



Developments in the European Union

January–June 2000

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Foreword by Keith Vaz MP, the Minister for Europe



I am delighted to introduce this Governmental White Paper about the EU during the Portuguese Presidency. It marks a period of substantial achievement and success for the UK in Europe. I am particularly proud of our achievement at the Lisbon Summit in March.

European Economic and Social Reform

The European economy is currently enjoying high growth. But this should not disguise underlying structural problems. If we in Europe are to sustain this growth, to match US levels of employment and productivity and to ensure an inclusive society for all, we need to reform our economies and to modernise our social models. The UK has led the way in defining a programme of economic and social modernisation to tackle these issues, a programme that was adopted by the rest of the EU at the Lisbon European Council.

The Lisbon Council agreed a headline goal of creating the world's leading knowledge-based economy by 2010. This will mean 20 million new jobs across Europe. The Lisbon agenda is challenging, but it will make Europe more open, more competitive and more dynamic. It will bring real benefit to British citizens. We have moved Europe away from inflexible and heavy handed regulation to an approach based on benchmarking, best practice and active welfare policies.

Lisbon was a triumph for this government's policy of constructive engagement in Europe. In the run-up to Lisbon, we agreed a series of bilateral initiatives and joint statements with EU partners to push the case for economic reform. This approach is becoming a hallmark of our policy in Europe. Thanks to this "Step Change" in our bilateral relations with European partners, our views now carry far greater weight at the EU negotiating table. In this instance, our approach ensured that, by the time Heads of Government arrived at Lisbon, we had already gone some way to securing a consensus on the need to introduce reforms which will benefit EU consumers, workers and companies alike.

The UK has much to learn, and much to offer, about the business of economic and social reform. I am determined that we will continue to play a leading role in creating a modern and adaptable economy in Europe that can respond successfully to the challenges of global competition and the new technologies, and ensure the future prosperity of all our citizens. Our next milestone on this journey is the Stockholm European Council in March 2001: Heads of Government will review progress over the year since Lisbon, and confirm the way ahead.

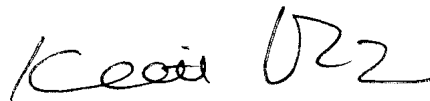
The economic reform process will have a direct impact on EU citizens. Millions of British workers and thousands of our companies depend on our membership of Europe's single market.

For example:

- the EU is our biggest trading partner, absorbing well over 50% of our exports in goods and services:
- eight of our top ten trading partners are EU Member States: and
- independent surveys reveal that over 3 million jobs in the UK depend to some extent on trade with EU Member States.

We need to restate these facts at every opportunity. Europe matters to us and I want to remind the public that our fortunes are inextricably bound with those of the rest of Europe. Put simply, being anti-Europe means being anti-jobs and anti-prosperity.

For this reason, I will continue my “Your Britain, Your Europe” information initiative to promote the benefits of our membership of the EU in all regions of the UK. I shall continue to take this message to all regions of the UK. For further information, you may wish to visit the EU website at **www.fco.gov.uk/eu**



Keith Vaz
Minister for Europe
Foreign and Commonwealth Office

1. Introduction

This White Paper concerns developments in the EU during the period of the Portuguese Presidency from January-June 2000.

Two Heads of Government Summits marked the Portuguese Presidency. The first, in **Lisbon**, was an historic occasion. For the first time, the issue of economic and social reform took centre stage. The second, in **Feira**, saw further commitments on the economic reform agenda and renewed commitments to enlargement and cross border co-operation in establishing an area of freedom, security and justice.

At both, the UK played a leading role in discussions, winning support for proposals on economic reform, cross-border tax evasion and co-operation to make Europe safer. Thanks to this government's policy of constructive engagement with Europe and of building strong bilateral links with EU partners, the UK is now leading the drive for economic and social modernisation in Europe and is a key player in the proposals to build a European defence capability.

We believe that it is right for the UK to be fully involved in Europe. It would be absurd for the UK to ignore the key strategic alliance on our doorstep. And those who have suggested we would be better off seeking a link with NAFTA have seen such ideas dismissed by the US Senate's own investigation into the proposal. Europe is good for Britain because it is good for British jobs and British trade. We will only maximise the benefits that Europe can bring by through an active and constructive engagement. Carping from the sidelines helps nobody.

Lisbon – Taking the EU Economy into the 21st Century

The Lisbon European Council in March marked a turning point in the Union's history. For the first time, Heads of Government gathered to discuss specifically how to prepare the European economy to face the challenges of the 21st century.

In the run-up to Lisbon, the UK played a leading role in securing agreement among EU Member States on the need to reform. If the EU is to compete effectively in the global economy, it must modernise its economic and social policies and actively promote innovation and e-commerce. It must meet the challenge of the new knowledge economy and ensure that entrepreneurship is not strangled by red tape. It is essential for the UK that the EU gets this right, as our economic fortunes are inextricably tied to the single

market. Almost 60% of our trade in goods is with EU Member States; and over 750,000 British companies do business with the single market.

Lisbon agreed an ambitious strategic goal for the EU – to make Europe the most dynamic knowledge-based economy by 2010. If the EU is to compete effectively in a global economy that is increasingly reliant on information technology, it must have workers with the right skills. So Governments have committed themselves to providing Internet access to all schools across the EU by 2001.

Economic reform of the EU will benefit British workers and consumers. It will mean more jobs and more opportunities for trade and investment. The single market has already brought lower prices for European consumers in many areas. But we need to do more. For instance, Lisbon has committed the EU to liberalising its telecoms sector by 2001. This will bring increased competition and lower prices.



The Lisbon European Council, Heads of Government, March 2000.

Feira – Underlining the Commitment to Economic Reform

At the Feira Summit in June Heads of Government underlined their commitment to economic and social reform by agreeing a series of ambitious targets. These included:

- agreement on a Charter to help the EU's small and medium-sized enterprises;
- a new strategy on scientific and technical research; and
- an action plan on eEurope. This will underpin efforts to create a dynamic knowledge economy in Europe.

Feira – Tackling Cross-Border Tax Evasion

A significant triumph for the UK at Feira was the agreement that the EU will pursue British proposals for combating cross-border tax evasion. The original proposals, for legislation, risked serious damage to the City of London's competitiveness. Thanks to tough negotiation and effective lobbying, we were able to secure agreement to a plan based on sharing information. This will enable effective action against cross border tax evasion while still preserving the competitiveness of EU financial markets. Member States are now committed to negotiations which should eventually lead to an agreement on the exchange of information as the basis for taxation of savings income of non-residents. Member States also adopted a UK proposal to increase transparency in the single market.

Feira – Making Europe Safer

The UK is at the centre of efforts to boost the EU's power to fight cross-border crime. If we are serious about building an area of freedom, security and justice, we must work closely with our EU partners. Drug smuggling and people trafficking are just two of the areas where EU states can take more effective action by working together than they can individually. And they are areas that are of real concern to ordinary people. At Feira, Heads of Government endorsed an EU Action Plan on drugs which British proposals. And following the tragic deaths at Dover of 58 Chinese illegal immigrants, EU Member States recommitted themselves at Feira to make progress urgently on the goals agreed at Tampere for tackling illegal immigration and organised crime.

2. Economic Reform: the Lisbon Agenda

The Lisbon European Council marked a sea change in Europe's approach to economic and social reform. The background to the summit was the EU's relatively sluggish growth compared to US dynamism, increasing challenges from globalisation and the e-revolution. The result was unanimous agreement by the 15 Heads of Government on a far-reaching, strategic goal for the next decade:

- to create the world's leading knowledge-based economy by 2010;
- to create 20 million new jobs across Europe by 2010; and
- to promote equality of opportunity for all in the EU.

To achieve this goal, the Council and the Commission set out a series of wide-ranging targets for action on employment, innovation, economic reform and social cohesion. These have ambitious deadlines, and progress will be closely monitored.

The UK played a key role in devising the Lisbon agenda. Our ability to shape and contribute to the agenda demonstrated how successful the Government's policy of positive engagement with our EU partners has been. The original idea for the Council sprang from a joint Anglo-Spanish initiative agreed between Prime Ministers Blair and Aznar in April 1999. And in the run-up to Lisbon we agreed a series of bilateral initiatives and joint statements with EU partners so that a good deal of consensus had already been reached before Heads of Government arrived at Lisbon.

Over time, the Lisbon agenda will transform the climate in which Europe does business: encouraging internet-based commerce, promoting enterprise and small business, creating a climate for full employment and combating social exclusion through greatly improved education and training. It will lead to increased prosperity for EU consumers, workers and companies alike.

The Feira European Council took initial steps towards achieving these objectives. Progress on the targets will be monitored annually by Heads of Government at a spring Council devoted to economic and social questions. The Council will consider performance against a range of structural indicators, to be agreed at Nice in December.

The Nice European Council will also decide on a European Social Agenda, which will set out a five-year action programme aimed at promoting social inclusion and life-long learning in the EU. The Council meeting in Stockholm next March will review progress.

The Lisbon Agenda

The Lisbon strategy underpins all Community action for jobs, innovation, economic reform and social cohesion.

An Information Society for All

The Lisbon Council agreed a wide range of specific actions to give businesses and citizens access to inexpensive, world-class communications infrastructure and services, create the conditions for electronic commerce and the Internet to flourish, and promote the EU as a global leader in the knowledge-based economy. These included:

- swift EU legislative and self-regulatory action to help accelerate e-commerce;
- agreement in 2001 on the future regulatory regime for communications, as well as vigorous enforcement of the existing set of measures to liberalise telecommunications markets;
- completion of the liberalisation of the European telecommunications market by 2001;
- more local competition to bring down the costs of using the internet, notably in the local loop;
- internet access for all schools across the EU by 2001;
- teachers to be skilled in the use of internet and multi-media resources by 2002;
- generalised electronic access to main basic government public services by 2003;
- a programme to stimulate quality European content for use on the Internet.

At Feira, the European Council endorsed the **eEurope Action Plan 2000**, which identifies sixty-five actions for taking these policies forward, with targets mostly geared to completion at the end of 2002. A progress report will be presented to the European Council at Nice, and regular benchmarking against the best in the world starts at the Stockholm European Council in March 2001.

Seventeen of the actions are to be achieved by end 2000, building on progress already made, for example through agreement in July on the E-Commerce Directive, which removes barriers to a single market for electronic services and creates a framework for further legislative and non-legislative developments. The activity to be completed this year includes further legal measures (on copyright in the information society and jurisdiction and enforcement of judgements); as well as non-legislative work such as the creation of systems for alternative dispute resolution. Discussions on a new regulatory regime that will increase competition within the telecoms sector are also underway, with agreement expected on at least one major directive by the end of 2000.

Expanding Enterprise

Promoting enterprise is at the heart of the Lisbon agenda. Lisbon recognised the need to lower the costs of doing business and removing unnecessary regulation and red tape. This is particularly important for small and medium-sized firms, which are the main source of all new jobs in the EU.

Lisbon agreed a number of measures including an urgent study on reducing the time and costs involved in setting up a company in the EU; refocusing EIB funding towards more support for start-ups and high tech-firms; and reinforcement of the need to consult business on reducing the impact and compliance costs of new regulations.

The Feira Council approved the European Charter for Small Enterprises, a UK-supported initiative designed to underpin the move away from a bureaucratic Europe to an enterprise friendly world leader.

The European Charter for Small Enterprises

The Lisbon Summit in March set clear new goals for the European Union to strengthen employment, economic reform and social cohesion. To help achieve these goals, it was recognised that more needed to be done to improve the environment for innovation and entrepreneurship. Consequently, the decision was taken to draw up a European Charter for small companies which would commit the Member States and the European Commission to focus on small companies as the main engines for job creation in Europe.

The European Charter for Small Enterprises was duly endorsed at the Feira Summit in June. Through the Charter, Heads of Government and the President of the European Commission sent out a clear signal that Europe is serious about building a world-class economy.

The Charter pledges action at both Member State and European level on a range of areas including: strengthening innovation and entrepreneurship; better regulation; promoting skills and training; improving access to finance; promoting world class

business support; better access to research and technology; and improved online access to electronic advice.

The Charter aims to help create the best possible environment for small business and entrepreneurship. By working, for example, towards reducing regulatory burdens and the completion of a true internal market, user-friendly for small business, conditions can be created that maximise the potential for small businesses to grow and prosper.

The UK Government strongly supported the initiative to establish a charter for small firms from the outset and we were delighted by the support it received from all our European partners. The Charter's key message is that policy makers in the European Union recognise the vital contribution that small businesses make to the development of a successful economy and that henceforth their needs will be properly taken into account.



Patricia Hewitt, MP, Minister of State, Small Business and E-Commerce electronically signing the UK-Swedish joint statement on the European Charter for Small Enterprises.

Better Regulation

Any drive to promote enterprise must include a recognition of the vital importance of better regulation. Excessive bureaucracy can have a disproportionate impact on the small businesses that are key to delivering the Lisbon agenda. Commission, Council, and the Member States have been tasked to agree a strategy by 2001 'for further co-ordinated action to simplify the regulatory environment.' Work on this strategy is going well, with the launch of a pilot Business Impact Assessment project and discussions in the Commission on alternatives to traditional regulation. As with the success of Lisbon as a whole, much of the helpful outcome on better regulation was due to the Government's positive approach to working in the EU. Lisbon's emphatic language on the importance of better regulation represents a clear statement of support by Europe's leaders for action that will protect and create jobs and trading opportunities in the UK and throughout Europe.

Establishing a European Area of Research and Innovation

The Feira Council welcomed the Resolution adopted at the European Research Council to develop a “**European Research Area**” (ERA) that will ensure better integration and more effective co-ordination of research activities throughout the EU.

A **Community patent**, making protection in the EU simple and inexpensive, is planned by the end of next year.

Pushing Forward on Economic Liberalisation

Lisbon agreed a number of specific tasks to improve the Single Market. These include:

- setting out a strategy by the end of 2000 for removing all barriers to services;
- more rapid liberalisation of gas, electricity, postal services and transport;
- modernised and simplified public procurement rules in place by 2002;
- Community and government procurement on line by 2003;
- a commitment to reducing general levels of state aids;
- financial services action plan to be fully implemented by 2005;
- setting out by 2001 a strategy to further simplify the regulatory environment.

The Feira European Council asked the Commission to report by March 2001 on the evolution of **energy markets** and for a final report on the **single European sky**, aimed at opening up the air transport markets, to be presented in the first half of 2001.

The Commission presented proposals in June for new rules for public procurement and for the next stage of **postal liberalisation** to take effect from 2003. This will be taken forward under the French Presidency.

Other **internal market** measures discussed included the **Artists’ Resale Right Directive** (known as Droit de Suite), where the Council finally, after intensive negotiations, adopted a common position in June. This will give artists (or their heirs) the right to receive a royalty whenever original works are resold at auction or through a dealer; the agreement now reached reflects a balance between the competitiveness of the art trade and the rights of artists. The Council reached a common position on the proposed 13th company law

directive concerning **takeover bids**. This has been forwarded to the European Parliament for second reading.

Agreement was also reached on the Copyright Directive, which updates the framework of EU copyright law to take account of digital technology and the Internet, and adoption of the common position is expected in September.

Under the French Presidency, we expect to see work on three out of a package of proposals announced by the Commission in July:

- a **Framework Directive** setting out the horizontal provisions of the new regulatory framework.
- an **Access & Interconnection Directive** establishing a framework for agreements between operators of electronic-communications networks and associated facilities.
- a **Local-Loop Unbundling Regulation** which will give medium-term legal force to the Commission's recent recommendation concerning dominant operators' local-access networks.

Completing the Single Financial Services Market in Europe

Under the **Financial Services Action Plan**, the e-money directive was adopted in June. This will establish a prudential regime for electronic money. There was progress towards a coherent framework for procedures for dealing with insolvency of banks, investment firms and insurance undertakings.

A directive on the prudential supervision of **supplementary pension schemes**, which will encourage the development of funded pension schemes in the EU and facilitate cross-border membership of pension schemes, will be proposed in the autumn.

Completing the Single Financial Services Market will bring more competition, choice and innovation. The UK has been actively pushing this agenda. The Chancellor published a strategy paper that set out proposals for how the EU could bring forward the deadline for delivering a single market in financial services to 2004. It contained a ten point plan focusing on key priorities to deliver early benefits for EU investors and consumers.

In July, the Council agreed to set up a committee of "wise men" to consider practical steps to deliver an effective and efficient single capital market. The Commission was asked to identify a critical path to achieving the Risk Capital Action Plan and the Financial Services Action Plan (for which the Lisbon Council set deadlines of 2003 and 2005 respectively), and to propose possible indicators of progress.

Modernising the European Social Model ...

Lisbon pledged to develop an active and dynamic social policy to underpin the knowledge economy and to ensure the emergence of the new economy did not lead to increased problems of unemployment, social exclusion and poverty.

through Investing in People ...

Lisbon measures included:

- a halving of the number of 18–24 year olds excluded from the labour market because of low educational qualifications.
- increased per capita investment in human resources each year.
- a European award for firms with progressive human resource management policies.
- schools and training centres to be developed into multi-purpose learning centres to help promote life-long learning improving the mobility of students, teachers, training and research staff.
- a European diploma for basic IT skills.

The UK has already undertaken bilateral discussions on the European award. Discussions on mobility issues are being taken forward by the French Presidency, and work on the European diploma is progressing. A report based upon the Education Council's forthcoming 'General Reflections on the future objectives of education systems' will be discussed at the Stockholm Council.

... active employment policies,

Lisbon set an overall European goal of raising employment rates to 70% by 2010 and prioritised four areas for attention:

- reducing the skills gap;
- making life-long learning a basic component of the European social model;
- increasing the level of employment in services; and
- encouraging access for all citizens to employment opportunities.

The draft **Employment Guidelines for 2001** reflect these priorities. After discussions during the autumn, the Guidelines will be agreed at Nice and form the basis of Member States' Employment Action Plans next spring.

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- The **Part Time Work (Prevention of Less Favourable Treatment) Regulations** came into force in the UK on 1 July 2000. These regulations, which implement the EC Directive of 1997, were introduced following extensive consultation, and enshrine in law the principle of equal treatment for full-time and part-time workers. They will help end discrimination against Britain's 6 million part time workers, perhaps 400,000 of whom now stand to benefit from better conditions, whilst allowing as much flexibility as possible and thus minimising burdens on business.
 - On **Working Time Regulations (Excluded Sectors)**, the European Commission proposals (known as the Horizontal Amending Directive) to extend working time controls to the excluded sectors were finally adopted, following a period of conciliation. Member States have until 1 August 2003 to implement the directive; 1 August 2004 for junior doctors.
 - Finally, the Commission invited social partners to look at possible directions for future action on **teleworking**.

... combating discrimination in the EU,

There was good progress towards agreement on the **Race Directive** implementing the principle of equal treatment of persons irrespective of their racial or ethnic origin. This covers employment and access to social protection, education, goods and services.

For the first time, a comprehensive set of anti-discrimination measures will apply across Europe. This means that the level of protection from racial discrimination that has existed for many years in the UK will be extended to all countries in the European Union, many of which have little or no existing protection. It will be of considerable benefit to UK citizens living, working or studying, in Europe.

The Council agreed other proposals made under Article 13 – a draft directive establishing a general framework for equal treatment in employment and occupation and a Community action programme to combat discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. It will set minimum standards for combating discrimination in the workplace and in training throughout the European Union.

... modernising social protection

Lisbon also recognised that social protection systems across the EU need to be modernised, that poverty in the Union must be eradicated and that all member states should strive to open up the opportunities offered by the new economy to all. A progress report by the **High Level Group on Social Protection** was presented at

Feira and underlined the need to:

- examine the sustainability of pensions; and
- share best practice in the fight against social exclusion.

The Commission is due to present a Communication on the long-term future evolution of social protection, giving particular attention to the sustainability of pensions systems. It will be debated at the Nice European Council in December 2000.

The UK is participating fully in the work of the High Level Working Group on Social Protection. In June we produced a framework document setting out the UK strategy for tackling poverty and social exclusion. The High Level Working Group itself looked at factors of social exclusion, which could then be used to develop social exclusion indicators. The use of indicators is part of the new open method of co-ordination started at Lisbon, which is aimed at helping Member States to develop their own policies by sharing best practice. The exact mechanisms will be agreed at Nice.

... and a European Social Agenda

The Government believes that the overriding objective of the new social agenda must be to ensure that an innovative, dynamic and successful EU economy brings social justice and opportunity for all. Lisbon mandated the Nice European Council to agree a European Social Agenda. The Commission presented their communication on the direction of social policy in June and the UK will feed in its views in advance of the Nice Council in December.

3. Tax and other Economic Issues

A successful area for the UK, where we were able to influence the debate and win agreement. At Feira, the UK won partners round to our view that the best way of tackling tax evasion is through the exchange of information. The original Commission proposal had been for a directive to harmonise tax on savings. The UK considered that this would have harmed the City of London without reducing tax evasion.

More broadly, there was good work on achieving the Lisbon agenda. Feira agreed the **Broad Economic Policy Guidelines for 2000**, encompassing the economic principles agreed at Lisbon. The Commission's report on implementation of the 1999 Guidelines noted that those Member States whose policies were most in line with the guidelines had shown the best economic performances.

A special meeting of Economic and Finance Ministers (ECOFIN) at Feira accepted the Greek application to join the single currency. Greece will become the twelfth member of EMU on 1 January 2001.

Under the French Presidency, work will continue to implement the **Directive on Taxation of Savings**, and to encourage the adoption of similar measures in key third countries such as the US and Switzerland. Continuing follow-up to Lisbon includes ECOFIN reports to Nice on the **quality and sustainability of public finances**, and on **structural performance indicators**. The latter is a UK priority and will be useful in monitoring progress on economic reform in Europe.

Further moves to tackle financial crime include proposals for a **new Money Laundering Directive**, where the UK is pushing for a tough EU-wide regime to match that in the UK.

Tax

- The Helsinki European Council in December 1999 agreed that a High Level Working Group should report to the Council on possible solutions on the issue of the taxation of income from savings, on the Code of Conduct for business taxation, and on the Directive on Interest and Royalty Payments (the "tax package").
- The Commission's initial proposals were based on a withholding tax or a one-way provision of information. However, the Government's view was that this would

damage the City of London's competitiveness and would not have proved an effective means of tackling tax evasion. The UK argued hard and effectively for a two-way exchange of information as the most effective strategy. Thanks to this, Feira was able to agree on key elements of the Taxation of Savings proposal. All 15 countries agreed to forego the holding tax, and accepted that the Helsinki principle that "all citizens resident in a Member State of the European Union should pay the tax due on all their savings income", is best implemented through the exchange of information.

- The Council and the Commission have committed themselves to seeking agreement on the substantive content of the directive by the end of this year. Work will also continue on other key elements of the tax package (Taxation of Savings, Code of Conduct and Interest and Royalties).
- The report on the tax package and the agreement on the way forward on taxation of savings represents an excellent agreement for Britain and for Europe, and shows once again how the Government's strategy of positive and constructive engagement in Europe both protects and enhances the country's national interest.

New Strategy to improve the operation of the EC VAT system

- The European Commission issued a communication announcing its plans for a new strategy to improve the operation of the current EC VAT System. This contains the welcome recognition that it is better to modernise the current existing VAT system, than try to work towards the introduction of a common VAT system based on taxation in the country of origin. The new strategy is based on four main objectives: the simplification and modernisation of existing rules, more standardised application of the present provisions and reinforcement of administrative co-operation between EU Member States tax administrations.
- Any reform of the VAT system must lead to a reduction in costs and burdens on businesses and prepare the system for new developments, especially e-commerce. We will consider each of the Commission's proposals in turn. Any changes to the EC VAT system will require the unanimous agreement of Member States.

Taxation of Aviation Fuel

- The taxation of commercial aviation fuel within the Community is prohibited by the existing Mineral Oils Directives which reflect commitments under international law dating back to 1944. The Commission has submitted a

communication seeking approval to introduce more flexibility into Community law and to take forward negotiations to introduce a system of taxation at an international level. This was adopted at ECOFIN in June.

Stability and Convergence Programmes

- The UK submitted an updated Convergence Programme in December 1999, in accordance with the terms of the Stability and Growth Pact. The Programme set out how UK economic policies are providing “an essential basis for price stability and for strong sustainable growth conducive to employment creation”.
- The economic forecasts and fiscal projections in the Programme are based on those in the 1999 Pre-Budget Report. The Programme received a favourable opinion from ECOFIN.

Broad Economic Guidelines

- The June ECOFIN adopted a recommendation for the Broad Economic Policy Guidelines (BEPGs) of the economic policies of the Member States and of the Community. These set out Member States’ views on priorities for economic policies for the coming year. They reflect the conclusions of the Lisbon Council.
- This year, the Commission produced a report on the implementation of the 1999 guidelines, noting that those Member States which pursued a strategy in line with the guidelines also achieved the best economic performances.

Greek Membership of EMU

- In March, the Greek authorities made their formal application to join the single currency. Subsequently, the Commission and the European Central Bank provided reports on the compatibility of Greek legislation with the Treaty and the Statute of the European System of Central Banks (ESCB), and the progress made by Greece in achieving a high degree of sustainable convergence, as required by the Maastricht Treaty. On the basis of these reports, the June ECOFIN agreed that Greece had achieved the necessary conditions for the adoption of the single currency, and agreed an entry exchange rate of 340.75 Greek drachma to the euro, as of 1 January 2001.

Budgetary and Financial Issues

- The 2001 Preliminary Draft EU Budget (PDB) was presented by the Commission on 10 May. The 2001 PDB totals 96,924

million euros (£61,286 million) in appropriations for commitments, a 3.9% increase on 2000, and 93,874 million euros (£59,376 million) in appropriations for payments, a 5% increase on 2000. The total appropriations for payments in the 2001 PDB are equivalent to 1.07% of GNP.

Court of Auditors' Report

- The European Court of Auditors' report on the 1998 budget was considered at the March ECOFIN. After the Commission produced an Action Plan intended to reduce the error rate, ECOFIN agreed to recommend discharge. As usual its recommendation was accompanied by a lengthy list of recommendations for improvement in the Commission's financial management. The European Parliament initially postponed its vote on discharge in April, but its Committee on Budgetary Control eventually voted to recommend discharge, and the European Parliament voted in favour at its plenary session on 6 July.

European Investment Bank

- The Lisbon Council invited the EIB to play an important role in promoting economic reform and the knowledge based economy through innovative investment in venture capital, research and development, human capital and information technology. Over the next three years, the bank will channel up to 15 billion euros (£9.5 billion) into investment in innovative areas, through its Innovation 2000 Initiative (i2i).
- The Bank's venture capital operations will in future be managed by the European Investment Fund which is being reformed to become the specialist venture capital arm of the EIB Group. The new focus on venture capital is of particular benefit to the UK which is a major recipient of EIB investment in this field, notably in high-tech small and medium sized enterprises. The UK also benefits from the EIB's emphasis on regional venture capital funds and pan-European funds such as the Cambridge based Merlin Biosciences Fund.

Financial Crime

- The EU has a key role in leading the fight against abuse of the global financial system. To this end the Government has been actively engaged in negotiating amendments to the 1991 Money Laundering Directive. The UK already has one of the world's toughest anti-money laundering regimes, and the EU has drawn upon UK experience to push for the

inclusion of a wider range of professions within the Directive, ensuring that European wide defences against money laundering match our own. The UK will continue to push to secure agreement as soon as possible – with the Directive possibly being agreed under the French Presidency.

4. Reform for Enlargement

Inter-governmental Conference (IGC)

Enlargement of the EU is a top priority for the UK. Reunifying Europe will bring huge benefits for both existing and new Member States, but it cannot happen without institutional reform to enable the EU to function with an increased membership. In February, an IGC was launched to resolve the institutional issues that need to be settled before enlargement. The UK's approach to the IGC is set out in the White Paper "IGC: Reform for Enlargement" (Cm4595).

Negotiations under the Portuguese Presidency focused on the following three issues:

- changing the **voting arrangements in the Council of Ministers**;
- reforming the **size and structure of the Commission**; and
- **extending qualified majority voting** in the Council, with a view to maintaining the efficiency of Council decision-making following enlargement.

The IGC has also discussed other related institutional matters. These include closer co-operation – the Treaty provisions that allow some Member States to co-operate more closely than others in certain areas. These provisions were introduced at Amsterdam and some Member States would like to see a relaxation of the conditions governing their use.

A Preparatory Group of representatives from each Member State met on a regular basis to discuss the full range of issues; and Foreign and Europe Ministers met monthly for political discussion of these topics. The Feira European Council reviewed the IGC's steady progress in outlining the options in the main areas; and re-affirmed that the IGC should conclude by December 2000. There will be another formal review of progress at the 13–14 October Special European Council in Biarritz.

One area of discussion that began well was reform of the **European Court of Justice**. The UK is pushing to give the Court as much flexibility as possible to organise its work. The prize is a Court better able to cope with growing workloads and so to reduce delays.

It is difficult at this stage to predict the final IGC outcome. Much of the substantial negotiation remains to be done under the French

Presidency. But the 2000 IGC offers an opportunity to make a significant step towards the kind of institutions and the kind of Union that we want to see post-enlargement. It is important that it succeeds.

Future of Europe

The 2000 IGC must make the institutional changes necessary for the next wave of EU enlargement. But clearly it will not be the last word in the development of the Union. There are longer-term issues concerning the structures of the Union, and how it is run. The Union will continue to evolve, and as it does so, it is important that its institutions can meet the challenge of delivery. The UK will play a full role in this debate. We want to be active players in shaping the Europe of the future.

Two issues are at the heart of the 'future of Europe' debate:

- the growing problems of **democratic legitimacy**; and
- **how to make an enlarged EU work more efficiently.**

An EU of perhaps 30 Member States faces crucial questions: how can it stay focused on the needs of the people of Europe? How can citizens interact with it? And what should the EU's relationship be with national Parliaments and regional governments?

Contributions to this debate have included important speeches by the German Foreign Minister Joschka Fischer and French President Jacques Chirac, amongst others. Britain is part of this debate.

We want to see a Europe of states that respects national identity and recognises that legitimacy derives from national democracies. And we want to see a Europe that works. This means an efficient Council and Commission, and a strong and effective European Court of Justice.

Enlargement means that this 'future of Europe' debate should involve more than just current Member States. The new members of the club deserve to have their voices heard too. Any future IGC should include the first of these new Members.

5. Fighting Crime Across Europe

Serious crime does not stop at national boundaries. A burglary in Colchester may pay for drugs smuggled from Colombia. If we are to tackle crime effectively on our streets, we must work with our partners in Europe. The same goes for illegal immigration and people trafficking, where we have far more hope of success if we work with our partners. The UK has taken a lead role in driving forward this area of EU work, particularly in developing a common immigration and asylum policy and in improving the cross-Europe fight against organised and international crime.

The special European Council on Justice and Home Affairs (JHA) at Tampere in October 1999 set a formidable agenda for the creation of an area of freedom, justice and security in the EU. This includes a union-wide fight against crime, a genuine European area of justice, based on mutual recognition of judicial decisions and a common EU asylum and migration policy. To ensure that the agenda would be implemented, the Council asked the Commission to develop a 'scoreboard' to track progress. In March, the JHA Council approved the Commission's proposed scoreboard. This will be regularly updated over the next few years as we move towards full implementation of the Tampere agenda.

The Portuguese Presidency made a good start on implementation of some of the key Tampere conclusions, with the adoption of a number of important legal instruments. The process was much facilitated by the successful conclusion of discussions between Spain and the UK, in full consultation with the Government of Gibraltar, to overcome difficulties that had arisen on a number of issues within the EU concerning Gibraltar. The outcome of these discussions was announced to the House of Commons by the Foreign Secretary on 19 April. Instruments adopted under the Portuguese Presidency included:

- the Convention on Mutual Assistance in Criminal Matters between the Member States of the EU. This Convention will ensure that the EU is better equipped to deal with cross border crime, particularly organised crime. The Convention will allow for better mutual assistance by:
 - providing for evidence to be given by video-conference;
 - enabling evidence to be obtained under the formalities and procedures expressly indicated by the requesting state;

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- enabling service of procedural documents (eg summonses and judgements) direct from the judicial authority to the person concerned;
 - setting up a legal framework for requests involving court investigations and for joint investigation teams.
 - The Council approved the UK's application to participate in the parts of the **Schengen acquis** that relate to fighting crime. Practical benefits for the UK will include access to the Schengen Information System, a Europe-wide database which includes information on, for example, wanted and missing persons and stolen cars.

“Schengen Co-operation”

Schengen co-operation was originally developed outside the European Union framework by a small group of Member States. The main features were the strengthening of immigration controls on people travelling to a Schengen state from outside the Schengen area, the abolition of immigration controls on people travelling between Schengen States and a series of measures on police and judicial co-operation, which were designed to ensure that citizens in Schengen states continued to enjoy a high level of security and safety.

The Treaty of Amsterdam brought Schengen co-operation into the formal European Union structures. By this time, all Member States except for the UK and Ireland had signed the Schengen Convention. The UK had not signed the Convention because we wished to keep our immigration controls on people arriving from other European countries, in view of our island location. But the Amsterdam Treaty made it possible for us to join the policing and anti-crime parts of Schengen without giving up our immigration controls.

The Portuguese Presidency initiated work in a number of the key areas identified in the Tampere conclusions. **Police co-operation** work focussed on three main areas:

- **The Police Chiefs' Task Force.** The purpose of the Task Force is both to exchange experience, best practice and information on cross-border crime trends and to contribute to operational planning. The Police Chiefs' Task Force met informally for the first time at Lisbon in April to discuss how it should develop.
- **The European Police College.** This will train senior law enforcement officers in the Member States. The Portuguese Presidency began work on establishing a network of national training institutes, as a step towards establishing the college itself.
- **Crime Prevention.** The Portuguese Presidency held a seminar on crime prevention, which reached useful

conclusions on future work in this area including the importance of focusing on juvenile, urban and drug related crime; of establishing networks to pool practical experience; and of ensuring that new legislation does not benefit criminals.

In **judicial co-operation**, work focussed on developing the concept of mutual recognition of judicial decisions and judgements, to improve co-operation between judicial authorities in the Member States and to aid the protection of individual rights. This is an important area for the UK; securing agreement that mutual recognition, rather than harmonisation, should be the cornerstone of policy development was a big success for us at Tampere.

The Commission held meetings to start to implement **mutual recognition of judicial decisions in criminal matters** and there was progress in discussions on the specific subjects of enforcement of fines and freezing of assets. This work on mutual recognition will continue under the French Presidency.

The Framework Decision on **counterfeiting in connection with the introduction of the Euro** was adopted. The Framework Decision on counterfeiting of non-cash means of payment was agreed in substance.

On **asylum**, the main priority was negotiation of the Commission's proposal for a European Refugee Fund. This is a proposal for financial assistance to Member States for receiving asylum seekers and displaced people, integrating refugees and facilitating return to their country of origin for people who do not need international protection. Under this proposal, the financial assistance would be divided up according to the numbers of asylum seekers and refugees received in each Member State. A review was launched of the **Dublin Convention**, which determines which Member State is responsible for considering an asylum claim made in one of the EU Member States. It is being conducted on the basis of a Commission working document and an evaluation questionnaire.

The Presidency held a seminar in Lisbon to examine the idea of a **Common European asylum system**. The Home Secretary was a keynote speaker at this seminar, and launched a number of important ideas on ensuring a modern approach to implementing our international obligations on refugee protection.

On **immigration**, work continued on the Commission's proposal for a directive on family reunification. The UK has chosen not to participate in this directive since we wish to continue to set rules on admission on a national basis. Discussions also continued on the parameters for reaching readmission agreements between the EU and third countries.

The European Council at Feira adopted conclusions on three important aspects of work on justice and home affairs:

- **Drugs:** the European Council adopted an EU Action Plan on Drugs which incorporates key elements of the UK's EU drugs initiative. The UK initiative, launched by the Prime Minister on 9 March, called for closer co-operation with the applicant countries in fighting drugs and for a step change in EU internal action against drugs.
- **JHA External Relations:** priorities were agreed in relation to the EU's relations with third countries on the range of subjects covered by JHA.
- **Combatting Human Trafficking:** following the death of 58 Chinese illegal immigrants at Dover, the European Council restated the need for the EU under the French Presidency to take forward urgently the Tampere conclusions in this area.

6. European Defence

The decision to develop a common European security and defence policy marks a significant change in the EU's ability to influence world events. A Europe that can take effective action will be a stronger player, and provide a better voice for all its Members. This new initiative, in which the UK has played a lead role, will strengthen both Europe and NATO.

The Helsinki Council of December 1999 established the agenda for building the policy, laying out the shape of new decision-taking structures for the EU and the links needed with NATO. The Portuguese Presidency took this work further by establishing, in an interim form, the structures that the Helsinki European Council had called for. March saw the first meeting of the interim Political and Security Committee, a body of military representatives of Member States, and the formation of a military staff for the EU (headed by a UK officer).

The interim Political and Security Committee helped prepare the Presidency's report to the Feira European Council on strengthening the common European security and defence policy. This made recommendations on the EU's relations with NATO, and on the role of the six European countries which are members of NATO but not of the EU. They will be consulted on and be able to participate in EU military deployments. Should they decide to participate in an EU operation, they will have a place on a committee of contributors which will have day-to-day oversight of the operation.

EU/NATO

In carrying out its new military crisis management tasks, the EU will benefit from being able to draw on NATO collective assets and capabilities, including headquarters and planning staffs. If it is to do so successfully, there must be smooth working relationships in place between the two organisations, and a clear role in the EU arrangements for those European countries which are members of NATO but not of the EU. They have significant military capabilities and could make a valuable contribution to any EU operations.

The Presidency submitted two separate reports to the Feira European Council which set out the scope of EU/NATO relations: one on relations between the two organisations; and one on the role of third countries in EU crisis management. Their main provisions were:

- regular dialogue between the EU and other European countries on crisis management matters, including a minimum of two meetings every Presidency

between Member States and the six non-EU European members of NATO, and two further meetings between Member States and the wider group of fifteen European countries that includes the six non-EU European Allies and all other candidates for EU membership;

- intensified dialogue in time of crisis;
- the right for non-EU states to take part or be invited to take part in any EU operations;
- the right for non-EU members to form part of an ad hoc committee of contributors which will be set up for the day to day conduct of the operation, should they decide to contribute to an operation;
- the establishment of four EU/NATO working groups to consider security issues; military capabilities; EU access to NATO assets and capabilities; the definition of permanent arrangements linking the two organisations.

The Helsinki European Council had also agreed an ambitious but realistic **headline goal for Member States' collective military capabilities**. Under this, Member States should be able, by 2003, to deploy a collective force of up to 50,000–60,000 personnel on crisis management tasks within sixty days, and sustain them for at least one year. The Headline Goal Task Force, under the guidance of the interim Military Body, took this work forward by identifying a catalogue of forces and capabilities necessary for the EU to be able to undertake the full range of crisis management tasks.

Alongside this work on military aspects of crisis management, there was work on civilian aspects of crisis management. The Council decided to establish a **Civilian Crisis Management Committee** to give advice to the Political and Security Committee and Coreper on options for civilian activity in response to international crises. The Feira European Council agreed a concrete target for Member States' collective capability to contribute to international civilian policing operations. The target is for Member States to be able to contribute collectively 5,000 officers to international policing operations, and within that, for 1000 officers to be available for rapid deployment, within thirty days.

The French Presidency will consider further the shape of permanent arrangements within the EU, with the aim of getting final political agreement at the Nice European Council on what further measures may be necessary in the EU. In particular, we expect progress on the following areas:

- the establishment of **four joint EU/NATO working groups** to ensure transparency and co-operation between the two organisations, and to consider matters of mutual concern;

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- collating commitments by Member States towards the military headline goal, at a **Capability Commitment Conference** in November 2000;
 - final decisions on the permanent shape of crisis management arrangements in the EU.

7. European Reunion and Relations With Countries Outside the EU

Reuniting Europe

Reuniting Europe through enlargement of the Union will create a zone of peace, prosperity, stability and democracy across the whole continent of Europe. By massively expanding the Single Market, it will bring huge benefits for trade and jobs. The UK is the EU's leading advocate of European reunion and we are pushing consistently for decisive progress.

Throughout the Portuguese Presidency, accession negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia, which began during the UK Presidency in 1998, continued to make steady progress. In February, negotiations started with six new countries (Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta).

Turkey and the EU held their first Association Council for almost three years in April, following the Helsinki Council's confirmation of Turkey's candidate status. As part of this process, the EU and Turkey are now discussing the detail of the political and economic reforms needed to take forward Turkey's candidacy. The UK believes that a mature and comprehensive relationship between the EU and Turkey, in which Turkey has a clear perspective of eventual accession to the EU once it meets the membership criteria, can play a vital contribution to stability in Europe.

Next Steps

In November, the Commission will publish reports on each of the thirteen countries in the enlargement process, assessing progress made in passing and implementing EU legislation and each country's readiness for EU membership. The Commission will also issue a composite report containing recommendations for the future conduct of the negotiations. In December, the Nice European Council will review progress in enlargement so far on the basis of these Reports.

The UK will continue to take an active lead in pushing for decisive progress in the accession negotiations, including by advocating a sensible approach to applicant countries' requests for phasing-in arrangements. Transitional arrangements for new member states in some areas of EU law and practice are a key part of the accession process, as important as monitoring the implementation of EU legislation.

This autumn, the EU will agree the details of Turkey's Accession Partnership, setting out the priorities for short and medium term reform in anticipation of membership. The EU also aims to consolidate and increase pre-accession funding for Turkey, bringing the level of assistance up to 180 million euro per year.

There is a growing interest in the **devolved administrations** on the effects of enlargement. The Foreign and Commonwealth Office has offered assistance to the Scottish Parliament in their inquiries. The Wales European Centre partnership, of which the National Assembly is a member, is also studying the implications of enlargement for Wales.

Rest of the World

A number of important developments showed the growing stature of the EU on the world stage, from the conclusion of a Free Trade Agreement with Mexico to the first ever Africa/Europe Summit. The land-mark signature at Cotonou of a successor agreement to the **Lomé Convention** has put the EU's political, development and trade relations between the Community and Member States and 77 ACP (Asian, Caribbean and Pacific) countries on a new modern footing. The Feira European Council's adoption in June of a **Common Strategy for the Mediterranean** provides a new focus for the EU's substantial efforts in the region.

While emphasising its wish for a long-term partnership with **Russia**, the EU continued to urge Russia to find a political solution to Chechnya. Good progress was made towards bringing the **Balkans** into the European mainstream via the development of EU Stabilisation and Association Agreements (SAAs). But Serbia remained recalcitrant; EU sanctions were tightened against the Milosevic regime. The Balkans are likely to remain a key external priority for the EU for the foreseeable future.

The EU and the Balkans

One of the EU's greatest foreign policy challenges is building peace and prosperity in South East Europe. The EU's objective is "the fullest possible integration of the countries of the region into the political and economic mainstream of Europe" - a very clear commitment which was reiterated at both the Lisbon and Feira European Councils.

The last six months have seen steady progress towards this goal. The Feira Council confirmed that the Western Balkans are all potential candidates for EU membership, thus providing an important incentive for democratic change. The new Croatian government elected in January made clear their determination to comply with their international obligations and join “the road to Europe.” This paved the way for the EU/Croatia Consultative Task Force, and preparations for a Stabilisation and Association Agreement (SAA), which will deliver important economic and political benefits, including trade liberalisation.

But “Europeanisation” goes wider than just the prospect of new agreements down the line. The Lisbon and Feira Councils also promised more liberal access now to EU markets for Balkan products, and intensified co-operation in the fight against crime. A new, streamlined aid programme for the region is in preparation, while the EU-led Stability Pact pledged in March over 2.4 billion euros (£1.5 billion) for projects starting in the next year.

The French Presidency plan a special summit on the **Balkans** in November. There should also be agreement on enhanced trade preferences for the Western Balkan countries, and progress towards Stabilisation and Association Agreements with Macedonia and Croatia.

Under the French Presidency, the **EU/Mexico** Free Trade Agreement will enter into force; negotiations will continue to liberalise trade between the EU and **Mercosur and Chile**; co-operation with the **US and Canada** will focus on combating tropical diseases, liberalising world trade and promoting global peace and security.

During the French Presidency, there will be a special focus on **Mediterranean** issues; this will seek to build up the Justice and Home Affairs aspects of the Euro-Mediterranean Partnership, and feature a Euro-Mediterranean Summit in November.

Other forthcoming key events will be EU summits with **Ukraine** (15 September) and **Russia** (30 October).

Other Developments

EU Enlargement

- On 15 February, accession negotiations were formally opened with Romania, Slovakia, Latvia, Lithuania, Bulgaria and Malta, with the first substantive negotiations taking place on 8 March. By June, these countries had each opened between five and eight chapters of the *acquis communautaire*.
- During the Portuguese Presidency, six more chapters (agriculture, finance and budget, free movement of persons, justice and home affairs, regional, financial control) were opened with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia, bringing the total number of

chapters opened with these countries to 29. Only “institutions” and “miscellaneous” remain to be opened.

EU/Hungary

- Following Progress in introducing economic and market reforms, Hungary moved to the second stage of its Europe Agreement on 29 March. This triggered further trade liberalisation between Hungary and the EU and greater political dialogue.

EU/Russia

- The EU continued to make clear its concerns over **Chechnya**, urging Russia to work towards a political solution, including at the May EU/Russia summit. The summit agreed a Joint Declaration on co-operation in defence and agreed to establish a high-level dialogue on energy issues. In line with the Declaration of the Helsinki European Council, the **TACIS** programme for Russia for 2000 was limited to core areas directly promoting democratic values and civil society. A Joint Action Plan on organised crime was adopted at the EU/Russia Co-operation Council in April, setting the framework for common action against corruption, money laundering, trafficking in drugs and human beings, and illegal immigration.

EU/Ukraine

- At the Co-operation Council on 23 May the EU and Ukraine discussed EU enlargement; developing EU-Ukraine relations through the Partnership and Co-operation Agreement; collaboration in tackling illegal migration and organised crime; and economic reform, including EU support for Ukraine’s accession to the World Trade Organisation.

Northern Dimension

- A Northern Dimension Action Plan was agreed at the Feira European Council, setting a framework for EU activities on its northern borders from 2000-2003.

EU/Balkans

- **Albania** presented a detailed status report on 20 March in response to the Commission’s feasibility study on a Stabilisation and Association Agreement (SAA). This set out how Albania intends to pursue structural reform improved governance and law enforcement.
- The EU defined a “road map” of targets for Bosnia and

Herzegovina which they need to meet in order to be ready for negotiations on an SAA. The main targets are human rights, economic and institutional reform.

- An EU/Croatia Consultative Task Force, designed to make progress towards an SAA, was set up on 15 February. The Council agreed, on the basis of the Commission's feasibility study, that the Commission should draw up a negotiating mandate for an SAA.
- On 20 January, Macedonia was the first country to open negotiations with the EU on an SAA.

The EU tightened the financial sanctions against the Milosevic regime in the Federal Republic of Yugoslavia and extended the visa ban list. The ban on flights of EU carriers was suspended on 22 March. The EU also provided assistance to the democratic opposition and the independent media in Serbia. Montenegro and Kosovo were exempt from sanctions. For 2000 the EU has allocated 360 million euros (£224 million) to Kosovo and 52 million euros (£32 million) to Montenegro.

EU/Canada and EU/US

- Six-monthly EU/US and EU/Canada Summits held in Quéluz and Lisbon discussed a broad range of political, economic and trade issues. Key themes included efforts to combat HIV and other serious communicable diseases in Africa; the New Economy; co-operation in peacebuilding and conflict prevention; and ongoing efforts to launch a new round of multilateral trade negotiations in the WTO.

EU/Latin America

- In Vilamoura on 22–24 February, EU Ministers met their counterparts from the **San Jose Group**, **Mercosur** (with Chile and Bolivia), the **Rio Group**, and the **Andean Community**. Their discussions covered a wide range of issues including regional integration; promotion of democracy, the rule of law and social justice; the fight against drugs trafficking; debt relief; and follow-up to the 1999 Rio EU/Latin America and Caribbean Summit.

EU/Mexico

- A new and comprehensive relationship between the EU and Mexico was cemented by the establishment of a Free Trade Area, which was concluded in the margins of the Lisbon European Council and entered into force on 1 July.

EU/Mercosur

- The first two rounds of negotiations to liberalise trade between the EU and Mercosur and Chile took place in Buenos Aires and Santiago in April and Brussels in June.

ASEM (Asia/Europe Meeting)

- Senior Officials meetings were held in May, in Seoul on Trade and Investment, and in Lisbon to prepare for the Seoul summit in October 2000.

EU/Asia

- **Afghanistan:** The EU formally adopted in February a flight ban against Ariana airlines and an assets freeze against members of the Taliban.
- A regular **EU/Japan** dialogue was established, with officials meetings in February and March on regulatory issues, and in April on disarmament issues.
- The first **Indonesia/EU** – Bilateral Consultative Forum took place in Brussels in March. This extended discussion of development co-operation into areas such as national capacity-building, good governance, rule of law, and human resources. A Joint EU-Indonesia declaration in June supported Indonesian government efforts in economic and political reform.
- The EU Common Position on **Burma** was strengthened in April, by extending sanctions, which included publishing the visa ban on, and freezing of funds of, certain individuals in the Burmese government. It also banned sales to Burma of equipment which could be used for internal oppression.
- The first meeting of the **EC/Cambodia** Joint Commission was held in Phnom Penh in May, to discuss areas for future co-operation and development.
- An **EU-China** Human Rights seminar was held in Lisbon in May.
- The first ever EU/India summit took place in Lisbon in June. It produced agreement to develop potential in trade and investment, to set up a Think Tank, and to promote Civil Society dialogue. A joint business conference was organised in parallel, with the aim of expanding commercial links.
- **Korea:** In June the Council agreed that the Commission should discuss with the Republic of Korea the problem of over-capacity and subsidies in the shipbuilding industry; welcomed the outcome of the North-South Korean summit; and authorised the Commission to negotiate the renewal of

EURATOM's agreement (and contribution to) the Korean Peninsula Energy Development Organisation (KEDO).

- An EU/Macau joint commission met in Brussels in June, to discuss trade and technical co-operation opportunities. This was the first meeting since Macau was handed over to the PRC.
- An EC/Bangladesh Co-operation Agreement was signed in Brussels in May, which establishes respect for human rights and democratic principles as an essential element for co-operation.

EU/Australasia

- An EU/Australia Ministerial Political Dialogue Meeting took place in February; both sides agreed to seek ways of enhancing the relationship.
- The EU made a strong declaration and démarche in protest at the taking hostage of the Prime Minister and members of his cabinet in Fiji in May. Consultations under Article 366a of Lomé were delayed until the release of the hostages, and will take place during the French Presidency.

EU/Mediterranean

- The second EU/Tunisia Association Council provided an opportunity to discuss a number of bilateral political issues in January.
- Following ratification by the European Commission and EU Member States, Euro-Mediterranean Association Agreements came into force with Morocco (1 March) and Israel (1 June). These cover political dialogue and co-operation and support the goal of a Euro-Mediterranean Free Trade Area. The first Ministerial level Association Council between the EU and Israel was held during the June General Affairs Council
- An informal meeting in May of Foreign Affairs Ministers of the Euro-Mediterranean partners considered how to reinvigorate the **EuroMed partnership**, and made progress towards a Charter for Peace and Stability in the Mediterranean. This Charter, to be agreed at the Euro-Mediterranean Summit in November, will provide a political framework for an enhanced political and security partnership.
- The Feira European Council adopted a **Common Strategy for the Mediterranean Region** As well as aiming to improve the effectiveness of the Euro-Mediterranean Partnership, the Common Strategy also covers the EU's broader bilateral relations with the countries of the region, including Libya.

EU/Africa

- The EU/**South Africa** Trade, Development and Co-operation Agreement came into provisional effect on 1 January. Negotiations continued on a separate wines and spirits agreement.
- The January General Affairs Council decided to open consultations under Article 366a of the Lomé Convention with **Côte d'Ivoire**, following the military coup there. During consultations the Ivorian authorities committed themselves to a timetable for a return to democracy (electoral calendar, restoration of the constitution). The resumption of new development assistance would depend upon adherence to this timetable.
- The first ever **Africa-Europe Summit** took place in Cairo on 3-4 April. Discussion focussed on three broad areas: economic and social, political, and development issues. There were new announcements of debt relief by several key EU lenders. The Summit agreed a declaration and an action plan for future co-operation.
- The EU sent a mission of election observers to **Zimbabwe** in May, contributing half the total number of international observers. Their presence helped to inhibit violence and intimidation immediately prior to and during the elections in June.
- The June General Affairs Council agreed to an EU démarche in **Liberia** to protest at Liberian involvement in the war in Sierra Leone.

EU/ACP

- The EU/ACP Ministerial meeting in February agreed on the remaining issues for a new ACP-EC Agreement. The **Cotonou Agreement**, which includes firmer provisions in respect of human rights and democratic principles than its predecessor, the Lomé Convention, was signed on 23 June in Cotonou, Benin. It marks a new era of co-operation between the ACP and the EU, setting out more robust WTO-compatible trade provisions, and a system of streamlined development assistance geared towards poverty eradication.
- An application to join the ACP by **Cuba** was withdrawn in May.

8. European Trade Issues

The EU is our single most important trading partner and access to the European Single market of 370 million people is one of the key benefits of our EU membership. During the first half of 2000, 54% of the United Kingdom's trade in goods (exports plus imports) was with other Member States. Exports and imports both rose 2% in value, to £105.3 billion.

A study by the US International Trade Commission confirmed the importance of trade between the UK and our European partners. The study, which was commissioned to examine the effects of the UK trading freely with **North American Free Trade Agreement (NAFTA)** countries, contrasted the difference in trade value – UK trade with the EU amounts to £240 billion a year, but trade with NAFTA only amounts to £79 billion a year. The UK benefits in many ways from membership of the European Union, including significant flows of foreign direct investment from countries such as the US and Canada.

Trade Policy

The trade policy agenda concentrated on building consensus and confidence in the **World Trade Organisation (WTO)** as a step towards the successful launch of a new Round of trade negotiations following the failure at Seattle. The EU has continued to participate in the work of the WTO in Geneva.

The Commission and Member States continued to lead efforts to re-build confidence in the WTO by reforming the way in which it operates. In May the WTO adopted a package of measures including the establishment of an Implementation Review Mechanism, to consider developing countries' concerns about the Uruguay Round Agreements. It also included a commitment by the EU, US, Japan and Canada to enhance market access for goods from the **Least Developed Countries (LDCs)**. The Commission will bring forward a proposal in the coming months which will go beyond this commitment and provide duty- and quota-free access for essentially all LDC goods no later than 2005.

In the meantime, the "built-in agenda" of negotiations on agriculture and services has started in the WTO. The UK is strongly committed to progress both as a supporter of agricultural reform and as the world's second largest exporter of services but believes the negotiations will be more successful if they form part of a broader round.

The UK will continue to work constructively with the EU to resolve outstanding disputes with the US. We will seek to handle disputes in a constructive manner to ensure the productive trade relationship with the US continues. We will continue to press for implementation of the EU commitment to provide duty and quota free access for all goods from the LDCs, with minimum exceptions. We will also continue to press other developed countries to match the EU commitment.

Other Developments

Attention in this period naturally focused on the failure of the Seattle Ministerial Conference to launch a new WTO round. However, much of the ongoing business of EU trade policy continued in parallel to this.

- EU Member States and the Commission played a prominent role in the **Tenth United Nations Conference on Trade & Development in Bangkok** in February. The Bangkok Declaration, which underlined the importance of trade liberalisation and the WTO for development, marked the beginning of some modest progress in the re-building of confidence in international economic policy-making.
- **WTO accessions:** The EU and China concluded a bilateral market access agreement on 19 May though it is clear that much important work remains if China is to accede by the end of the year. Jordan and Georgia became WTO Members in April and June respectively. Croatia and Albania's WTO accessions were approved by the WTO General Council in July which, after their domestic ratification is complete, will bring the WTO's membership to 139.
- Under the **Asia-Europe** inter-regional dialogue (ASEM), the 4th meeting of the Investment Experts Group (IEG) in May followed by the 6th SOMTI (Senior Officials Meeting on Trade and Investment) took place in Seoul. Preparations continue for the 5th session of the Asia Europe Business Forum (AEBF), due in late September in Vienna, and for the 3rd ASEM Leaders Summit (Seoul, October).

9. Helping the World's Poor

Europe provides about 50% of global aid. As the House of Commons Select Committee on International Development has highlighted in two reports, EU aid programmes have huge potential for good but are much less effective than they should be – not focused enough on the poorest, whose needs are greatest, and badly managed and delivered.

The Government agrees with these criticisms. The first half of 2000 saw some encouraging signs towards correcting these problems. The new Commission launched a wide programme of reforms overseen by Commission Vice-President Neil Kinnock. The Commissioner for External Relations, Chris Patten, announced plans to reorganise the management of development assistance and in particular to speed up its delivery.

The Government has impressed upon the Commission its support for such improvements while calling for radical improvements in the quality of the aid too, so that European development spending is not just faster but makes a better impact upon poverty. We have a detailed strategy for working with the Commission to get its development assistance better targeted to the poorest and delivered more efficiently and effectively. We want to turn its good intentions into reality.

Two major events are worth special mention.

- The period saw the fruition of a major international initiative to relieve poor countries' debt burden. The enhanced **Heavily Indebted Poor Countries (HIPC) Initiative** was agreed at the end of 1999.
- And in June a successor agreement to the Lomé Convention was signed in **Cotonou**, Benin, covering a renewed special partnership between the EU and 77 developing countries in Africa, the Caribbean and the Pacific (ACP) for aid, trade and other co-operation.

Debt and Poverty Reduction

In December 1999 the 1 billion euros debt relief package, for which UK ministers had pressed, to support the implementation of the enhanced **Heavily Indebted Poor Countries (HIPC) Initiative** was agreed. The initiative provides exceptional debt relief

to the poorest countries which have shown their commitment to poverty reduction. The first tranche of these funds was made available by the EC in July 2000.

As part of the revision to the HIPC Initiative, countries are preparing national poverty reduction strategies. These strategies set out government policies and actions for tackling poverty and include a budgetary framework showing how all development resources, including those from debt relief, will be allocated. The UK has strongly supported this development and welcomes the positive contribution of the Commission to the debate and in taking this forward. In February 2000 a guidance note was issued to Commission staff encouraging them to engage with the development of poverty reduction strategies in-country, alongside EU Member States and other donors.

Other Developments

- The Council published a Communication to the Commission on the reform of the management of EU aid programmes. This responds to the series of assessments and evaluation of EU programmes which noted their significant inefficiency and lack of impact. The Commission now recognises the problems and intends to tackle them.
- The Commission proposed improving the co-ordination of EU action against the scourge of anti-personnel landmines.
- A new Regulation was agreed for Technical Assistance to the Independent States (“Takis”), i.e. the countries of the former Soviet Union. This provides the Know-how to help revitalise the economies of these countries, aiming especially at critical sectors such as small business development and nuclear safety.
- New, simpler, tendering and contracting procedures for EU development programmes – cutting through a myriad of old procedures and streamlining them into a more manageable package easier to operate, faster and better for developing countries were agreed.

10. Devolution: the Experience So Far

The UK Perspective

The last three years have seen far-reaching constitutional changes in the UK, with power being devolved in Scotland, Wales and Northern Ireland. Although relations with the EU remain the responsibility of the UK Government (the UK remains the EU Member State), the devolved administrations are involved as fully as possible in the UK's decision-making on relevant EU matters. The devolved administrations are also responsible for the implementation of EU legislation in their territorial areas.

The Scottish Executive Perspective

Devolution gives Scotland the best of both worlds on the European stage. Scotland benefits from being a modern, outward-looking and dynamic country in one of the EU's most influential Member States.

Europe matters to Scotland. Around 80% of the policy areas devolved to the Scottish Parliament have an EU dimension. The benefits Scotland gains from the EU are well known. But Scotland's relationship with the EU is a two way street. Scotland has a lot to offer Europe as well as gaining itself from European experience and thinking. The EU has a significant appetite for Scottish products and services. Almost two thirds of Scotland's manufacturing exports and over 40% of service exports go to EU destinations.

As the Scottish Executive is responsible for the implementation of EU legislation in devolved policy areas in Scotland, it plays a full role in negotiations. Since the establishment of the Scottish Parliament, Scottish Executive Ministers have, on occasion, joined UK delegations to Council meetings, where devolved matters were discussed, and are active in bilateral links with European partners. The Scottish Executive EU Office in Brussels advises Ministers and officials on EU issues and helps maintain contacts. Much work is done at official level to ensure that Scottish views are reflected in the UK negotiating position and that EU policies and legislation are implemented in Scotland. This includes matters such as the IGC and the proposed EU Charter of Fundamental Rights. Additionally, the Scottish Executive has been working with HMG to deliver the Lisbon agenda.

Bilateral Links

Scottish Ministers have also been playing an active part in improving links at Member State and sub-Member State level, and in promoting Scotland as a strong country in a major Member State. Priorities have been links with Irish counterparts and co-operation with the Nordic states, based in the areas of structural funds, fisheries, health, environment and regional development. During the Portuguese Presidency, the establishment of a Scottish court in the Netherlands for the trial of the Lockerbie suspects has led to increased contact between the two sides, such as the visits by the Scottish Law Officers to the Netherlands as well as a bilateral meeting between the respective Justice Ministers.

At the regional level, the Scottish Executive is exploring potential for co-operation and engagement with a variety of partners.

The Welsh Assembly Perspective

Raising the profile of Wales in Europe is one of the key aims of the National Assembly for Wales. To achieve this, the Assembly is developing links with other European regions and institutions. The Assembly has opened its own permanent office in Brussels, which will enable it to be fully linked into developments, both in areas of direct relevance and in wider areas such as the single currency and enlargement which will have an impact on Wales.

European structural fund programmes are a major driver for the Assembly's policies to achieve economic and social regeneration. An important first task has been to present proposals to take up the increased level of structural funds support Wales will receive as a result of Objective 1 status being conferred upon West Wales and the Valleys.

The Assembly has established a standing committee on European Affairs. In March the Committee visited Brussels for a series of meetings with Commission officials, UKRep and at the European Parliament. The Assembly has also set up an all-Wales Forum on European Affairs. This draws delegates and speakers from across the public, private and voluntary sectors. Its two meetings to date have explored a range of European issues and have heard keynote addresses from Neil Kinnock and Sir Leon Brittan.

The Northern Ireland Executive Committee Perspective

Northern Ireland is increasingly active in the EU framework. Growing confidence is encouraging local business to exploit the

opportunities offered by the Single Market. Many transferred matters in Northern Ireland have a major EU dimension. Northern Ireland Ministers have regular contact with their Whitehall counterparts, and they and their officials contribute to the formation of UK policy.

The EU has recognised the particular difficulties in Northern Ireland in recent years by treating it as a special case in a number of ways. Northern Ireland's objective one status was awarded for special reasons, and the EU has been instrumental in promoting the social and economic development of the region. The Special Support Programme for Peace and Reconciliation contributed to projects which underpinned peace and reconciliation, promoting both cross-community and cross-border development. The EU also contributes to the International Fund for Ireland which operates on a cross-border basis.

EU contacts

After the restoration of devolution to Northern Ireland at the end of May, the first overseas visit made by the First Minister and Deputy First Minister, David Trimble and Seamus Mallon, was to Brussels. The visit reflected the importance to Northern Ireland of its links with Europe and the recognition of the support provided to it by the EU. During that visit David Trimble said:

"We are grateful for the support we have received from the European Union in the recent difficult years for Northern Ireland. The European Commission has shown great interest in the political negotiations and in the achievement of the Belfast Agreement. Europe is of vital interest to Northern Ireland's future and we are looking forward to developing this new and dynamic relationship."

Other ministers from the Northern Irish Executive have attended Council meetings and held discussions with their bilateral counterparts.

In support of its links with Europe, the Northern Ireland Executive has decided to open an office in Brussels, due to open towards the end of 2000. As well as learning from the EU institutions and other regions, it is hoped that Northern Ireland will contribute to wider understanding by providing from its own experience a European example of how a society can move from violence and division to peace and cohesion. Northern Ireland is a rapidly changing society and Europe is of vital interest for its future.

North-South Ministerial Council

Uniquely among the devolved administrations of the UK, Northern Ireland has constitutional links with another Member State of the

European Union. The North-South Ministerial Council (NSMC) brings together Ministers from the NI Executive and the Government of the Republic of Ireland and its functions include implementation of EU policies and programmes.

11. Environment and Sustainable Development

Environmental problems do not stop at national boundaries. Air pollution, contaminated rivers and global climate change all need concerted action by states acting together and to the same standards. Providing a means to do this is one of the EU's most vital areas of activity.

Air quality. Here there was good progress on two proposals that will bring substantial reductions in the trans-boundary pollutants that contribute to the problems of acidification and summer-time fog throughout the EU.

The EU is working towards a comprehensive strategy **on genetically modified organisms (GMOs)**, an area of public concern in many member states. Negotiations on the revision of the directive controlling the deliberate release of GMOs into the environment are now nearing conclusion. This includes stricter provisions on issues such as risk assessment and monitoring of GMOs which have been placed on the market. Internationally, the Cartagena Protocol on Biosafety, which provides a set of rules on the export and import of GMOs that may affect wildlife and natural habitats, was signed by the EC, its member states and fifty-three other countries in May.

The Commission published its plans for a **European Climate Change Programme**. This will work with stakeholders to develop proposals for further measures to help member states to deliver their greenhouse gas reduction targets under the Kyoto Protocol. In May, a scheme was agreed to monitor carbon dioxide emissions from new passenger cars. The Commission has also consulted on options for establishing emissions trading within the Community. Climate change will be on the international agenda in November, with the sixth Conference of the Parties to the UN Framework Convention on Climate Change (COP6), and the Council has reached an agreed position for the EU on the major issues.

Improving Europe's water quality

On 29 June, following three years of negotiation, the Council and the European Parliament reached agreement on a major piece of water legislation which will serve as the foundation of future EU water policy. The UK strongly supports the overall

purpose and approach of the new Water Framework Directive, which is a real advance on current Community water legislation.

The Directive will result in integrated policies promoting the sustainable use of water and deliver significant environmental improvements. It will create a common framework for the protection and improvement of surface waters and groundwater throughout the Community, and by doing so contribute to sustainable development. For the first time, the Directive will focus on the long-term survival of aquatic ecosystems and tackle all the factors that might damage them, rather than concentrating narrowly on chemical quality. Management of water resources will be based – as it is in the UK already – on river basins rather than on political or administrative boundaries.

Member States will have to assess the impact of human activity on the quality and quantity of surface and groundwater bodies within 4 years, and draw up appropriate management plans with the aim of achieving ‘good status’ (defined in the Directive) within 15 years.

The Directive will also control discharges of hazardous substances into surface and groundwater bodies. Lists of substances of highest risk to aquatic ecosystems will be produced by the Commission every four years; the first ‘priority list’ was proposed by the Commission in February. Daughter directives will then be proposed to establish measures for controlling emissions of these substances.

The UK has played a leading role in pursuing the EU environmental agenda and is supporting the development of a **sustainable development strategy** for the EU. Part of this strategy will be the **Sixth Environmental Action Programme**, setting out the vision for EU environment policy for the next 10 years. The Commission is expected to publish this by the end of this year. In preparation for this, the March Environment Council agreed conclusions on the global assessment of the fifth programme. The UK has pressed for a short, focused document concentrating on the strategic priorities. We actively support the Cardiff process, which seeks to ensure that all EU policy making takes into account the environment and sustainable development.

EU and international negotiations are reserved to the UK Government. However, responsibility for the implementation of nearly all EU environment policies lies with the **Devolved Administrations** in Scotland, Wales and Northern Ireland. The Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive have been fully involved in the preparation of the UK’s position on environment dossiers. The Scottish Executive Minister for Environment and Transport accompanied the UK minister to the June Environment Council.

The environment agenda over the coming months is expected to be dominated by **climate change** and in particular preparations for the sixth Conference of Parties to the UN Framework Convention on Climate Change in November. The EU is taking a leading role in

discussions on global environmental governance in the run up to the tenth anniversary of the Rio Conference in 2002, and EU Environment Ministers will discuss this issue informally in July.

Other Developments

- In February the Commission published two major proposals: a communication on application of the **Precautionary Principle** and a White Paper on an **EU environmental liability** regime. The Commission's initiative on the precautionary principle has been generally welcomed and is broadly consistent with the approach adopted by the UK Government. We expect this to be discussed at the European Council in Nice in December.
- In May agreement was reached between the Council and the European Parliament on a regulation governing a new **LIFE (Financial Instrument for the Environment)** programme. This will be a five-year (2000–2004) scheme with a budget of 640 million euros (£400 million). It will support demonstration projects aiming at the development and implementation of EC environmental policy.
- Agreement was also reached in May on a directive on **end-of-life vehicles**, to increase the recycling rates of materials from scrap motor vehicles and to prohibit the use of mercury, lead and other dangerous substances in new vehicles from 2003.
- The Council and European Parliament agreed a regulation to bring EU law on **ozone-depleting substances** into line with the requirements of the Montreal Protocol.
- At second reading in the European Parliament in April, agreement was reached with the Council on a directive to reduce **air pollution from agricultural and forestry tractors**. The Commission published a proposal for a directive to establish **limit values for emissions from two- and three-wheeled motor vehicles** in June.
- The March Council agreed conclusions on a Commission communication on **endocrine-disrupting chemicals**. A public hearing was held in the European Parliament in April.
- In June the Council and European Parliament reached agreement on a revision of a Regulation on the **EU eco-labelling scheme**. The Council agreed in February a common position on a proposed revision of the existing **Eco-Management and Auditing System Regulation**.

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- The March Environment Council agreed a common position on a directive on **Strategic Environmental Assessment**.
 - The Council agreed in February a common position on a decision to establish a Community framework for co-operation on **marine pollution**. The European Parliament proposed a number of amendments at its second reading in June.

12. Agriculture, Food and Fisheries

The UK continued to work to build confidence in British beef through the **Date-Based Export Scheme**. The German Federal Government consistently maintained that it was entirely satisfied with the Date Based Export Scheme (DBES) and would comply with EU law, but that their constitutional procedures would take time. The German ban was formally lifted on 29 March 2000. Following the French Government's continuing refusal to lift their ban on the import of UK beef, the Commission submitted an application to the European Court of Justice on 4 January 2000.

Food Safety

The UK welcomed the publication of the Commission's **White Paper on Food Safety**. This makes a commitment to developing a coherent body of food legislation focused on the food safety objective and proposes a new European Food Authority. Such a body would bring real benefits to EU consumers by ensuring a more coherent approach to food safety in Europe and by providing a source of authoritative risk assessment. In the UK, food safety is now the responsibility of the Food Standards Agency.

There was good progress on **controls relating to BSE**. A Decision regulating the use of specified risk material (SRM) was adopted in June. This legislation introduced EU-wide rules for the removal and disposal of material that might potentially be infected with BSE from cattle, sheep and goats. As a result, all Member States are now required to introduce controls to ensure the removal and destruction of SRM so that none of this material gets into food, animal feed or fertilisers. The Decision also introduces from next April controls on imports of SRM from third countries.

This will mean better protection for UK consumers. Meat and meat products imported from other Member States will be subject to similar stringent controls to those which already operate in the UK. In addition, imports of meat and meat products from third countries will be required to be accompanied by a certificate from the country of production that they are SRM-free.

The Commission is due to present legislative proposals for the European Food Authority in November. We also expect publication of Commission proposals for new simplifying the legislation on food hygiene. Clear rules that are flexible and easily enforceable and can provide effective protection across the whole food production chain will be of great benefit to UK consumers.

Fisheries

There were welcome and significant moves to strengthen the regional dimension of the Common Fisheries Policy and involve the industry in fisheries management measures. Two regional consultations bringing together scientists, managers and fishermen active in the Irish Sea contributed to the detail of measures to protect cod stocks.

As well as action to protect cod stocks, there was action to protect seabirds and other species that are highly reliant on sandeels, by banning sandeel fishing in an area off the east coast stretching north from mid-Northumberland to the Moray Firth.

Cutting Red Tape

In September 1999, a meeting between the government and farming industry representatives agreed that there should be a review of regulatory burdens in agriculture. Three industry-led working groups focussed on the priority areas: the operation of Integrated Administration and Control System (IACS); farm inspections and Intervention; slaughterhouse regulation and meat hygiene rules. Of the 107 recommendations, the Government accepted 98, 23 of these require changes to EU procedures and legislation. The government has raised these issues in Brussels, with results. There have been positive discussions with the Commission on the changes we want to the Sheep Annual Premium Scheme and on steps to introduce business-based farm inspections. Meat hygiene measures in this area are covered in the next Chapter.

The UK has taken every opportunity to raise the problems of red tape with Commissioner Fischler, Commission officials and other Member States. As part of the Lisbon agenda, we are working on creating a culture within Europe where regulatory burdens are kept to the minimum.

Other Developments

- **WTO Commitments:** The Council considered the Commission's strategy for meeting WTO commitments to reduce subsidised exports of non-Annex I (mainly processed food and drink) products. The UK secured an important commitment that the Commission should keep export markets in affected sectors under close review and, if necessary, take speedy remedial action in the event of market disturbance.
- **Flax & Hemp Support Regime:** Reform of the flax and hemp support regime has been concluded. The final outcome reduced, but did not remove, discrimination against industrial use of these crops.
- **Rural Development Plans:** The Rural Development Plans (RDPs) for Wales, Northern Ireland and England, which

implement the Council Regulation on Rural Development were submitted to the European Commission in January.

- The EU hopes to conclude negotiations in the early autumn on the fourth protocol to the **EU/Greenland fisheries agreement** with the aim of maintaining fishing opportunities for EU fishermen in the waters around Greenland. This agreement provides valuable access opportunities for the UK distant water fleet.

The Experience of Devolution

Devolution has had a profound impact on policy on agriculture, fisheries and food, as these subjects are largely devolved. But the policy here is primarily driven by EU law and finance, and EU negotiation is reserved to the UK as Member State. Given that the Common Agricultural and Fisheries Policies often involve measures requiring common rules for application throughout the UK, there are few areas where any one part of the UK can act independently. This obliges MAFF and the devolved administrations to collaborate closely.

Prior to devolution, MAFF and the territorial Agriculture Departments had developed close working relations at all levels. The relationship continues to work well: a stocktaking exercise with the devolved administrations and UKRep in Edinburgh concluded that the arrangements in the devolution settlement were working smoothly, providing a sound basis for future collaboration.

13. A Healthy Europe

We are working towards a new **public health policy** for the whole of Europe, based on three themes:

- improving information for the development of public health;
- reacting rapidly to threats to public health; and
- tackling health determinants through health promotion and disease prevention.

The first step towards this came in May, when the Commission published its public health strategy. This will ensure that all policies take into account their impact on health.

The second key theme is the continuing drive to cut **tobacco consumption** across the EU. The Commission proposed a Directive on the labelling and content of tobacco products in January. This will consolidate existing legislation, and introduce new restrictions on the tar, carbon monoxide and nicotine yields of tobacco products and how brands should be described (eg, banning the use of misleading descriptors such as “mild” and “low tar” and “light” which give the misleading impression that one brand of cigarette is safer than another). The European Parliament completed its first reading and common position was reached at the June Health Council.

Activity to complete the Single Market in **pharmaceuticals** and **medical devices** continued. Good progress was made on draft Directives relating to medical devices that incorporate stable derivatives of human blood and plasma and to good practice in clinical trials. These are important measures that will promote greater public safety by harmonising standards.

Medicinal Products and Public Health Conference: 11–12 April, Lisbon

The aim of this Conference was to put the issue of pharmaceuticals onto the public health agenda in the EU. Traditionally, pharmaceuticals have been dealt with primarily from a regulatory and single market perspective. The conference was opened by the Portuguese Health Minister, Maria Arcanjo. UK speakers included Dr Keith Jones, Chief Executive of the Medicines Control Agency, and Sir Michael Rawlins, Chair, National Institute for Clinical Excellence (NICE).

The Conference Conclusions were endorsed by the June Health Council. These underlined the need for continuing regulation at the appropriate national or Community level of the pharmaceutical sector to reconcile private supply and social objectives. They also stressed the need to promote innovation through the identification of medicines with significant therapeutic value and the need for policy makers to share good practice and to promote the use of generics and the strategy against antibiotic resistance.

Health and Safety

The EU does much to promote better health and safety, improving the working lives of citizens across the Union. The European Agency for Safety and Health has been promoting the **European Week of Safety and Health (EuroWeek 2000)** which will take place this autumn. The theme of EuroWeek 2000 is musculoskeletal disorders, one of the most common work-related ailments, with special emphasis on back pain.

The aims and activities of EuroWeek 2000 are to:

- increase awareness (of MSD and back pain)
- promote information and practical projects in the workplace
- involve small and medium sized enterprises.

The UK has been heavily involved on the Agency working group co-ordinating and organising this campaign.

As a first step towards a system for monitoring safety and health in the EU, the European Agency for Safety and Health at Work launched an information project "**The State of Occupational Safety and Health in the EU – Pilot Study**". This will provide an overview of the current safety and health situation in the EU, supporting the identification of common challenges and priority areas for preventative action. The report is due to be published in the Autumn.

The **Senior Labour Inspectors Committee (SLIC)** is a committee of high-ranking labour inspectorate representatives from each Member State. It aims to encourage effective and consistent enforcement of European legislation in Member States. To this end it has established a system of peer review of EU health and safety systems. To assist the process of enlargement, SLIC is evaluating the health and safety systems of EU applicant countries. The UK is leading this programme by chairing the first pilot evaluation of Slovenia.

Other Developments

- The Commission is undertaking a review of the EU legislative framework for the **management of chemicals affecting human health (workers and consumers)** and the environment. The UK is keen to be involved in the

development of a new approach to the control and management of chemicals and has had a series of formal and informal meetings with other Member States to identify key issues.

- Agreement was reached on a Directive to implement **good clinical practice in the conduct of clinical trials on medicinal products for human use**.
- A 1990 Council Regulation concerning the import of agricultural products from third countries following the accident at the Chernobyl nuclear power station was extended for a further period of ten years.

14. Structural Funds

Structural Funds are the European Union's main instruments for supporting economic and social restructuring in the less prosperous areas of Europe. This type of support boosts the prosperity of the Union as a whole, by encouraging economic development and boosting trade in all areas. The funds are a tangible benefit of the UK's membership of the EU. They help contribute to a better environment, more jobs and more training across the UK.

Over the next seven years, the UK will receive over £10 billion of European funding. Some of this will be targeted on areas of particular need, such as Cornwall, Merseyside and west Wales. The rest will be spread more widely across the country. These funds will play a major role in the development of the UK's most seriously deprived areas. They will boost the competitiveness of regions through grants towards the cost of regional economic infrastructure projects; vocational training; adaptation of industrial, agricultural and fisheries structures; and promotion of competitiveness in regions dependent on declining industries.

Early next year the Commission will publish the **2nd cohesion report** on progress towards economic and social cohesion in the EU and how the Structural and Cohesion Funds have contributed.

Funding for 1994 to 1999 programmes in the UK is fully allocated. Projects now have up to two years in which to spend these remaining funds. Funding for new projects will be released after agreement of programmes at the end of this year.

Following the announcement of financial allocations for Member States in July 1999 and agreement on eligible areas, the UK has been preparing regional and national programmes for implementing our allocations. These have been the subject of negotiation with the Commission, and successful projects will receive funding once we have reached agreement on our detailed proposals.

European Structural Funds

The European Structural Funds are distributed by targeted objective.

Objective 1

Objective 1 is the highest level of regional funding available from the EU. Eligible areas are those with less than 75% GDP. In the UK, Objective 1 funding goes to

Cornwall and the Scilly Isles; West Wales and the Valleys; Merseyside; South Yorkshire. The Highlands and Islands qualifies as a transitional Objective 1 area and Northern Ireland qualifies for a unique PEACE programme. In total the UK will receive over £3.9 billion of Objective 1 money between 2000–2006.

Objective 2

This supports the economic and social conversion of areas facing structural difficulties. It is the second highest level of funding available from the EU and is available in many areas of the UK. In addition areas which had Objective 2 or 5b status in the previous programming period are eligible for transitional funding until 2005.

Objective 3

Directed at the long-term unemployed and those facing specific barriers to proper employment thanks to their disability, racial origin or gender.

In recent years, European Structural Funds have contributed extensively to the development and regeneration of less prosperous areas of the UK. For instance, the Tate of the West Gallery at St Ives in Cornwall was built partly with EU funding. It created many new jobs and continues to draw visitors to the area. In Northumberland, EU funding supported the Earth Balance initiative. This developed a cluster of SMEs in the food & drink and horticultural sectors which are powered from renewable energy sources. It has created jobs and provided training for people in the use of renewable energy.

The Yorkshire and Humberside Enterprise Fund offers small businesses subsidised risk capital to finance growth. It offers equity, mezzanine finance and low-interest loans to firms that have a potential for long-term profitability and job creation, but are unable to raise funds from other sources. The Fund is supported by European funding which means the cost of capital to the eligible businesses is significantly reduced.

Community Initiatives

For the period 2000-2006, there are four Community Initiatives

- **EQUAL** promotes new means of combating all forms of discrimination and inequalities in connection with the labour market, through transnational co-operation.
- **INTERREG III** funds cross-border, transnational and inter-regional co-operation across the European Union.
- **LEADER+** funds transnational co-operation and networking between rural areas.
- **URBAN II** funds projects which promote economic and social regeneration in cities and urban neighbourhoods.

Devolution

Wales

Negotiations with the Commission on programmes for delivery of Objective 1 and Objective 3 were successfully concluded in May.

A new agency, the Welsh European Funding Office, started work on 1st April 2000. The agency will be responsible for administration of all the European Structural Funds programmes in Wales. As part of the UK Government's Comprehensive Spending Review (CSR), full financial responsibility for the European Social Fund in Wales will transfer next year from DFEE to the National Assembly.

Northern Ireland

The Executive Committee of the Northern Ireland Assembly agreed the Community Support Framework (CSF) Plan in February.

Members of the Assembly have been kept informed of progress in the negotiations with the Commission and have participated in meetings of the interim CSF Monitoring Committee, chaired by the Minister for Finance and Personnel, which took place in April, May and June.

Scotland

The Scottish Executive has made good progress towards effective implementation of the various Structural Funds programmes for 2000-2006. Preparations included consultation with the European Committee of the Scottish Parliament.

Following the Prime Minister's successful negotiations at the Berlin Summit to secure a Special Transitional Programme for the Highlands & Islands (H&ISTP), the Scottish Executive concluded productive discussions with the Commission on how this should be implemented.

The Scottish Executive will oversee three Objective 2 Programmes in the next Programming Period, in the West, East and South of Scotland. Outside the H&ISTP area, Scotland will also benefit from Objective 3 funding under the European Social Fund (ESF).

The Scottish Executive places great store in inter-regional and transnational co-operation. The exchange of experience and good practice as well as more concrete collaboration within the Union and with non-Member States is vital to the sustainable development of economic and social cohesion within Scotland. To this end the Scottish Executive is actively involved in the four Community Initiatives.

The Scottish model for effective implementation of the new programmes has attracted interest from elsewhere in Europe. The Scottish Executive is leading a twinning project in partnership with France and Ireland to deliver Structural Funds advice and training to the Czech Republic

Other Developments

On 30 May the Commission adopted **regulation (No. 1159/2000) on information and publicity measures** to be carried out by the Member States concerning assistance from the Structural Funds.

15. Transport

There was satisfactory progress on rail policy, as the UK achieved the result it needed on the **Rail Interoperability Directive**. Working with Spain, we had pressed to secure derogations to take into account the nature of the rail infrastructure in the two countries. Failure to achieve this would have affected UK rail investment. Other important issues discussed included the **Galileo** project and the proposals arising from the 'Erika' oil tanker accident.

The French Presidency plans a major effort to follow up the Commission's communication on a **social package for road transport**. It is seeking to have Council conclusions on this agreed at the October Transport Council. It will also be keen to take forward the **oil tanker safety proposals**. Other priorities include **Galileo**, **EASA** and **air safety standards**, and air passenger rights. The Commission promises a **Transport White Paper**, a proposal on **Trans European Networks**, and the 'Erika II' package by November.

EU and international negotiations are reserved to the UK Government. But where the policy in question is devolved, implementation lies with the **devolved administrations** in Scotland, Wales and Northern Ireland. The Scottish Executive, the National Assembly for Wales and the Northern Ireland Executive have been involved where appropriate in agreeing the UK's position on transport dossiers.

Cross-Modal Issues

- The Commission produced further progress reports on the definition phase of the **Galileo satellite navigation**. They are expected to submit a final report on the project's definition phase and provide an economic analysis in time for the December Transport Council, so that a decision can be reached on whether to proceed with the project.

Maritime Safety Measures

As a result of the sinking of the 'Erika' off the French coast of Brittany last year, the Commission introduced a package of proposals on maritime safety. This is intended to reduce the risk of a similar incident in future and to boost protection of the marine environment.

The Commission proposed action in two tranches. The first involves measures to:

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- improve the effectiveness of port state control of ship standards;
 - provide greater scrutiny of the performance of classification societies;
 - accelerate the phasing out of single-hulled tankers.

The first two measures have been widely welcomed by Member States and good progress has been made. But some Member States, including the UK, expressed concerns that in respect of single-hulled tankers there should be an assessment of the economic impact, and that the measure should be agreed by the International Maritime Organisation (IMO), on the grounds that shipping is a global business and is best regulated globally.

The second stage of the Commission's package comprises proposals to:

- improve transparency on ship quality, building in the new EQUASIS international ship quality database;
- provide for greater surveillance of potentially damaging ships navigating off Europe's coastline;
- strengthen existing international oil pollution liability and compensation arrangements and to provide additional European arrangements; and
- require EU candidate countries to apply all relevant Community shipping legislation at the date of their accession.

Aviation

- The March Transport Council debated the Commission's communication on **air transport and the environment** – a five-year work plan for policies and measures to limit or reduce noise and gaseous emissions from aircraft. Member States broadly welcomed the Commission's approach but emphasised that, where possible, international noise standards should be developed at the global level through the International Civil Aviation Organisation.
- There was progress on the **hushkits** issue. Work is continuing towards a joint declaration, committing the EU and the US to a new standard in ICAO.
- The Commission presented proposals for the establishment of a **European aviation safety authority (EASA)**.

Land Transport

- In March the Council reached a common position on a package of measures on the development of **European railways**. This covers the allocation of railway infrastructure capacity, the levying of charges for the use of railway infrastructure and safety certification.

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- The Commission presented a communication on **Road Safety**. Key proposals included: further development of the European new vehicles crash testing programme, use of speed limiters on larger vehicles, higher levels of seatbelt and child restraint usage, safer car fronts, and targeting of accident blackspots.

In June, the Commission introduced a proposal for the distribution of **permits for heavy goods vehicles travelling in Switzerland**.

16. Industry, Energy and Research

Industry

Work focused on preparing and delivering the Lisbon agenda, with much emphasis on promoting enterprise, supporting small firms and developing benchmarking.

The May Industry Council took forward the Lisbon agenda by reaching agreement that the Commission's proposal for a **Multiannual Programme for Enterprise and Entrepreneurship** should be adopted by the end of this year. The proposal sets out the priorities for enterprise policy in the EU over the next five years. It proposes action to improve systems for assessing the impact on business of new Community legislation and to foster better regulation across the EU. Work here will concentrate on sharing best practice, the use of benchmarking and effective monitoring of progress.

In February the Commission published a survey on pre-tax **car prices in the EU** which showed that prices still vary widely between Member States and that the UK remains the most expensive market in the EU. In May Commissioner Monti made a speech in which he suggested that the market for motor cars is still dominated by the manufacturers and that the present rules had failed to integrate national markets. He also regretted that manufacturers had failed to implement the rules on cross-border sales properly. The Government welcomed Commissioner Monti's comments as we are keen to promote a thorough debate on what should replace the current system when it expires in 2002.

Under the French Presidency, we expect the Commission to publish proposals on various issues relating to the **expiry of the European Coal and Steel Community** in July 2002. The Commission intends to publish in the autumn a final version of a report concerning its review of the current **cars block exemption** (the legal provisions which underpins the selective and exclusive distribution systems in the sector). It will hold a public hearing involving all interested parties before the end of 2000.

- The directive on combating **late payment in commercial transactions** was formally approved in May. The UK supports the underlying principle of the directive and is keen to see greater clarity and transparency in cross-border transactions.

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- In January, as part of the general modernisation of **EC competition law**, the Commission began a reform of the rules that apply to horizontal co-operation agreements (i.e. agreements between competitors). The proposals are intended to clarify the rules and make the application of competition policy in this area more effective through the adoption of an approach based on economic analysis. There will be more developments in the modernisation of competition law under the French Presidency.

Energy

The Commission report on progress towards a **single energy market** formed the centrepiece of the May Energy Council, with proposals for accelerating liberalisation in line with the Lisbon conclusions. The UK welcomed this and called for full liberalisation by a specific date and supported further structural measures including unbundling and regulated third party access. We circulated a report on the UK's experience of the social effects of energy liberalisation which aimed to provide the Council with a balanced analysis of social effects of energy liberalisation.

The French Presidency will press on with: **market liberalisation** in line with the Lisbon conclusions; work on the directive on the **promotion of electricity from renewable energy sources** in the internal electricity market; the **energy efficiency action plan** and **EU security of gas supply**. It will also continue work in the Euro-Med context to strengthen **co-operation in the energy sector**.

Other Developments

The May Energy Council:

- adopted conclusions and welcomed progress on implementation of the **electricity directive** and the agreement of the European electricity regulatory forum on cross border transmission pricing mechanisms, effective from 1 October.
- agreed conclusions on the **energy efficiency action plan** and on **gas security of supply**.
- adopted a common position setting **energy consumption standards for fluorescent lighting ballasts**.
- the Council also discussed the current situation in the **world shipbuilding market** and agreed conclusions which established a tough approach to Korea and re-emphasised our determination to tackle Korea unfair trading practices.

Research

The EU made good progress towards a European Research Area (ERA), part of the Lisbon agenda to promote research. Through better co-ordination of research across the EU, ERA will get the best value out of the resources available for research.

The June Research Council identified a number of themes to turn the concept of an ERA into reality. These include: benchmarking national R&D policies; networking national and joint research programmes; mapping centres of excellence; improving the environment for private research investment; creating a high-speed trans-European electronic network; removing obstacles to the mobility of researchers and introducing a Community patent.

17. Education and Youth

The EU's activities in education and youth are enormously valuable in building cross-cultural understanding through exchanges between young people from all over Europe. In the last five years, over 81,000 young people from the UK have undertaken education, training or youth placements or exchanges in another EU Member State. These programmes help equip young people with the skills they need to compete successfully in the global economy: education and training are essential components of the Lisbon programme for a knowledge-based society.

Socrates, the EU programme for education, had its national launch in the UK in March. Baroness Blackstone hosted the event, supported by Sam Galbraith, Scottish Minister for Children and Education. Commissioner Reding gave a keynote speech setting out the programme's benefits from an EU perspective. After the national event, a series of seminars and workshops were held in England, Scotland, Northern Ireland and Wales.

Phase Two of **Leonardo da Vinci**, the EU programme for **vocational training**, was launched successfully in the UK in January. The programme supports projects that enhance skills, competitiveness and the quality of vocational training, through partnerships with Member States and beyond. Around 200 projects will be supported this year.

Negotiations on the new **Youth Programme** were successfully concluded in February allowing practical arrangements for the operation of the programme to start. The Youth Programme provides young people (15–25 years) with formative overseas experience through exchanges and volunteering activities and an opportunity to deepen their knowledge of other countries and cultures. The programme will run from 2000–2006 and has a budget of 520 million euros (approx £110 million).

The Commission started its consultation of young people in all Member States as part of developing its **White Paper on the future of youth policy**. Member States have held national conferences with young people and are in the process of feeding in the results to the Commission in preparation for the next stage, a European Conference during the French Presidency.

The Education Council focused much of its work on how to contribute to the Lisbon agenda, agreeing to establish a framework of basic skills. The Commission's "**European Report on Quality of**

School Education", based on sixteen quality indicators was helpful, as it enabled Member States to learn from each other.

Other Developments

- The second phase of the **SOCRATES** programme was adopted in January. The programme will run from 2000–2006 and has a budget of 1,850 million euros (£1,165 million)
- The Council adopted a decision establishing 2001 as European Year of Languages

18. Culture

The key development was agreement on priorities for action to implement the Commission's strategy on "Principles and Guidelines for the Community's **Audiovisual Policy in the Digital Age**". In May the Culture/Audiovisual Council called on the Commission to concentrate on important issues such as industry competitiveness, social inclusion and access. During discussions, the UK stressed the importance of managing an early transition to digital technology in order to unlock the potential of television to become the most widely available and affordable means of access to the Internet. Digital television is a key way of spreading new technology, knowledge and culture, and of promoting full participation in the information society.

Priorities for the French Presidency include generating debate on **public service broadcasting**; reaching agreement on the proposals for **MEDIA Plus**, and taking forward work on **cultural diversity**, and **freedom of movement**.

Other Developments

- The Council adopted a Resolution on the conservation and enhancement of **European cinema heritage**.
- The **Culture 2000 programme** was formally adopted and put into effect, providing a coherent EU programme of support for culture for the first time.

Tourism

In February, the Commission convened expert working groups to look at four key issues for tourism:

- facilitating the exchange and dissemination of information, notably through new technologies;
- improving training in order to upgrade skills in the tourism industry;
- improving the quality of tourism products; and
- promoting environmental protection and sustainable development in tourism.

The UK is represented on each working group.

Appendix A: Calendar of Events

January 2000

14	Brussels	Fisheries Council
17–21	Strasbourg	European Parliament Plenary
18	Brussels	Budget Council
24–25	Brussels	General Affairs Council
24–25	Brussels	Agriculture Council
28–29	Lisbon	Development Ministers (Informal)
31	Brussels	ECOFIN Council

February

2	Lisbon	EU/Australia Ministerial
2–3	Brussels	4th EU-ACP Ministerial Conference
2–3	Brussels	European Parliament Plenary
11	Brussels	Social Affairs Ministers (Informal)
12–19	Bangkok	UNCTAD X
14–15	Brussels	General Affairs Council
14–18	Strasbourg	European Parliament Plenary
21–22	Brussels	Agriculture Council
21–22	Vilamoura	San Jose Ministerial Meeting
23–24	Vilamoura	EU/Rio Group Ministerial Meeting
28	Brussels	ECOFIN Council
28 Feb– 1 March	Lisbon	EuroMed Investment Conference

March

1	Brussels	European Parliament Plenary
2	Lisbon	EU/Russia Ministerial Meeting
3–4	Lisbon	Justice & Home Affairs Ministers (Informal)
10	Tokyo	EU/Japan Ministerial Meeting
13	Brussels	Social Affairs Council
13	Brussels	ECOFIN Council

13–17	Strasbourg	European Parliament Plenary
16	Brussels	Internal Market Council
17	Lisbon	Informal Education Ministers Meeting
17–18	Porto	Trade Ministers' Meeting (Informal)
20–21	Brussels	General Affairs Council
20–21	Brussels	Agriculture Council
23–24	Lisbon	Special European Council
27	Brussels	Justice and Home Affairs Council
28	Brussels	Transport Council
29–30	Brussels	European Parliament Plenary
30	Brussels	Environment Council

April

3	Luxembourg	Fisheries Council
3–4	Cairo	EU-Africa Summit
4	Luxembourg	Social Affairs Council
7–8	Lisbon	ECOFIN Ministers (Informal)
10–11	Luxembourg	General Affairs Council
10–14	Strasbourg	European Parliament Plenary
13	Luxembourg	Consumer Affairs Council
15–16	Oporto	Environment Ministers (Informal)
17–18	Luxembourg	Agriculture Council

May

2	Brussels	Telecommunications Council
3–4	Brussels	European Parliament Plenary
5–7	San Miguel, Azores	Informal Meeting of Foreign Ministers
8	Brussels	ECOFIN Council
8	Lisbon	EU/New Zealand Ministerial
11	Brussels	Health Council
15–16	Brussels	Agriculture Council
15–19	Strasbourg	European Parliament Plenary
16	Brussels	Culture Council
17	Moscow	EU/Russia Summit

18	Brussels	Industry Council
18	Brussels	Development Council
22–23	Brussels	General Affairs Council
23	Brussels	European Economic Area Council
25	Brussels	Internal Market Council
25–26	Lisbon	EuroMed Foreign Ministers Meeting (Informal)
28–30	Evora	Agriculture Ministers (Informal)
29–30	Brussels	Justice and Home Affairs Council
30	Brussels	Energy Council

June

5	Luxembourg	ECOFIN Council
6	Luxembourg	Social Affairs Council
13–14	Luxembourg	General Affairs Council
13–16	Strasbourg	European Parliament Plenary
15	Luxembourg	Research Council
16	Luxembourg	Fisheries Council
19–20	Luxembourg	Agriculture Council
19–20	Sta. Maria da Feira	European Council
21–23	Cyprus	3rd Euro-Mediterranean Conference of the Ministers of Industry
22–23	Luxembourg	Environment Council
26–27	Luxembourg	Transport Council
28	Lisbon	EU/India Summit

Appendix B: Major Treaties and Agreements

Part 1 – Signed by the Community and Member States

Signed by the Member States

Convention, established by the Council in accordance with Article 34 of the Treaty on European Union, on Mutual Assistance in Criminal Matters between the Member States of the European Union

Signed in Brussels, 29 May

Signed by the Community and Member States

Partnership Agreement between the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part

Signed in Cotonou, 23 June

Part 2 – “Community Alone” Treaties

Australia

Agreement between the European Community and Australia amending the Agreement on trade in wine

Signed in Brussels, 24 February 2000

Bangladesh

Co-operation Agreement between the European Economic Community and the People's Republic of Bangladesh on partnership and development

Signed in Brussels, 22 May

Bulgaria

Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Bulgaria on the reciprocal establishment of tariff quotas for certain wines

Signed in Brussels, 8 February

Cambodia

Agreement between the European Community and the Kingdom of Cambodia on trade in textile products

Signed in Phnom Penh, 4 May

Czech Republic

Agreement in the form of an Exchange of Letters between the European Community and the Czech Republic concerning the extension of the common communication network/common systems interface (CCN/CSI) within the framework of the Convention on a common transit procedure

Signed in Brussels, 13 April

Hungary

Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of Letters between the European Community and the Republic of Hungary on the reciprocal establishment of tariff quotas for certain wines

Signed in Brussels, 3 February

Kazakhstan

Agreement in the form of an Exchange of Letters between the European Community and the Republic of Kazakhstan amending the Agreement between the European Community and the Republic of Kazakhstan on trade in textile products initialled at Brussels on 15 October 1993, as last amended by an Agreement in the form of an Exchange of Letters initialled on 20 December 1995

Signed at Brussels, 27 June

Korea, Republic of

Agreed Minutes between the European Community and the Government of the Republic of Korea relating to the world shipbuilding market

Signed in Brussels, 22 June

Laos

Agreement between the European Community and the Lao People's Democratic Republic on trade in textile products

Signed in Brussels, 17 May

Mauritius

Protocol defining, for the period 3 December 1999 to 2 December 2002, the fishing opportunities and the financial contribution provided for by the Agreement between the European Community and the Government of Mauritius on fishing in the waters of Mauritius

Signed in Brussels, 3 December 1999 (not included in last White Paper: Cm 4762)

Malta

Agreement in the form of an Exchange of Letters between the European Community and the Republic of Malta amending the Association Agreement

Signed in Brussels, 23 February

Morocco

Agreement in the form of an Exchange of Letters concerning certain amendments to Annexes 2, 3, 4 and 6 to the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Kingdom of Morocco, of the other part

Signed in Brussels, 28 February

Romania

Agreement in the form of an Exchange of Letters amending the Agreement in the form of an Exchange of letters between the European Community and Romania on the reciprocal establishment of tariff quotas for certain wines

Signed in Brussels, 11 February

Russian Federation

Agreement in the form of an Exchange of Letters between the European Community and the Russian Federation extending the double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from the Russian Federation to the European Community for the period from 1 January 2000 to 31 December 2001

Signed in Brussels, 10 April

Switzerland

Agreement in the form of an Exchange of Letters between the European Community, of the one part, and the Swiss Confederation of the other part, on Protocol 2 to the Agreement between the European Economic Community and the Swiss Confederation

Signed in Brussels, 17 March

Agreement in the form of an Exchange of Letters between the European Community and Switzerland concerning the extension of the common communication network/common system interface (CCN/CSI) within the framework of the Convention on a common transit procedure

Signed in Brussels, 13 and 14 April

Ukraine

Agreement in the Form of an Exchange of Letters between the European Community and Ukraine extending the double-checking system without quantitative limits in respect of the export of certain steel products covered by the EC and ECSC Treaties from Ukraine to the European Community for the period 1 January 2000 to 31 December 2001

Signed in Brussels, 25 February

Appendix C, Part 1: European Court of Justice cases involving the United Kingdom

This list consists of cases in which the UK submitted a pleading or attended a hearing in the period January to June 2000 as well as cases involving the UK which the Advocate General's opinion or judgment was delivered in that period.

(I) Article 234 References

C-357/98: R -v- Secretary of State for the Home Department ex parte Yiadom

High Court reference concerning a refusal to grant leave to enter – Directive 64/221. Advocate General's opinion issued in March.

C-381/98: Ingmar -v- Eaton Leonard Technologies

Court of Appeal reference concerning Directive 86/653 relating to self employed commercial agents. Advocate General's opinion issued in May.

C-384/98: Vanessa Susanne Dotter -v- Osterreichischer Bundesschatz: Dr Agathe Rosenmayr

Austrian reference concerning Article 13A(1)(c) of the Sixth Council Directive 77/338 asking whether the exemption contained therein extends to medical services which a doctor in her capacity as a court expert provides at the request of the court. Advocate General's opinion issued in January.

C-418/98 and C-419/97: Arco Chemie Nederland Limited and Vereniging Doepsbelan Hess Stichting Werkgroep Weurt and Others

Dutch reference concerning the interpretation of the Waste Directives and in particular what is regarded as a recovery operation. Judgment delivered in June.

C-17/98: Emesa Sugar (Free Zone) -v- Aruba

Dutch reference concerning the import into the Community from overseas countries and territories (OCT) of sugar, a product which is subject to a common organisation of the market under the Common Agricultural Policy.

C-35/98: Staatssecretaris van Financien -v- BGM Verkooyen

Dutch reference asking whether a provision of national income legislation, which exempts shareholders up to a certain amount from liability to income tax on dividends but restricts that exemption to dividends paid in respect of shares in companies established in that Member State, is a breach of Community law. Judgment delivered in June.

C-65/98: Safet Eyup -v- Landesgeschäftsstelle des Arbeitsmrktservice Voralberg

Austrian reference concerning interpretation of Article 7 of Decision 1/80 of the Turkey/EEC Association Council, as well as the powers of national courts to grant interim relief. The main proceedings concern the definition of “members of the family” of a Turkish worker. Judgment delivered in June.

C-78/98: Mrs S Preston -v- Wolverhampton NHS Trust and Mrs D Fletcher -v- Midland Bank plc

UK reference (House of Lords) concerning equal pay (Article 141 EC) and an application for recognition of entitlement to join an occupational pension scheme and national legislation restricting (a) to six months the period for presenting a claim and (b) the effects of the right where the claim is successful, to a period of two years preceding the presentation of the claim. Judgment delivered in May.

C-98/98: Customs & Excise -v- Midland Bank plc

UK reference (High Court) concerning the Second and Sixth VAT Directives and the deduction of input tax. Judgment delivered in June.

C-104/98: Johann Buchner -v- Sozialversicherungsanstalt der Bauern

Austrian reference concerning Article 7(1)(a) of Directive 79/7. Judgment delivered in May.

C-190/98: Volker Graf -v- Filzmoser Maschinenbau

Austrian reference concerning severance payments which are only payable where a worker loses his or her job as a consequence of an employer’s action. Judgment delivered in January.

C-196/98: Regina Virginia Hepple -v- Adjudication Officer

UK reference (Social Security Commissioner) concerning whether the Reduced Earnings Allowance and Retirement Allowance scheme falls within the derogation in Article 7(1)(a) of Directive 79/7. Judgment delivered in May.

C-198/98: Everson & Barrass -v- (1) Secretary of State for Trade & Industry (2) Bell Lines Limited

UK reference asking which Member State’s guarantee institution should be liable to pay under the Insolvency Protection Directive, where an employer is made insolvent in one Member State but the employee works and social security contributions have been paid in respect of him/her in another Member State.

C-219/98: R -v- MAFF ex parte Anastasiou

UK (House of Lords) reference concerning the interpretation of Directive 77/93/EEC on protective measures against the introduction into Member States of organisms harmful to plant or plant products and the ECJ’s judgment in C432/92: Anastasiou. Advocate General’s opinion issued in February.

C-222/98: Van der Woude -v- Stichting Beatrixoord

Dutch reference concerning the interpretation of Articles 85 and 86 of the EC Treaty. Questions referred ask whether and if so to what extent, the provision of a non wage benefit to employees arising under a collective labour agreement is subject to the competition provisions of the Treaty. UK attended the hearing in March. Advocate General's opinion issued in May.

C-285/98: Tanja Kreil -v- Germany

German reference concerning the Equal Treatment Directive and a national law on soldiers under which women volunteers may be appointed only to duties in the medical and military music services. Judgment delivered in January.

C-287/98: Luxembourg -v- Consorts Linster

Luxembourg reference concerning the Environmental Impact Assessment Directive. Advocate General's opinion issued in January.

C-306/98: R -v- MAFF ex parte Monsanto

UK (High Court) reference concerning applications for glyphosphate-based herbicide products without complying with certain requirements of Directive 91/414, namely the application of Article 4(1)(b)(i) and (v) and (c) to (f) in the light of current scientific and technical knowledge. UK attended hearing in March.

C-343/98: Collino and Chippero -v- Telecom Italia

Italian reference concerning both the applicability of the Acquired Rights Directive to the transfer of a telephone installation and operating service from an emanation of the State to a private company and the consequences of such a transfer. Advocate General's opinion delivered in January.

C-344/98: Masterfoods Limited -v- HB Ice Cream Ltd

Irish reference concerning the relationship between national courts and Community institutions in competition cases. Advocate General's opinion delivered in May.

C-356/98: Arben Kaba v Secretary of State for the Home Department

UK reference from an immigration adjudicator concerning the ambit of "social advantage" in Regulation 1612/68 and asking whether the 4 year requirement for indefinite leave to remain imposed on the spouses of EEA nationals constitutes unlawful discrimination.

C-368/98: Abdon Vanbraekel -v- Alliance Nationale des Mutualities Chretiennes

Belgian reference asking whether the cost of hospital treatment in another Member State must be re-imbursed if prior authorisation was not obtained. UK attended hearing in February. Advocate General's opinion issued in May.

C-369/98: The Queen -v- MAFF ex parte Trevor Robert Fisher and Penny Fisher trading as T R & P Fisher

UK reference concerning the interpretation and/or the validity of certain provisions of Articles 3 and 9 of Commission Regulation 3508/92 establishing integrated administration and control systems for certain Community agricultural schemes. Advocate General's opinion delivered in February.

C-371/98: R -v- Secretary of State for the Environment, Transport & the Regions ex parte First Corporate Shipping Ltd.

UK reference (High Court) concerning the Habitats Directive. Judgment delivered in March.

C-372/98: R -v- MAFF ex parte J H Cooke & Sons

UK reference concerning whether the expression "an area which has been cultivated in the previous year with a view to a harvest" in Article 2 of Regulation 762/94 with regard to the set aside scheme, is to be interpreted as including land which has been in grass in the previous year, where the grass has been cut and used for silage. Advocate General's opinion delivered in May.

C-376/98: German -v- European Parliament and Council and C74/99: R -v- Secretary of State for Health and Secretary of State for Trade & Industry and the Attorney General ex parte Imperial Tobacco

Germany in an Article 230 action and the Tobacco companies, in a UK reference seek to challenge the validity of Directive 94/43/EC relating to the advertising and sponsorship of tobacco products. The cases were joined for the hearing in April and in June the Advocate General's opinion issued.

C-380/98: R -v- HM Treasury ex parte the University of Cambridge

UK reference (Divisional Court) concerning the applicability of the public procurement directives to the University of Cambridge and whether it falls to be considered a "contracting authority". Advocate General's opinion issued in May.

C-387/98: Coreck Maritime GmbH -v- Handelsveem BV and Others

Dutch reference dealing with Article 17 of the Brussels Convention – application of jurisdiction clauses in Bills of Lading. UK attended the hearing in February and the Advocate General's Opinion issued in March.

C-390/98: H J Banks -v- Commissioners of Customs & Excise

UK reference concerning the privatisation of the British Coal Industry and the application of Article 4(b) and 4(c) of the ECSC Treaty. UK attended hearing in June.

C-397/98: Metallgesellschaft Ltd -v- Inland Revenue
C-401/98: Hoest Aktiengesellschaft -v- Inland Revenue

UK (High Court) references concerning tax rules relating to the payment of dividends by UK resident companies whose parent companies are resident in other Member States. UK attended the hearing in May.

C-408/98: Abbey National PLC -v- Commissioners of Customs & Excise

UK reference concerning the interpretation of the Sixth VAT Directive in the context of deduction of input tax against output tax re transfer of a going concern. UK attended the hearing in February and the Advocate General's opinion issued in April.

C-412/98: Societe Groupe Josi Reinsurance Company -v- Compagnie D'Assurances Universal Insurance Company

French reference on the question whether Article 7 of the Brussels Convention applies not only to "intra Community disputes" but also to disputes which are "integrated into the Community". Advocate General's opinion issued in March.

C-425/98: Marca Mode CV v Adidas

Dutch reference concerning Article 5(1)(b) of the Trade Mark Directive. Advocate General's opinion issued in January and judgment delivered in June.

C-477/98: Eurostock Meat Marketing Limited -v- Department of Agriculture for Northern Ireland

UK reference concerning the validity of Article 6 of the Specified Risk Material Order (NI) 1997. UK attended hearing in March and the Advocate General's opinion issued in April.

C-3/99: Cidre Ruwet Sa -v- Cidre Stassen SA and HP Bulmer Ltd, a company under English law

Belgian reference concerning Directive 75/106, Article 30 and the marketing of cider in 33cl bottles. Advocate General's opinion issued in March.

C-37/99: Criminal proceedings against R Donkersteeg

Dutch reference concerning the Technical Standards Directive. Advocate General's opinion delivered in April.

C-150/99: Sweden -v- Stockholm Lindopark

Swedish reference concerning the 6th VAT Directive. UK attended hearing in June.

C-157/99: BSM Geraets-Smits -v- Stichting Ziekenfonds VGZ and HTM Peerbooms -v- Stichting CZ Groep Zorgverzekeringen.

Dutch reference – same point as in the case of C368/98: Vanbraekel above. UK attended hearing in April. Advocate General's Opinion delivered with Vanbraekel in May.

C-166/99: Defreyne -v- Sabena SA

Belgian reference raising questions about the scope of the Barber Protocol and the application of its temporal limitation to all occupational social security schemes as well as pensions. Advocate General's opinion issued in March.

C-184/99: Rudy Grzelczyk -v- Centre Public d'Aide Sociale D'Ottignies Louvain-la-Neuve

Belgian reference concerning interpretation of Regulation 1612/68 and the exclusion of a French student from the Minimex benefit on the grounds that he is not in Belgium as a worker. UK attended hearing in June.

C-235/99: Secretary of State for the Home Department ex parte Eleanora Ivanova Kondova and C-63/99: R -v- Secretary of State for the Home Department ex parte Wieslas Gloszczuk and Elzbieta Gloszczuk

UK references concerning the interpretation of Title IV of the EC-Bulgaria Association Agreement and analogous provisions in the EC-Poland Association Agreement respectively, relating to the freedom of establishment of self-employed persons. A joint hearing took place in June.

C-297/99: Vehicle Inspectorate -v- Skills Motor Coaches and Others

Reference by Nottingham Magistrates on the interpretation of the phrase "uninterrupted period of at least one hour during which the driver may freely dispose of his time" in Regulation 3820/85 relating to road transport. UK attended hearing in June.

C-380/99: Bertelsmann AG -v- Finanzamt Wiedebrück

German reference concerning 6th VAT Directive. Observations filed in January.

C-385/99: V G Muller-Faure -v- Onderlinge Waarborgmaatschappij Oz Zorgverzekeringen A U and Eem Van Riet -v- Onderlinge Waeborgmaatschappij Zao Zorgverzekeringen

Dutch reference concerning health insurance cover requiring claimants to obtain prior authorisation for dental treatment abroad, if such service was not from a person or establishment with whom they had an agreement. Observations filed in February.

C-398/99: Yorkshire Co-operatives Limited -v- Commissioners of Customs & Excise

UK reference concerning the Sixth VAT Directive. Observations filed in January.

C-407/99: Vetharanagam Pathminidevi -v- Landeskreditbank Baden-Wurttemberg-Förderbank

German reference concerning the application of Regulation 1408/71 to refugees. Observations filed in March.

C-410/99: Kamer Van Koophandel en Fabrieken Voor Groningen -v- Vennootschap Naar Buitenlands Recht Challenger Trading Co. Ltd

Dutch reference concerning a law imposing certain duties on “formerly foreign companies”, that is companies registered abroad but which have no real connection with that country and conduct almost all of their business in the Netherlands. Observations filed in February.

C-425/99: Akhtar Seyed Abbasy -v- Landeskreditbank Baden-Wurtemberg-Forderbank

Same issue as in Pathminidevi (C407/99i). Observations filed in March.

C-426/99: Connaught Laboratories Inc -v- Smithkline Beecham Pharma GMBH

German reference on Article 21 of the Brussels Convention and the issue of lis pendens and concurrent proceedings. Observations filed in March. Case withdrawn by referring court.

C-452/99: Courage Limited -v- Bernard Crehan

Court of Appeal reference concerning private law remedies to a party to an agreement prohibited by Article 81 EC. Observations filed in March.

C-498/99: Town & County Factors Limited -v- Customs & Excise

VAT and Duties Tribunal's (Manchester) reference concerning the 6th VAT Directive. Observations filed in April.

C-517/99: Merz & Krell GmbH & Co. -v- Deutsches Patentamt

German reference regarding trade marks. Observations filed in May.

C-518/99: Gaillard -v- Chekili

Belgian reference concerning the meaning of Articles 16 of the Brussels Convention. Observations filed in March.

C-2/00: Michael Holterhoff -v- Dr Ulrich Freisleben

German reference regarding trademarks. Observations filed in May.

C-21/00: Adnan -v- Societa Fiat Sava

Italian reference concerning the unfair terms in consumer contracts directive. Observations filed in May.

C-27/00: R -v- Secretary of State for the Environment, Transport and the Regions ex parte Omega Air Limited

UK (High Court) reference concerning Regulation 925/1999 on the registration of certain types of civil subsonic jet aeroplanes. Observations filed in May.

C-37/00: Herbert Weber -v- Universal Services Ltd

Case involving the Brussels Convention. Observations filed in June.

C-60/00: Mary Carpenter -v- Secretary of State for the Home Department

UK reference from the Immigration Appeal Tribunal which concerns the rights of family members of Member State nationals who provide services while established in their Member State of origin under Article 49 EC and Directive 73/148. Observations filed in June.

C-62/00: Marks & Spencer Limited -v- Customs & Excise

UK (Court of Appeal) reference concerning the refund of sums of money erroneously paid by way of VAT. Observations filed in June.

C-80/00: Italian Leather SPA -v- Weco Polstermobel

Brussels Convention case. Observations filed in June.

C-86/00: HSB-Wohnbau GmbH

The case involves Articles 43 and 48 EC and the transfer to Spain of the registered office of a German company. Observations filed in June.

C-94/00: Roquette Freres

French reference concerning the roles of national authorities and of the Court of Justice in relation to investigations ordered by the European Commission under Regulation 17/62. Observations filed in June.

(ii) Direct Actions in the ECJ

C-388/95: Belgium -v- Spain

Belgium challenges Spain's failure to implement the judgment in case C47/90: Delhaize. Judgment delivered in May.

C-359/97: Commission -v- UK

Article 226 action seeking a declaration that the UK failed to fulfil its obligations in so far as VAT was not levied on charges for the use of roads and bridges (tolls) and corresponding payments of own resources with interest were not made. Advocate General's opinion delivered in January.

C-168/98: Luxembourg -v- Council

Challenge to Directive 98/5 relating to migrant lawyers. UK intervened in support of the Council. Advocate General's opinion delivered in February.

C-466/98: Commission -v- UK

Article 226 action by the Commission seeking a declaration that by concluding and applying an Air Services Agreement with the USA which provides for the revocation, suspension or limitation of traffic rights in cases where air carriers designated by the UK are not owned by the UK or its nationals, the UK is in breach of Article 43 EC. Observations filed in April on the Dutch intervention.

C-69/99: Commission -v- UK (nitrates)

Article 226 action seeking a declaration that, by failing to adopt all the measures necessary to comply with its obligations under Article 3(1) and (2), and under Article 5 of Directive 91/676 concerning the protection of waters against pollution from nitrates from agricultural sources, the UK has failed to comply with its obligations.

C-140/99: Commission -v- France

Article 226 action seeking a declaration that France failed to fulfil its obligations under Article 2(2) of Council Directive 89/552/EEC concerning television broadcasting. Statement in Intervention filed in January in support of the Commission.

C-148/99: UK -v- Commission

Application seeking the annulment of those parts of a Commission decision on the clearance of accounts in respect of EAGGF expenditure for 1995 disallowing certain sums from the monies allocated to the UK under Regulation 1164/89 concerning aid for fibre flax and hemp. Advocate General's opinion issued in May.

C-212/99: Commission -v- Italy

Infringement proceedings concerning university language assistants. Statement in Intervention filed in April in support of the Commission.

C-237/99: Commission -v- France

Article 226 action seeking declaration that in the context of various tendering procedures concerning public contracts for the construction of housing, France failed to fulfil its obligations under Directive 93/37/EEC. Statement in Intervention filed in April in support of France.

C-246/99: Commission -v- Denmark

Article 226 action seeking a declaration that Denmark has failed to fulfil its obligations under Council Directive 94/62/EC on packaging and packaging waste. The application concerns provisions that drinks may be marketed only in returnable packaging and that the packaging of imported drinks may not be made of metal. Statement in Intervention filed in support of the Commission in March.

C-454/99: Commission -v- UK

Article 226 seeking a declaration that in respect of years 1985 to 1988 and 1990, the UK failed to take the necessary measures required by Council Regulation 170/83 establishing a Community system for the conservation and management of fishery resources. The Commission further claims the UK has failed to establish control measures for fishing

activities by vessels of Member States with a result that United Kingdom fishermen caught fish in excess of the quota allocated to the UK in each of those years. Defence filed in March.

(iii) Direct Actions in the CFI

T-46/97: SIC -v- Commission

State aids case concerning a private Portuguese broadcasting company taking proceedings against the Commission for failure to act on a complaint regarding Portuguese funding of their public broadcasting company. The UK intervened in support of the Commission but did not file a Statement in Intervention. Judgment delivered in May.

T-256/97: BEUC (European Office of Consumer Unions) -v- Commission

Action for annulment of a Commission decision not to recognise BEUC as an interested party in an anti-dumping proceeding concerning a product not commonly sold at retail level. UK intervened in support of the Applicant. Judgment delivered in January.

(iv) Appeals to the ECJ from the CFI

C-353/99P: Council -v- Heidi Hautala

Appeal against CFI's judgment in case T14/98 concerning Decision 93/731 and the disclosure of documents. Statement in Intervention filed in April in support of the respondent.

C-23/00P: Council of the European Union -v- Boehringer Ingelheim and C-32/00P: Commission of the European Communities -v- Boehringer Ingelheim

Appeal brought by the Council against the judgment in the joined cases T-156/96: Boehringer Ingelheim -v- Council and T-152/96: Boehringer Ingelheim -v- Commission. The Commission has also appealed. UK intervened in support of the private party on admissibility and submitted response in April.

Appendix C, Part 2: Summaries of Important Judgments

ECJ Case: C285/98: Tanja Kreil -v- Republique Federale d'Allemagne (Judgment 11 January)

German reference concerning the Equal Treatment Directive and a national law on soldiers under which women volunteers may be appointed only to duties in the medical and military music services. The UK attended the hearing on 29 June 1999. It was held that the Directive precluded such national provisions imposing a general exclusion of women from military posts involving the use of arms.

ECJ Case: C158/97: Georg Badeck and Others: Interveniers: 1. Der Hessische Ministerpräsident 2. Der Landesanwalt Bei, Staatsgerichtshof des Landes Hessen (Judgment 28 March)

A German reference concerning the implementation of the principle of equal treatment for men and women as regards to access to employment, vocational training and promotion as well as working conditions. It was held that under the Directive national rules are not precluded eg measures to promote equal opportunities within article 2(4) of Directive 76/207 can include targets so long as an individual candidate's sex is never decisive for selection.

ECJ Case: C356/98: Arben Kaba -v- Secretary of State for the Home Department (Judgment 11 April)

A UK reference concerning Regulation 1612/68 (Free Movement of Workers; Rights of Spouses) as well as Article 18 (Rights of EU Citizens) and UK immigration rules. The case concerned Yugoslav husband of a French national who was refused indefinite leave to remain in the UK. The Court took a view on the extent of rights derived from Regulation 1612/68. It was decided that the right of an EU citizen to reside in another Member State is, in accordance with Article 18, not unconditional. A right of residence of a third party national is co-extensive (but no more) than the right of an EU spouse. The wife was not entitled to indefinite leave. There was no discrimination.

ECJ Case: C37/98: R -v- Secretary of State for the Home Department ex parte Abdulnasir Savas (Judgment 11 May)

A UK reference from the High Court concerning the interpretation of Article 41 of the Protocol to the EEC/Turkey Association Agreement as well as the UK immigration rules. In this case a Turkish national was granted conditional leave to enter. Mr Savas remained in the UK in breach of domestic immigration rules and was subject to a deportation order. The reference to the Court concerned whether the provisions of the Agreement had direct effect. It was held that Article 13 of the Agreement (principles of free establishment) did not have direct effect. However, Article 41 of the Additional Protocol to the Agreement (Prohibition of New Restrictions) did have direct effect. It was left to the national court to decide if, in fact, there was a breach of Article 41.

ECJ Case: C78/98: Preston & Others -v- Wolverhampton Healthcare NH Trust & Others -v- Fletcher & Others -v- Midland Bank PLC (Judgment 16 May)

A UK reference from the House of Lords concerning equal pay and Article 119EC (now Article 141) and an application for recognition of entitlement to join an occupational pension scheme. Questions arose concerning the validity of national procedural rules imposing a limitation period for claims under the Act (six months) and a time limit affecting the amount of arrears awards (2 years). There were also principles of equivalence and effectiveness considered. It was held that reasonable limitation periods are consistent with the principle of effectiveness and satisfy the need for legal certainty. It was also held that the time limit affecting the value of the claim prevented the entire record of employment being taken into account. A claim to membership of a pension scheme is not the same as a claim for arrears. The time limit was not justified by the principle of legal certainty.

ECJ Case: C104/98: Johann Buchner and Others -v- Sozialversicherungsanstalt der Bauren and C196/98: Regina Virginia Hepple -v- Adjudication Officer (Judgment delivered in both cases 23 May)

The *Bucher* case was an Austrian reference concerning the interpretation of Article 7(1)(a) of Directive 79/7 on the progressive implementation of the principle of equal treatment for men and women in matters of social security. The *Hepple* case was a UK reference (Social Security Commissioners) concerning whether the Reduced Earnings Allowance and retirement Allowance Scheme falls within the derogation in Article 7(1)(a) of Directive 79/7. The UK attended the hearing in June 1999.