community in mid-1989. It supported the Commission's general policy but expressed reservations regarding the unemployment situation. It took the view that monetary policy should be aimed at widening the circle of countries participating in the exchange-rate mechanisms while narrowing intervention margins, and that wages policy must continue to contribute towards improving the employment situation. It stressed the need for further progress in implementing the programme to complete the internal market. It recommended that, instead of waiting for prices to fall, public deficits to narrow and the current account to improve, the process of reducing the burden of costs on businesses should be accompanied by a demand policy. It suggested that the back-up measures should be chosen with a view to ensuring better protection for the environment and for consumers.

European Monetary System

Operation of the EMS

2.1.4. Following the decision by the Spanish Government to join the EMS exchange-

¹ OJ L 63, 5.3.1974.

² COM(89) 333 final.

rate mechanism (ERM), the Finance Ministers and the Governors of the Member States' Central Banks agreed on a common procedure involving the Commission and, after consulting the Monetary Committee, on the terms of the peseta's participation in the ERM, starting on 19 June 1989.

The Ministers, the Governors and the Commission warmly welcomed the participation of the peseta in the ERM, interpreting the

Spanish decision as a commitment to cooperate closely in securing convergence of economic performances within the Community and as representing an important stage in the process of bringing all Community currencies fully into the present monetary arrangements.

On the basis of the ecu central rate of PTA 133.504, the central rates of the peseta, rounded to two decimal places are:

Currency	BFR (100)	DKR	DM	FF	HFL	IRL	LFR (100)	LIT (1 000)
Rate	315.14	17.04	65.00	19.38	57.69	174.15	315.14	90.19

Fluctuation margins of 6% will be observed around these central rates for a transitional period. All other central rates and intervention rates within the EMS will remain unchanged. The decision on the peseta's participation will have no agri-monetary consequences.

The Ministers and Governors agreed to review the issue of the currencies currently availing themselves of wide fluctuation margins with a view to having such margins reduced as soon as economic conditions permit.

Revision of the composition of the ecu

2.1.5. On a proposal from the Commission¹ and after consulting the Monetary Committee and the Board of Governors of the European Monetary Cooperation Fund (EMCF), the Council adopted on 19 June Regulation (EEC) No 1971/89² amending Council Regulation (EEC) No 3180/78

relating to the value of the unit of account used by the EMCF,³ as amended by Council Regulation (EEC) No 2626/84 of 15 September 1984.⁴ The purpose of the Regulation is to adjust the weights of the currencies making up the ecu in response to the request from the Spanish and Portuguese Governments to include the peseta and the escudo in the ecu as provided for in the Treaty of Accession. In order to allow markets to adapt to the new composition, the Council decided that the Regulation will not enter into force until 21 September 1989. The amounts of Member State's currencies making up the ecu will, from that date, be determined on the basis of the ecu rate in each of those currencies obtaining on markets on 20 September 1989 and on the basis of the weighting coefficients shown below.

¹ COM(89) 313 final.

² OJ L 189, 4.7.1989.

³ OJ L 379, 30.12.1978.

⁴ OJ L 247, 16.9.1984; Bull. EC 9-1984, point 2.1.4.

Currency	BFR	DKR	DM	DR	ESC	FF	HFL	IRL	LFR	LIT	PTA	UKL	Total
Weighting coefficient	7.6	2.45	30.1	0.8	0.8	19.0	9.4	1.1	0.3	10.15	5.3	13.0	100.0

Internal market

2.1.6. The European Council in Madrid noted the progress made in removing technical barriers to trade but stressed the need for physical and fiscal obstacles to be eliminated and efforts to be focused on the priority areas where decisions had yet to be taken (→ point 1.1.3).

2.1.7. On 20 June the Commission adopted,¹ for transmission to the Council, Parliament and the Economic and Social Committee, the fourth report² on the implementation of the White Paper on completing the internal market.³ This report outlines the main developments between March 1988 and May 1989.

Over half the measures provided for in the White Paper have been approved by the Council particularly those concerning the abolition of technical barriers to the free movement of goods and services. However, no major decision has been taken to abolish border formalities.

It has become apparent that the Member States are lagging behind in incorporating into national law the new Community legislation which has been introduced, and steps must be taken to remedy this highly unsatisfactory situation which undermines the credibility of the whole objective of the operation and the legal certainty for economic operators.

In the report the Commission reiterates its intention to present all the proposals listed in the White Paper by the end of the year to give the Council and Member States time to adopt and implement the measures needed by the deadline of 1992.

People's Europe

Free movement of persons

2.1.8. The Madrid European Council took the view that free movement of persons was a priority for 1992, and endorsed the

conclusions of the group of national coordinators appointed following the Rhodes European Council (→ point 1.1.7).

Mutual recognition of diplomas — Access to economic activities

2.1.9. On 14 June the Council adopted two common positions concerning:

(i) the proposal for a Directive,⁴ amended on 29 November 1988 in the light of Parliament's opinion (first reading),⁵ amending Council Directives 75/362/EEC⁶ of 16 June 1975, 77/452/EEC⁷ of 27 June 1977, 78/686/EEC⁸ of 25 July 1978, 78/1026/EEC⁹ of 18 December 1978 and 80/154/EEC¹⁰ of 21 January 1980 concerning the mutual recognition of diplomas for doctors, nurses responsible for general care, dental practitioners, veterinary surgeons and midwives, as well as Council Directives 75/363/EEC⁶ of 16 June 1975, 78/1027/EEC⁹ of 18 December 1978 and 80/155/EEC¹⁰ of 21 January 1980 concerning the activities of doctors, veterinary surgeons and midwives; the purpose of this proposal is to update the existing Directives particularly as regards developments in specializations and changes in the titles of the diplomas in question;

(ii) the proposal for a Directive,¹¹ amended on 29 November 1988 in the light of Parliament's opinion (first reading),¹² amending Directives 77/452/EEC and 77/453/EEC⁷ of 27 June 1977 concerning nurses responsible for general care; this proposal is basically designed to determine the compulsory proportion of the minimum total duration of training (three years or

¹ COM(89) 311 final.

² Third report: Bull. EC 3-1988, point 2.1.9; report required by Article 8b of the EEC Treaty: Bull. EC 11-1988, point 1.1.1 to 1.1.5.

³ Bull. EC 6-1985, points 1.3.1 to 1.3.8.

⁴ OJ C 353, 20.12.1987; Bull. EC 11-1987, point 2.1.15.

⁵ OJ C 322, 15.12.1988; Bull. EC 11-1988, point 2.1.10.

⁶ OJ L 167, 30.6.1975.

⁷ OJ L 176, 15.7.1977.

⁸ OJ L 233, 24.8.1978.

⁹ OJ L 362, 23.12.1978.

¹⁰ OJ L 33, 11.2.1980.

¹¹ OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.13.

¹² OJ C 322, 15.12.1988; Bull. EC 11-1988, point 2.1.11.

4 600 hours) to be devoted to clinical training (at least half) and to theoretical training (at least one third). Member States may apportion the remaining time as they wish.

Special rights

2.1.10. Following the withdrawal, at the Council meeting (Internal Market) of 3 May,¹ of the proposal for a Directive² concerning a general right of residence, the Commission adopted on 26 June,³ for the transmission to the Council, three proposals concerning:

(i) right of residence for students: this right would be granted to all Community students, plus their families, on condition that they have registered with an educational establishment for the purpose of following a vocational training course and have sickness insurance cover;

(ii) right of residence for pensioners: the right of residence should be granted to all nationals of Member States who have pursued an activity in the Community as an employee or self-employed person, and to members of their families, provided that they are recipients of an invalidity pension, a bridging pension or an old-age pension or of a pension in connection with an industrial accident or disease and have sickness insurance cover;

(iii) the right of residence: this proposal concerns Community citizens who do not enjoy the right of residence under other provisions of Community law, and members of their families, provided that they have sickness insurance cover and have sufficient resources to ensure that they do not become a burden on the social welfare system of the host Member State during their period of residence.

Freedom to provide services

Financial services

Banks and other financial institutions

Stock exchanges and securities

2.1.11. On 19 June the Council agreed on a common position with a view to adopting

the proposal for a Directive coordinating regulations on insider trading,⁴ which had been amended by the Commission on 4 October 1988 in the light of the opinions of the European Parliament and the Economic and Social Committee.⁵

The text approved by the Council, which applies not only to 'primary insiders' (persons who acquire privileged information in the exercise of their employment, profession or duties) but also to 'secondary insiders' (persons who knowingly receive privileged information from a 'primary insider', whether directly or indirectly), prohibits insiders from taking advantage of such information. The proposal defines 'inside information' as information of a specific nature unknown to the public and relating to one or more issuers of transferable securities which, if it were published, would be likely to have a material effect on the price of the transferable securities in question. It also stipulates that Member States are to determine penalties that are sufficiently dissuasive to ensure compliance with the measures introduced. Lastly, it provides for cooperation between the competent authorities in the Member States aimed at identifying and penalizing insider trading, which, intrinsically, is often a transfrontier phenomenon.

2.1.12. On 21 June the Economic and Social Committee delivered an opinion endorsing the proposal for a Directive⁶ amending Council Directive 80/390/EEC of 17 March 1980⁷ in respect of mutual recognition of stock-exchange listing particulars.

¹ Bull. EC 5-1989, point 2.1.2.

² OJ C 207, 17.8.1979; Bull. EC 7/8-1979, point 2.1.14; OJ C 188, 25.7.1980; OJ C 171, 10.7.1985; Bull. EC 6-1985, point 2.1.15; Bull. EC 4-1989, point 2.1.8.

³ OJ C 191, 28.7.1989; COM(89) 275 final.

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

⁵ OJ C 277, 27.10.1988; Bull. EC 10-1988, point 2.1.67.

⁶ OJ C 101, 22.4.1989; Bull. EC 3-1989, point 2.1.9.

⁷ OJ L 100, 17.4.1980; Bull. EC 3-1980, point 2.1.34.

Public procurement

Public works contracts

2.1.13. On 14 June, acting on a proposal from the Commission,¹ which had been re-examined by the Commission on 21 March,² the Council (Internal Market) adopted the Directive amending Council Directive 71/305/EEC of 26 July 1971 concerning the coordination of procedures for the award of public works contracts.³ The Directive will make the procedures for awarding public works contracts more transparent by giving entrepreneurs a chance to compete in all Member States on an equal footing.

The new text will extend the scope of the 1971 Directive to private companies for civil engineering and certain building work directly subsidized to the extent of over 50% and to concessions for the execution of public works. The threshold above which public works contracts will be covered by the provisions of the Directive has been set at ECU 5 million.

Advertising rules will be extended. The Directive specifies that prior notice of the essential characteristics of forthcoming contracts must appear in the Official Journal so that firms can prepare their tenders properly. It also specifies that notice of contracts awarded is to be published.

The Directive provides, for the first time, that public authorities must refer to European standards and technical specifications agreed at European level which must be met by the firms performing contracts.

Member States will have one year to implement the Directive. However, this deadline will be extended until 1 March 1992 for Spain, Greece and Portugal.

Means of redress

2.1.14. At the same meeting of 14 June, the Council reached a substantive agreement on a common position on the proposal⁴ for a Directive relating to the application of

Community rules on procedures for the award of public supply and public works contracts. The Council approved the objectives pursued by the Commission in its proposal, as amended on 25 November 1988.⁵

Free movement of goods

Removal of trade barriers

Industrial products

Safety of machinery

2.1.15. On 14 June, acting on a proposal from the Commission,⁶ in cooperation with Parliament⁷ and in the light of the opinion of the Economic and Social Committee,⁸ the Council formally adopted Directive 89/392/EEC on the approximation of the laws of the Member States relating to machinery,⁹ on which it had adopted a common position on 21 December 1988.¹⁰ The Directive, which will apply from 1 January 1993, lays down the essential requirements for the protection of the safety and health of users with which machinery must comply in order to be able to move freely within the Community.

Personal protective equipment

2.1.16. Having reached an agreement at its meeting of 14 June, the Council formally adopted on 21 June a common position on the proposal for a Directive on the approxi-

¹ Bull. EC 12-1986, point 2.1.35; Bull. EC 6-1988, point 2.1.50.

² OJ C 115, 8.5.1989; Bull. EC 3-1989, point 2.1.11.

³ OJ L 185, 16.8.1971.

⁴ OJ C 230, 28.8.1987; Bull. EC 7/8-1987, point 2.1.21.

⁵ OJ C 15, 19.1.1989; Bull. EC 11-1988, point 2.1.37.

⁶ OJ C 29, 3.1.1988; Bull. EC 11-1987, point 2.1.21; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.30; OJ C 37, 14.2.1989; Bull. EC 12-1988, point 2.1.19.

⁷ First reading: OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.15; second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.20.

⁸ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.9.

⁹ OJ L 183, 29.6.1989.

¹⁰ Bull. EC 12-1988, point 2.1.19.

mation of the laws of the Member States relating to personal protective equipment,¹ as amended on 19 May.²

Dangerous substances

2.1.17. On 21 June, following the opinion delivered in first reading by Parliament on 17 March,³ the Commission adopted⁴ for transmission to the Council an amendment to its proposal for a Directive⁵ amending for the eighth time Council Directive 76/769/EEC of 27 July 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations.⁶

2.1.18. On 23 June the Commission adopted for transmission to the Council a proposal for a Decision on the acceptance by the Community of an OECD decision-recommendation on compliance with principles of good laboratory practice.⁷ The Commission, which took part in the negotiations in accordance with the authorization granted by the Council,⁸ takes the view that the Community should accept this decision-recommendation, the aim of which is to set up the framework required for the conclusion of bilateral agreements on the mutual recognition of such practices between the OECD member countries.

Units of measurement

2.1.19. Following the opinion delivered in first reading by Parliament on 12 April,⁹ the Council adopted on 14 June a common position on the proposal for a Directive¹⁰ amending Council Directive 80/181/EEC relating to units of measurement.¹¹

Foodstuffs

2.1.20. On 14 June the Council formally adopted five Directives supplementing Community legislation on foodstuffs.¹²

(i) on a proposal from the Commission¹³ in cooperation with Parliament¹⁴ and in the light of the opinion of the Economic and Social Committee,¹⁵ it adopted Directive 89/393/EEC amending for the fifth time Council Directive 74/329/EEC on emulsi-

fiers, stabilizers, thickeners and gelling agents for use in foodstuffs,¹⁶ on which it had adopted a common position on 6 March;¹⁷

(ii) on a proposal from the Commission,¹⁸ in cooperation with Parliament¹⁹ and in the light of the opinion of the Economic and Social Committee,²⁰ it adopted Directive 89/394/EEC amending for the third time Council Directive 75/726/EEC concerning fruit juices and certain similar products,²¹ on which it had adopted a common position on 18 November 1988;²²

(iii) on a proposal from the Commission,²³ in cooperation with Parliament²⁴ and in the light of the opinion of the Economic and Social Committee,²⁵ it adopted Directive 89/395/EEC amending Council Directive 79/112/EEC of 18 December 1978 relating to the labelling, presentation and advertising of foodstuffs,²⁶ on which it had

¹ OJ C 141, 30.5.1988; Bull. EC 4-1988, point 2.1.13.

² OJ C 142, 8.6.1989.

³ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.15.

⁴ OJ C 191, 28.7.1989; COM(89) 316 final.

⁵ OJ C 43, 16.2.1988; Bull. EC 1-1988, point 2.1.11.

⁶ OJ L 262, 27.9.1976.

⁷ COM(83) 317 final.

⁸ Bull. EC 1-1989, point 2.1.3.

⁹ OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.23.

¹⁰ OJ C 31, 7.2.1989; Bull. EC 12-1988, point 2.1.26.

¹¹ OJ L 39, 15.2.1980.

¹² OJ L 186, 30.6.1989.

¹³ OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.39.

¹⁴ First reading: OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.1.5; second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.25.

¹⁵ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.14.

¹⁶ OJ L 189, 12.7.1974.

¹⁷ Bull. EC 3-1989, point 2.1.17.

¹⁸ OJ C 24, 31.1.1987; Bull. EC 12-1986, point 2.1.27; OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.40.

¹⁹ First reading: OJ C 122, 9.5.1988; Bull. EC 4-1988, point 2.1.24; second reading: OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.25.

²⁰ OJ C 150, 9.6.1987; Bull. EC 4-1987, point 2.4.41.

²¹ OJ L 311, 1.12.1975.

²² Bull. EC 11-1988, point 2.1.26.

²³ OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10; OJ C 154, 12.6.1987; Bull. EC 5-1987, point 2.1.14; Bull. EC 4-1989, point 2.1.27.

²⁴ First reading: OJ C 99, 13.4.1987; Bull. EC 3-1987, point 2.1.13; second reading: OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.26.

²⁵ OJ C 328, 22.12.1986; Bull. EC 9-1986, point 2.4.27.

²⁶ OJ L 33, 8.2.1979.

adopted a common position on 21 December 1988;¹

(iv) on a proposal from the Commission,² in cooperation with Parliament³ and in the light of the opinion of the Economic and Social Committee,⁴ it adopted Directive 89/396/EEC on indications or marks identifying the lot to which a foodstuff belongs,⁵ on which it had adopted a common position on 21 December 1988.¹

(v) on a proposal from the Commission,⁶ in cooperation with Parliament⁷ and in the light of the opinion of the Economic and Social Committee,⁸ it adopted Directive 89/397/EEC on the official inspection of foodstuffs, on which it had adopted a common position on 21 December 1988.¹

2.1.21. On 14 June the Council adopted a common position on the proposal for a Directive⁹ amending Directive 75/106/EEC of 19 December 1974 on the making-up by volume of certain prepackaged liquids,¹⁰ on which Parliament had delivered an opinion on 25 May.¹¹

2.1.22. In accordance with Council Directive 80/777/EEC of 15 July 1980 relating to the exploitation and marketing of natural mineral waters,¹² Belgium sent the Commission additions to its list of recognized mineral waters.¹³

Pharmaceutical products

2.1.23. On 14 June, acting on a proposal from the Commission,¹⁴ in cooperation with Parliament¹⁵ and in the light of the opinion of the Economic and Social Committee,¹⁶ the Council (Internal Market) formally adopted Directive 89/381/EEC¹⁷ extending the scope of Directives 65/65/EEC of 26 January 1965¹⁸ and 75/319/EEC of 20 May 1975¹⁹ relating to proprietary medicinal products and laying down special provisions for medicinal products derived from human blood or human plasma, on which it had adopted a common position on 21 December 1988.²⁰

The Directive provides in particular for the introduction of a strict system of control of

the manufacture of such medicinal products and stringent tests to guarantee their quality, safety and effectiveness before they are marketed, in order to prevent especially the transmission of infectious diseases such as AIDS and hepatitis. Furthermore, the Directive will encourage voluntary unpaid donation of human blood and plasma with a view to attaining self-sufficiency in the supply of blood products throughout the Community.

Veterinary medicinal products

2.1.24. On 21 June the Economic and Social Committee endorsed the proposal for a Regulation laying down a Community procedure for the establishment of tolerances for residues of veterinary medicinal products,²¹ the proposal for a Directive²¹ amending Directive 81/851/EEC of 21 September 1981 on the approximation of the laws of the Member States relating to veterinary medicinal products²² and the pro-

¹ Bull. EC 12-1988, point 2.1.29.

² OJ C 310, 20.11.1987; Bull. EC 11-1987, point 2.1.24; OJ C 129, 25.5.1989; Bull. EC 4-1989, point 2.1.27.

³ First reading: OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.1.17; second reading: OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.26.

⁴ OJ C 95, 11.4.1988; Bull. EC 2-1988, point 2.4.23.

⁵ OJ L 186, 30.6.1989.

⁶ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.28; OJ C 88, 5.4.1988; Bull. EC 2-1988, point 2.1.9; OJ C 131, 27.5.1989; Bull. EC 4-1989, point 2.1.27.

⁷ First reading: OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.26; second reading: OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.26.

⁸ OJ C 347, 22.12.1987; Bull. EC 10-1987, point 2.4.39.

⁹ OJ C 31, 7.2.1989; Bull. EC 12-1988, point 2.1.27.

¹⁰ OJ L 42, 15.12.1975.

¹¹ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.26.

¹² OJ L 229, 30.8.1980.

¹³ OJ C 149, 16.6.1989.

¹⁴ OJ C 36, 8.2.1988; Bull. EC 12-1987, point 2.1.18;

OJ C 308, 3.12.1988; Bull. EC 11-1988, point 2.1.32.

¹⁵ First reading: OJ C 290, 14.11.1988; Bull. EC 10-1988, point 2.1.15; second reading: OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.30.

¹⁶ OJ C 208, 8.8.1988; Bull. EC 6-1988, point 2.4.42.

¹⁷ OJ L 181, 28.6.1989.

¹⁸ OJ 22, 9.2.1965.

¹⁹ OJ L 147, 9.6.1975.

²⁰ Bull. EC 12-1988, point 2.1.33.

²¹ OJ C 61, 10.3.1989; Bull. EC 12-1988, point 2.1.34.

²² OJ L 317, 6.11.1981.

posal for a Directive¹ extending the scope of that Directive to include immunological veterinary medicinal products.

Standardization, certification and testing

2.1.25. On 9 June the Commission approved the conclusion of framework contracts to enable European standardization, testing and certification to be placed in the hands of the European standards bodies. The contracting parties will be CEN (European Committee for Standardization), Cenelec (European Committee for Electrotechnical Standardization) and ETSI (European Telecommunications Standards Institute). The framework contracts will be instrumental in the implementation of all technical harmonization activities in connection with the completion of the internal market.

Customs union

Simplification of customs formalities

2.1.26. On 19 June the Council, acting on a proposal from the Commission,² adopted Regulation (EEC) No 2011/89³ on the application of Decision 1/89 of the EEC-EFTA Joint Committee on the Simplification of Formalities amending Annex II to the Convention on the Simplification of Formalities in Trade in Goods⁴ and the application of Decision 1/89 of the EEC-EFTA Joint Committee on Common Transit amending Appendices I, II and III to the Convention of 20 May 1987 on a Common Transit Procedure.⁵ The amendments concern further simplifications and adjustments based on past experience.

2.1.27. On 21 June the Council (Industry) authorized the Commission to open negotiations on behalf of the Community with Austria, Finland, Iceland, Norway, Sweden and Switzerland on facilitating physical

inspections and administrative formalities in respect of the carriage of goods.

2.1.28. On 28 June the Commission adopted for transmission to the Council a proposal for a Decision⁶ altering the legal basis of Council Decisions 87/593/EEC, 87/594/EEC and 87/595/EEC of 30 November 1987⁷ in the light of the judgment of the Court of Justice in Case 275/87 in support of the Commission's position regarding the scope of Article 113 of the EEC Treaty in the customs field.⁸ To enable the Commission to withdraw from Case 74/88, the Council has to alter the legal basis of the three Decisions in question.

General legislation

Customs debt

2.1.29. On 14 June, acting on a proposal from the Commission,⁹ the Council (Internal Market) adopted Regulation (EEC) No 1854/89 on the entry in the accounts and terms of payment of the amounts of the import duties or export duties resulting from a customs debt,¹⁰ on which it had adopted a common position in December 1988.¹¹

2.1.30. On 14 June the Council also adopted a common position on the proposal for a Regulation on the security to be given to ensure payment of a customs debt.¹² The Regulation lays down rules on the lodging

¹ OJ C 61, 10.3.1989; Bull. EC 12-1988, point 2.1.34.

² COM(89) 191 final.

³ OJ L 200, 13.7.1989.

⁴ OJ L 134, 22.5.1987; Bull. EC 4-1987, point 2.1.47.

⁵ OJ L 226, 13.8.1987; Bull. EC 6-1987, point 2.1.59.

⁶ COM(89) 321 final.

⁷ OJ L 362, 22.12.1987; Bull. EC 11-1987, point 2.1.77.

⁸ Judgment of 22 February 1989 in Case 275/87 *Commission v Council*; OJ C 66, 16.3.1989.

⁹ OJ C 41, 13.2.1985; Bull. EC 12-1984, point 2.1.40;

OJ C 135, 1.6.1989; Bull. EC 4-1989, point 2.1.34.

¹⁰ OJ L 186, 30.6.1989.

¹¹ Bull. EC 12-1988, point 2.1.90.

¹² OJ C 30, 4.2.1983; Bull. EC 1-1983, point 2.1.21; OJ C 113, 27.4.1984; Bull. EC 4-1984, point 2.1.29.

of the security, forms of security and the conditions for its release.

Customs procedures with economic impact

Temporary importation

2.1.31. On 14 June, acting on a proposal from the Commission,¹ the Council (Internal Market) adopted Regulation (EEC) No 1855/89 on the temporary importation of means of transport.² The Regulation supplements Council Regulation (EEC) No 3599/82 of 21 December 1982 on temporary import arrangements,³ which does not cover means of transport.

2.1.32. On 19 June the Council adopted, on a proposal from the Commission,⁴ a Decision authorizing the Commission to participate on behalf of the Community in the negotiation of an amendment to the Customs Convention on the ATA Carnet for the Temporary Admission of Goods (1961) with a view to incorporating in it a clause enabling the Community to become a contracting party. The Decision should enable a satisfactory solution to be found for the Community to exercise its powers in the application of the ATA Carnet system. It follows on from Council Decision 89/345/EEC of 3 May,⁵ in which an authorization from the Council enabled the Member States to accept an amendment to the

ATA Convention without encroaching on the Community's powers.

2.1.33. On 19 June the Commission adopted Regulation (EEC) No 1737/89⁶ amending Commission Regulation (EEC) No 4027/88 of 21 December 1988 laying down provisions for the temporary importation of containers.⁷ The new Regulation lays down specific provisions on the marking of swap bodies used in combined road-rail transport and containers for use in air transport.

Common Customs Tariff/ Combined Nomenclature

2.1.34. On 30 June the Commission adopted for transmission to the Council a proposal⁸ to amend the legal basis of Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff.⁹ The proposal is founded on the case-law of the Court of Justice, and in particular its judgment in Case 275/87 regarding the temporary importation of containers (→ point 2.1.33).

Common Customs Tariff

Accession-related measures

2.1.35. On 12 June, acting on a proposal from the Commission,¹⁰ the Council adopted Regulation (EEC) No 1673/89¹¹ totally suspending from 1 July certain customs duties applicable by the Community of Ten to imports from Spain and Portugal. The Council also adopted on 12 June, on a proposal from the Commission,¹² Decision 89/372/ECSC¹¹ totally suspending, from the same date, customs duties applicable by the Community of Ten to imports from Spain of products covered by the ECSC Treaty.

Combined Nomenclature

2.1.36. In June, with a view to the uniform application of the Combined Nomenclature, the Commission adopted Regulations (EEC) Nos 1584/89, 1585/89, 1586/89 and 1676/89 on the classification of goods.^{11,13}

¹ OJ C 4, 7.1.1984; Bull. EC 12-1983, point 2.1.26.

² OJ L 186, 30.6.1989.

³ OJ L 376, 31.12.1982; Bull. EC 12-1982, point 2.1.31.

⁴ Bull. EC 4-1989, point 2.1.36.

⁵ OJ L 142, 25.5.1989; Bull. EC 5-1989, point 2.1.38.

⁶ OJ L 171, 20.6.1989.

⁷ OJ L 355, 23.12.1988; Bull. EC 12-1988, point 2.1.92.

⁸ COM(89) 324 final.

⁹ OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

¹⁰ Bull. EC 4-1989, point 2.1.38.

¹¹ OJ L 164, 15.6.1989.

¹² Bull. EC 5-1989, point 2.1.43.

¹³ OJ L 156, 8.6.1989.

International cooperation

2.1.37. On 16 June the Commission adopted for transmission to the Council a recommendation for a Decision concerning Community participation in the negotiation of agreements with the EFTA countries on mutual administrative assistance in customs matters. The negotiations form part of the Community's efforts to prevent and stamp out fraud.¹

Taxation

2.1.38. The European Council, meeting in Madrid, emphasized the need to reach agreement swiftly on the taxation of savings and the approximation of indirect taxation (→ point 1.1.5).

Indirect taxation

Turnover tax

2.1.39. On 19 June the Council approved in substance the proposal for an 18th VAT Directive,² under which a number of temporary derogations from the Sixth Council Directive of 17 May 1977 on VAT (77/388/EEC)³ will be abolished as from 1 January 1990, 1991, 1992 and 1993 respectively.

2.1.40. On 20 June the Commission endorsed for transmission to the Council a proposal for a Decision authorizing the United Kingdom under Article 27 of the Sixth VAT Directive (77/388/EEC)³ to introduce a measure derogating from Article 11 of that Directive in respect of building land. Under the measure, the United Kingdom intends to tax industrial and commercial buildings and the land on which they are sited on the basis of their open market value at the point in time when actual use commences.

2.1.41. On 21 June the Economic and Social Committee endorsed the proposal for a Directive supplementing the common arrangements of VAT as regards special

arrangements for second-hand goods, works of art, antiques and collector's items.⁴ However, the Committee drew attention to certain undesirable side-effects which may result from the proposed taxation arrangements in certain cases although it acknowledged that those side-effects were of marginal importance and inevitable.

Enterprise

Business environment

Company law

Single-member companies

2.1.42. Following the agreement reached at its meeting on 14 June, on 21 June the Council agreed on a common position regarding a proposal for a 12th Directive on company law concerning single-member private limited companies. Compared with the proposal,⁵ as amended⁶ after Parliament had given its opinion,⁷ the Council considered that a derogation from the obligation to record contracts between the sole trader and the company in writing could be given for day-to-day operations under normal conditions.

Intellectual property

2.1.43. On 8 June, acting on a Commission proposal,⁸ the Council adopted a Decision authorizing the Commission to

¹ Bull. EC 10-1987, point 2.3.10; Bull. EC 12-1988, point 2.3.18; Bull. EC 3-1989, point 2.5.11 and 2.5.12; Bull. EC 5-1989, point 2.5.9.

² OJ C 347, 29.12.1984; Bull. EC 12-1984, point 2.1.77; OJ C 183, 11.7.1987; Bull. EC 6-1987, point 2.1.68.

³ OJ L 145, 13.6.1977.

⁴ OJ C 76, 28.3.1989; Bull. EC 12-1988, point 2.1.95.

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

⁶ OJ C 152, 20.6.1989; Bull. EC-5 1989, point 2.1.50.

⁷ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.29.

⁸ Bull. EC 5-1988, point 2.1.19.

participate on behalf of the Community at the Diplomatic Conference organized by the World Intellectual Property Organization (Madrid, 12 to 28 June) for the conclusion of a Protocol relating to the Madrid Agreement (1981) concerning the international registration of marks.

Administrative simplification

2.1.44. On 19 June the Commission adopted for transmission to the Council a report on administrative simplification measures taken by Member States on behalf of enterprises. The report accompanies the draft recommendation on the subject adopted by the Commission in May.¹ It surveys all the administrative simplification measures already taken by the Member States, aiming to provide them with useful bases for comparison.

Small business

Action programme

2.1.45. On 21 June, acting on a proposal from the Commission,² which had been amended³ on 7 June in the light of Parliament's opinion,⁴ the Council (Industry) reached agreement on a Decision on improving the business environment and promoting the development of enterprises. The Decision provides the necessary legal base for the continuation and extension of Community policy in this area. The initial budget agreed for the period 1990-93 is ECU 110 million plus a further ECU 25 million, should this prove necessary, which can only be released by a unanimous Council decision.

Development of cooperation

2.1.46. A Europartnership⁵ event was held in Torremolinos, Andalusia, on 22 and 23 June to stimulate cooperation between the region's enterprises and companies from other Community countries. At the gathering, 220 Andalusian firms had the oppor-

tunity to make contact with the 400 potential partners and the 150 consultants and organizations present.

Industrial strategy and services

Sectoral policies

Steel

Forward programme

2.1.47. On 6 June the Commission approved the forward programme for steel for the third quarter of 1989. The ECSC Consultative Committee endorsed it on 22 June. The document reports a slight seasonal fall in the level of steel demand due to the holidays but activity levels are expected to be higher than during the same period of 1988. Nevertheless, steel producers are cautious, as, faced with the recent lengthening of delivery times, consumers have increased the size of orders accordingly so as to secure supplies, and so current orders are probably higher than real needs. Taking this, present market conditions and seasonal variations into account, the forecast for third-quarter steel production is 32 million tonnes as against the 35 million tonnes forecast for the second quarter⁶ and output of 32.55 million tonnes during the third quarter of 1988.⁷ Community steel producers should therefore aim to better adapt deliveries on to the Community market to the changes in real consumption to avoid the overstocking of certain steel products. Even if internal demand has grown at a slower pace than in 1988 (3.5% as against

¹ Bull. EC 5-1989, point 2.1.53.

² OJ C 79, 30.3.1989; Bull. EC 2-1989, point 2.1.12.

³ COM(89) 254 final.

⁴ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.54.

⁵ Bull. EC 12-1987, point 2.1.24.

⁶ Bull. EC 12-1988, point 2.1.48.

⁷ Bull. EC 6-1988, point 2.1.57.

4.7%), investment remains the main factor as regards demand.

Other sectors

The mining industry

2.1.48. On 21 June, on the basis of the Commission memorandum on the mining industry,¹ the Council (Industry) adopted a resolution calling on the Commission, in consultation with the Member States, to continue without delay with the preparation of the specific measures envisaged in the memorandum, particularly the funding of mining projects by Community structural instruments, the improvement of the industry's administrative and socio-economic frameworks and training and education in the field of geology and mining engineering.

Research and technology

Community R&TD

Framework programme

2.1.49. On 20 June the Council (Research) held a wide-ranging policy debate on the future Community framework programme for research and technological development, taking account of the Commission communication on a framework for Community R&TD in the 1990s² and of the mid-term review of the framework programme (1987-91)³ carried out at the Commission's request by five eminent scientists.

The debate revealed a consensus in favour of the broad lines of the Commission communication. The Council asked the Commission to submit specific proposals for a new framework programme as soon as possible, with due regard for the Community's budgetary rules, in particular the provisions of the interinstitutional agreement which entered into force on 1 July 1988.⁴

International cooperation

Framework Agreements with the EFTA countries

2.1.50. On 19 June, acting on a proposal from the Commission⁵ and in the light of the opinions delivered by the Parliament (first reading)⁶ and the Economic and Social Committee,⁷ the Council adopted a common position with a view to the adoption of a Council Decision concerning the conclusion on behalf of the EEC of the Framework Agreement for scientific and technical cooperation between the European Communities and the Republic of Iceland.

2.1.51. On 23 June the Commission adopted, for transmission to the Council, three proposals for Decisions⁸ concerning the conclusion of Cooperation Agreements between the Community and Finland, Sweden and Switzerland concerning the programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science) adopted by Council Decision 88/419/EEC of 29 June 1988.⁹ Article 5 of that Decision authorizes the Commission to negotiate such Cooperation Agreements with European non-member countries having concluded Framework Agreements with the Community.

COST

2.1.52. On 20 June the Council (Research) adopted a resolution¹⁰ concerning cooperation in the field of scientific and technical research (COST) and the European Communities, in which it reaffirms the import-

¹ Bull. EC 5-1988, point 2.1.59.

² Bull. EC 5-1989, point 2.1.60.

³ OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

⁴ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.8 *et seq.*

⁵ OJ C 273, 22.10.1988; Bull. EC 10-1988, point 2.1.28.

⁶ OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.53.

⁷ OJ C 102, 24.4.1989; Bull. EC 2-1989, point 2.1.22.

⁸ COM(89) 309 final, COM(89) 310 final and COM(89) 83 final.

⁹ OJ L 206, 30.7.1988; Bull. EC 6-1988, point 2.1.75.

¹⁰ OJ C 171, 6.7.1989.

ance of COST as a means for promoting European cooperation in this field, underlining the specific advantages of COST which are its flexibility and informality and its complementary role in relation to Community R&TD policy. It also approved the views expressed by the Committee of Senior Officials relating to the simplification and redefinition of the COST project categories.¹

2.1.53. A number of Memoranda of Understanding were signed in June in respect of the following COST projects: 310 'Freight transport logistics' (Italy, Finland and Switzerland); 223 'Active array antennas for future terrestrial and satellite communications' (Italy and Switzerland); 225 'Secure telecommunications' (Italy and Switzerland); 231 'Evolution of land-mobile radio communication' (Italy and Switzerland); 311 'Simulation of maritime traffic' (Portugal); 312 'Effects of the Channel Tunnel'; 507 'Data bank for light alloy design'; 810 'Vesicular-arbuscular mycorrhizae' and 89 'Development of vaccines against coccidiosis through biotechnology' (Switzerland).

Main areas of Community R&TD

Quality of life

Radiation protection

2.1.54. On 20 June, acting on a proposal from the Commission² and having received the opinions of Parliament³ and the Economic and Social Committee,⁴ the Council (Research) adopted Decision 89/416/Euratom adopting a research and training programme for the European Atomic Energy Community in the field of radiation protection (1990-91).⁵ The programme has a budget of ECU 21.2 million and follows on from the current radiation protection programme, the purpose of which is to improve knowledge of the effects of ionizing radiation and to devise methods for the protection of the public and the environ-

ment that are more cost-effective. It will cover the following areas: human exposure to radiation and radioactivity, consequences of radiation exposure to man (assessment, prevention and treatment) and risks and management of radiation exposure.

Environment

2.1.55. Acting on a proposal from the Commission,⁶ which had been amended⁷ in the light of the opinions delivered by Parliament (first reading)⁸ and the Economic and Social Committee,⁹ the Council (Research) adopted on 20 June a common position on two specific research and technological development programmes (1989-92) in the fields of environmental protection: STEP and Epoch. The STEP programme (Science and technology for environmental protection) will cover the following areas: environment and human health; assessment of risks associated with chemicals; atmospheric processes and air quality; water quality; soil and groundwater protection; ecosystem research; protection and conservation of the European cultural heritage; technologies for environmental protection, major technological hazards and fire safety. It will have a budget of ECU 75 million. The Epoch programme (European programme on climatology and natural hazards) covers the following sectors: past climates and climate change; climate processes and models; climate-related hazards and natural hazards (earthquakes). It will have a total budget of ECU 40 million. The criteria for the evaluation of these two programmes should reflect, in addition to their specific objectives, the more general objectives of the framework programme.¹⁰

¹ Bull. EC 10-1988, point 2.1.30.

² OJ C 16, 20.1.1989; Bull. EC 12-1988, point 2.1.60.

³ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.69.

⁴ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.57.

⁵ OJ L 200, 13.7.1989.

⁶ OJ C 327, 20.12.1988; EC 11-1988, point 2.1.54.

⁷ OJ C 135, 1.6.1989.

⁸ OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.58.

⁹ OJ C 139, 5.6.1989; Bull. EC 3-1989, point 2.1.38.

¹⁰ OJ L 302, 24.10.1987; EC 9-1987, point 2.1.32.

Industrial technologies

Raw materials

2.1.56. On a proposal from the Commission¹ and following the opinions delivered by Parliament (first reading)² and the Economic and Social Committee,³ the Council (Research) adopted on 20 June a common position on a specific research and technological development programme of the European Economic Community in the field of raw materials and recycling (1990-92). With a budget of ECU 75 million this programme covers primary raw materials, the recycling of non-ferrous and strategic metals, renewable raw materials (forestry and wood products) and the recycling of waste.

Biological resources

Biotechnology

2.1.57. On 20 June, acting on a proposal from the Commission⁴ and in the light of the opinions delivered by Parliament (first reading)⁵ and the Economic and Social Committee,⁶ the Council (Research) adopted a common position on a specific research and technological development programme in the field of biotechnology (Bridge) (1990-94). The programme will comprise research (ECU 76.5 million), training (ECU 12 million), COST projects (ECU 2 million) and concertation (ECU 9.5 million). The part of the programme devoted to research and training will cover the following sectors: information infrastructure, enabling technologies, cellular biology and pre-normative research. The concertation activity covers a number of tasks including monitoring national and Community programmes and making them more effective, disseminating knowledge and identifying the needs of small biotechnology firms in the Community.

Agro-industrial technologies

2.1.58. On 20 June, acting on a proposal from the Commission⁷ and having received

the opinions of Parliament⁸ and the Economic and Social Committee,⁹ the Council (Research) finally adopted Decision 89/411/EEC adopting a multinational research and technological development programme in food science and technology (Flair) (1989-93),¹⁰ on which it had adopted a common position in March.¹¹

The objectives of the programme are to contribute in the medium and long term to Europe's competitiveness in the food industry, the improvement of food safety and quality for the consumer, and the strengthening of the food science and technology infrastructures in Europe, in the context of the harmonious development of the internal market. The programme is targeted at complementing existing initiatives in Member States through the development of further collaborative linkages between different research groups and industries, and will concentrate on the interface between food processing, food distribution and the consumer. The consumer demands for more natural and healthy foods, with greater diversity, will be met by the combined efforts of researchers and the food industry. Conservation, enhancement of nature and environmental protection will be systematically taken into consideration in the execution of the programme.

Energy

Nuclear fission

2.1.59. On 14 June, acting on a proposal from the Commission¹² and following the

¹ OJ C 52, 1.3.1989; Bull. EC 1-1989, point 2.1.17.
² OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.73.
³ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.59.
⁴ OJ C 70, 20.3.1989; Bull. EC 12-1988, point 2.1.65.
⁵ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.69.
⁶ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.60.
⁷ OJ C 306, 1.12.1988; Bull. EC 6-1988, point 2.1.71.
⁸ OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.1.19; OJ C 158, 26.6.1989.
⁹ OJ C 23, 30.1.1989; Bull. EC 11-1988, point 2.1.58.
¹⁰ OJ L 200, 13.7.1989.
¹¹ Bull. EC 3-1989, point 2.1.44.
¹² OJ C 311, 6.12.1988; Bull. EC 7/8-1988, point 2.1.30.

opinions delivered by Parliament (first reading)¹ and the Economic and Social Committee,² the Council (Research) adopted a common position on a research and training programme in the field of remote handling in hazardous and disordered nuclear environments (1989-93) — Teleman. This programme will have a budget of ECU 19 million and is intended to promote the development of semi-autonomous or autonomous remote operators (robots) capable of working in the high-temperature and high-radioactivity environment characteristic of nuclear power stations. It will cover activities in four areas: component and sub-system development; environmental tolerance; research machine projects and product evaluation and studies.

One particular effect of the Teleman programme will be to help the nuclear industry to comply with the requirement that workers be exposed to the minimum practical amount of radiation, thus remaining within the imposed limits without compromising inspection, maintenance and repair operations.

Marine resources

2.1.60. On 20 June, acting on a proposal from the Commission³ and having received the opinions of Parliament⁴ and the Economic and Social Committee,⁵ the Council (Research) formally adopted Decision 89/413/EEC⁶ adopting a research programme in the field of marine science and technology (MAST) (1989-92), on which it had adopted a common position in March.⁷

The objectives of the MAST programme, which will have funding of ECU 50 million, are to promote the application of recent advances in the field of science and technology (remote-sensing satellites, data-processing systems, offshore technologies, etc.) to the study and management of Europe's coastal and regional seas.

The programme comprises four main headings: basic and applied marine science, coastal zone science and engineering, marine technology and supporting initiatives.

European scientific and technological cooperation

Assessment

2.1.61. On 20 June, acting on a proposal from the Commission⁸ and having received the opinions of Parliament⁹ and the Economic and Social Committee,¹⁰ the Council (Research) formally adopted Decision 89/414/EEC adopting a Community programme in the field of strategic analysis, forecasting and evaluation in matters of research and technology (Monitor) (1989-92),⁶ on which it had adopted a common position in March.¹¹ The programme has a total budget of ECU 22 million. It covers three sectors comprising specific and complementary activities, namely SAST, FAST and Spear.

The function of SAST in the overall process of setting priorities for research and technological development is to clarify and elaborate on positions regarding the strategic guidelines to be adopted by the Community in the field of science and technology.

The purpose of FAST is to provide the Community with overall long-term analyses relating to the major targets it has set itself for the 1990s, namely the creation of a single internal market and the strengthening of economic and social cohesion.

The aim of the Spear programme is to provide the Commission with better theoretical and methodological tools to assess the social and economic impact of its R&TD programmes.

¹ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.47.

² OJ C 102, 24.4.1989; Bull. EC 2-1989, point 2.1.31.

³ OJ C 298, 23.11.1988; Bull. EC 10-1988, point 2.1.38.

⁴ OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.34.

⁵ OJ C 75, 23.3.1989; Bull. EC 2-1989, point 2.1.34.

⁶ OJ L 200, 13.7.1989.

⁷ Bull. EC 3-1989, point 2.1.49.

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

⁹ OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.37.

¹⁰ OJ C 56, 6.3.1989; Bull. EC 12-1988, point 2.1.71.

¹¹ Bull. EC 3-1989, point 2.1.53.

Telecommunications, information technology and innovation

Information technology

2.1.62. At the Council meeting (Industry) on 21 June, the Commission reported on the introduction of the Joint European sub-micron silicon (Jessi) programme, launched as part of the Eureka programme, aimed at enabling European industry to participate in the mass production of future generations of intelligent microchips by 1996.

The programme will run for eight years (1989-96), focusing on four main areas:

- (i) the development of advanced technologies for both memory chips and for the manufacturing sciences;
- (ii) equipment and materials for the production of semiconductors;
- (iii) computer-assisted design and its applications;
- (iv) basic research to support the industrial aims of the Jessi programme as part of a long-term project.

The aim is to get leading European integrated circuit manufacturers, research centres and users together on a strategic level so as to strengthen Europe's international competitiveness in the design, production and application of both large-series and made-to-measure microchips, while taking account of the specific requirements of the user industries.

The Commission's contribution during the start-up phase is part of the Esprit programme.¹ It will be twofold: continuing the activities of the Esprit programme, in particular in the field of advanced micro-electronics, which fits in with the objectives of the Jessi programme; and a special project compatible with the criteria chosen for Esprit to cover one aspect of the activities planned under the technological section of the Jessi programme.

The projects could be under way by the end of the year. The final objective is the production in 1996 of dynamic and non-volatile memories with a capacity of 64 megabits (64 million items of information) and static memory chips with a capacity of 16 megabits. In the mean time, an intermediate phase ending in 1992 will make it possible to develop 16-megabit dynamic memory chips and 4-megabit static memory chips.

Telecommunications

Common market in telecommunications

2.1.63. On 28 June the Commission took a new step in the creation of a single market in telecommunications by adopting three texts dealing with competition in services contracts (→ point 2.1.95), open network provision (ONP) (→ point 2.1.64) and terminals (→ point 2.1.65).

2.1.64. In the light of Parliament's opinion,² the Commission adopted, for transmission to the Council, an amendment³ to its proposal for a Directive on open network provision (ONP).⁴ The amendment clarified the provisions with regard to the scope of the Directive. It will apply to both public and private telecommunications bodies to which a Member State has granted special or exclusive rights and to services rendered by telecommunications bodies which do not enjoy any such rights.

2.1.65. The Commission also adopted, for transmission to the Council, a proposal for a Directive on the approximation of the laws of the Member States concerning telecommunications terminal equipment,⁵

¹ OJ L 118, 6.5.1988; Bull. EC 4-1988, point 2.1.54.

² OJ C 158, 26.6.1989; Bull. EC 5-1986, point 2.1.81.

³ COM(89) 325 final.

⁴ OJ C 39, 16.2.1989; Bull. EC 12-1989, point 2.1.73.

⁵ COM(89) 289 final.

including mutual recognition of conformity. The proposal lays down the procedure by which a manufacturer may, having obtained approval for a terminal, market it in all the other Member States without further procedures at national level. In contrast to the present situation which requires manufacturers to obtain approval in each country, Community acceptance of single conformity checks will constitute a major step towards the creation of a single market in telecommunications equipment. Besides the time and money this will save manufacturers, the Directive should make a large variety of telecommunications terminals more widely, cheaply and rapidly available to users as a result of greater competition, economies of scale, less red tape and faster technical clearance. European standards are by definition international and non-Community manufacturers will benefit equally, provided their equipment conforms to these standards. The availability of terminals made to European standards is also essential for the speedy introduction of more sophisticated, flexible and cost-effective telecommunications services for users throughout the Community.

Combined use of IT and telecommunications in general applications

Eurotra programme

2.1.66. On 20 June the Council adopted, on a proposal from the Commission,¹ in cooperation with the European Parliament,² and having received the opinion of the Economic and Social Committee,³ Decision 89/410/EEC⁴ on a specific programme for the completion of an automatic translation system of advanced design, on which it had adopted a common position in March.⁵

Standardization

2.1.67. On 10 June the Commission signed a framework contract with the European

Telecommunications Standards Institute (ETSI), which was set up in March 1988, laying down the arrangements for the Community to contribute to the operation of the Institute. One of the first applications of these arrangements concerns an instruction for the preparation of the integrated services digital network (ISDN).⁶

2.1.68. The Commission received 26 replies to its further call for proposals launched in February for the provision of conformance testing services (CTS).⁷ Thirteen of the proposals were selected on the basis of a technical evaluation. The new centres, which will be opened on the basis of cost-sharing contracts with the Commission, will join the 50 set up since 1985, a dozen of which are already operational.

Dissemination and utilization of research results

2.1.69. On 20 June the Council adopted, acting on a re-examined proposal from the Commission,⁸ in cooperation with the European Parliament,⁹ and having received the opinion of the Economic and Social Committee,¹⁰ Decision 89/412/EEC on a specific programme for the dissemination and utilization of results from scientific and technological research (Value),⁴ on which it had adopted a common position in March.¹¹

¹ Bull. EC 5-1988, point 2.1.50; Bull. EC 2-1989, point 2.1.44.

² First reading: OJ C 12, 16.1.1989; Bull. EC 12-1988, point 2.1.86; second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.82.

³ OJ C 23, 30.1.1989; Bull. EC 11-1988, point 2.1.79.

⁴ OJ L 200, 13.7.1989.

⁵ Bull. EC 3-1988, point 2.1.59.

⁶ Bull. EC 11-1988, point 2.1.68.

⁷ OJ C 34, 10.2.1989; previous call for proposals: OJ C 135, 20.5.1987.

⁸ COM(89) 283 final; original proposal: OJ C 184, 14.7.1988; Bull. EC 5-1988, point 2.1.45; OJ C 27, 2.2.1989; Bull. EC 12-1988, point 2.1.83.

⁹ First reading: OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.75; second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.83.

¹⁰ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.45.

¹¹ Bull. EC 3-1989, point 2.1.57.

Competition

Restrictive practices, mergers and dominant positions: specific cases

Prohibited horizontal agreements

2.1.70. Following the conclusion of the Commission's investigation and the initiation of proceedings under the competition rules of the EEC Treaty, L'Air Liquide SA, AGA AB, Union Carbide, BOC Ltd, Air Products Europe Inc., Linde AG and Messer Griesheim, the European and world market leaders in industrial gases, have undertaken individually to amend clauses in their sales contracts for oxygen, nitrogen and argon delivered either on a tonnage basis in gaseous form or in bulk in liquid form. The amendments respect the following principles:

- (i) supply and purchasing commitments should relate to specific quantities, no exclusive supply clause being allowed;
- (ii) tonnage contracts must be of not more than 15 years' duration and liquid gas contracts of not more than 3 years' duration;
- (iii) there must be no link between a supply contract and a contract for the rental of cryogenic storage tanks, the two contracts having as a rule to be separate and distinct;
- (iv) the prohibition on resale and the clause to the effect that the supplier must be informed of better terms offered by competitors must be deleted.

Following the Commission's intervention, L'Air Liquide and AGA have separated their interests in their joint subsidiaries. L'Air Liquide Belge SA and L'Air Liquide Luxembourg SA have become wholly-owned subsidiaries of L'Air Liquide SA, while AGA Gas GmbH and AGA Gas BV are now wholly-owned subsidiaries of AGA AB. Linde AG and Messer Griesheim have taken similar action, Airgaz SARL and L'Oxydrique Internationale SA becoming subsidi-

aries of Messer, and Airgaz Nederland BV becoming a subsidiary of Linde.

Joint ventures

2.1.71. The Commission took the following decisions under the competition rules of the ECSC Treaty.

United Engineering Steels/ Bird Group of Companies

2.1.72. On 19 June the Commission authorized United Engineering Steels Ltd, Rotherham (UES) and Bird Group of Companies Ltd (Bird) to form a new company under the name of Hyfrag Ltd. Hyfrag, which will be jointly owned by UES and Bird, will operate a ferrous scrap fragmenting plant in Rotherham, supplying UES with part of the shredder scrap it needs to produce high-quality steel.

Krupp Stahl/Mannesmannröhrenwerke

2.1.73. On 27 June the Commission authorized Krupp Stahl AG and Mannesmannröhrenwerke AG to set up a joint venture under the name of Hüttenwerke Krupp Mannesmann GmbH (HKM). HKM will operate the Huckingen blast furnace and rolling mill previously owned by Mannesmann and supply crude steel and semi-finished products to the parent companies. Krupp will close down its Rheinhausen plant and transfer production of crude steel from that plant to Huckingen. At the same time, it will cease all production of standard heavy structural sections and rails.

Neue Maxhütte Stahlwerke

2.1.74. Also on 27 June the Commission authorized Mannesmannröhrenwerke AG, Klöckner Stahl GmbH, Krupp Stahl AG, Lech Stahlwerke GmbH, Thyssen Stahl AG, Thyssen Edelmetallwerke AG and the Land of Bavaria to form a new company under the name of Neue Maxhütte Stahlwerke GmbH. This will take over part of the facilities, workforce and production of Eisen-

werk-Gesellschaft Maximilianshütte mbH, which was declared bankrupt on 16 April 1987. The *Land* of Bavaria will own 45% of the shares in the new company, the remaining 55% being divided among the other shareholders. A restructuring plan providing for production cuts and closure of the Haidhof works should help the company return to profit.

Mergers

British Steel/Bore Steel Group

2.1.75. On 6 June the Commission authorized, under the competition rules of the ECSC Treaty, British Steel plc, London, to acquire the entire share capital of Bore Steel Group Ltd, Walsall. Besides being one of the largest European steel producers, British Steel is a steel stockholder. The acquisition of Bore Steel Group will strengthen British Steel's position as stockholder on the United Kingdom market, but owing to the presence of a number of rival stockholders, including one larger firm, it will not have the effect of restricting competition.

State aid

General schemes

Aid towards the cost of consultancy services

Federal Republic of Germany

2.1.76. On 21 June the Commission decided to raise no objections to a scheme to provide assistance towards the cost of consultancy services and hence promote know-how transfer in the *Land* of Hamburg. Under the scheme, which is to last three years and has a budget of DM 800 000 (ECU 380 000), industrial and commercial enterprises established in that *Land* which have an annual turnover of less than DM 15 million (ECU 7.2 million) and are not majority-owned by another company are to be

awarded a grant covering 50% of consultancy fees (with an award maximum of DM 25 000) for assessing such enterprises' needs in the areas of planning, work organization, the search for outlets, switching to new product lines, cost structure, the use of innovative processes and market research.

Environment

France

2.1.77. On 28 June the Commission initiated scrutiny proceedings under Article 93(2) of the EEC Treaty in respect of a scheme introduced by the Air Quality Agency with a view to assisting investment in desulphurization plant. The aid is in the form of grants of up to 50% of eligible investment, and the annual budget for the scheme amounts to FF 90 million (ECU 12.8 million). In the Commission's view, the intensity of aid and the size of the budget might distort competition and affect trade within the Community because recipient firms will have certain running costs subsidized which their competitors in other Member States have to bear in full.

The Commission saw no objection, however, to the provision of loans for the development of gas-scrubbing techniques or the improvement of existing techniques or to the payment of grants for the first industrial application of a new technique.

Spain

2.1.78. On 21 June the Commission approved the implementation of a draft Decree of the autonomous government of the Basque country introducing aid for the protection of the environment. The scheme, which has a budget for 1989 of PTA 400 million (ECU 3 million), provides for the award to enterprises of grants covering between 7.5 and 40% of the cost of purchasing and installing anti-pollution equipment and measuring/monitoring devices. Grants will also be made available for the reclamation of areas scarred by mining activities

or by rubbish tips and for the use of cleaner fuels.

Research and development

Federal Republic of Germany

2.1.79. On 7 June the Commission decided to initiate Article 93(2) proceedings in respect of a German transport research programme. The programme has a budget of ECU 408 million and is scheduled to last five years. While it found that the aid for the part of the programme concerned with conventional and urban transport passed the Article 92(3)(c) 'gateway' and hence could be authorized, the Commission estimated that, at between 50% and 75% of eligible expenditure, the intensity of the aid for the 'Transrapid' part exceeded the limits laid down by the Community R&D aid guidelines.

As far as the aid for the 'ICE — Intercity Experimental' part is concerned, the Commission needs to know exactly what stage has been reached in the implementation of the project.

The Commission came to the conclusion that these two aspects might affect trade between Member States to an extent contrary to the common interest and that further scrutiny was called for.

2.1.80. On 14 June the Commission decided to initiate Article 93(2) proceedings in respect of two R&D aid schemes proposed by the *Land* of North Rhine-Westphalia for a business technology programme and a programme of technologies of the future. The German authorities having omitted to inform the Commission precisely how much money has been allocated to the schemes and what exactly the research will involve, and in the absence of details as to how the schemes are to be implemented, the Commission is unable to establish whether the two schemes are compatible with the Community R&D aid guidelines.

France

2.1.81. On 21 June the Commission approved the award of aid by the French Government to businesses participating in four Eureka projects. In so doing it granted exemption from the prohibition on State aids under Article 92(3)(c) of the EEC Treaty in respect of participation in Eureka projects 3 (phototronics), 5 (membranes for ultra-micro-filtration) and 16 (European silicon structures) and under Article 92(3)(b) of the Treaty in respect of participation in Eureka project 102 (Eprom), which is considered to be an important project of common European interest. In the case of the phototronics project, which is aimed at developing a pilot method for the industrial production of large photovoltaic modules, Solems is set to receive ECU 6.5 million in aid, covering 25% of the cost of its participation. Lyonnaise des Eaux is participating in the membranes project to the tune of ECU 21 million, a quarter of which will be covered by the Fonds de la Recherche et de la Technologie. For its part in Eureka project 16, which is concerned with the application of electronic functions based on circuits defined by means of dedicated software, ES 2 will obtain an advance, repayable in the event of success, of approximately ECU 8 million, or 15% of its outlay. Thomson Semiconducteurs is participating to the extent of ECU 102 million spread over four years in the Eprom project, the aim of which is to produce a new generation of semiconductor circuits. The aid accounts for 35% of the cost and is being paid in the form of an Electronics Industry Support Fund grant.

Netherlands

2.1.82. Also on 21 June the Commission approved the refinancing of an aid scheme concerned with industrial research in the Netherlands. The scheme, which has a budget of HFL 3 million (ECU 1.3 million), is intended to foster research by non-profit-making bodies. The projects assisted involve basic research only and the aid intensity is less than 50% of eligible expenditure.

United Kingdom

2.1.83. On the same day, the Commission decided to raise no objections to a British Government plan to award R&D aid to British companies participating, together with universities and research institutes, in Eureka project 191 (advanced underwater robots). The United Kingdom share of the project amounts to ECU 25.5 million and the intensity of the aid, which is to be paid in grant form, is 32% of eligible expenditure.

The project involves basic research (48%) and applied research (52%) and qualifies for exemption from the State aid ban under Article 92(3)(c) of the EEC Treaty.

Regional aid

Spain

2.1.84. On 14 June the Commission approved a plan by the Spanish authorities to introduce a scheme laying down general rules for the various types of financial assistance from the regional government of Castile-León towards investment in the region. The total aid granted to any one investment project may not exceed 75% net grant equivalent (nge) in the provinces of Avila, León, Salamanca, Soria and Zamora, and 45% nge in those of Burgos, Palencia, Segovia and Valladolid. The draft budget for the scheme in 1989 is PTA 5 373.48 million (ECU 40.4 million). In its scrutiny of the plan, the Commission took account of the fact that Castile-León is eligible for regional aid under Article 92(3)(a) of the EEC Treaty, that the ceilings on aid intensity do not exceed the maximum of 75% nge which the Commission can authorize in the case of 92(3)(a) areas and that the differentiation in ceilings is in line with that authorized by the Commission in the context of the national regional aid scheme, allowing for the varying intensity of the regions' problems. However, acceptance of the ceilings does not prejudice the position the Commission might take on them at a later date, notably in the event of aids with different policy objectives being combined.

France

2.1.85. Again on 14 June the Commission gave the go-ahead to the formation of a job-creation subsidiary, to be known as Atlantique-Développement, within the Compagnie Générale Maritime group to counter the serious problems in the La Rochelle and Saintonge-Maritime areas due in large part to shipyard closures. Atlantique-Développement will operate by granting loans on favourable terms and acquiring minority shareholdings. The Commission decided to approve in principle the aid measures concerned because of the difficult social and economic situation in the above areas, which qualify in their entirety for regional aid. The Commission satisfied itself that the regional aid ceilings it has set would in no case be exceeded. It also took account of the fact that the new aid measures, whose intensity is low, would be directed mainly at small businesses.

Netherlands

2.1.86. On 26 June the Commission initiated proceedings under Article 93(2) of the EEC Treaty in respect of a scheme of aid for regional projects in the Netherlands. The Dutch Government plans to earmark HFL 137.5 million (ECU 67 million) a year to support projects in industry, agriculture, tourism, services and infrastructure proposed by the provincial authorities. The scheme was not notified as required by Article 93(3) of the Treaty and is therefore unlawful. The Commission also doubts whether the scheme as it stands is compatible with the common market as there are no precise award criteria or limits on the amount and intensity of the aid. It would seem, moreover, that the recipient regions do not coincide fully with those which the Commission previously accepted as eligible for regional investment aid.

Industry schemes

Shipbuilding

Federal Republic of Germany

2.1.87. On 14 June the Commission initiated Article 93(2) proceedings in respect

of financial transactions involving public money connected with the grouping together of German shipyards within the Bremer Werftenverbund. The transactions consist of:

(i) the purchase by Bremer Vulkan in April 1987 of 600 750 shares in Seebeckwerft AG from the public enterprise Hanseatische Industrie Beteiligungen GmbH (Hibeg);

(ii) participation by Hibeg in the recapitalization of Bremer Vulkan in June-September 1987, partly by underwriting the new share issue, and partly by taking up in the end more than 96% thereof;

(iii) the purchase by Hibeg in 1988 of financial assets of Bremer Vulkan and Seebeckwerft consisting mainly of shares in various ships built by those yards; and

(iv) the provision of public guarantees worth DM 165.1 million by the *Land* of Bremen for the restructuring of Bremer Werftenverbund, on top of aid granted in accordance with the guidelines on restructuring aid for coastal State shipyards.

The Commission considered that all these measures contained elements of State aid and that, on the basis of the information in its possession, it was unable to access the intensity of the aid provided by Hibeg or to find any justification for the scale of the restructuring guarantees.

Federal Republic of Germany and the Netherlands

2.1.88. On 14 June the Commission decided against allowing the Dutch and German Governments to grant national aid for the construction of a fishing vessel for an Irish owner, and called upon both governments to withdraw their aid proposals within two months. As the capacity limits of the Irish fishing fleet as approved by the Commission have been exceeded, the Commission considered that the guidelines on State aid in the fisheries sector as set forth in Regulation (EEC) No 4028/86 of 18 December 1986 on fisheries structures¹ should prevail over the provisions of the Sixth Directive on aid to shipbuilding² as

regards aid for the construction or modernization of fishing vessels intended for the Community fleet.

Portugal

2.1.89. On 21 June the Commission granted clearance for a scheme introduced by the Portuguese Government earlier this year, providing for aid to shipowners in Portugal. Total sums allocated to the scheme amount to ESC 600 000 (ECU 3.5 million). The aid takes the form of grants of up to 20% of contract value, and falls under the provisions of the Sixth Directive² only when used for the acquisition of newly constructed vessels. The Commission noted that the aid does not lead to distortion of competition between national shipyards in other Member States in the placing of orders and that the common maximum ceiling for contract-related aid provided for in Article 4 of the Sixth Directive is not exceeded.

Mining

Italy

2.1.90. On 14 June the Commission initiated Article 93(2) proceedings in respect of aid measures planned under Italy's new five-year plan for mining. It considered that some of the arrangements for granting aid, and the amount of environmental aid, operating aid and aid in support of conversion were at first sight incompatible with the common market within the meaning of Article 92(1) of the EEC Treaty. In particular, prolonged or permanent operating aid can hamper free competition, distort trade and, eventually, damage the Community's interests. On the other hand, the Commission did not object to that part of the scheme which related to basic research, applied research and prospection abroad.

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

² OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122.

Steel

France

2.1.91. On 28 June the Commission authorized part of the State aid earmarked for eight subsidiaries of Usinor-Sacilor amounting to FF 1 625 million (ECU 231.2 million). However, it rejected other parts of the package, worth FF 1 100 million (ECU 156.5 million). The eight steel producers are involved in tube and wire manufacture, construction, offshore operations and scrap trading and have forge and foundry interests. In initiating Article 93(2) proceedings,¹ the Commission took account of existing overcapacity at Community level in these sectors and the scale of the planned aid. It wanted to be sure that the restructuring programmes which were put forward as justification for the aid were different from those relied upon previously to justify unlawful subsidies which the Commission had declared incompatible with the common market on 25 March 1987.² Since the companies concerned were subsidiaries of a steel group, it also wanted to make sure that none of the aid was liable to flow back to the group as a whole, which would have been in breach of the ECSC Treaty.

Following its examination, the Commission concluded that the restructuring measures were indeed new and that they were such as to restore the viability of the six surviving subsidiaries (two having since been wound up). It also concluded that the measures would contribute to the rationalization of Community markets for the products concerned in the light of substantial capacity reductions implied by the restructuring. It therefore decided to authorize the aid allocated for financing various social measures aimed at 5 129 workers made redundant—41% of the 12 562 employed by the companies at the beginning of the restructuring programme—and the aid to finance the direct costs of closure and the reorganization of production. On the other hand, it decided that the aid towards the cost of paying the wages of the beneficiaries of the social programmes between the time of

acceptance of the programmes by the works councils and their implementation, the aid towards investment expenditure not linked to closures and the covering of past losses concerned expenditure which should normally be borne by the companies themselves. Consequently, it decided to prohibit these measures as incompatible with the common market within the meaning of Article 92(1) of the EEC Treaty.

Restructuring of the Italian State-owned steel sector

2.1.92. On 20 June the Commission adopted, for transmission to the Council for the latter's assent under Article 95 of the ECSC Treaty, a proposal for the amendment of its Decision 89/218/ECSC of 23 December 1988 on aid to the Italian State-owned steel sector.³ The amendments concern the postponement of the closure dates for the steelworks at Bagnoli, Turin, Lovere and Sesto San Giovanni, and go some way towards meeting a request by the Italian Government.

2.1.93. The proposal was the subject of an opinion delivered by the ECSC Consultative Committee on 21 June in which, while expressing understanding for the Italian position, the Committee asked that this delay in implementing the restructuring plan be the last.

Mechanical engineering and metalworking

France

2.1.94. On 7 June the Commission decided to raise no objections to the renewal for five years of the French scheme of parafiscal levies on products of the mechanical engineering and metalworking industries, the proceeds from which are used to part-finance the running of specialized technical

¹ Bull. EC 6-1988, point 2.1.122; Bull. EC 9-1988, point 2.1.59.

² OJ L 290, 14.10.1987; Bull. EC 3-1987, point 2.1.83.

³ OJ L 86, 31.3.1989; Bull. EC 12-1988, point 2.1.130.

centres for the industries concerned. The rate of the levy is fixed annually by Ministerial Decree at up to 0.35% in the case of products of the steel structures industry, aeronautical engineering and thermal engineering, and up to 0.112% in the case of products of the mechanical engineering, metalworking and machine-tool industries and products made by welding and turning. The Commission first established that the scheme as extended satisfied the tests it had often applied in the past in determining whether parafiscal levy schemes were compatible with the common market, namely the exclusion of aid awards to individual firms, the non-taxation of imported products and the absence of measures to support exports to other Member States.

Public enterprises

2.1.95. On 28 June the Commission adopted a Directive under Article 90 of the EEC Treaty on the opening-up of telecommunications services contracts to competition, the preliminary draft of which it had adopted on 14 December 1988.¹ The aim of the Directive, which forms part of the Commission's Green Paper programme,² is to remove from the national telecommunications administrations the absolute monopoly which they currently enjoy in most Member States in the provision of services. However, it does not relate to the telecommunications network as such.

The Directive provides mainly for:

- (i) the abolition of exclusive rights for all services to the general public except voice telephony, while allowing the Member States to lay down objective, non-discriminatory trade regulations for these activities;
- (ii) specific transitional arrangements up to 31 December 1992 allowing a prohibition on the resale of leased line capacity which could then be used to compete with the public data communications service before the tariff structures have been revised;
- (iii) mandatory publication by the Member States of technical interfaces by 31

December 1990 to provide the information necessary for private operators;

- (iv) the abolition of restrictions on the processing of signals before and after transmission via the public network;
- (v) separation of the regulatory powers from the activities of telecoms organizations;
- (vi) measures to allow existing long-term contracts to be terminated.

The procedure for implementing the Directive is linked to the adoption of the Council Directive on open network provision (ONP) (→ point 2.1.64). It will accordingly be notified to the Member States on the day on which the Council Directive is notified, provided, that is, the Council reaches a common position on the latter by 1 April 1990. If not, the Commission Directive will be notified on that date. These arrangements are designed to take account of reservations expressed by a few Member States regarding the principle of a Directive based on Article 90(3) of the EEC Treaty, the delayed notification being intended to create parallelism between the liberalization of services and harmonization of the conditions under which access may be had to the network.

Employment and social policy

2.1.96. The European Council at its meeting in Madrid considered that in the course of the construction of the single European market social aspects should be given the same importance as economic aspects (→ point 1.1.8).

Social dimension of the internal market

2.1.97. On 12 June the Council (Labour and Social Affairs) held a policy debate on the preliminary draft Community Charter of Fundamental Social Rights submitted by

¹ Bull. EC 12-1988, point 2.1.72.

² Bull. EC 6-1987, point 1.4.1 *et seq.*

the Commission in May.¹ The Council discussed the general approach adopted by the Commission and the different points of the Charter. The exchange of views resulted in the preparation of draft conclusions acceptable to 11 delegations and these were forwarded by the President to the European Council (→ point 1.1.8).

Employment

Employment and labour market

2.1.98. On 22 June the Economic and Social Committee adopted an own-initiative opinion on social developments in the Community in 1988. Reviewing the main social trends and the most important developments in Community policy in this field, the Committee stressed that 1988 was the year which had seen the European Council in Hanover stress 'the importance of the social aspects of progress towards the 1992 objectives'.² The Committee considered that the main issues in the run-up to 1992 were employment, the capacity to adapt, training and mobility. In view of the persistent job deficit, the Committee consequently advocated a policy not only of channelling growth to create jobs but also of genuinely promoting employment, making it more responsive to market requirements, without, however, reducing it to merely a variable of them.

Living and working conditions and social protection

Poverty

2.1.99. On a Commission proposal³ and in the light of opinions by the European Parliament⁴ and the Economic and Social Committee,⁵ the Council (Labour and Social Affairs) agreed to the Decision establishing a medium-term Community action programme to foster the economic and social integration of the least privileged groups. With a duration of five years (1 July

1989 to 30 June 1994) and a budget of ECU 55 million, this programme is to continue and expand the Community's action to combat poverty, following on from the first programme of 1975⁶ and the specific action programme of 1984.⁷

2.1.100. On 16 June the Commission published an invitation to tender by open procedure in this context with a view to obtaining the help of an organization responsible for providing technical assistance for the implementation of the programme and in particular its general organization and financial management.⁸

Labour law — industrial relations

2.1.101. On 20 June the Commission adopted a report,⁹ for transmission to the European Council and the Council, on rules governing working conditions in the Member States. In response to the invitation given by the European Council in Hanover,¹⁰ the report was drawn up on the basis of contributions provided by national experts. It provides a comparison of the situations in the Member States regarding the legal concept of the employment contract, the features and conditions relating to four types of non-standard employment (agency work, part-time work, fixed-term employment and home working), the regulation of industrial disputes, the workers' right to information, consultation and participation and collective agreements as sources of regulations.

The European Council took note of this comparative study at its meeting on 26 and 27 June (→ point 1.1.8).

¹ Bull. EC 5-1989, points 1.2.1 to 1.2.15 and 3.3.1.

² Bull. EC 6-1988, point 3.4.1.

³ OJ C 60, 9.3.1989; Bull. EC 12-1988, point 2.1.163.

⁴ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.104.

⁵ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.88.

⁶ OJ L 199, 30.7.1975; OJ L 322, 17.12.1977; OJ L 375, 31.12.1980.

⁷ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.95.

⁸ OJ C 149, 16.6.1989.

⁹ COM(89) 360 final.

¹⁰ Bull. EC 6-1988, point 3.4.1.

Social integration of handicapped people

2.1.102. On 12 June the Council (Labour and Social Affairs) adopted conclusions on the employment of disabled people in the Community.¹ Having noted the report forwarded by the Commission on 22 December 1988,² the Council requested the Member States firstly to continue to implement policies of positive action to promote the occupational integration of disabled people and secondly to encourage the involvement of the social partners and the representatives of disabled people in defining and implementing such measures. The Council also requested the Commission to stimulate cooperation between the Member States under the Helios programme to promote social and economic integration and an independent way of life for disabled people.³ The Commission was also asked to give its support, under the European Social Fund, to national measures to improve the integration of disabled persons and to forward to the Council proposals on employment which will ensure better coordination and greater consistency between the measures introduced by the Member States.

Free movement of migrant workers

2.1.103. On 22 June the Commission adopted a report, for transmission to the Council, on the social integration of third-country migrants residing on a permanent and lawful basis in the Member States. In response to the request made by the European Council at Hanover,⁴ the report is factual in nature and confines itself to areas of fundamental importance in the process of social integration. It reviews data on the composition of the non-Community population, their legal situation, length of residence, acquisition of nationality, unemployment situation, education, housing and living conditions.

Social security for migrant workers

2.1.104. On the basis of a Commission proposal,⁵ and in the light of opinions by

the European Parliament⁶ and the Economic and Social Committee,⁷ the Council (Labour and Social Affairs) agreed, on 12 June, to amendments to Regulation (EEC) No 1408/71⁸ on the application of social security schemes to employed workers and their families moving within the Community and Regulation (EEC) No 574/72⁹ laying down the procedures for implementing the latter. The purpose of the amendments is to adapt Community legislation to certain new situations in the Member States.

Health and safety

Health and safety at work

2.1.105. On 12 June, on the basis of a Commission proposal,¹⁰ re-examined on 6 June,¹¹ in cooperation with the European Parliament¹² and in the light of the Economic and Social Committee's opinion,¹³ the Council (Labour and Social Affairs) adopted Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work.¹⁴ Laying down the minimum requirements for health and safety at work (obligations of the employers and the workers, the establishment and maintenance of prevention, protection and emergency services), this Directive provides a framework for all the other directives to be adopted in this field under Article 118a of the Treaty.

¹ OJ C 173, 8.7.1989.

² Bull. EC 12-1988, point 2.1.169.

³ OJ L 104, 23.4.1988; Bull. EC 4-1988, point 2.1.92.

⁴ Bull. EC 6-1988, point 3.4.1.

⁵ OJ C 292, 16.11.1988; Bull. EC 10-1988, point 2.1.80.

⁶ OJ C 12, 16.1.1989; Bull. EC 12-1988, point 2.1.171.

⁷ OJ C 23, 30.1.1989; Bull. EC 11-1988, point 2.1.131.

⁸ OJ L 149, 4.7.1971.

⁹ OJ L 74, 27.4.1972.

¹⁰ OJ C 141, 30.5.1988; Bull. EC 2-1988, point 1.2.4.

¹¹ OJ C 172, 7.7.1989; COM(89) 281 final.

¹² First reading: OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.134; second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.118.

¹³ OJ C 175, 4.7.1988; Bull. EC 4-1988, point 2.1.98.

¹⁴ OJ L 183, 29.6.1989.

Human resources, education, training and youth

Cooperation in education

2.1.106. On 2 June the Commission adopted, for transmission to the Council, Parliament and the Economic and Social Committee, a communication entitled 'Education and training in the European Community — Guidelines for the medium term: 1989-92'.¹ In it the Commission describes the new challenges and prospects for education and training policies and the principles and objectives on which Community action will be based. The communication also contains a brief account of the measures which the Commission plans to take or to propose during the 1989-92 period with regard to freedom of movement for persons (qualifications), initial and continuing vocational training, the Erasmus programme and university development, education and training in the light of technological change, quality improvements in the educational systems through cooperation, language teaching and the promotion of youth exchange schemes.

Higher education

2.1.107. On 28 June the Commission approved the Jean Monnet programme, an information programme designed to promote European integration studies at universities. By providing financial assistance over an initial period, the Commission hopes to encourage the setting-up of courses on European integration (European Chairs) in the basic humanities curricula of which Community developments are becoming an increasingly important component. Support will also be provided for research as part of an effort to ensure a suitable supply of teaching staff and a larger amount of university research on Community issues.

2.1.108. A workshop on higher education and Europe after 1992 was held in Louvain (Belgium) from 21 to 23 June. Organized

on the initiative and with the support of the Commission, this brainstorming session enabled the participants — academics, industrialists, administrators and policy-makers — to examine possible strategies for Community action in areas such as relations between the university and non-university sectors, the research strategies of universities and the content of teaching curricula.

Vocational training

2.1.109. On 5 June the Council formally adopted the resolution on continuing vocational training,² on which agreement had been reached on 5 April.³

Information, communication and culture

1992

People's Europe

2.1.110. This year, in response to a call by Parliament in a resolution adopted in April 1988,⁴ the Community budget for the first time includes provision for financial assistance of ECU 3 million to promote twinning between towns and cities in the Community. Twinning schemes boost the involvement of European citizens and their local representatives in European integration but are frequently hampered by problems of geographical distance, language barriers or the small size of the communities involved. They are also very unevenly distributed, as they tend to be concentrated mainly in the founding Member States. To remedy these shortcomings the Commission can now award grants to encourage twinning between towns and cities in the Member States which have

¹ COM(89) 236 final.

² OJ C 148, 15.6.1989.

³ Bull. EC 4-1989, point 2.1.95.

⁴ Bull. EC 4-1988, point 2.4.19.

recently joined the Community and enhance the European dimension of existing twinning schemes.

Public awareness

Information for farmers

2.1.111. The first European forum for rural promotion and information to be held in Italy opened in Villa San Martino on 2 June. Like those already set up in other Member States (Belgium, Denmark, Germany, Spain, France and Ireland), the forum is part of the measures to disseminate information and heighten awareness which the Commission announced in its communication on the future of rural society.¹ The purpose of the forums is:

- (i) to provide leading figures in the social and economic life of rural areas with information about Community policies and measures which may concern the development of such areas, adapting the information to local needs;
- (ii) to facilitate and stimulate dialogue, joint discussion and cooperation between the various leading figures in the social and economic life of rural society;
- (iii) to facilitate exchanges of experience and information between the various rural areas of the Community, as they often face similar problems;
- (iv) to give the Commission a source of information filtering upwards and going beyond the traditional statistical surveys in giving details of experience and progress in rural development.

Olympic Games

2.1.112. On 9 June Mr Jean Dondelinger held a meeting in Brussels attended by the Chairmen of the Community's 12 National Olympic Committees and representatives of the sports federations. He once again stressed² the importance which the Commission attached to a sizeable Community presence at the summer and winter Games

in 1992. At the meeting, the National Committees proposed that a sports festival be held for young Olympic contenders from the Community. It would be an opportunity for young people from the Community to come together to compete in a dozen or so events. The first such festival should be held in Brussels in 1991 and would then be held in different Community countries every other year.

Environment

2.1.113. The Madrid European Council expressed the view that the Community had an essential role to play in the field of environmental protection (→ point 1.1.9).

European Environment Agency

2.1.114. On 21 June the Commission adopted, for transmission to the Council, a proposal for a Regulation on the establishment of the European Environment Agency and the European environment monitoring and information network.³ The Agency's brief would be to carry out environmental evaluation, protection and improvements throughout the Community. It would be the nucleus of a network whose task would be:

- (i) to provide the Community, the Member States and participating third countries with the objective information needed for the formulation and implementation of sound and effective environmental policies;
- (ii) in particular, to provide technical, scientific and economic information needed by the Commission in its tasks of identification, preparation and assessment of the implementation and results of environmental action and legislation;
- (iii) to stimulate the development and the application within the Agency of techniques

¹ Bull. EC 7/8-1988, point 1.2.4; Supplement 4/88 — Bull. EC.

² Bull. EC 3-1989, point 2.1.95.

³ COM(89) 303 final.

of environmental modelling and forecasting in order that adequate preventive action can be taken at the appropriate time;

(iv) to help ensure the harmonization and comparability of environmental data in the Community as well as the integration of European environmental data into international environmental monitoring programmes, such as those established within the framework of the United Nations and its system of agencies.

The Agency would be a Community body open to third countries in Europe or with a European border, in view of the multinational character of work on the environment and the international character of most environmental problems. It would also enjoy a large degree of autonomy and would be headed by a Management Board composed of representatives from the Commission, Member States and participating third countries.

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

Titanium dioxide

2.1.115. On a proposal from the Commission,¹ amended for the third time² on 8 June in the light of Parliament's opinion,³ the Council adopted on 21 June a Directive laying down procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry. The Directive's provisions include a ban from 31 December on discharges in water of certain types of treatment waste, a reduction in discharges into the atmosphere of certain types of dust, and quality objectives.

Barcelona Convention

2.1.116. On 9 June the Commission adopted, for transmission to the Council, a

recommendation for a Decision authorizing the Commission to participate on behalf of the Community in negotiations on a Protocol to the Barcelona Convention on the Protection of the Mediterranean Sea against Pollution.⁴ The Protocol will deal with the combating of pollution resulting from exploration and exploitation of the continental shelf, seabed and substratum of the Mediterranean.

Air pollution

Harmful motor-vehicle emissions

2.1.117. On 9 June the Council reached substantive agreement on an amendment to Council Directive 70/220/EEC of 20 March 1970⁵ concerning air pollution caused by motor-vehicle engines of less than 1.4 litres.

The Council accepted in broad outline the Commission proposal,⁶ as amended in May⁷ to take account of the substantive amendments to the common position of the Council,⁸ as proposed by Parliament.⁹

The Council did, however, set the dates of entry into force of compulsory definitive standards for new models and new vehicles entering into service at 1 July 1992 (instead of 1 January 1993) and 31 December 1992 (instead of 1 October 1993) respectively. The values are those proposed by the Commission (for type-approval: 19 g/test for CO and 5 g/test for HC and NO_x; for control of conformity of production: 22 g/test for CO and 5.8 g/test for HC and NO_x).

¹ OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82.

² COM(89) 292 final; earlier amendments: OJ C 167, 27.6.1984; Bull. EC 6-1984, point 2.1.75; OJ C 73, 21.3.1989; Bull. EC 12-1988, point 2.1.210.

³ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.144.

⁴ OJ L 240, 19.9.1977.

⁵ OJ L 76, 6.4.1970; OJ L 81, 14.4.1970.

⁶ OJ C 56, 27.2.1988; Bull. EC 2-1988, point 2.1.103; OJ C 321, 14.12.1988; Bull. EC 11-1988, point 2.1.166.

⁷ OJ C 134, 31.5.1989; Bull. EC 5-1989, point 2.1.148.

⁸ Bull. EC 11-1988, point 2.1.167; Bull. EC 12-1988, point 2.1.214.

⁹ OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.111.

The principle of tax incentives was accepted subject to the following conditions:

- (i) they must relate to all motor vehicles produced nationally or imported for sale on the market of a Member State fitted with a device by means of which the European standards to be complied with in 1992 are complied with before that date;
- (ii) the incentives provided by the Member States' authorities will cease to apply once the compulsory emission values laid down for new vehicles come into effect;
- (iii) the value of the incentives for each type of vehicle must be substantially lower than the true cost of the devices which enable the values to be complied with and the cost of fitting them to the vehicle.

Municipal waste

2.1.118. At its meeting of 8 and 9 June the Council, acting on a proposal from the Commission,¹ adopted Directive 89/369/EEC on the prevention of air pollution from new municipal waste incineration plants,² and agreed to Directive 89/429/EEC on the reduction of air pollution from existing incineration plants, which it adopted on 21 June.³ In the case of the latter, the Council adopted a six-year deadline for the adaptation of large installations and reformulated the provisions concerning combustion conditions.

Sulphur dioxide and suspended particulates

2.1.119. On 21 June the Council, acting on a proposal from the Commission,⁴ formally adopted a Directive, on which it had reached agreement on 8 and 9 June, amending Council Directive 80/779/EEC of 15 July 1980, concerning air quality limit values and guide values for sulphur dioxide and suspended particulates.⁵ The Council set a deadline of 24 months (instead of 18) for incorporating the Directive into national law.

Greenhouse effect

2.1.120. On 21 June the Council formally adopted a resolution on the greenhouse

effect,⁶ which confirms that the Community will make an active contribution to discussions to prepare the ground for the negotiation of an international agreement on climatic change. The Council also emphasized the need for a prompt review of Community policies which have become incompatible with a strategy for combating the greenhouse effect. It sets out the main areas of an extensive world-wide programme for examining the consequences of the greenhouse effect and the measures to be implemented, and calls for public opinion to be kept fully informed.

Control of chemicals, industrial hazards and biotechnology

Chlorofluorocarbons

2.1.121. Pursuant to Council Regulation (EEC) No 3322/88 of 14 October 1988 on certain chlorofluorocarbons and halons which deplete the ozone layer,⁷ the Commission adopted on 30 June Decision 89/419/EEC allocating import quotas for CFCs for the period 1 July 1989 to 30 June 1990.⁸

Biotechnology

2.1.122. At the meeting of 8 and 9 June the Council reached an agreement on the proposal for a Directive on the contained use of genetically modified organisms,⁹ which provides for a stricter procedure than that proposed by the Commission and an amendment of the legal basis from Article 100a to Article 130s of the Treaty; this

¹ OJ C 75, 23.3.1988; Bull. EC 2-1988, point 2.1.102.

² OJ L 163, 14.6.1989.

³ OJ L 203, 15.7.1989.

⁴ OJ C 254, 30.9.1988; Bull. EC 9-1988, point 2.1.86.

⁵ OJ L 229, 30.8.1980; Bull. EC 7/8-1980, point 2.1.71.

⁶ The full text of this resolution is given in point 3.2.1; OJ C 183, 20.7.1989.

⁷ OJ L 297, 31.10.1988; Bull. EC 10-1988, point 2.1.108.

⁸ OJ L 192, 7.7.1989.

⁹ OJ C 198, 28.7.1988; Bull. EC 3-1988, point 2.1.125.

amendment will require fresh consultations with Parliament.¹

Protection and use of resources

Fauna and flora

2.1.123. On 8 June the Council, acting on a proposal from the Commission,² adopted Directive 89/370/EEC³ extending until further notice Council Directive 83/129/EEC⁴ of 28 March 1983 concerning the ban on the importation into Member States of skins of certain seal pups and products derived therefrom.

Awareness and training

2.1.124. In the context of Operation Blue Flag of Europe, which is coordinated by the Foundation for Environmental Education in Europe and supported by the Commission and was first launched in 1987,⁵ as part of the European Year of the Environment, 567 beaches and 126 ports in the Community were singled out this year. This stamp of quality is awarded to beaches and ports which meet certain criteria, including hygiene, rescue equipment, sanitary installations and the availability of information to the public.

Nuclear safety

Plant safety

2.1.125. In the light of the Commission's communication on the safety of nuclear power plants⁶ and in conjunction with its own conclusions of September 1988⁷ the Council adopted new conclusions on 21 June on the technological problems of nuclear safety. It underlined the importance, at international level, of an awareness and understanding of the methods used to verify the safety of nuclear plant, emphasizing the role of technical progress in this connection. It encouraged the Commission to play an

active role in this field, both at Community level and internationally.

2.1.126. From 27 to 29 June the Commission held a workshop in Brussels in collaboration with the OECD on the technical aspects of emergency planning in nuclear installations, which was attended by some 100 experts from 17 countries. One session was given over to the problems of emergency planning in a non-nuclear context, with a view to making the most of the scope for exchanges of ideas and experience.

Consumers

Physical protection and product safety

2.1.127. On 1 June the Council (Consumer Affairs) adopted conclusions concerning accidents involving consumer products. Following an examination of the Commission report⁸ on experience gained in the first two years of the demonstration project with a view to introducing a Community system of information on accidents involving consumer products (Ehlass),⁹ the Council agreed in principle that the project should be continued and financed for the next two years, i.e. up to 1 December 1990. Pending a detailed proposal from the Commission regarding the necessary financing and additional tasks to be undertaken during this period, provision was made for a financial allocation of ECU 5 million.

¹ Previous opinion: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.151; opinion of the Economic and Social Committee: OJ C 23, 30.1.1989; Bull. EC 11-1988, point 2.1.173.

² Bull. EC 3-1989, point 2.1.115.

³ OJ L 163, 14.6.1989.

⁴ OJ L 91, 9.4.1983; Bull. EC 3-1983, point 2.1.85.

⁵ Bull. EC 7/8-1987, point 2.1.163.

⁶ Bull. EC 2-1989, point 2.1.138.

⁷ Bull. EC 9-1988, point 2.1.145.

⁸ Bull. EC 12-1988, point 2.1.228.

⁹ OJ L 109, 26.4.1986; Bull. EC 1-1986, point 2.1.100.

Protection of economic and legal interests

2.1.128. Having reached unanimous substantive agreement on 1 June, the Council on 21 June formally adopted a common position on the proposal for a Directive¹ amending Directive 87/102/EEC of 22 December 1986 concerning consumer credit.² Compared with the original proposal, the Council considered that as a transitional measure Member States which, prior to notification of the Directive, used a formula for calculating the annual percentage rate of charge other than set out in the Directive, may continue to do so until 31 December 1995. Six months before that date, and on the basis of a Commission report accompanied by a proposal, the Council will be called on to take a decision on the introduction of a single Community mathematical formula.

Consumer information, education and representation

2.1.129. On 1 June the Council also took note of the Commission report on consumer education in primary and secondary schools.³ This report, which was drawn up in response to the resolution adopted on 9 June 1986 on this subject⁴ by the Council and the Education Ministers, emphasizes the need for greater emphasis on consumer education in general education curricula, and to develop teacher training and the production of educational material.

Agriculture

Continuing reform of the CAP

2.1.130. On 2 June the Commission adopted Regulation (EEC) No 1545/89 on transitional measures for the grant of agricultural income aids.⁵ The purpose of this Regulation is to authorize certain income aids notified to the Commission before 1 April 1989 where, pending the detailed rules

of application of the new scheme, these are broadly, from a material point of view, in accordance with the criteria laid down in Council Regulation (EEC) No 768/89⁶ of 21 March.

2.1.131. On 14 June the Commission adopted Regulation (EEC) No 1678/89⁷ amending Regulation (EEC) No 3155/85 providing for the advance fixing of monetary compensatory amounts.⁸ The purpose of this Regulation is to specify the rules for adjusting the monetary compensatory amounts fixed in advance where the agricultural conversion rate announced at the time of application for advance fixing is subsequently altered before the import or export operation.

Market organizations

Cereals and rice

2.1.132. Acting on a proposal from the Commission⁹ and in the light of the opinions of Parliament¹⁰ and the Economic and Social Committee,¹¹ on 19 June the Council adopted the following: Regulation (EEC) No 1834/89¹² amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals;¹³ Regulation (EEC) No 1835/89 setting general rules on the production aid for high-quality flint maize;¹² and Regulation (EEC) No 1836/89 fixing the production aid for sowings in the 1989/90 marketing year of certain varieties of high-quality flint maize.¹² The aim of the three Regulations is, having regard to the

¹ OJ C 155, 14.6.1988; Bull. EC 4-1988, point 2.1.125; OJ C 155, 23.6.1989; Bull. EC 5-1989, point 2.1.172.

² OJ L 42, 12.2.1987; Bull. EC 12-1986, point 2.1.105.

³ Bull. EC 4-1989, point 2.1.122.

⁴ OJ C 184, 23.7.1986; Bull. EC 6-1986, point 2.1.167.

⁵ OJ L 151, 3.6.1989.

⁶ OJ L 84, 29.3.1989; Bull. EC 3-1989, point 2.1.118.

⁷ OJ L 164, 15.6.1989.

⁸ OJ L 310, 21.11.1985.

⁹ OJ C 87, 8.4.1989; Bull. EC 3-1989, point 2.1.123.

¹⁰ OJ C 158, 26.6.1989.

¹¹ OJ C 102, 24.4.1989.

¹² OJ L 180, 27.6.1989.

¹³ OJ L 281, 1.11.1975.

substantial demand for these varieties of maize, to encourage the development of this crop in the regions of the Community which are particularly suitable for the production of the varieties in question by virtue of their climate. The aid is to be granted on condition that an undertaking is given to process the maize into products for human consumption and a security is provided against failure to honour that undertaking. The Member States are also required to introduce arrangements for checking that the conditions for granting the aid are satisfied.

2.1.133. Acting on a proposal from the Commission¹ and in the light of the opinions of Parliament² and the Economic and Social Committee,³ on 19 June the Council adopted Regulation (EEC) No 1806/89⁴ amending Regulation (EEC) No 1418/76 on the common organization of the market in rice.⁵ The amendment concerns the special arrangements for imports of milled rice into Réunion and aims to make the Réunion rice industry more competitive.

2.1.134. On 7 June the Commission adopted Regulation (EEC) No 1588/89 fixing, for the 1989/90 marketing year, the threshold prices for cereals and for certain classes of flour, groats and meal.⁶ The various threshold prices were calculated in accordance with the usual criteria.

2.1.135. On 30 June the Commission adopted Regulation (EEC) No 1950/89 fixing the reference prices for hybrid maize and hybrid sorghum for sowing for the 1989/90 marketing year.⁷

Fruit and vegetables

2.1.136. Having noted that the intervention threshold for lemons had been exceeded in Spain for 1989/90, on 1 June the Commission adopted Regulation (EEC) No 1523/89,⁸ which determines the consequences for the basic and buying-in prices for the 1989/90 marketing year.

2.1.137. On 19 June the Commission adopted Regulation (EEC) No 1736/89 fixing for the 1989/90 marketing year the reference prices for apples.⁹ The 1.1% increase will affect the reference prices only in August, September and December, account being taken of the existing rules, whereby these prices are to remain at the same level as for the preceding marketing year.

2.1.138. On 20 June the Commission adopted Regulation (EEC) No 1764/89 fixing for the 1989/90 marketing year the reference prices for pears.¹⁰ The 1.1% increase reflects the average trend in production costs recorded in 1988.

2.1.139. On 23 June the Commission adopted Regulation (EEC) No 1822/89⁴ amending Regulation (EEC) No 3587/86 fixing the conversion factors to be applied to the buying-in prices for fruit and vegetables.¹¹ The purpose of the Regulation is to adapt the lists of varieties of large-fruit apples and pears to the quality standards for these products, as recently amended by Commission Regulation (EEC) No 920/89 of 10 April¹² and to adjust the conversion factors for table grapes in accordance with Article 16(4) of Council Regulation (EEC) No 1035/72¹³ so as to maintain a balance between the price at which the product is withdrawn and the price obtained by the producer.

2.1.140. On 27 June the Commission adopted Regulation (EEC) No 1867/89 fixing the level of the intervention threshold for apples and tomatoes for the 1989/90 marketing year.¹⁴

¹ OJ C 99, 20.4.1989; Bull. EC 3-1989, point 2.1.124.

² OJ C 158, 26.6.1989.

³ OJ C 159, 26.6.1989.

⁴ OJ L 177, 24.6.1989.

⁵ OJ L 166, 25.6.1976.

⁶ OJ L 156, 8.6.1989.

⁷ OJ L 187, 1.7.1989.

⁸ OJ L 149, 1.6.1989.

⁹ OJ L 171, 20.6.1989.

¹⁰ OJ L 172, 21.6.1989.

¹¹ OJ L 334, 27.11.1986.

¹² OJ L 97, 11.4.1989.

¹³ OJ L 118, 20.5.1972.

¹⁴ OJ L 181, 28.6.1989.

Wine

2.1.141. Acting on a proposal from the Commission,¹ and in the light of the opinions of Parliament² and the Economic and Social Committee,³ on 1 June the Council adopted Regulation (EEC) No 1535/89 providing for the adjustment of the price applicable to table wine delivered for compulsory distillation in Spain.⁴ This Regulation extends to Spain the price arrangements for compulsory distillation adopted by the Council in 1988 in connection with the agricultural stabilizers.⁵

2.1.142. On 21 June the Commission adopted Regulation (EEC) No 1780/89⁶ laying down detailed rules for the disposal of alcohol obtained from the distillation operations referred to in Articles 35, 36 and 39 of Council Regulation (EEC) No 822/87⁷ and held by intervention agencies. The aim is to stabilize the market by reducing the Community's stocks of alcohol. These stocks are to be sold by tender for, among other things, new industrial uses and use as motor fuel.

Milk and milk products

2.1.143. On 12 June the Commission adopted Regulation (EEC) No 1651/89⁸ amending Regulation (EEC) No 2729/81 laying down special rules implementing the system of import and export licences and the advance fixing of refunds in respect of milk and milk products.⁹ Having regard to the change in the market situation, particularly as regards butter and skimmed-milk powder, and the advisability of aligning the rules applicable to all the market organizations, this Regulation increases the amounts of the security, reduces the period of notice and cuts the maximum period of validity of export licences in some cases.

Beef/veal

2.1.144. The Commission, on 22 June, adopted Regulation (EEC) No 1795/89¹⁰ repealing Regulation (EEC) No 74/84 laying

down the conditions for granting special export refunds on certain cuts of unboned (bone in) meat of bovine animals.¹¹ The quantities exported under this Regulation were very small, and its repeal contributes towards simplification in the field of export refunds in this sector.

2.1.145. On 7 June the Commission adopted Regulation (EEC) No 1590/89 laying down transitional measures for the support of the beef market in Spain.¹² This Regulation provides for support for the Spanish market, which is currently facing seasonal difficulties. The support measure chosen consists of a private storage aid scheme with an overall limit of 5 000 tonnes.

2.1.146. The Commission also adopted, on 14 June, Regulation (EEC) No 1684/89 adopting exceptional measures for the market in beef and veal in Italy.¹³ The Regulation provides for private storage aids to be granted for all categories of adult bovine animals following the declaration of several outbreaks of foot-and-mouth disease in certain regions of Italy.

Oils and fats

2.1.147. On 23 June the Commission adopted Regulation (EEC) No 1823/89 adopting for 1989 the measures to improve the quality of olive oil production.¹⁴

This Regulation specifies the action to be taken to improve the quality of olive oil production financed by resources arising from the deduction made for that purpose

¹ OJ C 329, 22.12.1988; Bull. EC 11-1988, point 2.1.192.

² OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.108.

³ OJ C 102, 24.4.1989; Bull. EC 2-1989, point 2.1.108.

⁴ OJ L 151, 3.6.1989.

⁵ Bull. EC 3-1988, point 2.1.136.

⁶ OJ L 178, 24.6.1989.

⁷ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁸ OJ L 162, 13.6.1989.

⁹ OJ L 272, 26.9.1981; Bull. EC 9-1981, point 2.1.74.

¹⁰ OJ L 176, 23.6.1989.

¹¹ OJ L 10, 13.1.1984.

¹² OJ L 156, 8.6.1989.

¹³ OJ L 164, 15.6.1989.

¹⁴ OJ L 177, 24.6.1989.

from the production aid during the 1987/88 marketing year. The schemes planned are, firstly, control of the olive fly and other harmful organisms affecting the crop before harvest and, secondly, improvement of knowledge of methods of cropping, storage and processing of olives so as to improve the quality of the oil produced.

Sugar

2.1.148. Following its statement to the Council when the 1989/90 farm prices were set,¹ the Commission, on 9 June, adopted Regulation (EEC) No 1629/89 on the non-application of the adjustment, following a change in prices on 1 July 1989, of certain export refunds and production refunds in the sugar sector.² This Regulation aims to prevent a depreciation of 1988/89 stocks before 1 October 1989, the starting date of the new production period in the northern regions of the Community.

2.1.149. On 15 June the Commission adopted Regulation (EEC) No 1701/89 fixing for the 1989/90 marketing year the amount of the levy in connection with the offsetting of storage costs for sugar.³ Having regard to the established rules on calculation, the Regulation fixes the amount of the levy payable for sugar originating in the Community under the system of equalization of storage costs at ECU 3/100 kg of white sugar, i.e. ECU 0.50 less than the levy applied for 1988/89.

2.1.150. On 14 June the Commission adopted Regulation (EEC) No 1680/89⁴ laying down detailed rules of application on the granting of the adjustment aid to the Portuguese refining industry for raw sugar imported into Portugal at a reduced levy and amending Regulation (EEC) No 3016/78⁵ and Decision 89/387/EEC altering the adjustment aid to the Portuguese refining industry for raw sugar imported into Portugal from third countries at a reduced levy for the 1988/89 marketing year.⁶ The Regulation lays down the detailed rules for the application of the aids which are similar to the aids granted for the disposal of raw cane

sugar from the French overseas departments.

Processed fruit and vegetables

2.1.151. On 16 June the Commission adopted, for transmission to the Council, a proposal⁷ for a Regulation amending Council Regulation (EEC) No 1277/84 laying down general rules for the system of production aid for processed fruit and vegetables.⁸ This proposal aims to make two amendments to the rules in force in order to comply with commitments the Community has entered into with certain non-member countries within GATT. The first of these measures concerns the establishment of a maximum ceiling on the level of production aid which may be paid for tinned peaches and pears, and the second provides for the neutralizing of the monetary gaps between the green rates and the market rates of the various Community currencies. The aim of this system is to re-establish an element of competitiveness on Community markets and those of importing countries.

2.1.152. On 30 June the Commission adopted a series of Regulations fixing, for 1989/90, the minimum prices payable to producers and the levels of production aids.⁹ The Regulations concerned are the following:

Regulation (EEC) No 1951/89 fixing the minimum price to be paid to producers for peaches and the amount of production aid for peaches in syrup and/or in natural fruit juice;

Regulation (EEC) No 1952/89 fixing the minimum price to be paid to producers for Williams and Rocha pears and the amount

¹ Bull. EC 4-1989, point 2.1.127.

² OJ L 159, 10.6.1989.

³ OJ L 166, 15.6.1989.

⁴ OJ L 164, 15.6.1989.

⁵ OJ L 359, 22.12.1978.

⁶ OJ L 181, 28.6.1989.

⁷ COM(89) 301 final.

⁸ OJ L 123, 9.5.1984.

⁹ OJ L 187, 1.7.1989.

of production aid for such pears in syrup and/or in natural fruit juice;

Regulation (EEC) No 1956/89 fixing the amount of aid for certain grain legumes;

Regulation (EEC) No 1957/89 fixing the minimum price to be paid to producers for tomatoes and the amount of production aid for processed tomato products;

Regulation (EEC) No 1958/89 fixing the minimum price to be paid to producers for unprocessed sultanas, currants and 'Moscatel' and the amount of production aid for dried grapes;

Regulation (EEC) No 1959/89 fixing the minimum price to be paid to producers for unprocessed dried figs and the amount of production aid for dried figs;

Regulation (EEC) No 1960/89 fixing the production aid for tinned pineapple and the minimum price to be paid to pineapple producers;

Regulation (EEC) No 1961/89 fixing the minimum price to be paid to producers for dried plums and the amount of production aid for prunes.

Hops

2.1.153. Acting on a proposal from the Commission¹ and in the light of the opinion of Parliament,² the Council, on 19 June, adopted the report on the production and marketing of hops and Regulation (EEC) No 1807/89 laying down, in respect of hops, the amount of aid to producers for the 1988 harvest.³ This aid amounts to ECU 330/ha for aromatic varieties, ECU 390/ha for bitter varieties and ECU 390/ha for other varieties.

2.1.154. On a proposal from the Commission⁴ and in the light of the opinion of Parliament,² the Council also adopted on 19 June Regulation (EEC) No 1809/89³ amending Regulation (EEC) No 2997/87 laying down, in respect of hops, the amount of aid to producers and providing for special measures for certain regions of production.⁵

The purpose of this amendment, in accordance with the Council's conclusions concerning the setting of farm prices for 1989/90, is to extend the scope for granting special conversion aid.

Dried fodder

2.1.155. On 29 June the Commission adopted a proposal to the Council⁶ for a Regulation amending Council Regulation (EEC) No 1117/78 of 22 May 1978 on the common organizations of the market in dried fodder.⁷ The aim of the proposal is to improve aid for sun-dried fodder in Spain since the current level of aid does not enable sun-dried fodder to compete with artificially dried fodder.

Peas and field beans

2.1.156. On a proposal from the Commission,⁸ the Council, on 19 June, adopted Regulation (EEC) No 1789/89⁹ amending Regulation (EEC) No 2036/82 adopting general rules concerning specific measures for peas, field beans and sweet lupins.¹⁰ The amendment is designed to simplify checks by providing for the approval of the 'first buyer', a redefinition of eligible products and the introduction of a security for the import of the products in question.

Legislation

Animal health and animal husbandry

2.1.157. On a proposal from the Commission,¹¹ as amended following the opin-

¹ Bull. EC 4-1989, point 2.1.153.

² OJ C 158, 26.6.1989.

³ OJ L 177, 24.6.1989.

⁴ OJ C 142, 8.6.1989.

⁵ OJ L 284, 7.10.1987.

⁶ COM(89) 329 final.

⁷ OJ L 142, 30.5.1978.

⁸ OJ C 139, 30.5.1988.

⁹ OJ L 176, 23.6.1989.

¹⁰ OJ L 219, 28.7.1982.

¹¹ OJ C 67, 14.3.1987; EC 2-1987, point 2.1.136; OJ C 53, 2.3.1989; Bull. EC 11-1988, point 2.1.218.

ion of Parliament,¹ the Council, on 19 June, adopted Directive 89/4347/EEC on hygiene and health problems affecting the production and the placing on the market of egg products.² This Directive lays down the health standards to be observed in the production and marketing of egg products. Provided for in the White Paper, it will contribute to the completion of the internal market.

2.1.158. On a proposal from the Commission,³ the Council also adopted, on 19 June, Directive 89/384/EEC establishing the detailed procedures for carrying out checks to ensure that the freezing point of untreated milk is complied with.⁴ The Directive specifies the procedure for carrying out checks at farm level to ensure that no water has been added.

2.1.159. On a proposal from the Commission,⁵ the Council, on 19 June, formally adopted Decision 89/383/EEC⁴ amending Decision 88/303/EEC recognizing certain parts of the territory of the Community as being 'officially swine fever free' or 'swine fever free'.⁶ This Decision reflects the significant progress achieved in the eradication of this disease in the Community.

2.1.160. The Commission adopted two proposals for Council Regulations on 19 June laying down minimum standards for the protection of intensively reared calves and pigs.⁷ These proposals, put forward at the request of Parliament,⁸ are also based on the recommendations of the Standing Committee set up under the Council of Europe Convention for the Protection of Animals Kept for Farming Purposes, the Community being a contracting party to this Convention.

2.1.161. The Commission also adopted a proposal to the Council on 29 June for a Regulation on the protection of animals during transport.⁹ Provided for in the White Paper, the purpose of this proposal is to amend the Community rules in force in this field so as to replace frontier checks by a system of more effective and less cumbersome checks during trade in livestock.

Plant health

2.1.162. On 26 June the Council adopted Directive 89/439/EEC² amending Directive 77/93/EEC of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.¹⁰ These measures constitute a major step towards the aim of gradually reducing the role of the Member State of destination in plant health checks.

Competition

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

Germany

Bavaria

Aids for the purchase of cold-storage facilities on dairy holdings.

Belgium

Wallonia

Grant of a premium for the entering of a colt or filly in the stud book.

Spain

Galicia: draft Decree No 100/1988 of 5 May 1988 and draft Order of 13 May 1988 of the 'Junta de Galicia' concerning financial aids to agricultural production (aids for invest-

¹ OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.1.225.

² OJ L 212, 22.7.1989.

³ Bull. EC 12-1988, point 2.1.285.

⁴ OJ L 181, 28.6.1989.

⁵ Bull. EC 11-1988, point 2.1.217.

⁶ OJ L 132, 28.5.1988; Bull. EC 4-1988, point 2.1.157.

⁷ COM(89) 114 final; COM(89) 115 final.

⁸ OJ C 76, 23.3.1987; Bull. EC 2-1987, point 2.4.11.

⁹ COM(89) 322 final.

¹⁰ OJ L 26, 3.1.1977.

ment in processing and marketing and aids to make good damage caused by natural disasters).

Draft Ministerial Order of 13 March 1989 concerning the granting of aids to improve conditions for the processing and marketing of agricultural products (investment aids).

Ireland

Farm investment aids.

Italy

Sicily

Forward estimate, 1988. Articles 10 to 14 relate to agriculture and forestry.

United Kingdom

Potatoes: 1989 crop support arrangements.

2.1.164. Pursuant to Regulation (EEC) No 768/89 establishing a system of transitional aids to agricultural income,¹ the Commission has raised no objections under Article 93(3) of the EEC Treaty in respect of the following measures:

Germany

Baden-Württemberg

Aid for agricultural holdings in difficulties.

Rhineland-Palatinate

Measures to safeguard the livelihood of low-income holdings.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.165. On 12 June the Commission adopted two Regulations concerning public storage of agricultural products and the financing thereof:²

Regulation (EEC) No 1643/89 defines the standard amounts to be used for financing

material operations arising from the public storage of agricultural products. It contains various improvements to the system: the definition of the operations covered and a new rule on calculation based on a weighting of the most economic real costs, to bring them into line with the operating costs of modern stores.

Regulation (EEC) No 1644/89 concerns the method and the rates of interest to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal. It establishes the rate of the ecu as the reference for fixing the uniform interest rate and lays down rules on weighting for the different forward rates.

2.1.166. The Commission also adopted two proposals for Regulations on 12 and 15 June to be sent to the Council concerning physical checks on products in intervention storage.³

The first amends Regulation (EEC) No 3247/81 on the financing by the European Agricultural Guidance and Guarantee Fund, Guarantee Section, of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies.⁴ This proposal, which is in response to the Court of Auditors' report on public storage, provides for regular physical stocktaking by the intervention agencies, so that comparisons can be made with accountancy data.

The second concerns scrutiny by Member States of transactions forming part of the system of financing by the EAGGF Guarantee Section and repeals Council Directive 77/435/EEC,⁵ which bore the same title. This proposal provides for stricter scrutiny by Member States of the commercial documents of undertakings receiving payments from or making payments to the EAGGF Guarantee Section, in order to combat

¹ OJ L 84, 29.3.1989; Bull. EC 3-1989, point 2.1.118.

² OJ L 162, 13.6.1989.

³ COM(89) 285 final, COM(89) 290 final.

⁴ OJ L 327, 14.11.1981; Bull. EC 11-1981, point 2.1.109.

⁵ OJ L 172, 12.7.1977.

fraud to the detriment of the Community budget more effectively.¹

Clearance of accounts

2.1.167. On 23 June the Commission adopted, for transmission to the Council, a proposal² for a Regulation amending Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy.³ This proposal incorporates the amendment to the time-limit for clearance of the EAGGF Guarantee Section accounts already proposed by the Commission in connection with the revision of the Financial Regulation.⁴

Fisheries

Resources

External aspects

Côte d'Ivoire

2.1.168. A first round of negotiations with a view to the conclusion of a Fisheries Agreement between the EEC and the Republic of Côte d'Ivoire was held in Abidjan on 20 and 21 June. This meeting resulted in a draft Agreement which could become the final text for adoption at the second round, which is to take place in September or October.

Guinea-Bissau

2.1.169. On 9 June the Community and the Republic of Guinea-Bissau initialled a new Protocol to the EEC-Guinea-Bissau Fisheries Agreement.⁵ This Protocol covers a period of two years commencing on 16 June and establishes fishing rights for shrimp freezer-trawlers (10 000 grt), finfish and cephalopod freezer-trawlers (5 000 grt), 45 tuna seiners, 15 pole-and-line tuna vessels, and 35 surface longliners. The compensation payable by the Community totals

ECU 10 830 000, whilst its contribution to the scientific programme amounts to ECU 550 000 and the financing of study and training grants to ECU 550 000.

Equatorial Guinea

2.1.170. On 2 June the Community and the Republic of Equatorial Guinea initialled a new Protocol to the EEC-Equatorial Guinea Fisheries Agreement.⁶ This Protocol covers a period of three years commencing on 27 June and establishes fishing rights for freezer-trawlers (9 000 grt), 40 tuna seiners and 30 surface longliners (not more than 10 authorizations may be issued to pole-and-line tuna vessels). The financial compensation payable by the Community totals ECU 6 million, whilst its contribution to the scientific programme amounts to ECU 500 000 and the financing of study and training grants to ECU 665 000.

Angola

2.1.171. On 19 June the Commission adopted, for transmission to the Council, proposals⁷ for a Decision and a Regulation concerning the new Protocol to the EEC-Angola Fisheries Agreement⁸ initialled in Brussels on 10 May.

Madagascar

2.1.172. On 19 June the Commission also adopted, for transmission to the Council, proposals⁹ for a Decision and a Regulation concerning the new Protocol to the EEC-Madagascar Fisheries Agreement which was initialled on 28 April.

¹ Bull. EC 3-1989, point 2.5.12; Bull. EC 5-1989, point 2.5.9.

² OJ C 191, 28.7.1989; COM(89) 305 final.

³ OJ L 94, 28.4.1970.

⁴ Bull. EC 3-1988, point 2.3.10; Bull. EC 6-1988, point 2.3.14.

⁵ OJ L 84, 30.3.1983; Bull. EC 3-1983, point 2.1.132.

⁶ OJ L 29, 30.1.1987; Bull. EC 1-1987, point 2.1.118.

⁷ COM(89) 307 final.

⁸ Bull. EC 5-1989, point 2.1.207.

⁹ COM(89) 306 final.

Mauritius

2.1.173. On 5 June the Council, acting on a Commission proposal¹ on which Parliament had given its opinion,² adopted Regulation (EEC) No 1616/89 on the conclusion of an Agreement between the European Economic Community and the Government of Mauritius on fishing in Mauritian waters.³

Norway

2.1.174. On 19 June the Council adopted Regulation (EEC) No 1810/89⁴ amending Regulation (EEC) No 4196/88 allocating, for 1989, certain catch quotas between Member States for vessels fishing in the Norwegian exclusive economic zone and the fishing zone around Jan Mayen.⁵ The cod quotas have been allocated as follows: Federal Republic of Germany: 1 260 tonnes; France: 990 tonnes; United Kingdom: 5 020 tonnes.

Greenland

2.1.175. On 5 June the Council, acting on a proposal from the Commission,⁶ adopted Regulation (EEC) No 1578/89⁷ amending Regulation (EEC) No 3950/88 allocating, for 1989, Community catch quotas in Greenland waters.⁸ The cod quotas have been allocated as follows:

NAFO 1: Federal Republic of Germany: 12 320 tonnes; United Kingdom: 3 680 tonnes;

ICES XIV/V: Federal Republic of Germany: 10 000 tonnes; United Kingdom: 1 500 tonnes.

North Atlantic Salmon Conservation Organization

2.1.176. The Commission represented the Community at the sixth⁹ annual meeting of the North Atlantic Salmon Conservation Organization (Nasco), held in Edinburgh from 13 to 16 June. The most important outcome of this meeting was the fixing, for the 1990-91 fishing year, of an overall catch of 1 100 tonnes for salmon fishing off the Faeroes. The establishment of fishing quo-

tas for salmon is of considerable importance to the Community since a high percentage of the salmon migrating through Faeroese waters are of Community origin.

Market organization

2.1.177. On 21 June the Council, acting on a proposal from the Commission,¹⁰ adopted Regulation (EEC) No 2136/89 laying down common marketing standards for preserved sardines intended for human consumption.¹¹

The purpose of this Regulation is to help make Community production of preserved sardines intended for human consumption more profitable by improving the quality of the product and by harmonizing the existing marketing standards.

2.1.178. On 28 June the Commission adopted Regulation (EEC) No 1885/89 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 January to 30 June 1988.¹² This compensation is granted to Community tuna producers subject to a maximum of ECU 134/tonne for the period from 1 January 1988 to 31 March 1988 and ECU 159/tonne for the period from 1 April 1988 to 30 June 1988, and is payable only for whole yellowfin tuna weighing not more than 10 kg each.

Structures

2.1.179. On 28 June the Commission, acting under Regulation (EEC) No 355/77,¹³ decided to grant, as the first instalment of aid for 1989, ECU 14 140 000 towards 48

¹ OJ C 86, 7.4.1989; Bull. EC 3-1989, point 2.1.149.

² OJ C 158, 26.6.1989.

³ OJ L 159, 10.6.1989.

⁴ OJ L 177, 24.6.1989.

⁵ OJ L 369, 31.12.1988; Bull. EC 12-1988, point 2.1.306.

⁶ Bull. EC 4-1989, point 2.1.161.

⁷ OJ L 156, 8.6.1989.

⁸ OJ L 352, 21.12.1988; Bull. EC 12-1988, point 2.1.307.

⁹ Previous meeting: Bull. EC 6-1989, point 2.1.148.

¹⁰ Bull. EC 4-1989, point 2.1.166.

¹¹ OJ L 212, 22.7.1989.

¹² OJ L 182, 29.6.1989.

¹³ OJ L 51, 23.2.1977.

projects relating to the processing and marketing of fishery products.

These projects, which are designed to expand or rationalize undertakings engaged

in the treatment, processing or marketing of fishery and aquaculture products, provide for investments in facilities for the auctioning, wholesaling, cold storage, freezing and processing of such products.

The breakdown by Member State is as follows:

Member State	Number of projects	Total costs of projects (ECU)	Aid granted (ECU)
Belgium	3	1 627 923	241 450
Denmark	9	3 754 334	498 990
FR Germany	5	3 633 260	610 604
Greece	1	848 277	400 104
Spain	5	7 985 933	1 805 085
France	2	13 270 618	3 365 127
Ireland	4	4 165 421	1 903 435
Italy	5	6 410 462	2 027 389
Netherlands	1	895 870	74 220
Portugal	4	5 208 415	2 027 369
United Kingdom	9	5 867 631	1 190 353
Total	48	53 668 147	14 144 131

2.1.180. On 22 June the Commission, acting under the same Regulation (EEC) No 355/77,¹ approved a specific programme concerning the processing and marketing of fishery products in Italy. The purpose of this programme is to continue over the period 1989-90 the measures provided for in the preceding programme.

The planned investments amount to some ECU 73.4 million, which may be broken down as follows (the figures are meant as a guide only):

processing facilities for tuna, sardines, anchovies and clams: ECU 33.2 million;

refrigeration and deep-freeze facilities: ECU 26.8 million;

wholesale premises, auctions and cleansing facilities: ECU 13.4 million.

2.1.181. On 16 June the Commission, acting under Council Regulation (EEC) No 4028/86 of 18 December 1986,² adopted Decision 89/389/EEC on a specific pro-

gramme submitted by Spain for the provision of facilities at Spanish fishing ports³ and Decision 89/390/EEC on a specific programme submitted by Portugal for the provision of facilities at fishing ports on the Portuguese mainland.³ The total investment required to achieve the objectives laid down, amounts to ECU 780 000 over the duration of the Spanish programme (1 January 1989 to 31 December 1993) and to ECU 13 140 000 over the duration of the Portuguese programme (1 January 1988 to 31 December 1992).

Transport

Infrastructure

2.1.182. On 5 June the Commission adopted, for transmission to the Council, a

¹ OJ L 51, 23.2.1977.

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

³ OJ L 184, 30.6.1989.

communication on transport infrastructure policy,¹ which places the emphasis on channelling resources and on Community involvement in the preparatory stages of the financing of major transport infrastructure projects of European interest. This text is accompanied by an amendment to the proposal for a Regulation on the implementation of an action programme in the field of transport infrastructure to pave the way for the fully integrated transport market in 1992, which indicates projects of particular importance to the Community.²

Inland transport

Road transport

Admission to the occupation

2.1.183. On 21 June the Council, acting on a proposal from the Commission,³ adopted Directive 89/438/EEC,⁴ which it had approved in March;⁵ it amends:

Directive 74/561/EEC of 12 November 1974 on admission to the occupation of road haulage operator;⁶

Directive 74/562/EEC of 12 November 1974 on admission to the occupation of passenger transport operator;⁶

Directive 77/796/EEC of 12 December 1977 aiming at the mutual recognition of diplomas, certificates and other evidence of formal qualifications for goods haulage operators and road passenger transport operators.⁷

Technical aspects

Commercial vehicles

2.1.184. On 5 June the Council reached agreement on a Directive specifying 31 December 1998 as the expiry date for all the derogations granted to Ireland and the United Kingdom by certain provisions of

Directive 85/3/EEC of 19 December 1984 relating to the weight and dimensions of commercial vehicles,⁸ as last amended by Directive 89/338/EEC of 27 April.⁹ The text incorporates the two Commission proposals on the subject.¹⁰ The Council put back by two years the expiry date which had been proposed by the Commission.

2.1.185. The Council also approved on 5 June a proposal for an amendment¹¹ to Directive 85/3/EEC relating to the weight and dimensions of commercial vehicles, concerning the load length of semi-trailers. The new Directive — which is to come into force on 1 January 1991 — increases the total length of articulated vehicles so as to ensure that cabs are long enough and standardized coupling mechanisms can be installed.

Road safety

2.1.186. On 5 June the Council agreed on a proposal for a Directive making compulsory a minimum tyre tread depth of 1.6 mm for passenger transport vehicles with no more than nine seats, and goods vehicles of up to 3.5 tonnes.¹²

Air transport

Inter-regional links

2.1.187. The Council agreed on 5 June on a proposal for a Directive¹³ amending

¹ OJ C 170, 5.7.1989; COM(89) 238 final.

² OJ C 270, 19.10.1988; Bull. EC 6-1988, point 2.1.254.

³ OJ C 102, 16.4.1988; Bull. EC 3-1988, point 2.1.188.

⁴ OJ L 212; 22.7.1989.

⁵ Bull. EC 3-1989, point 2.1.151.

⁶ OJ L 308, 19.11.1974.

⁷ OJ L 334, 24.12.1977.

⁸ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

⁹ OJ L 142, 25.5.1989; Bull. EC 4-1989, point 2.1.171.

¹⁰ OJ C 45, 24.2.1989; Bull. EC 12-1988, point 2.1.334; Bull. EC-4 1989, point 2.1.173.

¹¹ OJ C 214, 16.8.1988; Bull. EC 5-1988, point 2.1.186.

¹² OJ C 279, 17.10.1987; Bull. EC 9-1987, point 2.1.182.

¹³ OJ C 240, 24.9.1986; Bull. EC 7/8-1986, point 2.1.213; OJ C 78, 25.3.1988; Bull. EC 3-1988, point 2.1.192.

Directive 83/416/EEC of 25 July 1983 concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo.¹ The aim is to bring the provisions of Directive 83/416/EEC into line with those of Council Decision 87/602/EEC of 14 December 1987 on the sharing of capacity and market access,² which was adopted during the first stage of the move towards a common air transport policy.

Computerized reservation systems (CRSs)

2.1.188. On 5 June the Council agreed on a proposal for a Regulation establishing a mandatory code of conduct for all CRSs used or offered for use in the Community in connection with air services.³ This code of conduct is to apply as from 1 August 1989, subject to certain derogations.

Airspace congestion

2.1.189. On 5 June the Council adopted a resolution on problems related to air traffic system capacity. It calls upon Member States to accede as quickly as possible as contracting parties to the Eurocontrol International Convention on Cooperation for the Safety of Air Navigation and to lobby for the Commission to have observer status on the Eurocontrol Management Committee. It declares its backing for revitalizing and improving cooperation between the

Community and Eurocontrol. It calls on Member States to cooperate in Eurocontrol and other appropriate bodies to achieve progress as a matter of urgency in the areas of forecasting techniques, joint training of controllers, making more airspace available for civil aviation and using airspace rationally. It recognizes that the effective and coordinated implementation of the measures required to tackle European airspace congestion can be facilitated by means of Community legal instruments.⁴

Energy

Specific problems

Electricity

2.1.190. On 5 June the Council, acting on a proposal from the Commission which had been amended⁵ in the light of Parliament's opinion,⁶ formally adopted Decision 89/364/EEC on a Community action programme for improving the efficiency of electricity use,⁷ on which it had reached agreement on 11 May.⁸

¹ OJ L 237, 26.8.1983; Bull. EC 7/8-1983, point 2.1.181.
² OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.
³ OJ C 294, 18.11.1988; Bull. EC 7/8-1988, point 2.1.226.
⁴ OJ C 34, 10.2.1989; Bull. EC 10-1988, point 2.1.186.
⁵ OJ C 153, 21.6.1989; COM(89) 221 final.
⁶ OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.165.
⁷ OJ L 157, 9.6.1989.
⁸ Bull. EC 5-1989, point 2.1.225.

2. External relations

Commercial policy

General matters

Commercial policy instruments

Easing of restrictive measures

2.2.1. In June the Commission opened quotas¹ under Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level.²

2.2.2. On 16 June³ and 23 June⁴ respectively the Commission adopted, for transmission to the Council, two proposals for Regulations amending Annex I to Regulation (EEC) No 288/82 of 5 February 1982 on common rules for imports.⁵

The first proposal is aimed at lifting certain quantitative restrictions applied by the

Member States to tropical products. This is the second component of the Community's undertakings given in the Uruguay Round,⁶ which also included concessions for the least-developed developing countries and a number of tariff reductions on a most-favoured-nation basis which have already been enacted in Council Regulation (EEC) No 1672/89 of 29 May.⁷

The second proposal is a follow-up to the partial compromise with Japan on the phased elimination of quantitative restrictions applied by certain Member States to Japanese products.

Trade protection measures

2.2.3. Trade protection measures taken in June are shown in Table 3.

¹ OJ C 144, 10.6.1989.

² OJ L 346, 8.12.1983.

³ COM(89) 295 final.

⁴ COM(89) 327 final.

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

⁶ Bull. EC 4-1989, point 1.3.5.

⁷ OJ L 169, 19.6.1989; Bull. EC 5-1989, point 2.1.42.

Table 3 — *Trade protection measures*

Council	Commission
<p>Anti-dumping proceedings</p> <p><i>Definitive anti-dumping duty on imports of:</i></p> <p>video cassettes originating in the Republic of Korea and Hong Kong and termination of the anti-dumping proceeding with regard to imports of video tape reels originating in the Republic of Korea OJ L 174, 22.6.1989 (Provisional duty: OJ L 209, 2.8.1988 and OJ L 356, 24.12.1988)</p> <p><i>Council Regulation terminating the review of anti-dumping measures concerning imports of:</i></p> <p>fibre building board (hardboard) originating in Czechoslovakia, Poland and the USSR, confirming the expiry of definitive anti-dumping duties imposed on</p>	<p>Anti-dumping proceedings</p> <p><i>Notice of initiation of:</i></p> <p>an anti-dumping proceeding concerning imports of Portland cement originating in Yugoslavia OJ C 149, 16.6.1989</p> <p><i>Notice of initiation of a review of anti-dumping measures concerning imports of:</i></p> <p>fibre building board (hardboard) originating in Finland, Argentina, Switzerland and Yugoslavia OJ C 150, 17.6.1989 (original undertakings: OJ L 145, 11.6.1980, OJ L 157, 12.6.1986, OJ L 46, 25.2.1986)</p> <p>Propan-1-ol (n-propyl alcohol) originating in the United States OJ C 140, 6.6.1989 (acceptance of undertakings: OJ L 106, 19.4.1984)</p>

Council	Commission
<p>imports from Czechoslovakia and Poland and repealing the definitive anti-dumping duty imposed on imports from the USSR OJ L 176, 23.6.1989 (definitive duty: OJ L 361, 24.12.1983 and OJ L 170, 29.6.1984)</p>	<p><i>Acceptance of undertakings concerning imports of:</i> video cassettes and video tape reels originating in the Republic of Korea and Hong Kong, and termination of the investigation OJ L 174, 22.6.1989 (provisional duty: OJ L 209, 2.8.1988 and OJ L 356, 24.12.1988)</p> <p><i>Commission decision terminating the review of anti-dumping measures concerning imports of:</i> fibre building board (hardboard) originating in Romania, Brazil and Sweden, confirming the undertakings given by Romanian, Brazilian and certain Swedish exporters and repealing the undertakings given by another Swedish exporter OJ L 176, 23.6.1989 (original undertakings: OJ L 49, 22.2.1983, OJ L 47, 19.2.1983, OJ L 181, 25.6.1982)</p> <p><i>Notice of expiry of anti-dumping measures on imports of:</i> certain shovels originating in Brazil OJ C 163, 30.6.1989 (undertakings: OJ L 330, 18.12.1984)</p> <p>upright pianos originating in the Soviet Union and the German Democratic Republic OJ C 163, 30.6.1989 (undertakings: OJ L 332, 20.12.1984 and OJ L 101, 16.4.1982)</p> <p>artificial corundum originating in the People's Republic of China and Czechoslovakia OJ C 163, 30.6.1989 (undertakings: OJ L 340, 28.12.1988)</p> <p>oxalic acid originating in Brazil OJ C 163, 30.6.1989 (undertakings: OJ L 340, 28.12.1988)</p> <p><i>Notice of expiry of anti-dumping measures on imports of:</i> steel coils for re-rolling originating in Argentina or Canada OJ C 137, 3.6.1989 (duties and undertakings: OJ L 210, 2.8.1983 and OJ L 160, 18.6.1983)</p> <p>choline chloride originating in the German Democratic Republic OJ C 137, 3.6.1989 (undertakings: OJ L 117, 3.5.1984)</p> <p>sensitized paper for colour photographs originating in Japan OJ C 137, 3.6.1989 (undertakings: OJ L 124, 11.5.1984)</p> <p><i>Commission Regulation applying retrospective temporary Community surveillance to the importation of certain products originating in Japan</i> Personal computers Electropneumatic drills OJ L 150, 2.6.1989 (original measures: OJ L 310, 4.11.1988)</p>

*Treaties and trade agreements:
extension or automatic renewal*

2.2.4. On 12 June, on a proposal from the Commission, the Council adopted Decision 89/371/EEC¹ authorizing the extension or tacit renewal of certain trade agreements concluded between the Member States and third countries, for agreements due to expire or for which notice of expiry was due between 1 May and 31 July (second quarter of 1989).²

Individual sectors

Iron and steel products

Agreements and arrangements with non-Community countries

2.2.5. On 21 June the representatives of the governments of the ECSC Member States, meeting within the Council, formally adopted a Decision on certain measures to be applied, in respect of State-trading countries, to trade in iron and steel products covered by the ECSC Treaty. In accordance with the practice followed since 1978, the quotas for the Federal Republic of Germany, the Benelux countries and Italy were increased from the previous year³ by 3%, as stipulated in the voluntary restraint arrangements.

Textiles

Agreements and arrangements with non-Community countries

2.2.6. On 12 June the Council (General Affairs), acting on a proposal from the Commission,⁴ adopted directives allowing the Commission to open negotiations for a specific agreement with the USSR on textiles and clothing (→ point 2.2.18.)

Industrialized countries

Multilateral meetings

Quadrilateral meeting

2.2.7. Mr Andriessen chaired the sixth informal quadrilateral meeting of trade representatives, held in The Hague from 2 to 4 June.⁵ The United States was represented by Mrs Hills, Canada by Mr Crosbie and Japan by Mr Muraoka.

In an atmosphere of very open discussion, most of those attending expressed their worries that the multilateral system as a whole and the Uruguay Round⁶ in particular were being put at risk by the US Trade Act.⁷

All the participants declared themselves in favour of retaining the timetable set for concluding the Uruguay Round by the end of 1990 and stressed the importance of having suitable participation and undertakings in the negotiations from developing countries.

United States

2.2.8. Mr Delors spent from 13 to 16 June in the United States.

His talks with President Bush and a number of members of the US Administration centred mainly on the Uruguay Round talks,⁶ particularly regarding agricultural issues, the application of certain provisions of the

¹ OJ L 164, 15.6.1989.

² First quarter: OJ L 137, 20.5.1989, Bull. EC 5-1989, point 2.2.3.

³ OJ L 175, 6.7.1988; Bull. EC 6-1988, point 2.2.13.

⁴ Bull. EC 12-1988, point 2.2.10.

⁵ Previous meeting: Bull. EC 6-1988, point 2.2.19.

⁶ Bull. EC 9-1986, points 1.4.1 to 1.4.4.; Bull. EC 12-1988, points 2.2.2 to 2.2.4; Bull. EC 4-1989, points 1.3.1 to 1.3.9.

⁷ Bull. EC 7/8-1988, point 2.2.20 and points 3.6.1 to 3.6.10.

Trade Act,¹ environmental protection and relations with Poland.

Several meetings with Congressmen revealed a change in the way 1992 was perceived, with the notion of a fortress Europe fading and a reassessment of the Community's place in the foreign policy of the United States.

Canada

2.2.9. The seventh meeting² of the Joint Cooperation Committee set up under the Framework Agreement between Canada and the Community³ took place in Brussels on 9 June. The Canadian delegation was led by Mr Clark, Secretary of State for External Affairs, and Mr Crosbie, Minister for International Trade, and the Commission delegation by Mr Andriessen.

The committee meeting was preceded by an informal meeting between the Canadian Ministers and Mr Andriessen, also attended by Mr Marin and Mr Mac Sharry. Mr Delors also met the Canadian representatives.

The meetings imparted a renewed political momentum to relations between Canada and the Community, and permitted a thorough review of multilateral questions and bilateral trade issues. With regard to the latter, the major subjects tackled were market access, particularly the countervailing duty on Community beef exports, and the current negotiations relating to previous enlargements of the Community. In the light of the Community proposal for television without frontiers,⁴ the Canadian representatives also raised the issue of Canada's co-production agreements with a number of Member States.

Mr Clark and Mr Crosbie had detailed discussions with Mr Andriessen and Mr Marin on the continued differences on fisheries issues at both bilateral and multilateral levels between Canada and the Community.

The two delegations agreed to extend their cooperation in the fields of science and

industrial technology, the environment and development assistance. At Canada's request, the Commission agreed to look into the possibility of negotiating a specific Framework Agreement for science and technology.

The two parties noted the degree to which trade and economic relations between them had grown in recent years, and recognized that the Canada-US Free Trade Agreement and the Community's internal market would in all likelihood sustain and promote growth in both economies.

Australia

2.2.10. Senator Button, Australia's Minister for Industry, Technology and Commerce, paid a visit to the Commission on 20 June and had discussions with Mr Andriessen, Mr Christophersen and Mr Bangemann. He stressed the change in course of the Australian economy, which had departed from its traditional basis in natural resources to become highly specialized in certain advanced fields, and also once again emphasized his government's interest in the rapid conclusion of a Framework Agreement for scientific and technical cooperation with the Community.⁵ The other subjects covered by the discussions included Community aid for coal production, the provisions dealing with mergers and takeovers, the operation of the structural Funds and the Australian move towards setting up in the Pacific an organization similar to the OECD.

New Zealand

2.2.11. Mr Moore, New Zealand's Minister for Foreign Affairs and Overseas Trade,

¹ Bull. EC 7/8-1988, point 2.2.20 and points 3.6.1 to 3.6.10.

² Sixth meeting: Bull. EC 5-1986, point 2.2.23.

³ OJ L 260, 24.9.1976.

⁴ OJ C 179, 17.7.1986; Bull. EC 3-1986, points 1.2.1 to 1.2.15; Bull. EC 5-1989, point 2.1.11; Supplement 5/86 — Bull. EC.

⁵ Bull. EC 5-1989, point 2.2.14.

saw Mr Andriessen, Mr Bangemann and Mr Mac Sharry on 6 June. The talks covered the multilateral trade negotiations and access to the Community market for sheep-meat and butter from New Zealand. Mr Moore expressed the hope that the Council would come to a rapid decision on both matters so that New Zealand's farmers could make the appropriate preparations for the next marketing year.

European Free Trade Association

2.2.12. The annual meeting¹ between EFTA Ministers and the Commission, represented by Mr Christophersen, was held on 14 June in Kristiansand, Norway, under the chairmanship of Mr Balstad, Norway's Minister for Trade and Shipping. The joint conclusions (→ point 3.3.1) stated that the two sides welcomed the willingness shown from the very first meeting of the High-level Steering Group set up in April² to undertake a comprehensive examination of the possible scope and content of an expanded and more structured partnership between the Community and the EFTA countries. The hope was expressed that the joint ministerial meeting scheduled for the autumn would be able to make a joint political commitment to a qualitatively new phase in EC-EFTA relations. The parties reaffirmed their intention to continue and expand cooperation between them in the context of the Joint Declaration adopted at the ministerial meeting held in Luxembourg in April 1984.³

2.2.13. On 5 June the representatives of the ECSC Member States, meeting within the Council, approved the second group of Additional Protocols⁴ to the Agreements between the ECSC Member States and Austria, Finland, Iceland, Norway, Sweden and Switzerland, following the accession of Spain and Portugal to the Community. The Protocols provide for the suspension of the EFTA countries' duties on imports from Spain of goods covered by the ECSC-EFTA Agreements.

Bilateral relations

Iceland

2.2.14. On his official visit to Iceland from 24 to 27 June, Mr Christophersen met President Finnbogadottir and several members of the Icelandic Government. Subjects discussed included fishing, on which the Icelandic authorities wanted to see a dialogue established with the Community, trade between Iceland and the Community, and relations between the Community and EFTA, particularly in the light of the informal ministerial meeting in Brussels on 20 March.⁵

Norway

2.2.15. The annual high-level consultations between the Commission, represented by Mr Christophersen, and Norway, represented by a delegation led by Mr Stoltenberg, Norway's Minister for Foreign Affairs, and Mr Balstad, Minister for Trade and Shipping, was held on 15 June in Kristiansand, Norway.⁶ The two sides discussed the various aspects of cooperation between them, and Mr Stoltenberg reported that there was now substantial support in the Norwegian Parliament for the Government's approach to relations with the Community.

Sweden

2.2.16. The annual high-level consultations between the Commission and Sweden⁷ took place on 29 and 30 June in Lycksele, Sweden, and were chaired jointly by Mrs Gradin, Sweden's Minister for Foreign Trade, and Mr Andriessen. The subjects discussed included the main results of

¹ Previous meeting: Bull. EC 6-1988, point 2.2.24.

² Bull. EC 4-1989, point 2.2.6.

³ Bull. EC 4-1984, point 1.2.1.

⁴ First Additional Protocols: Bull. EC 7/8-1986, point 2.2.14.

⁵ Bull. EC 3-1989, point 2.2.7.

⁶ Previous consultations: Bull. EC 6-1988, point 2.2.30.

⁷ Previous consultations: Bull. EC 7/8-1988, point 2.2.30.

the European Council in Madrid, particularly those concerning the future course of Community-EFTA relations (→ point 1.1.13), cooperation on air transport, and the state of the Uruguay Round negotiations.¹ Mrs Gradin devoted special attention to explaining the development of the debate in Sweden on relations with the Community, and welcomed the results of the follow-up to the informal Community-EFTA meeting held on 20 March.²

East European countries

Bilateral relations

Poland

2.2.17. On 9 June Mr Delors met General Jaruzelski in Brussels. Their talks centred on East-West relations and relations between the Community and Poland in the light of the Trade and Cooperation Agreement currently being negotiated.³ General Jaruzelski commented on the political and economic situation in his country, and emphasized the importance attached by the Polish authorities, with the support of the opposition, to cooperation with the Community. He stressed that economic recovery and progress with reform in Poland could not be accomplished without the support of the international community.

Soviet Union

2.2.18. On 12 June the Council (General Affairs) adopted, on a proposal from the Commission,⁴ directives authorizing the Commission to open negotiations with the Soviet Union for a Trade and Commercial and Economic Cooperation Agreement. This decision marks a new and important phase in the normalization of relations between the Community and the East European countries, since the Agreement under discussion should bring about a smooth development of trade and cooperation in areas of common interest.

2.2.19. During a visit to Moscow from 7 to 9 June, Mr Andriessen met a large number of senior Soviet politicians, including Mr Kamentsev, Deputy Prime Minister. Among the subjects discussed during this visit were the prospects for developing relations between the Community and the Soviet Union, especially within the framework of the Agreement currently being prepared.

Mediterranean, Gulf and Arabian Peninsula countries

Mediterranean countries

Turkey

2.2.20. On 26 and 27 June Mr Van Miert received a visit in Brussels from Mr Tuncer, Turkey's Minister for Transport. This first meeting enabled the two sides to exchange information on their respective transport policies and to identify a number of areas of mutual interest in which they might cooperate. Mr Tuncer said that Turkey was interested in bringing its transport system into line with Community standards, with the prospect of the single market. Both sides hoped to see regular contacts maintained and to develop their cooperation in technical matters and through the exchange of managerial staff.

Malta

2.2.21. On 19 June, on the basis of a recommendation from the Commission⁵ and

¹ Bull. EC 9-1986, points 1.4.1 to 1.4.4; Bull. EC 12-1988, points 2.2.2 to 2.2.4; Bull. EC 4-1989, points 1.3.1 to 1.3.9.

² Bull. EC 3-1989, point 2.2.7.

³ Bull. EC 2-1989, point 2.2.21; Bull. EC 3-1989, point 2.2.8; Bull. EC 4-1989, point 2.2.15; Bull. EC 5-1989, point 2.2.21.

⁴ Bull. EC 5-1989, point 2.2.23.

⁵ OJ C 98, 19.4.1989; Bull. EC 3-1989, point 2.2.14.

with Parliament's assent,¹ the Council adopted Decision 89/378/EEC² concerning the conclusion of the Third Protocol³ on financial and technical cooperation between the Community and Malta, which was signed on 20 March.⁴ The Protocol will enter into force on 1 August this year and provides for a total of ECU 38 million for the period expiring on 31 October 1993.

Algeria

2.2.22. Under the 1976 Agreement,⁵ the EEC-Algeria Cooperation Council held its second meeting⁶ in Luxembourg on 12 June, with Mr Boualem Bessaih, Algeria's Foreign Minister, in the chair. The Community delegation was led by Mr Fernández Ordóñez, President of the Council of the European Communities, and the Commission was represented by Mr Matutes.

The two delegations discussed the main aspects of cooperation between the Community and Algeria. They reiterated their wish for greater cooperation, particularly in the fields of industry and technology, research and energy. The importance of the recent creation of the Arab Maghreb Union was underlined in connection with the dialogue which the two sides intend to pursue and develop. The Algerian delegation also informed the Community of the implementation of the political and economic reforms under way in the country.

The occasion also provided an opportunity for discussions on certain political problems, such as the situation in the Middle East.

Morocco

2.2.23. On 27 June the Commission decided to grant a subsidy of ECU 6 million for Morocco's locust control⁷ programme under the Protocol on financial and technical cooperation.⁷

Tunisia

2.2.24. Also on 27 June the Commission decided to finance to the extent of ECU

15 million a project to establish date palm plantations in the desert area south of Chott El Jerid under the Third EEC-Tunisia Financial Protocol.⁸

Jordan

2.2.25. On the same day the Commission decided to grant Jordan support totalling ECU 500 000 to improve services relating to livestock breeding under the Third Financial Protocol.⁸

Asia

South Asia

India

2.2.26. On 16 June Mr Matutes received a visit from Mr Dinesh Singh, India's Minister for Commerce. Their talks centred on the need to improve India's export performance by building up effective trade promotion, the implementation since 1987 of the programme for economic cooperation with India⁹ and the value of sectoral operations in encouraging contacts between economic operators in India and Europe. Both sides reiterated their commitment to a multilateral approach within the Uruguay Round.¹⁰

¹ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.2.27.

² OJ L 180, 27.6.1989.

³ Second Protocol: OJ L 216, 5.8.1986; Bull. EC 7/8-1986, point 2.2.18.

⁴ Bull. EC 3-1989, point 2.2.15.

⁵ OJ L 175, 1.7.1976.

⁶ First meeting: Bull. EC 4-1987, point 2.2.24.

⁷ OJ L 224, 13.8.1988; Bull. EC 6-1988, point 2.2.36.

⁸ OJ L 22, 27.1.1988; Bull. EC 12-1987, point 2.2.31.

⁹ Bull. EC 3-1987, point 2.2.1; Bull. EC 6-1987, point 2.2.22.

¹⁰ Bull. EC 9-1986, points 1.4.1 to 1.4.4; Bull. EC 12-1988, points 2.2.2 to 2.2.4; Bull. EC 4-1989, points 1.3.1 to 1.3.9.

China

2.2.27. Neither the meeting of the Community-China Joint Committee planned for 5 June nor the high-level consultations due to be held the following day took place. Owing to the events in China, the Commission thought it inappropriate to hold these ministerial meetings. In the circumstances, the Chinese Delegation preferred to withdraw from the Joint Committee of Senior Officials.

The events were referred to in a Commission press release (→ point 2.4.1), a joint statement issued by the Twelve (→ point 2.3.2) and a European Council Declaration (→ point 2.1.29).

Latin America

Multilateral relations

Central American Common Market

2.2.28. The third meeting¹ of the Joint Committee set up by the Community-Central America² Cooperation Agreement of 12 November 1985,³ which entered into force on 1 March 1987,⁴ was held in Brussels on 29 and 30 June.

Taking a positive overall view of the various aspects of cooperation between the two parties, the Joint Committee affirmed that the Community's commitments on food aid and aid to refugees and displaced persons had been fully met. Emphasis was also placed on the need to give priority to industrial cooperation and to developing crop and livestock farming so as to diversify and stimulate exports. Both sides also agreed on the need for stronger measures to protect the environment in all cooperation projects in Central America.

Bilateral relations

Ecuador

2.2.29. On 9 June Mr Matutes had a meeting with Mr Borja, President of Ecuador,

and Mr Cordovez, Minister for Foreign Affairs. Their talks covered the outlook for cooperation between the Community and Ecuador, the Puyango Tumbes project for the irrigation of a border region between Peru and Ecuador,⁵ and the organization in Ecuador in 1990 of a week of meetings between Community and Andean Group businessmen.

Venezuela

2.2.30. During his trip to Latin America, Mr Matutes also paid an official visit to Venezuela, where on 5 June he saw Mr Carlos Andrés Pérez, President of the Republic, and Mr Figueredo, Secretary-General of the Presidency. Their talks concerned the debt problem; Mr Andrés Pérez stressed that the trade, financial and political aspects could not be separated. Mr Matutes reiterated the Community's wish to step up its relations with Latin America.

While in Caracas Mr Matutes also had talks with Mr Pérez del Castillo, Permanent Secretary of the Latin American Economic System, on the prospects for cooperation between that organization and the Community.

African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs)

Renewal of the ACP-EEC Convention

2.2.31. The third ACP-EEC Ministerial Negotiating Conference was held in Brussels from 3 to 5 June. It was chaired by

¹ Previous meeting: Bull. EC 6-1988, point 2.2.41.

² Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

³ Bull. EC 11-1985, points 1.2.1 to 1.2.3.

⁴ OJ L 58, 28.2.1987; Bull. EC 2-1987, point 2.2.17.

⁵ Bull. EC 4-1989, point 2.2.28.

Ratu Sir Kamisese Mara, Prime Minister of Fiji, and Mr Luis Yáñez-Barnuevo, Spanish Secretary of State for International Cooperation and President of the Council. The Commission was represented by Mr Marín.

The progress made since the Ministerial Conference in Brazzaville in February¹ meant Ministers were able to approve formally a series of texts to be included in the new Convention. The Community's new proposals, notably on structural adjustment and toxic waste, and its opening moves on ACP-EEC trade arrangements² were well received by the ACP States.

However, no progress was made on other important subjects such as commodities, Stabex and Sysmin. In addition, neither side was able to present a position on the accession of Haiti and the Dominican Republic.

Stabex

Advances

2.2.32. On 2 and 5 June the Commission approved two advances under the system for the stabilization of export earnings in respect of the 1988 application year. The recipients are Côte d'Ivoire (ECU 28 million for coffee) and Benin (ECU 2 million for cotton).

Financial and technical cooperation

European Development Fund

2.2.33. In June the Commission allocated resources from the fourth, fifth and sixth EDFs totalling ECU 64 131 000 to finance projects, programmes and emergency aid operations which it administers (see Table 4).

¹ Bull. EC 2-1989, point 2.2.26.

² Bull. EC 5-1989, point 2.2.36.

Table 4 — *Financing of operations under the fourth, fifth and sixth EDFs*

(ECU million)

Sector/country	Project/programme	Amount	
		Grants	Special loans
<i>Rural production</i>			
Ethiopia	Lake fishing	7.500	
Mozambique	Agriculture	5.000	
Mali	Locust control	0.431	
Chad	Locust control	0.900	
<i>Industrialization</i>			
Wallis and Futuna Islands	Electrification of Futuna	0.700	0.400
Central African Republic	Sectoral import programme for petroleum products	7.000	
Somalia	Sectoral import programme	16.000	
<i>Social development</i>			
Lesotho	Health infrastructure	4.900	
SADCC ¹ region	Agriculture management training	1.600	
Central and Western African coastal and other Asecna ² countries	Building of air traffic control schools at Douala and Niamey	7.000	
<i>Trade promotion</i>			
Barbados	Export development	3.000	

(ECU million)

Sector/country	Project/programme	Amount	
		Grants	Special loans
<i>Other</i>			
Suriname	Multisectoral programme	8.500	
All ACP States	Integrated financial programme	1.350	
<i>Emergency aid</i>			
Angola	Aid to displaced persons (supply of essential goods)	0.600	
Mauritania	Aid to cope with the recent arrival of large numbers of refugees from Senegal	0.400	
Senegal	Aid to cope with the recent arrival of large numbers of refugees from Mauritania and the right bank	0.550	
	Total	63.731	0.400

¹ Southern African Development Coordination Conference.

² Agence pour la sécurité de la navigation aérienne en Afrique et à Madagascar.

Regional cooperation

International aid for the development of the Beira Corridor

2.2.34. A round-table meeting of donors was held in Brussels on 20 and 21 June in support of the development of the Beira Corridor, which links several landlocked countries via Mozambique to the Indian Ocean without passing through South Africa. The meeting was opened by Mr A. Guebuza, Mozambican Minister for Transport and Communications, and was attended by Mr Marín. The participants reviewed progress since their last meeting¹ and heard about the Corridor authorities' plans to make it a reliable and competitive means of transport for the landlocked SADCC² countries. The meeting also stressed the political significance of this initiative, aimed at making the SADCC countries independent of outside influence.

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2.2.35. A coordinating meeting between the Commission and the Member States concerning Community assistance to Nami-

bia was held in Brussels on 15 June. There was a wide-ranging exchange of views on the aid already granted to Namibia in connection with the independence process and on short, medium and long-term operations (repatriation and reintegration of refugees, development aid), project identification and implementation and the selection of sectors and geographical areas where Community aid might be focused.

Institutions

Council of Ministers

2.2.36. The ACP-EEC Council of Ministers held its 14th meeting in Brussels on 9 June.³ It was chaired by Ratu Sir Kamisese Mara, Prime Minister of Fiji, and Mr Luis Yáñez-Barnuevo, Spanish Secretary of State for International Cooperation and President

¹ Bull. EC 10-1986, point 2.2.52.

² The SADCC members are: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

³ 13th meeting: Bull. EC 5-1988, point 2.2.51.

of the Council. The Commission was represented by Mr Marín.

As regards commodities, the Ministers decided to launch a study of the market for and uses of tropical timber. Differences of opinion were noted concerning the renegotiation of the International Coffee Agreement,¹ with the ACP countries opposed to an overall quota and the Community willing to extend the present Agreement for one year only and under strict conditions (→ point 2.2.41).

The ACP countries expressed the fear that their trade preferences would be eroded by Community concessions to other countries as part of the Uruguay Round.²

Faced with the rejection of their request for all-destinations derogations under Stabex, the ACP countries announced their intention of implementing the good offices procedure laid down by the Lomé Convention. The Commission for its part will report on the insufficiency of Stabex resources for 1980, 1981 and 1987 with a view to adopting definitive decisions. The 1988 Stabex year already looks likely to be difficult, but it is too soon to quantify the justified transfer requests. The Council of Ministers decided to delegate powers to the Committee of Ambassadors in connection with these requests and the requests for the inclusion of new products.

Among the other subjects discussed were financial and technical cooperation, southern Africa (the Community repeated its refusal to organize a special ministerial meeting on this subject), debt and structural adjustment, on which there was a wide exchange of views.

Visits

2.2.37. On 15 June Mr Marín had talks with Mr T. Bingaba, Central African Republic Secretary of State for Planning, Statistics and International Cooperation. An ECU 2.3 million financing agreement was signed for the Community-Central Africa industrial forum to support indus-

trial cooperation between the Community and the ACP States in this region.

2.2.38. On 27 June, Mr A. Nahayo, Burundian Minister for Youth and Sport, met Mr Marín and presented him with the report of the Burundian commission set up to examine national unity. Mr Marín indicated that the Commission was taking a close interest in the progress of the Burundian authorities' unity policy.

General development cooperation

2.2.39. The European Council devoted particular attention to the situation of middle-income countries confronted with debt problems, particularly in Latin America (→ point 1.1.15).

Commodities and world agreements

Cocoa

2.2.40. The Executive and Finance Committees of the International Cocoa Organization met in London from 31 May to 2 June mainly with a view to examining the Organization's next budget.³ It was also found that a large production surplus was likely for the 1988/89 financial year. Moreover, the producing countries stated their opposition to the replenishment of the buffer stock intended to ensure the quality of cocoa stocked; the consumer countries rejected this attitude as in conflict with the spirit and letter of the International Agreement.⁴

¹ Bull. EC 4-1989, point 2.2.41.

² Bull. EC 9-1986, points 1.4.1 to 1.4.4; Bull. EC 12-1988, points 2.2.2 to 2.2.4; Bull. EC 4-1989, points 1.3.1 to 1.3.9.

³ Previous meeting: Bull. EC 6-1988, point 2.2.56.

⁴ Bull. EC 7/8-1986, point 2.2.32; OJ L 69, 12.3.1987; Bull. EC 1-1987, points 2.2.27 and 2.2.28.

Coffee

2.2.41. From 5 to 13 June the negotiating group set up by the International Coffee Council¹ held its fourth meeting² in London with a view to preparing a new draft Agreement. No decision was taken on extending the current Agreement,³ which expires on 30 September, owing to disagreement between two groups of exporting members on the terms and conditions for an extension. The Community, Brazil, Colombia, all the African countries and the Philippines backed a proposal to extend the current Agreement for one year and to provide a period of transition for the implementation of a global quota system (based on market unification) under the new Agreement to enter into force later.

December 1986 on food aid policy and food aid management,⁵ which had already been extended on 14 December 1987⁶ and 30 June 1988;⁷ Regulation (EEC) No 1751/89⁴ extending Regulation (EEC) No 2507/88 of 4 August 1988 on the implementation of storage programmes and early warning systems;⁸

Regulation (EEC) No 1752/89⁴ extending Regulation (EEC) No 2508/88 of 4 August 1988 on the implementation of co-financing operations for the purchase of food products or seeds by international bodies and non-governmental organizations.⁹

Food aid

Normal food aid

2.2.43. On 22 June the Commission approved the following food aid operations (Table 5), the Food Aid Committee having returned a favourable opinion.

Food aid management

2.2.42. On 19 June the Council adopted the following three Regulations extending various arrangements for one year until 30 June 1990:

Regulation (EEC) No 1750/89⁴ extending Regulation (EEC) No 3972/86 of 22

¹ Bull. EC 10-1988, point 2.2.50.
² Previous meeting: Bull. EC 4-1989, point 2.2.41.
³ Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.
⁴ OJ L 172, 21.6.1989.
⁵ OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.
⁶ OJ L 356, 18.12.1987.
⁷ OJ L 168, 1.7.1988; Bull. EC 6-1988, point 2.2.59.
⁸ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.47.
⁹ OJ L 220, 11.8.1988; Bull. EC 7/8-1988, point 2.2.67.

Table 5 — *Food aid operations*

<i>(tonnes)</i>				
Recipient	Cereals	Vegetable oil	Milk powder	Butteroil
Bangladesh	170 000	2 200	—	—
Sudan	30 000	1 000	1 000	200
Total	200 000	3 200	1 000	200

2.2.44. The Commission also approved, on 22 June, an alternative operation in place of food aid for Tanzania amounting to ECU 2 600 000. This operation will enable milk reconstitution plants to be rehabilitated and packaging material to be provided with a view to improving the distribution of milk to the main urban centres.

Emergency food aid

Mauritania

2.2.45. On 28 June the Commission approved the grant to Mauritania of 2 500 tonnes of cereal equivalent in emergency food aid in order to meet the needs of people repatriated from Senegal as a result of the events in April. This aid is in addition to that already granted as part of EDF-financed operations in both Mauritania and Senegal¹ (→ point 2.2.33).

Emergency aid

Sri Lanka

2.2.46. As a result of the disastrous effects of the torrential rain which hit south-western Sri Lanka at the beginning of June, the Commission approved the grant of ECU 225 000 in emergency aid in response to the Sri Lankan Government's appeal. The aid, administered by the League of Red Cross

Societies (ECU 180 000) and Médecins sans frontières (France) (ECU 45 000), is intended for the provision and distribution of food, clothing, medicines and other essential items.

Cooperation via non-governmental organizations

2.2.47. In the period from 1 January to 30 June, the Commission committed a total of ECU 40.4 million for the co-financing in developing countries of 274 projects presented by 125 NGOs.

The Commission also contributed a total of ECU 4 589 313 towards 45 projects aimed at increasing European public awareness of development issues.

Aid to promote self-sufficiency of refugee groups

2.2.48. In the wake of the international conference on refugees in Central America which took place in Guatemala in May and the one on Indo-Chinese refugees organized in Geneva in June, the Commission approved nine aid projects for refugees in Asia, Central America and Latin America totalling ECU 12.74 million and broken down as shown in Table 6.

¹ Bull. EC 5-1989, point 2.2.39.

Table 6 — *Financing of aid operations for refugees*

		<i>(ECU million)</i>
Country	Project	Amount
Pakistan	Education and vocational training for Afghan refugees	3.000
Thailand	Self-sufficiency and vocational training for Khmer refugees	2.400
Malaysia	Training programme for 10 500 refugees to help resettle them in other countries	0.510
Hong Kong	Primary education and adult education and vocational training for Indo-Chinese refugees	2.200

		<i>(ECU million)</i>
Country	Project	Amount
Laos	Assistance for the reintegration of repatriated Thai refugees	0.550
Mexico	Integration of Guatemalan refugees in Campeche/Yucatan	3.000
El Salvador	Aid to displaced populations	0.500
Guatemala	Aid to provide schooling for displaced children in Ixcán/Guatemala and training for bilingual teachers	0.280
Chile	Assistance for the reintegration of repatriated Chilean refugees	0.300
Total		12.740

2.2.49. In June, acting under Article 204 of the Third Lomé Convention, the Commission decided to finance three projects to help refugees.

The projects concern the distribution of food and essential goods to Mozambican refugees in Malawi (ECU 270 000), a contribution to the Office of the UN High Commissioner for Refugees towards the repatriation of Namibian refugees in Angola (ECU 750 000), and support for the programme to help refugees in Belize from Guatemala, El Salvador and Honduras (ECU 500 000).

North-South cooperation in the fight against drugs

2.2.50. Acting on a proposal from the Commission,¹ the Council formally adopted on 1 June a Decision authorizing the Community to sign the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances adopted in Vienna on 20 December 1988.²

On 8 June in New York the Community signed this Convention, which provides for a system of control and monitoring of precursors (substances used in the illicit manufacture of narcotic drugs and psychotropic substances), which fall within the field of competence of the Community.

Positive measures for victims of apartheid

2.2.51. The Commission approved a new ECU 6.8 million contribution to finance 24 projects to help victims of apartheid. This decision is one of a series³ taken following the ministerial-level political cooperation meeting held in Luxembourg on 10 September 1985;⁴ the total granted is now ECU 68 million for 267 projects.

Cooperation in international forums

United Nations Food and Agriculture Organization

2.2.52. On 5 June Mr Mac Sharry met Mr Saouma, the Director-General of the FAO, to discuss the possibility of the Community becoming a member of the Organization.

2.2.53. The 93rd session of the FAO Council⁵ took place in Rome from 19 to 30 June. Following representations by the Presidency of the Council of the European Communities, the FAO Council asked the Director-General of the Organization to

¹ Bull. EC 1-1989, point 2.2.32.

² Bull. EC 12-1988, point 2.2.69.

³ Previous decision: Bull. EC 4-1989, point 2.2.57.

⁴ Bull. EC 9-1985, point 2.5.1.

⁵ Previous session: Bull. EC 11-1988, point 2.2.30.

report back to it on the possibility of giving the Community FAO membership status consistent with its field of competence.

World Food Programme

2.2.54. The Community was represented at the 26th session of the WFP Committee on Food Aid Policies and Programmes, which was held in Rome from 29 May to 2 June.¹ The Committee set the level of contributions for the 1991/92 financial year at USD 1 500 million, an increase of USD 100 million over the previous period. The proposals from the Executive Director concerning long-term emergency operations for refugees, of which the Community had been one of the instigators, were also adopted. They are intended to create more forms of refugee assistance, which is currently limited to food aid.

In future these operations will be financed from the WFP's ordinary funds and will no longer be treated as emergency aid.

International organizations and conferences

Organization for Economic Cooperation and Development

2.2.55. The annual ministerial meeting of the OECD was held in Paris on 31 May and 1 June.²

Ministers took stock of developments in the Uruguay Round negotiations³ following the meeting held in Geneva⁴ as part of the mid-term review and reiterated their determination to complete the negotiations in 1990. They confirmed that they agreed with the optimistic analyses of the world economic situation, despite concern over the resurgence of inflation in some countries.

The Ministers rejected moves to redress certain persistent trade imbalances through unilateral measures and stressed that the

problem could be resolved only by strengthening the structural rules.

In view of the threats to the global environment and the responsibility of the OECD countries in this respect, the Ministers hoped to see environmental considerations become an integral part of economic calculations, scientific, technological, industrial and agricultural progress and development plans. They also emphasized that the OECD should cooperate closely in all these fields with specialized international institutions, and especially with the International Energy Agency (IEA) and the European Nuclear Energy Agency (ENEA).

The Ministers also held a detailed discussion on ways of increasing aid to developing countries and research into solutions to the debt problem. They approved the opening of a dialogue with a number of Asian countries with particularly dynamic economies.

Conference on Security and Cooperation in Europe

2.2.56. The first meeting of the CSCE Conference on the Human Dimension, provided for in the concluding document adopted in Vienna in January,⁵ was held in Paris from 30 May to 23 June. There were three items on the agenda:

Review of the human rights situation: the participants identified favourable trends in Hungary, Poland and the Soviet Union but were concerned about the situation in Czechoslovakia and the German Democratic Republic. They were also alarmed by recent developments in Bulgaria and denounced the repeated violation of human rights in Romania;

Functioning of the human rights mechanism: the mechanism enables all signatories

¹ Previous session: Bull. EC 6-1988, point 2.2.48.

² Previous meeting: Bull. EC 5-1988, point 2.2.56.

³ Bull. EC 9-1986, points 1.4.1 to 1.4.4.

⁴ Bull. EC 4-1989, points 1.3.1 to 1.3.9.

⁵ Bull. EC 1-1989, point 2.2.33.

to exchange information, bilaterally or multilaterally, on any violation of human rights in another signatory country. Examination of the functioning of this mechanism led to a broad discussion, both of particular cases and of the ways it could be used politically. Romania's negative attitude towards the mechanism did not prevent useful debate, from which it emerged that the mechanism should be an instrument of cooperation and not of confrontation and should be aimed at settling specific cases and situations;

New proposals: 36 proposals were put forward, including two from the Twelve on freedom of expression and association. They will be re-examined in Copenhagen next year. As at the CSCE London Information Forum in May,¹ the Conference failed to reach any conclusions, owing not only to the short interval since the Vienna meeting but also to the positions adopted by certain socialist countries.

Diplomatic relations

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

2 June

HE Mr Wilson Ifunaoa, Head of Mission of the Solomon Islands to the European Communities.

5 June

HE Mr Robert Tubman, Head of Mission of the Republic of Liberia to the EEC; HE Mr Karel Lukas, Head of Mission of the Czechoslovak Socialist Republic to the European Communities; HE Mr Xavier Pérez Martínez, Head of Mission of the Republic of Ecuador to the European Communities; HE Mr Carlos Jiménez Licona, Head of Mission of the Republic of Guatemala to the European Communities.

14 June

HE Mr Pengiran Setia Raja Pengiran Haji Jaya, Head of Mission of the State of Brunei Darussalam to the European Communities; HE Mr Stanislaw Matosek, Head of Mission of the Polish People's Republic to the European Communities.

The Heads of Mission of the Czechoslovak Socialist Republic, the State of Brunei Darussalam and the Polish People's Republic are the first ambassadors from those countries to be accredited to the European Communities. This brings the number of diplomatic missions to 140.

¹ Bull. EC 5-1989, point 2.2.59.

3. Intergovernmental cooperation

European political cooperation

2.3.1. The European Council adopted two important declarations, one on the Middle East, the other on China (→ points 1.1.23 and 1.1.24). It also adopted conclusions on the following: East-West relations, including the CSCE; the Middle East, the Maghreb countries, Cyprus, Latin America, Asia and southern Africa (→ points 1.1.16 to 1.1.22).

China

2.3.2. The Twelve issued the following joint statement in Madrid and Brussels on 6 June:

‘The Twelve, deeply shocked by the tragic developments in China, strongly condemn the violent repression used against peaceful demonstrators, which has resulted in widespread loss of life there. They note that serious unrest continues.

The Twelve urge the Chinese authorities to stop the use of force against the unarmed civilian population in Peking and elsewhere.

The Twelve appeal to the Chinese leadership to engage without delay in the search for a peaceful solution to the present conflict. Such a solution cannot be attained without political dialogue.

Continuing repressive actions, in violation of universally recognized human rights principles, will greatly prejudice China’s international standing and compromise the reform and open-door policies which the European Community and its Member States have actively supported.

The European Community and Member States have already taken a number of measures, including suspension of high-level contacts, and will continue to keep developments in China under urgent review.’

Poland

2.3.3. The Twelve issued the following joint statement in Madrid and Brussels on 7 June:

‘The Twelve have followed with special interest the holding of parliamentary elections in Poland which, following the Round Table, represent an important step forward in the process of democratization.

The European Community and its Member States welcome this development which opens prospects of closer cooperation with Poland.

They want to see Poland progress rapidly in the spheres of political, economic and social development.’

The Philippines aid plan (PAP)

2.3.4. The Twelve issued the following joint statement in Madrid and Brussels on 7 June:

‘The Twelve have supported on several occasions the democratic process started by the Government of President Aquino. They consider that balanced economic and social development, including in particular the alleviation of rural poverty, would contribute to the consolidation of the democratic results already achieved. The Twelve underline that implementation of the Philippines aid plan (PAP) can constitute a decisive step towards this goal, mitigating the economic difficulties that still persist, including the impact of public debt.

The European Community and its Member States welcome the fact that the PAP has evolved into a country programme within the framework of the World Bank and take note with interest of the plan to hold, in early July in Tokyo, the meeting of the enlarged Advisory Group for the Philippines of the World Bank, where the details of the external financing of the PAP will be discussed.

The European Community and its Member States underline their readiness to contribute to the efforts of international cooperation under this plan.’

South Africa

2.3.5. On 12 June the Foreign Ministers of the Twelve, meeting in Luxembourg in the framework of European political cooperation, adopted the following joint statement, which was issued the same day in Luxembourg, Brussels and Madrid:

‘The Twelve deplore the decision of the South African Government to prolong the state of emergency, and express their deep concern that this extension will further impede the creation of the necessary climate for a resolution of South Africa’s problems.

The Twelve also regret that the South African Government has not responded to the frequent

requests of the Twelve to lift the state of emergency. They therefore urge the South African Government again to end its policy of repression, to free all political prisoners, particularly Nelson Mandela, to lift the ban on the anti-apartheid organizations, to lift the state of emergency and to start a national dialogue leading to the abolition of the apartheid system.'

Lebanon

2.3.6. On 12 June the Foreign Ministers of the Twelve, meeting in Luxembourg in the framework of European political cooperation, adopted the following joint statement, which was issued the same day in Luxembourg, Brussels and Madrid:

'The Twelve express their full support for the Committee of Three Heads of State, established by the recent Arab Summit in Casablanca. They hope that this Committee, made up of the Heads of State of three Arab countries enjoying acknowledged authority and influence, and who have expressed their wish to work with the Security Council of the United Nations, will have the cooperation of all parties concerned with a view to a complete and definitive cease-fire and an equitable political solution to the Lebanese crisis. Such a solution requires the resumption of dialogue between all Lebanese, so as to allow the putting in place of renewed institutions under which the restoration of the State will be secured.

They stress once again that this process demands the withdrawal from Lebanon of all non-Lebanese military forces, with the exception of Unifil.

The Twelve reiterate their support for the independence, sovereignty, unity, and territorial integrity of Lebanon, as expressed in their previous statements on the tragic situation prevailing in that country.'

Ethiopia

2.3.7. The Twelve issued the following joint statement in Madrid and Brussels on 23 June:

'The Twelve recall their stated position that problems in the region can only be solved by peaceful

means. In this context, they welcome the initiative taken by the Ethiopian Assembly (Shengo) to invite all parties to participate without preconditions in negotiations at which a mutually acceptable observer would be present. They consider that the initiation of such negotiations would represent an important step towards the achievement of peace.

The Twelve intend to continue playing a constructive role in the promotion of peace in the region and reiterate their conviction that only the conclusion of a political settlement between all parties will make it possible to bring about an end to the conflicts.

Therefore, they call upon all parties concerned to take advantage of this opportunity and to engage seriously in negotiations leading to lasting solutions in the area.'

Deportation of eight Palestinians from the West Bank and the Gaza Strip

2.3.8. The Presidency issued the following press release in Madrid on 30 June:

'On 23 June 1989, the Ambassadors of the "troika" in Tel Aviv made representations to the Ministry of Foreign Affairs of Israel on behalf of a number of Palestinians from the West Bank and the Gaza Strip threatened with deportation by the Israeli authorities.

The Ambassadors conveyed to the Ministry of Foreign Affairs of Israel the opinion of the Twelve that these deportations would only increase the existing tension in the Occupied Territories and make more difficult the efforts aimed at creating a climate of confidence between the parties to the Arab-Israeli conflict.

Yesterday, 29 June 1989, the Israeli authorities deported to Lebanon eight Palestinians from the Gaza Strip and the West Bank.

In these circumstances, the Twelve wish to reiterate their rejection of this measure which, as they have already stressed to the Israeli authorities, can only have negative effects on the situation of tension in the Occupied Territories and will seriously compromise the efforts aimed at creating a climate of confidence between the parties.'

4. Human rights and fundamental freedoms

China

2.4.1. Following the events in China, the Commission released the following statement to the press:

‘More than a thousand unarmed civilians have been shot down in the streets of Peking. Thousands more have been seriously wounded. This bloody repression has been condemned by public opinion everywhere in the world.

The Commission was dismayed and shocked to learn of the particularly tragic events which have taken place in China. It deplores the brutal repression of the people of Peking, so sorely tried. It would point out that the cooperation between China and the Community can only suffer as a result and would risk being permanently affected if the policy of the Chinese Government were to start on a course which would put at risk the policy of openness and reform followed until now.

The Commission therefore asks to be informed very precisely of the course of events and expresses the wish that peaceful conditions will very quickly return in China. It appeals to the Chinese authorities to take the necessary measures to ensure the security of European citizens.

In the circumstances, President Delors and Vice-President Andriessen have decided that they cannot receive Mr Zheng Tuobin, who was due to co-chair the meeting of the EC-China Joint Committee on 5 June. This meeting, together with the high-level consultations planned for 6 June, cannot therefore take place.’

Conference on the Human Dimension

2.4.2. The first meeting of the CSCE Conference on the Human Dimension was held in Paris from 30 May to 23 June (→ point 2.2.56).

5. Financing Community activities

Budgets

General budget

Financial Regulation

2.5.1. Following the opinion given by Parliament on first reading¹ and the opinion of the Court of Auditors,² the Council (Economic and Financial Affairs) reached agreement on 19 June on the amended Commission proposal³ for a Regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.⁴ It instructed the Presidency to finalize the draft joint guidelines, which it will adopt formally at a forthcoming meeting.

The text resulting from the Council’s discussions includes new provisions aimed essentially at rationalizing the presentation, management and conditions for implementing the general budget, emphasizing in particular the principles of harmony and sound financial management, including the concept of cost-effectiveness.

In general, the adoption of this regulation, in conciliation with Parliament, will represent the completion of the financial reform of the Communities decided on by the European Council in Brussels in February 1988.⁵

¹ OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.5.9.

² OJ C 72, 20.3.1989; Bull. EC 2-1989, point 2.4.33.

³ OJ C 115, 8.5.1989; Bull. EC 12-1988, point 2.3.8; Bull. EC 5-1989, point 2.5.3.

⁴ OJ L 356, 31.12.1977.

⁵ Bull. EC 2-1988, point 1.1.1.

ECSC operating budget

2.5.2. After consulting the ECSC Consultative Committee and obtaining parliament's opinion,¹ the Commission adopted the amending ECSC operating budget for 1989 on 16 June.² This budget is intended to finance the social measures in the steel sector from ordinary resources in line with the conclusions reached by the Council (Industry) on 16 March.³ With ordinary resources being increased to ECU 404 million (net balance from previous financial year up by ECU 39 million, fines up by ECU 22 million and resources unused in 1988 up by ECU 14 million) and ordinary requirements being maintained at the ECU 329 million originally estimated, the Commission was able to find the ECU 75 million needed to finance the first instalment of the social measures in the steel sector (requirements for 1988 and 1989).

Financial operations

ECSC

Loans raised

2.5.3. In June the Commission made a number of private placings in French francs for the equivalent of ECU 4.1 million.

Loans paid out

2.5.4. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in June for a total of ECU 117.78 million, broken down as follows:

Industrial loans

2.5.5. Industrial loans (Article 54) totalling ECU 42.34 million were granted to Portugal.

Conversion loans

2.5.6. Conversions loans (Article 56) totalling ECU 73.61 million were granted to Belgium, Italy, Luxembourg and the United Kingdom.

Workers' housing

2.5.7. Housing loans totalling ECU 1.83 million were granted for workers in the coal and steel industries in Spain, France, Italy and the United Kingdom.

EEC-NCI

Loans raised

2.5.8. In June the Commission made a PTA 15 billion four-year public issue with an interest rate of 12.375% issued at 101.125%. Of this amount, PTA 12 billion were swapped as follows: PTA 6 billion into French francs at an interest rate of 8.31% and PTA 6 billion into lire at an interest rate of 12.63%.

Measures to combat fraud

Results

2.5.9. In its conclusions the Madrid European Council of 26 and 27 June welcomed the substantial progress already achieved in combating fraud (→ point 1.1.4).

2.5.10. In line with its statement to the Council of 13 March,⁴ the Commission presented the Council (Economic and Financial Affairs) of 19 June with an information memo on action taken to give effect to undertakings given in this statement, accompanied by its work programme⁵ and

¹ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.5.4.

² OJ C 154, 22.6.1989.

³ Bull. EC 3-1989, point 2.5.4.

⁴ Bull. EC 3-1989, point 2.5.12.

⁵ Bull. EC 5-1989, point 2.5.9.

a report on the tightening-up of the rules and procedures for the management and control of public storage (→ point 2.1.16). The Council welcomed this information

and congratulated the Commission on the work accomplished and assured it of its support in implementing the work programme.

6. Statistics

General

Programmes

2.6.1. On 19 June, acting on a proposal from the Commission,¹ the Council (Economic and Financial Affairs) adopted a resolution² on the implementation of a plan of priority actions in the field of statistical information (Statistical programme of the European Communities 1989-92), together with Decision 89/382/EEC establishing a Statistical Programme Committee.³

2.6.2. On 20 June, on a proposal from the Commission,⁴ in cooperation with the European Parliament,⁵ and in the light of the opinion of the Economic and Social Committee,⁶ the Council (Research) adopted Decision 89/415/EEC instituting a programme for the research and development of statistical expert systems (Doses),⁷ on which it had adopted a common position in March.⁸

Miscellaneous

2.6.3. On 5 June the Council (Transport) endorsed a proposal⁹ to amend Council Directive 78/546/EEC of 12 June 1978 on statistical returns in respect of carriage of goods by road, as part of regional statistics.¹⁰ The amendments relate in particular to the communication by the Member States of certain statistics on a quarterly basis, widening of the scope of the Directive to include 'third-party' carriage, the abolition of formalities at frontiers within the

Community, the addition of a number of East European countries to the list of third countries in Annex III and the granting of temporary financial assistance from the Community to Member States.

2.6.4. On 22 June¹¹ the Commission adopted, for transmission to the Council, a proposal for a Regulation on the submission of data on the landings of fishery products in Member States. The purpose of the Regulation is to harmonize the compilation of data on the quantity and value of landings in Member States and to establish a uniform procedure for forwarding such data to the Commission.

Data

Demographic trends within the Community

2.6.5. According to Commission (Eurostat) estimates, on 1 January 1989 the Com-

¹ Bull. EC 11-1988, point 2.5.1.

² OJ C 161, 28.6.1989.

³ OJ L 181, 28.6.1989.

⁴ OJ C 203, 4.8.1988; Bull. EC 7/8-1988, point 2.5.1; Bull. EC 3-1989, point 2.6.2; Bull. EC 5-1989, point 2.6.2.

⁵ First reading: OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.5.1; second reading: OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.6.2.

⁶ OJ C 56, 6.3.1989; Bull. EC 2-1988, point 2.5.3.

⁷ OJ L 200, 13.7.1989.

⁸ Bull. EC 3-1989, point 2.6.2.

⁹ OJ C 4, 8.1.1988; Bull. EC 11-1987, point 2.1.255.

¹⁰ OJ L 168, 26.6.1978.

¹¹ COM(89) 98 final.

munity had over 325 million inhabitants. Following the accession of Spain and Portugal, it now ranks third in the world in terms of population, behind China (1 100 million) and India (800 million), and ahead of the USSR (286 million), the United States (245 million) and Japan (123 million).

In 1988 there was a slight increase in the number of both deaths and births. While the variation in the number of deaths (+0.1%) is in keeping with the usual pat-

tern of annual variations, the increase in births (+1.8%) can be attributed primarily to the fact that women born during the 'baby boom' in the early 1960s have reached child-bearing age, and to the increase in the fertility rate of women in the 30 to 35 age group.

The Community's total population increased by 1 277 000 in 1988, owing to the excess of births over deaths (+669 000) and net migration into the Community from third countries (+608 000).

Table 7 — Demographic trends in the Community of Twelve

(thousand)								
Year	Population on 1 January	Births	Deaths	Natural increase	Net migration	Total increase	Birth rate %	Death rate %
1960	278 629	5 184	2 948	2 251	+ 40	2 291	18.5	10.5
1965	292 007	5 488	3 095	2 422	- 35	2 387	18.7	10.6
1970	302 354	4 974	3 215	1 766	+ 92	1 858	16.4	10.6
1975	311 276	4 303	3 324	991	+305	1 296	13.8	10.7
1980	317 110	4 133	3 270	876	+654	1 530	13.0	10.3
1985	321 528	3 793	3 303	519	+276	795	11.8	10.3
1986	322 323	3 811	3 277	576	+365	941	11.8	10.1
1987	323 264	3 821	3 216	605	+326	932	11.8	9.9
1988 ¹	324 195	3 889 ²	3 220 ²	669 ²	+608 ²	1 277 ²	12.0 ²	9.9 ²
1989 ¹	325 472							

¹ Provisional data.

² Estimates, including 1987 figures for Spain.

Publications

European Parliament elections

2.6.6. Eurostat played an active part in compiling and making available to the media the results of the third European Parliament elections held between 15 and 18 June (point 1.2.1 *et seq.*): two teams of experts, one in Brussels, the other in Strasbourg, were responsible for collecting provisional data from the Member States

and storing it on microcomputer; using software developed by Eurostat for the elections it was possible to make a real-time calculation of the distribution of seats throughout the Community in the new parliamentary assembly, and thus to monitor the development of the composition of Parliament. Close cooperation with a computer firm made it possible to convert figures into animated graphics which were made available to European television channels offering live coverage.

7. Institutions and organs of the Communities

European Parliament

Elections

2.7.1. The third direct European Parliament elections took place in the 12 Member States on 15 and 18 June (→ point 1.2.1 *et seq.*).

2.7.2. Beforehand, the Council (General Affairs), meeting on 12 June, adopted a statement expressing satisfaction at the work accomplished by the outgoing Parliament and emphasizing the indispensable role the European Parliament plays in the process of European unification. The Council reaffirmed its adherence to the general principle of improved interinstitutional cooperation and appealed to citizens to take part in the elections, and in this way testify to the democratic values which the Community shares with all its Member States.

Council

1324th meeting

2.7.3. Industry (Luxembourg, 21 June)¹

President: Mr Aranzadi, Spanish Minister for Industry and Energy.

Commission: Mr Bangemann, Sir Leon Brittan, Mr Pandolfi and Mr Cardoso e Cunha.

Main items:

Facilitating inspections in respect of the carriage of goods (EFTA countries): Decision (→ point 2.1.27);

Promotion of small and medium-sized enterprises: agreement on a Decision (→ point 2.1.45);

The mining industry in the Community: resolution (→ point 2.1.48).

Information on the setting-up of the Jessi programme (→ point 2.1.62).

Other business:

Aid to the Italian State-owned steel sector: debate;

Textile sector: exchange of views.

Aid to shipbuilding: exchange of views.

1326th meeting

2.7.4. Consumer Affairs (Luxembourg, 1 June)²

President: Mr García Vargas, Spanish Minister for Health and Consumer Affairs.

Commission: Mr Van Miert.

Main items:

Accidents involving consumer products: conclusions (→ point 2.1.127);

Consumer credit: unanimous substantive agreement on a common position (→ point 2.1.128);

Consumer education: Commission report (→ point 2.1.129).

Other business:

Future priorities for the revival of the policy on the protection and promotion of consumer interests: debate;

General product safety: exchange of views.

1327th meeting

2.7.5. Transport (Luxembourg, 5 June)³

President: Mr Barrionuevo Peña, Spanish Minister for Transport, Tourism and Communications.

¹ Meeting initially planned for May; previous meeting: Bull. EC 3-1989, point 2.7.8.

² Previous meeting: Bull. EC 6-1988, point 2.4.27.

³ Previous meeting: Bull. EC 3-1989, point 2.7.13.

Commission: Mr Van Miert.

Main items:

Weight and dimensions of commercial vehicles — duration of derogations granted to Ireland and the United Kingdom: agreement on a proposal for a Directive (→ point 2.1.184);

Length of articulated vehicles: agreement on an amendment to a Directive (→ point 2.1.185);

Tyre tread depth: agreement on a proposal for a Directive (→ 2.1.186);

Scheduled inter-regional air services for the transport of passengers, mail and cargo: agreement on an amendment to a Directive (→ point 2.1.187);

Computerized reservation systems: agreement on a proposal for a Regulation (→ point 2.1.188);

Problems related to air traffic system capacity: resolution (→ point 2.1.189);

Statistical returns in respect of the carriage of goods by road: agreement on an amendment to a Directive (→ point 2.6.3).

Other business:

Positive support measures for the Community fleet: exchange of views;

National carriage of goods by road (cabotage): debate;

Transport infrastructure cost allocation for certain commercial vehicles: adoption of policies;

Maximum blood alcohol levels: exchange of views;

Compulsory wearing of seat belts in vehicles below 3.5 tonnes: exchange of views;

Negotiations with non-member transit countries: Commission report;

Community action on transport infrastructure: Commission report.

1328th meeting

2.7.6. Environment (Luxembourg, 8 and 9 June)¹

President: Mr Sáenz Coscolluela, Spanish Minister for Public Works and Town Planning.

Commission: Mr Ripa di Meana.

Main items:

Titanium dioxide pollution: agreement on a proposal for a Directive (→ point 2.1.115);

Pollution by small-engined vehicles: substantive agreement on an amendment to a Directive (→ point 2.1.117);

Pollution by existing municipal waste incineration plants: substantive agreement on a proposal for a Directive (→ 2.1.118);

Sulphur dioxide: agreement on an amendment to a Directive (→ point 2.1.119);

Greenhouse effect: agreement on a resolution (→ points 2.1.120 and 3.2.1);

Restricted use of genetically modified organisms: agreement on a proposal for a Directive (→ point 2.1.122).

Other business:

Deliberate release of genetically modified organisms: detailed debate;

Limit values and quality objectives for the emission of certain dangerous substances: examination of a proposal for an amendment to a Directive;

Protection of natural habitats, wild flora and fauna: policy debate;

Nitrate pollution of water: exchange of views;

Protection of the African elephant: President's conclusions;

Tropical forests: President's conclusions.

¹ Previous meeting: Bull. EC 3-1989, point 2.7.7.

1329th meeting

2.7.7. General Affairs (Brussels, 3 June)¹

President: Mr Fernández Ordóñez, Spanish Minister for Foreign Affairs.

Commission: Mr Marín.

Item discussed:

Third ACP-EEC Ministerial Negotiating Conference: preparation (→ point 2.2.31).

1330th session

2.7.8. Labour and Social Affairs (Luxembourg, 12 June)²

President: Mr Chaves Gonzáles, Spanish Minister for Labour and Social Security.

Commission: Miss Papandreou.

Main items:

Community Charter of Fundamental Social Rights: policy debate (→ point 2.1.97);

Poverty: agreement on a Decision establishing an action programme (→ point 2.1.99);

Employment of the disabled in the Community: conclusions (→ point 2.1.102);

Social security for migrant workers: agreement on a Regulation (→ point 2.1.104);

Health and safety at the workplace: adoption of the new framework Directive (→ point 2.1.105).

Other business:

Social aspects of the Renaval programme: debate;

Equal treatment for men and women in social security matters: examination of a proposal for a Directive;

Social security for migrant workers — family benefits and non-contributory benefits: examination of proposals for amendments to Regulations;

Sharing of family and professional responsibilities: debate on a President's draft resolution;

Progress of work on certain social policy dossiers: President's oral report;

International Labour Organization — safe use of chemical substances at work: policy debate.

1331st meeting

2.7.9. General Affairs (Luxembourg, 12 June)³

President: Mr Fernández Ordóñez, Spanish Minister for Foreign Affairs.

Commission: Mr Delors, Mr Andriessen, Mr Marín and Mr Matutes.

Main items:

Madrid European Council: preparation (→ point 1.1.1 *et seq.*);

Relations with the Soviet Union: adoption of Directives for negotiations (→ points 2.2.6 and 2.2.18);

Relations with Algeria: preparation of the Cooperation Council (→ point 2.2.22);

European Parliament elections: statement (→ point 2.7.2).

Other business:

Euro-Arab University: information;

French overseas departments: debate;

Negotiations with Greenland on fisheries: statement of a delegation and Commission briefing.

1332nd meeting

2.7.10. Internal Market (Luxembourg, 14 June)⁴

¹ Previous meeting: Bull. EC 5-1989, point 2.7.14.

² Previous meeting: Bull. EC 4-1989, point 2.7.7.

³ Previous meeting: point 2.7.7.

⁴ Previous meeting: Bull. EC 5-1989, point 2.7.8.

President: Mr Solbes, Spanish State Secretary for Relations with the European Communities.

Commission: Mr Bangemann, Sir Leon Brittan, Mr Dondelinger and Mrs Scrivener.

Main items:

Public works contracts: agreement on a Directive (→ point 2.1.13);

Means of redress in public supply and public works contracts: substantive agreement on a common position (→ point 2.1.14);

Personal protective equipment: substantive agreement on a common position (→ point 2.1.16);

Branded pharmaceuticals: adoption of a Directive (→ point 2.1.23);

Terms of payment of import or export duties arising from a customs debt: adoption of a Regulation (→ point 2.1.29);

Temporary importation of means of transport: adoption of a Regulation (→ point 2.1.31);

Single-member private limited liability companies: agreement on a common position (→ point 2.1.42).

Other business:

Suspension of customs duties: adoption of a Regulation;

TV without frontiers: exchange of views;

Dangerous substances and preparations: agreement on an amendment to a Directive;

Progress of work on the completion of the internal market: Commission oral report.

1333rd meeting

2.7.11. Economic and Financial Affairs (Luxembourg, 19 June)¹

President: Mr Solchaga Catalán, Spanish Minister for Economic Affairs and Finance.

Commission: Mr Delors, Sir Leon Brittan, Mr Christophersen, Mr Schmidhuber and Mrs Scrivener.

Main items:

Composition of the ecu: adoption of a Regulation (→ point 2.1.5);

Insider dealing: adoption of a common position (→ point 2.1.11);

Abolition of certain VAT exemptions: agreement in principle on the proposal for an 18th VAT Directive (→ point 2.1.39);

Revision of the Financial Regulation: agreement (→ point 2.5.1);

Fraud and irregularities to the detriment of the Community budget: debate (→ point 2.5.10);

Statistical programme of the Communities: adoption of a Decision and a resolution (→ point 2.6.1).

Other business:

Second Banking Directive: political consensus;

Solvency ratio: agreement in principle;

Abolition of tax frontiers: Decision on procedure for examining dossier;

Tax incentives to encourage cooperation between enterprises of different Member States: exchange of views.

1334th meeting

2.7.12. Agriculture (Luxembourg, 19 and 20 June)²

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

Commission: Mr Mac Sharry.

¹ Previous meeting: Bull. EC 4-1989, point 2.7.9.

² Previous meeting: Bull. EC 5-1989, point 2.7.17.

Main items:

Health problems relating to the production and marketing of egg products: adoption of a Directive (→ point 2.1.156);

Freezing point of untreated milk: adoption of a Directive (→ point 2.1.157).

Other business:

New Zealand butter: temporary extension of import arrangements;

Sheepmeat and goatmeat sector: detailed debate.

1335th meeting

2.7.13. Research (Luxembourg, 20 June)¹

President: Mr Solana Madariaga, Spanish Minister for Education and Science.

Commission: Mr Pandolfi.

Main items:

Future Community framework programme for research and technological development: policy debate (→ point 2.1.49);

COST and the European Communities: resolution (→ point 2.1.52);

Radiation protection: adoption of programme (→ point 2.1.54);

Specific research and technological development programmes: adoption of six Decisions and three common positions (→ points 2.1.54 to 2.1.58, 2.1.60, 2.1.66, 2.1.69 and 2.6.2).

1336th meeting

2.7.14. Fisheries (Luxembourg, 21 June)²

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

Commission: Mr Marín.

Main item:

Standards for preserved sardines: adoption of a Regulation (→ point 2.1.177).

Other business:

Control of fishing activities: detailed debate;

Processing and marketing of fishery and aquaculture products: exchange of views;

TAC for horse mackerel and anchovies: Commission report;

Anchovies in the English Channel: consultation of the Scientific and Technical Fisheries Committee;

Negotiations with non-member countries: exchange of views.

Commission³**Measures taken**

2.7.15. On 28 June the Commission adopted a Directive on the opening up of telecommunications services contracts to competition (→ point 2.1.63).

Measures proposed

2.7.16. Proposals to be adopted under the cooperation procedure:

Right of residence: two proposals for Directives concerning students and pensioners respectively (→ point 2.1.10);

Mutual recognition of telecommunications terminal approvals: proposal for a Directive (→ point 2.1.65).

2.7.17. Other proposals and recommendations:

Right of residence: proposal for a Directive (→ point 2.1.10);

¹ Previous meeting: Bull. EC 3-1989, point 2.7.11.

² Previous meeting: Bull. EC 2-1989, point 2.4.25.

³ Selected items.

Cooperation Agreements concerning the stimulation plan (Science): proposals for Decisions concerning the conclusion of Agreements with Finland, Sweden and Switzerland (→ point 2.1.51);

Internal market for telecommunications equipment and services (open network provision): amendment to a proposal for a Directive (→ point 2.1.64);

Establishment of the European Environment Agency and the European environment monitoring and information network: proposal for a Regulation (→ point 2.1.114);

Barcelona Convention: recommendation for a Decision on the negotiation of a Protocol (→ point 2.1.116);

Minimum standards for animal protection: two proposals for Regulations (→ point 2.1.159);

Animal protection in international transport: proposal for a Regulation (→ point 2.1.160);

Transport infrastructure of European interest: proposal for a Regulation on an action programme (→ point 2.1.182);

Statistics on landings of fishery products: proposal for a Regulation (→ point 2.6.4).

Communications and reports

2.7.18. In June the Commission adopted the following communications and reports for transmission to the institutions concerned:

Short-term economic outlook and budgetary policies for 1989-90: communication (→ point 2.1.2);

Implementation of the White Paper on completing the internal market: fourth annual report (→ point 2.1.7);

Simplification of administrative procedures: report on measures taken by the Member States (→ point 2.1.44);

Working conditions: report on rules applicable in the Member States (→ point 2.1.101);

Social integration of migrants from non-member countries: report (→ point 2.1.103);

Transport infrastructure of European interest: communication (→ point 2.1.182).

Court of Justice ¹

New cases

2.7.19. The following cases came before the Court in June, either as references for preliminary rulings or as actions brought directly.

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

Case	Subject	Basis
ECSC—Coal 183/89 Gesamtverband des Deutschen Steinkohlenbergbaus and Others v Commission	Commission Decision No 89/296/ECSC ruling on a financial measure taken by the Federal Republic of Germany in respect of the coal industry during 1988 and a supplementary financial measure in respect of the coal industry during 1987	Article 33 ECSC

Case	Subject	Basis
<p>Free movement of goods</p> <p>169/89 Criminal proceedings against Gourmetterie van den Burg</p>	<p>May the prohibition applicable in the Netherlands by virtue of Article 7 of the Vogelwet (Law on Birds) 1936 of the importation and keeping of red grouse, shot in the United Kingdom without any breach of the law applicable in that country, be regarded as a prohibition which is justified under Article 36 of the EEC Treaty on grounds of the protection of health and life of animals, regard being had to the fact that, in the first place, the exception referred to in Article 6(2) of Directive 79/409/EEC on the conservation of wild birds applies to red grouse, which are referred to in Annex III/1 to the Directive as the <i>Lagopus lagopus scoticus</i> species, and, secondly, the prohibition laid down in Article 7 of the Vogelwet is for the preservation of wild birds occurring in the wild state in Europe, subject to exceptions which do not, however, include the red grouse?</p>	<p>Article 177 EEC</p>
<p>179/89 Farmaindustria v Consejeria de Salud de la Junta de Andalucia¹</p>	<p>1. May Articles 7, 30 and 92(1) of the EEC Treaty be interpreted as recognizing as lawful a system whereby public contracts are concluded for the supply of pharmaceutical products paid for by the social security authorities, which is based on a prior compulsory agreement between the latter and the representatives of the Spanish pharmaceutical industry in accordance with the terms of Article 107(4) of the Spanish Ley de la Seguridad Social (Social Security Law) as set out in the Agreement signed by both parties on 5 June 1986?</p> <p>2. May Council Directives 77/62/EEC and 80/767/EEC be interpreted as permitting their implementation in the internal legal order to the extent evidenced by the Agreement of 5 June 1986 referred to above?</p>	<p>Article 177 EEC</p>
<p>Taxation</p> <p>185/89 Staatssecretaris van Financiën v Velker International Oil Company Ltd²</p> <p>186/89 van Tiem v Staatssecretaris van Financiën³</p>	<p>Interpretation of the Sixth VAT Directive (77/388/EEC) and, in particular, of the exemption from VAT prescribed in Article 15(4) thereof in connection with business transactions between a number of taxable persons conducted in the manner described as 'A-B-C transactions'</p> <p>Interpretation of Article 4(2) and Article 5(3) (b) of the Sixth VAT Directive (77/388/EEC) in the case of the surrender of immovable property by the owner thereof to another person for a specified period in return for a sum to be paid periodically, granting that person a right <i>in rem</i> to use the immovable property</p>	<p>Article 177 EEC</p> <p>Article 177 EEC</p>

Case	Subject	Basis
<p>Social policy</p> <p>178/89 Fortunato Cataldi v Bundesanstalt für Arbeit¹</p>	<p>1. Does Article 73(1) of Council Regulation No 1408/71, in addition to laying down a rule of national residence, mean that a family member is to be regarded as unemployed for the purposes of entitlement to family benefits under the law of the State in which the worker was (formerly) employed if the family member is at the disposal of the employment office in the State in which he resides?</p> <p>2. Does Article 77 of Council Regulation No 1408/71, in addition to laying down a rule of residence, mean that a child is to be regarded as unemployed for the purposes of entitlement to benefits under the law of the Member State responsible for the pension (Article 77(2)(a)) or the State in which the pensioner resides (Article 77(2)(b)(i)) if the child is at the disposal of the employment office only of the country in which he resides?</p>	<p>Article 177 EEC</p>
<p>200/89 Funoc v Commission</p>	<p>Annulment of the Commission Decision of 21 April 1989 to withdraw European Social Fund (ESF) assistance from the Funoc plan to implement a specific innovative project, previously approved by the ESF, and, accordingly, ordering the repayment of a portion of the sums advanced, namely BFR 6 570 334, and withholding payment of the balance, namely BFR 6 600 000, and compensation for material and non-material damage</p>	<p>Article 173 EEC</p>
<p>Agriculture</p> <p>155/89 Belgian State v Philipp Brothers</p>	<p>Interpretation and validity of Articles 25 and 31 of Commission Regulation No 2730/79 laying down common detailed rules for the application of the system of export refunds on agricultural products, as regards the rules governing the security to be provided where an export refund is paid in advance</p>	<p>Article 177 EEC</p>
<p>174/89 Hoche v Bundesanstalt für landwirtschaftliche Marktordnung</p>	<p>Validity and interpretation of Article 12(1) of Commission Regulation No 1932/81 on the granting of aid for butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs</p>	<p>Article 177 EEC</p>
<p>181/89 E.D. Cunningham, R. M. Huey and H. C. Huey v Milk Marketing Board for Northern Ireland³</p>	<p>Interpretation of Article 25(1)(a) of Council Regulation No 804/68 on the common organization of the market in milk and milk products, as amended by Council Regulation No 1421/78 and Commission Regulation 1565/79 laying down rules on implementing Regulation No 1422/78 concerning the granting of certain special rights to milk producer organizations in the United Kingdom</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
189/89 Spagl v HZA Rosenheim ²	<p>Is Council Regulation No 857/84, as amended by Council Regulation No 746/89, valid:</p> <ol style="list-style-type: none"> 1. in so far as producers whose period of non-marketing pursuant to the undertaking given under Council Regulation No 1078/77 expired before 31 December or 30 September 1983, as the case may be, but who in the relevant reference period had not yet produced any milk, receive no special reference quantities under the milk quota system pursuant to the first indent of Article 3(a)(1); 2. in the event that Question 1 is answered in the negative, in so far as the special reference quantity is equal, under Article 3(a)(2), to only 60% of the quantity of milk or milk equivalent used as the basis for the non-marketing or conversion premium? 	Article 177 EEC
191/89 Cargill and Speelman's Oliefabrieken v Produktschap voor Margarine, Vetten en Oliën	<ol style="list-style-type: none"> 1. Is Commission Regulation No 1587/88 valid, regard being had to the statement of the reasons on which it is based, considered in conjunction with the preconditions laid down in Article 8(1) and (2) of Council Regulation No 1594/83 for the exercise of the power to suspend advance fixing? 2. If the first question is answered in the affirmative: is Regulation No 1587/88 valid, regard being had to the statement of the reasons on which it is based in conjunction with the procedural requirements laid down in Article 8(3) of Regulation No 1594/83, cited above? 	Article 177 EEC
External relations		
100/89 and 101/89 — 1. Kaefer and 2. Procacci v French Republic	<p>Must the scope of application of Article 176 of Council Decision 86/283/EEC be considered, having regard in particular to the stipulations in Articles 132(5) and 135 of the Treaty, as extending to decisions of any kind which the exclusively competent State authorities may take on matters of entry into the territory of French Polynesia and residence there of aliens who are nationals of the Member States of the Community, and, if that question is answered in the affirmative, are the nature, arrangement and terms of the provisions or stipulations in question such as to be capable of producing direct effects in relations between addressees of the act and third parties?</p>	Article 177 EEC
193/89 Venezolana del Nitrogena and Petroquimica de Venezuela v Council ⁴	<p>Annulment of Article 1 of Council Regulation No 450/89 imposing a definitive anti-dumping duty on imports of urea originating in the United States of America or Venezuela and adjusting the definitive anti-dumping duty for Saudi Arabia laid down by Council Regulation No 3339/87</p>	Article 173 EEC

Case	Subject	Basis
Infringements		
198/89 Commission v Greece	By requiring persons who provide services as a tourist guide travelling with a group of tourists from a Member State other than Greece, services which consist in the exercise of activities referred to in Article 1(1) of Law 710 of 26 and 27 September 1977 on tourist guides in places other than museums or historic monuments that can be visited only with a specialized professional guide, to hold a licence which is issued to persons with certain education, substantiated by a relevant qualification, Greece has failed to fulfil its obligations under Article 59 of the EEC Treaty	Article 169 EEC
202/89 Commission v United Kingdom	Failure to comply with Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion and working conditions	Article 169 EEC
205/89 Commission v Greece	Seeking a declaration that by requiring a health certificate in respect of each import of pasteurized butter lawfully manufactured and marketed in another Member State and by maintaining in force a provision establishing systematic inspection of each consignment of imported dairy products, Greece has failed to fulfil its obligations under Article 30 of the Treaty	Article 169 EEC

Disputes between the Community and its staff

v Commission

175/89 Sens⁴

195/89 Hedeman

¹ OJ C 160, 27.6.1989.
² OJ C 163, 30.6.1989.
³ OJ C 173, 8.7.1989.
⁴ OJ C 175, 11.7.1989.

Judgments

2.7.20. Decisions were given in the following cases in June.

Date and Case	Held
ECSC—Steel	
14.6.1989: Joined Cases 218 and 223/87, 72 and 92/88 Hoogovens Groep and Federacciai v Commission	<ol style="list-style-type: none"> 1. Commission Decision No 1433/87/ECSC on converting a proportion of the production quotas into quotas for delivery in the common market is declared void 2. Articles 5 and 17 of Commission Decision No 194/88/ECSC on the extension of the system of monitoring and production quotas for certain products of undertakings in the steel industry are declared void 3. The application in Case 72/88 is dismissed in so far as it seeks a declaration that Article 6 of Decision No 194/88/ECSC is void
14.6.1989: 219/87 Hoogovens Groep v Commission	<p>The application is dismissed</p> <p>(Seeking the annulment of Commission Decision No 1434/87/ECSC repealing Decision No 3524/86/ECSC amending Decision No 3485/85/ECSC on the extension of the system of monitoring and production quotas for certain products of undertakings in the steel industry)</p>
29.6.1989: 385/87 LAS v Commission	<p>Removed from the Court Register</p> <p>(Seeking annulment of Commission Decision C(87) 2031 fin./5 imposing a fine on LAS for exceeding a production quota and, in the alternative, a reduction of that fine)</p>
Free movement of goods	
22.6.1989: 103/88 Fratelli Costanzo v Comune de Milano	<ol style="list-style-type: none"> 1. Article 29(5) of Council Directive 71/305/EEC prohibits Member States from introducing provisions which require the automatic disqualification from the award of public works contracts of certain tenders determined according to a mathematical criterion, instead of obliging the awarding authority to apply the examination procedure which is provided under the directive and which entails seeking explanations from the tenderer 2. When implementing Council Directive 71/305/EEC, Member States may not depart, to any material extent, from the provisions of Article 29(5) thereof 3. Article 29(5) of Council Directive 71/305/EEC allows Member States to require that tenders be examined where those tenders appear to be abnormally low, and not only where they are obviously abnormally low

Date and Case	Held
	<p>4. An administrative authority, including a municipal authority, is under the same obligation as a national court to apply the provisions of Article 29(5) of Council Directive 71/305/EEC and to refrain from applying such provisions of national law as are inconsistent with them</p>
<p>Customs union</p>	
<p>28.6.1989: 164/88 <i>Ministère public v Rispas and Others</i></p>	<p>In March, April and May 1989 heading 97.03 of the Common Customs Tariff was to be interpreted as including goods known as 'magic cubes'</p>
<p>Taxation</p>	
<p>15.6.1989: 348/87 <i>Stichting Uitvoering Financiële Acties v Staatssecretaris van Financiën</i></p>	<p>Transactions which must be exempted from turnover tax pursuant to Article 13(A)(1)(f) of the Sixth Council Directive (77/388/EEC) do not cover the activities of a foundation which consist exclusively in the organization and performance of work which is related to the activities of another foundation, against reimbursement of expenses actually incurred, where the other foundation acts as an umbrella organization for a number of bodies whose activities are exempt from or are not subject to tax and, solely for those bodies, performs services as defined in the aforesaid provision of the Sixth Directive</p>
<p>27.6.1989: 50/88 <i>Kühne v Finanzamt München III</i></p>	<p>1. Article 6(2)(a) of the Sixth Council Directive (77/388/EEC) on the harmonization of the laws of the Member States relating to turnover taxes—common system of value-added tax: uniform basis of assessment — must be interpreted as precluding the taxation of the depreciation of business goods by reason of their private use where the value-added tax on such goods was not deductible because they were purchased from a non-taxable person</p> <p>2. The reply given above is the same where, although the taxable person was not able to deduct the value-added tax in respect of the supply of the goods to him, he was none the less able to deduct the value-added tax on the goods or services which he sought and obtained from other taxable persons for the maintenance or use of the goods</p> <p>3. The second sentence of Article 6(2) of the Sixth Directive does not allow Member States to tax the private use of business goods where the value-added tax on such goods was not wholly or partly deductible</p> <p>4. Article 6(2) of the Sixth Directive may be relied on by a taxable person before the courts</p>

Date and Case	Held
	<p>of a Member State inasmuch as that provision precludes taxation of the private use of business goods where the value-added tax on those goods was not wholly or partly deductible</p>
<p>Social security</p>	
<p>27.6.1989: 24/88 Michel Georges v Office national d'allocations familiales pour travailleurs salariés</p>	<p>Article 76 of Council Regulation No 1408/71/EEC must be interpreted as meaning that the right to family allowances payable by the Member State of employment under Article 73 of that Regulation is suspended only up to the amount actually paid by way of benefits of the same kind in the Member State in whose territory the worker's family resides. If the amount of the family allowances actually received in the Member State of residence is below that of the allowances provided for under the legislation of the other Member State, the worker is entitled to a supplementary allowance equal to the difference between the two amounts, the cost of which is to be borne by the competent institution in the other Member State</p>
<p>27.6.1989: Joined Cases 48, 106 and 107/88 Achterbergte Riele and Others v Sociale Verzekeringsbank</p>	<ol style="list-style-type: none"> 1. Article 2 of Council Directive 79/7/EEC on the progressive implementation of the principle of equal treatment for men and women in matters of social security must be interpreted as not applying to persons who have not had an occupation and are not seeking work or to persons who have had an occupation which was not interrupted by one of the risks referred to in Article 3(I) (a) of the Directive and are not seeking work 2. The reply given above is not affected if the person concerned stopped working and was no longer available on the labour market before the last date for transposing the Directive 3. A person who is not referred to by Article 2 of Directive 79/7/EEC may not rely on Article 4 thereof
<p>Agriculture</p>	
<p>8.6.1989: 167/88 AGPB v ONIC¹</p>	<p>Consideration of the question raised by the French Conseil d'État has disclosed no factor of such a kind as to affect the validity of the Regulations referred to by the national court</p>
<p>15.6.1989: 77/88 Stute Nahrungsmittelwerke v Federal Republic of Germany¹</p>	<p>Article 3(a) of Council Regulation No 516/77 on the common organization of the market in products processed from fruit and vegetables must be interpreted as meaning that:</p> <ol style="list-style-type: none"> (i) a producers' group is characterized by the fact that it was established on the producers' own initiative and is composed principally of

Date and Case	Held
	<p>producers. Those requirements do not exclude the participation of non-producers in the group, provided, however, that they do not hold a majority of votes in the group or have other means of controlling the group's affairs</p> <p>(ii) a processing undertaking is not entitled to production aid if the company with which it has concluded a contract for the supply of fresh fruit is not a producers' group recognized under that provision. The same is true where the processing undertaking could have believed that the company in question had been recognized as a producers' organization for the purpose of other provisions of Community law</p>
<p>27.6.1989: 88/88 REWE — Handelsgesellschaft Nord v Überwachungsstelle für Milcherzeugnisse und Handelsklassen</p>	<p>The second indent of the second subparagraph of Article 3(2) of Regulation No 2967/76 does not prohibit national rules under which any batch of goods from which a sample has been taken must be withheld from the market until the inspection procedure has been completed. Nevertheless, such a suspension of marketing may not exceed the time needed for an effective inspection</p>
<p>27.6.1989: 113/88 Leukhardt v HZA Reutlingen</p>	<ol style="list-style-type: none"> 1. Article 3(3) of Council Regulation No 857/84 must be interpreted as meaning that a producer whose milk production was appreciably affected by an exceptional event throughout the 1981 to 1983 period may not opt to have taken into account the quantity of milk or milk equivalent which he delivered in a year prior to 1981 2. Examination of Article 3(3) of Council Regulation No 857/84 has disclosed no factor of such a kind as to affect the validity of that provision 3. Article 2(1) and (2) and Article 3(3) of Council Regulation No 857/84 must be interpreted as meaning that a producer whose milk production was appreciably affected by an exceptional event in the reference year chosen by the relevant Member State may not require that his delivery reference quantity be calculated, at his option, either according to the method laid down in Article 2(2) of Regulation No 857/84 taking another calendar reference year as the basis, or according to the method laid down in Article 2(1) of that Regulation, taking as the basis the quantity of milk or milk equivalent delivered in the 1981 calendar year, plus 1 %
<p>28.6.1989: 270/87 Coöperatieve Melkverwerkingsvereniging v Produktschap voor Zuivel</p>	<p>The provisions of Council Regulation No 986/68 in conjunction with those of Commission Regulation No 1105/68 must be interpreted as meaning that, for the purposes of the grant of the aid provided for therein, they preclude not only any addition to the buttermilk of a product not contained in the milk, but also any process involving further preparation of the buttermilk</p>

Date and Case	Held
<p>29.6.1989: Joined Cases 250/86 and 11/87 RAR v Council and Commission</p>	<p>derived from the processing of the milk into butter</p> <p>The applications are dismissed as inadmissible (Annulment:</p> <p>(i) of Article 3 of Council Regulation No 2225/86 laying down measures for the marketing of sugar produced in the French overseas departments and for the equalization of the price conditions with preferential raw sugar;</p> <p>(ii) of Articles 2(1)(b) and 6(b) of Commission Regulation No 3214/86 adopting measures for the supply of raw sugar from beet harvested in the Community to Portuguese refineries during the 1986/87 marketing year)</p>
<p>29.6.1989: 22/88 Industrie- en Handelonderneming Vreugdenhil and Gijs van der Kolk v Minister van Landbouw en Visserij</p>	<p>Article 13a of Commission Regulation No 1687/76 laying down common detailed rules for verifying the use and/or destination of products from intervention, as inserted in that Regulation by Commission Regulation No 45/84 amending Commission Regulation No 1687/76, is invalid</p>
<p>Commercial policy</p>	
<p>29.6.1989: 70/87 Fediol v Commission</p>	<p>The application is dismissed (Annulment of Commission Decision No 2506 rejecting a request that it initiate an examination procedure in respect of certain illicit practices by Argentina regarding the export of soya cake to the Community, pursuant to Council Regulation No 2641/84)</p>
<p>Administrative questions</p>	
<p>7.6.1989: 341/88 Commission v Municipality of Ischia</p>	<p>Removed from the Court Register (Payment of the sum of LIT 64 920 000, together with interest, by way of reimbursement of the same amount which was paid and not repaid pursuant to a contract concluded between the parties on 19 December 1984)</p>
<p>Infringements</p>	
<p>7.6.1989: 47/89 Commission v Italy</p>	<p>Removed from the Court Register (Infringement of Article 11 of Council Directive 82/501/EEC on the major-accident hazards of certain industrial activities)</p>
<p>21.6.1989: 266/88 Commission v Belgium</p>	<p>Removed from the Court Register (By failing duly to enter agricultural levies in the accounts in accordance with Articles 2 and 3 of Directive 78/453/EEC and by fixing the period for the deferment of payment otherwise than is stipulated in those provisions, Belgium has failed to fulfil its obligations under the said Directive)</p>

Disputes between the Community and its staff

v Commission:

22.6.1989: 104/88 Brus — The application is dismissed

27.6.1989: 200/87 Giordani — The application is dismissed

¹ OJ C 175, 11.7.1989.

Economic and Social Committee

267th Plenary Session

2.7.21. The Economic and Social Committee held its 267th Plenary Session in Brussels on 21 and 22 June with Mr Masprone in the chair. The meeting was attended by Mr Christophersen, who presented an assessment of economic trends in the Community (→ point 2.1.2) and pointed out that the economic situation and social developments were two sides of the same coin. The Committee had achieved positive results in working out its opinions in this connection, and the Commission would use them as a basis. The completion of the internal market would provide a new boost to growth, making it necessary to abolish national imbalances and promote free competition, accompanied by the approximation of the Member States' laws and technical standards. Since monetary policy alone was not sufficient to solve the problems posed by the rise in inflation and the balance of payments disparities, it would have to be supplemented by budgetary, economic and financial policies which require the support of employers and employees alike.

2.7.22. The Committee debated and adopted own-initiative opinions on the following items:

Economic situation in the Community in 1989 (→ point 2.1.3);

Social developments in the Community in 1988 (→ point 2.1.98).

2.7.23. The Committee also adopted, without debate, unanimous opinions on the

first and third items below, and adopted the second item with two abstentions:

stock-exchange listing (→ point 2.1.12);

veterinary medicinal products (→ point 2.1.24);

VAT on second-hand goods (→ point 2.1.41).

ECSC Consultative Committee

277th session (extraordinary)

2.7.24. (Luxembourg, 21 June)

Chairman: Mr Laurens

Item discussed:

Aid to Italian State-owned steel sector: consultation (→ point 2.1.93).

278th session (inaugural)

2.7.25. (Luxembourg, 22 June)

Items discussed:

Election of the Chairman and the Bureau of the Committee for the year 1989-90;

Appointment of the members of the Standing Committees;

Fixing of the session timetable.

279th session (regular)

2.7.26. (Luxembourg, 22 June)

Chairman: Mr Soulé

Items discussed:

Forward programme (steel) (third quarter): consultation (→ point 2.1.47);

First amendment to the 1989 ECSC budget: exchange of views (→ point 2.5.2);

Statistics on intra-Community goods trade after 1992: communication.

European Investment Bank ¹

Operations in June

2.7.27. Loans announced by the European Investment Bank in June for investment within the Community totalled ECU 1.19 billion.² Of these loans, ECU 502 million, including ECU 6.55 million from NCI resources,³ went to projects in Italy, ECU 216 million to Spain, ECU 176 million to the United Kingdom, ECU 106.5 million to France, ECU 42.6 million to the Netherlands and ECU 33.75 million to Portugal. Outside the Community, the Bank granted ECU 112.3 million: ECU 12 million, including ECU 9 million from risk capital, to Barbados and Rwanda under the Third Lomé Convention⁴ and ECU 100.3 million, including ECU 3 million from risk capital, to Egypt and Morocco.

Community

Italy

2.7.28. The Bank lent a total of LIT 767 billion, including LIT 10 billion from NCI resources, to projects in Italy, almost half of them in the Mezzogiorno.

For infrastructure, LIT 345 billion was designed to develop energy generation and to rationalize energy distribution. ENEL received LIT 250 billion for further work on constructing a coal-fired power station at Brindisi and for modernizing another thermal power station at Fiume Santo in Sardinia. SNAM obtained LIT 65 billion for expanding its natural gas storage facilities at Cortemaggiore in Piacenza Province and

for building four new gas lines to serve the Cuneo, Genoa, Trieste and Rome areas; AGIP received LIT 30 billion towards exploiting a gas field off the Ionian coast.

LIT 47 billion was granted to protect and enhance the environment, in particular to reduce pollution along the Metauro river in Pesaro Province as well as along stretches of the coast off the Marches, to defend a number of watercourses in Perugia Province against flood risks, to check soil erosion in Basilicata, and establish solid waste disposal facilities in Basilicata and Calabria. LIT 202.5 billion was granted to develop transport and communications facilities: LIT 97 billion for the construction of a new container terminal in Genoa Voltri harbour, LIT 70 billion for the laying of a second track on the Milan-Saronno railway line, LIT 5.5 billion for constructing a passenger terminal at Pisa airport and LIT 30 billion to the Toremar, Caremar and Siremar shipping lines to help them acquire new ferry boats to operate between Livorno and Elba, Naples and Capri/Ischia and small islands off the coast of Sicily.

LIT 146 billion—including LIT 10 billion from NCI resources—was granted in the form of global loans towards financing small and medium-scale capital investment in industry and allied services, agricultural processing, tourism, advanced technology, energy and the environment. The intermediary credit institutions providing subloans for these purposes are: Istituto Mobiliare Italiano, Banca Nazionale del Lavoro, Banco di Sicilia, Interbanca, Istituto Bancario San Paolo di Torino and Mediocredito Centrale.

As regards individual loans, the EIB granted LIT 13 billion for modernizing a plant pro-

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

² The conversion rates at 31 March 1989 used by the EIB in statistics for the second quarter of 1989 were: ECU 1 = BFR 43.60, DKR 8.10, DM 2.08, DR 175.99, ESC 171.55, FF 7.04, HFL 2.35, IRL 0.78, LFR 43.60, LIT 1 527, PTA 129.64, UKL 0.65, USD 1.10.

³ OJ L 298, 20.10.1978.

⁴ OJ L 86, 31.3.1986: Bull. EC 4-1986, point 2.2.31.

ducing detergents, LIT 6 billion for constructing pharmaceutical production and R&D facilities in Pomezia in Rome Province, LIT 4.7 billion to develop fish-farming in lagoons near Oristano and LIT 3 billion for a park equipped with scientific and technological research facilities in Trieste.

Spain

2.7.29. The EIB granted PTA 28 billion to Iberia, the Spanish national airline, to help finance the fleet renewal programme required by the increase in national and international traffic. The loan, issued in a number of currencies, will finance investment involving the purchase of around 50 new aircraft, mainly McDonnell Douglas MD-87s and Airbus A320s, the acquisition of related equipment and the construction of a maintenance hangar.

United Kingdom

2.7.30. For infrastructure, the EIB lent UKL 100 million for the construction of a two-level passenger terminal and satellite buildings at Stansted airport, which will then be able to handle eight million passengers a year.

The EIB also granted UKL 14.5 million in individual loans: UKL 12 million for the construction of an integrated exhibition and congress centre and a luxury 120-bedroom hotel in Cardiff, which will contribute to urban renewal and economic activity in an assisted area that has seen a decline in its traditional steel and coal industries; UKL 2 million to expand a chemical plant at Carrington, near Manchester, which will involve the construction of a third polymerization production line for 'high impact' grade polystyrene and increase the plant's capacity from 25 000 to 75 000 tonnes a year; UKL 3 million had already been loaned to this project;¹ UKL 0.5 million for the construction of a plant in Hastings to produce 30 000 tonnes of fuel pellets from solid waste for heating agricultural nurseries, factories and public buildings.

France

2.7.31. The EIB granted two global loans totalling FF 750 million to Crédit Local de France—CAECL SA to finance small and medium-scale public infrastructure projects in Aquitaine and Languedoc-Roussillon. These will take the form of lines of credit in different currencies (French francs, ecus or other currencies) and of varying terms (up to 15 years).

Netherlands

2.7.32. The EIB granted HFL 100 million in the form of a global loan to the Nationale Investeringsbank to finance small and medium-scale projects in industry and related services. This aid is the third global loan granted to the Netherlands; NMB Bank and Amro Bank each received a loan of HFL 50 million in 1988.²

Portugal

2.7.33. With a loan of ESC 5.79 billion, the EIB is contributing to the modernization of the Portuguese telecommunications system. The investments cover the installation throughout the country of telephone links using digital exchange equipment to enable the network to meet growing demand, and are the first stage of an investment plan for the telecommunications sector running up to 1992.

Outside the Community

Mediterranean countries

2.7.34. In Egypt the EIB lent a total of ECU 70.3 million. For infrastructure, it granted ECU 67.3 million to boost electricity supply. ECU 45 million is for the construction of a natural gas power station in the Nile Delta near the port of Damietta, with a capacity of 1 130 MW, to meet

¹ Bull. EC 12-1988, point 2.4.57.

² Bull. EC 3-1988, point 2.4.46; Bull. EC 4-1988, point 2.4.72.

increased electricity demand in the Delta region and allow the phasing-out of obsolete generating units. ECU 22.3 million is to strengthen the electricity transmission network in the Greater Cairo zone through the construction of a 100 km, 500 kV transmission line from Abu Zaabal (north-east of Cairo) to El Tebbin, and a substation at El Tebbin (south-east of Cairo).

The EIB also granted an individual loan of ECU 3 million for the construction of a heavy-duty radial tyre factory. The funds, in the form of a conditional loan from risk capital, will finance part of the Export Development Bank of Egypt's (EDBE) equity participation in the Alexandria Tyre Company (ATC), which will build and run the plant. Planned capacity of the new plant, located near Alexandria, is 350 000 all-steel radial tyres a year for heavy trucks and buses which will reduce Egypt's dependence on imports.

2.7.35. In Morocco, the EIB granted assistance of ECU 30 million to finance electrification of 125 villages. The scheme is part of the Moroccan Government's electrification programme intended to promote balanced development throughout the

country by improving living conditions in rural areas, provide a basis for increased productivity and help stem rural emigration to the coastal cities. It will serve 275 000 people and includes the erection of 1 500 km of medium-voltage power lines, 800 km of low-voltage lines and associated equipment, and the installation of some 200 transformer stations.

ACP

2.7.36. The EIB granted a loan of ECU 8 million from risk capital to the Government of Rwanda, mainly for the extension of the cable network and improvements of the rural telephone service.

2.7.37. The EIB granted ECU 4 million to the Government of Barbados for the financing of small and medium-sized industrial, agro-industrial and tourism companies. The funds will be on-lent to the Barbados Development Bank (BDB) in the form of a global loan of ECU 3 million for on-lending by BDB in small amounts, and a conditional loan of ECU 1 million from risk capital to enable BDB to provide equity finance for small and medium-sized businesses.

PART THREE
DOCUMENTATION

1. The ecu

Values in national currencies of one ecu

30 June 1989¹

BFR/ LFR	Belgian franc and Luxembourg franc (convertible)	43.2974
	Belgian franc and Luxembourg franc (financial)	43.3265
DKR	Danish krone	8.04631
DM	German mark	2.06770
DR	Greek drachma	178.135
ESC	Portuguese escudo	173.147
FF	French franc	7.02120
HFL	Dutch guilder	2.33055
IRL	Irish pound	0.777479
LIT	Italian lira	1 495.95
PTA	Spanish peseta	131.581
UKL	Pound sterling	0.683449
AUD	Australian dollar	1.40173
CAD	Canadian dollar	1.26593
FMK	Finnish markka	4.65962
NKR	Norwegian krone	7.55440
NZD	New Zealand dollar	1.84656
OS	Austrian schilling	14.5634
SFR	Swiss franc	1.77118
SKR	Swedish krona	7.03073
USD	United States dollar	1.05900
YEN	Japanese yen	152.285

¹ OJ C 164, 1.7.1989.

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

June 1989		
National currency/sector		Value in national currency of ECU 1
BFR/ LFR	Belgian franc and Luxembourg franc All products	48.2869
DKR	Danish krone Sheepmeat and goatmeat Cereals and sugar Other products	8.66492 8.84165 8.93007
DM	German mark Milk and milk products and beef/veal Cereals Other products	2.35053 2.37360 2.36110
DR	Greek drachma Sheepmeat and goatmeat Pigmeat Eggs and poultrymeat Cereals, sugar, wine and olive oil Other crop products Structures Tobacco Other products	180.508 168.229 149.762 164.729 179.387 197.622 190.998 164.996
ESC	Portuguese escudo Structures and tobacco Other products	192.002 188.007
FF	French franc Milk and milk products Sheepmeat and goatmeat Beef/veal Pigmeat Wine Other livestock products Other products	7.69787 7.65577 7.85183 7.85183 7.54389 7.56606 7.69787
HFL	Dutch guilder Sugar Cereals Other products	2.64704 2.66089 2.63785

June 1989		
National currency/sector		Value in national currency of ECU 1
IRL	Irish pound Sheepmeat and goatmeat Beef/veal Cereals and sugar Other products	0.829788 0.873900 0.843818 0.856765
LIT	Italian lira Pigmeat Cereals and oilseeds Wine Fruit and vegetables and tobacco Olive oil Other products	1 716.00 1 714.78 from 5.6.89 1 635.00 1 641.00 1 690.00 1 652.00 1 682.00
PTA	Spanish peseta Sheepmeat and goatmeat Pigmeat Other livestock products Cereals, sugar and olive oil Other crop products	153.315 146.854 147.136 from 19.6.89 155.786 154.213 152.896
UKL	Pound sterling Eggs and poultrymeat Sheepmeat and goatmeat Beef/veal Pigmeat Other livestock products Cereals, sugar and olive oil Other crop products	0.685035 0.671291 0.729831 0.723693 0.731431 from 12.6.89 0.706728 0.675071 0.701383

2. The greenhouse effect

3.2.1. On 9 June the Council adopted the following resolution:

'The Council of the European Communities,

Having regard to the Treaty establishing the European Economic Community,

Having regard to the draft resolution submitted by the Commission,

Whereas the Treaty establishing the European Economic Community provides for the development and implementation of action by the Community on the environment;

Whereas the available scientific data, in particular results from Community environmental research programmes, show that the composition of the atmosphere is being significantly modified by human activities and according to the available climatic models this could bring about, by the greenhouse effect, climatic modifications having a serious impact on the environment, on human beings and their activities;

Whereas it is therefore urgent to examine possibilities for action aiming at preventing or reducing the risks involved in the greenhouse effect;

Whereas the European Council held at Rhodes in December 1988 underlined the need for an effective international response to global problems such as the greenhouse effect;

Whereas in the framework of recent international conferences, in particular those held in Toronto in June 1988, in London and The Hague in March 1989 and in Nairobi in May 1989, a very broad consensus has been reached on the need for urgent consideration of measures to reduce emissions of greenhouse gases;

Whereas, given the complexity of the greenhouse effect and the many and far-reaching implications both of the greenhouse effect and of possible measures to prevent or to mitigate its consequences, a careful prior examination of policy options is required;

Whereas it is important that the Community and its Member States should make an effective contribution to the drawing-up of policy decisions within the appropriate international forums,

1. Underlines the global dimension of the greenhouse effect and the need for the Community and the Member States to play their full part in the definition and implementation of a global response to the problem. Such a response should be made without further delay, irrespective of remaining uncertainties on some scientific aspects of the greenhouse effect;

2. Considers that the conclusion of an international agreement on climate change is necessary; welcomes the preparatory work presently under way in the framework of the United Nations Environment Programme and the World Meteorological Organization;

Confirms that the Community and the Member States must make an important contribution to the preparation of such an agreement;

3. Confirms that, in accordance with the conclusions of the Council of 2 March 1989, the Community will participate actively in the revision by 1990 of the Montreal Protocol on substances that deplete the ozone layer with the aim of eliminating production and consumption of CFCs regulated by that Protocol by the end of the century; furthermore, declares that present levels of consumption and production of these CFCs, both within the Community and worldwide, should be reduced by at least 85% as soon as possible; notes that action must also be taken regarding other substances which are relevant to the greenhouse effect including CFCs which are not covered by the Montreal Protocol;

4. Declares that afforestation and measures to improve vegetation cover within the Community should be intensified and that the Community should play its full part in international efforts to arrest the destruction of the tropical rain forests and the process of desertification;

5. Invites the Commission to reconsider, as soon as possible, existing Community policies and guidelines which may no longer be appropriate in the light of the need to combat the greenhouse effect; declares that the Community and its Member States should take proper account in future policy decisions of the problem of potential climatic change linked to the greenhouse effect; invites the Commission and Member States to take urgent action to increase energy savings; to improve energy efficiency; to promote the development and use of energy sources, such as non-fossil fuels, which will not contribute to the greenhouse effect; and to give high priority to the development and introduction in the Member States of innovative, commercially viable technologies in these fields. In this context due account must be taken of safety aspects, security of supply, environmental impact, public health and economic considerations;

6. Invites the Commission urgently to consider action within the framework of Community aid programmes for developing countries aiming at reconciling their development requirements with constraints stemming from the greenhouse effect, and helping them, when needed, to adapt to the

potentially unavoidable impact of the greenhouse effect;

7. Stresses the importance and urgency of intensifying national and Community research efforts and studies so as better to understand the greenhouse effect and assess its potential environmental and socioeconomic impact;

8. Welcomes the initiative of the Commission to launch a substantial policy-options study programme; considers that the main areas of such a programme should be:

(i) identification and technical assessment of measures and technologies which can help reduce emissions of greenhouse gases, in particular CO₂, or other measures, including afforestation and prevention of forest fires, which can otherwise combat the greenhouse effect,

(ii) analysis of environmental, economic, industrial, energy, social, agricultural and institutional implications of possible measures and technologies,

(iii) evaluation of likely benefits of different policy options by use of a decision analysis framework,

(iv) identifying measures, such as further coastal protection, necessary to adapt to new situations

which the decision analysis exercise demonstrates are likely to arise as an unavoidable result of the greenhouse effect and drawing up, where necessary, Community policies to implement such measures;

9. Invites the Commission, in executing the work programme, to take full account of other relevant activities on related subjects both inside the Community and worldwide, particularly the work of the Intergovernmental Panel on Climate Change; urges Member States to cooperate actively with the Commission in the execution of the programme and to coordinate their relevant activities within that framework;

10. Invites the Commission and the Member States to ensure that public opinion is fully informed about the greenhouse effect, and the action necessary to combat it, in particular, the need for effort on a worldwide scale and involving the contribution of every citizen;

11. Invites the Commission to submit a report by the end of 1990 at the latest, including proposals for concrete action in the areas referred to above, in particular for measures relating to the problem of CO₂, with a view to making an effective contribution to the wider international debate.'

3. Community-EFTA ministerial meeting

Joint conclusions

3.3.1. The following joint conclusions were adopted on the occasion of the annual ministerial meeting between EFTA Ministers and the Commission in Kristiansand, Norway, on 24 June:

'1. The Ministers of the EFTA countries and Mr Henning Christophersen, Vice-President of the Commission of the European Communities, met, under the chairmanship of Mr Jan Balstad, Minister for Trade and Shipping of Norway, in Kristiansand, Norway, to review the state of relations between the Community and the EFTA countries. Mr Georg Reisch, Secretary-General of EFTA, also attended the meeting.

2. They recalled the Luxembourg Declaration of 9 April 1984, the Joint Declaration of 2 February

1988 as well as the Declaration of the European Council of 3 December 1988 that the Community wishes to strengthen and expand relations with the EFTA countries.

3. Recalling the Declaration of the Heads of Government of the EFTA States adopted in Oslo on 15 March 1989 and the outcome of the informal ministerial meeting between the European Community and its Member States and the EFTA countries in Brussels on 20 March 1989, the Ministers of the EFTA countries and Mr Christophersen welcomed the agreement reached at the meeting of the High-level Steering Group in Brussels on 28 April 1989 to undertake a comprehensive examination of the possible scope and content of an expanded and more structured partnership between the EC and the EFTA countries based on the fullest possible realization of free movement of goods, services, capital and persons as well as on

a closer cooperation in areas going beyond the EC internal market programme.

4. They expressed their hope that the ongoing talks would provide a good basis for the ministerial meeting between the EC and its Member States and the Member States of EFTA scheduled for autumn 1989 which would thus be in a position to mark a joint political commitment to a qualitatively new phase in EFTA-EC relations leading to a more structured partnership.

5. They confirmed that the search for an expanded and more structured partnership should not lessen the common resolve to progress in the present cooperation pursuant to the Luxembourg Declaration, and reiterated their determination to continue and step up their cooperation in this framework.

6. Reviewing the progress made towards their common goal of establishing a dynamic and homogeneous European economic space (EES), and in particular developments since the last ministerial meeting in Geneva on 29 November 1988, the Ministers of the EFTA countries and Mr Andriessen noted with satisfaction the joint conclusions of the 10th meeting of High Officials from EFTA countries and the EC Commission on 31 May 1989 and in particular the concrete results that had been achieved as regards:

(i) *Export restrictions*: negotiations on the abolition of existing and prohibition of new export restrictions have been concluded and supplementary Protocols to the Free Trade Agreements will shortly be signed;

(ii) *Trade facilitation*: negotiations have been concluded and Agreements on the association of the EFTA countries with the Community's Tedis (Trade electronic data interchange systems) programme will shortly be signed with the aim of coordinating and promoting electronic data interchange in Europe;

(iii) *Public procurement*: the joint publication of tender notices has now been implemented;

(iv) *Simplification of origin rules*: joint decisions on multilateral cumulation entered into force on 1 January 1989.

7. They welcomed the fact that Additional Protocols to the Agreements between the EFTA countries and the European Economic Community consequent on the accession of Spain and Portugal to the EC had now been signed, accelerating the suspension of EFTA countries' customs duties on products imported from Spain.

8. The Ministers of the EFTA countries and Mr Andriessen welcomed the new developments with regard to:

(i) *Technical barriers to trade*: further substantial progress has recently been achieved in the negotiations concerning the exchange of information between the EC and the EFTA countries in the field of technical regulations, as a contribution to the prevention of barriers to trade in this field, and it is hoped that an Agreement will shortly be signed;

it has been agreed to extend to certain new areas (safety of machines, electromagnetic compatibility, measuring instruments, telecommunications terminal equipment) the discussions currently under way between experts, with a view to the elimination of technical barriers to trade in specific sectors;

it has been agreed that EC and EFTA experts should examine the common elements to be included in EFTA-EC mutual recognition agreements;

the EC Commission will shortly be making recommendations to the EC Council concerning the general approach to be followed as regards testing and certification.

(ii) *Environment*: they noted with satisfaction the positive results from the second Senior Environmental Officials meeting held in Vienna in February 1989 for the implementation of the Luxembourg and Noordwijk Declarations in the field of the environment where many of the problems are, by nature, global.

The Ministers from the EFTA countries underlined, and Mr Andriessen noted, the desire of their countries to participate on a full and equal basis in the proposed European environment monitoring and information network and the proposed European Environment Agency. In this context they agreed to convene in the near future a meeting between representatives of the EFTA countries and the EC Commission services to exchange further information on the procedures for cooperation with and participation of the EFTA countries.

They welcomed the intention of Switzerland to convene in the course of this year a Conference of Ministers for the Environment from the EFTA countries and the EC.

(iii) *Education*: following the recent decision of principle by the EC Council, exploratory contacts have begun with a view to securing participation by the EFTA countries in Comett II by 1 January 1990; during 1990, the possibilities for participation by the EFTA countries in Erasmus will be examined and exchanges of views and experience will take place on the mutual recognition of higher education diplomas.

(iv) *Public procurement*: in line with the political and economic importance of this area for the development of the EES, it has now been agreed that

the necessary measures should be taken with a view to the objective of opening as soon as possible in 1990 formal negotiations on the mutual opening-up of public supplies and works markets, and the exchange of information should continue on Community work in the fields of the four excluded sectors (water, energy, transport and telecommunications) with a view to exploring conditions necessary for the mutual opening-up of these sectors.

(v) *Trade facilitation*: there has been substantial progress as regards the development within the CD project of electronic customs declaration messages based on the single administrative document (SAD) as well as with respect to joint efforts to facilitate other customs procedures.

(vi) *Transport*: following the previous request from Norway and Sweden, the other EFTA countries have now also jointly requested early negotiations with the Community in the field of civil aviation. The Commission is examining these two requests and is expected to take a position on the matter in the near future. Negotiations are being continued on transit matters between the EC and Austria and on transit and other questions related to land transport between the EC and Switzerland.

9. They further noted that there are good prospects for early progress in the fields of:

(i) *Price compensation for processed agricultural products covered by the Free Trade Agreements*: detailed discussions have been opened at expert level on the technical feasibility of mutual recognition of declarations of actual raw material content as a basis for calculating price compensation.

(ii) *Counterfeit goods*: experts will continue their work on the options for solutions.

10. The Ministers of the EFTA countries and Mr Andriessen emphasized the importance of further strengthening cooperation in the fields of:

- State aid
- Simplification of origin rules
- Financial services
- Free movement of capital
- Telecommunications
- Intellectual and industrial property rights
- Product liability
- Indirect taxation.

11. On research and development they noted the mutually beneficial experiences arising out of the participation of enterprises and institutes from the EFTA countries in numerous EC projects and programmes. They agreed that efforts should be made to increase, improve and rationalize cooper-

ation in this field making the utmost use of the bilateral agreements between the EFTA countries and the European Communities in order to expand research and development cooperation within the framework programme of the Communities and contribute to the creation of the scientific and technological Europe.

12. They furthermore agreed that the exchange of information and experience should continue in the following fields:

- Economic situation
- Consumer protection
- Anti-dumping measures
- Foodstuff legislation
- Animal-health and plant-health measures
- Company law.

They considered social policy aspects of European integration to be an important area for cooperation and welcomed the intention of the Norwegian Government to host a seminar with participation of representatives of authorities as well as the social partners in the EC/EFTA countries as an important contribution to furthering a dialogue in this context.

13. Finally they agreed that cooperation should be extended to certain new areas:

(i) *New technologies and services*: it was noted that experts would begin talks to exchange information and to examine the possible scope for cooperation between the EFTA countries and the EC.

(ii) *Small and medium-sized enterprises (SMEs)*: experts from EFTA countries and the EC will hold exploratory talks on the possibilities for establishing cooperation between small and medium-sized enterprises throughout the European economic space.

(iii) *Statistical cooperation*: cooperation will be strengthened to ensure that statistics in the Community and in EFTA countries are as comparable as possible and harmonized where necessary.

(iv) *Tourism*: they noted that "The European Year of Tourism 1990" will be implemented as a joint project between the EC and EFTA countries.

14. In line with the special relationship between the EC and the EFTA countries, and the need to consolidate and strengthen mutual cooperation at the same time as the EC progresses towards completion of the internal market, the Ministers of the EFTA countries and Mr Andriessen stressed the need to achieve further concrete results in cooperation between the EC and the EFTA countries. Efforts to identify further fields of cooperation, without excluding any area from the outset, will be pursued and intensified.'

4. Infringement procedures

Initiation of proceedings for failure to implement Directives

3.4.1. In June the Commission sent letters of formal notice for failure to inform it of national implementing measures in the following cases:

Internal market

Council Directive of 8 December 1986 amending the Council Directive of 26 January 1965 laying down specific criteria of purity for preservatives authorized for use in foodstuffs prepared for human consumption¹ (Germany, Greece, Ireland and Netherlands).

Council Directive of 25 June 1987 amending the Council Directive of 15 January 1980 on the approximation of the laws of the Member States relating to the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products² (Belgium, France and Netherlands).

Council Directive of 7 June 1988 amending the Council Directive of 19 December 1974 on the approximation of the laws of the Member States relating to the making-up by volume of certain prepackaged liquids³ (Denmark, France and Ireland).

Commission Directive of 8 December 1986 on the approximation of the laws of the Member States relating to procedures for the control of characteristics of, limits for and resistance to detonation of straight ammonium nitrate fertilizers of high nitrogen content⁴ (Ireland and United Kingdom).

Commission Directive of 24 November 1987 amending the Commission Directive of 22 June 1977 on the approximation of the laws of the Member States relating to methods of sampling and analysis for fertilizers⁵ (Ireland and United Kingdom).

Agriculture

Council Directive of 21 July 1986 amending the Council Directive of 17 December 1973 on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs, the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs and the Council Directive of 2 April 1979 on the marketing of compound feedingstuffs⁶ (France, Ireland and Luxembourg).

Commission Directive of 28 October 1986 amending the Annex to the Council Directive of 30 June

1982 concerning certain products used in animal nutrition⁷ (Italy).

Commission Directive of 14 January 1987 amending certain Council Directives on the marketing of seeds and plants⁸ (Belgium, Denmark, France, Italy, Luxembourg and United Kingdom).

Commission Directive of 1 April 1987 amending the Annexes to the Council Directive of 17 December 1973 on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs⁹ (Ireland and Italy).

Commission Directive of 17 November 1987 amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs¹⁰ (Belgium and Ireland).

Commission Directive of 8 January 1988 amending Annex I to the Council Directive of 14 June 1966 on the marketing of beet seed¹¹ (Belgium, Denmark, France, Greece, Italy, Luxembourg and United Kingdom).

Council Directive of 14 June 1988 amending the Council Directive of 26 June 1964 as regards enzootic bovine leukosis and repealing Directive 80/1102/EEC¹² (Belgium, Denmark, Germany, Greece, Italy and Luxembourg).

Environment

Council Directive of 12 June 1986 on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to Directive 76/464/EEC¹³ (Ireland).

Council Directive of 18 December 1986 on the harmonization of laws, regulations and administrative provisions relating to the application of the principles of good laboratory practice and the verification of their application for tests on chemical substances¹⁴ (Germany and Ireland).

Council Directive of 19 March 1987 amending the Council Directive of 24 June 1982 on the major-

¹ OJ L 352, 13.12.1986.

² OJ L 192, 11.7.1987.

³ OJ L 143, 10.6.1988.

⁴ OJ L 38, 7.2.1987.

⁵ OJ L 342, 4.12.1987.

⁶ OJ L 212, 2.8.1986.

⁷ OJ L 312, 7.11.1986.

⁸ OJ L 49, 18.2.1987.

⁹ OJ L 110, 25.4.1987.

¹⁰ OJ L 336, 26.11.1987.

¹¹ OJ L 56, 2.3.1988.

¹² OJ L 194, 22.7.1988.

¹³ OJ L 181, 4.7.1986.

¹⁴ OJ L 15, 17.1.1987.

accident hazards of certain industrial activities¹ (Ireland).

Consumers

Commission Directive of 6 February 1987 amending Annex II to the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to textile names² (Belgium and Luxembourg).

Commission Directive of 6 February 1987 amending Annex II to the Council Directive of 17 July 1972 on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures³ (Belgium).

Tenth Commission Directive of 2 March 1988 adapting to technical progress Annexes II, III, IV and VI of the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (Ireland).

3.4.2. The Commission also sent a letter of formal notice for failure to comply with a judgment of the Court of Justice concerning:

Internal market

Council Directive of 31 March 1982 on the approximation of the laws of the Member States relating to methods of testing the biodegradability of non-ionic surfactants and amending Directive 73/404/EEC⁵ (Italy).

Council Directive of 31 March 1982 amending the Council Directive of 22 November 1973 on the approximation of the laws of the Member States relating to methods of testing the biodegradability of anionic surfactants⁵ (Italy).

Reasoned opinions

3.4.3. In June the Commission delivered reasoned opinions for failure to inform it of national implementing measures in the following cases:

Internal market

Council Directive of 16 September 1985 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of certain activities in the field of pharmacy⁶ (Germany and Italy).

Council Directive of 16 September 1985 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy⁶ (Belgium, Italy and Luxembourg).

Council Directive of 20 December 1985 amending, on account of the accession of Spain and Portugal, Directive 85/433/EEC concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy⁷ (Belgium and Luxembourg).

Agriculture

Commission Directive of 27 February 1986 limiting the marketing of seed of certain species of fodder plants and oil and fibre plants to seed which has been officially certified as 'basic seed' or 'certified seed'⁸ (Luxembourg).

Transport

Council Directive of 15 December 1986 amending the Council Directive of 1 December 1983 on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States⁹ (Italy).

Council Directive of 19 December 1984 on the use of vehicles hired without drivers for the carriage of goods by road¹⁰ (Italy).

¹ OJ L 85, 28.3.1987.

² OJ L 56, 26.2.1987.

³ OJ L 75, 17.3.1987.

⁴ OJ L 105, 26.4.1988.

⁵ OJ L 109, 22.4.1982.

⁶ OJ L 253, 24.9.1985.

⁷ OJ L 372, 31.12.1985.

⁸ OJ L 93, 8.4.1986.

⁹ OJ L 24, 27.1.1987.

¹⁰ OJ L 335, 22.12.1984.

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 2-1989

Point 2.1.36

Re-examined proposal for a Council Decision to adopt a first plan to support and facilitate access to large-scale scientific facilities of European interest
OJ C 188, 25.7.1989

Bull. EC 3-1989

Point 2.6.2

Amended proposal for a Council Decision instituting a specific multiannual programme for the research and development of statistical expert systems (Doses)
OJ C 181, 18.7.1989

Bull. EC 4-1989

Point 2.1.6

Communication on the comparability of vocational training qualifications between the Member States of the European Community established in implementing Council Decision 85/368/EEC of 16 July 1985, hotel and catering industry
OJ C 166, 3.7.1989

Point 2.1.153

Proposal for a Council Regulation (EEC) laying down, in respect of hops, the amount of aid to producers for the 1988 harvest
OJ C 161, 28.6.1989

Points 2.7.33 to 2.7.35

Opinions adopted by the Economic and Social Committee during its session on 26 and 27 April 1989

OJ C 159, 26.6.1989

Bull. EC 5-1989

Point 2.1.76

Re-examined proposal for a Council Decision adopting a specific research and technological development programme in the field of food science and technology (1989 to 1993) — Flair (Food-linked agro-industrial research)

OJ C 175, 11.7.1989

Point 2.1.112

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 regarding the prevention of AIDS in intravenous drug users.

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 on awareness measures for health care personnel.

Conclusions of the Council and Ministers for Health of the Member States meeting within the Council of 16 May 1989 on the improvement of the general system for collecting epidemiological data, including the application of the new definition of AIDS cases.

Conclusions of the Council and Ministers for Health of the Member States meeting within the Council of 16 May 1989 regarding future activities on AIDS prevention and control at Community level.

OJ C 185, 22.7.1989

Point 2.1.114

Resolution of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 concerning a European network of health data on drug abuse.

OJ C 185, 22.7.1989

Point 2.1.115

Conclusions of the Council and the Ministers for Health of the Member States meeting within the Council of 16 May 1989 concerning the reliability

of tests on body fluids to detect the use of illicit drugs.

OJ C 185, 22.7.1989

Point 2.1.119

Amended proposals for a Council Decision establishing the Lingua programme to promote training in foreign languages in the European Community.

Proposed Council Decision for the promotion of the teaching and learning of foreign languages in the European Community as part of the Lingua programme.

OJ C 181, 18.7.1989

Point 2.2.15

Council Decision 89/431/EEC of 3 May 1989 on the conclusion of the Third Additional Protocol to the Agreement between the European Economic Community and the Republic of Austria consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community

Council Decision 89/432/EEC of 3 May 1989 on the Third Additional Protocol to the Agreement between the European Economic Community and the Republic of Finland consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community

Council Decision 89/433/EEC of 3 May 1989 on the conclusion of the Third Additional Protocol to the Agreement between the European Economic Community and the Republic of Iceland consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community

Council Decision 89/434/EEC of 3 May 1989 on the conclusion of the Third Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Norway consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community

Council Decision 89/435/EEC of 3 May 1989 on the conclusion of the Third Additional Protocol to the Agreement between the European Economic Community and the Kingdom of Sweden consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community

Council Decision 89/436/EEC of 3 May 1989 on the conclusion of the Third Additional Protocol to the Agreement between the European Economic Community and the Swiss Confederation consequent on the accession of the Kingdom of Spain

and the Portuguese Republic to the Community
OJ L 206, 18.7.1989

Point 2.2.46

Commission proposals to the Council fixing the Community's scheme of generalized tariff preferences for 1990

Proposal for a Council Regulation (EEC) No ... of ... applying generalized tariff preferences for 1990 in respect of certain industrial products originating in developing countries

Proposal for a Council Regulation (EEC) No ... of ... applying generalized tariff preferences for 1990 to textile products originating in developing countries

Proposal for a Council Regulation (EEC) No ... of ... applying generalized tariff preferences for 1990 in respect of certain agricultural products originating in developing countries

Draft decision of the representatives of the Governments of the Member States of the European Coal and Steel Community, meeting within the Council, applying for 1990 the generalized tariff preferences for certain steel products originating in developing countries

OJ C 165, 3.7.1989

Point 2.6.2

Re-examined proposal for a Council Decision instituting a specific multiannual programme for the research and development of statistical expert systems (Doses)

OJ C 170, 5.7.1989

Point 3.2.1

Conclusions of the Council and the Ministers responsible for cultural affairs meeting within the Council of 18 May 1989 on books and reading with a view to the completion of the internal market in 1992

OJ C 183, 20.7.1989

Point 3.2.2

Resolution of the Council and the Ministers responsible for cultural affairs meeting within the Council of 18 May 1989 concerning the promotion of books and reading

OJ C 183, 20.7.1989

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