



EUROPEAN PARLIAMENT

**THE WORK
of the
EUROPEAN PARLIAMENT**

July 1988 - June 1989

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NOTE TO THE READER

Like its predecessors, this study, covering the period from July 1988 to June 1989, gives an account of the European Parliament's activities and attempts to place the latter in the more general context of European integration. It was completed on 9 June 1989.

Special attention has been paid in this year's issue to Parliament's response to the challenge posed by the Commission's proposals for completing the internal market, and to the new policies set out in the Single European Act.

Readers will find background information on all the Community's activities in the 'Fact Sheets', the fourth edition of which was published in Spring 1989 (PE 122.000).

These two series of studies may be said to complement each other, given that one summarises the activities of the Community since its inception, while the other recounts in detail the activities of the European Parliament in a particular year. To facilitate cross-referral between the two, the subject headings - most notably in the discussion of the various common policies - have wherever possible been arranged in identical order.

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This document does not necessarily reflect the views of the European Parliament as an institution.

Editors: David MILLAR, Director
Elfi SCHÖNER, Director
Jean DUREN, Head of Division

Contributors: Angel Angelidis, Graham Chambers, Anthony Comfort,
Marilia Crespo, Alfredo De Feo, Alberto Fumagalli,
Thomas Grunert, Hans-Hermann Kraus, Niels Kristoffersen,
Anna Lucchese, Gerard Meehan, Alice Michel, Domenico Morina,
Klaus Offermann, Peter Palinkas, Charles Reich,
Dominique Robert, Joao Sant'Anna, Frank Schuermans,
Massimo Silvestro, Georgios Tsitsopoulos, Frank Wiehler,
Pernille Winther, John Wittenberg

Coordination: Arlette Clor, Assistant

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INTRODUCTION

The progress towards European Union achieved from July 1987 to June 1988 - the first year of application of the Single European Act - was handsomely maintained from July 1988 to June 1989. The Commission presented proposals under the Single Act at the rate required to establish a genuine internal market, and Parliament kept to its pledge to avoid delay in playing its part in the cooperation procedure.

Unhappily, the Council of Ministers proved once again unable to fulfil the undertakings it had given, and its rate of decision-making proved too slow in 1988-89 to ensure that the internal market would be in place by December 1992.

Despite this fact, the progress achieved during the year was enhanced by the growing collaboration between the three institutions mainly concerned - Parliament, Commission and Council - at the levels of Presidents, of Ministers, of Members and of parliamentary committees, as well as in plenary sessions and in a widening network of individual and informal contacts at the level of Members and officials of all three institutions.

In 1986 and 1987, Parliament had set much store by such collaboration, and the emphasis placed on this approach has been amply rewarded in the event. One of the beneficial results of inter-institutional collaboration has been the number of amendments, proposed by Parliament under the cooperation procedure, which have been accepted by the Commission and Council.

With regard to the 67 procedures completed between 1 July 1987 and 14 June 1989 under the cooperation procedure, at first reading the Commission accepted 66% of Parliament's amendments in whole or in part, and the Council 48%; at second reading the corresponding figures were 53% and 23%.

These figures are purely quantitative and cannot take account of the relative importance of the amendments accepted or rejected, and the Council has been particularly unresponsive to Parliament's wishes at second reading. Nevertheless, the figures can be said to show a reasonable rate of acceptance for the first two years' application of a procedure both novel and complex.

The year from July 1988 to June 1989 was marked by a return to budgetary orthodoxy, following the agreement on budgetary discipline implemented during the first half of 1988. The Community's budget for 1989 was signed by Lord Plumb on 15 December 1988 amid almost unprecedented manifestations of harmony between Parliament and the Council. The farm price review, although not adopted by the Council within the time limit, was concluded in an atmosphere of reasonable understanding between Parliament and the Commission; this atmosphere did not entirely extend to relations between Parliament and the Council.

In the area of food production, Parliament set up a Committee of Inquiry into the problem of quality in the meat sector, particularly the use of certain hormones in beef. The Committee's recommendations were enshrined in a resolution, not all of whose requests found acceptance by the other institutions, but which amply justified the work of the Committee of Inquiry in focusing public attention on the issue.

Parliament also succeeded in capturing public interest by establishing a Committee of Inquiry into fraud affecting the Community budget, particularly in the agricultural sector. As a result of the Committee's work in obtaining information from a wide spectrum of expert opinion, and the resolution subsequently adopted by Parliament, the Madrid European Council of June 1989 adopted a declaration on fraud in the Community.

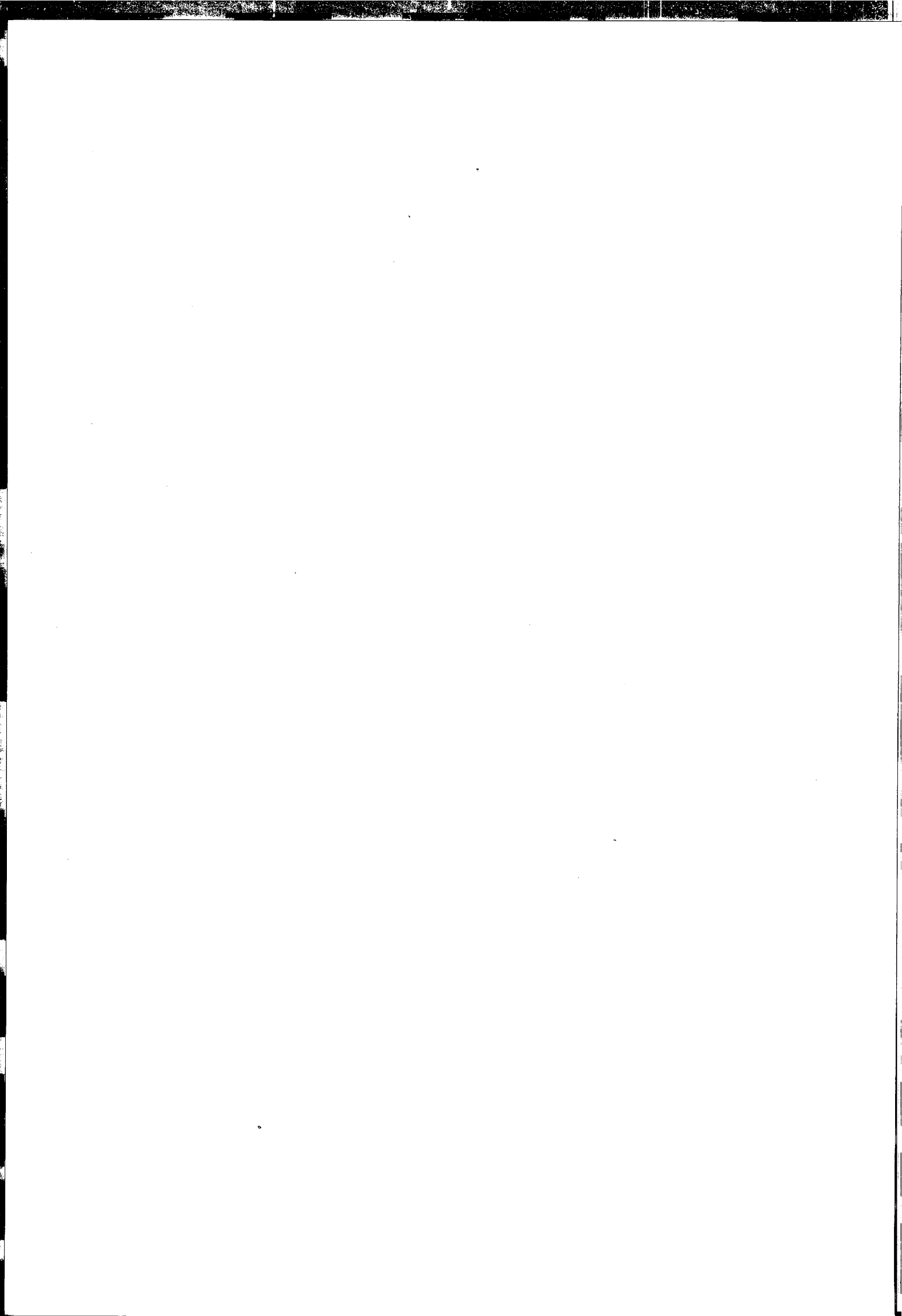
Apart from activities centred on the Single Act, the budget and the committees of inquiry, several parliamentary committees held public hearings, and others invited members from national parliamentary committees to joint meetings, which have proved increasingly useful in strengthening links with national parliaments.

On institutional matters, a resolution was adopted in January 1989 on the seat of the institutions and the main place of work of the European Parliament. This resolution was among the most controversial of the year under review, but was adopted by a majority of 50 votes with 400 Members voting. Other resolutions on institutional matters concerned Parliament's strategy for the achievement of European Union, and European Political Cooperation under the Single European Act.

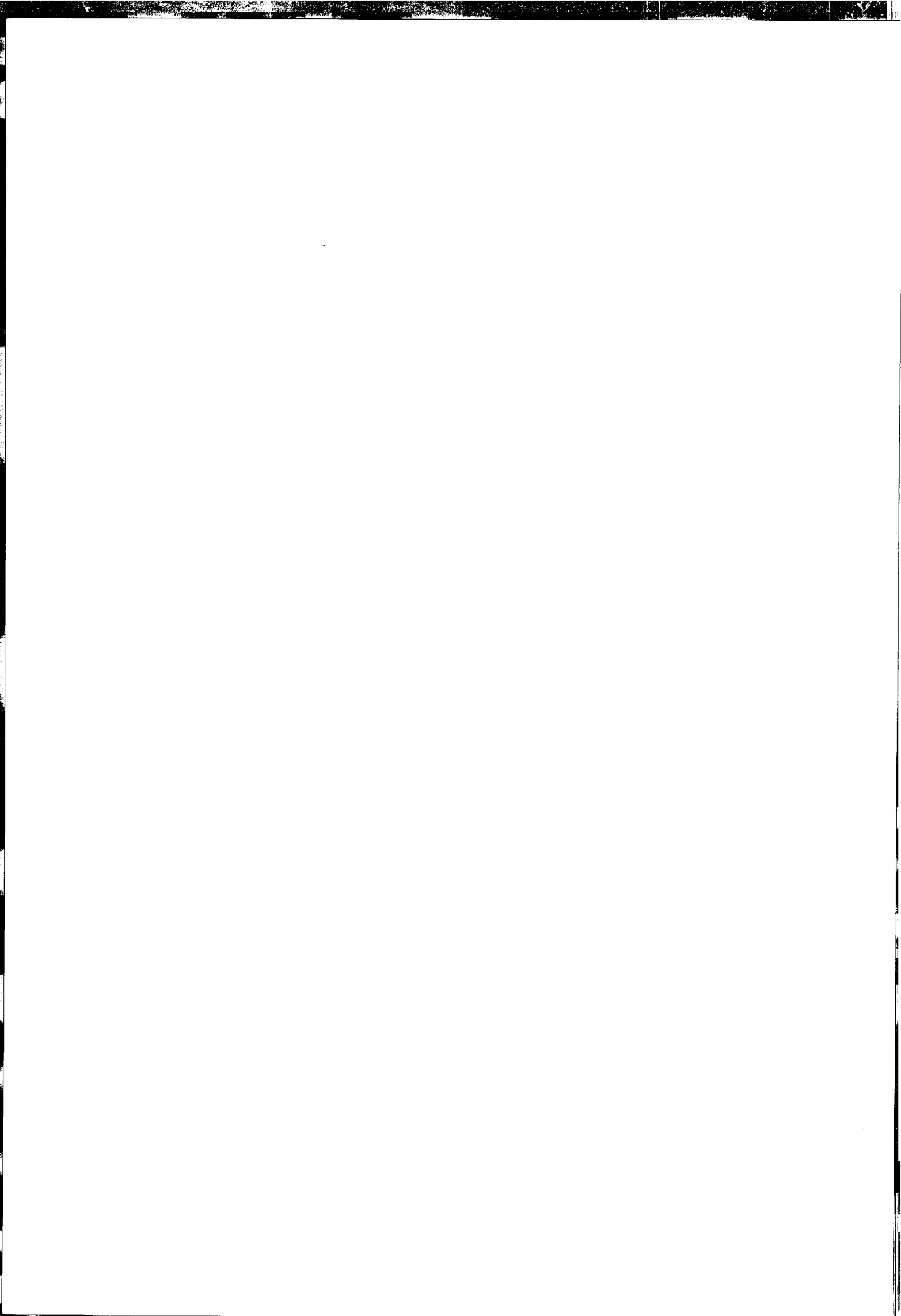
In the political field, Parliament's work on human rights in the world continued unabated, with many of the topical and urgent debates in each session leading to resolutions on both individual violations of human rights and continuing problems in this area. The year in question also saw real progress towards disarmament, arising from the closer understanding between the leaders of the United States and the Soviet Union. While welcoming such progress unreservedly, Parliament repeatedly called for Community policies on security and disarmament to be developed within the North Atlantic Treaty Organisation by the Foreign Ministers of the Twelve meeting in European Political Cooperation.

The policy of 'glasnost' pursued by the leaders of the Soviet Union breathed new life into the activities of Parliament's delegations for relations with the countries of Eastern Europe and with the Soviet Union; the third directly-elected Parliament can be expected to step up considerably its work in this area.

Between the summer of 1988 and the end of its second term, Parliament increased its work rate considerably, especially as regards legislation under the cooperation procedure. By so doing, Parliament was able to exercise its new powers and to expand its influence, thus preparing for its campaign to hasten the pace of progress towards European Union, which would bring with it an increase in its powers.



I POLITICAL ASPECTS AND LIFE OF
THE INSTITUTIONS



INSTITUTIONAL DEVELOPMENTS

The Single European Act came into force on 1 July 1987 and has been in operation for two years now.

The Single Act is mainly concerned with the following areas : the development of new or existing common policies (establishing the internal market, monetary capacity, economic and social cohesion, research and development, environment) with a noticeable increase in majority voting in the Council and the introduction of a cooperation procedure between the European Parliament and the Council which has strengthened Parliament's influence on Community legislation. The assent procedure gives the European Parliament joint decision-making power in respect of the accession of new members and association agreements with the Community. European Political Cooperation is institutionalized by the Single Act.

1. Single European Act

(a) The influence of the European Parliament in the cooperation procedure

According to the resolution on the results obtained from implementation of the Single Act¹, cooperation between the European Parliament and the Commission has at least the appearance of working satisfactorily. Of the 520 amendments adopted by Parliament at first reading as part of the cooperation procedure during the first year of implementation of the Single Act, 79% were accepted by the Commission in plenary sitting.

In this resolution, the European Parliament calls on the Commission to undertake to withdraw any proposal rejected by the European Parliament so as to ensure that Community legislation, like national legislation, is acceptable to the people's elected representatives, and calls on the national parliaments to urge their governments to oppose in the Council any proposal rejected by the European Parliament.

However, the fate of these amendments in the Council is less encouraging if we take into consideration the fifty cooperation procedures completed by

31 December 1988. The Council accepted approximately 44% of the European Parliament's amendments at first reading; at second reading, this percentage drops to 23%. If one takes into consideration European Parliament's amendments tabled under this procedure up until March 1989, the percentage of the European Parliament's amendments accepted by the Council at first reading is 50% and at second reading 25%. This percentage, however, is not disappointing inasmuch as the European Parliament may consider itself as co-legislator for a not inconsiderable part of Community legislation.

This situation strengthens the institutional position of the European Parliament. It must be stressed, incidentally, that this is largely due to the good working relations which exist between the European Parliament and the Commission of the European Communities, which places the European Parliament's amendments in a strong position when they come before the Council.

It must also be pointed out that the European Parliament rejected a common position of the Council on 13 October 1988 by 276 votes to 47 with 3 abstentions on the protection of workers from the risks of exposure to benzene at work. Rejection was proposed by the Committee on the Environment's rapporteur when the Commission said it could not accept many amendments which the European Parliament had just adopted.

The European Parliament also looked at ways of improving the conciliation procedure in a resolution adopted on 16 February 1989². The European Parliament notes that this procedure has to date been of only limited value and that, as the cooperation procedure has considerable similarities with that procedure, these channels of negotiation might be used to reach a compromise on legislative proposals. The European Parliament, for its part, decided to make increased use of this procedure and to adjust its internal structures accordingly.

(b) The annual legislative programme

Rule 29(4) of the European Parliament's Rules of Procedure introduced the concept of the legislative programme into relations between the Commission and the European Parliament. This programme is determined by the enlarged Bureau of the European Parliament and the Commission, after the latter has

submitted its annual programme and the European Parliament has held a debate on it.

The second legislative programme was adopted on 15 March 1989 and covers the whole of 1989. The machinery introduced is as follows : firstly, the President of the Commission outlines its annual programme, followed by a debate in plenary.

The Commission's annual programme and draft legislative programme are forwarded to the European Parliament, which passes a vote of confidence in the Commission and adopts a resolution on the annual programme. Finally, the enlarged Bureau and the Commission adopt the annual legislative programme.

The conclusion of such an agreement answers a twofold concern : to stress the institutional cooperation between the Commission and the European Parliament and to organize the discussion of Community legislation in as efficient and rapid a manner as possible. In addition, the objective pursued is to establish a link with the Council so as to take into consideration information from the successive presidencies of the Council regarding its work programmes.

This agreement constitutes a political commitment which reflects a desire to carry out a programme which will enable the objectives of the Single Act to be achieved.

In the annual programme for 1989, the two institutions note that the first experience was a positive one: the deadlines for consideration and adoption of the proposals by the European Parliament were respected in approximately 75% of cases.

Furthermore, the successive Presidents of the Council have gradually associated themselves with the establishment of the legislative programme. Priority has been given to the achievement of the internal market and to progress towards monetary integration. Finally, interinstitutional coordination will be strengthened.

(c) Executive powers conferred on the Commission ('commitology')

The European Parliament brought an action to set aside the decision of the Council of 13 July 1987 laying down the procedures for the exercise of the executive powers conferred on the Commission.

In arguing its case the European Parliament drew particular attention to the failure to recognize the powers of the Commission and the undermining of its own institutional rights.

In its judgment of 27 September 1988, the Court ruled that this action by the European Parliament was inadmissible and said that there were other means of contesting before the Court acts by the Council which disregarded the prerogatives of the European Parliament (proceedings for failure to act, objection of illegality).

The European Parliament's enlarged Bureau, on a proposal from a working party on commitology, asked the parliamentary committees, as a general rule, to amend proposals at first and second readings in a manner reflecting the Community spirit (management committees) and asked for the opening of a trilogue between the European Parliament, the Council and the Commission (deliberations of the enlarged Bureau on 11 May 1989).

(d) Application of the assent procedure

This procedure is one of the most important innovations introduced by the Single Act, as it has meant that the European Parliament has been given powers of decision in respect of accession agreements (Article 237 of the EEC Treaty) and association agreements (Article 238 of the EEC Treaty). Before it can conclude such an agreement, the Council must obtain the assent of the European Parliament, which means that without the express approval of the majority of its Members (260 votes) an accession or association agreement may not come into force.

This procedure also applies to protocols amending association agreements.

The European Parliament has given approximately 30 assents since the entry into force of the Single Act. On 12 October 1988, it adopted the three

protocols with Israel (by 315 votes to 24 with 19 abstentions in the case of the protocol on financial cooperation), whereas in March 1988 the required majority had not been achieved for these texts. On the same day, the European Parliament gave its assent to two protocols with Syria, whose adoption had also been postponed for several months. The protocol on the consequences of the accession of Spain and Portugal was adopted by 324 votes to 6 with 4 abstentions.

The European Parliament has used the assent procedure as a means of influence and political pressure both on the Council and on a non-member state. This is a means of considerably strengthening the impact of the European Parliament on the European Community's external policy.

2. The European Parliament's institutional strategy

The European Parliament considers that the Community's powers are inadequate in many sectors and that the institutional question will return to the Community's agenda in connection, in particular, with 1992.

The European Parliament has continued its efforts with a view to establishing the European Union, while still being determined to make full use of the possibilities offered by the Single Act. It considered it vital that the question of the European Union should be at the centre of the European election campaign.

The European Parliament approved a report on its strategy for the European Union, which expresses the intention of drawing up general proposals based essentially on the 1984 draft so as to provide the institutional basis needed for the Union. No accession treaty for new members will be adopted before the completion of institutional reforms to enable the Community to become more efficient and more democratic³.

The European Parliament also approved a Declaration of fundamental rights and freedoms⁴. This declaration, which sums up the rights protected by Community law, might be incorporated at a later date in a Treaty of European Union.

Considerable efforts have been devoted to improving relations with the national parliaments, whose support is essential for the European Union.

National parliaments were invited to send delegations to the European Parliament's Committee on Institutional Affairs and a report⁵ was approved, which provides for a strengthening of links between the respective committees and the regular exchange of information. Also proposed are meetings between national MPs and their European counterparts from the relevant committees and the setting up in some national parliaments of joint committees consisting of national and European MPs.

3. The seat of the European Parliament

Since 1952, the Community institutions still do not have a definitive seat but 'provisional places of work'. The European Parliament is the most directly concerned by the situation since it has to operate in three places of work : its Secretariat is in Luxembourg, its part-sessions are held in Strasbourg, but its parliamentary committees and political groups meet as a rule in Brussels.

This situation has been confirmed on several occasions by the European Council.

In October 1985, the European Parliament adopted a resolution in which it decided to put up a building with a parliamentary chamber in Brussels. This resolution was contested by the French Government at the Court of Justice of the European Communities, which delivered a judgment on 22 September 1988 rejecting this appeal.

However, in this judgment, the Court makes two important points :

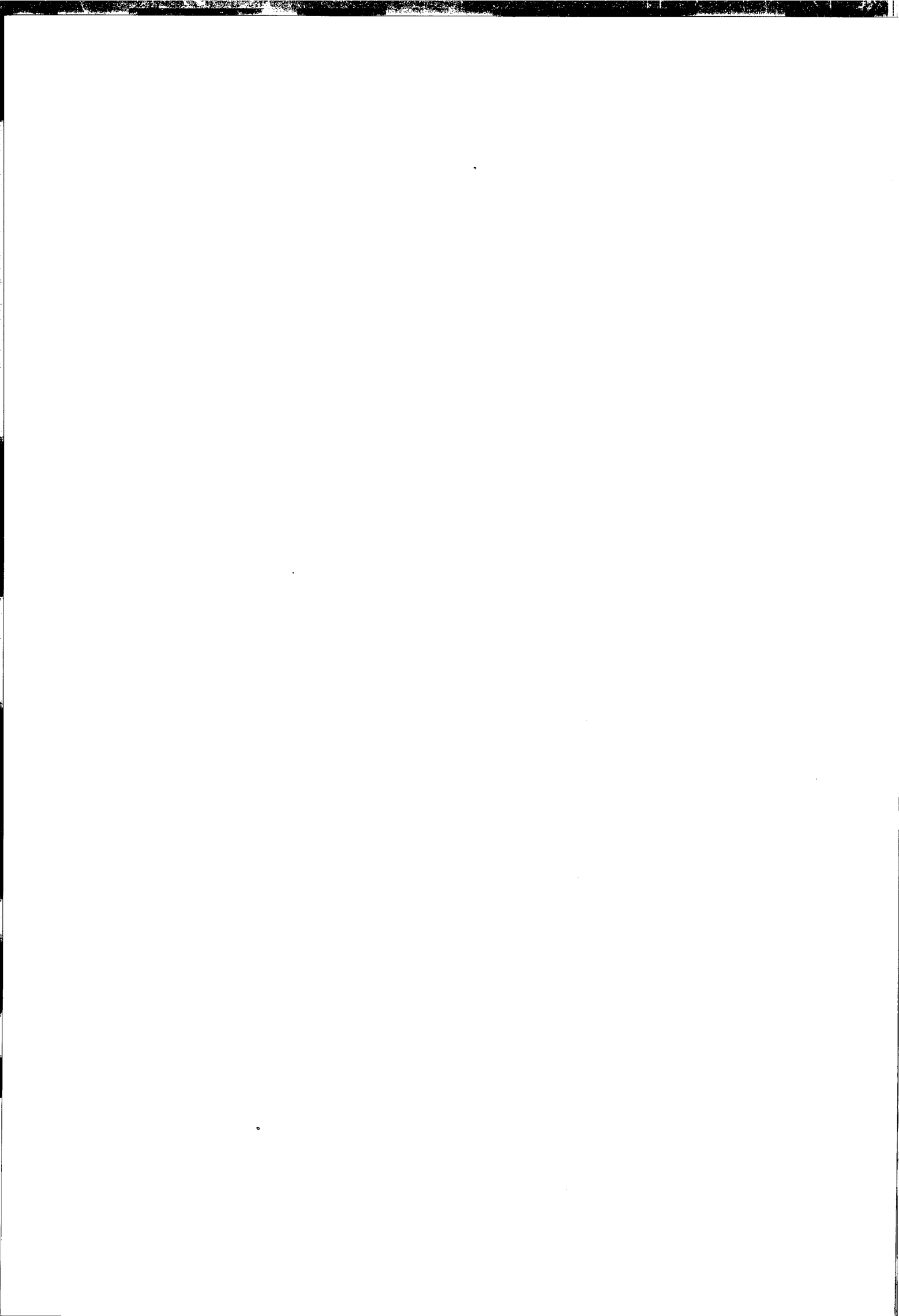
- Strasbourg was designated by the governments of the Member States as the provisional meeting place for Parliament's part-sessions;
- this does not rule out the possibility of Parliament holding part-sessions elsewhere than Strasbourg, where such a decision remains an exception : special or supplementary part-sessions may be organized in Brussels during the weeks devoted to meetings of the parliamentary committees or political groups.

In January 1989, the European Parliament adopted a resolution on the seat of the institutions and the main place of work of the European Parliament by 223 votes to 173 with 4 abstentions⁶. In that resolution, the European

Parliament considers that the Single Act, which gives it extra tasks to perform, necessitates a reduction in the dispersion of its activities and staff. It considers it vital, if it is to operate efficiently, for it to have in Brussels staff responsible for parliamentary activities and for supplementary part-sessions to be held to carry out the extra tasks assigned to it efficiently.

In February 1989, the Grand Duchy of Luxembourg instituted proceedings against this resolution on the grounds that the European Parliament did not have the power to take the measures contained in the resolution.

1. Graziani report, Doc. A 2-176/88, resolution of 27.10.1988, OJ C 309, 5.12.1988
2. Prag report, Doc. A 2-351/88, resolution of 16.2.1989, OJ C 69, 20.3.1989
3. Herman report, Doc. A 2-332/88, resolution of 16.2.1989, OJ C 69, 20.3.1989
4. De Gucht report, Doc. A 2-3/89, resolution of 12.4.1989
5. Seeler report, Doc. A 2-348/88, resolution of 16.4.1989
6. Prag report, Doc. A 2-316/88, resolution of 18.1.1989, OJ C 47, 20.2.1989



BUDGETARY MATTERS

Although there have been frequent reports in recent years of budgetary crises, the key feature of the period under review is that the adoption of the 1989 budget in December 1988 marked the first occasion since 1983 that the budgetary procedure has been completed on time without any of the chronic conflicts and disputes.

The interinstitutional agreement between the Council, the Commission and Parliament on budgetary discipline and improvement of the budgetary procedure, which was adopted in June 1988 on Parliament's initiative¹, is now beginning to have a positive effect.

The 1988 supplementary and amending budget

Following the Council Decision of 24 June 1988² on the system of the Communities' own resources which incorporated into Community law the decisions of the Brussels European Council of February 1988, technical adjustments were needed to the 1988 Community budget. On 24 June 1988, the Council adopted and forwarded to Parliament a draft supplementary and amending budget presented by the Commission. In accordance with the decisions referred to above, the adjustment payments to the United Kingdom were made solely via VAT. There were also technical adjustments to the refunds to Spain and Portugal in respect of reductions in old stocks. The draft also included 154 million ECU in revenue which has to be paid over by the European Investment Bank in the form of tax deducted from Members' and officials' salaries. Only a few days later, on 6 July 1988, the European Parliament approved draft supplementary and amending budget No. 1 for the 1988 financial year³.

The budget for the 1989 financial year

The procedure for drawing up the budget for the 1989 financial year was for the first time subject to the interinstitutional agreement of June 1988 between the Council, the Commission and Parliament on budgetary discipline and

improvement of the budgetary procedure, with particular reference to the five-year financial perspective contained in the agreement.

Although it was not until 18 July 1988 that the Commission forwarded its preliminary draft budget to the budgetary authority, it had submitted an overview on 13 June, and Parliament was therefore able to deliver an initial opinion at its July part-session. In its resolution of 7 July 1988⁴, Parliament once again emphasized the successful conclusion of the interinstitutional agreement and expressed its opinion that in the light of this agreement there would be 'a less conflictual' budgetary procedure in the future. However, it also regretted not having received an updated version of the financial perspective drawn up with the agreement. It instructed its appropriate committees to take account of the ceilings within the financing framework of the individual categories of expenditure from the first reading within the five-year financial perspective provided for under the agreement.

The official preliminary draft budget provided for commitments of 48 021 m ECU and payments of 46 476 m ECU (5.9 and 6.1% respectively above the 1988 budget). The preliminary draft took particular account of the financial perspective contained in the interinstitutional agreement and was characterized by a substantial increase in non-compulsory expenditure (NCE) in line with the decisions of the European Council on achieving a better balance between compulsory and non-compulsory expenditure. With regard to CE for the EAGGF Guarantee Section, the preliminary draft was significantly below the agricultural guideline for 1989 laid down in the financial perspective. After the Council established the draft 1989 budget at first reading on 26 July 1988 the European Parliament was also able to hold its first reading within the set period.

As stated in the resolution on the preliminary draft, the ceilings in the financing framework of the individual categories of expenditure specified in the financial perspective were to be taken into account from the first reading. To avoid the risk of specific categories losing appropriations at the second reading because of the exigencies of the budgetary procedure, an 'operational reserve' was created during the first reading. This is to accommodate negative sums for amendments of secondary priority which would be offset by full amounts under the budget headings, thereby permitting recourse to these amendments during the second reading if any appropriations were still

available from this margin for manoeuvre. This procedure fully reflects the restraints imposed by the financing framework laid down by the interinstitutional agreement. The aim was to avoid entering appropriations which could not be disbursed during the coming financial year, e.g. for lack of a legal basis, and which therefore could not be used for other policy measures. Accordingly, in its resolution of 27 October 1988 for the first reading of the draft general budget for 1989⁵, Parliament called on the Council to promise to create in good time the legal bases still lacking, so that in 1989 the following priority tasks might be implemented: transport infrastructure projects, social policy and the creation of a European social dimension and environment policy with measures to ensure pollution-free beaches and coastal waters in the Community.

One of the main concerns was food aid to developing countries. Parliament emphasized its efforts to ensure a durable basis for food aid and called for current levels of food aid to be maintained. Given that fluctuations in world market prices for products donated as food aid would not affect the Community budget as a whole, and that reductions in the quantities of food aid would lead to an increase in the normal export refunds in the agricultural sector or to increased stocks, Parliament did not consider it appropriate to finance the savings on export refunds for food aid (Chapter 29) compared with 1988 by increases in other policy sectors (Chapter 92). Parliament therefore proposed setting up a compensation mechanism (a 'pipeline') between Chapter 92 (food aid) and Article 292 (refunds in connection with food aid). In the resolution Parliament expressly called on the Council to agree to a permanent solution to compensate such effects of the world market prices by transfers of appropriations between the EAGGF Guarantee Section and other policies. Furthermore, at its first reading Parliament reinstated most of the appropriations deleted or reduced by the Council at first reading.

Shortly before Parliament completed its first reading the Commission submitted a letter of amendment to its draft general budget which was intended to take account of the main developments since the preliminary draft had been drawn up. In particular, it reassessed the provisional balance for the 1988 budget on the revenue side and adjusted upwards the level of traditional own resources to be levied in 1989. In the light of increases in world market prices and the lower level of agricultural refunds which were therefore expected, the financing requirements of the EAGGF Guidance Section were

adjusted downwards. The result, according to the letter of amendment, was that with regard to the new, fourth source of revenue the Member States had to provide 3 911 m ECU less than originally planned. Although this letter of amendment had not yet been adopted by the Council, Parliament proposed modifications to the EAGGF Guidance Section at first reading in order to take account of the changed situation and to reflect a realistic level of expenditure. Some of the increased room for manoeuvre was to be used for more rapid depreciation of stocks. When it adopted the letter of amendment the Council took account of most of Parliament's proposals, with the result that Parliament, too, was able to adopt letter of amendment No. 1/89 on 13 September 1988⁶.

At its second reading of the 1989 budget the Council incorporated so many of Parliament's proposals that the latter was also able to adopt the 1989 budget within the deadline on 15 December 1988. In its resolution of 15 December 1988⁷ Parliament referred to explanations by the Council of the lack of legal bases in various policy sectors, in particular to the adoption by the Council of the draft amendment on transport infrastructures and its favourable decisions on negotiations in support of transit traffic and the special action programme for cleaning beaches and coastal waters. At the same time, however, Parliament expressed its disappointment at the Council's lack of commitment in its handling of the draft amendment on the social dimension, and asserted once again its view that the European social area also required a financial contribution from the Community.

With regard to food aid for developing countries, although the Council had rejected the compensation mechanism sought by Parliament - the pipeline intended to provide compensation from the refund items in the food aid sector of the EAGGF for the item covering food aid for developing countries in order to guarantee the planned volume - it had done so only as a matter of principle because it felt that the proposal went beyond the categories of expenditure laid down in the five-year financial perspective contained in the interinstitutional agreement. The Council had at the same time declared its willingness to resolve constructively, during the 1989 financial year, any difficulties concerning food aid arising as a result of trends in world market prices. Parliament welcomed this declaration but insisted on a lasting solution and said it expected the Council to be willing to reach an appropriate agreement with Parliament to be set out in a draft declaration to

be attached to the resolution. The declaration is currently being discussed in the triologue procedure between Parliament, the Council and the Commission. In Parliament's draft version the institutions undertake to maintain in 1989 the quantities granted by the Community for 1988 in the food aid sector, where necessary by increasing the appropriations in Chapter 92 (Food aid and food projects in place of food aid) by a transfer of appropriations from Article 292 (Refunds in connection with Community food aid).

After Parliament had scrapped the operational reserve at first reading and reinstated all the amendments rejected by the Council, the 1989 budget was adopted by a large majority on 15 December 1988. Although Parliament had gone significantly beyond the maximum amount by which the NCE of the fourth category of the financial perspective (other policies not included in the structural operations and policies with multiannual allocations) could be increased, it was still within the threshold amount laid down in the financial perspective. The President-in-Office of the Council gave his assent, thereby confirming the new maximum amount. On the same day, 15 December 1988, the President of the European Parliament adopted the general budget of the European Communities for the 1989⁸ financial year with 44 838 m ECU payment appropriations and 46 426 m ECU commitment appropriations.

Own resources, future financing and budgetary discipline

The interinstitutional agreement of 15 June 1988 between the Council, Parliament and the Commission on budgetary discipline and improvement of budgetary procedure to which frequent reference has been made above entered into force on 1 July 1988. Its beneficial impact was felt immediately with the implementation of the procedure for drafting the 1989 budget. After ratification by the Member States, the Council decision on the system of own resources⁹ entered into force retroactively on 1 January 1988. The sounder basis for the financing of the Community budget stemming from the Council decision and, in particular, from the introduction of the fourth source of revenue from contributions calculated on the basis of gross national product, have meant that for the first time in many years the question of future financing of the Community was not a problem in the period under review and there was no need of discussion.

The budget for the 1990 financial year

The budgetary procedure for 1990 was launched by the Commission on 26 April 1989 with the adoption of the preliminary draft budget¹⁰. The formal preliminary draft was forwarded to the two arms of the budgetary authority, Parliament and the Council, in the course of June 1989. The Council is planning to hold its first reading on 28 July 1989. Because of the period when, as a result of the third direct elections from 15 to 18 June 1989 it will not be in session, Parliament has not yet been able to deliver an opinion on the preliminary draft general budget for 1990.

1. Resolution of 15 June 1988, OJ C 187, 18.7.1988
2. OJ L 185, 15.7.1988
3. Resolution of 6 July 1988, OJ C 235, 12.9.1988
4. OJ C 235, 12.9.1988
5. OJ C 309, 5.12.1988
6. OJ C 12, 16.1.1989
7. OJ C 12, 16.1.1989
8. OJ L 26, 30.1.1989
9. OJ L 185, 15.7.1988
10. COM(89) 175

CONTROL OF THE COMMUNITY BUDGET

The European Parliament has continued to pay close attention to the management and control of the Community's budget, both through the formal discharge procedure, by which it endorses or otherwise the Commission's stewardship and through consideration of topics of budgetary control significance which have arisen during the year. In the 1988/89 session the Parliament paid particular attention to the prevention of fraud against the Community budget. The work of the Parliament's Committee on Budgetary Control forms the basis for its examination of these matters and the exercise of its powers in this area.

Discharge Decisions for 1987

Consideration of the discharge decision for any year must begin with an examination of the follow-up to preceding discharge decisions which set down binding recommendations for the Commission's implementation. In its resolution on the action taken by the Commission in response to the observations made in the 1985 discharge decision¹, Parliament noted the substantial advances made in the disposal of agricultural stocks and welcomed the continuing progress of the programme for improving the soundness of the Community's financial management. The resolution on the Commission's actions to follow-up the 1986 discharge decision² welcomed the speedier closure of accounts in response to Parliament's demands.

Parliament granted the Commission discharge in respect of the implementation of the 1987 budget on 13 April 1989³. Nevertheless the Parliament stressed that deferment of agricultural and other expenditure had been necessary to balance the budget in 1987 and insisted that in future clear and accurate accounts, including information on capital transactions, be submitted to the Parliament to allow a fully informed discharge decision to be taken. Other problems were the failure to use additional appropriations granted by the Parliament, overbudgeting and the poor forecasting of expenditure, and the need for the Commission to give more detailed information on the cancellation of appropriations. More specifically Parliament deplored the obstacles

encountered by the Court of Auditors in exercising its prerogative to audit projects managed by the European Investment Bank acting as the Commission's agent; deficiencies in the collection of own resources at the level of the national authorities and the lack of precise information on the value and volume of agricultural stocks.

Parliament also granted discharge:

- to the Commission in respect of the accounts and operational budget of the European Coal and Steel Community for 1987⁴
- to the Commission in respect of the financial management of the third, fourth, fifth and sixth European Development Funds during the 1987 financial year⁵
- to the Management Board for the European Centre for the Development of Vocational Training for 1987⁶
- to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions for 1987⁶.

Fraud

In January 1989 the Committee on Budgetary Control held a public hearing on the prevention and combatting of fraud against the Community budget, with particular reference to 1992. The Committee heard statements from the President of the Parliament Lord Plumb and Commission President Delors, who called on Member States to treat fraud against the Community budget as they would fraud against their own national budgets. The President-in-Office of the Council of Economic and Finance Ministers, Mr Solchaga, undertook to raise in Council the question of cooperation between Community and national authorities. In addition the Committee heard Mr Mart, President of the European Court of Auditors, and a series of other experts who described the Community's and Member State's arrangements for combatting fraud, both on the expenditure and income side of the Community budget, and weaknesses in these systems. Recurring themes were the complex nature of existing Community legislation, the wide differences in national legal bases and the possible

need to harmonize these, and the lack of a clear, Community-wide definition of fraud.

Following the hearing, which was widely reported by the media, the Parliament adopted a resolution on preventing and combatting fraud against the European Community budget in a post-1992 Europe⁷. The Resolution noted that frequent reports of Community fraud were undermining the Community's credibility and that the Council and the Commission had failed to assign a high priority to preventing and combatting fraud. It stressed that over-complex legislation and the Council's failure to adopt proposals to combat fraud had a serious detrimental effect. Parliament reminded the Member States of the need for cooperation between themselves and with the Commission and called on the latter to resubmit a proposal which would allow it to impose fines and penalty payments on those who defraud the Community pursuant to Article 87 of the EEC Treaty. Finally the resolution welcomed the setting up of the Commission's anti-fraud coordination unit, a step which the Parliament had urged on a number of occasions.

In the interim and immediately following the public hearing the Council of Ministers agreed to call on the Commission to make further proposals for the prevention of fraud and to review these and existing proposals as a matter of urgency.

Food aid

The Parliament considered two aspects of budgetary control of food aid during 1988-1989 - the reasons for delay in implementing food aid - and the management of counterpart funds. In a resolution on the former⁸ Parliament noted that delivery times during the period 1974-1984 had been extremely long due to cumbersome decision-making procedures and the dispersion of responsibility between various organizations. A new administrative structure had been set up, partly at the Parliament's behest, and delivery times were now much shorter. Parliament called for the quantities to be supplied to be programmed on a multi-annual basis and reiterated its call for an advisory committee system. In its resolution on counterpart funds⁹ Parliament re-affirmed its support for the use of funds generated by the sale of foodstuffs to foster local food production. Nevertheless Parliament recommended that the

sums concerned should be transferred at the earliest possible juncture to the counterpart account and that the fund should be used rapidly and effectively.

European Social Fund

In 1986/87 there were massive cancellations of commitments in the Social Fund which the Parliament considered to be the result of shortcomings in the management of the ESF up to 1986. In the Parliament's view these shortcomings prevented the successful completion of a large number of projects. Nevertheless in its resolution¹⁰, Parliament noted the Commission's willingness to adopt specific measures to correct the deficiencies, which Parliament had identified in the past. However, Parliament stressed that the irregularities detected within the Social Fund in respect of projects financed up until 1986, constituted a very serious failing and called for provision for reinforcement of on-the-spot checks and penalties and this area.

1. Doc. A2-288/88 - OJ C 12, 16.1.1989
2. Doc. A2-289/88 - OJ C 12, 16.1.1989
3. Doc. A2-23/89 - PE 132.564, 13.4.1989
4. Doc. A2-22/89 - PE 132.564, 13.4.1989
5. Doc. A2-19/89 - PE 132.564, 13.4.1989
6. Doc. A2-21/89 - PE 132.564, 13.4.1989
7. Doc. A2-20/89 - PE 132.564, 13.4.1989
8. Doc. A2-295/88 - OJ C 47, 20.2.1989
9. Doc. A2-213/88 - OJ C 47, 20.2.1989
10. Doc. A2-297/88 - OJ C 47, 20.2.1989

HUMAN RIGHTS IN THE WORLD

In recent years, particularly since it was elected by direct universal suffrage, the European Parliament has devoted much of its activity to issues related to respect for and protection of human rights in the world and has drawn the attention of the general public and the mass media to this subject.

The adoption of the Single Act and, in particular, the reference in the preamble to 'the principles of democracy and compliance with the law and with human rights', along with the Declaration on Human Rights adopted on 21 July 1986 by the Foreign Ministers meeting in political cooperation, have strengthened the foundations of Parliament's human rights policy, and heightened awareness that recognition and protection of these rights form an integral part of the European Parliament's relations with third countries.

Action by parliamentary committees

Issues related to respect for human rights within the Community are considered by the Subcommittee on Human Rights, set up by the Political Affairs Committee, which has produced an annual report on human rights in the world since 1983, and by the Committee on Development and Cooperation. In addition, issues related to human rights and human dignity are raised by Members of the European Parliament in interparliamentary delegations, including those to Latin America, the Eastern European countries and Turkey, and within the ACP-EEC Joint Assembly.

Analysis of the main resolutions adopted

Between July 1988 and May 1989 the European Parliament adopted a great many significant resolutions in its debates on topical and urgent subjects of major importance (Rule 64 of Parliament's Rules of Procedure). They concerned countries on every continent in the world, ranging from Turkey to Haiti, Burundi to East Timor, Iraq to Central America, Malta to Brazil, South Korea to Israel, Syria to Paraguay, Iran to Tibet, and Chile to the Soviet Union.

Particular mention should be made of the resolution adopted on 7 July 1988¹ on Armenia, in which the European Parliament condemned the violence employed against the Armenian demonstrators in Azerbaijan and supported the demand of the Armenian minority for reunification with the Socialist Republic of Armenia. Parliament called on the Supreme Soviet to study the compromise proposals from the Armenian delegates in Moscow suggesting that Nagorny-Karabakh be temporarily governed by the central administration in Moscow. This resolution was followed by another, adopted on 19 January 1989, on repression in Soviet Armenia². In this resolution Parliament welcomed the decision by the Supreme Soviet of 12 January 1989 on the creation of a special status for the Nagorny-Karabakh autonomous region and at the same time condemned the arrest of the leaders of the Karabakh Committee and called for their immediate release. This demand was repeated in a resolution adopted on 25 May 1989³. The European Parliament also debated the issue of respect for human rights in the Baltic States and the 'Russianization' of these countries, particularly Estonia and Latvia.

It adopted several resolutions on this issue:

- a resolution on mass demonstrations in the Baltic States, adopted on 7 July 1988⁴,
- a resolution on the long-term imprisonment of the 49-year-old Estonian, Enn Tarto, adopted on 15 September 1988⁵,
- a resolution on the independence of the Baltic States, adopted on 19 January 1989⁶.

On several occasions during both its last term (1984-1989) and the previous one, the European Parliament repeatedly expressed its vigorous condemnation of the systematic violations of human rights in Romania.

In July 1988 Parliament adopted a joint resolution on new measures liquidating villages in Romania⁷ followed, in March 1989, by a more general one on human rights in Romania⁸. In the latter resolution, Parliament denounced the so-called programme of 'systematization' which in practice meant the forcible assimilation and resettlement of minorities by means of police repression, pressures exerted on women to increase the birth rate, the deliberate neglect of old people, the disabled, and those suffering extreme poverty, and the

absence of essential goods and services resulting from the disastrous economic policies of the Ceaucescu Government.

The European Parliament therefore called on the Council and the Governments of the Twelve to pursue, at international level, a very firm policy insisting on respect for human rights by the Romanian regime. It called on the Commission, the governments of the Member States and the Council to review their relations with Romania in the light of these facts and to use negotiations on cooperation with Romania to reaffirm the importance attached by the Community to respect for human rights. In the circumstances the Commission decided to suspend negotiations on an agreement between the European Economic Community and Romania.

On a number of occasions the European Parliament also considered the situation in South Africa and adopted resolutions on the situation in this part of the world at virtually every part-session. In a resolution adopted in April 1989, Parliament called for the immediate release of H el ene Passtours⁹. In May, H el ene Passtours was permitted to return to her own country.

Other issues raised regularly by the European Parliament included the repression in Turkey and the problems facing Community citizens taken hostage in Lebanon.

Other activities promoting human rights

The main initiative was a major symposium at the European Parliament on 'Europe against Racism' which was opened by the President of the European Parliament, Lord PLUMB, on 14 March 1989. Lord PLUMB emphasized that the objectives of this event were to implement the Joint Declaration against Racism and Xenophobia of 1986 and to ensure that the resolution proposed by the Commission on 22 June 1988 and approved by the European Parliament at its part-session in February 1989¹⁰ was also adopted by the Council.

The President of the Council, representatives of the European Commission and the Court of Justice and the Speakers of the national parliaments took the floor at this symposium. Lord PLUMB declared that the European Parliament particularly appreciated the support given by the national parliaments to the

application of the principles enshrined in the Joint Declaration against Racism and Xenophobia of 11 June 1986.

At its part-session in September 1988 the European Parliament adopted a joint resolution¹¹ calling for the unconditional release of Nelson Mandela and all other political prisoners. It should also be noted that, on 5 February 1989, the European Parliament awarded its first 'Sakharov Prize' for human rights to Nelson Mandela and Anatoli Marchenko. (Anatoli Marchenko, one of the most notable Soviet dissidents, died on 8 December 1987, aged 48, following a hunger strike). The prizes were collected by Mr Mandela's grandson and Mr Marchenko's widow, Larissa Bogorasz. The ceremony took place in the Chamber in a formal sitting on Wednesday, 15 February 1989.

With regard to Turkey, in addition to sending a delegation to that country, the European Parliament stressed, in discussions on the resumption of the EEC-Turkey Association, that it would continue to press for greater respect for human rights by the Turkish Government.

Finally, the Political Affairs Committee and the Subcommittee on Human Rights held a public hearing on 21 February 1989 on the human rights situation in Romania, which made a definite impact on public opinion. The following issues were discussed at this hearing:

- constraints on the everyday life of the citizen
- Romania and the CSCE
- the abuse of psychiatric treatment and standards of medical care
- freedom of religion
- the programme of 'systematization'
- the situation of German, Hungarian and Jewish ethnic minorities.

Annual report on human rights in the world

In adopting the report on human rights in the world and Community policy on human rights for the year 1987-1988¹² (the fifth such report), the European Parliament noted that while some progress had been made, serious and systematic human rights violations still persisted.

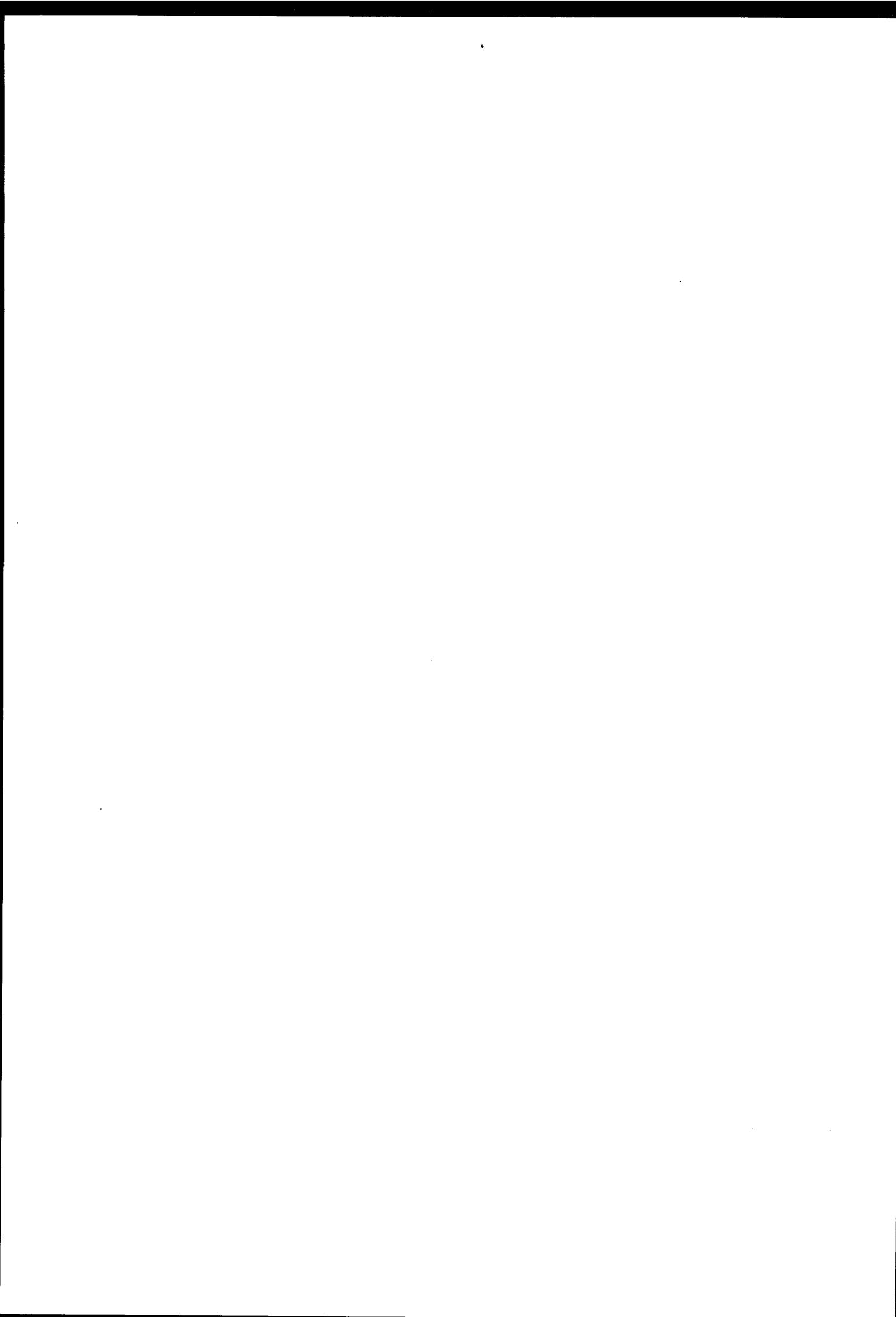
The European Parliament stated that endeavours to combat repressive regimes must not be confined to verbal expressions of condemnation and that every means must be used to assist oppressed peoples in their struggle for freedom, including selective trade sanctions.

With regard to Community policy, it is important to note that the rapporteur called on the European Commission to submit to the Council a proposal for a 'Community act' which would give greater force and a broad foundation to the Community's commitment to promote human rights which is expressly stated in the Joint Declarations of 1977 and 1986 on democracy and human rights, the preamble of the Single European Act, the Declaration against Racism and Xenophobia and the references to human rights in the preambles of agreements between the EEC and third countries. He also stressed that, to ensure a constructive commitment, which was not merely verbal, a Member of the Commission should be appointed to act as a direct interlocutor with the European Parliament on human rights, thus giving the Community a more visible role in the field of human rights.

1. Joint resolution replacing Docs. B 2-538 and B 2-587/88, adopted on 7 July 1988, OJ C 235, 12.9.1988
2. Joint resolution replacing Docs. B 2-1262, 1296 and 1304/88, adopted on 19 January 1989, OJ C 47, 20.2.1989
3. Doc. B 2-184/89, resolution of 25 May 1989, see Minutes of 25 May 1989
4. Joint resolution replacing Docs. B 2-534 and 573/88, adopted on 7 July 1988, OJ C 235, 12.9.1988
5. Doc. B 2-739/88, resolution of 15 September 1988, OJ C 262, 10.10.1988
6. Doc. B 2-1247/88, resolution of 19 January 1989, OJ C 47, 20.2.1989
7. Joint resolution replacing Docs. B 2-501, 577, 586 and 595/88, OJ C 235, 12.9.1988
8. Joint resolution replacing Docs. B 2-1476, 1490, 1522 and 1525/88, see Minutes of 16 March 1989
9. Doc. B 2-88/89, resolution of 13 April 1989, see Minutes of 13 April 1989
10. Docs. A 2-261/88 and 265/88, resolutions of 14 February 1989, OJ C 69, 20.3.1989
11. Joint resolution replacing Docs. B 2-679 and 745/88, adopted on 15 September 1988, OJ C 262, 10.10.1988
12. Doc. A 2-329/88, resolution of 18 January 1989, OJ C 47, 20.2.1989



II EXTERNAL RELATIONS



EUROPEAN POLITICAL COOPERATION

The entry into force of the Single European Act (SEA) on 1 July 1987 strengthened the influence and supervisory powers of the European Parliament by virtue of Article 30, which expressly provides that its views will have to be duly taken into consideration by the Ministers for Foreign Affairs.

In a resolution of 27 October 1988 on the results obtained from implementation of the Single Act, the European Parliament feels that the institutional question will come up again on the Community's agenda and that, possibly, the provisions relating to European Political Cooperation (EPC) will be revised in accordance with Article 30(12) of the SEA¹.

The Spanish Minister for Foreign Affairs, who held the Presidency of European Political Cooperation during the first half of 1989, wrote to the European Parliament with his observations on the various positions taken by the latter on foreign policy issues, which represents clear progress in the implementation of Article 30(4) of the SEA. Finally, it was decided to devote part of the quarterly colloquy between the Presidency of EPC and the European Parliament's Political Affairs Committee to a review of action on Parliament's resolutions, which should strengthen its influence.

The countries of central and eastern Europe

The EEC-Comecon Joint Declaration of 25 June 1988 gave fresh impetus to relations between the Community and the countries of central and eastern Europe: an exchange of delegations between the European Parliament and five of these countries has taken place in the last year.

On 15 September, the European Parliament adopted a resolution on political relations between the Community and the Soviet Union in which it recognizes the importance of the reforms being undertaken; it says it is prepared to introduce a constructive policy with a view to encouraging self-determination for the European peoples and guaranteeing peace in Europe². On 15 February,

the President of the European Parliament awarded the Sakharov Prize for freedom of thought to the widow of Mr Anatoli Marchenko and the grandson of Mr Nelson Mandela.

Two resolutions on the Baltic States recalled that the countries of the Community support the demands for greater independence made by the citizens of Lithuania, Latvia and Estonia and the recognition of their national languages as official languages³.

The efforts of the Polish Government to introduce a greater degree of democracy should induce the Community to provide aid to this country to encourage the relaunching of its economy⁴.

Criticisms have been sent to the Czech Government, which, while accepting the conclusions of the Vienna CSCE Conference, has taken repressive measures and restricted freedom of expression⁵; a warning has been sent to the Government of the GDR which obtains considerable economic advantages from its relations with the Community⁶.

A source of great concern is the attitude of the Romanian Government, which has refused to accept the conclusions of the Vienna Conference, has decided on the 'systemization' of 8000 villages and does not respect the fundamental rights of the Hungarian minority in Transylvania⁷. On 21 February 1989, the Political Affairs Committee organized a public hearing on respect for human rights in Romania.

Particular attention has been paid to developments in the political situation in Yugoslavia and the problem of Kosovo, as the increase in nationalist feeling in Yugoslavia represents a real danger for Europe⁸.

Afghanistan

The European Parliament has on several occasions expressed its support for the right of the Afghan people to choose its own form of government, without outside interference. Refugees must return to Afghanistan within the framework of a political agreement between the various national forces and an international conference on that country's neutrality should be held⁹. The Ministers for Foreign Affairs meeting in Political Cooperation called on all

the parties, including the resistance, to seek a global settlement¹⁰. In February 1989, when Soviet troops pulled out of Afghanistan, the European Parliament called for : the establishment of a provisional government, the organization of free elections open to all parties and cooperation between the government and the various Mujahedin resistance movements¹¹.

Turkey

On 15 September 1988 the European Parliament agreed to the resumption of the Association and the reconvening of the EEC-Turkey Joint Parliamentary Committee¹². However, it put forward certain reservations and specifically called upon the Turkish Government to :

- fulfil the essential obligations under the Association Agreement;
- abolish torture and inhuman conditions of detention;
- seek further consolidation of democracy;
- make further efforts to meet the democratic criteria obtaining in the Community.

In its resolution of 25 May 1989, Parliament condemned the attitude of the Turkish Government towards the demonstration of 1 May in Istanbul and called for the release of political prisoners. The delegation responsible was asked to assess the events and give its opinion on continued relations with this country. The occupation of a part of the Republic of Cyprus by the Turkish army was condemned, as it compromises the stability of the region.

Asia

The European Parliament called on the Community to support the development of democratic institutions on this continent and to encourage regional cooperation. Increased aid must be provided for countries which are trying to abolish the production of and trade in drugs to encourage alternative crops¹³.

A resolution adopted on 25 May 1989 salutes the courage shown by the Chinese students and people on the occasion of the demonstrations in Peking, and their attachment to the values of freedom and democracy. While showing its concern at the Chinese Government's decision to impose martial law, the European Parliament hopes that dialogue and openness may be resumed. The repression in

Tibet and the decision by the Chinese Government on 7 March 1989 to impose martial law were deplored; negotiations between the Dalai Lama and Peking were proposed¹⁴. The Ministers for Foreign Affairs meeting in political cooperation should encourage a solution which respects the autonomous status of this region and takes Chinese constitutional standards into account.

The Vietnamese Government was called upon to withdraw its occupation troops from Kampuchea within the time announced¹⁵. The Community must offer no military or political support to the Khmer Rouge because of the threat they represent to democracy. A government of national unity should organize, within a year, free elections under international control. A Peace Conference should be held to guarantee the independence of Kampuchea and Laos. The occupation of East Timor by Indonesia was condemned and the right to self-determination supported; to this end, an active role must be played by Portugal as the 'administering power'¹⁶.

Middle East

The European Parliament called on the Israeli Government to refrain from any act of violence in the occupied territories and on members of the Palestine National Council to refrain from any act of terrorism in compliance with the Algiers Declaration¹⁷. The Ministers for Foreign Affairs meeting in Political Cooperation should play an active role at international level with a view to putting an end to the occupation of the Arab territories and recognizing the Palestinian people's right to self-determination¹⁸. Israel must be guaranteed the right to existence within secure and internationally recognized borders.

Serious criticism was levelled against the occupation of Lebanese territory by foreign, in particular Syrian, armed forces and the holding of hostages by terrorist organizations supported by certain governments of the Middle East¹⁹. EPC was invited to take new initiatives to encourage the parties in conflict to end hostilities as soon as possible.

The Iraq Government was condemned for using chemical weapons against the Kurdish population and for its policy of resettling this minority²⁰.

Severe measures must be taken against Iranian interests and all relations must be suspended until that country has officially committed itself to renouncing terrorism²¹.

The meeting in Marrakesh between King Hassan II of Morocco and representatives of the Polisario might end the conflict which has lasted more than ten years²². A referendum should be organized under UN supervision. A peaceful solution to the conflict will facilitate cooperation between the various countries of the Maghreb with a view to the Maghreb Union²³.

Latin America

In February 1989, the IXth European Parliament - Latin American Parliament Interparliamentary Conference launched an appeal for the resumption of the internal dialogue between the governments and rebel groups and reasserted the importance of cooperation in the process of regional integration. The European Parliament supports the fresh initiatives proposed by Costa Rica and the establishment of a Central American Parliament able to strengthen democratic institutions²⁴. On 27 and 28 February, the Ministers for Foreign Affairs of the Community and the countries of Central America meeting in Honduras called on the rebel groups to participate in the constitutional political process in each country.

On 25 May 1989, the European Parliament adopted a resolution calling on the current government of El Salvador and the one due to replace it on 1 June to respect the Geneva Convention on Human Rights.

On 17 January 1989, it proposed closer political, cultural and economic relations with the democratic countries of Latin America and expressed the wish that its relations with the Latin American Parliament be institutionalized²⁵. Closer cooperation was proposed in the fight against international drug trafficking. A remission of the debt of the most indebted countries was envisaged. This problem arose in particular during the riots which occurred in Venezuela against the economic measures announced in February²⁶.

The overthrow of General Stroessner was considered to be a good thing for Paraguay; stronger guarantees of a pluralist and democratic nature must be

given by the new leaders in view of the serious irregularities which occurred during the election of 1 May 1989²⁷.

The present government of the Republic of Panama was severely criticized for lack of democratic legitimacy²⁸, as shown by the cancellation of the election of 7 May 1989.

The Chilean people were congratulated on the victory of the 'Noes' in the plebiscite of 5 October 1988. Warm encouragement was sent to the Chilean political parties and social groups whose aim is to organize free and democratic elections for the Presidency of the Republic and its Parliament²⁹.

The antidemocratic policy of the Havana regime was deplored; the Cuban Government must keep its promise of democratization and organize free elections³⁰.

Southern Africa

The European Parliament reasserted the need to abolish apartheid and to recognize the fundamental rights of all South Africans³¹. Inasmuch as the Pretoria Government undertakes to negotiate with the organizations which are currently banned, the policy of non-violent resistance should be resumed. The Member States of the Community were invited to recognize the ANC as one of the representative movements operating in South Africa; they should also suspend deliveries of military supplies to South Africa, keep their diplomatic representation in Pretoria at the lowest level, and apply a total embargo on imports of gold, uranium and other minerals³². A resolution on the independence of Namibia and the protection of its natural resources was approved on 26 May 1989³³. The United Nations Security Council should supervise the elections on 1 November 1989.

The positive role played by the major powers in the peace process in Angola was stressed by Parliament³⁴; the Cuban troops must withdraw from Angola and all external interference must cease in order to put an end to the civil war and bring democratic life back to normal.

Prospects for enlargement

The amendment of Articles 237 and 238 of the EEC Treaty and the granting to the European Parliament of the power of co-decision on the accession of new Member States is one of the main achievements of the SEA. Parliament intends to use this power to the full; it approved a resolution stating that it will refuse to give its agreement to future applications to accede to the Community until substantial institutional progress makes it possible to reduce the Community's democratic deficit³⁵.

Referring to Turkey's application to join the Community, Parliament stated that this could scarcely be envisaged unless freedom of expression and association and independence of the judiciary are established in that country.

The Maltese Government has stated that it wishes to create the conditions for its application to succeed. With a view to strengthening links between Malta and the Community, closer links with EPC have been proposed. In a visit to Brussels in May 1989, the Norwegian Prime Minister, Mrs Brundtland, stated that her country's application to join the Community could not be discussed until the 1993 parliamentary term.

1. Graziani report, Doc. A 2-176/88, resolution of 27.10.1988, OJ C 309, 5.12.1988
2. Hansch report, Doc. A 2-155/88, resolution of 15.9.1988, OJ C 262, 10.10.1988
3. Resolutions of 7.7.1988, OJ C 235, 12.9.88 and 19.1.1988, OJ C 47, 20.2.1989
4. Resolutions of 16.2.1989, OJ C 69, 20.3.1989 and of 13.4.1989
5. Resolution of 19.1.1989, OJ C 47, 20.2.1989
6. Resolution of 16.2.1989, OJ C 69, 20.3.1989
7. Resolution of 7.7.1988, OJ C 235, 12.9.1988
8. Resolution of 13.4.1989
9. Resolutions of 13.10.1988, OJ C 290, 14.11.1988 and 15.12.1988, OJ C 12, 16.1.1989
10. Bulletin of the European Communities No. 11/88
11. Resolution of 16.2.1989, OJ C 69, 20.3.1989
12. Resolution of 15.9.1988, OJ C 262, 10.10.1988
13. Daly report, Doc. A 2-222/88, resolution of 27.10.1988, OJ C 309, 5.12.1988
14. Resolution of 16.3.1989
15. Resolution of 19.1.1989, OJ C 47, 27.2.1989
16. Van den Heuvel report, resolution of 15.9.1988, OJ C 262, 10.10.1988 and resolution of 25.5.1989

17. Resolution of 15.12.1988, OJ C 12, 16.1.1989
18. Resolution of 13.4.1989
19. Resolution of 25.5.1989
20. Resolution of 17.11.1988, OJ C 326, 19.12.1988
21. Resolution of 25.5.1989
22. Resolution of 15.3.1989
23. Resolution of 5.7.1988, OJ C 235, 12.9.1988
24. Lenz report, Doc. A 2-86/88, resolution of 17.1.1989, OJ C 47, 20.2.1989
25. Resolution of 17.1.1989
26. Resolution of 25.5.1989
27. Idem
28. Saby report, resolution of 5.7.1988, OJ C 235, 12.9.1988 and resolution of 13.10.1988, OJ C 290, 14.11.1988
29. Resolution of 15.12.1988, OJ C 12, 16.1.1989
30. Resolution of 7.7.1988, OJ C 235, 12.9.1988
31. Resolution of 13.4.1989
32. Glinne report, Doc. A 2-402/88, resolution of 26.5.1989
33. Perez Royo report, Doc. A 2-403/88, resolution of 26.5.1989
34. Herman report, Doc. A 2-332/88, resolution of 16.2.1989, OJ C 69, 20.3.1989
35. Prag report, Doc. A 2-128/88, resolution of 15.9.1988, OJ C 262, 10.10.1988

SECURITY, DISARMAMENT, CSCE

Since July 1988 the European Parliament has initiated a broad range of security-related activities and moves to enhance European security policy cooperation. Parliament adopted three own initiative reports dealing with security issues during the January and March part-sessions of 1989. Moreover, Parliament adopted various urgent resolutions on security issues in the latter part-sessions of 1988, and tabled a number of written and oral questions with debate to the Foreign Ministers meeting in European Political Cooperation (EPC) and to the Commission.

East-West Relations and CSCE

As in previous years, the European Parliament has drawn attention, on various occasions, to the Conference on Security and Cooperation in Europe (CSCE). Most of the resolutions referring to the CSCE process criticize violations of human rights and citizen's rights in different Warsaw Pact countries¹. This is also true of the resolution on political relations between the European Community and the Soviet Union, adopted on 15 September 1988². The preamble to the resolution draws attention to the continuing failure of the Soviet Union to abide fully by the provisions of the 1975 Helsinki CSE accord particularly those relating to respect for human rights. In general terms the resolution recognizes that the Soviet Union is still in a state of transition but calls on the Community to take advantage of the new 'opening up' of Soviet domestic and foreign policies to secure closer cooperation and enhanced mutual understanding. With regard to the political perspectives of a European security strategy based on the twin pillars of defence and detente, the resolution calls for the latter to be achieved by balanced disarmament including asymmetric reduction of conventional forces, the destruction of chemical weapons and the reduction of nuclear stockpiles to secure the objective of a minimum defensive capability for each side, sufficient to deter any possible aggression. Another section of the resolution calls on the Community and its Member States within NATO to respond to Soviet disarmament and security proposals with a practical agenda of its own and to clarify both

military alliances' military doctrines with a view to giving them a distinctly defensive character.

In November 1988 Parliament passed a resolution concerning the prospects for security policy cooperation in the context of European Political Cooperation (EPC) following the entry into force of the Single European Act (SEA)³. In this resolution, which was based on a oral question with debate to the Foreign Ministers under the Greek Presidency⁴, Parliament calls upon the Foreign Ministers in EPC to act determinedly on the mandate for security policy set out in the SEA, giving due consideration to the views of the EP and furthermore to endeavour to formulate a common security policy within NATO which strengthens the European pillar of Western defence. The resolution also advocates that the Community should use the present East-West rapprochement to support all binding and verifiable agreements on disarmament and therefore calls on the Member States to contribute positively towards the conclusion of the mandate negotiations of the CSCE conference in Vienna for the forthcoming talks on conventional stability and confidence- and security-building measures in Europe.

Disarmament and Arms Control

The December part-session in Strasbourg saw Parliament passing urgent resolutions in the wake of the Rhodes summit of the European Council and the Gorbachev unilateral disarmament proposals announced at the United Nations⁵. Dealing firstly with the outcome of the Rhodes meeting, the European Parliament endorsed the statement by the Twelve that Community support would be given to achieving a stable balance of conventional forces in Europe at lower levels. In welcoming the UN speech of President Gorbachev and his announcement of unilateral Soviet force reductions, Parliament acknowledged the Soviet Leader's gesture and the positive impact it could have on the mandate negotiations of the Vienna CSCE conference while stressing the need for further asymmetric reductions. Such a development would, argues the resolution, give a boost to other forums of disarmament negotiations.

A further area of security policy addressed by Parliament in this period concerned a resolution warning of the dangers of possible chemical weapons proliferation⁶. The resolution, adopted on 19 January 1989, draws attention to Iraqi violations of the 1925 Geneva Convention through its use of chemical

weapons during the Gulf War and against its own Kurdish minority. Furthermore it expressed regret that various Member States (West Germany, Belgium, France and the Netherlands) were believed to have been involved in enabling Libya to develop chemical weapons and urged the Member States of the European Community to restrain the export of chemical agents until 'a comprehensive, global and verifiable convention on the total prohibition of chemical weapons has been agreed', enforced by stringent verification and control arrangements under the authority of the United Nations. The resolution goes on to draw attention to the lack of provision for strict sanctions against those countries in violation of the Geneva Convention.

Encouraging signs for greater European security cooperation during the same plenary session came from the President-in-Office of the Council, the Spanish Foreign Minister, Fernandez Ordonez, when he presented the programme of the Spanish Presidency. Mr. Fernandez Ordonez confirmed, in line with the views previously expressed by the European Parliament, that a common security policy constitutes an important element in the process of European Community integration and therefore suggested consideration of the possibility of overcoming the restrictions imposed on the development of a common security policy in the SEA by a revision of Article 30 of the Act⁷.

The most important contributions of the European Parliament to security issues, during the first half of 1989, however, lay in three own-initiative reports adopted during the January and March part-sessions concerning respectively the importance of Northern Europe to European security, Western European security and European arms exports.

The resolution on 'the importance of Northern Europe to European security'⁸, adopted on 17 January 1989, calls for particular developments in the security and economic fields, to improve, in particular, relations between the Soviet Union, Finland, Sweden, Denmark, Norway and Iceland. The resolution goes on to call for progress within the framework of the Conference on Security and Confidence-building measures and Disarmament in Europe to set up a series of measures aimed at reducing the military presence in Northern Europe. Moreover, the resolution considers that the voluntary ban on the deployment of nuclear weapons on the territory of the states of North-western Europe is a unilateral confidence building measure which helps to keep the Northern European region in a state of low international tension. Attention is drawn,

at the same time, to the large concentration of Soviet nuclear missiles in the Kola Peninsula and calls for an early dismantling of these weapons in the forthcoming START talks, designed to produce overall cuts of 50% in superpower strategic arsenals. Both superpowers are further urged to draw back from developing offensive strategies for the Nordic area. Parliament proposes furthermore that in the framework of the Conventional Forces in Europe negotiations (CFE) which started in March 1989, the Community Member States meeting in EPC should work towards the achievement of a balance of conventional forces in the region at the lowest verifiable levels, with particular attention being paid to the security of the Arctic region and taking into account the concerns of the neutral countries.

Western European Security Cooperation

The plenary session in March 1989 was marked by debates and resolutions on Western European security cooperation. Different oral questions on security cooperation during the Spanish presidency, on disarmament, on the strategy of the Atlantic Alliance and on armament cooperation were presented to the Foreign Ministers meeting in European Political Cooperation and to the Commission⁹. Here again the Parliament insisted on the need to put greater emphasis on the development of a common armaments policy and on the institutionalisation of security and defence cooperation among the Twelve. However, the results of the debates with the representatives of the Council and the Commission have confirmed how difficult it is to have Parliament's demands to enhance European security and defence cooperation transformed into political action by the Council and the Commission¹⁰. The March 1989 session nevertheless represents a milestone in the European Parliament's activities in the field of security and defence in that two comprehensive security reports were adopted, one on 'the security of Western Europe'¹¹ and another 'on European arms exports'¹². The resolution on 'the security of Western Europe' is divided into several sections relating to East-West relations, West-West relations, security relations with the rest of the world and the Community's own institutional arrangements relating to security cooperation.

The first section of the resolution expresses support for the current changes taking place both within the Soviet Union and in the military structure of the Warsaw Pact. Such positive developments create an atmosphere conducive to arms control agreements and enhancing mutual security, as well as facilitating the

broadly-based cooperation necessary in an era of growing economic and political interdependence. With regard to the principles of security the resolution advocates a European security policy which must aim to prevent war and preserve dialogue through possession of a politically and technically credible deterrent. In this context the system of nuclear deterrence is considered a component in the overall system of military security in Europe. The long term objective however, remains to transcend the system of mutual deterrence by reducing arms and antagonisms within a European and world peace order. In practical terms the resolution calls on the European members of NATO to contribute to the 'comprehensive concept' of arms control and disarmament as set out at the March 1988 summit of the Alliance in Brussels; this concept incorporated a 50% reduction in superpower strategic arsenals, the complete abolition of chemical weapons, the fixing of stable levels of conventional forces with lower overall levels of capability and, in parallel with these areas of disarmament, verifiable reductions in land-based short-range nuclear forces to reduced levels of equality. With regard to relations within the Atlantic Alliance, the resolution acknowledges that an enhanced European contribution to Western defence can only be based on close friendship, cooperation and genuine partnership between the Community Member States and the United States. Another section of the resolution turns to security relations with the rest of the world and economic security and calls for common European approaches in EPC to the problems in the Mediterranean, the Middle East and the Gulf and a concerted politico-economic strategy for crisis management in general. Moreover, this section underlines the need for a common arms procurement policy and emphasises that the completion of the internal market must include the armaments sector and apply measures which will give rise to a sufficient technological and industrial basis for a common European security policy. Finally, the resolution deals with the institutional arrangements necessary to underpin European security cooperation. To this end the relevant provisions of the Single European Act which committed the Community's Member States to working towards the objective of a single European security policy are highlighted. In addition the resolution urges the European Council to set up an expert committee which could draw up proposals to give substance to the security provisions of Article 30 of the Single European Act and calls upon the Foreign Ministers meeting in EPC to give security questions a higher priority in the EPC structure and to take greater account of the views expressed on these matters by the European Parliament.

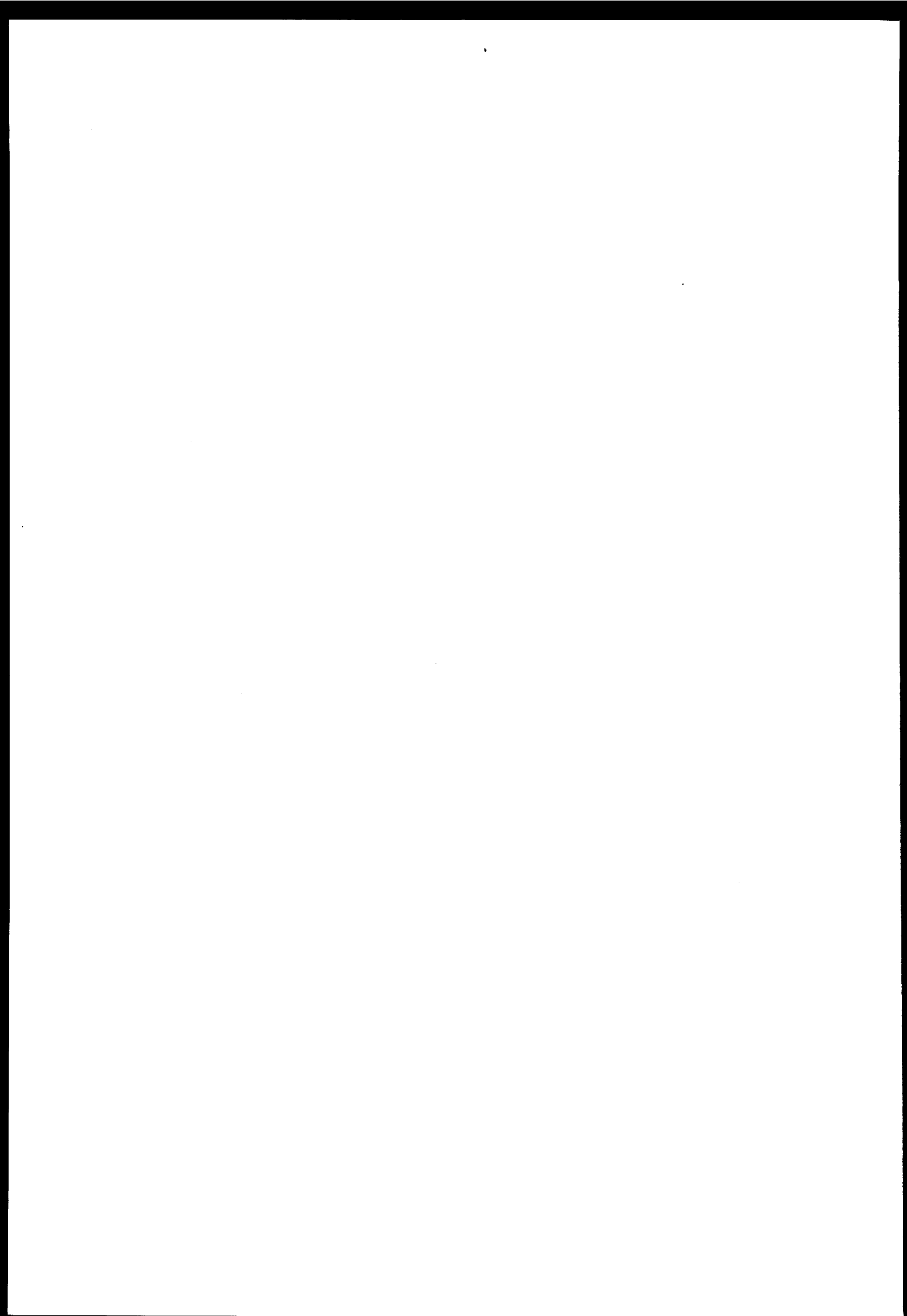
The final, and - together with the report on 'Western European security'- probably the most significant of Parliament's contributions to the security field in 1988/89 is the report on European arms exports, adopted on the 14 March 1989. The resolution urges the Commission firstly to take action in three principal areas, namely to clarify the obligations of Title III of the Single Act as it regards the development of a common European arms market; secondly to scrutinize Member States' arms exports and to publish a report each year to enhance transparency, and thirdly to consider implementation of an industrial reconversion programme to enable defence contractors to convert their output to technologically advanced civilian goods. Moreover the resolution calls on the European Community to develop through EPC a common arms sales policy in order to implement effective export restrictions. A central paragraph of the resolution sets out guiding principles which should govern the Community's arms export policy, the principal ones being the security needs of the Community, the real need and likely purpose of the arms purchase, the state of democracy and the respect of human rights in a potential recipient country and the need to limit countertrade. The Parliament urges the Twelve's Foreign Ministers to impress these guidelines upon all international fora as part of the Community's single voice in matters of foreign and security policy. In addition, the EPC framework should be used to further an EC policy concerning high technology export control within COCOM, acknowledging the recent improvement in East-West relations, and should take account of the EC-COMECON framework agreement on the one hand, and the completion of the Single Market on the other. Finally, the resolution asks the Commission to draw up proposals for a common arms market and a common arms sales policy recognizing the need for harmonization of intra-Community and extra-Community export rules.

To summarize it must be said that the resolution on European arms exports has given rise to controversy because it advocates both the establishment of a Common European armaments market, being part of the internal market, and a substantial limitation of arms exports from EC countries to third countries based on a 'charter' of export guiding principles, a vigorous control system and an industrial reconversion programme aimed at reducing the armaments sector in the EC Member States.

With the adoption of three major security reports in 1989 as described above, the European Parliament has confirmed its commitment to the political,

economic and military aspects of security. The ball is now in the court of the Commission, the Council and EPC, who must respond to Parliament's proposals and demands for enhancing Western European security and defence cooperation.

1. See for example OJ C 12, 16.1.1989, p. 150 and OJ C 47, 20.2.1989, p. 129
2. OJ C 262, 10.10.1988, p. 133
3. OJ C 326, 19.12.1988, p.65
4. Doc. B2-953/88, 18.10.1988
5. OJ C 12, 16.1.1989, p. 171
6. OJ C 47, 20.2.1989, p. 130
7. Verbatim report of proceedings of 17.1.1989, p. 49
8. OJ C 47, 20.2.1989, p. 32 (Report on the importance of Northern Europe to European security, adopted on 17.1.1989)
9. Docs. B2-1416/88, B2-1419/88, B2-1420/88, B2-1427/88
10. Verbatim report of proceedings of 14.3.1989, p. 6
11. A2-410/88 (Report on the security of Western Europe, adopted on 14.3.1989) OJ C 96, 17.4.1989, p. 30
12. Doc. A2-0398/88 (Report on European Arms Exports, adopted on 14.3.1989), OJ C 96, 17.4.1989, p. 34



EXTERNAL ECONOMIC RELATIONS

Recent political developments both within the Community, in connection with the establishment of the internal market, and among its partners - in particular in Eastern Europe - have resulted in a marked increase in the Community's trade policy activities on the international scene. The Community's firm determination to create its internal market without frontiers and its steady progress towards this goal has greatly impressed the rest of the world, which only a few years ago used the term 'Eurosclerosis' to describe the situation within the European Community. As a result those countries who already have agreements with the Community want to develop and strengthen their relationship, while the majority of those who previously showed little or no interest in the Community - primarily all State-trading countries - now wish to establish formal contractual links as a framework for future cooperation. In multilateral contexts, such as GATT, the Community speaks with greater weight than ever before.

The European Parliament, with its increased powers in this field after the adoption of the Single European Act and the ensuing amendments of Articles 237 (EEC-Membership) and 238 (Association Agreements) of the EEC Treaty, is closely monitoring the activities of the Commission and Council with an attitude which can be described as being at one and the same time positive and critical.

GATT

On 18 November 1988, just before the Mid-term Review due to take place in December that year, the European Parliament adopted a very comprehensive resolution on 'the stage reached in the multilateral trade negotiations within the Uruguay round of GATT'¹.

In its resolution the Parliament stated that, forty years after the inception of GATT, it continues 'to consider the fundamental principles of GATT, in particular multilateralism, most-favoured nation status and the outlawing of discrimination, as indispensable supporting pillars of the world trade order-

above all in times of economic crisis - and considers the strengthening of external trade policy discipline among the GATT signatories as an important precondition for any further expansion of world trade'.

At the Uruguay Round Mid-term Review itself, which took place in Montreal on 5-7 December 1988, the European Parliament was represented by five members from its relevant committees. The Commission and the Council had agreed that a small delegation from the EP could join the Community's delegation on that occasion. It was the first time ever that the EP has been represented in this context.

In a resolution of 16 December 1988 on 'the GATT negotiations in Montreal'² the Parliament expressed its satisfaction with the progress achieved at the Mid-term Review, while regretting the failure to reach agreement in the agricultural negotiations, due to the continuing dispute between the Community and the USA.

OECD

In a resolution adopted on 17 March 1989 'on the relations between the EC and the OECD'³ the European Parliament emphasized the unsatisfactory manner in which the Commission is represented in that organization. The Community can participate in the proceedings of the OECD, but it has no formal influence even on matters which fall under its competence. Parliament "urges the Commission and the OECD to embark upon negotiations with a view to the gradual elimination of the differences between the European Community's participation and that of the member countries of the OECD in the latter's work and, ultimately, to the Community's accession to the OECD". In addition the European Parliament proposed the creation of an OECD Parliamentary Assembly in which the European Parliament should be represented.

EFTA

In a resolution on 'economic and trade relations between the EEC and EFTA member countries' adopted on 26 May 1989⁴ the European Parliament pointed out that trade between the two groupings had increased five-fold since 1972 and that EFTA was the Community's main trading partner. Further the Parliament refers to the consensus between the parties concerning the objective of the

Community's internal market and the creation of a European economic area uniting EFTA and the Community. One of the prime objectives to be attained by the parties should, in the view of the Parliament, be the abolition of all technical barriers to trade and the widest possible circulation of agricultural and industrial products from one area to another.

The European Parliament also responded positively to the call for the creation of a 'citizens' Europe', including both the EC and the European Free Trade Area (EFTA), made by the EFTA Heads of Government at their summit in Oslo on 14-15 March 1989, stating that 'European cooperation requires measures to facilitate the freedom of movement and establishment of EFTA and EEC citizens and companies in all the countries concerned as well as the creation of a citizens' Europe in both EFTA and EEC countries'.

On the issue of membership vs. non-membership of the Community the Parliament is in full agreement with the Commission 'acknowledging that those countries which prefer to remain outside the Community will be unable to share the same advantages and rights as Member States'. On the other hand such countries could possibly be offered new association agreements with the Community. The Parliament finally supports the view of the Commission that, 'until the end of 1992, priority must be given to completing the internal market and strengthening Community integration'.

USA

The US Omnibus Trade and Competitiveness Act signed by President Reagan on 23 August 1988 has, because of its many actual or potentially protectionist elements, given rise to widespread concern within the Community. Parliament reacted to the signature of the Trade Bill with a resolution of 12 October 1988⁵. The Parliament is particularly worried about the 'provisions for a unilateral redefinition of GATT principles and a dangerous trend toward sectoral reciprocity' and the 'provisions envisaging retaliation against 'unfair trade practices', which will be defined on a unilateral basis by the Office of US Trade Representative'.

In a resolution of 20 January 1989 'on the negotiations with the United States concerning the hormones conflict'⁶ the Parliament reconfirmed its support for the ban on hormones in meat marketed in the EC and urged the United States to

suspend its countermeasures during negotiations on the issue. On 5 May 1989 a partial agreement between the US and the EC was reached allowing for the import of hormone-free US meat and a proportional decrease of US restrictions.

Eastern Europe

The signature on 25 June 1988 of the Joint Declaration on the establishment of official relations between the EEC and COMECON opened the way for the establishment of official relations and negotiations of agreements with individual COMECON countries. During 1988 a trade and cooperation agreement was concluded with Hungary and a trade agreement was concluded with Czechoslovakia. The EP gave its unconditional approval of both in legislative resolutions dated 26 October 1988⁷ and 17 February 1989⁸ respectively. The two agreements are examples of the Community's differentiated policy towards Eastern Europe, which takes into account the progress of economic and political reforms in the individual countries. Thus Hungary will obtain a full liberalization of its trade with the EC in a few years' time, while henceforth Czechoslovakia will have to live with certain restrictions. This policy of using the commercial policy as an instrument of encouraging economic and political reforms in Eastern Europe was fully supported by the European Parliament in earlier resolutions.

Other issues

In a resolution of 17 March 1989 on economic and trade relations between the Community and Turkey⁹ the European Parliament pointed out a number of areas in which Turkey had failed to meet its commitments laid down in the EEC-Turkey Association Agreement, it asked Turkey to take appropriate action wherever needed to achieve the economic convergence between the EC and Turkey provided for by the final stage of the Association Agreement. The Parliament did not, directly or indirectly, pronounce on the issue of the accession of Turkey to the Community.

In a resolution of 17 March 1989 on economic and trade relations between the EC and China¹⁰ the EP underlined its particular interest in this country, pointing out various actions which both parties could undertake further to promote economic and trade relations.

In a legislative resolution of 14 December 1988¹¹ the European Parliament gave its assent to the conclusion of a Cooperation Agreement between the EC and the Gulf States. This represents only a first step: at a later stage the parties intend to conclude a Trade Agreement.

In a resolution of 15 September 1988 on Malta and its relationship with the European Community¹² the European Parliament expressed its desire 'to see relations between Malta and the Community become as close as possible and eventually brought to the point at which, within suitable institutional arrangements, the Maltese people will be full participants in the Community'.

The accession of Spain and Portugal to the Community has given new impetus to its relations with Latin America. An increased interest on the part of the European Parliament was reflected in the adoption of resolutions concerning the Community's relations with the Andean Pact (18 November 1988)¹³, Mexico (17 March 1989)¹⁴ and Argentina (14 April 1989)¹⁵.

The assent procedure based on Article 238 of the EEC Treaty was used for a number of Protocols to the Agreements with various Mediterranean countries. Inter alia the protocols with Israel, which in March 1988 had failed to achieve the 260 votes needed for an assent, were finally adopted on 12 October 1988¹⁶, after the establishment of Israeli guarantees providing Palestinian fruit growers adequate possibilities of exporting their products directly to the EC.

In a very comprehensive resolution on international trade in services, adopted on 26 October 1988¹⁷ the European Parliament points to GATT as "an appropriate forum in which to endeavour to secure a multilateral framework to regulate trade in services". Noting the relative weakness of the developing countries within the field of services, Parliament believed that the climate of the negotiations on services could be improved if sectors in which the developing countries traditionally occupy a stronger position, such as agriculture and textiles, could gradually be brought under the GATT rules, while others, such as steel, should no longer be subject to special arrangements.

On 14 April 1989 the European Parliament adopted a resolution on restrictions on strategic exports and US-EC technology transfer¹⁸. While acknowledging the necessity of limiting exports of technology to certain countries the European

Parliament recommended that the COCOM-list should be confined to leading-edge defence technology and that it should be revised at regular intervals. In the light of the internal market Parliament also considered it necessary for the EEC to be directly involved in the administration of the COCOM restrictions and to be represented in this body.

1. OJ C 326, 19.12.1988, pp. 315-323
2. OJ C 121, 16.1.1989, pp. 377-378
3. OJ C 96, 17.4.1989, pp 209-211
4. Minutes of May part-session, PE 133.159
5. OJ C 290, 14.11.1988, pp. 41-42
6. OJ C 47, 27.2.1989, pp. 161-162
7. OJ C 309, 5.12.1989, p. 33
8. OJ C 69, 20.3.1989, pp. 190-191
9. OJ C 96, 17.4.1989, pp. 212-214
10. OJ C 96, 17.4.1985, pp. 200-201
11. OJ C 12, 16.1.1989, p. 80
12. OJ C 262, 10.10.1988, pp. 141-142
13. OJ C 326, 19.12.1988, pp. 324-326
14. OJ C 96, 17.4.1989, pp. 202-205
15. Minutes of April part-session, PE 132.565
16. OJ C 290, 14.11.1988, pp. 59-60
17. OJ C 309, 5.12.1988, pp. 36-40
18. Minutes of April part-session, PE 132.565

THIRD WORLD

During the period from July 1988 to June 1989, the Committee on Development and Cooperation and the European Parliament continued to fulfil their task of introducing new ideas and monitoring the Community's policy of development aid to the Third World. Of particular importance in this context was the drawing-up, consideration and adoption in plenary session of two resolutions, accompanied by reports, concerning, on the one hand, the European Community's relations with the developing countries of Asia and Latin America and, on the other hand, the common agricultural policy and the developing countries.

Asia and Latin America

The aim of the report and resolution on the European Community's cooperation with the developing countries of Asia and Latin America was to devise a new overall policy, in line with the requests repeatedly made by the European Parliament, for example, on 11 February 1988.

The report points out that an arrangement such as the Lomé Convention would be inappropriate in view of the fact that the development problems of the countries in question are quite different from those of ACP countries. It is also important to look at the fundamental differences between the developing countries of Latin America and those of Asia, which are at different stages of development.

The nature of the cooperation recommended by the European Parliament in its resolution of 27 October 1988¹ is based on the idea of differentiation according to the level of development of the country in question. While financial and technical cooperation has a vital role to play in Asia and Central America, the majority of South American countries have now reached a level of development which makes this type of aid inappropriate and which requires very different instruments, such as trade promotion and industrial cooperation. The provision of credit facilities for trade promotion, industrial cooperation and general economic development is vital; the

background to this question is therefore the critical debt situation of these countries. The Community must use its good offices in international forums (such as the IMF and the World Bank) on the question of debt repayments. It must accordingly continue to play an active role in the World Bank and other agencies to encourage the provision of new credit facilities and other suitable financial instruments for such aid, for example, in the form of a new Community agency such as a 'Community development bank'.

The Commission took account of some of the proposals set out in the above report when submitting its 1989 guidelines on this form of cooperation with the developing countries of Asia and Latin America. In its resolution of 16 December 1988², the European Parliament agreed with most of the proposals.

Agriculture and development

The resolution on the common agricultural policy and the developing countries, adopted by the European Parliament on 17 February 1989³, outlines the effects of the liberalization and expansion of world trade and the reduction of agricultural subsidies. These measures are expected to reduce the surplus production which is endemic in the agricultural sector, has led to static prices for agricultural products on the world market and is a severe drain on the Community budget.

It is believed that the implementation of this programme will benefit the group of major food exporters amongst the developing countries. Parliament considers that these countries should, for their part, contribute to liberalization and the reduction of subsidies and to South-South trade. These measures will also, in the medium term, benefit those countries which are net food importers but which, owing to the nature of their climate and soil, are potentially able to increase their degree of self-sufficiency. However, the programme may have adverse effects on the balance of payments and budgets of some poorer developing countries with a particularly high population density and a large structural food deficit. Provision should therefore be made for appropriate compensatory measures, this also applies to short-term transitional problems.

Parliament points to the problems affecting the world sugar market, which will persist even if the Community reduces its sugar production. Special aid

should therefore be granted to the sugar producing countries in the form of measures to encourage diversification out of sugar into new types of production. Parliament also calls for a reduction in the level of subsidies for beef and veal. It considers, furthermore, that conventional food aid is preferable to subsidized export credits.

In its resolution, Parliament reminds the Commission of the Community's obligations towards the ACP states and notes that the savings on expenditure on production and export subsidies and on storage should be used in part to implement income support measures for small and medium-sized farmers in industrialized countries. Moreover, a certain proportion of such savings should also be spent on development cooperation, especially on the campaign against hunger and on rural development. Provision must therefore be made for considerably higher Community appropriations in the next Lomé Convention and in Title 9 of the Community budget.

Other issues

As it does every year, the European Parliament adopted a resolution on the proposals laying down the Community scheme of generalized tariff preferences for 1989 (sitting of 18 November 1988)⁴. It also adopted two resolutions concerning, respectively, the implementation of storage programmes and warning systems (sitting of 8 July 1988)⁵ and the implementation of co-financing operations for the purchase of food products or seeds by international bodies or NGOs (sitting of 12 September 1988)⁶.

Parliament also adopted two resolutions on 25 May 1989⁷ on a financing facility for imports of food products by developing countries from the European Community and the terms and conditions of officially-supported export credits for agricultural products.

In accordance with the procedure laid down by the Single European Act, Parliament was required to give its assent to the conclusion of the Additional Protocol and the new Financial Protocol (sitting of 12 October 1988) to the agreements concluded between the EEC and Syria⁸.

On the basis of the reports and motions for resolutions submitted by its Committee on Development and Cooperation, the European Parliament stated its

position with regard to certain aspects of development and cooperation policy, including freedom of circulation in the front-line countries⁹ (sitting of 17 March 1989), increased cooperation with Suriname¹⁰ (sitting of 14 April 1989) and the proper evaluation of development programmes and projects and the application of their results (feed-back)¹¹ (sitting of 17 March 1989).

ACP-EEC Joint Assembly

The ACP-EEC Joint Assembly met from 19 to 23 September 1988 in Madrid (Spain) and again from 24 to 28 January 1989 in Bridgetown (Barbados). The first meeting was mainly given over to consideration of the general report on the future (Fourth) ACP-EEC Lomé Convention¹². The resolution which was adopted expressed approval for the Commission's proposal of aid for structural adjustment. It stipulated that the main aim of the future Convention should be the development of the ACP states and encouragement for efforts on the part of those countries to restore the structural balance of their economies. The Assembly also called on the Community to write off all the debts which the ACP states had accumulated under the previous Conventions, cancel the arrears of the ACP states in their STABEX payments and alleviate the debt burden resulting from EIB loans.

The Joint Assembly also held an exchange of views on the situation in South and Southern Africa and considered the report drawn up on behalf of the Working Party on Refugees and Displaced Persons in the ACP States¹³ and the report on health in the ACP countries¹⁴. It also heard progress reports on the activities of the Working Party on Commodities and the Working Party on Technology. In addition, the Assembly decided to set up a new Working Party on the implications of the 1992 Single Market for the ACP States.

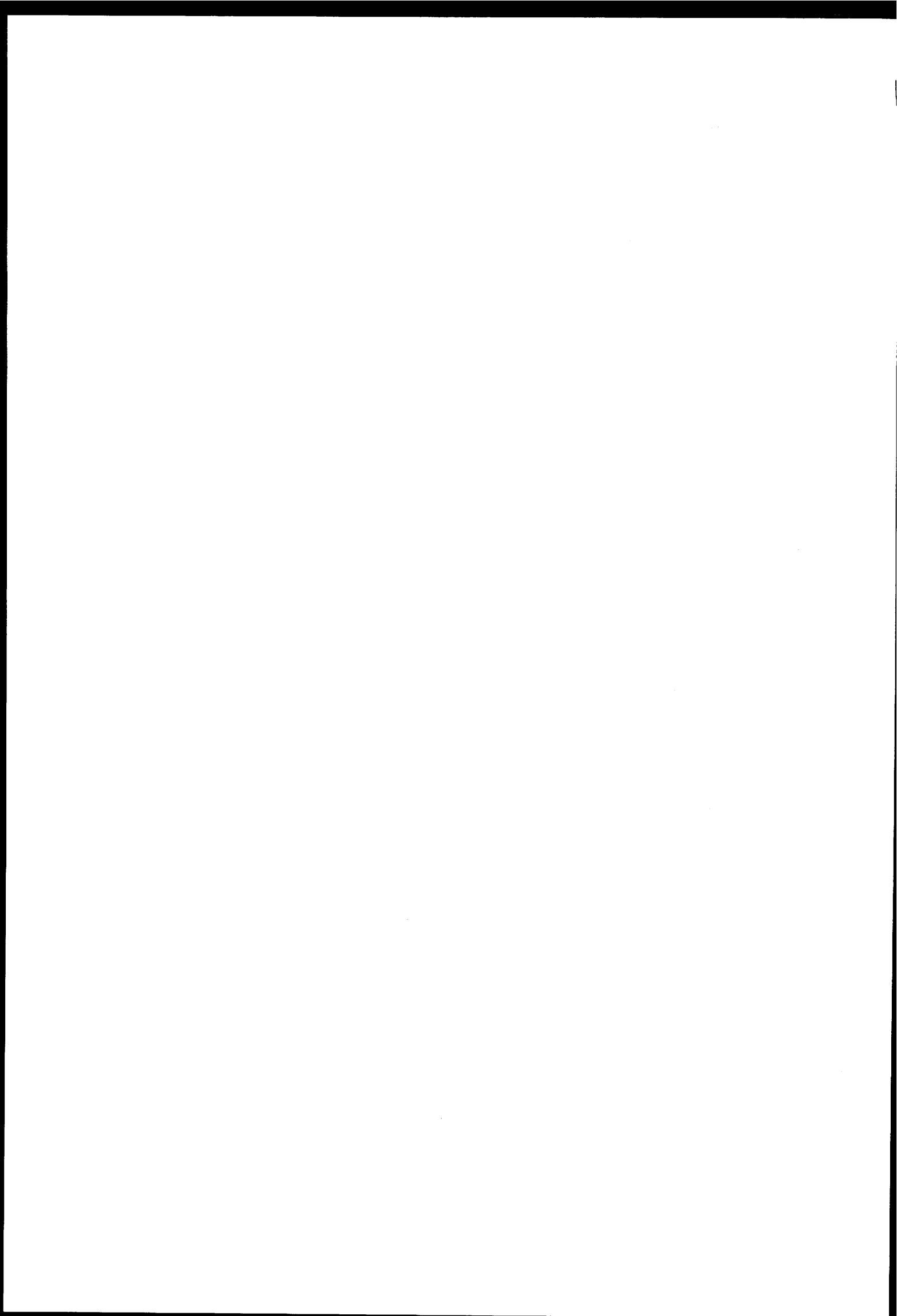
The Joint Assembly adopted 17 other resolutions on a number of economic and political problems in the ACP States and in other developing countries (southern Africa, the front-line states, Sudan, the Sahel and Jamaica), maritime trade, the disappearance of elephants, the indebtedness of the ACP countries, sugar, the release of Nelson Mandela and the situation in East Timor¹⁵.

The European Parliament, for its part, incorporated the resolutions adopted by the Joint Assembly in Madrid into a resolution adopted on 19 January 1989¹⁶.

During its second meeting, in Bridgetown (Barbados) from 24 to 28 January 1989, the Joint Assembly held an initial exchange of views on the basis of the introductory statement by the general rapporteur on 'the local processing of commodities as an instrument of the economic and social development of the ACP countries'. The motion for a resolution by the Working Party on Commodities¹⁷ was adopted and there was further consideration of the draft report drawn up on behalf of the Working Party on Technology, Training and Development, the final adoption of which was postponed until the meeting of the Joint Assembly in September 1989. The Joint Assembly also heard a report on the visit to Burundi¹⁸ and considered the question of the implementation of the Lomé Conventions in the Caribbean and the specific problems of that region.

In the course of the meeting, the Joint Assembly adopted no fewer than 29 resolutions. These included: the situation in certain ACP states, the economic and social problems faced by certain ACP states, drugs and drug trafficking, the Paris Conference on chemical weapons, the reduction in the share of the Community budget allocated to food aid, the ban on movements of hazardous waste from the Community Member States to the ACP countries, the forthcoming summit meetings of the industrialized nations and development aid.

1. Doc. A2-222/88, rapporteur : Mrs Daly; OJ C 309, 5.12.1988
2. Doc. A2-276/88, rapporteur : Mr Crusol; OJ C 12, 16.1.1989
3. Doc. A2-359/88 : rapporteur : Mrs Focke; OJ C 69, 20.3.1989
4. Doc. A2-262/88, rapporteur : Mr Garcia Arias; OJ C 326, 19.12.1988
5. Doc. A2-149/88, rapporteur : Mr Turner; OJ C 235, 12.9.1988
6. Doc. A2-148/88, rapporteur : Mr McGowan; OJ C 235, 12.9.1988
7. Docs. A2-36/89 and A2-58/89, rapporteur : Mr Guermeur
8. Doc. A2-98/88, rapporteur : Mr Patterson; OJ C 290, 14.11.1988
9. Doc. A2-353/88, rapporteur : Mr Gutierrez Diaz; OJ C 96, 17.4.1989
10. Doc. A2-9/89, rapporteur : Mr Vergeer; OJ C 120, 16.5.1989
11. Doc. A2-355/88, rapporteur : Mr Ulgurghs; OJ C 96, 17.4.1989
12. Doc. ACP-EEC 312/88, rapporteur: Mr Cohen
13. Doc. ACP-EEC 313/88, rapporteur: Mr Chinaud
14. Doc. ACP-EEC 315/88/A, rapporteurs: Mr Assani, Mr Würtz, Mrs Dury
15. OJ C 5, 6.1.1989
16. Doc. A2-281/88, rapporteur : Mrs Rabbethge; OJ C 47, 20.2.1989
17. Doc. ACP-EEC 358/88/A/fin. and Doc. AP/639/A/fin.
18. Doc. AP/654, visit to Burundi by Co-Presidents Berhane and Bersani and Vice-Presidents Methot and Saby



III THE INTERNAL MARKET



LIBERALIZATION OF TRADE AND CAPITAL TRANSACTIONS

From July 1988 to May 1989, the number of European Parliament opinions in connection with completion of the internal market rose substantially. On the liberalization of trade and related sectors alone, the European Parliament delivered 36 opinions, broken down as follows:

I. INDUSTRY

Motor vehicle construction	9
Electrical engineering and electronics	3
Pharmaceuticals	5
Fertilizers	2
Food, beverages and tobacco	5
Building materials	1
Aviation	1
Engineering	1

II. OTHER AREAS

Insurance	2
Tourist industry	1
Market for information services	1
Personal protective equipment	1
Weighing equipment	1
Gas-burning appliances	1
Dimensions	1
Telecommunications	1

It must be stressed in this connection that the European Parliament has called for the Commission to adopt a new, pragmatic approach to standardization. In the past, the Commission would lay down detailed technical specifications and would attract criticism - often warranted - from professional organizations, whereas it has latterly confined itself to laying down essential general requirements only, leaving the minutiae to be shaped into technical specifications by private standards bodies. This new, pragmatic approach has received the European Parliament's backing.

As has emerged during parliamentary discussions, however, this approach is also liable to involve delegating political responsibility to standardization bodies to a far greater degree than originally intended. Normally,

standardization bodies are largely beyond Parliament's oversight. Consideration is being given in the European Parliament to the introduction of machinery with a view to ex-post scrutiny of how standardization-related framework directives are transposed and applied.

A selection of the more important of the many European Parliament opinions relating to liberalization of trade are presented below. In not one single instance was Parliament consulted in connection with capital market liberalization, since the preparatory measures concerning fiscal harmonization in particular have not yet been finalized.

Construction products

At second reading, at its sitting of 16 November 1988, the European Parliament approved the Council's common position on the proposal from the Commission for a directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products¹. The directive is intended to provide for common standards to be laid down - in particular as regards health and safety aspects, as well as production of and trade in building materials - with a view to the free movement of such products on the internal market.

This technical approximation affects a market worth some 300 bn ECU and accounting for seven million jobs.

The Council reached agreement with the Commission on amending the original proposal in six respects; the European Parliament accepted four of the changes and rejected the other two².

The Council adopted the directive, as amended, on 21 December 1988.

Laws relating to machinery (machinery directive)³

This directive represents a milestone along the road to a completed internal market. Its aims are twofold: to ensure a high level of health and safety protection for workers and consumers by establishing common European construction standards for machinery and installations and, at the same time, to eliminate technical barriers to trade between the Member States.

The major importance of the directive in the process of European integration is underlined by the fact that it will cover roughly half the European Community's machinery sector.

The directive would simply specify the essential health and safety requirements; standards as such would be formulated and laid down by the European standards organizations governed by private law (CEN and CENELEC).

In its report at first reading, taken on 16 November 1988⁴, the European Parliament insisted first and foremost that effective involvement of all social partners - employers' organizations, industrial trade unions and factory inspectorates - in the process of drafting and extending European standards was essential (tripartite committee).

The European Parliament also proposed that a Standing Committee on Machinery be set up, comprising two representatives from each Member State, and that Member State consumer associations be involved in the standardization process. This committee would examine matters relating to how the directive was transposed into national law and implemented.

The call for such a body reflects concern on the part of the European Parliament that the considerable grey area open to political interpretation which exists between the general requirements laid down in the directive and a definitive standard is beyond parliamentary scrutiny.

The European Parliament furthermore called for the scope of the directive to be extended to cover other types of machinery and branches of industry.

The Commission agreed to all these changes bar one - consumer association involvement - and amended its draft accordingly.

The Council incorporated most of the changes called for by the European Parliament into its common position⁵, though the powers of the 'Standing Advisory Committee on Machinery' were reduced.

The European Parliament approved the common position at its sitting of 24 May 1989⁶.

Electromagnetic compatibility

Under the Commission's draft directive⁷, the introduction of certain protection standards concerning electromagnetic disturbance caused by electrical, electromechanical or electronic equipment would be mandatory, the detailed aspects of harmonization to be laid down by the standardization bodies responsible.

At first reading⁸ the European Parliament proposed, among other measures, that manufacturers issuing false declarations should be liable to severe penalties and that regular reports should be submitted on how the directive was implemented. The Commission accepted 11 of the 15 proposed changes and submitted an amended proposal. The Council accepted the European Parliament's⁹ four amendments to the common position¹⁰, adopting the directive at its meeting of 5 May 1989.

Pricing of medicinal products for human use¹¹

The aim of the Commission's draft is to ensure transparency and obtain information on the pricing of medicinal products on Member State markets. In many Member States, the authorities influence pricing because of their role in national health-insurance schemes, thus placing constraints on the free movement of goods. Price disparities of over 500% are to be found on the European Community pharmaceuticals market; in many instances, this is due to curbs on competition. The aim of the directive is not to lay down prices for medicinal products, however; rather, it is intended to facilitate the gathering of information on the process of setting prices.

All 21 amendments proposed at first reading were accepted by the Commission - a rare event - while the Council incorporated 17 amendments into its common

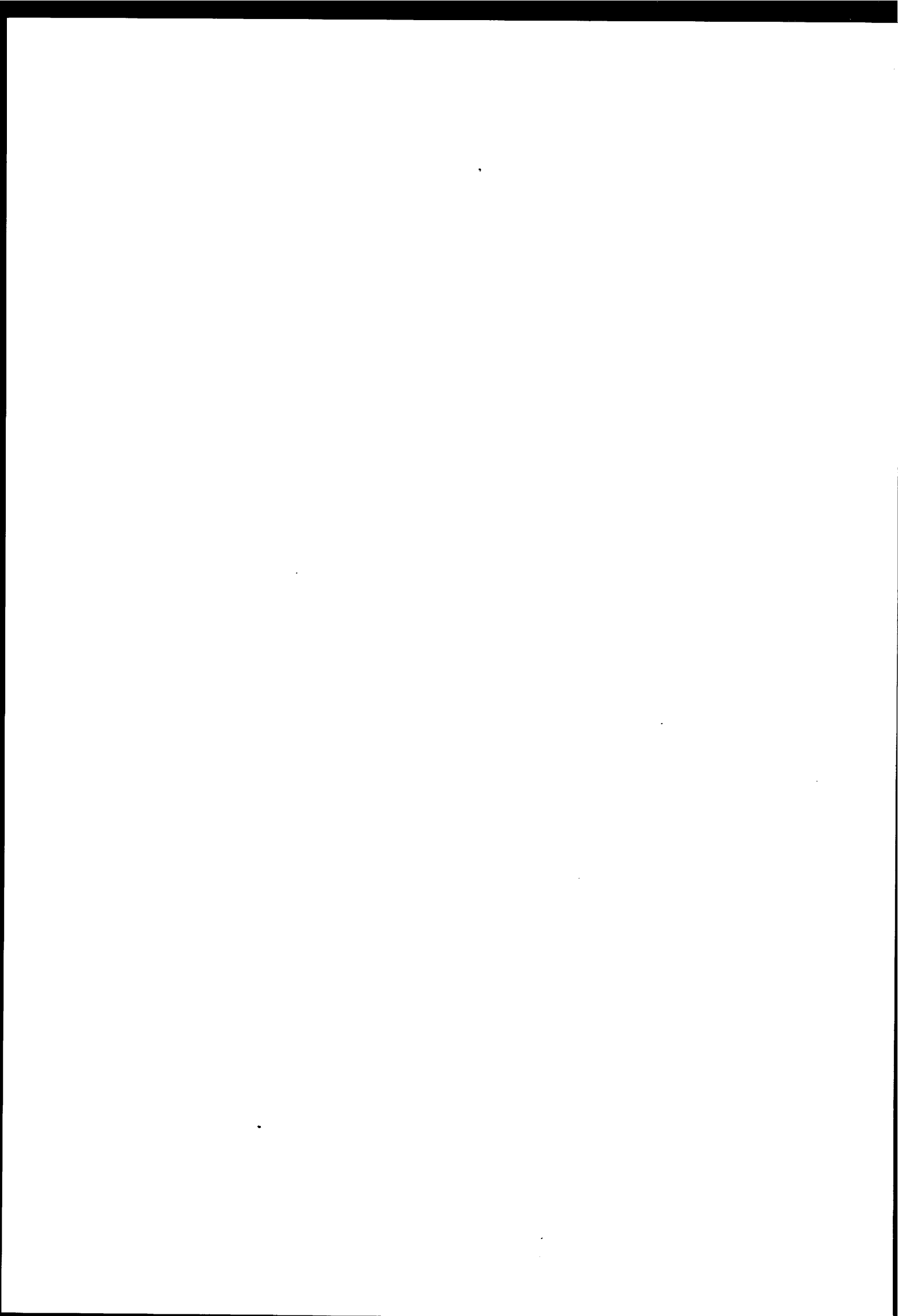
position¹² of 22 June 1988. The setting up of a databank on medicinal product prices, called for by the European Parliament, remains a contentious issue. The Council is unwilling to incorporate a provision to this effect into the directive, though has indirectly endorsed the establishment of such a databank in a statement in its common position. The Commission has created the relevant heading in the 1989 budget (7756: Pharmaceutical data base).

Personal protective equipment¹³

This directive must be viewed in the context of the machinery directive. It would lay down requirements to be met to safeguard health and ensure hygiene and safety at the workplace. In its amendments¹⁴ the European Parliament called for an effective role for both sides of industry in the process of harmonizing standards and for the setting up of a databank¹⁵.

The common position of the Council has not yet been submitted.

1. OJ C 305, 16.11.1987
2. Bueno Vicente report; Doc. A 2-237/88 and Doc. C 2-137/88
3. OJ C 29, 3.2.1988; COM(87) 564 final, COM(88) 267 final
4. Doc. A 2-239/88
5. Doc. C 2-322/88
6. Doc. A 2-59/89
7. COM(87) 527 final
8. Doc. A 2-162/88, Herman report
9. Doc. A 2-360/88
10. Doc. C 2-192/88; OJ C 69, 20.3.1989
11. Doc. A 2-234/88, Lataillade report
12. Doc. C 2-131/88
13. COM(88) 157 final
14. Doc. A 2-304/88, Mattina report
15. OJ C 12, 16.1.1989



INDUSTRIAL POLICY

In recent years, the ailing traditional industries such as steel and shipbuilding have attracted the attention of the Community. However, in 1988/89 it was the emerging dynamic industries like the audiovisual and the telecommunication industries, which took precedence.

Film and television industry

The audiovisual industry is a rapidly growing sector of the world economy, with considerable multiplier effects on electronics, telecommunications, the space industry and publishing. A recent study¹ quotes the figure of US\$ 26 bn for consumer purchases of audiovisual services in the OECD area (TV programmes, cinema films, pay TV etc), of which US\$ 18 bn for TV networks, US\$ 6 bn for cinema and US\$ 2 bn for new media.

In a resolution², the Parliament underlined that the problems facing the European film and television industry are wider than those currently tackled by the MEDIA programme³ and stressed that there should be a more comprehensive Community programme to meet industrial, fiscal, internal market and trade policy objectives. It urged Member States who control television broadcasting to open up their programmes to the products of independent producers from their own as well as other Member States and requested the Commission to submit a study on the remaining customs and other obstacles preventing the completion of the internal market in this sphere.

High Definition Television (HDTV)

HDTV is a new electronic imaging technology which will introduce into the home cinema quality television pictures on large screens, and which will in time replace the existing 35 mm film technology of the cinema. It will also find major applications in advertising, printing and publishing, education and training.

The basic aim of a proposal for a Council decision presented by the Commission⁴ is that the main objectives of a comprehensive European HDTV strategy should be defined and that a Services Action Plan will be prepared, so that the equipment manufacturers and service providers of HDTV can make the investment that will be required in order to ensure the launch of operational HDTV services Europe-wide by 1992. Approving the proposal⁵, the European Parliament stressed that the European joint effort in this domain "can be justified as part of the world race to establish the standard that will prevail upon the market, but cooperation must not lead to the formation of production monopolies or domination of the market".

Telecommunications

There are one million jobs in telecommunication services in the Community and this sector generated 62.5 bn ECU in turnover in 1985, with some 17 bn ECU spent on telecommunications equipment. To a large extent the Community still contains 12 separate telecommunication markets, with differing standards and a pronounced preference for procuring from national manufacturers, resulting in high prices to telecommunications undertakings and their customers.

In a resolution on the fragmentation in telecommunications⁶, the European Parliament pointed out that because of increasing research costs, Europe's telecommunications equipment manufacturers should collaborate, share responsibilities and enter into mergers. The Parliament stressed also that telecommunications equipment manufacturers must have access to a European-scale domestic market and reiterated that considerable importance must be attached to telecommunications standardization, so that the European industry concerned could maintain its competitiveness vis-à-vis the US and Japanese industry.

Information services market

The Commission's proposal for the development of an Information Services Market within the European Community⁷, tackled a range of problems that have emerged as a result of the Commission's earlier initiatives in this area, such as problems related to standardization, protection of copyright and confidentiality of data and the role of the public sector in the field of information supply. Approving the Council's common orientation⁸, the European

Parliament considered that the change in the legal base of the proposal (from Article 100a to Article 235) made by the Internal Market Council should not be regarded in too formalistic a light. Regretting the cut in the proposed budgetary appropriations from 45 to 36 million ECU, Parliament nevertheless considered that the programme could still be undertaken.

Construction industry

The construction industry, with a turnover of 315 bn ECU, is one of the most important branches of the Community's economy, employing directly 9 million workers, while 18 m people are employed in the building/public works sector as a whole. In recent years the construction industry has undergone a major crisis reflected by a 10% drop in activity and an unemployment level of over 2 million.

In a resolution adopted in October 1988⁹, the European Parliament welcomed the recent proposal for a directive on construction products¹⁰ allowing for their free movement and also welcomed the modified proposals on the procedure for awarding public works contracts¹¹, the aim of which is to improve competition in this sector and to ensure greater openness in the conduct of business. Recommending that each Member State should develop house building and renovation programmes, Parliament stressed the importance of rehabilitating disused industrial sites in declining industrial regions.

Food industry

The various sectors involved in the food industry account for around 20% of the Community's workforce and contribute 10% of its income. Food and drink processing is the leading European manufacturing sector in terms of gross output and there are around 13.000 firms with more than 20 workers within the sector, many of them small and medium-sized enterprises (SMEs).

In a resolution on the food industry¹², the European Parliament pointed out that the Cost of Non-Europe study had identified over 200 non-tariff barriers to trade in only 10 segments of the food sector. For this reason, the Parliament reiterated its general support for the new approach to achieving the internal market (the minimum amount of vertical harmonization possible in

combination with the greatest mutual acceptance of national standards, laws and regulations) and called for the adoption of common provisions on additives and colouring agents used in food production.

1. International Trade in Services, Audiovisual Works. Figures from UNESCO Statistical Yearbook 1984
2. Report on the European film and television industry (Doc. A2-0347/88, de Vries report) and resolution of 16.2.1989
3. "Measures to encourage the development of the audiovisual industry" (MEDIA) (COM(86) 255 final)
4. Commission of the European Communities, Proposal for a Council Decision on High Definition Television, COM(88) 659 - C2-260/88
5. Doc. A2-13/89 (de Vries report) and resolution of 11.4.1989
6. Report on the need to overcome the fragmentation in telecommunications (Doc. A2-0252/88, Metten report) and resolution, OJ C 12, 16.1.1989 p.69
7. Common Orientation of the Council of the European Communities on a decision concerning the establishment of a plan of action for the development of an information services market, Doc. C 2-78/88
8. Doc. A2-129/88 (Herman report) and resolution of 7.7.1988
9. Report on the need for Community action in the construction industry (Doc. A2-188/88, Bueno Vicente report) and resolution in OJ C 290, 14.11.1988 p.150
10. Common Position of the Council on a Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products (Doc. C2-137/88)
11. Common Position of the Council with a view to the adoption of a Directive completing and amending Directive 71/305/EEC concerning coordination of procedures for the award of public works contracts (C2-193/88)
12. Report on the food industry (Doc. A2-17/89, Raftery report) and resolution of 14.4.1989

COMPETITION POLICY, MULTINATIONALS AND SMEs

Community policy on European companies aims at increasing their effectiveness in view of the emerging internal market and, at the same time, improving their international competitiveness. Major tools of this policy have been the strengthening of competition in order to prevent undesirable concentrations of economic power and the adoption of measures favouring dynamic small and medium-sized enterprises (SMEs).

Competition Policy

Examining the Seventeenth Report of the Commission on competition policy¹ the European Parliament stressed that competition policy should be kept in 'fair balance' with regional and social policy, the promotion of European Community research and technological capacity and industrial policy considerations². Noting that mergers of firms of the largest size have increased significantly, Parliament urged the Council to implement, without delay, the Commission's proposal on merger controls and concentrations. It also asked for an intensification of the competition policy in the expanding services sector and particularly in banking, insurance, tourism and the liberal professions. Finally, Parliament pointed out that a whole range of new problems was opening up for Community competition policy in the rapidly developing fields of media and telecommunications.

Merger control

In a report adopted in plenary in October 1988³, Parliament noted that the amended Commission proposal for a regulation on the 'control of concentrations between undertakings' complied with the position repeatedly expressed by the European Parliament, that competition law should prevent excessive concentrations of economic power, without allowing the supervision by the cartel authority to become a bureaucratic burden. The main aim of the

regulation is to establish a legal framework for the effective and timely monitoring of the merger between undertakings so that any duplication of control at both national and Community level can be avoided.

Public works contracts

Lack of transparency and unnecessary state aids are often involved in the award of public contracts, thus giving rise to major distortions of competition. The European Parliament has paid particular attention to the Commission's efforts to open up the vast public works sector and leading to the adoption of common rules in the award of contracts to tenders from the private sector. Examining, at second reading, the common position on the award of public works contracts⁴, the European Parliament noted that many of its amendments had been taken into account, for example, regarding the application of publicity rules to public works concession contracts, rules governing procedures, publicity and deadlines and a provision on regional preference schemes.

However, Parliament again proposed some amendments, not previously adopted by the Council, relating to sub-contracting tenders and to incentives for the employment of the long-term unemployed and young people. Their main aim was to increase transparency and avoid discrimination in a market which is of cardinal importance to the employment and competition policies of the Community.

Construction industry

The various activities of the construction industry are essential for the growth of the European economy and for the quality of life of the Community's citizens. In a resolution adopted in October 1988⁵, the European Parliament underlined that the major crisis this sector has undergone, reflected by a 10% drop in activity and an unemployment level of over 2 million, made it necessary to adopt a Community strategy aimed at a more unified market. Furthermore, in the resolution, the Commission was called on to look at the situation of the various material supply industries, and in particular the cement industry, both from the standpoint of restructuring and of competition.

Parliament also adopted the Council's common position concerning a directive on construction products⁶, the main aim of which is to ensure the free movement and use in the single market of all the products destined to be incorporated in a permanent manner in construction work, without compromising safety, health and certain other essential requirements.

Film and television industry

The structure of the flourishing audiovisual industries poses particular difficulties for competition policy. The worldwide structure of the industry makes it hard to distinguish which multimedia groups are truly 'European' and which are not. While strong multimedia groups are needed to successfully compete on the world market, on the other hand increased media concentration in Europe could have negative effects, such as reduced possibilities for market entry and reduced cultural diversity.

In a resolution adopted in February 1989⁷, Parliament underlined that there should be a comprehensive Community programme to meet cultural, industrial, competition and trade policy objectives. It further called on the Commission to associate the small and medium-sized enterprises in the audiovisual industry more closely with European research programmes, such as ESPRIT, RACE and Eureka and to report on the outcome of the studies on competition and the media.

The European Company Statute

In its 1985 White Paper⁸, the Commission made it clear that it considered the Statute of the European Company as essential for the creation of a genuine internal market. In 1988 it submitted a memorandum on this subject⁹ which has been deadlocked for some time, mainly because of the question of worker participation.

Although it preferred to reserve its final opinion until the Commission had submitted a concrete proposal on the European Company statute, the European Parliament has stressed that such a statute would be a 'valuable mechanism' for restructuring the European undertaking, in particular for improving its chances of competing effectively on the world market¹⁰. Parliament underlined that there should be a choice of more than one model of worker participation

and emphasized that a proposal on the subject of the statute should be submitted as soon as possible.

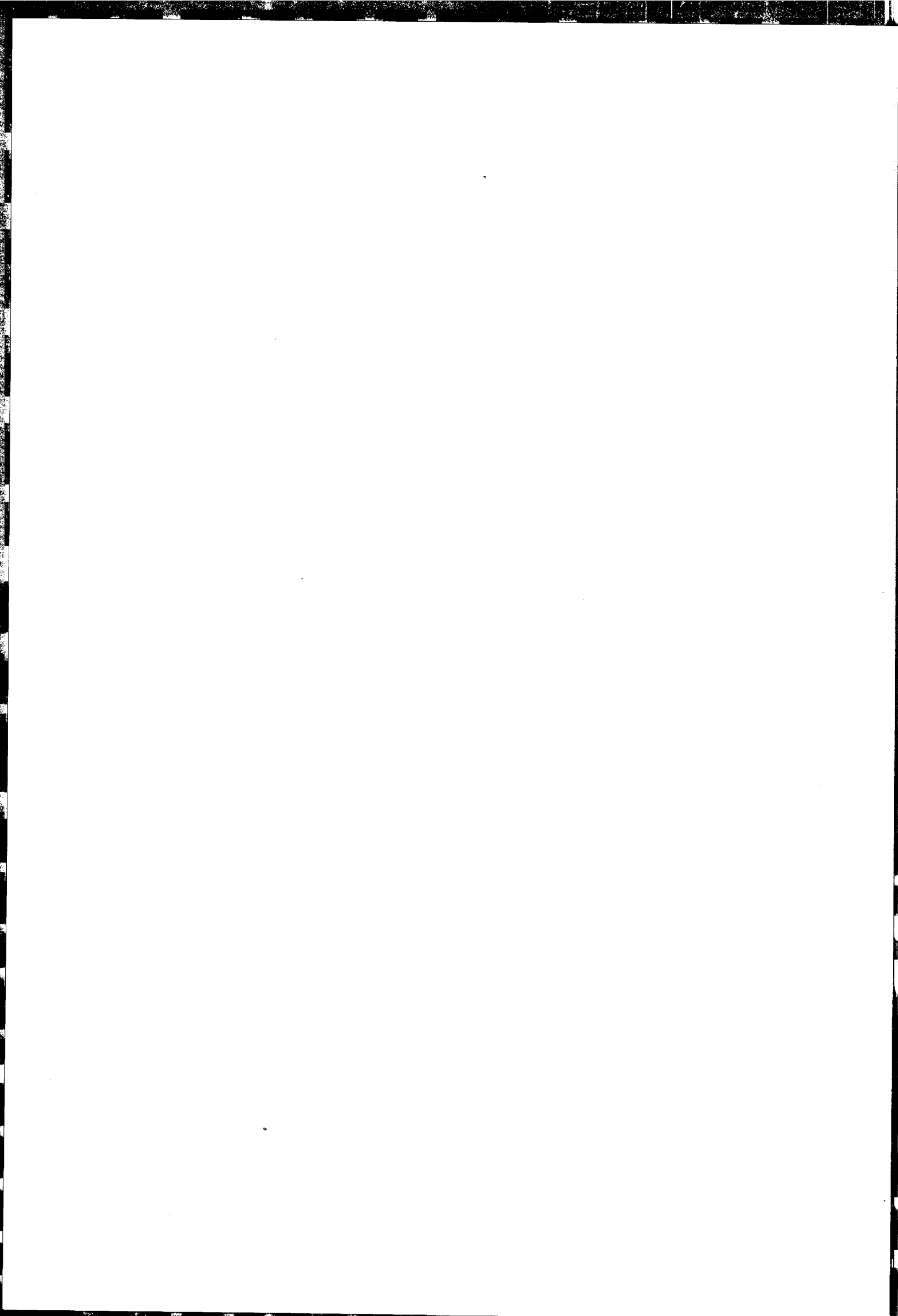
By approving the Commission's proposals concerning single member private limited companies, Parliament gave formal recognition to the fact of business life that a person can assign part of his capital to a commercial undertaking, making it autonomous, while enjoying an exclusive guarantee concerning the liabilities which might arise from the undertaking's activities¹¹. The creation of a legal framework on this subject will encourage the setting up of small and medium-sized enterprises, which are a major source of growth and employment.

Small and Medium-Sized Enterprises (SMEs)

Commission programmes aimed at stimulating SMEs have developed greatly over the last few years, under strong pressure from the European Parliament. In the current Commission proposal¹², an amount of 135 million ECU is earmarked for the period 1990-93 for the continuation and extension of Community activities to assist SMEs. The greatest share - of almost 93 million ECU - would be devoted to information and assistance to undertakings and over 29 million ECU to the encouragement of cooperation and partnership. Adopting the Commission's proposal, Parliament underlined the importance of removing undue administrative, financial and legal constraints on the activity of SMEs and stressed the need for favourable measures for them in the Community taxation and competition policy¹³.

As the resources of the new Community Instrument (NCI) IV are running out, the Commission submitted a proposal concerning a new borrowing scheme, the NCI V¹⁴. This time, a permanent 'revolving fund' is proposed by authorizing the Commission to borrow and relend up to the limit set by the amount of NCI debts outstanding which amounts to 5.8 billion ECU. In its report¹⁵, Parliament expressed its approval and pointed out that the general priority would remain the establishment and expansion of SMEs.

1. Commission of the European Communities, Seventeenth Report on Competition Policy 1988, Doc. C 2-76/88
2. Resolution of 15 December, Doc. A 2-260/88, Bonaccini report, OJ C 12, 16.1.1989, p.163
3. Doc. A 2-0197/88, Mihr report and resolution of 26 October 1988, OJ C 309, 5.12.1988, p.55
4. Doc. A 2-0361/88, Beumer report and resolution of 15 February 1989, OJ C 69, 20.3.1989, p.69
5. Resolution of 14 October 1988, Doc. A 2-188/88, Bueno Vicente report, OJ C 290, 14.11.1988, p.150
6. Doc. A 2-0237/88, Bueno Vicente report, OJ C 326, 19.12.1988, p.71
7. Resolution of 16 February 1989, Doc. A 2-347/88, de Vries report, OJ C 69, 20.3.1989, p.138
8. COM(85) 310 final
9. COM(88) 320 final - Doc. C 2-204/88
10. Doc. A 2-405/88, Rothley report, and resolution of 16 March 1989, OJ C 96, 17.4.1989, p.163
11. Doc. A 2-406/88, Lafuente Lopez report, and resolution of 15 March 1989, OJ C 96, 17.4.1989, p.92
12. COM(89) 102 final - C 2-7/89
13. Doc. A 2-118/89, Bonaccini report, and resolution of 26 May 1989
14. COM(88) 661 - C 2-283/88
15. Doc. A 2-0123/89, Muehlen report, and resolution of 26 May 1989



FREEDOM OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICESMutual recognition of diplomas

The most significant development in this area has been, beyond doubt, the adoption by the Council of Directive 89/48/EEC of 31 December 1988¹, on a general system for the recognition of higher education diplomas awarded on completion of professional education and training of at least three years' duration. This directive introduces a far-reaching innovation in the existing procedure in that it will no longer be necessary, except in special cases, to have recourse to specific directives in order to harmonize the legislation concerning qualifications and conditions of access in respect of individual professions; the recognition of qualifications based on mutual trust and cooperation between the Member States will make it possible to respond quickly to the immediate individual needs of all those with a higher education diploma who wish to exercise a recognized professional activity, whether as self-employed persons or wage-earners, in a Member State other than that in which they received their education. This Directive - which fulfils a demand repeatedly expressed by Parliament over the last few years - incorporates several proposals made by Parliament at first reading, including, in particular, a more rigorous definition of certain key concepts of the system and provision for appeal to a competent authority in the host Member State in cases of refusal of the applicant's request for permission to exercise a recognized professional activity. Directive 89/48/EEC does not apply to professions covered by specific directives instituting mutual recognition of diplomas between Member States.

In July 1988, Parliament delivered a favourable opinion at first reading² on two proposals for directives submitted by the Commission, amending the existing directives on the mutual recognition of diplomas, certificates and other evidence of formal qualifications relating to certain medical and paramedical professions and the coordination of the national provisions relating to those activities³. One of the proposals concerns the activities of doctors, nurses responsible for general care, dental practitioners, veterinary surgeons and midwives; it arises, essentially, from the need for

the existing directives to be adapted to take account of recent changes in national laws. The other proposal only affects the activities of nurses responsible for general care, and is concerned primarily with the need for more detailed specification of the relative weight to be given to theoretical and clinical instruction respectively for the purposes of recognition of diplomas.

Reference should also be made of the entry into force, on 6 August 1988, of the provisions concerning freedom to provide services included in the directive on freedom of movement and the mutual recognition of diplomas in architecture⁴.

Transport

In December 1988, Parliament adopted a report⁵ on a Commission proposal⁶ for a directive amending the existing directives on admission to the occupations of road-haulage operator and road passenger transport operator, the mutual recognition of diplomas, certificates and other evidence of formal qualifications and measures intended to encourage these operators effectively to exercise their right to freedom of establishment. The Council has meanwhile adopted a directive on the subject which reflects, in part, the amendments tabled by Parliament and constitutes an important precondition for the liberalization, from January 1993, of the provision of international road-haulage services.

The banking sector

During the March 1989 part-session, Parliament delivered a favourable opinion at first reading⁷ (although tabling several amendments) on the Commission proposal for a second directive on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions and amending Directive 77/780/EEC⁸. This important Commission proposal is aimed at removing the remaining barriers to freedom of establishment in the banking sector and preparing for full freedom to provide services in this field, parallel to the liberalization of capital movements and other complementary Community instruments in the sector.

Among the latter, attention may be drawn to the establishment of common basic standards for the own funds of credit institutions in Council Directive 89/299/EEC of 17 April 1989⁹. This directive incorporates several of the amendments tabled by Parliament¹⁰ - with particular regard to the legal basis and the accounting techniques to be used - with the exception of the amendment concerning 'commitology', by means of which Parliament had aimed to increase the Commission's room for manoeuvre.

Also during the March 1989 part-session, Parliament delivered its opinion at first reading¹¹ on the Commission's proposal for a directive on a solvency ratio for credit institutions¹². This proposal and the above-mentioned Directive represent significant steps towards harmonization in the sector, which is an essential condition for the liberalization of financial services in the Community; both are thus key elements in the creation of an internal market in banking.

Stock exchanges and other institutions in the securities field

In December 1988, the Commission submitted a proposal for a directive¹³ on investment services in the securities field, which represents a logical follow-up to the above-mentioned proposal for a second directive on coordination in the banking sector. The main objective of this proposal is to facilitate freedom to provide services for investment firms of a non-banking nature. This proposal is currently being considered by Parliament.

Insurance

Under the cooperation procedure, the Council finally adopted the Second Directive 88/357/EEC on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life insurance¹⁴. Its main objective is to facilitate freedom to provide services in the Member States for insurance firms based in the Community, thus making it possible to take out cover not only with insurance firms operating in one's own country, but also with firms based in the Community and operating in other Member States. This Directive is to be incorporated into the respective national legislations by 31 December 1989 (with the exception of those Member States covered by the transitional arrangements specified in the text). Nevertheless, it excludes certain types of risk, with the result that,

contrary to Parliament's repeatedly expressed wishes, the liberalization of the sector remains incomplete.

During the period under review, the Commission submitted several proposals for directives affecting the insurance sector, the most important being a proposal concerning freedom to provide services in the field of motor vehicle liability insurance¹⁵ and a proposal for a second Council directive on the coordination of laws, regulations and administrative provisions relating to direct life insurance, supplementing Directive 79/267/EEC on insurance and laying down specific provisions to facilitate the freedom to provide services with regard to individual contracts¹⁶. These proposals are currently being considered by Parliament.

Parliament also delivered its opinion at first reading on two Commission proposals for directives which will contribute to harmonization in the insurance sector¹⁷ - on, respectively, annual accounts and consolidated accounts of insurance undertakings and the compulsory winding-up of direct insurance undertakings¹⁸. In its resolutions on the above subjects, Parliament called on the Commission to draw up a European Community Insurance Code, following completion of the programme of insurance legislation set out in the White Paper.

Public contracts

Parliament has repeatedly stated its view that the achievement of freedom of establishment and freedom to provide services in the Community must involve the liberalization of the market in public contracts, given the vital economic importance of this sector. During the period under review, significant progress was made in this area, especially with regard to the improvement and extension of the guarantees laid down in the directives on transparency in the procedures and practices followed in the award of public works contracts.

Attention should be drawn to the entry into force, on 1 January 1989, of Council Directive 88/295/EEC, amending Directive 77/62/EEC relating to the coordination of procedures for the award of public supply contracts¹⁹, into which the Council eventually agreed to incorporate some of the amendments tabled by Parliament at first and second reading.

Following the opinion delivered by Parliament²⁰, the Commission amended its proposal amending Directive 71/305/EEC on the coordination of the procedures for the award of public works contracts²¹.

The common position adopted by the Council incorporated several amendments tabled by Parliament - in particular, the fixing of a level higher than that initially proposed by the Commission for the threshold above which public works contracts are to be subject to Community procedures. In February 1989, Parliament considered the common position of the Council²² and tabled a number of important amendments, including, in particular, a provision enabling the contracting entity to insist that, as a condition of participation in tenders, the tenderer should operate schemes aimed at combating long-term unemployment and facilitating the reintegration of young people into the labour market, and a provision lifting the restriction of the directive to infrastructure projects²³.

Following the opinion delivered by Parliament at first reading²⁴, the Commission amended its proposal for a directive coordinating the laws, regulations and administrative provisions relating to the application of Community rules on procedures for the award of public supply and public works contracts²⁵. The aim of this directive is to provide a fuller and more explicit presentation of the appeal procedures available in cases of breach of Community rules; the Council is expected to adopt its common position on the matter in the near future.

In late 1988, the Commission submitted two further proposals for directives concerning the introduction of Community-wide competition in respect of public supply and public works contracts in the areas of water, energy, transport and telecommunications. At present, these areas are not covered by the Community legislation on public contracts.

Telecommunications and broadcasting

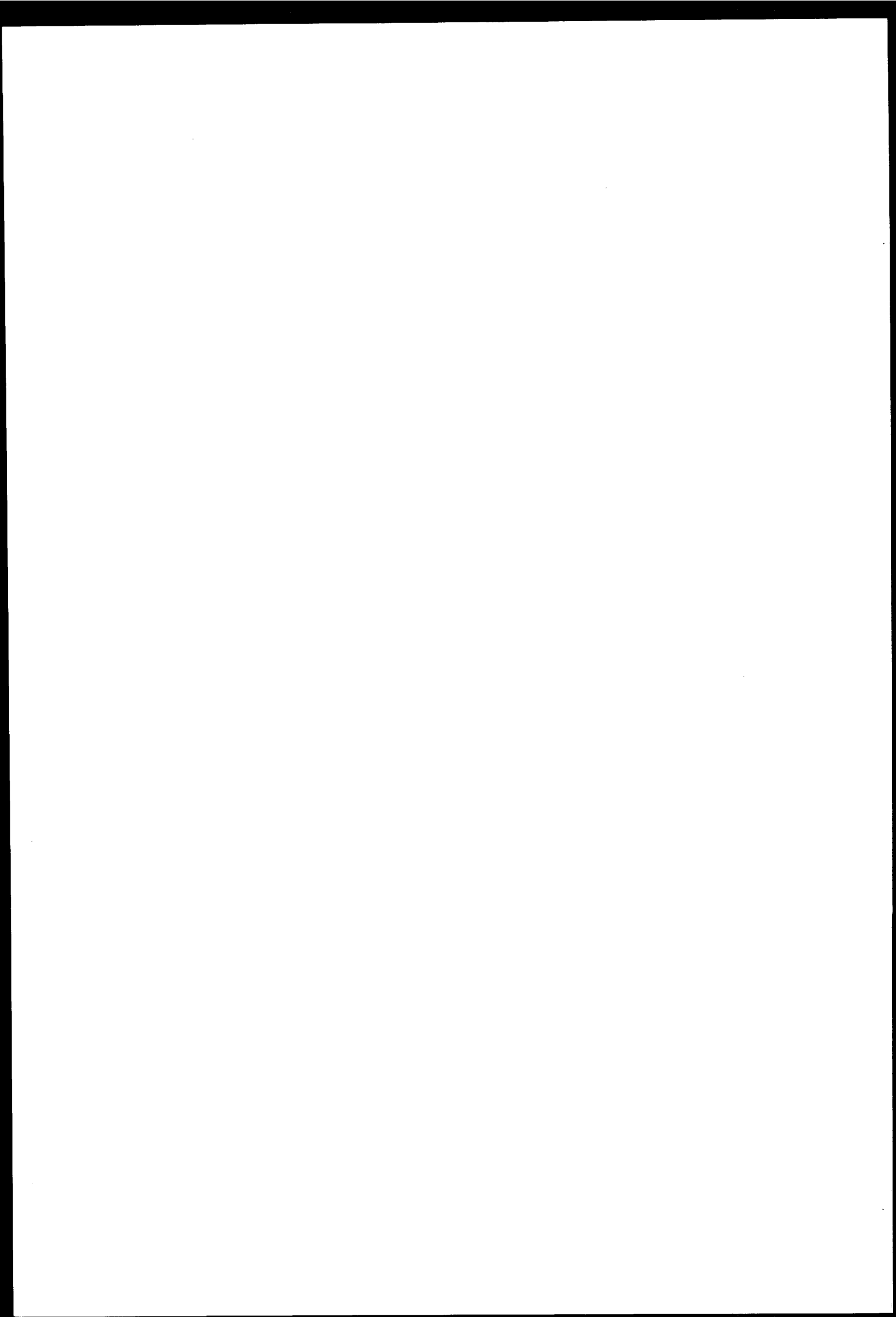
In the spirit of the Green Paper on the development of the common market for telecommunications services and equipment²⁶, several major initiatives have been taken in this field, with the primary aim of creating an open Community market in telecommunications services. The most recent Parliament initiatives on Community policy for the sector include the hearing on the Green Paper on

telecommunications (Committee on Transport, 13 July 1988) and the resolutions of 14 December 1988²⁷ on the need to overcome the fragmentation of telecommunications²⁸ and on posts and telecommunications²⁹. In addition to Commission Directive 88/301/EEC on competition in the markets for telecommunications terminal equipment, which advocates, in particular, the abolition of the exclusive right to import, market, connect, install and maintain such devices, attention may be drawn to the proposal for a directive on the establishment of the internal market for telecommunications services through the implementation of Open Network Provision³⁰ and to the proposal for a directive on the procurement procedures of entities operating in the telecommunications sector³¹. Parliament delivered its opinion at first reading with regard to the above two measures during the May 1989 part-session, tabling a number of amendments³².

With regard to broadcasting activities, the most important development is the Commission's proposal for a directive on the coordination of the provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of broadcasting activities and, consequently, the creation of the conditions which will allow genuine freedom to provide services of this kind in the Community. This initiative is largely due to the resolutions adopted by Parliament on 10 October 1985³³. In its amended proposal³⁴, the Commission accepted most of the amendments tabled by Parliament at first reading³⁵, some of which were taken up by the Council in its common position. In May 1989, Parliament made a number of modifications to the common position, insisting, in particular, on the need for a more precise and legally effective definition of the obligations of the Member States with regard to the broadcasting of Community-made programmes³⁶.

1. OJ L 19, 24.1.1989
2. OJ C 253, 12.9.1988; Docs. A 2-103/88 and A 2-105/88
3. OJ C 353, 30.12.1987 and OJ C 20, 26.1.1988
4. OJ L 223, 21.8.1985; OJ L 376, 31.12.1985; OJ L 27, 1.2.1986 and OJ L 87, 2.4.1986
5. Doc. A 2-257/88
6. COM(88) 95
7. Doc. A 2-427/88; Minutes of sitting of 15 March 1989
8. COM(87) 715 final
9. OJ L 124, 5.5.1989

10. OJ C 246, 14.9.1987
11. Doc. A 2-412/88; Minutes of sitting of 15 March 1989
12. OJ C 135, 25.1.1988
13. COM(88) 778
14. OJ L 172, 4.7.1988
15. OJ C 65, 15.3.1989
16. OJ C 38, 15.2.1989
17. Minutes of the sitting of 15 March 1989; Docs. A 2-428/88 and A 2-404/88
18. COM(86) 768
19. OJ L 127, 20.5.1988
20. OJ C 167, 27.6.1988
21. OJ C 15, 19.1.1989
22. Minutes of the sitting of 15 February 1989;
23. Doc. A 2-37/88
24. OJ C 167, 26.6.1988
25. COM(88) 733 final
26. COM(87) 290 final
27. OJ C 12, 16.1.1989
28. Doc. A 2-252/88
29. Doc. A 2-259/88
30. COM(88) 825 final; OJ C 39, 16.2.1989
31. COM(88) 378 final
32. Docs. A 2-122/89 and A 2-75/89
33. OJ C 288, 11.11.1985
34. OJ C 110, 27.4.1988
35. OJ C 49, 22.2.1988
36. Doc. A 2-159/89; Minutes of the sitting of 24 May 1989; PE 133.157



FISCAL HARMONIZATION

Pursuant to the new Article 99 of the EEC Treaty (as replaced by Article 17 of the Single European Act) 'the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt provisions for the harmonization of legislation concerning turnover taxes, excise duties and other forms of indirect taxation to the extent that such harmonization is necessary to ensure the establishment and the functioning of the internal market within the time-limit laid down in Article 8a' (i.e. by 31 December 1992). The new Article reflects the decisions of the Copenhagen and Fontainebleau Summits of 1982 and 1984 to complete the internal market, which led, in June 1985, to the publication of the Commission's White Paper¹.

In Part III of the White Paper, which outlines the case for the removal of fiscal barriers, the Commission proposes major approximation measures in respect of value added tax and excise duties.

The Commission tax package, published in August 1987, consists of eight proposals which set out the changes to be made to the present tax rates and structures in the Community in order to achieve the degree of fiscal approximation required for the abolition of fiscal checks at internal frontiers².

Indirect taxes influence consumption. They are, by extension, a component of prices, and can therefore lead to distortions in cross-border trade in goods and services. The distortion caused by differing VAT rates and excise duties can be prevented by frontier adjustments. However - as the very term suggests - this requires a bureaucratic structure at frontiers, which impedes the smooth flow of trans-frontier traffic, is time-consuming and involves the individual Member States and firms concerned in considerable costs. Abolition of frontier controls would lead ultimately to lower consumer prices and would stimulate the overall Community economy in the long-term³. However, the Member States would only accept abolition insofar as it would not disrupt

their economies. In the Commission's view this can only be guaranteed by adequate approximation of tax rates and structures.

The fact that the adoption of directives and other measures in the area of taxation is behind schedule clearly indicates the controversial nature of this most important part of the programme for completing the internal market. Indeed, fiscal harmonization encroaches upon a vital area of national sovereignty, namely financial autonomy. The Council has hitherto avoided a fundamental debate on the issue⁴.

Action taken by the European Parliament

Preliminary discussions took place in Parliament during the second half of 1987. In the first half of 1988, the Committee on Economic and Monetary Affairs and Industrial Policy (EMI Committee) held a series of meetings to exchange views on the proposals with delegations from national parliaments. Three public hearings were held, during which fiscal experts, interest groups and the European Consumer Organization expressed their views on the Commission's tax package⁵. In addition, a substantial amount of written evidence was gathered. During the second half of 1988 and thereafter, draft reports were drawn up, and on several occasions discussions with Commission representatives prompted the committee to alter its position yet further. In its report on the Global Communication from the Commission on indirect taxation (COM(87) 320) the EMI Committee supported the Commission's aim to abolish completely fiscal checks at frontiers within the Community and set out the main lines of its approach on how to achieve it⁶. At the same time, it drew attention to the danger of a 'two-speed Europe' which would arise if certain Member States were to shy away from the fiscal implications of the internal market.

The approximation of tax rates⁷

The EMI Committee agreed with the Commission that prior approximation of VAT rates was necessary, rather than leaving tax rates to converge under the pressure of market forces following the abolition of frontier controls. According to the EMI Committee, evidence shows that disparities in indirect tax rates play only a limited part in determining price differences between Member States. However, significant distortions of competition might occur in

respect of cross-border sales to customers not liable to VAT, in particular in the case of some frontiers and certain high-value, low-volume goods.

Approximation of tax rates should lead to the establishment of a standard and a reduced rate, each within a 6% band. To that point the EMI Committee had followed the Commission's proposal, but it amended the draft directive's provisions regarding bands. It proposed bands of 16-22% (instead of the Commission's 14-20%) for the standard rate and 0-6% (instead of 4-9%) for the reduced rate. These amendments tailor the proposal more closely to the existing situation in some of the Member States (the UK, Ireland and Denmark) which otherwise would face serious political, social or budgetary problems.

The principle of zero-rating has therefore been accepted, necessitating the amendment of the 6th VAT Directive. The amendments also provide for the narrowing of the bands if distortion of competition occurs and the revision of the rates by the Council every five years on the basis of a Commission report and after consulting Parliament.

Goods and services in the reduced-rate category include children's clothes and shoes, electronic reproduction of books and periodicals, and cultural, scientific, sports and leisure activities, insofar as they are not exempted.

The EMI Committee made a special point regarding the taxation of motor vehicles, which it considered incompatible with a barrier-free single market. It therefore called on the Commission to table without delay comprehensive proposals in this field.

The abolition of fiscal frontiers⁸

Doing away with fiscal frontiers means that intra-Community sales and purchases of goods and services will be treated in the same way as those transacted within a Member State. It entails the abolition of the present system whereby exports are exempted from VAT and imports are taxed (the 'destination' principle). In its proposals the Commission basically accepts the country of origin principle, whereby exports would be taxed at the exporting country's VAT rate. The Commission proposes a clearing system which would ensure that the distribution of VAT revenue continues as under the

present system, i.e. that VAT accrues to the state in which the product is consumed.

The EMI Committee called for the key decisions to be taken as quickly as possible in order to end the present system. However, it hoped that the Commission would consider whether the tax rate in the country of destination might be used instead of that of the country of origin, particularly in cases which may give rise to serious problems: public procurement, sales of registered vehicles.

The Committee generally endorsed the Commission's working document on the clearing system, although it expressed certain reservations with regard to some of its operational aspects.

Since the abolition of the present system implies supplementing and amending the 6th VAT Directive, the EMI Committee tabled a series of technical amendments which considerably improve the Commission's draft. However, some of the amendments also bear a political stamp. Thus the EMI Committee has amended the Directive's provisions on the special scheme applicable to small- and medium-sized businesses in line with the earlier position adopted by Parliament.⁹

As regards Parliament's policy on travellers' allowances, the EMI Committee took the view that VAT controls on individuals at internal frontiers should be discontinued and called for immediate, phased increases in traveller's duty-paid allowances leading to their complete derestriction by 1993.

The Commission's attention was drawn to the special difficulties which would arise in the case of mail order (should it be taxed at the rate of the company's or the customer's Member State) and it was asked to carry out further investigations.

Excise duties¹⁰

The need to harmonize excise duties raises considerable problems, in two areas in particular. Firstly, there is the technical question of the arrangements for collecting the duty, particularly when the products are not treated in the same way (tax stamps or bonded warehouses). Until the Commission publishes

its proposals in this field, the EMI Committee cannot reach a final decision on the question of excise duties. Secondly, there is the question of differing tax rates and types of excise duties, which raise many more problems. Widely differing rates also reflect specific cultural characteristics. In future, according to the Commission's proposals, excise duties will be levied only at fixed rates on tobacco products, mineral oils and alcoholic drinks.

In their present form the proposals on alcohol and tobacco are not acceptable to the EMI Committee. It has asked the Commission to make proposals for a more gradual convergence of these duties, for example by considering the possibility of tax bands or geographical tax zones which would reflect the cultural significance of the goods subject to duty. It also believes that wide disparities in excise duties on alcohol and tobacco products are compatible with open frontiers and has referred to a comparable situation in the USA.

With regard to mineral oils, the EMI Committee endorsed the Commission proposal on condition that its amendments were taken into account. The Committee wanted to see the tax levied on these products linked to specific Community programmes on transport, environment and health.

Assessment of Parliament's work

The EMI Committee has served its purpose well as an active political forum where the opinions of all interested parties, independent experts and Community representatives could be discussed at length. In particular, the fact that it was engaged in a discussion with delegations from national parliaments added political weight to its conclusions on and amendments to the Commission's proposals.¹¹

Many Members deplored the fact that the Commission proposals were not debated in plenary. A debate would have rounded off intensive parliamentary work and its outcome would undeniably have defined the direction of any final political decision on fiscal harmonization. However, the results achieved are not unsatisfactory. Parliament has played a dynamic role in the debate on indirect taxation, even in the framework of a simple consultation procedure.

It will be very difficult for the Council or the Commission to ignore that role...

1. COM(85) 310 final
2. The Global Communication COM(87) 320
VAT Rates Directive COM(87) 321
Fiscal Frontiers Directive COM(87) 322
Clearing Mechanism Working Document COM(87) 323
Convergence Directive COM(87) 324
Cigarettes Directive COM(87) 325
Manufactured Tobacco Directive COM(87) 326
Mineral Oils Directive COM(87) 327
Alcoholic Beverages Directive COM(87) 328
- At least three further proposals have still to be published: The Directive on the VAT clearing system; a proposal 'concerning the linkage between national bonded warehouses for excise goods'; and a proposal or proposals dealing with other excise duties 'which give rise to border formalities'.
3. According to the report by P. CECCHINI: 'The European Challenge 1992, the benefits of a single market' (European Economy, No. 35, March 1988), the immediate gain from the abolition of customs formalities at internal borders could be a 0.4% increase in Community GDP, a 1% fall in consumer prices and 200 000 extra jobs.
4. June 1986 - Report of the Ad Hoc High Level Group on the Removal of Fiscal Barriers to Trade; June 1988 - Report of the Economic Policy Committee on macro-economic implications; December 1988 - Lord Cockfield Reports on his bilateral consultations with Member States. See Commission Press Release of 13.12.1988.
5. See EMI Committee: Answers to questionnaires by rapporteurs on the package of Commission proposals concerning indirect taxation (PE 123.347/rev., 20.7.1988).
6. Patterson report, Doc. A2-0315/88
7. Patterson report, Doc. A2-0315/88 and Metten report, Doc. A2-0308/88
8. Patterson report, Doc. A2-0315/88, De Gucht report, Doc. A2-0320/88, on the abolition of fiscal frontiers; De Gucht report, Doc. A2-0314/88, on VAT clearing mechanism.
9. Resolution of 18.6.1987, OJ C 190, 20.7.1987, on the basis of the Friedrich report, Doc. A 2-46/87
10. Patterson report, Doc. A2-0315/88; Christodoulou report, Doc. A2-18/89, on alcoholic beverages; Rogalla report, Doc. A2-56/89, on mineral oils; Gatti reports, Docs. A2-24/89 on tobacco products and A2-25/89 on cigarettes.
11. Statement by Lord Cockfield, meeting of the EMI Committee, Brussels, 22-24 November 1988; statements by Commissioner Scrivener, meeting of the EMI Committee, Brussels, 16 January 1988, CRE, sitting of 10 April 1989, regarding the Commission's new ideas on fiscal harmonization.

ECONOMIC AND MONETARY POLICY

The economic recovery of the industrialized countries following the October 1987 stock market crash has proved resilient. Economic activity has been given fresh impetus by the increase in purchasing power brought about by the 1986 collapse of oil prices and the liquidity resulting from central bank intervention on the money markets in 1987. It should be also emphasized that government efforts to promote economic flexibility have left economic systems "better equipped to withstand shocks and come back from setbacks with dynamism"¹.

It is against this background that the economic situation of the Community has markedly improved (see statistical data below). In its Annual Economic Report², the Commission stressed that the average GDP growth of the twelve Member States in 1988 (3.7% in real terms) was the strongest recorded since 1976; investment growth (7.3%) was the highest for over two decades and the rate of inflation (3.7%) was about that of the 1960s; employment increased by 1.2%, and - reversing a trend which had lasted for more than ten years - unemployment rates declined.

These favourable developments are expected to continue in 1989 and 1990; growth will remain strong with investment the driving force. Unemployment will continue to fall slowly; inflation, however, will accelerate³.

1. Economic policy

Characterizing the present economic situation as being "on the whole favourable", Parliament pointed out in a resolution adopted in November 1988⁴ that the prospect of completing the internal market by 1992 was already acting as a stimulus to economic growth. Nevertheless, the longer-term prospects for 1989 and beyond seem to indicated slower growth.

The resolution expressed Parliament's conviction that emphasis on the Community's structural funds and on major infrastructure projects could be the vehicle for the transformation of the internal market into a genuine economic

and social area. For example, the doubling of structural fund appropriations, together with the strengthening of European Investment Bank activity, hold out the prospect of 3 to 6% growth in Member State GNP by 1992.

Parliament called on those Member States with rising balance of trade and balance of payments surpluses to encourage domestic demand. It also stressed the need for a reduction in public sector debts and an abolition of all state subsidies which distort competition and "impede the self-regulating forces of a functioning social market economy".

In Parliament's view, the expectation of a continuing stable growth rate of between 2 and 3% for 1988-89 makes the progressive reduction of unemployment by 1% annually a realistic possibility. A major prerequisite for this is consistent adherence to the measures on which the cooperative growth strategy is based, having regard in particular to wage rises and the profitability of investments. Finally, the Parliament called for additional measures to secure greater flexibility in the labour market and for training measures that could contribute significantly to the reduction of unemployment.

2. Monetary policy

Although completion of the internal market does not necessarily call for a common currency, further progress in monetary integration would facilitate non-monetary integration as well. In the light of the gradual establishment not only of free movement of goods but also of services and capital, Community institutions are increasingly seeing the need to achieve further progress towards monetary integration.

In a resolution on this subject adopted by Parliament on 14 April 1989⁵, a programme for the establishment in stages of a monetary union was launched. In the first stage, to be achieved as soon as possible, Parliament invited all Member States to participate in the EMS exchange rate mechanism. Regional and structural policies would be implemented and fiscal harmonization would be encouraged. As disparities in development and economic policy are eliminated, the fluctuation margins for the currencies included in the EMS exchange rate mechanism would be narrowed by stages.

Two years after the completion of the internal market, namely on 1 January 1995, the margins of fluctuation between the Community currencies should be abolished and fixed exchange rates without fluctuation margins should enter into force. The ECU should be freely transferable across Community frontiers without having to be converted into national currency, and the Committee of Central Bank Governors should be given the task of proposing guidelines for fixing money supply targets, major interest rate decisions and a common policy of parities vis-à-vis third countries.

Parliament's resolution underlines that, if all these steps are taken in time, then a European Monetary Union could be established with effect from 1 January 1995. To this end, a federally-structured European Central Bank would have to be set up, involving all the central banks of the Member States of the European Monetary Union. An ECU superseding the basket-based ECU of the EMS and the national currencies would become legal tender in the Monetary Union. National currencies would also remain legal tender until 31 December 1997 in order to facilitate the changeover to the new currency. The value of the new ECU would be equivalent to that of the currency basket at the time the European Monetary Union is established.

In April 1989, the Delors Committee for the Study of Economic and Monetary Union⁶ published its report. According to the Committee, an economic and monetary union (EMU) in Europe would imply complete freedom of movement for persons, goods, services and capital, irrevocably fixed exchange rates between national currencies and, finally, a single currency.

The Committee put forward a plan for the achievement of EMU in three stages. At the first stage, to start on July 1, 1990, Member States whose currencies are still floating - Britain, Spain, Portugal and Greece - would bring them into the EMS exchange-rate mechanism. All obstacles to the private use of the ECU would be removed and coordination of economic and monetary policies strengthened.

In the second stage, a new monetary institution, the European System of Central Banks (ESCB) should be created. In order to establish the ESCB (a federally-structured central bank like the American Federal Reserve System) the Rome Treaty will have to be amended. The ESCB would absorb the Community's existing cooperative monetary arrangements and start the

transition from coordinated national monetary policies to a common monetary policy. During this stage, the margins of fluctuation in the EMS exchange rate mechanism would be narrowed.

In the third and final stage, the Community currencies' exchange rates would be irrevocably fixed, allowing the creation of a single currency. The ESCB would take over responsibility for formulating and implementing monetary policy in the Community and "the rules and procedures of the Community in the macro-economic and budgetary field would become binding"⁷.

The two plans are not only dominated by the same vision, but also share many similarities (such as the adoption of a gradual approach towards EMU, the establishment of a federally-structured central bank and the introduction of a common currency). A major difference is that while in the plan proposed by Parliament binding dates are laid down for its completion, the Delors Committee's plan fixes a date only for its first stage. No timetable is included for the completion of the other two stages, in which decisions related to a transfer of economic and monetary policy powers from the Member States to the Community are regarded as political in nature.

3. Data and forecasts concerning the economic situation of the Community
(EUR 12)

a. Economic growth

Growth in the volume of GDP

1987	2.8%
1988	3.7%
1989 (forecast)	3.0%
1990 (forecast)	3.0%

b. Unemployment (as % of civilian labour force)

1987	11.6%
1988	11.2%
1989 (forecast)	10.7%
1990 (forecast)	10.4%

c. Inflation (consumer prices)

1987	3.4%
1988	3.7%
1989 (forecast)	4.3%
1990 (forecast)	3.9%

d. Total investment (as % change on preceding year)

1987	4.8%
1988	7.3%
1989 (forecast)	5.7%
1990 (forecast)	4.9%

Source : European Economy, Supplement A, No. 2, February 1989

1. Commission of the European Communities, 'Releasing and exploiting the Community's growth potential (short-term economic outlook and budgetary policies for 1989)', 8 July 1988, COM(88) 346 final, p. 3.
2. Commission of the European Communities, Annual Economic Report 1988-89 (Preparing for 1992), 19 October 1988, COM(88) 591 final.
3. Commission of the European Communities, Economic forecasts for 1989 and 1990, in European Economy, Suppl. A, No. 2, February 1989.
4. Resolution of 16 November 1988 on the Annual Report by the Commission of the European Communities to the Council on the economic situation in the Community and the fixing of economic policy guidelines for 1989: 'increased growth and employment in the light of the internal market,' (Doc. A2-245/88, Von WOGAU Report) OJ C 326, 19.12.1988.
5. Resolution of 14 April 1989 on the process of European monetary integration (Doc. A2-14/89, FRANZ Report), Minutes of the sitting of 14.4.1989, pp. 28-40.
6. The Committee, under the chairmanship of Mr Jacques Delors, was composed of the 12 Central Bank Governors and 3 independent experts; it was established by the Hanover European Council of 27-28 June 1988 to explore concrete steps towards economic and monetary union. Its report was discussed by Community leaders at their Madrid Summit on 26-27 June 1989.
7. Committee for the Study of Economic and Monetary Union, Report on Economic and Monetary Union in the European Community, 12 April 1989, p. 35.

TRANSPORT POLICY

Two recent decisions of a structural nature concerning transport at European level had a profound influence on the work of the European institutions, and of Parliament in particular, in the transport sector during the period under review. We refer, in the first instance, to the adoption in December 1987 of the first series of measures on civil aviation and, secondly, to the agreement reached in June 1988 on full liberalization of admission to the road haulage sector.

Air transport

The expansion of the air transport sector over the last few years has exceeded all expectations. Between 1984 and 1986, the number of passengers rose from 233 m to 253 m, and the number of flights increased from 2.8 m to 3 m. In 1987 alone, the number of flights rose by 7%. It seems likely that the sector will grow by about 30% over the next five years, and that the number of flights will have doubled by the year 2000. The airlines seem to accept these forecasts, on the evidence of the number of new planes on order for the next few years.

However, this spectacular increase has not occurred without affecting the normal flow of air traffic. 1988 saw severe problems of saturated airspace and flight delays. Over the peak summer period, the chaotic situation in the skies and airports of Europe highlighted a problem to which Parliament had already drawn attention - that is, air safety.

On 15 September 1987, Parliament adopted a report¹ on air transport safety in which it advocated an overall approach to the problem and forecast that it would be aggravated by the forthcoming liberalization of air traffic in Europe. The basic factors mentioned included the problem of the effective control of airspace and the institutional structure required for this purpose in the long term, as well as the need for adequate infrastructure investment, especially in airports.

With regard to the control of European airspace, Parliament adopted two important reports: an own-initiative report on the future of Eurocontrol² and a report on the Commission proposal concerning a series of measures on air traffic control³.

The series of problems on which Parliament is demanding action may be easily understood once it is realized that there are currently 42 air traffic control centres in Europe, using 22 different systems which are, as a rule, mutually incompatible, that is, incapable of communicating with each other. It should be stressed, however, that this situation has arisen not from any intractable economic or technological problems, but simply from the unwillingness of European countries to surrender the slightest portion of national sovereignty in this field. It may be added, incidentally, that both Parliament and the Commission still have to deal with the attitudes of certain Member States which dispute the Community's competence in the area of air safety.

In the report on the future of Eurocontrol, Parliament strongly advocated the creation of a single European organization with responsibility for controlling air traffic over the whole of Western Europe. It took the view that Eurocontrol, as the body best suited to this purpose, should be given the status of a Community institution and placed under the control of Parliament.

In the second report, analysing the Commission's proposals, Parliament reiterated the main points of its 1987 report, criticizing the half-hearted nature of the Commission's proposals, which, while representing a step in the right direction, still, in Parliament's view, amounted to a compromise with the reservations expressed by the authorities in the Member States.

With regard to the problems concerning airports, Parliament has warned the other Community institutions of the need for a clear conception of the parameters which will govern air transport after 1992 and of the consequences for airports of the abolition of frontiers and of checks on individuals and goods. These points were raised, in particular, in two oral questions with debate⁴ tabled on behalf of the Committee on Transport - one on the potential capacity of airports, congestion of airports and the problems of air safety, and the other on the liberalization of air transport, completion of the internal market and its consequences for air transport safety. The resolutions which were adopted drew attention to the forecasts of the ICAO

(International Civil Aviation Organization), according to which 42 of the Community's major airports will have reached saturation point by 1992, and to the pressing need for Community coordination of and support for the necessary policy of immediate investment.

In a further development concerning civil aviation, following the Community's adoption of rules on competition in December 1987, Parliament adopted a major report⁵ on the Commission proposal for a regulation on a code of conduct for computerized reservation systems (CRSs). Parliament tabled a number of amendments to the Commission proposal, with a view to ensuring consumer protection and equal treatment for airlines, and preventing unfair practices, discrimination and anti-competitive behaviour on the part of system users.

Carriage of goods by road

As seen above, from 1 January 1993 admission to the occupation of road haulage operator in international transport operations will be granted solely on the basis of a certain number of qualitative criteria. In December 1988⁶, Parliament approved the Commission proposal for the harmonization of these criteria, which concern the good repute, financial standing and professional competence of carriers. This is in partial fulfilment of the obligation, laid down in the Treaty of Rome, to guarantee freedom to provide transport services; this obligation was confirmed by the Court of Justice judgment of May 1985 following the proceedings for failure to act instituted by Parliament against the Council.

It may be noted that freedom to provide services additionally involves the 'right of cabotage', that is, the right of a carrier from a particular Member State to provide transport services between two points situated elsewhere in the Community. In spite of the the Court of Justice ruling and Parliament's insistence, this freedom is still not guaranteed in practice.

The underlying causes of the problems affecting this sector are related to the pre-existing variations in the different national rules. These rules have been progressively harmonized at Community level, with a view to eliminating any distortions of competition between carriers in different Member States.

There has been considerable progress in technical harmonization over the last few years, with the adoption of a large number of directives on weight, dimensions and other technical aspects; the problem is on the way to being solved. It should be stressed that the first important step in the area of technical harmonization was taken in 1984 during Parliament's negotiations with Commission and Council representatives; these talks cleared the way for the adoption of the first Directive harmonizing the weights and dimensions of heavy goods vehicles. In the period under review, Parliament also adopted two opinions on Commission proposals in the field⁷.

There has also been notable progress with regard to social provisions. Since 1965, the Commission has been preparing the ground with a view to achieving a degree of harmonization of certain legislation relating to road transport⁸. Some problems, however, still remained concerning the interpretation and uniform application of the relevant legislation, the monitoring of its implementation and the exchange of information. The Commission consequently submitted a series of proposals with a view to resolving these problems. In November 1988⁹, Parliament delivered its opinion on these proposals, tabling a number of amendments. Finally, the Council adopted Directive 88/599/EEC on standard checking procedures for the implementation of the above legislation¹⁰.

In the area of fiscal harmonization, progress has been rather more difficult to achieve. Major sources of revenue for the Member States are at stake, and the diversity of the existing taxation arrangements does not facilitate comparison or harmonization. The issue as a whole raises the fundamental question of a Community transport policy: who will pay the costs of transport infrastructure (in this case, the European road network), and on what basis? In theory, the problem could be resolved in either of two ways: on the basis of the 'nationality principle', according to which the costs of constructing and maintaining infrastructure should be borne by the individual Member States concerned, via the existing tax system; or else by invoking the 'territoriality principle', which states that the maintenance of infrastructure should be charged to the actual users, irrespective of nationality. At present, there are cases of both principles being applied in the Community (e.g. vehicle taxes and motorway tolls), a situation which complicates the matter even further. Parliament has already, in the past, supported adoption of the territoriality principle as a means of harmonizing

the tax burden on carriers¹¹. During the period under review, Parliament also debated and adopted a major report¹² on the Commission proposal for a directive on the charging of transport infrastructure costs to heavy goods vehicles. In that report, Parliament expressed the view that adoption of the territoriality principle should not result in excessive charges, discrimination, traffic hold-ups or inordinate expenditure or bureaucracy. Parliament also called on the Council to take a decision by 31 December 1990 with regard to the introduction of the territoriality principle and the establishment of a legal basis for a Community infrastructure policy which would enable a proportion of tax revenue to be allocated to the development of adequate transport infrastructure in the Community as a whole. The special fund which would be set up for this purpose should primarily support those regions of the Community where transport infrastructure is less advanced.

It should be noted, incidentally, that Parliament has given further consideration to the question of establishing an appropriate legal basis for financing a Community transport infrastructure policy¹³. It did so in connection with the Commission's recent proposal concerning a five-year plan for the financing of infrastructure of Community interest. The dossier is, however, still pending before the Council, which continues merely to adopt, on an annual basis, ad hoc regulations enabling the Commission to spend the budget appropriations approved by Parliament in accordance with its budgetary powers¹⁴.

Other matters

Parliament has traditionally attached great importance to questions of safety; in particular, it has achieved considerable progress in the area of road safety. Following 'European Road Safety Year 1986' (as designated by Parliament), and the reports assessing the results of that initiative¹⁵, the Commission proposed a set of measures, on which Parliament subsequently delivered its opinion.

Reports were adopted on the following subjects: a proposal for Community-wide approximation of the minimum tread depth of tyres of motor vehicles¹⁶; the compulsory use of seat belts¹⁷; and harmonization of the maximum blood alcohol concentration permitted for drivers¹⁸. Still in this area, the Commission submitted a proposal for the harmonization of speed limits for heavy vehicles.

The Committee on Transport drew up a draft report on the subject¹⁹, but it was withdrawn by the rapporteur in the light of the majority view on the committee that the limits in question should also apply to light vehicles. In the circumstances, Parliament did not adopt a report on the subject.

On the subject of road safety, and with specific reference to the problems raised by the transport of dangerous substances, attention should also be drawn to two major reports adopted by Parliament: an own initiative report on the transport of dangerous substances in general²⁰ and a report on the Commission proposal concerning vocational training for certain drivers of vehicles carrying dangerous goods by road²¹.

1. ANASTASSOPOULOS report - Doc. A 2-135/87
2. CORNELISSEN report - Doc. A 2-56/88
3. ANASTASSOPOULOS report - Doc. A 2-71/89
4. Docs. B 2-399/88 and B 2-465/88
5. VISSER report - Doc. A 2-67/89
6. SAPENA GRANELL report - Doc. A 2-257/88
7. NEWTON DUNN report - Doc. A 2-345/88
- EBEL report - Doc. A 2-57/89
8. e.g.: Decision 65/271/EEC, Regulations Nos. 543/69, 1463/70, 2828/77, 2829/77, 3820/85, 3821/85, etc.
9. VISSER report - Doc. A 2-214/88
10. OJ L 325, 29.11.1988, p. 55
11. LALOR report - Doc. A 2-134/87
12. TOPMANN report - Doc. A 2-47/89
13. HOFFMANN report - Doc. A 2-187/88
14. ANASTASSOPOULOS report - Doc. A 2-326/88
15. SEEFELD report - Doc. A 2-48/87
16. NEWTON DUNN report - Doc. A 2-290/88
17. BUTTAFUOCO report - Doc. A 2-354/88
18. LALOR report - Doc. A 2-66/89
19. BRAUN-MOSER report - PE 128.035
20. VISSER report - Doc. A 2-329/87
21. VISSER report - Doc. A 2-331/88

COMMUNITY ENERGY POLICY¹

Three important developments or events have determined the Community's energy policy and the activities of the Committee on Energy, Research and Technology (CERT)² in the past few years³, these being the fall in oil or energy prices, the discussion of the pros and cons of nuclear energy, triggered in particular by the nuclear accident at Chernobyl, and discussions on energy and the environment (climatic changes, greenhouse effect, the hole in the ozone layer and the death of woodlands). These important subjects should have stimulated the development of a Community energy policy. Nevertheless, in the period under review, July 1988 to June 1989, the tangible progress made towards a Community energy policy can only be described as moderate. However this is not due to a lack of willingness or initiative on the part of the European Parliament or the Commission. The reason is simply that the Community energy policy has to a large extent exhausted the possibilities for a common policy which the Member States have been willing to accept in the Council.

The Community's energy objectives, energy production, energy consumption and energy saving

Member States' energy policies were intended to be targeted on realizing the ambitious 1995 Community energy objectives⁴. These energy objectives mainly concern greater energy saving and more efficient use of energy. The following individual objectives are given: oil consumption should be reduced to not more than 40% of total energy consumption by 1995; the consumption of solid fuels (coal) should be encouraged, in particular by improving the competitiveness of relevant production capacity; the share of natural gas in the energy balance should be maintained; the planning, construction and operation of nuclear installations should proceed only under the strictest possible safety conditions; output from renewable energy sources should be increased. Although the Community has already notched up notable successes in pursuit of these objectives⁵, nevertheless some Member States are much closer to achieving them than others. In the period under review the European Parliament, or its competent committee (CERT), has repeatedly urged that, despite the market indicators to the contrary (low oil/energy prices), due

account should be taken of the energy objectives in the planning calculations of the Member States and other forces in the economy, with particular reference to energy saving and environmental impact.

The internal energy market

The creation of a single internal market also calls for measures in the energy sector. These should include the removal of existing obstacles to intra-Community trade in energy (particularly electricity), the establishment of equality of competition by the elimination of fiscal disparities and subsidies, the fixing of common standards and environmental protection requirements and the opening up of public procurement in the energy sector.

The European Parliament or its competent committee (CERT) paid attention from an early stage to matters relating to the internal market in the energy sector and submitted various papers on the subject⁶. A comprehensive hearing was held in November 1988⁷ and a detailed own-initiative report on the internal market for energy⁸ was adopted in May 1989. It was stressed that the internal market should not be geared solely to the reduction of prices. The first step should be to establish agreed objectives, with such goals as efficient energy use, environmental impact, risk reduction and security of supply being given equal weight.

Sectoral aspects

Coal and other solid fuels: A marked increase in the consumption of solid fuels is a major energy objective for the Community. At present, national state aids to the coal mining industry must be approved by the Commission. In relation to the completion of the internal market a very complex problem has arisen at European level concerning these national aids, in particular those applied in the Federal Republic of Germany ('Kohlepfennig') and the solution is still only a matter for speculation. As in the past, Parliament acknowledged the special significance of coal with regard to energy supplies and called for the preservation of an efficient coal industry as an important factor in the security of supplies. Parliament has repeatedly called for greater price transparency, which also applies to other parts of the energy industry. Parliament's stance was highlighted in particular by the own-initiative report on coal policy⁹.

Hydrocarbons: The scaling-down of oil imports, together with crude oil substitution is, as has already been stated, a Community energy objective.

Nuclear energy and nuclear fuel: There is considerable debate in the European Parliament, as elsewhere, concerning the future role of nuclear energy¹⁰. Particular importance has been attached to improving safety standards and their monitoring at supra-national level on the basis of Community rules (revision of the EURATOM Treaty). Serious irregularities and breaches of safety rules in the transport of nuclear materials were investigated by a special committee of inquiry and criticized in a resolution in July 1988¹¹.

New and renewable sources of energy: In order to increase the role of these sources of energy in the energy supply in future the Community is calling for their development through various research and demonstration programmes¹². In response to calls from the European Parliament 1989 has been declared European Alternative Energy Year.

Role of the European Parliament: The Member States may in principle have endorsed the aims of the Community, which were laid down by common agreement; however, certain national factors are preventing a common energy policy from being put into practice, examples being coal (where the interests of coal-producing and non-coal-producing countries differ) and nuclear energy. Accordingly, Parliament's prime duty is to persuade the Member States that a Community-level solution to these problems is in the long-term common interest, and that this outweighs short-term national interests which might favour other solutions. Only when all the Member States have accepted this will the Community be in a position not only to lay down the objectives to be pursued under a common energy policy, but also to act to achieve these objectives in a manner commensurate with the urgency of the problems concerned.

1. Many Community activities in the energy sector take the form of research, demonstration and technology projects; c.f. also the following Chapter No. 22 'Research and Technology'
2. CERT = Committee on Energy, Research and Technology
3. A detailed survey of all CERT activities during the second parliamentary term (1984-1989) is provided in the report PE 132.144; a list of all reports considered by CERT during the second parliamentary term appears in the report PE 130.206
4. Council Resolution of 16 September 1986, OJ C 241/1986
5. A detailed account of energy production and consumption in the Community as a whole and in the individual Member States for 1987 can be found in Tables III/S/1 and III/S/2 in the EP Fact Sheets (PE 122.000)
6. See in particular EP, DG IV, Research and Documentation Papers, Energy and Research Series No. 6/1988: The completion of the internal market—the energy market (only available in German)
7. A summary of the findings of this hearing will shortly be published in the Research and Documentation Papers, Energy and Research Series, produced by the EP's DG IV
8. Doc. A 2-158/89 (Linkohr report) and resolution of 26 May 1989
9. Doc. A 2-147/88 (West report) and the relevant resolution of 14 September 1988, OJ C 262/1988
10. See the report on the future of nuclear energy, Doc. A 2-1/87 (Seligman report) and the resolution of 8 April 1987 (OJ C 125/87)
11. Doc. A 2-120/88 (Schmid report) and the resolution of 6 July 1988, OJ C 235/1988
12. See in particular the JOULE Programme, Doc. A 2-232/88 and Doc. A 2-381/88 (Gauthier report) and the resolutions of 16 November 1988 (C 32/1988) and 15 February 1989 (OJ C 69/1989) and Chapter No. 22 'Research and Technology'

IV THE ECONOMIC AND SOCIAL
DIMENSION



The period under review was chiefly marked by further progress in a very important area under the Single European Act, adopted shortly after the accession of Spain and Portugal to the European Community, namely the economic and social cohesion of countries and regions in very different situations (Article 130a EEC Treaty). The resumption of economic growth, after many years of recession, has allowed the Community to reconcile the changes brought about by enlargement with social progress. The structural funds will have their allocation doubled by 1993 and their efforts will be better coordinated to assist the underdeveloped regions. The benefits of completion of the internal market will in turn fuel this process of growth.

One of the fundamental objectives of the Community is, as Article 117 of the Treaty states, improved working conditions and an improved standard of living for workers so as to make possible their harmonization while the improvement is being maintained. However, in the short term economic operators should be prevented from taking advantage of existing disparities in worker protection to counteract workers' demands and trigger off a social recession, particularly in the area of health and safety at work.

In the Commission the problem was presented in terms of 'the social dimension of the internal market' in the belief that the completion of the market would not be acceptable unless workers and, more generally, all social groups, could benefit overall and as individuals. The Commission produced two documents of great interest, one coming from an interservice group in the form of a file of documentation¹ the other an official policy document². The Commission thus replied to criticism that its earlier document entitled 'Making a success of the Single Act' ignored the social aspects of the internal market.

For its part, the European Parliament tabled two resolutions, one in January 1989 by its Committee on Economic and Monetary Affairs to explain its vision of a Community whose economic and social activities form a coherent whole³, the other in March 1989 on the social dimension of the internal market, which placed particular emphasis on fundamental social rights as the essential basis for a cohesive European economic and social area⁴. In response to these resolutions the Commission decided in May 1989 to produce a preliminary draft Community charter of fundamental social rights, which was to be the subject of

a solemn declaration by the Heads of State and Government calling on the Commission to produce a social programme by 30 June 1990⁵.

Consequently the traditional presentation of this document has been altered in order to group the chapters concerning the achievement of this vitally important objective in a separate section.

1. The social dimension of the internal market, Social Europe, spécial edition 1988, Directorate-General V, Commission of the European Communities
2. The social dimension of the internal market, SEC(88) 1148 final, 14 September 1988
3. OJ C 47, 27.2.1989
4. OJ C 95, 17.4.1989
5. Commission - Spokesman's Service, P. 25 Rev., 17 May 1989

REGIONAL POLICY

Once again the year was dominated by implementation of the new legislation concerning the structural funds (see chapter IV, No. 19). With regard to the European Regional Development Fund (ERDF), a specific proposal was presented by the Commission under Article 130e of the Treaty, initially in August 1988 and then in a revised form on 3 October 1988.¹ Parliament adopted a legislative resolution proposing certain amendments on 17 November 1988², and, following the adoption of a common position by the Council on 30 November 1988, a few further amendments proposed by the Committee on Regional Policy and Regional Planning were withdrawn at the second reading on 14 December 1988³, leaving Parliament free to approve the Council's common position. This enabled the Council to proceed to final adoption of this and other proposals for new regulations on the structural funds in time for them to come into force on 1 January 1989⁴.

Nevertheless, Parliament was successful in securing certain changes to the text of the Council regulation through a series of trilateral meetings with the Council and Commission during preparation of the Council's common position in November 1988. These changes concerned in particular the geographical scope of plans and programmes. The Commissioner responsible also stated in plenary on 14 December 1988 that the Commission would seek to follow the spirit of certain other amendments by Parliament in its implementation of the regulation, especially with regard to the promotion of tourism and the protection of Europe's artistic and architectural heritage.

The other major report of Parliament's Committee on Regional Policy and Regional Planning during this period concerned Community regional policy and the role of the regions.⁵ Parliament's resolution of 18 November 1988 was in fact based on six reports coordinated into one document covering the following aspects:

- Community regional policy and the regional impact of structural intervention
- Member State's regional policies and the extent to which they are consistent with Community regional policy
- the physical planning programmes, development programmes and programmes for the improvement of the socio-economic situation of the regions
- regionalization in the Community as a factor in regional development
- democratization of regional policy in the Community and the setting-up of a Council of the Regions
- relations between the Community institutions and regional and local authorities.

Appended to the resolution for reference and as a basis for future work was a Community Charter for Regionalization covering aspects such as the definition of regions, their institutions and authority, finance, inter-regional transfrontier cooperation and regional participation in decision-making at national and Community levels.

The resolution itself highlighted the failure to narrow disparities between the Community's regions, the need for cohesion in the context of the completion of the single market, changes to Community regional policy and regionalization, which it considered a valuable tool for forging closer links between the various European regions and economic growth. Parliament also requested its President to establish a structure for closer links between itself and the regions (especially the Consultative Council of Regional and Local Authorities).

Other reports by the Committee on Regional Policy and Regional Planning which led to the adoption of resolutions during the period under review concerned the Third Periodic Report on the state of the regions,⁶ the regional impact of the construction of a tunnel under the Channel and a bridge over the Strait of Messina,⁷ a development programme for the frontier regions between Portugal and Spain,⁸ the promotion of regional development agencies as an essential part of regional policy,⁹ the impact of infrastructures and the tertiary sector on regional development,¹⁰ regional development in Spain,¹¹ the creation of parks, the protection of land and the development of farm holidays,¹² the activities of the ERDF in 1986 and 1987,¹³ a Community programme to help the Portuguese autonomous island regions,¹⁴ the proposed

POSEIDOM programme for French overseas departments and a related proposal on dock dues,¹⁵ the progress report 1986/87 on the IMPs¹⁶ and the problems of Corsica and Sardinia.¹⁷

Under Rule 37 of Parliament's Rules of Procedure (delegation of powers of decision to committees), the Committee on Regional Policy and Regional Planning also adopted resolutions on 20 April 1989 on the implications of the completion of the internal market for the socio-economic situation of the least-favoured regions of the Community,¹⁸ the effects of the reform of the common agricultural policy¹⁹ and disadvantaged regions and cooperation at the Community's external frontiers.²⁰

Commitment appropriations under Chapter 50 (ERDF) of the budget of the European Communities for 1989 totalled 4495 m ECU and payment appropriations to 3920 m ECU. These figures represent increases of 22% and 32% over 1988 and are in line with the agreement reached at the Brussels European Council in February 1988 to double structural funds resources by 1993.

1. COM(88) 500 and OJ C 256, 3.10.1988
2. OJ C 326, 19.12.1988; EP Doc. A2-249/88, rapporteur: Mr De Eulate
3. OJ C 12, 16.1.1989; EP Doc. A2-324/88, rapporteur: Mr De Eulate
4. Council Regulation (EEC) No 4254/88 of 19 December 1988; OJ L 374, 31.12.1988
5. Doc. A2-218/88; rapporteur: Mr De Pasquale (and, respectively, Messrs Musso, Vandemeulebroucke, P. Beazley, O'Donnell, Mrs André and Mr Arbeloa Muru); resolution in OJ C 326, 19.12.1988, p. 289 et seq.
6. Resolution of 8 July 1988, OJ C 235, 12.9.1988; Doc. A2-115/88, rapporteur: Mr Poetschki
7. Resolution of 13 September 1988, OJ C 262, 10.10.1988; Doc. A2-102/88, rapporteur: Mr De Eulate
8. Resolution of 13 September 1988, OJ C 262, 10.10.1988; Doc. A2-142/88, rapporteur: Mr Chiabrando
9. Resolution of 17 March 1989, see EP minutes; Doc. A2-373/88, rapporteur: Mr dos Santos Machado
10. Resolution of 17 March 1989, see EP minutes; Doc. A2-292/88, rapporteur: Mr Mattina
11. Resolution of 13 April 1989, see EP minutes; Doc. A2-437/88, rapporteur: Mr Sakellariou
12. Resolution of 14 April 1989, see EP minutes; Doc. A2-396/88, rapporteur: Mr Maher
13. Resolution of 14 April 1989, see EP minutes; Doc. A2-419/88, rapporteur: Mrs Gadioux
14. Resolution of 14 April 1989, see EP minutes; Doc. A2-2/89, rapporteur: Mr Gutierrez Diaz

15. Commission proposal - COM(88)730; Resolution of 26 May 1989, see EP minutes; Doc. A2-111/89, rapporteur: Mr De Pasquale
16. Resolution of 26 May 1989, see EP minutes; Doc. A2-112/89, rapporteur: Mr Musso
17. Resolution of 26 May 1989, see EP minutes; Doc. A2-8/89, rapporteur: Mr Cabezon Alonso
18. Doc. A2-116/89, rapporteur: Mr Garaikoetxea Urriza
19. Doc. A2-113/89, rapporteur: Mr dos Santos Machado
20. Doc. A2-117/89, rapporteur: Mr Gerontopoulos

SOCIAL AND EMPLOYMENT POLICY

Economic growth increased during the period under review, creating more jobs despite an overall rise in the number of people available for work. The Commission estimates that six million new jobs will have been created in the Community between 1986 and 1990¹ the increase being largely accounted for by the proliferation of part-time working, primarily in the service sector. At the end of March 1989, unemployment was around 9.4% or 15.2 million. The figures in April last year were 10.3% and 15.9 million. Although unemployment has fallen, it is still at an extremely high level and the expansion in jobs is unevenly distributed within the Member States and the regions.

During the period under review, all the Community institutions have been occupied with the social dimension of the internal market. At the European Council meeting in Hanover in June 1988, the Heads of State and Government stressed the importance of the social dimension. In addition, at its meeting in December 1988, the Council of Ministers for Employment and Social Affairs adopted a regulation granting special aid to Greece in the social field. At the same meeting in December 1988, the Council received a delegation from the PE composed of its President and the chairmen of the Social Affairs and Environment Committees, a first in the area of social policy. 1988 was also the year in which the Council adopted the reform of the structural funds, among them the European Social Fund (see Chapter 19: The Structural Funds). In December, the Council adopted the directive on the introduction of a general system for the recognition of higher education diplomas awarded on completion of professional education and training of at least three years' duration². Finally, in June 1989, the Council adopted a resolution on continuing vocational training³ and the third action programme to combat poverty and conclusions on the employment of the disabled in the Community.

In September 1988, the Commission also amended its proposal for a regulation on the introduction of a special Community programme of accompanying social measures to assist workers made redundant or threatened with redundancy in the shipbuilding industry, incorporating in whole or in part amendments adopted

by the European Parliament on 16 June 1988⁴. The Council has not yet adopted the proposal.

I EMPLOYMENT AND CONDITIONS ON THE LABOUR MARKET

1. The social dimension of the internal market

On 11 November 1986, the European Parliament adopted eight resolutions⁵ calling on the Council and the Commission to draw up plans for a cohesive social and labour market policy that would take into account the changes which completion of the internal market would bring about for workers. Parliament also supported the idea of a range of fundamental rights for workers. It was not until the European Council meeting in Hanover in June 1988, however, that the Heads of State and Government stressed the importance of the social dimension of the internal market. Accordingly, the Commission submitted a working document on the various aspects of the social dimension in September⁶.

During the period under review, Parliament passed several resolutions concerning the specific details of the social dimension⁷ and, on 28-29 November 1988, the Committee on Social Affairs and Employment held its second meeting on this subject with the relevant national parliamentary committees⁸. The most important of Parliament's resolutions was adopted on 15 March 1988⁹. This states that a decision must be taken as soon as possible to implement a timetabled programme in the following specific areas:

(1) Full implementation of freedom of movement for individuals and the right of establishment (2) gradual harmonization of social security schemes to the highest level (3) an expanded role for management and labour at the European level and the introduction of industrial democracy (4) implementation of dynamic employment policy measures (5) extension of education, vocational training and advanced training (6) improvement of living conditions (7) introduction of a common policy on immigrants from third countries and (8) drawing up and adoption of directives and regulations defining basic social rights. On 9 November 1988, the Commission had requested the ESC to draft proposals for an EC charter of social rights and on 22 February 1989 the ESC adopted an opinion on basic Community social rights¹⁰.

In May 1989, the Commission adopted a preliminary draft EC charter of fundamental social rights¹¹. The areas covered by the proposal are more or less in line with those put forward by Parliament, but Parliament's call for a binding charter in the form of a directive was not incorporated. The Commission proposes a solemn declaration by the Heads of State and Government. The Commission intends to submit the final proposal after consulting employers and employees and the Council of Ministers for Employment and Social Affairs.

2. Scope of Article 118a of the EEC Treaty

In July 1987, the Single Act came into force and the social policy provisions of the Treaty were expanded through Articles 118a, 118b and 130a. Prior to the entry into force of the Single Act, the main basis for legal instruments of social policy had been Articles 100 and/or 235. These Articles require unanimity in the Council. Under the new Article 118a, the Council may, on a proposal by the Commission and in cooperation with the European Parliament, take decisions by a qualified majority in order to encourage 'improvements, especially in the working environment, as regards the health and safety of workers'. In a resolution of 15 December 1988¹², the European Parliament pointed out that Article 118a is vague and imprecise. Parliament took the view that Article 118a should not be restricted solely to the health and safety of workers in a narrow sense but should include provisions on the working environment and all direct and indirect material and psychological interests of workers. This broad interpretation was also supported by four internationally respected lawyers during a public hearing organized by the Committee on Social Affairs and Employment on 22 June 1988. The resolution also deplores the fact that no real progress in the Community's social policy has been made since 1980 because the fact that unanimity is required has resulted in various proposals being blocked. The Commission was asked to submit, by March 1989, a framework directive on the organization of work (night and shift working, temporary work, part-time working, etc.) using Article 118a as the legal basis and, by February 1989, a clear and unequivocal interpretation of Article 118a and its spheres of application. At the time of going to press the Commission had not complied with these requests.

3. Labour and management: their role in the European Community

The European Parliament believes that labour and management should be involved in shaping and implementing the social aspect of the internal market with a view to creating a greater sense of solidarity and social cohesion within the Community. In a resolution of 27 October 1988¹³, Parliament stated its belief 'that the appropriate legal instrument for attaining the policy objective of a generalized system for informing and consulting workers at Community level would be a framework directive also embracing the principles jointly established by the two sides of industry at Val Duchesse on 6 March 1987'. With regard to European collective bargaining, the Commission was called on to draft a directive to (1) remove obstacles to European contractual relations in practice (2) use traditional and possibly new measures for systematic consultation of labour and management and (3) develop contractual relations within European multinational companies.

II IMPROVEMENT OF LIVING AND WORKING CONDITIONS

1. Community anti-poverty programme

Despite favourable economic developments in the Community, the number of people living in poverty continued to rise in most Member States, bringing the estimated total to 45 million. In a resolution of 16 September 1988¹⁴, the European Parliament therefore called for further action at Community level - a third action programme to provide for a greater degree of involvement of those directly affected by poverty and an increase in financial resources. In its proposal for a Council decision implementing a third Community action programme for 1989-1993¹⁵, the Commission puts the cost at least 70 million ECU. In its amendments to the Commission's proposal, which it adopted on 26 May 1989¹⁶, Parliament increased the minimum amount to 125 million ECU. It also added a new passage to the recitals giving those sections of the population affected the opportunity to have a say in all the measures involved. Finally, Parliament proposed an amendment to the effect that projects relating to the innovative initiatives should be submitted to the Commission by non-governmental organizations instead of by the local or regional authorities designated by the Member State concerned as the Commission had proposed. During the debate, the Commission took a favourable view of several of Parliament's amendments. On 12 June 1989 the Council

adopted the action programme which has been allocated an amount of 55 m ECU over five years.

2. Frontier workers

Commission estimates put the number of frontier workers at 300 000 out of a total of 48 million in the border regions of the Twelve. The European Parliament believes that the real figure is higher and that these workers' rights should be reinforced. In a resolution of 16 December 1988¹⁷ Parliament expressed the view that the situation of frontier workers, in particular with regard to social security, taxation and exchange regulations, is aggravated by differences in legal and administrative provisions in their country of residence and their country of employment. Parliament therefore called on the Commission to carry out an investigation by the end of 1989 into the socio-economic problems that will arise following the abolition of frontiers and completion of the internal market and to follow this up with an action programme for frontier workers.

3. The position of the elderly in the Member States of the Community and Community retirement age policy

On 14 May 1986 the European Parliament adopted a resolution on Community action to improve the position of the elderly in the European Community¹⁸, which called on the Commission to examine the possibility of introducing a European senior citizens' card. The Commission responded on 10 May 1989¹⁹ by recommending the introduction of such a card which would allow everyone over the age of 60 to take advantage of special transport and cultural facilities in the Member States. It is also in response to a parliamentary initiative that the Community grants financial aid to organizations concerned with elderly people (Article 643 of the Community's general budget for 1988).

In December 1982, the Council adopted a recommendation on the introduction of a flexible retirement age²⁰. In a report in 1986²¹, the Commission concluded that the Member States had not made any progress of note in this area. On 16 March 1989, therefore, the European Parliament adopted a resolution on Community policy with regard to retirement age²² which called on the Council to make a further recommendation to the Member States urging them to implement the principles agreed in 1982 concerning (a) more flexible rules on retirement

age, (b) the right to gainful employment after retirement, (c) the right to financial compensation of elderly workers whose working time is gradually reduced and (d) retirement preparation programmes. The Commission was also called on to draw up a priority list of arduous and unhealthy occupations as Parliament believes that people with jobs of this type should have preference for early retirement.

4. Seasonal work

Seasonal workers often lack real legal and social protection. To change this situation, the European Parliament adopted a resolution on seasonal employment²³ on 16 March 1989 calling on the Commission to carry out a comparative study of legal and social arrangements for seasonal work in the Member States and to follow it up with proposals for minimum rules for better legal protection for seasonal workers at both national and Community level.

5. Exceptional financial support in favour of Greece in the social field

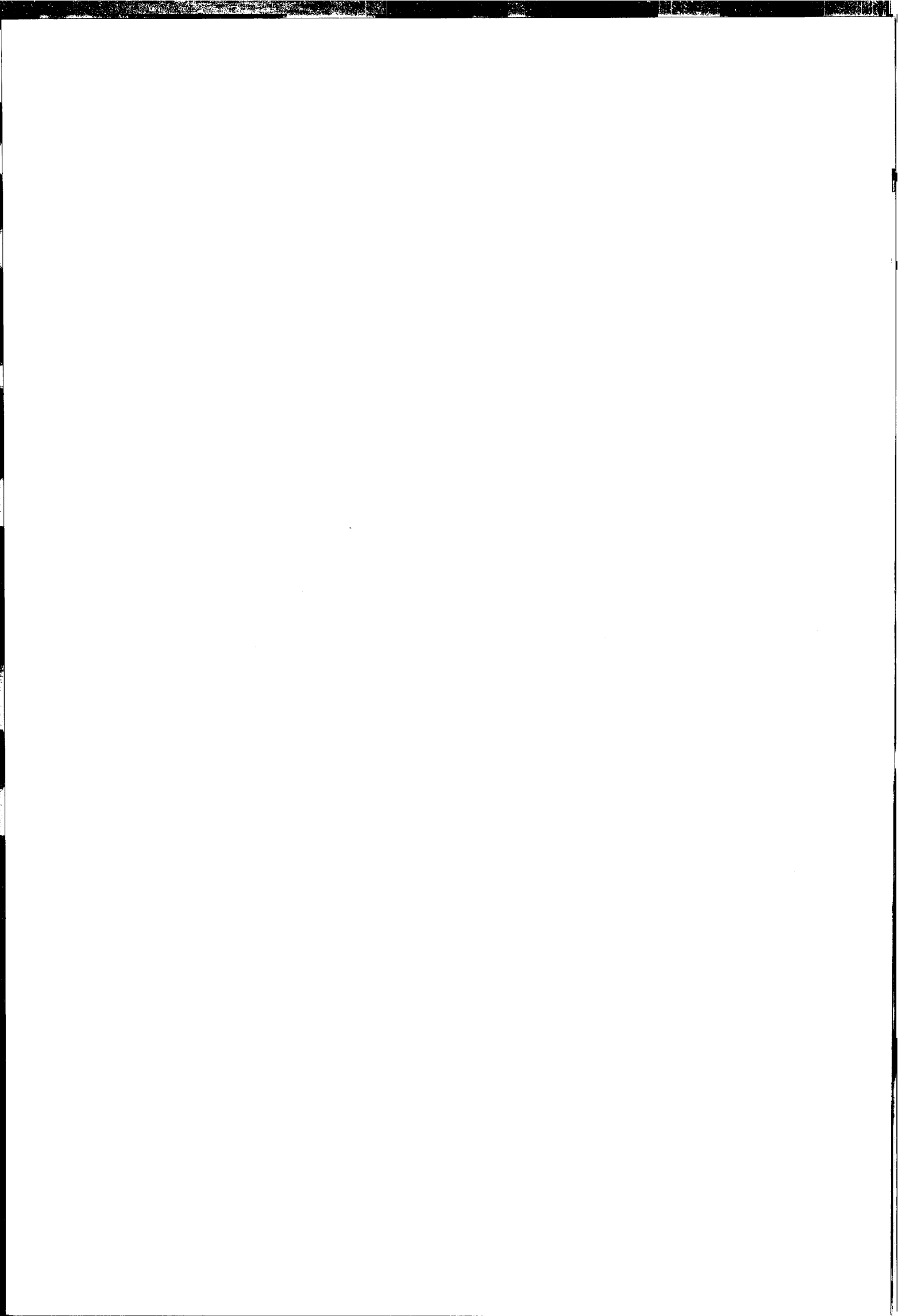
In a resolution of 18 November 1988²⁴, the European Parliament approved unamended the Commission's proposal for a Council regulation amending Regulation 815/84²⁵. The background to the Commission's proposal was that under Regulation No. 815/84, Greece had received a grant of 120 million ECU for the period from 1984 to 1988 but had not used up the appropriations and had requested an extension to 31 December 1991. The financial aid is to be used to construct, set up and equip (a) vocational schools in the Athens area and (b) rehabilitation centres for the mentally ill and mentally handicapped. The Council adopted the proposal on 16 December 1988²⁶.

III COURT OF JUSTICE OF THE EUROPEAN COMMUNITIES

On 13 April 1988, the European Parliament²⁷ approved the Commission's proposal to amend Article 73(2) of Regulation No. 1408/71. The Commission had submitted this proposal after the Court of Justice had ruled in 1986 that the French scheme for paying family allowance was invalid (Pinna Case No. 1). On 2 March 1989, the Court of Justice ruled in the second Pinna case²⁸ that until the Council issued new provisions, France must apply Article 73(1), applicable since 1971 in the other Member States, which states that allowances for family members not living in the host country must be paid at the rates

applicable in the host country. The Council had not yet adopted the Commission's proposal at the time of going to press.

1. Information P-7, Commission's Spokesman's Service
2. OJ L 19, 24.1.1989
3. OJ C 148, 15.6.1989
4. OJ C 187, 18.7.1988
5. OJ C 322, 15.12.1986, p.45 et seq.
6. SEK(88) 1148 final
7. OJ C 326, 19.12.1988, p.257 et seq.
OJ C 47, 20.2.1989, p.54 et seq.
8. Summary of conclusions: PE 127.364
9. OJ C 96, 17.4.1989, Doc. A 2-399/88, rapporteur: Mr Gomes
10. OJ C 126, 23.5.1989
11. COM(89) 248
12. OJ C 12, 16.1.1989, p.181; Doc. A 2-226/88, rapporteur: Mrs Salisch
13. OJ C 309, 5.12.1988, p.104; Doc. A 2-211/88,
rapporteur: Mr Alvarez de Paz
14. OJ C 262, 10.10.1988, p.194, Doc. A 2-171/88,
rapporteur: Mrs Giannakou-Koutsikou
15. COM(88) 826
16. Doc. A 2-127/89, rapporteur: Mrs Giannakou-Koutsikou
17. OJ C 12, 16.1.1989, p.378; Doc. A 2-227/88, rapporteur: Mrs Marinaro
18. OJ C 148, 16.6.1986, p.61
19. OJ L 144, 27.5.1989
20. OJ L 359/82
21. COM(86) 365
22. OJ C 96, 17.4.1989; Doc. A 2-358/88, rapporteur: Mr Megahy
23. OJ C 96, 17.4.1989; Doc. A 2-346/88, rapporteur: Mrs Gadioux
24. OJ C 326, 19.12.1988, p.289; Doc. A 2-246/88, rapporteur: Mr Gomes
25. COM(88) 412, OJ C 209, 9.8.1988, p.6
26. OJ L 362, 30.12.1988
27. OJ C 122, 9.5.1988, p.39
28. Case 359/87



STRUCTURAL FUNDS

Under the terms of the Single European Act signed in 1986, the Member States agreed to promote the Community's overall harmonious development by developing its 'actions leading to the strengthening of its economic and social cohesion'. Title V, incorporated in the Treaty by the Single Act, provides for the implementation of this commitment and, in particular, for consultation of the European Parliament on the Commission's proposals for amendments to the structure and operational rules of the structural funds: European Agricultural Guidance and Guarantee Fund - Guidance Section, European Social Fund, European Regional Development Fund (ERDF). The implementing decisions for each fund required action by the Council in cooperation with Parliament in the case of the ERDF and after consultation of Parliament in the case of the other two funds.

Completion of the reform of the funds

The Committee on Regional Policy and Regional Planning was given responsibility for coordinating Parliament's response to Commission proposals regarding the funds. This responsibility reflects the new Article 130A of the EEC Treaty which stipulates the following with regard to the strengthening of economic and social cohesion: 'In particular the Community shall aim at reducing disparities between the various regions and the backwardness of the less-favoured regions'.

Parliament's opinion of 19 November 1987¹ on the Commission's first 'framework proposal' for the structural funds was eventually followed by a Council regulation on 24 June 1988². The agreement reached in February 1988 by the Brussels European Council to double the resources of the structural funds by 1993 had done much to break the logjam impeding progress with the regulation, but only after a further Commission proposal and Parliament opinion had been submitted (see chapter on regional policy from preceding annual report: 'Progress Towards European Integration' (PE 122.600)).

During the period under review, Parliament's work with regard to the structural funds has been largely concerned with the implementation of the framework regulation for each fund. However, the Commission also presented an important proposal for coordination of the activities of the various structural funds and of the European Investment Bank³. The Committee on Regional Policy and Regional Planning again coordinated Parliament's response. The first reading on the proposals, which were submitted under the cooperation procedure, took place on 17 November 1988⁴ and, after certain of Parliament's amendments had been incorporated by the Commission in a revised proposal and by Council in its common position of 30 November 1988, the second reading, approving this common position without amendment, took place on 14 December 1988⁵. The Council regulation was adopted on 19 December 1988⁶. Certain amendments tabled by committees during the second reading, concerning, in particular, further clarification of the clauses on additionality and the role of regional authorities, were withdrawn to allow the regulation to enter into force on 1 January 1989.

Impact of Parliament's initiatives

Nevertheless, the Commission and Council had already accepted a large number of Parliament's amendments when formulating the common position. These amendments numbered about 35 and covered various aspects of the regulation. Many other amendments, including those concerning the definition of rural regions and the level of participation of the funds in project financing, were not accepted. However, the Commissioner responsible for coordination of the structural funds stated in plenary on 14 December 1988 that the spirit of many of Parliament's proposed amendments would be respected by the Commission in its implementation of the regulation.

The opinion delivered by the European Parliament on 17 November on the four proposals for implementing regulations can be summarized as follows:

The first regulation concerns the coordination of the three structural Funds. It is, perhaps, regrettable that a number of amendments tabled by Parliament were rejected, particularly those relating to:

- the powers of the Commission, which, as requested by Parliament, is responsible for coordinating aid from the Funds and from the other financial

instruments, but was not authorized to conclude a convention on the subject with the EIB,

- participation by the regional authorities in the various stages of financial intervention policy-making in accordance with its resolution of 18 November 1988 on Community regional policy and the role of the regions.

Parliament's amendments on transparency and administrative follow-up found more favour, however, as did those concerning the Commission's powers to lay down detailed rules for implementing the structural fund regulations.

The second regulation concerns the European Regional Development Fund. Parliament secured acceptance of some of its amendments, including those on:

- increasing the assistance available to undertakings to cover management, research and market research, as well as funding for transfers of technology,

- making provision for the financing of productive investments and investments in infrastructures aimed at protecting the environment if they are linked to regional development.

The Council did not, however, endorse Parliament's proposals to establish direct contact between the Commission and local regional development organizations. It took the view that regional partnership is achieved by means of close collaboration between the Commission, the Member States and the competent authorities designated by them.

The third regulation concerns the European Agricultural Guidance and Guarantee Fund - Guidance Section. Parliament had wanted the existing measures - particularly joint actions - to be tailored more closely to the objective of increasing the Fund's structural orientation and enhancing economic and social cohesion. This applied in particular to Regulation No. 355/77/EEC on the marketing and processing of agricultural products, which has had a very beneficial impact in some Member States but which the Commission proposed to repeal before the end of 1989, with the temporary exception of the fisheries sector. Parliament opposes any such repeal before the main lines of any new measures in the field are known.

Also with a view to the coordination of financial instruments, many amendments sought to clarify the new rules to be applied to all EAGGF - Guidance Section activities. It did not prove possible to reconcile the differing positions of Parliament and Council under the conciliation procedure.

The fourth regulation concerns the European Social Fund, where Parliament would like sufficient funds to be earmarked for Objectives Nos. 3 and 4 - to combat long-term unemployment and facilitate the occupational integration of young people. Parliament also expressed the wish that the regulation should clearly specify training initiatives for women, the disabled and migrant workers. The Commission, however, simply issued a declaration, annexed to the Council's minutes, indicating its intention to give due consideration to those categories when drawing up guidelines. In addition to the guidelines applicable solely to Objectives Nos. 3 and 4, Parliament called on the Commission to establish criteria for the other objectives to which the Social Fund subscribes.

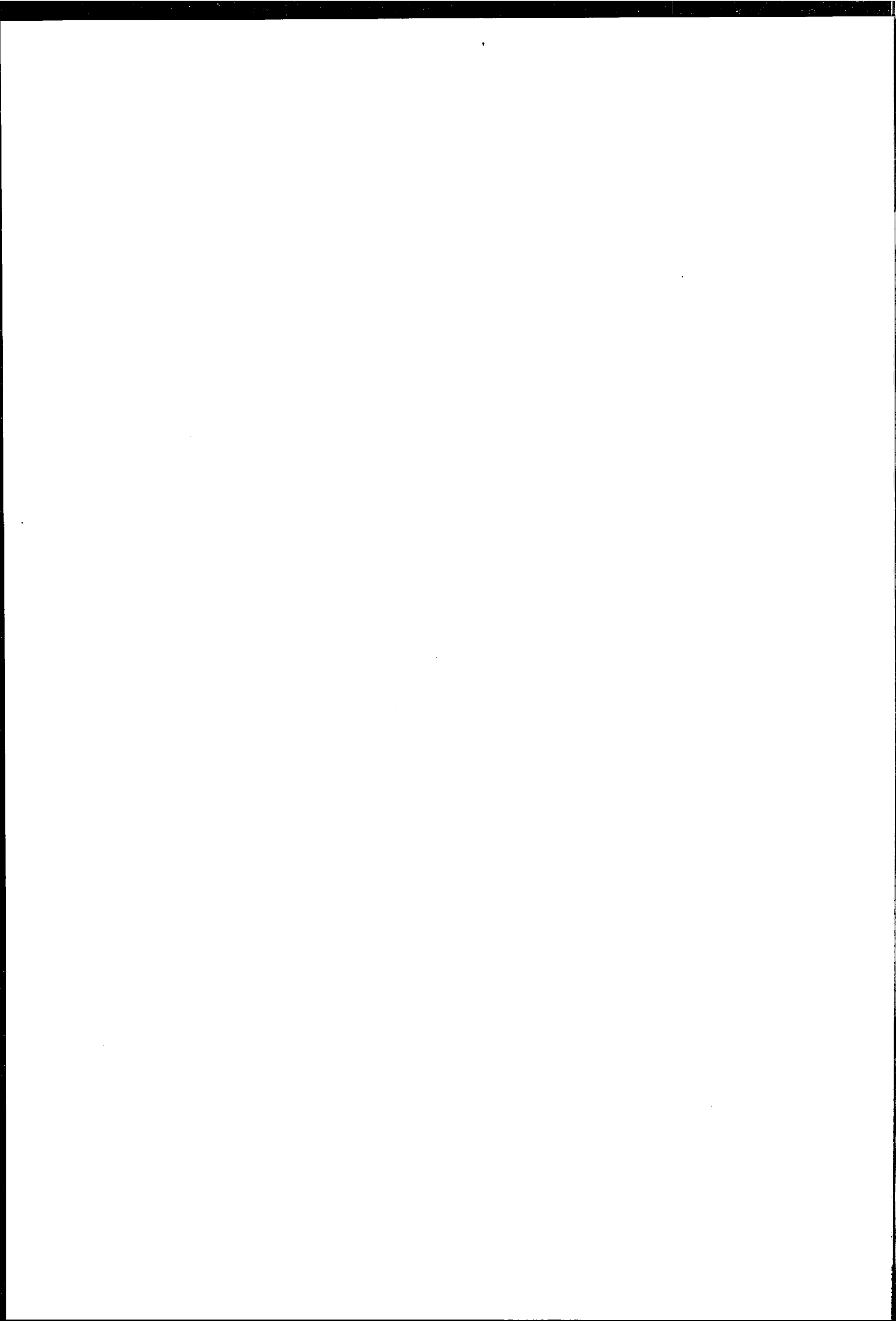
Despite the Council's limited response to the wishes expressed by Parliament, the latter followed the recommendation of the Committee on Social Affairs and Employment, which found sufficient grounds for satisfaction with the Council's common position to propose its adoption. Parliament amendments adopted by the Council include the application of Objectives Nos. 3 and 4 throughout Community territory, the inclusion of references to the Interinstitutional Agreement in the horizontal regulation, the provision of technical assistance for Member States and the need for thorough assessment of the operation of the Social Fund⁷.

The Social Fund is in a transitional phase. The Fund's previous guidelines have been extended to take in the administration of the 1989 appropriations. New guidelines were laid down on 24 February 1989 for a period of at least three years to enable the Member States to draw up plans for the various objectives. Parliament delivered a favourable opinion on the substance of those guidelines on 14 February 1989. In addition to making a number of specific points, the resolution:

- requested the Commission to compile, as a matter of the utmost urgency, a manual for use by recipients and national authorities,

- observed that, 'thanks to the crucial observation made by the European Parliament, the reform of the structural Funds, the ESF Regulation and the management guidelines assign greater power and an increased role to the Commission.'

1. OJ C 345, 21.12.1987
2. Council Regulation (EEC) No. 2052/88, OJ L 185, 15.7.1988
3. COM(88) 500, OJ C 256, 3.10.1988
4. OJ C 326, 19.12.1988; Doc. A 2-250/88, rapporteur: Mr Avgerinos
5. OJ C 12, 16.1.1989; Doc. A 2-323/88, rapporteur: Mr Avgerinos
6. Council Regulation (EEC) No. 4253/88, OJ L 374, 31.12.1988
7. Minutes of the meeting of the Committee on Social Affairs and Employment, 29-30 November 1988 - PE 128.244



HEALTH AND SAFETY AT WORK

One of the major items dealt with by the European Parliament during its 1984-89 mandate was the series of proposed directives on Health and Safety at work. The Commission proposals¹, to which great importance had been attached, were submitted to Parliament under the co-operation procedure of the Single European Act (Article 118a, which sets as an objective the harmonization of health and safety provisions in the working environment). The Commission proposals were in the form of a framework directive and five daughter directives covering: the workplace, machines and equipment, protective equipment, visual display units and the handling of heavy loads. The package put together by the Commission reflected the urgency and political impetus given to the social aspect of the Single Market and adopted the 'horizontal' approach of a framework directive to set out basic principles and 'daughter' directives laying down more detailed prescriptions in various areas.

The proposals were referred to the Committee on Environment, Public Health and Consumer Protection as the principal reporting Committee and to the Social Affairs Committee for opinion. Parliament's reactions to the proposals were based on four considerations: - social measures in general did not go far enough to compensate for the free-market philosophy of the 1992 Single Market; - the directives did not go far enough to provide protection to workers and their dependents; - the proposals were insufficient to prevent 'social dumping' or movement of industry and investment to those parts of the Community where social overheads are least from those parts where social overheads are highest; - the proposals were ill-drafted, containing detail consideration in the framework directive and general orientations in each of the 'daughter' directives, and lacked coherence since other 'vertical' directives such as 80/1107/EEC on dangerous substances were not linked to the 'umbrella' framework directive.

The result of Parliament's dissatisfaction with the proposals was the tabling of 463 amendments in Committee, the majority tabled by the rapporteur². At a highly-charged meeting of the Committee, the bulk of the amendments were adopted. Consultations followed with the Commission, which had been working

with the Council via Coreper and was unwilling to accept the more far-reaching of Parliament's amendments. The Greek Presidency of the Council had announced on 5 July 1988³ that the single social area would be a main plank of the Greek Presidency, in particular, application of Article 118a. Parliament debated the four reports of the Environment Committee on the package of directives in plenary on 16 November 1988⁴. The vote in plenary more or less followed the lines of the Committee vote and 100 amendments were adopted to the framework directive, 93 amendments to the workplace directive, 37 amendments to the machines directive and 27 amendments to the back-injuries directive, a total of 257 amendments to the package.

The main thrust of Parliament's amendments were as follows:

1. To ensure that the principle of protection at the highest possible level was enshrined in the directives.
2. To ensure that existing higher standards at national level in some Member States would not be 'watered-down'.
3. To prevent 'social dumping'.
4. To ensure that small and medium-sized enterprises would be assisted in implementing health and safety measures.
5. To introduce the concept of the work environment, embracing not only the worker himself, but also his family and others who may be affected by dangers arising from work and all factors relating to the quality of his employment.
6. To introduce, throughout the Community, the concept of balanced participation of workers and their representatives in the introduction of health and safety measures.
7. To supplement the framework directive by the provisions of Directive 80/1107/EEC of 1980 on dangerous substances and its daughter directives, including carcinogens and benzene, to form a coherent legislative corpus for health and safety at work.

In addition, Parliament's amendments established new definitions, notably:

8. The work environment (mentioned under 5).
9. An expanded definition of 'workplace'.
10. Employees' representatives.
11. Appointed full-time health and safety representatives.
12. A definition of 'health' to include not only absence for sickness, but all physical and mental factors relating to the work.

With respect to compliance, Parliament adopted an amendment stipulating that Member States should lay down the obligations of employers under the directive in legally-binding terms. With regard to evaluation of health risks by employers, Parliament stipulated inclusion of the following risks:

13. Materials constituting a health hazard.
14. Radioactive hazards.
15. Stress caused by noise, heat, cold, damp, gases and vapour.
16. Hazards connected with biotechnology and gene technology.
17. Physical and mental strain caused by heavy physical labour, shift work, night work, monotonous work, piece-work and other similar high-pressure situations.
18. Stress caused by excessive overtime working.

Parliament also adopted detailed amendments concerning medical care at work (a concept absent from the Commission draft) and in particular stipulated a health monitoring system of long-duration to include members of the workers' family as well as the worker himself, carried out by independent medical practitioners. As well as the establishment of a workplace safety programme, Parliament stipulated the recording of all accidents resulting in 3 days' absence and a list of all occupational illnesses.

The most controversial of Parliament's amendments was the stipulation of worker consultation which Parliament enlarged upon, calling for 'balanced participation' of workers or their representatives. This stipulation, modelled on the German system of 'Mitbestimmung' did not find favour with certain Member States, who saw it as a 'back-door' method of re-introducing the ill-fated 'Vredeling' directive. A potential cause for deadlock was avoided by a last-minute compromise amendment in the plenary vote which referred to 'balanced participation of management and workers according to traditional and accepted practice in the different Member States'. This formulation was intended to allay the fears of those Member States resolutely opposed to the kind of worker participation in management which had been proposed in the 'Vredeling' directive.

With regard to areas of application of the directive, Parliament adopted an amendment adding:

19. Means of transport.
20. Temporary or mobile work units.
21. Underground mining installations.
22. Public road, rail and air transport.
23. Nuclear power plants.
24. Water craft.
25. Oil rigs and offshore drilling platforms.

With regard to the daughter directives under the framework, Parliament's amendments paralleled those to the framework directive and modified the text so as to avoid repetition and duplication, the rationale being to keep all generally applicable considerations in the framework directive and specific detail considerations in each daughter directive.

Negotiations took place at institutional level between Parliament and the Greek Presidency of the Council, anxious to get agreement on the package during its mandate. Both the President of the Parliament, Lord Plumb, and the Chairman of the Environment Committee were invited to address the Social Affairs Council before its deliberations on 16 December - the first time, outside the budget conciliation procedure that such an invitation had been extended. In the event, the timetable did not allow adoption during the Greek Presidency and the torch passed to the Spanish Presidency in January.

In the meantime on 5 December the Commission produced an amended proposal for the framework directive⁵ incorporating, at least in spirit, many of the amendments adopted by Parliament on 16 November. In particular, the Commission accepted the aforementioned points 1,2,4,5,6,9,11,18,19,20 and 22. This represented a considerable change to the original proposal, together with much textual improvement by the Commission.

However, in February 1989, Parliament received the Common Position of the Council on the framework directive⁶ and in April the Environment Committee adopted its recommendation for the second reading⁷, tabling 55 amendments to the Council common position. In its common position, Council had not accepted many of the amendments voted by Parliament and taken on board by the

Commission in its revised proposal. In particular, the Common position omitted:

- (a) the prohibition of reduction of current higher standards existing in some Member States, to prevent 'social dumping';
- (b) the inclusion of support measures to enable small and medium-sized enterprises to introduce the measures envisaged;
- (c) specific inclusion of workers' families;
- (d) new definitions of: undertaking or establishment; workplace; health;
- (e) legally binding obligation on Member States to implement the health and safety provisions;
- (f) survey of health risks in each establishment, and drawing-up of a health and safety programme;
- (g) specific stipulations regarding medical care at work;
- (h) the following additions to the list of workplaces: means of transport, underground mining, public transport, oil extraction industries, nuclear power plants, water craft.

Two particular points preoccupied the Environment Committee namely, the Council's insistence on the inclusion of a 'force majeure' clause to take account of the gulf between the 'Common law' and 'Roman law' systems and the Council's failure to deal with temporary work agencies. In the first instance, Council wished to take account of legal systems which do not allow 'proportionality' in judgments, but Parliament believed that this watered-down the directive to too great an extent. In the second case, Parliament wanted some stipulation as to where employer responsibility lay in the case of employees working for an agency which allocated staff on a temporary basis to different employers.

In its last plenary session before dissolution for the June 1989 elections Parliament failed by only 3 votes to obtain an absolute majority on about half of the second-reading amendments to the Framework Directive COM(88)73, submitted by the Environment Committee.

The Commission decided to revise its proposals by taking on board those amendments with which it agreed and which received an absolute majority in plenary. Although continuing to act as 'honest broker' between the Parliament and the Council, the Commission has latterly inclined somewhat towards Parliament's view.

At the time of writing, there is optimism that the Council will, before the end of the Spanish Presidency in June 1989, adopt most of the Commission proposals, which means that about half of Parliament's second reading amendments will have been adopted. This, together with the amendments accepted by the Commission after first reading, represents a considerable achievement for Parliament under the Single Act procedure.

1. COM(88)73, OJ C 141, 30.5.1988, p.1
COM(88)74, OJ C 141, 30.5.1988, p.6
COM(88)75, OJ C 114, 30.4.1988, p.3
COM(88)76, OJ C 161, 20.6.1988, p.1
COM(88)77, OJ C 113, 29.4.1988, p.7
COM(88)78, OJ C 117, 4.5.1988, p.8
2. Mr Kurt Vittinghoff, MEP (D, SOC.)
3. Statement to the EP by Mr Papoulias - President-in-Office of the Council
4. COM(88)73 final, OJ C 141, 30.5.1988, p.1, Doc. A 2-241/88, Vittinghoff report
COM(88)74 final, OJ C 141, 30.5.1988, p.6 - Directive concerning the minimum safety and health requirements for the workplace - Doc. A 2-242/88, Lentz-Cornette report
COM(88)75 final, OJ C 114, 30.4.1988, p.3 - Directive concerning the minimum safety and health requirements for the use by workers of machines, equipment and installations - Doc. A 2-243/88, Hughes report
COM(88)78 final, OJ C 117, 4.5.1988, p.8 - Directive on minimum health and safety requirements for handling heavy loads where there is a risk of back-injury for workers - Doc. A 2-244/88, Alber report
5. COM(88)802 final, SYN 123, OJ C 30, 6.2.1989, p.19
6. Doc. C 2-326/88
7. Doc. A 2-91/89/A+B+C SYN 123

COMMITTEE OF INQUIRY INTO THE PROBLEMS OF QUALITY IN THE MEAT SECTOR

On 26 September 1988 Parliament set up a special Inquiry Committee to look into the problem of quality in the meat sector in the wake of the discovery of illicit use of growth hormones in veal production in Germany.

The remit of the Inquiry Committee, drawn up by Parliament's Bureau on the basis of a request signed by more than one-quarter of the Members of Parliament (Rule 109(3) of Parliament's Rules of Procedure) was as follows:

to investigate

- a) the adequacy of and scientific foundation for the current provisions concerning the production, movement, marketing and quality of meat, bearing in mind the completion of the internal market;
- b) the effectiveness and monitoring of the ban on the use of hormones;
- c) the illegal use of other veterinary products in meat production;
- d) whether contaminated meat had been bought into intervention under the Common Agricultural Policy and, if so, in what quantities;
- e) whether the meat industry might itself contribute, by voluntary restraint measures, to ensuring that the rules were respected, how consumers might contribute to ensuring the production and supply of high-quality meat and what influence the various forms of stock breeding have on the spread of illegal practices in the fattening of cattle.

Given the very tight deadline established (to report to the plenary in April), the Inquiry Committee concentrated on points b), c) and e).

In 1981 the Council promulgated a Directive¹ banning the use of steroid hormonal substances for animal fattening in the EEC. Certain of these have been proved to be potentially carcinogenic, and have been banned in the USA by the Food and Drug Administration (FDA).

An exemption was made in the Directive for therapeutic use of steroids under veterinary supervision and for the continued use of five hormonal substances in those Member States willing to license them. The five in question were the three hormones which occur naturally in all animals (Oestrogen, Testosterone

and Progesterone) and two nature-identical hormones (Zeranol and Trenbolone Acetate). These five have been declared 'safe' by the FDA in the United States and by the WHO/FAO Codex Alimentarius. The use of the five above-mentioned substances is particularly widespread in those Member States (Ireland, the United Kingdom and France) which castrate male calves in order to allow them to graze freely.

The Commission set up a Scientific Committee, chaired by Professor Lamming of the University of Nottingham in the United Kingdom and comprising experts in veterinary sciences from various Member States, to investigate the safety or otherwise of the five hormones in question. Before the Committee had completed its work, the Commission decided to suspend it and to ban all hormonal substances, including the five, by the promulgation of a Directive in 1985². This Directive was challenged on a legal technicality before the Court of Justice and annulled, only to be replaced by a Directive with identical provisions in 1988³. The Lamming committee continued work under its own auspices.

The United States allows the use of the five above-mentioned hormones. The EC ban applies to imported meat and hence vitally affects US interests. The US regarded the ban by the EC as unjustifiable on scientific grounds and hence illegal under the GATT. It therefore contemplated trade sanctions against the Community and indeed, at the end of 1988, minor skirmishes began.

The Inquiry Committee report⁴ was produced after examination of evidence, including oral and written submissions, from 50 experts and organisations including members of the Lamming Committee, producer and consumer organisations, the agricultural sector and the United States' Food and Drug Administration.

The principal conclusions were:

- that the maintenance and reinforcement of the total ban on the use of hormonal and other growth-promoters is the only way to restore consumer confidence in the meat sector and to clarify this very complex issue for producers and consumers alike;
- that the conclusions of the scientific evidence regarding the use of natural and nature-identical hormones rest upon strict conditions of use which it believes cannot in reality be attained;

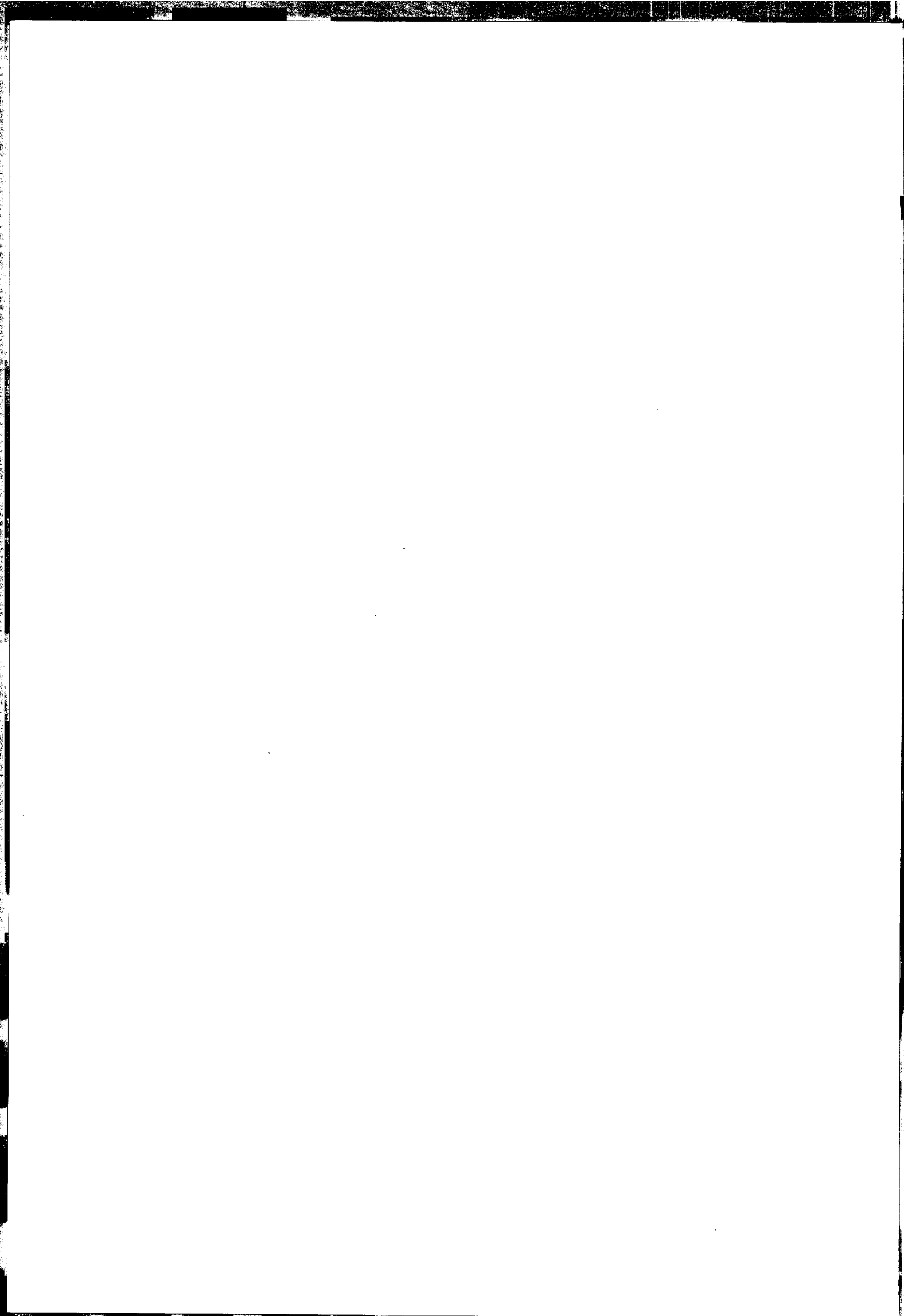
- that present implementation is not yet sufficient to ensure consumer safety and to increase consumer confidence. In particular, neither the Commission nor the individual Member States possess the necessary powers and resources to do so effectively.

A minority opinion, signed by two of the fifteen members of the Inquiry Committee, made out the case of legalizing the five natural/nature-identical hormones.

The conclusions of the Inquiry Committee were significant in that they laid emphasis on the rôle of science in society and the need for decisions on the use of technology to be based on considerations broader than the purely scientific. Behind the Inquiry Committee's reasoning lay concern about the uses to which recent developments in biotechnology and gene technology could be put and the kind of stock-raising techniques that are currently in use or planned and which give cause for concern on the grounds of both ethics and hygiene. Put another way, the Inquiry Committee felt that, as far as the public were concerned the consideration of whether or not the five hormones were safe was less important than whether they were necessary. The Inquiry Committee therefore did not question the exactness of the scientific evidence, but acknowledged the fact that conditions of use are a secondary consideration for experimental scientists, but a primary one for regulatory bodies.

The report of an Inquiry Committee does not include a motion for resolution to be voted in Plenary, but at its April session, Parliament debated the report together with a parallel report on the trade dispute with the United States over hormones⁵ and voted a composite motion for resolution including elements of both reports.

1. 81/602/EEC
2. 85/649/EEC, OJ C 288, 11.11.1985, P. 158
3. 88/146/EEC, OJ L 70, 16.3.1988, p. 16
4. Doc. A2-11/89 Parts A and B, rapporteur: Mr Pimenta (P. LIB)
5. Doc. A2-16/89, rapporteur: Mr Collins (UK, S)



THE COMMON RESEARCH AND TECHNOLOGY POLICY¹

Legal basis

With the Single European Act (SEA), policy in the field of research and technology was given a new legal basis explicitly mentioned in the Treaties (Art. 130f-130q EEC). Under Article 130i the Community is to adopt a framework programme (by unanimity in the Council) setting out the main lines of its research and technological development (R & D) activities (specific programmes adopted by qualified majority).

The Community's R & D policy - how and by whom it is carried out

The R & D framework programme (R & D FP) is in the nature of planning guidelines, bringing together the various R & D activities. The R & D FP is conducted via specific programmes. The following types of R & D action may be distinguished on the basis of those carrying them out and sources of finance:

- direct actions ('own research'), conducted by the joint research centre (JRC) - four establishments at Ispra (Italy), Geel (Belgium), Petten (Netherlands) and Karlsruhe (Germany), and completely Community-financed;
- indirect actions (shared cost R & D) conducted by research groups, laboratories and universities in the Member States and partly financed by the Community;
- concerted actions also carried out by research groups, laboratories and universities in the Member States, in which the Community finances the coordination alone.

Objectives:

Development of a common science and technology policy in important areas (e.g. new technologies, energy, raw materials and the environment),

The coordination of the policies of the individual Member States or research activity itself at Community level has the following goals:

- avoiding unnecessary and unjustified duplication of effort in national programmes;

- increasing the effectiveness of national and Community projects or reducing their cost by division of labour or where appropriate by pooling resources or teams;
- progressively harmonizing procedures for drawing up and executing research policy in the Community;
- working towards a common internal market (e.g. by drawing up uniform standards etc.) and helping overcome scientific and technical barriers in Europe;
- encouraging appropriate research projects in areas with cross-border problems (e.g. environmental and health protection);
- eliminating the alarming disparity between the Community countries' research potential and the actual results, and maintaining or re-establishing Europe's international competitiveness with the USA and Japan by means of a common research strategy (with greater financial resources), and hence by innovation and new technologies also to help reduce unemployment in the Community.

The Community framework programme for research and technological development (1987-1991) and its endowment

After much urging by the European Parliament and in particular its Committee on Energy, Research and Technology² (CERT)³, the prolonged resistance of the largest three Member States (UK, France and Germany) was finally overcome in autumn 1987, and the Council was then in a position to adopt the Community's R & D FP on 28 September 1987⁴.

The Council approved for the period 1987-1991 an endowment of just under 5 400 m ECU, much less than the figure originally planned (10 350 m ECU)⁵. The total funds for the framework programme are allocated among the individual R & D programmes, to be adopted separately. These Community funds available for R & D are relatively modest, being only about 2.5% of the total Community budget, and less than 4% of the funds spent on it at national level⁶. However, the importance and value of the Community's research policies should not be solely or even primarily measured by the yardstick of their relatively small financial endowment. The regular Community level reviews every two years of national and Community research policies alone have led to great progress in the orientation, approximation and coordination of the national policies.

The individual fields of activity in the R & D framework programme

The present R & D FP comprises eight fields of activity, each with specific research programmes. These eight fields are as follows (appropriations earmarked shown in brackets in million ECU (m ECU)):

1. Quality of life (375 m ECU): focussing the Community R & D effort in fields of health, (preventive medicine and early diagnosis, effects of ageing, AIDS and cancer research, radiation protection) and the environment (environmental protection, climatology, natural hazards, increased risks from technology).

2. Information technologies and telecommunications (2275 m ECU): the development of microelectronics and peripheral devices, data processing systems and related application technology is to be speeded up; note the very successful ESPRIT (information technology) and RACE (telecommunications) Community programmes⁷. The committee (CERT) has repeatedly stressed the importance of telecommunications (economic, social and cultural dimensions).

3. Modernization of industry (845 m ECU): under this heading the use of the new technologies in manufacturing industry, and advanced materials technology are to be promoted⁸.

4. Exploitation and optimum use of biological resources (280 m ECU): this heading covers the Community's research programmes in biotechnology and agro-industrial technologies.

5. Energy (1173 m ECU)⁹: this breaks down into three areas:

- nuclear fission (reactor safety, management and storage of radioactive waste and the decommissioning of power stations);
- nuclear fusion (the Community's JET programme is to prove the scientific viability and the NET programme is to demonstrate the technical feasibility of nuclear fusion);
- non-nuclear energy: solar energy (solar and photovoltaic technology), wind energy, energy from biomass, geothermal energy, coal technology (liquefaction, gasification and transport), the rational use of energy etc.

6. Science and technology for development (80 m ECU): a Community research programme seeking to solve Third World problems (e.g. agriculture and tropical medicine); further aims: the transfer of technology and scientific know-how.

7. Marine science and technology (80 m ECU): support for marine science and technologies (including fisheries research). This programme is intended to help establish the scientific and technical basis for the exploration, exploitation, management and protection of European coastal waters and coastlines.

8. Scientific and technical cooperation in Europe (288 m ECU):

This covers a large number of measures to improve training and research facilities for European scientists and schemes for encouraging interdisciplinary projects.

State of science and technology in Europe

During the period under review, the Committee on Energy, Research and Technology tabled the third report¹⁰ on Europe's response to the modern technological challenge (third R & D progress report), embodying a detailed analysis of the technological advance of our international competitors (Japan and South-East Asia, the USA, the Soviet Union and various emerging countries), a diagnosis of the European situation and a description of the route to a technological Europe of the 1990s¹¹. The point was made again here that overall R & D funding must be substantially increased if Europe is not to fall still further behind its main competitors. The goal is 6% of the Community budget by 1995, which would amount to 2 500 m ECU a year¹². Here we have further clear evidence of the achievements of the appropriate committee in the European Parliament (CERT), in the face of strong opposition, as a committed and successful advocate of a forward-looking European R & D policy.

Summary of the committee's other main activities

For reasons of space it would be impossible for us to list all programmes considered and adopted by the committee in the period under review¹³. The following may however be singled out:

- the committee has on several occasions in the past considered the reorganization of the Joint Research Centre (JRC) and, in a report on the

matter¹⁴, set out guidelines for substantial restructuring and efficient future operations. The main thrust was for nuclear research, the original R & D goal of the JRC, to make way for increased research on standards, the reduction of industrial hazards and environmental protection in the widest sense.

- the committee has devoted special attention to R & D policy in the field of health (for example, it was only at the prompting of the committee that AIDS research began at Community level), biotechnology and genetic engineering¹⁵. At an early stage the committee pointed out the special opportunities and risks involved in biotechnology and genetic engineering, made its voice heard in expert circles via its reports and, as a critical and expert adversary, spurred the Commission on (biotechnology), and reined it in (genetic engineering).
- its own-initiative report on European space policy¹⁶ was the first step in extending the Community's R & D programmes to cover this field and aeronautics¹⁷, which has now occurred.
- the committee has given a great deal of attention to the EUREKA research initiative^{18,19}. By intense activity (some of it via unofficial channels) the committee helped prevent EUREKA from circumventing European R & D policy (especially the R & D framework programme) and establishing a European R & D policy beyond parliamentary control, as seems to have been the intention in various quarters.

Assessment of the consequences of technology: the STOA project

After an eighteen-month trial phase the STOA (Scientific and Technological Options Assessment) project was put on a permanent basis in autumn 1988. STOA is due entirely to the efforts of the committee (CERT). The committee had repeatedly pointed out that in view of budgetary constraints and the uncertain technological, economic, social and cultural implications of research and technology, a successful and responsible R & D policy would be impossible if there was no attempt at an assessment of the consequences of technology such as is to be conducted under STOA²⁰.

Looking ahead

With the adoption of the framework programme and important sectoral research programmes as mentioned above (e.g. ESPRIT, RACE, BRITE, biotechnology etc.), definite steps have been taken towards a strategic reorientation of the Community's research policy, albeit only after much resistance and with

extremely modest funding. While the Community research effort clearly concentrated on energy in the past, its new thrust is more towards competitiveness in industry, to improve its chances of keeping up with the USA and Japan and, by encouraging innovation, to help reduce unemployment. EUREKA too will encourage research cooperation in Europe. However, as the European Parliament in particular has often recently pointed out, greater R & D efforts at Community level are essential. One reason why Europe lags behind in the field of technology has been the frequent failure to translate technological invention into marketable products capable of beating the US and Japanese competition in particular on the world market. Only joint efforts at European level can change this and enable the R & D opportunities offered by the creation of the internal market to be exploited. One point at issue is whether the Community R & D programmes should be confined, as in the past, to the precompetitive stage (basic research etc.) or extend more to the competitive stage (industrial applications). The forthcoming review of the R & D Framework Programme, due to begin in autumn 1989, will be considering how far the R & D programmes should also cover environmental matters, the humanization of working life and the increasingly urgent problems of traffic. They should perhaps also include sociological research.

1. Report PE 132.144 provides a comprehensive review of CERT activities during the second electoral period (1984-1989); document PE 130.206 lists all committee reports considered during the second electoral period
2. See Doc. A 2-155/86 (SALZER report) and the related resolution of 8 December 1986, OJ C 7/87; EP resolutions of 22 January 1987 (OJ C 46/87) and 9 April 1987 (OJ C 125/87); and the resolution of 17 December 1987 concerning the conciliation procedure, OJ C 281/87; see also the original Commission proposal COM(86) 430 final
3. CERT = Committee on Energy, Research and Technology
4. Council decision (85/516/EURATOM, EEC) of 28 September 1987, OJ L 302/87
5. 417 m of the estimate of 5 396 m ECU were initially blocked but have since been released: Council Decision (88/193/EEC, EURATOM) of 28 March 1988, OJ L 89/88
6. The tables in Chapter III/S of the fact sheets on the EP (PE 122.000) give more detail of R & D spending in the Community countries and in the USA and Japan by way of comparison
7. The main objectives of these individual programmes are as follows:
 - ESPRIT (European Strategic Programme for Research and development in Information Technologies). This programme, which is frequently described as the flagship of Community research, has been in operation since 1984. It is intended to make European industry internationally competitive in the field of the rapidly-expanding information and

communications technologies; these new industries have already reached the size of the car and steel industries.

- RACE (Research and development in Advanced Communications technology in Europe). This programme is also designed to make industry more competitive and to develop telecommunications and advanced communications technologies (integrated broadband networks etc.) The RACE and ESPRIT programmes are closely interconnected
8. The outstanding individual programme here is:
 - BRITE (Basic technological research and the application of new technologies). The purpose of this programme is also to encourage the application and/or development of new technologies in the 'traditional' industries, in which about three-quarters of the entire industrial workforce in the Community are still employed. The programme covers basic research and technological development, laser technologies, computer aided planning etc.
 9. See also Chapter 15 on the Community's energy policy
 10. Poniatowski report, Doc. A 2-106/89
 11. This third R & D progress report coincides with the Commission's first report on the state of science and technology in Europe; see COM(88) 647 final. This comprehensive Commission document was drawn up at the request of the EP and its Committee on Energy, Research and Technology
 12. This objective is in accordance with the provisions of the inter-institutional agreement on the financial perspective concluded between the Council, Commission and Parliament, in which a ceiling of about 2 bn ECU was laid down for research in 1992
 13. See footnote 1
 14. Doc. A 2-323/87 and A 2-172/88 (Linkohr report and resolutions of 9 March 1988 and 14 September 1988 (OJ C 94/88 and C 262/88); Council Decision of 20 October 1988 (OJ L 286/88)
 15. See reports on:
 - Health research and AIDS: Docs. A 2-118/87 and A 2-175/87 (Schinzel report and resolutions of 18.9.1987 and 28.10.1987 (OJ C 281/87 and C 318/87); Council Decision of 24.11.1987, OJ L 334/87
 - own-initiative report on biotechnology (Viehoff report), Doc. A 2-134/88 and resolution of 23.3.1987, OJ C 76/87
 - biotechnology (BRIDGE programme), Doc. A 2-139/89 (Gauthier report) and resolution of 24.5.1989
 - Genetic engineering (genome analysis), Doc. A 2-370/88 (Harlin report) and resolution of 15.2.1989
 16. Doc. A 2-66/87 (Toksvig Report) and resolution of 17 June 1987 (OJ C 190/87)
 17. See Doc. A 2-293/88 (Salzer report on a programme of research and technology in aeronautics) and resolution of 14 December 1988, OJ C 12, 16.1.1989
 18. EUREKA was a French Government initiative and was set up by a conference of ministers of technology of 17 July 1985. It was launched as a programme of civil research to identify, support and coordinate industrial and service projects, in order to ensure the competitiveness and productivity of European advanced technology industries. At present Austria, Finland, Iceland, Norway, Sweden, Switzerland and Turkey have joined the Twelve Member States and the Commission of the European Communities in this programme. EUREKA has an institutional framework (rotation of presidency, high-level group and ministerial conferences) and a permanent secretariat in Brussels. EUREKA is thus pursuing the same aims as the Community's framework programme; the participation of the Commission does however create a link between Community research and

- EUREKA. But EUREKA is not a Community scheme
19. See Doc. A 2-50/88 (Ford report) and resolution of 20 May 1988, OJ C 167/88
 20. Further details on STOA etc., briefing on the STOA project, March 1989, PE 126.498/rev.
Important STOA projects, on which detailed reports are available, include:
 - transfrontier chemical pollution;
 - assessment of European nuclear fusion research;
 - an analysis of the Green Paper on telecommunications.Current STOA projects include:
 - food hygiene;
 - remote sensing;
 - hazardous waste management beyond 1992, on which a workshop was held in Brussels on 25 April 1989 which attracted a good deal of attention and was attended by a large number of experts

ENVIRONMENTAL POLICYConclusion of the European Year of the Environment

At the conclusion of the European Year of the Environment (EYE), the Committee on the Environment, Public Health and Consumer Protection hosted two meetings to assess the events of the year.=

On 22 March 1988, Members of Parliament met with the steering committee and the chairmen of the national EYE committees. A further meeting was held on 21 June 1988 with the chairmen of the national parliaments' environment committees. This meeting involved an in-depth exchange of views and experiences and was in preparation for a European Parliament resolution on Environment Year¹. In this resolution Parliament welcomed the commitment shown by various social groups such as trade unions and industry, local and regional authorities and environmental associations, which had helped to increase public awareness. It was however also critical of the fact that the Council of Ministers and the national governments had not followed up this awareness campaign, as during that year the Council of Ministers did not adopt any legislative proposal which had been before it for a considerable period. The Commission was also asked to study the means of setting up a European Foundation for the Environment which could provide a link between the various existing national foundations. Furthermore, Parliament stated that the Commission should in future continue to support projects which were aimed at the protection and/or restoration of the environment and which could encourage and prompt further initiatives. As a result of the meeting with the chairmen of the environment committees of national parliaments, Parliament is seeking closer cooperation with the national parliamentary environment committees in order to achieve more effective implementation of the Community's environment policy in the Member States.

The committee held a further exchange of information and experiences with the appropriate Council of Europe committee on 30 November 1988 in Brussels. In a published joint statement, the governments of the Community Member States and the Council of Europe were called on to comply with the environmental protection directives or conventions in their countries. The statement

expressed concern about the dangers associated with the transport of toxic and hazardous waste, its export to third countries and its disposal.

Environmental protection and the Single European Act

The Committee on the Environment, Public Health and Consumer Protection, with the Committee on Economic and Monetary Affairs and Industrial Policy, was one of the committees most concerned by the new cooperation procedure provided for in the Single European Act (SEA).

The cooperation procedure offers Parliament greater rights but is not primarily concerned with environmental protection (in the new Articles 130r to t of the EEC Treaty this area is covered only by the consultation procedure) but, pursuant to Article 100a of the EEC Treaty, with the establishment and functioning of the internal market. The greater powers afforded by Article 100a have prompted the committee to insist that Commission proposals should be submitted on the basis of Article 100a rather than Articles 130r to t of the EEC Treaty. A conflict is now developing with the Council of Ministers as, in its common position on waste from the titanium dioxide industry, it has deviated from the legal basis of Article 100a of the EEC Treaty, proposed by the Commission and approved by Parliament, and is now proposing Article 130s of the EEC Treaty.

A further example of the SEA's impact on environmental policy is the possibility for the European Parliament to reject the common position and to challenge the Council if the Commission has adopted Parliament's proposed amendments, as was the case with the Commission proposal on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from the engines of motor vehicles (European emission standard for cars below 1.4 litres - for further details see below). At that stage the Council can adopt the amendments by a qualified majority, however, if it wishes to keep the figures laid down in its common position, it must act unanimously.

Importance of environmental protection

No summit meeting of the Community's Heads of State and Government goes by without a discussion of environmental problems and a call for solutions. This

was true at Hanover (27 and 28 June 1988), where particular attention was paid to the dangers caused by air and water pollution, and Rhodes (2 and 3 December 1988) where the European Council drew attention to the growing importance of cooperation both with EFTA and the European countries in the field of environmental protection.

Environmental protection was also a topic discussed at the western economic summit, held in Toronto from 20 to 21 June 1988, when the need for international cooperation was stressed in view of the increasing threats to the environment.

Water

Pollution of the Rhine and watercourses

In an own-initiative resolution² on the pollution of the Rhine, Parliament stressed the Community's important role in reducing the pollution of the Rhine and expressed the wish that further measures should be taken to protect this river more effectively from the hazards caused by industrial accidents, the constant discharges of chemicals, and salt and thermal pollution. It called on the Commission to adopt various measures against these environmental hazards, for example to set up a solidarity fund which would distribute more fairly the costs of clean up operations.

In a second own-initiative report Parliament advocated a comprehensive strategy to restore and protect the ecosystems of freshwaters, which would take all relevant environmental factors into account. It stressed the importance of interregional and international cooperation in this field through the conclusion of bilateral or multilateral agreements and the setting up of water authorities and the need for more effective prevention measures, in particular through European Investment Bank policy in promoting specific projects.

Pollution of the North Sea

The death of thousands of seals in the North Sea prompted Parliament in a resolution³ to call on the Commission and the Member States to consider forthwith whether toxic and dangerous substances should still be permitted to

be discharged into Community waters. It also called on all States party to the North Sea Conference to set up without delay the North Sea Task Force agreed at the Conference in London in 1987. The Commission was further called on to monitor the safety for human consumption of fish caught in European waters, to set up an emergency plan to combat the fatal infection of seals and to make funds available for research into the causes and the prevention of pollution in the North Sea and the Baltic.

Eutrophication of the Adriatic

In another resolution⁴ the Italian Government and European Community bodies were called on to take measures to prevent a further explosive spread of algae, caused by the high level of pollution in the river Po and the delays in the adoption or implementation of clear Community and national environmental protection measures.

Air

Emission values for cars below 1.4 litres

In the Luxembourg agreement of 27 June 1985, the Environment Ministers decided, with regard to a future Community emissions policy, to reduce emissions for vehicles in all categories. New limit values were to apply for vehicles below 1.4 litres from 1992/93. For a limited transitional period the Council of Ministers agreed on provisional values which were laid down in Directive 88/76/EEC of 3 December 1987⁵.

The Commission proposal submitted in February 1988 on the reduction of emission values for motor vehicles below 1.4 litres⁶ was amended by Parliament at first reading on 14 September 1988⁷, to include a requirement for stricter emission values from 1 October 1992 (for new vehicle types) and from 1 October 1993 (for all new vehicles): 20 grams per test for carbon monoxide (instead of 30 grams), and 5 grams per test for the combined emissions of hydrocarbons and nitrogen oxides (instead of 8 grams). It also demanded that, notwithstanding the provisions of the Council directive of 3 December 1987, the same values should also apply to vehicles of more than 1.4 litres: from 1 October 1991 to vehicles over 2 litres and from 1 October 1993 to vehicles between 1.4 litres and 2 litres.

On 21 December 1988 the Council in its common position decided not to adopt Parliament's amendments but to keep the limit values and timetable proposed by the Commission unchanged. In January 1989 the Commission informed Parliament that it supported the common position. In its resolution of 12 April 1989⁸ Parliament reinstated almost unanimously (311 votes to 5 with 5 abstentions) the values given above. On the same day the Commissioner responsible, Mr Ripa di Meana, stated to Parliament that the Commission now intended to adopt the more stringent emission values called for by Members of Parliament.

Ozone layer

The ozone layer, which provides protection from ultraviolet rays, is increasingly being depleted by the use of chlorofluorocarbons (CFCs) as propellants in aerosols, in refrigerators and in medical equipment. Although aerosols were prohibited in the United States by 1978, production in the Community Member States has continued to increase and some 50% of the world production of about 1 m tonnes of CFCs are manufactured in the Community.

In its resolution⁹ Parliament referred to the importance of the Vienna Convention on the Protection of the Ozone Layer and the Montreal Protocol, which supplemented this Convention, on Substances that Deplete the Ozone Layer and deplored the fact that individual Member States had not yet signed or ratified them. It expressed the wish that the Community should introduce more stringent measures than were provided for in both these international agreements and called on the Commission to adopt monitoring measures and measures to increase consumer awareness and information, including the labelling of harmful substances. The Vienna Convention and the Montreal Protocol have since entered into force and they provide for a reduction of CFCs by 50% by the end of the century¹⁰. A further reduction, as called for by Parliament, has now been proposed by the Commission and aerosols should have been reduced to 90% by 1990, with the reference quantity being the 1976 volume of 200 211 tonnes. In addition, in future, as called for by Parliament, a label will be printed on packaging of products which contain CFCs and are harmful to the ozone layer.

Greenhouse effect

In an own-initiative resolution¹¹ on the consequences of a rapid rise in the sea level along Europe's coasts, adopted on 26 May 1989, it was suggested that the sea level would probably rise by 10 to 20 cm by 2025 and that the temperature would rise over the next 30 years by between 1.5 and 4.5°C. Attention was drawn to the connection between the use of CFCs, which contribute about 30% to the greenhouse effect, and the increase in carbon dioxide. In addition to a range of measures in the field of climatological research, Parliament also called for the creation of a common forestry policy, a drastic reduction in carbon dioxide emissions by at least 20% by the year 2005 and the creation of a world fund, to be financed by a tax on the use of fossil fuels in industrialized countries. These measures were intended to combat global warming.

Hazardous substances

The Council adopted a further directive on the major-accident hazards of certain industrial activities¹² which extended its scope to the storage of hazardous chemical products, whether in bulk or in packaged form, at any location. The provisions concerning information for the general public were also made more stringent, with specific details of what minimum information had to be provided, e.g. the nature of the risks to humans and the environment, the necessary measures in the event of an accident, existing emergency plans and provisions concerning access to additional information.

Waste

Transport of dangerous goods and substances

In view of the growth in the transport of dangerous goods and substances and the increasing number of accidents in this sector, Parliament, in an own-initiative resolution,¹³ considered that there was an urgent need for the relevant Community provisions to be supplemented. Parliament proposed various measures, in particular with regard to road infrastructure, the safety of means of transport and training, as it was convinced that the anticipated liberalisation of the transport market in the light of 1992 should involve

better protection for the general public and the environment, by requiring the harmonization of national measures.

Waste plastics

In view of the increasingly important role of plastics in many areas and the adverse effects of waste plastics on the environment, in an own-initiative resolution Parliament called on the Commission to deal with this problem in the framework of a comprehensive European waste management policy¹⁴. Drawing attention to its resolution of 19 June 1987 on the waste disposal industry¹⁵, it urged the Commission to take mainly preventive measures and called on it to adopt initiatives with regard to the recycling, reprocessing and biodegradability of waste plastics and the use of waste plastics as a source of energy and raw materials.

Fauna and flora

Washington Convention on international trade in endangered species of wild flora and fauna in the Community (CITES)

In a resolution¹⁶ on this subject Parliament called on the Commission to continue its efforts to membership of CITES, to monitor the strict implementation of the Convention by the Member States party to it and to encourage those Member States which were not yet members to become signatories to the Convention.

Berne Convention on the conservation of European wildlife and natural habitats and the Bonn Convention on the conservation of migratory species of wild animals in the European Community.

In this resolution¹⁷ the Commission and the Member States were called on to draw up a directive implementing the Berne and Bonn Conventions, to set up a Community environment inspectorate, to support attempts to reintroduce species into the wild and to draw up recommendations on hunting.

Directive on the conservation of wild birds in the European Community

In this resolution the European Parliament¹⁸ called on the Commission and the Member States in particular to improve the monitoring and protection of actual natural habitats and the protection of species by means of suitable measures and the adjustment of regulations¹⁹.

1. OJ C 262, 10.10.1988, p. 197
2. OJ C 187, 18.7.1988, p. 170
3. OJ C 262, 10.10.1988, p. 111
4. OJ C 262, 10.10.1988, p. 112
5. OJ L 36, 9.2.1988, p. 1
6. COM(87) 706 final, 10.2.1988
7. OJ C 262, 10.10.1988, p. 89
8. Doc. A 2-26/89
9. OJ C 187, 18.7.1988, p. 53
10. Council Decision and Regulation of 14 October 1988, OJ L 297, 31.10.1988
11. Doc. A 2-87/89
12. OJ L 336, 7.12.1988, p. 14
13. OJ C 235, 12.9.1988, p. 117
14. OJ C 235, 12.9.1988, p. 147
15. OJ C 190, 20.7.1987, p. 154
16. OJ C 290, 14.11.1988, p. 142
17. OJ C 290, 14.11.1988, p. 54
18. Directive 79/409/EEC; Resolution: OJ C 290, 14.11.1988, p. 137
19. Further Parliament resolutions on the protection of animals and specific species in the Community for the period 1984-1989 appear in the Environment, Public Health and Consumer Protection Series No. 14, of the European Parliament's Directorate-General for Research.

V THE COMMON AGRICULTURAL
POLICY, FORESTRY AND FISHERIES



THE COMMON AGRICULTURAL POLICY, FORESTRY POLICY, COMPLETION OF THE INTERNAL MARKET FOR FOOD PRODUCTION

Introduction

One of the most important events in the 1988/89 marketing year was the introduction of agricultural stabilizers ushering in the second phase of the reform of the CAP, a measure decided on by the Council on the basis of the conclusions of the European Council meeting in February 1988. These reform measures were taken because there was a political will to reduce the budgetary burden of agriculture (EAGGF Guarantee Fund) to tackle the crisis in the financing of the Community budget (own resources) and to reduce the imbalance between supply and demand which had arisen over the years in various common organizations of the market (milk, beef and veal, cereals, oleaginous products etc.) owing to a number of factors such as: the fact that, due to technical progress, production had outstripped demand which had slowed down owing to a decline in population growth in industrialized countries; the insolvency of several developing countries which were short of food and were unable to purchase the surpluses accumulated by the industrialized countries on the world market; foreign trade policy which, by granting preferential access to the Community market to products originating from third countries - whether industrialized or developing - which competed with Community products (cereal substitutes, fruit and vegetables, olive oil, beef and veal and sheepmeat, etc.), had aggravated imbalances in the Community market.

Since 1983 the Council has followed the Commission's proposals regarding the EAGGF Guarantee Fund, and on the one hand pursued a restrictive agricultural prices policy (freeze or reduction in ECU) and, on the other, a policy of progressively reducing the support arrangements provided for under the common organizations of the market. At the same time the Community's social and structural policy in respect of agriculture (EAGGF Guidance Fund) has been adapted so that aid is directed as a matter of priority to holdings capable of surviving under a restrictive prices policy. This was the first phase of the reform of the CAP. According to Commission calculations, it led to an average reduction in support prices of the order of 20% between 1984 and 1988,

controls on agricultural expenditure, the stabilization of - or even reduction in - the volume of production, the reduction in - or even elimination of - certain surpluses. However the fall in the level of agricultural incomes has been dramatic, for instance in 1987 incomes actually fell to the 1980 level in real terms. There have also been negative consequences for agricultural potential, for example 3.6 million dairy cows were slaughtered to restore the balance in the market of milk products in the Community. Unfortunately, however, these initiatives were not followed by the Community's partners on the world market. For example, certain countries such as New Zealand and the United States, stepped up production in the dairy sector and took over the share of the world market abandoned by the Community. In the Geneva agreement of 7 April 1989 on the mid-term review of the Uruguay Round, the Community was able to obtain a 'credit' for its efforts to control production only from 1986 onwards.

In February 1988 the European Council solved the Community's agricultural and budgetary problems up to 1992, the deadline fixed for the attainment of the internal market of the Community of Twelve. The following decisions were taken:

- a) the approval of measures granting the Community, for the period between 1988 and 1992, stable and adequate own resources to implement common policies or actions in conjunction with strict budgetary discipline;
- b) the introduction of stabilizers and the strengthening of existing restrictive measures based on purely budgetary criteria with the aim of halting the rise of EAGGF Guarantee Fund expenditure in the short term and reducing it in the long term;
- c) the adjustment of certain social and structural measures to accompany the introduction of agricultural stabilizers with the two-fold objective of limiting the volume of production and thus contributing to restoring the balance between supply and demand (SET-ASIDE, extensive farming, reconversion, definitive abandonment of farming) and, on the other, cushioning the negative impact of the stabilizers on the poorest holdings in the Community (income support measures).

d) the doubling of appropriations for the structural funds from 1988 to 1993 in order to compensate for the loss of revenue incurred by the less prosperous countries of the Community owing to the reduction in the EAGGF Guarantee Fund and to achieve the economic and social cohesion advocated by the Single Act through investments;

The inter-institutional agreement of June 1988 lays down a detailed plan for the Community budget over the next five years. The EAGGF Guarantee Fund will gradually be reduced (from 63% of the budget in 1988 to 59% of the budget in 1992) in accordance with the 'Guideline' which provides that the annual rate of growth of expenditure for this fund may not exceed a ceiling of 74% of the rate of growth of GNP within the Community. On the other hand, the EAGGF Guidance Fund will account for an increasingly large share of the overall endowment of the structural funds so as to finance traditional social and structural measures, social and structural measures accompanying the introduction of agricultural stabilizers and new development measures within the areas covered by objectives 1, 5a and 5b. However, it should not be forgotten that the EAGGF Guidance Fund is the smallest of the three structural funds and that it differs in both purpose and procedures from the EAGGF Guarantee Fund. The EAGGF Guidance Fund will therefore never be able to compensate for the adverse effects on agricultural incomes - notably for small family holdings which are the most common type of holding in the Community (three-quarters of agricultural holdings are smaller than the Community average) - owing to the reduction in support from the EAGGF Guarantee Fund which has already occurred and which will continue in future. As we shall see, the Council has not followed the advice given by the European Parliament that after the severe stabilizers policy producers in a precarious situation should be allowed time to recover but instead it has increased pressure on the EAGGF Guarantee Fund which is now being reduced more rapidly than provided for in the Guideline.

Agricultural Prices 1989-90

The Committee on Agriculture, Fisheries and Food set out its views on the budget in its opinion for the Committee on Budgets¹ as part of the deliberations on the draft general budget of the European Communities for the 1989 financial year. It demanded, inter alia, that the appropriations allocated to agriculture under the budgetary discipline procedure - the so-

called agricultural guideline - be entirely used for agricultural policy objectives, and in particular, for small and medium-sized agricultural holdings. The committee considered this necessary, notably because the agricultural stabilizers had had a considerable impact on the revenues of small and medium-sized holdings in some sectors. Parliament advocated at first reading that at least part (200 m ECU) of the minimum expenditure fixed in the course of the budgetary procedure (approx. 2 bn ECU) be allocated to small agricultural holdings. The Council which is the final arbiter in this matter declined to follow this proposal.

The legislative resolutions amending regulations on prices for agricultural products and related measures² drawn up on the basis of the report on the Commission's proposals in this sector³ are vital elements of the European Parliament's policy on agriculture. The European Parliament has basically followed the committee's recommendations and the opinion it delivered was balanced. Parliament's opinion for the main sectors of production in the 1989-1990 marketing year was as follows:

Cereals

Parliament rejected the Commission's proposals for a one-month reduction in the intervention period for the 1989-1990 marketing year and a two-month reduction in the intervention period for the 1990-1991 marketing year. The Council decided on a one-month reduction.

Parliament also rejected the Commission's proposal to cut the monthly increases by 25% and the Council decided on a 12.5% reduction.

Parliament proposed a 14% increase in aid for producers of durum wheat compared to the Commission's proposal of 11%; the Council went beyond this and decided on a 16% increase and extended the area covered by this aid to include certain regions of Greece and Spain.

Parliament also demanded the following:

- the exemption of the first 50 tonnes from the co-responsibility levy,
- the application of the co-responsibility levy to imported cereal substitutes,
- an increase in the prices for maize intended for human consumption,

- the creation of a guarantee fund to cover damage caused by natural disasters and adverse weather conditions.

The Council has failed to reach a decision on any of these matters.

Oil seeds and protein plants

The Council did not follow Parliament's proposals regarding a minimum price for peas, broadbeans and field beans; instead, it decided on a 4% reduction. The Council also failed to adopt Parliament's proposals regarding a revision of the support system for oil seeds.

Sugar

Parliament rejected the Commission's proposal for a 5% price reduction; the Council reduced prices by 2%.

Fruit and vegetables

Parliament called for a 3.5% reduction in the prices of citrus fruits (compared to the Commission proposal of 7.5%). The Council reduced these prices by 7.5%, except in the case of satsumas and clementines. The intervention threshold for apples has been fixed at 6% of normal production; Parliament had proposed a 5% threshold. For the following marketing years 1990/1991 and 1991/1992 the Council has reduced this intervention threshold to 4% and 3% respectively. Parliament had proposed an intervention threshold of 5% for cauliflower; the Council decided on 3%.

Olive oil

Parliament had proposed to increase the maximum level of olive oil subject to production aid for small producers to 450 kg; the Council decided on 400 kg (the Commission's proposal: 300 kg). The Council failed to take up Parliament's proposal to create a common organization of the market in table olives - as announced in the documents concerning the accession of Greece to the European Communities.

Cotton

The Committee on Agriculture had proposed an increase of the production threshold from 753 000 tonnes to 1 100 000 tonnes (corresponding to the real production level in 1988). The European Parliament failed to adopt this proposal and instead demanded increased support for small producers. The Council then instructed the Commission to submit a report on the situation of small producers by 1 August 1989 and to make appropriate proposals which could be implemented in the 1989/1990 marketing year.

Milk

The European Parliament called for the first 60 000 kg to be exempt from the co-responsibility levy and for this levy to be phased out. The Council again exempted disadvantaged areas from the co-responsibility levy and fixed this levy as follows for producers in other areas:

Production of less than 60 000 kg : 1%

Production of more than 60 000 kg : 1.5%.

The Council and Commission have both undertaken to take appropriate measures from the 1990/1991 marketing year to phase out the co-responsibility levy in line with Parliament's demands.

Table wine

Parliament proposed a staggered plan to approximate the guide price for white wine to the - higher - guide price for red wine over three marketing years. However, the Council accepted the Commission's proposal and reduced the guide price for red wine by 2.5% and increased the guide price for white wine by 2% for the 1989/90 marketing year.

Tobacco

Parliament called for structural programmes to be drawn up to enable production in certain regions to switch to other varieties or products for which there was a demand on the market. The Council merely made a number of adjustments to the market organization without adopting any structural measures.

Financial implications

The prices will result in extra expenditure of approximately 46 m ECU and 373 m ECU for the 1989 and 1990 financial years respectively compared with the Commission's proposals. More than 50% of this extra expenditure is due to agri-monetary measures. The extra expenditure will not cause any budgetary problems, since estimated expenditure for 1989 will be far lower than the 2 billion ECU provided for in the agricultural guideline.

Other activities

Forestry's importance with regard to production, employment, the environment and recreation is well known. Woodland covers 20% of the land area or 40% of the agricultural area, providing jobs for 2 million people and producing 115 million m³ of timber (only 50% of the EC's requirements). In November 1988, having approached the matter several times in the past, the Commission submitted a package of measures with a view to developing a Common Forestry Policy independent of the Common Agricultural Policy⁴. The European Parliament adopted these proposals, with some amendments, on 26 May 1989. Further information can be found in document WIP/89/06/041.

Since the Single Act came into force, one of the main aims of Community strategies has been the completion of the single market in the food production sector by 1992. Attention should be drawn to the special importance of this market, in view of the fact that food production is one of the Community's main branches of industry, employing 2.5 million people and with a turnover of 365 billion ECU in 1986. An illustration of its significance is the fact that a third of the Commission's proposals for the legislative programme in the White Paper on the completion of the single market are concerned with the agri-foodstuffs sector. Further information can be found in document WIP/89/06/040.

Information on action in specific sectors (e.g. the Working Party for the Monitoring of Dairy Quotas, growth hormones and BST, flowers and plants, income aid, seeds and legumes, nuts, the control and eradication of rabies, the future of rural society, agriculture in the context of 1992, the destruction of fruit and vegetables, the tar content of cigarettes, the reform

of the common organization of the markets in beef, sheepmeat and goatmeat, etc.) can be found in document WIP/89/06/039.

1. Doc. A 2-219/88, Part D
2. Legislative resolutions of 13 April 1989, PE 132.564, Doc. A 2-41/89
3. Doc. A 2-41/89
4. COM(88) 255 final, 11 November 1988, Doc. C 2-173/88

THE COMMON FISHERIES POLICY

Since January 1983, when a genuine common fisheries policy was devised, full involvement of the European Parliament in the legislative process for the management of this integrated policy has remained an open question, as there is no formal provision for it.

As no proper or systematic consultation procedure exists, contacts between the European Parliament's Subcommittee on Fisheries and the other institutions, particularly the Commission, are all the more necessary.

Apart from its management activities - conserving resources, monitoring catches, fixing prices and aid - the common fisheries policy has a bearing on international relations given the large number of fisheries agreements concluded between the Community and third countries as well as on structures since the capacity of the Community's fishing fleet has to be adapted to availability of stocks.

Activities of the Subcommittee on Fisheries

In addition to the reports it adopted (see below) during the period under consideration, the European Parliament's Subcommittee on Fisheries was engaged in intense activity in its contacts with the other institutions - Commission and Council - and with the fishing industry.

Of the contacts with the Commission, the speech made on 21 February 1989 by the Commission Vice-President, who has held the portfolio for fisheries since 1 January 1989, assumed particular importance in that it represented a form of political undertaking by the new Commission with regard to the Subcommittee on Fisheries.

The Commissioner explained how he envisaged cooperation between the Commission and the Subcommittee on Fisheries:

- (a) before each meeting of the Fisheries Council, he would endeavour to appear before the Subcommittee to explain matters to be debated by the Council;
- (b) since the first ten years of the common fisheries policy would end on 31 December 1992 he intended, together with members of the Subcommittee, to organize seminars to consider particular aspects and work out guidelines for the future;
- (c) he would endeavour to increase the European Parliament's say in TACs and quotas, fisheries agreements and monitoring measures.

He also announced:

- that a report on the reform of the common fisheries policy would be drawn up shortly taking into account the new shape of blue Europe following the enlargement of the Community to include Spain and Portugal;
- that a negotiating mandate would be proposed to resolve fisheries problems involving the USSR and Poland;
- the extension of all aspects of the common fisheries policy to the Mediterranean basin¹
- the strengthening of the structural policy for the processing and marketing of fishery products;
- the creation of a fisheries fund independent of agriculture²;
- the opening of talks with the FAO - including the GFC (General Fisheries Council for the Mediterranean) - to define the Commission's powers to represent the Member States.

On behalf of the Subcommittee on Fisheries, its Chairman, congratulated the Commissioner on the ambitious programme for the coming years, stressing the supervisory and innovatory role which the European Parliament intended to play to ensure that the undertakings given were fulfilled.

In addition to contacts with the Commission, the Subcommittee on Fisheries has - during the period under consideration - taken part in exchanges of views with the Council (most recently with the Spanish presidency in February 1989). It has also received several delegations from the industry who described their problems: for example French and Spanish fishermen and their dispute over new methods for fishing albacore in the Bay of Biscay.

Given the particular characteristics of the fisheries sector, the fact that the common fisheries policy is independent of the CAP and the volume of work it has done, the Subcommittee on Fisheries has expressed a desire to become a full committee in the next electoral period.

Analysis of major resolutions

During the period from July 1988 to June 1989, the Subcommittee on Fisheries adopted 15 reports and opinions³, the majority of which were debated and adopted by Parliament in plenary sitting⁴.

The European Parliament has thus used its power of initiative constructively through a critical appraisal of the common fisheries policy as a whole⁵; of certain specific aspects, such as small-scale fisheries⁶, supervisory policy⁷ and the processing industry⁸; of certain aspects relating to particular sectors, such as Norway lobster fishing⁹ and the market in herring¹⁰; and the need to harmonize certain aspects of national legislation relating to the market, such as health guarantees with regard to nematodes¹¹.

On the whole, these European Parliament resolutions took a positive view of the operation of the common fisheries policy which had displayed great efficiency at a very modest cost to the budget: 353.2 m ECU in commitment appropriations for 1989, or 0.7% of the overall Community budget. It should be stressed that 44% of the annual fisheries budget goes to honour the Community's financial obligations under the fisheries agreements it has signed with third countries (fishing rights alone, excluding tariff concessions on their exports to the Community), which is four times more than is spent on support of the common organization of the market in fisheries products in the EEC of Twelve (11% of the fisheries budget).

Nonetheless the European Parliament has suggested that improvements could be made in:

- the common organization of the market by extending the list of species eligible for aid and simplifying implementation of certain provisions regarding the granting of certain types of aid (graduated financial compensation and carry-over premium);
- the structural fisheries policy by including it in the doubling of the structural funds by 1993 (from which it had been excluded);
- the policy of monitoring by strengthening the Community inspectors service and exchanges of information between Member States;
- the regulation of fisheries in the Mediterranean by implementing a specific policy for the region and in particular by means of the overall management of stocks involving the cooperation of all the Mediterranean and third countries concerned in an international conference;
- small-scale fisheries by including them in the structural policy and creating a specific support programme to enable the sector to survive;
- social policy and safety at sea on which the European Parliament has made practical proposals concerning training, medical assistance and communications;
- the processing industry which should be developed to reduce the Community's large deficit in fishery products (more than 4 billion ECU at present); for example, new refrigeration facilities could be constructed and pilot schemes launched to promote new species and new frozen products.

Assessment of the impact of Parliament's work

As a general rule it is very difficult to assess the impact of European Parliament resolutions over a given period. Experience shows that often several years pass before the Commission and Council recognize the merits of the proposals and changes suggested by the European Parliament.

For example, in the structural field, it took several years for the Council to give a favourable reception to the European Parliament's demand¹² that aid for the modernization of fishing fleets should not be limited to vessels with a maximum length of 33 metres, as this was not in line with the needs of professional fishermen. The exhaustion of Community fish stocks forces the Community fleet to operate in ever more distant waters, hence the need to build vessels capable of fishing beyond the Community's 200 mile exclusion zone.

When it last amended the regulations on the common organization of the market in fishery products in November 1988¹³, the Council accepted the idea of increasing the number of species to which the regulations applied, as the European Parliament had been demanding since February 1987¹⁴. On the other hand, in the wake of a conciliation procedure¹⁵, the changes demanded by the European Parliament in allowances for tuna were not accepted by the Council.

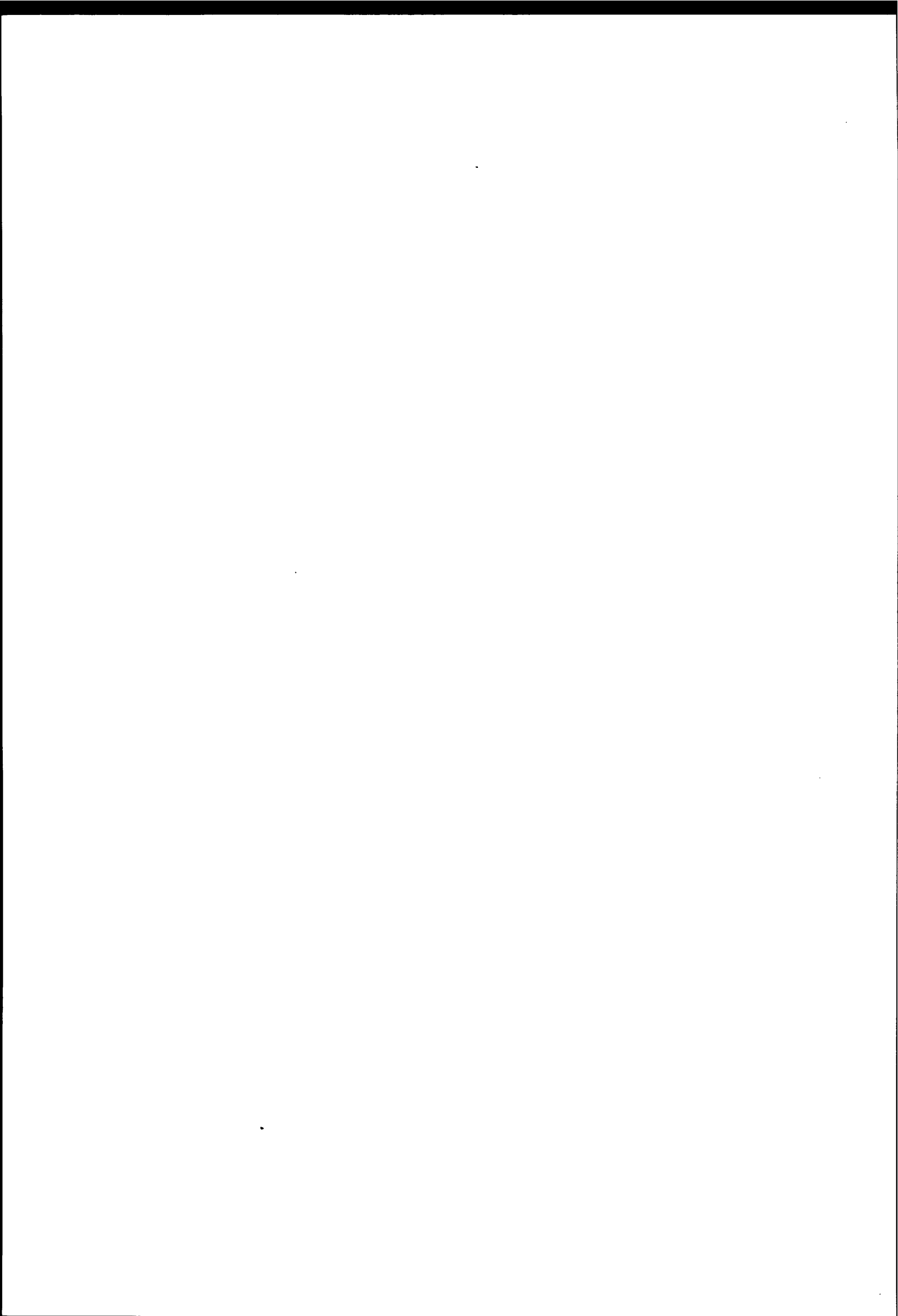
The Commission proposal on monitoring and supervision¹⁶ took up a demand of the European Parliament that the Community's financial participation be extended to all the Member States instead of merely two.

Another demand of the European Parliament in recent years was for the separation of fisheries from agriculture in Regulation (EEC) No. 355/77 on the processing and marketing of agricultural and fishery products and in the EAGGF Guarantee and Guidance sections of the budget.

In the wake of Regulation (EEC) No. 4256/88, laying down provisions for implementing a reform of the structural funds as regards the EAGGF Guidance Section¹⁷ the Commission presented proposals regarding the processing and marketing of agricultural and fishery products separately¹⁸. Moreover, for the 1989 budget the budgetary authority took over all the European Parliament's proposals¹⁹ by creating several chapters for the Fisheries Guarantee and Guidance Fund (chapters 40 to 46 of the budget), which makes for more open management and represents an important step towards the complete autonomy of the sector. In this connection the statements by the Commissioner, referred to above assume particular importance.

1. Resolutions of 20 February 1987, OJ C 76, 23.3.1987, pp. 179 and 183
2. Resolutions of 27 October 1988, OJ C 309, 5.12.1988 p.9 and of 15 December 1988, OJ C 12, 16.1.1989, p.144
3. This activity involved four referrals for reports and opinions pursuant to Rules 117 and 120 of the EP's Rules of Procedure, 11 reports and opinions pursuant to Rules 63 and 121, plus 8 working documents and other communications, most of which were used in the drafting of reports.
4. For an account of all activities of the EP's Subcommittee on Fisheries during the second electoral period see PE 130.328
5. Doc. A 2-319/88, adopted 20 January 1989
6. Doc. A 2-271/88, adopted 20 January 1989
7. Doc. A 2-389/88, adopted 13 April 1989
8. Doc. A 2-270/88, adopted 20 January 1989
9. Doc. A 2-272/88, adopted 20 January 1989
10. Doc. A 2-99/88, adopted by the Committee on Agriculture pursuant to Rule 37 of the Rules of Procedure on 18 April 1989
11. Docs. A 2-317/88 and A 2-409/88, adopted 17 March 1989
12. Doc. A 2-176/86, adopted 12 December 1986, OJ C 7, 12.1.1987, p. 308
13. Regulation No. 3468/88, OJ L 305, 10.11.1988, p. 1
14. Doc. A 2-210/86, resolution of 20 February 1987, OJ C 76, 23.3.1987, p. 170
15. which took place in Luxembourg on 19 October 1988
16. COM(88) 703 final, OJ C 20, 26.1.1989, p.10
17. OJ L 374, 31.12.1988, p. 25
18. COM(89) 91 final and COM(89) 187 final
19. Doc. A 2-219/88, adopted 27 October 1988, OJ C 309, 5.12.1988, p. 91

VI TOWARDS A EUROPEAN SOCIETY



POLICY ON EDUCATION, CULTURE AND TOURISMEducation

The problems inherent in education affect millions of Europeans, whether pupils, students, parents or teachers. Despite a slight fall in numbers in the early 1980s, the Community countries' educational systems encompass 58 million young people and approximately 3.5 million teachers.

Cooperation between the Community countries in the field of education is an integral part of the process of European integration, contributing to greater mutual understanding and the improvement of living and working conditions. The economic crisis and the high level of unemployment have made such cooperation essential in a situation where education policy has acquired a new dimension, concerned in particular with economic and socio-cultural realities. The Community institutions are actively involved in this development, although the Treaties establishing the Community do not refer specifically to the sector.

However, if the spirit as well as the letter of these Treaties is to be honoured, Community action in this area is amply justified, since the Community is responsible for the economic and social development of its Member States. Specific Community action is at all events justified under Article 57 of the EEC Treaty.

The policy of Community cooperation in the educational sector goes back some fifteen years to 1974, when the first action programme submitted by the Commission was drawn up. On that occasion, the Commission stated that its policy sought to preserve the special character of educational traditions and policies in each country; it did not seek to standardize traditional educational structures, methods or syllabuses. In the same year, an Education Committee was set up comprising representatives from the Member States and from the Commission with responsibility for drawing up an action programme and coordinating its operation.

Through its budgetary powers and the impact of its resolutions, the European Parliament undoubtedly exercised a major influence over the importance given to education.

The resolution of 28 October 1988¹ on the teaching of Community languages in the European Community, which calls for the adoption of the Commission proposal to create an independent programme for the learning of languages, and the resolution of 13 April 1989² embodying the opinion of the European Parliament on the proposal from the Commission to the Council for a decision to promote the teaching and learning of foreign languages in the European Community as part of the LINGUA programme, have undoubtedly made an impact. At the last meeting of the Council of Ministers for Education, held in Brussels on 22 May 1989³, a five-year programme was adopted, with Articles 128 and 235 as the legal basis, providing for expenditure of 200 million ECU from 1990 onwards.

The LINGUA Programme makes provision for four types of action:

- (a) measures to promote the continuing training of foreign language teachers (grants up to a maximum of 1500 ECU for teachers and financial support up to a ceiling of 25 000 ECU for higher education institutes that have established cooperation programmes with institutes in other Member States for the teaching of languages);
- (b) measures to promote the learning of foreign languages in universities;
- (c) measures to promote a knowledge of foreign languages in economic life;
- (d) financial support for the development of exchange schemes for groups of young people aged 16 - 25 years for a minimum period of 14 days as part of a post-school vocational training programme.

The legislative resolution of 17 November 1988⁴, embodying the opinion of the European Parliament on the proposal from the Commission to the Council for a decision relating to the opening of COMETT to the countries of the EFTA and to cooperation with international organizations, also urged the Council of Ministers for Education meeting on 22 May 1989 to adopt necessary measures in this respect.

On 17 February 1989, Parliament adopted a further important resolution⁵ on the Community's medium-term education policy between 1989 and 1992 in which it calls for cooperation in higher education to be extended and stepped up through the COMETT, ERASMUS and SCIENCE programmes and calls on the Council to allocate the Commission adequate human and financial resources to implement these programmes as part of a strategy to complete the internal market.

Finally, on 17 March 1989 the European Parliament adopted a resolution⁶ on the transition of young people from education to adult and working life and on the essential features of a Community vocational training policy in the context of the 1992 internal market in which it calls for the attainment of the following six objectives:

(a) establishment of freedom of movement for persons in the Community, in particular through the elimination of vocational training barriers, on the basis of the approximation of the provisions of labour law and mutual recognition of professional qualifications;

(b) economic and social cohesion in the Community, in particular through increasing support for disadvantaged regions, sectors and groups of individuals;

(c) innovation and coordination in the range of vocational training courses and programmes available in the Community, fostered by labour-market oriented information and cooperation systems;

(d) a European area for social dialogue in vocational training, in particular at company, regional and sectoral level;

(e) an integrated programme to improve promotion of exchanges among trainees (especially vocational school students, trainees and apprentices) and instructors (in particular vocational school teachers and instructors in companies);

(f) particular efforts to encourage the accelerated learning of Community languages with the new 'EURO-TTL' programme (trainees, trainers, languages), complementing the ERASMUS programme, which focuses on academic youth, to enable 10% of all young people of a particular year to take part in a European exchange scheme by 1992.

Culture

Given the complexity of European culture and the legitimate concern for protecting every aspect of it, the European Community has a special role to play.

In the first place, the Treaties entrust the Community with responsibility for uniting peoples and promoting social and economic development. Secondly, the cultural sector consists, on the one hand, of works and services, or rather goods and services, to which Community standards must be applied, and, on the other hand, of artists, creators or performers who are entitled to benefit-like other groups of workers - from Community help in tackling their economic and social problems.

Since 1969, the Heads of State of Government of the Community have emphasized on several occasions the need for joint action in the cultural sector. The European Parliament has also taken an active and constant interest in this sector, which, more than any other, unites the peoples of the Community. In response to Parliament's pressing demands, the Commission set up in 1973 an administrative unit with responsibility for cultural matters. Furthermore, in 1982 the first informal meeting of Community ministers was held, followed by official meetings from 1984 onwards.

This united approach has been productive and promising developments are now under way, particularly in four areas: movement of cultural goods (radio-television programmes, films, works of art, artists' working instruments and books); improvement of artists' living and working conditions (freedom of

movement and right of establishment, social security, protection of copyright, taxation, training of cultural workers, artist exchanges and support for artistic and cultural events); strengthening of means of communication (radio, television, cinema, concerts, theatre performances) in order to widen the circle of persons interested in cultural activities; conservation of the architectural heritage.

However, these are obviously only the beginnings of practical action in this area. For this reason, the European Parliament itself took a number of initiatives in the period in question.

Thanks to the impact of its resolutions, the European Parliament undoubtedly exercises a major influence over the importance given to the measures in the cultural sector.

On 16 September 1988 Parliament adopted a resolution⁷ on the founding of a centre for European culture and civilization based in Greece in which it stresses that this centre would, for the first time, make it possible to conceive and visualize Europe in terms of the various attempts which Europeans have made to study, re-value and interpret their own classical heritage.

The resolution of 28 October 1988⁸ on the conservation of the Community's architectural and archaeological heritage calls on the Council to reach a decision as soon as possible on the measures needed to ensure a reduction of direct taxes to which property owners are subject, and to release additional resources for the conservation and maintenance of historic buildings or sites whose state of repair and accessibility to the public are deemed to be adequate. It also instructs the Commission to submit a formal legislative proposal for the establishment in the Community of common rules on the protection of Europe's cultural heritage against theft, looting, vandalism and illicit handling and proposals for enhancing cooperation between the relevant authorities in the Member States with a view to combating such offences relating to cultural property more effectively.

The resolution of 17 February 1989⁹ on the launching of Community action in the cultural sector has undoubtedly borne fruit. At the last meeting of the Ministers for Culture¹⁰, held in Brussels on 17 May 1989, provisions were adopted regarding the liberalization of the audio-visual sector, the promotion

of books and reading through reduced VAT rates (preferably between 0 and 6%) and a national policy on book prices to guarantee a balance between the interests of authors, editors, bookshops and the public, while ensuring compliance with the rules on competition and cooperation between libraries on the basis of the implementation of new information technologies.

Tourism

The European Parliament has shown a keen interest in the implementation of a Community policy on tourism. It is aware of the economic and social consequences of the expected growth in the tourist sector and of its increasing impact on the national economies. It also realizes that tourism helps considerably to develop a sense of common European identity. MEPs are aware of the difficulties and problems that their constituents may encounter while travelling within the Community, since these problems are often brought directly to their attention.

The first genuinely European report on tourism was drawn up by the Committee on Youth, Culture, Education, Information and Sport and, on the basis of this report, the European Parliament adopted a resolution on the subject on 16 December 1983¹¹. This resolution provided an important stimulus for the first concrete proposals for Community legislation on tourism. Indeed, the communication from the Commission entitled 'Community action in the field of tourism'¹² that accompanied these first proposals took up various points made in Parliament's first report.

The initial proposals for Community legislation were adopted by the Council in December 1986 after Parliament had delivered a favourable opinion¹³. This legislation established a harmonized information system on existing hotels, introduced a coordination and consultation process in the field of tourism, and helped bring about a more effective geographical and seasonal distribution of tourism.

In April 1987, Parliament's Committee on Youth, Culture, Education, Information and Sport held a public hearing with several experts on tourism including representatives of national tourist authorities, representatives of the tourist industry and spokesmen for consumer organizations. The public hearing clarified many aspects of the problems currently under discussion in

the tourist industry and enabled the members of the Committee on Youth, Culture, Education, Information and Sport to obtain more accurate information on matters connected with the development of a key industry for the future of Europe.

On 22 January 1988, the European Parliament, wishing to encourage a more active commitment on the part of the Community in the tourism sector, adopted a resolution¹⁴ that proposes:

- coordinated legal and administrative action to eliminate existing obstacles to the free, easy and safe movement of Community citizens between Member States;
- promotion by information campaigns, studies and public relations;
- financing by a more effective use of the financial instruments existing in the Community;
- protection of the working conditions of persons employed in the tourism sector and in associated industries.

On 18 November 1988, Parliament also adopted a legislative resolution¹⁵ embodying its opinion on the proposal from the Commission to the Council for a decision on an action programme for the European Year of Tourism (1990). This resolution has undoubtedly been successful. The Community's Ministers for Tourism meeting on 8 May 1989 in Lanzarote (Canary Islands)¹⁶ adopted all of the proposals put forward by the Commission for the preparation of the European Year of Tourism.

The Ministers also decided to invite the EFTA countries to participate in the events arranged to celebrate the European Year of Tourism.

1. OJ C 309, 5.12.1988
2. OJ not yet published
3. Press release of 22 May 1989, No. 6614, Press 86
4. OJ C 326, 19.12.1988
5. OJ C 69, 20.3.1989
6. OJ C 96, 17.4.1989
7. OJ C 262, 10.10.1988
8. OJ C 309, 5.12.1988

9. OJ C 69, 20.3.1989
10. Press release of 18 May 1989, No. 6612, Press 84
11. OJ C 10, 16.1.1984; Doc. 1-816/83
12. EC Bulletin, Supplement 4/86
13. Doc. A 2-172/86
14. OJ C 49, 22.2.1988
15. OJ C 326, 19.12.1988
16. Agence Europe of 11 May 1989

A PEOPLE'S EUROPE - PETITIONSHow petitions are dealt with in committee

The trend over the last few years of a marked increase in the number of petitions to the European Parliament has continued: about 700 new petitions were submitted during the period under review, an increase of 40% over the previous year. This figure has to be seen in the light of the number of petitions declared inadmissible (31.5%), which is much higher than in the past. This double circumstance - an increase in the number of petitions and a rise in the number declared inadmissible - shows that, although the people of Europe are aware of their right to petition the Community, they are still not sure of the conditions governing this right. Under Rule 128 of the European Parliament's Rules of Procedure, to be admissible a petition must fall within the sphere of activities of the Communities.

The Germans, Italians and British have tabled the largest number of petitions, followed by the Belgians, Danes and Irish.

In general, the petitions examined related to social affairs, particularly social welfare protection, and environmental issues concerning protection of specific sites and respect for Community rules and provisions.

Four topics in particular that have inspired numerous petitions have become the subjects of reports for the plenary sittings:

- problems arising from cross-frontier property transactions
- conscientious objection to military service and alternative service
- compensation for victims of acts of violence
- discrimination against transsexuals.

The complaints set out in some petitions have enabled the Commission, after investigation, to establish an infringement of Community legislation or failure to comply with Community directives and thus institute proceedings

against the Member States concerned, under the procedure laid down in Article 169 of the EEC Treaty.

The Committee on Petitions has also received numerous combined petitions. The calculation of retirement pensions in Ireland alone has inspired hundreds of petitions. It is noteworthy that, following contact with the Irish authorities, this problem has been resolved, and those affected, who would not have been entitled to a pension under the legislation concerned, will now be able to receive one.

Particular reference should be made to protection of fundamental rights under Community law: firstly, the right to petition is enshrined in the Declaration of fundamental rights and freedoms, adopted in plenary sitting on 12 April 1989, and, secondly, the Committee on Petitions deliberates on the admissibility of petitions concerning the protection of fundamental rights and freedoms. Most of these petitions do not fall within the ambit of Community law and are thus found to be inadmissible, which is contrary to Parliament's political will to protect human and civil rights. This was the view upheld by a Round Table of European Ombudsmen organized by the Council of Europe, attended for the first time by the Chairman of the Committee on Petitions as an observer. Aware of the need to guarantee protection of individual rights, the Committee on Petitions has decided initially to improve its cooperation with the Council of Europe's Commission of Human Rights.

Initiatives taken by the Committee on Petitions

Several years of effort by the Committee on Petitions, aimed at reinforcing the right to petition, were crowned with success on 12 April 1989 when a Joint Declaration to this effect was adopted by the three institutions concerned: the Council, the Commission and Parliament (see box). This interinstitutional declaration marks an important step forward in the building of a People's Europe and the strengthening of democracy in the Community.

On 17 and 18 April 1989, the Committee on Petitions held a meeting of ombudsmen and chairmen of petitions committees in the national parliaments, to consider ways of improving cooperation. At the end of this Round Table, it was decided to improve the transmission of information between the European Parliament's Committee on Petitions, the petitions committees in the Member

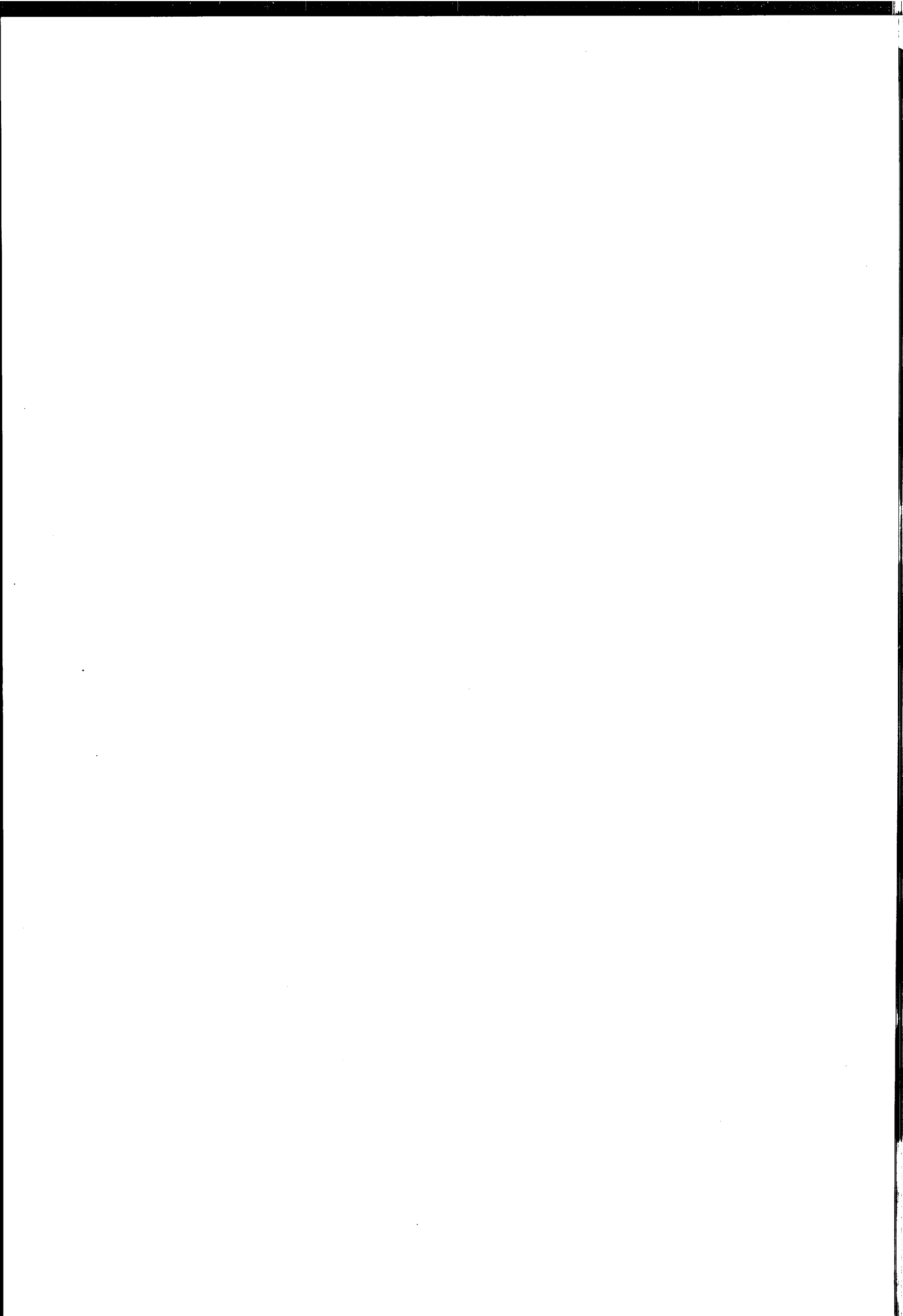
States and the ombudsmen in cases where the petitions received were likely to benefit from an exchange of information or transmission to another body.

DECLARATION

'The Presidents of the European Parliament, the Council and the Commission have studied the question of the custom of European citizens of petitioning the European Parliament. They recalled the wish expressed by the European Council that all support be given to the European Parliament's efforts to encourage and assist, in an appropriate manner, the custom of petitioning and were pleased to note that the custom was becoming increasingly widespread. The President of the European Parliament thanked the Commission and the Member States for the help they were affording the European Parliament in giving careful study to the various petitions.

The Presidents of the three Institutions were in agreement that, in appropriate cases where the questions involved related to matters of Community competence, the European Parliament should continue to send the Commission requests for assistance, in its capacity as guardian of the Treaties, or ask it to forward them after examination to the Member States concerned.

In this connection, they hoped that the European Parliament would be able to obtain as clear and swift replies as possible to those questions which the Commission might decide, after due examination, to forward to the Member States concerned. They pointed to the principle, enshrined in particular in Article 5 of the EEC Treaty, requiring the Member States and the Community Institutions to cooperate wholeheartedly in applying the Treaties.'



COMMUNITY ACTION IN FAVOUR OF WOMEN

The year in question has seen a wealth of activities and achievements. A great many reports and studies have been drawn up by the European Parliament's Committee on Women's Rights and an important forum was held in February 1989 in Brussels on the impact of the 1992 single market on the position of women in the labour market.

Equal treatment for men and women

This demand, central to the fight for women's rights, has not lost its topical relevance. The European Parliament has adopted a large number of resolutions aiming to ensure equal treatment for women. At its July 1988 part-session the European Parliament adopted a resolution on equal opportunities for boys and girls in the field of education¹. Another resolution adopted in July 1988 dealt with equality for men and women in Spain and Portugal² and called for ways and means to be sought to facilitate the application of Community directives on equal opportunities in these two new Member States.

At its September 1988 part-session, the European Parliament adopted four resolutions on equality. The first³ concerned the proposal for a directive on equal treatment for men and women in statutory and occupational social security schemes and called for 'the individualization of entitlements', in other words for all citizens to be entitled to social security coverage regardless of their family status. It also advocated the same retirement age for both sexes with the possibility for both men and women of a flexible pension scheme.

In the second resolution⁴, which concerned the application of Council directives, resolutions and recommendations concerning women, the European Parliament called for a third medium-term action programme to be drawn up to promote equal opportunities for women, particularly in the field of education and vocational training, employment and the use of new technologies. It also called for new directives to be drawn up, particularly in the field of equality under the tax laws and the reorganization of working time, as well as

equal treatment for men and women for all forms of work (part-time, temporary, home work, etc.).

The Commission has accepted the idea of drawing up a third action programme and has shown an open approach to new proposals for directives.

In its third resolution⁵, on the participation of women in decision-making centres, the European Parliament advocates the use of a quota system. It calls on political parties when drawing up lists of candidates to operate a clear-cut and monitorable quota system aimed at 'achieving numerical equality'.

In the fourth resolution⁶, on women and research, the European Parliament expresses the view that measures are needed to further the presence of women in universities and research centres and calls on the Member States to take positive steps to achieve this aim.

Equal treatment and the burden of proof

Following the European Parliament's insistence that a directive be drawn up on the burden of proof as regards equal treatment, a proposal was submitted to it by the Commission on which it delivered its opinion at the December 1988 part-session⁷. The proposal for a directive stipulates that when a person brings proceedings before a court to establish a presumption of discrimination, it is the task of the respondent to prove that there has been no contravention of the principle of equality.

As the concept of simple presumption does not exist in the national laws of certain countries (notably Belgium and Holland), the European Parliament preferred to make this explicit by placing the burden of the proof on the respondent in cases where persons 'adduce ... the facts in their possession that give rise to a presumption of direct or indirect discrimination'.

Further resolutions

At its July 1988 part-session, the European Parliament adopted a resolution on a charter on the rights of women in childbirth which would be applicable to all Member States of the European Community⁸. It calls on the Commission of

the European Communities to adopt a directive, and not a 'code of conduct', which would bring national provisions on the facilities available during pregnancy and childbirth into line with the regulations and provisions in force in the most advanced Member State.

At its March 1989 part-session, the European Parliament adopted a resolution on spouses in agriculture and family businesses⁹. In that resolution, the European Parliament expressed its conviction that discrimination existing between the rights of farmers and their spouses should be eliminated and, for this purpose, that Directive 86/613/EEC should be modified so that spouses working in agricultural and other family businesses are considered to be joint partners in the business with equal professional status. In the event of pregnancy, sickness, etc., women working in the same family business would then be entitled to the same social protection as is generally accorded to female employees and could thus take advantage of replacement services.

At its April 1989 part-session, the European Parliament adopted a resolution on the exploitation of prostitution and the traffic in human beings¹⁰. The European Parliament takes the view that a common policy must be adopted by all the Member States in order to combat prostitution and eliminate the traffic in human beings. Further examples of Parliament's work include its report on women and children in prison¹¹ and the three following reports adopted under the abridged procedure provided for in Rule 37 of its Rules of Procedure:

- the social situation of handicapped mothers
- the role of women in cooperatives and
- the status of helping spouses

The forum on women and the 1992 single market

The participants in this forum, which was entitled 'The 1992 single market - a challenge for women', were members of national parliaments with responsibility for women's issues and members of the European Parliament's Committee on Women's Rights, together with a large number of representatives from organizations for women and trade unions.

The discussions revealed a large measure of agreement on the positive impact of Community legislation on equal treatment, although it was pointed out that

in most cases there is a gap between the provisions of that legislation and what actually happens in practice.

In addition, indirect forms of discrimination remain in all the Member States of the EEC and it is often the case that the application of the directives is not properly monitored.

With regard to equal pay, there are still substantial disparities between men and women, in some cases as high as 40%. In addition, the problem of job classification remains difficult to resolve.

In conclusion, it is vital that existing European legislation be supplemented by provisions dealing in particular with parental leave, individual treatment under tax laws, rules governing flexible working and independence as regards social security. The mobility for workers scheduled for 1992 needs to be provided under better conditions for the female population, which is still in an under-privileged position on the labour market.

1. Doc. A 2-68/88, OJ C 235, 12.9.1988
2. Doc. A 2-67/88, OJ C 235, 12.9.1988
3. Doc. A 2-159/88, OJ C 262, 10.10.1988
4. Doc. A 2-166/88, OJ C 262, 10.10.1988
5. Doc. A 2-169/88, OJ C 262, 10.10.1988
6. Doc. A 2-158/88, OJ C 262, 10.10.1988
7. Doc. A 2-298/88, OJ C 12, 16.1.1989
8. Doc. A 2-38/88, OJ C 235, 12.9.1988
9. Doc. A 2-416/88, OJ C 96, 17.4.1989
10. Doc. A 2-52/89, adopted on 14 April 1989
11. Doc. A 2-51/89

CONSUMER PROTECTION AND PUBLIC HEALTHConsumer Protection Policy

Questions of consumer protection, particularly in relation to standards and to food hygiene have become more politically important as 1992 approaches. A reshuffle of Commission portfolios in 1989 resulted in one Member of the Commission being given specific responsibility for Consumer Affairs. The profile of consumer protection was increased in preparation for the Single Internal Market by the creation of a 'horizontally' organized Consumer Affairs department within the Commission, headed by a Director-General and charged with introducing a consumer protection element into major policy areas and co-ordinating consumer protection questions currently spread out among DGs III, V, VI and XI. Parliament asked for the creation of a Directorate-General for consumer protection and public health¹. Parliament also adopted resolutions² calling for the creation of the European equivalent of the Food and Drug Administration in the United States so that a single registration procedure would give access to all twelve Member States' markets, and so that mutual recognition of standards would function in practice. In April 1989 the Commissioner stated that the Commission would review the European Parliament's suggestion of an independent authority to monitor the quality of agricultural and food products.

Parliament also called for 1991 to be designated 'European Consumer Year' by the Council, to enable time to be devoted to the many consumer protection questions raised by the abolition of all frontier controls and barriers to intra-EC trade in 1992. In fact, most existing non-tariff barriers to trade are based on considerations of consumer protection and public health enshrined in Article 36 of the EEC Treaty, which the Single European Act (which explicitly sets as a goal the abolition of frontier controls and barriers) does not alter.

Food hygiene occupied a prominent place with a number of scandals, afflicting one Member State in particular, concerning outbreaks of salmonella and listeria infection from foods. An own-initiative resolution was adopted on

quality standards applicable to foodstuffs³. Parliament also approved the Commission's FLAIR programme (food-linked agro-industrial research)⁴. In October, Parliament adopted second reading reports on food labelling and minced meat⁵.

With regard to economic and legal interests of consumers, Parliament gave its opinion on a Commission proposal for a directive on package travel⁶ in which it clearly stipulated the rights of consumers and the harmonization of those rights throughout the Community. A resolution was also adopted to protect consumers by filling in legal gaps in relation to the timeshare market, after numerous irregularities (particularly in Spain) had been reported to Parliament⁷.

In June the Council adopted a common position on credit, providing for a single means of calculation of real credit interest rates throughout the EC⁸.

Public Health

As part of the moves to create a common market in pharmaceuticals, Parliament adopted resolutions on Commission proposals to extend the scope of existing Directives to cover immunological products, vaccines, sera, allergens and toxins⁹. In addition, Parliament approved the common position on the pricing of medicinal products¹⁰, another important aspect of creating a single market in pharmaceutical goods.

Still in the realm of medicine, Parliament adopted resolutions on the harmonization of medico-ethical questions and approved the common position on the AIM project (Advanced Informatics in Medicine)¹¹.

In the context of the 'Europe against Cancer' programme (1988-89)¹², a proposal on the health labelling of tobacco products was examined by Parliament¹³.

In May 1989, Parliament adopted a resolution on the Commission proposal on the maximum tar content of cigarettes¹⁴, making it more flexible in the application of limit dates for maximum tar content, being fearful that too rapid an application of the rules would favour American multinational

cigarette producers (who produce low-tar cigarettes) over high-tar EC tobacco producers, particularly in Italy, Greece, Spain and southern France.

Parliament also adopted amendments tightening up the Commission's proposal for a directive on exposure to carcinogenic agents¹⁵. Parliament's amendments added: value limits for carcinogens, taking into account interactivity of several substances; a ban on the employment of pregnant women in areas of carcinogen presence and the use of inoffensive or less-offensive alternatives to carcinogens.

In a resolution adopted in May¹⁶, Parliament asked for a common strategy to fight AIDS in Europe and for the following measures to be taken immediately: free, anonymous HIV testing; free supply of syringes to drug addicts, particularly in prisons; release of prisoners in the end stages of AIDS and measures to prevent discrimination against HIV positive individuals.

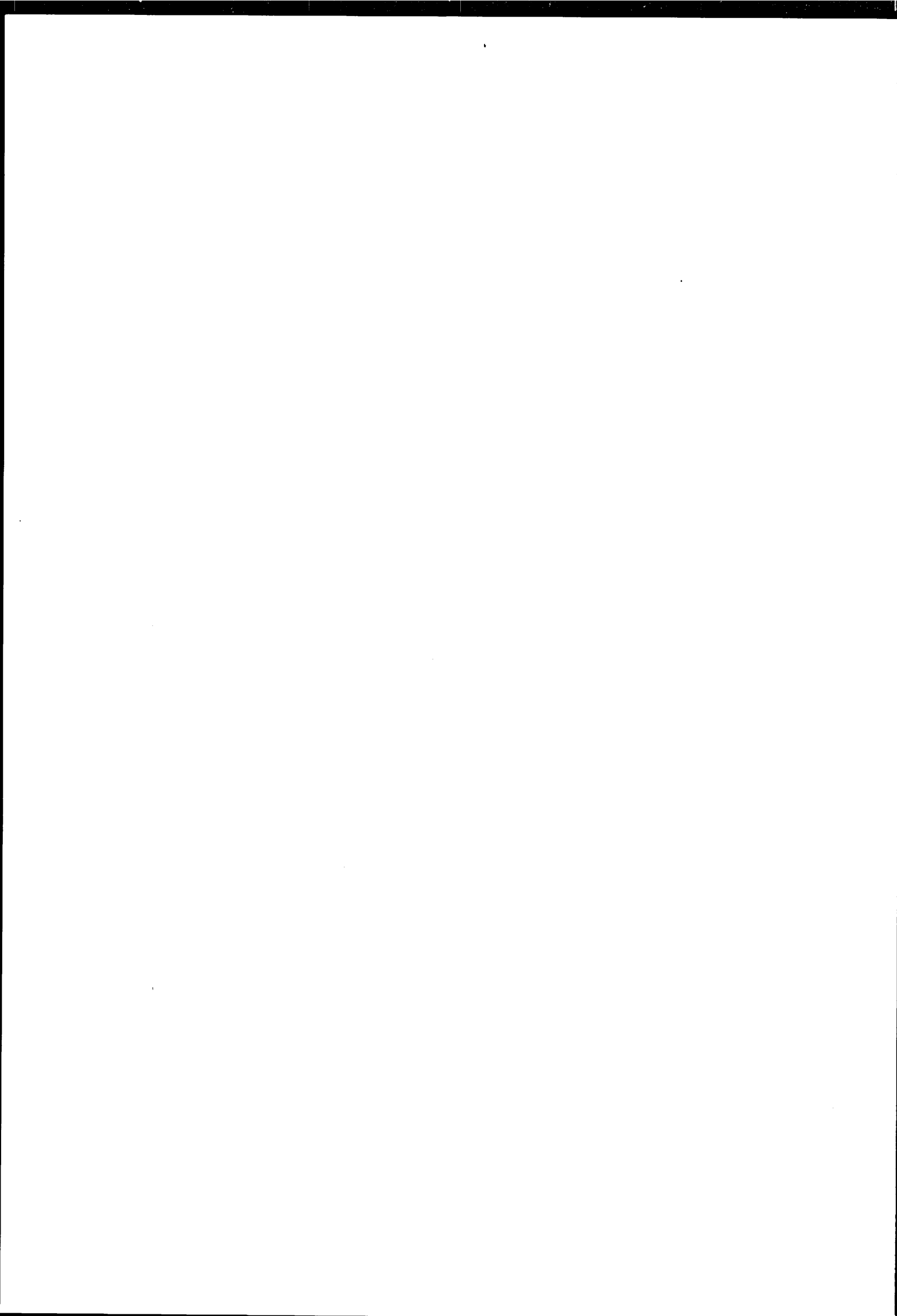
Parliament adopted a resolution on European harmonization of medico-ethical questions¹⁷, calling in particular for a European code of medical ethics.

Parliament adopted two resolutions in January 1989¹⁸ on measures to combat drugs and on drug-trafficking. Parliament was, in particular, alarmed at the threat posed by the cocaine derivative 'crack' which can result in rapid addiction, and at the sharp rise in deaths from drug abuse and related AIDS deaths. In addition, Parliament raised the question of the impracticability of crop-substitution in poor countries and the 'laundering' of drug-related money. With particular reference to 1992 and the elimination of frontier controls, Parliament wanted considerably improved cooperation between enforcement authorities.

1. Doc. A 2-115/89
2. Doc. A 2-11/89; Doc. A 2-16/89; Doc. A 2-115/89
3. OJ C 235, 12.9.1988
4. OJ C 47, 20.2.1989
5. OJ C 154, 12.6.1987; Doc. A 2-27/89; COM(87) 658 final; Doc. A 2-182/88
6. OJ C 69, 20.3.1989
7. OJ C 290, 14.11.1988
8. COM(88)201 final SYN 132, 2.5.1988; Doc. A 2-418/88
9. COM(87)697 final; OJ C 290, 14.11.1988
10. OJ C 308, 3.12.1988; OJ C 326, 19.12.1988; OJ L 40, 11.2.1989
11. OJ C 290, 14.11.1988
12. OJ L 160, 28.6.1988
13. OJ C 48, 20.2.1988; OJ C 12, 16.1.1989
14. COM(87)720 final
15. OJ C 290, 14.11.1988
16. Doc. A 2-35/89
17. OJ C 262, 10.10.1988
18. OJ C 47, 20.2.1989

STATISTICAL ANNEX

- Resolutions and decisions of Parliament during the period July 1988 to May 1988
- Summary statistics of the European Community 1988
- Distribution of seats in the European Parliament
- Exchange rates - Value of the ECU
- EUR 12: Population 1989
- EUR 12: GDP per capita, 1988
- EUR 12: Unemployment rates, 1988



RESOLUTIONS AND DECISIONS OF PARLIAMENT
DURING THE PERIOD JULY 1988 - MAY 1989

Part-session	Normal consultations (single reading)	Consultations with cooperation procedure (**) (Single Act)		Assent procedures (Articles 237 and 238 of the EEC Treaty)	Rules 63 and 121 (own-initiative reports)	Rules 56 and 58 (resolutions following statements and oral questions)	Rule 64 (urgent resolutions)	Budgetary matters	Other decisions and resolutions
		I	II						
<u>1988</u>									
July	13	3	-	-	18	7	15	3	1
September	4	6	1	1	21	4	18	-	-
October (I)	11	2	4	5	12	1	17	-	1
October (II)	2	1	4	-	12	1	-	3	3
November	18	10	6	-	7	9	13	-	1
December	15	6	7	-	8	5	18	8	1
<u>1989</u>									
January	4(*)	4	4	-	15	3	16	3	1
February	6	5	7	2	17	-	18	-	1
March	16	8	3	-	24	2	17	-	1
April	18(*)	6	11	-	21	5	10	6	2
May	27	18	11	1	45	-	18	2	-
Total	144	69	58	9	200	37	160	25	12
<hr/>									
Total July 1987- June 1988	146	37	29	25	107	43	131	34	17

* Parliament also rejected one Commission proposal during this part-session

** I = first reading . II = second reading

SUMMARY STATISTICS OF THE EUROPEAN COMMUNITY (1988)

	B	DK	D	GR	E	F	IRL
Population (mn)(1)	9.9	5.1	61.2	10.0	39.1	56.4	3.5
GDP per capita(2)(PPS)(3)	14 712	16 606	16 580	7 928	10 807	15 951	9 381
Industrial production (percentage change)	5.2	0.9	3.6	5.7	3.0	4.6	10.9
Consumer price index (percentage change)	1.9	4.5	1.6	14.0	5.9	3.1	2.7
Total unemployment (%)	10.8	6.4	6.4	8.5	19.6	10.2	17.6
Youth unemployment (%)	20.5	9.4	6.4	27.4	40.7	22.9	24.1
Social protection(4) (percentage of GDP)	29.4	27.5	28.7	:	17.0	28.5	23.9
Steel production ('000 tonnes)	11 222	650	41 023	959	11 795	18 584	272
Automobile production(2) '000	294	0	4 374	0	1 403	3 052	0
Intra-Community Trade Balance (mn ECU)(5)	+926(6)	-427	+34 648	:	-5 370	-13 041	+2 401
Extra-Community Trade Balance (mn ECU)(5)	-4 214(6)	+1 348	+25 998	:	-6 980	+1 066	+261

(1) 1989

(2) 1987

(3) PPS: purchasing power standards

(4) E, D and EUR12: 1982; F, L and NL: 1983; DK, IRL and I: 1985

(5) Excl. Greece.

(6) Belgium/Luxembourg.

Sources: EUROSTAT; Commission.

Verband der Automobilindustrie e.V., Frankfurt a.M.

	I	L	NL	P	UK	EUR12
Population (mn)(1)	57.5	0.38	14.8	10.3	57.2	325.2
GDP per capita(2)(PPS)(3)	15 242	18 313	15 258	7 838	15 383	14 605
Industrial production (percentage change)	6.9	11.3	0.7	5.8	3.7	4.3
Consumer price index (percentage change)	5.4	1.9	1.2	11.7	6.8	4.3
Total unemployment (%)	10.6	2.2	10.3	5.6	8.7	10.0
Youth unemployment (%)	32.4	5.4	17.2	13.0	12.3	19.9
Social protection(4) (percentage of GDP)	23.4	26.5	33.7	14.3	24.1	26.1
Steel production ('000 tonnes)	23 762	3 661	5 518	811	19 062	137 317
Automobile production(2) '000	1 713	0	125	0	1 143	12 104
Intra-Community Trade Balance (mn ECU)(5)	-5 295	(6)	+12 443	-2 978	-20 136	+3 170
Extra-Community Trade Balance (mn ECU)(5)	-3 313	(6)	-11 877	-2 330	-22 459	-22 501

(1) 1989

(2) 1987

(3) PPS: purchasing power standards

(4) E, D and EUR12: 1982; F, L and NL: 1983; DK, IRL and I: 1985

(5) Excl. Greece.

(6) Belgium/Luxembourg.

Sources: EUROSTAT; Commission.

Verband der Automobilindustrie e.V., Frankfurt a.M.

June 1989

DISTRIBUTION OF SEATS IN THE EUROPEAN PARLIAMENT
(end of the 1984-1989 parliamentary term)

GROUPS(*)	TOTAL	B	DK	D	E	F	GR	IRL	I	L	NL	P	UK
S	166	8	3	33	29	20	10	-	12	2	9	7	33
PPE	113	6	1	41	1	18	8	6	27	3	8	4	-
ED	66	-	4	-	17	-	-	-	-	-	-	-	45
COM	48	-	2	-	3	10	4	-	26	-	-	3	-
LDR	45	5	2	-	2	13	-	1	6	1	5	10	-
RDE	30	-	-	-	-	20	1	8	-	-	-	-	1
ARC	20	4	4	7	1	-	-	-	2	-	2	-	-
DR	16	-	-	-	-	9	1	-	5	-	-	-	1
NI	14	1	-	-	7	1	-	-	3	-	1	-	1
TOTAL	518	24	16	81	60	81	24	15	81	6	25	24	81

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* FULL NAMES OF POLITICAL GROUPS

S: Socialist Group

PPE: Group of the European People's Party (Christian-Democratic Group)

ED: European Democratic Group

COM: Communist and Allies Group

LDR: Liberal and Democratic Reformist Group

RDE: Group of the European Democratic Alliance

ARC: Rainbow Group: Federation of the Green-Alternative European Link, Agalev-Ecolo, the Danish People's Movement against membership of the European Community and the European Free Alliance in the European Parliament

DR: Group of the European Right

NI: Non-attached

EXCHANGE RATES

VALUE OF THE ECU

1 ECU : ... national currency units

Belgian and) con.	43.45	Portuguese escudo	172.59
Luxembourg franc) fin.	43.52	US dollar	1.06
German mark	2.07	Canadian dollar	1.28
Dutch guilder	2.34	Swiss franc	1.80
Pound sterling	0.67	Swedish krona	7.01
Danish krone	8.08	Norwegian krone	7.53
French franc	7.04	Austrian shilling	14.60
Italian lire	1 505.49	Finnish markka	4.63
Irish pound	0.78	Japanese yen	150.02
Greek drachma	178.03	Australian dollar	1.40
Spanish peseta	131.91	New Zealand dollar	1.82

Source: Official Journal No. C 140, 6.6.1989

VALUE OF THE US \$

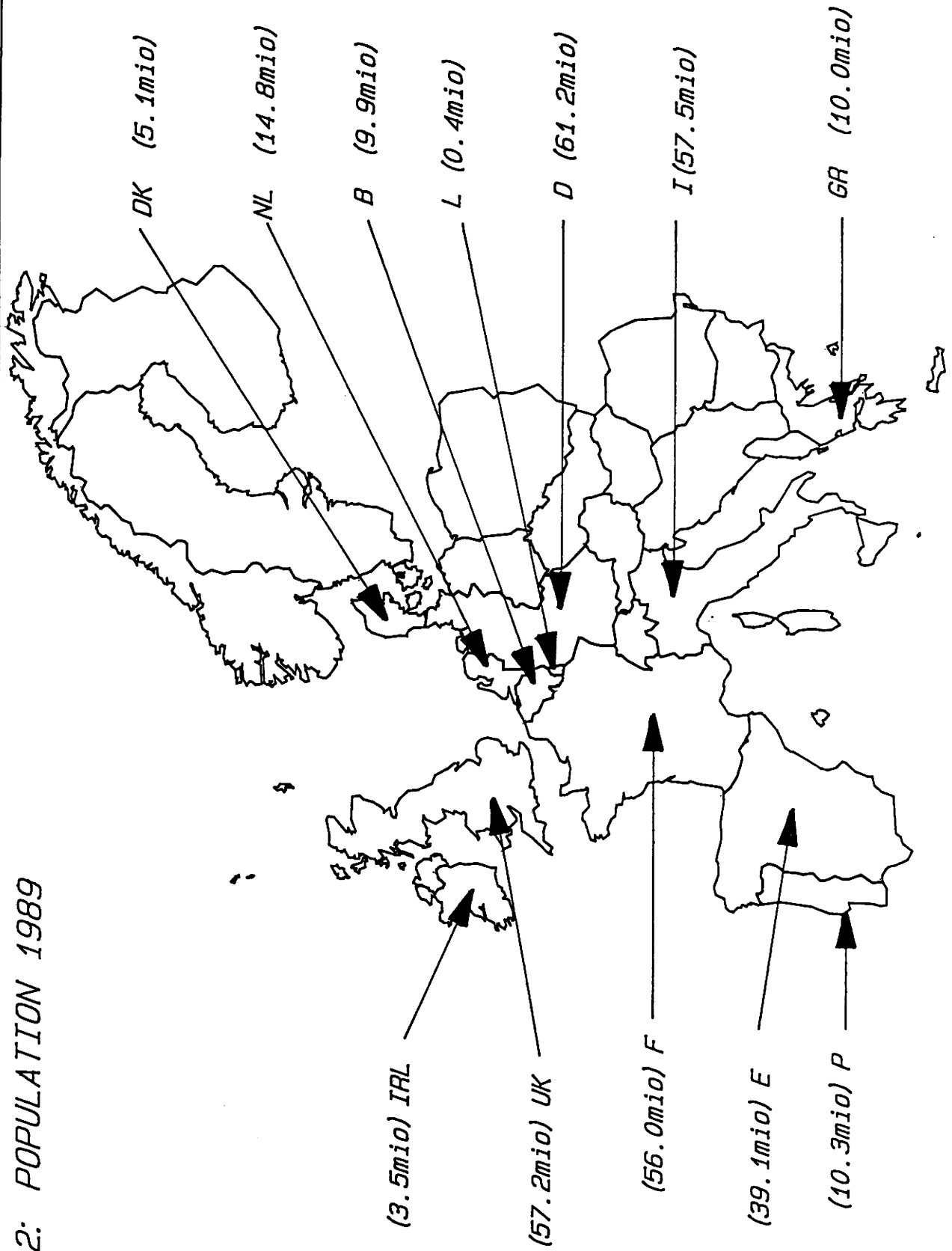
5 June 1989

1\$: ... national currency units

Belgian and) con.	41.10	French franc	6.66
Luxembourg franc) fin.	41.16	Italian lire	1 424.60
German mark	1.96	Irish pound	0.73
Dutch guilder	2.21	Greek drachma	168.97
Pound sterling	0.63	Spanish peseta	124.60
Danish krone	7.65	Portuguese escudo	162.82

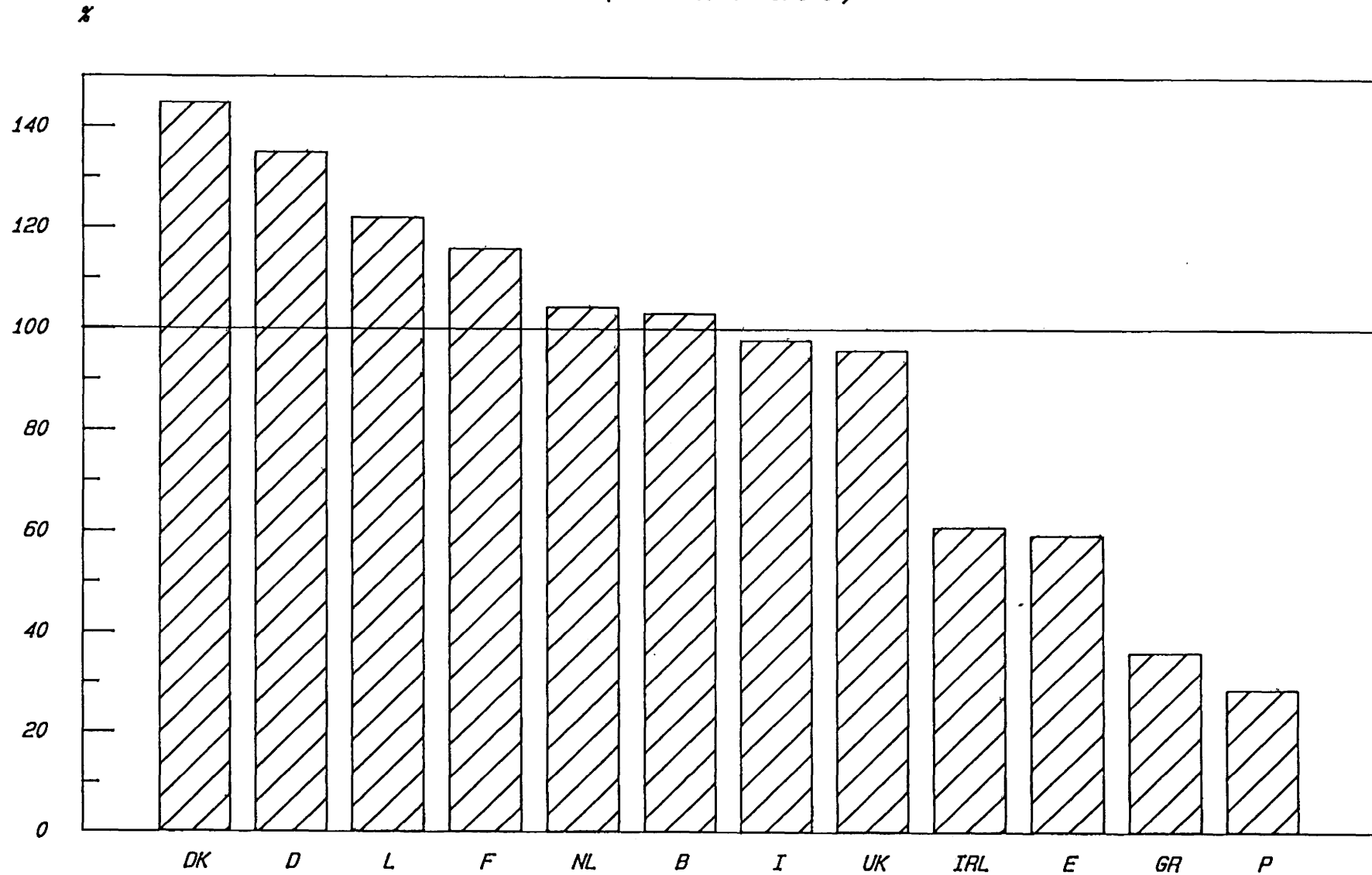
Source: Financial Times, 6.6.1989

EUR 12: POPULATION 1989



Source: EUROSTAT

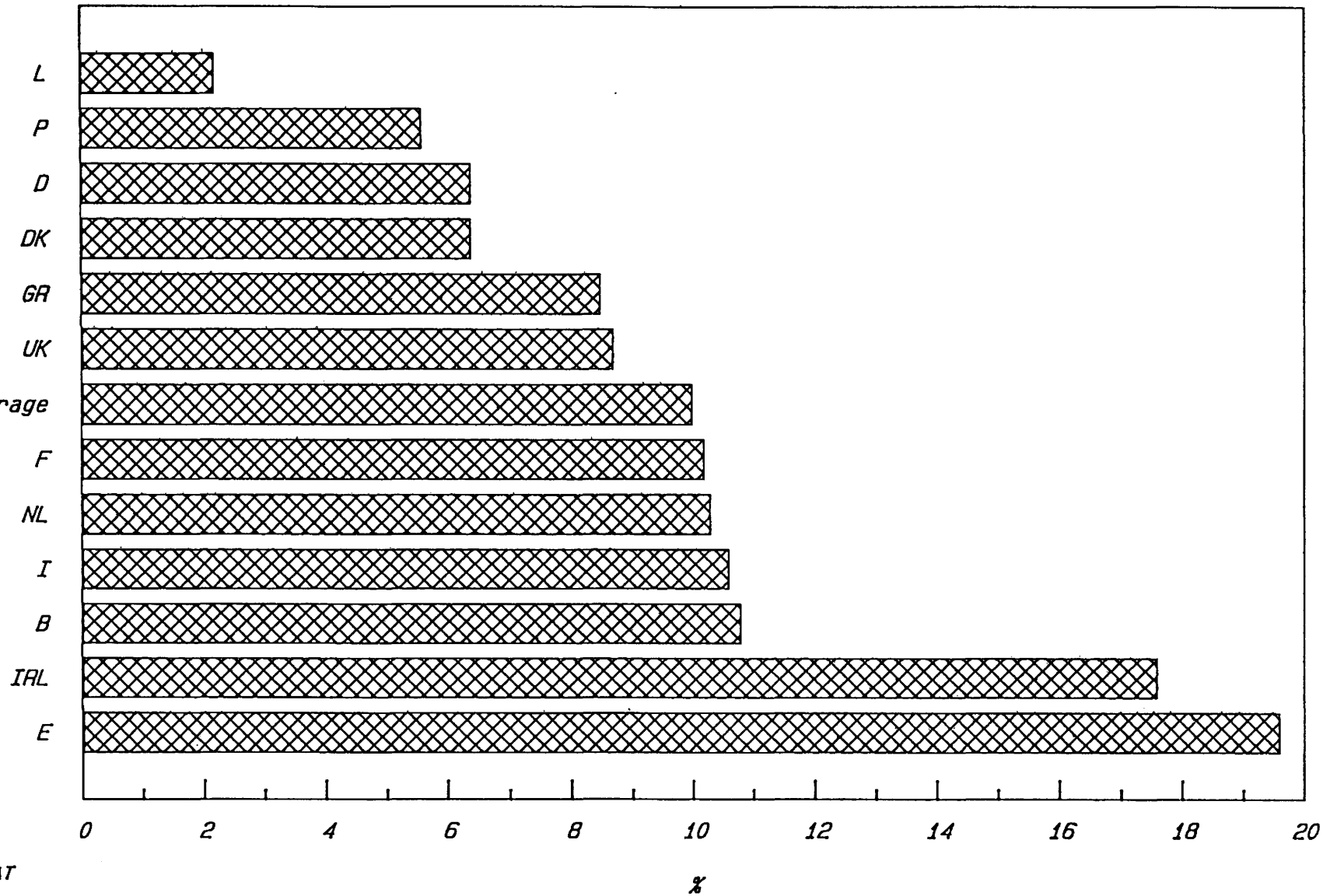
EUR12: GDP PER CAPITA, 1988
(EUR12=100)



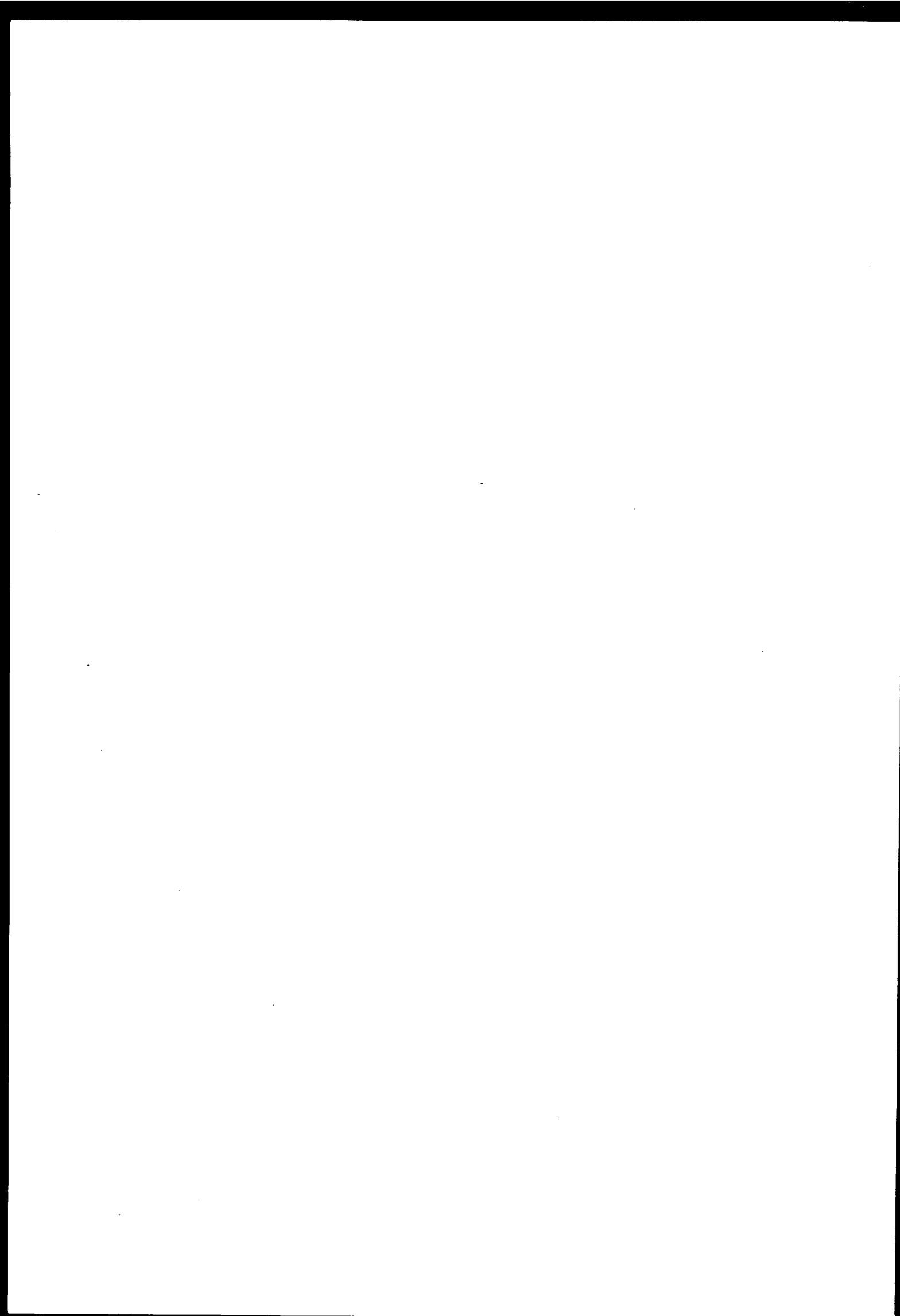
EUR12: UNEMPLOYMENT RATES, 1988 (%)
(Annual averages)

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EUR12 average



Source: EUROSTAT



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