

General Secretariat of the Council
of the European Communities

THIRTY-EIGHTH REVIEW OF THE COUNCIL'S WORK

1 JANUARY TO 31 DECEMBER 1990



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Cataloguing data can be found at the end of this publication

Luxembourg: Office for Official Publications of the European Communities, 1993

ISBN 92-824-0932-5

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Printed in Germany

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Introduction

The year 1990 was one of significant progress towards European integration. In line with the agreements of principle reached at the European Councils in Strasbourg (8 and 9 December 1989) and Dublin (28 April and 25 and 26 June 1990) and the political guidelines laid down at the European Councils in Rome (27 and 28 October and 14 and 15 December 1990), two intergovernmental conferences opened in Rome on 15 December to amend the Treaties in order to set up a political union and an economic and monetary union.

During that same year, the territory of the former German Democratic Republic became an integral part of the Federal Republic, and hence an integral part of the Communities also. The institutions coped with this exceptional turn of events by setting up, within a very short space of time, a unique legal mechanism whereby the new territory could be incorporated in an orderly and satisfactory manner.

At the same time, the Community tried to find the quickest and most fitting ways of making an effective contribution to economic reconstruction in the other countries of Central and Eastern Europe, whilst keeping open the possibility of negotiating closer forms of association in due course. The Community also sought to forge closer links with the EFTA countries by opening negotiations on the creation of a European Economic Area. Lastly, the Community took an active part in the Conference on Security and Cooperation in Europe (CSCE) process and sought to extend and enhance its relations with the United States of America and Canada by means of transatlantic declarations.

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Regarding the Community's relations with other parts of the world, the June European Council confirmed the will of the Community to act in a spirit of solidarity and cooperation with respect to those areas which, due to inadequate levels of development, necessitate an increased level of coordinated and multifaceted intervention of the Community and the Member States.' The Council thus emphasized that the Community's attention to the situation in Central and East European countries in no way detracted from its commitment to the less-favoured countries and that the fears that had been expressed in some quarters in this regard were unfounded. Accordingly, the Council adopted, amongst other things, a set of precise guidelines

for redirecting Mediterranean policy and for cooperation with the Asian and Latin American developing countries in the 1990s.

This activity in the field of external relations went hand in hand with consolidation of internal achievements, in particular by speeding up the legislative process essential to completing the internal market in 1992, adoption of the third framework programme for research and technological development (1990-94) and a series of major decisions on environmental protection and transport. The ground was also prepared for implementation of the 'Social Charter', and the agreement reached, after long negotiation, on right of residence was a major step towards a true 'people's Europe'.

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During its 90 meetings in 1990 the Council adopted a total of 402 regulations, 127 decisions and 71 directives. This Review, like previous editions, has been drawn up by the General Secretariat of the Council and is intended as a work of reference for the public.

Chapter I

Functioning of the institutions

A — Council

1. Ireland held the Presidency of the Council during the first half of 1990, and Italy during the second.

The Presidents of the meetings during the first six months were:

Mr Bertie Ahern	Minister for Labour and Social Welfare
Mr Séamus Brennan	Minister for Tourism and Transport
Mr Gerard Collins	Minister for Foreign Affairs
Mr Pádraig Flynn	Minister for the Environment
Mrs Máire Geoghegan-Quinn	Minister of State for European Affairs
Mr Robert Molloy	Minister for Energy
Mr Rory O'Hanlon	Minister for Health
Mr Michael O'Kennedy	Minister for Agriculture and Food
Mr Desmond J. O'Malley	Minister for Industry and Commerce
Mrs Mary O'Rourke	Minister for Education
Mr Albert Reynolds	Minister for Finance
Mr Michael Smith	Minister for Science and Technology
Mr Joe Walsh	Minister of State at the Department of Agriculture and Food

Mr John P. Wilson Minister for the Marine

The Presidents of the meetings during the second six months were:

Mr Adolfo Battaglia Minister for Industry, Trade and Craft Trades

Mr Carlo Bernini Minister for Transport

Mr Gerardo Bianco Minister for Education

Mr Guido Carli Minister for the Treasury

Mr Franco De Lorenzo Minister for Health

Mr Gianni De Michelis Minister for Foreign Affairs

Mr Carlo
Donat-Cattin Minister for Employment and Social Security

Mr Ferdinando
Facchiano Minister for Cultural Assets

Mr Rino Formica Minister for Finance

Mr Vito Lattanzio Minister for Civil Protection

Mr Oscar Mammi Minister for Posts

Mr Calogero
Mannino Minister for Agriculture

Mr Pierluigi Romita Minister for Community Policies

Mr Emilio Rubbi State Secretary for the Treasury

Mr Antonio Ruberti Minister for Scientific and Technological Research

Mr Giorgio Ruffolo Minister for the Environment

Mr Renato Ruggiero Minister for Foreign Trade

Mr Vito Saccomandi Minister for Agriculture

Mr Carlo Tognoli Minister for Tourism

Mr Claudio Vitalone State Secretary for Foreign Affairs

Mr Carlo Vizzini

Minister for Merchant Shipping

and Mr Piet Bukman, the Minister for Agriculture, Nature Conservation and Fisheries of the Netherlands.

The 90 meetings during 1990 were devoted to the following subjects:

- 16 Agriculture
- 13 General affairs
- 10 Economic and financial affairs
- 7 Internal market
- 5 Environment¹
- 4 Research
- 4 Industry
- 4 Transport
- 4 Development cooperation²
- 3 Labour and social affairs
- 3 Fisheries
- 3 Energy¹
- 2 Education
- 2 Telecommunications
- 2 Budget
- 2 Consumer protection and information
- 2 Health
- 2 Cultural affairs
- 1 Civil protection
- 1 Tourism
- 1 Foreign trade

B — German unification

2. At its special meeting in Dublin on 28 April the European Council expressed its pleasure at the fact that German unification was taking place under a European roof, and its confidence that the integration of the territory of the German Democratic Republic into the Community would be a positive factor for Europe. It asked the Commission to submit proposals to the Council as soon as possible with a view to adoption of the necessary transitional measures, on the understanding that the Treaties should not be revised.

¹ Including a joint meeting on energy and the environment.

² Including one devoted solely to relations with the ACP States.

In response to this request the Commission submitted a communication on 21 August with proposals for the technical adjustments and transitional measures necessary for integration of the territory of the former German Democratic Republic into the Community. Under the Treaty of Union concluded between the two German States on 31 August, the *acquis communautaire* was to be fully applicable in the territory of the united Germany from 3 October.

In an initial stage coinciding with the establishment of the monetary, economic and social union between the two Germanys as a result of the 'Staatsvertrag' of 18 May 1990, the Council and the Commission had previously adopted measures creating as of 1 July a *de facto* customs union between the Community and the German Democratic Republic during the period preceding unification.¹

3. As the process of German unification was to reach completion on 3 October, the Council did not have enough time to act on the proposals for technical adjustments and transitional measures submitted by the Commission. A special procedure was therefore set up by a Council Decision and Regulation of 17 September. This procedure allowed the German Government, on the Commission's authorization, to maintain provisionally in force legislation applicable in the territory of the former German Democratic Republic, pending the Council's adoption of transitional measures.²

These were adopted on 4 December — following a particularly speedy legislative process — in the form of a set of acts replacing the measures adopted in September.³ These transitional measures, generally valid until 31 December 1992, are designed to allow the adjustments necessary for harmonious integration of the territory of the former German Democratic Republic into the Community.

4. The most important of these transitional measures are as follows:

- (a) as regards external aspects, the Council temporarily authorized the suspension of duty (subject to limitations by value or quantity) on certain imports of industrial and agricultural products under bilateral agreements between the former German Democratic Republic with the CMEA States and Yugoslavia, provided that the products concerned were not re-exported from the territory of the former German Democratic Republic;
- (b) as regards the internal market, measures adopted related to the technical regulations for some industrial products, the recognition of diplomas and statistics;
- (c) in the agricultural sphere, where the bulk of Community policy had been applied since 1 July, specific provisions were laid down for 'stabilizers' and structural measures;

¹ OJ L 166, 29.6.1990 and OJ L 188, 20.7.1990.

² OJ L 263, 26.9.1990 and OJ L 266, 28.9.1990.

³ OJ L 353, 17.12.1990.

- (d) flexible procedures were brought in to simplify the application of Community rules on the Structural Funds;
- (e) to take account of the poor state of the environment, entry into force of Community legislation was deferred until the end of 1992 and in some cases until the end of 1995.

Transitional measures were also adopted in the fields of energy, transport, fisheries, aids to shipbuilding and the health and safety of workers.

Community expenditure planned under the Regional and Social Funds and the EAGGF amounts to ECU 3 000 million for the period 1991 to 1993.

When passing these transitional measures the Council welcomed the fact that their rapid adoption had been made possible by exemplary cooperation between the Community institutions, by dint of which the Community had been able to rise to the legislative challenge posed by the speed of the German unification process.

C — Institutional affairs

Intergovernmental conferences

5. The year 1990 saw completion of all the stages in the procedure leading to the opening in Rome, on 15 December, of two conferences of the representatives of the governments of the Member States on political union and on economic and monetary union.

On 8 March the Council decided that the European Parliament and the Commission should be consulted, in accordance with Article 236 of the EEC Treaty, on economic and monetary union; a similar decision followed in respect of political union on 18 July; the Commission's opinions were delivered on 22 August and 22 October respectively, while the European Parliament's opinions on both conferences were delivered on 22 November: the Council was thus able to issue its own favourable opinion on 4 December, enabling the President of the Council to convene the two conferences officially.

Council of Europe

6. The President of the Council, Mr Gerard Collins, took part in the second quadripartite meeting in Lisbon on 24 March. The participants in the meeting, Mr Delors for the Commission, Mr de Deus Pinheiro, Chairman of the Committee of Ministers, and Ms Lalumière, Secretary-General of the Council of Europe, con-

sidered, amongst other things, what role the Council of Europe and the Community might play in future European structures.

The President of the Council, Mr Collins, took part in the meeting of the Committee of Ministers of the Council of Europe on 10 May and presented a report on the Communities' recent activities.

Mr Gianni De Michelis, President-in-Office of the Council, took part in the third quadripartite meeting between the Community and the Council of Europe, which was held in Venice on 7 October. There was an exchange of views between the institutions on the integration of the Central and East European countries into the European economic and political framework, and on the Conference on Security and Cooperation in Europe (CSCE) process.

On 6 November the President of the Council, Mr De Michelis, submitted a report to the Committee of Ministers of the Council of Europe on the activities of the European Communities in the last half-year.

D — Parliamentary affairs

Statements on the programmes of the Irish and Italian Presidencies

7. On 16 January Mr Collins, President-in-Office of the Council, presented the **Irish Presidency's** programme to the European Parliament. Its priorities were as follows: preparation for the intergovernmental conference, completion of the single market, planning implementation of the social dimension, new initiatives for protecting the environment and strengthening relations with the Member States and the Central and East European countries.

The President of the Council emphasized the vast perspectives opening up in the East and pointed out that Europe was facing historic responsibilities, in the wake of the most significant changes since the Second World War.

After a debate focusing on the strengthening of European integration, a people's Europe, environmental issues and the development of relations with Eastern Europe, the President of the Council stated that the ideas put forward by Members of the European Parliament represented a valuable contribution to the debate and that he would make sure that they were properly taken into account by the Council.

8. On 12 July Mr De Michelis, President-in-Office of the Council, presented the **Italian Presidency's** programme of activities to a sitting of the European Parliament.

Stressing that no objective now seemed too ambitious for Europe, he set out the following priorities:

- (i) completion of the internal market, especially in the areas of taxation, social policy and health;
- (ii) development of economic and monetary union and institutional reform, ensuring close cooperation between the two intergovernmental conferences called for December. Mr De Michelis referred to four specific topics in the context of the Intergovernmental Conference on Political Union: cohesion in the Community's international activities, bringing political cooperation within the ambit of the Community's legal structures, interinstitutional balance with an enhanced role for the European Parliament and, finally, increased efficiency in procedures;
- (iii) progress in external relations, in particular the negotiations with EFTA on the European Economic Area, the conclusion of association agreements with the countries of Central and Eastern Europe, preparation for the CSCE and launching new Mediterranean policy initiatives.

Statements reviewing the Irish and Italian Presidencies

9. On 13 June Mr Collins, President-in-Office of the Council, submitted to a sitting of the European Parliament the outcome of the six months of Community activity under the **Irish Presidency**. Mr Collins stressed that although it was not yet over the results were positive. Advances had been made in a number of areas and European integration had progressed at a good pace. He made special reference to external relations, Eastern Europe, EFTA and relations with the United States of America. Similarly, considerable progress had been made at the institutional level in preparations for the Intergovernmental Conferences on Economic and Monetary Union and on Political Union. Implementation of the Single European Act had also advanced steadily. Other areas in which important issues had been satisfactorily settled included a people's Europe, the environment and the financial perspective.

In reply to numerous speakers in the debate, the President of the Council reiterated the Council's determination to take the European Parliament's concerns into account and sketched out the shape of the Community when Ireland next took the Presidency: a completed single market, a European Parliament with new powers, greater political, economic and social cohesion and an increased sense of European identity.

10. On 23 January 1991 the Italian Prime Minister, Mr Giulio Andreotti, presented to the European Parliament a review of the six months of activities under the **Italian Presidency**. The most striking feature of the six-month period was obviously the drama of the international events that had taken place in the Gulf. The events themselves and the emergency situation they created had shown how numerous constraints affecting the Community's external role made institutional

reform more necessary than ever, so that the Community could take its proper place among the other actors on the international stage. Although activities in other areas of external relations had been somewhat eclipsed by the Gulf War, the Community had nevertheless achieved some significant results: the signing of association agreements with the East European countries, the approval of the Mediterranean financial protocols, and the CSCE Conference, which the Community had attended in its own right.

There was also progress on internal matters. The two intergovernmental conferences marked the first step towards a new stage of institutional development with which the European Parliament would be associated via the preparatory interinstitutional conferences.

European Councils

11. The President-in-Office of the European Council, Mr Charles Haughey, presented the outcome of the special meeting of the **European Council in Dublin on 28 April** to a sitting of the European Parliament in Strasbourg on 16 May. Mr Barón Crespo, President of the European Parliament, had been the first speaker at the Dublin meeting, from which a joint approach had emerged on the three challenges currently facing the Community: German unification, relations with the countries of Central and Eastern Europe, including the CSCE, and the process of European integration.

Chancellor Kohl followed Mr Haughey and described, for the benefit of the Parliament's sitting, the scene at that historic moment at the extraordinary summit in Dublin. He confirmed that German unification would not be achieved at the expense of Community solidarity; indeed European integration would be stimulated and accelerated since Germany had always been a dynamic force in furthering the European ideal.

12. The outcome of the **European Council held in Dublin on 25 and 26 June** under the Presidency of Mr Charles Haughey was presented to the European Parliament on 11 July. The European Council had been preceded by a statement by Mr Barón Crespo, President of the European Parliament, who set out the Parliament's position on the main items on the agenda, in particular the two intergovernmental conferences. Mr Haughey stated that the European Council constituted a further step forward for the Community, especially as regards:

- (i) the decision to open the Intergovernmental Conferences on Economic and Monetary Union and on Political Union on 13 and 14 December;
- (ii) the Community's position on the question of aid to the Soviet Union and on the role of the Community at the CSCE.

In conclusion, Mr Haughey declared his satisfaction with the Community's spirit of solidarity in absorbing the impact of the political, economic and social changes in Germany and in Eastern Europe.

13. Addressing the European Parliament on 23 October, Mr De Michelis, President-in-Office of the Council, took stock of the Community's activities up to the half-way point in the Italian Presidency, in order to keep the European Parliament informed as to progress in preparations for the **extraordinary summit in Rome on 27 and 28 October**. On 21 November, during a debate on the institutions, Mr Andreotti, President of the European Council, briefed the European Parliament on the outcome of the European Council. The debate took place in a constructive atmosphere and covered a number of requests from the European Parliament for a greater role in European construction. Mr Andreotti emphasized three points:

- (i) the Community's international role needed to be asserted;
- (ii) European citizenship had to be included in the Treaties;
- (iii) the European Parliament had to be more closely associated with the legislative process.

Mr Andreotti's intervention also enabled the European Parliament to adopt a favourable opinion on the opening of the two intergovernmental conferences.

14. On 23 January 1991 Mr Andreotti, the Italian Prime Minister, presented to a sitting of the European Parliament the outcome of the **European Council held in Rome on 14 and 15 December**.¹ The summit was as usual preceded by a statement from Mr Barón Crespo, President of the European Parliament, on the items on the agenda for the intergovernmental conferences.

Intergovernmental conferences and interinstitutional meetings

15. The European Parliament was closely associated with the preparations for the opening of the Intergovernmental Conferences on Economic and Monetary Union and on Political Union, notably through four interinstitutional meetings that it had arranged on 17 May (Strasbourg), 8 October (Luxembourg), 23 October (Strasbourg) and 5 December (Brussels).

The participants at these meetings were a delegation from the European Parliament, the Commission, members of the Council (the future representatives of the Member States at the aforementioned intergovernmental conferences) and the Economic and Social Committee as observers.

¹ See point 10 of this Review.

It was agreed at the European Council on 14 and 15 December that further interinstitutional meetings would take place during the intergovernmental conferences.

Parliamentary debates, meetings and conferences in which the Council took part

16. The President of the Council, Mr Collins, had an exchange of views with the delegations from the European Parliament and the US Congress at the 34th Inter-parliamentary Meeting in London from 7 to 10 January.

On 16 January the President of the Council, Mr Collins, met Mr Dubcek, President of the Federal Assembly of the Czechoslovak Republic, to whom the Sakharov Prize was presented.

The President of the Council, Mr Collins, took part in a meeting with a delegation from the Israeli Knesset on 17 January.

The President of the Council, Mrs Geoghegan-Quinn, met a delegation from the Soviet of the Soviet Union on 13 February, on the occasion of the February part-session of the European Parliament in Strasbourg.

Mr Calleary, President-in-Office of the Council, took part in a meeting of the ACP-EEC Joint Assembly held from 18 to 22 March in Port Moresby (Papua New Guinea) in preparation for the meeting of the ACP-EEC Council of Ministers in Suva (Fiji) on 28 and 29 March.

The President of the Council, Mrs Geoghegan-Quinn, took part in a meeting of the EEC-Turkey Joint Parliamentary Committee in Antalya on 22 and 23 March.

The President of the Council, Mr Collins, met Mr Mandela, Vice-President of the African National Congress and winner of the 1989 Sakharov Prize, when the latter visited the European Parliament at its sitting in Strasbourg from 11 to 15 June.

The President of the Council, Mrs Geoghegan-Quinn, took part in the 11th European Parliament-Japan Interparliamentary Meeting, on the occasion of the sitting of the European Parliament in Strasbourg on 12 and 13 June.

The President of the Council, Mr Vitalone, took part in a meeting of the EEC-Turkey Joint Parliamentary Committee on 11 July.

The President of the Council, Mr Romita, had an exchange of views with the European Parliament, at its sitting on 20 November, on the cooperation and conciliation procedures between the European Parliament and the Council. In the course of the

debate he proposed that a distinction be drawn between 'technical' directives and those with a more 'political' content, which could have extra time allocated for them.

The President of the European Council, Mr Andreotti, and the President of the Council, Mr De Michelis, took part in the Conference of the Parliaments of the European Community held in Rome on 29 and 30 November. The Conference, held at the initiative of Mr Mitterrand, resulted in a final declaration on the respective roles of the national parliaments and the European Parliament in the new Europe.

Conciliation meetings between the Council and the European Parliament

17. A conciliation meeting between the European Parliament and the Council concerning the Financial Regulation took place in Brussels on 12 February.

A conciliation meeting between the European Parliament and the Council concerning the new R&D framework programme took place in Brussels on the occasion of the Research Council on 26 February.

On 4 December the President of the Council, Mr De Michelis, took part in a conciliation meeting with the European Parliament in Brussels in connection with financial assistance to the countries most immediately affected by the Gulf crisis.

Parliamentary questions

18. In the course of 1990 the Council replied to 271 oral questions during Question Time, 27 oral questions with debate and 214 written questions.

Presence of the Presidents-in-Office of the Council at meetings of European Parliament Committees

19. Irish Presidency (first half of 1990)

Committee	President-in-Office	Date and place
Transport and Tourism	Mr Séamus Brennan Minister for Tourism and Transport	22 January Brussels
Environment, Public Health and Consumer Protection	Mr Pádraig Flynn Minister for the Environment	24 January Brussels
Agriculture, Fisheries and Rural Development	Mr Joe Walsh Minister of State at the Department of Agriculture and Food	1 February Brussels
Energy, Research and Technology	Mr Robert Molloy Minister for Energy	20 February Brussels
Social Affairs, Employment and the Working Environment	Mr Bertie Ahern Minister for Labour and Social Welfare	21 February Brussels
External Economic Relations (Luns-Westerterp)	Mr Seán Calleary Minister for Development and Cooperation	21 February Brussels
Political Affairs	Mr Gerard Collins Minister for Foreign Affairs	22 February Brussels
Economic and Monetary Affairs	Mr Ray Burke Minister for Justice and Telecommunications	21 February Dublin
Economic and Monetary Affairs	Mr Albert Reynolds Minister for Finance	28 February Dublin

Committee	President-in-Office	Date and place
Economic and Monetary Affairs	Mr Desmond J. O'Malley Minister for Industry and Commerce	28 February Dublin
Youth, Culture, Education, the Media and Sport	Mrs Mary O'Rourke Minister for Education	21 March Brussels
Environment, Public Health and Consumer Protection	Dr Rory O'Hanlon Minister for Health	22 March Brussels
Transport and Tourism	Mr John Wilson Minister for the Marine	25 April Brussels
Energy, Research and Technology	Mr Robert Molloy Minister for Energy	25 April Dublin
Agriculture (Subcommittee on Fisheries)	Mr John Wilson Minister for the Marine	26 April Brussels
Energy, Research and Technology	Mr Michael Smith Minister for Science and Technology	26 April Dublin
External Economic Relations (Luns-Westerterp)	Mr T. Leyden Minister for Trade and Marketing	27 April Dublin
Political Affairs	Mr Gerard Collins Minister for Foreign Affairs	22 May Dublin
Temporary Committee for German Unification	Mr Gerard Collins Minister for Foreign Affairs	23 May Brussels
Women's Rights	Mrs Máire Geoghegan-Quinn Minister of State for European Affairs	23 May Brussels

Committee	President-in-Office	Date and place
Development and Cooperation	Mrs Máire Geoghegan-Quinn Minister of State for European Affairs	30 May Dublin
External Economic Relations	Mr Gerard Collins Minister for Foreign Affairs	31 May Brussels
Legal Affairs	Mrs Máire Geoghegan-Quinn Minister of State for European Affairs	27 June Brussels
Regional Affairs	Mr Albert Reynolds Minister for Finance	29 June Cork

20. Italian Presidency (second half of 1990)

Committee	President-in-Office	Date and place
EEC-Turkey Joint Parliamentary Committee	Mr Vitalone State Secretary for Foreign Affairs	11 July Strasbourg
External Economic Relations	Mr Ruggiero Minister for Foreign Trade	16 July Brussels
Committee of Inquiry on Racism and Xenophobia	Mr Vitalone State Secretary for Foreign Affairs	17 July Brussels
Transport and Tourism	Mr Bernini Minister for Transport	18 July Brussels
External Economic Relations	Mr Vitalone State Secretary for Foreign Affairs (Gulf matters)	28 August Brussels
Environment, Public Health and Consumer Protection	Mr Lattanzio Minister for Civil Protection	17 September Brussels
Energy, Research and Technology	Mr Ruberti Minister for Scientific Research	17 September Brussels
Institutional Affairs	Mr Andreotti Prime Minister	18 September Rome
Social Affairs, Employment and the Working Environment	Mr Donat-Cattin Minister for Employment	18 September Brussels
Youth, Culture, Education, the Media and Sport	Mr Facchiano Minister for Cultural Assets	20 September Sienna

Committee	President-in-Office	Date and place
ACP-EEC Joint Assembly	Mr Vitalone State Secretary for Foreign Affairs	25 September Brussels
Transport and Tourism	Mr Tognoli, Minister for Tourism and Cultural Events	26 September Brussels
Agricultural, Fisheries and Rural Development	Mr Saccomandi, Minister for Agriculture and Forestry	26 September Brussels
External Economic Relations	Mr Ruggiero Minister for Foreign Trade	27 September Brussels
Political Affairs and External Economic Relations	Mr Vitalone State Secretary for Foreign Affairs (Westerterp procedure: Romania)	9 October Strasbourg
Environment, Public Health and Consumer Protection	Mr De Lorenzo Minister for Health	16 October Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Formica Minister for Finance	16 October Brussels
Youth, Culture, Education, the Media and Sport	Mr Tognoli Minister for Tourism and Cultural Events (Media matters)	29 October Brussels
Transport and Tourism	Mr Vizzini Minister for Merchant Shipping	7 November Brussels
EEC-Turkey Joint Parliamentary Committee	Mr Vitalone State Secretary for Foreign Affairs	7 November Istanbul
Environment, Public Health and Consumer Protection	Mr Castagnetti State Secretary for Industry	8 November Brussels
Youth, Culture, Education the Media and Sport	Mr Bianco Minister for Education (Education matters)	8 November Brussels

Committee	Presidence-in-Office	Date and place
Legal Affairs and Citizens' Rights	Mr Romita Minister for Community Policies	8 November Brussels
Youth, Culture, Education, the Media and Sport	Mr Vitalone State Secretary for Foreign Affairs	26 November Brussels
Development and Cooperation	Mr Vitalone State Secretary for Foreign Affairs	26 November Brussels
Agriculture, Fisheries and Rural Development	Mr Saccomandi Minister for Agriculture and Forests	26 November Brussels
Development and Cooperation	Mr Vitalone State Secretary for Foreign Affairs	11 December Strasbourg
Regional Policy and Regional Planning	Mr Marongiu Minister without portfolio with responsibility for aid to the Mezzogiorno	17 December Brussels
Women's Rights	Mr Grippo State Secretary for Employment and Social Security	18 December Brussels
Parliamentary Delegation on Free Movement	Mr Scotti, Minister for the Interior	19 December Brussels

E — Court of Justice

Matters concerning the operation of the Court

21. The following change took place during 1990:

resignation of Judge T. Koopmans, who was replaced by Mr P. J. G. Kapteyn for the period from 1 April 1990 to 6 October 1994.

Cases brought before the Court of Justice

22. During 1990 the Council appeared before the Court in 117 cases.

Sixteen of these cases were brought before the Court under Article 173 of the EEC Treaty. Eight cases concerned actions by Member States against the Council; the Council brought one action against the European Parliament. The Commission brought one action against the Council. The Council also appeared before the Court in two actions brought by the European Parliament. Lastly, legal persons brought three actions against the Council on its own and one action was brought against the Council and the Commission jointly.

On the basis of the second paragraph of Article 215 in conjunction with Article 178 of the EEC Treaty, 93 actions were brought by natural persons, 14 of which were brought against the Council alone and 79 against the Council and the Commission jointly.

The Council also intervened in eight cases relating to requests for rulings made under Article 177 of the EEC Treaty.

Lastly, an action was brought by a natural person against the Council on the basis of the second paragraph of Article 215 in conjunction with Article 178; in this case the Court will first have to give a ruling on a request for free legal aid (former Article 76(3) of the Rules of Procedure of the Court of Justice).

Cases brought before the Court of First Instance

23. During 1990 the Council appeared before the Court of First Instance in one case concerning an official.

Draft Rules of Procedure of the Court of First Instance and amendments to the Rules of Procedure of the Court of Justice

24. Article 168a of the EEC Treaty and the corresponding Articles of the other Treaties stipulate that the Court of First Instance shall establish its Rules of Procedure in agreement with the Court of Justice and that those Rules shall require the unanimous approval of the Council.

Furthermore, Article 11 of the Council Decision of 24 October 1988 establishing a Court of First Instance states that the Court shall adopt its Rules of Procedure immediately upon being constituted. Until the entry into force of the Rules of Procedure of the Court of First Instance, the Rules of Procedure of the Court of Justice shall apply *mutatis mutandis*.

In April, with the agreement of the Court of Justice, the Court of First Instance forwarded a draft for its Rules of Procedure to the Council.

At the same time the Court of Justice submitted some amendments to its own Rules of Procedure. These amendments were inspired by the Court's concern to accelerate procedures and to clarify, in the light of experience, the meaning of a number of provisions of the Rules.

Under Article 188 of the EEC Treaty, Article 160 of the Euratom Treaty and Article 55 of the Statute of the Court of Justice of the ECSC, the Rules of Procedure of the Court require the unanimous approval of the Council.

The draft Rules of Procedure of the Court of First Instance and the amendments to the Rules of Procedure of the Court of Justice were examined by the Council's subordinate bodies. Representatives of the Court of Justice and the Court of First Instance participated in discussions.

On 21 December the Council approved the amendments to the Rules of Procedure of the Court of Justice and the draft Rules of Procedure of the Court of First Instance.

F — Economic and Social Committee

25. In September the Council renewed the Economic and Social Committee for a period of four years, until 20 September 1994. At the inaugural meeting of the new Committee the President-in-Office of the Council, Mr Franco Bonferroni, Under-

Secretary of State for Foreign Affairs of Italy, gave a speech which dealt in particular with Community social policy.

On 1 February Mr Gerard Collins, Minister for Foreign Affairs of Ireland and President-in-Office of the Council, outlined the Irish Presidency's programme of work at the 273rd plenary session of the Committee.

Lastly, Mr Michael Smith, TD, Minister of State for Science and Technology of Ireland, and President-in-Office of the Council of Ministers for Research, took part in a meeting of the Section for Energy, Nuclear Questions and Research.

It may be noted that the Committee had on 20 July 1989 sent the Council a memorandum on upgrading the role of the Economic and Social Committee in the run-up to 1992. On 25 April 1990 the President of the Council replied to the Committee on a number of points in the memorandum relating to the circulation and use of the Committee's opinions within Council bodies.

G — Conventions

Declaration on the jurisdiction rules in the Protocol on the settlement of litigation concerning the infringement and validity of Community patents

26. An *ad hoc* Working Party, expanded to include the EFTA Member States, met in Brussels in March to discuss the appropriate action to be taken regarding the declaration on the jurisdiction rules in the Protocol on the settlement of litigation concerning the infringement and validity of Community patents made by the Member States of the European Community on signing the Agreement on Community patents.

In the Declaration the Member States of the European Economic Community, noting a request by the Member States of EFTA concerning the provisions relating to jurisdiction in the Protocol on litigation, and desiring to maintain the unity of the juridical arrangements introduced by the Convention of Lugano of 16 September 1988 on jurisdiction and the enforcement of judgments in civil and commercial matters, stated that they wished to open negotiations with the Member States of EFTA with a view to concluding an appropriate instrument with these countries before the entry into force of the Protocol.

At the request of the EFTA countries the discussions were deferred until the beginning of 1991.

Law of the Sea

27. The European Economic Community took part in the eighth session of the Preparatory Commission for the International Sea-bed Authority and the International Tribunal for the Law of the Sea, which was held in two parts, in Kingston from 5 to 30 March and in New York from 13 to 31 August.

At these meetings the Community, which was represented in the Plenary Commission as well as in the four special commissions, made a number of contributions in connection with, firstly, the possible provisions for aid to developing countries which mined copper, nickel, cobalt and manganese on land and might be affected by marine production of these metals, and, secondly, the Regulations on the protection and preservation of the marine environment from activities in the international zone.

In particular, the eighth session saw the conclusion on 30 August of the Understanding on the fulfilment of obligations by registered pioneer investors and by their certifying States (France, India, Japan and the Soviet Union).

Chapter II

Internal market

A — Customs union — Free movement of goods — Approximation of laws — Rules on competition — Industrial policy

Customs union

COMMON CUSTOMS TARIFF

28. In 1990 the Council adopted two Regulations amending Regulation (EEC) No 2658/87 on the Combined Nomenclature and on the Common Customs Tariff, eight Regulations temporarily suspending autonomous Common Customs Tariff duties, and 35 Regulations opening or increasing Community tariff quotas for certain products, or else amending such Regulations.

HARMONIZATION OF CUSTOMS LEGISLATION

29. On 22 February the Council adopted the Regulation amending, with a view to abolishing lodgement of the transit advice note on crossing an internal frontier of the Community, Regulation (EEC) No 222/77 on Community transit.

This Regulation is in line with the approach outlined in the Commission communication of June 1989 to the Council and the European Parliament on the completion of the internal market, the object being to set up a transitional phase accompanied by measures to simplify controls in preparation for the elimination of all formalities relating to intra-Community trade and particularly the abolition of fiscal frontiers.

On 14 May the Council adopted its common position with a view to the adoption of a Directive amending Directive 79/695/EEC on the harmonization of procedures for the release of goods for free circulation.

On 20 June the Council:

- (i) adopted the Regulation amending Regulation (EEC) No 1031/88 determining the persons liable for payment of a customs debt;
- (ii) adopted the Regulation on information provided by the customs authorities of the Member States concerning the classification of goods in the Customs Nomenclature; the aim of this Regulation, *inter alia*, is to introduce a system of binding tariff information in all Member States and to standardize the conditions under which traders can obtain this information and use it;
- (iii) adopted its common position on a proposal for a Regulation on Community transit.

On 17 September the Council adopted the Regulation on Community transit.

The aim of this Regulation is to consolidate once more the rules in force since 1969 on the circulation of goods within the Community (Community transit procedure), while adapting them to the situation which will result from the establishment on 1 January 1993 of the single market, comprising an area without internal frontiers.

It should be noted that the aim of the Community transit procedure, applicable in principle to all movements of goods within the Community, is to facilitate the carriage of those goods, by limiting formalities and controls solely to the points of departure and destination and by reducing administrative action, in particular when goods cross internal frontiers, to the minimum necessary.

Although establishment of the internal market will have the effect of eliminating all controls and formalities relating to Community goods circulating within the Community and will thereby, as a general rule, render the internal Community transit procedure redundant, provisions covering external transit must be maintained. The Regulation meets that specific objective.

30. On 9 October the Council adopted the Directive amending Directive 79/695/EEC of 24 July 1979 on the harmonization of procedures for the release of goods for free circulation.

Directive 79/695/EEC, in Title II, contained a number of provisions introducing simplified procedures for the release of goods for free circulation. It laid down that from 1 January 1984 Member States:

- (i) could not apply simplified procedures other than those contained in the Directive;
- (ii) were required to implement all these procedures in so far as their administrative organization allowed.

With the 1993 single market in mind, the new Directive updates some of these procedures to take better account of developments in customs legislation and of the ap-

plication of the procedures in practice, and makes them compulsory in all Member States.

On 13 December the Council:

- (i) adopted its common position on an amendment to Regulation (EEC) No 3/84 introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States;
- (ii) adopted its common position with a view to adopting the Regulation on the use in the Community of TIR carnets and ATA carnets as transit documents;
- (iii) adopted a Regulation laying down measures to be taken to discourage the diversion of chemical products (precursors) used in the illicit manufacture of narcotic drugs and psychotropic substances.

The purpose of the Regulation is to implement, within the Community, Article 12 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which the Community decided to conclude on 22 October.

It constitutes a first step because it deals only with monitoring traffic between the Community and third countries; the monitoring of traffic within the Community will be covered by another instrument (in fact, on 20 December, the Commission sent the Council a proposal for a Directive on the matter).

The importance of the measures envisaged was stressed by the European Council in Dublin in June and by the Heads of State or Government of the Group of Seven (G7) when they met in Houston in July.

On 20 December the Council adopted its common position for the purpose of adopting a Regulation on the Single Administrative Document.

INTERNATIONAL CUSTOMS CONVENTIONS

31. On 23 April the Council adopted:

- (i) the Decision concluding the Agreement between the European Economic Community and the Swiss Confederation on the simplification of inspections and formalities in respect of the carriage of goods;
- (ii) the Regulation on the application of Decision No 2/89 of the EEC-EFTA Joint Committee on common transit amending the Convention of 20 May 1987 on a common transit procedure.

On 14 May the Council adopted the Decision on the Community's participation in the negotiation, within the United Nations Economic Commission for Europe, of a Convention on the customs arrangements applicable to containers used within an international pool.

On 20 June the Council authorized the Commission to sign, on behalf of the Community, the Convention on temporary admission of the Customs Cooperation Council.

On 29 June the Council adopted the Regulation on the application of Decision No 1/90 of the EEC-EFTA countries Joint Committees amending Protocol No 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation, following the suspension of customs duties applicable by the Community of Ten and the various EFTA countries to imports from Spain.

On 17 September the Council adopted the Decision concerning participation by the Community in negotiations on a Convention on the single goods declaration.

ECONOMIC ACTIVITIES — STATISTICS

32. On 20 June the Council adopted its common position with a view to the adoption of a Regulation on the statistical classification of economic activities in the European Community, and formally adopted the Regulation on 9 October.

The main aim of the Regulation is to establish a common statistical language allowing genuine comparison of the data on economic activities gathered in Member States. Standardizing the statistical language used in the classifications of economic activities in this way will provide reliable and more easily comparable statistical information for both public authorities and business circles. This approach is also part of the run-up to the single market, in that it creates an instrument which offers genuinely comparable data, making possible the monitoring measures needed, amongst other things, to prevent distortion of competition within the Community.

Free movement of goods

ELIMINATION OF TECHNICAL BARRIERS TO TRADE

33. On 20 April the Council adopted its common position for the purpose of adopting the Directive amending Directive 84/529/EEC on the approximation of the laws of the Member States relating to electrically operated lifts.

On 20 June the Council adopted a Directive on the approximation of the laws of the Member States relating to implantable electro-medical devices, the best known being the heart pacemaker.

On 17 September the Council adopted three Directives amending:

- (i) Directive 84/529/EEC, referred to above, by extending its scope to hydraulically operated lifts;
- (ii) Directive 79/196/EEC concerning electrical equipment for use in potentially explosive atmospheres;
- (iii) Directive 87/404/EEC on the approximation of the laws of the Member States relating to simple pressure vessels.

The aim of the four Directives is to ensure the free movement of such apparatus within the Community.

On 13 December the Council adopted its common position on an amendment to Directive 89/392/EEC, relating to machinery, to extend its scope to machinery having a 'mobility' function and machinery having a 'lifting' function.

The text of the common position is based on the principle that machinery which presents specific hazards by virtue of its mobility or its ability to lift loads or a combination of those two factors must satisfy the general health and safety requirements laid down in Directive 89/392/EEC and the health and safety requirements relating to those specific hazards.

Transitional arrangements are provided for, allowing the placing on the market and putting into use of machinery manufactured in accordance with the national rules in force on 31 December 1992.

Approximation of laws

TELECOMMUNICATIONS

34. On 28 June the Council adopted a Directive on the establishment of the internal market for telecommunications services through the implementation of open network provision.

This Directive concerns the harmonization of conditions for open and efficient access to and use of public telecommunications networks and, where applicable, public telecommunications services.

It is intended to facilitate the provision of services using public telecommunications networks and/or public telecommunications services, within and between Member States, and, in particular, the provision of services by companies, firms or natural persons established in a Member State other than that of the company, firm or natural person for whom the services are intended.

The Directive will enter into force on 1 January 1991.

On 26 July the Council adopted a common position on a proposal for a Directive on the approximation of the laws of the Member States relating to telecommunications terminal equipment, including the mutual recognition of its conformity.

This Directive, which will eliminate barriers to the free movement of equipment, will bring about a single market for terminals while ensuring the integrity of public networks.

The Directive makes provision for the public authorities to monitor the intended purpose of terminals as stated by the manufacturer or supplier.

35. On 9 October the Council adopted:

(i) a recommendation on the coordinated introduction of pan-European land-based public radio paging in the Community. The recommendation provides, *inter alia*, that:

- the telecommunications administrations will implement recommendations concerning the coordinated introduction of pan-European land-based public radio paging in the Community. This system would allow persons wishing to do so to send and/or to receive alert and/or numeric or alphanumeric messages anywhere within the coverage of the service in the Community;
- the telecommunications administrations will provide for the evolution from existing radio paging systems to pan-European land-based public radio paging systems to ensure transition in accordance with users' needs and in the interests of telecommunications administrations and manufacturers;

(ii) a Directive on the frequency bands designated for coordinated introduction of pan-European land-based public radio paging in the Community.

The Directive provides that the Member States will designate four channels in the 169.4-169.8 MHz waveband, which will have priority and be protected and preferably be 169.6, 169.65, 169.7 and 169.75 MHz for the pan-European land-based public radio paging service by 31 December 1992 at the latest.

Member States must ensure that plans are prepared as quickly as possible to enable the pan-European public radio paging service to occupy the whole of the 169.4-169.8 MHz band according to commercial demand.

On 14 December the Council adopted a common position on a Directive on the frequency bands to be designated for the coordinated introduction of digital European cordless telecommunications (DECT) in the Community.

On the same date the Council approved the substance of a recommendation concerning the coordinated introduction of DECT in the Community, which aims to direct and accelerate the efforts by the Member States, telecommunications administrations and industry to identify a common solution. The proposal is based on work carried out by the European Telecommunications Standards Institute (ETSI), which has undertaken to formulate a DECT standard by the end of 1991.

DECT is a technology designed to provide a variety of mobile communications (cordless telephones for residential use, telepoint services, cordless PABXs, on-site cordless data).

The purpose of the Directive is to make available in due course, in a coordinated manner, common frequencies for DECT throughout the Community. The frequencies concerned (1 880-1 900 MHz) are those contained in a recommendation of the European Conference of Postal and Telecommunications Administrations (CEPT).

TECHNICAL HARMONIZATION

36. On 13 December the Council adopted a Decision on conformity assessment procedures, called 'modules', which are intended to be used in the technical harmonization Directives.

The Decision also makes provision for:

- (i) checks to be carried out by technically competent bodies which the Member States will notify on their own responsibility ('notified bodies');
- (ii) the guidelines to be followed by the Commission and the Council in order to determine, in each specific Directive, which modules are to be left to the choice of the manufacturer.

DANGEROUS SUBSTANCES

37. On 9 October the Council adopted:

- a Council Directive adapting to technical progress for the 11th time Council Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances.

This Directive provides for the addition of dichloromethane to the carcinogenic substances in Annex I (List of dangerous substances) to Directive 67/548/EEC (this Annex lists the dangerous substances for which classification and labelling have been decided on at Community level);

- a common position on the Directive amending for the ninth time Directive 76/769/EEC and restricting the marketing and use of pentachlorophenol.

On 13 December the Council adopted two common positions on the 10th and 11th amendments to Directive 76/769/EEC relating to restrictions on the marketing and use of dangerous substances.

The purpose of the 10th amendment is to prohibit, by means of negative lists:

- (i) the use of cadmium in three areas of use, namely pigmentation, stabilization and the treatment of certain surfaces;
- (ii) the placing on the market of finished products and their components included on the negative lists for pigmentation and stabilization if their cadmium content exceeds 0.01% by mass.

The aim of the 11th amendment is to restrict the marketing and use of three substances, the trade names of which are Ugilec 141, Ugilec 121 or 21 and DBBT.

It provides for a ban on the marketing and use of these substances.

MOTOR VEHICLES

38. On 13 December the Council adopted a common position on a Directive on the approximation of the laws of the Member States relating to the spray-suppression devices of certain categories of motor vehicles and their trailers.

The main aim of the Directive is to improve road safety by equipping heavy goods vehicles with systems to limit the projection of spray from their tyres when they are driven in bad weather.

VETERINARY MEDICINAL PRODUCTS

39. On 26 June the Council adopted the Regulation laying down a Community procedure for the establishment of maximum residue limits of veterinary medicinal products in foodstuffs of animal origin.

The Regulation, the purpose of which is the protection of public health, contains, among other things, a Community procedure for establishing maximum residue limits for pharmacologically active substances which remain in foodstuffs of animal origin.

On 13 December the Council adopted the Directives:

- (i) amending Directive 81/851/EEC on the approximation of the laws of the Member States relating to veterinary medicinal products;

The purpose of this Directive is to advance the completion of the internal market in this sector, in particular through harmonization of:

- the conditions governing the distribution of veterinary medicinal products;
- information regarding those medicinal products;

- the conditions for their export;
 - the protection of innovations in this area;
- (ii) extending the scope of Directive 81/851/EEC on the approximation of the laws of the Member States relating to veterinary medicinal products and laying down additional provisions for immunological veterinary medicinal products.

These measures form part of the action aimed at establishing a common market in the veterinary medicinal products sector.

Rules on competition

40. At its meeting on 21 December the Council adopted the seventh Directive on aid to shipbuilding,¹ after reaching a political consensus on 26 November on the Directive's guidelines.

This Directive follows on from the sixth Directive, which expired on 31 December. The new Directive, which applies for a period of three years from 1 January 1991, corresponds broadly to the previous aid arrangements, subject to some changes. It takes account of the fact that aid to this sector cannot be abolished at this stage, because of the need to encourage restructuring in many shipyards while bearing in mind international efforts to normalize market conditions by dismantling competition-distorting aspects.

To attain the objectives set, the Directive considers as compatible with the common market production aid for the building and conversion of ships where the total amount does not exceed a common maximum ceiling of the contract value before aid.

The ceiling is fixed by the Commission with reference to the prevailing difference between the cost structures of the most competitive Community yards and the prices charged by their main international competitors with particular regard to the market sectors in which the Community yards remain relatively most competitive, and will be reviewed annually, or at shorter intervals, where exceptional circumstances so warrant with the aim of reducing the ceiling gradually.

Additional aid (investment aid, aid for closures and aid for research and development) may be granted, subject to certain conditions, provided that it promotes restructuring. Spain and Greece will continue to benefit from exemption arrangements for a period of one year.

As regards the territory of the former German Democratic Republic, the Council and the Commission undertook in a statement to examine a request by the German

¹ OJ L 380, 31.12.1990.

Government for a transitional arrangement aimed at permitting structural adjustments and exclusively limited to the shipyards of that territory. This examination will be carried out as soon as detailed information has been provided concerning, in particular, the proposed structure for the sector and the exact state of its order books.

41. On 15 October the Council held an exchange of views on competition policy in the context of the internal market on the basis of a discussion paper from the Italian Presidency on the application of Articles 92, 93 and 94 of the EEC Treaty.

At the end of this exchange of views it was established, in the interests of transparency and legal security, that:

- (i) once a year, the Commission would submit its annual report on competition to the Council, for a general discussion; this report would cover, *inter alia*, the compendium referred to below;
- (ii) twice a year, the Commission would hold a multilateral meeting of experts on State aids;
- (iii) the Commission would publish a compendium:
 - of procedures,
 - of general implementing texts, and
 - of judgments of the Court of Justicerelating to State aids.

Industrial policy

GENERAL INDUSTRIAL POLICY

42. On the basis of a Commission communication, on 26 November the Council adopted the following conclusions:

‘The Council warmly appreciates the document forwarded by the Commission.

It approves the document’s conclusions here attached¹ in view of achieving the goal of an industrial policy of the Community that would take into account the complexities of the situation both internal and external to the Community as well as allow a more balanced development and a greater economic and social cohesion with the Community.

It calls on the Commission to continue its work and its studies in the light of the discussion which has taken place, also bearing in mind:

¹ See points 43 and 44 of this Review.

- (i) the evolution of the economic situation and of the strategies of the major non-EEC industrialized countries and of the newly industrialized countries;
- (ii) the need to ensure the utmost consistency between the various Community policies which directly or indirectly affect the system of production both of goods and of services, on the one hand, as well as the consistency, on the other hand, between the said policies and those of the Member States;
- (iii) the need for an appropriate use of the instruments available to the Community in order to strengthen the technological capabilities and the competitiveness of the European industrial system.

The Council also notes the Commission's intention to submit the proposals that would prove necessary for the implementation of the guidelines thus set forth.'

Annex to the Council's conclusions — Conclusions of the Commission communication

43. I — The Commission proposes that the Council approves:

- the Commission's analysis of the degree of industrial adjustment achieved so far and of its ongoing character which is required for the global competitiveness of European industry;
- the concept that Community industrial policy should promote permanent adaptation to industrial change in an open and competitive market. It is based on the principle of free trade and on the competitive functioning of markets around long-term industrial and technological perspectives;
- the principle that this policy be implemented through the creation of a favourable environment for firms' initiative through the coherent recourse to all those Community activities having an impact on industry;
- that industrial problems at a regional or sectoral level should increasingly be resolved by horizontal measures.

44. II — In order to implement these principles in the current competitive context, the Commission proposes that the Community and Member States:

(1) improve the functioning of the internal market:

- through ensuring its completion on the basis of the White Paper's approach, properly transposed and enforced at the national level;
- through ensuring better control of public financial assistance to industry, in particular when this assistance affects highly capital-intensive investments;
- through ensuring more coherence between different Community and national activities as far as they concern industrial policy. In order to achieve

this and assure subsidiarity, it is important to develop dialogue and the exchange of information;

- through accepting the necessity for this policy to take into consideration developments resulting from the globalization of markets, production and operators, as well as the industrial policies of the Community's main competitors;

(2) improve the functioning of the world market:

- through a continuous effort to further open up and strictly implement the multilateral trading system;
- through facilitating the flow of international investment;
- through vigilance against unfair commercial practices, and the will to deal with them;
- through facilitating cooperation with international partners of the Community, amongst others in Central and Eastern Europe;
- through ensuring that the markets of the Community's competitors are as open as that of the Community itself on the basis of the principle of balance between rights and obligations;

(3) pursue those positive adjustment policies aimed at building a favourable economic environment for private initiative and investment in the Community:

- by maintaining a macroeconomic framework directed towards stability and the facilitation of medium- and long-term funding for industrial enterprises. In the current context of growing international economic uncertainty, a dependable macroeconomic framework is more and more necessary for business;
- by ensuring that the efforts of firms, the Community and Member States for technological research and development are strengthened, through greater cooperation between the parties concerned and, in particular, between producers and users of new technologies, and through exploiting the industrial potential of innovation and technological research and development policies at national and Community level;
- by directing national and Community structural instruments more towards backing structural adjustment and strengthening firms' competitiveness in less-developed regions;
- by strengthening policies which take into account the special requirements of small and medium-sized enterprises (SMEs) and the promotion of new business formation. In particular, national and Community actions to support intra-Community and international cooperation between SMEs and large firms should be developed;

- by recognizing that a high level of environmental protection offers both challenges and opportunities for industry, and that competitiveness and protection of the environment are not in opposition to one another;
- by implementing effective policies to develop human resources, in particular through a life-long approach to the acquisition of skills based on detailed knowledge of industry's requirements;
- by supporting the implementation of trans-European networks required for the proper functioning of the large market;
- by ensuring that a sufficiently attentive examination of industrial development is made in order to ensure that the necessary requirements for adjustment are met.

IRON AND STEEL INDUSTRY

45. At its meeting on 28 May the Council discussed the general objectives for steel 1995, concluding the discussion by asking the Commission to take account of the Member States' comments in its further proceedings in this field.

At its meeting on 26 November the Council was informed of the state of the Commission's reflections on the future of the ECSC Treaty, which expires in the year 2002.

Finally, as regards the aspect of aid in this sector, the Council gave a series of assents, acting under Article 95 of the ECSC Treaty¹ as well as under the second paragraph of Article 54² and Article 55(2)(c) of that Treaty,³ and under Protocol No 20 to the Treaty of Accession of Spain and Portugal.⁴

FOOTWEAR INDUSTRY

46. On 13 March the Council discussed the adaptation of this sector in the context of the completion of the internal market.

It stressed the importance which it attached to the industrial restructuring of the sector and the link between this and Community and national support to the small and medium-sized enterprises which make up a considerable portion of the industries involved in this sector.

¹ OJ C 27, 6.2.1990, OJ C 122, 18.5.1990 and OJ C 200, 9.8.1990.

² OJ C 42, 22.2.1990, OJ C 115, 9.5.1990, OJ C 200, 9.8.1990, OJ C 256, 11.10.1990, OJ C 329, 31.12.1990 and OJ C 18, 26.1.1991.

³ OJ C 256, 11.10.1990 and OJ C 269, 25.10.1990.

⁴ OJ C 269, 25.10.1990.

The Council considered that, in order to encourage the adaptation of the Community industry, efforts by companies and the use of national and Community policies were necessary in the fields of:

- (a) the promotion of technology transfer, research and development (within the new framework programme);
- (b) the provision of training and retraining facilities;
- (c) protection of intellectual property;
- (d) access to third markets;
- (e) access to materials in third countries;
- (f) access of SMEs to the programmes decided and implemented at Community level.

TEXTILES AND CLOTHING INDUSTRY

47. At its meeting on 13 March the Council noted with interest the annual report presented by the Commission on the state of the textiles and clothing industry and shared, in general, its overall conclusions, while inviting the Commission to continue this type of analysis in order to deepen understanding of the issues involved, and to submit such reports regularly.

The Council underlined the importance it attached to the use of Community measures in a coherent and coordinated way to support the modernization of European industry, in particular the necessity to take adequate account of the needs of the sector, especially of small and medium-sized enterprises, with regard to the opening of markets and the priorities of the next R&D programme.

Having noted that the Commission was carrying out an analysis of the consequences for the industry of trade negotiations, the Council invited the Commission to present the results of this analysis to the Council as soon as possible.

At its meeting on 15 October the Council noted that the Commission had decided to set up a textiles observatory, since the information currently available on the textiles and clothing sector had proved insufficient both for assessing the structural and industrial changes needed in this sector over the next decade and for implementing commercial policy measures.

AERONAUTICAL INDUSTRY

48. On 15 October the Council held a policy debate on a Commission communication intended to start a discussion on the conditions in which the European aeronautical industry could be sure of smooth development in a market which was bound to become more and more competitive.

At the close of its discussion the Council invited the Commission to accede to the request of several Member States to intensify contacts with the national authorities and economic operators in order to create a Community reference framework covering the various segments of the industry and likely to ensure the smooth development of the aeronautical industry.

SMALL AND MEDIUM-SIZED ENTERPRISES AND CRAFT TRADES

49. The Council devoted a considerable part of its meeting on 28 May to an exchange of views on questions concerning small and medium-sized enterprises, namely promoting SME participation in public procurement in the Community, Community measures in favour of SMEs in the field of research and technological development and the improvement of the business environment, particularly for SMEs, in the Community.

At the close of these discussions the Council, *inter alia*:

- (i) requested the Commission to study the problems which face SMEs in tendering for large contracts and to study and analyse the various qualification and procedural requirements imposed by contracting authorities which restricted SME participation, with a view to examining the possibility of drawing up standardized qualification requirements and simplified tendering procedures on a Community-wide basis;
- (ii) considered that continuing attention should be given to improving the situation for SMEs in the areas of information on Community R&TD programmes, the Commission's own administrative arrangements and procedures in relation to these programmes and the cost/complexity of preparing applications, and asked the Commission to intensify its efforts to increase SME participation in these programmes, especially in those projects which were closest to the industrial stage;
- (iii) asked the Commission, on the one hand, to continue its activities in the fields of the administrative, legal and tax environment for businesses and, if necessary, to extend them to other sectors, and the Member States, on the other hand, to take more systematic account of the objective of improving the business environment in the administrative, legal and tax areas when adopting a position on specific legislative proposals from the Commission.

As regards the craft trades, the Council, at its meeting on 26 November, heard an oral communication from the Commission on the progress and results of the conference it had organized in the preceding October in Avignon on the specific problems of craft trades in the Community and the possibility of action to promote future development.

B — Right of establishment and freedom to provide services

Financial institutions

50. The year 1990 was one of intense Council activity aimed at working out the broad lines of a consensus with a view to preparing a common position on the amended proposal for a Directive on investment services in the securities field. These efforts were inspired, in particular, by the Council's determination to bring about the conditions necessary for the simultaneous implementation on 1 January 1993 of a Directive on investment services and the second Directive on the coordination of banking laws, adopted on 15 December 1989,¹ in accordance with the 1992 deadline for the creation of a European financial area.

In the field of insurance, in which less progress had been made with the liberalization process than in the other financial sectors, the Council proceeded with the final adoption of two important Directives: the second Directive on the coordination of laws, regulations and administrative provisions relating to direct life assurance (the 'second life assurance Directive')² and the Directive (the 'third motor vehicle liability Directive') amending, particularly as regards motor vehicle liability insurance, the first Council Directive 73/239/EEC and the second Council Directive 88/357/EEC which concern the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance, laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 73/239/EEC.²

SECURITIES

Directive adopted

51. On 23 April the Council adopted the Directive concerning the **mutual recognition of public-offer prospectuses as stock-exchange listing particulars**.³

This Directive extends the scope of mutual recognition by allowing a public-offer prospectus to be used as listing particulars for admission to official stock-exchange listing in a Member State other than the one in which the public offer took place.

¹ OJ L 386, 30.12.1989.

² OJ L 330, 29.11.1990.

³ OJ L 112, 3.5.1990.

Work in progress

Investment services

52. The Council carried out a detailed examination of the fundamental provisions of the proposal for a Directive on investment services in the securities field on the basis of an amended proposal submitted by the Commission on 12 February, further to the opinion delivered by the European Parliament, pursuant to Article 149(3) of the Treaty. This examination focused on four main questions, namely,

- (i) the definition of the concept of 'regulated market';
- (ii) the obligation to carry out transactions on regulated markets;
- (iii) obligations as regards reporting and transparency;
- (iv) access for credit institutions to stock exchanges.

Work within the Council tended towards the inclusion in the Directive of a series of provisions enabling the different systems in force in the Member States to coexist to a large extent.

Capital adequacy

53. The Council's subordinate bodies began examining the proposal for a Council Directive on capital adequacy of investment firms and credit institutions.

The examination of this Directive should be completed in the course of 1991. This Directive, the purpose of which is to harmonize capital requirements to cover the market risks of credit institutions and investment firms, thus constitutes an accompanying measure for the second banking Directive, adopted on 15 December 1989, and the Directive on investment services, which is under examination.

Directive on prevention of use of the financial system for the purpose of money laundering

54. This proposal, which was submitted on 23 March, was examined with priority, in accordance with the wishes of the European Council meeting in Dublin (28 April and 25 June). At its meeting on Economic and Financial Affairs on 17 December the Council agreed in principle, by a qualified majority, on the tenor of the enacting terms on the basis of a compromise text.

The purpose of this Directive is to prevent the European financial area, created by the implementation of the Directives on own funds,¹ solvency ratio,² the second

¹ Directive 89/229/EEC (OJ L 124, 5.5.1989 and 37th Review, point 38).

² Directive 89/647/EEC (OJ L 386, 30.12.1989 and 37th Review, point 40).

banking Directive¹ and the Directive on the liberalization of capital movements,² from being used to facilitate the recycling of money obtained from criminal activities. It concerns all financial services: credit institutions, financial institutions, insurance companies and, where appropriate, by assimilation, other intermediaries capable of serving as means for laundering money.

Although the Directive's formal and initial purpose is to combat the recycling of money obtained from drugs trafficking, all necessary measures have been taken for the campaign to be extended to other sources of funds which are deemed to be criminal, such as organized crime and terrorism.

The proposal for a Directive requires each Member State to prohibit money laundering, while leaving each Member State the task of laying down the measures necessary to ensure full application of the provisions of the Directive. It is based on the duty to exercise increased diligence in identifying operations, customers and beneficial owners and on the obligation to cooperate with the authorities responsible for combating money laundering.

The Council's common position will be forwarded to the European Parliament for a second reading.

Amended proposal for a Directive concerning the reorganization and the winding-up of credit institutions and deposit-guarantee schemes

55. The proposal³ was the subject of an initial examination which focused on reorganization, winding-up and deposit guarantees. It was agreed to defer the last point to a Directive being prepared at the Commission. As regards the other two points, it was suggested that greater account be taken of the *acquis communautaire* (the aforementioned second banking Directive) and of the outcome of the work under way elsewhere on the Convention on the bankruptcy of commercial companies.

Proposal for a Directive relating to the supervision of credit institutions on a consolidated basis

56. The proposal, which was submitted on 22 November, was examined initially on 18 December.

¹ Directive 89/646/EEC (OJ L 386, 30.12.1989 and 37th Review, point 39).

² Directive 88/361/EEC (OJ L 178, 8.7.1988).

³ OJ C 356, 31.12.1985.

This proposal is intended to replace Directive 83/350/EEC of 13 June 1983¹ in order to take into account the legislation adopted since then in the field of financial services, and particularly by extending supervision to cover financial holding companies and mixed-activity holding companies (with financial holdings) and with consolidation encompassing all financial activities.

Take-over and other general bids

57. Further to the opinions of the European Parliament and the Economic and Social Committee the amended proposal for a 13th Directive on company law, concerning take-over and other general bids, was submitted to the Council on 14 September.

INSURANCE

Directives adopted

Direct life assurance

58. On 8 November the Council definitively adopted the second Directive on the coordination of laws, regulations and administrative provisions relating to direct life assurance, laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 79/267/EEC.

The purpose of this Directive is to supplement the first Directive on life assurance (Directive 79/267/EEC) and to facilitate the effective exercise of freedom to provide services in this area, thereby granting policyholders complete latitude of recourse to the widest possible market.

The Directive may be said, in essence, to:

- (i) lay down specific provisions on access to, and the exercise of, freedom to provide services;
- (ii) specify the powers of, and monitoring methods to be employed by, the supervisory authorities;
- (iii) provide for the possibility of deferred application in the case both of group insurance and of the freedom to provide services through brokers;
- (iv) ensure that the fiscal arrangements applicable are those of the Member State in which the undertaking is entered into, i.e. that of the policyholder.

¹ OJ L 193, 18.7.1983.

Motor vehicle liability insurance

59. On 8 November the Council definitively adopted the proposal for a Directive on motor vehicle liability insurance. This Directive amends, particularly as regards motor vehicle liability insurance, the first and second Directives on insurance other than life assurance.

The purpose of this Directive is to extend the scope of the second Directive — on freedom to provide services in the field of direct insurance other than life assurance — to include motor vehicle third-party liability insurance.

The Directive sets out to facilitate as far as possible freedom to provide motor vehicle third-party liability insurance between Member States, while ensuring a high degree of protection for policyholders and accident victims.

With regard to the monitoring of insurers, it should be noted that the second Directive lays down two separate types of arrangement: large risk arrangements, governed fundamentally by the State in which the insurer is established ('monitoring by the country of origin'), and small risk arrangements (i.e. small policyholders), where the State in which the risk is situated may, under certain conditions, require proof of approval and monitor the policy terms, rates and technical reserves.

A system for the gradual application of the large risk arrangements, adjusted in line with the subsequent harmonization of the technical reserves, has been laid down to take particular account of the need to protect road accident victims.

Work in progress

60. The amended proposal for a Council Directive on the **annual accounts and consolidated accounts of insurance undertakings**, submitted by the Commission on 30 October 1989, was examined in detail.

The purpose of this proposal is to supplement, in the field of insurance, the fourth Council Directive of 25 July 1978 (78/660/EEC) on the annual accounts of certain types of company¹ in view of the special nature of the undertakings in question.

¹ OJ L 222, 14.8.1978.

Company law

Directives adopted

Annual accounts and consolidated accounts

61. On 8 November the Council adopted two Directives on the accounts of undertakings, its common position on which had been adopted on 29 June.

The first of these Directives amends Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts, as regards the scope of those Directives.

The purpose of this amendment is to make partnerships or limited liability partnerships subject to the accounting obligations of the fourth and seventh Directives on company law if their fully liable members are alone established in the form of a public or private limited liability company (with share capital). The same concern for the protection of the members and, in particular, third parties arises in the case of partnerships which are, in fact, companies with share capital. The aim of the Directive in question is, therefore, to plug a seemingly ever-increasing gap.

The second of these Directives amends Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts, as regards exemptions for small and medium-sized enterprises and the publication of accounts in ecus.

This amendment is designed to enable the Member States to extend further the exemptions already provided for SMEs under the fourth and seventh Directives in accordance with the general policy to reduce unnecessary charges facing such companies. It also counterbalances the effect of the 'scope' Directive inasmuch as partnerships falling within the scope of the said Directive may qualify for SME treatment if they comply with the rules defining them.

Work in progress

Amended proposal for a fifth Council Directive on the structure of public limited liability companies and the powers and obligations of their organs

62. The Council continued to examine the amended proposal for a fifth Directive on the structure of public limited liability companies and the powers and obligations of their organs. The purpose of this proposal is, at the same time, to introduce a minimum level of worker participation in the decision-making process of limited liability companies. Since the Council considered it necessary, with a view to completion of the internal market, to expedite work on this matter, discussions have so far focused on the company law aspects, it being understood that the Council will subsequently have to discuss the matter as a whole.

Proposals for a Council Regulation on the Statute for a European Company and a Council Directive complementing the Statute

63. The Council continued to expedite its examination of the proposals for a Council Regulation on the Statute for a European Company and a Council Directive complementing the Statute, which had been submitted to it in August 1989. This examination enabled the Council, while awaiting the opinion of the European Parliament,¹ to carry out a first technical reading, which was particularly detailed, of the proposal for a Regulation. It was thus able to identify the legal difficulties raised by each Article and make every effort to seek solutions that would ensure the smooth operation and overall coherence of the Statute for a European Company. It particularly addressed the matter of clarifying the link existing between the uniform rules of the Statute and the legislation of the State in which the head office of the European company was situated, which is a particularly important issue in view of the Commission's choice to base itself to a large extent on the legislation of the State in which the head office is situated, which has been partially harmonized by the company law directives already adopted.

Bankruptcy Convention

64. Work on the draft Convention on Bankruptcy, Winding-up Arrangements, Compositions and Similar Proceedings had been suspended since 1985. In the face of persisting difficulties the Member States and the Commission had considered that the outcome of the work initiated on the same subject within the Council of Europe should be awaited before the matter was taken up again within the Community context. Since then, the negotiations conducted in Strasbourg have culminated in the European Convention on certain international aspects of bankruptcy.²

The Council considered that both the growing economic interdependence among Community countries and the completion of the internal market called for the introduction of Community legislation on bankruptcy. It instructed its subordinate bodies to seek an appropriate instrument on bankruptcy applicable among the Member States of the Community.

To this end, a Working Party will endeavour to prepare a draft Convention, to be submitted in due course to an intergovernmental conference of the Member States, taking into account, as far as possible, the results achieved within the Council of Europe.

The Council appointed a permanent Chairman of this *ad hoc* Working Party on the Bankruptcy Convention.

¹ The European Parliament's opinion is expected in January 1991. The Economic and Social Committee delivered its opinion on 28 March 1990 (OJ C 122, 21.5.1990).

² This Convention was adopted on 21 February and opened for signing on 5 June 1990.

Public procurement

Directive adopted

Directive on the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors

65. The Council adopted this Directive on 17 September¹ further to the opinion delivered on 13 June by the European Parliament under Article 149(2) of the Treaty.

This Directive opens up to Community-wide competition works and supply contracts concluded by public entities and private entities which enjoy special or exclusive rights, operating in the water, energy, transport and telecommunications sectors. These markets, which have hitherto been excluded from the existing Community Directives, have been made more competitive and more transparent.

The text adopted by the Council provides for very flexible procedures for awarding contracts. Special provisions for awarding supply contracts are laid down for cases where the contracts involve products originating in third countries with which the Community has not concluded multilateral or bilateral agreements ensuring comparable and effective access for Community undertakings to the markets of those third countries.

Work in progress

Directive concerning the review procedures relating to procurement procedures in the water, energy, transport and telecommunications sectors

66. The purpose of this Directive is to ensure compliance with Community provisions in the field of public procurement by providing for the possibility of remedies against illegalities committed in the course of public procurement procedures in the 'excluded' sectors. The European Parliament's opinion is awaited.

Liberal and craft professions

Work in progress

67. The Council commenced its examination of the amended proposal for a Directive on a second general system for the recognition of professional education and training, which was submitted by the Commission on 8 August in the light of the opinions of the European Parliament and the Economic and Social Committee.

¹ Directive 90/531/EEC (OJ L 297, 29.10.1990).

The purpose of this proposal is to complement the first general system laid down by Directive 89/48/EEC, which provides for the recognition of diplomas in the context of regulated professional activities, the pursuit of which is subject to university-level training of a minimum duration of three years. This proposal provides for a parallel system of recognition for regulated professions and activities, the pursuit of which is subject to post-secondary-level training of a duration of less than three years or to secondary-level training.

Tourism

Directive adopted

68. On 13 June 1990 the Council adopted the **Directive on package travel, package holidays and package tours**.¹

The text of this proposal harmonizes national provisions on essential points in order to encourage the free movement of packages and to prevent distortions of competition among operators established in different countries, thus also improving consumer protection; it lays down in particular that:

- (i) the description of the package given in the brochure supplied by the organizer or retailer to the consumer must indicate in a comprehensible and accurate manner both the price and certain key items of information. Such particulars are binding on the organizer or retailer;
- (ii) the contract must contain all the essential clauses, depending on the particular package; a list of these clauses, which are communicated to the consumer before the conclusion of the contract, is annexed to the Directive. The prices laid down in the contract are not subject to revision, except under conditions laid down in the Directive and, in any case, no later than 20 days prior to departure;
- (iii) the organizer and/or the retailer party to the contract must be liable to the consumer for the performance of the obligations arising from the contract, whether such obligations are dischargeable by him/them or by other suppliers of services;
- (iv) the organizer and/or the retailer party to the contract must provide sufficient evidence of security for the refund of money paid over and for the repatriation of the consumer in the event of insolvency.

Decision adopted

69. On 17 December the Council adopted the **Decision on a two-year programme (1991-92) for developing Community tourism statistics**.²

¹ OJ L 158, 23.6.1990.

² OJ L 358, 21.12.1990.

The aim of this programme is the development of a Community frame of reference for the compilation of Community statistics on tourism which will make reliable, comparable statistics quickly available.

With a view to achieving this aim the Commission, in consultation with the Member States, will:

- (i) analyse and evaluate users' needs with regard to tourism statistics;
- (ii) collect and disseminate existing data on tourism;
- (iii) analyse the systems which exist in the Member States and those used by international organizations;
- (iv) prepare a Community methodological framework for tourism.

Before the end of 1992 the Commission will present to the Council a report evaluating the outcome of the programme and the conclusions to be drawn from the report as to the development of Community tourism statistics after 1992.

C — Intellectual property

Patent law

LEGAL PROTECTION OF BIOTECHNOLOGICAL INVENTIONS

70. The Council authorities continued their technical examination of the proposal for a Directive on the legal protection of biotechnological inventions,¹ pending the opinion of the European Parliament.

LEGAL PROTECTION FOR MEDICINAL PRODUCTS BY MEANS OF A SUPPLEMENTARY CERTIFICATE

71. The Council authorities began examining a proposal for a Regulation concerning a supplementary protection certificate,² submitted by the Commission in April. Pending the opinions of the European Parliament and the Economic and Social Committee, the Council conducted a policy debate on 26 November on certain legal questions, in particular that of possible implications with regard to the Munich Convention on the European Patent.

¹ OJ C 10, 13.1.1989.

² OJ C 114, 8.5.1990.

Trade-mark law

72. The Council resumed discussions on the proposal for a Regulation on the Community trade mark¹ in the middle of the year, following a hiatus of some 18 months. Although some major political issues such as the seat of the Office are still unresolved, the competent Council Working Party re-examined certain technical questions, including the procedure for appeals against the decisions of the Community Trade-mark Office.

Copyright

73. The Council and its subordinate bodies pressed ahead with their examination of the proposal for a Directive on the legal protection of computer programs, which enabled the Council to adopt its common position on 13 December on the basis of, in particular, the opinion of the European Parliament, delivered on 11 July,² and the amended Commission proposal submitted on 18 October.³

The aim of this proposal for a Directive is to ensure that the Member States protect computer programs, by copyright, as literary works within the meaning of the Berne Convention for the Protection of Literary and Artistic Works.

The Council and its subordinate bodies devoted much of their discussions to an examination of whether the decompilation of a computer program should or should not be permitted without the authorization of the copyright holder. The common position of the Council, based broadly on the opinion of the European Parliament and on the amended Commission proposal, contains a solution which enables a balance to be struck between the strict application of copyright and the development of open systems (a feature of which is communication between programs emanating from different producers) and allows decompilation without the copyright holder's authorization only if such decompilation is essential to the availability of data vital to the interaction of an independently created computer program with other programs, subject to the satisfaction of certain conditions.

¹ OJ C 230, 31.8.1984.

² Opinion not yet published in the *Official Journal of the European Communities* as at the end of January 1991.

³ OJ C 320, 20.12.1990.

Legal protection of semi-conductor products

74. Two Decisions in this area¹ were adopted by the Council on 9 October, namely:

- (i) Decision 90/510/EEC, whereby the legal protection of topographies of semi-conductor products granted by the Member States pursuant to Directive 87/54/EEC is extended indefinitely for nationals of certain third States (in particular Australia, Austria, Japan and Sweden);
- (ii) Decision 90/511/EEC, whereby the aforementioned protection is extended, albeit up to the end of 1992 only, for nationals of certain other third States (in particular Finland, Iceland, Norway, Switzerland and the United States of America).

Statement on the rules of competence of the Protocol on the settlement of litigation concerning the infringement and validity of Community patents²

75. An *ad hoc* Working Party, enlarged to include the EFTA Member States, met in Brussels in March to discuss the appropriate action to be taken regarding the statement on the rules of competence of the Protocol on the settlement of litigation concerning the infringement and validity of Community patents, tabled by the Member States of the European Economic Community when the Agreement relating to Community patents was signed.

In this statement, the Member States of the European Economic Community, noting a request from the EFTA Member States regarding the jurisdictional provisions of the Protocol on the settlement of litigation concerning the validity of Community patents and wishing to maintain the unity of the legal arrangements introduced under the Lugano Convention of 16 September 1988,³ declared their wish to open negotiations with the EFTA Member States on the conclusion of an appropriate instrument with the latter before the entry into force of the Protocol on litigation.

Discussions were put back to the beginning of 1991 at the request of the EFTA countries.

¹ OJ L 285, 17.10.1990.

² OJ L 401, 30.12.1989.

³ OJ L 319, 25.11.1988.

Discussions in the context of international organizations, in particular the World Intellectual Property Organization (WIPO)

76. The Member States and the Commission coordinated their positions, in accordance with the usual procedures, in preparation for the following meetings organized in Geneva by the WIPO:

- (a) first meeting (from 12 to 16 March) and second meeting (from 26 to 30 November) of the Working Party on the application of the 1989 Madrid Protocol;
- (b) eighth meeting (from 11 to 21 June) and ninth meeting (from 29 October to 9 November) of the Committee of Experts on the Harmonization of Certain Provisions in Law for the Protection of Inventions;
- (c) second meeting of the Committee of Experts on the Harmonization of Laws for the Protection of Trade Marks (from 25 to 29 June);
- (d) third meeting of the Committee of Experts on the Standard Provisions in Law in the Field of Copyright (from 2 to 13 July);
- (e) 21st series of sessions of the Governing Bodies (from 24 September to 2 October);
- (f) second meeting of the Committee of Experts on the Settlement of Intellectual Property Disputes between Member States (from 22 to 26 October).

77. The Member States also coordinated their positions on a particular point in connection with the Regulation proposal referred to in point 71, in preparation for the 39th meeting of the Administrative Council of the European Patent Organization (from 3 to 7 December) in Munich.

With regard to proceedings on intellectual property questions held in the framework of the GATT Uruguay Round, reference should be made to Chapter IV of this Review, in particular the section on commercial policy.¹

¹ See points 212 et seq. of this Review.

Chapter III

Economic and social policy

A — Economic, financial and tax questions and export credits

Economic situation in the Community

78. After a number of years of strong expansion with growing levels of investment, the rapid creation of jobs and improved convergence, the growth outlook for the Community in 1990 became less favourable. This was partly due to internal factors; however, the impact of those factors was greatly amplified by external events such as the Gulf crisis, depreciation of the dollar and a falling growth rate in the United States of America and in world trade. Real growth in the Community thus fell from 3.3% in 1989 to 2.9% in 1990. This was largely due to lower growth rates in the United Kingdom, France and Spain.

The slow-down in those countries was partly offset by stronger expansion in Germany following unification and tax reform, which had a positive effect on the economies of the Benelux countries and Denmark. Inflation remained high in the Community (+ 5.1%) despite significant appreciation of the ecu and the slow-down in growth; it therefore continued to be the most pressing major concern of economic policy.

Economic and monetary union (EMU)

FIRST STAGE OF EMU

79. The Community entered the first stage of economic and monetary union on 1 July 1990. In preparation for that event, the Council had adopted **two Decisions** in March, one concerning the attainment of progressive convergence of economic policies and performance and the other strengthening cooperation between the central banks of the Member States.¹

¹ OJ L 78, 24.3.1990.

The **first Decision** set up a multilateral surveillance procedure for Member States' economic policies in order to ensure a higher degree of convergence of those policies, the aim being to achieve internal and external stability, sustained growth, a high level of employment and sound public finance. In that connection the Council is to make regular examinations of:

- (i) the economic conditions, prospects and policies in the Community and its Member States;
- (ii) the compatibility of policies within Member States and in the Community at large;
- (iii) the external economic environment and its interaction with the economy of the Community.

Multilateral surveillance will cover all aspects of economic policy in both the short- and medium-term perspectives.

Under the new procedures set up by this convergence Decision the Council carried out two multilateral surveillance exercises in 1990.

80. The **second Decision** reinforced the tasks and role of the Committee of Governors of the Central Banks. The Committee's tasks will be:

- (a) to hold consultations concerning the general principles and the broad lines of monetary policy;
- (b) to exchange information regularly about the most important measures that fall within the competence of the central banks, and to examine those measures;
- (c) to promote the coordination of the monetary policies of the Member States with the aim of achieving price stability;
- (d) to formulate opinions on the overall orientation of monetary and exchange-rate policy;
- (e) to express opinions to individual governments and the Council of Ministers on policies which might affect the internal and external monetary situation.

INTERGOVERNMENTAL CONFERENCE ON THE SUBSEQUENT STAGES OF ECONOMIC AND MONETARY UNION (EMU)

81. The Conference of the representatives of the governments of the Member States on EMU opened formally in Rome on 15 December. The Conference took note of the draft Treaty which the President of the Commission submitted to it revising the EEC Treaty with a view to the establishment of economic and monetary union.

Having given all delegations an opportunity to state their respective positions, the President noted that it was their firm intention to contribute to the complete success of the Conference.

European Monetary System (EMS)

82. The EMS was a powerful integrating factor within the Community and continued to contribute to the lowering of inflation rates in the Member States.

On 6 January **Italy** abandoned the 6% fluctuation band allotted to it when the EMS was set up and opted for the normal band of 2.25%. In agreement with the other Member States it set the central rate for the lira at the level of the currency's value on the exchange markets, which meant a 3% devaluation compared with the old central rate.

On 8 October the Government of the **United Kingdom** decided to join the EMS exchange-rate and intervention mechanisms. For the pound sterling it chose the wide band of 6% fluctuation around a central rate of ECU 1 = UKL 0.696904.

All the Community Member States except Greece and Portugal are now members of the EMS exchange-rate mechanism.

International economic and monetary problems

83. The Member States regularly discussed international economic and monetary problems. The Economic and Finance Ministers also prepared for meetings held under the auspices of the International Monetary Fund and the World Bank.

Financial assistance for Central and East European countries

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

84. On 19 November the Council adopted a Decision on the conclusion of the Agreement establishing the EBRD¹ and the Community as such thereby became a member of the Bank.

The Agreement establishing the EBRD was signed on 29 May by 40 countries and by the Community and the European Investment Bank. Under its statute the EBRD is to contribute to economic progress and reconstruction in the Central and East European countries committed to and applying the principles of multiparty democracy, to foster their transition towards market-oriented economies and to promote private and entrepreneurial initiative.

¹ OJ L 372, 31.12.1990.

FINANCIAL ASSISTANCE FOR HUNGARY

85. On 22 February the Community granted Hungary a medium-term loan of ECU 870 million for five years, to permit it to overcome the difficulties of structural adjustment of its economy. The loan is to be managed by the Commission in consultation with the Monetary Committee. The first two instalments, of ECU 350 million and ECU 260 million, were authorized in February and December.¹ The operation is guaranteed by the Community budget.

EIB LOANS IN HUNGARY AND POLAND GUARANTEED BY THE COMMUNITY BUDGET

86. On 12 February the Council adopted a Decision allowing the Community budget to guarantee EIB loans for projects in Hungary and Poland.² The ceiling for guaranteed loans has been set at ECU 1 000 million.

Euratom borrowing and lending

87. On 23 April the Council decided to raise by ECU 1 000 million — i.e. from ECU 3 000 million to ECU 4 000 million — the total amount of borrowings which the Commission is entitled to contract for the purpose of contributing to the financing of nuclear power stations.³

Statistical confidentiality

88. On 11 June the Council adopted a Regulation on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities (Eurostat).⁴

Under that Regulation:

- (i) national authorities are authorized to transmit confidential statistical data to Eurostat;
- (ii) the Commission is to take all measures necessary to ensure the confidentiality of data thus transmitted.

¹ OJ L 58, 7.3.1990 and OJ L 375, 31.12.1990.

² OJ L 42, 16.2.1990.

³ OJ L 112, 3.5.1990.

⁴ OJ L 151, 15.6.1990.

This step should make it possible to achieve a better analysis of phenomena at Community level, especially economic phenomena, thus meeting needs considered essential with the single market and economic and monetary union in prospect.

Fiscal harmonization

89. The Council made considerable progress in this area in 1990 with a view to completing the internal market before the end of 1992.

DIRECT TAXATION

On 23 July the Council adopted three measures which had long been needed to encourage cooperation between companies in different Member States:

- (i) Directive 90/434/EEC on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States¹ provides that capital gains arising from any of these operations will not be taxed at the time of the operation but only when they are actually realized;
- (ii) Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States¹ is intended to eliminate double taxation of profits distributed by a subsidiary established in one Member State to its parent company established in another Member State. To that end the Directive provides for:
 - the Member State of the subsidiary to refrain from charging withholding tax, although the date of application of this principle is postponed in the case of Greece, Portugal and Germany;
 - for the Member State of the parent company to refrain from taxing such profits or else to tax them but to offset the tax paid by the subsidiary;
- (iii) Convention 90/436/EEC¹ provides for procedures to be set up to ensure, within specified time-limits, the elimination of double taxation in connection with the adjustment of profits of associated enterprises by national tax authorities.

INDIRECT TAXATION

90. On 3 and 17 December the Council, acting on the basis of proposals forwarded in mid-June and at the beginning of November, met the deadlines set by the Dublin European Council by adopting a series of conclusions on the basic rules for applying the new VAT and excise duty arrangements due to enter into force on

¹ OJ L 225, 20.8.1990.

1 January 1993. The conclusions also clarify and supplement the principles set out in the Council conclusions of 13 November 1989:¹

- (i) the conclusions of 3 December specify the main rules for applying the **transitional VAT arrangements**. They describe more closely the system for taxing intra-Community transactions in goods between taxable persons; they also define the control mechanisms for preventing tax evasion;
- (ii) the conclusions of 17 December lay down the main rules for the movement and control of **products subject to excise duty** which are the subject of intra-Community transactions between professional operators.

Export credits

ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS

Strengthening of multilateral discipline

91. Following the OECD ministerial meeting on 31 May and 1 June 1989, Ministers decided that endeavours to strengthen multilateral discipline and improve transparency with regard to export credits and aid credits should be kept up. To that end, participants in the Arrangement submitted, at the ministerial meeting in May 1990, an interim report on a draft revision of the Arrangement. That draft, which mainly concerned limitations on the use of aid financing, is still being finalized and a final report should be submitted to the ministerial meeting in 1991.

As a participant in the Arrangement, the Communities are involved in these proceedings.

Extension of the Decision of 4 April 1978²

92. By its Decision of 8 October the Council extended for 12 months the above Decision on the application of the Arrangement on guidelines within the Community, and adopted the new consolidated text of the Arrangement.

Sector Understanding on export credits for aircraft

93. The Arrangement on guidelines for officially supported export credits contains provisions specific to aircraft and these constitute the Sector Understanding on export credits for aircraft.

¹ See 37th Review, point 71.

² This Council act has not been published in the *Official Journal of the European Communities*.

The negotiations conducted in 1990 were mainly concerned with amendments to the 'Large aircraft' chapter of the Sector Understanding and credit terms for exports of second-hand aircraft.

UNDERSTANDING ON EXPORT CREDITS FOR SHIPS

94. Ships are not covered by the Arrangement on guidelines for officially supported export credits but by the OECD Understanding on export credits for ships. In the OECD framework this sector is dealt with by Working Party No 6 on shipbuilding.

Negotiations are under way in that Working Party, following a proposal made by the United States of America in October 1989, to finalize an agreement to dismantle measures to assist shipbuilding which are incompatible with normal conditions of competition.

The Community is taking part in these negotiations on the basis of negotiating directives adopted by the Council in July.

INTRA-COMMUNITY CONSULTATIONS

95. Consultations under the terms of Decision 73/391/EEC¹ on Member States' financing and guarantee transactions were held, as in previous years, for all proposed transactions relating to periods of more than five years. Member States also regularly discussed risk trends in the various buyer countries and cover policy towards those countries, with particular reference to the Gulf States and East European countries. A procedure was set up for monitoring payment problems with the Soviet Union.

CREDIT INSURANCE IN THE CONTEXT OF THE SINGLE MARKET

96. The inventory and analysis of problems with regard to short-term credit insurance in the context of the 1992 single market were completed in 1990. The steps to be taken to meet the demands of the single market were also identified (greater harmonization and cooperation).

CREDIT REINSURANCE POOL

97. In November the Commission submitted to the Council a proposal for a Regulation concerning the establishment of a reinsurance pool for export credits to Central and East European countries.

¹ OJ L 346, 17.12.1973.

B — Social policy

98. In 1990 the Council discussed employment and vocational training, the safety and health of workers at work, equal treatment for women and men, and social protection. It also began carrying out the action programme relating to the implementation of the Community Charter of the Fundamental Social Rights of Workers which the Commission had submitted to it on 29 November 1989.

The Council held three meetings (on 29 May, 26 November and 18 December in Brussels).

In addition, at three informal meetings held in Dublin (1 and 2 March), St Vincent, Val d'Aosta (11 and 12 July) and Rome (24 and 25 September), the Ministers for Labour and Social Affairs discussed a number of important topical issues.

99. At an informal meeting in Brussels on 28 May, on the eve of the Council meeting on 29 May, the Ministers for Labour and Social Affairs met the Hungarian and Polish Ministers for Labour, who described the social situation in their countries and made suggestions for cooperation and technical assistance in the area of social policy.

An informal meeting held at Ashford Castle (Ireland) on 26 and 27 April gave Ministers responsible for social affairs a chance to discuss strategy for achieving convergence of objectives and policy with regard to social protection and improvement of the coordination of social security schemes with a view to eliminating the continuing barriers to free movement in this area.

Finally, at an informal meeting in Milan on 5, 6 and 7 December, Ministers responsible for housing discussed a series of problems relating to housing policy.

The dialogue with the two sides of industry was continued in the Standing Committee on Employment, which held its 39th meeting on 8 May, devoted to the question of combating long-term unemployment, and its 40th meeting on 30 October, at which it discussed employment in Europe with particular reference to areas which were lagging behind.

General problems

100. On 29 May the Council and the representatives of the governments of the Member States meeting within the Council adopted a resolution on the fight against racism and xenophobia.¹

¹ OJ C 157, 27.6.1990.

In that resolution the Council and the representatives of the governments of the Member States recognized that acts inspired by racism and xenophobia could be countered by legislative or institutional measures such as resolute application of laws aimed at preventing or curbing discrimination or xenophobic acts and, where appropriate, the framing of such laws and the development of legal assistance available in accordance with the rules of the legal system of the Member State concerned.

They also stressed the fundamental role of an effective preventive information and education policy.

In this context, in the field of information, Member States were invited to draw attention to the role that the media could play in eliminating racial prejudice and promoting harmonious relations between the various communities living in Europe.

In the field of education and young people, the Council and the representatives of the governments of the Member States:

(i) expected that the action taken to:

- promote a European dimension in education tailored to the specific situation of each Member State, such as would develop civic-mindedness and the values of pluralism and tolerance,
- promote exchange programmes for young people as a means of encouraging tolerance and understanding,
- develop and extend current community cooperation aimed at improving the education of migrant workers' children,

would make a significant contribution to reducing xenophobia and promoting and encouraging tolerance and mutual understanding;

(ii) invited the Member States to encourage the civic and vocational training of teachers in order to introduce them to the characteristics of the various origins and cultures of their pupils and to encourage knowledge of the languages and cultures of origin.

101. At its meeting on 18 December, following numerous Presidency initiatives both nationally and internationally, the Council held a policy debate on demographic problems in the Community on the basis of a communication from the Presidency.

The communication stressed the far-reaching consequences that demographic trends would have for the pattern of life in society and for the economic and social situation of the Community countries.

In particular it raised the question of immigration from the southern Mediterranean and Eastern Europe, demographic decline and family policy, as well as ageing and the crisis in general old-age pension schemes.

At its meeting on 26 November the Council held a policy debate on three proposals for Directives on 'non-standard' employment relationships, i.e. employment relationships other than full-time open-ended employment.

Following discussion of the three proposals, based respectively on Articles 100, 100a and 118a of the EEC Treaty, the President stated that he would report to the President of the European Council.

At its meeting on 18 December the Council:

- (i) again discussed the second of the three proposals (based on Article 100a);
- (ii) agreed on a common position on the third proposal (based on Article 118a) (see below, point 111).

102. At the close of the Council meeting on 29 May the President mentioned the recent proceedings that within a few weeks had resulted in the adoption by the General Affairs Council on 7 May of Regulation (EEC) No 1360/90 establishing a European Training Foundation¹ and Decision 90/233/EEC establishing a trans-European mobility scheme for university studies (Tempus),¹ i.e. two instruments that would play an important part in cooperation between the Community and Central and East European countries.

Employment and vocational training

103. On 29 May the Council adopted a resolution on action to assist the long-term unemployed.²

In that resolution, which affects more than seven million people who have been out of work for more than a year, the Council stressed that policy measures should in particular:

- (i) be appropriate for the individual's needs and circumstances;
- (ii) reflect the local and regional labour-market needs and circumstances;
- (iii) embody counselling, advice and efforts to assist the transition to stable employment.

The Council defined responsibilities for action, stressing the crucial role of employer responses in the reintegration of the long-term unemployed, and recognized the need to continue and intensify the efforts of the Member States with a view to bringing about a significant reduction in long-term unemployment.

¹ OJ L 131, 23.5.1990.

² OJ C 157, 27.6.1990.

It noted that the Commission intended to undertake action in the framework of a Community initiative which would facilitate the transfer of good practices, assisting reinsertion of the long-term unemployed into the labour force, between Member States and between local labour markets, on the basis of experimental, innovative pilot projects.

104. Also at its meeting on 29 May the Council adopted a Decision establishing an action programme for the development of continuing vocational training in the European Community (FORCE).¹

The aim of the programme, which was to run for four years (from 1 January 1991 to 31 December 1994), was to support and complement the policies and activities developed by and in the Member States in the area of continuing vocational training, a field essential to the completion of the internal market.

ECU 24 million was estimated as necessary for the financing of the first two years of the FORCE programme.

The principal objectives of the FORCE programme were:

- (i) to encourage a greater investment effort in continuing vocational training through the development of partnerships;
- (ii) to encourage innovations in the management of continuing vocational training, methodology and equipment;
- (iii) to take better account of the consequences of the completion of the internal market;
- (iv) to contribute to greater effectiveness of continuing vocational training mechanisms and their capacity to respond to changes in the European labour market.

To achieve those objectives the programme has been given two complementary parts:

- (i) a common framework of guidelines designed to support and complement the policies and measures adopted by the Member States with a view to promoting the development of continuing vocational training;
- (ii) a number of transnational measures implemented at Community level designed to support and complement activities developed by and in the Member States.

105. At its meeting on 18 December the Council adopted a resolution on the comparability of vocational training qualifications.²

¹ OJ L 156, 21.6.1990.

² Not yet published in the *Official Journal of the European Communities*.

In that resolution the Council underlined the interest of information emerging from work on the comparability of qualifications, especially for the mobility of persons within the Community and for knowledge of national vocational training systems.

It considered it necessary, after assessing the results of work on the comparability of qualifications and on that basis, to decide within three months on the extension of work on the comparability of qualifications to the other occupations at all levels of vocational training involved most frequently in current instances of mobility taking account of available national data and with the aid of the instruments already available at Community level, for example Eurostat, SEDOC and the European employment survey.

It considered that in that context vocational training qualifications connected with technological innovation should be one of the priorities.

The Council's intention was to encourage more rapid progress in the work of collecting, analysing and publishing information on vocational qualifications and it stressed the need to ensure that work on the comparability of vocational qualifications was effective by making a sustained effort in the dissemination, exchange and utilization of information on the comparability of vocational qualifications already established; it considered, in addition, that the Commission should, with the help of Cedefop, gradually bring into operation a Community list of job profiles.

106. On 29 May the Council adopted Decision 90/268/EEC amending Decision 84/636/EEC establishing a third joint programme to encourage the exchange of young workers within the Community.¹

That Decision provides for the extension of the third programme beyond 31 December 1990 until 31 December 1991 at the latest and for the Council to examine by 31 March 1991 a Commission proposal concerning the establishment of a new joint programme to encourage the exchange of young workers.

Safety and health of workers at work

107. At its meeting on 29 May the Council adopted the last two of a series of five individual Directives within the meaning of Article 16(1) of the framework Directive (89/391/EEC), concerning the manual handling of loads and display screen equipment.

Directive 90/269/EEC on the minimum health and safety requirements for the manual handling of loads where there is a risk particularly of back injury to workers¹ provides, among other things, that employers must take appropriate

¹ OJ L 156, 21.6.1990.

organizational measures to avoid the need for the manual handling of loads by workers or, where that need cannot be avoided, to reduce the risk involved in the manual handling of loads.

Directive 90/270/EEC on the minimum safety and health requirements for work with display screen equipment¹ obliges employers:

- (i) to analyse workstations in order to evaluate the safety and health conditions to which they give rise for their workers;
- (ii) to take appropriate steps to ensure that workstations meet the minimum requirements laid down in the Annex to the Directive on equipment, the environment and the operator/computer interface.

The Directive also provides that:

- (i) a worker's activities must be planned in such a way that daily work on a display screen is periodically interrupted;
- (ii) workers are entitled to an appropriate eye and eyesight test and, if necessary, an ophthalmological examination.

The individual Directives referred to in this point and in the succeeding points also contain provisions on information and training for workers and stipulate that consultation and participation of workers and/or their representatives shall take place in accordance with Article 11 of the framework Directive.

108. At its meeting on 28 June the Council adopted Directive 90/394/EEC on the protection of workers from the risks related to exposure to carcinogens at work (sixth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC).²

That Directive requires employers to reduce the use of carcinogens at the place of work, in particular by replacing them, in so far as is technically possible, by substances, preparations or processes which are not dangerous or are less dangerous.

Wherever carcinogens are used, employers must take a series of organizational measures to prevent or reduce exposure.

109. At its meeting on 26 November the Council adopted Directive 90/679/EEC on the protection of workers from risks related to exposure to biological agents at work (seventh individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC).³

¹ OJ L 156, 21.6.1990 and OJ L 171, 4.7.1990.

² OJ L 196, 26.7.1990.

³ OJ L 374, 31.12.1990.

In accordance with the Directive, an employer must avoid the use of a harmful biological agent by replacing it with a biological agent which is not dangerous or is less dangerous.

It is also provided that employers must, when requested, provide the competent authority with appropriate information on a series of important matters concerning the protection of workers and that they must take individual health and safety protection measures in the case of all activities for which there is a risk due to work with biological agents.

The Directive also includes provisions on the keeping of lists of exposed workers, health surveillance, and a Community classification of biological agents to be adopted within six months of the date of implementation of the Directive.

110. At its meeting on 18 December the Council adopted a common position on a Directive amending Directive 83/477/EEC on the protection of workers from the risks related to exposure to asbestos at work (second individual Directive within the meaning of Article 8 of Directive 80/1107/EEC).

Compared with Directive 83/477/EEC the common position provides for better protection of workers against the serious risks arising from exposure to asbestos fibres at work, and in particular more stringent action levels and limit values (chrysotile: 0.20 and 0.60 fibres/cm³ respectively; other forms of asbestos: 0.10 and 0.30 fibres/cm³ respectively).

111. Also at its meeting on 18 December the Council agreed on a common position concerning a Directive, based on Article 118a of the Treaty, supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship.

The purpose of the Directive is to ensure that workers with a fixed-duration employment relationship and temporary workers are afforded, as regards safety and health at work, the same level of protection as that of other workers in the user undertaking.

At its meeting on 18 December the Council held a policy debate on a proposal for a Decision organizing in 1992 a European Year of Safety, Hygiene and Health Protection at Work.

There was broad agreement on holding such a year.

Equal treatment for men and women

112. At its meeting on 29 May the Council adopted a resolution on the protection of the dignity of women and men at work.¹

The resolution affirms that conduct of a sexual nature, or other conduct based on sex affecting the dignity of women and men at work, constitutes an intolerable violation of the dignity of workers or trainees and is unacceptable.

In the resolution the Council calls on the Member States to:

- (a) develop campaigns of information and awareness for employers and workers;
- (b) promote awareness that such conduct may be, in certain circumstances, contrary to the principle of equal treatment;
- (c) remind employers that they have a responsibility to seek to ensure that the work environment is free from:
 - unwanted conduct of a sexual nature or other conduct based on sex affecting the dignity of women and men at work;
 - victimization of a complainant or of a person wishing to give, or giving, evidence in the event of a complaint;
- (d) consider that the two sides of industry, under certain conditions, could examine in the context of the collective bargaining process the question of including appropriate clauses in agreements, aimed at achieving a work environment as described above;
- (e) develop appropriate positive measures in the public sector.

It calls on the Commission to:

- (i) continue its efforts to inform and make aware employers, workers (including superiors and colleagues), lawyers and members of courts, tribunals and other competent authorities of the importance of the concept of the dignity of women and men at work;
- (ii) draw up a code of conduct on the protection of the dignity of women and men at work.

113. At its meeting on 18 December the Council held an exchange of views on the Commission communication on the third medium-term Community action programme on equal opportunities for women and men (1991-95).

It instructed the Permanent Representatives Committee to continue examining the draft resolution submitted by the Presidency, with a view to its adoption at a forthcoming Council meeting.

¹ OJ C 157, 27.6.1990.

Social protection

114. In connection with the free movement of workers, the Council held a general debate at its meetings on 29 May and 26 November on the proposal for a Regulation amending Regulation (EEC) No 1612/68 and the proposal for a Directive amending Directive 68/360/EEC.

The main subject of the debate was the proposed abolition of the principle of territoriality for granting social and tax benefits and the proposed extension of the category of persons entitled to join the worker.

On the subject of social security for migrant workers, the Council discussed on a number of occasions the proposal for a Regulation on non-contributory benefits (amending Regulation (EEC) No 1408/71) and the proposal for a Regulation on the payment and calculation of pensions (amending Regulations (EEC) Nos 1408/71 and 574/72).

At its meeting on 26 November the Council adopted Decision 91/49/EEC on Community actions for the elderly.¹

The Community actions provided for in the Decision for the period from 1 January 1991 to 31 December 1993 include, in particular, stimulation measures and exchanges of information, studies and the establishment of a monitoring centre as well as the exploration of the usefulness and the feasibility of setting up a European network of innovative experiences as regards the promotion of:

- (i) mutual assistance between generations either through the voluntary work of the elderly or through their integration in work for the benefit of the local communities in which they live;
- (ii) measures to foster the independence of the elderly.

Under Article 8 of the Decision, 1993 is designated as 'European Year of the Elderly and of Solidarity between Generations'.

Aid within the framework of the ECSC

115. The Council received from the Commission, pursuant to Article 56(2)(a) of the ECSC Treaty, approximately 40 requests for assent to enable that institution to ensure the productive re-employment of ECSC workers unemployed or threatened with unemployment by the granting of conversion loans to companies or, in the form of a global loan, to financial institutions.

¹ OJ L 28, 2.2.1991.

The Council gave a favourable reply to these requests by authorizing the granting of loans for a total amount of ECU 1 225 million, with individual amounts ranging from ECU 2 million to ECU 103 million.

International Labour Organization

116. In Brussels and Geneva the Member States coordinated their positions on the topics discussed at the June International Labour Conference, in particular the following: night work, safety in the use of chemical substances at work and working conditions in hotels, restaurants and similar establishments.

C — Regional policy

117. The Council adopted Regulation (EEC) No 3575/90 of 4 December 1990¹ concerning the activities of the Structural Funds in the territory of the former German Democratic Republic, Article 1 of which states that:

‘Regulation(s) ... (i.e. the Regulations governing the Structural Funds) shall apply to the territory of the former German Democratic Republic, subject to the conditions laid down in this Regulation.’

The common legislation relating to the Structural Funds was thus made applicable in principle within the territory of the former German Democratic Republic, with the express exceptions contained in Regulation EEC No 3575/90.

Application will be flexible, on account of three factors of extreme importance, namely absence of relevant statistical data on the territory concerned, transition from what was virtually a fully planned economy to a different, market-oriented, type of economy and the absence of any prior classification of the regions and areas of that territory according to the regional and rural objectives laid down for the Community as a whole — regions whose development is lagging behind (Objective 1 regions), areas affected by industrial decline (Objective 2 areas) and rural areas affected by certain development problems (Objective 5b areas).

The requirement that the common rules and a number of associated exceptions be applied with some degree of flexibility is referred to in the fifth recital of Regulation (EEC) No 3575/90, which states that ‘Community action must (therefore) be flexible during a transitional period’.

¹ OJ L 353, 17.12.1990.

118. Regarding **timetable** and **procedure**, Regulation (EEC) No 3575/90 stipulates that:

- (a) not later than 31 January 1991 the Federal Republic of Germany must submit to the Commission a **plan** covering all structural operations envisaged under the objectives laid down in the common legislation¹ in the territory of the former German Democratic Republic for the period ending on 31 December 1993;
- (b) next, the Commission will draw up a **Community support framework** defining the broad lines of Community action;
- (c) following adoption of the Community support framework, each Member State must submit **applications for financial assistance** towards **operational programmes** designed specifically to implement the framework measures.

Aid for the former German Democratic Republic totals ECU 3 000 million (1991 prices) for the **period 1991-93**. Set-aside measures, whose cost is estimated at ECU 25 million, will be financed (outside the above allocation) from the usual resources provided for such measures.

Community assistance levels under the Funds will be subject to the following limits: at most 50% of the total cost and, as a rule, at least 25% of public expenditure.

119. Regarding in particular the **European Social Fund (ESF)**, certain measures which the common legislation reserves exclusively for Objective 1 regions will none the less be eligible within the territory of the former German Democratic Republic (i.e. despite the fact that the said territory has not been broken down according to regional and rural objectives). This concerns, more specifically:

- (i) the theoretical component of occupational training received outside the company, using the apprenticeship formula;
- (ii) the part of national secondary education systems devoted to occupational training following compulsory schooling and intended to meet the challenges of economic and technological change.

¹ **Objective 1:** promoting the development and structural adjustment of regions whose development is lagging behind; **Objective 2:** converting regions seriously affected by industrial decline; **Objective 3:** combating long-term unemployment; **Objective 4:** facilitating the occupational integration of young people; **Objective 5a:** speeding up the adjustment of agricultural structures; **Objective 5b:** promoting the development of rural areas.

D — Community energy policy

Non-nuclear energy

GENERAL SITUATION

120. The Council's work on non-nuclear energy in 1990 was given over mainly to **completing the internal energy market** and to dealing with the key issue of **environmental protection in liaison with energy production, transport and consumption**.

In addition, the Council adopted the major Regulation concerning the promotion of energy technology in Europe (Thermie programme) and conclusions on the updating of the Community position concerning the situation on the oil market following the conflict in the Gulf region (Iraq/Kuwait) in early August.

Finally, delegations adopted a favourable stance, recorded by the Council, on repeal of a 1975 Directive restricting the use of natural gas in power stations.

Areas of activity

INTERNAL ENERGY MARKET

121. The need to establish a Community internal market over a period ending on 31 December 1992 that also included the field of energy was emphasized by the European Council at several meetings, notably at Rhodes. The various steps taken on this subject by the Council in 1990 are summarized below.

Transparency of prices

122. The work begun by the Council in 1989¹ and continued at its meeting on 21 May led to the adoption, on 29 June, of Directive 90/377/EEC concerning a Community procedure to improve the **transparency of gas and electricity prices charged to industrial end-users**.²

On that occasion, the Council expressed the conviction that energy price transparency — to the extent that it reinforced the conditions ensuring that competition was not distorted in the common market — was essential to the achievement and smooth functioning of the internal energy market. Also, transparency could help to

¹ See 37th Review, points 104 and 105.

² OJ L 185, 17.7.1990.

obviate discrimination against users by increasing their freedom to choose between different energy sources and different suppliers.

As the price paid by industry for the energy which it used was one of the factors which influenced its competitiveness, the Directive included provisions to ensure its confidentiality. The system of 'standard consumers' used by the Statistical Office of the European Communities (Eurostat) in its price publications and the system of market prices due to be introduced for major industrial electricity users would also ensure that transparency was not an obstacle to confidentiality.

In any event, undertakings which supplied gas and electricity as well as industrial gas and electricity consumers remained subject to the Treaty's competition rules, so that the Commission was entitled to require communication of prices and conditions of sale.

Lastly, Member States were required to adopt the laws, regulations and administrative provisions needed to comply with this Directive no later than 1 July 1991.

Transit of electricity through transmission grids

123. In 1989 the Council had already carried out initial work on the **proposal for a Council Directive on the transit of electricity through transmission grids**, based on Article 100a of the EEC Treaty.¹

In 1990 the Council, after adopting its common position (i.e. the outcome of the first reading under the cooperation procedure with the European Parliament) at its meeting on 29 June, subsequently adopted the Directive itself at its meeting on 29 October.

In agreeing to this text, Article 1 of which states that 'Member States shall take the measures necessary to facilitate transit of electricity between high-voltage grids in accordance with the conditions laid down in this Directive', the Council acknowledged that:

- (i) there must be greater integration of the European energy market if the single internal market was to be achieved and that electricity was an essential component of the Community's energy balance;
- (ii) the achievement of the single internal market, more particularly in the electricity sector, must take into account the objective of economic and social cohesion, i.e. in concrete terms, guarantee an optimum supply of electricity to all the citizens

¹ See 37th Review, point 106.

of all the Community regions, with a view to improving and harmonizing the living conditions and development bases, in particular in the least-favoured regions;

(iii) the interconnection of major European grids over which trade must be coordinated extended over a geographical territory which did not coincide with the Community's frontiers, so that there was an obvious advantage in seeking cooperation with third countries involved in the interconnected European network.

As in the case of the Directive on price transparency, Member States are called upon to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive no later than 1 July 1991.

Transit of natural gas through grids

124. The proposal for a Council Directive on the transit of natural gas through grids, also based on Article 100a of the EEC Treaty, had also been initially considered in 1989.¹

Although the texts of the proposed Directives concerning transit of electricity and transit of gas are broadly similar, the specific nature of the two energy carriers concerned has none the less ruled out a fully parallel approach.

Regarding gas, the Council, having examined the issue at its meetings on 21 May and 29 October, adopted its common position at its meeting on 20 December. Its final position will thus have to be adopted once the European Parliament has completed its second reading under the cooperation procedure.

ENERGY AND THE ENVIRONMENT

125. The Council, aware of the environmental impact of energy consumption and anxious to contribute to the search for satisfactory solutions in this area, devoted a large part of its meeting on 21 May to this subject.

It also held a joint energy/environment meeting devoted entirely to this issue on 29 October.

In the conclusions it drew from the first of these meetings the Council underlined the importance of determining future policies for the supply and use of energy in an environmentally acceptable manner and the need for involvement by the Community in the global discussion and measures on climate change.

¹ See 37th Review, point 107.

It also recalled its invitation to the Commission and the Member States to take urgent action to increase energy savings, improve energy efficiency and promote the development and use of energy sources, such as non-fossil fuels, which would not contribute to the greenhouse effect; the Council also invited them to give high priority to the development and introduction of commercially viable new technologies in these fields.

The Council agreed with the Commission that in making its proposals for environment-friendly energy measures it should be guided by the following considerations:

- (a) using the best available technologies not entailing excessive costs and ensuring that energy costs reflected, as far as possible, the full environmental costs;
- (b) improving institutional links and cooperation between administrations responsible for energy and the environment;
- (c) continuing scientific research;
- (d) collecting and developing related statistical information;
- (e) ensuring consistency between the measures to be applied in the energy sector and those adopted in other areas.

Lastly, the Council recognized that nuclear energy contributed to the limiting of polluting emissions arising from the use of fossil fuels and welcomed the Commission's view that the discussion on nuclear energy and environmental issues, covering safety, transport and waste (including waste from the decommissioning process), should be pursued.

126. Discussions at the joint energy/environment meeting on 29 October led to the adoption of conclusions on a **climate protection policy**.

These conclusions, geared to the Community's approach to the global warming issue, its response strategies and its stance at the second World Climate Conference opening in Geneva in early November, may be summarized as follows:

- (i) gases, particularly CO₂, emitted in the production and use of energy are the largest anthropogenic cause of the greenhouse effect. Global emissions of energy-related greenhouse gases must therefore clearly be limited and wherever possible reduced. Community and international energy policy must be adjusted to this new task. At the same time, those energy-policy goals which remain valid, such as sufficient and secure supply of energy in order to safeguard employment and economic growth, must be maintained;
- (ii) the European Community and Member States assume that other leading countries are committed to the course of action mentioned above. Acknowledging the targets identified by a number of Member States for stabilizing or reducing emissions by different dates, they are willing to take actions aiming at reaching stabilization of the total CO₂ emissions by 2000 at the 1990 level in the Community as a whole. Member States which start from relatively low levels of energy

consumption and therefore low emissions measured on a per capita or other appropriate basis, are entitled to have CO₂ targets and/or strategies corresponding to their economic and social development, while improving the energy efficiency of their economic activities;

(iii) the Council notes that, to achieve this, the Commission intends to propose appropriate options and measures based on equitable burden-sharing.

127. Also, Community and national policies on, *inter alia*, energy and transport should be reviewed, adopting measures, where appropriate, along the following lines:

- (a) energy conservation and efficiency improvement in the use of energy, in particular through promoting diffusion of energy-efficient end-use devices and improving the efficiency of mass-produced goods, such as transport vehicles;
- (b) efficiency improvements in energy supply and conversion;
- (c) promoting the availability of, access to and utilization of low-carbon fuels;
- (d) promotion of safe CO₂ zero-emission technologies, paying special attention to those exploiting new and renewable energy sources;
- (e) promotion of cost-effective public transport systems for persons and goods.

Lastly, the Community and Member States should take a leading role in the second World Climate Conference. In that context the Community and Member States should seek to persuade all industrialized countries to set, as a first step, stabilization targets comparable to those adopted by the Community and its Member States.

PROMOTION OF ENERGY TECHNOLOGY IN EUROPE (THERMIE PROGRAMME)

128. The Council adopted this programme at its meeting on 29 June, as part of Regulation (EEC) No 2008/90.¹

The Council first of all referred to its resolution of 16 September 1986 concerning new Community energy policy objectives for 1995,² considering that possible short-term fluctuations on the energy market apart, efforts made must be maintained and, if necessary, reinforced between now and 1995 and beyond that date in order to reduce to a minimum the risk of tension at a later date on the market.

It also recalled that the same resolution had stated that continuous and reasonably diversified promotion of technological innovations and appropriate dissemination of the results throughout the Community was one of the horizontal objectives of Community energy policy, so that there should be no relaxation of efforts to diversify the Community's energy supply and improve energy efficiency.

¹ OJ L 185, 17.7.1990.

² OJ C 241, 25.9.1986.

As the Thermie programme also concerns environmental protection, the Council expressed the view that the Community should search for balanced solutions as regards energy and the environment by making use of the best available economically justified technologies. Major efforts in all areas would be needed to face up to the threat of climatic change.

129. The above demonstrates that the Council, in encouraging measures to improve energy efficiency, is striving to reduce both dependence on energy imports and environmental pollution in the Community and the Member States. The means of action adopted in the Regulation, which is applicable until 31 December 1994, is the grant of financial support towards projects for the promotion of energy technology in Europe. The financial allocation deemed necessary for a first three-year period (1990-92) is ECU 350 million; annual appropriations to be made available are to be decided for each financial year by the budgetary authority. The allocation estimated necessary for 1993-94 will be set later.

Financial support may be granted for innovatory projects and dissemination projects, with the proviso that their field of application must be the rational use of energy, renewable energy sources, solid fuels or hydrocarbons.

Where it appears to be necessary, and in particular where a need is not being met or where significant technological advance could be achieved through cooperation between persons or undertakings in at least two Member States, the initiative may be taken to encourage or coordinate the setting-up of specific projects, called 'targeted' projects.

The Commission may also undertake associated measures designed to encourage the application and market penetration of energy technologies.

Community financial support may not exceed 40% of the eligible cost of the project in the case of innovatory projects and 'targeted' projects, and 35% in the case of dissemination projects. Under no circumstances may the total amount of public support exceed 49% of the project's total cost.

Lastly, in carrying out its tasks, the Commission will be assisted, as appropriate, by a management committee or an advisory committee, composed of Member States' representatives.

SITUATION ON THE OIL MARKET

130. At its meeting on 29 October the Council held an exchange of views on the oil supply situation in the Member States, specifically in view of the Gulf crisis.

The discussion led to the adoption of a set of conclusions largely matching those already adopted by the International Energy Agency's Steering Committee in Paris on 28 September.

The Council also made a number of observations: world market supplies continued to be adequate and there had been no fall-off in supplies; prices remained high, basically for subjective and speculative reasons; Member States' reserves of crude and petroleum products remained high, with total stocks available for daily commercial, industrial and government purposes exceeding 90 days.

Lastly, the Council noted that all Member States were ready to act promptly to enact the necessary measures at the level of both supply and demand.

RESTRICTION OF THE USE OF NATURAL GAS IN POWER STATIONS

131. To deal with the energy situation in 1975 the Council had at that time adopted a Directive (75/404/EEC)¹ on the restriction of the use of natural gas in power stations.

After the available supplies of this form of energy had altered the energy balance in the Community and the Member States, the Commission proposed repealing that Directive.

At its meeting on 29 October the Council, pending Parliament's opinion, noted that delegations were at that stage favourably inclined towards the approach which the Commission advocated in its proposal.

Nuclear questions

132. The Council's proceedings during the period under consideration were essentially dominated by three main concerns:

- (i) the first was to bring about a further improvement in measures to protect the health of the public and of workers against hazards resulting from ionizing radiation;
- (ii) the second was to express the Council's political will and lay down certain guidelines with reference to discussions conducted at both Community and international level concerning specific nuclear sectors;
- (iii) the third was the management of the aftermath of Chernobyl in the Community.

¹ OJ L 178, 9.7.1975.

Regarding the first of these concerns, the Council, at its meeting on 4 December, adopted a Directive¹ based on Articles 31 and 32 of the Euratom Treaty.

The objective was to supplement the Directives laying down basic standards of radiological protection² and thus to optimize — at Community level — the detailed conditions for the operational protection of outside workers exposed to the risk of ionizing radiation during their activities in controlled areas.

Pending the establishment of a standard system at Community level the Directive lays down, in particular, the common provisions with which any radiological monitoring system for workers must comply in order to guarantee such workers protection on a par with that afforded to workers employed by an operator on a permanent basis.

Finally, it specifies the obligations incumbent on the competent authorities of the Member States, as well as those of outside undertakings and operators, without prejudice to the contribution which the outside workers themselves must make to that protection.

133. The second concern may be considered in terms of two sections:

- (i) regarding the first, at its meeting on 18 and 19 December and following a communication from the Commission on the subject, the Council adopted conclusions on the final storage of radioactive waste;
- (ii) regarding the second, at its meeting on 21 December and having received a report from the Commission, the Council adopted conclusions on the functioning and safety monitoring of Euratom.

These conclusions, which are in line with the Community's general approach on the question of non-proliferation, emphasize, in particular, the importance attached to this sector of activities, the positive results obtained and, *inter alia*, Euratom's contribution towards compliance with international commitments concerning safety monitoring.

134. With regard to the third concern, the measures taken — most recently in 1989 — to cope with the aftermath of the Chernobyl accident were reviewed.

Thus at its meeting on 22 March the Council, acting on the basis of Article 113 of the EEC Treaty, adopted a Regulation on the conditions governing imports of agricultural products originating in third countries following the accident at the Chernobyl nuclear power station.³

¹ Directive 90/641/Euratom (OJ L 349, 13.12.1990).

² In particular Directive 80/836/Euratom (OJ L 246, 17.9.1980).

³ Regulation (EEC) 737/90 (OJ L 82, 29.3.1990).

The aim of this Regulation — the validity of which is restricted to 31 March 1995 at the latest — is to provide uniform post-Chernobyl protection throughout the Community. It contains the same basic features as the previous Regulation and provides for the same maximum permitted accumulated radioactivity levels in terms of caesium 134 and 137, i.e.:

- (i) 370 Bq/kg for milk and certain dairy products and for foodstuffs intended for infants;
- (ii) 600 Bq/kg for all other agricultural products concerned.

However, the new Regulation contains one essential difference compared with the previous rules.

To allow for the fact that the risk of radioactive contamination of products of this type which are destined for human consumption has decreased, the Council agreed to introduce a Commission/Management Committee procedure making it possible to draw up and where necessary adapt a list of such products to be excluded from the scope of the Regulation.

In this connection, the Council also noted a Commission statement pointing out, among other things, that Member States had undertaken, on 12 May 1986, not to apply to agricultural and processed products for human consumption originating in other Member States maximum permitted levels which were more stringent than those applied to such products originating in third countries. In addition, the Commission drew attention to the Member States' undertaking not to apply to such products originating in other Member States maximum permitted levels which were more stringent than those applied to domestic products.

External relations and energy sector

NON-NUCLEAR ENERGY

135. Discussions in this field in preparation for the proceedings of the Steering Committee of the International Energy Agency (IEA) were continued and intensified, with particular reference to issues relating to the Gulf crisis.

On this subject the Council's conclusions on the situation of the oil market, adopted at its meeting on 29 October, were brought to the attention of the members of the IEA Steering Committee; in addition, it proved possible to work out Community positions with a view to making a useful contribution to the work of the Agency in this context.

Lastly, it should be noted that the EEC-Euratom/USSR, EEC-Euratom/Czechoslovakia and EEC/Bulgaria agreements stipulate that economic cooperation may cover, *inter alia*, the field of energy.

NUCLEAR ENERGY

136. The Council bodies regularly reviewed the implementation of the bilateral nuclear agreements concluded between Euratom and certain third countries (Australia, Canada and the United States of America).

Regarding relations between Euratom and the United States, initial exploratory discussions were held on the structure of a possible new agreement between Euratom and the United States due to come into effect on 1 January 1996.

The Council bodies also examined relations between Euratom and the International Atomic Energy Agency (IAEA).

Note should also be taken of certain innovative developments in the nuclear field.

Thus at its meeting on 22 and 23 January the Council adopted the Decision issuing the Commission with directives for the negotiation of a Safeguards Agreement between Euratom, the United Kingdom and the IAEA, pursuant to Additional Protocol No 1 to the Treaty of Tlatelolco (prohibiting nuclear weapons in Latin America and defining a military denuclearized zone).

At its meeting on 23 April the Council also adopted a Decision laying down the directives to be followed by the Commission for the negotiation of an amendment to the Agreement between Euratom and Canada for cooperation in the peaceful uses of atomic energy in accordance with the Memorandum of Understanding concerning cooperation in the field of fusion. The purpose of this amendment is to lay down the conditions for the supply of tritium and tritium separation equipment intended for the Community nuclear fusion research programme.

Lastly, it should be noted that discussions continued within the Council bodies with a view to a possible extension of the cooperation provided for on the question of nuclear energy — including aspects relating to nuclear safety (safety of installations and radiological protection) — under the trade and commercial and economic cooperation agreement between the EEC/Euratom and the USSR. Moreover, similar provisions were laid down under the agreement between the EEC/Euratom and Czechoslovakia.

E — Transport

137. In 1990 the Council held four meetings devoted to transport: on 29 March, 18 and 19 June, 30 October and 17 and 18 December.

The Ministers for Transport also met informally in Turin on 12 and 13 July.

Road transport

MEASURES TO BE TAKEN IN THE EVENT OF A CRISIS

138. On 21 December 1990 the Council adopted Regulation (EEC) No 3916/90 on measures to be taken in the event of a crisis in the market in the carriage of goods by road.¹

This Regulation provides that **where a Member State considers that a crisis exists it may ask the Commission to enquire. If, after consultation of a Management Committee, the Commission establishes that there is a crisis it may, by decision, take measures to prevent any further increase in the supply of transport capacity on the market affected through limits on the increase in the activity of existing hauliers and restrictions on access to the market for new hauliers. The provisional measures introduced in accordance with this provision may remain in force for a period not exceeding six months and may be renewed once only.**

INCREASES IN COMMUNITY QUOTA

139. On 25 April the Council adopted Regulation (EEC) No 1053/90 amending Regulation (EEC) No 3164/76 concerning access to the market in the international carriage of goods by road, which fixes the total number of Community authorizations for 1990 at 33 635.²

On 21 December the Council adopted Regulation (EEC) No 3914/90 which, by an increase of 40% per year, fixed the number of Community authorizations for 1991 at 47 094 and for 1992 at 65 936.¹

On 21 December the Council also adopted Regulation (EEC) No 3915/90 amending Regulation (EEC) No 3164/76 with a view to adjusting the Community quota following German unification.¹ To the increases provided for in Regulation (EEC) 3914/90 this Regulation adds a further 940 authorizations for 1991 and a further 1 316 authorizations for 1992.

DIMENSIONS OF ROAD TRAINS

140. On 17 and 18 December 1990 the Council reached agreement on the Directive amending Directive 85/3/EEC to increase the maximum authorized length of a

¹ OJ L 375, 31.12.1990.

² OJ L 108, 28.4.1990.

road train from 18 to 18.35 m while guaranteeing sufficient space for the driver's cab.¹

To this end, the Directive also provides that:

- (i) the maximum authorized load length (the sum of the load lengths of the motor vehicle and the trailer) will be fixed at 15.65 m;
- (ii) the maximum load length including the distance between the motor vehicle and the trailer (the coupling device) will be fixed at 16 m, leaving 2.35 m for the driver's cab and 35 cm for the coupling device. These dimensions will allow the transportation of two swap bodies of 7.82 m each.

A road train, the motor vehicle of which was put into circulation before 31 December 1991 and which does not comply with the abovementioned maximum load length requirements, will, until 31 December 1998, be deemed to conform with those requirements provided that its maximum length does not exceed 18 m.

USE OF VEHICLES HIRED WITHOUT DRIVERS

141. On 24 July the Council adopted Directive 90/398/EEC² which abolishes certain exemptions permitted under Directive 84/647/EEC on the use of vehicles hired without drivers for the carriage of goods by road.³ It may be recalled that this Directive established the general principle that each Member State should, under certain conditions, allow the use on its territory of vehicles hired without drivers.

CHARGING OF INFRASTRUCTURE COSTS

142. On 17 and 18 December the Commission submitted to the Council its amended proposal for a Council Directive on the charging of infrastructure costs to certain goods vehicles. As the European Councils in Dublin on 25 and 26 June and in Rome on 14 and 15 December had asked for decisions on this issue to be reached rapidly, the Transport Council instructed a high-level working party of fiscal experts and transport experts to examine the amended Commission proposal.

¹ The Directive was formally adopted on 4 February 1991 (OJ L 37, 9.2.1991).

² OJ L 202, 31.7.1990.

³ OJ L 335, 22.12.1984.

EUROPEAN AGREEMENT CONCERNING THE WORK OF CREWS IN VEHICLES ENGAGED IN INTERNATIONAL ROAD TRANSPORT (AETR)

143. At its meeting on 30 October the Council agreed that the Community would play a constructive part in the negotiations under way within the Economic Commission for Europe with a view to the revision of the European agreement concerning the work of crews in vehicles engaged in international road transport (AETR).

Rail transport and combined transport

144. During the period under consideration the Council began examining a Commission communication on a Community railway policy. In this connection, on 30 October the Council adopted a resolution on setting up a European combined transport network.¹

In addition, on 17 and 18 December, the Council agreed on a draft Directive amending Directive 75/130/EEC on the establishment of common rules for certain types of combined carriage of goods between Member States.²

The Directive stipulates, in particular, that:

- (a) the geographical area of liberalization of any prior quota and authorization for the initial and final road haulage legs to or from the inland-waterway port of loading or unloading of a combined transport operation by inland waterway will be extended from 50 to 150 km;
- (b) all hauliers established in a Member State who are authorized to carry out international haulage operations will be authorized, without discrimination on the basis of their nationality or place of establishment, to undertake initial and final road haulage legs forming an integral part of a combined intra-Community transport operation;
- (c) initial and final road haulage legs forming part of combined transport operations will be exempted from any compulsory tariff regulations;
- (d) under the conditions laid down by the Directive, initial and final road haulage legs forming part of own-account combined transport operations in which the trailer unit does not belong to the own-account haulage undertaking will also be regarded as own-account haulage operations and therefore liberalized so as to encourage the use of this haulage method by own-account hauliers.

¹ Not published in the *Official Journal of the European Communities*. See Press Release 9583/90 (Presse 169).

² The Directive was formally adopted on 27 March 1991 (Directive 91/224/EEC; OJ L 103, 23.4.1991).

The Council also took note of the Commission's intention to accelerate studies which would make it possible to envisage the possible extension of the scope of Directive 75/130/EEC to cover combined transport operations involving a sea journey for part of the route taken.

In addition, at its meeting on 17 and 18 December the Council:

- (i) took note of the communication on the European high-speed train network submitted by the Commission after consultation of the Working Party set up following the resolution adopted by the Council at its meeting on 4 and 5 December 1989;
- (ii) adopted a resolution on the development of the European high-speed rail network.¹

Other surface transport questions

TRANSPORT INFRASTRUCTURE

145. On 20 November the Council adopted Regulation (EEC) No 3359/92 for an action programme in the field of transport infrastructure with a view to the completion of the integrated transport network in 1992.² This Regulation concerns the granting of financial support for transport infrastructure projects which come within the framework of a three-year action programme covering the financial years 1990, 1991 and 1992.

NEGOTIATIONS WITH AUSTRIA, SWITZERLAND AND YUGOSLAVIA IN THE FIELD OF SURFACE TRANSPORT

146. At each of its transport meetings in 1990 the Council took note of progress in negotiations between the Community and third countries of transit entered into on the basis of the Council mandate of 19 December 1988. The Council also adopted additional conclusions with a view to continuing negotiations with those countries.³

Air transport

SECOND STAGE OF LIBERALIZATION

147. On 24 July the Council adopted the following three Regulations, which launch the implementation of the second stage of air transport liberalization.

¹ OJ C 33, 8.2.1991.

² OJ L 326, 24.11.1990.

³ Not published in the *Official Journal of the European Communities*.

Council Regulation (EEC) No 2342/90 on fares for scheduled air services¹

The Regulation provides for a Community system for the approval of fares for scheduled air services between Member States. The system is more flexible than that introduced by Directive 87/601/EEC² which it replaces and in which the Commission plays a role of consultation and, as a last resort, arbitration.

Council Regulation (EEC) No 2343/90 on access for air carriers to scheduled intra-Community air service routes and on the sharing of passenger capacity between air carriers on scheduled air services between Member States¹

This Regulation replaces Decision 87/602/EEC² and Directive 83/416/EEC³ and aims to allow greater access to the market through more liberal provisions than those laid down in those measures, in particular by abolishing capacity-sharing and by encouraging the development of interregional air services.

Council Regulation (EEC) No 2344/90 amending Regulation (EEC) No 3976/87 on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices in the air transport sector¹

The main purpose of the amendment to Council Regulation (EEC) No 3976/87 is to extend until 31 December 1992 the group exemptions introduced in that Regulation, which gives a detailed definition of the procedures adopted for the application of Articles 85 and 86 of the Treaty to air transport between Community airports.

**LIBERALIZATION OF AIR FREIGHT SERVICES AND
DENIED-BOARDING COMPENSATION SYSTEM**

148. On 17 and 18 December 1990 the Council agreed on the following two Regulations:

¹ OJ L 217, 11.8.1990.

² OJ L 374, 31.12.1987.

³ OJ L 237, 26.8.1983.

Council Regulation on the operation of air cargo services between Member States¹

This Regulation concerns scheduled and unscheduled air cargo services. Its purpose is to liberalize market access and fares and to increase the operational flexibility of such services. It should make it possible to improve the services available to users.

Council Regulation establishing common rules for a denied-boarding compensation system in scheduled air transport¹

This Regulation aims to resolve the problems caused by overbooking practices on scheduled flights by laying down, *inter alia*, minimum compensation standards for passengers.

PREDATORY FARES AND OTHER PRICE-CUTTING PRACTICES

149. The Council began examining the proposal for a Regulation² submitted by the Commission on 14 June amending Regulation (EEC) No 3975/87 laying down the procedure for the application of the rules on competition to undertakings in the air transport sector.

NEGOTIATIONS WITH NORWAY AND SWEDEN

150. On 18 June the Council adopted conclusions authorizing the Commission to open negotiations between the European Economic Community and Norway and Sweden on scheduled passenger services. The negotiations cover such areas as traffic rights, fares and capacity-sharing.³

AIR-CREW LICENCES

151. On 29 March the Council held a policy debate on the proposal for a Directive on mutual acceptance of personnel licences for the exercise of functions in civil aviation.⁴

¹ OJ L 36, 8.2.1991.

² OJ C 155, 26.6.1990.

³ Not published in the *Official Journal of the European Communities*.

⁴ OJ C 10, 16.1.1990.

PROBLEMS ASSOCIATED WITH THE CAPACITY OF THE AIR TRAFFIC CONTROL SYSTEM

152. On 29 March the Council adopted conclusions reaffirming the need to continue and intensify the work of Eurocontrol with a view to addressing and resolving the problems posed by air traffic congestion in Europe.¹

Maritime transport

IMPROVEMENT OF THE OPERATING CONDITIONS OF COMMUNITY SHIPPING

153. At its meetings on 29 March, 17 and 18 June and 17 and 18 December the Council discussed the communication from the Commission on measures intended to improve the operating conditions of ships. Annexed to this communication were proposals for Regulations on the establishment of a Community register (EUROS), the definition of the notion of Community shipowner and the application of the principle of freedom to provide services to maritime cabotage, this latter subject being the focus of the Council's particular attention.

The Commission said it intended to submit an amendment to these three proposals in 1991 to take account of the Council's deliberations and the opinions of the European Parliament and the Economic and Social Committee.²

TRANSFER OF SHIPS

154. At its meeting on 17 and 18 December the Council gave its substantive agreement to the Regulation on the transfer of ships from one register to another within the Community.³

The aim of the Regulation is to make it easier to transfer ships within the Community in the run-up to the completion of the internal market and the improvement of the operating conditions of ships, while maintaining high standards of safety. To this end, the Regulation makes provision for the mutual acceptance of certificates attesting conformity of the ships with international conventions, issued by Member States.

The Regulation will curtail inspections, conversions, equipment replacements and the administrative formalities which usually accompany the transfer of a vessel. The receiving Member State will nevertheless be able to inspect the vessel to be transferred, and disputes on the interpretation of the specifications of international conventions will be referred to a regulatory committee.

¹ Not published in the *Official Journal of the European Communities*.

² This amendment was forwarded to the Council on 27 February 1991.

³ This Regulation was formally adopted on 4 March 1991.

SAFETY AT SEA

155. The Council adopted the following resolutions:

Resolution of 19 June 1990 on the prevention of accidents causing marine pollution¹

In this resolution the Council asks the maritime administrations of the Member States to ensure, in particular by stepping up port controls, that the Marpol, SOLAS, STCW and other conventions are strictly observed and that they give reciprocal support in the event of marine pollution. The Commission is requested to improve the operation of its rapid intervention team in the event of pollution (task force) and to continue with its scientific research with regard to the establishment of a network of control posts and navigation aids.

Resolution of 19 June 1990 on improving passenger ferry safety¹

In this resolution the Council calls upon the Member States and the Commission to work within the IMO and the Paris Memorandum on port control towards an improvement in ferry safety.

CONSORTIA

156. On 18 and 19 June the Commission submitted to the Council a proposal for a Regulation on the application of Article 85(3) to certain consortium agreements.² The Council's subordinate bodies are continuing to examine this proposal.

RELATIONS WITH THIRD COUNTRIES

157. The Council's subordinate bodies continued their exchanges of information on relations between the Community and third countries and international organizations in the shipping sector. These exchanges of information are designed above all to monitor application of Regulations (EEC) Nos 4055/86, 4057/86 and 4058/86 on freedom to provide services, unfair pricing practices and free access to cargoes in ocean trades with third countries.³

At its June and December meetings the Council was briefed on the progress of these matters and in particular of the Review Conference on the Convention on a Code

¹ OJ C 206, 18.8.1990.

² OJ C 167, 10.7.1990.

³ OJ L 378, 31.12.1986.

of Conduct for Liner Conferences and the negotiations with the West and Central African countries.

SYSTEM FOR THE COLLECTION OF INFORMATION

158. On 30 October the Council adopted Decision 90/545/EEC¹ extending, until 31 December 1991, the collection of information on the activities of carriers participating in cargo liner traffic introduced by Decision 79/4/EEC,² while limiting the collection of information to traffic between the Community and East Africa.

Transport in general

MEMORANDUM FROM THE NETHERLANDS GOVERNMENT ON A TRANSPORT POLICY FOR EUROPE

159. The Netherlands Government submitted a Memorandum entitled 'A transport policy for Europe' to the Transport Council on 18 and 19 June and to the Dublin European Council on 25 and 26 June.

This Memorandum emphasized the need to complete the internal market in transport as soon as possible and to develop certain aspects of the common transport policy.

At its meeting on 30 October the Council discussed the Memorandum and prepared a report to the European Council on 14 and 15 December.

The European Council took note of the report and requested the Commission and the Council to take the decisions necessary to ensure that the deadline of 1 January 1993 was met. The European Council stressed the importance of making progress on the other aspects of the common transport policy (relationship with the environment, social aspects and major infrastructures).

¹ OJ L 311, 10.11.1990.

² OJ L 5, 9.1.1979.

F — Research and technological development

Development of a common policy in the Community

160. At its meeting on 23 April the Council adopted a Decision on the third framework programme of Community activities in the field of research and technological development (1990-94).¹ The framework programme provides for a total of ECU 5 700 million (see Table 1).

In the course of 1990 the Council also adopted four specific programmes which form part of the second framework programme (1987-91), involving a total allocation of ECU 105 million in the form of commitment appropriations (see Table 2).

The Council also adopted common positions, which were forwarded to Parliament under the cooperation procedure, on the proposals for specific programmes arising from the third framework programme in the following areas:

- (i) marine sciences and technologies (1990-94);
- (ii) telematics systems of general interest (1990-94).

¹ OJ L 117, 8.5.1990.

161.

TABLE 1
Breakdown of funds estimated to be needed for the
implementation of the various actions envisaged

(million ECU)

Area of action	Sum	Total
I — Enabling technologies		
1. Information and communications technologies		2 221
Information technologies	1 352	
Communications technologies	489	
Development of telematics systems of general interest	380	
2. Industrial and materials technologies		888
Industrial and materials technologies	748	
Measurement and testing	140	
II — Management of natural resources		
3. Environment		518
Environment	414	
Marine sciences and technologies	104	
4. Life sciences and technologies		741
Biotechnology	164	
Agricultural and agro-industrial research ¹	333	
Biomedical and health research	133	
Life sciences and technologies for developing countries	111	
5. Energy		814
Non-nuclear energies	157	
Nuclear fission safety	199	
Controlled nuclear fusion	458	
III — Management of intellectual resources		
6. Human capital and mobility		518
Human capital and mobility	518	
Total		5 700²

¹ Including fishing.² Including ECU 57 million for the centralized action of dissemination and exploitation provided for in Article 4, levied proportionally on each of the actions; including ECU 180 million for 1990-92 and ECU 370 million for 1993-94 for the Joint Research Centre.

162. **TABLE 2**
Decisions concerning specific Community research
programmes adopted by the Council during 1990

Research	Date of decision	Budget (million ECU)	Duration (years)	Official Journal
1. Agriculture and management of agricultural resources	26.2.1990	55	5	L 58, 7.3.1990
2. Health and human genome analysis	29.6.1990	15	2	L 196, 26.7.1990
3. Eurotra	26.11.1990	10	2	L 358, 21.12.1990
4. EURET (transport)	21.12.1990	25	3	L 8, 11.1.1991

CREST proceedings

163. At its 1990 meetings the Scientific and Technical Research Committee (CREST) delivered its opinion on programmes proposed by the Commission to the Council in the following areas:

- (i) specific R&TD programme in the field of biomedicine and health (1990-94);
- (ii) specific R&TD programme in the field of marine sciences and technologies (1990-94);
- (iii) specific R&D programme in the field of measurement and testing (1990-94);
- (iv) specific R&TD programme in the field of telematics systems (1990-94).

ECSC

164. In order to promote technological and economic research to improve coal production methods, safety and working conditions in mines, an improvement in the quality of products and, most especially, improved environmental protection in the Community, at its meeting on 16 July the Council gave its assent, as requested by the Commission under the terms of Article 55(2)(c) of the ECSC Treaty, to the granting of financial aid, in the amount of ECU 34 million from funds derived from the levies, to a research programme in the field of mining technology and product beneficiation; subject to the availability of budgetary resources, an amount of ECU 3 088 200 would be assigned to a supplementary programme. An amount of ECU 301 600 was reserved for the dissemination of information. The overall cost of

the programme, including the amounts borne by the contractors, totals ECU 56 164 000; for the supplementary programme, the overall total is ECU 5 147 000.

External relations

INTERNATIONAL SCIENTIFIC AND TECHNICAL COOPERATION

165. On 20 November the Council adopted the Decision containing directives for the Commission to conduct negotiations on cooperation between the EAEC, Japan, the Union of Soviet Socialist Republics and the United States of America concerning engineering design activities for an international thermonuclear experimental reactor (ITER).

Also on 20 November the Council adopted the conclusions on scientific and technical cooperation with third countries.

EUROPEAN COOPERATION IN THE FIELD OF SCIENTIFIC AND TECHNICAL RESEARCH

166. On 12 February the Council adopted Decisions concerning the conclusion of Cooperation Agreements on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science) between the European Economic Community and the Kingdom of Norway, the Republic of Finland, the Republic of Austria, the Swiss Confederation and the Kingdom of Sweden.¹

On 26 February the Council adopted Decisions concerning the conclusion of Cooperation Agreements in the field of medical and health research between the European Economic Community and the Kingdom of Norway, the Republic of Finland, the Republic of Austria, the Swiss Confederation and the Kingdom of Sweden.²

On 29 June the Council adopted a resolution concerning cooperation in the field of scientific and technical research (COST) with a view to a progressive inclusion as members of the COST framework of Central and East European countries undergoing reforms based on the founding principles of democracy, pluralism and the rule of law.³

¹ OJ L 50, 26.2.1990.

² OJ L 74, 20.3.1990.

³ OJ C 172, 13.7.1990.

On 20 November the Council adopted common positions with a view to the conclusion of Cooperation Agreements on a European stimulation plan for economic science (SPES) between the European Economic Community and the Republic of Finland, the Republic of Austria, the Kingdom of Sweden, the Kingdom of Norway and the Swiss Confederation.

Also on 20 November the Council adopted common positions with a view to the conclusion of Cooperation Agreements on a research and development programme in the field of applied metrology and chemical analysis (CBR) between the European Economic Community and the Kingdom of Sweden, the Republic of Finland and the Swiss Confederation.

On 27 December the Council adopted a common position with a view to the conclusion of a Cooperation Agreement between the European Economic Community and the Republic of Iceland on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science).

G — Environment — Civil protection

167. In 1990 the Council held four meetings specially dealing with the Community's environmental protection policy on 22 and 23 March, 7 June, 29 October and 20 and 21 December.

At those meetings the Council approved a number of regulations, directives, decisions and resolutions. Other acts, which were formally adopted at other Council meetings, were approved in substance following discussions at those meetings.

At those meetings the Council also continued its work on other Commission proposals.

The Council was also responsible for full participation by the Community in certain international activities.

Regulations, directives and other instruments approved by the Environment Council in 1990

COUNCIL DECISION AMENDING DECISION 85/338/EEC ON THE ADOPTION OF THE COMMISSION WORK PROGRAMME CONCERNING AN EXPERIMENTAL PROJECT FOR GATHERING, COORDINATING AND ENSURING THE CONSISTENCY OF INFORMATION ON THE STATE OF THE ENVIRONMENT AND NATURAL RESOURCES IN THE COMMUNITY (CORINE)

168. The purpose of this Decision, which was adopted by the Council on 22 March 1990,¹ is to enable work on the Corine programme to continue while the European Environment Agency is being established and to contribute to the further development of the programme in the framework of the Agency.

The Decision provides for a financial provision of ECU 10.5 million for two years.

COUNCIL REGULATION (EEC) ON THE ESTABLISHMENT OF THE EUROPEAN ENVIRONMENT AGENCY AND THE EUROPEAN ENVIRONMENT MONITORING AND INFORMATION NETWORK

169. The aim of this Regulation, which was adopted by the Council on 7 May,² is to establish the European Environment Agency, which will be the centrepin of a Community environment information network. The purpose of the network, which comprises the Agency and national centres, will be to supply independent, objective and full information on the state of the environment enabling a scientific assessment of ecological problems to be made.

This Regulation will enter into force once it has been decided where the Agency's headquarters are to be sited.

COUNCIL RESOLUTION ON WASTE POLICY

170. The purpose of this resolution, which was adopted by the Council on 7 May,³ is to define the Community's strategy with regard to waste management.

Under the terms of the resolution the priority of this strategy, in the short and medium term, is to ensure an adequate infrastructure for waste disposal, taking into account the best available technologies and the principle of disposing of waste as near as possible to the source of production.

The resolution also aims to promote the application of the principle of prevention.

¹ OJ L 81, 28.3.1990.

² OJ L 120, 11.5.1990.

³ OJ C 122, 18.5.1990.

COUNCIL DIRECTIVE ON THE FREEDOM OF ACCESS TO INFORMATION ON THE ENVIRONMENT

171. The Council adopted this Directive on 7 June.¹ Its purpose is to guarantee the public the right of access to information on the environment and to lay down the conditions under which this information should be made accessible.

COUNCIL DIRECTIVE AMENDING DIRECTIVE 75/442/EEC ON WASTE

172. Subject to further consultation of the European Parliament, on 7 June the Council agreed on this framework Directive, the aim of which is to harmonize at Community level the provisions applicable regarding the reduction and monitoring of waste, taking account of the international agreements on the subject, and in particular the Basle Convention.

The Directive provides among other things for the setting-up of an integrated network of disposal facilities which should enable the Community to become self-sufficient in waste disposal.

COUNCIL DIRECTIVE ON BATTERIES AND ACCUMULATORS CONTAINING CERTAIN DANGEROUS SUBSTANCES

173. On 7 June the Council adopted a common position on this Directive, the purpose of which is, firstly, to encourage the recycling or controlled disposal of spent batteries and, secondly, to encourage the marketing of batteries with a low heavy metal content.

To this end the Directive provides for the appropriate marking of batteries, together with a ban on the marketing of batteries with a high mercury content.

COUNCIL DIRECTIVE AMENDING ANNEX II TO DIRECTIVE 86/280/EEC ON LIMIT VALUES AND QUALITY OBJECTIVES FOR DISCHARGES OF CERTAIN DANGEROUS SUBSTANCES INCLUDED IN LIST I OF THE ANNEX TO DIRECTIVE 76/464/EEC

174. The Council adopted this Directive on 27 July.² Its purpose is to limit or eliminate the pollution of the aquatic environment by four dangerous substances, namely 1-2-dichloroethane, trichloroethylene, perchloroethylene and trichlorobenzene, laying down limit values and quality objectives for discharges of these substances into the aquatic environment.

¹ OJ L 158, 23.6.1990.

² OJ L 219, 14.8.1990.

COUNCIL REGULATION ON SUBSTANCES THAT DEplete THE OZONE LAYER

175. On 21 December the Council agreed¹ on this important Regulation, replacing the existing Regulation (EEC) No 3322/88, and having the aim of imposing more stringent controls on substances which deplete the ozone layer, in the light of new scientific evidence.

This Regulation comes within the context of the revision of the Montreal Protocol on Substances that Deplete the Ozone Layer; this revision was decided upon at the second meeting of the Contracting Parties in London in June.

COUNCIL REGULATION ON ACTION BY THE COMMUNITY FOR THE PROTECTION OF THE ENVIRONMENT IN THE MEDITERRANEAN REGION (MEDSPA)

176. On 21 December the Council agreed¹ on this Regulation, the purpose of which is to create a specific instrument for the financing of action for the protection of the environment in the Mediterranean region. This action is to cover the entire Mediterranean region, both Community and non-Community.

The Regulation provides for a sum of ECU 25 million to finance the action for the first two years.

COUNCIL DIRECTIVE ON HAZARDOUS WASTE

177. Subject to further consultation of the European Parliament, on 21 December the Council agreed on this Directive, the aim of which is to formulate a common definition of hazardous waste and to introduce harmonized management of such waste across the Community.

This Directive, together with the abovementioned Directive 75/442/EEC on waste, comes within the framework of the Community strategy on waste approved in the Council resolution of 7 May 1990 on waste.

¹ Subject to the subsequent formal adoption of the text, which occurred on 4 March 1991.

COUNCIL RESOLUTION ON THE GREEN PAPER ON THE URBAN ENVIRONMENT

178. Under the terms of this resolution, adopted on 21 December,¹ the Council, while welcoming the Green Paper on the urban environment, among other things invites the Commission to consider, within the context of the declaration on the environment by the Dublin European Council in June, how the Community could further contribute to the improvement of the urban environment.

Other Commission proposals examined by the Environment Council in 1990

179. Proposal for a Council Directive on the protection of natural and semi-natural habitats and of wild fauna and flora;

proposal for a Council Directive concerning the protection of fresh, coastal and marine waters against pollution caused by nitrates from diffuse sources;

proposal for a Council Directive concerning municipal waste-water treatment;

amended proposal for a Council Directive amending Directives 80/778/EEC on drinking water, 76/160/EEC on bathing water, 75/440/EEC on surface water and 79/869/EEC on methods of measurement and frequencies of analysis of surface water;

proposal for a Council Directive amending for the seventh time Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances.

International activities

CONVENTION ON COOPERATION ON THE MANAGEMENT OF WATER RESOURCES IN THE DANUBE BASIN

180. On 22 March² the Council adopted a Decision for Community ratification of this Convention, which was signed in Regensburg on 1 December 1987, and the purpose of which is to strengthen cooperation between the Contracting Parties in the field of water resource management in the Danube basin.

¹ OJ C 33, 8.2.1991.

² OJ L 90, 5.4.1990.

CONVENTION FOR THE PROTECTION OF THE WATERS OF THE ELBE AGAINST POLLUTION

181. On 24 September the Council authorized the Commission to participate, on behalf of the Community, in negotiations on the conclusion of the Convention for the Protection of the Waters of the Elbe Against Pollution.

The Community signed this Convention on 8 October.

CONVENTION ON ENVIRONMENTAL IMPACT ASSESSMENT IN A TRANSBOUNDARY CONTEXT

182. On 24 September the Council authorized the Commission to participate, on behalf of the Community, in negotiations within the framework of the United Nations Economic Commission for Europe to draw up this Convention, the aim of which is to combat environmentally harmful transboundary effects.

LISBON COOPERATION AGREEMENT FOR THE PROTECTION OF THE NORTH-EAST ATLANTIC FROM ACCIDENTAL POLLUTION

183. On 16 October the Council authorized the Commission to participate, on behalf of the Community, in negotiations for the conclusion of this Agreement, the aim of which is to organize the protection of the coasts of certain countries against accidental pollution.

The Community signed this Agreement on 17 October.

INTERNATIONAL CONVENTION ON OIL POLLUTION PREPAREDNESS AND RESPONSE

184. On 19 November the Council authorized the Commission to participate, on behalf of the Commission, in negotiations in the framework of the IMO to draw up an international Convention against oil pollution at sea.

BONN CONVENTION ON THE CONSERVATION OF MIGRATORY SPECIES OF WILD ANIMALS

185. On 21 December the Council authorized the Commission to participate, on behalf of the Community, in the negotiation of a regional Agreement aimed at protecting the white stork within the framework of this Convention.

Activities within the framework of international organizations

REVISION OF THE MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE OZONE LAYER

186. At its meeting on 7 June the Council approved an additional negotiating brief for a substantial reinforcement of the Montreal Protocol on limiting the production and consumption of products which deplete the ozone layer.

At its special meeting in London on 29 June the Council approved the adjustments and amendments to the Protocol and the decisions of the parties made at the second Conference of the parties to the Protocol, held in London from 27 to 29 June.

The parties also approved the terms of the financial mechanism set up to assist developing countries.

UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT

187. With a view to the United Nations Conference on Environment and Development, due to take place in Brazil in June 1992, the Community took part in the following preparatory meetings:

- (i) Bergen Conference: 'Our common future'; at this regional conference, organized by the Norwegian Government from 8 to 16 May, in cooperation with the United Nations Economic Commission for Europe, a ministerial declaration on sustainable development in the region covered by the ECE was adopted;
- (ii) first meeting of the preparatory committee for the Conference on Environment and Development; at this meeting, which took place in Nairobi from 6 to 31 August, the Community took an active part in the discussions, which related to general environmental protection topics.

EUROPEAN COMMUNITIES/CENTRAL AND EASTERN EUROPE CONFERENCE ON THE ENVIRONMENT

188. This Conference, convened by the Irish Presidency and held in Dublin on 16 June, brought together the Ministers for the Environment of the Community and the countries of Central and Eastern Europe.

Following an examination of environment policies in Europe, the Ministers adopted conclusions under the terms of which they emphasized, among other things, that environmental protection was one of the most urgent political priorities of intra-

European dialogue and that it therefore constituted the area *par excellence* in which discussions and actions should be undertaken, in the framework of a process aimed at improving environmental protection in Europe.

CONFERENCE ON SECURITY AND COOPERATION IN EUROPE (CSCE) — MEETING ON THE MEDITERRANEAN (PALMA DE MAJORCA, 1990)

189. The Community took an active part in the Palma meeting of the CSCE on the Mediterranean, which took place from 24 September to 19 October, and one of the main aspects of which concerned environmental protection in the Mediterranean.

The Community, which played a major role at this meeting, supported the final document of the Conference containing recommendations on, among other things, the protection of Mediterranean ecosystems.

SECOND WORLD CLIMATE CONFERENCE

190. At its joint energy/environment meeting on 29 October the Council adopted conclusions reflecting its position on climate change policy and the Community stance with a view to the second World Climate Conference, emphasizing among other things the leading role that the Community should play in this Conference and recommending the negotiation of a framework Convention on Climate Change and related protocols.

The conclusions of the joint meeting of the Energy/Environment Council are summarized more fully in the section on energy above.¹

The Community took an active part in the second World Climate Conference, which took place in Geneva on 6 and 7 November.

The ministerial declaration which came out of the Conference stresses, among other things, the importance of drawing up a framework Convention on Climate Evolution which could possibly be signed at the United Nations Conference on Environment and Development in 1992.

¹ See points 126 and 127 of this Review.

Civil protection

191. In the field of civil protection a meeting of the Council and of the representatives of the governments of the Member States meeting within the Council took place on 23 November.

At this meeting the Council reached agreement, subject to further consultation of the European Parliament, on the enacting terms of a Decision providing for the introduction of 112 as the standard Europe-wide emergency number in public telephone networks. This number must be introduced no later than 31 December 1996.

The Council and the representatives of the governments of the Member States also adopted two resolutions. The first concerned the pursuit of Community cooperation on civil protection and provided, among other things, for the carrying-out of a campaign to educate and raise the awareness of Community citizens in the framework of a Year of Civil Protection (mid-1993 to mid-1994). The second resolution relates to improving mutual aid between Member States in the event of a natural or man-made disaster.

H — Public health policy — Consumers

192. The Council and the Ministers for Health meeting within the Council both pursued and developed the main actions undertaken — in particular the fight against cancer, AIDS, and drugs, and action in relation to toxicology — and, particularly following their informal meeting in Naples (19 and 20 July), expanded the range of topics discussed, with an increased emphasis on preventive aspects.

In 1990, the Council held two meetings dealing with consumer protection policy on 13 June and 22 October.

Its discussions related mainly to the proposal for a Directive on general product safety, the examination of which is continuing.

This proposal is designed to establish, at Community level, a general duty to produce and market only safe products. It is to be seen in the context of reviving consumer protection policy and completing the internal market.

Continuation of action undertaken in the health field

FIGHT AGAINST CANCER

193. At their meeting on 17 May the Council and the representatives of the governments of the Member States meeting within the Council adopted the Decision concerning a 1990-94 action plan in the context of the 'Europe against cancer'¹ programme. This plan involves a whole range of actions in the field of disease prevention, health information and education, the training of health professionals, research and health. The Commission is implementing this plan, assisted by an advisory committee composed of representatives of the Member States, with an overall budget of ECU 50 million, which may be raised to ECU 55 million from 1 January 1993.

At the same meeting the Council adopted the Directive on the maximum tar yield of cigarettes.¹ The Directive provides for the restriction of tar yields in two stages: 15 mg at the end of 1992 and 12 mg at the end of 1997, with temporary derogation values for Greece. The Commission, assisted by an advisory committee, will adapt to technical progress the method of measuring tar yields and the method of verification used.

With regard to the advertising of tobacco products in the press and by means of bills and posters, the Council did not arrive at a common position on the basis of the proposal for a Directive submitted to it. However, it reaffirmed its concern to contribute to reducing tobacco consumption, and noted the Commission's intention to submit a new proposal on this subject.

FIGHT AGAINST AIDS

194. The Council and the Ministers for Health meeting within the Council adopted two new sets of conclusions in this area.

At their meeting on 17 May they agreed on conclusions concerning the medical and psychosocial care services in relation to the AIDS epidemic,² based on the future needs of the care services. The conclusions advocate a consistent approach to care costing which takes account, among other things, of early intervention for people concerned.

At their meeting on 3 December they adopted new conclusions on AIDS³ in which, among other things, they requested the Commission to step up exchanges of informa-

¹ OJ L 137, 30.5.1990.

² 7264/90 SAN 45.

³ OJ C 329, 31.12.1990.

tion, experience and experts on, in particular, pregnant women and newborn babies, home care and other forms of care, and the supply of safer injection materials, to inform them of the results, assess them, and, if necessary, submit proposals for appropriate action.

In the framework of these various conclusions special emphasis was placed on action to be taken to avoid any discrimination against people concerned.

FIGHT AGAINST DRUGS

195. Work on this area was conducted in close coordination with the work of the European Committee to combat drugs.

On 17 May the Council and the Ministers for Health meeting within the Council agreed on a Presidency communication¹ which concerned, in particular, the areas of activity to be adopted for future work on the health and social aspects of the fight against drugs. They stressed the need for the work to be carried out in close cooperation with CELAD and in conjunction with work on the fight against AIDS.

In addition, bearing in mind the work on the health and social aspects of the European plan to combat drugs carried out in preparation for the European Council on 13 and 14 December, the Council and the Ministers for Health meeting within the Council adopted, at their meeting on 3 December, conclusions on reducing the demand for narcotic and psychotropic substances.² The conclusions set out the measures where there was felt to be the most pressing need for action by the Member States and provided guidelines for future work.

TOXICOLOGY

196. On 3 December the Council and the representatives of the governments of the Member States meeting within the Council adopted, on a Commission proposal, a resolution on improving the prevention and treatment of acute human poisoning;² the purpose of the resolution was to ensure:

- (i) at Member State level, the collection of data and information on a harmonized basis, as well as improved availability of antidotes and increased practical scope for their use;
- (ii) at Community level, preparation by the Commission of regular summary reports indicating, where appropriate, the preventive measures to be taken Community-wide.

¹ 6096/1/90 DRUG 4 REV 1.

² OJ C 329, 31.12.1990.

Provision was made for regular updating of the technical annexes (harmonized data record sheet, harmonized layout of annual activity reports, indicative list of antidotes) and for the matter to be reviewed by the Council within a maximum of five years.

New action in the field of health

NUTRITION

197. Adopting a resolution on Community action on nutrition and health,¹ the Council and the government representatives meeting within the Council embarked on more general and systematic consideration and action in respect of this important aspect and, more particularly, the area of prevention. In the resolution they defined a series of objectives and measures to be carried out in this area, including a European Nutrition Year in 1994, which would serve as a basis for a proposal for action which the Commission was invited to submit.

In a similar vein and bearing in mind existing areas of competence in this domain, the Council and the Ministers for Health meeting within the Council adopted conclusions on the safety of food and drink and water intended for human consumption,¹ which highlighted the Community's duty to equip itself with effective rules in sectors which played a priority role in achieving a high level of health protection, in particular by adopting uniform principles and legislative approaches for the food, agriculture and veterinary sectors, and for the environment and the protection of water intended for human consumption; they stressed the need to be able to follow this work and to contribute to decisions concerning food and water, and expressed the concern that general health criteria and objectives should take priority with regard to the aspects concerning public health protection.

CARDIO-VASCULAR DISEASE

198. With regard to cardio-vascular disease which, together with cancer, constitutes one of the main causes of death in the Community, the Council and the Ministers for Health meeting within the Council adopted on 3 December conclusions¹ in which they stated that the prevention of the disease could benefit from the impact of certain measures taken in respect of cancer, but that additional action had to be identified and implemented; they invited the Commission to examine appropriate means of providing information and ensuring cooperation and to report back to them.

USE OF DRUGS IN SPORT

199. On 3 December the Council and the government representatives meeting within the Council adopted a resolution on Community action to combat the use

¹ OJ C 329, 31.12.1990.

of drugs, including the abuse of medicinal products, in sport.¹ To justify the need for vigorous action in this field they pointed out, in particular, the considerable impact on society and especially on young people of sporting activities and the conditions under which they took place. They invited the Commission to draft and circulate, in close conjunction with the Member States, in preparation for the Olympic Games in 1992, a Code of Conduct to combat the use of drugs in sport and to propose to the Council, on the basis of a number of guidelines, action of Community interest in this field.

YOUTH AND POSITIVE HEALTH IN THE EUROPE OF THE 1990s

200. At their meeting on 17 May the Council and the Ministers for Health agreed on the conclusions reached in a Presidency communication on the matter;² they stressed that this question should be a major concern in the near future and that action, to be defined on a case-by-case basis, should be taken, giving priority, in particular, to promoting a healthy lifestyle; they referred, especially, to the dangers represented by tobacco, alcohol, drugs, AIDS, suicide and road accidents.

Decisions adopted by the Council (Consumer Protection) in 1990

COUNCIL DECISION AMENDING DECISION 89/45/EEC ON A COMMUNITY SYSTEM FOR THE RAPID EXCHANGE OF INFORMATION ON DANGERS ARISING FROM THE USE OF CONSUMER PRODUCTS (90/352/EEC)

201. This Decision was adopted by the Council on 29 June.³ The main purpose of the text is to extend Decision 89/45/EEC up to the date on which Member States will have to comply with the Directive on general product safety currently under discussion within the Council.

COUNCIL DECISION AMENDING DECISION 86/138/EEC CONCERNING A DEMONSTRATION PROJECT WITH A VIEW TO INTRODUCING A COMMUNITY SYSTEM OF INFORMATION ON ACCIDENTS INVOLVING CONSUMER PRODUCTS, AND FIXING THE FINANCIAL ALLOCATION FOR THE LAST TWO YEARS OF ITS OPERATION (90/534/EEC)

¹ OJ C 329, 31.12.1990.

² 5854/90 SAN 22.

³ OJ L 173, 6.7.1990.

202. This Decision was adopted on 22 October.¹ Its main purpose is to fix the financial allocation deemed necessary for the last two years of operation of the demonstration project and to make certain amendments, in particular to make it possible to improve its operation over the last period. In this connection it should be noted that the duration of the project is extended by one year, until 1 December 1991.

I — Education — Culture

203. On 31 May the Council and the Ministers for Education meeting within the Council approved the resolutions and conclusions set out below.

Resolution on the integration of children and young people with disabilities into ordinary systems of education

In this resolution the Council and the Education Ministers considered it necessary that the report due to be submitted by July 1992 — pursuant to Article 8 of the Council Decision of 18 April 1988 on the Helios programme — should also report on the measures adopted and progress made to:

- (a) facilitate the integration of children and young people with disabilities into mainstream education;
- (b) develop the role played by specialized institutions and their teachers in promoting the development of integrated education;
- (c) develop active cooperation between the education services and other services such as health services, social services, etc. in preparing, promoting and ensuring continuity and consistency in the integration programme;
- (d) encourage the formulation of comprehensive and coherent policies, with regard especially to the organization of educational provision, the supply and management of resources, the monitoring and evaluation of integration schemes and the dissemination of good practice;
- (e) overcome difficulties which curricula in mainstream education may present for children and young people with disabilities by developing individualized learning programmes and by promoting the use of new technology as an additional means of stimulating communication and learning in schools.

In the report the most significant projects and plans aimed at reinforcing the policy of integration into mainstream education systems in the Member States should also be summarized. This report will be presented to the Education Committee and the Council.

¹ OJ L 296, 27.10.1990.

The Commission, in cooperation with the Education Committee and the Working Party on the educational integration of children and young people with disabilities, will ensure that all the activities and programmes which it supports in the areas of education, training and youth policy and transition to adult and working life generally endeavour to take account of the special needs of people with disabilities who wish to participate in them.

Conclusions on the preparation of a new Convention concerning the European Schools

204. In these conclusions the Council and the Ministers request that a draft Convention should be prepared, codifying the Statute of the European School and the Protocol concerning the creation of European Schools, signed in Luxembourg on 12 April 1957, the Additional Protocol signed in Luxembourg on 13 April 1962 and in Luxembourg on 15 December 1975, as well as the accession agreements concerning new Member States beyond the original Six.

A working draft of this Convention will be submitted by the Commission for examination by the Education Committee and the Permanent Representatives Committee (acting as representatives of the governments of the Member States), without prejudice to the regulations and practices existing in the Member States for the establishment of multilateral agreements. The Board of Governors of the European Schools is invited to submit any suggestions which experience in the operation of the Schools has shown to be necessary. The new Convention should be finalized by an intergovernmental conference at ministerial level, to be held before the end of 1991 and opened for signature, with subsequent ratification by the Member States in conformity with their respective constitutional rules.

Conclusions concerning meetings of senior officials in the education sector

205. In these conclusions the Council and the Ministers reaffirm the usefulness of regular meetings at Community level between senior officials of the Member States contributing to the formulation of education policies and the Commission.

The meetings will enable them to reap the benefits — regarding the points which interest them — of their colleagues' national experience and problems; they will facilitate a better understanding of other national education systems and will gradually contribute to improved coordination of national education policies and to greater convergence between them in preparation for 1993.

The chairman for these meetings will be provided by the country holding the office of President of the Council. The chairman will convene meetings on his own in-

initiative or at the request of a Member State or the Commission. In consultation with the next two succeeding Presidencies, he will submit a draft work programme for these meetings to the Education Committee.

The Presidency will evaluate the experience gained on the basis of these conclusions and the follow-up to the meetings and will report to the Education Committee and the Council during 1992.

Conclusions on enhanced treatment of equality of educational opportunity for girls and boys in the initial and in-service training of teachers

206. In these conclusions the Council and the Ministers call on the Commission in particular:

- (i) to examine ways in which it can supplement and assist action by the Member States on issues of equality of educational opportunity in the initial and in-service training of teachers;
- (ii) to arrange exchanges of information and experience between the Member States concerning examples of good practice in this field;
- (iii) to draw up, in collaboration with its advisory working party on equality of opportunity in education, a progress report based, *inter alia*, on the experience of the Member States.

At their meeting on 6 December the Council and the Ministers for Education meeting within the Council also approved the following resolution.

Resolution concerning the Eurydice education information network in the European Community

207. In this resolution the Council and the Ministers invite the Member States — within their constitutional and financial limits and in the framework of their own policies and structures — and the Commission — in the spirit of the principle of subsidiarity — to promote the following activities:

- (a) making the collection and documentary processing of information more systematic and more effective by using the new technologies to the full;
- (b) making the various specialized sources of information more accessible by fostering cooperation between the units of the network and the information structures and services concerning education and training at both national and Community level.
- (c) conducting a review of working methods with a view to securing improved efficiency and effectiveness.

The Commission is also requested to:

- (i) continue its cooperation with the international organizations active in this field, especially the Council of Europe and the OECD, and to involve the Eurydice network in such cooperation;
- (ii) strengthen links with the existing scheme of study visits for educational specialists (ARION) — which is also concerned with the exchange of information — between education systems, and to involve Eurydice in the preparation of visits and the utilization of information generated by such visits;
- (iii) submit to the Council a progress report concerning an overall system of exchange of information on education.

The European unit of Eurydice, assisted by the Member States' units, should:

- (i) develop a computerized information system in the field of education and facilitate access by those units to the other Community databanks;
- (ii) contribute to the provision of information on Community education and training activities, in cooperation with, in particular, the European Centre for the Development of Vocational Training (Cedefop) and the National academic recognition information centre (NARIC);
- (iii) provide technical assistance in the preparation and follow-up of meetings of senior officials.

European City of Culture

208. On 18 May the Council and the Ministers for Culture meeting within the Council approved conclusions on **the manner in which the European City of Culture would be chosen in future** and on a **special event for European Cultural Month**.

In the conclusions the Council and the Ministers noted that, following the resolution of 13 June 1985, cities had been designated — as European Cities of Culture — for the years up to 1996 inclusive and that by then a first round of European Community Member States would have been completed; they then agreed to create a further cultural event, namely a special **European Cultural Month** to be held each year in one city from a non-Community European country which observed the principles of democracy, pluralism and the rule of law. This cultural event, to be known as 'Europe in [name of city], 199...', should be inaugurated as soon as possible and should in the first instance be for an experimental period.

In addition, in order to ensure a degree of coordination between the two operations, Community cities already designated European Cities of Culture could, on their own initiative, devote part of their programme to the culture of the non-Community city which was to organize the European Cultural Month that year.

The Presidency and the Commission would jointly explore the possibilities for the first years and report to the next meeting on these.

209. On 19 November the Council and the Ministers for Culture meeting within the Council approved conclusions concerning the following.

Vocational training in the arts field

In those conclusions they invited the Commission to associate the Member States with the evaluation of the situation and of vocational training requirements in the arts field, and with the launching of immediate experimental projects, so as to reinforce efforts already undertaken in the framework of 'cultural action' (sectors of conservation/restoration and translation), without prejudice to actions which might be desirable in other sectors later.

Protection of national treasures of artistic, historic or archaeological value

210. In these conclusions they stressed that the major effort to protect its national treasures had to be made by the Member State concerned, but agreed to collaborate more closely with each other and the Commission so that, without any great increase in the administrative burden, information and experience could be exchanged. The Committee on Cultural Affairs should work out the practical arrangements for this exchange process.

They also agreed to look more carefully at the idea of a system of restitution of cultural objects illicitly exported to other Member States. The Ministers invited the Commission to study, together with experts from the Member States, the possibilities of allowing the restitution of such illicitly exported cultural objects and to make a report to the Council.

They thought that further consideration should also be given to measures at the external frontiers for the protection of cultural objects, through joint meetings of the Committee on Cultural Affairs and customs experts, as well as in dialogue with the Customs Mutual Assistance Committee of the Commission in the framework of Regulation (EEC) No 1468/81.

MEDIA action programme

211. On 21 December the Council adopted the Decision setting up the MEDIA programme, designed to promote the development of the European audiovisual industry.

The action programme has been adopted for a five-year period starting on 1 January 1991; ECU 200 million are deemed necessary for the Community's participation during that period.

The following measures will receive support:

- (a) distribution mechanisms (distribution of films in cinemas, distribution on video-cassette, support for multilingualism in television programmes, development of markets and support for the dissemination of the work of independent producers);
- (b) improvement of production conditions (development of preproduction, restructuring of the animated cartoon industry, use of new technologies in the production of programmes, contribution to the use of film and television archives);
- (c) stimulation of financial investment;
- (d) improving the economic and commercial management abilities of professionals (training schemes for young producers in preparation for the single market, further training measures, coordinated in particular by the MEDIA Business School);
- (e) development of potential in countries with smaller audiovisual production capacities and/or with a limited geographical and linguistic area; other measures.

These measures will take the form of projects managed by professionals. The Commission, assisted by a Committee, will ensure implementation and coordination of the programme.

As a rule, the Commission's co-contractors participating in the implementation of the measures must contribute a substantial share of the funding covering not less than 50% of their total cost.

In the implementation of the action programme, a significant part of the total budget will go towards Community participation in Audiovisual Eureka, grouping together 26 European countries, with a view to boosting the continent's audiovisual capacity. The programme may also include promotion of cooperation with professionals in the audiovisual sector in Central and East European countries.

Chapter IV

External relations and development cooperation

A — Commercial policy

GATT

212. In 1990 the Uruguay Round negotiations entered their crucial concrete phase in the run-up to the Brussels Ministerial Conference from 3 to 7 December, which all participants considered the target-date for completing the negotiations. Initially, the participants concentrated on explaining their basic positions on the various subjects covered by the negotiations. Following a meeting of the Trade Negotiations Committee at senior official level in Geneva at the end of July, at which worrying delays in the progress of the discussions had been noted, negotiations gathered pace during the autumn and offers were submitted, in particular in the field of market access and agriculture; over the last few weeks the negotiations have focused on drawing up draft agreements or texts for submission to the Ministers in Brussels.

During all of the phase preparatory to the Ministerial Conference, the Council, because of the economic and political stakes in the negotiations, held regular in-depth discussions on the progress of the Geneva talks, on the basis of oral and written reports from the Commission.

On a general level, the Council continually reaffirmed the priority it attached to the Uruguay Round and its positive and fruitful culmination, stressing the need, while respecting the globality of the negotiations, to arrive at realistic, balanced and mutually satisfactory results. The Council considered that for the Community, which was engaged in the process of completing the single market and was aware of its responsibilities at international level during this period of historic changes affecting the European continent, integration into a true multilateral trading system which was both open and solidly based was of vital importance. The Council considered that drawing up clear, strong rules and disciplines which would make it possible to ensure the predictability of international trade, the broadening of GATT to include new growth-promoting sectors and the continued liberalization of international trade within the context of fair and equitable conditions of competition constitute essential cornerstones in the construction of the international multilateral economic system. The Council also argued that the Uruguay Round should make it possible to end unilateralism, which was incompatible with a stronger and universally accepted multilateral trading system.

On a specific level, the Council worked out guidelines throughout the year for the various negotiating sectors, which enabled the Commission, as the Community's negotiator, to play a constructive part in the negotiations and to take the appropriate initiatives to ensure that the Community remained a foremost interlocutor in the negotiations with both the other industrialized countries and the developing countries.

213. Bearing in mind the lead given by the Council, the Community, on the basis of Commission proposals discussed and finalized within the Article 113 Committee, was thus in a position to submit to the GATT substantial offers and contributions on all matters under negotiation, including market access for tropical products and textiles, rules and disciplines, and certain new areas, in particular services and intellectual property. With regard to agriculture, the sensitivity of this sector and the political, social and human implications of the proposals submitted to the Council by the Commission entailed intensive discussion at the level of the Council itself, composed of the Ministers for Agriculture, with the participation in the final phase of the discussions of the Ministers responsible for the Uruguay Round. At the close of its discussion the Council, at its meeting on 5 and 6 November, agreed unanimously on the Commission communication concerning the Community's offer on agriculture, taking into account certain adjustments and assurances by the Commission. In addition, a Council statement set out certain parameters governing the Community's approach and took note of the Commission's undertaking to lose no time in submitting to the Council concrete proposals supported by appropriate financial solidarity which would offer a viable future for Community farmers and be in conformity with the undertakings given in the GATT.

214. In Geneva, the last weeks prior to the Ministerial Conference were devoted to trying to bring the various positions closer together and to drawing up draft texts for submission to the Ministers for decision. The Community negotiator, assisted permanently on the spot by the Article 113 Committee, took an active part in the process. While it was possible to make progress in some sectors, the delays incurred in the negotiations as a whole, the wide gaps between the positions of the various participants on key issues and the complex interrelations between the various areas made it impossible to rationalize and simplify the problems to be submitted to the Ministers, to whom a voluminous document had to be referred, comprising a very large number of problems outstanding.

The Brussels Ministerial Conference therefore opened under rather unfavourable auspices. Throughout the Conference, the Community's strategy as defined by the Council, which met several times on the spot and which constantly demonstrated a considerable degree of cohesion and solidarity, was twofold.

Firstly, it resisted the attempt by certain partners to isolate the agricultural sector as the only priority issue in the negotiation and supported the line taken by the Chairman of the Trade Negotiations Committee that parallel negotiations should be con-

ducted on the five areas considered crucial for the purposes of achieving a political breakthrough in the negotiations, namely agriculture, textiles, intellectual property, services and rules and disciplines. In the Community's view, such an attitude was in line with the Uruguay Round ministerial statement which affirmed the principle of the globality of the negotiations, the various components of which formed part of a single entity.

Secondly, the Community endeavoured to ensure that the negotiations were continued without interruption, thereby displaying its desire for concrete negotiations in order to achieve globally balanced results, taking into account the political realities on all sides and satisfying all those taking part in the negotiations.

Finally, after four days of intensive negotiations, the Ministerial Conference failed to break the deadlock affecting the main political problems arising in various key negotiating sectors, which therefore made it impossible to conclude the Uruguay Round within the time-limit set. Faced with this situation, due essentially to objective difficulties arising from the disparity between the ambitious goals of all the participants and the political possibilities of achieving them within the available time-span, the President of the Conference decided, with the agreement of all the participants, that an additional period was necessary in order to allow the negotiations to continue. To this end the Director-General of the GATT, Mr Dunkel, was asked to hold talks by the beginning of 1991, taking into account the work carried out before and during the Conference, and to convene a further meeting of the Trade Negotiations Committee at the appropriate level with a view to concluding negotiations by a date which seemed to him to be appropriate, on the basis of his talks.

215. At its meeting in Rome on 14 and 15 December the European Council stressed the parameters essential for the negotiations to be brought to a successful conclusion (global approach based on balanced concessions made by all participants; aiming to strengthen the open multilateral trading system, leading to a ban on recourse to unilateral action; need for political will on the part of all participants to seek constructive solutions to the problems outstanding). It also called upon the Commission as negotiator to step up its contacts with all the participants in order to conclude a balanced agreement covering all sectors in the shortest possible time.

In parallel with the Uruguay Round negotiations the Community took part, as in other years, in all the activities concerning the normal management of the GATT, in particular those relating to the application of the procedure for settling disputes. In this connection the Community continued to display its attachment to a multilateral system for settling disputes but did not oppose the adoption of the reports of the panels whose findings were unfavourable to the Community's arguments, whether in respect of the system applicable to oleaginous products under the common agricultural policy or the Community Regulation on the import of spare parts and components. The Community did, however, insist that note was taken of its critical comments or observations on the findings of the panels, and indicated that

it would adapt its legislation in the context of the implementation of the results of the Uruguay Round.

The Community intervened on several occasions within the GATT to request swifter implementation of the reports of the panels which had concluded that certain measures taken by some of the Community's partners were incompatible with GATT rules, and to call for the GATT proceedings on examining the free trade agreement between Canada and the United States of America to be expedited.

216. The year 1990 was also marked by the completion of German unification which gave rise to a GATT ceremony during which the Community stressed the beneficial effects of that unification on world trade and the strengthening of the multilateral trading system. In this connection the Community, following the transitional measures adopted by the Council in the context of the integration of the former German Democratic Republic into the Community, submitted to the GATT in October a request for a derogation for a strictly limited period (namely two years, up to the end of 1992) for the temporary preferential arrangements granted by the Community to certain countries of Central and Eastern Europe in order to take account of the former GDR's contractual undertakings. In view of the difficulties encountered in obtaining a consensus in favour of this decision and because of the urgency of the matter, the Community took the initiative of asking the GATT at the annual meeting of the Contracting Parties on 12 and 13 December for a vote by roll-call, which produced a positive outcome for the Community.

Sectoral problems

STEEL

217. After examining the general situation in the steel industry, the Council decided, in agreement with the Commission, to continue in 1990 the external measures in force in 1989, where justified by circumstances, in order to guarantee stability in trade and prevent the distortion of competition. The decision taken by the Council on 5 March 1990 on the new round of steel negotiations with third countries envisaged the liberalization of exports of certain previously sensitive products and quantitative increases of 15% in other steel products allowed into the Community. It furthermore provided for the possibility of continuing the exchange of letters with certain EFTA countries and an exchange of letters with South Korea providing for consultations.

The decision taken by Council on 12 February to authorize the Commission to negotiate improved access to the Community market for ECSC products originating in Poland and Hungary supplemented the general agreements on trade and commercial and economic cooperation already negotiated with these two countries. It envisaged a lifting of the national quantitative restrictions still applied by certain Member States.

SHIPBUILDING

218. Following the initiative taken by the United States of America within the OECD aimed at opening negotiations for the elimination of subsidies in the shipbuilding industry,¹ the Council on 27 July authorized the Commission to participate in negotiations in the OECD for an international agreement on adherence to normal and fair conditions of competition in the commercial shipbuilding and ship-repair sectors. The Commission was instructed to seek to ensure that the agreement provided transparency in respect of existing obstacles and prevented the introduction of new obstacles, and, in particular, that practices such as unfair pricing, indirect support and cargo preferences were covered by the agreement. The timetable should, however, allow for a balanced phasing-out period safeguarding the interests of Community industry. Furthermore, the Commission was to seek solutions on dispute settlement and ensure that the agreement did not enter into force until concluded by the main producer countries. Finally, the Commission was to reaffirm its adherence to the understandings on export credits.

TEXTILES

219. Apart from the negotiations taking place in the Uruguay Round,² activities in the textiles sector centred on the developments taking place in Eastern Europe.

On 2 April the Council adopted a mandate for the Commission to open negotiations with the German Democratic Republic for a bilateral textiles agreement. The first round of negotiations took place in East Berlin in May, but further contacts were then overtaken by the events leading to German unification. This, for the Community, meant that rather than restricting imports from the GDR, imports into the Community now had to be increased to take into account the enlarged area of the Community. Increases for 1990 were decided on a management level within existing agreements and on 4 December the Council decided on a new mandate authorizing the Commission to open negotiations with third countries with a view to adapting their textile agreements for 1991 to take account of German unification. Increases in this context provided for a minimum of 4.5% of the basket exit threshold.

In the framework of the PHARE programme, the Council decided on 12 March on directives for the Commission to open negotiations on modifications of the textile agreements with Poland and Hungary. On 29 October the Council decided to give the Commission similar directives concerning Czechoslovakia. For all three countries the increases in quantities under restriction both for 1990 and 1991 were adopted by the Council on 24 September and 21 December.

¹ See 37th Review, point 176.

² See point 213 of this Review.

Also in relation to Eastern Europe, the Council on 26 November decided on directives for the Commission to open negotiations with Poland, Hungary, Czechoslovakia, Romania and Bulgaria on the incorporation into the bilateral textile agreements of the provisions concerning outward processing traffic. These provisions had hitherto been governed under the autonomous regime, but with this modification they would be brought into line with similar provisions for other countries. The result of the negotiations, which also included substantial increases in the quantities restricted under this system, was adopted by the Council on 21 December.

Fairs and exhibitions

220. As in previous years the Council's subordinate bodies helped to prepare the participation of certain Member States and the European Commission in fairs and exhibitions.

The aim was to maintain the Community's image at the international exhibitions registered by the International Exhibition Bureau (BIE). Member States which decide to take part do so as far as possible within a Community framework. The forms of participation finally adopted remain to be determined, taking into account the specific data concerning each case.

The year 1990 was marked by preparations for the Community participation in the 1992 Seville World Fair and the Genoa Specialized International Exhibition in 1992.

In addition, initial discussions concerning possible Community participation in the Exhibition in Taejon in South Korea in August/November 1993 and in the Osaka Trade Exhibition in 1993 were begun in the appropriate Council bodies.

B — Relations with the industrialized countries

Relations with the EFTA countries

221. At the ministerial meeting between the Community and its Member States and the EFTA countries, held in Brussels on 19 December 1989, the Ministers had agreed to work together to find a more structured framework for their privileged relationship, which was based on proximity, longstanding common values and European identity. They had decided to begin formal negotiations to this end during the first half of 1990.

On 18 June the Council decided to authorize the Commission to open negotiations with all the EFTA countries and Liechtenstein with the aim of concluding a com-

prehensive Agreement, based on Article 238 of the EEC Treaty, on the creation of a European Economic Area (EEA), which was a priority objective for the Community as an essential component of the construction of the new European architecture.

The aim of the Agreement was the achievement — within the EEA and on the basis of the relevant *acquis communautaire* — of the free movement of goods, services, capital and persons.

There was also provision for strengthening and widening cooperation in Community activities in other fields such as R&D, the environment, education and training, certain social policy programmes and tourism ('accompanying policies').

In addition, the Council acknowledged that the reduction of regional economic and social disparities was an important aim of the negotiations for the Community, and hoped that the outcome of the negotiations would ensure balance in the Agreement and in cooperation between the Contracting Parties.

Lastly, as regards the institutional structure of the Agreement, the Council envisaged the possibility of regular meetings at ministerial level to work out general political guidelines and the setting-up of a joint body to adopt formal decisions on the implementation and operation of the Agreement. The Council stressed the need for the Community's internal decision-making autonomy to be preserved fully.

222. The negotiations with the EFTA countries formally opened in Brussels on 20 June and within a few months almost all the *acquis* to be used as the basis for free movement within the EEA had been identified and certain arrangements for cooperation in areas covered by accompanying policies and competition policy had been laid down.

A joint EC-EFTA ministerial meeting was held on 19 December. It noted the points of agreement reached by the officials, gave a new impetus to the negotiations and laid down guidelines for their continuation.

More specifically, it enabled a consensus to be reached on the institutional framework for the Agreement, consisting principally of a Ministerial Council, which would lay down general guidelines and give political impetus, and a Joint Committee, an administrative body which would take decisions on implementation of the Agreement and its operation. It was agreed that EEA decisions would be taken by joint agreement by the Community and the EFTA countries speaking with a single voice. To assist this consensus and taking account of the need fully to preserve the legislative autonomy of the Community, agreement was also reached on a process of information and consultation at all stages of the Community legislative procedure.

Noting lastly that considerable problems had still to be resolved, the Ministers expressed the wish that the negotiating process could be speeded up and that every ef-

fort would be made to enable negotiations to be completed in time for the Agreement to come into force on 1 January 1993.

Andorra

223. The Agreement in the form of an exchange of letters negotiated in 1989 between the Principality of Andorra and the EEC, further to the declaration annexed to the Act of Accession of Spain and Portugal to the Community,¹ was signed in Luxembourg on 28 June. The signatories for the Community were Mrs Geoghegan-Quinn, President-in-Office of the Council, and Mr Matutes, Member of the Commission, and for the Principality of Andorra Mr F. Badia and Mr J. P. Courtois, Viguier of the Principality of Andorra, and Mr O. Ribas i Reig, Head of Government of the Principality of Andorra. The Agreement is based on Articles 99 and 113 of the Treaty. It received a favourable opinion from the European Parliament on 23 November 1990, was concluded by the Council on 26 November and entered into force on 1 January 1991.

The Agreement provides in particular, where industrial products are concerned, for the establishment of a customs union between the Principality of Andorra and the Community. The customs union will involve the elimination of customs duties and taxes having equivalent effect as well as quantitative restrictions in trade between the parties, and the adoption by Andorra of the import procedures applied by the Community with regard to third countries, and the arrangements necessary for their operation. Concerning agriculture, the Community will allow duty-free importation of products originating in Andorra. A specific solution has been found for manufactured tobacco.

In addition, to take account of the specific character of the Andorran economy (for which the tourist trade is essential), and of the particular situation of Andorra in relation to the frontier Member States, the Agreement includes provisions concerning the duty-free concessions allowed to travellers.

Relations with San Marino

224. Already in the 1980s the Republic of San Marino — which is in a special situation *vis-à-vis* the Community because it is totally surrounded by a Member State (Italy) and because it is part of Community customs territory, following an autonomous act by the Community — had made approaches with a view to the conclusion of an Agreement of fairly limited scope with the Community. The Council adopted negotiating directives for this purpose in January 1986;² at that time,

¹ OJ L 374, 31.12.1990.

² See 34th Review, point 311.

however, negotiations were not opened because of political changes which had occurred in the mean time in San Marino.

In April the Government of San Marino informed the Community that it wished to conclude with the EEC an Agreement with wider scope, including, in particular, the establishment of a customs union with the Community, covering the industrial and agricultural fields, and setting up a joint body to administer the Agreement. On the basis of a recommendation for a Decision to open negotiations with San Marino, which the Commission sent to the Council on 12 December, the Council at its meeting on 18 and 19 December authorized the Commission to conduct negotiations with San Marino and adopted the relevant directives.

Relations with non-European industrialized countries

UNITED STATES OF AMERICA

225. A marked strengthening of cooperation between the United States and the Community was signalled by the Transatlantic Declaration approved in November on the occasion of the CSCE Conference in Paris.

The Transatlantic Declaration serves to underline the common interest of the two parties in maintaining peace and freedom, and in encouraging the development of free and prosperous economies. It stresses the determination of both parties to help to consolidate the new unified and democratic Europe, and also fixes common goals regarding, *inter alia*, democracy, the rule of law and the respect of human rights. Finally, in addition to economic cooperation, closer collaboration in the fields of education, science and culture are foreseen, as well as increased joint efforts to combat terrorism, drug trafficking and abuse, to protect the environment, and to prevent the spread of nuclear, chemical and biological weapons and missile technology.

In order to facilitate closer links in these fields, the Declaration also fixes the institutional framework for consultations at different levels between the two parties. In this respect, both sides agreed to make full use of and further strengthen existing procedures, including those established by the President of the European Council and the President of the United States on 27 February, namely:

- (i) biannual consultations to be arranged in the United States and in Europe between, on the one hand, the President of the European Council and the President of the Commission, and on the other hand, the President of the United States;
- (ii) biannual consultations between the European Community Foreign Ministers, accompanied by a Commission representative, and the US Secretary of State, alternately on either side of the Atlantic;
- (iii) *ad hoc* consultations between the President-in-Office of the Council or the 'troika' and the US Secretary of State;

(iv) briefings, as currently exist, by the Presidency to US representatives on European political cooperation (EPC) meetings at ministerial level.

Both sides are resolved to develop and deepen these procedures for consultation so as to reflect the evolution of the European Community and of its relationship with the United States.

226. With regard to trade, whilst the United States appeared to show some restraint regarding recourse to the more protectionist parts of the Trade Act (i.e. Section 301, 'super 301', 'special 301' and Section 337), the Community continued to monitor the situation closely and, on several occasions, called on the United States to withdraw all the unilateral provisions of its legislation as part of the final Uruguay Round package.

Notwithstanding the wish of both sides to improve trade and economic cooperation, a number of issues gave rise to difficulties between the Community and the United States, some of which it proved possible to settle.

Hormones

The United States continued to subject a series of Community products to unilateral duties banned by GATT, in retaliation against the application of the hormones Directive in the Community. After an initial, slight attenuation of the American measures following the introduction of a certification scheme enabling certain hormone-free meat¹ (high quality beef and veal) to be exported to the Community, the situation was further exacerbated by the so-called Harkin amendment relating to the supply and transport of American meat to US military authorities in Europe. This new measure constituted an estimated USD 55 million increase to the US measures already affecting Community exports to the extent of some USD 98 million per year.

Soya

In February the Council noted that the dispute with the United States could now be considered closed for the time being following acceptance by all the parties concerned of the GATT panel's conclusions, all the conditions laid down by the Council in December 1989 for acceptance by the Community having been met. For its part, the Community undertook to bring its legislation on oilseeds into line with the panel's conclusion in the context of the implementation of the results of the Uruguay Round.

¹ Approximately 4.5 million tonnes annually.

Agreement on Article XXIV.6

Since it proved impossible to complete the review procedure provided for in the Agreement of January 1987 between the Community and the United States, notably in the light of the absence of agreement on agriculture in the Uruguay Round, the two sides agreed to extend until the end of 1991 all those rights and obligations in the Agreement which would otherwise have expired on 31 December 1990. They further agreed to resume the review procedure not later than June 1990 in order to achieve a final and mutually satisfactory understanding prior to September 1991.

Other problems

Difficulties also arose in a number of other areas of trade in agricultural products, such as procymidone residues in wine, delisting of American slaughterhouses, and use of bovine somatotrophin (BST). In addition, differences continued between the Community and the United States on certain non-agricultural issues, notably civil aircraft, telecommunications, broadcasting, semi-conductors, government procurement, obstacles to third-country investment in the United States and the extra-territorial aspects of certain US legislation.

The appropriate bodies of the Council were regularly consulted and kept informed of developments on these issues by the Commission.

JAPAN

227. Cooperation with Japan, which covers a number of different areas (trade, economic, industrial and scientific), enabled some progress to be made, in particular as regards opening up the Japanese market. However, the overall trade deficit with Japan remains the subject of serious concern and the Commission's efforts to improve access in a number of specific sectors, including leather/shoes, foodstuffs and fisheries products, have so far fallen short of expectations.

In the automobile sector, the Council examined on several occasions the Commission's communication entitled 'A single market in the motor vehicle sector', concentrating on the transitional regime to be put in place in anticipation of the single market.

At its meeting on 29 October the Council, in the context of the pragmatic agreement reached with Japan in March 1989,¹ adopted Regulation (EEC) No 3156/90² by which a second series of national quantitative restrictions on certain Japanese ex-

¹ See 37th Review, point 192.

² OJ L 304, 1.11.1990.

ports were eliminated, thereby reducing the original number of quantitative restrictions by approximately two thirds.

CANADA

228. On the occasion of the CSCE Summit in Paris in November the Community and Canada approved the text of a declaration which aims to strengthen the dialogue between the two sides and will endow their relations with a long-term perspective.

This declaration, which builds on the privileged relationship established in 1976 by the framework Agreement for Commercial and Economic Cooperation as well as the arrangements agreed in 1988 on a political dialogue, seeks to further strengthen this partnership.

With this aim, the declaration foresees consultations on humanitarian, political and economic issues wherever they may arise, to ensure that the efforts of the two parties will have maximum effect. Such consultations, which make use of the existing mechanisms established under the EC/Canada framework Agreement, are enhanced by the declaration through, *inter alia*,

- (i) a series of regular meetings, alternately on each side of the Atlantic, between the Prime Minister of Canada, on the one hand, and, on the other, the President of the European Council and the President of the Commission;
- (ii) biannual meetings between the President of the Council of the European Communities, accompanied by a Commission representative, and the Secretary of State for External Affairs of Canada;
- (iii) biannual meetings between the Canadian and Presidency Political Directors, accompanied by a Commission representative.

OTHER COUNTRIES

Trade problems concerning other large industrialized countries are discussed both in the multilateral framework and bilaterally in the course of high-level consultations held at regular intervals between the Commission and these countries.

C — Relations with the countries of Central and Eastern Europe and the Soviet Union

Countries of Central and Eastern Europe

229. After the political changes which took place at the end of 1989 throughout Central and Eastern Europe the Council saw fit to speed up the implementation of its policy *vis-à-vis* the countries concerned so that it could contribute where possible to the success of the reforms and respond to the expectations of their peoples regarding support from Western countries. This support was provided, on the one hand, through the Community's bilateral relations and, on the other, by means of assistance from the Group of 24 industrialized countries, which was coordinated by the Commission. It was geared to the progress made in the process of political and economic reform.

At bilateral level, the **network of 'first generation' agreements** on trade and cooperation was completed with all the countries.

230. The negotiations for a trade and cooperation agreement with **Bulgaria**, which had begun in 1989 but had been slowed down because of the situation in that country, particularly as regards the treatment of minorities, were resumed at the beginning of 1990 and the Agreement was signed on 8 May and entered into force on 1 November.¹ The Agreement provides for gradual liberalization by the Community on the quantitative restrictions which it maintains *vis-à-vis* Bulgaria and improved access to the Bulgarian market for Community economic operators according to the principle of non-discrimination. It also lays down the framework for wide-ranging economic cooperation. Lastly, it contains specific provisions, for example regarding safeguards, taking account of the fact that Bulgaria is not a member of GATT.

231. With regard to **Czechoslovakia**, following the 'Velvet Revolution' at the end of 1989, the Council decided to expand the first trade Agreement signed in December 1988 into a true trade and cooperation Agreement, thus placing Czechoslovakia on the same level as the other countries of Central and Eastern Europe. The Council adopted the relevant negotiating directives on 5 March. After a single negotiating meeting on 22 March, the Agreement was signed on 7 May and entered into force on 1 November.¹ This new Agreement allows for a wide range of economic cooperation in various areas, including the nuclear field. In fact the Agreement was also concluded under Euratom, since Czechoslovakia has nuclear installations.

232. After the fall of the Ceausescu regime, on 7 and 8 May the Council adopted new directives for the negotiation of a trade and cooperation agreement with

¹ OJ L 291, 23.10.1990.

Romania, which cancelled and replaced the 1986 directives. A negotiating meeting on 7 and 8 June resulted in agreement. After the June events in Bucharest, however, the Council decided to postpone signing the Agreement pending the outcome of the Romanian parliamentary commission of enquiry on these events. The Agreement was finally signed on 22 October and was submitted to the European Parliament for consultation with a view to its subsequent conclusion.

This trade and cooperation Agreement is of the same type as the agreements with the other countries of Central and Eastern Europe. It contains a trade section on access to the Community market, a section on the treatment of Community undertakings on the Romanian market and lastly a section on economic cooperation, including the nuclear field, the Agreement having been negotiated also under Euratom.

233. Lastly, it should be mentioned that after the upheavals in the **German Democratic Republic** in November 1989, of which the most memorable symbol was the fall of the Berlin Wall, the Council adopted negotiating directives on 22 December 1989. Two negotiating meetings were held in January and March 1990, resulting in the signing of the trade and cooperation Agreement on 8 May. As a result of German unification on 3 October this Agreement is no longer applicable.

234. In addition, in response to the requests from these countries for closer links with the Community, the Council welcomed the idea of establishing **association links** where this was justified by progress towards political and economic reforms.

In accordance with the conclusions of the Strasbourg European Council on 8 and 9 December 1989, at the end of August the Commission submitted to the Council a communication concerning the general framework of future association agreements with the countries of Central and Eastern Europe. In that document, the Commission set out the objectives and the basic structure envisaged with five main elements: political dialogue, a free trade zone, increased economic cooperation, cultural cooperation and financial cooperation. At its meeting on 17 September the Council welcomed the general approach proposed by the Commission and on 12 November the latter submitted to the Council negotiating directives for such agreements with the three countries which had made the most progress towards reforms: Poland, Hungary and Czechoslovakia. On 19 December the Council took a decision which enabled negotiations with each of the three countries to begin before the end of the year.

235. As regards **economic assistance**, Czechoslovakia, Bulgaria, Romania and Yugoslavia submitted memoranda applying for assistance from the Group of 24 (G24) on the same basis as Poland and Hungary.

Following exploratory missions by the Commission during the first months of 1990, the G24 at ministerial level decided on 4 July to extend such assistance to those four

countries. However, because of events in Romania in June, that country was not immediately included among the beneficiaries.

At Community level, the Council adopted a series of measures in their favour on the basis of a new action plan proposed by the Commission. As with Poland and Hungary, these measures concerned various fields:

- (i) extension of economic aid¹ with an increase in total aid for 1990 from ECU 300 million to ECU 500 million. The GDR was able to benefit from these credits until 3 October, the date of German unification;
- (ii) improved access to the market through the elimination of specific quantitative restrictions and the suspension of other quantitative restrictions,² inclusion in the generalized system of preferences (GSP), improvement of the quantities which could be imported into the Community under the textile agreements, negotiation of cooperation agreements under the ECSC Treaty;
- (iii) the possibility of access to EIB loans and ECSC loans;
- (iv) participation in the Tempus programme and in the European Vocational Training Foundation.

In addition, in the face of the economic difficulties encountered in Hungary, particularly regarding structural adjustments, the Council decided in February to grant Hungary a medium-term loan of ECU 870 million for a maximum of five years, and at the same time authorized a first tranche of ECU 350 million.³ A second tranche of ECU 260 million was decided on in December.⁴

Soviet Union

236. On a number of occasions the European Council expressed its support for the reforms undertaken by President Gorbachev and the Soviet authorities. At its meeting on 25 and 26 June in Dublin it asked the Commission to contact the Government of the Soviet Union, if appropriate after consulting international financial institutions, with a view to preparing proposals on short-term credits and longer-term support for structural reform.

With the aim of contributing to the success of the reforms taking place in the Soviet Union, on 14 and 15 December in Rome the European Council adopted guidelines for the short, medium and long term on the basis of a Commission statement:

¹ OJ L 257, 21.9.1990. As regards Romania, the Council said it would take a further decision on the implementation of economic aid.

² OJ L 262, 26.9.1990. As regards Romania, the Council stated that the Regulation concerning quantitative restrictions would enter into force at the same time as the trade and cooperation Agreement (see point 232 of this Review).

³ OJ L 58, 7.3.1990.

⁴ OJ L 325, 31.12.1990.

- (a) to respond to urgent food and health requirements in the USSR, the Community would make available to it food aid of ECU 750 million, consisting of ECU 250 million in the form of gifts and ECU 500 million in the form of loan guarantees for the import of agricultural and food products from the Community;
- (b) with the aim of cooperating with the Soviet Union to assist it in mobilizing its own resources, the Community would grant technical assistance of ECU 400 million in 1991 and an amount to be determined in 1992. This technical assistance would be given in the field of public and private sector training, financial services, energy, transport and food distribution;
- (c) regarding longer-term economic relations in sectors of common interest essential for the development of the Soviet economy, such as energy, telecommunications, transport and the agri-foodstuffs industry, the European Council requested the Commission to make specific proposals. Regarding the energy sector in particular, the European Council endorsed the initiative of the Netherlands Prime Minister, Mr Lubbers, and hoped that an international conference could be organized in 1991 to prepare a Pan-European Energy Charter;
- (d) the European Council asked the Commission to explore with the Soviet authorities the idea of a major agreement encompassing a political dialogue and covering all aspects of close economic cooperation and cooperation in the cultural sphere;
- (e) having stated that the Community's efforts were intended to achieve the Soviet Government's objective of gradual integration into the world economy, the European Council reiterated the willingness of the Community and its Member States to use their influence to facilitate the USSR's membership of international financial institutions, in particular the IMF, which must form the main framework for macroeconomic assistance.

In the mean time the trade and cooperation Agreement already signed with the USSR¹ entered into force on 1 April and the first meeting of the Joint Committee was held at ministerial level in Moscow on 10 and 12 May. The meeting took stock of the implementation of the Agreement and in that context the Council decided to liberalize certain quantitative restrictions in advance.² The discussions concerned principally the projects to be implemented under economic cooperation in the various fields covered by the Agreement.

CSCE

237. Three important conferences took place within the framework of the CSCE.

First, the Bonn Conference on Economic Cooperation in Europe, convened pursuant to the Decision already enshrined in the Final Act of the 1986-89 Vienna Con-

¹ OJ L 68, 13.3.1990.

² OJ L 138, 31.5.1991.

ference, met from 19 March to 11 April. A Community proposal, adopted by the Council on 5 March, was accepted by all the participating States as the basis for negotiations. The final document was adopted by consensus on 11 April and contained:

- (i) a political preamble which, *inter alia*, stresses the importance of political and economic reform, recognizes the relationship between political pluralism and market economies and reiterates the commitment of all participating States to a series of principles including multiparty democracy, respect for the rule of law and human rights, environmentally sustainable economic growth and the recognition of private property;
- (ii) four chapters containing specific and detailed conclusions on the development and diversification of economic relations, industrial cooperation, cooperation in specific areas such as energy and environment, and monetary and financial aspects.

238. Second, the Conference on Cooperation and Security in the Mediterranean took place in Palma de Majorca from 24 September to 19 October. Like the Bonn Conference, it has been foreseen in the Final Act of the 1986-89 Vienna Conference, and negotiations took place on the basis of a Community proposal adopted by the Council on 17 September. In addition to the CSCE participating States other Mediterranean States were invited to take part in the Conference.¹ Albania attended as an observer.

The final document adopted by consensus on 19 October contains:

- (i) a political preamble reaffirming the commitment to the Helsinki principles and stressing the continuing relevance of these principles for stability and security in Europe and the Mediterranean region. In this respect a suggestion was made that a meeting could take place to discuss a set of generally accepted rules and principles in the fields of stability, cooperation and the human dimension in the Mediterranean;
- (ii) a chapter on economic cooperation with specific conclusions on economic and social development, harmonization of statistical methods, the encouragement of contacts to contribute to the implementation of concrete programmes for cooperation, cooperation in the field of energy and questions relating to the preservation of historic centres and cultural heritage, including marine archaeology;
- (iii) a chapter on protection of Mediterranean ecosystems with specific conclusions on the use, recycling and pollution of water, on desertification, on forest fires, on air pollution, on the environmental aspects of coastal areas and tourism and on

¹ Algeria, Egypt, Israel, Lebanon, Libya, Morocco, Syria and Tunisia.

the exchange of information relating to the protection of the environment. In this respect the preamble mentions the 'polluter pays' principle.

239. Third, the CSCE Summit took place in Paris on 21 November and adopted the Charter of Paris for a New Europe, which proclaims a new era of democracy, peace and unity, gives guidelines for the future and establishes new structures and institutions of the CSCE process.

While stating that the era of confrontation and division of Europe has ended, the Charter recognizes democracy as the only system of government and reaffirms respect for the rule of law, human rights and fundamental freedoms. It stresses economic liberty, social justice and environmental responsibility and confirms the determination of the participating States to strengthen friendly relations and cooperation between them. Improved security, resulting, *inter alia*, from the signing of the Treaty on Conventional Armed Forces in Europe, the adoption of a new set of confidence- and security-building measures, and the unification of Germany, is expected to contribute to the unity of Europe and to the promotion of international peace, security and justice. In this connection it is recognized that the United Nations has a growing role in world affairs.

The Charter also contains guidelines for the future on all aspects of the Helsinki Final Act, including the human dimension, security and economic cooperation, and the environment. In this respect, it is recognized that the European Community has an important part to play in the political and economic development of Europe.

240. Finally the Charter recognizes the importance of intensification of consultations at all levels in shaping future relations. To that end, the following institutional arrangements were made:

- (a) the Heads of State or Government will meet on the occasion of the CSCE follow-up meeting in Helsinki in 1992 and subsequently every two years, to review the implementation of their commitments and to consider further steps in the CSCE process;
- (b) a Council of Ministers for Foreign Affairs will meet at least once a year as a central forum for political consultations and to prepare the meetings of the Heads of State or Government. In addition, meetings of other ministers may also be agreed. The Council will establish a mechanism for convening meetings of senior officials in emergency situations;
- (c) a secretariat is established in Prague, to provide administrative support for the meetings of the Council and the Senior Officials Committee and to carry out other tasks assigned to it;
- (d) a Conflict Prevention Centre is established in Vienna to assist the Council in reducing the risk of conflict;
- (e) an Office for Free Elections is established in Warsaw to facilitate contacts and the exchange of information on elections.

D — Development cooperation

Development policy in general

241. During 1990 the Council held three meetings devoted to development cooperation on 29 May, 5 and 29 November, when, among other things, it discussed and adopted resolutions or conclusions on the following questions.

ENVIRONMENT AND DEVELOPMENT

Following the request made by the Council at its meeting on 21 November 1989, Council bodies continued their discussions of the need:

- (i) to draw up guidelines for improving the integration of environmental considerations into development cooperation;
- (ii) to allocate appropriate specific resources for that purpose.

On the basis of those discussions and a paper submitted by the Commission, the Council again confirmed its conclusions of 6 November 1984 and 9 November 1987 on the need to integrate the environment and development and on the resources to be applied to the achievement of that objective.

242. At its meeting on 29 May the Council adopted a resolution in which it recognized that it was for each State to determine its own broad environment policies and confirmed that account must be taken of the effects on the environment of all projects and programmes financed by the Community at all stages.

Achieving that aim might entail the agreement of specific safeguards in dialogue with developing countries on individual aid projects and programmes.

Stressing that the environmentally sound and sustainable management of natural resources was of fundamental importance to developing countries, the Council underlined the fact that the achievement of sustainable development, *inter alia*, required greater understanding of the local environment and of environmental economics in developing countries and more systematic consideration of environmental factors in national decision-making.

So that greater account might be taken of environmental considerations in development activities and stressing the usefulness of greater participation by local communities, the resolution provided for a certain number of practical measures intended to:

- (a) help developing countries to define their development priorities and strengthen their institutions, their legislation and their staffing in this area;
- (b) take account of the environmental impact assessments of projects;

- (c) start the preparation, as soon as possible, of checklists to help assess the environmental viability of operations proposed under Lomé IV;
- (d) increase the emphasis on the environment in cooperation with the countries of Asia, Latin America and the Mediterranean region;
- (e) bring about active participation in the improvement of environmental appraisal and knowledge of the state of the environment in the developing countries themselves;
- (f) contribute to training in environmental matters.

TROPICAL FORESTS: DEVELOPMENT ASPECTS

243. At its meeting on 29 May the Council considered the general question of the environment and development and again examined the conservation of tropical forests from the point of view of development policy.

The Council recalled the great importance it attached to the conservation of tropical forest resources and hence its belief that donors must increase their aid considerably.

The Council resolution noted, in particular, the need for the present level of resources devoted to forestry and associated activities to be doubled. It welcomed the fact that the Commission and some Member States had already set in train major increases in their forestry activities.

The Tropical Forestry Action Plan should be the basis for future action but it should be reinforced and made more effective.

The type of support granted would vary from one recipient State to another in accordance with their particular needs, but account must always be taken of the traditions and experience of the local inhabitants. The Council welcomed the priority given to this action in the new Lomé Convention and felt that the same path should be followed in future in cooperation with the countries of Asia and Latin America.

FOOD AID POLICY

244. At its meeting on 21 November 1989 the Council adopted a comprehensive resolution on food aid policy. In that resolution it asked for further discussion of three topics: the integration of food aid with other forms of development assistance, specific criteria and conditions for multiannual programmes and the nature of the overall assessment of the annual food aid programme of the previous year.

The Council meeting on 29 May adopted conclusions in which it defined, in particular, the criteria on the basis of which a multiannual food aid programme could be decided on, i.e. the existence in the recipient country:

- (i) of a structural food deficit at national level (and also, in certain cases, a serious, long-term deficit at local level);
- (ii) of viable food policies;
- (iii) of projects or programmes in which food aid is an essential element.

In reviewing the possibilities for integrating food aid with other forms of development assistance, the Council noted that the use of counterpart funds deserved further reflection.

At its meeting on 5 November the Council heard a statement by the Commission on the problems raised by the use of counterpart funds in the context of coherent macroeconomic management. On the basis of the Commission working paper, the Council instructed the appropriate bodies to study this matter in depth.

WOMEN IN DEVELOPMENT

245. At its meeting on 29 May the Council took note of a work programme recently drawn up by the Commission on the implementation of the provisions of the Lomé Convention relating to the role of women in development. Recalling that its policy on women in development applied to all Community policy instruments, the Council asked the Commission to prepare similar programmes for Asia, Latin America and the Mediterranean region.

EVALUATION OF DEVELOPMENT COOPERATION

246. A report containing an overview of evaluation activities and results in 1989 together with a work programme for 1990 and a summary of the results of cooperation between the Member States and the Commission was submitted to the Council.

The Council welcomed that report and considered it a significant advance both in the field of the Commission's own evaluation activities and in that of cooperation between the Commission and the Member States. In its conclusions of 29 May the Council noted with satisfaction the strengthening of the Commission's evaluation unit and the fact that it intended in the future to evaluate more projects in Asia, Latin America and the Mediterranean region.

COOPERATION WITH THE MEDITERRANEAN COUNTRIES (DEVELOPMENT ASPECTS)

247. At its meeting on 5 November the Council heard an introductory statement from the Commission on the development aspects of cooperation with the Mediterranean countries and held an exchange of views on the subject.

LOME IV AID PROGRAMMING

248. At its meetings on 29 May and 5 November the Council followed, by means of Commission reports, the work done by the Commission in the context of programming Community aid under the new ACP-EEC Convention.

The Council held a wide-ranging debate on this subject, following which it welcomed the progress already achieved and hoped that the programming exercise could be completed under satisfactory conditions with a view to the entry into force of the new Convention.

DEVELOPMENT ASPECTS OF THE MULTILATERAL TRADE NEGOTIATIONS (URUGUAY ROUND)

249. At its meeting on 5 November the Council considered, on the basis of a Commission report, the proceedings in progress on the multilateral trade negotiations (Uruguay Round).

Cooperation with the developing countries of Asia and Latin America

GUIDELINES FOR COOPERATION WITH THE DEVELOPING COUNTRIES OF ASIA AND LATIN AMERICA FOR THE 1990s

250. In accordance with the principles defined at the European Council meetings in Rome and Madrid and confirmed at the European Council meetings in Strasbourg and Dublin to the effect that the Community must, in a spirit of solidarity, fully exercise its responsibilities with respect to those parts of the world which, because of an inadequate level of development, needed an increased level of coordinated and multifaceted intervention on the part of the Community and the Member States the Council agreed, at its meeting on 18 and 19 December, in the light of the conclusions of the Council meeting on Development on 29 November, on the new guidelines for cooperation with the developing countries of Asia and Latin America for the 1990s.

Those guidelines will make it possible to implement a recast policy, more detailed and better adapted to those countries' requirements and specific problems; they will have the support of greatly increased financial resources.

The Council's guidelines clearly distinguish two major areas of Community action: on the one hand, the traditional field of development assistance in which Community action will be amplified and directed at new sectors and, on the other, the field of economic cooperation where a whole new range of measures is to stimulate

firms' investment and development. They also insist on the need to integrate the environmental dimension systematically into all aid and cooperation measures.

Community action forms part of the larger framework of development and the liberalization of trade through, *inter alia*, greater integration of the developing countries in the multilateral trade system and increasing dialogue in connection with political, economic and social problems of common interest, particularly in the international forums in which North-South economic questions are discussed.

Cooperation measures must be consistent with a view in which respect for human rights is regarded as fundamental to true development and cooperation is itself seen as a contribution to the promotion of human rights. The Community will therefore give increased support to the countries most committed to those principles and will confine cooperation to activities of direct benefit to those sectors of the population in need in the event of human rights violations and non-compliance with democratic principles.

251. In the field of **development assistance**, the Council's guidelines state that, as in the past, the aim must be to improve the living conditions of the least-advantaged strata of the population and direct assistance as a priority towards the poorest countries in both regions, while preserving a degree of flexibility in the conditions of eligibility for assistance, so that even in relatively advanced countries financial aid in specific cases will be possible. Accordingly special attention will be given to regional cooperation and integration measures where poor countries can be associated with more advanced ones.

The Council's guidelines list the seven fields in which Community action must be concentrated; support for the rural sector in the broad sense, which contains most of the population of aid-receiving countries, will continue to be a major field of action as the improvement of food security is of primordial importance.

The environment, described in greater detail above, will be a fresh priority in development assistance. Particular attention will be given to the fight against drugs in the light, in particular, of the conclusions of the European Council meetings in Strasbourg and Dublin. Community cooperation will be stepped up on the basis of a dialogue within the more general context of the economic development of the producer countries and their cooperation with the European Community.

Population growth represents a major threat to economic and social development in several countries and the human dimension of development will therefore be taken into account, in accordance with the relevant international guidelines. In this connection special mention is made of support for health services, including family planning in the context of national policies adopted by the recipient countries, the situation of young people, the role of women, the protection and integration of aboriginal ethnic groups and respect for their specific cultural characteristics and,

finally, the very rapid urban development which poses problems in most developing countries in Asia and Latin America.

Community development assistance must take into consideration the structural dimension of development by giving priority to schemes which have a bearing on the economic structure, the development of sectoral policies and the capacity to manage development policies and projects.

Regional cooperation, a priority field for Community aid, will be maintained and extended in several directions. Finally, the Community will maintain its natural disaster aid at a suitable level in addition to immediate assistance schemes.

252. The Council's guidelines indicate different ways in which **economic cooperation** must be increased. After listing the objectives set for such cooperation, in the field of investment in particular, they state that as well as conventional action in the fields of training and cooperation in the fields of trade, industry, energy, science and technology the Community will introduce a package of schemes to develop business and increase competitiveness through technical assistance measures in particular.

It should be noted that economic cooperation and industrial cooperation especially will be implemented in close collaboration with economic and professional circles; among the beneficiaries of aid, particular attention will be given to small and medium-sized undertakings.

253. In the Council's view, substantially greater **financial resources** should be allocated to Community cooperation with the developing countries of Asia and Latin America in the light of new priorities and areas of involvement.

The Council's guidelines insist on the importance of the effective management of aid, which may in future be the subject of multiannual programming, a new concept introduced to make it possible to give cooperation more continuity and predictability. The Council noted that the overall financial requirement for 1991-95 could amount to ECU 2 750 million as regards programmable cooperation measures (Chapter 93 of the budget), on the understanding that that indicative total would cover all development action affecting the environment, the protection of tropical forests and the fight against drugs. A significant proportion of those financial resources (10%) will be allocated to specific environmental projects and, in particular, to the protection of tropical forests.

Finally, the specific nature of Community aid must be reinforced in the context of a closer dialogue with the Member States, the other international donors and the recipient countries, the ultimate objective being to achieve maximum synergy of aid.

GENERAL GUIDELINES FOR 1990 FOR FINANCIAL AND TECHNICAL ASSISTANCE TO ASIAN AND LATIN AMERICAN DEVELOPING COUNTRIES

254. At its meeting on 29 June the Council adopted the general guidelines for 1990 for financial and technical assistance to Asian and Latin American developing countries. Since the Council had already given its approval to the multiannual programming of assistance to the Asian and Latin American developing countries those guidelines will be the last to be adopted on an annual basis.

Food aid

255. After conciliation with the European Parliament and on the basis of a Commission proposal the Council examined the nature of the committee and the procedure referred to in Articles 7 and 8 of Council Regulation (EEC) No 3972/86¹ on food aid policy and food aid management. As the institutions had reached agreement on this matter, on 29 June the Council adopted Regulation (EEC) No 1930/90² amending the aforementioned Regulation.

In that Regulation the Council laid down the procedure for the committee charged with giving an opinion on decisions to be taken by the Commission. That procedure was type II(b) as laid down in the Council Decision of 13 July 1987³ laying down the procedures for the exercise of implementing powers conferred on the Commission. Consequently should the committee deliver an opinion which is not in accordance with the Commission decision the matter will immediately be referred to the Council and the Council may, acting by a qualified majority, take a different decision within two months. At the same time the term of validity of the aforementioned Regulation (EEC) No 3972/86 was extended indefinitely.

The same measures were taken in connection with the following Regulations:

- (i) Council Regulation (EEC) No 2507/88 on the implementation of storage programmes and early warning systems;⁴
- (ii) Council Regulation (EEC) No 2508/88 on the implementation of cofinancing operations for the purchase of food products or seeds by international bodies or non-governmental organizations.⁵

On 29 October the Council adopted Regulation (EEC) No 3154/90⁶ on the apportionment of the quantities of cereals provided for under the 1986 Food Aid Conven-

¹ OJ L 370, 30.12.1986.

² OJ L 174, 7.7.1990.

³ OJ L 197, 18.7.1987.

⁴ OJ L 220, 11.8.1988.

⁵ OJ L 172, 21.6.1989.

⁶ OJ L 302, 31.10.1990.

tion from 1 July 1989. That Regulation, which had been necessitated by the continuation of the Convention until 30 June 1991, extended the term of validity of, but did not amend, Regulation (EEC) No 412/87,¹ the preceding Regulation.

Throughout the year Council bodies determined the position to be adopted by the Community, in coordination with the Member States, in various international forums, in particular at meetings of the Committee on Food Aid Policies and Programmes in Rome (May/June and December) and the Food Aid Committee in London (July and December).

Generalized system of preferences

GUIDELINES FOR THE GENERALIZED SYSTEM OF PREFERENCES (GSP) FOR THE 10-YEAR PERIOD UNTIL 2000

256. At its meeting on 8 October the Council decided to renew the generalized system of preferences for the 10-year period until 2000.

The Council considered that the guidelines for the scheme for the 1990s proposed by the Commission and their application in practice should be examined in greater depth on the basis of additional information to be provided by the Commission. The Council and the Commission shared the view that the GSP should be simplified and made more stable and transparent. As to the least-developed countries, the Community confirmed the need to intensify its efforts to help them to benefit more fully from the system.

GENERALIZED SYSTEM OF PREFERENCES (GSP) FOR 1991

257. At its meeting on 20 December the Council adopted the instruments applying the 1991 GSP.²

In general the Council considered that changes other than those necessitated by external factors (the unification of Germany, developments in the countries of Central and Eastern Europe, etc.) should not be introduced in the 1991 GSP as it was a transitional year.

Accordingly the Council decided essentially to maintain the economic part and the administration of the different schemes (industrial, agricultural, textiles and ECSC products) as they had been in 1990. As regards differentiation, a certain number of

¹ OJ L 42, 12.2.1987.

² See Regulations (EEC) Nos 3831/90, 3832/90, 3833/90, 3834/90 and 3835/90 and Decisions 90/672/ECSC and 90/673/ECSC.

industrial and textiles products would be excluded in implementation of the second stage of the Council's 1989 decision.

In order to take account of German unification, an across-the-board increase of 5% in the preferential limits was, in general, provided for in the case of industrial and textiles products. In agriculture, for the same reason, an increase of 1.5% in the fixed amounts was made for certain products.

In order to help the countries of Central and Eastern Europe the Council agreed to the extension of the GSP in its present form to Czechoslovakia and Bulgaria and to the improvement of the GSP treatment of Romania.

The Council also approved the extension of the GSP to Mongolia and Namibia.

In reply to the Special Cooperation Plan submitted to the international community by Colombia in order to support the fight against drugs, the Council took measures in the field of the GSP by adopting, on 29 October, Regulations extending to Colombia, Bolivia, Ecuador and Peru the generalized tariff preferences applied to certain less-advanced developing countries in 1990. Those provisions were then renewed for 1991.

In addition, as in the past, the Council adopted a Regulation applying supplementary generalized tariff preferences to certain products originating in certain countries benefiting from the GSP and sold at the Berlin 'Partners in progress' fair.¹

E — Relations with the ACP States and the overseas countries and territories

Lomé Convention

258. Relations between the Community and the ACP States in 1990 straddled the expiry of the third Lomé Convention on 28 February 1990 and the entry into force of the fourth Convention in 1991.²

To avoid a legal vacuum, the two parties adopted Decision No 2/90 of the ACP-EEC Council of Ministers³ laying down the transitional measures to be applied during the interim period; these defined, on the one hand, the provisions of the third

¹ See Regulation (EEC) No 1274/90 (OJ L 126, 16.5.1990).

² See 37th Review, points 216 et seq. for a summary of the key elements of the fourth Lomé Convention.

³ OJ L 84, 30.3.1990.

Convention which remained in force and, on the other, the provisions of the fourth Convention which would be applied in advance. The latter provisions included the whole of the trade arrangements, including the provisions on rules of origin.

When adopting these measures, the two parties also endorsed a joint statement signifying their joint determination to take, during the transitional phase, all the political and legal measures necessary to ensure full and effective application, from the entry into force of the new Convention, of the provisions not covered by the transitional measures.

259. Another significant event in relations between the Community and the ACP States was the independence of Namibia on 21 March and its accession to the fourth Convention.

Under Article 364 of Lomé IV, the ACP-EEC Council of Ministers on 23 November adopted Decision No 4/90 adding Namibia to the States signatory to the fourth Convention, which was signed by Mr Geingob, the Namibian Prime Minister, on 19 December. Newly independent Namibia was thus able to benefit from all the provisions of the Convention as well as from specific measures (including a beef and veal quota, Stabex and treatment equivalent to that of a less-developed country) designed to help Namibia overcome the difficulties it would face as its economy got off the ground during the first critical years following independence.

260. The ACP-EEC Council of Ministers held its 15th ordinary meeting in Suva (Fiji) on 28 and 29 March. The meeting provided the occasion to review progress in the main areas of cooperation and to give the necessary political impetus to preparations for the entry into force of the new Convention. The ACP-EEC Council of Ministers welcomed the results achieved so far, which were considered positive on the whole. It also noted that while the objectives of the third Convention had broadly been achieved, a number of problems had emerged — notably the disbursement rate of European Development Fund (EDF) payments — which would need careful consideration if cooperation was to be made more effective.

The meeting of the ACP-EEC Council of Ministers was preceded, on 27 March, by a ministerial meeting of the Joint ACP-EEC Article 193 Committee, which had the task of monitoring implementation of financial and technical cooperation. The ACP-EEC Council of Ministers approved the conclusions which the Committee submitted to it and, in particular, formally adopted, subject to finalization of the text, the Decision¹ adopting the general regulations, general conditions and procedural rules on conciliation and arbitration for works, supply and service contracts financed by the EDF.

¹ Decision No 3/90 of the ACP-EEC Council of Ministers of 29 March 1990.

As mentioned earlier, the ACP-EEC Council of Ministers devoted particular attention to the question of the disbursement rate of programmable Community aid payments in the ACP States. Further to an initiative by Vice-President Marín, the Council noted that a joint Commission/ACP study would be carried out as soon as possible in order to identify general or specific problems and to increase the efficiency with which financial and technical cooperation was implemented.

The ACP-EEC Council of Ministers also adopted a resolution on the basic principles relating to the evaluation of fisheries projects.

261. The ACP-EEC Committee of Ambassadors held its 31st, 32nd and 33rd meetings on 27 February, 13 July and 23 November.

The first of these meetings dealt mainly with preparations for the ACP-EEC Council of Ministers on 28 and 29 March and a number of administrative problems.

The second meeting dealt primarily with the specific problem of Stabex (1989 year of application); on the basis of powers delegated by the ACP-EEC Council of Ministers and a report from the Commission under Article 155(4) of the third Convention, the Committee considered the situation in 1989, where total eligible transfer applications had exceeded available resources, and agreed to allocate an additional ECU 70 million to the system's resources for that year. The Committee also noted the agreement of both parties to the appointments to the Directorate of the Centre for the Development of Industry (Director: Mr Paul Frix, EEC national; Deputy Director: Mr Surendra Sharma, ACP national) and to the Directorate of the Technical Centre for Agricultural and Rural Cooperation (Director: Mr Assoumou Mba, ACP national).

The third meeting was again primarily devoted to a number of administrative problems. On the specific question of financial and technical cooperation, the Committee noted and welcomed the progress made by the Article 193 Committee in the field, in particular as regards the question of general rules and conditions for contracts financed by the EDF. It noted in that connection that there was now complete and final agreement on the texts (subsequently published in the *Official Journal of the European Communities*¹ on a certain number of accompanying and familiarization measures and on the date of entry into force of the new instruments, which was fixed at 1 June 1991.

The Committee also noted that the Article 193 Committee had adopted its work programme up to mid-1991. The programme included the problem of ACP debt, which would be examined by the Article 193 Committee once the Community had adopted

¹ OJ L 382, 31.12.1990.

its position on the Commission communication on the relief of ACP debt to the Community, forwarded to the Council in November.¹

262. The ACP-EEC Joint Assembly held two sessions, one in Port Moresby (Papua New Guinea) from 19 to 22 March and the other in Luxembourg from 24 to 28 September. It adopted resolutions on the priorities to be observed in implementing Lomé IV, on the Gulf crisis and its consequences for the ACP States, on the indebtedness of the ACP States, on the situation in South and Southern Africa and on a whole series of specific problems relating to the various areas of ACP-EEC cooperation.

The 14th annual meeting of the ACP-EEC economic and social interest groups was held under the auspices of the Joint Assembly on 13 and 14 November on the theme of 'Education and training' in relation to investment and employment under Lomé IV.

263. Of particular note among the activities and decisions of the EEC Council, under its own responsibilities or those exercised jointly with the ACP Council, were:

(a) trade cooperation and customs cooperation:

- the adoption on 27 June of a Regulation opening and providing for the administration of a Community tariff quota for rum, tafia and arrack for the period 1 July 1990 to 30 June 1991, which implements Protocol 6 on rum;²
- the adoption of Regulation (EEC) No 310/90 of 5 February 1990³ regarding the application of Decision No 1/90 of the ACP-EEC Customs Cooperation Committee of 11 January 1990 derogating from the definition of the concept of 'originating products' to take account of the special situation of Mauritius with regard to its production of canned tuna;

(b) financial and technical cooperation:

- the recommendations to the European Parliament to grant a discharge to the Commission in respect of operations under the fourth, fifth and sixth EDFs for the 1988 financial year;
- the setting, by a decision of 18 December, of the schedule for Member States' contributions in respect of the fifth and sixth EDFs for 1991;
- examination of the Court of Auditors' report for 1988 (parts relating to the EDF), of the report by the European Investment Bank on the implementation at 31 December 1989 of operations financed from the resources of the fourth, fifth and sixth EDFs and of the Commission report on the results of

¹ See point 264 of this Review.

² Regulation (EEC) No 1799/90 (OJ L 167, 20.6.1990). See also Regulation (EEC) No 1890/90 relating to the OCTs (OJ L 167, 20.6.1990).

³ OJ L 35, 7.2.1990.

invitations to tender financed under the fourth, fifth and sixth EDFs for the period 1 January to 31 December 1989;

(c) preparations for the entry into force of the fourth Convention:

- signature by the representatives of the Member States, meeting within the Council, on 16 July of the Internal Agreement on the financing and administration of Community aid under the Lomé IV Convention;
- the Council Decision of 8 October on the procedure concerning derogations from the rules of origin set out in Protocol 1 to the fourth Convention;¹
- adoption by the Council on 18 December of a Regulation on the safeguard measures provided for in the fourth Convention.²

The Council also embarked on finalization of the Financial Regulation applicable to development finance cooperation under the fourth Convention and of the Rules of Procedure of the EDF Committee. The Council also received regular progress reports on the programming of Community aid under the new Convention.

264. Lastly, it should be noted that in November the Commission forwarded to the Council a communication on the relief of ACP debt to the Community, examination of which was begun in the relevant Council bodies.

Overseas countries and territories (OCTs)

265. The Council began work on defining the arrangements applicable to the overseas countries and territories associated with the Community. These arrangements were to replace those which had applied to the OCTs since 1 July 1986 under Council Decision 86/283/EEC and which had been extended by transitional measures to cover the period 1 March 1990 to 28 February 1991.

The Council also adopted two Regulations derogating from the definition of the concept of 'originating products' to take account of the special situation of the Netherlands' Antilles with regard to cigarettes and also to chemical-proof overalls.³

¹ OJ L 290, 23.10.1990.

² Regulation (EEC) No 3705/90 (OJ L 358, 21.12.1990).

³ Regulation (EEC) No 2913/90 (OJ L 279, 11.10.1990) and Regulation No 1929/90 (OJ L 174, 7.7.1990).

F — Mediterranean — Gulf States — Euro-Arab Dialogue

266. For the Community's relations with Mediterranean third countries and the Arab States of the Gulf, 1990 was a year of major decisions of principle on the new Mediterranean policy, while from August onwards the Gulf crisis and its consequences for the Community and the Member States and for the countries of the region made themselves felt.

The Community's new Mediterranean policy

At its special meeting in April the European Council defined the guidelines for redirecting the Community's Mediterranean policy.

At its meeting on 17 September the Council confirmed the need — particularly in the situation obtaining in the region of the Mediterranean and Middle East — to expedite the current discussions on the Commission proposals for stepping up the Community's Mediterranean policy.

The Community and its Member States at the same time resolved to give their support to the preparation of a regional cooperation policy aimed at making a constructive contribution to the solution of the structural problems affecting the Mediterranean and the Middle East from the point of view of that region's stability and economic and social well-being. That action, in the current circumstances, would be subject to full compliance by the countries concerned with the Security Council resolutions adopted against the background of the Gulf crisis.

In accordance with the request by the Rome European Council on 14 and 15 December that work be completed as rapidly as possible, the Council at its meeting on 18 and 19 December arrived at an overall decision on the various aspects of the new Mediterranean policy, namely:

- (i) the overall financial amounts for the period 1992-96 and the directives for negotiations with the Maghreb and Mashreq countries and Israel for the fourth Financial Protocols;
- (ii) 'horizontal' financial cooperation enabling the Community unilaterally to provide increased support for regional projects in the period 1992-96, particularly in the environmental area;
- (iii) improved trade arrangements with the countries concerned, involving in particular:
 - speeding up tariff dismantling by the Community in respect of agricultural products covered by the Additional and Supplementary Protocols, to be completed by 1 January 1993 instead of 1 January 1996, and

- an annual 5% increase for the period 1992 to 1995 in the tariff quotas and reference quantities laid down in the Additional and Supplementary Protocols with the exception of a number of sensitive products for which the increase would be 3%;
- (iv) a statement in which the Community stressed, in particular, the basic importance it attached to the observance of human rights and the promotion of democratic values;
- (v) a statement stressing the importance which the Council and the Commission attached to the adoption, for the Mediterranean, of measures for the transport and treatment of dangerous wastes, in line with Lomé IV.

267. The financial amounts adopted by the Council for 1992 to 1996 under the fourth Financial Protocols and 'horizontal' financial cooperation were as follows:

<i>(million ECU)</i>	
	Amounts adopted
<i>Fourth Financial Protocols (8 SEM countries)</i>	
Budget appropriations (Maghreb, Mashreq):	
• to be included in the Protocols	775
• support for economic reforms	300
EIB loans	1 300
Total	2 375
<i>Horizontal financial cooperation</i>	
Budget appropriations:	
• environment	230 ¹
• other (technical assistance, studies, regional cooperation)	1 800 ²
Non-Protocol EIB loans (ceiling)	1 800 ²
Total	2 030
Grand total	4 405

¹ Of which ECU 25 million for non-Protocol risk capital.

² Possibility of providing for an additional amount.

These figures represent a significant increase, i.e. approximately 170%, on the amounts available for the previous period in terms both of budget-funded aid (+ 109%) and of the ceiling for EIB loans (+ 309%).

268. The support for economic reforms is a notable innovation. Support programmes, which will be tailored to the situation of the individual countries and take account of their economic and social conditions, will include measures to alleviate any adverse effects on the social and employment situation caused by the adjustment process. For partner countries the decisive criterion for qualifying for aid is that they must carry out reform programmes approved by the Bretton Woods institutions or implement programmes recognized as similar in concert with those institutions. The amount allocated, to cover all potential recipients of such aid, is ECU 300 million.

Horizontal financial cooperation is another innovation of the new Mediterranean policy. The resolution adopted by the Council on the subject begins by pointing out that the European Council on 8 and 9 December 1989 considered that the Community should flesh out its policy of neighbourly relations with the Mediterranean States, with which it had long had preferential ties, and that this specific relationship should be intensified and make it possible to support the Mediterranean countries in their efforts towards cooperation with Europe, regional integration and economic development. To that end the Community will unilaterally grant its Mediterranean partners increased support in the context of projects of regional or subregional interest and the environment.

As regards the budgetary resources to be allocated to such projects, the Council considered ECU 230 million to be the amount necessary. For the same purpose, the European Investment Bank will be asked to contribute from its own resources within a ceiling of ECU 1 800 million in the form of funding outside the Financial Protocols in the countries concerned.

With regard to **projects of regional interest**, the Community will contribute technical assistance to the process of integration (e.g. the Arab Maghreb Union) and provide support, through the EIB, to project funding, particularly in the energy, transport and telecommunications sectors.

The Community, acting in coordination with other international backers, will contribute to the **protection of the environment** in the Mediterranean, notably through interest-subsidized EIB loans, in order to finance, for example, equipment for industry, sewage stations and waste disposal plant.

Relations with the various Mediterranean countries

COOPERATION AGREEMENTS

Algeria

269. The EEC-Algeria Cooperation Council held its third meeting in Brussels on 17 September.

The meeting was chaired by Mr Sid Ahmed Ghazali, Minister for Foreign Affairs of the People's Democratic Republic of Algeria. The Community delegation was headed by Mr Gianni De Michelis, Minister for Foreign Affairs of Italy and President-in-Office of the Council of the European Communities. The Commission was represented by Mr Abel Matutes, Member, and the European Investment Bank by Mr Alain Prate, Vice-President.

The meeting gave the two delegations the opportunity to take stock of relations between the European Community and Algeria in the framework of the Cooperation Agreement taking into account, among other factors, the economic and institutional reforms which Algeria's new Constitution of February 1989 had introduced, notably by redefining the role of the private sector.

Both delegations stressed the benefits of actively continuing the dialogue between the Community and Algeria, stepped up at all levels, particularly the contacts between economic operators on both sides. Especial importance was attributed to the efforts being made to reduce Algeria's dependence on food products.

On the subject of cooperation, both delegations noted the significant progress made in implementing the Financial Protocols and their contribution to rural development and the exploitation of water resources. They reaffirmed the key role to be played by developing energy cooperation, in the form of both continued exchanges of information on the various energy aspects and of a possible Community contribution to efforts to interconnect gas networks.

The two delegations also discussed the situation of Algerian workers in the context of completion of the single market and of a social Europe.

They further stressed the potential enrichment of bilateral and interregional relations deriving from the creation of the Arab Maghreb Union.

Lastly, the meeting provided the opportunity for a political exchange of views on subjects of mutual interest, in particular the Gulf crisis.

Egypt

270. The EEC-Egypt Cooperation Council held its sixth meeting at ministerial level in Brussels on 18 December under the Presidency of Mr Gianni De Michelis, Minister for Foreign Affairs of the Italian Republic and President-in-Office of the Council of the European Communities. The delegation of the Arab Republic of Egypt was led by Mr Abdel Meguid, Deputy Prime Minister and Minister for Foreign Affairs of the Arab Republic of Egypt and Head of the Egyptian delegation. The Commission was represented by Mr Abel Matutes, Member, and the European Investment Bank by Mr Alain Prate, Vice-President.

This meeting enabled the Community and Egypt to take stock of their relations under the Cooperation Agreement, and also gave them the opportunity to hold talks on matters of a political nature and mutual interest.

The discussions highlighted the importance of existing cooperation relations between the Community and Egypt and the desire of both sides to continue and step up this cooperation.

The two delegations exchanged views on the economic situation in Egypt and the effects of the Gulf crisis. In this connection the Community welcomed the fact that the Egyptian authorities were pressing ahead with their efforts to achieve structural adjustments and economic reforms, also taking account of the negotiations with the IMF which should soon result in the conclusion of an Agreement.

The two sides made a positive appraisal of the role and contribution of the European Community, as part of multilateral action, in providing financial assistance to those States, including Egypt, most immediately affected by the Gulf crisis.

The two delegations then examined the prospects opened up by the Community's new Mediterranean policy and its possible effects on their relations. They recognized the importance of such a policy, which should ensure a qualitative and quantitative leap forward in cooperation between the Community and its Mediterranean partners. The Cooperation Council noted the wishes of the Egyptian delegation, in particular concerning renewal of the Financial Protocol and a possible extension of concessions for agricultural products.

Regarding trade between the Community and Egypt, the two sides noted that the situation was becoming more balanced and that, in this context, Egyptian exports of manufactured products were continuing to increase.

As for financial and technical cooperation, both sides welcomed the fact that implementation of the third Financial Protocol had been proceeding in a satisfactory manner and that a sizeable proportion of funds from the budget was being devoted to programmes and measures in the agricultural sphere, in particular to supporting Egypt's food strategy.

The Community stressed that it was aware of the importance of the question of food aid for Egypt as a contribution to food security. In this context, it was pointed out that the Community had recently granted emergency food aid amounting to ECU 8 million in view of the special situation created by the repatriation of large numbers of Egyptian nationals from Iraq and Kuwait.

Finally, the meeting gave the Ministers of the Twelve and Egypt an opportunity to discuss more general matters and, in particular, the Gulf crisis, problems in the Middle East and the process of European unification, with particular attention being paid to completion of the single market in 1993.

Israel

271. Following preparation by a meeting of the Cooperation Committee on 3 March 1990, the Cooperation Council held its eighth meeting at ministerial level in Brussels on 17 September 1990.

The Cooperation Council meeting was chaired by Mr David Levy, Vice-Prime Minister and Minister for Foreign Affairs of the State of Israel and Head of the Israeli delegation. The Community delegation was led by Mr Gianni De Michelis, Minister for Foreign Affairs of Italy and President-in-Office of the Council of the European Communities. The Commission was represented by Mr Abel Matutes, Member, and the European Investment Bank by Mr Meulemans, Vice-President.

The Cooperation Council reviewed relations between the EEC and Israel in the framework of the Agreement. It was noted that trade was continuing to increase significantly and that its structure was developing positively, particularly in respect of the growing share constituted by manufactured and high-technology products. While free trade in industrial products and concessions granted for Israeli products had proved fruitful for the Israeli economy, at the same time the economic liberalization measures taken by Israel would help to restore trade balance.

The two delegations also discussed certain problems and aspects of the implementation of the trade section of the Agreement.

On the subject of **cooperation**, the two delegations noted the highly satisfactory trend in the various areas. It was stressed, in particular, that businesses were the fundamental element of industrial and technological cooperation and that they were the starting-point and driving point of innovative processes. In that context a training programme for managers from Israeli companies had been set up in connection with the promotion of joint Euro-Israeli investments and the transfer of technology. The systematic work to promote industrial cooperation had continued, including new areas. New projects in the field of scientific cooperation — which had not been called into question — were examined, in particular a project concerning industrial standardization.

Implementation of the third Financial Protocol had continued with, in particular, a new global loan of ECU 34 million from the EIB to the IDBI. Lastly, Israel was among the first countries to benefit from the joint fund, the METAP, of the joint World Bank-EIB programme, which was aimed at protecting the environment in the Mediterranean.

Finally, the meeting provided an opportunity for exchanges of views of a political nature on subjects of common interest, the Gulf crisis in particular.

Syria

272. At its meeting on 17 September the Council noted that conditions were ripe for unfreezing the third Financial Protocol with Syria. The negotiating directives made provision for the period from 1 November 1986 to 31 October 1991 for an amount of ECU 146 million for Syria, of which ECU 34 million were in the form of donations, ECU 110 million were EIB loans and ECU 2 million were risk capital. Otherwise, the provisions and detailed rules set out in the third Financial Protocols with the other partner countries of the Maghreb and Mashreq would apply.

Yugoslavia

273. At its meeting on 18 and 19 June the Council noted the introduction by Mr Matutes of a Commission communication on future relations between the Community and Yugoslavia.

The communication's initial purpose was to authorize the Commission to start negotiations with the Socialist Federal Republic of Yugoslavia on a **third Financial Protocol**. The requisite directives had been approved by the Council on 18 December. They provided for a total appropriation of ECU 730 million in loans from the EIB, of which approximately ECU 580 million were for projects concerning **transport infrastructures** and the rest for the financing of other development projects. Furthermore — and this was an important innovation — an Annex opened up the possibility for the Community to commit an amount of ECU 77 million out of its budget funds, in the form of non-repayable aids, in order to provide a 2% interest-rate subsidy for the Bank's loans to transport infrastructures. It was specified that the grant of those aids and hence the interest-rate subsidy were subject to the conclusion of a mutually satisfactory agreement between the Community and Yugoslavia in the transport field; it was of an exceptional nature and could not constitute a precedent in the field of financial cooperation between the Community and Yugoslavia.

Secondly, the communication specified the **technical and financial assistance measures** which, in accordance with the Council's cooperation decisions of November 1989, were to support the economic reform programme implemented in Yugoslavia. The Council noted that these support measures now came within the framework of the coordinated assistance of the Group of 24 to the countries of Central and Eastern Europe.

The Commission also announced its intention of submitting draft negotiating directives for an Association Agreement between the Community and Yugoslavia of the kind planned with other countries of Central and Eastern Europe, as soon as the political and economic conditions vital for that purpose were fulfilled.

274. The EEC-Yugoslavia Cooperation Council held its ninth meeting at ministerial level in Brussels on 18 December under the Presidency of Mr Gianni De

Michelis, Minister for Foreign Affairs of the Italian Republic and President-in-Office of the Council of the European Communities. The Yugoslav delegation was led by Mr Budimir Loncar, Federal Secretary for Foreign Affairs of the Socialist Federal Republic of Yugoslavia and Head of the Yugoslav delegation. The Commission was represented by Mr Abel Matutes, Member, and the European Investment Bank by Mr Jacques Silvain.

The meeting provided an opportunity for reviewing and mapping out the prospects for relations between the Community and Yugoslavia, taking into account the significant changes in the political and economic situation in Europe over the past year.

After reviewing the trade and financial cooperation situation under the second Financial Protocol, the Cooperation Council approved a Decision (No 1/90) concerning continued cooperation within the framework of the agreement, as well as a statement on the future of EEC-Yugoslavia relations.

In that statement the Cooperation Council welcomed the progress that Yugoslavia had already made on the road towards a multiparty parliamentary democracy — noting in this respect that elections had been held in all the Republics — as well as towards a market economy. It expressed the hope that these objectives, including the holding of multiparty general elections, would be energetically pursued in full respect for human rights and without infringing Yugoslavia's unity and territorial integrity.

The Cooperation Council said that it was positive that continuation of the process would result in fulfilment of the conditions necessary for starting negotiations for the conclusion of an Association Agreement between the Community and Yugoslavia, thus enabling the country to become more integrated into the European framework. In this connection it recognized that the two sides would in 1991 undertake the negotiations provided for in the Cooperation Agreement in order to define the trade regime for the years to come; in that perspective it expressed the hope that the negotiations would work towards an Association Agreement that included, in particular, a free trade area along the lines of the Europe Agreements planned with the countries of Central and Eastern Europe.

It welcomed the fact that the Community had undertaken to support the economic reforms and that certain cooperation measures had already been launched for this purpose under the PHARE programme, and also that the negotiations on concluding a third Financial Protocol, essentially designed to give Yugoslavia the means to improve its transport infrastructures, would start as soon as the appropriate mandate had been approved; it also recognized the importance of concluding a mutually satisfactory agreement in the transport field.

Lastly, the Cooperation Council reaffirmed the importance of the cooperation links which had long bound the Community and Yugoslavia together and which had

helped to strengthen their relations, and it expressed the hope that cooperation between the Community and Yugoslavia would continue in the fields covered by the Cooperation Agreement and in the forms that it specified.

ASSOCIATION AGREEMENTS

Turkey

275. The EEC-Turkey Association Council and Association Committee did not meet in 1990. The Joint Parliamentary Committee continued to meet, convening three times during the year: in Antalya on 22 and 23 March, in Strasbourg from 11 to 13 July and in Istanbul from 7 to 9 November.

The Presidency of the Council of the European Communities was represented at these three meetings: Mrs Geoghegan-Quinn, Ireland's Minister of State for EEC Affairs, attended the Antalya meeting and Mr Vitalone, State Secretary for Foreign Affairs of the Italian Republic, those in Strasbourg and Istanbul.

At its meeting on 5 February the Council examined the Commission's opinion¹ regarding Turkey's **application for accession** to the European Communities, which had been submitted on 14 April 1987.² On that occasion, it noted that the various elements in the Commission's conclusions were closely interlinked. While those conclusions stated that the conditions required for the opening of accession negotiations with Turkey did not as yet obtain, they nevertheless contained proposals for strengthening cooperation with Turkey in the context of the Association Agreement. The Council's discussions showed that there was a broad measure of support amongst Member States for the approach adopted by the Commission in its conclusions, which called for active implementation of the appropriate elements. The Council noted that the Commission intended shortly to submit to the Council appropriate concrete proposals with a view to strengthening cooperation with Turkey in the context of the Association Agreement. The Greek delegation reiterated its views on the matter.

Those concrete proposals, which are the subject of a Commission communication dated 14 June, cover four areas and form a package intended to strengthen cooperation with Turkey under the existing Association Agreement: completion of the customs union between the Community and Turkey by the end of 1995, as laid down in the Additional Protocol signed in 1970; intensification of cooperation in a large number of fields; a resumption of financial cooperation following the signing of the fourth Financial Protocol (ECU 600 million) initialled in 1981, but not signed; inten-

¹ See 37th Review, point 239.

² See 35th Review, point 259.

sification of political cooperation. After the initial presentation of these proposals by Mr Matutes, Member of the Commission, at the Council meeting on 18 and 19 June, the Council held a policy debate at its meeting on 22 October, after which it instructed the Permanent Representatives Committee to examine the various aspects of the Commission communication in the light of those discussions and to report back to it at a future meeting. The Council noted that Greece had reiterated its position and stated that examination of the question by the Permanent Representatives Committee in no way prejudged the outcome.

Malta

276. The sixth meeting of the Association Council, which had been prepared by a meeting of the Association Committee on 2 July, was held at ministerial level in Brussels on Monday 16 July; the meeting was chaired by Mr Gianni De Michelis, Minister for Foreign Affairs of the Italian Republic and President-in-Office of the Council of the European Communities. The Maltese delegation was headed by Mr Guido de Marco, Deputy Prime Minister and Minister for Foreign Affairs and Justice of Malta. The Commission of the European Communities was represented by Mr Abel Matutes, Member, and the European Investment Bank by its Vice-President, Mr Alain Prate.

The Association Council welcomed the significant progress which had continued to be made both in trade, where the Community remained Malta's main partner by a long way, and in cooperation, particularly financial cooperation, where it was noted with satisfaction that some projects to be financed under the third Financial Protocol, which entered into force on 1 August 1989, had already been approved.

As Malta had indicated that it did not wish to enter into the second stage of the Association Agreement, which would entail continuation of the removal of barriers to trade between the EEC and Malta and the adoption by Malta of the Common Customs Tariff (CCT) (Article 2 of the Agreement), the two parties agreed in principle to a further extension of the first stage of the Agreement beyond 31 December.

On 20 December the Protocol extending for one year the arrangements arising from the Association Agreement was signed; it is automatically renewable from year to year, unless one of the parties requests otherwise. Pending the entry into force of the Protocol, which is based on Article 238 of the EEC Treaty and thus requires the assent of the European Parliament, the Council, at its meeting on 18 and 19 December, adopted a Regulation autonomously extending the trade arrangements with Malta under the Association Agreement beyond 31 December.

At the sixth meeting of the EEC-Malta Association Council (16 July 1990), Mr de Marco, Deputy Prime Minister and Minister for Foreign Affairs and Justice of Malta, forwarded to Mr De Michelis, President-in-Office of the Council, Malta's

applications for accession to the European Communities, in accordance with the provisions of Article 237 of the EEC Treaty, Article 205 of the EAEC Treaty and Article 98 of the ECSC Treaty. On the same day, the President of the Council informed the members of the Council of the European Communities of these applications for accession.

At its meeting on 17 September the Council decided to initiate the procedures laid down in the abovementioned provisions of the Treaties, which meant that it now fell to the Commission to draw up its opinion on these applications for accession.

Cyprus

277. The third meeting of the EEC-Cyprus Association Committee was held in Brussels on 6 April, and was mainly devoted to preparing for the 13th meeting of the Association Council, which was held at ministerial level in Brussels on 7 May. The meeting was chaired by Mr George Iacovou, Minister for Foreign Affairs of the Republic of Cyprus. The Community delegation was headed by Mr Gerard Collins, Minister for Foreign Affairs of Ireland and President-in-Office of the Council of the European Communities. The Commission of the European Communities was represented by Mr Abel Matutes, Member, and the European Investment Bank by Mr Alain Prate, Vice-President.

The Association Council held a wide-ranging exchange of views on the functioning of the Association Agreement and future cooperation. It noted with satisfaction that since the entry into force, on 1 January 1988, of the Protocol providing for the gradual achievement of a customs union between the two parties, their trade relations had grown even stronger and exports from Cyprus to the Community had become diversified, with industrial products now accounting for what was by far the bulk of these exports.

Regarding financial cooperation, both delegations welcomed the forthcoming entry into force (on 1 June) of the third EEC-Cyprus Financial Protocol signed on 30 November 1989.¹ For a period up until the end of 1993, this Protocol provides for a total amount of ECU 62 million, of which ECU 44 million in EIB loans from the Bank's own resources and ECU 18 million in budgetary resources (ECU 5 million in risk capital and ECU 13 million in grants).

The meeting of the EEC-Cyprus Association Council was followed by informal talks between the Ministers of the Twelve and the Minister for Foreign Affairs of the Republic of Cyprus on various political problems of common interest.

¹ See 37th Review, point 241.

By letter of 3 July Mr Iacovou, Minister for Foreign Affairs of the Republic of Cyprus, sent Mr De Michelis, President-in-Office of the Council of the European Communities, the **applications** of the Republic of Cyprus for **accession** to the European Communities, in accordance with the provisions of Article 237 of the EEC Treaty, Article 205 of the EAEC Treaty and Article 98 of the ECSC Treaty.

At the Council meeting on 16 and 17 July the President of the Council informed the members of these applications for accession. At its meeting on 17 September the Council decided to initiate the procedures provided for in the abovementioned provisions of the Treaties, which meant that it was now up to the Commission to draw up its opinion on these requests for accession.

ADMINISTRATION OF THE MEDITERRANEAN AGREEMENTS

278. As in previous years, in the course of 1990 the Council adopted a series of Regulations on tariff quotas, ceilings and special arrangements for imports of certain products originating in the Mediterranean partner countries, as part of its work of administering the Association and Cooperation Agreements with those countries.

Other specific activities in the Mediterranean region

ARAB MAGHREB UNION (AMU)

279. The first informal ministerial meeting between ministers of the European Community and ministers of the AMU countries was held in Brussels on 12 November. It was preceded by talks between Mr De Michelis, President of the Council, and Mr Matutes, Member of the Commission, on the one hand, and Mr Ghozali, Minister for Foreign Affairs of Algeria and current President of the AMU, on the other.

The talks provided an opportunity to confirm both sides' willingness to formalize their relations, particular importance being attached to exchange visits.

Mr De Michelis felt that the meeting was an important first step towards cooperation and economic and political dialogue between the two sides. Mr Ghozali highlighted the need to normalize relations between all members of the AMU and the EEC and asked for European sanctions against Libya to be lifted.

The Gulf crisis was at the forefront of participants' concerns. Acting in the framework of political cooperation, the Twelve requested AMU Foreign Ministers to take steps to persuade the Iraqi authorities to free all the hostages and to ask Baghdad to receive a UN envoy responsible for the hostages issue.

COMMUNITY AID FOR THE PALESTINIAN POPULATION IN THE OCCUPIED TERRITORIES

280. At the European Council in Strasbourg in December 1989 the Community and its Member States had expressed their determination to increase substantially their aid to the Palestinian population in the Occupied Territories.

At its meetings in Dublin (25 and 26 June) and Rome (14 and 15 December) the European Council again discussed the serious deterioration in the economic situation and the regrettable situation regarding respect for human rights in the Occupied Territories. The Community and its Member States expressed their determination to increase their already considerable support for the protection of human rights and to make every effort to create the conditions for facilitating and increasing trade between the Occupied Territories and the Community, thereby safeguarding the future of Palestinian society.

In the light of these guidelines, the General Affairs Council discussed these problems on a number of occasions. On the basis of Commission reports, it discussed implementation of the 1990 aid programme and the broad outlines for future action in this field.

At its meeting on 4 December the Council was informed by the Commission of the implementation of the action programme for the Palestinian population in the Occupied Territories.

The Council expressed its concern at the serious deterioration in the situation and in living conditions in the Occupied Territories.

It confirmed the importance — even greater in the present circumstances — which it attached to the action programme, the appropriations for which had been increased in the 1991 budget, and to its full implementation.

The Council was ready to examine possibilities for further strengthening of the measures to assist the Palestinian population in the Occupied Territories, and with that in mind it requested the Commission to submit appropriate proposals.

EEC-UNRWA CONVENTION

281. A new Convention between the European Economic Community and the United Nations Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA) concerning aid to refugees in the countries of the Near East, covering the period 1990-92, was signed in Brussels on 26 April.

The Convention provides for a progressive increase in Community aid, which will

rise to ECU 80.1 million for the period 1990-92. As in the past, the emphasis will be on education and, henceforth, specifically on health. At the same time, food aid support will be continued.

Under the Convention the Community will pay annually to UNRWA a cash contribution towards the cost of education and health programmes, including the supplementary feeding programme. The size of this contribution will be ECU 21 million in 1990, ECU 22 million in 1991 and ECU 23 million in 1992 for the education programme; ECU 1.0 million in 1990, ECU 2.0 million in 1991 and ECU 3.0 million in 1992 for the health programme; and ECU 3.4 million in 1990, ECU 2.7 million in 1991 and ECU 2.0 million in 1992 for the supplementary feeding programme (which is a part of the health programme). This breakdown may, however, be adjusted to take account of requirements.

In addition, the Community will contribute in kind or in cash to the various UNRWA feeding programmes (the programme for distribution of rations to special hardship cases, the feeding in training centres programme and the supplementary feeding programme). The size and form of the Community contribution to these programmes and the conditions on which aid is granted will be determined by the Community each year in the framework of its food aid programmes, on the basis of the requests submitted by UNRWA.

CONFERENCE ON COOPERATION AND SECURITY IN THE MEDITERRANEAN REGION

282. The Council adopted the text of the Community's contribution to the CSCE Conference on the Mediterranean held in Palma de Majorca (from 24 September to 19 October).

Community coordination continued throughout the Conference in the CSCE context, giving the Ministers of the Twelve an opportunity to voice their ideas and make suggestions for closer relations between Europe and the countries to the south and east of the Mediterranean basin.

Apart from political guidelines, the Conference drew up recommendations on economic cooperation and other very detailed ones on the promotion of Mediterranean ecosystems.

Gulf crisis: action by the European Community in the economic field

EMBARGO

283. Following Iraq's invasion of Kuwait a statement by the Community and its Member States, published on 4 August in Rome and Brussels, confirmed their full

support for the UN Security Council Resolution 660 (1990) and announced, *inter alia*, the following decisions in the economic field:

- (a) an embargo on oil imports from Iraq and Kuwait;
- (b) appropriate measures to freeze Iraqi assets in the territory of the Member States;
- (c) an embargo on sales of arms and other military equipment to Iraq, and suspension of all military cooperation with Iraq;
- (d) suspension of technical and scientific cooperation with Iraq;
- (e) suspension of the application to Iraq of the generalized system of preferences.

To that end, on 6 August the Commission submitted to the Council four proposals for Regulations and a draft Decision by the representatives of the governments of the Member States (ECSC).

In order to safeguard the interests of the legitimate Government of Kuwait, the Member States also decided to take measures to protect all assets belonging directly or indirectly to the State of Kuwait.

284. The adoption by the UN Security Council of Resolution 661 (1990) calling for a total embargo on trade with Iraq and Kuwait led the Commission to make further proposals to the Council, superseding the previous proposals.

On that basis, on 8 August the Council adopted Regulation (EEC) No 2340/90 preventing trade by the Community as regards Iraq and Kuwait.¹ That Regulation introduced a general embargo, except on supplies of strictly humanitarian goods.

On the same day, the representatives of the governments of the Member States, meeting within the Council, adopted Decision 90/414/ECSC preventing trade in ECSC products as regards Iraq and Kuwait.¹

Machinery for exchanging information on application of the embargo was informally instituted between the Member States and the Commission, both within the Council bodies and with the Commission departments. It led to many exchanges of views. In addition, coordination was ensured in the framework of the OECD proceedings on the embargo.

Acting on a proposal from the Commission, on 29 October the Council adopted Regulation (EEC) No 3155/90 amending Regulation (EEC) No 2340/90 on Iraq and Kuwait.²

That Regulation extended the embargo to the provision of non-financial services with the object or effect of promoting the economy of those two countries. In order

¹ OJ L 213, 9.8.1990.

² OJ L 304, 1.11.1990.

to comply with UN Security Council Resolution 670 (1990), the Regulation also extended the scope of the embargo to air transport.

In December the Council received a Commission communication concerning the Community's trade with Iraq and Kuwait. Its purpose was to draw up a list of Kuwaiti bodies controlled and recognized by the legitimate Government of Kuwait with which commercial transactions remained permitted.

After examination by the Council this list, which was provided for in Article 2(2) of Regulation (EEC) No 3155/90, was published early in 1991 by the Commission in the C series of the *Official Journal of the European Communities*.

FINANCIAL ASSISTANCE FOR THE COUNTRIES MOST DIRECTLY AFFECTED BY THE GULF CRISIS

285. At their extraordinary meeting on 7 September in Rome the Ministers for Foreign Affairs adopted a joint statement on Euro-Arab relations and a statement on the Gulf crisis.

In the first of these declarations they reaffirmed their determination to consolidate the historic ties of friendship binding them to the whole of the Arab world, their commitment to the development of the Euro-Arab Dialogue and their longstanding commitment to a just, comprehensive and lasting solution of the problems of the region.

Noting, in the second statement, that the countries most immediately affected by the implementation of the embargo, and notably Egypt, Jordan and Turkey, had applied for assistance to offset those short-term effects, they announced the decision in principle taken by the Community and its Member States to extend such short-term financial assistance to those three countries in the framework of concerted action with other industrialized countries as well as with the countries of the region. The contribution by the Community and its Member States was ECU 1 500 million.

Pursuant to the guidelines adopted by the Ministers of the Twelve meeting in New York on the occasion of the United Nations General Assembly, concerning, in particular, the breakdown of the contribution between the Community and the Member States, and following a conciliation procedure with the European Parliament, the Council, at its meeting on 4 December, adopted Regulation (EEC) No 3557/90 on financial aid for the countries most directly affected by the Gulf crisis.¹

That Regulation estimated the amount necessary for the three countries in question at ECU 500 million, primarily in the form of non-reimbursable aid, the rest in the form of loans, to be charged in full against the 1991 budget.

¹ OJ L 347, 12.12.1990.

The aid was earmarked, in particular, to cover the cost of importing capital goods and spare parts and local budgetary expenditure incurred by the beneficiary countries as a result of the Gulf crisis. It was to be provided in instalments.¹

As part of the international Community's overall financial assistance to the countries most affected by the crisis, commitments totalling of over USD 12 000 million, of which a large share was provided by the oil-producing Arab States of the Gulf, the Member States and the Commission played an active coordinated part in the proceedings of the Gulf Crisis Financial Coordination Group, set up under the aegis of the United States of America.

Relations with the Gulf Cooperation Council

286. The Cooperation Agreement between the European Economic Community, of the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part, signed in Luxembourg on 15 June 1988,² entered into force on 1 January 1990.

A ministerial meeting on the occasion of the first meeting of the Joint Council established under that Cooperation Agreement took place in Muscat (Oman) on 17 March 1990.

The Joint Council reviewed recent trends in the trade flows between the European Community and the Gulf Cooperation Council (GCC) countries.

The Joint Council assessed the outcome of the Granada Industrial Conference. Both sides expressed satisfaction over the continuity of contacts between the respective economic operators with a view to realizing expeditiously the objectives of the Cooperation Agreement. The GCC side is currently considering the organization of a better structured dialogue between industrialists of the two sides in the light of an evaluation of the Grenada Industrial Conference. The GCC expressed its desire to host a second industrial conference once a new and more appropriate format is agreed to by both sides.

The Joint Council reviewed the various cooperation sectors provided for in the Agreement and decided to give priority to cooperation measures for a number of

¹ The Committee set up by Article 5 of Regulation (EEC) No 3557/90 met on 25 January 1991. Following that meeting the Commission took a decision on the breakdown of the ECU 500 million between the three beneficiary countries and on the payment of a first instalment of 80% of that sum, with loans being made to Turkey only.

² OJ L 54, 25.2.1989; see 36th Review, point 244.

specific sectors, in particular industry, trade promotion, agriculture, science and technology and energy, with special reference being made to matters relating to investment.

The Joint Cooperation Committee was instructed to implement these guidelines.

The two sides informed each other of the adoption of directives on each side enabling negotiations on a trade agreement to begin. Recalling the general objectives of the Cooperation Agreement calling for cooperation to be based on mutually advantageous terms, taking into account, *inter alia*, the differences in levels of development of the parties, both sides expressed their determination to achieve a balanced trade agreement providing for a real improvement to the current conditions of trade between the two sides. Such an agreement should contribute to the long-term economic and trade interests of the parties.

287. The Community and GCC Ministers also exchanged views on the developments to be expected both in the Community and in the GCC countries.

The GCC Ministers briefed the Community Ministers on progress made so far with a view to fully implementing the consolidated Economic Agreement, including the establishment of a common Gulf market.

The Ministers of the Community and of the GCC countries emphasized the importance of cooperation between regional groupings of countries.

The Ministers of the Community and of the GCC countries also discussed regional and international issues of common interest (Arab-Israeli conflict; situation in the territories occupied by Israel; situation in Lebanon and efforts made under the Ta'if Agreement; relations between Iraq and Iran).

The European Community and its Member States recognized the positive role of the GCC for the preservation of greater security and stability of the Gulf region. The GCC and its Member States recognized the positive role of the Community for the preservation of peace, security and stability in Europe. Both sides were determined to develop further cooperation, particularly in the framework of the Cooperation Agreement. In so doing, both sides would be contributing to international peace and stability. In this context they emphasized the importance of their economic and political dialogue and agreed to hold future regular ministerial meetings of their two groups.

Reaffirming that cooperation between the Community and the GCC countries was complementary to the Euro-Arab Dialogue and not a substitute for it, they expressed their satisfaction on its resuming at the Paris ministerial meeting and their determination to support actively its objectives and contribute positively towards its success.

288. A second ministerial meeting between the European Community and its Member States and the Cooperation Council for the Arab States of the Gulf was held

in New York on 27 September. In the communiqué published that day, both sides reiterated their strong condemnation of the invasion of Kuwait, their commitment to prompt restoration of legality, security and stability in the area, their full support for all the UN Security Council resolutions, their joint efforts in extending financial assistance to the countries most directly affected by the implementation of the embargo and their determination to cooperate actively towards the restoration and reinforcement of peace, legality, stability and security in the Gulf.

Both sides also underlined their determination to reinforce their economic cooperation. They agreed actively to implement their existing Cooperation Agreement, and to start negotiations with a view to achieving a prompt and satisfactory conclusion of a free trade agreement.

At its meeting on 18 and 19 December 1989 the Council had adopted Directives for the negotiation of an agreement on a free trade area between the EEC and the Customs Union to be set up by the Member States of the Gulf Cooperation Council (Saudi Arabia, Bahrain, the United Arab Emirates, Kuwait, Qatar and Oman). That agreement would supplement the Cooperation Agreement.¹

The negotiations opened on 18 October 1990 and Mr Matutes, Member of the Commission, informed the Council, at its meeting on 22 and 23 October, of the outcome of the first round of negotiations. It had become clear that if the negotiations were to continue fruitfully changes needed to be made to certain points of the directives. The Commission said it would submit appropriate proposals to that effect.

Euro-Arab Dialogue

289. Further to the guidelines laid down by the Euro-Arab Ministerial Conference in Paris on 21 and 22 December 1989,² the General Committee of the Dialogue held its sixth meeting in Dublin on 7 and 8 June. The Community delegation was headed by Mr Gerard Collins, Ireland's Minister for Foreign Affairs and President of the Council of the European Communities.

The General Committee confirmed the will to renew and invigorate existing relations between the two neighbouring regions and to strengthen the foundations for future cooperation in the various areas of activity of mutual interest.

In the past this cooperation had led to various types of action and projects covering various areas of cooperation which, in their diversity, had sprung from certain basic concerns which guided cooperation within the Dialogue framework, and this would continue to be the case in the future. These basic concerns were: stepping up Euro-Arab economic relations and developing close cooperation between the two entities

¹ See 37th Review, point 247.

² See 37th Review, points 248 to 250.

with special attention being given to the cultural and social dimension of cooperation. Cooperation projects should be of mutual regional or interregional interest, and have truly specific features as compared with other possibilities of implementation and meet practical needs, now or in the future.

290. Pursuant to the conclusions of the Ministerial Conference held in Paris in December 1989 concerning the restructuring of the Euro-Arab Dialogue and economic, technical, cultural and social cooperation, the General Committee approved the organization and procedure of the Dialogue, including the code of financial procedures.

The General Committee approved the six priority projects adopted by the Paris Ministerial Conference, namely:

- (i) seminar on the findings of the study on the petrochemicals and oil-refining sectors;
- (ii) publication of commentaries on the general conditions for contracts;
- (iii) two seminars on urban development (Parts 1 and 2, Paris and Casablanca);
- (iv) symposium on relations between the two civilizations;
- (v) directory of scientific and cultural institutions;
- (vi) seminar on youth and sport, in Olympia.

The General Committee underlined the interest of both parties in the priority project of the establishment of a Euro-Arab convention on the mutual promotion and protection of investments. A specialized working party was instructed to expedite its proceedings in order to produce the text of a convention.

The General Committee instructed the competent Working Committees to examine the feasibility of setting up an Arab institute for water resources and desalination, the feasibility of establishing a Euro-Arab centre for technology transfer and the application of the Damascus General Committee's recommendations concerning immigrant workers.

The General Committee also asked the competent Working Committees, with a view to its next meeting, to identify other longstanding projects which should be continued or modified in the light of the criteria adopted at the Paris Ministerial Conference, and to submit proposals for new projects to it.

It also decided to study the role and field of activities appropriate to a Euro-Arab university and whether it would be viable, taking account of the financial availabilities identified. The action to be taken would be considered in due course in the light of this study.

In the spirit of the conclusions of the Paris Ministerial Conference, the General Committee agreed to hold its seventh meeting during the second quarter of 1991.

G — Latin America — Asia — South Africa

Latin America — Ministerial meetings

RIO GROUP¹

291. In relations with Latin America the great innovation of 1990 was the institutionalization of the dialogue between the Community and the Rio Group. Further to the commitment made by the Dublin European Council to develop the Community's cooperation with all its partners in the developing world, and, in particular, to act in a spirit of solidarity and cooperation with Latin America, a conference was held in Rome, on 20 December, between the representatives of the European Community and its Member States and those of the member countries of the Rio Group. At that conference the Ministers for Foreign Affairs of the two regions adopted the **Rome Declaration** on relations between the European Community and the Rio Group.

The Declaration stated that the objective of the dialogue was to strengthen cooperation in the political, economic, technical, cultural and social fields, on a global regional basis.

Among the overall objectives of cooperation were a commitment by the parties to reinforce their relationship with a view to supporting democracy and the rule of law, respect for human rights and promotion of social justice, respect for sovereignty, self-determination and non-intervention, and working together to create adequate conditions to eliminate poverty and all forms of racial, political, religious and cultural discrimination; promoting an open and increasingly productive and equitable international economy, in which specific attention would be given to the interests of the less-developed countries; and promoting economic development through environmentally sound and sustainable management as it referred both to human and natural resources.

The Declaration then listed the various fields of cooperation to which the parties would give particular attention, namely trade and, in particular in that context, a successful conclusion of the Uruguay Round, general economic cooperation and scientific and technological cooperation, based on educational and training programmes. In the field of investments, provision was made for the possibility of using all appropriate financial mechanisms of the Community and its Member States, and for the improvement of the investment climate in the Rio Group countries by the conclusion of bilateral investment promotion and protection agreements and double taxation agreements, in the field of debt; lastly, reference was made to the need to take account of the interrelation existing between debt, commerce, development and investment.

¹ The Rio Group comprises the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

Development aid, an indispensable complement to the efforts of Latin American countries towards the improvement of living conditions of broad sectors of their population, particularly in the rural areas, would be maintained and increased, including food and emergency aid.

Other fields of cooperation concerned regional cooperation and integration, the environment, drugs and terrorism.

On institutional matters, it was agreed that there would be a gradual stepping-up of reciprocal consultations on international questions, in particular economic, financial and development issues, cooperation between Europe and Latin America also having a significant part to play in improving the efficiency and effectiveness of UN organizations devoted to international development questions.

With a view to greater *rapprochement* between the two parties on political and economic matters and a heightened degree of cooperation, the parties agreed to hold an annual ministerial-level conference and to meet at ministerial level during the UN General Assembly.

CENTRAL AMERICA

292. The sixth Ministerial Conference between the EEC and Central America (San José VI) was held in Dublin on 9 and 10 April. The meeting enabled the participants to establish that a further step had been taken in cooperation between the two regions.

Community cooperation, which, in accordance with the special cooperation plan for Central America, had concentrated in previous years on the fields of food aid and aid to refugees, had gradually diversified and broadened, moving towards measures aimed at creating the conditions for a revival of regional trade within Central America. These actions were fully consistent with the dialogue between the Community and the Central American countries, the objectives of which were peace, pluralist democracy and sustained economic and social development in the region.

In that connection, it should be noted that the Dublin Conference had made possible the signing of the financing agreement relating to the first instalment of the programme to reorganize the regional payments system, which was the main Central American request at the previous conference in San Pedro Sula. A regional payments system, implemented with Community financial and technical assistance, accordingly entered into force on 1 December.

Community response to the special plan for cooperation presented to the international community by Colombia

293. In response to the 'special plan for cooperation' presented by Colombia to the international community in support of the fight against drugs by economic cooperation measures, the Council adopted a package of measures giving body to the conclusions of the European Council in Dublin. On 29 October the Council adopted a Regulation extending to Colombia, and to Bolivia, Ecuador and Peru, the generalized tariff preferences applied in 1990 in respect of certain industrial and textile products originating in the least-developed countries and on a special list of agricultural products. A similar Decision was adopted by the representatives of the governments of the Member States of the European Coal and Steel Community meeting within the Council in respect of ECSC products.

These two acts introduced special temporary measures, limited to four years, and formed an integral part of a global effort by the international community to assist those countries which had made determined efforts to combat the scourge of drugs. Provision was also made for committing a sum of ECU 60 million during the same period for cooperation measures for Colombia. Lastly, in a resolution adopted on 29 October, the Council underlined the importance of coordinating Community aid and bilateral aid from the Member States, the particular aim being to increase the overall effectiveness of such aid.

Negotiation and administration of cooperation agreements

294. The Community's cooperation policy *vis-à-vis* the countries of Latin America and Asia is conducted through a network of bilateral or regional cooperation agreements. During 1990, the Community signed or negotiated a number of new bilateral cooperation agreements with countries of Latin America.

During that period, in the context of the administration of those agreements, at meetings of the Joint Committees established under the cooperation agreements, the basis of the agreements was reviewed, with attention being focused on the specific problems arising in the context of the different agreements and consideration being given to measures to develop and improve cooperation.

NEGOTIATION OF NEW COOPERATION AGREEMENTS

295. On 2 April the Community signed a framework Cooperation Agreement with the **Argentine Republic**. This Agreement, which was negotiated on the basis of directives adopted by the Council on 19 December 1989, contained a number of new elements, in particular a clause referring to respect for democratic principles and human rights as the basis for all cooperation between the two sides.

The signing of the framework Agreement for trade and economic cooperation between the European Economic Community and the **Republic of Chile** took place in Rome on 20 December during a ceremony at ministerial level, on the occasion of the Conference on relations between the European Community and the Rio Group. The provisions of that Agreement which was negotiated on the basis of Directives adopted by the Council on 16 and 17 July, were similar to those in the agreement with Argentina.

By a Decision of 22 October the Council authorized the Commission to begin negotiations with the United **Mexican States** with a view to the conclusion of a framework Cooperation Agreement, and it adopted the directives necessary therefor.

ADMINISTRATION OF EXISTING BILATERAL AGREEMENTS

296. The fifth meeting of the Joint Committee of the Trade Agreement between the European Economic Community and **Uruguay** was held in Montevideo on 9 and 10 July. At that meeting the two sides reviewed cooperation between the two regions, particularly in trade, and discussed prospects for increasing it.

The fourth meeting of the Joint Committee of the Cooperation Agreement between the Community and **Brazil** was held in Brasilia on 12 and 13 July. At the meeting the participants were able to note the efforts made by Brazil towards the liberalization and modernization of its economy and to emphasize, in particular, the need to continue strengthening industrial cooperation between the two regions.

The fourth meeting of the Joint Committee set up by the Cooperation Agreement between the Community and **Central America** was held in Tegucigalpa (Honduras) on 17 and 18 July. At the meeting the various fields of cooperation between the two regions were reviewed and guidelines for future action formulated. The growth and diversification of Community aid to the Central American isthmus, which exceeded ECU 115 million in 1990, contributed to the economic and social consolidation of the region.

Cooperation with the **Andean Pact** countries continued satisfactorily. The second meeting of the Joint Committee was held on 10 and 11 December in Lima. Current cooperation was reviewed and prospects for its reinforcement discussed.

Asia

RELATIONS WITH THE ASEAN COUNTRIES

297. The eighth meeting of the Foreign Ministers of the Association of South-East Asian Nations (ASEAN) and the European Community was held in Kuching (Malaysia) on 16 and 17 February.

The Ministers had a comprehensive exchange of views on political and economic subjects. They expressed their satisfaction at the continued cooperation that existed between ASEAN and the Community both in international forums and on a bilateral basis.

They noted with satisfaction that the EC-ASEAN Cooperation Agreement had been renewed for another period of two years, effective from October 1989.

They felt that a review of existing cooperation was needed to chart a new course for EC-ASEAN relations, notably by, on the one hand, strengthening the impact of economic, financial and industrial cooperation, human resource development and science and technology programmes and by increasing trade flows and investment and by encouraging participation by the private sector, and, on the other hand, continuing to stress development assistance to the poorer segment of the rural population.

The Ministers noted that sustained growth in both regions was closely linked to open market policies and to trade and continued efforts to further liberalize the multilateral trading system under the GATT.

They noted the positive trend in EC-ASEAN relations represented by the increase in trade flows between the two regions, particularly for industrial products. They shared the view that efforts should be intensified to improve market access in both regions.

They agreed that the EC generalized system of preferences (GSP) scheme was an important tool in diversifying and increasing ASEAN exports to the Community. The ASEAN Ministers noted the greater flexibility made in the Community's 1989 and 1990 GSP schemes.

298. The Ministers noted that ASEAN was a vital component in the vibrant and dynamic Asia-Pacific region and represented a rapidly expanding area of special interest to European investors. They expressed their conviction that many opportunities were available in the ASEAN region and investments could take advantage of the privileges granted under the ASEAN industrial programmes.

They recognized that industrial cooperation should be accorded high priority in the EC-ASEAN dialogue.

They noted the role of the Joint Investment Committees in each ASEAN capital in promoting joint activities.

They laid emphasis on the generation and support of joint **scientific research** projects, the ultimate goal of which is to create permanent links between the scientific communities of the two regions. They emphasized the need to further develop programmes for EC-ASEAN joint research in tropical medicine and tropical agriculture.

They agreed that human resource development should continue to be accorded priority and that an assessment and review of EC-ASEAN human resource development programmes should therefore be undertaken expeditiously.

The ASEAN Ministers expressed their appreciation of the important contribution by the Community in the field of development cooperation and hoped that this cooperation would be expanded both in scope and depth in regional projects open to all its Member States.

299. The Ministers noted the European Community's commitment to support the countries of Central and Eastern Europe.

Assurances were given that the new relations between the Community and Central and Eastern Europe would not in any sense lessen the Community's longstanding commitment to ASEAN. The single market would in fact prove a major source of economic growth and trade-development potential for ASEAN.

The Ministers acknowledged that the multilateral trade negotiations were an important avenue towards trade liberalization and expansion as well as a way of counteracting protectionism.

They noted that instability in market prices for some commodities had produced adverse effects on the export earnings of some developing countries. They stressed the need for international cooperation and national efforts to deal effectively with commodity problems.

The Ministers noted with satisfaction the continued cooperation and collaboration between ASEAN and the Community on drug-related matters.

Both sides expressed their resolve to undertake concerted and coherent action to tackle drug addiction and illegal drug trafficking. They agreed that over and above the action being taken at regional level an effective solution had to be sought at international level.

The Ministers also welcomed the initiatives taken, especially those related to the enactment of appropriate legislation on drug trafficking, money laundering, the confiscation of the illegal assets of convicted drug traffickers, crop substitution programmes and mutual legal assistance.

They recognized that the threat to the global environment was a shared responsibility which required urgent and appropriate international action capable of promoting economic growth and sustainable development.

The EC Ministers informed ASEAN that, amongst other things, the Community had recently drawn up a programme for tropical forest assistance.

They agreed to consider assisting the upgrading of ASEAN's facilities, capabilities and expertise in the areas of management of natural resources and environment monitoring through technical and financial assistance.

POST-MINISTERIAL MEETING

300. The EC-ASEAN dialogue was continued at the annual meeting of ASEAN Foreign Ministers, at which ASEAN also holds consultations with its principal partners. The Community was represented at the consultations, held in Jakarta from 27 to 29 July, by the Foreign Ministers of the 'troika' and by the Commission.

INDIAN SUBCONTINENT

India

301. The sixth meeting of the EEC-India Joint Commission was held in Brussels on 30 and 31 May in a most cordial atmosphere. Both sides were pleased that relations between them were developing well and becoming closer.

The Joint Commission noted with satisfaction that there had been a major increase in Indian exports in 1989/90, especially of textiles and leather.

Both sides agreed to examine proposals for assistance to the tourist industry.

The Joint Commission expressed its satisfaction at the progress made in industrial cooperation, especially as regards standards and quality control.

The Joint Commission noted that concrete proposals for more fruitful cooperation on fisheries should be drawn up as soon as possible.

Both sides also agreed to intensify scientific and technological cooperation, including cooperation between their research institutes.

The Joint Commission expressed its wish to step up development cooperation. It noted that since 1976 the Community had supplied India with ECU 1 260 million of development aid, including, recently, aid for environmental protection.

Lastly, the two parties agreed to study ways of improving procedures to increase India's capacity for absorbing development aid.

Pakistan

302. The 12th meeting of the EEC-Pakistan Joint Commission was held in Islamabad on 12 and 13 March in a friendly and constructive atmosphere.

The Joint Commission considered the economic situation in Pakistan, noting that it had been improving for some time (GNP growth rate of 6%). The Joint Commission noted with satisfaction the major increase in trade between the European Economic Community and Pakistan, looking especially at textiles and the programme of activities for trade promotion.

The two sides decided to hold workshops in Lahore and Karachi in May in order to keep the public sector better informed about the Community's GSP scheme.

The Joint Commission discussed a new approach to industrial cooperation and also noted that cooperation to combat drugs was now under way. There was also an exchange of views on financial and technical cooperation with the Community, including measures to develop and enhance such cooperation.

With regard to Afghan refugees, the Community confirmed that it would continue to supply aid at the current level, and that it would give consideration to Pakistan's requests in this regard.

Bangladesh

303. The 10th meeting of the **EEC-Bangladesh** Joint Commission was held in Dhaka on 9 and 10 May.

The Bangladeshi delegation reported on the progress made in executing its five-year development plan, especially with trade promotion measures, investments, food production and measures to assist the poorest segments of the population.

The Joint Commission also reviewed activities in the fields of industrial cooperation, scientific cooperation and training.

The two sides noted that the Community's development aid to Bangladesh had amounted to ECU 200 million since 1976, and decided to continue their cooperation, especially with regard to projects designed to combat poverty, and the implementation of the initial stages of the Bangladeshi Flood Control Action Plan.

The two sides agreed to continue examining the problems raised by implementation of Community aid.

On the subject of food aid, the Joint Commission felt that counterpart funds should be used not only to solve specific problems, but above all as an instrument of development.

Bangladesh welcomed the transfer of ECU 16 million under the machinery for stabilizing export earnings ('Compex') in the tea and jute sectors.

Relations with South Africa

304. The Community has continued applying its programme of positive measures for victims of apartheid, for which ECU 30 million was earmarked in 1990.

In the light of recent developments in South Africa, the European Council adopted the following conclusions at its meeting in Rome on 14 and 15 December, in the hope of continuing to encourage the process of change now under way:

'... the European Council has decided that as soon as legislative action is taken by the South African Government to repeal the Group Areas Act and the Land Acts, the Community and its Member States will proceed to an easing of the set of measures adopted in 1986.

As of now, so as to contribute to combating unemployment and improving the economic and social situation in South Africa, and to encourage the movement under way aimed at the complete abolition of apartheid, the European Council has decided to lift the ban on new investments.

At the same time, the Community and its Member States, with the objective of sending a clear signal of political support to the victims of apartheid, and intending to contribute to a new economic and social balance in South Africa, have agreed to strengthen the programme of positive measures and to adapt it to the requirements of the new situation, including requirements related to the return and resettlement of the exiles'.

H — North-South Dialogue

Conferences

305. The Community took an active part in the various United Nations conferences on development problems during 1990, in particular the Special Session of the General Assembly on Economic Cooperation and Development in New York from 23 April to 1 May, and the second United Nations Conference on the Least-developed Countries (LDCs) in Paris from 3 to 14 September.

The Paris Conference ended with adoption of a new programme of action for the LDCs in the 1990s. Here the Community and its Member States emerged among the foremost aid donors to the LDCs and to the developing countries generally.

The Community was also able to report that, continuing its longstanding and considerable commitment to the LDCs (slightly less than 0.13% of its GNP already went

on aid to the LDCs) it should be able to devote more than 0.15% of its GNP to these countries by the end of the 1990s.

Commodities

306. The year 1990 was another difficult one for the commodities sector, with lower prices for a number of raw materials, whether agricultural, tropical or industrial. Meanwhile, all the international commodities agreements except for the International Rubber Agreement are now operating without economic clauses.

COFFEE

Following the two-year extension of the 1983 Coffee Agreement, without economic provisions, from September 1989 to September 1991, the Community and its Member States, together with other members of the International Coffee Agreement, continued their efforts in 1990 to relaunch negotiations for a new Agreement that would solve the problems that had arisen with the 1983 Agreement.¹

The consultations being held at the International Coffee Organization have so far proved fruitless, partly owing to the divergent interests of the producers, many of whom prefer to continue with the free market for the present. This being the case, the International Coffee Council decided (Resolution 352 of 28 September 1990) that the 1983 Agreement should be extended, without economic provisions, for a further one-year period, i.e. until 30 September 1992.

COCOA

At its March meeting the ICCO (International Cocoa Organization) Council decided to extend the 1986 Agreement, without economic provisions, for a period of two years starting from October.

The Community considers that the two-year extension of the Agreement should provide an opportunity for mature and objective reflection on the problems involved in negotiating a new Agreement. Any progress on the subject depends in part on removing the Organization's current financial problems.

¹ See 37th Review, point 259.

OTHER PRODUCTS¹

307. The Community and its Member States signed the 1989 International Agreement on Jute and Jute Products on 20 December.

Following the creation, under the auspices of the United Nations,² of International Tin and Copper Study Groups to improve market transparency by collecting statistics and preparing studies, there have been intensive discussions in the subordinate bodies of the Council of the Communities regarding application of the terms of reference of these Study Groups by the Community and its Member States. The progress made in these discussions by the end of 1990 suggests that Community acceptance of the terms of reference can be expected early in 1991.

The Community and its Member States took an active part in the proceedings of the International Tropical Timber Organization. The conclusions of the Dublin European Summit and the Houston Summit highlighted the need to mobilize resources for the environment in general, and to protect tropical forests in particular. Against this background the Community used its best endeavours within the International Tropical Timber Organization and, in particular, lent its support to the Sarawak project, a major forest conservation scheme in Malaysia.

COMMON FUND

308. The Common Fund Agreement was signed by the Community on 21 October 1981, and approved by decision of the Council on 29 May.

In general, the Community and its Member States consider that, owing to developments in the commodities sector since the Common Fund Agreement was negotiated, the role of the second account (research and development, improving productivity, marketing, diversification, etc.) should be strengthened compared with that of the first account (financing buffer stocks under international product agreements).

During the year under review, discussions in the Governing Council of the Common Fund focused on the rules necessary for implementing the second account. Nine International Commodity Organizations have already been designated. In this connection the Community was pleased to see that the second account would soon be starting operations.

¹ For wheat, olive oil and sugar, see points 381 et seq. of this Review.

² See 37th Review, point 262.

FAO — COMMUNITY ACCESSION

309. Following exploratory talks between the Commission and the FAO Secretariat in 1989 and 1990, the Council decided on 22 October to ask the FAO to amend its Constitution to allow the Community to accede to the FAO with membership status commensurate with its responsibilities.

On 22 October the Presidency wrote to the FAO Director-General indicating that they should now begin the formal stage of the dialogue between the Community delegation, made up of the Commission accompanied by the Presidency, and the FAO in order to establish mutually acceptable accession terms which would enable the Community to obtain membership status at the FAO Conference in November 1991.

These new EC-FAO meetings are due to start early in 1991.

Chapter V

Common fisheries policy

310. In 1990 the Council continued to consolidate and strengthen the common fisheries policy.

Specifically, the Council:

- (i) in adopting the total allowable catches (TACs) and quotas for 1991, pursued a policy of protection of fishery resources and, *inter alia*, established fishing limits for certain threatened stocks;
- (ii) made major changes to Regulation (EEC) No 4028/90, particularly in order to achieve a better balance between action to adapt the structures of the Community fishing fleet and the needs and constraints specific to the sector;
- (iii) extended and consolidated its openness to the outside world by developing the Community's fisheries relations with the African countries, in particular those of the Indian Ocean, and with the countries of Latin America;
- (iv) asked the Commission to undertake certain preparatory work on common arrangements for conservation in the Mediterranean.

A — Community arrangements for the conservation and management of resources

Total allowable catches and quotas

311. During the year the Council made certain changes to the TACs and quotas applicable in 1990 by:

- (i) fixing the quotas for herring, sprat, cod and deep-water prawns in the Skagerrak-Kattegat following the conclusion of the fisheries arrangement for 1991 by the Community, Norway and Sweden;¹

¹ Regulation (EEC) No 738/90 (OJ L 82, 29.3.1990).

- (ii) raising the TACs for common sole in Zone III a, b, c, and d from 500 to 600 tonnes and in Zone VII a from 1 050 to 1 500 tonnes;¹
- (iii) increasing from 50 to 65% the maximum percentage of the TAC for horse mackerel which may be fished before 1 September 1990 to enable all the Member States concerned to fish that stock in an orderly manner.²

At its meeting on 19 and 20 December the Council set the TACs and allocated the quotas and the related fishing conditions for 1991.³

In this context the Council continued its policy of preserving the biological situation of stocks, while bearing in mind the possible socioeconomic effects to the detriment of fishermen of a disproportionate reduction in the volume of catches. For that reason, TACs were set, generally speaking, at levels comparable to those set for 1990.

In particular, North Sea cod stock underwent a slight decrease, from 105 000 to 100 000 tonnes. On the other hand, the TAC for herring in Zone III b, c and d was increased from 38 000 to 90 000 tonnes and for Norwegian Arctic cod in the Svalbard region (II b) from 5 280 to 7 440 tonnes. The following table shows the 1991 TACs compared with those for 1990.

312. The technical fishing conditions set for 1991 include the following restrictions:

- (i) for the first time, a restriction on the fishing activity of vessels fishing for cod and haddock in the North Sea or off the west coast of Scotland (Zones IV and VI) in the form of an obligation to remain in port for eight days each month;
- (ii) a ban on fishing during certain seasons and in certain zones off the Spanish and Portuguese coasts in order to decrease catches of young hake.

The Council adopted the usual Regulations implementing the Act of Accession of Spain and Portugal and determining Portugal's fishing rights in the waters of the Community of Ten,⁴ Spain's fishing rights in the waters of the Community of Ten having been fixed by the Act of Accession itself.

Finally, the Council adopted the Regulation laying down for 1991 certain conservation measures applicable off the coast of the French department of Guiana.⁵

¹ Regulation (EEC) No 1874/90 (OJ L 171, 4.7.1990).

² Regulation (EEC) No 1887/90 (OJ L 172, 5.7.1990).

³ Regulation (EEC) No 3926/90 (OJ L 378, 31.12.1990).

⁴ Regulations (EEC) Nos 3936/90, 3937/90 and 3938/90 (OJ L 378, 31.12.1990).

⁵ Regulation (EEC) No 3935/90 (OJ L 378, 31.12.1990).

(in tonnes)

Species	Zone	1990 TAC	1991 TAC
Herring	III a	120 000	104 500
Herring	III b, c, d ¹	38 000	90 000
Herring	II a, ¹ IV a, b	385 000	342 000
Herring	IV c, VII d	30 000	30 000
Herring	V b, ¹ VI a North, VI b	75 000	62 000
Herring	VI a South, VII b, c	27 500	27 500
Herring	VI a Clyde	2 600	2 900
Herring	VII a	7 000 ²	6 000
Herring	VII e, f	500 ²	500 ²
Herring	VII g, h, j, k	17 500	15 000
Sprat	III a	65 000 ²	50 000
Sprat	III b, c, d ¹	17 000	26 000
Sprat	II a, ¹ IV ¹	59 000 ²	55 000 ²
Sprat	VII d, e	12 000 ²	12 000 ²
Anchovy	VIII	30 000 ²	30 000 ²
Anchovy	IX, X, Copace 34.1.1 ¹	9 000 ²	9 000 ²
Salmon	III b, c, d ¹	800 ²	720 ²
Capelin	II b (Svalbard)	—	—
Cod	II b (Svalbard)	5 280	7 440
Cod	III a Skagerrak	21 000	15 000
Cod	III a Kattegat	8 500	6 650
Cod	III b, c, d ¹	73 500	61 600
Cod	II a, ¹ IV	105 000	100 000
Cod	V b, ¹ VI, XII, XIV	16 000	16 000
Cod	VII b, c, d, e, f, g, h, j, k, VIII, IX, X, Copace 34.1.1 ¹	24 000	22 000
Cod	VII a	15 300	10 000
Haddock	III a, III b, c, d ¹	10 000 ²	4 600 ²
Haddock	II a, ¹ IV	50 000	50 000
Haddock	V b, ¹ VI, XII, XIV	24 000	15 200
Haddock	VII, VIII, IX, X, Copace 34.1.1, ¹	6 000 ²	6 000 ²

¹ EC zone.² Precautionary TAC.

(in tonnes)

Species	Zone	1990 TAC	1991 TAC
Saithe	II a, ¹ III a, III b, c, d, ¹ IV	120 000	125 000
Saithe	V b, ¹ VI, XII, XIV	29 000	22 000
Saithe	VII, VIII, IX, X, Copace 34.1.1 ¹	14 000 ²	14 000 ²
Pollack	V b, ¹ VI, XII, XIV	1 100 ²	1 100 ²
Pollack	VII	14 000 ²	14 000 ²
Pollack	VIII a, b	2 600 ²	2 600 ²
Pollack	VIII c	800 ²	800 ²
Pollack	VIII d	50 ²	50 ²
Pollack	VIII e	100 ²	100 ²
Pollack	XI, X, Copace 34.1.1 ¹	450 ²	450 ²
Norway pout	II a, ¹ III a, IV ¹	200 000 ²	200 000 ²
Blue whiting	II a, ¹ IV ¹	90 000	60 000
Blue whiting	V b, ¹ VI, VII	510 000	340 000
Blue whiting	VIII a, b, c	26 500 ²	26 500 ²
Blue whiting	VIII e	1 000 ²	1 000 ²
Blue whiting	VIII c, IX, X, Copace 34.1.1 ¹	50 000 ²	50 000 ²
Whiting	III a	17 000 ²	17 000 ²
Whiting	II a, ¹ IV	125 000	141 000
Whiting	V b, ¹ VI, XII, XIV	11 000	9 000
Whiting	VII a	15 000	10 000
Whiting	VII b, c, d, e, f, g, h, j, k	24 000	24 000 ²
Whiting	VIII	5 000 ²	5 000 ²
Whiting	IX, X, Copace 34.1.1 ¹	2 640 ²	2 640 ²
Hake	III a, III b, c, d ¹	1 300 ²	2 000 ²
Hake	II a, ¹ IV ¹	2 310	2 350 ²
Hake	V b, ¹ VI, VII, XII, XIV	36 890	37 590 ²
Hake	VIII a, b, d, e	24 600 ²	25 060 ²
Hake	VIII c, IX, X, Copace 34.1.1 ¹	20 000 ²	18 000 ²
Horse mackerel	II a, ¹ IV ¹	40 000 ²	45 000 ²

¹ EC zone.

² Precautionary TAC.

(in tonnes)

Species	Zone	1990 TAC	1991 TAC
Horse mackerel	V b, ¹ VI, VII, VIII, a, b, d, e, XII, XIV	162 500 ²	230 000 ²
Horse mackerel	VIII c	21'000	73 000 ^{2, 3}
Horse mackerel	IX	34 000	—
Mackerel	II a, ¹ III a, III b, c, d, ¹ IV	45 200	65 500
Mackerel	II, V b, ¹ VI, VII, VIII a, b, d, e, XII, XIV	349 200	363 170
Mackerel	VIII c, IX, X, Copace 34.1.1 ¹	36 570 ²	36 570 ²
European plaice	III a Skagerrak	11 000 ²	10 000 ²
European plaice	III a Kattegat	2 000	1 300 ²
European plaice	III b, c, d ¹	3 000 ²	3 000 ²
European plaice	II a, ¹ IV	180 000	175 000
European plaice	V b, ¹ VI, XII, XIV	2 000 ²	2 400 ²
European plaice	VII a	5 100	4 500
European plaice	VII b, c	200 ²	200 ²
European plaice	VII d, e	10 700	10 700
European plaice	VII f, g	1 900	1 900
European plaice	VII h, j, k	1 150 ²	1 150 ²
European plaice	VIII, IX, X, Copace 34.1.1 ¹	700 ²	700 ²
Common sole	III a, III b, c, d ¹	600	800
Common sole	II, IV	25 000	27 000
Common sole	V b, ¹ VI, XII, XIV	130 ²	155 ²
Common sole	VII a	1 500	1 500
Common sole	VII b, c	60 ²	75 ²
Common sole	VII d	3 850	3 850
Common sole	VII e	900	800
Common sole	VII f, g	1 200	1 200
Common sole	VII h, j, k	720 ²	720 ²
Common sole	VIII a, b	5 200	5 300 ²
Common sole	VIII c, d, e, IX, X, Copace 34.1.1 ¹	1 860 ²	2 000 ²
Megrim	V b, ¹ VI, XII, XIV	4 840 ²	4 840 ²

¹ EC zone.² Precautionary TAC.

(in tonnes)

Species	Zone	1990 TAC	1991 TAC
Megrim	VII	15 880 ²	15 880 ²
Megrim	VIII a, b, d, e	2 220 ²	2 220 ²
Megrim	VIII c, IX, X, Copace 34.1.1 ¹	13 000 ²	14 300 ²
Anglerfish	V b, ¹ VI, XII, XIV	8 600 ²	8 600 ²
Anglerfish	VII	33 080 ²	33 080 ²
Anglerfish	VIII a, b, d	9 910 ²	9 910 ²
Anglerfish	VIII e	100 ²	100 ²
Anglerfish	VIII c, IX, X, Copace 34.1.1 ¹	12 000 ²	12 000 ²
Shrimps	French Guiana	4 100	4 100 ²
Deep-water prawns	III a Skagerrak	3 100 ²	8 550
Norway lobster	V b, ¹ VI	16 000 ²	13 500 ²
Norway lobster	VII	26 000 ²	19 000 ²
Norway lobster	VIII a, b	7 500 ²	6 500 ²
Norway lobster	VIII c	800 ²	600 ²
Norway lobster	VIII d, e	50 ²	50 ²
Norway lobster	IX, X, Copace 34.1.1 ¹	4 720 ²	3 000 ²

¹ EC zone.

² Precautionary TAC.

Technical conservation measures

313. The Council incorporated into Community law conservation measures adopted within NAFO¹ and the CCAMLR.²

B — Fisheries structures policy

314. On 20 December the Council adopted Regulation (EEC) No 3944/90³ which substantially amends Regulation (EEC) No 4028/86 on measures to improve and adapt structures in the fisheries and aquaculture sector.

¹ Regulation (EEC) No 320/90 (OJ L 36, 8.2.1990).

² Regulation (EEC) No 1589/90 (OJ L 151, 15.6.1990).

³ OJ L 380, 31.12.1990.

In response to the recognized imbalance in the Community fleet between fishing capacity and available resources, the amendments decided involve both a direct reduction in capacity, particularly by reinforcing the final cessation system in its various forms, and an indirect reduction (also resulting in an easing of the pressure on Community resources) by financial incentives for the reorientation of fishing activities. Thus, Regulation (EEC) No 3944/90 provides for:

- (i) reinforcement of **existing measures** by:
 - (a) doubling financial support for exploratory fishing;
 - (b) increasing the amount of the cooperation premium for joint ventures;
- (ii) **new measures** relating to:
 - (a) redeployment operations for the Community fleet in areas not traditionally fished;
 - (b) setting up joint enterprises between Community shipowners and partners in third countries.

Finally, the Regulation provides for the extension of the scope of certain existing aid schemes to 'small-scale' fisheries (chiefly vessels less than 9 m long).

C — Common organization of the market

Common prices

315. The prices applicable in the fisheries sector for the marketing year 1 January to 31 December 1991 were fixed by the Council on 20 November.

For the fresh and chilled products (listed in **Annex I** (A), (D) and (E) to Regulation (EEC) No 3796/81), most of the guide prices were either kept at their 1990 level or adjusted by only a modest amount.¹

For **herring**, the Council repeated for 1991 the experiment agreed on in 1989 of fixing a seasonal guide price for August and September lower than the price applicable during the remainder of the fishing year. In addition, a 1% reduction in the guide price for herring was decided on.

¹ Regulation (EEC) No 3549/90 (OJ L 346, 11.12.1990).

For the **frozen products** (listed in Annex II to the same Regulation) the Council made a 10% reduction for squid of the species *Ommastrephes sagittatus*, *Loligo patagonica* and *Illex argentinus* as compared with 1990 in order to align Community prices more closely on world market prices.

In view of the trend in market prices the producer price for **tuna** for the canning industry has been decreased for the fourth successive year (7% reduction as compared with 1990¹).

D — Fisheries relations between the Community and certain third countries

Scandinavian countries and fishing in the North Atlantic

316. As every year, the Commission held consultations with the competent authorities of Norway, Sweden and the Faeroe Islands on fishing arrangements for 1991, which are embodied in the Regulation on 1991 TACs and quotas allocating the quotas of joint stocks available to the Community between the Member States,² and in other Regulations adopted on 20 December.³

NORWAY

317. In the consultations with Norway on **common stocks in the North Sea** the TAC for **herring** in particular was reduced from 415 000 to 372 000 tonnes as compared with 1990.

The parties also autonomously increased the respective TACs for **'West' mackerel** for 1991, the Community's TAC increasing to 363 170 tonnes and Norway's to 126 340 tonnes.

Community fishing possibilities in the Norwegian zone **north of 62° N** improved, in view of the fact that the Community cod quota for 1991 was increased to 4 600 tonnes (as compared with 3 750 tonnes in 1990).

¹ Regulation (EEC) No 3551/90 (OJ L 346, 11.12.1990).

² Regulation (EEC) No 3926/90 (OJ L 378, 31.12.1990).

³ For Norway: Regulations (EEC) Nos 3927/90 and 3928/90 (OJ L 378, 31.12.1990).

For Sweden: Regulations (EEC) Nos 3929/90 and 3930/90 (OJ L 378, 31.12.1990).

For the Faeroe Islands: Regulations (EEC) Nos 3932/90 and 3933/90 (OJ L 378, 31.12.1990).

SWEDEN

318. During 1990 the Council adopted the customary additional quotas within the EFTA framework resulting from the accession of Spain and Portugal to the EEC.¹

FAEROE ISLANDS

319. The Council adjusted the fishing possibilities for the Faeroe Islands² in Greenland waters granted by the Community as part of its Protocol with Greenland following the transfer of deep-water prawns mentioned below.

The Faeroe Islands granted the Community permission to carry out directed fishing, in particular for roundnose grenadier when fishing for ling and blue ling, and exploratory fishing for scallops on terms still to be decided.

GREENLAND

320. During 1990 the Community received a transfer of 46 tonnes of deep-water prawns from the east to the west coast of Greenland; this flexibility was facilitated by the Faeroe Islands, which also fish in that area.²

The Council also accepted Greenland's offer of additional catch possibilities of 7 000 tonnes of cod of Greenland's western stock.³

In addition, the Council concluded the second Fisheries Protocol between the EEC and Greenland⁴ (for the content, see 37th Review).

The Community's fishing possibilities in Greenland waters for 1991 were established under the Fisheries Protocol, together with an additional quota of 3 000 tonnes of west coast cod offered by the Greenland authorities in exchange for some financial compensation.⁵

UNITED STATES OF AMERICA

321. Quota allocations to Community fishermen in US waters during 1990 were restricted to mackerel catches.

¹ Regulation (EEC) No 1655/90 (OJ L 155, 21.6.1990).

² Regulation (EEC) No 1371/90 (OJ L 133, 24.5.1990).

³ Regulation (EEC) No 1875/90 (OJ L 171, 4.7.1990).

⁴ Regulation (EEC) No 2647/90 (OJ L 252, 15.9.1990).

⁵ Regulation (EEC) No 3931/90 (OJ L 378, 31.12.1990).

CANADA AND NAFO

322. The Community continued its efforts to strengthen its fisheries relations with Canada in the context of its bilateral relations and in the NAFO framework.

Within NAFO, discussions also centred on the problem of fishing activities of non-contracting parties to NAFO and on matters relating to monitoring and supervision in the regulatory area.

At its meeting on 19 and 20 December the Council adopted the TACs and allocated the quotas¹ set at the 12th annual meeting of NAFO, held in Halifax (Canada) from 10 to 14 September, with the exception of the TACs for redfish 3 LN, witch flounder 3NO and cod 2J3KL, for which the Community set autonomous TACs.

JAPAN

323. On 12 March² the Council adopted an extension for the period 1 March to 30 June 1990 of the autonomous fishing arrangements applicable to Japanese longliners fishing for bluefin tuna in Portuguese waters.

These arrangements provided for continuation of the cutbacks in Japanese fishing activity already begun in 1989.

African countries and countries in the Indian Ocean

NEW FISHERIES PROTOCOLS

ANGOLA

324. A Fisheries Protocol was concluded with Angola³ for a two-year period from 3 May, offering the following fishing possibilities:

- (a) shrimp vessels: 24 vessels (8 128 GRT) able to catch up to 5 500 tonnes of shrimps and 500 tonnes of crabs each year;
- (b) ocean-going tuna freezer boats: 28 vessels;
- (c) wet tuna boats: five vessels;
- (d) exploratory fishing by demersal trawlers: 600 GRT per month, no more than two vessels.

¹ Regulation (EEC) No 3934/90 (OJ L 378, 31.12.1990).

² Regulation (EEC) No 625/90 (OJ L 69, 16.3.1990).

³ Regulation (EEC) No 3942/90 (OJ L 379, 31.12.1990).

Community financial compensation amounted to ECU 15 850 000, together with a contribution towards the financing of:

scientific and technical programmes: ECU 800 000;

staff training and study awards: ECU 1 320 000.

GAMBIA

325. A Fisheries Protocol was concluded with Gambia¹ for a three-month period from 1 July, with the following fishing possibilities:

(a) tuna boats: 40 freezer seiners, 17 pole-and-line vessels and eight surface longliners;

(b) fresh fish trawlers: 2 000 GRT; other fresh fish vessels (crustaceans): 570 GRT; freezer shrimp trawlers: 4 400 GRT; trawlers fishing for other species (cephalopod and fin fish): 10 300 GRT.

Community financial compensation amounted to ECU 3 870 000, together with a contribution towards the financing of:

scientific programmes: ECU 80 000;

training programmes: ECU 165 000.

GUINEA

326. A Fisheries Protocol was concluded with Guinea² for a two-year period starting 1 January, with the following fishing possibilities:

(a) trawlers: 12 000 GRT/month, annual average;

(b) freezer tuna seiners: 45 vessels;

(c) pole-and-line tuna vessels and surface longliners: 35 vessels.

Financial compensation amounted to ECU 6 700 000, together with a contribution towards the financing of:

scientific and technical programmes: ECU 400 000;

study and practical training awards: ECU 400 000.

¹ Regulation (EEC) No 3940/90 (OJ L 379, 31.12.1990).

² Regulation (EEC) No 2322/90 (OJ L 212, 9.8.1990).

MOROCCO

327. A new Protocol No 2 establishing the crawfish fishing rights and corresponding financial compensation for the period 1 April 1990 to 31 March 1991¹ was initialled on 20 March. Five crawfish fishing licences (pots only) were granted monthly up to an average maximum total of 600 GRT in the southern zone.

The corresponding financial compensation was set at ECU 300 000.

MAURITANIA

328. A Fisheries Protocol was concluded with Mauritania² for a three-year period from 1 August, providing for the following fishing possibilities:

- (a) specialized vessels (in particular for crustaceans, black hake, lobsters): up to 39 950 GRT per month;
- (b) tuna boats:
 - pole-and-line tuna vessels and surface longliners: 38 vessels;
 - freezer tuna seiners: 25 vessels.

Community financial compensation amounted to ECU 27 750 000, together with a contribution towards the financing of:

a scientific and technical programme: ECU 900 000;

study and practical training awards: up to ECU 360 000.

MOZAMBIQUE

329. A Fisheries Protocol was concluded with Mozambique³ for a two-year period from 1 August, providing for the following fishing possibilities:

- (a) shrimp trawlers fishing for crustaceans on the high seas: 1 100 GRT/month, annual average;
- (b) shrimp trawlers fishing for crustaceans in shallow water and on the high seas: 3 700 GRT/month, annual average;
- (c) ocean-going tuna seiners: 44 licences.

¹ Council Decision of 27 July 1990 (OJ L 208, 7.8.1990).

² Council Decision of 12 November 1990 (OJ L 334, 30.11.1990).

³ Regulation (EEC) No 1454/90 (OJ L 140, 1.6.1990).

Community financial compensation amounted to ECU 4 300 000, together with a contribution towards the financing of:

a scientific and technical programme: ECU 950 000;

a reconnaissance campaign: ECU 600 000.

SÃO TOMÉ AND PRÍNCIPE

330. A Fisheries Protocol was concluded with São Tomé and Príncipe¹ for a three-year period from 1 June, providing for the following fishing possibilities:

(a) tuna seiners: 46 vessels;

(b) pole-and-line tuna vessels for fresh fishing: five vessels.

Community financial compensation amounted to ECU 1 650 000, together with a contribution towards the financing of:

a scientific and technical programme: ECU 150 000;

two study awards: ECU 375 000.

SENEGAL

331. A Fisheries Protocol was concluded with Senegal² for a two-year period from 1 May, with the following fishing possibilities:

(a) trawlers of various categories up to 36 000 GRT/year landing their catches in Senegal:

1 000 GRT/year;

2 200 GRT/year;

(b) tuna boats:

tuna boats landing all their catches in Senegal: 20 vessels;

freezer tuna seiners landing part of their catches in Senegal: 48 vessels;

(c) surface longliners: 35 vessels.

Community financial compensation amounted to ECU 28 750 000, with a contribution towards the financing of:

scientific programmes: ECU 800 000;

study and practical training awards: ECU 450 000.

¹ Council Decision of 22 October 1990 (OJ L 334, 30.11.1990).

² Council Decision of 27 July 1990 (OJ L 208, 7.8.1990).

SEYCHELLES

332. A Fisheries Protocol for a three-year period from 18 January was concluded with the Seychelles,¹ providing for licences for 40 Community ocean-going tuna vessels.

Community financial compensation amounted to ECU 6 900 000, together with a contribution towards the funding of:

Seychelles scientific programmes: ECU 2 700 000;
study and practical training awards: ECU 300 000.

NEW FISHERIES AGREEMENTS

CAPE VERDE

333. A Fisheries Agreement was concluded with Cape Verde;² its Protocol, which lasts three years from notification of the completion of the ratification procedures, provides for the following fishing possibilities:

- (a) tuna: 21 licences for freezer tuna vessels and 24 licences for pole-and-line vessels and surface longliners;
- (b) other species: two licences for bottom longliners each of a tonnage lower than 210 GRT and two licences for experimental fishing for cephalopods.

Community financial compensation amounts to ECU 1 950 000, together with a contribution towards the financing of:

scientific and technical programmes: ECU 500 000;
study awards: ECU 160 000.

CÔTE D'IVOIRE

334. A Fisheries Agreement was concluded with the Côte d'Ivoire;³ the Protocol to that Agreement provides for the following fishing possibilities for a three-year period from the signing of the Agreement (11 January 1991):

- (a) freezer trawlers (fishing for deep-water crustaceans, cephalopods and fin fish): 6 300 GRT/month, annual average;

¹ Regulation (EEC) No 3193/90 (OJ L 306, 6.11.1990).

² Regulation (EEC) No 2321/90 (OJ L 212, 9.8.1990).

³ Regulation (EEC) No 3939/90 (OJ L 379, 31.12.1990).

- (b) surface longliners and pole-and-line tuna vessels: 35 vessels;
- (c) tuna seiners: 54 vessels.

Community compensation amounted to ECU 6 000 000, together with a contribution towards the financing of:

scientific and technical programmes: ECU 600 000;

study and practical training awards: ECU 500 000.

SIERRA LEONE

335. A Fisheries Agreement was concluded with Sierra Leone;¹ the Protocol to that Agreement provides for the following fishing possibilities for a two-year period from the signing of the Agreement:

- (a) ocean-going tuna seiners: 46 vessels;
- (b) pole-and-line vessels and surface longliners fishing for tuna and other migratory species: 43 vessels;
- (c) trawlers fishing for crustaceans, cephalopods and fin fish and demersal longliners fishing for fin fish: 10 300 GRT/month, annual average.

Community financial compensation amounted to ECU 4 990 000, together with a Community contribution towards the financing of:

scientific programmes: ECU 360 000;

study and practical training awards: ECU 300 000.

TANZANIA

336. An Agreement was concluded with the United Republic of Tanzania;² the Protocol to the Agreement provides for the following fishing possibilities for a three-year period from the signing of the Agreement:

- (a) ocean-going tuna seiners: 46 vessels;
- (b) surface longliners fishing for tuna and other migratory species: eight licences.

Community financial compensation amounted to ECU 1 050 000, together with a contribution towards the financing of:

scientific research programmes: ECU 430 000;

study awards: ECU 200 000.

¹ Regulation (EEC) No 1237/90 (OJ L 125, 15.5.1990).

² Regulation (EEC) No 3941/90 (OJ L 379, 31.12.1990).

NEGOTIATING DIRECTIVES

337. Following **Namibian** independence and at the request of its authorities the sizeable Community fleet operating within the framework of the ICSEAF (International Commission for South-East Atlantic Fisheries) was obliged to leave Namibian waters as of 1 April.

The Council therefore authorized the Commission on 23 April to negotiate a Fisheries Agreement with Namibia to enable Community fishing activity in the waters off Namibia to resume.

Latin America

338. On 29 October the Council authorized the Commission to negotiate Fisheries Agreements with the Latin American States, in particular **Argentina, Chile, Colombia, Mexico, Peru** and **Uruguay**.

E — International organizations

339. As in the past, the Community participated in proceedings within the organs of the various international fisheries conventions, of which the following are the most notable:

- (a) Convention for the Conservation of Salmon in the North Atlantic Ocean (NASCO);
- (b) Convention on Fishing and Conservation of Living Resources in the Baltic (IBSFC);
- (c) Convention on Future Multilateral Cooperation in North-West Atlantic Fisheries (NAFO);
- (d) Convention on Future Multilateral Cooperation in North-East Atlantic Fisheries (NEAFC);
- (e) Convention on the Conservation of Maritime Resources in the Antarctic (CCAMLR);
- (f) International Convention for the Conservation of Atlantic Tunas (ICCAT);
- (g) International Commission for South-East Atlantic Fisheries (ICSEAF).

F — German unification

340. German unification, which took place on 3 October, entailed a package of technical adjustments and transitional measures necessary for the integration of the former German Democratic Republic into the common fisheries policy.

In this context, the Council:

- (i) adopted the Decision¹ on the allocation of the catch possibilities for cod in the Spitzbergen and Bear Island area and in Division 3M as defined in the NAFO Convention;
- (ii) adopted a Regulation² introducing various measures concerning the implementation of the common fisheries policy in the former German Democratic Republic.

¹ Decision amending Council Decision 87/277/EEC (OJ L 353, 17.12.1990).

² Council Regulation (EEC) No 3571/90 (OJ L 353, 17.12.1990).

Chapter VI

Common agricultural policy

A — Guidelines for the common agricultural policy

341. The main events in the agricultural sphere in 1990 were the annual price-fixing, the end of the standstill period for oils and fats in Spain and Portugal, the unification of Germany and the extension of the common agricultural policy to the territory of the former German Democratic Republic, the continuation of negotiations on agriculture in the Uruguay Round and the beginning of the second transitional stage for Portugal.

Prices and related measures

The Council reached agreement on **prices and related measures** for the 1990/91 marketing year on 27 April (the formal decisions following on 7 and 14 May¹). The agreement reflected a market-oriented policy and the search for a balance between supply and demand, taking into account the requirements of budgetary discipline. Without prejudice to the effects of applying the stabilizer mechanism, specific adjustments in the case of Spain and Portugal, or agrimonetary adjustments, the general pattern of the Council's agreement was to maintain prices for most of the common organizations of the market.

342. **Cereal prices** were generally kept at the previous year's level. Durum wheat prices were, however, reduced by 3.78% to narrow the price gap with common wheat and discourage what had for some time been an excessive increase in common wheat growing in the traditional regions. As the cultivation of durum wheat, on the other hand, had to be maintained in the traditional regions, the Council decided to raise the level of aid in these regions to compensate partially (65%) for the loss of revenue due to the reduction in prices. The basic coresponsibility levy was maintained at the same percentage as in 1989/90: 3% of the intervention price for common wheat of breadmaking quality. The amounts of the monthly increases were raised slightly and it was agreed that the intervention payment delays should be reduced to 30 days.

¹ OJ L 119, 11.5.1990, OJ L 132, 23.5.1990 and OJ L 134, 28.5.1990.

The Council decided to grant aid per hectare for the production of small cereals, buckwheat, canary grass and millet, subject to review after two years. The amount of the aid, limited to 10 hectares per holding, was set at a level that would guarantee the producers concerned an income per hectare comparable with that from the production of cereals which were in competition with small cereals.

It also decided to introduce a new system of aid per hectare for small producers of certain arable crops, with Member States being able to choose between applying the new system and retaining the special system for small producers of cereals. The aid is limited to 10 hectares per farmer and is granted to small producers whose utilized agricultural area does not exceed 30 hectares. It was set at ECU 50/ha in less-favoured and mountain areas and ECU 30/ha in other areas. On the basis of a report from the Commission, the Council will decide by 31 March 1992 on the system to be applied as from 1992/93.

343. Reimbursement for storage costs in the **sugar** sector was raised to ECU 0.52/100 kg on the basis of a standard interest rate of 10% instead of 9%. The other prices and amounts remained at the level for the previous marketing year.

Prices for **oils and fats** were kept at the same level. Matters relating to the definition of a 'small producer' of olive oil and the introduction of consumption aid in Portugal had to be examined in the context of the measures to be taken in connection with the end of the standstill period. The Commission promised to send the Council a report on the situation in the table-olive market as soon as possible.

Prices for **peas, broad beans and field beans** were maintained and the impurity standard was lowered from 3 to 2%. Prices for **dried fodder** were maintained and it was agreed that, pending full consideration of the problem, a greater tolerance should be allowed in the enforcement of quality criteria according to the method of drying.

344. In the **cotton** sector, the cut-off used for applying the stabilization mechanisms, which was due to continue until the end of the 1989/90 marketing year, was extended for 1990/91 and set at 25% of the guide price.

Continuing the policy of restoring balance to the prices for **wine**, the Council decided to increase the guide price for white wine (AI) by 1.6% and reduce it by 1.5% in the case of red wines (RI and RII). It also decided to extend until 31 August 1996 the ban on new plantings, although it would be possible, on an exceptional basis and under certain conditions, for the planting rights for areas intended for producing table wines to be transferred to areas intended for quality-wine or table-wine production. It was also decided that for a period of two years the EAGGF-Guarantee would bear the full cost of the measure concerning voluntary abandonment of wine-growing areas and that the financing of campaigns to promote grape juice would be extended for a year. Lastly, the Commission was authorized to ban the delivery of neutral alcohol to intervention agencies for compulsory distillation if the market situation so required.

As to the general reform of the wine-growing arrangements, with particular reference to the demarcation of wine-growing areas, enrichment arrangements and compulsory distillation, it was agreed to put back the deadlines by one year. It should be possible for the matter to be put to the Council for consideration in 1991.

345. In the **fresh fruit and vegetables** sector, the Council, following a Commission report on citrus fruits, considered a set of measures concerning, in this sector, pricing policy, information on production potential and structural measures. It decided to reduce prices by 3% in the case of clementines, satsumas and lemons and by 7.5% in the case of mandarins and oranges and to reduce the marketing premiums for oranges and mandarins by 25%. It decided to establish a register of citrus cultivation covering all holdings in the Community where citrus fruits were grown. A grant for the grubbing-up of mandarin orchards was introduced for a period of three marketing years. A system was introduced whereby the Community would contribute 60% to the financing of measures to promote greater consumption of citrus fruits harvested in the Community.

Similar action was adopted to help promote apple consumption. The Council also decided to introduce for three marketing years a system of grants for grubbing up apple trees in orchards up to 20 years old, the replanting of cider apple trees being prohibited.

In the **processed fruit and vegetables** sector, the existing quota arrangements for tomatoes were extended for 1990/91 and 1991/92 with an increase in the quotas for Spain and Portugal. The Council agreed to take a decision on the proposal concerning dried raisins before 30 June 1990.

346. The Council decided to alter the maximum guaranteed quantities for certain varieties of tobacco and to leave Member States free to make the granting of the premium in 1990/91 conditional on the cultivation contract.

The Council also made certain adjustments to prices and premiums. It decided to reduce the intervention price for the Badischer Geudertheimer variety to align it on that for Forcheimer-Havana, increase the premium for Kentucky (from ECU 1.765/kg to ECU 1.905/kg) and reduce the premium for Burley I (from ECU 2.033/kg to ECU 2.013/kg). Provision was made for the possibility of taking restrictive measures on prices and premiums for the 1991 harvest in order to neutralize the budgetary effect of the changes.

347. In the **milk products** sector, the Council decided to reduce the target price for milk by 3.5% and also to reduce the intervention prices for Gran Padano and Parmigiano-Reggiano cheeses following the reductions already made in the intervention price for butter and skimmed-milk powder. The coresponsibility levy was renewed at the same level as in 1989/90, i.e. 1.5% of the target price for milk. The Council also approved a scheme for buying up quotas in areas other than less-favoured and moun-

tain areas for redistribution to small producers in all regions. In Member States where at least 75% of the territory is classified as less-favoured or mountainous, buying-up will be allowed in less-favoured or mountain areas as well. It was agreed that, under its own powers, the Commission would amend the existing rules on intervention for butter in order to harmonize the rules applied in Northern Ireland and Ireland. It was also agreed that the Commission would take the necessary steps to maximize the opportunities for disposing of butter and skimmed-milk powder, minimize intervention buying and reduce the intervention payment delays to 45 days. The Commission said it would examine a number of matters which had arisen in Belgium as regards the restructuring of the milk industry, in Denmark as regards the quota buying-up system, and in Italy as regards a quota transfer from the direct-sales quota to the deliveries quotas.

348. In the **beef and veal** sector, the Council decided to reduce the guide price for adult bovine animals by 2.45% but keep the intervention price at the 1989/90 level. It also decided to extend the suckler-cow premium to holdings with a milk quota of less than 60 000 kg, for up to 10 cows, and asked the Commission to submit as soon as possible a proposal for introducing a higher category than those which existed in the Community grading scale for carcasses. On the question of intervention in this sector, it was agreed that the Commission would take the necessary steps to reduce the intervention payment delays to 45 days and that if the intervention-by-tender mechanism was activated it would seek to restore market prices to levels higher than the activating levels.

Sheepmeat prices were kept at their previous level. The Council added ECU 4 per head to the ewe and female-goat premium in less-favoured or mountain areas.

The Council reduced the basic price for **pigmeat** by 6.6%. It noted that, subject to the limits imposed by international trade policy and the need to ensure a balanced internal market, the Commission intended to achieve maximum stability in Community exports of boned and unboned pigmeat.

Measures concerning oils and fats

349. At its meeting on 27 November the Council adopted a series of measures to take account of the expiry on 31 December of the standstill period in the **oils and fats sector**, during which Spain and Portugal's national arrangements prior to accession had been allowed to continue as regards control of prices and quantities of vegetable oils other than olive oil. As from 1 January 1991 the Spanish and Portuguese oils and fats markets would be opened up and Community rules would apply.

The measures adopted were intended to avoid any imbalances as a result of the liberalization of these markets. They included:¹

- (a) reinforcement of the stabilizing mechanism for olive oil with a reduction in the intervention price in the event of the maximum guaranteed quantity being exceeded and a 3% cut-off;
- (b) additional production aid of ECU 3/100 kg for small producers;
- (c) increase in the quantity of olive oil for defining a 'small producer' (500 kg instead of 400 kg);
- (d) introduction of consumption aid in Spain (ECU 43/100 kg) and Portugal (ECU 48/100 kg);
- (e) improvement of the system for paying advances on production aid;
- (f) withdrawal of olive oil and oil cakes from the list of products covered by the supplementary mechanism applicable to trade in Portugal.

Extension of the common agricultural policy to the territory of the former German Democratic Republic

350. The unification of Germany, which became a reality on 3 October, necessitated a number of measures to help integrate the territory of the former German Democratic Republic into the common agricultural policy.

On 16 July the Council adopted a Regulation on transitional measures concerning trade with the German Democratic Republic in the agriculture and fisheries sector.² The Regulation set out a specific approach to such trade during the period prior to formal unification by authorizing the Commission under certain conditions to suspend the collection of levies and the application of other charges, quantitative restrictions and measures with equivalent effect under the common arrangements for the products and goods concerned.

On 4 December the Council adopted a Regulation on the transitional measures and adjustments required in the agricultural sector as a result of German unification.³ These measures mainly concerned sugar, milk and beef and veal. For sugar a quota of 847 000 tonnes was set and for milk a guaranteed total quantity of 6 600 000 tonnes was adopted. The maximum quantities accepted for intervention were raised to 106 000 tonnes in the case of butter and 275 000 tonnes in the case of skimmed-milk powder. The maximum buying-in quantity for beef and veal was set at 235 000 tonnes.

¹ Regulation (EEC) No 3416/90 (OJ L 330, 27.11.1990) and Regulations (EEC) Nos 3499/90, 3500/90 and 3501/90 (OJ L 338, 5.12.1990).

² Regulation (EEC) No 2060/90 (OJ L 188, 20.7.1990).

³ Regulation (EEC) No 3577/90 (OJ L 353, 17.12.1990).

On the same date the Council adopted a Regulation on the temporary suspension of the residual customs duties and other mechanisms provided for in the Act in favour of certain agricultural products exported from Spain and Portugal to the territory of the former German Democratic Republic.¹ The aim was to ensure that wine and fruit and vegetable products exported from these Member States and released for consumption in the territory of the former German Democratic Republic were not treated less favourably than products from the East European countries.

Agricultural aspect of the multilateral negotiations of the Uruguay Round

351. In December 1989 the Commission had submitted to the Negotiating Group in Geneva its contribution concerning the agricultural aspect of the GATT Uruguay Round negotiations. In 1990 discussions were held at a number of sessions, some of which were attended by the Ministers responsible for foreign trade. Following this, the Council discussed the offer to be made by the Community on agriculture. The offer was eventually adopted on 6 November. Basically it involved an overall reduction of 30% over 10 years (1986-96) in the support given to agriculture.

To deal with the impact which this reduction would have on farmers' incomes the Commission said that it would submit specific proposals, backed up by suitable finance, to ensure Community farmers a viable future, in keeping with the commitments which would be given in GATT.

Transition to the second stage of Portugal's accession

352. The Act of Accession of Portugal provides for a transition by stages for certain agricultural products (Article 259 of the Act of Accession). Generally speaking, Community rules would apply to these products only from the beginning of the second stage, i.e. 1 January 1991. To enable the common agricultural policy to be applied at that date to the sectors concerned, and for the purpose of implementing the transitional mechanisms, the Council adopted on 11 December 1990 a series of 23 Regulations to assist Portugal's integration into the common organization of markets and to simplify the accession mechanisms for the following sectors: milk products, beef and veal, fruit and vegetables, cereals and pigmeat.

Socio-structural measures

353. The Council adopted a number of acts concerning agricultural structures policy. These included two measures of considerable importance.

¹ Regulation (EEC) No 3576/90 (OJ L 353, 17.12.1990).

Firstly, the Council completed the work begun in 1989, following on from the reform of the Structural Funds, and modified the arrangements for improving the conditions under which agricultural products are processed and marketed. The new arrangements will help to achieve Objectives 1 and 5 of Regulation (EEC) No 2052/88, i.e. to speed up on a Community-wide basis the adjustment of agricultural structures with a view to the reform of the common agricultural policy and promote the development of regions whose development is lagging behind and of rural areas.

Secondly, following the conclusions of the European Council in February 1988, the Council decided on a new measure, based on the already existing set-aside scheme, with the aim of encouraging producers to direct part of the production from their arable land towards non-food outlets. This move is an important innovation and is coupled with commitments to continuing the work in this area in the light of experience.

Agrimonetary questions

MODIFICATION OF GREEN RATES

354. During 1990 the Council had to modify the agricultural conversion rates on three occasions. This was in addition to the modifications authorized by the Commission under its own powers.

Following the realignment of 5 January (devaluation of the Italian lira when it entered the normal tolerance bands of the European Monetary System), the Commission, by its Regulation (EEC) No 63/90 of 10 January 1990, adapted the agricultural conversion rates using the procedure for the automatic dismantling of monetary compensatory amounts. Commission Regulation (EEC) No 831/90 of 30 March 1990 involved a second adaptation of agricultural conversion rates by the same automatic dismantling procedure (Stage 2). The Regulation was of an informative nature, following the Council's decisions on the extension of marketing years for April and the first half of May. The rates given by the Regulation for certain minor products were, however, in force from 1 to 14 May. In both cases the Commission reissued the full text of all the Annexes to Regulation (EEC) No 1678/85 to avoid any risk of confusion.

355. Following the Council's negotiations on prices and related measures for 1990/91, the agricultural conversion rates were adopted by Council Regulation (EEC) No 1179/90¹ with effect from 14 May. The general thrust of the decision was to continue the policy followed in previous years, i.e. to seek the disappearance or the greatest politically acceptable reduction of monetary compensatory amounts and restore the unity of the Community market.

¹ OJ L 119, 11.5.1990.

As a result of this decision there were no longer any monetary gaps at the beginning of the cereals marketing year (1 July 1990) between Germany, Belgium, Denmark, France, Ireland, Luxembourg, the Netherlands and Portugal. There remained negative monetary gaps (tax on exports, subsidy on imports) for Greece and the United Kingdom, and positive ones for Spain. Here too, all the Annexes to Regulation (EEC) No 1678/85 were reissued in full.

After the pound sterling joined the European Monetary System, the Commission, by Regulation (EEC) No 2929/90 of 10 October 1990, adapted the agricultural conversion rates by the procedure for automatically dismantling monetary gaps. To deal with a few particular cases, the Council issued Regulation (EEC) No 3136/90¹ containing its second modification of the rates. For both the Commission Regulation and the Council Regulation, the Annexes to Regulation (EEC) No 1678/85 were reissued in their entirety.

356. For the move to Portugal's second transitional stage, covering a number of products, the Council laid down, with effect from 1 January 1991,² a uniform agricultural conversion rate corresponding to actual economic circumstances for all products. The rate was set at a level to avoid the introduction of Portuguese monetary compensatory amounts (MCA) at the beginning of 1991. However, such MCAs might materialize since the escudo is not subject to the discipline of the EMS. [This being so, only Annex X concerning Portugal has been published in the *Official Journal of the European Communities*. For the other Member States the green rates applicable remain those set out in the Annex to Regulation (EEC) No 3136/90.]

357. The situation regarding monetary compensatory amounts at 1 January 1991, following the decisions taken in 1990 and monetary trends during that year, was as follows: MCAs continued to be applied in three Member States only. As regards the sectors subject to MCAs in those Member States, the monetary gaps obtaining were as given below:

Greece	• milk, bovine animals	– 17.5
	• poultry, wine	– 1.0
	• cereals, sugar	– 4.2
Spain	• milk	+ 2.1
	• bovine animals	+ 2.7
	• cereals	+ 1.7
	• sugar	+ 1.3
United Kingdom	• milk	– 5.7
	• bovine animals	– 1.0
	• cereals, sugar	– 2.7

¹ OJ L 299, 30.10.1990.

² Regulation (EEC) No 3578/90 (OJ L 349, 13.12.1990).

OTHER AGRI-FINANCIAL DECISIONS

358. To simplify calculation of the rates and application of the amounts the Council adopted three Regulations amending the methodology making it more flexible.

The first Regulation¹ extends the possibility of using conversion rates corresponding more closely to economic reality (i.e. rates other than the agricultural conversion rate) in the event of a risk of monetary disturbance of the agricultural market. It also simplifies the methods of calculating market rates for floating currencies. Lastly, it aims to prevent too frequent amendment of the agricultural conversion rates in the pigmeat sector.

A second Regulation² applies to the oilseed and high protein sectors the simplified calculation of market rates laid down in Regulation (EEC) No 2205/90 in the case of floating currencies.

Lastly, the third Regulation³ adopted enables the Commission not to use the agricultural conversion rates but a rate closer to economic reality when calculating the standard amounts intended to finance storage of intervention products and Member States' refunds. It reflects a recommendation made by the Court of Auditors in 1989.

Agri-financial questions

359. In 1990 the Council continued to strengthen the control measures it initiated in 1989 to step up the fight against fraud and the prevention and prosecution of irregularities affecting the Community budget.

As regards expenditure arising from export refunds, the Council adopted a Regulation⁴ introducing compulsory minimum physical checks at points of export by laying down a minimum percentage reflecting a representative choice of export declarations. Two years are allowed to reach the minimum rate of 5%, i.e. full implementation of the new arrangements, in the course of 1992. The precise arrangements for applying this Council Regulation, which is already very detailed, are set out in Commission Regulation (EEC) No 2030/90. This Regulation on physical checks, to be applied by the customs authorities, is in addition to Council Regulation (EEC) No 4045/89 on a posteriori accounting scrutiny which was adopted by the Council on 21 December 1989⁵ and which concerns traders.

¹ Regulation (EEC) No 2205/90 (OJ L 201, 31.7.1990).

² Regulation (EEC) No 2206/90 (OJ L 201, 31.7.1990).

³ Regulation (EEC) No 3609/90 (OJ L 351, 15.12.1990).

⁴ Regulation (EEC) No 386/90 (OJ L 42, 16.2.1990).

⁵ OJ L 388, 30.12.1989.

360. On 1 January 1991 financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) will be extended in Portugal to products subject to transition by stages. In preparation for the considerable increase in the workload of the departments responsible for checks and for effecting payments (INGA — National Agricultural Guarantee and Intervention Institute), the Community, under Council Regulation (EEC) No 3151/90 on stepping up checks in Portugal on expenditure charged to the Guarantee Section of the EAGGF,¹ is responsible, up to ECU 4 million, for 70% of the expenditure actually incurred in the establishment and commissioning of a data-processing system to ensure the optimum collection, processing, checking and transmission to the Commission of all data on expenditure financed by the EAGGF (Guarantee Section).

With the same objective of simplifying the agricultural legislation, which is one aspect of improved financial control, the Council adopted Regulation (EEC) No 3492/90 of 27 November 1990 laying down the factors to be taken into consideration in the annual accounts for the financing of intervention measures in the form of public storage by the Guarantee Section of the EAGGF.¹ This Regulation repeals Regulation (EEC) No 3247/81 of 9 November 1981, and reorganizes and simplifies the existing provisions, grouping together the features to be taken into consideration in the EAGGF-Guarantee annual accounts. Over the years these provisions had become a hotchpotch of general principles and detailed solutions. After 1992 this new Regulation will also be incorporated into Council Regulation (EEC) No 1883/78 on the general rules for the financing of intervention measures by the Guarantee Section of the EAGGF.

B — Management of the common agricultural policy

361. In 1990 the Council adopted various measures relating to market management and the adjustment of basic Regulations; the main thrust of these measures is set out below.

Plant products

CEREALS AND RICE

On 23 January the Council adopted an amendment to the basic cereals Regulation to simplify application of the additional coresponsibility levy arrangements in the

¹ OJ L 302, 31.10.1990.

² OJ L 337, 4.12.1990.

event of total or partial refund of this levy.¹ Henceforth this levy will no longer be paid at the beginning of the marketing year at a rate of 3% of the intervention price but will be laid down at a fixed rate of 1.5%; it will be adjusted during the following marketing year in the light of the level of the total harvest.

At the same time, the Council also adopted a Regulation on the application in Portugal of the aid scheme for the production of certain varieties of flint maize.² This Regulation extended immediate application to Portugal of the aid arrangements enjoyed by the other Member States.

To enable the Commission to mobilize part of some intervention stocks for demonstration projects to encourage use of agricultural products for purposes other than food,³ the Council adopted a Regulation on 24 July amending Regulation (EEC) No 1581/86 laying down the general rules for intervention on the market in cereals and Regulations (EEC) Nos 724/67 and 2754/78 on intervention in the oils and fats sector.⁴

On the same day, the Council adopted an amendment to Regulation (EEC) No 1352/90 fixing rice prices for the 1990/91 marketing year.⁵ This amendment brought rice prices in Spain into line with those applicable in the Community of Ten.

Lastly, on 21 December the Council adopted a Regulation on transfer to Greece of 150 000 tonnes of feed grain held by the German intervention agency, these cereals being intended for Greek farmers to meet the shortfall in fodder arising from the drought in Greece in the first half of 1990.⁶

SUGAR

362. On 21 May the Council adopted three Regulations on the levulose industry. As regards the external aspect of these measures, the purpose of the Regulation, in the case of imports from third countries with which the Community does not have a preferential trade agreement, is as follows:

- (i) on the one hand, to open a Community quota, exempt from the variable component, for chemically pure fructose originating in third countries, which has been imported between July and December 1990; this quota has been set at the level of the quantities traditionally exported by the third countries concerned;⁷

¹ Regulation (EEC) No 201/90 (OJ L 22, 27.1.1990).

² Regulation (EEC) No 202/90 (OJ L 22, 27.1.1990).

³ See point 400 et seq. of this Review.

⁴ Regulation (EEC) No 2203/90 (OJ L 201, 31.7.1990).

⁵ Regulation (EEC) No 2177/90 (OJ L 198, 28.7.1990).

⁶ Regulation (EEC) No 3918/90 (OJ L 375, 31.12.1990).

⁷ Regulation (EEC) No 1437/90 (OJ L 138, 31.5.1990).

- (ii) on the other hand, for quantities in excess of the volume of the quota, to introduce a levy, equal to that applying to isoglucose, for imports into the Community of levulose originating in third countries.¹

As regards the internal aspect, the Regulation provides for the possibility of granting a refund for Community production of levulose used as an intermediate product in the manufacture of certain chemical products.²

The Community quota of levulose which can be imported exempt from the variable component for 1991 was laid down by the Council on 27 November 1990. This quota is equal, on a pro rata basis, to that laid down for 1990.³

The aforementioned production refund for chemically pure fructose is that laid down in Regulation (EEC) No 1010/86 laying down general rules for the production refund on certain sugar products used in the chemical industry. At its meeting on 26 June the Council took note of a Commission report on the operation of these arrangements and at the same time decided to extend them for an indeterminate period and at the same time to remove any link with the similar arrangements existing for starch products.⁴

363. Further to the Council's decision in October 1989 to include the 2% price reduction — already agreed for Community producers — in the offer to be submitted to the ACP States concerned and to India in respect of the guaranteed price for preferential sugar for the 1989/90 delivery period, the Commission submitted a proposal for a Regulation to the Council in July 1990 introducing a marketing premium for preferential sugar over a period of three years to guarantee supplies of raw sugar to Community refineries and to enable those States which supply preferential sugar to make the relevant adjustments to their industries. This proposal is still being studied by the Council.

Meanwhile on 24 September the Council instructed the Commission to negotiate the guaranteed prices for preferential cane sugar for the 1990/91 delivery period.

Lastly, in October the Council received a proposal concerning the future Community sugar arrangements. Essentially, this proposal makes provision, bearing in mind the situation and prospective trends on both the Community and the international sugar markets, for keeping the current arrangements for the 1991/92 and 1992/93 marketing years with, however, some changes concerning the various aid schemes and schemes for refunding storage costs for C sugar. In November and December the Council carried out a first reading of this proposal.

¹ Regulation (EEC) No 1436/90 (OJ L 138, 31.5.1990).

² Regulation (EEC) No 1438/90 (OJ L 138, 31.5.1990).

³ Regulation (EEC) No 3494/90 (OJ L 337, 4.12.1990).

⁴ Regulation (EEC) No 1771/90 (OJ L 163, 29.6.1990).

OILS AND FATS

364. On 22 January the Council adopted two Regulations amending Regulation (EEC) No 475/86 laying down general rules for the system for controlling the prices and the quantities of certain products in the oils and fats sector released for consumption in Spain¹ and Regulation (EEC) No 2112/87 introducing special measures for certain processed oil products in Spain.² These amendments were designed to ensure supplies of sunflower oil and soya oil to the processing industry in Spain, in particular the margarine industry, at world market prices.

At the same time, the Council also adopted an amendment of Regulation (EEC) No 2262/84 providing for special measures in the olive oil sector.³ This amendment extended the tasks incumbent on the agencies set up in each producer Member State and made them responsible for checks relating to the consumption aid scheme and to the buying-in and storage of olive oil by intervention agencies.

A second amendment of Regulation (EEC) No 475/86 was adopted on 12 February with a view to creating similar aid conditions in Spain to those in force in the other Member States where sunflower is incorporated directly into animal feedingstuffs.⁴

After twice extending the 1989/90 marketing year for olive oil until 30 November 1990,⁵ on 27 November the Council adopted for the 1990/91 marketing year — which began on 1 December 1990 — the Regulation fixing the representative market price and the threshold price for olive oil.⁶ In view of this decision, consumption aid was set at ECU 61/100 kg, on the understanding that 1.4% would be deducted to finance professional bodies and 4% to promote consumption.

TABLE OLIVES

365. Further to the commitment entered into under the agreement on the agricultural prices for the 1990/91 marketing year, in August the Commission forwarded to the Council a report on the table-olives sector and a proposal concerning measures to improve and develop table-olive consumption. Pending the opinion of the European Parliament, the Council held an initial exchange of views on this proposal at its meeting on 27 November.

¹ Regulation (EEC) No 198/90 (OJ L 22, 27.1.1990).

² Regulation (EEC) No 199/90 (OJ L 22, 27.1.1990).

³ Regulation (EEC) No 200/90 (OJ L 22, 27.1.1990).

⁴ Regulation (EEC) No 387/90 (OJ L 42, 16.2.1990).

⁵ Regulation (EEC) No 3068/90 (OJ L 295, 26.10.1990) and Regulation (EEC) No 3345/90 (OJ L 323, 22.11.1990).

⁶ Regulation (EEC) No 3415/90 (OJ L 330, 29.11.1990).

WINE

366. On 22 January the Council took a final decision¹ on excise duty arrangements applicable to Luxembourg wines sent to Belgium and the Netherlands. It decided that the tax exemption on such wines would be gradually reduced so as to remove this exemption from 1 January 1993.

The exemption allowing compulsory distillation in Greece in accordance with special provisions designed to take account of the problems encountered by Greece in applying the Community provisions laid down in Regulation (EEC) No 822/87 was extended until the end of the 1989/90 wine year by a Regulation adopted by the Council on 12 February² and, until the end of the 1990/91 wine year, by a Regulation adopted on 14 May under the agricultural price package.³

On 21 May the Council adopted a Regulation extending until the end of 1990 the existing provisions concerning the addition of alcohol to products in the wine sector,⁴ in view of the absence of any common organization of the market in the alcohol sector and provisions harmonizing the definitions of aromatized wines.

On 26 June the Council adopted an amended version of Regulation (EEC) No 2390/90 laying down general rules for the import of wines, grape juice and grape must.⁵ The changes are intended, for the sake of greater harmonization of customs rules, to raise certain quantitative limits below which the certificates of origin and analysis reports which normally have to accompany imports from third countries are not required.

367. On 24 July the Council adopted three other Regulations to facilitate trade with third countries.

The first Regulation extended until 31 August 1991 the waiver granted for certain high-quality wines imported from Hungary as regards their total alcoholic strength by volume which exceeds the maximum strength of 15% by volume normally allowed under Community rules.⁶

The second⁷ and third⁸ Regulations concern imports of wines produced in the United States of America; they extend until 31 July 1991 the waiver granted to

¹ Regulation (EEC) No 204/90 (OJ L 22, 27.1.1990).

² Regulation (EEC) No 388/90 (OJ L 42, 16.2.1990).

³ Regulation (EEC) No 1325/90 (OJ L 132, 23.5.1990).

⁴ Regulation (EEC) No 1372/90 (OJ L 133, 24.5.1990).

⁵ Regulation (EEC) No 1772/90 (OJ L 163, 29.6.1990).

⁶ Regulation (EEC) No 2178/90 (OJ L 198, 28.7.1990).

⁷ Regulation (EEC) No 2179/90 (OJ L 198, 28.7.1990).

⁸ Regulation (EEC) No 2180/90 (OJ L 198, 28.7.1990).

simplify the formalities applicable to certificates of origin and analysis reports and to permit certain oenological practices not provided for in the basic wine Regulation.

AROMATIZED WINES

368. On 20 December the Council adopted its common position on a proposal for a Regulation laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails. These provisions lay down minimum production standards and appropriate protection for certain names belonging to such wines which constitute a major outlet for Community agriculture. The text of the common position was forwarded to the European Parliament under the cooperation procedure.

FRESH FRUIT AND VEGETABLES

369. Following the adoption under the agricultural price package of the Regulation laying down a Community register of citrus cultivation, on 21 December the Council adopted the general rules for the application of this register.¹

At the same time, it also adopted a Regulation amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables, the purpose of the amendment being to extend to melons the list of products subject to Community quality standards.²

PROCESSED FRUIT AND VEGETABLES

370. Further to the commitment entered into under the agricultural price package, on 24 July the Council adopted two Regulations, of which one amended Regulation (EEC) No 426/86 on the common organization of the market in products processed from fruit and vegetables³ and the other amended Regulation (EEC) 1206/90 laying down general rules for the system of production aid for processed fruit and vegetables.⁴ These amendments are designed to lay down the conditions for moving gradually from production aid for dried grapes to a new system of aid for specialized cultivated areas and to set up a quality policy to enable Community produce to be more competitive with products originating in third countries.

¹ Regulation (EEC) No 3919/90 (OJ L 375, 31.12.1990).

² Regulation (EEC) No 3920/90 (OJ L 375, 31.12.1990).

³ Regulation (EEC) No 2201/90 (OJ L 201, 31.7.1990).

⁴ Regulation (EEC) No 2202/90 (OJ L 201, 31.7.1990).

On 24 September the Council adopted a Regulation amending Regulation (EEC) No 1201/88 establishing import mechanisms for certain processed products obtained from sour cherries originating in Yugoslavia.¹ This amendment relaxed the suspension of import licences in the light of the situation on the Community market.

Taking account of the need to encourage the concentration of supplies for fresh tomatoes with a view to making quantities produced more commensurate with possible outlets, on 20 November the Council set for the 1990/91 marketing year the percentages mentioned in Regulation (EEC) No 426/86 in connection with the premium granted for products processed from tomatoes.²

HOPS

371. On 16 July the Council laid down the amount of aid to hop producers for the 1989 harvest, namely ECU 340/ha for aromatic varieties, ECU 390/ha for bitter varieties and ECU 400/ha for other varieties.³

Regulation (EEC) No 1696/71 on the common organization of the market in hops was amended on 24 September to extend production aid for experimental strains for a certain period with a view to developing new varieties.⁴

Lastly, on 20 December the Council adopted a Regulation amending Regulation (EEC) No 2997/87 laying down, in respect of hops, the amount of aid to producers for the 1986 harvest and providing for special measures for certain regions of production.⁵ This amendment granted to Spain a further two years to implement the conversion programme and thus gave it the opportunity to consolidate the entire hop area concerned, prior to varietal conversion. This exemption is intended to encourage Spanish efforts to adjust its agricultural structures.

COTTON

372. On 27 April the Council adopted a Regulation instituting a system of aid in favour of small cotton producers for the 1989/90, 1990/91 and 1991/92 marketing years.⁶ This scheme provided for flat-rate aid of ECU 250/ha to be granted to producers with not more than 2.5 hectares of cotton. The measure was to compensate in part for loss of income due to reduction of aid where the maximum guaranteed quantity was exceeded.

¹ Regulation (EEC) No 2781/90 (OJ L 265, 28.9.1990).

² Regulation (EEC) No 3379/90 (OJ L 327, 27.11.1990).

³ Regulation (EEC) No 2072/90 (OJ L 190, 21.7.1990).

⁴ Regulation (EEC) No 2780/90 (OJ L 265, 28.9.1990).

⁵ Regulation (EEC) No 3837/90 (OJ L 367, 29.12.1990).

⁶ Regulation (EEC) No 1152/90 (OJ L 116, 8.5.1990).

TOBACCO

373. On 22 January the Council amended Regulation (EEC) No 727/70 on the common organization of the market in raw tobacco in order to clarify, for reasons of legal security, the conditions under which the intervention price reduction should be applied to tobacco offered for intervention.¹

Animal products

MILK PRODUCTS

374. On 26 February the Council adopted a Regulation amending Regulation (EEC) No 2967/89 relating to the continued importation of New Zealand butter into the United Kingdom on special terms. This amendment reduced the special import levy on New Zealand butter to ECU 42.92/100 kg following a change in the intervention price of butter applicable on 1 March, on which the Council had decided at its meeting on 11 and 12 December 1989.²

On 24 July the Council adopted a Regulation laying down additional general rules on the common organization of the market in milk and milk products.³ These new provisions provided global rules for the use of caseine and caseinates eligible for Community aid in the manufacture of cheese.

On 15 October the Council adopted two Regulations, the first amending Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff and Regulation (EEC) No 2915/79 determining the groups of products and the special provisions for calculating levies on milk and milk products,⁴ and the second amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products.⁵ These measures provided for the same treatment to be given to flavoured and non-flavoured yoghurt, cancelled certain requirements for products having been the subject of aid to private storage and extended the list of products of which the milk component was eligible for export refunds.

The butter consumption aid arrangements provided for in Regulation (EEC) No 1307/85 were extended for the 1990/91 milk production year by a Regulation adopted by the Council on 5 November.⁶ On 21 December the provisions made in

¹ Regulation (EEC) No 203/90 (OJ L 22, 27.1.1990).

² Regulation (EEC) No 491/90 (OJ L 53, 1.3.1990).

³ Regulation (EEC) No 2204/90 (OJ L 201, 31.7.1990).

⁴ Regulation (EEC) No 3116/90 (OJ L 303, 31.10.1990).

⁵ Regulation (EEC) No 3117/90 (OJ L 303, 31.10.1990).

⁶ Regulation (EEC) No 3232/90 (OJ L 310, 9.11.1990).

Regulation (EEC) No 2990/82 on the sale of butter at reduced prices to persons receiving social assistance were extended to 31 December 1992.¹

Lastly, the Commission submitted two proposals to the Council which were still being examined at the end of 1990. The first proposal concerned the exclusion of milk products from inward processing arrangements and from certain usual forms of handling and the temporary suspension of the inward processing arrangements as regards the use of milk products from third countries, in order not to compromise the normal disposal of products of Community origin and the correct functioning of the common organization of the market in those products.

The second proposal was to amend Regulation (EEC) No 857/84 adopting general rules for the application of the levy referred to in Article 5(c) of the basic Regulation on milk products. The purpose of the amendment was, firstly, to remove a provision which was regarded as too restrictive in respect of payments for the buying-up of milk quotas and, secondly, to make it clear that milk products other than those explicitly mentioned in the old text were covered by the supplementary levy arrangements in this sector.

BEEF AND VEAL

375. On 21 May the Council adopted the estimates in this sector for the period from 1 January to 31 December 1990. These estimates related to imports of:

- (i) 198 000 head of young male bovine animals weighing 300 kg or less and intended for fattening;²
- (ii) 50 000 tonnes of beef and veal for the processing industry.³

On 24 July the Council adopted two Regulations opening and providing for the administration of Community tariff quotas from 1 July 1990 to 30 June 1991, at a duty of 4%, for:

- (i) 42 600 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds;⁴
- (ii) 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds.⁵

¹ Regulation (EEC) No 3917/90 (OJ L 375, 31.12.1990).

² Estimate 90/243/EEC (OJ L 140, 1.6.1990).

³ Estimate 90/244/EEC (OJ L 140, 1.6.1990).

⁴ Regulation (EEC) No 2207/90 (OJ L 201, 31.7.1990).

⁵ Regulation (EEC) No 2208/90 (OJ L 201, 31.7.1990).

A special autonomous import quota, at a duty of 20%, for 3 000 tonnes of high-quality fresh, chilled or frozen beef was opened by the Council on 9 October.¹

Lastly, on 20 December the Council adopted four Regulations opening and providing for the administration of:

- (a) a Community tariff quota for 53 000 tonnes of frozen beef and veal at a duty of 20%;²
- (b) a Community tariff quota for 1 500 tonnes of frozen thin skirt of bovine animals at a duty of 4%;³
- (c) a Community tariff quota for 34 300 tonnes of high-quality fresh, chilled or frozen beef at a duty of 20%;⁴
- (d) a Community tariff quota for 2 250 tonnes of frozen buffalo meat at a duty of 20%.⁵

SHEEPMEAT AND GOATMEAT

376. On 22 January the Council adopted a Decision concerning adjustments to the voluntary restraint agreement for sheepmeat and goatmeat concluded with Uruguay.⁶ These adjustments involved reducing the quantity from 5 800 to 5 220 tonnes, establishing a price surveillance procedure, imposing a ceiling on imports of chilled meat, the total suspension of the import levy and provisions relating to sensitive areas. Subsequently, on 16 March, the Council made adjustments to the voluntary restraint Agreements with Bulgaria, Hungary, Poland, the German Democratic Republic, Czechoslovakia and Yugoslavia in the light of the negotiations carried out with those countries.⁷

Regulations relating to the suspension of the import levy on sheepmeat and goatmeat⁸ and live sheep and goats⁹ were adopted by the Council on 26 March and 21 May respectively. These Regulations extended the suspension of the levy, as decided already for some of the traditional supplier countries, to all of them.

¹ Regulation (EEC) No 2935/90 (OJ L 281, 12.10.1990).

² Regulation (EEC) No 3838/90 (OJ L 367, 29.12.1990).

³ Regulation (EEC) No 3839/90 (OJ L 367, 29.12.1990).

⁴ Regulation (EEC) No 3840/90 (OJ L 367, 29.12.1990).

⁵ Regulation (EEC) No 3841/90 (OJ L 367, 29.12.1990).

⁶ Decision 90/114/EEC (OJ L 69, 16.3.1990).

⁷ Decision 90/173/EEC (OJ L 95, 12.4.1990).

⁸ Regulation (EEC) No 735/90 (OJ L 83, 30.3.1990).

⁹ Regulation (EEC) No 1373/90 (OJ L 133, 24.5.1990).

On the basis of experience gained in the 1990 marketing year, the basic price for sheepmeat and the guide level for the 1991 marketing year were seasonally adjusted by the Council on 25 June.¹

Lastly, on 27 November the Council adopted a Regulation laying down general rules for the grant of premiums to sheepmeat and goatmeat producers.² This Regulation amended the old definitions of 'sheepmeat producers' and 'producer groups' and clarified the concept of a 'holding located partly in a less-favoured area'.

WELFARE OF CALVES AND PIGS

377. Proposals concerning the welfare of veal calves and pigs bred in intensive production systems were put before the Council by the Commission in June 1989. In the light of the opinion delivered by the European Parliament in April 1990, they were amended by the Commission in June 1990. The Council debated these proposals at its meeting on 25 and 26 June. A consensus emerged in favour of adopting Community rules in this area, and, at the close of the discussions, the Commission was asked to discuss the economic ramifications of the recommended husbandry systems.

EGGS AND POULTRY

378. On 26 June the Council adopted two Regulations on eggs and poultry. The first Regulation laid down marketing standards for poultrymeat to help to improve its quality, to add to and harmonize consumer information and facilitate trade within the Community.³ The second Regulation, concerning certain marketing standards for eggs, adapted the old standards to take account of the relevant marketing practices. Its main provisions were definitions and rules concerning the packing and presentation of eggs, the more frequent collection and packing of eggs, authorization to mark eggs and combine rules for labelling small and large packs.⁴

Goods processed from agricultural products

379. On 20 November the Council adopted two Regulations on goods processed from agricultural products. The first Regulation amended Regulation (EEC) No 3034/80 fixing the quantities of basic products considered to have been used in the manufacture of goods covered by Regulation (EEC) No 3033/80, and fixing the rates

¹ Regulation (EEC) No 1973/90 (OJ L 179, 12.7.1990).

² Regulation (EEC) No 3493/90 (OJ L 337, 27.11.1990).

³ Regulation (EEC) No 1906/90 (OJ L 173, 6.7.1990).

⁴ Regulation (EEC) No 1907/90 (OJ L 173, 6.7.1990).

of certain variable component levies. The purpose of this amendment was specifically to fix the quantities of agricultural products considered to have been used in the manufacture of certain sorts of milk chocolate.¹

The second Regulation amended Regulation (EEC) No 3035/80 laying down general rules for granting export refunds on certain agricultural products exported in the form of goods not covered in Annex II to the Treaty and the criteria for fixing the amounts of such refunds.² This amendment corrected anomalies in the existing legislation, providing for appropriate refunds, notably for powdered milk, based solely on fat content.

Transitional measures in connection with the accession of Spain and Portugal

380. On 20 December, in order to deal with difficulties remaining in certain agricultural sectors, the Council amended Regulation (EEC) No 4007/87 extending the application of transitional measures restricted to the territories of Spain and Portugal for one year, up to 31 December 1991, for Spain and two years, until 31 December 1992, for Portugal.³

On 7 June the Council adopted two Decisions more specifically concerning Portugal:

- (i) the first Decision concerns the alignment of Portuguese prices for butter and for beef and veal on the common prices as from the 1990/91 marketing year;⁴ in accordance with this Decision, Portugal fixed the intervention price for butter at a level equal to at least ECU 265.83/100 kg and the intervention price for the meat of male bovine animals of R3 quality at a level equal to at least ECU 322.71/100 kg;
- (ii) the second Decision concerns the alignment of Portuguese prices for certain fruit and vegetables on the common prices as from the 1990/91 marketing year;⁵ in this case, the basic price and the buying-in price for apples, pears, apricots, table grapes, lemons, oranges, tomatoes, aubergines and cauliflowers were fixed at the minimum prices applicable in Portugal during the 1990/91 marketing year.

Lastly, on 27 November the Council adopted a Regulation removing olive oil and oilcake from the list of products subject to the supplementary trade mechanism in Portugal.⁶

¹ Regulation (EEC) No 3380/90 (OJ L 327, 27.11.1990).

² Regulation (EEC) No 3381/90 (OJ L 327, 27.11.1990).

³ Regulation (EEC) No 3836/90 (OJ L 367, 29.12.1990).

⁴ Decision 90/264/EEC (OJ L 150, 14.6.1990).

⁵ Decision 90/265/EEC (OJ L 150, 14.6.1990).

⁶ Regulation (EEC) No 3501/90 (OJ L 338, 5.2.1990).

C — International agricultural context

International Sugar Agreement

381. The Community took an active part in all the meetings of the International Sugar Organization, especially those held in the framework of the sessions of the International Sugar Agreement Council in May and November.

International Olive Oil Council (IOOC)

382. In 1990 the IOOC continued work on the administration of the International Agreement on Olive Oil and Table Olives, in particular regarding promotion campaigns for olive oil in the United States of America and Australia.

The Community took part in the IOOC meetings in 1990 and organized coordinating meetings prior to these.

International Wheat Council

383. The Member States of the Community and the Commission held regular coordination meetings on the Community's position in the proceedings of the International Wheat Council, within which there is constant exchange of views and information between the cereal exporting and importing countries.

International Vine and Wine Office (IWO)

384. The IWO held its 70th General Assembly in Yalta (USSR) from 3 to 13 September on the general theme of 'Environmental protection in the wine sector'.

The Council followed these proceedings, having arranged coordination meetings between the Member States and the Commission for that purpose.

World Food Council

385. The World Food Council, an organ of the United Nations General Assembly, held its 16th ministerial meeting in Bangkok from 21 to 24 May, at which it examined possible means of stepping up the fight against famine and malnutrition in the world. The Council's conclusions and recommendations and a Community statement submitted by the Commission representative were the subject of coordination discussions between the Member States of the Communities throughout the meeting.

FAO

386. After prior coordination on the various topics discussed, the Community took an active part during 1990 in the proceedings of the FAO at Council level and through the various committees and working parties.

Codex alimentarius (FAO/WHO)

387. In the context of discussions on the *Codex alimentarius* (FAO/WHO programme), the Member States and the Commission as usual coordinated their specific positions with the object of reaching a common point of view on the matters put forward for discussion at the meetings of various *Codex* committees.

D — Harmonization of legislation

388. The main features of the Council's work during 1990 in the area of harmonization of agricultural legislation were the achievement of significant new progress towards the completion of the internal market and the necessary adjustment of Community legislation following German unification.

For the purposes of the latter objective the Council adopted Directive 90/654/EEC of 4 December 1990 on the transitional measures and adjustments to the Directives on plant health, seeds, plants and animal feedingstuffs and to the veterinary and zootechnical legislation as a result of German unification.¹ The Directive introduces the adjustments and derogations to Community measures needed to take account of the special situation obtaining in the territory of the former German Democratic Republic.

Veterinary sector

389. During 1990 the Council continued its work on creating the conditions for an internal market in the protection of animal products by 1993. Its aim was to supplement Community legislation by extending it to products and areas not yet harmonized and by establishing general rules and principles to govern veterinary checks after the elimination of veterinary controls at the Community's internal borders.

The resolution adopted by the Council on 15 October detailed the measures to be taken both at Community level and by the Member States, in order to achieve completion of the internal market in the veterinary sector.²

¹ OJ L 353, 17.12.1990.

² Resolution 90/C/288/01 (OJ C 288, 16.11.1990).

ENLARGEMENT OF THE HARMONIZED SECTOR

390. The list of animal products to be subjected to Community trade rules under which veterinary checks at borders between Member States for these products could be abolished was extended in the area of animal health by:

- (i) a Council Directive of 5 March 1990 amending Directive 88/407/EEC laying down the animal health requirements applicable to intra-Community trade in and imports of deep-frozen semen of domestic animals of the bovine species;¹
- (ii) a Council Directive of 26 June 1990 laying down the animal health requirements applicable to intra-Community trade in and imports of deep-frozen semen of domestic animals of the porcine species;²
- (iii) a Council Directive of 26 June on animal health conditions governing the movement and import from third countries of equidae;³
- (iv) a Council Directive of 15 October on animal health conditions governing intra-Community trade in, and imports from third countries of, poultry and hatching eggs.⁴

The enlargement of the harmonized sector also included the public health sector, with the adoption of the following Directives:

- (a) a Directive of 26 March laying down the conditions governing the preparation, placing on the market and use of medicated feedingstuffs in the Community;⁵
- (b) a Directive of 15 October on animal health conditions governing intra-Community trade in, and imports from third countries of, poultry and hatching eggs;⁴
- (c) a Directive of 27 November laying down the veterinary rules for the disposal and processing of animal waste, for its placing on the market and for the prevention of pathogens in feedingstuffs of animal or fish origin and amending Directive 90/425/EEC;⁶
- (d) a Directive of 27 November concerning public health and animal health problems affecting the production and placing on the market of rabbit meat and farmed game meat.⁷

391. The rules for combating disease were adjusted in accordance with the prospective completion of the internal market and the abolition of checks at borders between

¹ Directive 90/120/EEC (OJ L 71, 17.3.1990).

² Directive 90/429/EEC (OJ L 224, 18.8.1990).

³ Directive 90/426/EEC (OJ L 224, 18.8.1990).

⁴ Directive 90/539/EEC (OJ L 303, 31.10.1990).

⁵ Directive 90/167/EEC (OJ L 92, 7.4.1990).

⁶ Directive 90/667/EEC (OJ L 363, 27.12.1990).

⁷ Not yet published in the *Official Journal of the European Communities*.

Member States. This principally meant a change in the policy followed in combating foot-and-mouth disease, with a majority of Member States agreeing to switch from a policy based on systematic prophylactic vaccination to one of non-vaccination and slaughter when a focus of disease appeared, the policy already practised in the other Member States.

This new position was expressed in a Directive of 26 June amending Directive 85/511/EEC introducing Community measures for the control of foot-and-mouth disease, Directive 64/432/EEC on animal health problems affecting intra-Community trade in bovine animals and swine and Directive 72/462/EEC on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat or meat products from third countries.¹

A Directive of 26 June, amending Directive 64/432/EEC as regards enzootic bovine leucosis, brought Community rules further into line with developments in the situation with regard to the combating of this disease.²

392. The Council also clarified and augmented the financial framework required for disease prevention or inspection measures in order to ensure a high health standard in all Member States.

To this end the Council on 26 June adopted a Decision on expenditure in the veterinary field.³ The Decision grouped together all the financial measures laid down by veterinary legislation and extended the scope of the veterinary emergency fund to a number of diseases. It will help to guarantee Community funding for all the measures required to complete the single market.

The Council also adopted specific measures to ensure a Community financial contribution for the eradication of African swine fever in Sardinia in a Decision of 25 April,⁴ of brucellosis in sheep in a Decision of 21 March⁵ and of infectious haemopoietic necrosis of salmonids in a Decision of 24 September.⁶

In order to ensure uniformity in the carrying-out of the inspections required for the purposes of the grant of a Community financial contribution, the Council adopted a Decision on 27 November laying down Community criteria for the eradication and monitoring of certain animal diseases.⁷

¹ Directive 90/423/EEC (OJ L 224, 18.8.1990).

² Directive 90/422/EEC (OJ L 224, 18.8.1990).

³ Decision 90/424/EEC (OJ L 224, 18.8.1990).

⁴ Decision 90/217/EEC (OJ L 116, 8.5.1990).

⁵ Decision 90/242/EEC (OJ L 140, 1.6.1990).

⁶ Decision 90/495/EEC (OJ L 276, 6.10.1990).

⁷ Decision 90(638/EEC (OJ L 347, 12.12.1990).

ABOLITION OF CHECKS AT BORDERS BETWEEN MEMBER STATES

393. Taking account of the progress achieved in the fight against certain diseases and the level of harmonization reached with regard to the rules to be followed in trade, the Council was able to move towards the abolition of veterinary checks at borders between Member States by replacing them with checks at the place of origin and sample checks at the place of destination, with checks during transit in cases of serious doubt.

The Directive of 26 June concerning veterinary and zootechnical checks applicable in intra-Community trade in certain live animals and products with a view to the completion of the internal market extended the rules and principles adopted by the Council for animal products in Directive 89/662/EEC,¹ by adapting them for application to live animals and certain products affected by animal diseases.

On 10 December, as a corollary to the abolition of veterinary checks at borders between Member States, the Council laid down in a Directive the principles governing the organization of veterinary checks on products entering the Community from third countries.²

OTHER MEASURES

394. On 12 February the Council adopted a Decision amending, for the fourth time, Decision 88/303/EEC recognizing certain parts of the territory of the Community (in Belgium, Germany, Spain, France, Greece, Italy and the Netherlands) as being either officially swine-fever free or swine-fever free.³

On 25 April the Council adopted a Decision prohibiting the administration of bovine somatotrophin (BST) to dairy cows until 31 December 1990.⁴

On 6 and 7 June the Council met in special session at the Commission's request to examine the state of intra-Community trade in the beef and veal sector subsequent to measures taken by some Member States concerning their imports of beef from the United Kingdom, as a result of the presence of bovine spongiform encephalopathy (BSE) in that country. Following comments by the Commission on the outcome of the proceedings of the Scientific Veterinary Committee, the Council went on to consider the measures to be implemented to re-establish free circulation for products in the sheepmeat sector.

¹ Directive 90/425/EEC (OJ L 224, 18.8.1990).

² Directive 90/675/EEC (OJ L 373, 31.12.1990).

³ Decision 90/63/EEC (OJ No 43, 17.2.1990).

⁴ Decision 90/218/EEC (OJ L 116, 8.5.1990).

On 13 December the Council adopted a Decision recognizing certain parts of the territory of the Community (in Germany, Belgium, France and Italy) as being either officially swine-fever free or swine-fever free.¹

By means of a Directive of 4 December, the Council adopted transitional measures and adjustments to the Directives on plant health, seeds, plants and animal feedingstuffs and to the veterinary and zootechnical legislation as a result of German unification.²

Zootechnical sector

395. The Council extended the principle of non-discrimination on zootechnical grounds, particularly as regards inclusion in herd-books or stud-books, to the main species of animals concerned in intra-Community trade. The extension covered:

- (i) the acceptance of pure-bred breeding pigs for breeding, in two Directives of 5 March;³
- (ii) the zootechnical and genealogical conditions governing intra-Community trade in equidae and intra-Community trade in equidae intended for competitions, in two Directives of 22 June.⁴

Plant health sector

396. Of note in the plant health sector was the Council's adoption of two important Directives favouring the free circulation of plants and plant products within the Community, as mentioned in the Commission's White Paper on the completion of the internal market. The Council also adopted a third Directive on regular updating in the area of phytopharmaceutical product marketing.

DIRECTIVE 90/168/EEC OF 26 MARCH 1990, AMENDING DIRECTIVE 77/93/EEC ON PROTECTIVE MEASURES AGAINST THE INTRODUCTION INTO THE MEMBER STATES OF ORGANISMS HARMFUL TO PLANTS OR PLANT PRODUCTS⁵

The purpose of this Directive is, in the first, place progressively to reduce double checking and to establish a better balance of checking between the consignor

¹ Decision 90/678/EEC (OJ L 373, 31.12.1990).

² Directive 90/654/EEC (OJ L 358, 17.12.1990).

³ Directives 90/118/EEC and 90/119/EEC (OJ L 71, 17.3.1990).

⁴ Directives 90/427/EEC and 90/428/EEC (OJ L 224, 18.8.1990).

⁵ OJ L 92, 7.4.1990.

Member State and the Member State of destination, by according greater responsibility to the former. It also introduces an improvement to the safeguard clause, laying down that safeguard measures must normally be taken by the Member State in which the problem originates, and that the Commission must be informed of all cases which may require the adoption of safeguard measures.

An initial series of amendments in the areas of progressive reduction of checks and improvement of the safeguard clause had already been adopted in June 1989.

DIRECTIVE 90/642/EEC OF 27 NOVEMBER 1990 ON THE FIXING OF MAXIMUM LEVELS FOR PESTICIDE RESIDUES IN AND ON CERTAIN PRODUCTS OF PLANT ORIGIN, INCLUDING FRUIT AND VEGETABLES¹

The main purpose of this Directive is as follows:

- (i) to institute a system in all Member States for fixing mandatory maximum pesticide residue levels for fruit and vegetables at present covered by Directive 76/895/EEC;
- (ii) to extend the scope of Community measures to products not previously covered, such as dried pulses, oilseeds, potatoes, tea and hops;
- (iii) to combine in one Community measure maximum pesticide residue levels for fruit and vegetables irrespective of whether the treatment was applied pre- or post-harvest.

DIRECTIVE 90/533/EEC OF 15 OCTOBER 1990 AMENDING THE ANNEX TO DIRECTIVE 79/117/EEC PROHIBITING THE PLACING ON THE MARKET AND USE OF PLANT PROTECTION PRODUCTS CONTAINING CERTAIN ACTIVE SUBSTANCES²

This amendment to the Annex to Directive 79/117/EEC entails regular updating to take account of the development of scientific and technical knowledge. It prohibits the use of a number of plant protection products which have shown themselves likely to give rise to harmful effects on human and animal health as well as a highly unfavourable effect on the environment.

Animal feedingstuffs sector

397. In this sector, the Council adopted the following measure:

¹ OJ L 350, 14.12.1990.

² OJ L 296, 27.10.1990.

**DIRECTIVE 90/44/EEC OF 22 JANUARY 1990 AMENDING
DIRECTIVE 79/373/EEC ON THE MARKETING OF COMPOUND
FEEDINGSTUFFS¹**

In order to eliminate all the national derogations which may still hamper the free circulation of compound feedingstuffs or lead to a state of unfair competition, the Council adopted this Directive fixing the labelling rules and the list of declarations which, in each case, must be given or may be given on a voluntary basis by the person responsible for labelling. The Council's chosen formula for the declaration of ingredients in feedingstuffs for production animals is confined to an indication of the ingredients without stating their quantities, while for compound feedingstuffs intended for pets the amounts contained of the ingredients may be indicated. The Directive also lays down that the implementing arrangements must include a list of ingredients used for the manufacture of compound feedingstuffs and a list of ingredients the use of which must be prohibited for health reasons.

Seeds and seedlings

398. In the area of seeds and seedlings the Council adopted two Decisions updating the existing legislation and a Directive on the marketing of seed potatoes as part of the measures concerning the completion of the internal market. The process of harmonization to achieve a single market in the seed sector must be largely completed during 1991.

**DECISION 90/402/EEC OF 27 JULY 1990 AMENDING THE SEVENTH
DECISION 85/355/EEC ON THE EQUIVALENCE OF FIELD
INSPECTIONS CARRIED OUT IN THIRD COUNTRIES ON
SEED-PRODUCING CROPS AND THE SEVENTH DECISION 85/356/EEC
ON THE EQUIVALENCE OF SEED PRODUCED IN THIRD COUNTRIES¹**

**DECISION 90/403/EEC OF 27 JULY 1990 AMENDING
DECISION 81/956/EEC ON THE EQUIVALENCE OF SEED
POTATOES PRODUCED IN THIRD COUNTRIES¹**

These amendments extend the application of the existing rules, in view of the fact that the conditions on which the Community findings were based at the outset are still fulfilled as regards the standards and procedures applicable to the certification of seeds and seed potatoes produced in third countries.

¹ OJ L 27, 31.1.1990.

**DIRECTIVE 90/404/EEC OF 27 JULY 1990 AMENDING
DIRECTIVE 66/403/EEC ON THE MARKETING OF SEED POTATOES¹**

The purpose of this Directive is to lay down a Community procedure for establishing the marketing standards applicable to seed potatoes produced by micropropagation, and to introduce a Community procedure for future extensions of the period of validity of national decisions on the equivalence of seed potatoes harvested in third countries with those harvested within the Community.

Foodstuffs

399. The Council's work in this area resulted in the adoption of the following measure:

**DIRECTIVE 90/496/EEC OF 24 SEPTEMBER 1990 ON NUTRITION
LABELLING FOR FOODSTUFFS²**

This Directive is designed to improve information for the consumer and prevent disparities in optional nutrition labelling from becoming an obstacle to trade. Application of the Directive will enable experience to be gained and consumer reaction to the way in which nutrition information is presented to be evaluated, thus enabling the most appropriate form to be decided upon for possible future obligatory labelling.

E — Agricultural structures policy

400. On 26 March the Council adopted Regulation (EEC) No 752/90 amending Regulation (EEC) No 797/85 as regards the rates of reimbursement for the set-aside of arable land.³

The amendment involves adjustment of the rate of reimbursement by the EAGGF to Member States of expenditure resulting from payments during the second half of 1989 in respect of allowances for the set-aside of arable land. As from 1 January 1990 the setting of the Community contribution for the scheme, which forms part of structural policy, is a matter for the Commission (see Regulation (EEC) No 3808/89 on the reform of the Structural Funds).⁴

¹ OJ L 208, 7.8.1990.

² OJ L 276, 6.10.1990.

³ OJ L 83, 30.3.1990.

⁴ OJ L 371, 20.12.1989.

401. On 29 March the Council adopted:

- (i) Regulation (EEC) No 866/90 on improving the processing and marketing conditions for agricultural products;¹
- (ii) Regulation (EEC) No 867/90 on improving the processing and marketing conditions for forestry products.¹

These two Regulations supplement a programme for adjusting certain structural action financed by the EAGGF following the reform of the Structural Funds decided on by the Council in 1988. Those decisions coupled with developments in the common agricultural policy made it necessary to revise common action to maintain the efficiency and competitiveness of the agri-foodstuffs sector in the Community and therefore, in this context, the two Regulations replace the arrangements already obtaining under Regulation (EEC) No 355/77. The amendments decided on take into account not just the reform of the Funds but also the experience gained and they involve in particular:

- (a) extension of the scope to embrace forestry products;
- (b) preparation by Member States of sectoral plans for investments in the field of processing and marketing of agricultural and forestry products;
- (c) adoption by the Commission of Community support frameworks corresponding to the sectoral plans;
- (d) replacement of project financing by the financing of operational programmes through providing global grants;
- (e) graduation of the rates of Community financing to be determined by the Commission in accordance with Article 17 of Regulation (EEC) No 4253/88, subject to upper limits of:

50% in Objective 1 regions;

30% in other regions.

These percentages apply to the eligible costs of investments selected.

402. On 24 July the Council adopted Regulation (EEC) No 2176/90 amending Regulation (EEC) No 797/85 on improving the efficiency of agricultural structures.²

The amendment concerns the set-aside scheme for arable land and involved the granting of aid under certain conditions for the growing, on part of the areas set aside, of agricultural products for non-food uses.

¹ OJ L 91, 6.4.1990.

² OJ L 198, 28.7.1990.

The measure provides, in particular, for:

- (i) aid recipients to set aside at least 30% of the arable land on their farms;
- (ii) an area equivalent to not more than 50% of the land set aside to be sown to cereals for non-food purposes;
- (iii) groups of farmers also to be able to participate in the scheme under certain conditions;
- (iv) products qualifying for such aid to be excluded from other Community aid.

In addition the Council highlighted the importance of continuing with demonstration projects in the field of non-food use of agricultural products and the Commission undertook, in the light of the results, to consider the possibility of extending the scheme to products other than cereals.

Agricultural statistics

403. On 16 July the Council adopted Decision 90/386/EEC amending Decision 85/360/EEC on the restructuring of the system of agricultural surveys in Greece.¹

The amendment is designed to extend by three years (from 1990 to 1993) the deadline for carrying out the programme for restructuring the system of agricultural surveys in Greece and to increase the rate of the Community contribution from one third to two thirds of expenditure, without exceeding the amount originally earmarked for the programme as a whole.

¹ OJ L 190, 21.7.1990.

Chapter VII

Community budget — Staff Regulations

A — Financial perspective

404. In 1990, a year marked by a series of unforeseen political upheavals (developments in the countries of Eastern Europe, unification of Germany, Gulf crisis), there were four proposals for revision¹ of the financial perspective, an occurrence unprecedented since this five-year financial framework was set up. These successive revisions gave rise to a number of problems, particularly as regards the timetable and the question of inserting the results of these revisions at the appropriate time in the procedure for drawing up the 1991 budget.

Annual adjustment to the financial perspective and first revision concerning, in particular, Eastern Europe

On 12 March the Council adopted its guidelines for the revision of the financial perspective. It approved the Commission's proposals for adjustment of the financial perspective, except for the transfer of payment appropriations proposed by the Commission under Heading 4.

On 4 April the European Parliament adopted a resolution on the revision and the adjustment of the financial perspective.

The decisions on the adjustment and the revision of the financial perspective were finally adopted by the Council and by the European Parliament on 21 May and 7 June respectively.

¹ The word is used in the broad sense, and does not refer to any specific point of the Interinstitutional Agreement.

405. The substance of these decisions may be summarized as follows:

- (a) the decision on revision first of all provides, with respect to Heading 2 (Structural operations) of the financial perspective, for an additional amount of ECU 90 million to be included in 1991. This amount covers the difference between forecasts and estimates of rates of inflation. The net increase in Heading 2 takes account of the effect of the decision of the Agriculture Council on the grubbing-up of vines, which will, in future, be financed under Heading 1 (EAGGF Guarantee Section) of the financial perspective (ECU 160 million);
- (b) the ceilings for Heading 4 (Other policies) are increased by ECU 200 million, 1 175 million and 1 628 million respectively in 1990, 1991 and 1992. For cooperation with the countries of Central and Eastern Europe, the maximum amounts of expenditure to be incurred are ECU 500 million in 1990 (taking into account the revision decided on 13 December 1989), ECU 850 million in 1991 and ECU 1 000 million in 1992. The remainder of the newly created margin is intended for the other areas of priority action involving stepping up cooperation with the countries of the Mediterranean, Latin America and Asia, and the strengthening of a number of policies linked to the implementation of the Single European Act;
- (c) the ceilings for Heading 5 (Repayments and administration) are lowered by ECU 40 million for 1991 and ECU 150 million for 1992. The amount proposed for stock disposal under this heading is reduced by ECU 450 million for 1992;
- (d) the adjustment of the financial perspective, carried out on the basis of points 10 and 11 of the Interinstitutional Agreement, is in line with the Commission proposal, except for an abatement of ECU 50 million in the transfer of payment appropriations proposed under Heading 4.

As regards the reference framework for compulsory expenditure other than under the EAGGF Guarantee Section, the Council, on 12 March, fixed the reference framework for other compulsory expenditure as it resulted from the decision adjusting the financial perspective for the 1991 financial year.

Amendments arising from German unification, the Gulf crisis and the adjustment of the refunds for Spain and Portugal

406. As the unification of Germany took place on 3 October, the increase in the size of Community territory had to be reflected in the Community budget (amendment of the financial perspective).

In addition, the events set in train by the invasion of Kuwait by Iraq on 2 August prompted the Member States of the Community into agreeing to give aid to the three countries most directly affected by the consequences of the Gulf crisis — Egypt, Jordan and Turkey.

Finally, the underestimate, in the past, of revenue from the VAT and GNP resources of Spain and Portugal, and the impact on the budget of the revision following German unification and the Gulf crisis, made necessary an adjustment of the amounts of refunds to those two countries.

In the light of the foregoing the Commission submitted to the Council, on 21 September and 31 October respectively, three proposals for amendments to the financial perspective.

During the tripartite meeting in Rome on 28 November, a broad consensus was reached on the principal details of these three dossiers, which was finalized on 12 December in Strasbourg at the December part-session of the European Parliament. The Council had previously, at its meeting on 10 December, recorded its agreement on the outcome of the tripartite meeting.

407. The principal details of this overall agreement were as follows:

- (a) the **ceiling for Heading 1 (EAGGF Guarantee Section)** remained unchanged: in a statement, the three institutions concerned agreed, *inter alia*, that, should it not be possible to finance fully agricultural expenditure resulting directly from German unification within the limits of the margin available without impairing the proper functioning of the CAP and where, accordingly, the Commission felt that additional appropriations should be mobilized over and above the current guideline, the Commission would submit appropriate proposals to the Council and the European Parliament;
- (b) the **ceiling for Heading 2 (Structural Funds)** was increased by ECU 750 million for 1991 and by ECU 1 000 million for 1992; it was specified that the ECU 750 million was exclusively earmarked for operations in the former German Democratic Republic (this did not reduce the ECU 900 million earmarked for the new *Länder*, but prevented that amount being used for other purposes);
- (c) the **ceiling for Heading 3** was reduced by ECU 50 million for 1991; provision was made for a re-examination if necessary;
- (d) the **ceiling for Heading 4** was increased by ECU 665 million for 1991 and by ECU 110 million for 1992: the ECU 665 million covered the Gulf crisis and German unification; it also included ECU 70 million under a financial instrument for the environment, LIFE, and for Perifra, measures to support the peripheral regions of the Community destabilized by various world events in 1990 (changes in Eastern Europe, disarmament, new energy crisis);
- (e) the **ceiling of Heading 5** remained unchanged: increase in 1991 and 1992 of the share of administrative expenditure by ECU 40 million at the expense of the unused 'destocking' item: the three institutions confirmed the interest of a detailed examination in 1991 of the Community's buildings policy;
- (f) the **ceiling for Heading 6 (Monetary reserve)** remained unchanged.

B — Budgetary procedures

Supplementary and amending budget No 1 for the 1990 financial year

408. On 13 February the Commission sent the Council preliminary draft supplementary and amending budget No 1/90, concerning the transposition into budgetary terms of the consequences of the Council Decision relating to the guarantee by the European Economic Community for a first tranche of a borrowing programme contracted by the Community to provide medium-term financial assistance to Hungary.

At its meeting on 13 February the Council established draft supplementary and amending budget No 1/90 in accordance with the preliminary draft.

On 16 February the European Parliament adopted supplementary and amending budget No 1 for the 1990 financial year as submitted by the Council. The President of the Parliament, Mr Barón Crespo, finally adopted it the same day.

Supplementary and amending budget No 2 for the 1990 financial year

409. On 20 March the Commission sent the Council preliminary draft supplementary and amending budget No 2/90, which basically provided for the inclusion in the statement of revenue of the balance of the 1989 financial year.

The Commission's estimate of the provisional balance for 1989 was ECU 5 115 million, ECU 2 036 million of which derived from surplus revenue (including ECU 879 million from the VAT and GNP balance) and ECU 3 079 million from lapsing of appropriations (including ECU 2 067 million under the EAGGF Guarantee Section).

Of this total, ECU 2 598 million had already been entered in the 1990 budget under the budget procedure at the end of 1989. Out of the ECU 2 517 million remaining to be entered, the amount of ECU 1 637 million was included in this preliminary draft supplementary and amending budget No 2/90, and the Commission proposed to enter the remaining balance at a later date.

On 7 May the Council established draft supplementary and amending budget No 2, including in it the whole of the balance not yet entered, i.e. ECU 2 517 million, and a 'p.m.' in appropriations for commitments under the budget heading for monitoring operations in relation to the safety of consumer products (Ehlass, Article 682, Part B, Section III — Commission).

Subsequently, the Commission sent the Council two letters of amendment, Nos 1 and 2, to preliminary draft supplementary and amending budget No 2/90. The Council approved both of them on 11 June.

Letter of amendment No 1 as proposed by the Commission concerned, basically, strengthening Part A, Title 1, of Section III of the operating budget of the Commission and the Court of Auditors. The Council established letter of amendment No 1 on this basis and adjusted revenue in the light of the final balance of the 1989 financial year of ECU 5 080 million resulting from the revenue and expenditure account.

The purpose of letter of amendment No 2 was to have entered in the 1990 budget an additional amount of ECU 200 million in commitment appropriations and ECU 50 million in payment appropriations in Article 996 of Part B of the budget for aid for economic restructuring of the countries of Central and Eastern Europe. The Council established this letter of amendment in accordance with the Commission proposals, and made the corresponding technical adjustments in the revenue part.

On 13 June the European Parliament held its first reading of draft supplementary and amending budget No 2, adopting a number of amendments to it, including an 'amendment' to the statement of revenue. By means of this amendment, Parliament wished to restore exactly the proposals made by the Commission in its preliminary draft supplementary and amending budget.

On 25 and 26 June the Council, on its second reading of draft supplementary and amending budget No 2 as amended by Parliament, rejected the 'amendment' to the statement of revenue, making clear that 'its deletion did not mean that it was in fact an amendment, since amendments within the meaning of Article 203 of the Treaty related to non-compulsory expenditure and not to the statement of revenue'.

On 11 July the European Parliament adopted supplementary and amending budget No 2, confirming its amendment relating to the statement of revenue. The President of the Parliament, Mr Barón Crespo, finally adopted it the same day.

At its meeting on 27 July the Council decided to bring an action before the Court of Justice, pursuant to Article 173 of the Treaty, for the annulment of supplementary and amending budget No 2 of the European Communities for the 1990 financial year.

Supplementary and amending budget No 3 for the 1990 financial year

410. On 17 October the Commission sent the Council preliminary draft supplementary and amending budget No 3/90, providing for an increase of

ECU 3.8 million in the appropriations for the costs of staff and meetings in the Council budget, and for ECU 160.68 million to be entered to cover part of the amounts of the refunds to Spain and Portugal resulting from adjustments in the VAT and GNP bases for previous years.

At its meeting on 5 November the Council adopted draft supplementary and amending budget No 3/90 in accordance with the preliminary draft.

On 12 December the European Parliament adopted supplementary and amending budget No 3 for the 1990 financial year as submitted by the Council. The President of the Parliament, Mr Barón Crespo, finally adopted it the same day.

1991 budget

PRELIMINARY DRAFT BUDGET

411. The preliminary draft general budget of the European Communities for the 1991 financial year was sent by the Commission to the Council after completion in May and June of the first revision and the adjustment of the financial perspective annexed to the Interinstitutional Agreement of 29 June 1988 on budgetary discipline and improvement of the budget procedure.

The preliminary draft budget therefore provided for an additional amount of ECU 90 million to be included for Heading 2 (Structural operations) of the financial perspective, for an increase of ECU 1 175 million in the ceiling for Heading 4 (Other policies), and for a reduction of ECU 40 million in the ceiling for Heading 5 (Repayments and administration).

COUNCIL — FIRST READING

412. The Council discussed the preliminary draft budget on 27 July, following its meeting with a delegation from the European Parliament.

Following its discussions the Council established the draft general budget of the European Communities for 1991.

In the draft budget the Council provided for total expenditure of ECU 54 682 214 520 in commitment appropriations (CA) and ECU 52 423 941 520 in payment appropriations (PA).

The principal components of the draft budget for the 1991 financial year are as follows:

	<i>(million ECU)</i>	
	CA	PA
EAGGF Guarantee Section	30 104.0	30 104.0
Set-aside/income aid	300.0	300.0
Depreciation of agricultural stocks	810.0	810.0
Monetary reserve	1 000.0	1 000.0
EAGGF Guidance Section	2 424.0	2 022.0
Regional Fund (ERDF)	6 725.0	6 309.5
Social Fund (ESF)	4 312.0	4 069.0
PEDIP (specific programme for industrial development in Portugal)	119.8	114.4
Support programme	15.7	12.7
IMPs (integrated Mediterranean programmes)	334.0	291.0
Research (framework programme)	1 709.0	1 424.0
Research (other than framework programme)	86.3	98.4
Other policies	3 853.1	2 980.1
<i>of which: food aid</i>	<i>516.9</i>	<i>564.7</i>
<i>aid to Latin America and Asia</i>	<i>408.2</i>	<i>286.6</i>
<i>Mediterranean countries</i>	<i>321.5</i>	<i>221.5</i>
<i>Central and Eastern Europe</i>	<i>838.0</i>	<i>350.0</i>
Administration: Commission	1 614.6	1 614.6
other institutions	945.7	945.7
Refunds to Member States	329.0	329.0
Grand total	54 682.2	52 423.9

Allocations are divided as follows between compulsory (CE) and non-compulsory (NCE) expenditure:

	<i>(ECU)</i>	
	CA	PA
CE	33 831 698 618	33 795 698 618
NCE	20 850 515 902	18 628 242 902

PARLIAMENT — FIRST READING

413. At its sitting on 25 October the European Parliament adopted amendments and proposed modifications to the draft budget adopted by the Council on first reading on 27 July; it sent the draft thus modified and amended to the Council by letter on 5 November.

Particular mention may be made of the amendments concerning the creation of two new budget headings: 'LIFE' (B2-15), a financial instrument for dealing, at Community level, with major environmental risks, allotted ECU 81 million in appropriations for commitments and ECU 35 million in appropriations for payments, and 'Perifra' (B2-2002), allotted ECU 66.4 million in appropriations for commitments and ECU 50 million in appropriations for payments, the objective of which was to compensate the peripheral and 'destabilized' regions of the Community for any negative effects of various world events in 1990. On research, the European Parliament adopted, among others, a number of amendments which raised difficulties, some because they brought forward for inclusion in the 1991 budget certain appropriations for the second framework programme which were not scheduled for use until 1992, and others because they exceeded the amounts deemed necessary laid down in some specific programmes.

The financial consequences of Parliament's vote on first reading were as follows:

	<i>(million ECU)</i>	
	CA	PA
General expenditure	56 625.0	54 028.7
of which:		
CE	34 653.8	34 616.2
NCE	21 971.2	19 412.5

COUNCIL — SECOND READING (15 and 19 November 1990)

414. After its traditional meeting with a delegation from the European Parliament, the Council, at its meeting on 15 November, began its second reading of the 1991 draft budget, together with the amendments and proposed modifications adopted by the European Parliament. This reading was completed on 19 November, in the light of the outcome of the Council meeting (Economic Affairs/Finance) on the revision of the financial perspective. The Council acceded to a number of requests which Parliament, in particular, had especially insisted upon, for example the creation of the two new headings 'LIFE' and 'Perifra'. In the case of research, the Council's positions on Parliament's amendments were accompanied by a statement that the Commission was invited to bring forward a proposal to amend the Council Decision on the second framework programme, to provide an adequate legal basis for the early use of part of the 'overhang' (i.e. ECU 600 million) during the 1991 financial year.

In summary, the Council's decisions on second reading imply the following appropriations:

	<i>(million ECU)</i>	
	CA	PA
Grand total	54 862.9	52 577.9
of which:		
CE	33 836.4	33 800.4
NCE	21 026.5	18 777.5

The rates of increase for NCE are 22.64% for commitment appropriations and 26.10% for payment appropriations.

LETTER OF AMENDMENT TO THE PRELIMINARY DRAFT BUDGET

415. On 4 December the Commission sent the Council a draft letter of amendment containing, firstly, the adjustments to be made to the 1991 preliminary draft budget, following the agreement reached on the modification of the financial perspective in December 1990 — amounting to ECU 2 255 million for German unification, ECU 530 million for the Gulf crisis and ECU 110 million for the changes in the refunds to Spain and Portugal — and, secondly, entering ECU 1 340.7 million to account for the surpluses forecast for the 1990 financial year.

The Council drew up the letter of amendment to the draft budget adopted on second reading in line with the Commission proposal, apart from a reduction in expenditure on aid to Central and Eastern Europe of ECU 35 million, and an increase in the surplus forecast for the 1990 financial year of ECU 30 million.

At its sitting on 12 December the European Parliament adopted an amendment reducing the appropriations for the Commission's staff expenditure by ECU 29.2 million.

On behalf of the Council the President of the Council accepted the European Parliament's guideline and dispensed with a second reading of the letter of amendment.

PARLIAMENT — SECOND READING (13 December 1990)

416. The second reading was thoroughly prepared at the European Parliament by its Budget Committee, which met for the last time on 10 and 11 December to clear the way for Parliament's final vote. In addition, the final obstacles were removed by the agreement reached on 12 December both on the 'threefold' revision/amendment of the financial perspective and on letter of amendment No 1/91.

On 13 December Parliament voted on the 1991 budget. At the end of the vote, the President of the Council indicated the new rate of increase in non-compulsory expenditure which it implied. The President of the European Parliament, Mr Barón Crespo, then noted, the same day, that the budget procedure had been completed and that the 1991 budget had been finally adopted. The budget contains a notable increase in expenditure over the 1990 budget, as a result, among other things, of the appropriations entered to deal with the unification of Germany and to meet the Community's external commitments (Gulf); these two aspects alone entail additional expenditure of about ECU 2 700 million in 1991.

The total amount of appropriations entered in the 1991 budget has increased by 18.95% in appropriations for commitments and by 18.39% in appropriations for payments; the increase in NCE is especially marked: 35.03% in appropriations for commitments and 35.72% in appropriations for payments; in absolute terms, this increase amounts to ECU 6 906 million in appropriations for commitments and ECU 5 321 million in appropriations for payments.

It should also be noted that Parliament confirmed the creation of the two new budget headings referred to above: **LIFE** (allotted ECU 30 million in appropriations for commitments and ECU 15 million in appropriations for payments) and **Perifra** (allotted ECU 40 million in appropriations for commitments and ECU 10 million in appropriations for payments).

417. The main components of the 1991 general budget are summarized in the following table:

1991 BUDGET

(ECU)

	CA	PA
1. EAGGF Guarantee Section (CE) (Subsection B1)	31 516 000 000	31 516 000 000
2. Structural operations		
EAGGF Guidance Section (Title B2-1)	2 430 400 000	2 023 000 000
ERDF (T. B2-2)	6 725 000 000	6 309 000 000
ESF (T. B2-3)	4 312 000 000	4 069 000 000
PEDIP (Ch. B2-40)	119 800 000	114 400 000
Support programme (Ch. B2-41)	16 800 000	14 300 000
Structural Funds		
(German unification) (Ch. B2-49)	900 000 000	450 000 000
Set-aside/income aid (Ch. B2-50)	300 000 000	300 000 000
<i>Total structural operations</i>	14 804 000 000	13 279 700 000
3. Multiannual policies		
IMPs (T. B2-8)	334 000 000	291 000 000
Research (Subsection B6)	2 131 800 000	1 744 580 000
<i>Total multiannual policies</i>	2 465 800 000	2 035 580 000

	CA	PA
4. Other policies		
Agricultural sector (Ch. B2-51)	168 300 000	151 000 000
Other regional operations (T. B2-6)	72 000 000	41 300 000
Transport (Ch. B2-70)	126 250 000	98 250 000
Tourism (Ch. B2-71)	4 000 000	4 000 000
Fisheries (T. B2-9)	494 800 000	408 400 000
Training/youth (T. B3-1)	213 142 000	210 942 000
Culture (T. B3-2)	10 000 000	10 000 000
Information (T. B3-3)	58 180 000	45 180 000
Other social operations (T. B3-4)	108 242 000	110 640 000
Energy (T. B4-1)	156 000 000	118 800 000
Nuclear safeguards (T. B4-2)	7 355 000	7 355 000
Environment (T. B4-3)	108 950 000	82 325 000
Consumer protection (T. B5-1)	14 171 000	15 021 000
Aid for reconstruction (T. B5-2)	22 400 000	22 400 000
Internal market (T. B5-3)	146 000 000	122 895 000
Industry (T. B5-4)	63 200 000	46 540 000
Innovation/information market (T. B5-5)	38 500 000	38 500 000
Statistical information (T. B5-6)	42 400 000	39 600 000
Food aid (T. B7-2)	516 900 000	564 740 000
Asia/Latin America (T. B7-3)	479 800 000	340 800 000
Mediterranean (T. B7-4)	326 700 000	224 200 000
Other cooperation measures (T. B7-5)	291 440 000	264 240 000
Central and Eastern Europe (T. B7-6)	803 000 000	335 000 000
Negative reserve	0	0
German unification	100 000 000	45 000 000
Gulf	500 000 000	500 000 000
<i>Total other policies</i>	4 871 730 000	3 847 128 000
including: NCE	4 003 500 000	3 065 398 000
5. Repayments/administration		
Destocking (T. B0-10)	810 000 000	810 000 000
Refunds (T. B0-11)	449 417 116	449 417 116
Commission (Part A)	1 659 535 253	1 659 535 253
Other institutions	958 778 270	958 778 270
<i>Total repayments/administration</i>	3 877 730 639	3 877 730 639
6. Monetary reserve	1 000 000 000	1 000 000 000
Grand total	58 535 260 639	55 556 138 639
of which: CE	35 380 157 116	35 339 657 116
NCE	23 155 103 523	20 216 481 523

C — Other budgetary matters

Discharge given to the Commission on the implementation of the 1988 budget

418. At its meeting on 12 March the Council recommended to the European Parliament that it give a discharge to the Commission on the implementation of the budget of the European Communities for the 1988 financial year.

On 3 April the European Parliament gave a discharge to the Commission for the implementation of the said budget.

EEC budget fraud

419. With respect to the problem of fraud and irregularities to the detriment of the European Communities, the Commission gave an undertaking at the Council meeting on 13 March 1989 to submit an annual report on the fight against fraud.

On 12 March the Council discussed the first report on the fight against fraud forwarded by the Commission on 1 February.

During the discussion Ministers were once again able to stress the importance which they attached to this subject and to take note of the progress achieved in 1989 in the fight against fraud, whilst emphasizing that much remained to be done within the framework of the Commission's action programme.

The Council confirmed its desire for further action in the fight against fraud, emphasizing, among other things, the need to simplify regulations and the importance of making further improvements and strengthening cooperation between authorities in the Member States and the Commission.

Financial Regulation

420. On 12 February the Council held a conciliation meeting with a delegation from the European Parliament with a view to amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities.

Following the conclusion of the conciliation procedure with the European Parliament, the Council, on 13 March, adopted a Regulation amending the Financial Regulation.

This Regulation amending the Financial Regulation includes some new provisions, mainly aimed at rationalizing the presentation, management and conditions of implementation of the general budget, stressing, in particular, the principles of sound financial management, including the concept of cost-effectiveness in the use of the budget appropriations.

Other amendments concern the fields of research and technological development (R&TD) and foreign aid.

Carry-overs of appropriations

421. On 21 May the Council gave a favourable opinion to requests for non-automatic carry-overs of non-differentiated appropriations of the Commission which the Commission had submitted on 19 April on the basis of Article 7(1)(a), and paragraph 3¹ of the Financial Regulation applicable to the general budget of the European Communities.

Transfers of appropriations between chapters within the institutions' budget estimates for 1990

422. The Council approved various proposals for transfers of appropriations between chapters relating to compulsory expenditure which were submitted to it by the Commission (Article 26(4) and (5)(a) of the Financial Regulation).

The Council was also consulted by the European Parliament on a number of other requests for transfers relating to non-compulsory expenditure (Article 26(4) and (5)(b) of the Financial Regulation). In total, the Council examined 31 proposals for transfers concerning Part B (operational) of the budget, Section III.

Management of human resources

423. As part of the budget procedure for the establishment of the 1990 budget the Council asked the Court of Auditors to carry out an audit of the management of human resources, pursuant to Article 206a(4) of the Treaty.

On 21 June the Court of Auditors delivered opinion No 1/90 on the management of the human resources of the Council and the Commission.

¹ OJ L 70, 16.3.1990.

At its meeting on 27 July the Council examined this opinion and on 15 November examined a report from the Commission on how it intended to implement the Court's recommendations.

At its meeting on 15 November the Council examined the results of the work accompanied by proposals. It emphasized its desire that the institution should continue to run smoothly, and its constant sympathetic concern in this respect.

In December, after receiving a further communication from the Commission dated 22 October — drawn up following an undertaking which the Commission had given at the Council meeting (Budget) on 27 July — the Council drew the Commission's attention to the importance of the communication and asked it to report back regularly on progress made in the area of the management of human resources.

In addition, a number of specific comments by the Council are set out in statements attached to its minutes.

The Council also asked the Court of Auditors, in a letter sent on 29 November, to draft a report on the administrative 'mini-budgets' and to give attention at the same time to a number of matters relating to financial control.

D — Staff Regulations

424. Apart from some decisions of a routine or internal nature, the Council acted in the following areas.

Remuneration of officials and other servants

With Regulation (Euratom, ECSC, EEC) No 2558/90 of 27 July 1990¹ the Council corrected remuneration and pensions with effect from 1 July 1989 and effected an intermediate adjustment, with effect from 1 January 1990, of remuneration and pensions for places of employment where a substantial change had occurred in the cost of living during the second half of 1989.

In the framework of the annual review of remuneration the Council adopted Regulation (Euratom, ECSC, EEC) No 3736/90 of 19 December 1990,² correcting, with effect from 1 July 1989, and adjusting, with effect from 1 July 1990, the remuneration and pensions of officials and other servants, taking account of the growth in the

¹ OJ L 204, 2.8.1990.

² OJ L 360, 22.12.1990.

purchasing power of remuneration in the central administrations of the Member States and the cost of living indexes in the various places of employment.

Provisions applicable to officials of the Communities posted to third countries

425. With Regulations (EEC) No 1051/90 of 20 April 1990,¹ and (Euratom, ECSC, EEC) No 3912/90 of 21 December 1990,² the Council carried out an adjustment, with effect from 1 January 1990 and 1 July 1990 respectively, of the weightings applicable to the remuneration of officials posted to third countries.

Measures to terminate service

426. Pursuant to Article 2(1) of Regulation (ECSC, EEC, Euratom) No 3518/85 of 12 December 1985³ introducing special measures to terminate the service of officials of the European Communities as a result of the accession of Spain and Portugal, the Council, at its meeting on 22 March, adopted Decision 90/148/EEC⁴ fixing the number of officials whose service may be terminated in 1990, and thus for the final year, under this measure.

Actuarial assessment of the pension scheme of the staff of the European Communities

427. At its meeting on 26 November the Council, after examining this dossier on the basis of an actuarial study carried out in 1985 and a Commission working document to which was annexed a study amplifying that of 1985, agreed to ask the Commission, pursuant to Article 152 of the EEC Treaty, to submit as quickly as possible a proposal to raise the rate of contributions of officials to the pension scheme.

¹ OJ L 108, 28.4.1990.

² OJ L 375, 31.12.1990.

³ OJ L 335, 13.12.1985.

⁴ OJ L 81, 28.3.1990.

Table
**Number of days spent on Council meetings
and meetings of preparatory bodies**

Year	Ministers	Ambassadors and ministerial delegations	Committees and working parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63½	146½	744½
1964	102½	229½	1 002½
1965	35	105½	760½
1966	70½	112½	952½
1967	75½	134	1 233
1968	61	132	1 253
1969	69	129	1 412½
1970	81	154	1 403
1971	75½	127½	1 439
1972	73	159	2 135
1973	79½	148	1 820
1974	66	114½	1 999½
1975	67½	118	2 079½
1976	65½	108½	2 130
1977	71	122	2 108½
1978	76½	104½	2 090
1979	59	107½	2 000
1980	83	106½	2 078½
1981	83	110	1 976
1982	86	107	1 885
1983	121½	105½	1 912½
1984	133	86	1 868½
1985	118	117	1 892
1986	107	118½	1 842½
1987	123	120½	1 828
1988	117½	104	2 000½
1989	119½	100	1 932
1990	138	107	2 021½

Abbreviations

— A —

ACP
African, Caribbean and Pacific States

ARION
Programme of study visits for education specialists

ASEAN
Association of South-East Asian Nations

— C —

CCT
Common Customs Tariff

CE
Compulsory expenditure

Cedefop
European Centre for the Development of Vocational Training

CMEA
Council for Mutual Economic Assistance (Comecon)

Corine
Experimental project for gathering, coordinating and ensuring the consistency of information on the state of the environment and natural resources in the Community

COST
European cooperation in the field of scientific and technical research

CREST
Scientific and Technical Research Committee

CSCE
Conference on Security and Cooperation in Europe

— D —

DECT
Digital European cordless telecommunications

— E —

EAEC
European Atomic Energy Community

EAGGF
European Agricultural Guidance and Guarantee Fund

EBRD
European Bank for Reconstruction and Development

ECSC
European Coal and Steel Community

ecu
European currency unit

EDF
European Development Fund

EEA
European Economic Area

EEC
European Economic Community

EFTA
European Free Trade Association

EIB
European Investment Bank

EMS
European Monetary System

ERDF
European Regional Development Fund

ESC
Economic and Social Committee

ESF
European Social Fund

Euratom
European Atomic Energy Community (EAEC)

EURET
European research for transport

Eurotra
Machine translation system of advanced design

Eurydice
Education information network in the European
Community

— F —

FAO
Food and Agriculture Organization of the United
Nations

FORCE
Action programme for the development of con-
tinuing vocational training in the European
Community

— G —

GATT
General Agreement on Tariffs and Trade

GNP
Gross national product

GRT
Gross registered tonnes

GSP
Generalized system of preferences

— I —

IAEA
International Atomic Energy Agency (UN)

IEA
International Energy Agency (OECD)

IMO
International Maritime Organization

IMPs
Integrated Mediterranean programmes

IWO
International Vine and Wine Office

— L —

LIFE
Financial instrument for the environment

— N —

NAFO
North-West Atlantic Fisheries Organization

NCE
Non-compulsory expenditure

— O —

OCTs
Overseas countries and territories

OECD
Organization for Economic Cooperation and
Development

— P —

PEDIP
Specific programme for industrial development in
Portugal

Perifra
Peripheral regions and destabilized activities

— S —

Science
Plan to stimulate the international cooperation
and interchange needed by European research
scientists

SMEs
Small and medium-sized enterprises

SPES
Stimulation plan for economic science

— T —

t

Tonne

TAC

Total allowable catch

Tempus

Trans-European mobility scheme for university students

— U —

UN

United Nations

Unctad

United Nations Conference on Trade and Development

UNRWA

United Nations Relief and Works Agency for Palestinian Refugees in the Near East

— V —

VAT

Value-added tax

— W —

WHO

World Health Organization

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European Communities — Council

**Thirty-eighth review of the Council's work
1 January to 31 December 1990**

Luxembourg: Office for Official Publications of the European Communities

1993 — 260 pp. — 14.8 x 21 cm

ISBN 92-824-0932-5

Price (excluding VAT) in Luxembourg: ECU 9.50

The annual review of the work of the Council of the European Communities examines the different subjects which fell within the Council's scope during the year concerned.

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