EUROPEAN COMMISSION

GENERAL REPORT
ON THE ACTIVITIES OF
THE EUROPEAN UNION

2001
General Report on the Activities of the European Union

2001

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (http://europa.eu.int).

Cataloguing data can be found at the end of this publication.

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The President and the Members of the European Commission to the President of the European Parliament

Sir,

We have the honour to present the General Report on the Activities of the European Union for 2001, which the Commission is required to publish by Article 212 of the EC Treaty, Article 17 of the ECSC Treaty and Article 125 of the EAEC Treaty.

In accordance with the procedure described in the declaration on the system for fixing Community farm prices contained in the Accession Documents of 22 January 1972, the Commission will shortly be sending Parliament the 2001 Report on the Agricultural Situation in the European Union.

And, in accordance with an undertaking given to Parliament on 7 June 1971, the Commission is preparing its XXXIst Annual Report on Competition Policy.

Yours faithfully,

Brussels, 12 February 2002

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Vice-President

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NOTE

Legislative instruments under the co-decision procedure are mentioned in the Report followed by '(Table I)'. Instruments under the consultation procedure are followed by '(Table II)'. International agreements are followed by '(Table III)'. No footnotes are given for these instruments, which are listed in three separate tables annexed to the Report. The relevant references (OJ, COM, Bull.) for all the stages of the legislative procedure concerning each instrument, together with the appropriate point numbers in the text, are given in the tables.

As a rule, no references are given in the text for intermediate stages of procedures which started before 1 January 2001 and were not completed at 31 December 2001. These references also appear in the tables.
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The European Union in 2001

As the last year before the advent of the euro, 2001 was a turning point for the European Union, with some of its achievements representing the culmination of work that had been in progress for several years, while others heralded the launch of new projects. Significant developments (apart from the preparations for the transition to the euro) included progress in the accession negotiations, the opening of a new round of multilateral trade negotiations, the adoption of a sustainable development strategy and renewed action to create a European area of freedom, justice and security. The future of the European Union after the Nice Treaty emerged not only as a major theme for the Community institutions themselves, but also as an area in which a determined effort is to be made to engage ordinary European citizens.

*  
  
A number of decisive initiatives gave a significant boost to progress towards enlargement in 2001. The ‘road map’ endorsed by the European Council in Nice provided valuable guidance in the accession process, with the result that three quarters of the chapters under negotiation have now been provisionally completed with certain candidate countries. In recognition of this progress, the European Councils in Gothenburg and Laeken confirmed the Union’s determination to conclude negotiations by the end of 2002 with the candidate countries that are ready, so that they can participate in the European Parliament elections in 2004. With this aim in mind, the accession partnerships were revised in the light of the priorities established for 2002 and 2003.

An essential prerequisite for securing the place of the new Member States in the revised institutional system of the European Union is the Nice Treaty, finalised at the end of 2000 and signed on 26 January 2001. All the Member States began the ratification process, and several completed it in the course of the year. Only Ireland ran into serious difficulties, with the ‘no’ vote in the referendum held at the beginning of June. Ireland has received the backing of the other governments in its search for a solution that does not undermine the text of the Treaty.

At their meeting in Nice, the Heads of State or Government decided to engage in a broader and more detailed analysis of the future of the Union, with a view
to making it more democratic, more transparent and more efficient. This led in March to the launch of a public debate on the future of Europe, which aims to involve not only the political, economic and academic protagonists but also, more generally, civil society and public opinion both within the European Union and in the countries applying for membership. The consultation process was conducted through discussion meetings and the Internet. At the same time, the institutions and agencies of the European Union produced their own contributions and position papers, including a communication from the Commission entitled 'Renewing the Community method'. For its part, the Laeken European Council in mid-December adopted a declaration on the future of the European Union which addressed three fundamental challenges: How can Europe’s citizens be brought closer to the European design and the European institutions? How should politics and the European political area be organised in an enlarged Union? How can the Union be developed into a stabilising factor and a model in the new multi-polar world? The declaration identifies possible ways of achieving a better distribution and definition of responsibilities within the European Union, increasing the democratic legitimacy and transparency of the institutions and simplifying or reworking the Treaties, paving the way for a constitution for European citizens. Taking these ideas as a starting point, the European Council decided to entrust further analysis to a convention made up of the main parties to the debate on the future of Europe, which would prepare the ground for the Intergovernmental Conference in 2004. This forum, which will be chaired by Mr Giscard d’Estaing, assisted by Mr Amato and Mr Dehaene as Vice-Presidents, will start work in March 2002.

Among its first contributions to the various stages of this debate was the Commission’s White Paper on European governance, published in July. This document, which was the tangible result of a commitment announced the year before in the Commission’s strategic objectives for the period 2000–05, examines the way the European Union uses the powers conferred on it by the citizens. The Commission concluded that, rather than waiting for the existing Treaties to be reformed, the Union should be undertaking reforms here and now. These should be aimed at increasing participation in the Community process, particularly on the part of civil society; making policies more coherent and improving legislation; enabling the Union to contribute to world governance in a new way; refocusing Community policies and institutions on their core tasks and breathing new life into the Community method based on the Commission, Parliament and Council institutional triangle; and finally identifying the long-term goals of the Union more clearly. In line with this interest in governance, the Commission itself continued its efforts to implement its White Paper on internal reform, published in 2000, with particular emphasis on staff policy. Concern to create a Union that is closer to the citizens was also reflected in initiatives in other areas, such as improving public access to the documents of the Community institutions, the creation of a European judicial network in civil and commercial mat-
The European Union was also looking resolutely towards the future when it agreed a strategy for sustainable development at the European Council in Gothenburg in June. Sustainable development was defined as meeting the needs of the present generation without compromising those of future generations. This strategy, which adds an environmental dimension to the strategy agreed in Lisbon last year, goes well beyond the adoption of a series of specific measures and will lead gradually to the economic, social and environmental impacts of all policies being examined in a coordinated way and taken into account in decision-making. The European Council highlighted the global dimension of sustainable development and singled out four priority areas as a first step: climate change, transport, public health and the management of natural resources. This priority was also reflected in various advances in this field during the year: the preparation of the sixth environment action programme, to be implemented over the current decade, a Green Paper on integrated product policy and a White Paper on chemicals; progress in the area of air and water quality, biodiversity, waste and environmental management; the crucial role of the European Union in the international negotiations on climate change, securing positive results despite the negative attitude of the United States at the conferences in Bonn and Marrakech on implementation of the 1997 Kyoto Protocol; and the adoption of specific measures, particularly in the energy field, which will enable the Union to honour its commitments on reducing greenhouse gas emissions before 2012. The emphasis on sustainable development can also be seen in the White Paper published by the Commission entitled 'European transport policy for 2010: time to decide', which seeks to promote a better balance between different means of transport, reduce congestion and improve safety and standards for transport users. The same concerns dominated work on maritime safety. The sustainability dimension and long-term objectives also inspired the Green Paper presented by the Commission with a view to launching a general debate on the future of the common fisheries policy. Similarly, the debate on the future of research in Europe continued in 2001, and a new framework programme on research is nearing completion.

The strategy agreed in Lisbon was given its first general application in 2001 at the Stockholm European Council in March, with the inauguration of the annual spring meeting on economic and social issues. Here the European Council considered the demographic problem posed by the ageing of the population and examined ways of creating more jobs and improving the quality of work, speeding up economic reforms, modernising the European social model and applying new technologies. It also issued strategic guidelines for the broad outlines of economic policy with a view to achieving sustained growth and a stable macro-
economic climate. This was accompanied by closer monitoring of fiscal policies under the Stability and Growth Pact. The open coordination method advocated in Lisbon was also used for the first time in the area of social inclusion. This issue features prominently in European social policy, as does the problem of the future of the pension system, which is a matter of increasing concern to the Community institutions. The initiatives launched as part of the Lisbon strategy were also applied for the first time in the area of education and culture. The Commission adopted initiatives aimed at promoting a Europe of lifelong learning, implementing the action plan on e-learning and fostering a commitment to active citizenship among young people. It also continued to implement the eEurope 2002 action plan to create an information society for all.

In a year in which it devoted much attention to these debates on its medium and long-term future and to the patient application of a new approach to coordinating policy within its institutions, the European Union, like the rest of the international community, was also suddenly and brutally confronted with the consequences of the terrorist attacks on the United States on 11 September. While these events had obvious repercussions on external relations, they also had the effect of accelerating the introduction of certain aspects of the area of freedom, security and justice which had been under consideration since the Tampere European Council in 1999 and had reached the mid-term point in 2001. Building on the work already completed in this area, the Commission was able very quickly to adopt the proposals on implementing the action plan agreed by the special meeting of the European Council on 21 September in response to the events in the United States. These proposals covered specific and more general measures to combat international terrorism and a framework decision on the European arrest warrant. All these proposals, together with one on the establishment of Eurojust to strengthen measures to combat serious forms of organised crime, were ratified by the Council at the beginning of December. The events of 11 September also prompted the Community authorities to make air safety a top priority.

The outstanding features of the European Union’s external relations policy in 2001 were its commitment to the fight against terrorism and in this context its unwavering support for the United States. This helped to strengthen the commitment to collective action both within the Union and in partnership with other organisations or third countries. Against this background, bodies with responsibility in matters of defence were set up in the course of the year, work was carried out on civil and military crisis management, and the Gothenburg European Council promoted further development of the conflict prevention approach. At the same time, the European Union continued to attach a high priority to humanitarian aid, as demonstrated by its efforts on behalf of the population of Afghanistan, in parallel with the military operations by the United States against the al-Qaeda terrorist networks following the attacks of 11 Sep-
tember, and, before that, its aid to the Former Yugoslav Republic of Macedonia as it faced serious internal tensions and threats to its borders. Concern for greater coherence led the European Union to devote more thought to the link between emergency aid, reconstruction and long-term development.

The western Balkans continued to be strategically important to EU external relations in 2001. The year saw the signing of the first stabilisation and association agreements with the Former Yugoslav Republic of Macedonia and Croatia. Such agreements are a cornerstone of the Union’s policy for the region. Meanwhile the dialogue instituted by the partnership and cooperation agreements with the independent States of the former Soviet Union is at the heart of the EU’s relations with this region. The dialogue with Russia in particular continued to feature prominently on the European Union’s international agenda. The Middle East peace process and the crisis in Israeli–Palestinian relations commanded much of the EU’s attention. The year 2001 also saw the first fruits of the relaunch of the Euro-Mediterranean partnership, with the signing of an association agreement with Egypt and the start of the MEDA II programme. In the area of cooperation with the ACP States under the Cotonou Agreement, the year saw the launch of the new programming system for the ninth European Development Fund. The most important aspects of relations with Latin America were the continued implementation of the free trade agreement with Mexico and the ongoing negotiations to conclude association agreements with Mercosur and Chile. Finally, priority was given to updating the strategic framework of relations between the European Union and partner countries in Asia, the aim being to formulate guidelines for the future development of these relations over the next decade. Japan reached agreement with the European Union on a global action plan for closer EU–Japan cooperation over the next decade, and a framework agreement on trade and cooperation was concluded with South Korea.

Two important events marked the activities of the European Union in the area of multilateral relations in 2001 and provided it with an opportunity to reaffirm its key role on the international scene. Firstly, the third UN Conference on the Least Developed Countries was held in Brussels in May and hosted by the European Union. This event helped to highlight the increasing importance being attached to tackling world poverty, a theme which the European Union has made the central objective of its development cooperation policy. In a similar vein, and in parallel with the efforts of other international bodies, the European Union has worked to develop an action plan to speed up its own contribution to the fight against the main communicable diseases (AIDS, tuberculosis, malaria) affecting the poorest populations the world over. In the case of the least developed countries, the special commitment is reflected in a Community regulation on a new multiannual scheme of generalised preferences, intended to further liberalise access to the European market for goods (other than weapons) from these countries. Secondly, the European Union worked to ensure the suc-
cess of the launching of the new round of multilateral trade talks at the fourth ministerial meeting of the World Trade Organisation in Doha, Qatar, in mid-November. The results of this conference fulfilled the European Union’s objectives of liberalising trade to stimulate economic growth, reinforcing the regulation of the multilateral trade system and responding to the concerns of the developing countries and of civil society in the industrialised world. The European Union also played a crucial role in China’s accession to the WTO, which was agreed at Doha.

Many of the initiatives referred to above reflect the European Union’s desire to give itself a more distinctive identity. Similar considerations lay behind the intensive efforts throughout the year to prepare for the changeover to the euro by 12 Member States on 1 January 2002, an issue which combined many of these themes: the desire to make the voice of the EU heard at international level and the commitment to promoting economic and social solidarity within the Union and encouraging the development of a genuine European citizenship in all its forms. In the case of the Commission, these preparations consisted in coordinating the efforts of the various actors involved in the introduction of euro notes and coins. It also joined the Member States, the European Central Bank and Eurosystem in setting up a joint European information network on the changeover to the single currency. At the same time, progress was made in areas such as protecting the euro from counterfeiting and facilitating cross-border payments. These measures on the ground to ensure the successful launch of the euro were all necessary to consolidate the basis of the new currency, which has become the most powerful and visible symbol of a Union that is both economic and political. Another significant step towards affirming this identity was achieved in 2001 in a dossier that has taken three decades to reach completion: the adoption of a European company statute. Quite apart from the progress it represents in terms of creating a legal instrument and a framework for social relationships, such an achievement cannot but help give further meaning to the European dimension of business life.

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In many ways, therefore, 2001 was a year in which the European Union began to look much more carefully at its future and assert its identity on an international scene that is undergoing profound changes. Important progress was made towards creating a greater Europe, complete with a revamped institutional structure, thus responding to the major challenge of reaffirming the relevance and validity of a European venture that is in tune with the demands of the citizens.
Chapter I

Institutional questions
and the future of the Union

Section 1

Treaty of Nice (1)

1. The Treaty of Nice was signed in Nice on 26 February by the plenipotentiaries of the European Union’s Member States during an official ceremony where the speakers included Mr Chirac, President of the French Republic, Mr Jospin, Prime Minister of France, Mr Persson, Prime Minister of Sweden and President of the European Council, Mrs Fontaine, President of the European Parliament, and Mr Prodi, President of the Commission.

2. On 4 April, the Committee of the Regions adopted a resolution (2) welcoming the fact that the Treaty of Nice required members of the Committee to hold a political mandate in their home region, as the Committee had itself called for, and that the Council would in future appoint members (number set at a maximum of 350) and alternates by a qualified majority.

3. On 31 May, the European Parliament adopted a resolution (3) in which it noted that the Treaty of Nice removed the last formal obstacle to the enlargement of the European Union. Acknowledging the improvements brought about by the Treaty, Parliament considered that an enlarged Union would require more thoroughgoing reforms in order to guarantee democracy, effectiveness, transparency, clarity and governance; it also welcomed the fact that enhanced cooperation was regarded as a means to be employed ultimately in the interest of European integration, bringing the areas concerned within the Community framework. Parliament was, however, disappointed that the co-decision procedure was not being extended to all areas in which legislation is adopted by a

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(1) OJ C 80, 10.3.2001. Further information can be found on the Europa server (http://europa.eu.int/comm/nice_treary/index_en.htm).
(2) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.1.1.
(3) Bull. 5-2001, point 1.1.1.

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qualified majority and that the Charter of Fundamental Rights had not been incorporated into the Treaties. It was also very concerned about the way in which the new qualified-majority voting system in the Council might operate within a Union of 27 Member States. Whilst considering the agreement reached on the composition of the Commission to be acceptable, Parliament deplored the fact that its own composition did not follow any clear logic. It regretted also that the 'pillar' structure of the Treaty had been retained and that, particularly in the sphere of the common foreign and security policy, unnecessary duplicate structures had been established.

4. Following the signing of the Treaty, the Member States embarked on the process of ratification in accordance with their respective constitutional rules. Denmark was the first to complete this process, depositing the instrument of ratification on 13 June (1) after the Parliament (Folketing) had approved the Treaty on 1 June (98 votes in favour, 14 against, 1 abstention). It was followed by Luxembourg on 24 September (2), with the endorsement of the Parliament (57 votes in favour, 1 against, 2 abstentions). France, where the Treaty was approved by the National Assembly on 12 June (407 votes in favour, 27 against, 113 abstentions) and by the Senate on 28 June (288 in favour, 8 against), deposited its instrument of ratification on 19 October (3). In Spain, after the Treaty had been approved by the Congress on 4 October (290 votes in favour, 6 abstentions) and by the Senate on 24 October (213 votes in favour, 2 abstentions), the instrument of ratification was deposited on 27 December (4). The Netherlands' ratification instrument was deposited on 28 December (5), following approval by the lower and upper houses of the Parliament. In Germany, the lower house (Bundestag) approved the Treaty on 18 October (570 votes in favour, 32 against, 2 abstentions) and the upper house (Bundesrat) gave approval on 9 November. In Austria, the Nationalrat was unanimous in its approval on 21 November, and Bundesrat approval was given on 6 December. In Portugal, the Assembly of the Republic approved the draft ratification law on 25 October (211 votes in favour, 19 against). In Sweden, the Parliament's approval was given on 6 December (249 votes in favour, 51 against, 4 abstentions). In Finland, the Parliament approved the draft ratification law on 14 December (170 votes in favour, 9 against, 20 abstentions). In the United Kingdom, the House of Commons gave its approval on 17 October (392 votes in favour, 158 against).

5. In Ireland, the referendum held on 7 June (6) resulted in a victory for the 'no' vote at 53.87 %, against 46.13 % 'yes', with a participation rate of just

\(^{(1)}\) Bull. 6-2001, point 1.1.2.  
\(^{(2)}\) Bull. 9-2001, point 1.1.1.  
\(^{(3)}\) Bull. 10-2001, point 1.1.1.  
\(^{(4)}\) Bull. 12-2001, point 1.1.2.  
\(^{(5)}\) Bull. 12-2001, point 1.1.3.  
\(^{(6)}\) Bull. 6-2001, point 1.1.3.
34.79%. A forum was opened in Ireland to discuss the future of the Union, including the question of ratification of the Treaty of Nice, while giving the government an opportunity to consider the political options available. The Council meanwhile adopted, on 11 June (\(^1\)), a declaration in which the ministers expressed their readiness to contribute in every possible way to help the Irish Government find a way forward, taking into account the concerns reflected by the referendum, but without reopening the text of the Nice Treaty.

\(^1\) Bull. 6-2001, point 1.1.4.
Section 2

Debate on the future of the Union

6. When finalising the Treaty of Nice, the Heads of State or Government considered it necessary to initiate a deeper and wider debate about the future of the Union, as announced in Declaration No 23 (1) adopted by the 2000 Intergovernmental Conference, envisaging a three-stage process of discussion and deliberation: public debate, structured reflection in line with arrangements laid down by the Laeken European Council in December 2001, and the Intergovernmental Conference to be convened in 2004 as stated in the declaration.

7. The public debate on the future of Europe, which was officially opened in Brussels on 7 March (2), is designed to encourage widespread discussion among politicians, business persons, academics, representatives of civil society and the general public, both through meetings and via the Internet, in order to make the debate as rich and varied as possible. The applicant countries are also involved in this venture. Further information is available on the ‘Futurum’ web site (3), which will provide a focal point for reinforcing the European dimension of the debate, including a permanent discussion forum open to all citizens.

8. On 25 April (4), the Commission adopted a communication looking at some practical aspects of the debate, offering initial thoughts on the involvement of all the interested parties. The Gothenburg European Council of 15 and 16 June meanwhile made it clear that reflections on how to structure the preparatory phase for the 2004 Intergovernmental Conference (IGC) and broaden participation in that work, including the possible creation of an open forum, would continue up to the Laeken European Council (5).

9. On 4 April, in a resolution on the outcome of the 2000 Intergovernmental Conference (→ point 2) and the debate on the future of the European Union, the Committee of the Regions expressed the desire to be involved in this broad debate. It also supported the idea of a convention to pave the way for the new reform, in which it wanted to be formally represented. These points were repeated by the Committee in a resolution of 20 September, accompanied by a memorandum (6). In a resolution adopted on 14 November (7), ahead of the

(1) Bull. 12-2000, point 1.1.3.
(2) Bull. 3-2001, point 1.1.3.
(3) http://europa.eu.int/futurum/.
(4) COM(2001) 178; Bull. 4-2001, point 1.1.2.
(5) Bull. 6-2001, point 1.7.
(6) Bull. 9-2001, point 1.1.2.
(7) Bull. 11-2001, point 1.1.3.
Laeken European Council and looking towards the continuing development of the European Union within the framework of the next Intergovernmental Conference, the Committee of the Regions expressed the view that it should be granted institutional status.

10. On 31 May (1) and 13 June (2), the European Parliament adopted resolutions to the effect that the work done in connection with the Treaty of Nice had highlighted the limitations of the purely intergovernmental approach to revising the Treaties. It recommended the establishment of a convention whose task would be to submit to the IGC a proposal for a constitution for the European Union based on the outcome of extensive public discussion and intended to serve as a basis for the IGC’s work. Parliament outlined its position further in a resolution adopted on 29 November (3). It considered that the convention should be composed of four elements: governments, the European Parliament, national parliaments and the Commission, with permanent observer status being granted to the applicant countries and to the Committee of the Regions and the Economic and Social Committee. The presidium of the convention should, in Parliament’s view, be composed of a Commission representative and two representatives each of national parliaments, the European Parliament and the Council Presidency; this presidium ought subsequently to participate in the work of the IGC. Parliament believed that the chair of the convention should be elected by the convention itself and was also in favour of setting up an interinstitutional secretariat. It called for the convention to start work immediately after the Laeken European Council and to complete its work in time for the IGC proceedings to be wound up by the end of 2003, ahead of the European elections. Finally, Parliament wanted the convention to operate in a transparent manner, so that a wide range of institutional topics could be openly debated.

11. The Commission’s White Paper on governance (4) (→ point 24) makes a further contribution to the deliberations on the future of the Union, paving the way for the launch of a complex process aimed at revitalising the European project on the basis of a rounded, mature model of democracy.

12. On 5 December (5), the Commission adopted a communication on the future of the European Union entitled ‘Renewing the Community method’, in which it expressed the view that the Laeken European Council should entrust the forthcoming Convention on Institutional Reform with a broad mandate in line with the following objectives:

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(1) Bull. 5-2001, point 1.1.1.
(2) Bull. 6-2001, point 1.1.5.
(3) Bull. 11-2001, point 1.1.1.
• to examine a more rational way of attributing powers to the Union under the different Treaties, thus giving the next Intergovernmental Conference scope for discussing a number of suitable models; this should exclude any rigid approach which might hamper subsequent developments in the European integration process;

• to evaluate the instruments and methods for organising current policies in the light of the Treaty objectives: whilst the achievements of 50 years of European integration should not be called into question, the ways in which powers are exercised could be improved, and the convention should pay particular attention to mechanisms for monitoring the principles of subsidiarity and proportionality;

• to identify, in the interest of simplification, the essential provisions of the Treaties for subsequent inclusion in a basic text, with a second document bringing together the other provisions. Such a system would pave the way for easier revision procedures in a Union with 30 Member States. Moreover, the Charter of Fundamental Rights should form part of a simplified Treaty document;

• to look at ways of enhancing the democratic legitimacy and effectiveness of the Union. With this in mind: the European Parliament’s legislative function should be consolidated and the role of European political parties strengthened; the Council’s legislative function should be more clearly defined and separated from its executive tasks, while its meetings in its legislative role should be open to the public. Although there is no reason to set up a new legislative chamber composed of elected national representatives, other arrangements must nevertheless be made to ensure that national parliaments become more involved in European decisions.

The Community method based on the ‘Council/European Parliament/Commission’ institutional triangle has proved to be crucial to the success of European integration; in its contributions to the work of the convention, the Commission will give the utmost consideration to renewal of the Community method.

13. The Laeken European Council of 14 and 15 December (1) adopted a declaration on the future of the European Union, reviewing the Union’s strengths and weaknesses and the challenges facing it, entailing a process of reform in line with the expectations of Europe’s citizens, who demand a clear, transparent, effective and democratically run Community approach. Accordingly, the Union must meet three fundamental challenges: bring citizens closer to the European project and the European institutions; structure the European political area in

an enlarged Europe; and develop the Union as a stabilising factor and a benchmark in the new, multi-polar world. In seeking responses, the declaration raises a number of specific issues, including:

- setting out the Union's spheres of competence, with a view to making a clearer distinction between the powers and responsibilities of the Union and the Member States, in terms of simplification and appropriate adjustment in the light of the new challenges which the Union must address. It is important also to determine how the Union acts and what instruments it uses;

- boosting the democratic legitimacy and transparency of the European institutions as well as the role of national parliaments;

- the need to consider simplifying the existing four Treaties and the possibility of reorganising them along the lines of a basic Treaty distinct from the other provisions, incorporating the Charter of Fundamental Rights into the basic Treaty, and adopting a constitutional text.

14. In order to prepare for the next Intergovernmental Conference as broadly and openly as possible, the European Council decided to convene a convention (1) composed of the main parties involved in the debate on the future of the Union, whose task will be to consider the key issues surrounding the Union’s future development and to look for suitable responses. Mr Giscard d’Estaing was appointed as Chairman of the Convention, with Mr Amato and Mr Dehaene as Vice-Chairmen. The convention will comprise 15 representatives of the Heads of State or Government of the Member States (one per Member State), 30 members of national parliaments (two per Member State), 16 members of the European Parliament and two Commission representatives. The applicant countries will be fully involved in the convention’s proceedings and will be represented in the same way as the current Member States; they will take part in the discussions without, however, being able to prevent any consensus which may emerge among the Member States. The presidium of the convention will comprise the chairman, the two vice-chairmen and nine members drawn from the convention (the representatives of all the governments holding the Council Presidency during the relevant period, two national parliament representatives, two European Parliament representatives and two Commission representatives). In addition, three representatives of the Economic and Social Committee and three representatives of the European social partners, together with six representatives designated by the Committee of the Regions, and the European Ombudsman, will be invited to attend as observers. The Presidents of the Court of Justice and the Court of Auditors may, moreover, be invited by the presidium to address the convention.

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15. The convention will hold its inaugural meeting on 1 March 2002 and will conduct its proceedings over the course of a year in Brussels. It will work in the Union's 11 official languages, and its activities and documents will be in the public domain. The chairman will pave the way for the opening of the convention's proceedings by drawing conclusions from the public debate. He will give an oral report on the progress of the work at each European Council meeting. The presidium will provide impetus and will give the convention an initial working basis. The convention will work towards the production of a final document, which may contain either different options or consensus-based recommendations. In conjunction with the outcome of the national debates on the future of the Union, the final document will provide a starting point for the discussions of the Intergovernmental Conference, which will take the ultimate decisions. In order to widen the debate and involve all citizens, a forum will be available to organisations representing civil society (social partners, the business world, non-governmental organisations, academia, etc.). It will take the form of a structured network of organisations, whose contributions will help to fuel the debate, with additional scope for expressing views or being consulted on specific topics in accordance with arrangements laid down by the presidium.
Section 3

Relations with civil society

16. Tying in closely with the theme of governance (→ point 24), and in the light of the Commission's commitment to greater transparency in the context of its own reform (1), a new database entitled Coneccs (Consultation, the European Commission and civil society) (2) was set up. It contains information on approximately 1 000 civil society organisations and is in part a replacement for the directory of interest groups created in 1999 (3).

17. On 24 September, the Commission and the Economic and Social Committee signed a joint protocol aimed at enhancing cooperation between the two bodies (→ point 38), the key feature of the protocol being its recognition of the Committee as an indispensable intermediary between the EU institutions and organised civil society. Moreover, as a contribution to the White Paper on governance (4), the Committee expressed its own views on governance and civil society in an own-initiative opinion delivered on 25 April (5). In November, it held a conference on 'the role of organised civil society in European governance', which was attended by representatives of the Community institutions and national economic and social councils, together with representatives of civil society at European level and their counterparts from the applicant countries.

18. In a report adopted on 20 September (6), the Committee of the Regions drew attention to the importance of proximity in the European context, as a concept to be applied in conjunction with the principles of subsidiarity, proportionality, responsibility and transparency. Emphasising the active part to be played by local and regional authorities in this connection, the Committee sought also to enhance its own role in shaping the local and regional dimension of the European project.

(1) 2000 General Report, point 1103.
(3) 1999 General Report, point 985.
(5) OJ C 193, 10.7.2001; Bull. 4-2001, point 1.1.3.
(6) Bull. 9-2001, point 1.1.3.
Section 4

Transparency (1)

19. In line with its policy in recent years of promoting transparency, the Commission published its work programme for 2001 (2) (point 1209) on its Europa Internet server, and adopted several Green Papers and White Papers for the purposes of consultation or public debate (3): White Paper on a strategy for a future chemicals policy (point 627); White Paper on European transport policy for 2010: time to decide (point 683); White Paper on governance in the European Union (point 24); White Paper on youth (point 581); Green Paper on integrated product policy (point 613); Green Paper promoting a European framework for corporate social responsibility (point 137); Green Paper on the future of the common fisheries policy (point 475); Green Paper on criminal-law protection of the financial interests of the Community and the establishment of a European prosecutor (point 1173); Green Paper on the review of the merger control regulation (point 233); and Green Paper on compensation to crime victims (point 530).

20. Other significant initiatives encouraging transparency of the Union's institutions and their activities included the opening of the Internet site on Europe's future (point 7), where all the contributions to the debate on the future of the European Union can be consulted, and a common EUR-Lex portal (4), giving access to legislative texts on the Internet (point 1191). In April, the Commission took an initiative for the interactive collection and analysis, via the Internet, of market reactions to policy formulation in the European Union. In October, it launched the new web service 'Your voice in Europe' (5), which gives the public, consumers and businesses the possibility of making a contribution to new initiatives, of making their views known on the application of existing legislation, of joining in the debate on the future of the Union (points 6 et seq.) or of submitting complaints. These initiatives are part of the drive at Union level to reform European governance (points 24 et seq.).

21. On 9 April, the Council decided to make certain categories of documents, in particular legislative documents, accessible to the public without waiting for specific requests (6). This decision, which gives access to the Council Internet

(1) Further information is available on the Europa server (http://europa.eu.int/scadplus/leg/en/lvb/a18000.htm).
(4) http://europa.eu.int/eur-lex/.
(5) http://europa.eu.int/yourvoice.
site (1), came into force on 1 May. On 30 May, the European Parliament and the Council adopted Regulation (EC) No 1049/2001 regarding public access to European Parliament, Council and Commission documents (Table I). The aim of this regulation is to define the principles, conditions and limits (based on reasons of public or private interest) of the right of access to documents of the three institutions provided for in Article 255 of the EC Treaty. The regulation applies to all documents held by an institution, i.e. drawn up or received by it and in its possession in all fields of European Union activities; documents classified as 'sensitive' are given special treatment. In order to enable citizens to exercise the rights flowing from this regulation, applicable since 3 December, each institution is required to give access to an electronic document register which should be operational by 3 June 2002 at the latest. Requests for access to documents should be dealt with within 15 working days from the date of registration of the request. In addition, each institution will publish an annual report on the previous year stating the number of refusals to give access by the institution and the grounds for these refusals, as well as the number of sensitive documents not entered in the register. In a joint declaration of 25 June (2), the three institutions agreed that agencies and similar bodies created by the legislator should have rules on access to their documents which conform to those of Regulation (EC) No 1049/2001. In November (3) and December (4) they adapted their own rules of procedure to the provisions of Regulation (EC) No 1049/2001.

22. In a resolution adopted on 6 September (5), Parliament, considering it essential that the same code of good administrative behaviour should apply to all European institutions, bodies and agencies, called on the Commission to submit an appropriate proposal for a regulation containing such a code, based on Article 308 of the EC Treaty.

23. In the conclusions of 25 June (6), the Council welcomed the progress achieved in connection with openness and transparency since the entry into force of the Treaty of Amsterdam and, in particular, the various initiatives referred to above which had been adopted during 2001.

(2) Bull. 6-2001, point 1.1.7.
(3) Bull. 11-2001, point 1.1.8 (European Parliament); OJ L 313, 30.11.2001; Bull. 11-2001, point 1.1.9 (Council).
(5) Bull. 9-2001, point 1.1.4.
(6) Bull. 6-2001, point 1.1.6.
Section 5

Governance

24. On 25 July, the Commission approved a White Paper on European governance (1). This document, tying in with the Commission's strategic objectives for the period 2000–05 as outlined by President Prodi to the European Parliament on 15 February 2000 (2), looks at the way in which the European Union uses the powers given by its citizens. The Commission believes that the Union must not wait for reform of the existing Treaties but must adapt its institutions and make its policies more coherent, thereby making it easier to see what it does and what it stands for. This should help to give citizens more confidence in the institutions and meet their expectations of the Union in the face of the major problems confronting society. In this context, the Commission believes that the key principles underpinning good governance are openness, participation, accountability, effectiveness and coherence, which are at the root of democracy and the rule of law in the Member States, and apply at all levels of government (global, European, national, regional and local). Moreover, the application of these principles at EU level reinforces the principles of proportionality and subsidiarity. The objectives sought by the proposed changes are therefore:

• to increase the involvement of those concerned, especially by giving people readier access to information on European issues, establishing a more systematic dialogue and strengthening interaction with local and regional authorities, making consultation of civil society more effective and more transparent, and utilising networks fully to achieve the Community objectives;

• to improve the quality of policies and legislation, using various means to deliver them: guidelines for seeking expert advice; specific provisions for regulatory acts, with emphasis on co-regulation and the open method of coordination, and a comprehensive programme for the simplification of Community law; better application of rules through regulatory agencies at EU level and modernisation of the appropriate mechanism at national level;

• to enable the Union to reshape its contribution to global governance, giving it greater scope to speak with a single voice in international forums and intensifying the dialogue with all governmental and non-governmental players in third countries;


• to refocus policies and the institutions more sharply, and to identify more clearly the Union’s long-term objectives, so that citizens can better understand the overall political project. In this connection, the Union can and must revitalise the Community method: the Commission initiates and executes policy; the Council and the European Parliament adopt legislation and budgets using, whenever possible, qualified majority voting in the Council; the European Council exerts political guidance and Parliament vets the way the budget and the Union’s policies are put into practice.

The Commission considers that it cannot make such changes on its own, and input is required both from all the institutions and from central government, regions, cities and civil society in the current and future Member States. The White Paper thus contains a series of clear proposals and a suggested timetable, launching a consultation process which will run until March 2002 (1). The lessons drawn from this consultation process should establish a basis for implementing a ‘governance agenda’ with the other institutions. The Commission sees the publication of the White Paper as the first part of its three-stage contribution to the debate on the future of the Union (→ points 6 et seq.), the other two being its communication regarding the Laeken process (→ point 12) and, subsequently, the substantive changes to the Treaties which the Commission deems advisable.

25. The President of the Commission presented the White Paper to the European Parliament on 4 September (2) and took part in the debate held in Parliament on 2 October (3). On 29 November (4), Parliament adopted a resolution on this subject expressing the hope that European governance would evolve through greater parliamentary democracy. The White Paper was discussed in the Council on 10 December (5) and was welcomed by the Laeken European Council on 14 and 15 December (6). President Prodi also presented the document to the Committee of the Regions on 20 September (7) and, on 28 November (8), to the Economic and Social Committee, which had, on 25 April (9), taken the opportunity to make a contribution to the drafting of the document. Addressing these bodies, the President pointed out that the White Paper on governance constituted an initial contribution by the Commission to the debate on the future of the Union, which would be followed by other initiatives in the run-up to the Laeken European Council, aiming ultimately to redefine thoroughly the European Union’s institutional structure.

(1) E-mail address: sg-governance@cec.eu.int.
(2) Bull. 9-2001, point 1.9.1.
(3) Bull. 10-2001, point 1.9.1.
(4) Bull. 11-2001, point 1.1.7.
(6) Bull. 12-2001, point 1.3.
(9) Bull. 4-2001, point 1.1.3.
Section 6

Simplifying and improving the regulatory environment

26. In response to the request from the Lisbon European Council (1) to the Community institutions and the Member States to set out a strategy to simplify the regulatory environment, the Commission presented an initial response, on 7 March, in the form of an interim report (2) to the Stockholm European Council. In this document, the Commission analyses the initiatives already taken in this field since 1985, sets out the main principles of a regulatory strategy within the Union’s institutional framework, considers the question of whether or not Community legislation is needed in specific cases, and looks at alternative and complementary approaches. It also stresses the concepts of quality, transparency and sound application of Community legislation, as well as the need for impact assessment and simplification of existing legislation. The Commission concludes that a new regulatory culture must be developed, involving all the institutions and the Member States. In a communication it adopted on 5 December, the Commission proposed launching joint discussions as quickly as possible with Parliament and the Council with a view to defining the principles and content of a strategy to simplify and improve the regulatory environment (3).

27. In addition to the now traditional annual ‘Better lawmaking’ report (→ point 30), the Commission continued the process of simplifying Community legislation, which has been going on in all fields for several years. The SLIM initiative (→ point 162) is still one of the most visible examples in this context of the way in which the Commission has stepped up its efforts to improve the quality, and reduce the quantity, of rules.

28. The Commission adopted seven codification proposals intended to replace 78 legislative acts and put forward one further proposal designed to replace two legislative acts. On 21 November, the Commission adopted a communication on codification of the *acquis communautaire* (4).

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(1) Conclusions of the Lisbon European Council (Bull. 3-2000, point 1.9; 2000 General Report, point 135); Internet (http://europa.eu.int/council/off/conclu/mar2000/index.htm).
(2) COM(2001) 130; Bull. 3-2001, point 1.1.4.
(4) COM(2001) 643; Bull. 11-2001, point 1.1.10.
Section 7

Subsidiarity and proportionality (1)

29. The Commission’s legislative activities throughout the year continued to be guided by the principles of subsidiarity and proportionality as laid down in Article 5 of the EC Treaty and in the Amsterdam Treaty Protocol on the application of these principles. The Commission was constantly aware of the need to take account of the criteria determining the appropriateness of a Community initiative as opposed to action at national level, in terms of being necessary and effective.

30. The Commission delivered its annual review of the application of these principles in its ‘Better lawmaking’ report adopted on 7 December (2). As part of the specific legislative approach forming the background to the 2001 report, the Commission published in the course of the year a White Paper on European governance (→ point 24) and also presented an action plan for improving the regulatory environment (→ point 26). As far as compliance with the principle of subsidiarity is concerned, the Commission pointed out that, in working towards the new objectives set by the Amsterdam Treaty, the Community had put in a great deal of legislative effort, within the limits of its powers, to regulate in these new policy areas and to make its action more effective. In this connection, the Commission referred particularly to the creation of an area ‘of freedom, security and justice’ in the European Union, highlighting also the fields of environment policy and social policy, action to combat fraud, regional policy, statistics and energy saving. As regards the principle of proportionality, the Commission focused, at a general level, on the scope and method of Community action by reference to two documents: its interim report to the Stockholm European Council (→ point 26) and its White Paper on European governance (→ point 24). Furthermore, the Commission continued to explore and apply the proportionality principle in specific policy areas such as energy and the internal market. With regard to the quality of legislation, the Commission pointed out that it had approved an interinstitutional agreement between the three institutions for a more structured use of the recasting technique for legal acts (→ point 39).

(1) Further information is available on the Europa server (http://europa.eu.int/scadplus/leg/en/lvb/a27000.htm).
(2) COM(2001) 728; Bull. 12-2001, point 1.1.7.
Section 8

Co-decision (1)

31. The Treaty of Amsterdam has led to the co-decision procedure covering more than 50% of legislative proposals under the first pillar, including transport, the environment, social affairs and employment, and development cooperation. Accordingly, in the course of 2001, the Commission drew up 81 proposals subject to this procedure, and the legislature concluded 78 cases.

32. Agreement on 24 proposals was reached at first reading. Although the list of cases concluded without the need for a second reading largely consists of technical matters and consolidated texts, or has to do with relations with third countries, other subjects, such as the regulation on public access to documents of the European Parliament, the Council and the Commission (→ point 21) and the directive concerning scrapie (→ point 737), are of key political significance.

33. Almost half of the legislative proposals were adopted in two readings. These included, in particular, the regulation on cross-border payments in euro (→ point 197), the adoption of which in second reading before the end of the year, thanks to the excellent collaboration between the two co-legislators, contributed to a smooth transition to the single currency. In 19 cases, the adoption process required the intervention of a conciliation committee. Moreover, in 10 of the 19 cases, a joint text was approved by the conciliation committee without discussion ('A item') as a result of earlier interinstitutional negotiations in which the Commission played an active mediating role as provided for in the Treaty. Most of the areas where differences of opinion emerged had to do with environmental issues (environmental management and audit, inspections, polluting emissions in general and ozone in particular), health (composite feeding-stuffs, product safety), transport (maritime safety), social problems (social exclusion, workers in road transport) and economic issues (resale rights for works of art, money laundering).

34. For the first time since the entry into force of the Amsterdam Treaty, a co-decision case ended in failure, when the joint text concerning takeover bids (→ point 218), negotiated in the conciliation committee, did not receive Parliament approval at the end of the procedure.

(1) Further information is available on the Europa server (http://europa.eu.int/scadplus/leg/en/cig/g4000c.htm#c4).
Section 9

Implementing powers conferred on the Commission

35. Most legislative instruments adopted in 2001 conferred implementing powers on the Commission in accordance with Article 202 of the EC Treaty. Under the committee procedure (comitologie) system established by Council Decision 1999/468/EC (1), the advisory procedure was selected in a dozen cases, the management procedure in close to 70 and the regulatory procedure in more than 60. In some instances more than one procedure was used by a single committee because of the matters being dealt with. In certain specific cases the Council reserved for itself the right to exercise implementing powers.

36. Following the agreement reached between Parliament and the Commission in February 2000 on the procedures for implementing the abovementioned decision (2), the Commission sent 2 030 documents to Parliament in 2001, 165 of them in accordance with its right of scrutiny. In accordance with the abovementioned decision, on 20 December, the Commission adopted a report on the working of the committees during 2000 (3). It also continued to implement the rules laid down by the decision and the associated declarations (4). Also, on 20 December, after publishing a list of committees responsible for helping it exercise its implementing powers (5), the Commission adopted a set of legislative proposals designed to bring the old committee procedure rules into line with the new decision (6). Where necessary, the existing committees have also started to adapt their rules of procedure on the basis of the standard rules of procedure adopted by the Commission on 31 January (7).

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(2) OJ L 256, 10.10.2000; Bull. 1/2-2000, point 1.9.3.
Section 10

Interinstitutional cooperation

37. On 20 September (1), the President of the Commission, Mr Prodi, and the President of the Committee of the Regions, Mr Chabert, signed a joint declaration with an appended protocol on arrangements for cooperation between the Commission and the Committee of the Regions. This protocol supersedes the 1995 communication (2) on relations between the two bodies; it aims to improve procedures for consultation of the Committee of the Regions, to involve the Commission more closely in the Committee’s debates and to bring the Committee closer to the people through the Community’s information and communication policy.

38. On 24 September (3), Mr Prodi and the President of the Economic and Social Committee, Mr Frerichs, also signed a joint declaration accompanied by a protocol setting out arrangements for more extensive cooperation between the Commission and the Economic and Social Committee. This protocol supersedes the Commission’s 1989 communication (4) on relations between the two bodies; it specifies the arrangements for cooperation in terms of institutional and administrative relations, the Committee’s consultative task, its role as intermediary for organised civil society, and information and communication policy benefiting the Committee.

39. In a resolution adopted on 3 July (5), Parliament echoed the views of the Helsinki European Council (6), stating that it was in favour of concluding an interinstitutional agreement on a more structured use of the recasting technique for legal acts. It also called on the Commission to step up its work of electronic consolidation of the main legal acts in force. On 12 September (7), the Commission empowered its President to sign the said interinstitutional agreement, subject to Parliament and Council approval.

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1) Bull. 9-2001, point 1.9.18.
2) 1995 General Report, point 1080.
3) Bull. 9-2001, point 1.9.15.
4) Twenty-third General Report, point 37.
5) Bull. 7/8-2001, point 1.1.4.
6) Annex III to the Helsinki European Council conclusions (Bull. 12-1999, points I.1 et seq.).
7) SEC(2001) 1364; Bull. 9-2001, point 1.1.5.
Chapter II

Human rights and fundamental freedoms (1)

Section 1

Actions within the European Union

40. During the year, various initiatives relating to trafficking in human beings and the exploitation of children were taken or proposed within the framework of the area of freedom, security and justice (→ point 544).

41. On 5 July, Parliament adopted a resolution on the situation as regards fundamental rights in the European Union (2000) (2) in which it recalled that the Charter of Fundamental Rights (3) was a synthesis of the basic values on which the European Union is founded. It recommended, in particular, that the Member States step up the fight against terrorism and implement the agreements concluded at the Tampere European Council concerning the mutual recognition of judicial decisions in criminal matters and the simplification of extradition procedures. Parliament requested the Council, the Commission and the Member States to take measures to guarantee certain freedoms (protection of private life, freedom of thought, expression and information) and urged the Member States to adopt a common policy on asylum procedure and the status of refugees. Lastly, it called for special attention to be paid to equality between citizens and the promotion of solidarity. On 13 March, the Commission approved a communication on the application of the Charter of Fundamental Rights of the European Union (4). It decided, in particular, that any proposal for a legislative act or any rules and regulations which it adopted would be checked at the drafting stage for compliance with the charter. On 13 December, the Council adopted conclusions and approved guidelines on the human rights dialogue (5).

(1) Further information is available on the Europa server (http://www.europa.eu.int/comm/justice_home/unit/charte/index_en.html).
(2) Bull. 7/8-2001, point 1.2.2.
(3) 2000 General Report, points 15 et seq.
(5) Bull. 12-2001, point 1.2.3.

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42. On 13 December, the President of the European Parliament awarded the Sakharov Prize for Freedom of Thought to Ms Peled-Elhanan, an Israeli university lecturer, Mr Ghazzawi, a Palestinian university lecturer, and Don Zacarias Kamuenho, Archbishop of Lubango, Angola (1). The same day (2), Parliament passed a resolution concerning Aung San Suu Kyi and Leyla Zana, former winners of the prize. The Union Presidency adopted a declaration to mark the 100th anniversary of the Nobel Peace Prize (→ point 857).

43. Deeply concerned at the filing by the American company, Myriad Genetics, for patents on BRCA1 and BRCA2 ('breast cancer genes') genes with the European Patent Office (EPO) (3), Parliament, in a resolution of 4 October (4), called on the EPO to ensure that all patent applications in Europe do not violate the principle of non-patentability of humans, their genes or cells in their natural environment. It also called on the Council, the Commission and the Member States to adopt the measures required to ensure that the human genetic code is freely available for research throughout the world.

44. The first term of office of the European Group on Ethics (EGE) (5) ended on 31 December 2000. The Commission set a new four-year term on 26 March. A new group of 12 members was appointed on 24 April. On 14 November, the EGE delivered its opinion on the ethical aspects of human stem cell research and use. At the Commission's request, the EGE also undertook to give an opinion on the ethical aspects of patents resulting from research into stem cells. In this context a round table, attended by representatives of the European Parliament, international organisations such as the World Trade Organisation or the World Intellectual Property Organisation, national bodies, religious, academic and industrial circles, associations and the media, was held in Brussels on 20 November. The EGE also provided a contribution to the round of consultations held by the Commission on its draft communication 'Towards a strategic vision of live sciences and biotechnology' (→ point 323).

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(1) Bull. 12-2001, point 1.2.1.
(2) Bull. 12-2001, point 1.2.2.
(4) Bull. 10-2001, point 1.2.3.

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Section 2

Outside the European Union

45. The European Union continued its policy of promoting and consolidating democracy and the rule of law and universal respect for human rights and fundamental freedoms. In its conclusions of 19 March (1), the Council reaffirmed the importance of human rights as a cornerstone of the Union’s external policy. That same day (2), while welcoming China’s ratification of the International Covenant on Economic, Social and Cultural Rights, it expressed concern at the human rights problems in that country. On 9 October, it published its third annual report on the human rights situation in the world (3). In a communication of 8 May on the European Union’s role in promoting human rights and democratisation in third countries (4), the Commission proposed setting EU policy on human rights and democratisation in the context of an overall strategic approach for the years to come, in particular through the common foreign and security policy, political dialogue, trade and external assistance. The Economic and Social Committee, in an opinion of 11 July (5), addressed the issue of human rights at work, notably in the context of trade.

46. A large number of common strategies, common positions and joint actions adopted by the European Union specifically concern human rights and democratisation or contain substantial elements relating to human rights (points 814 et seq.). The EU continued to take action against those countries committing persistent and grave violations of democratic principles and human rights, either through private censure (point 817) or public condemnation (points 829 et seq.).

47. Monitoring of elections remained an important facet of the EU’s policy to promote human rights and democracy in the world. The Commission’s communication of April 2000 on electoral assistance and monitoring missions (6) was welcomed by Parliament on 15 March (7) and the Council on 31 May (8). During the year, the EU dispatched monitoring missions to Bangladesh, East Timor, Guyana, Nicaragua, Peru, Sri Lanka and Zambia. The Commission continued implementing, in conjunction with the Member States, and in particular the Swedish International Development Agency (SIDA), a project to train EU observers.
48. The importance the EU attaches to democratic principles and human rights was also reflected in its contribution to the work of international bodies such as the UN General Assembly and UN Commission on Human Rights (*1), the Conference on the Human Dimension of the Organisation for Security and Cooperation in Europe (OSCE) (*2) and the Council of Europe (*3). It participated in the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance held in Durban from 31 August to 7 September (*4). The Union's position ahead of this conference was the subject of a Parliament recommendation of 15 May (*5), a Commission communication of 1 June (*6) and Council conclusions of 16 July (*7). At the conference, which was dominated by controversial issues such as the conflict in the Middle East, compensation for slavery, trafficking in human beings and colonialism, the EU made a significant contribution to obtaining a consensus on the final resolution and on the action programme to combat contemporary forms of racism. It also joined in the financing of NGOs' participation in the NGO forum and in the conference itself. In a resolution of 3 October (*8), Parliament welcomed the outcome of the conference and the crucial role the EU had played in it.

49. Parliament adopted on 5 July a resolution on human rights in the world in 2000 and on the EU's policy (*9). It commented on human rights and respect for democratic principles in a number of countries (*10) and on key issues such as the International Criminal Court (*11), the Union's priorities in the UN Commission on Human Rights (*12), children abducted by one of their parents (*13), sexual

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(*4) Bull. 9-2001, point 1.2.1; Internet (http://www.un.org/WCAR/coverage.htm).
(*5) Bull. 5-2001, point 1.2.1.
(*7) Bull. 7/8-2001, point 1.2.1.
(*8) Bull. 10-2001, point 1.2.1.
(*9) Bull. 7/8-2001, point 1.2.4.
(*10) Afghanistan: Bull. 6-2001, point 1.2.4; Algeria: OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.2.3; Angola: OJ C 343, 5.12.2001; Bull. 3-2001, point 1.2.3; Bull. 9-2001, point 1.2.4; Australia and Indonesia: Bull. 9-2001, point 1.2.5; Bangladesh: OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.2.4; Belarus: Bull. 7/8-2001, point 1.2.8; Cambodia: OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.2.5; Bull. 9-2001, point 1.2.6; Cameroon: Bull. 5-2001, point 1.2.6; Chad: Bull. 6-2001, point 1.2.9; China: OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.6; OJ C 276, 1.10.2001; Bull. 4-2001, point 1.2.2; Bull. 7/8-2001, point 1.2.9; Colombia: Bull. 10-2001, point 1.2.5; East Timor: Bull. 10-2001, point 1.2.7; Egypt: Bull. 6-2001, point 1.2.6; Ethiopia: Bull. 5-2001, point 1.2.7; Guatemala: Bull. 6-2001, point 1.2.7; Guinea: OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.7; Indonesia: Bull. 12-2001, point 1.2.6; Laos: OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.8; Bull. 11-2001, point 1.2.2; Malaysia: Bull. 6-2001, point 1.2.8; Mauritania: Bull. 9-2001, point 1.2.7; Myanmar: Bull. 10-2001, point 1.2.6; Namibia: Bull. 4-2001, point 1.2.3; Nepal: Bull. 12-2001, point 1.2.7; Nigeria: OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.9; Bull. 11-2001, point 1.2.3; Pakistan: OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.10; Bull. 4-2001, point 1.2.4; Russia: OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.11; South Africa: Bull. 7/8-2001, point 1.2.7; Tanzania: Bull. 7/8-2001, point 1.2.10; Togo: Bull. 9-2001, point 1.2.8; Bull. 12-2001, point 1.2.8; Turkey: OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.2.12; Bull. 4-2001, point 1.2.6; Vietnam: Bull. 7/8-2001, point 1.2.11; Bull. 10-2001, point 1.2.8; Zimbabwe: OJ C 343, 5.12.2001; Bull. 3-2001, point 1.2.5; Bull. 12-2001, point 1.2.9.


violence against women, notably Catholic nuns (1), trafficking of children in Africa (2), press freedom in the world (3), the rights of the child (4), abolition of the death penalty (5), female genital mutilation (6) and the situation of women in Afghanistan (7).

50. The Community’s technical and financial assistance for measures to promote and defend human rights and fundamental freedoms and support the democratisation process and measures to promote respect for human rights and democratisation as a contribution to conflict prevention (EUR 112 million) continued in accordance with regulations adopted by the Council on 29 April 1999 (8). On 26 February (9), the Council stated its view on the Court of Auditors’ Special Report No 12/2000 (10) in which the Court recommends changes to the Commission’s management of these funds.

(1) Bull. 4-2001, point 1.2.1.
(2) Bull. 5-2001, point 1.2.3.
(3) Bull. 5-2001, point 1.2.4.
(4) Bull. 7/8-2001, point 1.2.5.
(5) Bull. 7/8-2001, point 1.2.6.
(6) Bull. 9-2001, point 1.2.3.
(7) Bull. 12-2001; point 1.2.5.
(9) Bull. 1/2-2001, point 1.2.13.

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Chapter III

The Community economic and social area

Section 1

Economic and monetary policy (1)

Priority activities and objectives

51. There was a marked slowdown in worldwide economic activity during 2001. The euro area did not escape this phenomenon, which is affecting the world’s major economic areas simultaneously. In its autumn forecasts, the Commission estimated that economic growth in the euro area would fall from 3.4 % in 2000 to around 1.6 % in 2001. On 1 January, Greece became the 12th Member State of the euro zone. The Commission continued to coordinate preparations by the various parties for the introduction of euro notes and coins and identified good practice in order to facilitate a smooth transition to the euro. A common European changeover information network was set up, involving Member States, the Commission, the European Central Bank and the Eurosystem. In order to boost coordination of national policies within the economic and monetary union, the Commission adopted a communication containing a number of proposals for providing a more precise and more comprehensible overview of the economic situation within the zone and for agreeing more visibly on appropriate economic policy. In addition, surveillance of fiscal policies was stepped up under the Stability and Growth Pact and a code of conduct on the content and presentation of stability and convergence programmes was adopted by the Council.

Economic situation

52. Economic growth in the European Union slowed in 2001, reflected, in the euro zone, by a growth rate of only 1.6 % for the year as a whole. Follow-

(1) Additional information is available on the Europa server at: (http://europa.eu.int/comm/economy_finance/index_en.htm).
ing the rise in oil prices recorded in 1999–2000, a sudden surge in food prices in the first half of 2001 led to an erosion of private consumer purchasing power and consumption, a trend which nevertheless slowed again in the second half of the year. Combined with low interest rates and a reduction in taxes, this pattern should help to underpin consumption and mitigate the effects of a likely rise in unemployment. Community exports faced a marked slowdown in world growth, caused essentially by the decline in the US economy. At the same time, investment was hit by the contraction of profit margins, the low level of demand and the crisis in the information technology sector. The nadir of these downward trends, the terrorist attacks of 11 September on the United States (\(\rightarrow\) points 1040 et seq.), dimmed prospects further by creating feelings of insecurity and uncertainty. The slowdown also put a brake on the fall in the unemployment rate within the euro zone and even set the curve rising again in some Member States. National budgets are expected to record an average deficit of some 1.1% in the zone, where fiscal policy can be considered to be close to neutral, owing to the major tax reductions decided on in several Member States at the beginning of the year and the effect of the automatic stabilisers in most countries. The slower growth rate and the uncertainty which affected the European economy during the year were highlighted by the Laeken European Council (1), which did, however, point out that a gradual recovery was expected in 2002 as a result of the progress made with budgetary policy.

53. In a resolution of 15 February (2), Parliament underlined the positive impact of liberalisation and the process of economic reform on growth in the European Union. In a resolution of 15 March (3), it considered that the economic and monetary policy of the Union and of the Member States should be guided by the principles of a social market economy that was based on full employment, price stability and the absence of inflation and paved the way for sustainable and ecologically viable growth. It also stressed the need to reduce energy dependence and pursue a balanced liberalisation of telecommunications, mail delivery, energy and the railways. In an own-initiative opinion it adopted on 28 November (4) dealing with the new world economic environment following the terrorist attacks in the United States, the Economic and Social Committee highlighted the challenges created by the new situation and took the view that the Commission should be given a bigger role in defining economic policy.

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(1) Bull. 12-2001, point 1.9.
(2) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.3.3.
(4) Bull. 11-2001, point 1.3.1.
Economic policy coordination

Broad economic policy guidelines

54. While subscribing to the key features of the policies outlined in the broad economic policy guidelines for 2000 (1), the Economic and Social Committee expressed, in an opinion adopted at its February plenary session (2), its preference for more ambitious recommendations so as to meet the challenges set out in the guidelines. The implementation of these was discussed in a Commission report of 7 March (3), which highlights the progress made in many areas but also points out that an effort is still required to achieve what are ambitious targets.

55. As a precursor to the broad economic policy guidelines for 2001, the Commission presented the ‘EU economy 2000 review’ (4) with a view to launching a debate on questions of economic policy. The Economic and Social Committee, in an opinion adopted at its February plenary session (5), stressed the importance of holding a well-informed debate of this kind. For its part, Parliament adopted on 15 March a resolution (6) preparatory to the broad economic policy guidelines for 2001 and expressly welcomed the fact that the 2000 review had examined the topics of economic growth and sustainable development. On 23 and 24 March, the Stockholm European Council discussed (7) various key points concerning the broad guidelines for the current year. In an opinion of 5 April (8) on the review presented by the Commission, the Committee of the Regions, for its part, expressed its support for economic policies aimed at stable growth.

56. The broad economic policy guidelines for the economic policies of the Member States and the Community for 2001 were formally adopted by the Council on 15 June (9). In accordance with Article 99(2) of the EC Treaty, they had previously been the subject of a Commission recommendation dated 25 April (10) and a draft Council recommendation dated 5 June (11) and were approved by the Gothenburg European Council (12). Parliament, in a resolution of 15 May (13), and the Economic and Social Committee, in an opinion of 31 May (14), had also endorsed the main topics covered. The guidelines confirm

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(2) OJ C 139, 11.5.2001; Bull. 1/2-2001, point 1.3.4.
(3) COM(2001) 105; Bull. 3-2001, point 1.3.3.
(5) OJ C 139, 11.5.2001; Bull. 1/2-2001, point 1.3.2.
(6) OJ C 343, 5.12.2001; Bull. 3-2001, point 1.3.2.
(7) Bull. 3-2001, points 1.3 and 1.25.
(8) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.3.1.
(9) Council recommendation 2001/483/EC (OJ L 179, 2.7.2001; Bull. 6-2001, point 1.3.3).
(10) COM(2001) 224; Bull. 4-2001, point 1.3.2.
(11) Bull. 6-2001, point 1.3.3.
(12) Bull. 6-2001, point 1.18.
(13) Bull. 5-2001, point 1.3.2.
(14) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.3.
the existing strategy of implementing the objectives agreed on at the Lisbon European Council (1) and extended at Stockholm (2), and, in particular, they incorporate the objective of sustainable development. The aim is to meet the challenges of growth, employment and ageing populations through sound macroeconomic policies and structural reforms, so as to increase the Union’s potential for growth and to attain full employment.

57. The Commission launched the preparation of the broad guidelines for 2002 when on 28 November it presented the 2001 review of the EU economy (3). This analyses various aspects of macroeconomic developments, structural change and economic reform. On 3 December, the Council adopted a joint contribution by the Employment Committee and the Social Policy Committee to the guidelines for 2002 (4).

Stability and convergence programmes; public finances

58. In accordance with Regulation (EC) No 1466/97 on budgetary discipline (5) and within the framework of the Stability and Growth Pact, the Council, acting on a recommendation from the Commission (6), adopted opinions on Greece’s first stability programme and on the updated programmes of Ireland, France, Italy and Austria on 12 February (7) and of Belgium, Spain, Luxembourg and Portugal on 12 March (8), as well as the updated convergence programmes of Sweden on 19 January (9), and of Denmark and the United Kingdom on 12 February (10). For its part, Parliament, in a resolution of 3 May (11), welcomed the efforts made so far to attain the objectives of the Stability and Growth Pact and the broad economic policy guidelines, in particular as regards the control of public finances. In a resolution adopted on 4 October (12), it asked the Council to reiterate its commitment to maintaining the pact in its present form and to continuing fully to implement its principles. On 29 November, the Economic and Social Committee issued a specific opinion on Sweden (13).

(1) 2000 General Report, point 37.
(2) Bull. 3-2001, point 1.3.
(4) Bull. 12-2001, point 1.3.5.
(6) Bull. 1/2-2001, points 1.3.5 to 1.3.17.
(7) OJ C 77, 9.3.2001; Bull. 1/2-2001, points 1.3.9 (Greece), 1.3.7 (Ireland), 1.3.10 (France), 1.3.11 (Italy) and 1.3.12 (Austria).
(8) OJ C 109, 10.4.2001; Bull. 3-2001, points 1.3.4 (Belgium), 1.3.5 (Spain), 1.3.6 (Luxembourg) and 1.3.7 (Portugal).
(9) OJ C 73, 6.3.2001; Bull. 1/2-2001, point 1.3.5.
(10) OJ C 77, 9.3.2001; Bull. 1/2-2001, points 1.3.6 (Denmark) and 1.3.13 (United Kingdom).
(11) Bull. 5-2001, point 1.3.4.
(12) Bull. 10-2001, point 1.3.3.
(13) Bull. 11-2001, point 1.3.2.
59. As regards Ireland in particular, on 12 February, when the Council adopted its opinion on Ireland’s updated programme (\rightarrow point 58), in which it concluded that the budget projections for 2001 were not consistent with the broad economic policy guidelines, it also sent Ireland, on the basis of a Commission recommendation and of Article 99(4) of the EC Treaty, a recommendation (\textsuperscript{1}) with a view to putting an end to this situation. On 6 November (\textsuperscript{2}), taking note of a report presented by the Commission on 23 October (\textsuperscript{3}), the Council found that its recommendation had been followed up in part, while also stressing the need for continued vigilance in relation to the budgetary situation in Ireland in view of the overheating it had experienced.

60. Following on from the Commission communication of 21 December 2000 (\textsuperscript{4}), the Commission and the Council presented the Stockholm European Council of 23 and 24 March with a joint report on the contribution of public finances to growth and employment: improving quality and sustainability (\textsuperscript{5}). Parliament gave its view on the above Commission communication in a resolution adopted on 4 October (\textsuperscript{6}). In a communication of 27 June on public finances in the economic and monetary union (EMU) in 2001 (\textsuperscript{7}), the Commission reviewed Member States’ budgetary performances in 2000, assessed the short- and medium-term prospects and analysed the trend of budgetary monitoring in the context of the Stability and Growth Pact. It also examined the role and effectiveness of fiscal policy and cyclical stabilisation in EMU and the quality and sustainability of public finances.

61. On 10 July, the Council approved a new code of conduct for the content and presentation of stability and convergence programmes (\textsuperscript{8}). The new code makes certain changes to the 1998 version; the principal areas affected are the links with the broad economic policy guidelines and equal treatment of the Member States, in particular as regards the timetable for submitting and examining programmes and the implementation of the conclusions of the Lisbon (\textsuperscript{9}) and Stockholm (\textsuperscript{10}) European Councils concerning the quality of public finances and the budgetary consequences of population ageing. The latter subject was also covered by the Council conclusions of the session on 6 November (\textsuperscript{11}).

\textsuperscript{1} OJ L 69, 10.3.2001; Bull. 1/2-2001, point 1.3.8.
\textsuperscript{2} Bull. 11-2001, point 1.3.3.
\textsuperscript{3} Bull. 10-2001, point 1.3.5.
\textsuperscript{5} Bull. 3-2001, Annex IV to the Presidency conclusions.
\textsuperscript{6} Bull. 10-2001, point 1.3.1.
\textsuperscript{7} \textsuperscript{COM(2001) 355; Bull. 6-2001, point 1.3.2.}
\textsuperscript{8} Bull. 7/8-2001, point 1.9.2.
\textsuperscript{9} Bull. 3-2000, point 1.11.
\textsuperscript{10} Bull. 3-2001, point 1.25.
\textsuperscript{11} Bull. 11-2001, point 1.3.23.

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Structural reforms

62. In an opinion of 28 February (1), the Economic and Social Committee welcomed the structural indicators proposed by the Commission in its communication of September 2000 (2), although it regretted the lack of an environmental indicator. In another opinion adopted on the same day (3), it proposed the intensification of country-by-country comparative macroeconomic performance studies. In the spring, an initial list of structural indicators was used for the synthesis report presented to the Stockholm European Council (4), so as to identify areas requiring action and to measure the progress already made in relation to the objectives set at Lisbon. During the year, the Commission also continued its work on the structural indicators with a view to improving their quality and proposing new indicators in areas that become policy priorities. It also provided Parliament and the Economic and Social Committee with useful information on the indicators. The Commission's second communication on the structural indicators was published on 30 October (5). Its main innovation is the inclusion of a new area relating to the environment, in accordance with the request made by the Gothenburg European Council (6). New indicators were also added to the list where they were considered sufficiently developed, such as the ‘quality of work’ or ‘market structure in the network industries’. In the conclusions it adopted on 3 December, the Council welcomed this new communication and confirmed its preference for a short list of indicators (7).

63. In a resolution of 31 May (8), Parliament approved the proposals made by the Commission in its communication of September 2000 setting out a Community strategy for gradually integrating environmental issues into economic policy (9).

Economic and monetary union

General developments

64. On 1 January, following the decisions taken in 2000 (10), Greece became the 12th Member State of the euro area.

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(1) OJ C 139, 11.5.2001; Bull. 1/2-2001, point 1.3.1.
(3) OJ C 139, 11.5.2001; Bull. 1/2-2001, point 1.3.2.
(4) Bull. 6-2001, point 1.10.
(5) Bull. 12-2001, point 1.3.4.
(6) Bull. 5-2001, point 1.3.1.
(8) 2000 General Report, point 46.
65. On 7 February, in a communication on strengthening economic policy coordination within the euro area (1), the Commission made various proposals designed to achieve both a finer and a more readily understandable overall view of the economic situation in the euro area and to reach in a more predictable manner an agreement on the appropriate policy responses. The need for greater coordination was also emphasised by the Economic and Social Committee in an opinion of 28 February (2). For its part, Parliament welcomed the Commission communication in a resolution of 4 October (3), as did the Economic and Social Committee in its opinion of 28 November (→ point 53). In this context, the Commission continued to analyse the area’s economy in greater depth, in particular by regularly supplying the Economic and Financial Committee and the Eurogroup with reports on the trend of the euro exchange rate, inflation and the budgetary situation of the countries participating in the euro.

66. In its conclusions of 12 February (4), the Council stressed the importance of using euro coins and tokens for familiarising persons suffering from sensory or intellectual disabilities. The ministers agreed that same day on the adaptation of the conditions for loans of euro coins and/or tokens to the coin-operated industry (5) and, on 16 October, on the conditions for supplying those industries with euro coins for stocking such machines (6).

67. The Commission published a report on the implementation of the transitional measures for the introduction of the euro in the common agricultural policy (→ point 433).

68. In an opinion of 29 March (7), supplemented by an additional opinion of 12 September (8), the Economic and Social Committee, while lamenting the inadequate preparedness of SMEs and individuals for the changeover to the euro, welcomed the Commission communication of July 2000 on practical aspects of the euro (9). The Commission took stock, in a report of 3 April (10), of the state of preparations for the introduction of euro notes and coins. For its part, in a resolution of 4 July on means to assist economic actors in switching to the euro (11), Parliament emphasised the importance of the euro information campaigns targeted at ‘sensitive’ sections of the public and at schools and businesses, and put forward some practical recommendations in this respect.

(1) COM(2001) 82; Bull. 1/2-2001, point 1.3.19.
(2) OJ C 139, 11.5.2001; Bull. 1/2-2001, point 1.3.20.
(3) Bull. 10-2001, point 1.3.4.
(4) Bull. 1/2-2001, point 1.3.21.
(5) Bull. 1/2-2001, point 1.3.22.
(6) Bull. 10-2001, point 1.3.8.
(7) OJ C 155, 29.5.2001; Bull. 3-2001, point 1.3.9.
(8) OJ C 311, 7.11.2001; Bull. 9-2001, point 1.3.1.
(10) OJ C 190; Bull. 4-2001, points 1.3.3 and 2.2.1 (full text).
(11) Bull. 7/8-2001, point 1.3.1.

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69. In a communication to the European Council dated 10 October (1), the Commission presented the latest status report on preparations for the introduction of euro coins and notes and identified good practice as regards smoothing the changeover to the euro. In a communication dated 22 October (2), it also described the arrangements for ensuring copyright protection of the common face design of the euro coins and the applicable rules on reproduction. In its conclusions of 16 October (3), the Council invited the Member States, in collaboration with the Commission, the ECB and the Eurosystem, to set up a common European information system on the changeover to the euro. In a communication of 14 December, the Commission issued photographs and factual descriptions of the euro coins for publication in the C series of the Official Journal (4). The conclusions of the Laeken European Council (5) of 14 and 15 December state that the introduction of euro notes and coins on 1 January 2002 will be the culmination of a historic process of decisive importance for the European Union.

70. The provisions on the protection of the euro against counterfeiting are reported in Section 1 (‘Area of freedom, security and justice’) of Chapter IV (→ point 547) and in Section 4 (‘Protection of the Community’s financial interests and the fight against fraud’) of Chapter VII (→ point 1170). Other aspects of the euro are reported in Section 5 (‘Internal market’) of this chapter (→ point 197).

Activities of the European Central Bank (ECB)(6)

71. The ECB continued to pursue a monetary policy aimed at maintaining price stability in the medium term, thereby contributing to the promotion of growth and employment in the euro area. On the basis of its ongoing assessment of the risks to price stability, the Bank’s Governing Council decided on the appropriate measures for achieving the ECB’s primary objective. The transparency of the Bank’s monetary policy continued to be ensured by the economic assessments underlying its decisions being made available through regular press conferences, the monthly bulletin, publications, speeches by members of the Governing Council, and even direct appearances before the European Parliament.

72. With the adoption of the euro by Greece on 1 January, the Bank of Greece became a member of the Eurosystem.

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(1) COM(2001) 561; Bull. 10-2001, point 1.3.6.
(2) COM(2001) 600; Bull. 10-2001, point 1.3.9.
(3) Bull. 10-2001, point 1.3.7.
73. Almost 15 billion euro banknotes, necessary for the launch, were printed and the legal framework relating to the cash changeover was amended as necessary. The security features of the euro banknotes were unveiled on 30 August, just ahead of the start of frontloading the establishments concerned. The ‘Euro 2002’ information campaign informed citizens and helped to prepare them for the cash changeover. The Governing Council took decisions with regard to the legal issuer of euro banknotes and the allocation of monetary income from the year 2002.

74. Target (1), one of the largest payment systems in the world, contributed further to the integration of the euro money market and continued to play an important role in the smooth implementation of the single monetary policy. The first Target annual report was released in May. The Governing Council assessed the developments in the field of central counterparty clearing in Europe and a statement on consolidation in this field was issued in September. In October, the ECB and the Committee of European Securities Regulators approved a framework of cooperation in the field of securities settlement systems, with the aim of jointly preparing standards and/or recommendations for such systems and for central counterparties at European level. The ECB continued to urge banks to lower the price of cross-border payments within the euro area. At the request of the Council, it prepared a report proposing a roadmap towards an integrated credit transfer infrastructure that would lead to equal fees for domestic and cross-border transactions on a sound economic basis.

75. The ECB, and the Eurosystem as a whole, continued to promote cooperation among the competent national authorities on issues relating to prudential supervision. This activity focused on the main structural and cyclical developments in the banking and financial sector, and on the areas of cooperation between central banks and other supervisory authorities. A memorandum of understanding setting out arrangements for cooperation between EU banking supervisors and payment systems overseers was signed by the two parties, including all the central banks in the European System of Central Banks (ESCB). In addition, the ECB actively contributed to the various regulatory initiatives aimed at enhancing the stability of the financial system, such as the revision of the capital adequacy regime (the Basel Accord), the review of the EU capital adequacy regime for banks and investment firms and the reform proposed by the Committee of Wise Men for the regulation of the securities market (→ point 189).

76. The ECB continued to publish statistical information collected and compiled by the ESCB, mainly in the area of money and banking statistics, securities issues, interest rates, and balance of payments. Financial accounts data were

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(1) Trans-European automated real-time gross settlement express transfer system (1999 General Report, point 46).

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published for the first time. Two ECB regulations were adopted regarding balance sheet and interest rate statistics of monetary financial institutions.

77. At European level, the ECB took part in meetings of the Council, the Eurogroup, the Economic and Financial Committee, the Economic Policy Committee and the macroeconomic dialogue. It issued opinions on Community and Member States’ draft legislation in its field of competence. Some of them were made public on the ECB’s own initiative. At international level, it attends meetings of multilateral institutions and fora, either as a member (OECD, Bank for International Settlements, G7, G10 Governors, G20) or as an observer (IMF, G10 Ministers, Financial Stability Forum).

78. Lastly, the ECB intensified its contacts with the national central banks of accession countries. Bilateral dialogue focused on the latter’s monetary and exchange-rate policies; the annual high-level seminar was held in Berlin in December. The Eurosystem also provided extensive technical assistance, in particular in the fields of payment systems, legal issues and statistics.

79. In a resolution of 16 January (1), Parliament, while welcoming the commitment by the ECB to establishing a cooperative relationship with the European Anti-Fraud Office (OLAF), regretted its decision to prevent OLAF from carrying out internal investigations. In a resolution on the international monetary system adopted on 23 October (2), Parliament called for the role of coordinating national supervisory and oversight authorities at European level to be transferred to the ECB.

80. In May, the ECB adopted its annual report, which was the subject of a Parliament resolution of 4 July (3).

International economic, monetary and financial matters

Candidate countries

81. The economic dialogue with the candidate countries continued in 2001 within the framework of the Europe agreements (→ points 779 et seq.). The accession negotiations in the field of economic and monetary union (EMU) were provisionally concluded with 10 countries. They have not yet started with Bulgaria or Romania. Negotiations on the liberalisation of capital movements were provisionally concluded with eight countries. Pre-accession fiscal

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(2) Bull. 10-2001, point 1.3.10.
(3) Bull. 7/8-2001, point 1.3.2.

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surveillance began with all candidate countries. It is designed to prepare their public finances for participation in EMU. The 13 candidate countries notified their fiscal situation and their pre-accession economic programmes to the Commission. These documents and their assessment by the Commission served as a basis for more intensive economic dialogue between the Member States and the candidate countries.

**G7 countries**(1)

82. The G7 finance ministers met on 28 April on the sidelines of the spring meeting of the International Monetary Fund in Washington for an exchange of views on the world economic situation, financial market developments and reform of the international financial architecture. The autumn meeting of the G7 finance ministers, which had been postponed until 6 October following the terrorist attacks in the United States, was devoted to the economic impact of those events and to the fight against money laundering and the financing of terrorist networks. Mr Solbes Mira, for the Commission, was invited to take part in some of these meetings. He also attended the meeting of G7 finance ministers in Rome in July, in preparation for the meeting of the G7 Heads of State or Government.

**Financial operations**

83. On 26 July, the Commission adopted its annual report on the borrowing and lending activities of the Community in 2000 (2). The detailed table of lending activities during the period 1999–2001 and the total amount of borrowings in 2000 are dealt with in Section 5 (‘Borrowing and lending operations’) of Chapter VII (→ point 1174).

**Macrofinancial assistance**

84. On 7 March, the Commission proposed adopting a regulation adapting the facility providing medium-term financial assistance for Member States’ balances of payments, as provided for in Council Regulation (EEC) No 1969/88, to take account of the changeover to the single currency (Table II).

85. In order to alleviate the financial constraints on Kosovo and to facilitate the establishment of essential administrative functions and the development of a sound economic framework, the Council decided on 27 June to grant further exceptional

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(1) Canada, France, Germany, Italy, Japan, United Kingdom, United States.
(2) COM(2001) 433; Bull. 7/8-2001, point 1.7.1.
assistance to the United Nations Interim Administration Mission in Kosovo (UNMIK) in the form of grants, up to a maximum of EUR 30 million (Table II). The first EUR 15 million instalment of this assistance was paid in September. On 16 July, the Council decided to grant macrofinancial assistance of EUR 300 million to the Federal Republic of Yugoslavia (Table II) with a view to enabling it to avoid a balance-of-payments crisis and increase its currency reserves. The loan of EUR 225 million and the first grant instalment of EUR 35 million, that is EUR 260 million in total, were disbursed in October. (The Council further decided on 10 December to amend its July decision in respect of this country and to increase the amount of the grants by EUR 45 million (Table II)).

86. The loans part (EUR 10 million) of the first instalment (EUR 30 million) of the assistance (EUR 80 million) which the Council had decided to grant to the Former Yugoslav Republic of Macedonia in November 1999 (1) was paid in January. The Council further decided on 10 December to extend the time limit for the disbursement of this assistance and to increase the grants part by EUR 18 million (Table II). The loans part (EUR 10 million) of the second instalment of assistance to Bosnia-Herzegovina, decided by the Council in May 1999 (2), was paid in January. The third instalment was paid in December (EUR 15 million in grants) after the Council had agreed on 10 December to an extension of the time limit (Table II).

87. An initial payment of EUR 67 million (EUR 60 million in loans and EUR 7 million in grants) in respect of the assistance for Tajikistan decided by the Council in March 2000 (3) was made in March. (The second payment (EUR 7 million in grants) was made in December.) (As part of the exceptional financial assistance for Armenia and Georgia adopted by the Council in November 1997 (4), EUR 6 million was paid in grants to Georgia and EUR 5.5 million to Armenia in November and December respectively.)

88. The Commission report on the implementation of macrofinancial assistance to third countries in 2000 was adopted on 1 June (5).

Development of financing techniques

89. In 2001, the Commission continued its SME finance facility scheme, which is designed to encourage financial intermediaries in the accession countries eligible for the Phare programme to expand their SME financing operations. At the start of 2001, the EBRD and the CEB/KfW had allocated

(3) 2000 General Report, point 69.
(4) 1997 General Report, point 111; 1998 General Report, point 76.

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EUR 300 million and EUR 113 million respectively to the facility, alongside Phare resources amounting to EUR 101 million. The scheme was expanded in 2001 by extending cooperation with the EBRD and CEB/KfW and by associating the EIB with the facility — the equivalent altogether of an additional Phare commitment of EUR 90 million. At the end of 2001, EUR 78 million had been committed in Phare resources to projects. The Commission also decided to extend the facility’s mechanisms to Turkey, using EUR 4 million from the budget of the Mediterranean–Europe Development Agreement (MEDA).

Financing ECSC and Euratom activities

90. In accordance with the decision taken by the Commission in 1994 (1), the ECSC did not conclude any new loans in 2001. The ECSC’s financial report for 2000 was adopted by the Commission on 20 June.

91. An initial payment of EUR 40 million was made under the EUR 212.5 million loan granted in 2000 for the modernisation and improvement of the safety of the nuclear power station at Kozloduy (Bulgaria).

European Investment Bank (EIB)(2)

92. In 2001, the EIB granted loans totalling EUR 36.8 billion (EUR 36 billion in 2000) in support of European Union objectives, of which EUR 31.2 billion in the Member States, EUR 2.7 billion in the candidate countries (Cyprus, Malta, central Europe) and EUR 2.9 billion for development aid and cooperation with third countries, as set out in Table 1.

93. Within the European Union, loans granted by the EIB totalled EUR 31.2 billion, including EUR 20.7 billion in individual loans and EUR 10.5 billion in global loans concluded with around 100 partner banks and financial institutions with a view to financing small- to medium-scale investment projects in industry, services, education and health or small infrastructure projects for local authorities. Of individual loans, 70 % were granted for investment contributing to the development of the less-favoured regions. Contracts signed in 2001 under the ‘Innovation 2000 initiative’ (i2i) (3) totalled EUR 4 billion for 13 Member States and related to education, telecommunications, the audiovisual industry and research. Individual loans for environmental protection

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(1) 1994 General Report, point 1160.
(2) Copies of the EIB’s annual report and of other publications relating to the Bank's work and its operations can be obtained from the main office (Information and Communications Department, 100 Boulevard Konrad Adenauer, L-2950 Luxembourg, fax (352) 4379-3189) or from its external offices or can be consulted on the Internet: (http://www.eib.org/).
(3) 2000 General Report, point 79.
totalled EUR 5.9 billion, while those for the supply and efficient use of energy
totalled EUR 2.9 billion and loans for European communications infrastructure
amounted to EUR 8 billion. Assistance totalled EUR 2.2 billion in the industrial
and service sectors and EUR 2.2 billion in education and health.

**TABLE 1**

Contracts signed in 2001 and from 1997 to 2001 (1)

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>%</th>
<th>1997-2001</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>Belgium</td>
<td>365</td>
<td>1.0</td>
<td>3 091</td>
<td>1.9</td>
</tr>
<tr>
<td>Denmark</td>
<td>1 171</td>
<td>3.2</td>
<td>4 536</td>
<td>2.8</td>
</tr>
<tr>
<td>Germany</td>
<td>6 017</td>
<td>16.4</td>
<td>26 045</td>
<td>16.3</td>
</tr>
<tr>
<td>Greece</td>
<td>1 658</td>
<td>4.5</td>
<td>6 271</td>
<td>3.9</td>
</tr>
<tr>
<td>Spain</td>
<td>4 559</td>
<td>12.4</td>
<td>18 592</td>
<td>11.7</td>
</tr>
<tr>
<td>France</td>
<td>3 825</td>
<td>10.4</td>
<td>16 899</td>
<td>10.6</td>
</tr>
<tr>
<td>Ireland</td>
<td>525</td>
<td>1.4</td>
<td>1 454</td>
<td>0.9</td>
</tr>
<tr>
<td>Italy</td>
<td>5 488</td>
<td>14.9</td>
<td>22 901</td>
<td>14.4</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>10</td>
<td>0.0</td>
<td>511</td>
<td>0.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>787</td>
<td>2.1</td>
<td>2 156</td>
<td>1.4</td>
</tr>
<tr>
<td>Austria</td>
<td>820</td>
<td>2.2</td>
<td>3 045</td>
<td>1.9</td>
</tr>
<tr>
<td>Portugal</td>
<td>1 799</td>
<td>4.9</td>
<td>8 098</td>
<td>5.1</td>
</tr>
<tr>
<td>Finland</td>
<td>695</td>
<td>1.9</td>
<td>2 668</td>
<td>1.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>953</td>
<td>2.6</td>
<td>3 695</td>
<td>2.3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2 337</td>
<td>6.4</td>
<td>15 626</td>
<td>9.8</td>
</tr>
<tr>
<td>Other (2)</td>
<td>174</td>
<td>0.5</td>
<td>1 038</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Union total</strong></td>
<td>31 184</td>
<td>84.8</td>
<td>136 696</td>
<td>85.8</td>
</tr>
<tr>
<td>Central and eastern Europe</td>
<td>2 584</td>
<td>7.0</td>
<td>11 485</td>
<td>7.2</td>
</tr>
<tr>
<td>Cyprus and Malta</td>
<td>75</td>
<td>0.2</td>
<td>413</td>
<td>0.3</td>
</tr>
<tr>
<td>Candidate countries (including pre-accession facility)</td>
<td>2 285</td>
<td>6.2</td>
<td>6 740</td>
<td>4.2</td>
</tr>
<tr>
<td>Mediterranean countries (except Cyprus and Malta)</td>
<td>1 401</td>
<td>3.8</td>
<td>5 366</td>
<td>3.4</td>
</tr>
<tr>
<td>ACP, OCTs and South Africa</td>
<td>670</td>
<td>1.8</td>
<td>2 687</td>
<td>1.7</td>
</tr>
<tr>
<td>Latin America and Asia</td>
<td>543</td>
<td>1.5</td>
<td>2 124</td>
<td>1.3</td>
</tr>
<tr>
<td>Balkans</td>
<td>319</td>
<td>0.9</td>
<td>625</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Non-Union total (2)</strong></td>
<td>2 933</td>
<td>8.0</td>
<td>10 802</td>
<td>6.8</td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td>36 776</td>
<td>100.0</td>
<td>159 346</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(1) The portfolio of risk-capital operations signed by the EIB from 1997 to 2000 was transferred to the European Investment Fund (EIF) on 1 January 2001. The figures for the EIB's activities during that period have therefore been adjusted accordingly.

(2) Projects of Community interest located outside the territory of the Member States, granted under Article 18 of the Statute of the EIB.

(3) Includes risk capital and other loans from budgetary resources:
- ACP-OCTs: 332.4 million in 2001 and 989 million from 1997 to 2001;
94. Outside the European Union, the EIB continued to promote the integration of the candidate countries. The i2i mechanism was extended to them. Turkey was included in May in the list of Mediterranean countries eligible for the 'pre-accession facility' on the same footing as Cyprus and Malta. A special action programme totalling EUR 450 million for the period 2001–04 was put into effect in support of financing operations intended to strengthen the customs union with Turkey. In the Mediterranean area, a Mediterranean partnership facility of EUR 1 billion, funded from the own resources of the EIB and at its own risk, was introduced in response to the wish expressed by the Nice European Council (1) with a view to promoting investment projects of regional scope in the fields of transport, energy and the environment. The EIB also took part in the Community initiative on the 'northern dimension' (→ point 1030) through a lending mandate of EUR 100 million for environmental protection investment in Russia, in close cooperation with other international financial institutions. Altogether, operations outside the European Union amounted to EUR 5.6 billion (EUR 5.389 billion in 2000). In the candidate countries, assistance totalled EUR 2.7 billion, of which EUR 2.3 billion under the pre-accession facility. It was allocated chiefly to communication infrastructures intended to strengthen links with the European Union. In addition, EUR 319 million was granted in the Balkans for investment projects associated with the rebuilding of the region’s economic potential, priority being given to infrastructure projects and SMEs. In the Mediterranean (apart from Cyprus and Malta), financing amounted to EUR 1.4 billion, of which EUR 6 million in risk capital. In the ACP countries and the OCTs, total financing was EUR 520.4 million (of which EUR 332.4 million in risk capital) while in South Africa it amounted to EUR 150 million. Lastly, the EIB continued its operations in the countries of Latin America (EUR 365.2 million) and Asia (EUR 177.5 million).

95. The EIB obtained the funds needed for its lending activities by borrowing a total of EUR 32.3 billion on capital markets, 53 % of which was raised, prior to conversion, in Community currencies and in euro.

96. In a resolution of 15 February (2) on action taken on the EIB annual report (1999), Parliament congratulated the EIB on its contribution to achieving the objectives of the Union, notably in the fields of employment, growth and inter-regional and social cohesion. It also called on the EIB to assign higher priority to environmental requirements, trans-European networks and renewable energy.

(1) Bull. 12-2000, point 1.35.
(2) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.3.24.

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European Investment Fund (EIF)(1)

97. As a result of the reform introduced in 2000 (2), the EIF now manages all the Community's venture capital and SME guarantee instruments, whether funded from its own or EIB resources or from the Community budget. Under its new statutes, the EIF acts in support of the Community's objectives. The EIF also stepped up its investment activities in 2001: EUR 1 782 million was provided from the special facility set up by the EIB for high-technology SMEs. Regional development was made an objective of this investment policy and the first operations in the candidate countries were concluded. The EIF provided EUR 128 million as equity from its own funds. The EIF also expanded its guarantee operations considerably from EUR 1 billion in 2000 to EUR 3.334 billion in 2001, particularly in the field of structured transactions aimed at financial institutions' SME portfolios and the growth and environment programme (EUR 664 million). A further EUR 2 115 million was covered by the SME guarantee mechanism set up by Decision 98/347/EC (3).

98. As regards the Commission financial instruments which it manages, the EIF invested EUR 105 million under the European Technology Facility (ETF) start-up scheme. The multiannual programme for enterprise, covering the period 2001–05, now serves as the basis for the tasks entrusted to the EIF, replacing the growth and employment measure (1998–2000). Consequently, as far as venture capital is concerned, the ETF's focus has shifted towards seed capital funds, and the EIF will be able to promote the recruitment of young managers of this type of capital. The new programme also extends the scope of the SME guarantee facility to include microcredit, SMEs' investments in information and communication technologies (ICT), and equity holdings.

European Bank for Reconstruction and Development (EBRD)(4)

99. The 10th general meeting of the EBRD, held in London on 23 and 24 April, approved the Bank's accounts for 2000 and welcomed the record profit of EUR 153 million, which confirms the turnaround achieved by the Bank following the financial crisis in Russia. Medium-term operational priorities continue to be assistance for the candidate countries, so as to facilitate their accession to the European Union, and increased attention for Russia and the Ukraine, where the need for investment and for enterprise and management culture is keenly felt. The EBRD also continues to play a key role in the Stability

(1) Copies of the EIF's annual report can be obtained from its office (43 Avenue J. F. Kennedy, L-2968 Luxembourg) or consulted on the Internet: (http://www.eif.org/publications/index.htm).
(2) 2000 General Report, point 83.
(3) 1998 General Report, point 262.

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Pact for South-Eastern Europe, with the Federal Republic of Yugoslavia becoming its 27th country of operations.

100. According to an initial evaluation of the year's results, the EBRD committed a total of EUR 3 billion in new operations, of which 15% as equity and 85% in the form of loans.

101. The Commission disbursed EUR 7.425 million following the European Community's decision to subscribe extra shares in the capital of the EBRD (1).

(1) Decision 97/135/EC (OJ L 52, 22.2.1997; Bull. 1/2-1997, point 1.3.21).
Section 2

Statistical system (1)

Priority activities and objectives

102. The main features of the year’s activities in the field of statistics were the continued implementation of the 1998-2002 Community statistical programme (2) and the application of the action plan on the statistical requirements of economic and monetary union.

Policy aspects

103. On 28 November, the Commission proposed the adoption of its new Community statistical programme 2003-07 (3), the aim being to provide an overview of the strategies and priorities for the period concerned on the basis of a high-quality statistical information service, with a view to supporting the decision-making process. The programme will be guided by the principal policy priorities of economic and monetary union, enlargement of the European Union, competitiveness, sustainable development and the social agenda.

104. In the field of economic and financial policy, on 19 January (4) and 6 November (5) respectively, the Council adopted the third and fourth reports on the updating of statistics on economic and monetary union, which was drawn up in accordance with the action plan approved in September 2000 (6) and sets out, for each Member State and for each field of statistics, the areas in which progress is needed. On 19 January (7), the Council adopted conclusions on the Court of Auditors’ Special Report No 17/2000 on the Commission’s monitoring of the reliability and comparability of the Member States’ GNP data (8). For its part, the Commission presented a proposal on 14 February for a regulation on the establishment of a common classification of territorial units for statistics (NUTS) (Table I). This proposal was the subject of an own-initia-

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(1) Further information is available on the Europa server (http://europa.eu.int/comm/eurostat/).
(4) Bull.1/2-2001, point 1.3.27.
(5) Bull. 11-2001, point 1.3.8.
(6) 2000 General Report, point 89.
(7) Bull. 1/2-2001, point 1.3.28.
tive opinion adopted by the Economic and Social Committee on 11 July (1). On 21 February, the Commission adopted a proposal for a regulation on quarterly non-financial accounts for general government (Table I), which was welcomed by the European Central Bank (ECB) in an opinion dated 11 April (2). On 23 July, the Commission adopted a proposal for a regulation on the labour cost index (Table I), which was also welcomed by the ECB in an opinion dated 11 October (3). On 13 December, the Commission proposed drawing up a regulation on Community statistics on income and living conditions (EU-SILC) (Table I). On 3 December, the European Parliament and the Council adopted Regulation (EC) No 2558/2001 amending Regulation (EC) No 2223/96 with regard to the classification of settlements under swap arrangements and forward rate agreements (Table I).

105. On 5 January, the Commission published a report (4) on the implementation of Council Regulation (EC) No 577/98 on the organisation of a labour force survey in the Community (5). On 13 June, it proposed amending this regulation to restrict the transitional period granted to certain Member States (Table I). On 17 January, it published a report (6) on the implementation of Council Directive 95/57/EC on the collection of statistical information in the field of tourism (7).

106. On 25 January, the Commission proposed extending the scope of Regulation (EC, Euratom) No 58/97 concerning structural business statistics (Table I).

107. In the field of transport, on 12 February, the Commission proposed repealing Council Directive 80/1177/EEC on statistical returns in respect of carriage of goods by rail and replacing it with a regulation establishing new common rules (Table I). On 20 February, it presented a report (8) analysing the experience acquired in the work carried out pursuant to Council Directive 95/64/EC on statistical returns in respect of carriage of goods and passengers by sea (9).

108. On 12 March, the European Parliament and the Council adopted Decision No 507/2001/EC on the organisation of the trans-European network for the collection, production and dissemination of statistics on the trading of goods within the Community and between the Community and non-member

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(1) OJ C 260, 17.9.2001; Bull. 7/8-2001, point 1.3.5.
(2) OJ C 131, 3.5.2001; Bull. 4-2001, point 1.3.6.
(8) COM(2001) 93; Bull. 1/2-2001, point 1.3.32.
countries (Edicom), particularly with regard to the latest technological advances (Table I). On 19 December (1), the Commission amended Council Regulation (EEC) No 3037/90 on the statistical classification of economic activities in the Community in order to take account of the new statistical requirements resulting from economic or technological developments.

109. On 27 August, the Commission proposed the adoption of a decision on the production and development of Community statistics in the field of science and technology (Table I).

110. In the field of agriculture, on 19 December, the Council adopted a directive on statistical surveys to determine the production potential of certain fruit trees (Table I).

Publications

111. Eurostat published the Eurostat yearbook, Panorama of European business, Enterprises in Europe, Economic portrait of the European Union, The social situation in the European Union and a range of other documents on population, the economy, social development, agriculture, transport, education and research and development, particularly in the series Statistics in focus. In addition, efforts continued to improve the quality of the ‘euro indicators’ and to make them available more quickly, in particular through the creation of a special web site. The amount of information available free of charge on the Europa server was also extended considerably.

Section 3

Employment and social policy (1)

Priority activities and objectives

112. The social policy agenda approved by the Nice European Council in December 2000 provided a strong focal point for social and employment strategy throughout its first year of implementation. On the employment front, as in the previous year, a new package of measures comprising a joint employment report, guidelines for employment in 2002 and a recommendation for implementing the Member States' employment policies was approved. With regard to social inclusion, the open method of coordination advocated by the Lisbon European Council was used for the first time, with the resultant adoption of a joint report in conjunction with the Laeken European Council. Additionally, significant progress was made in 2001 in the areas of corporate social responsibility and employee information, consultation and participation, particularly in connection with the creation of a European company.

Social policy agenda follow-up

113. As requested by the Nice European Council, the Commission produced, on 22 February (2), its first annual scoreboard outlining the progress made in implementing the social policy agenda (3). As part of the preparation for the Stockholm European Council, it also analysed the main social trends determining people's quality of life.

114. In a communication adopted on 20 June (4), the Commission put forward a proposal for a framework designed to improve quality in employment and social policy. The Economic and Social Committee gave its opinion on this initiative on 12 September (5), as did the Committee of the Regions on

(1) Additional information is available on the Europa server (http://europa.eu.int/comm/dgs/employment_social/index_en.htm).
(2) COM(2001) 104; Bull. 1/2-2001, point 1.3.37.
(3) 2000 General Report, point 97.
(4) COM(2001) 313; Bull. 6-2001, point 1.3.15.

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14 November (1), the European Parliament on 29 November (2) and the Council on 3 December (3).

Employment

115. On 19 January, the Council adopted Decision 2001/63/EC on the employment policy guidelines for 2001 (4) (Table II), as approved by the Nice European Council (5), together with a recommendation on the implementation of employment policies in the Member States (6).

116. On 16 January, the Commission adopted a communication on European Social Fund support for the employment strategy (→ point 388). In a communication adopted on 7 February (7), the Commission called upon the European Council to provide the impetus needed over the next 12 months to consolidate and extend the strategy outlined in Lisbon in March 2000 (8). On 28 February (9), it set out a new approach for opening up pan-European markets by removing obstacles to mobility and raising skill levels among the workforce. The Economic and Social Committee expressed its views on such an approach on 12 September (10) and the European Parliament expressed its views on 13 December (11). The need to reinforce the Lisbon strategy was also underlined by the Council in conclusions adopted on 6 March (12), and further endorsed by the Stockholm European Council, which highlighted also the importance of creating more and better jobs and revamping the European social model (13). In a report submitted to the Commission, a high-level task force on skills and mobility proposed a series of recommendations to be implemented with the close involvement of EURES (→ point 134).

117. On 12 September, the Commission adopted a set of employment-related documents. Firstly, a draft joint employment report 2001 (14) evaluating the Member States' national action plans, taking stock of the progress made throughout the Union in terms of boosting labour productivity, creating jobs and reducing unemployment, and highlighting persistent weaknesses which
demonstrated the need to pursue structural reforms, particularly in the light of a less favourable economic outlook. In the longer term, the main emphasis will be on promoting equal opportunities and active ageing, investing in human resources, boosting social inclusion, involving the social partners more and paying greater heed to regional disparities. Secondly, a proposal for a decision establishing the employment guidelines for 2002 (Table II) advocating minor revision of the guidelines laid down for 2001 (→ point 115). The proposed changes have to do mainly with the setting of employment-related objectives, the quality of employment and equal pay for men and women. Lastly, calling upon the Council to adopt recommendations on the implementation of Member States’ employment policies (1), basically updating earlier recommendations (→ point 115), the Commission was largely in favour of active and preventive policies to combat youth and long-term unemployment, bring more people into the labour market, devise a comprehensive lifelong learning strategy, ease the tax burden on labour and achieve the right mix of policies generally. On 3 December (2), the Council adopted the joint report on employment in 2001, which Parliament had endorsed on 24 October (3), and agreement was reached on the other two texts. In December, the Laeken European Council took note of the joint report and approved the proposed employment policy guidelines together with the relevant recommendations (4).

118. In an opinion delivered on 1 March (5), the Economic and Social Committee reviewed the Luxembourg (6), Cardiff (7) and Cologne (8) employment-oriented processes.

119. In accordance with Decision 98/171/EC (9), the Commission presented, on 26 April, an interim report on Community activities concerning analysis, research and cooperation in the field of employment (10), seen as essential tools in support of the European employment strategy.

120. The Council adopted resolutions on the role of education and training in employment policies (→ points 565 and 567), while the Committee of the Regions, in an opinion delivered on 13 June (11), welcomed the Commission’s February 2000 communication on strategies for jobs in the information society (12).

(1) COM(2001) 512; Bull. 9-2001, point 1.3.11.
(2) Bull. 12-2001, point 1.3.25.
(3) Bull. 10-2001, point 1.3.18.
(4) Bull. 12-2001, point 1.11.
(5) OJ C 139, 11.5.2001; Bull. 3-2001, point 1.3.20.
(8) 1999 General Report, point 93.
(10) COM(2001) 208; Bull. 4-2001, point 1.3.9.
Local action for employment

121. On 6 November (1), the Commission presented a communication on strengthening the local dimension of the European employment strategy. Drawing on past experience and bearing in mind recent policies and initiatives, including the White Paper on governance (→ point 24), with reference also to the results of the ‘Acting locally for employment’ campaign launched in 2000 (2), the Commission looked at ways of enabling local entities to play a full part in the employment strategy, in close cooperation with national authorities and the Community institutions. It thus recommended pooling of resources and, whenever possible, devising local strategies for employment. The applicant countries are expected to be very much involved in this process, in readiness for the forthcoming enlargement.

Employment services

122. Under the employment guidelines for 2001 (→ point 115), the Member States were advised to continue modernising their public employment services, particularly from the point of view of reintegrating the unemployed, preventing long-term unemployment and identifying major recruitment bottlenecks. The Commission continued to give support to these services, including the European employment services network (EURES) (3) (→ point 134), with emphasis on facilitating exchanges of good practice and cooperating on operational projects.

Social protection and social security

123. The Gothenburg European Council of 15 and 16 June (4) called for a comprehensive approach towards the problems associated with the ageing of the population, and endorsed three broad principles for securing the long-term sustainability of pension systems: safeguarding the capacity of such systems to meet their social objectives; maintaining their financial viability; and responding to changing societal needs. These three aspects were re-emphasised by the Commission in a communication adopted on 3 July concerning an integrated approach to support national strategies for safe and sustainable pensions (5), through common objectives and an open method of coordination in line with the European Council’s demands. Responding to another concern of the European Council, the Commission adopted, on 5 December (6), a communication

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(1) COM(2001) 629; Bull. 11-2001, point 1.3.16.
(2) 2000 General Report, point 103.
(4) Bull. 6-2001, point 1.25.
outlining the main challenges from the point of view of healthcare and care of the elderly. On 6 November, the Council looked at the implications for public finances of an ageing population (→ point 61).

124. In a resolution adopted on 13 February (1), the European Parliament, echoing the view of the Commission, called on the United Kingdom to ensure the full implementation of Directive 94/33/EC on the protection of young people at work (2), following the expiry of the relevant transition period. In a resolution adopted on 17 May (3) focusing on the Commission communication of October 2000 on the future evolution of social protection from a long-term point of view (4), Parliament argued that pension systems should not just meet demographic demands but should be shaped primarily by social justice and the fight against poverty and insecurity. It also highlighted the need to devise a comprehensive reform strategy before acute financial problems arose.

125. In a resolution adopted on 15 February (5), Parliament recommended that Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community be simplified. With Regulation (EC) No 1386/2001 of 5 June (Table I), Parliament and the Council amended both that regulation and Regulation (EEC) No 574/72, which lays down the procedure for implementing Regulation No 1408/71. On 25 June, the Commission proposed a further amendment of Regulation No 1408/71 for the benefit of parliamentary assistants (Table I). Moreover, as requested by the Stockholm European Council (6), the Council established, on 3 December, parameters for the modernisation of this regulation (7).

Measures to promote social integration

126. In a resolution adopted on 4 April (8), Parliament welcomed the Commission communication of May 2000 entitled ‘Towards a barrier-free Europe for people with disabilities’ (9), and called on both the Commission and the Member States to take concrete action in this field.

127. On 3 December, the Council decided on various measures in connection with the European Year of People with Disabilities 2003 (Table II).

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(1) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.3.42.
(3) Bull. 5-2001, point 1.3.11.
(5) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.3.45.
(6) Bull. 3-2001, point 1.20.
(7) Bull. 12-2001, point 1.3.30.
(8) Bull. 4-2001, point 1.3.11.
128. On 10 October (1), the Commission approved an initial draft joint report on social inclusion, based on the open method of coordination advocated by the Lisbon European Council (2). Drawing upon the national plans submitted by the Member States, it identifies good practice and innovative approaches of general interest in line with the common objectives for combating poverty and social exclusion laid down by the Nice European Council (3). The joint report was approved by the Commission and the Council on 3 December (4), and subsequently endorsed by the Laeken European Council (5).

129. On 8 October (6), in a resolution looking at the opportunities for social inclusion within the information society, the Council called for more effective harnessing of the potential for helping disadvantaged people, removal of barriers in this area and development of partnerships involving all the interested parties, with particular emphasis on the local and regional dimensions.

130. In November, the European Parliament and the Council approved the proposal for a decision on a Community action programme to encourage cooperation between the Member States for combating social exclusion (Table I). With a budget of EUR 75 million for the period 2002-06, the programme aims to enhance the effectiveness and efficiency of Community and Member State policies and actions by improving understanding of social exclusion, organising exchanges of good practice, promoting mutual learning in the context of the national action plans and developing the capacity to tackle social exclusion effectively, in particular through networking at European level.


**Combating discrimination (8)**

132. On 1 June, the Commission presented a communication as a contribution to the United Nations Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance (point 48).

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(1) COM(2001) 565; Bull. 10-2001, point 1.3.22.
(2) Bull. 3-2000, point I.16.
(4) Bull. 12-2001, point 1.3.33.
(6) Bull. 10-2001, point 1.3.99.
(7) Bull. 10-2001, point 1.3.21.
Freedom of movement for workers

133. In a resolution adopted on 17 January (1), Parliament looked at the situation of frontier workers and called on the Commission and the Council to take various initiatives for their benefit.

134. The report presented by the Commission in October 2000, on the activities of the EURES European employment services network in 1998 and 1999 (2), was the subject of an opinion delivered by the Economic and Social Committee on 28 March (3) and of a Parliament resolution adopted on 31 May (4).

Labour law and industrial relations

135. On 15 January, the Commission proposed that Directive 80/987/EEC on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer be adapted in line with changes in the world of work (Table I). On 3 December, the Council reached political agreement on a common position on this proposal.

136. In a resolution adopted on 15 February (5), Parliament called on the Commission and the Member States to adopt a more proactive approach towards worker protection in connection with industrial restructuring and mergers. On 12 March, the Council adopted Directive 2001/23/EC consolidating texts relating to the safeguarding of employee rights in the event of transfers of undertakings and businesses or parts thereof (Table II).

137. On 18 July, the Commission adopted a Green Paper on promoting a European framework for corporate social responsibility (6), with the aim of launching a debate on how to make the most of existing experience and encourage the development of innovative practice in this field. On 31 July, the Commission decided, in accordance with Article 138 of the EC Treaty, to consult the social partners on the possible direction of Community action for the protection of workers' personal data. On 3 December (7), these initiatives were favourably received by the Council. On the same day (8), the Council adopted conclusions on a mechanism aiming, at EU level, to settle disputes between employers and employees which go beyond the national context.

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(1) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.3.44.
(3) OJ C 155, 29.5.2001; Bull. 3-2001, point 1.3.22.
(4) Bull. 5-2001, point 1.3.9.
(5) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.3.47.
(7) Bull. 12-2001, point 1.3.35.

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138. On 23 July, the Council adopted a common position on a proposal for a directive aimed at establishing a general framework for informing and consulting employees in the European Community (Table I). An agreement was reached with the European Parliament in December on this proposal, during a conciliation committee.


140. On 8 October, in connection with the creation of a legislative framework for a European company (→ point 219), the Council adopted a directive on worker involvement (Table II), entailing the setting-up of a single body representing all employees of the companies involved in such a venture. If it proved impossible for the social partners to negotiate a satisfactory arrangement, then a set of standard principles laid down in an annex to the directive would apply.

Health and safety at work (³)

141. At the end of the first stage of social partner consultation which had begun in 2000, in accordance with Article 138 of the EC Treaty, on the subject of protection of workers from the risks related to exposure to asbestos (⁴), the Commission decided, on 31 January (⁵), to proceed to the second stage during which thought would be given to the possible direction of Community action. On 20 July, it adopted a proposal for amending the relevant Directive 83/477/EEC (Table I). Under the same procedure, the Commission decided, on 7 June, to move to the second stage of consultation on the subject of the health and safety of self-employed workers.


143. Parliament adopted a resolution on fisheries-related accidents (→ point 476), whilst other initiatives taken at Community level had to do with the organisation of working time in road transport (→ point 701).

(¹) Bull. 9-2001, point 1.3.14.
(⁴) 2000 General Report, point 118.
(⁵) Bull. 1/2-2001, point 1.3.48.
144. In an opinion delivered on 11 July (1), the Economic and Social Committee gave some thought to a Community strategy for health and safety at work.

145. On 20 September (2), in a resolution on harassment at the workplace, Parliament called on the Member States to review and supplement their legislation in this area, and urged the Commission to consider a legal instrument to combat harassment, either clarifying and extending Directive 89/391/EEC on health and safety at work (3) or drafting a new framework directive. It also suggested other initiatives in this connection, such as the presentation of a Green Paper.

Social dialogue

146. Since the social partners had shown keen interest in teleworking during the first stage of consultation, the Commission decided, on 16 March (4), in accordance with Article 138 of the EC Treaty, to continue with this process, which had started in 2000, on the general topic of modernising and improving employment relations (5). At sectoral level, agreements in the telecommunications and commerce fields were signed by the social partners on 7 February and 26 April respectively. They also decided to negotiate an agreement on teleworking at cross-industry level.

147. On the eve of the Stockholm European Council, an informal meeting of the social partners and the Presidency (Mr Persson and Mrs Lindh) took place on 22 March, thus enabling the social partners, as requested by the Nice European Council (6), to submit their contribution to the implementation and follow-up of the social policy agenda (→ point 113). A similar initiative was taken in conjunction with the Laeken European Council, on 13 December, allowing the social partners to assess the operation of their dialogue and suggest ways of improving it.

Structural operations

148. The distribution of readaptation aid for workers in the coal and steel industries (Article 56 of the ECSC Treaty) is set out in Table 2.

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(2) Bull. 9-2001, point 1.3.15.
(4) Bull. 3-2001, point 1.3.24.
### TABLE 2

**Readaptation aid — Appropriations committed (2001 programme)**

<table>
<thead>
<tr>
<th>Member States</th>
<th>Steelmaking and iron-ore mining</th>
<th>Coal mining</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Traditional aid</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of workers</td>
<td>Financial assistance (EUR)</td>
</tr>
<tr>
<td>Belgium</td>
<td>168</td>
<td>504 000</td>
</tr>
<tr>
<td>Denmark</td>
<td>487</td>
<td>4 059 000</td>
</tr>
<tr>
<td>Germany</td>
<td>1 353</td>
<td>1 461 000</td>
</tr>
<tr>
<td>Greece</td>
<td>10 426</td>
<td>31 260 990.55</td>
</tr>
<tr>
<td>Spain</td>
<td>8 284 811.13</td>
<td>4 638 000</td>
</tr>
<tr>
<td>France</td>
<td>4 059 000</td>
<td>1 461 000</td>
</tr>
<tr>
<td>Ireland</td>
<td>1 546</td>
<td>4 638 000</td>
</tr>
<tr>
<td>Italy</td>
<td>1 546</td>
<td>4 638 000</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>520</td>
<td>1 560 000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>829</td>
<td>2 477 900.80</td>
</tr>
<tr>
<td>Austria</td>
<td>433</td>
<td>1 288 822.24</td>
</tr>
<tr>
<td>Portugal</td>
<td>8 385</td>
<td>16 372 827.22</td>
</tr>
<tr>
<td>Finland</td>
<td>1 288 822.24</td>
<td>400 000</td>
</tr>
<tr>
<td>Sweden</td>
<td>16 372 827.22</td>
<td>400 000</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8 385</td>
<td>16 372 827.22</td>
</tr>
<tr>
<td>Total</td>
<td>13 721</td>
<td>32 361 550.26</td>
</tr>
</tbody>
</table>

149. Information on the European Social Fund is given in Section 10 (‘Economic and social cohesion’) of this chapter (→ points 382 et seq.).

**European Foundation for the Improvement of Living and Working Conditions (1)**

150. With a new director, Mr Bodin, the Foundation continued to provide results, advice and analysis based on comparative research conducted from a European point of view, with particular emphasis on the priority areas identified in the four-year programme ‘analysing and anticipating change to support socioeconomic progress (2001–04)’. Across three major fields of activity (industrial relations, working conditions and living conditions), the five central topics are concerned with promoting better employment, extending equal opportunities for men and women, managing diversity, supporting social inclusion and examining the use of time.

(1) Internet website: http://www.eurofound.ie/.
European Agency for Safety and Health at Work(1)

151. In a report adopted on 23 March (2), the Commission provided a general overview of the progress made in establishing the European Agency for Safety and Health at Work during the period 1996–2000.

152. In 2001, its fifth year of activity, the Agency made great strides in reinforcing its information network and producing data for key user groups. A widespread information campaign geared to the prevention of work-related accidents, a central feature of the Agency’s work, was organised, with two of the highlights being a dedicated European week and a new funding scheme for small and medium-sized businesses. The Agency also lent support to the Commission for the preparation of a new European strategy targeting safety and health at work.

International cooperation (3)

153. On 18 July, the Commission published a communication aimed at promoting core labour standards and improving social governance in the context of globalisation (4). Internationally, the Commission hopes to promote discussions within the International Labour Organisation (ILO), aimed specifically at strengthening the effectiveness of the ILO’s control. At European level, it advocates more effective and coherent use of instruments such as the generalised system of preferences, bilateral and multilateral cooperation agreements, development aid and sustainability impact assessments.

154. On 14 May (5), Mrs Diamantopoulou, Member of the Commission, and Mr Somovia, Director-General of the ILO, exchanged letters with a view to enhancing cooperation between the two institutions.

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(1) Internet web site: http://europe.osha.eu.int/.
(2) COM(2001) 163; Bull. 3-2001, point 1.3.25.
Section 4

Equal opportunities

155. As part of the framework strategy on gender equality approved in June 2000 (1), the Commission adopted, on 2 March (2), its work programme for 2001 giving priority to: assessment of the gender impact of selected policy areas; collection of gender-desegregated data and statistics; encouragement for women to participate in Community-funded programmes; and improvement of the gender balance in committees and expert groups of the Commission. In a resolution adopted on 3 July (3), the European Parliament underlined the priority element of implementing this framework strategy and called for the introduction of various proposals stemming from the social policy agenda approved at the Nice European Council (4). On 17 December (5), the Commission adopted its work programme for 2002, concentrating its efforts mainly on conducting a gender impact assessment of selected policy areas, collecting the data generated and statistics broken down by gender, and improving training and the mainstreaming of the gender dimension.

156. On 18 January (6), Parliament gave its opinion on the Commission report (7) on the implementation of Recommendation 96/694/EC concerning balanced participation of women and men in the decision-making process (8).

157. The Stockholm European Council (9) requested that the Council, together with the Commission, should develop indicators to ensure that there are no discriminatory pay differentials between men and women. In response to this request, work was started under the Belgian Presidency. In an opinion adopted on 28 March (10) on this issue, the Economic and Social Committee called for new initiatives to be taken at EU and Member State level. In a resolution adopted on 20 September (11), Parliament stressed the need for steps to be taken by the existing Member States and the applicant countries, the Commission and the social partners, to make good the persistent wage gap between men

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(3) Bull. 7/8-2001, point 1.3.19.
(9) Bull. 3-2001, point 1.16.
(10) OJ C 155, 29.5.2001; Bull. 3-2001, point 1.3.27.
(11) Bull. 9-2001, point 1.3.16.
and women in the European Union. On 3 December (1), the Council adopted conclusions on the review by the Member States of the Beijing Platform for Action (2) in this area.

158. On 2 April, the Commission adopted its fifth annual report (2000) on equal opportunities for women and men in the European Union (3). The Committee of the Regions gave its opinion on this report on 15 November (4).

159. On 21 June, the Commission published a programme of action for the mainstreaming of gender equality in development cooperation (point 926).
Section 5

Internal market (1)

Priority activities and objectives

160. With a view to concentrating political efforts on improving the operation of the internal market, the Commission carried out a second annual review of the internal market strategy, which identified various priorities for future developments. Major progress was made in 2001 in the field of financial services, with the adoption in particular of directives on money laundering and the reorganisation of insurance undertakings and credit institutions and of a regulation on trans-border payments in euro. There was also progress with regard to exports of cultural goods, copyright protection, the 'tax package', and the tax treatment of pension schemes and institutions. Lastly, the Council adopted an important regulation on the statute for a European company, more than 31 years after discussions started.

General strategy (2)

161. On 11 April (3), the Commission published a communication in which it updated for the second time (4) the target actions provided for under the internal market strategy it defined in 1999 (5). It advocated in particular the liberalisation of postal, energy and transport services, the need to create an integrated market for financial services and capital, improved public procurement procedures, the promotion of frontier technologies and the early implementation of the European patent. In undertaking to simplify regulations, the Commission wished to work towards improving the quality of life and included in the updated strategy a section concerning sustainable and balanced development. This communication, which had been preceded by an opinion of the Committee of the Regions (6) on the previous updating, was favourably received by the Council on 31 May and by the Economic and Social Committee on 30 May (7).

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(1) Further information is available on the Europa server (http://europa.eu.int/comm/internal_market/en/index.htm).
(3) COM(2001) 198; Bull. 4-2001, point 1.3.14.
(6) OJ C 148, 18.5.2001; Bull. 1/2-2001, point 1.3.52.
(7) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.18.
On 14 November, the Committee of the Regions issued a further positive reaction to the new communication (1). The Council had also set out on 12 March (2) various internal market priorities for the Stockholm European Council, which then urged Member States to accord high priority to transposing internal market directives into national law (3). For its part, the Commission is closely following the efforts to reduce the transposition deficits to 1.5%. The Laeken European Council in December (4) highlighted in particular the advantages of the euro for strengthening the internal market.

162. In a resolution of 16 January (5), the European Parliament called on the Commission and the Council to translate the third and fourth-phase SLIM (simplified legislation for the internal market) proposals into specific legislative proposals as rapidly as possible, in connection with the Commission communication of February 2000 on the review of SLIM (6). Further to its opinion of October 2000 (7), in an additional opinion of 29 November (8), the Economic and Social Committee put forward recommendations for improving the regulatory framework at European level.


164. In response to specific requests made at the Nice European Council (12), on 17 October (13), the Commission adopted a communication on services of general interest. This means market service activities that fulfil tasks of general interest and which the Member States therefore make subject to public-service obligations, particularly with regard to transport, energy and telecommunications networks. The Commission stressed the dual need to clarify the relationship between the means of financing such services and the application of rules on State aid and to make a regular assessment of how service tasks of general interest are performed across Europe. On 26 November (14), the Council

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(1) Bull. 11-2001, point 1.3.30.
(2) Bull. 3-2001, point 1.3.29.
(3) Bull. 3-2001, point 1.10.
(8) Bull. 11-2001, point 1.3.33.
(13) COM(2001) 598; Bull. 10-2001, point 1.3.29.
(14) Bull. 11-2001, point 1.3.31.
welcomed these guidelines. The Economic and Social Committee adopted an own-initiative opinion on 12 September (¹) on private not-for-profit social services in the context of services of general interest. The Committee of the Regions on 20 September (²) and then the European Parliament on 13 November (³) stated their positions on the Commission’s communication of September 2000 on services of general interest in Europe (⁴).

165. On 27 November (⁵), the Commission presented a communication on the ‘Solvit’ network, which is intended to help citizens and businesses when they run into problems resulting from the misapplication of internal market rules by public administrations in a Member State other than their own. To this end, the Commission proposes various measures that could make up for the shortcomings of the existing network of coordination centres set up in 1997 to deal with such problems under the action plan for the single market (⁶).

Free movement of goods (⁷)

166. In a report dated 22 March (⁸), the Commission assessed progress in the application of Regulation (EC) No 2679/98 on the functioning of the internal market with regard to the free movement of goods (⁹). In the light of the 22 cases in which the regulation had been applied, it proposed improving the operation of the early-warning and intervention mechanisms among the Member States. In its conclusions of 27 September (¹⁰), the Council approved this approach, while expressing the desire to see the framework laid down by the existing regulation maintained.

Implementation of Articles 28 to 30 of the EC Treaty

167. The Commission continued monitoring compliance with Articles 28, 29 and 30 of the EC Treaty concerning the elimination of quantitative import and export restrictions between Member States and measures with equivalent effect. The number of cases still under examination as of 31 December was 331 and the number of new complaints received in 2001 was 192.

¹) OJ C 311, 7.11.2001; Bull. 9-2001, point 1.3.17.
²) Bull. 9-2001, point 1.3.18.
³) Bull. 11-2001, point 1.3.29.
⁵) COM(2001) 702; Bull. 11-2001, point 1.3.32.
⁶) 1997 General Report, points 180 and 181.
¹⁰) Bull. 9-2001, point 1.3.19.
Technical aspects

168. In application of Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations and rules on information society services (1), in 2001 the Commission received 530 notifications of draft technical regulations (of which 25 concerned rules on information society services). The number of notifications thus dropped from 751 in 2000 to 530 in 2001, primarily as a result of a reduction in the number of notifications in the telecommunications sector. The Commission issued detailed opinions in 45 cases (2) regarding the infringements of Community law to which the draft regulations might give rise. The Member States did likewise in 74 cases (3). These detailed opinions show that the sector causing most problems is the construction sector.

169. The number of notifications under the procedure for the exchange of information in the field of technical regulations provided for in the Agreement on the European Economic Area (EEA) went from 18 in 2000 to 22 in 2001. For its part, the Commission, on behalf of the Community, sent a total of 17 observations to the EFTA countries that are signatories to the EEA Agreement. In view of the increasing importance of information society services, the EEA Agreement was amended on 28 February (4) to include such services in the information procedure with these countries.

170. In the foodstuffs sector, on 12 February the European Parliament and the Council amended Directive 95/2/EC on food additives other than colours and sweeteners, in order to adapt to technological changes the list of ingredients that can be used in the Community (Table I).

171. In the engineering, electrical engineering and telecommunications equipment sector, on 26 January, the Commission proposed recasting Directive 98/37/EC on machinery and including portable cartridge-operated devices and construction-site hoists within its scope (Table I).

172. In the pharmaceutical products sector, on 4 April, the European Parliament and the Council adopted Directive 2001/20/EC on the approximation of the laws, regulations and administrative provisions of the Member States relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use (Table I). After approving in July the content of a revision of Community legislation on pharmaceutical products, the Commission adopted on 26 November three proposals to implement the

(2) Figure as at 1 January 2002. The deadline for issuing detailed opinions on drafts notified in 2001 is 31 March 2002.

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revision: on the one hand a proposal amending Council Regulation (EEC) No 2309/93 of 22 July 1993 laying down Community procedures for the authorisation and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products (Table I), and on the other two proposals amending the directives establishing Community codes relating, respectively, to veterinary medicinal products (Table I) and to medicinal products for human use (Table I). These proposals stem from the adoption by the Council and the European Parliament on 6 November of two directives codifying all Community legislation since 1965 applying to pharmaceutical products (Table I). On 23 October (1), the Commission presented a report on the experience acquired as a result of the operation of the procedures for granting marketing authorisations for medicinal products.

173. On 26 November, the Council reached agreement in principle on a proposal for a directive aimed at introducing a permanent ban on animal testing for cosmetic products (Table I).

174. In the field of medical devices, on 22 August, the Commission proposed amending Directive 93/42/EEC, as amended by Directive 2000/70/EC, as regards medical devices incorporating stable dérivâtes of human blood or human plasma, with a view to clarifying the text of the amendment (Table I). The Council and the European Parliament gave this proposal their approval in September and in December respectively. In connection with this same directive, on 15 November, the Commission presented a communication (2) on Community and national measures in relation to breast implants which stresses in particular the importance of suitable information for women considering an operation and recommends a number of measures to be taken at national level.

175. In the chemicals sector, the Commission published a White Paper on future strategy (→ points 309 and 627). On 19 June, the European Parliament and the Council amended Directive 76/769/EEC on restrictions on the marketing and use of certain dangerous substances and preparations with regard to the movement of substances classified as carcinogenic, mutagenic or toxic to reproduction (c/m/r) (Table I). On 15 January and 14 May, the Commission proposed further amendments to this directive with regard, respectively, to the use of pentabromodiphenyl ether and to the movement of c/m/r substances (Table I).


(1) COM(2001) 606; Bull. 10-2001, point 1.3.31.
(2) COM(2001) 666; Bull. 11-2001, point 1.3.34.
trailers and to their fitting, with the aim of curtailing certain noise emissions (Table I). On 20 November, they adopted a directive on buses and coaches, in order to extend the internal market to vehicles in these categories and make them more accessible for persons of reduced mobility (Table I). On 27 October, they furthermore amended Directive 78/548/EEC on heating systems for the passenger compartment of motor vehicles (Table I). For its part, on 14 May and 26 June the Council adopted six decisions on the Community's accession to the international regulations on the approval of various parts of such vehicles (Table III). As for the Commission, on 11 July, it presented a communication in which it reported on the commitments entered into by the European Automobile Manufacturers Association (EAMA) with regard to measures and equipment to improve the protection of pedestrians (1). The Council took note of these undertakings in its conclusions of 26 November (2).

Veterinary and plant health legislation

177. Information on veterinary and plant health legislation can be found in Section 7 ('Consumer health and protection') of Chapter IV (→ points 736 et seq.).

Other special schemes

178. By Regulation (EC) No 974/2001 of 14 May the Council amended Regulation (EEC) No 3911/92 on the export of cultural goods to take account of the effects of introducing the euro (Table II). The same consideration led the European Parliament and the Council to amend, by Directive 2001/38/EC of 5 June, Directive 93/7/EEC on the return of cultural objects unlawfully removed from the territory of a Member State (Table I). The Commission report of May 2000 (3) on the application of Regulation (EEC) No 3911/92 and Directive 93/7/EEC was the subject on 12 June (4) of a European Parliament resolution calling on the institutions and the Member States to step up the fight against the illegal trade in cultural goods. With regard to this same report, a resolution stressing the importance of strengthening administrative cooperation was adopted by the Council on 5 November (5).

(1) COM(2001) 389; Bull. 78-2001, point 1.3.96.
(2) Bull. 11-201, point 1.3.91.
(4) Bull. 6-2001, point 1.3.35.
(5) Bull. 11-2001, point 1.3.40.
Customs

179. Information about customs can be found in Section 3 (‘Common commercial policy’) of Chapter VI (→ points 884 et seq.).

Free movement of persons (1)

Freedom of movement and right of residence

180. Information on freedom of movement and right of residence can be found in Sections 1 (‘Area of freedom, security and justice’) and 2 (‘Citizens’ rights’) of Chapter IV (→ points 509 et seq., 514 and 557).

Freedom of establishment

181. The Commission continued monitoring compliance with Articles 43 et seq. of the EC Treaty concerning the elimination of restrictions on the freedom of establishment within the internal market. Leaving aside the areas, such as financial services, that are the subject of harmonisation at Community level, the number of cases still under examination as of 31 December was 19 and the number of new complaints received in 2001 was six.

Free movement of workers

182. Information on the free movement of workers can be found in Section 3 (‘Employment and social policy’) of this chapter (→ points 133 and 134).

Mutual recognition of qualifications

183. On 14 May, the European Parliament and the Council amended a set of 14 general and sectoral directives on the mutual recognition of qualifications in certain professions (doctors, pharmacists, various paramedical professions, architects), with the particular aim of simplifying the updating of lists of diplomas (Table 1).

Freedom to provide services (1)

184. The Commission continued monitoring compliance with Articles 49 et seq. of the EC Treaty concerning the elimination of restrictions on the freedom to provide services within the internal market. Leaving aside the areas, such as financial services, that are the subject of harmonisation at Community level, the number of cases still under examination as of 31 December was 46 and the number of new complaints received in 2001 was 17.

185. In an opinion dated 13 June (2), the Committee of the Regions welcomed the Commission’s communication of December 2000 concerning an internal market strategy for services (3). On 4 October (4), the European Parliament also expressed its support for the objectives and the method advocated by the Commission. On 28 November (5), the Economic and Social Committee, while welcoming the stimulus this communication provided, expressed its concern at the persistent delays in completing this part of the internal market.

186. At its meeting of 6 and 7 November, the Council adopted a common position on the proposal to amend Directive 97/67/EC in order to continue the process of opening up postal services in the Community to competition (Table I).

Financial services (6)

187. In a communication dated 7 February (7), the Commission presented a strategy designed to create an environment conducive to the development of e-commerce for the financial services sector, which received initial favourable reactions from the Council on 7 May (8) and from the European Parliament on 4 October (9).

188. On 9 February, the Commission adopted a communication on combating fraud and the counterfeiting of non-cash means of payment (→ point 548).

189. In a resolution of 15 March (10), the European Parliament welcomed the final report of the Committee of Wise Men on the regulation of European secu-

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(2) OJ C 357, 14.12.2001; Bull. 6-2001, point 1.3.27.
(4) Bull. 10-2001, point 1.3.41.
(5) Bull. 11-2001, point 1.3.47.
(7) COM(2001) 66; Bull. 1/2-2001, point 1.3.69.
(8) Bull. 5-2001, point 1.3.28.
(9) Bull. 10-2001, point 1.3.35.
rories markets, which had been published on 15 February, and called for legis-
lation in this field to be updated in order to encourage innovation and protect
consumers. On 23 March (1), the Stockholm European Council adopted a reso-

190. The European Parliament and the Council adopted on 19 March Direc-
tive 2001/17/EC and on 4 April Directive 2001/24/EC, which provide for the
mutual recognition within the European Union of measures for the reorganisa-
tion and winding-up of insurance undertakings (Table I) and credit institutions
(Table I) respectively.

191. On 27 March, the Commission presented a proposal for a directive on
financial collateral arrangements (Table I).

192. In a resolution of 3 April (4), the European Parliament broadly wel-
comed the Commission’s communications of November 2000 on investment
services (5). On 5 April (6), it adopted a resolution on the updating of certain
legal aspects concerning intra-EU investment.

193. In a communication of 19 April, the Commission advocated a global
strategy to combat tax obstacles to pension provision (→ point 208). On
7 May (7), the Council drew attention to a number of matters which needed to
be addressed by the proposed directive on the prudential regulation of institu-
tions operating occupational pension schemes (8). In December (9), the Council,
in conjunction with the Economic Policy Committee and the Social Protection
Committee, presented an interim report on the quality and viability of pensions.

(1) Bull. 3-2001, point I.2; Annex I to the Presidency conclusions.
(2) Bull. 4-2001, point 1.3.25.
(4) Bull. 4-2001, points 1.3.22 and 1.3.23.
(6) Bull. 4-2001, point 1.3.24.
(7) Bull. 5-2001, point 1.3.33.
(9) Bull.12-2001, point 1.3.32.
194. On 24 April, in the context of the Lisbon European Council's commitment to completing the integration of European financial markets by 2005 (1), the Commission proposed the adoption of a directive that would introduce group-wide supervision of financial conglomerates (Table I).

195. On 1 June, the Commission published its fourth progress report (2) on the implementation of the action plan for financial services (3). The Council, which took note of this report on 5 June (4), welcomed a number of advances and pressed for further progress, especially with regard to the securities market (→ point 189). On 4 December, it agreed to adopt two proposals for directives to modernise Directive 85/611/EEC harmonising certain undertakings for collective investment in transferable securities (UCITS) (Table I): the first, which concerns UCITS management companies, contains harmonised rules on market access and the conditions for engaging in the activity, together with prudential standards to be met by these companies; the second extends the range of financial assets in which collective-investment undertakings benefiting from the single licence may invest. In a communication dated 25 October (5), the Commission reviewed the progress made in implementing the risk-capital action plan (6) in 2000 and the first part of 2001. On 30 November (7), it published its fifth progress report on the above-mentioned financial-services action plan.

196. In a resolution of 3 July (8), the European Parliament asked the Commission to present a proposal for a fifth directive on motor insurance in order to improve the legal protection of accident victims.

197. On 19 December, the European Parliament and the Council adopted Regulation (EC) No 2560/2001 on reducing, in conjunction with the introduction of the euro on 1 January 2002, the bank charges for cross-border payments in euro, bringing them into line with the charges applied at national level (Table I). The regulation also takes account of Community currencies other than the euro.

198. On 18 October (9), the Commission presented a report on the application of the provisions on supplementary cover (topping up) laid down in Directive 94/19/EC on deposit-guarantee schemes (10).

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(1) 2000 General Report, point 159.
(4) Bull. 6-2001, point 1.3.38.
(7) COM(2001) 712; Bull. 11-2001, point 1.3.44.
(9) COM(2001) 595; Bull. 10-2001, point 1.3.38.
Other services

199. In a resolution of 5 April on scale fees and compulsory tariffs for certain liberal professions, in particular lawyers (1), the European Parliament, while recognising the importance attached to the practice in some Member States, considered that it must be reconciled with the general good and with moral and ethical rules.

200. By means of a communication of 27 June on the application of the general principles of the free movement of goods and services concerning the use of satellite dishes (2), the Commission set out to provide a reference instrument for users, economic operators and national administrations, with a view to preventing and eliminating various barriers to the use of this tool for receiving satellite services.

Media and commercial communications (3)

201. On 2 October, the Commission adopted a proposal for a regulation of the Council and of the European Parliament on sales promotions within the internal market (Table I), considering them to be fundamental tools for marketing goods and services. This initiative, which followed the 1996 Green Paper on commercial communications (4) and the Commission communication of 1998 on the follow-up to the Green Paper (5), seeks to eliminate barriers to cross-border sales promotions resulting from national provisions on discounts, premiums, free gifts and promotional contests and games and to replace them with transparency and information requirements.

Free movement of capital (6)

202. The Commission received few complaints in 2001 about the application of Community arrangements for the free movement of capital and payments. During the year, however, it detected several potential infringements relating mainly to the imposition of special supervisory powers over private companies and the introduction of restrictions on direct investment in specific economic sectors. The question of special supervisory powers had already been dealt with by the Commission in its communication on the legal aspects of intra-Community investment (7), which resulted in the opening of a substantial number of infringement proceedings of this type (8). Some of these were referred to the

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(1) Bull. 4-2001, point 1.3.30.
(2) COM(2001) 351; Bull. 6-2001, point 1.3.28.
(4) COM(96) 192; 1996 General Report, point 133.
Court of Justice of the European Communities, and an initial judgment (1) in fact upheld the principles set out in the communication. In addition, some Member States have recently adopted restrictive measures on direct cross-border investment in privatised companies in the energy sector.

203. On 4 December, the European Parliament and the Council adopted Directive 2001/97/EC extending the scope of Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering (Table I). The new directive obliges the Member States to combat all the serious crimes behind this phenomenon, whereas the previous text was aimed only at drug-related offences. It also extends the scope to various non-financial activities and professions.

204. In March, the Commission adopted a proposal for a regulation establishing a facility providing medium-term financial assistance for Member States' balances of payments (→ point 84). On 7 December, it presented its fourth report on the functioning of Community product and capital markets (2).

205. The progress achieved by the candidate countries in adopting existing EU legislation on the free movement of capital made it possible provisionally to close this particular chapter in the accession negotiations with a large number of them (→ point 771).

Taxation (3)

206. In a communication of 23 May (4) on tax policy in the European Union and the priorities for the years ahead, the Commission outlined a set of general objectives and identified specific priorities in the areas of both direct and indirect taxation. The approach thus set out aims to use tax policy to strengthen policies for the economy, employment, health and consumer protection, the environment and energy. This communication was the subject of an opinion from the Economic and Social Committee on 28 November (5).

Direct taxation

207. On 5 June (6), the Council set out a number of guidelines relating to the continuation of work on the 'tax package' (7).

(2) COM(2001) 736; Bull. 12-2001, point 1.3.54.
(4) COM(2001) 260; Bull. 5-2001, point 1.3.34.
(5) Bull. 11-2001, point 1.3.49.
(6) Bull. 6-2001, point 1.3.42.
208. In a communication of 19 April (1), the Commission proposed a comprehensive strategy to tackle the tax obstacles to the cross-border provision of occupational pensions that are liable to be a disincentive to individuals wishing to contribute to pension schemes outside their home Member State and to pension institutions wishing to provide pensions across borders. In this context, it intends to monitor the national rules laid down by the Member States and to take the measures required to ensure compliance with the Treaty, especially with regard to non-discrimination. The Commission also advocated provisions designed to preserve the tax revenue of the Member States in this area and called for a coordinated approach to eliminate the barriers that might arise, particularly double taxation and double non-taxation. Lastly, it proposed that the Member States adopt the same system for taxing occupational pensions (the EET system) and that pan-European pension funds should be set up. The Commission's initiative was welcomed by the Council and the Economic and Social Committee (2) and by the European Parliament (3). In an own-initiative opinion dated 29 November (4), the Economic and Social Committee once again set out its views on the taxation of pensions with a view to the long-term viability of pension schemes.

209. On 18 July, the Commission presented a new proposal for a directive to ensure, within the Community, the effective taxation of savings income in the form of interest paid (Table III). This initiative, which is in line with the agreement reached in the Council (5) in November 2000, led the Commission to withdraw its initial 1998 proposal (6), under which each Member State would have been free to choose between providing other Member States with information or applying a withholding tax on interest paid in its territory to natural persons resident in other Member States. According to the new proposal, a complete system for the exchange of information between the Member States will be introduced, after a seven-year transitional period during which Austria, Belgium and Luxembourg will be able to refrain from providing information to the other Member States on condition that they apply a withholding tax to each interest payment concerned. On 13 December, the Council adopted conclusions on this proposal for a directive.

210. On 16 October, the Council authorised the Commission to negotiate with six non-member countries of key importance for the taxation of savings (Andorra, Liechtenstein, Monaco, San Marino, Switzerland and the United States) to ensure that they adopt measures equivalent to those to be applied within the Community with regard to the payment of interest to Community

(1) COM(2001) 214; Bull. 4-2001, point 1.3.27.
(2) Bull. 10-2001, point 1.3.36.
(3) Bull. 12-2001, point 1.3.50.
(4) Bull. 11-2001, point 1.3.50.
residents, in accordance with the conclusions of the Feira European Council (1) and the Council's conclusions of November 2000 (2).

211. On 23 October (3), the Commission adopted a communication on company taxation which proposed to move fiscal policy in this area towards an internal market without tax barriers by means of a strategy to provide companies with a common consolidated tax base for their activities within the European Union. The strategy involves a twofold approach: a set of specific measures and, eventually, a comprehensive solution at EU level.

Indirect taxation

212. By Directive 2001/4/EC of 19 January, the Council decided to maintain the 15 % minimum for the standard rate of value-added tax (VAT) for long enough to permit the implementation of a strategy to simplify and modernise the common system under Directive 77/388/EEC (Table II). In a report of 22 October drawn up pursuant to that directive (4), the Commission reexamined the scope of reduced rates of VAT. On 20 December, the Council amended Directive 77/388/EEC with a view to simplifying, modernising and harmonising the conditions laid down for invoicing in respect of value-added tax (Table II), thereby creating harmonised conditions for electronic invoicing.

213. By way of derogation from Directive 92/82/EEC (5) on the minimum rates of excise duties on mineral oils, by Decision 2001/224/EC of 12 March (6), the Council authorised the Member States to continue applying reduced rates or exemptions for certain categories of these products. On 14 March, the Commission proposed amending Directives 92/79/EEC, 92/80/EEC and 95/59/EC on the structure and rates of excise duty on manufactured tobacco products (Table III), in connection with the conclusions of a report, presented the same day (7), in which it recommended greater harmonisation of taxes within the European Union. On 15 November, the European Parliament came out against this proposal. On 7 November, the Commission adopted a proposal for a Council directive on applying a reduced rate of excise duty to biofuels (→ point 668). On 19 November, it presented a proposal for a decision setting up a computerised information system on the movement and surveillance of excisable products (Table I).

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(1) Bull. 6-2000, Annex IV to the conclusions of the Presidency.
(2) 2000 General Report, point 168.
(3) COM(2001) 582; Bull. 10-2001, point 1.3.43.
(4) COM(2001) 599; Bull. 10-2001, point 1.3.45.
(6) OJ L 84; 23.3.2001; Bull. 3-2001, point 1.3.45.
(7) COM(2001) 133; Bull. 3-2001, point 1.3.46.
214. On 25 April (1), the Economic and Social Committee endorsed the Committee’s communication of June 2000 entitled ‘A strategy to improve the operation of the VAT system within the context of the internal market’ (2). In an opinion dated 11 July (3), it gave its support to Community intervention in the field of taxes and duties applied to road haulage, in order to establish equal conditions for all.

215. On 18 June, the Commission proposed drawing up a regulation to strengthen cooperation between the tax authorities of the Member States in order to combat VAT fraud (Table I). At the same time, it proposed amending Directive 77/799/EEC (4) concerning mutual assistance by the authorities of the Member States in the field of direct and indirect taxation.

216. On 13 December (5), the Council stated its position on the application of VAT to products sold via electronic media.

Company law (6)

217. On 13 February, the Commission proposed the adoption of a regulation requiring all European Union companies listed on a regulated market to prepare consolidated accounts in accordance with international accounting standards (IAS) by 2005 at the latest (Table I). On 27 September, the European Parliament and the Council amended Directives 78/660/EEC, 83/349/EEC and 86/635/EEC to modernise the valuation rules for the annual and consolidated accounts of certain types of companies, in order to take account of changes in markets, businesses and international standards in this field (Table I).

218. In spite of the common draft worked out by the Conciliation Committee on 5 June (7), the European Parliament finally rejected on 4 July the proposal for a directive concerning takeover bids (Table I).

219. Following on from its political agreement of 20 December 2000 (8), on 8 October, the Council adopted Regulation (EC) No 2157/2001 on the statute for a European company (Table II), more than 31 years after the start of discussions on this matter. This statute will now give businesses that operate in a number of Member States the possibility of setting themselves up as companies

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(1) OJ C 193, 10.7.2001; Bull. 4-2001, point 1.3.33.
(5) Bull. 12-2001, point 1.3.56.
(7) Bull. 6-2001, point 1.3.46.
(8) 2000 General Report, point 177.
under Community law and operating as single units for business administration and the publication of financial information, thus avoiding the need to comply with national legislation in each Member State in which they have a subsidiary. A European Company will be entered in a register in the Member State where its registered office is situated and will then be the subject of a notice in the *Official Journal of the European Communities*. It will have to take the form of a company with share capital, with a minimum of EUR 120 000. Alongside this regulation, on the same day, the Council adopted a directive supplementing the statute with regard to worker involvement (\( \rightarrow \) point 140).

**Intellectual and industrial property** (\(^1\))

220. On 22 May, the European Parliament and the Council adopted Directive 2001/29/EC on copyright and related rights in the information society (Table I). With a view to providing a secure framework for cross-border trade in goods and services protected by copyright and related rights and facilitating the development of e-commerce, the new text harmonises rights of reproduction, distribution, and communication to the public, as well as the legal protection of 'copy control' mechanisms and rights management information systems. On 12 December, the Council adopted a regulation creating a Community title for the legal protection of designs (Table II).

221. In an own-initiative opinion of 24 January (\(^2\)), the Economic and Social Committee, strongly supporting the Commission's approach (\(^3\)), pleaded in favour of maintaining the current system for the exhaustion of registered trademarks, in the interests of both consumers and businesses. On 3 October (\(^4\)), the European Parliament also gave its opinion on this question. On 30 May (\(^5\)), the Economic and Social Committee endorsed the guidelines outlined by the Commission in its communication of November 2000 (\(^6\)) on the follow-up to the Green Paper on combating counterfeiting and piracy (\(^7\)) in the single market.

222. On 27 September, the European Parliament and the Council adopted Directive 2001/84/EC on the resale right for the benefit of the author of an original work of art (Table I). The right, which allows authors to receive a percentage of the resale price of their works, applies to all successive sales of a work of graphic or plastic art at a price of more than EUR 3 000 for a period of up to 70 years after the author's death.

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(\(^{2}\)) OJ C 123, 25.4.2001; Bull. 1/2-2001, point 1.3.77.
(\(^{4}\)) Bull. 10-2001, point 1.3.47.
(\(^{5}\)) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.37.
223. On 10 December (1), the Council authorised the Commission to conduct negotiations on behalf of the Community within the World Intellectual Property Organisation's Standing Committee on Copyright and Related Rights (→ point 867).

**Data protection (2)**

224. On 18 July, the Commission proposed the adoption of a joint decision of the European Parliament, the Council and the Commission on the regulations and general conditions for the performance of the duties of the European data protection supervisor (3). This initiative follows on from the scheme set up in December 2000 by Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies (4) and lays down the remuneration of the supervisor and the deputy supervisor and the seat (Brussels) of their operations.

225. In a resolution of 5 September on the existence of a global system for the interception of private and commercial communications (Echelon system) (5), the European Parliament recommended in particular devising measures at Community level to develop and manufacture European encryption equipment and software. At its meeting on 6 and 7 December, the Council reached agreement in principle with a view to a common position on the proposal for a directive on the processing of personal data and the protection of privacy in electronic communications (→ point 372).

**Public procurement (6)**

226. In a communication of 4 July (7), the Commission outlined the possibilities provided by the existing Community legal framework for incorporating environmental considerations into public procurement procedures, thereby allowing public purchasers to contribute to sustainable development. In a communication of 15 October (8), it adopted a similar approach regarding the incorporation of social considerations, with a view to the economic and social revival of the European Union.

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(1) Bull. 12-2001, point 1.3.57.
(3) COM(2001) 411; Bull. 7/8-2001, point 1.3.36.
(5) Bull. 9-2001, point 1.3.27.
227. On 3 August, with the aim of simplifying the procedures laid down by the directives on public procurement, the Commission adopted a proposal for a regulation establishing the common procurement vocabulary (CPV) as the sole classification system for public contracts in the European Union (Table I). On 13 September, with the aim of achieving greater openness and transparency for public contracts and facilitating the award of contracts by electronic means, it adopted a directive (1) requiring, from 1 May 2002, the use of standard forms for public procurement notices in the *Official Journal of the European Communities*.

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Section 6

Competition policy (1)

Priority activities and objectives

228. In 2001, the Commission, continuing its work on modernising the Community competition rules, updated its approach to agreements of minor importance (de minimis) and revised the terms of reference applicable to hearing officers. On 7 May, it adopted the XXXth Report on Competition Policy (2), which was the subject of a Parliament resolution adopted on 4 October (3) and was discussed by the Economic and Social Committee on 28 November (4). On 24 January, the Economic and Social Committee gave its opinion (5) on the XXIXth Report (6).

Competition rules applying to businesses

229. In the course of the year, 283 new cases were initiated on restrictive agreements, abuse of dominant positions and liberalisation, comprising 93 notifications, 116 complaints and 74 proceedings where the Commission acted on its own initiative. The Commission received 335 notifications and took 339 decisions under the merger regulation (Council Regulation (EEC) No 4064/89) (points 260 et seq.). The Commission proposal of September 2000 to do away with the centralised system for the notification and authorisation of agreements was discussed by the various Community bodies in the course of the year (Table II). Although agreement was reached on a number of aspects of the future regulation, the Council wished to continue its discussions.

(1) Only the most significant cases are dealt with in this section. For further details, see the XXXIst Report on Competition Policy, to be published by the Office for Official Publications of the European Communities in mid-2002 in conjunction with this General Report. A report on the application of the competition rules in the European Union in 2001, prepared under the sole responsibility of the Directorate-General for Competition in conjunction with the XXXIst Report on Competition Policy, is also available. Further information is available on the Europa server: http://europa.eu.int/comm/competition/index_en.html.
(2) SEC(2001) 694; Bull. 5-2001, point 1.3.38; Internet: (http://europa.eu.int/comm/competition/annual_reports/2000/).
(3) Bull. 11-2001, point 1.3.55.
(4) OJ C 123, 25.4.2001; Bull. 1/2-2001, point 1.3.79.
General rules

230. On 6 January, the Commission published guidelines on the applicability of Article 81 of the EC Treaty to horizontal cooperation agreements (1). The guidelines, which replace two existing notices (these provided guidance on certain types of cooperation agreement (2) and the assessment of cooperative joint ventures (3)), cover a wider range of the most common types of horizontal agreement and complement the block exemption regulations on research and development (4) and specialisation (5).

231. On 23 May, the Commission adopted a revised version of the terms of reference of hearing officers (6). The revised terms of reference strengthen the role of the hearing officer, who is responsible for safeguarding the parties’ fundamental procedural rights in competition cases. To increase transparency, the hearing officer’s final report will henceforth be made available to the parties and published in the Official Journal of the European Communities. To enhance the hearing officer’s independence, he will report direct to the Commission member with special responsibility for competition.

232. On 27 June, the Commission adopted a notice on restrictions directly related and necessary to concentrations (ancillary restraints) (7), replacing an earlier, 1990 notice (8). The Commission will no longer make an assessment of whether restrictions agreed between the parties to a concentration are ‘ancillary’, in which case they would automatically benefit from the effects of any authorisation decision. Instead, parties themselves will have to determine whether restrictions agreed upon in the context of the concentration are covered by the authorisation decision, by a block exemption, or by Article 81 of the EC Treaty.

233. On 11 December, the Commission presented a Green Paper (9) on the review of the merger regulation (10). It makes proposals relating in particular to the division of powers between the Commission and the Member States and launches a debate on other aspects of the problem of control. It also raises the question of whether, for example, more concentrations should not benefit from a simplified control procedure rather than being subject to review by several

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(2) OJ C 75, 29.7.1968; Second General Report, point 22.
(3) OJ C 43, 16.2.1993; Twenty-sixth General Report, point 199.
(7) OJ C 188, 4.7.2001; Bull. 6-2001, point 1.3.48.
national authorities, and suggests a less onerous system for referring mergers to the authorities concerned where they affect segments narrower than the national market.

234. On 20 December, the Commission adopted a notice on agreements of minor importance which do not appreciably restrict competition under Article 81(1) of the EC Treaty (*de minimis*) (1). Like its predecessor (2), whose scope it widens, the notice seeks, firstly, to reduce the compliance burden for companies, and in particular for smaller companies, by specifying the circumstances in which agreements do not infringe the EC Treaty and, secondly, to enable the Commission to concentrate on more important cases. The first draft of the notice received a positive assessment from the Economic and Social Committee on 17 October (3).

235. In an own-initiative opinion adopted on 29 November (4), the Economic and Social Committee called for the alteration of certain rules that make the disclosure of illegal cartels less attractive.

*Inquiry by economic sector*

236. On 11 July, the Commission confirmed a follow-up to its mobile roaming investigation first launched in early 2000 (5) by way of simultaneous, unannounced inspections at the premises of nine European mobile telephony operators in Germany and the United Kingdom. Since prices for roaming, where users send or receive calls on a network other than their national network, are rigid, untransparent to the consumer and pitched at levels that are unrelated to the cost of carriage, the sector inquiry was launched in 2000 with a view to collecting comparative information on prices and cost levels for all EU mobile operators.

*Permissible forms of cooperation*

237. On 19 April, the Commission approved the broadcasting regulations of the Union of European Football Associations (UEFA) (6). The regulations allow national football associations to block televised broadcasting of games for two and a half hours on Saturdays or Sundays at times that correspond to their

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(1) Bull. 12-2001, point 1.3.61.
(3) Bull. 10-2001, point 1.3.53.
(4) Bull. 11-2001, point 1.3.56.
(6) Bull. 4-2001, point 1.3.37; http://www.uefa.co/.
domestic fixture schedule, in order to protect stadium attendance and amateur participation in the sport.

238. On 15 June, the Commission approved the contracts concluded by the French company Eco-Emballages SA for the operation of its system for selective collection and reprocessing of household packaging waste (1). In so doing, the Commission laid down the competition principles with which such collective arrangements must comply, principally as regards the length and scope of the contracts and the right to use the 'green dot' logo on packaging. On 17 September, it approved the contracts for the collection of packaging by the German firm Duales System Deutschland AG, except for that relating to the registered trademark (2).

239. On 31 July, the Commission cleared agreements between a number of major European and non-European banks creating a global network (Identrus) for the authentication of electronic signatures and other aspects of e-commerce transactions (3). The Commission has concluded that the Identrus system will not lead to any appreciable restriction of competition. In particular, it entails no foreclosure risk, it will face competitive checks from competing systems, and participants are free to join such other systems. The Commission's clearance decision illustrates the importance it attaches to the development of competitive e-commerce-related markets.

240. On 20 December, the Commission presented an evaluation report (4) on its block exemption Regulation (EC) No 240/96 on certain categories of technology transfer agreement (5).

Prohibited restrictive agreements

241. On 8 May, the Commission prohibited Glaxo Wellcome's (GW) dual pricing system in Spain (6). Under this system, which GW notified for exemption in 1998, GW required its Spanish wholesalers to pay a higher price for exported products than for products destined for domestic resale. By thus reducing parallel trade within the single market, the system interfered with the objective, fostered by the Commission, of integrating domestic markets and restricted price competition for GW products. The Commission took the view that it infringed Article 81(1) of the EC Treaty and could not be exempted under Article 81(3).

(1) Bull. 6-2001, point 1.3.50.
(2) Bull. 9-2001, point 1.3.29.
(3) Bull. 7-8-2001, point 1.3.41.
(4) COM(2001) 786; Bull. 12-2001, point 1.3.60.
(6) Bull. 5-2001, point 1.3.40.
242. On 30 May, the Commission fined Volkswagen EUR 30.96 million for instructing its German dealers to adhere to a minimum recommended resale price for its VW Passat model (1). Volkswagen ensured price discipline by curtailing price discounts to dealers that did not obey its instructions. In the Commission’s view, these practices were a serious infringement of Article 81(1)(a) of the EC Treaty, which prohibits price-fixing measures.

243. On 18 July, the Commission fined eight companies a total of EUR 218.8 million for fixing the price and sharing the market for graphite electrodes (2). The Commission’s investigation established that the eight producers, who together account for nearly all of world output, operated a secret cartel throughout most of the 1990s. During this period, prices nearly doubled, which was clearly to the detriment of consumers.

244. Again on 18 July, the Commission decided to fine Scandinavian airlines SAS and Mærsk Air EUR 39.375 million and EUR 13.125 million respectively for operating a secret market-sharing agreement (3). This agreement led to the monopolisation by SAS of the Copenhagen–Stockholm route to the detriment of over one million passengers who use that route every year, and to the sharing out of other routes to and from Denmark.

245. On 2 October, the Commission imposed fines totalling EUR 57.53 million on six companies for having fixed prices and shared out the market for sodium gluconate (4). It found that the companies had participated in an international cartel between 1987 and 1995 and ranked their conduct as a ‘very serious infringement’ of the Community and European Economic Area competition rules.

246. On 10 October, the Commission decided to fine DaimlerChrysler AG EUR 71.825 million for a number of infringements of the Community competition rules in the field of motor-vehicle distribution (5). The first involved obstacles to parallel trade in Germany agreed between the firm and its dealers and agents there. The second took the form of a restriction on sales to independent leasing companies in Germany and Spain. Lastly, DaimlerChrysler was accused of participating in a price-fixing agreement in Belgium with the aim of limiting the rebates granted to customers.

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(1) Bull. 5-2001, point 1.3.41. This decision was readopted on 29 June (Bull. 6-2001, point 1.3.51) for procedural reasons following the entry into force of the Commission decision on the terms of reference of hearing officers, referred to above (→ point 231).

(2) Bull. 7/8-2001, point 1.3.40.

(3) Bull. 7/8-2001, point 1.3.39.

(4) Bull. 10-2001, point 1.3.51.

(5) Bull. 10-2001, point 1.3.52.
247. On 21 November, the Commission adopted a decision finding that 13 producers of 12 vitamins had participated in cartels for each of these products in 12 distinct infringements ('). It imposed fines totalling EUR 855.23 million on eight firms for fixing prices and sales quotas for eight different products (²). However, the limitation period for fines in the competition field (³) applied to the infringements involving the other four products (⁴), with the result that the Commission did not fine the companies for their involvement in the cartels concerned. The amount of the fines was justified by the fact that each cartel was classed as a very serious infringement of the Community competition rules.

248. On 5 December, the Commission decided to impose fines totalling EUR 135.22 million on five producers or former producers of citric acid (⁵). The Commission’s investigation showed that the five producers concerned participated in a worldwide secret cartel between 1991 and 1995, through which they fixed the prices and shared out the market for citric acid. Their agreement was a very serious infringement of Article 81 of the EC Treaty and Article 53 of the Agreement on the European Economic Area, hence the large fines.

249. Also on 5 December, the Commission imposed fines totalling EUR 448 000 on three Luxembourg brewers (Bofferding, Battin and de Wiltz) for their involvement in a market-sharing agreement between 1985 and 2000 in the ‘horeca’ sector (hotels, restaurants and cafés) in Luxembourg (⁶). The firms concerned agreed to respect exclusivity agreements they had each concluded with customers in the sector and to restrict access by foreign brewers to the sector. Under a Commission notice on the non-imposition of fines in cartel cases (⁷), a fourth firm (Brasserie de Luxembourg) was granted leniency for having disclosed the cartel and cooperated in the investigation.

250. Again on 5 December, the Commission imposed fines totalling more than EUR 91 million on five firms (Interbrew, Alken-Maes, Danone, Haacht and Martens) for their involvement in two secret cartels on the Belgian beer market, involving market sharing, price fixing and information exchange (⁸). The first, which had been in place for five years, affected both the horeca and retail sectors; the second affected only the sale of private-label beers. Haacht and Martens were involved in the latter only.

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¹ Bull. 11-2001, point 1.3.57.
⁴ Vitamins B1, B6, H and folic acid.
⁵ Bull. 12-2001, point 1.3.62.
⁶ Bull. 12-2001, point 1.3.64.
⁷ OJ C 207, 18.7.1996.
⁸ Bull. 12-2001, point 1.3.63.
251. On 11 December, the Commission fined six firms a total of EUR 11.95 million for fixing prices and sharing out the market for zinc phosphate (1). It found that the firms had participated in a Europe-wide cartel between 1994 and 1998, which it considered a very serious infringement of the Community and European Economic Area competition rules.

252. Also on 11 December, the Commission fined five German banks a total of EUR 100.8 million for fixing the charges for the exchange of euro-zone currencies (2). Several other German and Dutch banks, also part of the cartel, had individually proposed to reduce charges substantially. Given the exceptional circumstances of the case, with several money markets due to disappear on 1 January 2002, and the immediate and direct benefits to consumers, the Commission dropped the proceedings against these banks.

253. On 20 December, the Commission decided to impose fines totalling EUR 313.69 million on 10 manufacturers of carbonless paper (3). The Commission's investigation showed that the manufacturers concerned took part, between 1992 and 1995, in a Europe-wide secret cartel aimed at improving the participants' profitability through collective price increases. Their agreement constituted a very serious infringement of Article 81 of the EC Treaty and Article 53 of the Agreement on the European Economic Area, hence the large fines. A further company, which cooperated with the Commission and provided decisive evidence of the cartel, was granted total immunity in respect of its participation.

Dominant positions

254. On 20 March, the Commission issued its first decision under Article 82 of the EC Treaty in the postal sector, finding that the German postal operator, Deutsche Post AG (DPAG), had abused its dominant position in the market for business parcel services by granting fidelity rebates and engaging in predatory pricing (4). Following the decision, DPAG was to create a legal entity for its business parcel services separate from its letter post monopoly. In addition to requiring the two entities to deal with one another on the basis of transparent and market-based pricing, the Commission's decision also laid down rules for postal monopolies on the application of cross-subsidies. In view of the long-standing market foreclosure caused by its practices, DPAG was fined EUR 24 million.

(1) Bull. 12-2001, point 1.3.65.
(2) Bull. 12-2001, point 1.3.66.
(3) Bull. 12-2001, point 1.3.67.
(4) Bull. 3-2001, point 1.3.51.
255. On 20 June, the Commission decided to fine French tyre maker Michelin EUR 19.76 million for abusing its dominant position in the French market for retread and replacement tyres for heavy vehicles (1). The Commission's investigation established that, between 1990 and 1998, Michelin operated a complex system of rebates, bonuses and commercial agreements, which had the effect of tying dealers to Michelin as their supplier, and thus of artificially barring Michelin's competitors from the market. The heavy penalty reflected the seriousness and duration of the infringement and a previous, similar infringement by Michelin.

256. On 3 July, the Commission imposed interim measures on IMS Health (2), the world leader in data collection on pharmaceutical sales and prescriptions, ordering it to license its '1860 brick structure', which segments Germany into sales zones or 'bricks'. The Commission considered that IMS's refusal to grant a licence for the use of the structure, which had de facto become a national standard for the German pharmaceutical industry, constituted a prima facie abuse of a dominant position. The refusal prevented new competitors from entering or staying on the pharmaceutical sales data market and was likely to cause serious and irreparable damage to the current competitors of IMS. On an application for annulment from IMS, the President of the Court of First Instance, on 26 October, suspended operation of the Commission decision pending a final ruling on the interim measures. This suspension was itself the subject of an appeal lodged with the Court of Justice at the initiative of one of the competitors.

257. On 25 July, the Commission decided that Deutsche Post AG (3) had abused its dominant position in the German letter post market by intercepting, surcharging and delaying incoming international mail which it erroneously classed as circumvented domestic mail (or 'A-B-A remail'). In view of the legal uncertainty that prevailed at the time the infringement was committed, the Commission decided to impose only a symbolic fine of EUR 1 000.

258. On 23 October, the Commission adopted a decision regarding the monitoring of relations between the French company La Poste and firms specialising in the making-up and preparation of mail (4). The Commission considered there to be a conflict of interests in these relations, in that La Poste is both a competitor of these private firms and, in view of its postal monopoly, their unavoidable partner, a situation which encourages it to abuse its dominant position. Since French legislation does not provide for sufficiently effective or independent monitoring to neutralise this conflict of interests, the Commission took the view

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(1) Bull. 6-2001, point 1.3.53.
(2) Bull. 7/8-2001, point 1.3.53.
(3) Bull. 7/8-2001, point 1.3.44.
(4) Bull. 10-2001, point 1.3.68.
that the French State had contravened Article 86(1), in conjunction with Article 82, of the EC Treaty.

259. On 5 December, the Commission decided that the Belgian postal operator De Post-La Poste (La Poste) had abused its dominant position by making a preferential tariff in the general letter mail service subject to the acceptance of a supplementary contract covering a new business-to-business mail service (1). This new service competed with the document exchange service provided in Belgium by a private firm. As La Poste had exploited the financial resources of the monopoly it enjoys in the general letter sector in order to extend its dominant position into the separate and distinct market for business-to-business services, the Commission imposed a fine of EUR 2.5 million.

**Mergers**

260. In 2001, the Commission received 335 notifications and adopted 322 final decisions under the merger regulation (Council Regulation (EEC) No 4064/89 on the control of concentrations between undertakings) (2). A decision was taken in 312 of the cases at the end of the first stage of examination, lasting one month, including 13 authorisations subject to commitments. The Commission found it necessary, however, to initiate a second stage of examination, lasting a further four months, in respect of 22 planned operations, leading to five unconditional authorisations after a first stage of examination, 10 authorisations subject to commitments from the parties, and five prohibitions of notified concentrations. In four of the cases which went to this second stage, the operation was abandoned. The Commission also took seven decisions under Article 9 of the above regulation (referral of one complete case to the national authorities and partial referral of six others).

261. On 31 January, the Commission blocked the proposed takeover of Finnish tissue paper manufacturer Metsä Tissue by Swedish competitor SCA Mölnlycke (3). The deal would have created or strengthened dominant positions on 26 Scandinavian and Finnish markets for hygienic tissue products, enabling the manufacturer to raise consumer prices.

262. On 20 June, the Commission authorised the takeover of the German bus manufacturer Neoplan (Auwärter) by the MAN Group (4). It concluded that, despite the acquisition, the two leading operators on the German city bus

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(1) Bull. 12-2001, point 1.3.68.
(3) Bull. 1/2-2001, point 1.3.86.
(4) Bull. 6-2001, point 1.3.37.

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market, MAN/Auwärter and DaimlerChrysler/Evobus, would continue to engage in effective competition, as they were disparate in important respects such as cost structures and there were no mechanisms for tacit market coordination.

263. On 3 July, the Commission prohibited the proposed acquisition of Honeywell Inc. (Honeywell) by General Electric Co. (GE) (1). In its view, the deal would have created dominant positions in the markets for the supply of avionics and non-avionics equipment as well as creating or strengthening a dominant position for jet engines — the result of horizontal overlaps in some markets, vertical integration, the extension of GE’s financial power to Honeywell’s activities, and the combination of their respective complementary products. The leveraging of the respective market power of the two companies would have had the effect of eliminating competition. The Commission considered that GE’s proposed remedies were insufficient to allay serious competition concerns. On 12 September, GE and Honeywell each lodged an appeal against the Commission’s decision with the Court of First Instance.

264. On 11 July, the Commission authorised BASF (Germany) to acquire Pantochim and Eurodiol (Belgium) (2). The two Belgian companies, active in the chemical sector, were in receivership. The Commission applied the ‘failing company defence’, considering that, although BASF would achieve high market shares for certain base chemical products as a result of the acquisition, this would have a less harmful effect on the market than if the companies went bankrupt, which would likely cause supply shortages and price increases.

265. On 10 October, the Commission prohibited the acquisition of Legrand by Schneider Electric (3). This merger between the two main French manufacturers of electrical equipment would have considerably weakened the functioning of the market in a number of countries, particularly in France, where the rivalry between the two companies had hitherto been the mainstay of competition. Despite the scale and seriousness of the problems posed by the merger, Schneider Electric did not offer in good time adequate undertakings to ensure that, following the merger, effective competition would be restored to the benefit of consumers in France and in other countries. On 13 December, Schneider appealed against this decision before the Court of First Instance.

266. On 17 October, the Commission prohibited the planned acquisition of Austrian artificial fibre manufacturer Lenzing AG by CVC Capital Partners Ltd (CVC) (4). CVC already controls Acordis, Lenzing’s main rival in Europe and

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(1) Bull. 7/8-2001, point 1.3.45.
(2) Bull. 7/8-2001, point 1.3.46.
(3) Bull. 10-2001, point 1.3.55.
(4) Bull. 10-2001, point 1.3.58.
only rival in the United States. The combination of Lenzing and Acordis would have created or strengthened a dominant position in a number of fibre-production markets, thereby reducing choice for customers and end consumers and leading to higher prices. The Commission conducted its review of the merger in close cooperation with the US Federal Trade Commission.

267. On 30 October, the Commission prohibited the acquisition of the French company Sidel SA by Tetra Lavel BV, part of the Swiss group of the same name (1). The takeover would have combined Tetra’s dominant position in carton packaging with Sidel’s leading position in equipment for PET plastic packaging (cartons and bottles in polyethylene terephthalate). It would have resulted in a dominant position on the PET packaging equipment market and would have strengthened Tetra’s position in carton packaging, thereby significantly reducing competition in liquid packaging. The undertakings offered by Tetra were not sufficient to address the Commission’s concerns.

State aid

General policy

268. During the year (2), the Commission received 878 (3) notifications of new aid schemes or amendments to existing schemes and registered 150 (4) cases of unnotified aid schemes. In 614 (5) cases it decided not to raise any objections, while in 97 (6) cases it decided to initiate proceedings under Article 88(2) of the EC Treaty or Article 6(4) of Decision No 3855/91/ECSC (the Steel Aid Code) (7). It closed 77 (8) such proceedings by final decision, including 40 (9) positive final decisions and 36 (10) negative final decisions.

269. On 18 July, the Commission adopted its ninth survey on State aid in the European Union (11). The survey, which covers the period from 1997 to 1999, points out that, although the volume of State aid remains high, it is steadily declining and the disparities between Member States in terms of the national

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(1) Bull. 10-2001, point 1.3.67.
(2) For a discussion of the most significant individual cases, see the XXXlst Report on Competition Policy.
(3) Of which 7 in the coal industry, 44 in transport, 372 in agriculture and 77 in fisheries.
(4) Of which 0 in the coal industry, 25 in transport, 37 in agriculture and 24 in fisheries.
(5) Of which 7 in the coal industry, 28 in transport, 214 in agriculture and 68 in fisheries.
(6) Of which 0 in the coal industry, 1 in transport, 15 in agriculture and 10 in fisheries.
(8) Of which 0 in the coal industry, 10 in transport, 5 in agriculture and 1 in fisheries.
(9) Of which 0 in the coal industry, 5 in transport, 1 in agriculture and 0 in fisheries.
(10) Of which 0 in the coal industry, 3 in transport, 2 in agriculture and 2 in fisheries.

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resources devoted to State aid are becoming less marked. The Council gave its view on the survey at its session of 4 and 5 December (1).

270. The Commission took two new initiatives to increase the transparency of its State aid policy. In March, it opened a State aid register (2), available on the Internet (3), which gives the public access on demand to the most recent decisions in this sphere, and in July it decided to publish a State aid scoreboard (4) comprising a set of indicators describing different State aid situations, which is also available on the Internet (5). A second edition of the scoreboard was adopted on 20 December (6).

271. On 12 January, the Commission formally adopted two block exemption regulations, one on training aid and the other on aid to small and medium-sized enterprises, and a regulation which consolidates practice as regards the de minimis State aid rule (7).

**Horizontal, sectoral and regional aid**

272. On 26 January, the Commission formally adopted new guidelines on State aid for environmental protection (8). On 6 June, it adopted new guidelines on State aid for advertising agricultural products (→ point 446).

273. On 23 May, the Commission approved an approach aimed at clarifying the application of the State aid provisions of the EC Treaty to the question of the compatibility with the common market of measures to promote the growth of risk capital markets (9). According to this approach, the Commission will take a favourable view of aid for SMEs, start-ups or companies located in assisted areas, or where the measures are limited to lower transaction levels. On the basis of the principles set out in its communication, the Commission has authorised aid schemes in France and the United Kingdom.

274. On 3 July (10), the Commission decided to extend until 31 December the period of validity of the multisectoral framework on regional aid for large investment projects (11) and of the code on aid to the synthetic fibres indus-

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(1) Bull. 12-2001, point 1.3.75.
(2) Bull. 3-2001, point 1.3.64.
(3) http://europa.eu.int/comm/competition/state_aid/register/.
(5) http://europa.eu.int/comm/competition/state_aid/scoreboard/.
(6) COM(2001) 782; Bull. 12-2001, point 1.3.76.
try (1). On 13 November (2), it decided to extend the validity of these two multisectoral codes, as well as that of the Community framework for State aid in the motor vehicle sector, to the earliest of the following two dates: either the date of entry into force of a revised multisectoral code or 31 December 2002.

275. On 15 June, the Commission adopted a report on the application of the Community rules for State aid to the coal industry in 2000 (3). On 25 July, it approved a methodology for analysing State aid intended to compensate for the 'stranded costs' incurred specifically by electricity companies as a result of investment undertaken or long-term commitments entered into before the industry was deregulated (4). In certain cases, aid may thus be considered compatible with the common market, provided that the aim is to compensate for costs actually incurred and directly linked to the deregulation of the industry and that the aid is temporary and designed to encourage the companies concerned to make the transition to a competitive market. The Commission has taken decisions authorising such aid in Spain, the Netherlands and Austria.

276. On 11 July, the Commission initiated the formal investigation procedure in respect of 11 special business taxation schemes in eight Member States (Germany, Spain, France, Ireland, Luxembourg, the Netherlands, Finland and the United Kingdom) (5). The Commission also proposed appropriate measures to four Member States (Belgium, Greece, Italy and Sweden) with a view to their bringing into conformity with Community law some of their special tax schemes which it had authorised in the past or which existed before the countries in question entered the European Union and which had not been substantially modified since.

277. On 26 September, the Commission adopted a communication on certain aspects of cinematographic and other audiovisual works (point 598). The communication contains a chapter on State aid in which the Commission outlines its policy on aid in this sphere.

278. On 17 October, the Commission adopted a communication on the application of the State aid rules to public service broadcasting (6) with a view to informing Member States of the way in which it will apply to such services the provisions of Articles 87 and 88 of the EC Treaty, and the provisions of Article 86 to the extent that they concern the application of the two aforementioned articles to public services. The Commission recognises the specific role of

(3) COM(2001) 327.
(4) Bull. 7/8-2001, point 1.3.60.
(5) Bull. 7/8-2001, points 1.3.75 and 1.3.77.
(6) OJ C 320, 15.11.2001; Bull. 10-2001, point 1.3.70.
public service broadcasting and clarifies how the rules on State aid apply to this sector. The communication states in particular that Member States are in principle free to determine the remit for the public service and the way in which it is funded and organised, in accordance with their preferences, history and needs. Nevertheless, the Commission calls for transparency, so as to allow assessment of the proportionality of public funding and control of any abusive practices.

279. On 26 November, the Commission adopted a report on the monitoring of Article 95 ECSC steel aid cases (1).

International cooperation

280. In June, under the pre-accession strategy, the Commission and Slovenia jointly organised a conference in Ljubljana between the Commission and the competition authorities of all candidate countries.

281. Following the ministerial meeting of the World Trade Organisation in Doha (Qatar) (→ point 876), it was decided that competition would be among the subjects covered by the new round of multilateral negotiations.

282. The Commission continued its efforts to promote international cooperation in the competition field and a culture of competition. In this connection, following an initial meeting at Ditchley Park in Oxford, competition authorities from various parts of the world have developed a project for an international competition network, an informal tool for dialogue and cooperation launched in New York on 25 October.

(1) COM(2001) 693; Bull. 11-2001, point 1.3.69.
Section 7

Enterprise policy (1)

Priority activities and objectives

283. In 2001, the Commission was mainly engaged in the field of enterprise policy in implementing the strategy defined by the Lisbon European Council with a view to establishing a favourable climate for the creation of innovatory businesses, particularly small and medium-sized enterprises. In this connection, it presented a communication evaluating progress to date and called for these efforts to be stepped up in view of the less favourable economic climate.

Competitiveness

General

284. In a communication of 8 November (2) entitled ‘Sustaining the commitments, increasing the pace’ on the European Union’s performance in terms of competitiveness, the Commission made a first assessment, on the basis in particular of the 2001 competition report (3) and the enterprise (4) and innovation (5) policy scoreboards, of the commitments entered into at the Lisbon European Council (6) with regard to enterprise policy. Whilst acknowledging the progress made, it considered that the Union must work for more rapid and effective fulfilment of these commitments, the message being all the more urgent in the face of the uncertainties caused by the economic slowdown. At its meeting on 4 and 5 December (7), the Council recognised the need to boost efforts. It also called on the Member States and the Commission to continue their cooperation on drawing up quantitative objectives in this field and their work on benchmarking in the field of enterprise policy, particularly for small and medium-sized businesses, to step up their work on improving the business environment and to broaden the debate on the impact of the e-economy.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/enterprise/index_en.htm).
(2) COM(2001) 641; Bull. 11-2001, point 1.3.87.
(7) Bull. 12-2001, point 1.3.93.
285. Pursuant to the strategy adopted in Lisbon, the Commission published the 2001 editions of the *European competitiveness report* (1) and the *Enterprise policy scoreboard* (2).

**External aspects of enterprise policy**

286. The multiannual programme for enterprise and entrepreneurship (3), particularly small and medium-sized enterprises (SMEs) (2001-05), has been opened to the countries of the European Economic Area (Iceland, Liechtenstein and Norway) and all candidate countries. On 21 December (4), the Commission published a report on the action taken by the candidate countries to promote entrepreneurship and competitiveness, drawn up in conjunction with their national authorities and after consultation with representatives of the private sector in each country. The third annual conference of the industrial round table with Japan was held in Brussels at the beginning of July, followed by bilateral discussions on industrial policy with that country in mid-December. Similarly, a new dialogue with China on regulatory and enterprise policies was launched in Beijing at the end of October. On the other hand, the annual conference of the industrial dialogue with the United States (TABD) was cancelled following the events of 11 September (→ points 1040 et seq.). The annual round-table meetings with Russia and Latin America were also postponed.

**Operation of the internal market, the new approach and standardisation**

287. On 26 September, the Commission adopted a report on European standardisation (5), in response to the Council resolution of 28 October 1999 (6). The document outlines the action taken in the interim, which essentially relates to the new challenges emerging and the progress made since 1999 and to the new machinery for standardisation and its international aspects and future financing.

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(5) COM(2001) 527; Bull. 9-2001, point 1.3.43.
BEST procedure: best practice(1)

288. In the context of the multiannual programme for enterprise and entrepreneurship, particularly small and medium-sized enterprises (SMEs) 2001-05 (→ point 286), the Commission launched a number of projects aimed at improving support for businesses. These projects, based on the guidelines laid down at the Lisbon (2) and Feira (3) European Councils with a view to promoting entrepreneurship in the European Union and enhancing the business environment, focus on the improvement of start-up conditions, including business incubators, support services, business transfers, business failure and bankruptcy. In addition to the exchange and dissemination of good practice, specific recommendations and benchmarking procedures have been drawn up. Databases covering business support services in the Member States and corresponding good practice have been developed and recently made available to the general public with a view to their use and future improvement. On 29 October (4), the Commission adopted a report in which it examined the progress made by the Member States in 2001 in connection with the BEST procedure. It considered that further efforts should be made and the exchange of best practice stepped up.

Business services

289. On 18 July, the Commission published a Green Paper entitled ‘Promoting a European framework for corporate social responsibility’ (5), a concept under which firms voluntarily incorporate social and environmental concerns into their business strategy and make commitments going beyond regulatory and contractual requirements. The document is designed to initiate a wide-ranging debate on corporate social responsibility and ways in which the European Union could promote this.

Environmental protection and sustainable development

290. The Commission continued its efforts to incorporate measures for environmental protection and sustainable development into enterprise policy, in particular with a view to gaining a better understanding of their consequences for business competitiveness. In this context, it completed studies on the impact of the ‘best available techniques’ on the competitiveness of European industry and on the definition of indicators for evaluating the degree to which environ-

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(2) Bull. 3-2000, point 1.8; 2000 General Report, point 247.
(3) Bull. 6-2000, point 1.20; 2000 General Report, point 258.
mental and sustainable-development considerations have been incorporated into enterprise policy.

Research, innovation and change (1)

291. The Committee of the Regions on 5 April (2), the Economic and Social Committee on 12 July (3), and the European Parliament on 3 October (4) all welcomed the Commission communication of September 2000 on innovation in a knowledge-driven economy (5).

292. On 14 September, pursuant to the conclusions of the Lisbon European Council (6), the Commission presented the 2001 edition of the innovation scoreboard (7), based on 17 indicators.

293. For the first time, an ‘Innobarometer’ survey (8), was conducted among 3 000 EU heads of companies with the aim, on the one hand, of analysing entrepreneurs’ attitudes to innovation and, on the other, of identifying their expectations of European integration and its potential contribution as regards access to new technologies, the mobilisation of human resources, the protection and sharing of knowledge and the financing of innovation.

Innovation projects

294. Thirty new projects, approved following the second call for proposals in 2000 (9), commenced in 2001 with a total value of EUR 34 million. In addition, 43 technology-transfer and validation projects were completed under the fourth framework programme.

295. The collection, analysis and dissemination of good practice and of methods and guidelines for technology transfer and innovation identified under the fourth and fifth framework programmes continued throughout the year. Participation in events such as a conference in Gothenburg in mid-July and the creation of web sites such as CORDIS (7) and Showcase (10) also helped to disseminate the results of innovation projects.

(1) http://www.cordis.lu/innovation-smes/
(2) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.3.55.
(4) Bull. 10-2001, point 1.3.93.
(6) Bull. 3-2000, point I.2
(7) SEC(2001) 1414
(10) http://www.innovation-showcase.net/index_ie.htm.

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Information networks

296. The Commission conducted an interim evaluation of the 68 innovation relay centres (IRCs), with a view to continuing their activities in the period 2002–04, and an analysis of their future development under the sixth framework programme. In addition, the Innovating Regions in Europe (IRE) network was strengthened by the creation of thematic networks in the Member States and by support for the formulation of innovation strategies in the candidate countries. SMEs also continued to receive active support in the intellectual property field.

Dissemination of information

297. The CORDIS Internet information service (1) continued to develop in order to underpin all the activities under the framework programme. A systematic survey of user needs was launched in autumn 2001 as part of the examination of future guidelines for the service. Publishing (ITT, Euroabstracts, CORDIS focus) and conference organisation activities were also successfully completed.

Promoting entrepreneurship

Support for entrepreneurship and enterprise

298. Designating entrepreneurship as one of the pillars of European employment strategy, the Stockholm European Council of 23 and 24 March (2) stressed that both national action plans and EU programmes, such as the multiannual framework programme for enterprise and entrepreneurship, the Charter for Small Enterprises, micro-credits, the exchange of best practice and the benchmarking of enterprise policy, were important instruments that helped to create a favourable business environment in Europe. Under the framework programme, the Commission launched projects relating to education and training for entrepreneurship and the taxation of stock options with a view to stimulating entrepreneurship in the EU.

(2) Bull. 3-2001, point I.14.
Support for access to financing

299. On 16 July (1), the Commission published a report on the status, as at 31 December 2000, of the financial assistance for innovative and job-creating small and medium-sized enterprises provided pursuant to Council Decision 98/347/EC (2). This focused, in particular, on the progress made in implementing the three financial instruments involved (start-up facility, joint European venture and SME guarantee facility). The European Parliament adopted a resolution on 16 January (3) on the previous year’s report (4), and on 11 December (5) a resolution on the latest report. On 4 July (6), it gave its opinion on Special Report No 6/2000 of the Court of Auditors concerning the granting by the Community of interest subsidies on loans from the European Investment Bank (EIB) to SMEs (7). In conclusions adopted at its meeting of 4 and 5 December (8), the Council felt that these businesses were suffering from the lack of guarantees and that the fragmentation of the stock market hampered their access to finance. It called for contacts between the banks, the other financial backers and SMEs.

300. On 19 October (9), the Commission transmitted to the Council a report on companies’ access to financing in which it expressed the view that, in the medium term, the development of own-resource financing should offset the reduced availability of bank loans. On 10 December, the Commission adopted a decision on the implementation of the financial instruments of the above-mentioned multiannual programme for enterprise through the agency of the European Investment Fund (EIF) (→ points 97 and 98).

Business support networks

301. Some of the measures concerned are described in the ‘Business services’ subsection (→ point 289) of this section.

302. In the course of 2001, the Commission continued to develop and strengthen the operation of the Euro Info Centres network (10) as an instrument aiding the implementation of all Commission and EU policies, programmes and regulations. In particular, it extended to the whole network the pilot project for

(1) COM(2001) 399; Bull. 7/8-2001, point 1.3.95.
(3) OJ C 262, 18.9.2001; Bull. 1/2-2001, point I.3.120.
(5) Bull. 12-2001, point 1.3.95.
(6) Bull. 7/8-2001, point 1.3.94.
(8) Bull. 12-2001, point 1.3.94.

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a feedback mechanism on the operation of the internal market (the ‘Dialogue with business’ (1)), so as to ensure complete coverage of the EU. It also approved a proposal to examine the possible rationalisation and integration of the networks set up under different Community programmes and policies (for enterprises, innovation, regional development, transport and energy, external relations, etc.).

**Improving the business environment and promoting SME interests in Community policies and programmes.**

303. The following meetings were held as part of the exchange of good practice in the field of enterprise policy and support services: a forum on the future of entrepreneurship in Växjö (Sweden) on 19 and 20 March, a seminar on business failure in Noordwijk (Netherlands) on 10 and 11 May and a forum on top-class business support services in Cardiff (United Kingdom) on 11 and 12 October.

**Crafts, small businesses, cooperatives and mutual societies**

304. On 1 March, the Commission published its final report under the third multiannual programme for businesses (2) entitled *Creating an entrepreneurial Europe — The activities of the European Union for small and medium-sized enterprises (SMEs)* (3). In response to the calls made at the Lisbon European Council (4), the report presents in particular the full range of EU activities aimed at businesses and SMEs and stresses the progress made in incorporating the SME dimension into EU policies. The Committee of the Regions issued an opinion on this report on 14 November (5).

305. On 7 March (6), the Commission adopted its first annual report on the implementation of the European Charter for Small Enterprises (7).

306. In an opinion dated 30 May on the craft sector and SMEs in Europe (8), the Economic and Social Committee recalled the importance of the principle enshrined in the Charter for Small Enterprises whereby it is essential to establish a legislative framework that does not impose undue burdens on small companies.

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(1) http://europa.eu.int/business/.
(4) Bull. 3-2000, point 1.8.
(5) Bull. 11-2001, point 1.3.88
(6) COM(2001) 122; Bull. 3-2001, point 1.3.78.
(8) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.54.
It also argued for simplification of the existing financial instruments. In an additional opinion dated 30 November (1), the Committee stressed the opportunity that the charter provided for politicians at all levels in the European Union to demonstrate to the 19 million small businesses that they were aware of their problems. It also advocated a comprehensive range of policies to establish the legal, tax and social framework necessary for the development of these businesses.

307. In an effort to gain greater insight into the importance and features of cooperatives, mutual societies and associations, together with European associations, the Commission collected relevant data on these sectors from the business registers of nine Member States. In conjunction with the Swedish and Belgian Presidencies, it also organised two European conferences on the social economy, which provided a framework for detailed discussions with the representative bodies in the sectors concerned. Lastly, it published two studies under the titles Promoting the creation and development of sustainable employment in the rare art professions sector (2) and Methodology for the collection and grouping of statistical data on small craft businesses (3) and launched a study on the evaluation of national measures in favour of female entrepreneurs.

Business impact assessment

308. Following a wide-ranging discussion of the simplification of the regulatory environment prompted by the conclusions of the Lisbon European Council (4), the Commission launched a pilot project on the content of business impact assessments (BIA) in legislative proposals that might significantly affect businesses. At the same time, in the context of the BEST procedure it launched a specific project in February on good practice in the Member States in this field (→ point 288). These two projects are directed in particular at examining practice with regard to external consultation and economic analysis.

Individual sectors

Strategic approach: chemicals (5)

309. On 13 February, the Commission adopted a White Paper setting out the strategy for a future Community policy on the chemicals industry (6). Besides

(1) Bull. 11-2001, point 1.3.89
(4) Bull. 3-2000, point I.8.
specific aspects related to environmental concerns (→ point 627), setting up the new strategy, which is to be implemented gradually over a period of up to 10 years, will require the public authorities to collect and examine basic information on some 30,000 chemical substances that are currently on the market. This information will have to be provided in the first instance by the industry, which comprises around 40,000 small and medium-sized enterprises operating in different areas in this market. The Commission also adopted new provisions relating to the restrictions on the marketing and use of dangerous substances and preparations (pentabromodiphenyl ether, hexachloroethane, creosote) and the movement of substances classified as carcinogens, mutagens or substances toxic to reproduction (→ point 175). In addition, it adapted to technical progress the texts governing safety data sheets (1) and the classification, packaging and labelling of dangerous preparations (2). The Commission also proposed a simplification of Community legislation on fertilisers, involving the recasting of the 18 existing directives as a single regulation (Table I). This text also proposes extending, until 31 December 2004, the derogation granted to Austria, Finland and Sweden for setting limits on the level of cadmium in Community fertilisers sold on their national markets.

Industry

310. In a resolution of 18 January (3) on the Commission communication on the state of competitiveness of the EU forest-based and related industries (4), the European Parliament stressed the important contribution of this sector to manufacturing output, employment and the sustainable development and economic stability of the regions concerned. It also endorsed the role of the Commission in securing the competitiveness of these industries. The second Forest Industries Forum, which was held in Stockholm on 21 June, was attended by 134 representatives of the European Parliament, the Commission, non-governmental organisations and industrial federations and companies in the sector. The forum allowed an exchange of views on the factors affecting business competitiveness in this field, namely durable supplies of raw materials, the possibilities of increasing wood use in the construction industry and the introduction of impact assessments prior to the adoption of Community legislation. The Advisory Committee on Community Policy regarding Forestry and Forestry-Based Industries (5) held a plenary meeting on 8 February.

(3) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.3.121.
311. On 15 March (1), Parliament adopted a resolution on the future of the biotechnology sector, with particular reference to research, industry, employment, financial markets, health, the environment, agriculture and food. On 4 September, the Commission adopted a communication (2) entitled ‘Towards a strategic vision of life sciences and biotechnology’, as the basis for a wide-ranging discussion with all interested parties aimed at the adoption of a policy document (→ point 323).

312. As regards the pharmaceuticals industry, the Commission set up a high-level Working Party on Innovation and the Supply of Medicines, more commonly known as ‘G10 Medicines’, with the task of eliciting proposals to encourage innovation and competitiveness within the European pharmaceuticals industry, whilst ensuring a high standard of public health. The working party is composed of the health ministers of certain Member States together with representatives of various sectors of the pharmaceuticals industry, patients and mutual societies.

313. On 5 April (3), the ECSC Consultative Committee adopted a declaration stressing the great potential role of steel in European development. In July, the Commission presented a communication on the commitment of the European motor vehicles industry to pedestrian safety (→ point 176). With regard to the construction industry (4), on 26 January, it proposed a recasting of Directive 98/37/EC on machinery (→ point 171). It also adopted new decisions on standardisation and the attestation of conformity and published reports on competitiveness in the sector (5). In October, the Commission presented a communication on the economic situation of the air transport industry following the terrorist attacks in the United States (→ point 713).

314. With regard to the foodstuffs industry, the Commission continued to operate the system of refund certificates, which enables it to limit export refund expenditure in accordance with the Uruguay Round rules. It also continued to adjust the legislation on the new system of refund certificates.

**Services**

315. In a report drawn up on 28 March (6) pursuant to Council Decision 92/421/EEC (6), the Commission presented an overview of the Community measures affecting tourism which had been introduced in the period 1997–99. On 17 January, it published a report on the collection of statistical information

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(1) OJ C 343, 5.12.2001; Bull. 3-2001, point 1.3.80.
(2) COM(2001) 454; Bull. 9-2001, point 1.3.46.
(3) Bull. 4-2001, point 1.3.56.

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in this sector (→ point 105). Furthermore, on 13 November it adopted a communication entitled ‘Working together for the future of European tourism’ (1) and a report with the title ‘Follow-up of the European Council of 21 September: the situation in the European tourism sector’ (2). In the communication, the Commission outlines an operational framework for this sector, based on the method of open coordination between all participants developed at the Lisbon European Council. A series of measures to be taken by the various operators in the sector are associated with this, with a view to expanding the knowledge base on this economic activity, strengthening the competitiveness of businesses in the sector and thereby furthering the sustainable development of tourism in the European Union and its contribution to job creation. These documents were presented to the Council at its meeting on 26 November.

**E-commerce**

316. On 13 March, the Commission published a communication entitled ‘Helping SMEs to go digital’ (3), which presents the GoDigital initiative designed to encourage more SMEs to use the Internet as a business tool. To this end, the GoDigital implementation plan will make use of the results of the existing Community programmes aimed at the specific requirements of SMEs (multi-annual programme for enterprise and entrepreneurship; annual work programme of the information society technologies initiative and programmes financed from the Structural Funds). The Committee of the Regions issued an opinion on this communication on 19 September (4).

317. At the initiative of President Prodi, the Commission held a conference in Brussels on 1 and 2 March on ‘The e-economy in Europe: its potential impact on EU enterprises and policies’. The conference was attended by some 250 participants representing business, the scientific community, consultants, national and European decision-makers and the specialist press. The discussions centred on the major structural changes brought about by the e-economy.

318. On 29 November (5), the Commission adopted a communication on the impact of the e-economy on European enterprises, in which it analyses the effects of the new information and communication technologies and proposes lines of action for incorporating the electronic dimension into the policies that more directly concern businesses in Europe. On 13 December, the Council adopted conclusions with regard to VAT on e-commerce (→ point 213).

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(1) COM(2001) 665; Bull. 11-2001, point 1.3.92.
(2) COM(2001) 668; Bull. 11-2001, point 1.3.93.
(3) COM(2001) 136; Bull. 3-2001, point 1.3.79.
(4) Bull. 9-2001, point 1.3.44.
(5) COM(2001) 711; Bull. 11-2001, point 1.3.90.
Section 8

Research and technology (1)

Priority activities and objectives

319. The debate on the future of research in Europe, launched at the beginning of 2000 with the proposal to create a European research area (2), was continued in 2001 with the presentation of the first results of the work in progress and several initiatives taken by the Commission to make a reality of this area, including a proposal for a new framework programme for research and technical development for the period 2002-06 which it submitted to the Council and Parliament, which carried out their deliberations with a view to ensuring the speedy adoption of this initiative. Also, the implementation of the fifth framework programme 1998-2002 continued with the launching of several thousand new projects.

Community RTD policy

Coordination and general developments

320. On 26 June (3), the Council adopted a resolution on science and society and on women in science. With regard to science and society, the Council expressed its desire to establish general dialogue with society at large on issues in the field of science and technology. It also encouraged the Commission and Member States to step up their efforts to improve public awareness of science. In relation to women in society, the Council encouraged the Commission to intensify its efforts to promote the active participation of women in the framework programme 2002-06 (→ point 326) and the European research area (→ point 325).

321. On 4 December (4), the Commission adopted an action plan on science and society aimed at bringing science and technology closer to citizens.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/research/).
(2) 2000 General Report, point 283.
(3) Bull. 6-2001, point 1.3.83.

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322. Following on from the Council resolution of 16 November 2000 (1), the Commission and the European Space Agency (ESA) set up a joint task force to implement a European space strategy. A communication proposing concrete recommendations and institutionalised cooperation between the Community and the ESA was adopted by the Commission (2) on 7 December and submitted to the ESA's Ministerial Council and the Council of the European Communities. The implementation of two projects of major importance to the EU came to fruition in 2001, namely the Galileo satellite radio-navigation system, which is vital for transport in particular (→ point 692), and the GMES (global monitoring for environment and security) system (3). The latter initiative received encouragement from the Council on 13 November (4).

323. On 4 September (5), the Commission launched a public consultation with a view to arriving at a strategic vision of life sciences and biotechnology.

324. On 12 December, the Commission adopted its annual report on the RTD activities of the European Union (6) which gives an overview of research policies and activities during the period 2000–01.

European research area (7)

325. The European research area (ERA) is an essential component of the process initiated with regard to RTD by the Lisbon European Council in 2000 (8). In addition to the proposal concerning the research framework programme 2002–06 (→ point 326), several initiatives were taken in 2001 to help bring about the ERA in liaison with related efforts at national, regional and European level. For example, on 7 June the Commission and the European Investment Bank signed a cooperation agreement designed to stimulate investment in research and technological innovation in Europe by offering additional financing. The first comparative analysis (benchmarking) of national research policies was presented to the Council on 26 June with a view to enhancing EU performance by improving the formulation and implementation of research policies. In addition, the Commission provided food for thought in progress reports, discussion papers and communications covering all aspects of research policy and its relationship with society. The issues covered included the regional (9) and international (10) dimensions of EU research policy, a strategy

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(2) COM(2001) 718; Bull. 12-2001, point 1.3.100.
(3) COM(2001) 609; Bull. 10-2001, point 1.3.98.
(4) Bull. 11-2001, point 1.3.96.
(5) COM(2001) 454; Bull. 9-2001, point 1.3.46.
(8) Bull. 3-2000, point 1.7; 2000 General Report, point 283.
(9) COM(2001) 349; Bull. 10-2001, point 1.3.96.
(10) COM(2001) 346; Bull. 6-2001, point 1.3.80.

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for the mobility of researchers (1), a European policy concerning research infrastructures (2), the inclusion of the gender dimension in the research policy process (3), the mapping of excellence (4), the development of a common scientific and technical reference system and the benchmarking of the performance of national research and innovation policies in Europe (5). In addition, the first European innovation scoreboard was presented in the autumn (→ point 292). Lastly, several initiatives were taken to ensure synergy and consistency between the framework programmes and the activities of European intergovernmental research organisations. In conclusions adopted on 26 June (6), the Council stressed the need to develop infrastructures in the ERA.

**Framework programme 2002–06(7)**

326. Following on from the guidelines set out in its October 2000 communication (8), which were favourably received by the European Parliament (9) and the Committee of the Regions (10), on 21 February, the Commission adopted a proposal concerning the framework programme 2002–06 (Table I) following wide-ranging consultations with Member States, the scientific community and industry and taking into account the findings of the five-year assessment of the framework programmes carried out by a panel of independent experts. The guidelines proposed for this new framework should help to bring about the European research area and achieve the objectives set by the Lisbon European Council (11). To this end, new instruments are proposed to improve the integration of research capacities in Europe (networks of excellence, integrated projects, participation in jointly implemented national programmes), to structure them more effectively (by bringing research and innovation closer together and developing human resources and mobility) and to strengthen the ERA’s foundations. The Commission also proposed focusing EU support on a small number of priority areas where there is a demonstrable Community added value: genomics and health; information society technologies, nanotechnologies, intelligent materials and new production methods; aeronautics and space; food safety, sustainable development and global change; citizens and governance. The Gothenburg European Council (12), stressing the need to exploit Euro-

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(1) COM(2001) 331; Bull. 6-2001, point 1.3.79. This communication was favourably received by the Council on 10 December (OJ C 367, 21.12.2001; Bull. 12-2001, point 1.3.98).
(6) Bull. 6-2001, point 1.3.82.
(9) OJ C 276, 1.10.2001; Bull. 1-2001, point 1.3.123.
(11) Bull. 3-2000, point 1.7; 2000 General Report, point 287.
pean research talents more fully and step up activities in this area, called for the rapid adoption of the framework programme. The European Parliament delivered its opinion (first reading) on 14 November, and the Council agreed its common position on 10 December.

327. On 30 May, the Commission adopted proposals concerning five specific programmes to implement the new framework programme (Table II) and, on 10 September (EC) and 6 December (Euratom), it adopted proposals concerning the rules for participation in the framework programmes and the dissemination of related research results (Table I). On the same day, the Commission also presented a communication on the networking of national programmes (1). On 30 October, the Council (2) called upon the Member States to select pilot subjects in this connection.

Implementation of the fifth framework programme 1998–2002

328. Implementation of the fifth framework programme 1998–2002 (3) continued, in particular with the launch of a large number of calls for proposals designed to increase the range of coverage of the research themes and achieve the objectives of the specific programmes. On completion of the procedure for the evaluation of the proposals received by the Commission in 2001, several thousand new research contracts were signed, making it possible to embark upon a corresponding volume of new research.

Quality of life and living resources(4)

329. In 2001, 343 research projects and concerted actions and 320 Marie Curie fellowships were selected for Community financing, bringing to 907 the total number of projects supported since the beginning of the programme.

330. The proportion of projects selected (17 %) was virtually identical to the previous year. Some topics are now much better represented, in particular research into retirement policies and the sustainability of social security systems, the molecular and cellular bases of ageing, child obesity, and organic farming, several projects being liable to influence EU health policy. In addition, industry’s involvement in 90 % of the new projects in the ‘cell factory’ area and the increase in applications from SMEs underline the economic importance of this area. Significant progress was made in areas such as the understanding of

(1) COM(2001) 282; Bull. 5-2001, point 1.3.56.
(2) Bull. 10-2001, point 1.3.95.
(3) Further information is available on the Europa server (http://europa.eu.int/comm/research/fp5.html).

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certain rare diseases (Friedreich’s ataxia) and the development of rapid detection tests and more effective vaccines against influenza. Several initiatives were launched to support genomic research, in particular a call for proposals (1) for very large-scale projects, and fund new infrastructure projects. On 12 June (2), the Commission adopted a communication examining the state of research into transmissible spongiform encephalopathies in the Member States with a view to improving the complementarity and consistency of European efforts in this crucial area for the health and safety of European citizens (3) (→ point 737). Similarly, the Commission set up three forums of national research officers involved in the fields of cancer, genomes and ageing. Progress was also made in the field of poverty-related disease control, and in particular a start was made on establishing a European platform for clinical tests to support the development of new treatments for AIDS, malaria and tuberculosis.

**User-friendly information society**

331. During the third year of operations under the fifth framework programme, three major evaluations were carried out under the information society technologies (IST) programme. Over 750 proposals were selected following the third (4), fourth (5), fifth (6) and sixth (7) calls for proposals under the IST programme and calls concerning IMS (intelligent manufacturing systems) (7) and more specifically SMEs (8). Three other calls were launched in January (9), July (9) and September (10). These initiatives were designed to increase support for the development of key technologies for the competitiveness of European industry, while enabling citizens to benefit from information society services. The programme also made a bigger contribution to EU policies in this area, in particular the eEurope initiative (→ points 360 et seq.) and the creation of the European research area (→ point 326). On 3 May (11), the European Parliament stressed the importance of information society technologies in the context of the sixth research framework programme, and in particular the research initiative on the next-generation Internet.

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2) COM(2001) 323; Bull. 6-2001, point 1.3.84.
8) OJ C 92, 1.4.1999.
11) Bull. 5-2001, point 1.3.57.
Competitive and sustainable growth

332. In the field of innovative products and processes, following the fourth periodic call (1), 349 proposals were received and 93 were selected for Community financing totalling EUR 189 million concerning the design or improvement of manufacturing and production processes. The areas covered related in particular to industrial technologies connected with sustainable development, industrial networking and booming new technologies, such as precision engineering, robotics and nanotechnologies. On 6 July, EU-supported research, which has enabled the European paper industry to become a virtually non-polluting industry and yet remain very competitive, was presented to the European press.

333. In the field of advanced materials, following the fourth periodic call (1), 50 proposals were selected for Community financing totalling EUR 65 million. There was a large increase in research into nanotechnologies (24 projects) and, more generally, long-term multidisciplinary research. The emerging themes this year included bio-inspired materials, hybrid materials and technologies, biomaterials and nanocatalysts and sensors.

334. In the field of aeronautics, following the fourth periodic call (1), 112 research proposals were received and 49 projects were selected for financing totalling EUR 230 million. ‘Silencer’, one of the technological platforms selected with a view to reducing aircraft noise, involves on its own 51 partners and a budget of EUR 110 million. In addition, a group of leading personalities produced a strategy document entitled ‘2020 vision’ setting out a priority research programme. In June, the Advisory Council for Aeronautics Research in Europe (ACARE), bringing together representatives of the Member States, the Commission and the industry, was set up to implement this programme.

335. In the fields of inland transport and marine technologies, following the second call (2), 44 research projects, four technological platforms and two thematic networks were selected. The VRSHIPS-ROPAX platform is designed to exploit virtual reality technologies for the design of ships. Three other platforms are designed to incorporate the latest advances in order to reduce the environmental impact of road transport. In addition, research was carried out into the safety of passengers in all surface transport modes.

336. Following the fourth dedicated call published in the fields of measurements and tests and support infrastructures (3), 30 proposals were selected for financing, many of them in support of standardisation and the establishment of

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(3) OJ C 290, 13.10.2000
virtual institutes. Following the fourth periodic call (1), 66 proposals were submitted for generic measurement and test activities, 20 of which were selected for financing.

Energy, environment and sustainable development

337. In the context of environment and sustainable development, 169 research projects were launched in 2001 following the call for proposals published on 15 November 2000 (2). In addition, 38 specific measures for groups of SMEs were selected as well as 31 training grants and 32 accompanying measures. For the first time, two dedicated calls for proposals were published: one for research on endocrine disrupters (3) and the other for biodiversity information networks (3).

338. In the context of energy, 72 projects were selected under the ‘Cleaner energy, including renewable energy sources’ key action and 70 under the ‘Economical and efficient energy’ key action. Four generic measures, including accompanying measures for the dissemination of innovative energy technologies, 19 Marie Curie fellowships and 16 SME projects were also selected. Most of the funds allocated to these projects concerned renewable energy sources and their industrial applications. Two calls for proposals were published in August (4) and September (5) in order to improve the participation of countries recently associated with the programme. In addition, an implementation agreement for research cooperation on non-nuclear energy and a cooperation agreement on fusion energy between the United States and the European Union were signed on 14 May (Table III). In the same field, a cooperation agreement was also signed with Russia on 3 October (Table III) and a cooperation agreement with Kazakhstan was concluded by the Council on 27 September (Table III).

Confirming the international role of Community research

339. One of the priorities in 2001 was to increase the participation of the accession candidate countries, with the publication of two dedicated calls (6) designed to support the research centres in those countries. Actions were also initiated to encourage their participation in the other specific programmes. For example, the publication of new calls for proposals will enable the new associated States (NEA) to play an active part in existing research projects and prepare for their integration in the European research area.

(2) OJ C 324, 15.11.2000.

GEN. REP. EU 2001
340. The Community continued to cooperate with the International Association for the Promotion of Cooperation with Scientists from the new independent States of the former Soviet Union (INTAS) by initiating 189 new research projects and granting 261 fellowships for researchers from those countries, totalling some EUR 20 million. As part of its activities concerning the Moscow-based International Science and Technology Centre (ISTC) and the Kiev-based Ukrainian Science and Technology Centre (USTC), the Community supported the retraining of over 30,000 researchers who were previously involved in military research.

341. The call for applications concerning Balkan reintegration (1), which resulted in 56 proposals, made it possible to resume dialogue with the countries in this region which had for a long time been left out of the international cooperation process. Croatia and the Federal Republic of Yugoslavia are now again eligible to participate in RTD projects.

342. The developing countries also benefited from close cooperation thanks to the financing of research projects. In all, 107 projects were negotiated in 2001. The last major calls (1) under the fifth framework programme were closed in September, by which time 49 proposals concerning the Mediterranean countries and 310 proposals concerning the developing countries had been received. One of these calls is designed to promote research into poverty-related diseases (tuberculosis, malaria, AIDS). Coordination of policies and investment in agricultural research for development was also ensured in the context of the European initiative for agricultural research for development. In all the areas of the programme, other calls made it possible to finance accompanying measures, including two dedicated calls in the field of poverty-related diseases (1). Specific cooperation with the countries of Latin America, the Caribbean, the Mediterranean and Asia was strengthened thanks to bi-regional dialogue meetings between the Member States, the countries concerned in each regional grouping and the Commission.

343. The agreement associating Malta with the fifth framework programme entered into force provisionally on 1 March, the cooperation agreement with Russia (2) entered into force on 10 May and the agreement with Argentina (3) entered into force on 28 May. A science and technology cooperation agreement was also signed with India on 23 November (Table III) and the Commission received terms of reference to negotiate cooperation agreements with Chile (Table III) and Ukraine (Table III).

(1) OJ C 85, 15.3.2001.
(2) 2000 General Report, point 303.
(3) 1999 General Report, point 265.
344. In the context of activities under the various specific programmes, 32 scholar­shhips for young researchers from developing and emerging-economy countries were selected for financing. In addition, 14 proposals were received following the call for proposals for scholarships for European researchers in Japan (¹), seven of which were selected for financing.

345. Support for European cooperation in the field of scientific and technical research (COST), with which the Federal Republic of Yugoslavia was associated as a full member, continued in 2001, with over 200 projects in progress. Work was also carried out to strengthen coordination and synergy between EU programmes and the Eureka initiative (²), in particular as a result of the setting-up at the beginning of the year of a Commission-Eureka contact group.

Promotion of innovation and SME participation (³)

346. The work to coordinate innovation activities carried out under all the specific programmes continued in the context of the coordination structure established by the ‘Promotion of innovation and SME participation’ programme.

347. In the context of the specific measures intended to promote SME participation in the Community research programmes — exploratory awards and cooperative research (CRAFT) — 1 500 proposals involving 5 000 SMEs were received in 2001, of which 40% were selected for funding. Over 5 000 requests for information were sent to the single entry point for SMEs that is common to all programmes. Under the ‘Economic and technological intelligence’ scheme, 53 projects were carried out to help SMEs to identify relevant information and embark upon projects with other partners to exploit the trends perceived.

348. The Commission continued its study activities in the field of innovation. A call for tenders was launched on 28 April (⁴) for the carrying-out of four new studies. These activities supplement the quantitative and qualitative analyses carried out in connection with the innovation scoreboard (→ point 292) in order to enhance knowledge of innovation policies, processes and performances in the EU. As regards support for the financing of innovation and the exploitation of research results, progress was made in connection with the networking and dissemination of good practices between European innovation movers and shakers: venture capital funds, incubators, university technology transfer units, etc. A call for proposals was published on 15 May (⁵) in connection with mech-

(¹) OJ C 85, 27.3.1999.
(²) Ninetieth General Report, point 320; Twenty-sixth General Report, point 321.
(³) http://sme.cordis.lu/home/index.cfm.
(⁵) OJ C 141, 15.5.2001.
organisms to facilitate the setting-up and development of innovative enterprises which generated considerable interest and resulted in the submission of 116 proposals. After evaluation, 22 regions of excellence were selected for grouping into five networks, and six projects and three accompanying measures were selected for a Community contribution. A European conference was held in Cardiff from 15 to 18 October on topical questions concerning intellectual property (software patentability, evaluation of non-tangible assets, etc.) by the Commission and the European Patent Office.

**Increasing human potential and the socioeconomic knowledge base**

349. Following the calls for Marie Curie fellowships under this programme (1), a total of 650 individual fellowships, 70 industrial fellowships, 55 development fellowships and 200 training sites were proposed for financing, representing a total of 3 300 fellows.

350. Following the second and last call for research training networks (2), a total of 603 proposals were received and evaluated. In addition, following the third and last call for proposals for research infrastructures (3), a budget of EUR 59 million was assigned to 92 projects. Under the ‘Improving the socioeconomic knowledge base’ key action, 95 research projects, thematic networks and accompanying measures involving some 680 organisations were launched. In the context of the strategic analysis of specific policy issues (Strata), 11 projects were initiated and a basis established for forward studies on the European research area. Just under 370 high-level conferences received Community support in order to increase the participation of young European scientists.

**Direct actions carried out by the JRC for the European Community**

351. As a direct result of a detailed audit by the JRC (→ point 357), the total number of projects under the work programme was reduced from 100 to 87 in order to achieve further integration in the JRC’s core areas: safety of food and chemicals, environment, dependability of information systems and services, nuclear safety and safeguards (Euratom).

352. On 20 April (4), the Commission presented a communication on the JRC’s role in the European research area. A specific proposal concerning the JRC’s participation in the sixth framework programme was adopted by the Commission on 30 May (→ point 327). This proposal reflects a greater user-
orientation, concentration on selected themes, and openness and networking in order to broaden the knowledge base.

353. A considerable proportion of the JRC's work programme in 2001 concentrated on support for environment-related policies, e.g. concerning climate change, air, water and soil quality, energy, sustainable development and environmental assessment. The JRC continued to perform risk assessments on dangerous substances and also worked on further developing new methodologies for the evaluation of environmental chemical mixtures, and addressed the impact of the environment on human health. It also developed and implemented a number of policies relating to the protection of individuals against hazards: industrial accidents, in-flight accidents, codes for construction standards, application of Earth observation techniques for risk and damage assessment, and monitoring and post-crisis management of natural hazards. The JRC also continued to develop its activities as a scientific reference and validation centre in support of EU policies in the areas of food safety and quality. Particular efforts focused on methods for the detection of specific elements in food and animal feed. Technological prospective studies continued in the areas of the development of food products and processes and on the impact of food safety policies on the agri-food sector. Scientific and technical support was given to the Commission in the context of the European network of GMO laboratories, which the JRC coordinates.

Nuclear energy

354. In the field of nuclear fission and radiation protection (1), 75 new projects received Community financing totalling EUR 50 million in 2001 following a call for proposals published in 2000 (2). In addition, 20 accompanying measures, training activities and Marie Curie fellowships were selected for funding. A final call for proposals was published on 16 October (3). Major results were achieved in the fields of the treatment of storage of long-lived radioactive waste, and the understanding of the effects of small doses of radioactivity on human beings and the environment, nuclear accidents likely to occur in nuclear power stations and elsewhere, decommissioning of power stations and optimisation of the use of radiation in medical applications. In the field of controlled fusion, the main developments in 2001 concerned the design of the international experimental thermonuclear reactors (ITER). Following the approval of the final design report by the various parties (European Union, Japan and the Russian Federation) negotiations were prepared with a view to the future joint implementation of this project. Another important stage was the successful test-

ing of the superconducting coils of the ITER's magnets designed by European laboratories under the European fusion development agreements (EFDA). Scientific operation of the Joint European Torus (JET) also continued under the EFDA.

**Direct actions carried out by the JRC for Euratom**

355. The JRC continued its activities in support of Community policies relating to safeguards, radiation protection, nuclear waste management and harmonisation in the field of reactor safety and fuel cycle safety. It also organised a summer university on nuclear science, with participants from the EU, the accession candidate countries, China, India, Japan, Russia and the US.

**Coal and steel technical research**

356. In accordance with the medium-term guidelines for the ECSC programme of research and technological development for steel 1996–2002 (1), 73 research proposals were selected covering the development, improvement and optimisation of steel processes and products while taking into account social and environmental aspects. These proposals received financial support totalling EUR 55 million. On 7 March, the Commission adopted a communication entitled 'Expiry of the ECSC Treaty: financial activities after 2002' (2), containing an amended proposal for a Council decision laying down the multiannual technical guidelines for the research programme of the Coal and Steel Research Fund. This proposal is based on the protocol on the financial consequences of the expiry of the ECSC Treaty annexed to the Treaty of Nice.

**Joint Research Centre (JRC)** (3)

357. The JRC continued to provide scientific and technical support for EU policies and continued to carry out its multiannual work programme. A detailed audit of the JRC's activities was carried out to establish their relevance, quality and efficiency, and recommendations were submitted to the Commission. On 7 May, the Commission adopted its annual report (2000) on the JRC (4). On 30 May, it proposed the adoption of two specific programmes to be implemented by the JRC under the new framework programme for research and technological development (→ point 327).

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3 http://www.jrc.cec.eu.int/index.asp.
4 COM(2001) 239; Bull. 5-2001, point 1.3.58.
Section 9

Information society (1)

Priority activities and objectives

358. The Commission continued to implement the action plan 'eEurope 2002: an information society for all' (2) approved in 2000 as part of the Lisbon strategy which is designed to make Europe the most dynamic and most competitive knowledge-based economy in the world within a decade. The Stockholm European Council welcomed the progress made and the measures proposed by the Commission to meet the challenges still remaining for this initiative to be fully implemented, in particular as regards the security of information networks. By the end of the year most of the key objectives of eEurope had been or were about to be achieved, in particular the adoption of the reform of the regulatory framework for telecommunications.

Information society

359. The Stockholm European Council on 23 and 24 March (3) welcomed the progress made since the Lisbon European Council (4) in connections to the Internet as well as use of the Internet and stressed the vital importance of moving towards a knowledge-based economy for building a more inclusive society.

360. While recognising that the eEurope 2002 initiative (5) represented the most important effort by the EU to familiarise its citizens and businesses with the new digital age and the new economy, in its opinion of 24 January (6), the Economic and Social Committee asked for a number of points to be reinforced and clarified. In a communication of 13 March (7), the Commission presented an analysis of the impact of eEurope 2002 on the knowledge-based society and proposed measures to meet the challenges still remaining for this initiative to be fully implemented.

(1) Further information is available on the Europa server (http://europa.eu.int/information_society/index_en.htm).
(3) Bull. 3-2001, point 1.22.
(4) Bull. 3-2000, point I.6.

GEN. REP. EU 2001
361. On 30 May (1), in a resolution on the eEurope 2002 action plan, the Council stressed the importance of information and network security. In a resolution adopted on 8 October, it emphasised the opportunities offered by the information society for social inclusion (→ point 129). At the end of the conference ‘E-government: from policy to practice’, which was jointly organised by the Commission and the Belgian Presidency on 29 and 30 November, the ministers concerned highlighted the importance of security and confidence and the quality of public services in this connection.

362. In a recommendation of 4 July, the Commission invited Member States to develop an appropriate legal and business framework for private-sector participation in deploying telematics-based traffic and travel information (TTI) services in Europe (→ point 693).

363. On 2 October, the Commission amended its initial proposal concerning the creation of the top-level domain 'eu' (Table I) to incorporate many of the amendments adopted by the European Parliament on first reading on 7 July, in particular those concerning greater transparency as regards procedures and consultation of interested parties. On 6 November, the Council adopted a common position on the proposal.

364. On 23 November (2), the Commission adopted a communication on the intermediate evaluation of the implementation of the multiannual Community action plan adopted by the European Parliament and the Council on 25 January 1999 (3) on promoting safer use of the Internet by combating illegal and harmful content on global networks. While stressing that the action in question is still highly relevant, it proposes that future work should take account of newly emerging channels of access to the Internet and new means of interaction between Internet users.

365. On 29 November, the Commission adopted a communication analysing the impact of the e-economy on European enterprises (→ point 318).

366. On 15 March (4), the European Parliament welcomed the communication presented by the Commission in April 2000 on the organisation and management of the Internet (5) and stressed the need for a solid European presence in the respective international organisations, in particular ICANN (Internet Corporation for Assigned Names and Numbers). It took the view that Europe’s regulatory strategy in this area should provide a global reference framework for practices connected with the Internet.

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(2) COM(2001) 690; Bull. 11-2001, point 1.3.98.
(4) OJ C 343, 5.12.2001; Bull. 3-2001, point 1.3.93.

GEN. REP. EU 2001
367. In an opinion of 13 June (1), the Committee of the Regions gave its views on the Commission’s evaluation (2) of the bridge phase of the technological initiative for the socioeconomic integration of the disabled and elderly (TIDE). In a communication of 25 September (3), and with reference to the eEurope 2002 action plan (→ point 360), the Commission made recommendations designed to remove barriers to access to public web sites and their content for people with disabilities.

368. Information on the fight against cybercrime is provided in Section 1 (‘Area of freedom, security and justice’) of Chapter IV (→ point 541).

369. Information on the eLearning initiative is provided in Section 3 (‘Education and culture’) of Chapter IV (→ point 564).

Electronic communications

370. On 28 March (4), the Commission approved draft guidelines to assist the national authorities in the application of the market power concept.

371. In response to a request from the Stockholm European Council (5), on 6 June the Commission presented a communication on network and information security (6), in which it proposed a European policy approach accompanied by a series of measures, such as awareness raising, a European warning system and greater security in government use. This communication was favourably received by the Committee of the Regions on 15 November (7), by the Economic and Social Committee on 28 November (7) and by the Council at its meeting on 6 and 7 December (8). The Council also agreed its common position on the proposal for a directive concerning the protection of privacy in the electronic communications sector (→ point 225).

372. In its opinion of 20 September (9), the Committee of the Regions endorsed the Commission’s sixth report on the implementation of the telecommunications regulatory package (10). The Commission adopted the seventh report on 26 November (11). In September and October, the Council adopted a

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(1) OJ C 357, 14.12.2001; Bull. 6-2001, point 1.3.86.
(3) COM(2001) 528; Bull. 9-2001, point 1.3.48.
(4) COM(2001) 175; Bull. 3-2001, point 1.3.92.
(5) COM(2001) 298; Bull. 3-2001, point 1.22.
(6) COM(2001) 298; Bull. 6-2001, point 1.3.87.
(7) Bull. 11-2001, point 1.3.105.
(8) Bull. 12-2001, point 1.3.106.
(9) Bull. 9-2001, point 1.3.50.
series of proposals concerning the establishment of a regulatory framework for electronic communications, and the European Parliament expressed its views on the subject (second reading) in December (Table I).

**Trans-European telecommunications networks**

373. Information on trans-European telecommunications networks is provided in Section 12 ('Trans-European networks') of this chapter (→ points 422 et seq.).

**Information society technologies**

374. In its communication of 20 March on the introduction of third-generation mobile communications in the European Union (¹), the Commission stressed the need to use existing Community policies to create a favourable environment for future wireless digital services and proposed various lines of action to that end.

**Digital content**

375. Following the adoption by the Council in December 2000 (²) of a multiannual programme on digital content, on 15 March (³) the Commission issued the first calls for proposals as part of its work programme for 2001 and 2002. This initiative resulted in 19 projects being selected in the field of public sector information and the production of digital content in a multilingual and multicultural environment. A new call for proposals was published on 1 November (⁴).

376. On the basis of replies to its January 1999 Green Paper on public sector information (⁵), on 23 October (⁶) the Commission adopted a communication proposing a series of measures aimed at improving the opportunities for commercial reuse of such information.

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(¹) COM(2001) 141; Bull. 3-2001, point 1.3.95.
(³) OJ C 85, 15.3.2001.
(⁴) OJ C 308, 1.11.2001.

GEN. REP. EU 2001
Data protection

377. Information on the protection of personal data is provided in Section 5 (‘Internal market’) of this chapter (→ points 224 and 225).

International cooperation and regional aspects

378. On 27 September, the Council adopted negotiating directives on a draft Convention on Information and Legal Cooperation on Information Society Services, for negotiation within the Council of Europe (Table III).

379. Progress made by candidate countries in 2001 in implementing Community rules on telecommunications was one of the main points of international cooperation in the area of the information society. Assistance given to these countries also led, at the Gothenburg European Council in June (1), to the launching of the ‘eEurope +’ action plan for 2003. In addition to round table discussions with the private sector and bilateral consultation with various countries, including the United States, India and Japan in particular, on subjects connected with the information society, the EU also took part in G8 discussions (→ point 1033) on this subject. This topic has also now become part and parcel of global economic cooperation and political relations, including within international organisations such as the International Telecommunications Union (2), the OECD (3) (→ point 873) and the World Trade Organisation (4), (→ points 876 et seq.), regulatory bodies such as ICANN (5) (Internet Corporation for Assigned Names and Numbers), and private sector forums such as the GBDE (Global Business Dialogue on Electronic Commerce). The economic cooperation launched by the Community with the emerging third countries of Asia, Latin America and the Mediterranean also reflects this new state of affairs. In December, the Commission published a communication on information and communication technologies in the developing countries (→ point 925).

380. On 28 May, the Council decided on the conclusion of an exchange of letters concerning the accession of the Republic of Korea to the IMS (intelligent manufacturing systems) programme agreed between the European Community and Australia, Canada, Japan, the US and the EFTA countries (Table III). In November, it authorised the Commission to negotiate with several accession

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(1) Bull. 6-2001, point I.4.
candidate countries on the extension of the common communications network/common systems interface (CCN/CSI) (→ point 783).

381. Following the Lyon Conference on the Information Society and Economic, Social and Territorial Cohesion (¹), the Commission tried to ensure in particular that the regions take account of the objectives of the eEurope action plan when adopting regional programmes and measures to be financed out of the Structural Funds and Cohesion Fund, considerable response having been had from the regions on the subject of the information society in innovative regional policy actions (→ points 401 et seq.). It also conducted a study on the impact of the information society in the outermost regions (→ point 414), pursuant to Article 299(2) of the EC Treaty, to help prepare a programme for the development of the information society in such regions.

(¹) 2000 General Report, point 342.
Section 10

Economic and social cohesion

Priority activities and objectives

382. In 2001, the European Union moved into an active phase of implementing the Structural Funds in the 2000–06 programming period. To that end, it made efforts to improve the management of the Funds in partnership with the Member States. A significant number of programmes under the Community initiatives were approved during the year.

General outline

383. On 31 January, pursuant to Article 159 of the EC Treaty, the Commission adopted its second report on economic and social cohesion (1), which follows the first phase of implementation of the 1999 reform of the Structural Funds (2). The report looks at trends in economic and social disparities within the European Union and the state of cohesion if the Union were enlarged to 27 members. The report was well received on 25 April by the Economic and Social Committee (3), and on 15 November by the Committee of the Regions (4). The 11th annual report on the Structural Funds (1999) (5) was also the subject of an opinion by the Economic and Social Committee on 30 May (6), a resolution by Parliament on 20 September (7) and an opinion of the Committee of the Regions on 15 November (8). The Commission adopted the 12th annual report on 3 October (9).

384. At its February meeting, the Committee of the Regions adopted own-initiative opinions on the structure and goals of European regional policy in the context of enlargement and globalisation (10) and the importance of public credit institutions for the balanced development of regions, cities and localities (11).

(2) 1999 General Report, points 315 to 325.
(3) OJ C 193, 10.7.2001; Bull. 4-2001, point 1.3.64.
(4) Bull. 11-2001, point 1.3.109.
(6) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.64.
(7) Bull. 9-2001, point 1.3.57.
(8) Bull. 11-2001, point 1.3.110.
(9) Bull. 10-2001, point 1.3.105.
(10) OJ C 148, 18.5.2001; Bull. 1/2-2001, point 1.3.132.
(11) OJ C 148, 18.5.2001; Bull. 1/2-2001, point 1.3.133.
385. On 25 July, the Commission adopted a communication on the impact of enlargement on regions bordering candidate countries (→ point 776).

386. On 1 October, pursuant to Regulation (EC) No 214/2000 on Community financial contributions to the International Fund for Ireland in 2000–01 (¹), the Commission adopted a report (²) on the work of that instrument and an assessment of the nature and impact of the assistance under it.

**Structural measures**

**General**

387. In its resolution of 16 January (³), the European Parliament asked the Commission, the Council and the Member States to take a number of measures consequent on Special Reports Nos 6/99 (⁴), 7/99 (⁴), 3/2000 (⁵) and 7/2000 (⁶) by the Court of Auditors on the Structural Funds.

388. In its communication of 16 January (⁷), the Commission described how the European Social Fund programmes for 2000–06 will be integrated into the key priorities of the European employment strategy launched by the Luxembourg European Council in 1997 (⁸).

389. Following non-renewal of the fisheries agreement with Morocco, on 18 June the Council adopted Regulation (EC) No 1227/2001 extending to 31 December the compensation under Regulation (EC) No 2792/1999 laying down the detailed rules and arrangements regarding Community structural assistance in the fisheries sector, for the temporary cessation of activities affecting fishermen and shipowners (Table II). On 17 December, the Council decided to introduce exceptional measures to assist these beneficiaries (→ point 491).

390. At its April meeting, while giving a favourable opinion on the Commission initiative concerning an urban audit, the Committee of the Regions suggested some methodological improvements in the next stage of the exercise (⁹).

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(²) COM(2001) 548; Bull. 10-2001, point 1.3.111.
(⁹) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.3.65.
Community support frameworks (CSFs) and single programming documents (SPDs)

391. On 5 July, the Commission tabled a communication on the results of the programming of the Structural Funds in 2000–06 under Objective 1 (‘Development and structural adjustment in regions whose development is lagging behind’) (1). It particularly stressed that the value added by the Community is reflected by better quality plans, accompanied by strategic approaches which are sometimes significant. It asked the Member States to step up their efforts to make more effective use of the Funds. On 28 November, the Economic and Social Committee welcomed this communication (2).

392. On 22 March, the Commission adopted an SPD under Objective 1 of the Structural Funds for the French national computerisation programme (3).

393. The breakdown by Member State of the commitments made in 2001 under Objective 1 is shown in Table 3.

<table>
<thead>
<tr>
<th>Member State</th>
<th>ERDF (million EUR)</th>
<th>ESF (million EUR)</th>
<th>EAGGF (Guidance Section)</th>
<th>PEACE (million EUR)</th>
<th>FIFG (million EUR)</th>
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<tr>
<td>Belgium</td>
<td>75.523</td>
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<td>662.245</td>
<td>32.110</td>
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<td>Greece</td>
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<td>623.321</td>
<td>341.200</td>
<td>26.500</td>
<td></td>
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<tr>
<td>Spain</td>
<td>5 612.736</td>
<td>2 520.300</td>
<td>1 224.166</td>
<td>216.300</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>343.676</td>
<td>183.679</td>
<td>118.458</td>
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<td>30.710</td>
<td>74.570</td>
<td></td>
</tr>
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<td>582.148</td>
<td>387.213</td>
<td>10.980</td>
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<td>1.500</td>
<td>1.500</td>
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<td>7.917</td>
<td>5.950</td>
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<td>39.732</td>
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<td>314.149</td>
<td>60.871</td>
<td>0.300</td>
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<td>Other</td>
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<td>131.130</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15 682.905</td>
<td>6 709.068</td>
<td>3 219.826</td>
<td>206.180</td>
<td></td>
</tr>
</tbody>
</table>

394. Under Objective 2 of the Structural Funds (‘Economic and social conversion of areas facing structural difficulties’), the Commission adopted for 2000–06 SPDs providing structural assistance in Belgium (SPDs for the prov-

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(1) COM(2001) 378; Bull. 7/8-2001, point 1.3.106.
(2) Bull. 11-2001, point 1.3.112.
(3) Bull. 3-2001, point 1.3.97.

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inces of Limburg (15 May) (1), West Flanders (Kunstgebied and Westhoek zones) (31 May) (2), East Flanders (8 June) (3), Antwerp (14 June) (4) and for the Brussels-Capital region (4 July) (5), in Germany (SPDs for the Länder of Bremen, Lower Saxony, Rheinland-Pfalz, Saarland (22 March) (6), Hessen (31 May) (7), Schleswig-Holstein (25 July) (8), Bavaria (3 July) (9), Hamburg (25 July) (10)), in France (SPDs for the regions of Champagne-Ardenne, Nord/Pas-de-Calais (21 March) (11), Rhône-Alpes (26 March) (12) and for the national computerisation programme (22 March) (→ point 392)), in the Netherlands (SPDs for urban areas (23 March) (13) and for the North (19 July) (14), East (6 August) (15) and South (6 August) (16) regions), in Austria (SPDs for the regions of Vorarlberg, Salzburg (16 March) (17), Lower Austria, Upper Austria (16 March) (18), Tyrol (19 March) (19), Styria, Carinthia (21 March) (20), Vienna (13 July) (21)), and in the United Kingdom (SPDs for the regions of East Midlands (16 March) (22), South of Scotland (21 March) (23), East of Scotland, Gibraltar (22 March) (24), South-East of England, London, South-West of England, West Midlands, North-East of England (22 March) (25), North-West of England, East of England, East Wales, Western Scotland (26 March) (26).

395. The breakdown by Member State of the commitments made in 2001 under Objective 2 is shown in Table 4.

396. The rural development measures financed by the EAGGF Guarantee Section forming part of the programming for Objective 2 are included in Table 10 in Chapter III (→ point 443).

(1) Bull. 5-2001, point 1.3.67.
(2) Bull. 5-2001, point 1.3.68.
(3) Bull. 6-2001, point 1.3.92.
(4) Bull. 6-2001, point 1.3.93.
(6) Bull. 7-2001, point 1.3.100.
(7) Bull. 5-2001, point 1.3.70.
(8) Bull. 7/8-2001, point 1.3.108.
(9) Bull. 7-2001, point 1.3.109.
(10) Bull. 7/8-2001, point 1.3.110.
(11) Bull. 3-2001, point 1.3.102.
(12) Bull. 3-2001, point 1.3.104.
(13) Bull. 3-2001, point 1.3.105.
(14) Bull. 7/8-2001, point 1.3.118.
(15) Bull. 7/8-2001, point 1.3.119.
(16) Bull. 7/8-2001, point 1.3.120.
(17) Bull. 3-2001, point 1.3.106.
(18) Bull. 3-2001, point 1.3.107.
(19) Bull. 3-2001, point 1.3.108.
(20) Bull. 3-2001, point 1.3.109.
(21) Bull. 7/8-2001, point 1.3.121.
(22) Bull. 3-2001, point 1.3.110.
(23) Bull. 3-2001, point 1.3.111.
(24) Bull. 3-2001, point 1.3.112.
(25) Bull. 3-2001, point 1.3.113.
(26) Bull. 3-2001, point 1.3.114.
The breakdown by Member State of the commitments made in 2001 under Objective 3 (‘Adaptation and modernisation of policies and systems for education, training and employment’) is shown in Table 5.

### Table 5
Commitments in 2001 — Objective 3

<table>
<thead>
<tr>
<th>Member State</th>
<th>ESF (excluding Objective 1 areas)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>109.539</td>
</tr>
<tr>
<td>Denmark</td>
<td>54.249</td>
</tr>
<tr>
<td>Germany</td>
<td>680.868</td>
</tr>
<tr>
<td>Spain</td>
<td>505.822</td>
</tr>
<tr>
<td>France</td>
<td>674.774</td>
</tr>
<tr>
<td>Italy</td>
<td>556.465</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>5.648</td>
</tr>
<tr>
<td>Netherlands</td>
<td>250.588</td>
</tr>
<tr>
<td>Austria</td>
<td>78.476</td>
</tr>
<tr>
<td>Finland</td>
<td>59.897</td>
</tr>
<tr>
<td>Sweden</td>
<td>107.013</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>678.935</td>
</tr>
<tr>
<td>Total</td>
<td>3 762.274</td>
</tr>
</tbody>
</table>

The Commission also adopted for 2000–06 SPDs for structural assistance in the fisheries sector outside the regions under Objective 1 in Italy following the carry-over of appropriations entered for 2000.
The breakdown by Member State of the commitments made in 2001 under the Financial Instrument for Fisheries Guidance (FIFG) outside the regions under Objective 1 is shown in Table 6.

**TABLE 6**
Commitments in 2001 — FIFG

<table>
<thead>
<tr>
<th>Member State</th>
<th>FIFG (excluding areas under Objective 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>5.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>29.2</td>
</tr>
<tr>
<td>Germany</td>
<td>15.9</td>
</tr>
<tr>
<td>Spain</td>
<td>29.7</td>
</tr>
<tr>
<td>France</td>
<td>33.4</td>
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<tr>
<td>Italy</td>
<td>28.2</td>
</tr>
<tr>
<td>Austria</td>
<td>0.6</td>
</tr>
<tr>
<td>Finland</td>
<td>4.6</td>
</tr>
<tr>
<td>Sweden</td>
<td>8.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>17.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>159.4</strong></td>
</tr>
</tbody>
</table>

**Community initiatives**

On 28 March, in its opinion on the implementation and management of the Interreg Community initiative in the least developed Member States (1), the Economic and Social Committee asked the Commission to simplify access and set up proper information arrangements. It also insisted on the need to promote cross-border cooperation between regions. Most of the Interreg programmes were adopted in 2001, including one on cooperation in the outermost regions (2). In its conclusions of 23 July (3) on Special Report No 1/2001 by the Court of Auditors on the URBAN Community initiative (4), the Council considered that it had had a positive effect on the urban areas of the Union where it had been applied. In partnership with the Member States, during 2001 all 70 programmes planned under this initiative were adopted, a higher figure than the 55 originally expected. In the case of the EQUAL Community initiative, 17 programmes were adopted, one for each Member State apart from Belgium and the United Kingdom, which presented two each. Most of the 73 programmes submitted by the Member States under the Leader+ Community initiative for rural development were approved in 2001. A breakdown, by Member State, of the commitments made in 2001 under the Community initiatives is given in Table 7.

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1) OJ C 155, 29.5.2001; Bull. 3-2001, point 1.3.115.
2) Bull. 7/8-2001, point 1.3.122.
### TABLE 7
Commitments in 2001 — Community initiatives

<table>
<thead>
<tr>
<th>Member State</th>
<th>Leader (million EUR)</th>
<th>Interreg (million EUR)</th>
<th>EQUAL (million EUR)</th>
<th>URBAN (million EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>2.600</td>
<td>4.600</td>
<td>15.668</td>
<td>3.700</td>
</tr>
<tr>
<td>Denmark</td>
<td>24.141</td>
<td>68.130</td>
<td>78.700</td>
<td>22.200</td>
</tr>
<tr>
<td>Germany</td>
<td>28.000</td>
<td>15.900</td>
<td>78.800</td>
<td>3.800</td>
</tr>
<tr>
<td>Greece</td>
<td>74.468</td>
<td>25.314</td>
<td>48.900</td>
<td>15.300</td>
</tr>
<tr>
<td>Spain</td>
<td>41.100</td>
<td>5.200</td>
<td>16.800</td>
<td>15.300</td>
</tr>
<tr>
<td>France</td>
<td>7.300</td>
<td>13.721</td>
<td>60.300</td>
<td>17.200</td>
</tr>
<tr>
<td>Ireland</td>
<td>16.661</td>
<td>445.518</td>
<td>12.700</td>
<td>4.400</td>
</tr>
<tr>
<td>Italy</td>
<td>0.300</td>
<td>12.618</td>
<td>11.600</td>
<td>1.300</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>12.700</td>
<td>12.618</td>
<td>22.200</td>
<td>2.900</td>
</tr>
<tr>
<td>Netherlands</td>
<td>24.800</td>
<td>9.415</td>
<td>13.231</td>
<td>0.800</td>
</tr>
<tr>
<td>Austria</td>
<td>8.500</td>
<td>6.595</td>
<td>61.512</td>
<td>18.600</td>
</tr>
<tr>
<td>Portugal</td>
<td>6.200</td>
<td>31.900</td>
<td>15.600</td>
<td>1.300</td>
</tr>
<tr>
<td>Finland</td>
<td>12.965</td>
<td>17.200</td>
<td>11.100</td>
<td>0.800</td>
</tr>
<tr>
<td>Sweden</td>
<td>4.400</td>
<td>4.400</td>
<td>17.400</td>
<td>2.900</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>31.900</td>
<td>17.200</td>
<td>13.231</td>
<td>0.800</td>
</tr>
<tr>
<td>Other</td>
<td>109.400</td>
<td>109.400</td>
<td>458.811</td>
<td>18.600</td>
</tr>
<tr>
<td>Total</td>
<td>271.335</td>
<td>594.299</td>
<td>458.811</td>
<td>109.400</td>
</tr>
</tbody>
</table>

---

**Innovative measures and other regional operations**

401. In its communication of 12 January (1), the Commission set out a number of guidelines it intended to follow when implementing innovative measures under the European Social Fund in 2000–06. In its resolution of 24 October (2), Parliament welcomed these guidelines, while asking for greater precision in the calls for proposals and stressing the special importance to be attached to combating unemployment and promoting social cohesion.

402. On 7 February, the Commission presented a report on the progress in implementation of the specific measures for the smaller Aegean islands in 1996 and 1997 (3), as provided for by Council Regulation (EEC) No 2019/93 (4). On 7 November, it proposed an updating of the regulation (Table II).

403. In its opinion of 30 May (5), the Economic and Social Committee welcomed the draft guidelines presented by the Commission in July 2000 (6) for innovative measures to be financed by the ERDF in 2000–06. Since 103 of the

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(2) Bull. 10-2001, point 1.3.104.
(3) COM(2001) 64; Bull. 1/2-2001, point 1.3.160.
(4) OJ L 184, 27.7.1993; Twenty-Seventh General Report, point 414.
(5) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.65.
156 regions eligible submitted a draft in 2001, the funding available for this first year of implementation was increased by a temporary transfer of appropriations from Interreg (→ point 400).

**Cohesion Fund**

404. On 11 January, the Commission adopted the annual report on the work of the Cohesion Fund in 1999 (2). Since this was the last year in which the work of the Fund took place under the financial perspective for 1994–99, the Commission provided an overview of developments since the beginning of that period. It concluded that the Fund had enabled the beneficiary countries to maintain a high level of public investment in the environment and transport, while complying with the targets of financial balance. In an opinion of 11 July (3) on the report, the Economic and Social Committee asked that in future the Fund should revert to its initial purpose of financing major projects so that assistance would not become too fragmented. In its resolution of 20 September (4), Parliament welcomed the report, asking the Commission to look in particular at the reasons for the varying effectiveness and results of the Fund in the various eligible Member States.

405. On 22 October, the Commission adopted the annual report on the work of the Cohesion Fund in 2000 (5), setting out commitments and payments by country (Greece, Spain, Ireland, Portugal) and sector (environment and transport).

406. In 2001, total commitments to finance Cohesion Fund projects amounted to EUR 3 125 million. The breakdown of these commitments by country is given in Table 8.

**TABLE 8**

<table>
<thead>
<tr>
<th>Member State</th>
<th>Total (million EUR)</th>
<th>Breakdown (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>696.574</td>
<td>22.28</td>
</tr>
<tr>
<td>Spain</td>
<td>1784.766</td>
<td>57.11</td>
</tr>
<tr>
<td>Ireland</td>
<td>115.000</td>
<td>3.68</td>
</tr>
<tr>
<td>Portugal</td>
<td>528.886</td>
<td>16.92</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>0.007</td>
<td>0.01</td>
</tr>
<tr>
<td>Grand total</td>
<td>3 125.233</td>
<td>100</td>
</tr>
</tbody>
</table>

(1) The goal set for breakdown between sectors is 50% to environment and 50% to transport.

(4) Bull. 9-2001, point 1.3.59.

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Pre-accession instruments

407. The work of the Instrument for Structural Policies for Pre-accession (ISPA) is dealt with in Section 5 ('Pre-accession strategies') of Chapter V (→ point 791).
Section 11

Measures for the outermost regions

408. Action to support the outermost regions (the French overseas departments (DOM), the Canary Islands, the Azores and Madeira) continued in line with the strategy for sustainable development in these regions set out in the Commission report of 14 March 2000 (¹) on the measures to implement Article 299(2) of the EC Treaty. The action covered the strategy's three strands, namely traditional production activities (agriculture and fishing), diversification and modernisation, regional cooperation and the international environment. In its conclusions at Gothenburg (²) and Laeken (³), the European Council took note of progress achieved.

409. In agricultural matters, with a view to replacing the previous regulations based on 'programmes of options specific to the remote and insular nature' of the regions (Poseidom, Poseima and Poseican), on 28 June the Council adopted Regulations (EC) No 1452/2001, (EC) No 1453/2001 and (EC) No 1454/2001 (Table II) applying respectively to the DOM, Madeira and the Azores, and the Canary Islands; in addition, Regulation (EC) No 1455/2001 made the requisite adaptations to the common organisation of the market in beef and veal (Table II). The Council also incorporated additional provisions into the new Poseima regulation to cover dairy production in the Azores (Table II). These regulations, which are designed to work in combination with the agricultural structure measures (→ point 411), seek to improve the specific supply arrangements, the measures to assist local production and the special veterinary and plant-health measures. The various implementing regulations were drafted in the wake of these decisions. Lastly, the banana-producing outermost regions have benefited from the settlement of the dispute concerning this product in the World Trade Organisation (→ points 449, 876).

410. In the fisheries sector, on 4 September the Commission proposed extending, until 31 December 2002, the scheme introduced by Regulation (EC) No 1587/98 to compensate for the additional costs incurred in the marketing of certain products (Table II), pending the report on the application of the current scheme and the proposal for the new scheme to replace it.

Regarding the Structural Funds (→ points 387 et seq.), on 28 June the Council adopted Regulations (EC) No 1447/2001, (EC) No 1448/2001, (EC) No 1449/2001, (EC) No 1450/2001 and (EC) No 1451/2001 amending the previous regulations to take greater account of the needs of the outermost regions (structural derogations). The new regulations involve adjustments to the ceilings for Structural Fund contributions to investments, public assistance ceilings for investments in agricultural and forestry holdings in the regions concerned and certain rates of assistance under the Financial Instrument for Fisheries Guidance (FIFG). On regional cooperation, the Commission, on 13 December, adopted under Interreg III (→ point 400) a programme for the Azores, Madeira and the Canary Islands that also allows for part-financing by the European Regional Development Fund and the European Development Fund of cooperative projects with the countries of north-west Africa and Cape Verde.

In the field of taxation, on 30 May the Council adopted Regulation (EC) No 1105/2001 amending Regulation (EEC) No 1911/91 on the application of the provisions of Community law to the Canary Islands (Table II). That amendment allowed the APIM tax (Arbitrio sobre la producción y las importaciones) to continue to apply until 31 December, pending the entry into force of the new system notified by Spain (1). The proposal for a Council decision on the new system — the AIEM tax (Arbitrio sobre las importaciones y entregas de mercancías en las Islas Canarias) — was adopted by the Commission on 6 December (Table II). On 27 June, it approved a proposal for a Council decision authorising France to extend the application of a reduced rate of excise on ‘traditional’ rum produced in the overseas departments for seven years beyond the end of 2002, when it was due to lapse (Table II) and on 27 July adopted a proposal for a Council decision further reducing the rates of excise on rum and liqueurs produced in Madeira and on rum and spirits produced in the Azores (Table II).

In the customs area, on the same day as it adopted the abovementioned amendment to Regulation (EEC) No 1911/91 (→ point 412) the Council adopted Regulation (EC) No 1106/2001 (2) allowing the customs derogations for the Canary Islands to be maintained until 31 December, pending entry into force of the new arrangements requested by Spain (3). The proposal for the new arrangements, which cover certain industrial and fishery products, was adopted by the Commission on 6 December (4).

In the information society area, a study on the impact of information and communication technologies (ICT) in the outermost regions of the Euro-

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(1) 2000 General Report, point 372.
(3) 2000 General Report, point 373.

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The European Union was published in September (1). In the field of scientific research, a study to define the place of RTD in the outermost regions more clearly and to integrate it more closely into the European research area was launched in October (point 326).

415. In the transport sector, on 22 May the European Parliament and the Council adopted Decision No 1346/2001/EC amending Decision No 1692/96/EC, which seeks to integrate ports in the outermost regions into the trans-European transport networks (point 419) by strengthening the links between them and/or with the central regions of the Community.

(1) Further information is available on the web site (http://www.erup.net/).
Section 12

Trans-European networks (1)

General strategy

416. The Commission’s 1999 annual report on the trans-European networks (2) was endorsed by the Committee of the Regions (3) on 4 April and by the European Parliament on 12 December (4).

417. Community funding for the trans-European networks (TENs) is shown in Table 9. The TEN Financial Assistance Committee endorsed the commitment of EUR 189.6 million, of which EUR 137 million for transport, including intelligent transport systems, EUR 33.7 million for telecommunications and telematics and EUR 18.9 million for energy.

Transport

418. By Decision No 1346/2001/EC of 22 May, the European Parliament and the Council amended Decision No 1692/96/EC on the development of the trans-European transport network, which contains a list of projects eligible for Community co-funding, in order to include seaports, inland ports and intermodal terminals and redefine a project in Annex III (Table I).

419. In order to ensure sustainable transport, the Gothenburg European Council (5) invited the Community institutions to adopt, by 2003, revised guidelines giving priority to infrastructure investment for railways, inland waterways, short sea shipping, intermodal operations and effective interconnection. In response to this request, on 2 October the Commission submitted to the European Parliament and the Council a proposal to amend Decision No 1692/96/EC (Table I). This proposal, submitted following the White Paper on European transport policy for 2010 (→ point 683), is intended to remove bottlenecks on the existing or already planned trans-European network. To this end, the Commission advocates new general priorities concerning the development

(3) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.3.71.
(4) Bull. 12-2001, point 1.3.120.

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<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>Loans</td>
<td>EIB</td>
<td>11 170</td>
<td>4 943</td>
<td>4 415</td>
<td>5 977</td>
<td>4 010</td>
<td>5 066</td>
</tr>
<tr>
<td></td>
<td>Guarantees</td>
<td>EIF</td>
<td>464</td>
<td>55</td>
<td>71</td>
<td>256</td>
<td>80</td>
<td>—</td>
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<tr>
<td></td>
<td>Subsidies</td>
<td>Structural Funds</td>
<td>3 638</td>
<td>527</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td></td>
<td>Subsidies, interest rebates, loan guarantees and co-financing of studies</td>
<td>Cohesion Fund</td>
<td>4 216</td>
<td>1 251</td>
<td>1 337</td>
<td>444</td>
<td>1 277</td>
<td>1 563</td>
</tr>
<tr>
<td></td>
<td>Of which the 14 priority projects</td>
<td>EIB</td>
<td>905</td>
<td>352</td>
<td>474</td>
<td>497</td>
<td>592</td>
<td>572</td>
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<tr>
<td>Energy</td>
<td>Loans</td>
<td>EIF</td>
<td>2 998</td>
<td>854</td>
<td>393</td>
<td>174</td>
<td>392</td>
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<td>Guarantees</td>
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<td>5</td>
<td>0</td>
<td>15</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Co-financing of studies and subsidies</td>
<td>Structural Funds</td>
<td>2 029</td>
<td>277</td>
<td>n.a.</td>
<td>355</td>
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<td>n.a.</td>
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<tr>
<td></td>
<td>Of which the 14 priority projects</td>
<td>EIB</td>
<td>21</td>
<td>24</td>
<td>19</td>
<td>29</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Loans</td>
<td>EIF</td>
<td>5 921</td>
<td>1 880</td>
<td>3 434</td>
<td>2 126</td>
<td>2 211</td>
<td>994</td>
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<tr>
<td></td>
<td>Guarantees</td>
<td>EIB</td>
<td>184</td>
<td>276</td>
<td>230</td>
<td>44</td>
<td>140</td>
<td>—</td>
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<td></td>
<td>Financial contributions</td>
<td>Structural Funds</td>
<td>468</td>
<td>n.a.</td>
<td>n.a.</td>
<td>387</td>
<td>n.a.</td>
<td>n.a.</td>
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<td>Co-financing of feasibility and validation studies</td>
<td>EIB</td>
<td>61</td>
<td>27</td>
<td>28</td>
<td>21</td>
<td>35</td>
<td>34</td>
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<tr>
<td>Telematic networks</td>
<td>Subsidies</td>
<td>EIB</td>
<td>163</td>
<td>47</td>
<td>15</td>
<td>24</td>
<td>20</td>
<td>22</td>
</tr>
</tbody>
</table>

NB: n.a. = not available.

(*) The guarantee activity of the EIF was transferred the EIB at the end of 2000.
of a rail network giving priority to freight and the deployment of intelligent transport systems. It also proposes additions to the lists of projects adopted by the Essen (1) and Dublin (2) European Councils. Also on 2 October, the Commission submitted a proposal to the European Parliament and the Council to amend Council Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (Table I). In particular, it advocated increasing the level of Community support from 10 to 20 % for cross-border rail projects crossing natural barriers or aiming at eliminating clearly identified rail bottlenecks at borders with accession candidate countries.

420. On 21 March, in order to improve railway safety and facilitate the movement of trains, the Commission adopted a decision (3) and a recommendation (4) on the basic parameters of the trans-European high-speed rail network.

421. On 19 September, the Commission approved an indicative multiannual programme on Community funding for the trans-European transport network for the period 2001-06. The total funding for 2001 amounts to EUR 314 million and EUR 100 million for the Galileo project. Financial support totalling EUR 137 million was also earmarked for projects of common interest not included in the indicative programme.

Telematics and telecommunications

422. Pursuant to Council Decisions No 1719/1999/EC and No 1720/1999/EC (5) concerning the implementation of the IDA II programme on the electronic interchange of data between administrations, the work programme for 2001 adopted by the Commission in May and November made it possible to establish and improve sectoral networks in support of several Community policies and the eEurope action plan, with the aim of encouraging the exchange of information and giving the public access to administrative services at trans-European level and identifying and promoting best practices as a result of the benchmarking of services.

423. On 14 September, the Commission submitted a communication setting out the conclusions of the first evaluation of IDA II (6). On the basis of this, it proposes to amend Decisions No 1719/1999/EC and No 1720/1999/EC in

(1) 1994 General Report, point 324.
(2) 1996 General Report, point 327.

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order to improve the implementation of the programme, facilitate the participation of third countries, and in particular the accession candidate countries, and support the development of interactive services for citizens and companies (Table I).

424. On 10 December, the Commission adopted a report on the implementation of Decision No 1336/97/EC on a series of guidelines for trans-European telecommunications networks covering the period July 1997 to June 2000, together with a proposal concerning the revision of the Annex to that decision relating to the identification of projects of common interest (Table I).

**Energy**

425. In order to update Community policy in this area, on 20 December the Commission submitted a proposal to the European Parliament and the Council to amend Decision No 1254/96/EC laying down a series of guidelines for trans-European energy networks (Table I). At the same time, it submitted a report on the implementation of the guidelines during the period 1996–2001, together with a communication on European energy infrastructures.

426. On 6 August, the Commission granted financial support totalling EUR 18.9 million for studies and projects of common interest relating to trans-European energy networks.

**Environment**

427. The Commission carried out a strategic evaluation of the environmental aspects of Decision No 1692/96/EC on the development of the trans-European transport network (→ points 418 and 419).
Section 13

Agriculture and rural development (1)

Priority activities and objectives

428. In 2001, adjustments to several common market organisations under way for several months were completed. The impact of the bovine spongiform encephalopathy crisis on the beef market necessitated regulatory action. In rural development, the second pillar of the common agricultural policy, implementation of Agenda 2000 continued with approval of development plans and of programmes under the Leader+ initiative. Throughout the year a large proportion of activity was concerned with negotiations in the World Trade Organisation and preparation for enlargement of the Union.

Content of the common agricultural policy (CAP)

429. In 2001, the Commission continued the process of simplifying agricultural legislation and making it more transparent and accessible. Obsolete provisions were repealed and legislation informally consolidated or recast. An ad hoc group on simplification of agricultural legislation was set up to facilitate discussion with the Member States, which were asked to make proposals. In a report of 29 January (2), the Commission reviewed progress on simplification since April 1999, the reforms under way and the work still to be done. In an opinion of 15 November (1), the Committee of the Regions expressed a wish to be linked to the ad hoc group’s work.

430. On 19 June, the Council adopted Regulation (EC) No 1244/2001 introducing a simplified payment scheme for direct aids, the maximum amount payable being EUR 1 250 (Table II). Around a million small farmers are eligible to participate.


(2) COM(2001) 48; Bull. 1/2-2001, point 1.3.163.

(3) Bull. 11-2001, point 1.3.115.

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432. In a communication of 16 March (11), the Commission examined various options for promoting protein cultivation in the Union following the bovine spongiform encephalopathy crisis and notably the Council’s ban (12) on using meat and bone meals in the feed of any farmed animal. It considered that although generalisation of the measure would lead to more use of soya and cereals in animal feed only a limited rise in soya imports was to be expected and no new aid schemes for oilseeds and protein crops were needed.

433. On 19 December, the Council adopted Regulation (EC) No 2582/2001 allowing Portugal to continue for a further three years, on the same terms as already contained in Council Regulation (EC) No 1017/94, its programme for converting arable crop land to extensive livestock farming (Table II).

434. On 30 March, the Commission presented a report (13), required by Council Regulation (EC) No 2800/98 (14), on implementation of the transitional measures for introduction of the euro in the common agricultural policy. In an own-initiative opinion of 15 November (15), the Committee of the Regions spotlighted the importance of the CAP to the regions, both now and after the Union’s enlargement.

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(2) OJ C 147, 27.5.1999; 1999 General Report, point 1045.
(3) JO C 192, 8.7.1999; 1999 General Report, point 1045.
(6) Bull. 5-2001, point 1.3.80.
(8) Bull. 1/2-2001, points 1.3.166 and 1.3.167.
(10) Bull. 3-2001, point 1.3.121.
(11) COM(2001) 148; Bull. 3-2001, point 1.3.117.
(13) COM(2001) 180; Bull. 3-2001, point 1.3.118.
(15) Bull. 11-2001, point 1.3.116.

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Agriculture and the environment, forests

435. In conclusions of 13 March (1) on Court of Auditors’ Special Report No 14/2000 (greening the CAP) (2), the Council thought that most of the Court’s comments made an appreciable contribution to the debate on the need to take environmental concerns into account in the CAP and target environmental measures more effectively. In conclusions of 24 April (3), prior to the Gothenburg European Council, it made proposals for investigating how environmental considerations and sustainable development can be better integrated into the CAP (4).

436. The Commission published a communication on biodiversity action plans in various spheres (→ point 620), including agriculture. In conclusions of 19 June (5), the Council stressed the importance of this approach in common agricultural policy implementation. On the same day (6), noting increasing consumer interest in organic products (7), it asked the Commission and the Member States to put ideas forward for facilitating production, trade and consumption of them.

437. On 27 June, Parliament and the Council adopted new regulations on protection of the Community’s forests against atmospheric pollution and fire (→ point 622).

438. On 31 October, the Commission proposed renewal in modified form of the action programme launched by Council Regulation (EC) No 1467/94 on conservation and utilisation of genetic resources in agriculture (Table II).

Rural development (8)

439. In a resolution of 17 January (9), Parliament expressed its concern over the situation and outlook for young farmers in the Union. The Committee of the Regions and the Economic and Social Committee issued opinions on the same topic on 13 June (10) and 17 October (11) respectively.

440. On 13 June (12), the Committee of the Regions commented on the regional impact of European agricultural and rural policy and, on 15 Novem-

(1) Bull. 3-2001, point 1.3.119.
(3) Bull. 4-2001, point 1.3.75.
(5) Bull. 6-2001, point 1.3.107.
(6) Bull. 6-2001, point 1.3.110.

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ber (1), it pointed to the need to foster rural development by a proactive information and communication technology policy.

441. In a resolution of 6 September (2), Parliament, looking forward to the International Year of Mountains (2002), called on the Commission to work out a comprehensive strategy for sustainable development of the mountain regions of the Union and the countries that have applied to join it.

442. To take account of bovine spongiform encephalopathy, the Commission relaxed (3) the agri-environment aid rules of Regulation (EC) No 1750/1999 (4) on detailed rules for application of the Council regulation on support for rural development (5). It also amended Regulation (EC) No 1750/99 twice (6) in order to resolve practical difficulties that arose during the first year of implementation of the 2000–06 rural development plans and, for simplicity and ease of comprehension, undertook a recasting of it.

443. The breakdown by Member State of EAGGF Guarantee Section aid for rural development outside Structural Fund Objective 1 areas is given in Table 10.

TABLE 10
EAGGF Guarantee Section rural development payments from 16 October 2000 to 15 October 2001, by Member State (million EUR)

<table>
<thead>
<tr>
<th>Member State</th>
<th>EAGGF Guarantee Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>32.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>35.4</td>
</tr>
<tr>
<td>Germany</td>
<td>709.4</td>
</tr>
<tr>
<td>Greece</td>
<td>75.5</td>
</tr>
<tr>
<td>Spain</td>
<td>540.9</td>
</tr>
<tr>
<td>France</td>
<td>609.5</td>
</tr>
<tr>
<td>Ireland</td>
<td>326.6</td>
</tr>
<tr>
<td>Italy</td>
<td>658.3</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>9.6</td>
</tr>
<tr>
<td>Netherlands</td>
<td>55.1</td>
</tr>
<tr>
<td>Austria</td>
<td>453.2</td>
</tr>
<tr>
<td>Portugal</td>
<td>197.3</td>
</tr>
<tr>
<td>Finland</td>
<td>326.7</td>
</tr>
<tr>
<td>Sweden</td>
<td>150.8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>183.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4 363.8</strong></td>
</tr>
</tbody>
</table>

(1) Bull. 11-2001, point 1.3.121.
(2) Bull. 9-2001, point 1.3.62.

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Veterinary and plant-health legislation

444. This is covered in Section 7 (‘Health and consumer protection’) of Chapter IV (→ points 736 et seq.).

Quality of agricultural products

445. In an own-initiative opinion of 14 November (¹), the Committee of the Regions asked the Commission to propose amendments to Council Regulation (EEC) No 2081/92 on protection of geographical indications and designations of origin for agricultural products and foodstuffs (²) that would widen the range of products covered.

446. On 6 June, the Commission adopted new guidelines on State aid for advertising agricultural products (³). These clarified its policy, notably on products meeting particular quality requirements, featuring of regional origin and traceability systems. Applicable from 1 January 2002, they also incorporated the existing rules.

Agricultural prices and related measures

447. On 21 November, the Commission proposed a Council regulation setting the premiums and guarantee thresholds for leaf tobacco by variety group and Member State for the 2002 to 2004 harvests (Table II).

Management of the common agricultural policy

Common market organisations

Crop products

448. On 21 February, the Commission proposed a regulation establishing a common market organisation for ethyl alcohol of agricultural origin (Table II). This would define the products covered, require data collection and statistical monitoring and permit import and export licence arrangements and committee

¹ Bull. 11-2001, point 1.3.121.

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management. By Regulation (EC) No 1037/2001 of 22 May (1), the Council, in order to smooth the path of negotiations under way between the Community and the United States, authorised the offer and delivery for direct human consumption of certain imported wines that might have undergone oenological treatment not authorised by Regulation (EC) No 1493/1999 on the common organisation of the market in wine (2). On 19 December, the Council amended the latter in order to facilitate entry of younger growers into the sector (Table II). In December, agreements on wines and spirit drinks were concluded with South Africa (→ point 1117).

449. On 29 January, the Council modified the provisions on imports of Regulation (EEC) No 404/93 on the common organisation of the market in bananas (Table II). In follow-up to the conclusions of the discussions with Ecuador and the United States on ending the banana trade dispute, the Commission on 7 May adopted detailed rules for managing the tariff quotas during the first stage of applying the arrangements made (3). In preparation for the second stage, the Council on 19 December again amended (Table II) Regulation (EC) No 404/93 so that, from 1 January 2002, 100 000 tonnes would be transferred from quota C (ACP countries) to quota B (all suppliers), with the remaining 750 000 tonnes of quota C reserved for ACP bananas.

450. On 24 January, the Commission published a report (4) on the state of implementation of Council Regulation (EC) No 2200/96 on the common organisation of the market in fruit and vegetables (5). Welcoming the report's adoption, the Economic and Social Committee called on 30 May for a yet more detailed analysis of issues in the sector (6), while Parliament in a resolution of 5 July (7) asked the Commission to present it with concrete proposals for improving the market's functioning. By Regulation (EC) No 558/2001 of 19 March, the Council extended for up to one year the financing of certain quality and marketing improvement plans for nuts and locust beans (Table II). On 21 November, the Commission proposed a further extension, with a specific aid for hazelnuts (Table II). In conclusions of 23 July on arrangements for nuts (8), the Council also welcomed the abovementioned report and asked the Commission to submit suitable proposals for nuts. By Regulation (EC) No 1239/2001 of 19 June, the Council rectified Regulation (EC) No 2201/96 on the common organisation of the markets in processed fruit and vegetable products (Table II). On 16 November, the Commission published a report on

(1) OJ L 145, 31.5.2001; Bull. 5-2001, point 1.3.85.
(6) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.3.78.
(7) Bull. 7/8-2001, point 1.3.128.
(8) Bull. 7/8-2001, point 1.3.129.
the potato starch production quota system (1) and proposed retaining the quotas set for 2001/02 for a further three years (Table II).


452. On 24 April, the Council, by Regulation (EC) No 823/2001 (Table II) amending Regulation (EEC) No 738/93 on the transitional common market organisation arrangements for cereals and rice in Portugal, set the aids for 2001/02 for that country at the 2000/01 levels. On 4 May, the Commission proposed an amendment of Regulation (EEC) No 2358/71 on the common organisation of the market in seeds that would set the aid rates for the 2002/03 and 2003/04 marketing years (Table II). After receiving Parliament's opinion the Council recorded its agreement on 19 December. On 8 October, by Regulation (EC) No 1987/2001, it altered the period during which compensatory payments under the common organisation of the rice market established by Regulation (EC) No 3072/95 are made (Table II).

453. On 22 May, the Council, taking account of environmental considerations, adopted Regulations (EC) No 1050/2001 adjusting the cotton aid system for the sixth time (Table II) and (EC) No 1051/2001 on production aid for cotton (Table II).

454. On 19 June, the Council, by Regulation (EC) No 1260/2001, extended for five years the price and production quota arrangements in the sugar sector (Table II).


456. By Regulation (EC) No 1514/2001 of 23 July, the Council retained for 2001 to 2003 the previous aid scheme for hop growers (Table II).

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(1) COM(2001) 677; Bull. 11-2001, point 1.3.125.
(2) Bull. 7/8-2001, point 1.3.125.

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Livestock products

457. On 16 February, the Commission published a first triennial report (1) on application of Regulation (EC) No 1221/97 on improving the production and marketing of honey (2). Parliament gave its opinion on the report on 13 December (3), stressing the need to protect the beekeeping sector and integrate it more into Community policies.

458. To redress the situation on the beef and veal market, seriously disrupted by lack of consumer confidence, the Council, on 23 July, adopted Regulation (EC) No 1512/2001 amending Regulation (EC) No 1254/1999 on the common organisation of that market (Table II). The Council's concern at the situation was also largely responsible for its amendment of Regulation (EC) No 1251/1999 establishing a support system for producers of certain arable crops (→ point 451).

459. On 16 May, the Council adopted a regulation reforming the common organisation of the market in sheepmeat and goatmeat (Table II).

460. On 11 December, the Council amended Regulation (EEC) No 2204/90 laying down additional general rules on the common organisation of the market in milk and milk products as regards cheese, in order to make the penalty applicable if the regulation is infringed more adequate (Table II).

Other work

Agrimonetary measures

461. Under Regulation (EC) No 2799/98 (4) compensation was set for the reduction in national currency of certain amounts, notably in Sweden and the United Kingdom, owing to fluctuation against the euro.

Food aid

462. In 2001, the Union spent EUR 200 million on a food aid programme for the needy under which agricultural products in intervention storage were made available to charities. Since Denmark, Germany, the Netherlands, Austria, Swe-
den and the United Kingdom decided not to operate the programme in 2001, the amount allocated to them was spread between the other Member States.

State aid

463. State aid schemes are covered in Section 6 (‘Competition policy’) of this chapter (→ points 268 et seq.).

Farm accountancy data network (FADN) (1)

464. In 2001, the FADN published microeconomic agricultural statistics for the 15 Member States, notably on farm incomes and production costs. This data, representative of farm types and sizes at regional level, was used for analytical work both in and outside the Commission, much of it devoted to assessment of common market organisations and measures such as reafforestation. It was also used to analyse national aids granted in the context of the bovine spongiform encephalopathy crisis. A further stage in the modernisation plan for the network was completed with new privileged user consultation and data collection systems.

Advisory committees and relations with professional organisations

465. At the 82 meetings of advisory committees and working groups held in 2001, the Commission maintained a dialogue on CAP developments etc. with representatives of producers, processors, traders, consumers, workers, and environmental protection and rural development organisations.

Agricultural management and regulatory committees

466. The activities of these are presented in Table 11.

Financing the common agricultural policy: the EAGGF (2)

467. The 2001 budget (3) assigned appropriations totalling EUR 43.293 billion to the EAGGF Guarantee Section (excluding the monetary reserve of EUR 500 million and appropriations entered in chapters B1-333A and B1-361A). Following the Council’s adoption on 4 December 2000 of measures (4)

(2) Further information is available on the Europa server (http://europa.eu.int/comm/agriculture/fin/index_en.htm).
### TABLE 11

Activities of agricultural management and regulatory committees

<table>
<thead>
<tr>
<th>Committee</th>
<th>Meetings</th>
<th>Opinions for</th>
<th>No opinion</th>
<th>Opinions against</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Committee for Cereals</td>
<td>47</td>
<td>661</td>
<td>43</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Pigmeat</td>
<td>12</td>
<td>14</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Poultrymeat and Eggs</td>
<td>13</td>
<td>58</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Fresh Fruit and Vegetables</td>
<td>15</td>
<td>47</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Wine</td>
<td>29</td>
<td>52</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Milk and Milk Products</td>
<td>23</td>
<td>136</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Beef and Veal</td>
<td>23</td>
<td>98</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Sheep and Goats</td>
<td>8</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Oils and Fats</td>
<td>16</td>
<td>36</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Sugar</td>
<td>50</td>
<td>179</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Live Plants and Floriculture Products</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Products Processed from Fruit and Vegetables</td>
<td>13</td>
<td>21</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Raw Tobacco</td>
<td>5</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Hops</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Natural Fibres (2)</td>
<td>8</td>
<td>9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Seeds</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Dried Fodder</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Implementation Committee for Spirit Drinks</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Implementation Committee for Aromatised Wine-based Drinks</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Management Committee for Bananas</td>
<td>16</td>
<td>15</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Joint meetings of management committees (1)</td>
<td>37</td>
<td>26</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>EAGGF Committee</td>
<td>14</td>
<td>23</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Committee on Agricultural Structures and Rural Development</td>
<td>9</td>
<td>42</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Community Committee on the Farm Accountancy Data Network</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Standing Committee on Agricultural Research</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Standing Forestry Committee</td>
<td>4</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Standing Committee on Organic Farming</td>
<td>5</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Committee on Protected Geographical Indications and Designations of Origin (3)</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Committee on Certificates of Specific Character (3)</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Committee on the Conservation, Characterisation, Collection and Utilisation of Genetic Resources in Agriculture</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Joint meetings of regulatory committees</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

(1) Including those devoted to trade mechanisms (10 meetings), promoting agricultural products (10 meetings) and agrimonetary matters (2 meetings).

(2) Until 30 June 2001 called Management Committee for Flax and Hemp

(3) For agricultural and food products.

NB: Two joint meetings of the agriculture committees were devoted to the 29 sets of rules of procedure: adoption by simple majority.
to tackle the bovine spongiform encephalopathy crisis (→ points 736, 737), this amount was raised by supplementary and amending budget No 1/2001 (→ point 1151) to EUR 44.023 billion, broken down as follows (in million EUR):

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop products</td>
<td>27 355</td>
</tr>
<tr>
<td>Livestock products</td>
<td>11 129.7</td>
</tr>
<tr>
<td>Ancillary expenditure</td>
<td>1 744</td>
</tr>
<tr>
<td>Clearance, reductions/suspensions, appropriations, provisions</td>
<td>- 700</td>
</tr>
<tr>
<td>Total (subheading 1a)</td>
<td>39 528.7</td>
</tr>
<tr>
<td>Rural development</td>
<td>4 495</td>
</tr>
<tr>
<td>Total (subheading 1b)</td>
<td>4 495</td>
</tr>
<tr>
<td>Guarantee Section total</td>
<td>44 023.7</td>
</tr>
</tbody>
</table>

468. When the 2002 budget was adopted on 13 December (→ points 1146, 1147), the EAGGF Guarantee Section appropriations were set at EUR 44 255.1 million. Table 12 shows, by chapter, expenditure from 1998 to 2000 and the initial allocations in the 2001 and 2002 budgets.

469. On 23 October, the Council by Regulation (EC) No 2136/2001 prolonged the validity of Regulation (EC) No 723/97 on implementation of Member States' action programmes on control of EAGGF Guarantee Section expenditure (Table II). On 13 November, the Commission proposed amending Regulation (EEC) No 4045/89 on scrutiny by Member States of transactions forming part of the system of financing by the EAGGF Guarantee Section (Table II).

470. The Commission adopted several decisions on clearance of Member States' accounts relating to EAGGF Guarantee Section expenditure: on 8 May (1) in respect of the 2000 financial year and on 5 February (2) and 11 July (3) excluding from Community financing certain expenditure incurred by Member States. On 3 October, it adopted its 30th financial report on the EAGGF Guarantee Section (4), covering the 2000 financial year. On 31 October, as required by Council Regulation (EC) No 2040/2000 on budgetary discipline (5), it reported (6) to the budget authority on the impact on Guarantee Section expenditure of movements in the euro/dollar exchange rate between 1 August 2000 and 31 July 2001.

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(4) COM(2001) 552; Bull. 10-2001, point 1.3.122.

GEN. REP. EU 2001
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(million ECU/EUR)</td>
<td>(million ECU/EUR)</td>
<td>(million ECU/EUR)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Arable crops (</strong>)**</td>
<td>17 945.2</td>
<td>17 865.9</td>
<td>16 663.1</td>
<td>17 848.0</td>
<td>17 916.0</td>
</tr>
<tr>
<td>Sugar</td>
<td>1 776.6</td>
<td>2 112.8</td>
<td>1 910.2</td>
<td>1 704.0</td>
<td>1 401.0</td>
</tr>
<tr>
<td>Olive oil</td>
<td>2 237.0</td>
<td>2 091.8</td>
<td>2 210.1</td>
<td>2 473.0</td>
<td>2 366.0</td>
</tr>
<tr>
<td>Dried fodder and dried legumes</td>
<td>377.5</td>
<td>376.4</td>
<td>381.3</td>
<td>384.0</td>
<td>385.0</td>
</tr>
<tr>
<td>Fibre plants</td>
<td>869.8</td>
<td>1 027.1</td>
<td>991.4</td>
<td>831.0</td>
<td>956.0</td>
</tr>
<tr>
<td>Fruit and vegetables</td>
<td>1 509.5</td>
<td>1 454.1</td>
<td>1 551.3</td>
<td>1 654.0</td>
<td>1 650.0</td>
</tr>
<tr>
<td>Wine</td>
<td>700.0</td>
<td>614.6</td>
<td>765.5</td>
<td>1 153.0</td>
<td>1 392.0</td>
</tr>
<tr>
<td>Tobacco</td>
<td>870.3</td>
<td>911.1</td>
<td>987.1</td>
<td>1 000.0</td>
<td>983.0</td>
</tr>
<tr>
<td>Other crop sectors or products</td>
<td>258.2</td>
<td>285.3</td>
<td>350.0</td>
<td>308.0</td>
<td>300.0</td>
</tr>
<tr>
<td>Milk and milk products</td>
<td>2 596.7</td>
<td>2 510.1</td>
<td>2 544.3</td>
<td>2 345.0</td>
<td>1 912.0</td>
</tr>
<tr>
<td>Beef and veal</td>
<td>5 160.6</td>
<td>4 578.6</td>
<td>4 539.6</td>
<td>6 978.0</td>
<td>8 095.0</td>
</tr>
<tr>
<td>Sheepmeat and goatmeat</td>
<td>1 534.6</td>
<td>1 894.3</td>
<td>1 735.6</td>
<td>1 620.0</td>
<td>672.0</td>
</tr>
<tr>
<td>Pigmeat, eggs and poultry, other</td>
<td>329.2</td>
<td>449.2</td>
<td>446.9</td>
<td>170.0</td>
<td>163.5</td>
</tr>
<tr>
<td>Fishery products</td>
<td>10.5</td>
<td>7.8</td>
<td>9.4</td>
<td>16.7</td>
<td>17.1</td>
</tr>
<tr>
<td>Non-Annex I products</td>
<td>553.1</td>
<td>573.4</td>
<td>572.2</td>
<td>415.0</td>
<td>415.0</td>
</tr>
<tr>
<td>Food programmes</td>
<td>333.7</td>
<td>390.5</td>
<td>308.9</td>
<td>323.0</td>
<td>306.0</td>
</tr>
<tr>
<td>POSEI programmes</td>
<td>200.3</td>
<td>223.7</td>
<td>226.9</td>
<td>245.0</td>
<td>253.9</td>
</tr>
<tr>
<td>Veterinary and plant-health measures</td>
<td>0.1</td>
<td>—</td>
<td>165.5</td>
<td>569.5</td>
<td></td>
</tr>
<tr>
<td>Monitoring and preventive measures</td>
<td>70.1</td>
<td>23.3</td>
<td>74.6</td>
<td>112.0</td>
<td>57.3</td>
</tr>
<tr>
<td>Clearance and reductions/suspensions</td>
<td>(B1-10 to 39)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- 654.8</td>
<td>- 606.2</td>
<td>- 1 077.9</td>
<td>- 700.0</td>
<td>- 500.0</td>
</tr>
<tr>
<td>Promotion and information measures</td>
<td>45.0</td>
<td>68.5</td>
<td>48.7</td>
<td>66.5</td>
<td>78.8</td>
</tr>
<tr>
<td>Other measures (5)</td>
<td>178.1</td>
<td>100.2</td>
<td>933.1</td>
<td>417.0</td>
<td>271.0</td>
</tr>
<tr>
<td><strong>Subheading 1a: total</strong></td>
<td>36 901.1</td>
<td>39 952.5</td>
<td>36 172.2</td>
<td>39 528.7</td>
<td>39 660.1</td>
</tr>
<tr>
<td><strong>Subceiling 1a</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td>1 179.8</td>
<td>506.3</td>
<td>506.3</td>
<td></td>
<td>2 331.9</td>
</tr>
<tr>
<td>Rural development and supporting measures (subheading 1b)</td>
<td>1 847.0</td>
<td>2 588.2</td>
<td>4 176.4</td>
<td>4 495.0</td>
<td>4 595.0</td>
</tr>
<tr>
<td><strong>Subceiling 1b</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td>4 386.0</td>
<td>4 495.0</td>
<td>4 595.0</td>
<td>4 595.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total (1a + 1b)</strong></td>
<td>38 748.1</td>
<td>39 540.7</td>
<td>40 348.6</td>
<td>44 023.7</td>
<td>44 255.1</td>
</tr>
<tr>
<td><strong>Guideline</strong></td>
<td>43 263.0</td>
<td>45 188.0</td>
<td>46 549.0</td>
<td>48 788.0</td>
<td>50 867.0</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>4 514.9</td>
<td>5 647.3</td>
<td>6 200.4</td>
<td>4 764.3</td>
<td>6 611.9</td>
</tr>
</tbody>
</table>

(1) In accordance with the nomenclature in the 2001 draft budget.

(2) Including the appropriations entered in Chapter B-40 ('Reserves and provisions').


(*) Commitment appropriations entered in 2002 budget.

(+) Cereals, oilseeds, protein crops, land set-aside.

(*) From the 1996 budget this chapter mainly covers agrimonetary aid.
Pre-accession instruments

471. These are covered in Section 5 (‘Pre-accession strategy’) of Chapter V (→ points 773 et seq.).

International cooperation

472. In line with Article 20 of the WTO Agreement on Agriculture (¹), the negotiations on reform of the agricultural trade rules initiated at the beginning of 2000 (²) continued and entered a second phase. As regards disputes, the Community won its case in the panel appeals over wheat gluten and the foreign sales corporations (FSC) system. The Commission reached agreements with the United States and Ecuador providing a settlement of the dispute over bananas (→ points 449, 880).

473. As concerns basic products, provisions designed to allow the International Sugar Agreement and the Grains Trade Convention to be prolonged were adopted (→ points 933, 934).

(¹) http://www.wto.org/english/tratop_e/agric_e/agric_e.htm.
(²) 2000 General Report, point 419.

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Section 14

Fisheries (1)

Priority activities and objectives

474. The Commission took the opportunity offered by the review of the common fisheries policy, due in 2002, to launch a wide-ranging debate with all parties with a concern in the policy's future. A Green Paper written for this purpose identifies objectives in areas ranging from fleet policy to the environmental dimension.

Content of fisheries policy

475. In preparation for the review of the common fisheries policy set for 2002 by Council Regulation (EEC) No 3760/92 (2), the Commission, on 20 March, published a Green Paper (3) identifying objectives and options that was intended to launch a comprehensive debate with all parties with a concern in the policy's future. Key aims were to improve conservation policy, boost the environmental dimension, protect consumers, achieve an effective fleet policy, give the Mediterranean the attention it required and promote rational exploitation of resources outside Community waters. A public hearing was held from 5 to 7 June. Welcoming the Green Paper, the Economic and Social Committee on 17 October (4) called for a more determined commitment on the part of the Council and the Member States to implementing the policy. On 14 November (5), the Committee of the Regions also gave the Green Paper a favourable reception.

476. On 17 January, the European Parliament adopted resolutions (6) on the common fisheries policy and the challenge of globalisation, on the Commission's report (7) on application of the Community system for fisheries and aquaculture in 1996-98 (8) and on the Commission's report (9) on the regional meetings it had organised in 1998/99 on the common fisheries policy after 2002 (10). On 5 April,

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/fishcries/index_en.htm).
(4) Bull. 10-2001, point 1.3.128.
(5) Bull. 11-2001, point 1.3.131.
(6) OJ C 262, 18.9.2001; Bull. 1/2-2001, points 1.3.177 to 1.3.179.
(8) Bull. 1/2-2001, point 1.3.178.
(10) Bull. 1/2-2001, point 1.3.179.
Parliament in voicing its concern at the high incidence of accidents to fishermen advocated various measures to improve the safety provisions (1). In a resolution of 5 July (2) on the Commission’s annual report on the results of the multiannual guidance programmes for fishing fleets (situation at end of 1999) (3), it called for action towards better monitoring of fleet changes and asked the Commission to use the instruments available to it to secure Member State compliance with the MAGP fleet reduction objectives. On 12 December, it adopted a resolution (4) on application of the precautionary principle and the multiannual procedures for setting total allowable catches and, in a resolution (5) of 13 December, strongly condemned the use of flags of convenience in the sector. In an own-initiative opinion of 28 February (6), the Economic and Social Committee wanted resource conservation to be stepped up, pointed to weaknesses in the MAGPs and called for the Commission’s resources and powers to be boosted in the future common fisheries policy and for support measures for young fishermen.

477. To give the time needed to draw up a more effective fleet policy the Commission proposed on 14 June that the validity of two pieces of legislation be extended to 31 December 2002: Decision 97/413/EC on objectives and detailed rules for restructuring the Community fisheries sector to achieve a sustainable balance between resources and their exploitation and Regulation (EC) No 2792/1999 laying down detailed rules and arrangements for Community structural assistance in the sector. Provisions to make the objectives of the fourth generation of MAGPs more effective were also included. On 22 December, the Council recorded its agreement on these proposals.

478. On 1 October, the Commission presented its annual report on the results of the multiannual guidance programmes for fishing fleets (situation at the end of 2000) (7).

Resource conservation and management

Internal aspects

479. On 3 December, the Council amended (8) for the first time Regulation (EC) No 2848/2000 (9) setting for 2001 fishing opportunities and associated

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(1) Bull. 4-2001, point 1.3.81.
(2) Bull. 78-2001, point 1.3.136.
(3) COM(2000) 738; Bull. 11-2000, point 1.3.122.
(4) Bull. 12-2001, point 1.3.142.
(5) Bull. 12-2001, point 1.3.137.

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conditions for certain fish stocks and groups of fish stocks applicable in Community waters and, for Community vessels, waters where catch limitations are required. On 18 December, it determined the corresponding measures for 2002 (1). On 10 December, the Commission adopted a proposal (2) for a Council regulation setting fishing opportunities for deep-sea stocks for 2002.

480. In conclusions of 25 April (3), the Council approved the Commission’s general line in its December 2000 communication on application of the precautionary principle and multiannual arrangements for setting total allowable catches (TACs) (4). On its part, the Commission continued to monitor compliance with TACs, quotas and technical measures in Community and in certain international waters. Following exhaustion of permitted fishing possibilities, 36 fisheries were closed. Infringement proceedings under way relating to overfishing in past years were pursued. It also monitored compliance with conservation measures and fishery agreements with northern and ACP countries, continued surveillance work in the regulatory area of the North-West Atlantic Fisheries Organisation (NAFO), participated in the inspection scheme for the regulatory area of the North-East Atlantic Fisheries Commission (NEAFC) and organised meetings of the Member States’ expert group to review progress on introduction of the satellite system for vessel monitoring. This is now being used in connection with the agreements with Angola, the Faeroes, Madagascar and Norway. On 28 May, the Council adopted Decision 2001/431/EC setting EUR 105 million for the period 2001-03 as the Community contribution to certain expenditure incurred by Member States in creating control, inspection and surveillance systems applicable to the common fisheries policy (Table II).

481. On 12 June, the Commission presented a communication setting out the aims, timetable and main instruments to be used in recovery plans for cod and hake stocks in Community and adjacent waters (5). On 14 June, it adopted Regulation (EC) No 1162/2001 (6) establishing measures for recovery of the hake stock in ICES sub-areas III, IV, V, VI and VII and ICES divisions VIII a, b, d and e and associated control requirements covering vessel activity.

482. Regarding technical measures, on 14 February, the Council adopted Regulation (EC) No 300/2001 on further measures (for 2001) for recovery of the cod stock in the Irish Sea (ICES division VII a) (Table II) and, on 16 July, Regulation (EC) No 1456/2001 concerning additional technical measures for the stock’s recovery (Table II). On 28 November, the Commission proposed a regulation on the measures applicable in 2002 (Table II) and, on 12 December,

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3 Bul. 4-2001, point 1.3.82.
5 COM(2001) 326; Bull. 6-2001, point 1.3.119.

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one introducing measures to build up fish stocks threatened with extinction (Table II). On 4 April, for the purpose of clarification, the Council amended for the sixth time Regulation (EC) No 850/98 (1) on conservation of fishery resources by means of technical measures to protect juvenile marine organisms (2) (Table II).

483. On 14 May, the Council adopted Regulation (EC) No 973/2001 laying down technical measures for the conservation of certain stocks of highly migratory species (Table II) and Decision 2001/382/EC on a Community financial contribution to expenditure on management measures for them (Table II). By adopting Regulation (EC) No 1936/2001 of 27 September, it transposed into Community law the recommendations formulated by a number of regional organisations and at the same time brought together all the control measures applicable to these stocks (Table II).

484. By Regulation (EC) No 1035/2001 of 22 May, the Council set principles and rules covering the Community's implementation of the catch documentation scheme for Dissostichus spp. adopted by the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) in November 1999 (Table II).

485. On 30 July, the Commission proposed a regulation transposing into Community law the provisions of the Agreement on the International Dolphin Conservation Programme (AIDCP) (3) (Table II). The purpose is to set up a tracking and verification system for assessing whether tuna fishing in the eastern Pacific has operated without risk to dolphins.

486. On 27 April, the Commission proposed amending Regulation (EEC) No 2847/93 establishing a control system applicable to the common fisheries policy (Table II). On 28 September, it published a report (4) on fishery control, inspection and surveillance from 1996 to 1999.

487. On 12 November, the Commission presented a communication (5) on behaviour discovered in 2000 that seriously infringed the rules of the common fisheries policy. It regretted that the information from the Member States was incomplete.

(4) COM(2001) 526; Bull. 9-2001, point 1.3.66.
(5) COM(2001) 630; Bull. 11-2001, point 1.3.130.
488. Member States notified 91 national conservation measures to the Commission. It issued comments on 19 of these and 72 were still under scrutiny on 31 December.

**External aspects**

489. The Community participated in the work of a number of international fishery organisations, including the North-West Atlantic Fisheries Organisation (NAFO), the North-East Atlantic Fisheries Commission (NEAFC), the North Atlantic Salmon Conservation Organisation (NASCO), the General Fisheries Commission for the Mediterranean (GFCM), the Indian Ocean Tuna Commission (IOTC), the International Commission for the Conservation of Atlantic Tunas (ICCAT), the International Baltic Sea Fishery Commission (IBSFC), the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) and the Fisheries Committee of the Organisation for Economic Cooperation and Development (OECD). It participated in the work of two of the consultative bodies established by the Food and Agriculture Organisation of the United Nations: the Fishery Committee for the Eastern Central Atlantic (CECAF) and the Western Central Atlantic Fishery Commission (WECAFC). The Community is a full member of the latter from 2001. The Commission also took part in the preparatory work, due to continue in 2002, for the future fishery organisation for the Southern Indian Ocean and as an observer in the work of the Inter-American Tropical Tuna Commission (IATTC). In the latter case, it participated, on the basis of the Council's mandate of April 1999 (1), in the negotiations on adjustment of the Convention establishing the IATTC to the law of the sea and also continued to negotiate Community membership of the organisation. Lastly, the Community took part as an observer in the preparatory conference for establishment of the new organisation for tuna stock management in the western central Pacific and pursued the negotiations begun in 2000 on its membership of the future organisation.


491. In conclusions of 25 April (2) noting the impossibility so far of reaching a new fisheries agreement with Morocco, the Council asked the Commission to propose an action programme for restructuring the Community fleet that had

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(1) 1999 General Report, point 542.
(2) Bull. 4-2001, point 1.3.89.
fished under the old agreement (→ point 389). On 17 December, it adopted Regulation (EC) No 2561/2001 aiming to promote the conversion of fishing vessels and fishermen that were dependent on it up to 1999 (Table II).

492. The Council adopted regulations on renewal or provisional application of the protocols annexed to the fishery agreements with Angola (Table III), Cape Verde (Table III), the Comoros (Table III), Côte d'Ivoire (Table III), Equatorial Guinea (Table III), Greenland (Table III), Guinea (Table III), Guinea-Bissau (Table III), Madagascar (Table III), Mauritius (Table III), Mauritania (Table III) and Senegal (Table III). On 13 December, the Commission made similar proposals for Gabon (Table III). The Council authorised Spain and Portugal to prolong their fishery agreements with South Africa until March and April 2002 respectively (¹).

493. In December, the Council concluded, in the form of protocols to the respective association agreements, fishery product agreements with Cyprus (Table III), Estonia (Table III), Hungary (Table III), Latvia (Table III), Lithuania (Table III), Malta (Table III), Poland (Table III), Slovakia (Table III) and Slovenia (Table III).

494. In conclusions of 17 December (²), the Council reacted to Court of Auditors' Special Report No 3/2001 (³) on the Commission's management of international fishery agreements.

Market organisation

495. On 19 December, the Council set guide prices for fishery products for the 2002 fishing year (⁴).

496. On 4 September, the Commission presented a proposal for a regulation prolonging the compensation scheme for the additional cost of marketing certain products from the outermost regions owing to their remoteness (→ point 410).

Fisheries and the environment (⁵)

497. In a communication of 16 March (⁶) intended to contribute to the forthcoming debate on reform of the common fisheries policy (→ points 475 et seq.),

(²) Bull. 12-2001, point 1.3.144.
(³) OJ C 210, 27.7.2001.
(⁵) Further information is available on the Europa server (http://europa.eu.int/comm/fisheries/doc_et_publ/factsheets/factsen/fpcp8_1.htm).
(⁶) COM(2001) 143; Bull. 3-2001, point 1.3.134.
the Commission sought to set the basis of a strategy for enhancing integration of environmental protection requirements into the policy. Such a strategy had in its opinion to look beyond conservation of commercially important resources to the broader context of safeguarding marine ecosystems. In conclusions of 25 April (1), the Council considered that the approach advocated involved orienting the common fisheries policy to the objectives of Article 174 of the EC Treaty and that continuing sustainable development of the sector in Europe required further research in depth into fishing effort and techniques. Parliament gave its views on the communication in a resolution of 12 December (2).

498. The Commission published a communication on action plans for boosting biodiversity in various spheres (point 620), including fisheries. In conclusions of 18 June (3), the Council asked the Commission to draw up long-term management plans for all important Community stocks and said that the precautionary principle also had to be applied to non-target species.

499. The Community participated in the United Nations Food and Agriculture Organisation (FAO) Conference on Responsible Fisheries in the Marine Ecosystem, held at Reykjavik from 1 to 4 October.

**Structural action**

500. Action in 2001 is covered in Section 10 (‘Economic and social cohesion’) of this chapter (points 393 et seq.).

**State aid schemes**

501. These are covered in Section 6 (‘Competition policy’) of this chapter (points 268 et seq.).

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(1) Bull. 4-2001, point 1.3.90.
(2) Bull. 12-2001, point 1.3.142.
(3) Bull. 6-2001, point 1.3.121.
Chapter IV

Citizenship and quality of life

Section 1

Area of freedom, security and justice (1)

Priority activities and objectives

502. The terrorist attacks in the United States on 11 September — on the Pentagon in Washington and on the World Trade Center in New York — pushed justice and home affairs into the limelight in Europe and throughout the world. On the basis of the work done over a period of several years already, the Commission was able on 19 September to present the Council with a proposal for a framework decision on the fight against terrorism and a further proposal for a framework decision on the European arrest warrant and the procedures for surrender between Member States. The former proposal establishes common definitions of terrorist offences throughout the European Union so as to facilitate cooperation in criminal matters; the latter seeks to replace, in relations between Member States, the existing extradition procedures by a purely judicial mechanism operating within very strict time limits. In December, political agreements reached in the Council on the two proposals and on the establishment of the Eurojust Unit bore witness to the great progress towards the Union’s objective of establishing an area of freedom, security and justice. But December 2001 was also the time for the mid-term review of the measures to establish this area on the basis of the scoreboard decided on at the Tampere European Council in October 1999 and regularly updated by the Commission to stay abreast of progress in adopting and implementing the large number of measures needed to attain the objectives set by the Amsterdam Treaty and the Tampere European Council. In the latest version of the scoreboard, the Commission’s message is broadly positive: if current efforts are maintained or even stepped up, there are good prospects that the Tampere objectives will be attained. The Laeken European Council (2) reaffirmed its com-

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/justice_home/index_en.htm).
(2) Bull. 12-2001, point 1.15.
mitment to the policy guidelines and objectives defined at Tampere. It also noted that a new impetus and new guidelines were needed to catch up delays in certain areas. In future the Council will hold more frequent justice, home affairs and civil protection meetings.

General

503. In a resolution of 16 May (¹), the European Parliament welcomed the progress which had been made in establishing an area of freedom, security and justice in the course of 2000, such as the Charter of Fundamental Rights (²), the creation of Eurojust (³), the reform of the Court of Justice (⁴) and the development of Europol (⁵). However, it called on the Council and the Commission to present comprehensive strategies and precise timetables for the further development of some central policies, such as asylum and immigration policy. Regarding the scoreboard (⁶) containing the proposals set out by the Tampere European Council (⁷), Parliament considered it necessary to give the Commission sufficient resources to achieve these objectives.

504. In a communication of 23 May (⁸), the Commission presented the second biannual update (⁹) of the scoreboard (→ point 503), showing progress in relation to the objective of creating an area of freedom, security and justice in the European Union during the Swedish Presidency.

505. On 13 July, the Council and the representatives of the governments of the Member States adopted conclusions on security at European Council meetings and at other events likely to have a comparable impact (¹⁰). They deplored the acts of violence committed at such meetings (Gothenburg European Council, G8 Summit in Genoa) and, whilst reiterating that the host country was responsible for maintaining public order, they proposed operational measures in various areas: police cooperation, exchange of information, crossing of borders, judicial cooperation, and the organisation of high-level events. On 12 December, the European Parliament also adopted a recommendation (¹¹).

(¹) Bull. 5-2001, point 1.4.1.
(²) 2000 General Report, points 15 to 21; Internet (http://europa.eu.int/comrjustice_home/unit/charte/index_en.html).
(³) 2000 General Report, point 470.
(⁵) 2000 General Report, point 478; (http://www.europol.eu.int/home.htm).
(⁷) COM(2001) 278; Bull. 5-2001, point 1.4.2.
(⁹) Bull. 7/8-2001, point 1.4.1.
(¹⁰) Bull. 12-2001, point 1.4.3.
Following the terrorist attacks of 11 September in the United States, the European Council, meeting in extraordinary session on 21 September, expressed its determination to increase the European Union's effectiveness in combating all forms of terrorism, at both EU and international level (→ point 1048). On 20 September, the ministers of justice and home affairs, also meeting in an extraordinary Council session, adopted conclusions (1) on improving police and judicial cooperation and cooperation between intelligence and security services, the fight against the financing of terrorism and measures at borders. The Council also recommended measures intended to improve cooperation with the United States. On 10 December, it reviewed the situation and adopted conclusions on the implications of the terrorist threat for European Union policy (2).

The Council meeting (justice, home affairs and civil protection) of 6 and 7 December reached a political agreement on the establishment of the judicial cooperation network Eurojust (Table II) and on the framework decision on the fight against terrorism (→ point 534). At the same meeting, the Council boosted cooperation with the United States in the fight against serious forms of crime, and in particular terrorism, by signing the agreement between Europol and the United States (→ point 554). It reached political agreement on the European arrest warrant (→ point 534).

On 10 December, the Council adopted a plan of action setting out the challenges, the strategic objectives, the framework and the areas of cooperation as regards justice and home affairs (3). It also made provision for specific measures relating to the management of borders and visas and to organised crime.

Internal borders, external borders and visa policy

On 15 March, the Council adopted Regulation (EC) No 539/2001 listing, with a view to full harmonisation, the third countries whose nationals must be in possession of visas when crossing external borders and those whose nationals are exempt from that requirement (Table II). In anticipation of the adoption of this regulation, on 2 February, the Commission had presented two reports (4) to the Council setting out the legal, operational and financial instruments which Bulgaria and Romania have at their disposal to combat illegal immigration and to repatriate their nationals who are residing illegally in one of the Member States. The regulation included these two countries in the list of countries whose nationals are exempt from the visa requirement but, for Roma-

(1) Bull. 9-2001, point 1.4.6.
(2) Bull. 12-2001, point 1.4.7.
(3) Bull. 12-2001, point 1.4.2.
(4) Bull. 1/2-2001, point 1.4.2.

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nian nationals, it made its application subject to a subsequent Council decision. In a supplementary report sent to the Council on 29 June (1), the Commission considered that the exemption from the visa requirement could be implemented for Romanian citizens from 1 January 2002, and therefore presented, on 8 October, a proposal for amendment of Regulation (EC) No 539/2001 (Table II). At its meeting of 6 and 7 December, the Council confirmed the visa waiver for Romanian nationals (2).

510. On 23 March, with the aim of harmonising the format of the documents required for non-Community nationals and making these documents more secure in terms of counterfeiting and falsification, the Commission proposed that Council Regulation (EC) No 1683/95 laying down a uniform format for visas (Table II) be amended and that regulations be adopted laying down a uniform format for visa stickers (Table II) and a uniform format for residence permits for third-country nationals (Table II) respectively. On 9 October, following the extraordinary European Council of 21 September on the terrorist attacks in the United States (→ points 506 and 1042), it proposed further amendments to the regulation on a uniform format for visas (Table II).

511. On 24 April, the Council adopted Regulations (EC) No 789/2001 and (EC) No 790/2001 reserving to the Council implementing powers with regard to certain detailed provisions and practical procedures for examining visa applications and with regard to certain detailed provisions and practical procedures for carrying out border checks and surveillance respectively (Table II). On 3 July, the Commission challenged the legal basis of this initiative by bringing an action for annulment of these two regulations before the Court of Justice. On 28 May, the Council adopted Regulation (EC) No 1091/2001 intended to facilitate the free movement of holders of long-stay visas pending the issue of their residence permit (Table II). On 10 July, the Commission proposed a directive (Table II) allowing third-country nationals to move without being checked at internal borders for a period of three months, provided that they have a valid travel document and, if necessary, a visa or residence permit. They would also be able to obtain a specific authorisation allowing them to travel for a maximum period of six months.

512. The Commission proposed a directive on the right of citizens of the Union and their family members to move and reside within the territory of the Member States (→ point 557).

(1) COM(2001) 361; Bull. 6-2001, point 1.4.4.
Asylum and immigration (1)

513. In a communication of 11 July (2), the Commission recommended an open method of coordination on immigration intended to supplement the existing legal instruments with responsibility lying principally with the Member States and a need for convergence relating to the objectives defined in 1999 at the Tampere European Council (3). This gave practical expression to the intention announced by the Commission in its communication of 22 November 2000 on a European immigration policy (4), which was welcomed by the Economic and Social Committee on 12 July (5) and the European Parliament on 3 October (6).

514. Also on 11 July, the Commission presented a proposal for a directive on the conditions of entry and residence of third-country nationals for the purpose of paid employment and self-employed economic activity (Table II). While respecting the power of the Member States to limit economic migration, this initiative aims to create a common, transparent legal framework based on definitions, criteria and procedures. On 13 March, the Commission also adopted a proposal for a directive concerning the status of third-country nationals who are long-term residents (Table II).

515. On 28 May, the Council adopted Directive 2001/40/EC on the mutual recognition of decisions on expulsion taken by the competent authority of one Member State against a national of a third country on the territory of another Member State (Table II). On 28 June, it adopted Directive 2001/51/EC concerning the harmonisation of financial penalties imposed on carriers transporting into the territory of the Member States third-country nationals lacking the documents necessary for admission (Table II). This instrument supplements the convention signed in 1990 implementing the Schengen Agreement (7).

516. In a communication dated 15 November on a common policy on illegal immigration (8), the Commission presented a plan of action setting out areas of priority action and anticipating short-term innovative initiatives. On 16 October, it presented an action programme for administrative cooperation in the fields of external borders, visas, asylum and immigration (ARGO) (9) as a successor to the now expired Odysseus programme (10).

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(2) COM(2001) 387; Bull. 7/8-2001, point 1.4.4.
(3) 1999 General Report, point 896.
(6) Bull. 10-2001, point 1.4.11.
(8) COM(2001) 672; Bull. 11-2001, point 1.4.5.

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On 20 July, the Council adopted Directive 2001/55/EC on minimum standards for giving temporary protection in the event of a mass influx of displaced persons (Table II) (1). These standards are designed to ensure a balance of efforts between the Member States in receiving those concerned. Provision is also made for access to the financial resources of the European Refugee Fund set up in September 2000 (2).

In accordance with the calls made by the Tampere European Council (3), the Commission adopted a proposal for a Council directive laying down minimum standards on the reception of applicants for asylum in Member States (Table II) on 3 April, a proposal for a Council regulation establishing the criteria and mechanisms for determining the Member State responsible for examining an asylum application lodged in one of the Member States by a third-country national (Table II) on 26 July, and a proposal for a Council directive on minimum standards on the qualification and status of third-country nationals and stateless persons as refugees, in accordance with the 1951 convention and the 1967 protocol on this subject, or as persons otherwise in need of international protection (Table II) on 12 September. Parliament also gave a favourable opinion on the proposal for a directive on minimum standards on procedures in Member States for granting and withdrawing refugee status (Table II).

On 28 November, the Commission presented a communication on a common asylum policy, introducing an open coordination method (4). This also contained the first report on the implementation of the communication of 22 November 2000 on a Community immigration policy (5), which was welcomed by the Economic and Social Committee on 12 July (6) and by Parliament on 3 October (7).

In its conclusions of 20 September on the fight against terrorism and measures to be taken at borders, the Council called on the Commission to give urgent consideration to the relationship between safeguarding internal security and complying with relevant international obligations and instruments. On 5 December, the Commission sent the Council and Parliament a working paper on the subject (8). The paper seeks to strike a balance between the Union’s domestic security and the principles of refugee protection. By and large, the paper supports the position taken by the UN High Commissioner for Refugees that it is better to scrupulously apply the exceptions from refugee status under the existing legislation than to go for a thorough overhaul of the protection schemes.

(2) 2000 General Report, point 450.
(3) 1999 General Report, point 896.
(4) COM(2001) 710; Bull. 11-2001, point 1.4.7.
(7) Bull. 10-2001, point 1.4.10.
Judicial cooperation in civil and commercial matters

521. On 12 February, the Council adopted Regulation (EC) No 290/2001 renewing the programme of incentives and exchanges for legal practitioners in the area of civil law (Grotius-Civil) for 2001 (Table II).

522. On 15 May, the Commission presented the Council with a proposal for a regulation establishing a general framework for Community activities to facilitate the implementation of a European judicial area in civil matters for the period 2002–06 (Table II).

523. On 28 May, the Council adopted Regulation (EC) No 1206/2001 enabling a uniform procedure to be implemented for the request and direct transmission of evidence in civil and commercial matters between the courts of two Member States (Table II).

524. Also on 28 May, it adopted Decision 2001/470/EC establishing a European judicial network in civil and commercial matters seeking to facilitate cooperation between Member States and to put in place an information system for the public (Table II).

525. On 6 September, the Commission presented a proposal for a Council regulation on jurisdiction and the recognition and enforcement of judgments in matters of parental responsibility (Table II). On 20 November, it proposed authorising the Member States to sign the Hague Convention of 1996 on the same subject.

Judicial cooperation in criminal matters

526. On 19 January, France presented an initiative aiming to set up a European judicial training network (Table II) to boost the training of members of the judiciary in relation to cooperation in criminal matters. In December, the Laeken European Council called for the network to be set up rapidly to promote mutual trust between judiciaries. On 28 June, the Council adopted Decision 2001/514/JHA establishing a second phase of the programme of incentives and exchanges for these practitioners (Grotius II-Criminal) (Table II). On 9 November, the Commission presented a proposal for a decision establishing a single framework programme for the area of freedom, security and justice.

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(2) COM(2001) 680; Bull. 11-2001, point 1.4.9.
(4) Bull 12-2001, point 1.18.
(5) COM(2001) 646; Bull. 11-2001, point 1.4.11.

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This framework programme, governed by Title VI of the Union Treaty, combines the earlier Grotius-Criminal, OISIN II, STOP II, Hippokrates and Falcone programmes, expiring on 31 December 2002.

527. In the field of mutual recognition, on 12 July France, Sweden and the United Kingdom presented an initiative for a framework decision on the application of the principle of mutual recognition to financial penalties (Table II). Belgium, France and Sweden presented a draft framework decision on the execution of orders freezing assets or evidence in the European Union (1). The aim of these initiatives is to ensure that, in each Member State of the European Union, the decisions of the competent authorities of the other Member States ordering such measures are recognised and executed beyond national borders.

528. On 5 March, Germany submitted a draft agreement on cooperation between the Member States of the European Union in proceedings for road traffic offences and the enforcement of financial penalties imposed in respect thereof (Table II), in order to reformat an agreement drawn up in 1999 within the Schengen cooperation framework as a European Union instrument. On 28 November, the Commission adopted a proposal for a framework decision on measures to combat racism and xenophobia (2).

529. In the field of mutual assistance, on 19 September, Belgium, Spain, France and the United Kingdom presented an initiative for a framework decision on setting up joint investigation teams (Table II), in order to reformat the corresponding provision of the European Union's Convention on Mutual Assistance in Criminal Matters of 29 May 2000 (3) as a legal instrument which will come into force without having to be ratified by the Member States. On 16 October, the Council adopted a protocol to this convention whereby a request for mutual assistance invoking banking and commercial secrecy could no longer be refused on the sole grounds that the request relates to tax offences (Table II). The Council agreed to adopt a protocol, rather than a convention as initially proposed by France (4).

530. On 15 March, the Council adopted Framework Decision 2001/220/JHA intended to take more account of the situation of victims in criminal proceedings and to develop measures to assist victims, particularly when the crime has been committed in a different Member State from the one in which the victim lives (Table II). On 28 September (5), the Commission presented a Green Paper on compensation to crime victims.

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(1) OJ C 75, 7.3.2001.
(2) Bull. 11-2001, point 1.4.17.
(3) 2000 General Report, point 464.
531. In March, the Commission presented a proposal for a directive on the protection of the environment through criminal law. \(\rightarrow\) \textit{point 648}. In November, Parliament expressed support for transferring cooperation in criminal matters to the EC Treaty \(\text{(1)}\).

532. In a resolution of 17 May \(\text{(2)}\) on the Commission communication of July 2000 on the mutual recognition of final decisions in criminal matters \(\text{(3)}\), the European Parliament made its views known on the scope of the principle of mutual recognition and recommended various measures to facilitate its application.

533. On 5 September, in view of the re-emergence and growth of terrorist activities on Community territory, the European Parliament recommended that the Council should adopt a set of provisions on the subject (definition of offences and penalties for them, mutual recognition of decisions in criminal matters, implementation of a European search and arrest warrant) \(\text{(4)}\).

534. On 19 September, for instance, the Commission presented two proposals for Council framework decisions: the first, on terrorism (Table II), is intended to align the laws of the Member States on offences and penalties in this field; the second, on the European arrest warrant and on the procedures for surrendering persons between Member States (Table II), provides for the replacement of the current extradition arrangements with a new system based on the principle of automatic or quasi-automatic recognition of judicial orders for arrest made in another Member State. These proposals were approved by Parliament, subject to amendments, on 20 November. The political agreement reached by the Council on 6 and 7 December on the framework decision on combating terrorism gives a Union definition of terrorist offences and establishes a set of minimum and maximum penalties for some of them. These decisions take account of the need to guarantee freedoms and fundamental rights, notably in the context of trade-union activities or anti-globalisation movements. On 11 December, the Council also reached a political agreement on the European arrest warrant, which would give the Union a valuable tool for use in the area of freedom, security and justice. The warrant would apply to all types of offences. In particular, it would provide grounds for surrendering arrested persons, without verification of double criminality, for 32 offences, provided they are punishable in the requesting State by at least three years’ imprisonment. Also in this field, on 13 June (Table II), Sweden proposed an initiative with a view to a Council decision specifying which provisions of the 1995 Convention on Simplified Extradition \(\text{(5)}\) and the 1996 Convention on ‘Normal’

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\(\text{(1)}\) COM(2001) 664; Bull. 11-2001, point 1.4.18.

\(\text{(2)}\) Bull. 5-2001, point 1.4.10.


\(\text{(4)}\) Bull. 9-2001, point 1.4.1.


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Extradition (1) constituted a development in the Schengen acquis and could therefore be extended to the European Union’s relations with Iceland and Norway.

535. On 27 December, the Council adopted common positions 2001/930/CFSP and 2001/931/CFSP (2) defining the supply or collection of funds to finance terrorist activities as a criminal offence and defining various expressions relating to terrorism.

**Police and customs cooperation (3)**

536. In a resolution of 25 June, the Council adopted certain definitions and standards relating to DNA and DNA markers (4). It called on the Member States to use these and also made some recommendations on exchanging the results of DNA analyses.

537. On 6 December, the Council adopted Regulation (EC) No 2424/2001 and Decision 2001/886/JHA (Table II) on the development of the second generation Schengen information system (SIS II), enabling the authorities concerned to have access to alerts on persons and objects to be sought. On 18 December, the Commission presented a communication on the development of this system (5).

538. On 28 June, the Council adopted Decision 2001/513/JHA establishing a second phase of the programme of incentives, exchanges, training and cooperation for law-enforcement authorities (OISIN II) (Table II) (6).

539. Following Belgium and Sweden’s initiative, on 6 December, the Council extended Europol’s mandate to serious forms of international crime (Table II). On 17 December, it appointed Mr Simancas Carrion Deputy Director of Europol.

540. The Council meeting of 6 and 7 December adopted a resolution with recommendations for the establishment of international police cooperation and measures to prevent and control violence at football matches (7).

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(7) Bull. 12-2001, point 1.4.18.
Prevention of and fight against crime (1)

541. In a communication of 26 January on the fight against cybercrime (2), the Commission considered the need to establish an overall policy for improving the security of information infrastructures in the context of the broader objectives of the information society and of creating an area of freedom, security and justice. It went on to launch a forum on cybercrime. The matter was considered by Parliament on 6 September (3), by the Economic and Social Committee on 12 September (4) and by the Committee of the Regions on 14 November (5).

542. In a recommendation of 25 June (6), the Council invited the Member States which have not yet done so to join the G8 (group of most industrialised countries) network of contact points (→ point 1033) to combat high-tech crime (7), which maintains a 24-hour service.

543. In a resolution of 1 February (8), the European Parliament, expressing its concerns arising from the report of the multidisciplinary group on organised crime, asked the Council and the Member States to take all the necessary legislative and budgetary measures to remedy the problems raised in the report. It also called for the European Union in due course to establish a public prosecutor with jurisdiction over the Member States’ territory as a whole.

544. The programme of incentives, exchanges, training and cooperation for persons responsible for combating trade in human beings and the sexual exploitation of children (STOP II) was extended for a second phase of two years by Council Decision 2001/514/JHA on 28 June (Table II). By resolution of 27 September (9), the Council called on the Member States to promote cooperation between the authorities and civil society in the search for children who are missing or sexually exploited and asked the Commission to produce a study on the matter.

545. In order to step up the fight against organised crime, on 26 June, the Council adopted Framework Decision 2001/500/JHA on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities

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(1) Further information is available on the Europa server (http://europa.eu.int/comm/justice_home/unit/crime_en.htm).
(2) COM(2000) 890; Bull. 1/2-2001, point 1.4.8.
(3) Bull. 9-2001, point 1.4.17.
(4) OJ C 311, 7.11.2001; Bull. 9-2001, point 1.4.18.
(5) Bull. 11-2001, point 1.4.16.
(7) 1998 General Report, point 980.
and the proceeds of crime (Table II). This measure is intended to strengthen penalties and improve mutual assistance between Member States.

546. In September, the ministers of home affairs and justice, and then the European Council, devoted special sessions to terrorism and also debated measures in the field of the fight against financial crime (→ points 506 and 1040 et seq.). In addition, on 16 October the Joint Council of the Ministers for Economic and Financial Affairs and Justice and Home Affairs decided to use the machinery of the financial action task force for money laundering (FATF) to coordinate the fight against non-cooperative countries and countries which harbour terrorist organisations and their financial backers. On 4 December, Parliament and the Council adopted a directive on the prevention of the use of the financial system for the purposes of money laundering (→ point 203), extending the prohibition on money laundering to cover not only drug trafficking but also other serious offences and extending the scope of the financial professions involved. On 27 December, the Council adopted Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and entities with a view to combating international terrorism and on the freezing of assets (Table II). On 6 December, it adopted a recommendation to intensify the exchange of information on the evaluation of the threat from terrorism to public figures visiting the European Union.

547. On 28 June, the Council adopted Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting (Table II) and Regulation (EC) No 1339/2001 extending the application of this regulation to those Member States which have not adopted the euro as their single currency (Table II). They provide for cooperation between the Member States, the Commission, the European Central Bank and Europol. On 28 May, Sweden presented an initiative for a Council framework decision (Table II) recognising previous convictions regarding offences referred to in Framework Decision 2000/383/JHA on increasing protection by criminal penalties and other sanctions against counterfeiting in connection with the introduction of the euro (1). On 19 June, (Table II) it proposed changes to the Council decision of 29 April 1999 extending Europol’s mandate to deal with forgery of money and means of payment. By framework decision 2001/888/JHA of 6 December (2), the Council boosted the protection of the euro against counterfeiting, amplyfying the earlier Decision 2001/383/JHA by adding criminal and other penalties. Decision 2001/887/JHA, adopted the same day, spells out certain concepts involved in counterfeiting. On 13 December, the Commission presented a report on the measures taken by the Member States under Decision 2000/383/JHA.

548. In a communication of 9 February (1), the Commission presented, in broad outline, a series of preventive measures to combat fraud and counterfeiting in payment systems, leading to the adoption of an action plan for 2001–03 in this field. For its part, on 28 May, the Council adopted Framework Decision 2001/413/JHA on combating fraud and counterfeiting of non-cash means of payment (Table II) by putting in place cooperation mechanisms so that these practices, designated as criminal offences, can be prosecuted effectively.

549. In the field of the prevention of organised crime, following its communication of November 2000 and a joint report with Europol in April, on 17 and 18 May, the Commission set up the European Forum on the Prevention of Organised Crime on an interdisciplinary basis (2). Four workshops were launched on prevention of trafficking in human beings; the private sector and economic crime prevention; the prevention of credit-card fraud; and the prevention of trafficking in cultural goods. All except the last-named met on 24 and 30 October. Regarding crime-prevention in general terms, in order to organise cooperation by the Member States in the fields mentioned by the Tampere European Council (juvenile, urban and drug-related crime) (3) and to gather and analyse information and best practice in these fields, on 28 May, the Council adopted Decision 2001/427/JHA setting up a European crime prevention network, which held its first plenary meeting in October (Table II). The Hippokrates programme, which the Council adopted on 28 June by Decision 2001/515/JHA (Table II), constitutes another pillar of crime prevention policy (organised and other crime).

Drugs (4)

550. On 12 January, Sweden presented an initiative for a Council decision establishing a system of special forensic profiling analysis of synthetic drugs (Table II). On 28 May, the Council adopted Decision 2001/419/JHA on the transmission of samples of controlled narcotic substances between the different national authorities (Table II). On 5 June, by Regulation (EC) No 1116/2001 (5), it amended Regulation (EEC) No 3677/90 (6) laying down measures to be taken to discourage the diversion of certain substances to the illicit manufacture of narcotic drugs and psychotropic substances. On 6 December, the Commission presented a proposal for a Council decision defining PMMA (paramethoxymetamphetamine) as a new synthetic drug to be subject to controls and criminal penalties (7). On 10 December, the Council adopted a resolution on the

(1) COM(2001) 11; Bull. 1/2-2001, point 1.3.70.
(3) 1999 General Report, point 910.
(7) Bull. 12-2001, point 1.4.25.

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implementation of five epidemiological indicators developed by the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) (1).

551. At its meeting of 4 and 5 April the Council adopted a European Union–Central Asia action plan to provide a framework for action in the fight against drugs (2).

552. On 23 May, the Commission presented a proposal for a framework decision laying down minimum provisions on the constituent elements of criminal acts and penalties in the field of drug trafficking (Table II).

553. In line with the objectives set for the strategy and action plan on drugs, approved by the Helsinki (3) and Feira (4) European Councils respectively, on 8 June, the Commission adopted a communication on the implementation of the EU action plan on drugs (2000–04) (5). In particular, it intends to set up a scoreboard to review progress achieved in this area and a database on all the European Union’s activities in this field. While exploring the possibilities of improving coordination at European Union level, it would also like to see greater exchange of information on projects in third countries.

External relations (6)

554. On 15 March, the Council concluded the agreement between the European Community and the Republic of Iceland and the Kingdom of Norway concerning the criteria and mechanisms for establishing the State responsible for examining a request for asylum lodged in a Member State or Iceland or Norway (Table III). At its meeting on 27 and 28 June it authorised the director of Europol to conclude a cooperation agreement between Europol and Iceland, Norway and Interpol (Table III). On 5 November, the Council authorised the conclusion of cooperation agreements between Europol, and Estonia, Hungary, Poland and Slovenia, respectively (7). On 6 December, a cooperation agreement between Europol and the United States on the exchange of strategic information, excluding the transmission of personal data, was signed (Table III).

555. By a resolution of 12 December (8), Parliament reasserted the importance of the external dimension in European policy on justice and home affairs and suggested a few new priorities here.

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(1) Bull. 12-2001, point 1.4.27.
(2) Bull. 4-2001, point 1.4.7.
(3) Bull. 12-1999, point 1.16; 1999 General Report, point 911.
(4) Bull. 6-2000, point 1.40; 2000 General Report, point 479.
(7) Bull. 11-2001, point 1.4.21.
(8) Bull. 12-2001, point 1.4.28.
Section 2

Union citizenship

556. On 7 September, pursuant to Article 22 of the EC Treaty, the Commission published its third report on citizenship of the Union (1), covering the years 1997 to 1999. The report looks at what is meant by this concept and examines progress on freedom of movement, the right to vote and stand for election, diplomatic protection and rights of petition and access to the Ombudsman. At the same time, the Commission considers advances made in areas related to citizenship in the wider sense, such as the protection of fundamental rights, including measures to combat racism and all forms of discrimination.

Freedom of movement and right of residence (2)

557. In its proposal for a directive, dated 23 May (Table I), which aims to strengthen the right of citizens of the Union and members of their family to move and reside freely within the territory of the Member States, the Commission brings together in a single text a range of existing complex legislation relating to different categories of beneficiaries. The proposal also aims to relax and simplify the conditions and formalities associated with the exercise of this right and to clarify the restrictions that may be placed on these rights for reasons of public policy, public security and public health.

Right to vote and stand as a candidate (3)

558. On 13 February, pending a revision of the EC Treaty to create a solid and permanent legal basis for any legislation on European political parties, the Commission proposed that the Council adopt a provisional regulation in this matter (Table II). The proposal aims to lay down the fundamental criteria and procedures necessary to ensure that, among other things, the parties are representative at European level and are democratically run, to determine the eligibility criteria for financing from the Community budget, and to provide the necessary control and transparency. The Commission modified its proposal in June following amendments made by the European Parliament.

Right of petition and right of access to the Ombudsman

559. In its resolution of 15 May on the institution of the petition at the dawn of the 21st century, Parliament reiterated the importance it attaches to that institution and to the role of the Ombudsman. It also called for the introduction of a codified set of rules to make procedures quicker and more transparent. In a resolution of 6 September, it called for the amendment of the regulations and general conditions governing the performance of the Ombudsman’s duties to eliminate all restrictions on his right of access to the documents of the Community institutions and bodies. In a resolution dated 11 December, pointing out shortcomings in the way the petition system was implemented, he argued in favour of revising the EC Treaty on this matter.

560. On 6 September, Parliament adopted a resolution on the deliberations of the Committee on Petitions during the 2000 parliamentary year. This committee completed the examination of some 500 petitions, relating particularly to social security, the environment, taxation, freedom of movement of persons and the recognition of qualifications. The Commission had been consulted on virtually all the petitions examined and had sent Parliament communications on the various cases. The Committee on Petitions had also submitted a report to the House on the question of silicon breast implants following its examination of a petition on this subject, and had also considered a number of special reports presented by the Ombudsman, particularly in connection with confidentiality of recruitment procedures at the Commission or the code of good administrative behaviour for officials.

561. Also on 6 September, Parliament adopted a resolution on the annual report on the activities of the European Ombudsman for the year 2000. Of the 1,732 complaints received in 2000, about 70% were outside the Ombudsman’s remit, while 223 were investigated further. Of these, 185 concerned the Commission. The main types of maladministration cited related to lack of transparency, delays that could have been avoided, discrimination, abuse of power, rights of defence, errors in law and negligence. In a resolution of 11 December, Parliament endorsed the conclusions of the Ombudsman that the Commission had, in a given case, misinterpreted Directive 95/46/EC on the protection of individuals with regard to the processing of personal data.

(2) Bull. 5-2001, point 1.4.22.
(6) Bull. 9-2001, point 1.4.25.
(8) Bull. 12-2001, point 1.4.29.

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Section 3

Education and culture (1)

Priority activities and objectives

562. In 2001, the Commission’s efforts were channelled into implementing major initiatives forming part of the Lisbon strategy in the field of education and culture, including the adoption of a communication concerning Europe-wide lifelong learning and the introduction of the ‘eLearning’ action plan. The Stockholm European Council paved the way for drawing up a work programme, to which the Commission contributed, focusing on the specific future objectives of education and training systems. The European Year of Languages, launched by the Commission, involved a highly successful awareness-raising campaign in all the Member States. The European Parliament and the Council meanwhile adopted recommendations on mobility in education, with particular emphasis on young people, and quality evaluation in school education. As regards young people specifically, measures were taken to combat both cybercrime and exclusion, and a White Paper on youth was adopted with a view to boosting the concept of active citizenship. Further initiatives were aimed at developing cooperation with third countries in respect of higher education, reinforcing the role of cultural cooperation in the European integration process and improving information on education and culture activities at European level.

Education, training and youth

General

563. Responding to a request from the Lisbon European Council (2), the Commission presented, on 31 January (3), a report on the concrete future objectives of education and training systems, with the aim of having a joint work programme approved by the Council. In conclusions adopted on 12 February (4), the Council welcomed the proposed objectives and decided to examine the

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/education_culture/index_en.htm).
(2) Bull. 3-2000, point 1.13.
(3) COM(2001) 59; Bull. 1/2-2001, point 1.4.15.
(4) Bull. 1/2-2001, point 1.4.15.

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work programme further in the course of 2001. Accordingly, it put forward various suggestions in conclusions adopted on 28 May (1) and 13 July (2). For its part, the Stockholm European Council of 23 and 24 March (3) asked the Council and the Commission to present a new report in spring 2002. The European Parliament meanwhile, in a resolution adopted on 16 May (4), regarded the Commission's initiative as a major political breakthrough and wanted to be closely involved both in drawing up the follow-up report and in the measures to be taken under the work programme. The Commission presented a draft detailed work programme on 7 September (5), which was approved by the Council on 29 November (6).

564. In an action plan presented on 28 March (7), the Commission set out the broad approach to implementing the 'eLearning' initiative which was adopted in May 2000 (8) as part of the 'eEurope' programme (→ points 360 and 361). This plan, which focuses on the effective integration of information and communication technologies in education and training, was the subject of deliberations by the European Parliament, the Council, the Committee of the Regions and the Economic and Social Committee on 15 May (9), 13 July (10), 19 September (11) and 17 October (12) respectively.

565. In a resolution adopted on 13 July (13), the Council acknowledged the importance of education and training in the context of the European employment strategy, and called upon the Commission and the Member States to place those elements at the centre of Community cooperation in this field.

566. With Recommendation 2001/613/EC of 10 July, Parliament and the Council sought to encourage students, persons undergoing training, young volunteers, teachers and trainers to become more mobile in the Community (Table I). Targeting nationals of EU Member States and of third countries participating in Community education and training programmes, the recommendation outlined general measures (removal of legal and administrative obstacles, linguistic preparation, information and financing arrangements) and specific measures for each of the categories concerned.

(1) Bull. 5-2001, point 1.4.26.
(3) Bull. 3-2001, point I.8.
(4) Bull. 5-2001, point 1.4.25.
(5) COM(2001) 501; Bull. 9-2001, point 1.4.27.
(6) Bull. 11-2001, point 1.4.22.
(7) COM(2001) 172; Bull. 3-2001, point 1.3.86.
(9) Bull. 5-2001, point 1.3.63.
(11) Bull. 9-2001, point 1.3.49.
(12) Bull. 10-2001, point 1.3.100.
567. In a communication of 21 November (1), following on from a memorandum on lifelong learning published in October 2000 (2), the Commission stressed the need for suitably comprehensive and coherent strategies. The Committee of the Regions, the Economic and Social Committee and the European Parliament endorsed this approach on 14 June (3), 12 September (4) and 23 October (5) respectively. Moreover, in an opinion delivered on 29 November (6), the Council welcomed the inclusion, in the employment guidelines for 2002 (→ point 115), of a horizontal objective relating to lifelong learning.

Education

568. On 12 February, Parliament and the Council adopted Recommendation 2001/166/EC on European cooperation in quality evaluation in school education (Table I), aimed mainly at promoting transparent evaluation systems, encouraging everyone with a vested interested in schooling to take part in the evaluation process and fostering cooperation between all the competent authorities.

569. In a report published on 12 February presenting the results of the Socrates programme for the period 1995–99 (7), the Commission concluded that the objectives set for this initial phase of the programme had largely been met as regards contributing to the development of European citizenship, improving the quality of education systems and boosting the mobility of students and teachers.

570. On 28 February (8), the Economic and Social Committee adopted an own-initiative opinion on the nature, content and prospects of the European dimension of education, supplementing the information report which it drew up in July 2000 (9).

571. In school education (Comenius strand of the Socrates programme), some 6 800 schools were involved in 2 200 school partnerships which received funding, with 29 000 teachers benefiting from the mobility provided by Comenius. In addition, some 7 200 teachers took part in Europe-wide continuing training activities organised for their benefit. The Commission also supported 99 European projects providing basic and ongoing training for people working

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(1) COM(2001) 678; Bull. 11-2001, point 1.4.23.
(4) OJ C 311, 7.11.2001; Bull. 9-2001, point 1.4.28.
(5) Bull. 10-2001, point 1.4.20.
(6) Bull. 11-2001, point 1.3.20.
(7) COM(2001) 75; Bull. 1/2-2001, point 1.4.17; Internet (http://europa.eu.int/comm/education/socrates.html).
(8) OJ C 139, 11.5.2001; Bull. 1/2-2001, point 1.4.18.
in education, as well as 11 networks. To promote the acquisition of European language skills, support was given, in 2001, to cooperation programmes for the training of teachers, mobility grants for teachers or assistants, and joint language-learning projects in schools (involving some 22 000 young people).

572. In the higher education field (Erasmus strand of the Socrates programme), financial assistance was granted to 1 826 higher education establishments (including 313 establishments in the 11 associated countries); 110 000 students and 45 000 teachers were thus able to spend some time abroad with a mobility grant. The academic credit transfer system was implemented in 751 establishments. Funding was also provided for 112 joint syllabus development projects (82 programmes and 30 ‘European modules’), 222 intensive programmes and eight new thematic network projects (bringing together faculties, departments, associations and socioeconomic partners from all the participating countries). Moreover, 18 projects were renewed for a second year of activity, while three thematic networks received funding to disseminate and exploit the key results obtained at the end of a three-year period of activity. Lastly, 16 existing Erasmus curricular projects received additional aid for dissemination of the results obtained during the three-year period of implementation.

573. In the language-learning sphere (Lingua strand of the Socrates programme), the Commission co-financed, under the Lingua 1 action, 10 projects spanning 86 organisations and 28 countries, involving a total sum of EUR 1.6 million and, under the Lingua 2 action, 18 projects spanning 119 organisations and 24 countries, involving a total sum of EUR 3.9 million. The Commission also launched a survey of language-learning materials with a view to highlighting the areas in which Community support could be most effective.

574. The Commission granted aid to 66 projects and networks, and to 120 educational partnerships, within the Grundtvig strand (adult education and other educational pathways) of the Socrates programme, and to 43 projects concerned with the development of open and distance learning (Minerva strand) and educational applications of the new information and communication technologies. It also organised 160 ARION study visits for 1 725 educationalists and decision-makers, and continued to support the Eurydice (information on education systems) and NARIC (academic recognition of qualifications) networks.

575. For the Jean Monnet Project 2001 (European integration in university studies), the Commission selected 139 new teaching projects in Community law, European economics, European political studies and the history of European integration, thereby bringing to 556 the number of Jean Monnet chairs in the European Union. It also continued its work of organising Jean Monnet chair networks through transnational multidisciplinary working and reflection.
groups on topical Community issues, with particular reference to the topics of governance, enlargement and the future of Europe. In addition, a two-day symposium was organised in Brussels, in October, on the theme ‘Europe 2004: the great debate’.

576. The Commission continued its policy of cooperation with the ECSA (European Community Studies Association) networks, specialising in the study of European integration and now numbering 45 national associations, to which 12 grants were awarded. It also gave support to the ENQA network (European network for quality assurance in higher education), created in March 2000 pursuant to Council Recommendation 98/561/EC (1) on quality assurance in higher education. Moreover, in support of the activities organised by universities aimed at promoting debate, reflection and understanding of the process of European integration, the Commission accepted 48 projects dealing with the issues of enlargement, the euro and the future of the European Union.

577. In a resolution adopted on 15 May (2) concerning the Commission report (3) on the White Paper entitled ‘Teaching and learning — towards the learning society’ (4), Parliament reaffirmed its support for the Commission’s objectives, although it regretted the lack of genuinely additional funding to help realise these goals.

Vocational training

578. In the light of the report presented by the Commission in December 2000 (5) concerning the implementation of the first phase of the Leonardo da Vinci programme (1995–99), a report (6) was drawn up by the European Parliament acknowledging the positive aspects of the programme and making suggestions for running the programme more efficiently and enhancing its impact. Seeking to enhance the visibility and exploit more fully the results of the programme (Leonardo da Vinci), the Commission began producing a series of associated ‘good practices’ brochures, three of which are already available on the Internet, dealing respectively with women and technical professions, studying and working abroad, and medical and paramedical aspects, while a database on good practices is now accessible on the Europa site (7) in English, French and German. The Commission is also developing pilot projects, experimenting with

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(2) Bull. 5-2001, point 1.4.24.
(7) http://leonardo.cec.eu.int/bp/index.cfm?LANG=EN.
and utilising the best products in different regional or sectoral networks and structures.

**Youth**

579. With the adoption, on 28 June (1), of a declaration aimed at combating racism and xenophobia on the Internet by intensifying work with young people, the Council and the Member States welcomed the measures taken by the Commission to combat computer-related crime (→ point 541) and emphasised the crucial role of schools and youth organisations in encouraging young people to take initiatives in this field.

580. In a resolution adopted on 28 June (2), the Council and the Member States drew attention to the contribution which young people's initiative, enterprise and creativity could make, particularly towards attaining the strategic goals of the European Union and preventing exclusion. They called on the Commission to ensure that this dimension would be taken into account in cooperation programmes involving young people and in other relevant activities.

581. On 21 November (3), the Commission adopted a White Paper on youth, stemming from broad-based consultation and reflecting the views of young Europeans in particular, as a step towards improving political cooperation in this field. The suggested methods and priorities focus on ways of helping to develop and to recognise the activities carried out for the benefit of young people, whilst taking the 'youth' dimension into account in devising other policies.

582. Close on 11 500 projects, involving organisations from 50 countries, qualified for Youth programme funding. The projects brought together more than 130 000 young people in informal educational activities, with particular emphasis on mobility through exchanges and European voluntary service. The Commission also supported 18 large-scale European projects in connection with young people's cooperation, information and training. The Council, in a resolution adopted on 29 November (4), called on the Member States and the Commission to devise a policy on youth voluntary work.

583. In an opinion delivered on 28 November concerning a programme for child protection on the Internet (5), the Economic and Social Committee advocated strengthening of the Community action plan for promoting safer use of the Internet (→ point 364).

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(1) OJ C 196, 12.7.2001; Bull. 6-2001, point 1.4.17.
(2) OJ C 196, 12.7.2001; Bull. 6-2001, point 1.4.18.
(4) Bull. 11-2001, point 1.4.28.
(5) Bull. 11-2001, point 1.4.27.
Languages

584. The European Year of Languages 2001, established by Decision No 1934/2000/EC of the European Parliament and of the Council (2), was officially launched in Lund (Sweden) in February (3). In this connection, the Commission co-financed 200 or so European, national, regional and local projects to the tune of EUR 6 million. It also organised, partly in association with the Council of Europe, an information campaign entailing European and national events, an interactive web site in 11 languages (4), a guide for the general public entitled ‘How you can learn languages’, and the distribution of millions of promotional items.

585. The Committee of the Regions, in an opinion delivered on 13 June (5), stressed the need to create an interinstitutional task force and to launch information campaigns for the promotion and protection of regional and minority languages (6). The Council, in a resolution adopted on 29 November (7), sought to encourage linguistic diversity and the learning of languages, while a Parliament resolution adopted on 13 December (8) favoured the promotion of regional and lesser-used European languages.

European Training Foundation

586. The Foundation, as a centre of expertise, continued to promote good EU practice in respect of employment and human resource development throughout 40 partner countries, both in conjunction with Community programmes for external relations and as part of the pre-accession strategy for the applicant countries. In terms of the support given to the Commission in its work, the Foundation made a significant contribution to the process of consultation on the lifelong learning memorandum (→ point 567) in the applicant countries.

European Centre for the Development of Vocational Training (Cedefop)

587. The Centre’s activities, shaped by medium-term guidelines (2000–03), focused on the development of new learning methods and support for

(3) Bull. 1/2-2001, point 1.4.19.
(6) http://ebulul.org/wow/.
(7) Bull. 11-2001, point 1.4.25.
(8) Bull. 12-2001, point 1.4.32.

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employment and competitiveness. It contributed to the establishment of the forum on vocational training quality, the ‘eLearning’ initiative (→ point 564) and the process of consultation on the lifelong learning memorandum (→ point 567). In addition, it published a second report on vocational training research in Europe and a document providing key data on the transition from education to working life.

**European University Institute(¹)**

588. The Commission contributed a total of EUR 5.2 million towards the 2001 budget of the European University Institute, which was earmarked for certain scientific and research activities (more specifically those of the Robert Schuman Centre, the European Forum and the Academy of European Law), and for the historical archives of the European Communities (→ point 1282), which are managed by the Institute. For the 2000/2001 academic year, the Institute and its four departments (²) had 49 professorial chairs, seven of them held jointly with the Robert Schuman Centre. There were some 320 grant-aided researchers, a number of whom came from third countries, and 63 doctorates were awarded.

589. On 6 March, Mr Varvesi took up his duties as Secretary of the Institute and, on 1 September, Mrs Wallace became the Director of the Robert Schuman Centre for an initial four-year term of office.

590. On 14 March, Mr Martonyi, Hungarian Minister for Foreign Affairs, gave a speech to the Academic Council and signed, together with Mr Master­son, President of the Institute, a pre-accession agreement for the admission of Hungarian researchers to the Institute. The 23rd annual Jean Monnet lecture was delivered on 9 April by Mr Lipponen, Prime Minister of Finland, on ‘the future of the European Union after Nice’ (³). On 9 May, the Institute welcomed Mr Prodi, President of the Commission, who delivered the first annual lecture in transatlantic relations on the theme of the new Europe in the transatlantic partnership (³). In November, the Institute celebrated its 25th anniversary, which was marked by a special meeting of the Commission at the Institute’s seat on 7 November.

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(¹) The annual reports by the President of the Institute can be obtained from its headquarters (Publications Office, via dei Roccettini 9, I-50016 San Domenico di Fiesole (FI)). Information about the Institute and its activities is also available online at the following Internet address: http://www.iue.it/.

(²) History and civilisation, economics, law, political and social sciences.

(³) The text of the lecture is available online at the following Internet address: http://www.iue.it/General/activities.html.
Culture, audiovisual policy and sport

Culture (1)

591. In a resolution adopted on 16 January (2), Parliament called on the Member States and the Commission to take certain measures, if necessary in cooperation with the appropriate international bodies, in relation to the application of the convention concerning the protection of world cultural and natural heritage in the Member States.

592. In a resolution adopted on 1 February (3), Parliament put forward various proposals in respect of electronic publishing and printing on demand in book production. The Council expressed the view, in a resolution adopted on 12 February (4), that achieving the cultural objectives pursued by the existing national fixed book-price systems required account to be taken of the cross-border dimension of certain book markets.

593. On 12 February (5), the Council declared its attachment to architectural quality in urban and rural environments.

594. In June, the Council adopted a resolution on the situation of professional artists in the context of enlargement (→ point 775).

595. On 5 September (6), Parliament adopted a resolution on cultural cooperation in Europe, calling for this aspect to be strengthened with a view to establishing a ‘European cultural area’. On 11 December (7), it backed the proposal to designate Cork (Ireland) as a European Cultural Capital for 2005. A Council resolution adopted on 5 November (8), dealing with the role of culture in the development of the European Union, called on the Member States and the Commission to regard culture as an essential component of European integration, particularly from the point of view of the Union’s enlargement. The Council also adopted, on the same day (9), a resolution on culture and the knowledge society, whilst the Forum on Cultural Cooperation, organised by the Commission on 21 and 22 November, bringing together 250 representatives of the cultural sector, also drew attention to the importance of cultural cooperation for

(1) Further information is available on the Europa server (http://europa.eu.int/comm/culture/index_en.html).
(4) OJ C 73, 6.3.2001; Bull. 1/2-2001, point 1.4.22.
(5) OJ C 73, 6.3.2001; Bull. 1/2-2001, point 1.4.23.
(6) Bull. 9-2001, point 1.4.31.
(8) Bull. 11-2001, point 1.4.29.
(9) Bull. 11-2001, point 1.4.30.
the Union and provided a platform for discussion of European cultural instruments such as the ‘Culture 2000’ programme (1).

Audiovisual and MEDIA programme


597. In response to an instruction of the 1998 Council recommendation on the protection of minors and human dignity in audiovisual and information services (6), the Commission adopted, on 27 February (7), a report describing and analysing the measures taken by the Member States, industry and the Commission itself, mainly in relation to the Internet and in the areas of digital broadcasting, DVD/videocassettes and video games. On 23 July (8), the Council called on the Member States and the Commission to continue their efforts to promote the application of its recommendation.

598. In a resolution adopted on 12 February (9), the Council pointed out that national aid to the film and audiovisual industries was one of the chief means of preserving cultural diversity. The Commission meanwhile adopted, on 26 September (10), a communication on the cinema sector, analysing and proposing responses to overcome the obstacles which hinder the circulation of films and other audiovisual works, and explaining the criteria adopted by the Commission for examining national systems of aid to the cinema sector. Additionally, on 17 October, the Commission presented a communication on the application of State aid rules to public service broadcasting, in line with the Council’s wishes (point 278). A Parliament resolution adopted on 13 November (11) recommended that measures be taken to achieve better circulation of European films in the internal market and the candidate countries. In June, the Council adopted a resolution on the exchange of information and experience with those countries in the audiovisual field (point 775). In a resolution adopted on 5 November (12),

(7) COM(2001) 106; Bull. 1/2-2001, point 1.4.27.
(9) OJ C 73, 6.3.2001; Bull. 1/2-2001, point 1.4.25.
(10) COM(2001) 534; Bull. 9.2001, point 1.4.32.
(11) Bull. 11-2001, point 1.4.33.
(12) Bull. 11-2001, point 1.4.32.
focusing on the development of the audiovisual sector, the Council welcomed the related Community actions and programmes, and called on the Commission and the Member States to study ways of promoting complementarity between various sources of financing.

599. In accordance with Council Decision 2000/821/EC of 20 December 2000 (1) on the implementation of the MEDIA-Plus programme to encourage the development, distribution and promotion of European audiovisual works, and Decision No 163/2001/EC of the European Parliament and of the Council of 19 January on the implementation of the MEDIA-Training programme (Table I), the Commission set about implementing the new MEDIA programme (2001-05). A technical assistance office was set up, guidelines were laid down and calls for proposals were published in the various action fields of the programme: training of professionals, development of audiovisual works, distribution (cinema, sales agents, networking and television) and promotion (festivals and access to markets).

600. The ‘Netd@ys Europe’ (2) communication initiative on good practice in the use of new technologies for education, vocational training and culture, went into its fifth year in 2001, confirming its widespread success.

Sport

601. On 16 October, the Commission proposed to the Council and Parliament that 2004 be declared European Year of Education through Sport (Table I).

Communication action on education, training, youth, culture, audiovisual media and sport

602. Communication methods covering programmes and activities were reinforced, particularly on the Internet, focusing on seven themes (knowledge-based society, linguistic diversity, media and audiovisual policy, culture and cultural industries, sport, youth policy and civil society). The creation of an electronic newsletter paved the way for speedier dissemination of concise information on all the activities, some of which were covered in brochures or audiovisual products. A programme of events and fairs/exhibitions in 20 or so countries kept many members of the public closely in touch, whilst a broad-based information campaign accompanied the European Year of Languages (→ point 584).


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Cooperation with third countries

603. As part of the pre-accession strategy, most of the candidate countries are involved in the 'Culture 2000' programme (→ point 781).

604. On 26 February, the Council adopted Decisions 2001/196/EC and 2001/197/EC concerning the conclusion of agreements renewing the programmes of cooperation in higher education and training with the United States and Canada respectively (Table III).

605. On 18 July, the Commission presented a communication on strengthening cooperation with third countries in the field of higher education (l), in which it identified two key objectives, namely to develop high-quality human resources on a reciprocal basis and to promote the Community as a worldwide centre of excellence for education, training and scientific and technological research.

(1) COM(2001) 385; Bull. 7/8-2001, point 1.4.16.
Section 4

Environment (1)

Priority activities and objectives

606. The year 2001 saw the adoption of a proposal for the sixth environment action programme (2001–10) and preparations for the United Nations Conference on Sustainable Development to be held in Johannesburg in 2002. The Commission adopted a Green Paper on integrated product policy and a White Paper on chemicals. Significant progress was also made on air and water quality, biodiversity, waste, protection of the ozone layer, promotion of non-governmental environmental organisations and on updating the Community eco-management and audit scheme (EMAS). Negotiations on climate change remained the priority on the international agenda, with conferences held in Bonn and Marrakech on the implementation of the 1997 Kyoto Protocol.

Preparation of the sixth action programme

607. The broad consultations held in 2000 (2) culminated in publication by the Commission, on 24 January, of a communication (3) on the sixth environment action programme of the European Community (2001–10), which also contained a proposal for the European Parliament and Council decision needed to adopt the programme (Table I). It focused on four priority issues: tackling climate change, action on nature and biodiversity, environment and health, and sustainable use of natural resources and management of wastes.

Taking the environment into account in other policies

608. To expand the system introduced in 1985 (4), on 27 June, the European Parliament and the Council adopted Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment (Table I). An

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/environment/index_en.htm).
(2) 2000 General Report, point 536.

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environmental assessment will now be required during the preparation and before the adoption of plans or programmes likely to have significant effects on the environment. The environmental report written for this purpose must give the competent authorities, the public and, where appropriate, other Member States an opportunity to be consulted and to express their opinion.

609. Further information on taking the environment into account in other Community policies is given in the sections dealing with those policies, in particular in Sections 13 ('Agriculture and rural development') (→ points 435 et seq.) and 14 ('Fisheries') (→ points 497 et seq.) of Chapter III, Sections 5 ('Energy') (→ points 664 et seq.) and 6 ('Transport') (→ points 685 et seq.) of this chapter and Section 4 ('Development cooperation') of Chapter VI (→ points 929 et seq.).

Sustainable development (1)

Sustainable development strategy

610. In preparation for the World Summit on Sustainable Development (2) to be held in Johannesburg in 2002, on 6 February, the Commission adopted a communication (3) identifying various priorities and measures to help to make a success of the 10th anniversary of the first Earth Summit in Rio (4). On 8 March, the Council in turn adopted conclusions (5) on the same subject recommending, in particular, a number of strategic objectives, such as seeking an effective partnership for sustainable development and more coherent international cooperation. It adopted further conclusions on this subject on 7 June (6) and again on 8 November (7), when it set out its contribution on some of the issues identified for the summit: protecting natural resources, integrating environment and poverty eradication objectives, making globalisation work for sustainable development, and enhancing good governance and participation. On 14 November (8), the Committee of the Regions in turn stressed the contribution which local and regional authorities could make in preparation for this summit.

611. Sustainable development was the central issue at the Gothenburg European Council on 15 and 16 June (9). In its conclusions, the European Council

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(4) Twenty-sixth General Report, point 596.
(5) Bull. 3-2001, point 1.4.22.
(7) Bull. 11-2001, point 1.4.35.
(8) Bull. 11-2001, point 1.4.36.
(9) Bull. 6-2001, points 1.9 to 1.17.
approved a strategy based on the principle that not only the economic and social but also the environmental effects of all policies should be examined in a coordinated way and taken into account in decision-making. It also singled out four areas as immediate priorities: climate change, transport, public health and management of natural resources. The ground had been prepared for this strategy by a Commission communication (1) adopted on 15 May. The Economic and Social Committee, in an opinion (2) on 31 May, and the European Parliament, in a resolution (3) adopted on the same day, in turn made their contributions to this preparatory work.

612. To put into action the strategy agreed in Gothenburg, on 3 December (4), the Council identified environmental indicators for each of the four priority areas. These were welcomed by the European Council at Laeken on 14 and 15 December (5). On 12 December (6), the Council gave further details on certain aspects of implementing the Community’s strategy on sustainable development. On 29 November (7), the Economic and Social Committee stressed the need for consistency between the European Union framework programme for research and development activities (→ point 332) and the sustainable development strategy.

Management of resources: consumption and waste

613. On 7 February, the Commission submitted a Green Paper on integrated product policy (8). Its approach to promote production and consumption of greener products is considered one of the major elements of the sixth environment action programme (→ point 607). The strategy advocated revolves around three objectives: to provide information, to encourage business leadership, and to take tax and financial measures. This approach was endorsed by the Council on 7 June (9), the Committee of the Regions on 13 June (10) and the Economic and Social Committee on 11 July (11).

614. In a resolution adopted on 17 January (12), the European Parliament recommended improving implementation of Council Directive 96/59/EC on the disposal of polychlorinated biphenyls and polychlorinated terphenyls (PCBs...
and PCTs) (1) rather than redrafting it. In another resolution on 3 April (2), Parliament also made a series of recommendations concerning the Green Paper published by the Commission in July 2000 on environmental issues of PVC (3). In another resolution adopted on 15 November (4), Parliament examined the measures taken by the Member States on implementation of Directive 94/62/EC (5) on packaging and packaging waste. On 7 December, the Commission proposed (Table I) revising the targets set by the same directive.

615. In its conclusions of 7 June on mercury in the environment (6), the Council called upon the Commission to clarify the legal situation regarding the conversion of the chlor-alkali industry and identify the possible consequences for the use of mercury. On 4 December, it adopted common positions on the proposals for directives on waste electrical and electronic equipment and on the restriction of the use of certain hazardous substances in such equipment (Table I).

**Sustainable urban development and coastal zones**

616. On 27 June, the European Parliament and the Council adopted Decision No 1411/2001/EC on a Community framework for cooperation to promote sustainable urban development (Table I). With a budget of EUR 14 million for the period 2001 to 2004, this instrument will be able to finance, inter alia, exchanges of information and cooperation between all involved in this form of development and in implementing Agenda 21 in Europe. In addition, on 13 December, the Council adopted a common position on the proposal for a recommendation concerning the implementation of integrated coastal zone management in Europe (Table I).

**Environmental quality and natural resources**

**Protection of water, soil conservation, agriculture**

617. On 20 November, the European Parliament and the Council adopted Decision No 2445/2001/EC establishing the list of priority substances in the field of water policy (Table I).

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(2) Bull. 4-2001, point 1.4.10.
(4) Bull. 11-2001, point 1.4.38.
(6) Bull. 6-2001, point 1.4.29.
618. In a resolution adopted on 17 January \(^1\), the European Parliament expressed its concern at what it considered the unsatisfactory implementation of Council Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources \(^2\). On 21 November \(^3\), the Commission submitted its second report on implementation of Directive 91/271/EEC \(^4\) concerning urban wastewater treatment. On 24 January \(^5\), the Economic and Social Committee in turn showed its interest in the ideas set out in the Commission’s July 2000 communication on pricing policies for enhancing the sustainability of water resources \(^6\).

619. On 21 May, the Commission published its 18th report on the quality of bathing water \(^7\). On 8 March \(^8\), the Council welcomed the plan, announced in the Commission’s December 2000 communication \(^9\), to put together a new bathing water policy, for which the Committee of the Regions in turn suggested a series of guidelines in its opinion of 14 June \(^10\).

Protection of nature and biodiversity, forests \(^11\)

620. On 27 March, the Commission submitted a communication \(^12\) containing biodiversity action plans, each covering individual areas: conservation of natural resources, agriculture, fisheries, and development and economic cooperation. It outlined the steps which it considered necessary in each area and identified indicators for evaluating their effectiveness, some of which already exist, others yet to be developed. These plans were endorsed by the Council on 29 October \(^13\) and by the Committee of the Regions on 15 November \(^14\). Also, on 16 October \(^15\), the Council decided its approach in preparation for the sixth Conference of the Parties to the Convention on Biological Diversity \(^16\).

621. On 17 January, the European Parliament adopted a resolution \(^17\) calling on the Commission to take all measures necessary to ensure implementation

\(^{1\)}\) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.4.36.
\(^{2\)}\) OJ L 221, 7.8.2001; Twenty-fifth General Report, point 649.
\(^{3\)}\) COM(2001) 685; Bull. 11-2001, point 1.4.41.
\(^{7\)}\) Bull. 5-2001, point 1.4.37; Internet (http://europa.eu.int/water/water-bathing/report.html).
\(^{8\)}\) Bull. 3-2001, point 1.4.24.
\(^{10\)}\) OJ C 357, 14.12.2001; Bull. 6-2001, point 1.4.32.
\(^{11\)}\) http://europa.eu.int/scadplus/leg/en/s15000.htm#NATURE.
\(^{12\)}\) COM(2001) 162; Bull. 3-2001, point 1.4.25.
\(^{13\)}\) Bull. 10-2001, point 1.4.27.
\(^{14\)}\) Bull. 11-2001, point 1.4.44.
\(^{17\)}\) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.4.38.
of the directive on the conservation of natural habitats and of wild fauna and flora (1), which, it considered, did not mean ending all economic activity. The same problems were highlighted in an opinion (2) adopted on 30 May by the Economic and Social Committee, which also mentioned the difficulties encountered with implementing the directive on the conservation of wild birds (3).

622. On 27 June, the European Parliament and the Council adopted Regulations (EC) No 1484/2001 and (EC) No 1485/2001 on the protection of the Community’s forests against atmospheric pollution (Table I) and against fire (Table I). These new texts will replace Regulations (EC) No 307/97 and (EC) No 308/97 (4), which were annulled by the Court of Justice in 1999 because the wrong legal basis had been chosen (5). On 7 November, the Commission proposed a one-year extension to the basic regulations in this field (Regulations (EEC) No 3528/86 and (EEC) No 2158/92) (Table I).

Civil protection, environmental accidents

623. In two resolutions, one adopted on 15 February (6), the other on 17 May (7), the European Parliament called on the Commission to take a series of measures to come to the aid of the victims of the floods in Portugal and France respectively.

624. A resolution adopted by the Council on 26 February (8) advocated strengthening the capabilities of the European Union in the field of civil protection. Decision 2001/792/EC of 23 October (Table III) established a Community mechanism to facilitate reinforced cooperation in civil protection assistance interventions, particularly in the event of natural, technological or environmental disasters calling for an effective, coordinated response. This mechanism is based on identification of the teams and resources available, training programmes, the establishment of assessment and coordination teams and establishment and management of an emergency communication system. In a communication (9) adopted on 28 November, the Commission described the action taken by it following the attacks of 11 September in the United States (→ points 1040 et seq.) and the anthrax alerts, to improve the Community’s

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(2) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.4.38.
(7) Bull. 5-2001, point 1.4.40.
(8) Bull. 1/2-2001, point 1.4.40.
ability to respond to civil protection emergencies and the control of communicable diseases.

625. On 10 December, the Commission proposed updating Directive 96/82/EC on the control of major-accident hazards involving dangerous substances (the 'Seveso II' directive) in order to take account of recent accidents in particular (Table I). On 3 October, the European Parliament adopted a resolution (1) on the explosion at the AZF factory in Toulouse.

626. A resolution adopted by the European Parliament on 5 July (2) supported the general approach taken in the October 2000 Commission communication on safe operation of mining activities (3).

Environment and health

Chemicals

627. On 13 February (4), the Commission adopted a White Paper on a strategy for a future chemicals policy designed to ensure a high level of protection for human health and the environment while ensuring efficient functioning of the internal market and competitiveness in the chemical industry (⇒ point 309). The Commission proposed a variety of measures on information, monitoring and research and, in particular, wished to introduce a single regulatory framework for all chemicals, to improve knowledge about the hazards posed by substances already on the market, to encourage the substitution of dangerous by less dangerous substances and to introduce incentives and penalties to ensure compliance with the legal requirements. The White Paper was followed up, on 7 June (5), by Council conclusions advocating, inter alia, a general obligation on the part of the industry to have adequate knowledge of the dangers of its products and by an opinion from the Economic and Social Committee on 17 October (6), followed by a European Parliament resolution on 15 November (7).

628. On 8 March, the Council adopted conclusions (8) welcoming the successful outcome of the negotiations on the Convention on Persistent Organic

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(1) Bull. 10-2001, point 1.4.28.
(2) Bull. 7/8-2001, point 1.4.21.
(4) COM(2001) 88; Bull. 1/2-2001, point 1.4.41.
(5) Bull. 6-2001, point 1.4.34.
(6) Bull. 10-2001, point 1.4.31.
(7) Bull. 11-2001, point 1.4.50.
(8) Bull. 3-2001, point 1.4.27.

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Pollutants, which was subsequently signed in Stockholm on 23 May (Table III). This convention, adopted by 91 countries and the Community, provides a framework, based on the precautionary principle, to ensure safe elimination and minimise production of the pollutants concerned.

629. On 14 June, the Commission published a communication (1) on the implementation of the Community strategy for endocrine disrupters which it had proposed in 1999 (2). It also adopted, on 24 October, a communication on a Community strategy for dioxins, furans and polychlorinated biphenyls (3), which was endorsed by the Council on 12 December (4).

**Biotechnology**

630. With the adoption, on 12 March, of Directive 2001/18//EC, the European Parliament and the Council introduced a new regulatory system, more efficient and transparent than the system established by Directive 90/220/EEC on the deliberate release into the environment of genetically modified organisms (Table I). In addition, on 8 March, the Council adopted Decision 2001/204/EC (5) supplementing Directive 90/219/EEC (6) as regards the criteria for establishing the safety, for human health and the environment, of types of genetically modified micro-organisms. On 17 May, the Commission approved a report (7) on the experience gained from implementation of the same directive over the period 1996–99. On 25 July, the Commission proposed a regulation to establish a Community framework for the traceability and labelling, at all stages of placing on the market, of GMOs and products produced from GMOs which are intended for consumption by human beings or animals (Table I). The objective of this proposal is to supplement Directive 2001/18/EC and the proposal adopted on the same day on genetically modified food and feed (→ point 740).

**Air and noise**

631. On 4 April, the Council concluded the protocol on heavy metals to the 1998 Convention on Long-range Transboundary Air Pollution (Table III).


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(1) COM(2001) 262; Bull. 6-2001, point 1.4.35.
(4) Bull. 12-2001, point 1.4.42.
(5) OJ L 73, 15.3.2001; Bull. 3-2001, point 1.4.29.
(7) COM(2001) 263.
pollutants (Table I) and Directive 2001/80/EC on the limitation of emissions of pollutants of the same nature from large combustion plants (Table I). These two directives form part of a global strategy to reduce air pollution and aim, in particular, at combating the factors contributing to acidification and ozone precursors. On 22 November, the European Parliament and the Council also reached agreement on the proposal for a directive on ozone in ambient air (Table I).

633. A communication adopted by the Commission on 4 May (1) launched the 'Clean air for Europe' (CAFE) programme designed to develop a long-term, strategic, integrated policy to protect human health and the environment against the effects of air pollution. In particular, the objective of the programme is to coordinate production, collection and validation of the scientific and technical information necessary for policy-making on this subject. The Council welcomed this programme on 29 October (2). The Committee of the Regions in turn gave its opinion on this move on 15 November (3).

634. On 11 May, the Commission proposed amendments to Directive 98/70/EC setting the environmental specifications for petrol and diesel fuels sold in the Community (Table I). On 7 December, the European Parliament and the Council amended Directive 70/220/EEC relating to measures to be taken against air pollution by motor vehicles (Table I). On 13 July, the Council adopted a common position on the proposal for a directive on the reduction of the level of pollutant emissions from two- and three-wheel motor vehicles (Table I).

635. On 8 November, the Commission published its second annual report (4) on the effectiveness of the Community strategy to reduce CO₂ emissions from cars. While welcoming the significant progress made on this subject, the Commission considered that in order to meet the final target of 120g CO₂/km the Community must continue its work on fiscal measures and a number of Member States who are lagging behind must catch up with transposition of Directive 1999/94/EC (5) and Decision No 1753/2000/EC (6) on monitoring specific emissions of CO₂ from new passenger cars. On 24 October, the Commission also adopted a proposal for a directive on the measurement of CO₂ emissions and fuel consumption of light commercial vehicles (Table I).

636. The Council adopted a common position on the proposal for a directive relating to the assessment and management of environmental noise on 7 June (Table I).

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(1) COM(2001) 245; Bull. 5-2001, point 1.4.42.
(2) Bull. 10-2001, point 1.4.37.
(3) Bull. 11-2001, point 1.4.56.
Radiation protection

637. The European Parliament adopted a resolution on the problem of nuclear safety 15 years after the Chernobyl accident (point 680). On 8 August (1), the Commission amended Regulation (EC) No 1661/1999 (2) on the conditions governing imports into the Community of certain agricultural products following the same accident.

638. The Commission adopted a recommendation (3) on the protection of the public against exposure to radon in drinking water supplies on 20 December.


640. Under the Euratom Treaty, the Commission continued to verify the application of the safety standards for the protection of the health of the public and workers. Pursuant to Article 33 of the Euratom Treaty, it received 13 draft national measures but did not make any comments. In accordance with Article 37 of the same Treaty, it also delivered six opinions on plans for the disposal of radioactive waste and, under Article 35, it carried out a visit to verify the facilities for monitoring the level of radioactivity.

641. In response to the concern expressed about cases of cancer in soldiers who had served in the Balkans and the alleged link with exposure to depleted uranium, on 6 March, the Commission published an opinion of the group of experts set up in accordance with Article 31 of the Euratom Treaty on the health effects of exposure to depleted uranium.

Climate change and international dimension (6)

Global environment, climate change, geosphere and biosphere

642. In a declaration on climate change (7), the Stockholm European Council recalled the need for efficient international action in this field and reaffirmed its

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(7) Bull. 3-2001, point 1.41; Annex II to the conclusions of the Presidency.
commitment to the Kyoto Protocol (1). The European Union’s attachment to the whole of this protocol was also confirmed in conclusions adopted by the Council on 8 March (2), which called on the parties to conclude the negotiations on the implementing arrangements. The Council reiterated its position in its conclusions of 7 June (3). The refusal by the United States to implement and ratify this protocol was criticised by the European Parliament in two resolutions, one on 5 April (4), the other on 5 July (5). The ECSC Consultative Committee in turn adopted an opinion on 5 April (6) expressing its desire that implementation of the Kyoto Protocol should not compromise the energy policy objectives or undermine industrial competitiveness; it also welcomed the Commission’s initiatives on establishment of a European climate change programme (ECCP) (7) and on the Green Paper on greenhouse gas emissions trading within the European Union (8).

643. On 23 October, the Commission adopted a package of measures to enable the European Union to meet its commitments to combat climate change. These included a proposal for a decision concerning the approval of the Kyoto Protocol (Table III), a proposal for a directive establishing a scheme for greenhouse gas emission allowance trading within the Community (Table I) and a package of specific measures (9) to implement the first phase of the European climate change programme submitted by the Commission in March 2000 (7). The Council set out its priorities in its conclusions of 12 December (10). Also, on 30 November (11), the Commission submitted its second report on monitoring of Community greenhouse gas emissions, as required by Decision 93/389/EEC (12).

644. The sixth Conference of the Contracting Parties to the United Nations Framework Convention on Climate Change (13) reconvened in Bonn from 16 to 27 July (14) to try to break the deadlock reached at its first meeting in The Hague in November 2000 (15). The over 180 States which took part agreed a compromise authorising use of carbon sinks, but only in the form of afforestation and reforestation schemes, and providing for mechanisms and procedures for monitoring compliance with the targets and for financing of an adaptation fund by

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(1) 1997 General Report, point 552; Internet (http://www.unfccc.de/resource/docs/convkp/kpeng.html).
(2) Bull. 3-2001, point 1.4.35.
(3) Bull. 5-2001, point 1.4.39.
(4) Bull. 4-2001, point 1.4.15.
(5) Bull. 7-2001, point 1.4.27.
(6) Bull. 4-2001, point 1.4.16.
(9) COM(2001) 580; Bull. 10-2001, point 1.4.43.
(10) Bull. 12-2001, point 1.4.47.
(13) OJ L 33, 7.2.1994; Twenty-sixth General Report, point 596.
(14) Bull. 7-2001, point 1.4.28.
(15) 2000 General Report, point 574.
the industrialised countries to help the developing countries which are particularly vulnerable to climate change, which will be stepped up to EUR 450 million per year by 2005. In a resolution adopted on 6 September (1), the European Parliament welcomed the outcome of the conference, but regretted the absence of the United States and the shortcomings of the agreement with regard to penalties. At a conference in Marrakech from 7 to 9 November (2), agreement was reached on a legally binding text reflecting the political agreement reached in Bonn. The Laeken European Council (3) welcomed this outcome and stressed that the European Union is determined to honour its commitments. The preparations for the Marrakech Conference were mentioned in a resolution adopted by the European Parliament on 25 October (4) and in the Council conclusions of 29 October (5).

645. On 8 May, the Commission proposed conclusion of the fourth amendment to the Montreal Protocol on substances that deplete the ozone layer (Table III).

International cooperation

646. On 6 March, the Council adopted negotiating directives on draft amendments to the UN/ECE Espoo Convention on Environmental Impact Assessment in a Transboundary Context (Table III). On 27 September, it authorised the Commission to negotiate a protocol on strategic environmental assessment which will be annexed to the same convention (Table III). And on 12 December, the Council defined its approach to international environmental governance (6). On 17 August, the Commission submitted a proposal to the Council relating to the conclusion of the protocol on water and health to the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes (Table III). Then on 30 October, it set out its approach to environmental cooperation in the Danube–Black Sea region (7). Finally, on 17 December the Commission made proposals on environmental cooperation with Russia (8).

(1) Bull. 9-2001, point 1.4.37.
(2) Bull. 11-2001, point 1.4.61.
(4) Bull. 10-2001, point 1.4.45.
(5) Bull. 10-2001, point 1.4.46.
(7) Bull. 10-2001, point 1.4.47.
Governance

Implementation of the Aarhus Convention

647. On 18 January, the Commission proposed amendments to Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment and to Council Directive 96/61/EC concerning integrated pollution prevention and reduction (Table I). The main aim of this proposal is to incorporate into these two directives the procedure for full public participation in environmental decision-making provided for by the Aarhus Convention (1).

Environmental crime

648. The Commission submitted a proposal for a directive on the protection of the environment through criminal law on 13 March (Table I). The objective of this proposal is to establish throughout the Community a minimum set of criminal offences.

Communication and civil society

649. On 22 June, the Commission reported (2) on the experience gained between 1998 and 2000 in the application of Council Decision 97/872/EC (3) on the action programme promoting European non-governmental organisations primarily active in the field of environmental protection. A parallel proposal was made to lay down a new programme on this subject, with continuous financial support over the period 2002–06 (Table I). The Council adopted a common position on this proposal on 6 December.

Environmental instruments

LIFE

650. In 2001, as part of the activities to implement the LIFE III regulation (4) covering the period 2000–04, the Commission contributed towards financing

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(1) 1998 General Report, point 518.
(2) COM(2001) 337; Bull. 6-2001, point 1.4.43.
94 LIFE-Nature projects, 117 LIFE-Environment projects and 28 LIFE-Third countries projects.

**Voluntary approaches**

651. On 19 March, the European Parliament and the Council adopted Regulation (EC) No 761/2001, which extends to all branches of the economy the scope of Council Regulation (EEC) No 1836/93 allowing voluntary participation in a Community eco-management and audit scheme (EMAS) (Table I). On 7 September, the Commission adopted a decision (') designed to apply the EMAS scheme to its own departments, plus a recommendation (') giving guidance for the implementation of this scheme in the Member States and in the organisations concerned.

**Other instruments**

652. On 4 April, the European Parliament and the Council adopted recommendation 2001/331/EC providing for minimum criteria for environmental inspections in the Member States (Table I). In a resolution adopted on 17 January on the satisfactory implementation of environment directives (2), the European Parliament stressed the need for a directive and not just a recommendation on this subject.

**European Environment Agency**

653. On 18 June, the Council adopted Decisions 2001/582/EC to 2001/594/EC concerning participation in the European Environment Agency and the European environment information and observation network by the countries which have applied to join the European Union (Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey) (Table III).

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(2) OJ C 266, 18.9.2001; Bull. 1/2-2001, point 1.4.29.
Section 5

Energy

Priority activities and objectives

654. Where energy policy is concerned, the EU continued to work towards achieving its three major objectives: security of supply, a competitive European industry and contributing to environmental protection, in particular by reducing greenhouse gas emissions responsible for climate change. In this connection, the Commission took initiatives such as submitting a set of proposals aimed at completing the internal market in electricity and gas by 2005, and proposals aimed at meeting the commitment under the 1997 Kyoto Protocol of reducing greenhouse gases by 8% in the period 2008–12.

General strategy

655. In connection with the discussion throughout the year about its Green Paper on the security of energy supply (→ point 658), on 4 December, the Commission presented to the Council an interim report in which it proposed to follow up the Green Paper with a strategy document for the European Council scheduled in Barcelona in 2002, so that this topic could be addressed at the highest political level. Following the terrorist attacks of 11 September in the United States (→ points 1040 et seq.), discussions also started with the energy producers about the concept of the security of supply given that the very security of the plants concerned is at risk.

Security of supply and international cooperation

656. By Decision 2001/353/EC of 9 April (2) laying down the new guidelines applicable to actions and measures to be taken under the Synergy programme 1998–02 (3), the Council wishes to refocus the programme on priority objectives

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/energy_transport/index_en.html).
(2) OJ L 125, 5.5.2001; Bull. 4-2001, point 1.4.20.
such as security of supply and the implementation of the Kyoto Protocol (→ point 642).

657. On 13 July (1), the Council decided to conclude the amendment to the trade-related provisions of the Energy Charter Treaty (2) which had hitherto been applied on a provisional basis (3).

658. The Green Paper on the security of energy supply adopted by the Commission in November 2000 (4), was favourably received by the Council at its meeting on 14 and 15 May (5), and by the Economic and Social Committee on 30 May (6). On 28 March, it was also the subject of an opinion of the Euratom Supply Agency's Advisory Committee (7) (→ point 676), which stressed nuclear energy's role in limiting greenhouse gas emissions as a sustainable source of electricity, and on 21 June (8), the ECSC Consultative Committee adopted an opinion advocating taking greater account of the possibilities offered by coal. The European Parliament and the Committee of the Regions expressed their views on 15 November (9). In an exchange of views at its meeting on 4 December, the Council stressed the crucial importance of the debate launched by the Commission, which will make it possible to lay the foundations for closer cooperation on energy matters.

659. Following on from the seventh international ministerial forum on energy held in Riyadh in November 2000 (10) as part of the dialogue between producers and consumers, the Commission played an active role in the preparation of the next forum due to be held in Osaka in 2002. Meetings of experts also took place with representatives of the Gulf Cooperation Council and Iran.

660. The energy dialogue launched at the EU-Russia Summit in October 2000 (11) developed throughout the year as an important component of bilateral relations between the two parties. A joint report was submitted to the summit in Brussels in October (→ point 1022), which gave a boost to the practical implementation of several proposals of mutual interest. In May, the Commission approved a communication on the energy dialogue with Russia.

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(2) 1997 General Report, point 438.
(5) Bull. 5-2001, point 1.4.52.
(6) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.4.52.
(8) Bull. 6-2001, point 1.4.47.
(9) Bull. 11-2001, point 1.4.63.
(10) 2000 General Report, point 588.

GEN. REP. EU 2001
Internal energy market

Natural gas and electricity

661. On 13 March (1), the Commission proposed a package of new measures aimed at the complete opening-up of the gas and electricity markets for the benefit of European consumers by 2005. The measures proposed — a directive amending the two existing directives (Table I) and a regulation on cross-border exchanges of electricity (Table I) — provide in particular for bringing forward the implementation timetable, promoting real and fair competition and establishing a genuine internal market. The Stockholm European Council of 14 and 15 March (2) approved the objective of opening up the markets and requested the Council to examine the Commission's proposals as soon as possible. In response to a request made by the same European Council, on 3 December, the Commission approved a detailed assessment of the situation on the gas and electricity markets. On 20 December, it also submitted a communication on the development of infrastructures in the energy sector (→ point 425).

Energy and environment

662. In a resolution adopted at its meeting on 14 and 15 May (3), following on from the conclusions of the Cardiff (4) and Helsinki (5) European Councils, the Council invited the Commission to submit a series of measures aimed at implementing a strategy for integrating environmental aspects and sustainable development into energy policy. In this context, in March, the Commission has already submitted a report (6) that was favourably received by the Council.

Trans-European energy network

663. Information concerning the trans-European energy networks is given in Section 12 (‘Trans-European networks’) of Chapter III (→ points 425 et seq.).

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(1) COM(2001)125; Bull. 3-2001, point 1.4.43.
(2) Bull. 3-2001, point 1.10.
(3) Bull. 5-2001, point 1.4.53.
(4) 1998 General Report, point 484.

GEN. REP. EU 2001
New and renewable energy sources

664. The Gothenburg European Council on 15 and 16 June reaffirmed its determination to meet the target of 22 % for the contribution of electricity produced from renewable energy sources to gross electricity consumption at Community level by 2010 (1).

665. On 27 September, the European Parliament and the Council adopted Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources on the internal market for electricity (Table I). The purpose of this directive is to promote an increase in the contribution of renewable energy sources to the production of electricity on the internal electricity market and lay the foundations for a future Community framework in this connection.

666. On 16 February, the Commission submitted a communication (2) containing the first progress report on the implementation of the White Paper for a Community strategy and action plan on renewable energy sources (3).

667. In a resolution adopted on 14 March (4), the European Parliament supported the action plan to improve energy efficiency in the Community submitted by the Commission in April 2000 and approved by the Council in December 2000 (5).

668. On 7 November (6), the Commission adopted a communication aimed at promoting the use of biofuels in transport, comprising an action plan and two proposals for directives. The Commission considers that fuels such as ethanol and bio-diesel from agricultural sources constitute the technology offering the best short- and medium-term prospects. The action plan sets out a strategy whereby it would be possible to replace 20 % of diesel and petrol in the road transport sector by alternative fuels by 2020. One of the proposals for directives (Table II) provides for biofuels to represent a minimum proportion of 2 % of all fuels sold from 2005, rising to 5.75 % in 2010. The second proposal for a directive (Table II) seeks to allow Member States to apply a reduced rate of excise duty to pure or blended biofuels used as motor fuels or for heating.

Energy efficiency and rational use of energy

669. On 11 May, the Commission adopted a proposal for a directive aimed at establishing a legislative framework making it possible to limit the increase

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(1) Bull. 6-2001, point I.3.
(2) COM(2001) 69; Bull. 1/2-2001, point 1.4.52.
(3) COM(97) 599; 1997 General Report, point 452.
(4) OJ C 343, 5.12.2001; Bull. 3-2001, point 1.4.44.
(6) COM(2001) 547, Bull. 11-2001, point 1.4.64.
in energy consumption and thus improve energy performance in the building sector (Table I).

670. At its meeting on 14 and 15 May, the Council decided to conclude the agreement signed with the United States on the coordination of energy-efficient labelling programmes (Table IV). On 6 November, the European Parliament and the Council adopted Regulation (EC) No 2422/2001 (Table I) on a Community programme designed to implement this agreement for office and communication technology equipment, and in particular introduce the ‘Energy star’ logo in the EU.

Promotion of research and technological development

671. Information concerning the implementation of the specific programme ‘Energy, environment and sustainable development’ under the fifth framework programme for research and technological development (1998–02) is given in Section 8 (‘Research and technology’) of Chapter III (→ points 337 and 338).

Individual sectors

672. In a resolution adopted on 14 June (1) on the Commission communication of October 2000 on the European Union’s oil supply (2), the European Parliament advocated the development of sources other than oil given the need to reduce Europe’s dependence on imported energy.

673. Where nuclear energy is concerned, two cooperation agreements were concluded on 3 October between Euratom and the Russian Federation on nuclear safety and controlled nuclear fusion at the EU–Russia Summit (→ point 1022). The negotiations on a Euratom–Japan nuclear cooperation agreement resulted in an agreement ad referendum on 15 October. On 18 October (3), the Council, acting on behalf of Euratom, formulated an objection to a reservation entered by Pakistan at the time of its accession, in September 2000, to the Convention on the Physical Protection of Nuclear Material signed in 1980. On 7 December, the agreement between Euratom and the KEDO (Korean Peninsula Development Organisation) was renewed for the period 2001–05 (Table III). On 12 December, the European Parliament adopted a resolution (4) on this renewal and the Council’s common position (5). On 15 October, the

(1) Bull. 6-2001, point 1.4.46.
(3) Bull. 10-2001, point 1.4.51.
Commission submitted to the Council a proposal concerning the conclusion of the International Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste Management which was opened for signature in 1997 (Table II).

**Euratom Supply Agency**

674. As in previous years (1), the EU's supplies of nuclear fuels were generally satisfactory. After the historically low levels of 2000, uranium prices increased slightly in 2001. The Agency continued to recommend covering users' needs by multi-annual contracts with diversified producers and by establishing minimum stocks (2). In the context of the policy with regard to the independent States of the former Soviet Union, the review of its implementation with regard to the natural uranium of Kazakhstan, Ukraine and Uzbekistan continued in close consultation with the Agency's consultative committee.

675. The market for the enrichment of uranium into its fissile isotope in general and exports of enriched uranium in the Community to the United States in particular were adversely affected by the anti-dumping and anti-subsidy procedures launched by the American USEC with the American authorities, resulting at this stage in provisional decisions unfavourable to these imports. The Commission protested against the opening and conduct of these procedures, among other things because of the clear inconsistency between the positions upheld by USEC and American case-law on enrichment as a service.

676. The Agency's consultative committee actively participated in the debate on the security of energy supply (→ point 655), in particular by adopting an opinion on 28 March (→ point 658). The Euratom Supply Agency's annual report for 2000 was published in May (3).

**State aid to the coal industry**

677. State aids are discussed in Section 6 ('Competition policy') of Chapter III (→ point 268 et seq.).

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(2) 2000 General Report, point 608.
(3) Available from the Agency and on the Internet (http://europa.eu.int/comm/euratom/docum_en.html).

GEN. REP. EU 2001
Euratom safeguards

678. On 26 July, the Commission adopted a report on the operation of the Euratom Safeguards Office in 1999 and 2000 (1). Pursuant to Chapter 7 of the Euratom Treaty concerning the verification of the use of nuclear materials, the Euratom safeguards office conducted physical and accounting checks in all the nuclear installations in the Community. Where appropriate, the resulting information was transmitted to the International Atomic Energy Agency pursuant to the agreements in force.

Nuclear safety

679. In an opinion adopted on 4 April (2), the Committee of the Regions welcomed the communication submitted by the Commission in September 2000 on nuclear safety in the new independent States of the former Soviet Union and the central and east European countries (3). More generally, in order to ensure that regulatory authorities in these countries are able to maintain an acceptable level of nuclear safety, EU cooperation with them continued, in particular in the context of the Concert Group on which 28 national authorities are represented.

680. In a resolution adopted on 3 May (4) on the problem of nuclear safety 15 years after the Chernobyl accident, the European Parliament stressed the need for the Ukraine to have a coherent and sustainable long-term energy policy, in particular with the support of the EU. It also called upon the EU to make substantial financial aid available to Belarus, Russia and the Ukraine to enable them to cope with the enormous social and health consequences of the disaster. On 29 May, coinciding with a second report on progress with the implementation of the fund (5), the Commission proposed a new Community contribution of EUR 100 million to the European Bank for Reconstruction and Development for the Chernobyl shelter fund. The Council adopted its decision on this on 16 November (Table II). On 21 December (6), the Commission decided upon a contribution of EUR 40 million for this purpose for 2001.

681. During the first half of the year, the Commission was closely involved in an evaluation of nuclear safety in the accession candidate countries carried out by the Council.

(1) COM(2001) 436; Bull. 7/8-2001, point 1.4.32.
(2) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.4.21.
(4) Bull. 5-2001, point 1.4.54.
(6) Bull. 12-2001, point 1.4.56.
Section 6

Transport (¹)

Priority activities and objectives

682. The priority objectives of European transport policy were redefined by the 'Transport 2010' White Paper which aims to rebalance the modal split, tackle congestion and put safety and quality at the heart of EU action in order to provide a better service to users. Transport safety and security concerns already received priority in the course of the year, particularly in air and road transport following the terrorist attacks in the United States and the fire in the Gothard tunnel.

General strategy

683. On 12 September (²), the Commission adopted the White Paper 'European transport policy for 2010: time to decide' which sets out 60 or so new measures designed to bring about a substantial improvement in the quality and efficiency of European transport, the main emphasis being on tackling congestion and resolving environmental and safety problems. The overall objective of the common transport policy is therefore to reverse current trends in the road and air transport market and shift the balance of demand between the various transport modes in favour of more environment-friendly modes such as rail and sea transport. If the proposed measures are adopted, the Commission considers that, by 2010, economic growth will be achieved with relatively lower levels of transport-related nuisance. Even though such measures will make major changes in the sector unavoidable, the Commission is convinced that a radically new approach is required if transport demand in the Community is to be met sustainably.

684. Directive 2000/84/EC on summer-time arrangements was adopted by the European Parliament and the Council on 19 January (Table I). Applicable

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(¹) More information is available on the Europa server (http://europa.eu.int/comm/dgs/energy_transport/index_en.html).
from 2002, its purpose is to continue indefinitely the system whereby the clocks
are changed on the last Sunday in March and the last Sunday in October.

**Transport and environment**

685. On 16 January, the Commission proposed to the Council that it sign the
protocol implementing the Convention on the Protection of the Alps (1) in the
Field of Transport (Table III).

686. The European Parliament, in a resolution of 13 March (2) on the Com­
mmission communication concerning the report by the standing working group
on the safe transport of radioactive materials in the European Union (3), asked
the Commission to carry out a number of studies and assessments.

687. In a resolution of 5 April (4) confirming its commitment to the strategy
drawn up in October 1999 for integrating the environment and sustainable
mobility into Community transport policy (5), the Council, referring to the
Commission’s 2001 review report on the integration of these issues in transport
and energy policy (6), acknowledged the need for additional measures. The
Gothenburg European Council of 15 and 16 June (7) for its part stressed the
need to ensure environmentally viable transport by tackling the growing satu­
ration of the network and the increase in noise and pollution levels and by
encouraging the use of environment-friendly transport modes.

688. Other issues relating to the environment are discussed in the subsections
on ‘Inland transport’ (→ points 695 et seq.), ‘Maritime transport’
(→ points 705 et seq.) and ‘Air transport’ (→ points 712 et seq.) in this section.

**Clean urban transport (8)**

689. In November, the Commission decided to co-fund, to the extent of
EUR 50 million, initiatives by 14 pilot cities designed to implement and assess
innovative, integrated actions aiming to bring about a radical improvement in
their urban transport services. Five ‘associated cities’ in the accession candidate
countries have been invited to join the group. In addition, the Commission is

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(2) OJ C 343, 5.12.2001; Bull. 3-2001, point 1.4.49.
(4) Bull. 4-2001, point 1.4.23.
(5) 1999 General Report, point 401.
contributing through the Civitas initiative to the implementation of projects on clean urban transport which, for the first time under the fifth framework programme for research (→ point 338), have both energy and transport objectives.

**Trans-European transport networks**

690. The trans-European transport networks are dealt with in Section 12 (‘Trans-European networks’) of Chapter III (→ points 416 and 417).

**Promotion of research and technological development**

691. Research and technological development in the transport sector is dealt with in Section 8 (‘Research and technological development’) of Chapter III (→ points 322, 334 and 335).

**Infrastructures, traffic management and navigation systems**

692. In response, in particular, to a request by the Stockholm European Council of 23 and 24 March (¹), on 20 June, the Commission adopted a proposal for a regulation on the statutes of a joint undertaking within the meaning of Article 171 of the EC Treaty (Table II) to ensure a single management structure for the development phase of the Galileo satellite radionavigation programme. The Council formulated a number of desiderata for the future of the system in conclusions adopted on 28 June (²). The Commission communication of 22 November 2000 on Galileo (³) was the subject of an Economic and Social Committee opinion on 12 September (⁴) and a European Parliament resolution on 3 October (⁵). At its meeting on 7 December, the Council did not decide on the launching of the development phase of Galileo, despite the timetable constraints as regards the success of the project. The Laeken European Council of 14 and 15 December (⁶) reaffirmed the fact that it attached strategic importance to the Galileo project, and welcomed the decision taken by the European Space Agency in Edinburgh to provide funding totalling EUR 550 million. It invited the Council to continue its work in order to be able to take a decision

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¹ Bull. 3-2001, point 1.23.
² Bull. 6-2001, point 1.4.52.
⁴ Bull. 9-2001, point 1.4.44.
⁵ Bull. 10-2001, point 1.4.58.
on the financing of the development phase by March 2002, and to adopt a regulation by June 2002.

693. In a recommendation of 4 July (1), the Commission invited Member States to develop an appropriate legal and business framework for private-sector participation in deploying telematics-based traffic and travel information (TTI) services in Europe.

694. In a resolution of 18 January on transport infrastructure charging (2), the European Parliament stressed the need to seek a new set of criteria that Member States can apply in order to define all the costs and taxes relating to transport infrastructure. Parliament considered it essential that the costs of transport should be borne by the users and the polluters rather than the taxpayer.

**Inland transport** (3)

**Rail transport**


696. On 19 March, the European Parliament and Council adopted Directive 2001/16/EC on the interoperability of the trans-European conventional rail system (Table I). This directive seeks to establish a phased work programme that takes account of priority areas such as signalling, noise, traffic operation, and telematics applications for freight services and wagons. The Commission also adopted a recommendation on 21 March on the basic parameters for the trans-European high-speed rail system (4) and a decision on the basic parameters of the control-command and signalling subsystem of the high-speed rail system (5).

(2) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.4.56.
Road transport

697. On 17 January (1), the Commission adopted recommendation 2000/115/EC on the maximum permitted blood alcohol content for drivers of motorised vehicles. This recommendation was endorsed by the Council at its meeting of 4 and 5 April (2). The European Parliament, for its part, gave its overall support on 18 January (3) to the approach recommended by the Commission in its communication on road safety priorities in the European Union (4).

698. On 2 February, the Commission adopted a proposal for a directive making training obligatory for professional drivers in the road haulage and passenger transport sector (Table I). This proposal concerns the minimum conditions for the training of road haulage and passenger transport drivers, with a view to improving their general road transport qualifications. These conditions concern initial and continuous training obligations, while at present the vast majority of professional drivers carry out their activities on the basis of their driving licences alone. On 7 December, the Council adopted a general position on these proposals.

699. On 7 May, the European Parliament and Council adopted Directive 2001/26/EC amending Council Directive 95/50/EC on uniform procedures for checks on the transport of dangerous goods by road in order to take account of the most recent adaptations to scientific and technical progress (Table I).

700. The Commission presented a report (5) on 14 June on the implementation of Council Directive 92/6/EEC on the installation and use of speed-limitation devices for certain categories of motor vehicles (6). It also proposed extending the application of this directive to buses and coaches of under 10 tonnes maximum weight and to lorries of a maximum weight exceeding 3.5 tonnes (Table I). On 7 December, the Council adopted a general position on this proposal. On 30 November (7), the Commission proposed a new adaptation to technical progress of Council Regulation (EEC) No 3821/85 regarding the equipment for checking the working time of road hauliers (tachograph).

701. On 12 October, the Commission proposed repealing Council Regulation (EEC) No 3820/85 containing social provisions in the road transport sector and adopting new common rules in order to simplify, update, extend and

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(2) Bull. 4-2001, point 1.4.27.
(3) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.4.60.
(5) COM(2001) 318; Bull. 6-2001, point 1.4.53.
reinforce the rules on driving times and rest periods of drivers (Table I). In December, the European Parliament and the Council reached agreement on a proposal for a directive on the organisation of the working time of mobile workers performing road transport activities and self-employed drivers.

702. At its meeting on 7 December, the Council took note of the information provided by the Commission about the possible implementation of a Community framework concerning safety in tunnels, given the differences between the different national laws. For its part, the Laeken European Council (1) recalled the urgency of measures to transfer freight transport from road to rail.

703. As requested by the Laeken European Council, on 21 December the Commission adopted a proposal for a regulation establishing an ecopoints system applicable to heavy goods vehicles crossing Austria for the year 2004 (Table I).

**Inland waterway transport**

704. On 22 May (2), the ratios of the ‘old for new’ rule were again scaled down for the dry cargo, liquid cargo and pusher craft markets, in conformity with Council Regulation (EC) No 718/1999 (3) which provides for a gradual reduction of the ratios to zero by 2003 at the latest.

**Maritime transport** (4)

705. In October, the European Parliament and Council reached agreement on a proposal for a directive establishing requirements and harmonised procedures for the safe loading and unloading of bulk carriers in order to make such operations safer in Community ports and terminals (Table I).

706. On 7 February, the Commission adopted a proposal for a directive to harmonise reporting formalities for ships arriving in and departing from Community ports (Table I). On 7 December, the Council approved this proposal on which the European Parliament had expressed its views on 25 October (first reading).

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707. In a communication of 13 February on reinforcing quality service in sea­ports, the Commission set out transparency rules for port operators' accounting systems and for State aid to the port sector. On the same day, it adopted a proposal for a directive to ensure fair competition between public and private service providers in market access to port services (handling, storage, pilotage, mooring and towage) (Table I).

708. In its conclusions of 12 February, the Council encouraged Member States, in cooperation with the Commission, to aim for the rapid adoption and entry into force, in the framework of the International Maritime Organisation (IMO), of an international convention to protect the marine environment and human health against the harmful effects of anti-fouling systems used on ships.

709. On 4 April, the European Parliament and Council adopted Directive 2001/25/EC consolidating the texts applicable to the minimum level of training of seafarers (Table I). The Commission, for its part, adopted a communication on 6 April containing recommendations to Member States and the social partners on the training and recruitment of seafarers.

710. As Council Regulation (EC) No 44/2001 of 22 December 2000 gave the Community exclusive powers in the field of jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, the Commission has begun the work of changing Community policy on international agreements containing provisions to which these questions are relevant. In the maritime sector, this concerns several agreements already adopted but not yet in force or ratified by Member States, such as the 1996 Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea and the Convention signed on 23 March under the auspices of the International Maritime Organisation on Civil Liability for Bunker Oil Pollution Damage. In order to enable Member States to ratify these two conventions, the Commission proposed to the Council, on 19 November, to authorise them to do so, subject to an appropriate reservation regarding the relationship between these conventions and the above regulation (Table III). In a similar context, the Council authorised the Commission, on 2 October, to negotiate on behalf of the Community the parts of the draft protocol amending the 1974 Athens Convention relating to the Carriage of Passengers and their Luggage by Sea.

711. Examination of the first package of short-term measures recommended by the Commission in 2000 to improve maritime safety following the sinking

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(1) COM(2001) 35; Bull. 1/2-2001, point 1.4.64.
(2) Bull. 1/2-2001, point 1.4.67.
(3) COM(2001)188; Bull. 4-2001, point 1.4.29.
(5) Bull. 10-2001, point 1.4.65.
of the oil tanker *Erika* continued throughout the year. With regard to the first part of the 'package', the proposal for a directive amending Directive 95/21/EC on port State control, the text was finally adopted in December following a conciliation procedure between the European Parliament and the Council (Table I). The Council accepted Parliament’s amendments designed to introduce in the directive a timetable for the carriage of black boxes (voyage data recorders) guaranteeing that all ships will be so equipped in 2007 or 2008 and an obligation to detain any ship not carrying a black box. The second part of the 'package', amending Directive 94/57/EC on classification societies, was also adopted in December (Table I) by the same procedure, Parliament and the Council having reached agreement on the issue of limiting liability in the event of negligence by classification societies. Finally, an agreement was also finalised on the proposal for a regulation of the European Parliament and the Council on the accelerated phasing-in of double-hull oil tankers (Table I). Parliament and the Council also began discussions on the second set of measures adopted by the Commission in December 2000. The examination of two of the three parts of the 'package' made rapid progress. Work on the proposal for a regulation establishing a European maritime safety agency also culminated in a Council common position on 7 December (Table I). The Commission’s proposal for a regulation setting up a Community fund for compensation of accidental pollution damage was given a first reading by Parliament, but the Council preferred to develop a common approach within the International Maritime Organisation, based on the Commission’s proposal (Table I).

**Air transport (1)**

712. On the basis of the report by a high-level group in November 2000 (2), the Commission adopted a package of initiatives on 10 October to create the single European sky. Firstly, in a communication (3) drawing operational conclusions from the report, it recommends an action programme and to this end proposes a framework regulation setting out the principles and arrangements for implementing the single sky (Table I). Secondly, it proposes three specific regulations, with an introductory communication (4), concerning respectively the provision of air navigation services, the organisation and use of airspace and the interoperability of the European air traffic management network (Table I).

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(2) 2000 General Report, point 650.

(3) COM(2001) 123; Bull. 10-2001, point 1.4.70.

713. The Commission also presented a communication on 10 October (1) on the repercussions of the terrorist attacks in the United States on the air transport industry (→ points 1040 et seq.), which had been the subject of conclusions adopted at the extraordinary Council meeting of Transport Ministers on 14 September (2). In its communication, the Commission considered that the situation of the air transport industry, which was affected by the reduction in traffic, the introduction of additional security measures and the corresponding increase in insurance premiums, justified emergency measures such as public support to the sector and aid schemes for aviation insurance. It also presented a proposal for a regulation to establish common rules in the field of civil aviation security (Table I). The Council welcomed this initiative in the conclusions of its meeting of 15 and 16 October (3), at which it also endorsed temporary government aid schemes for aviation insurance (4). The economic and employment situation of the air transport industry was also the subject of a Parliament resolution on 15 November (5). On 7 December, the Council supported the Commission’s approach of allowing the coverage of additional security-related insurance premiums by Member States until 31 March 2002, subject to monthly verification of the market conditions. It also agreed a common position on the proposal for a regulation establishing common rules in the field of aviation safety, which makes it possible to introduce into the Community legal system the recommendations of the ECAC (European Civil Aviation Commission) and establish mechanisms for enforcing those rules. At the same Council meeting, the Commission presented the results of the work of an ad hoc multidisciplinary working group which addressed the additional security measures which could be the subject of Commission proposals in 2002.

714. The guidelines set out in the Commission’s June 2000 communication on the protection of air passengers in the European Union (6) were welcomed by the Economic and Social Committee at its March session (7). The Council, for its part, stated in its conclusions of 28 June (8) that passenger rights should primarily be improved by means of voluntary agreements and, if these prove insufficient, through legislative initiatives. The Commission’s approach was also supported by the European Parliament which, in a resolution of 5 September (9), urged the Commission to step up its information campaign on passenger rights and stressed the need to give consideration to the specific health aspects of air travel.

(1) COM(2001) 574; Bull. 10-2001, point 1.4.73.
(2) Bull. 9-2001, point 1.4.53.
(3) Bull. 10-2001, point 1.4.74.
(4) Bull. 10-2001, point 1.4.75.
(5) Bull. 11-2001, point 1.4.80.
(7) OJ C 155, 29.5.2001; Bull. 3-2001, point 1.4.53.
(8) Bull. 6-2001, point 1.4.62.
(9) Bull. 9-2001, point 1.4.50.
715. In its conclusions of 5 April (1) on environmental issues in the International Civil Aviation Organisation (ICAO), the Council reiterated the importance the Union attaches to achieving substantial progress in integrating environmental concerns into international civil aviation standards. It emphasised the willingness to seek an agreement that would enable the countries or regions concerned to take action to mitigate environmental noise impacts and to apply restrictions on aircraft operations.

716. On 5 April, the Council concluded the Montreal Convention for the Unification of Certain Rules for International Carriage by Air (Table IV). In its conclusions of the same date (2), it expressed the desire to see the convention speedily enter into force and urged Member States to ratify it as soon as possible.

717. On 20 June, the Commission proposed technical amendments to Regulation (EEC) No 95/93 on common rules for the allocation of slots at Community airports (Table I).

718. In a communication of 16 July (3) on the safety of world aviation, the Commission considered that technical cooperation measures should be stepped up to help the developing countries apply the international standards and recommended better coordination of activities by the Community and the Member States in this area.

719. On 28 November, the Commission adopted a proposal for a directive on the establishment of a Community framework for noise classification of subsonic civil aircraft for the purposes of calculating noise charges (Table I). The aim is to enable airports to adapt their system of charges to bring them into line with environmental constraints.

720. The Community attended the 33rd session of the ICAO Assembly from 25 September to 5 October. Rather than confine itself to an observer role, it presented contributions on security, passenger rights, communication, navigation and surveillance/air traffic management (CNS/ATM) systems and the environment. It also informed the assembly of the work in progress on safety (→ point 715) and the single sky (→ point 712).

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(1) Bull. 4-2001, point 1.4.32.
(2) Bull. 4-2001, point 1.4.34.
(3) COM(2001) 390; Bull. 7/8-2001, point 1.4.38.

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Multimodal transport

721. In a resolution of 18 January (1), the European Parliament stressed the need to have in place a multimodal European transport network, the key to sustainable mobility, and called for the definition of a European master plan for intermodal facilities. It also called on Member States and the Commission to set up a single transparent scheme for intermodal transport and to support the establishment of firms specialising in intermodal services.

722. On 5 and 6 April, the Commission participated in the fourth Forum on Intermodal Freight Transport between Europe and the United States, which was held in Genoa.

723. On 25 July, the Commission decided to provide financial support of EUR 7.5 million under the PACT programme (pilot actions for combined transport) to 17 innovative multimodal projects designed to reduce road congestion and enhance the quality of the environment.

724. The European Reference Centre for Intermodal Freight Transport (Eurift) was officially inaugurated in Hamburg on 15 August.

State aid

725. State aid is dealt with in Section 6 (‘Competition policy’) of Chapter III (→ points 268 et seq.).

International cooperation

726. To facilitate transit through the territory of the contracting parties, agreements establishing certain conditions for the transport of goods by road and the promotion of combined transport were concluded with Bulgaria (Table III) and Hungary (Table III) on 19 March and with Romania (Table III) on 18 June. On 4 April, the European Parliament and Council adopted Regulation (EC) No 685/2001 concerning the distribution among the Member States of authorisations received through the agreements concluded with Bulgaria and Hungary (Table I). On 20 June, the Commission proposed amending this regulation in order to take account of the agreement concluded with Romania (Table I).

727. The Council discussed the Commission’s July 2000 communication on promoting sustainable transport in development cooperation on 31 May (→ point 923).

728. On 28 June, the Community signed the Interbus agreement on the international occasional carriage of passengers by coach and bus with 14 third countries (1) (Table IV). In addition to setting market access rules, the agreement concerns fiscal, social and technical harmonisation, including between the third countries themselves.

729. At its meeting on 29 and 30 October, the Council authorised the Commission to negotiate, under the joint auspices of the International Institute for the Unification of Private Law (Unidroit) and the International Civil Aviation Organisation, a draft mobile equipment convention and a draft aircraft protocol (Table IV).

(1) Bosnia and Herzegovina, Bulgaria, Croatia, Estonia, Hungary, Latvia, Lithuania, Moldova, Poland, Czech Republic, Romania, Slovakia, Slovenia, Turkey.
Section 7

Health and consumer protection (1)

Priority activities and objectives

730. 2001 saw the implementation of the White Paper on food safety (2), with particular emphasis on the establishment of the European Food Authority, the introduction of common food safety standards, transparency and information for the general public, and the promotion of international rules geared to a high level of health protection. Other significant steps to protect consumers and public health were taken with the presentation by the Commission of a Green Paper on consumer protection, and the adoption by the European Parliament and the Council of a regulation aimed at combating transmissible spongiform encephalopathies and directives on tobacco products and general product safety.

Food safety (3)

General

731. On 17 September, the Council adopted a common position on the proposal for a regulation laying down the general principles and requirements of food law, establishing the European Food Authority and laying down procedures in matters of food safety (Table I). The European Parliament gave its opinion on 11 December at second reading.

732. On 1 October, the Commission adopted a report on dietary food additive intake in the European Union (4). Drawing on information collected by the Member States, this document did not produce any definitive conclusions, owing to the differing national approaches to data gathering. The Commission therefore recommended that the exercise be repeated within the next three years on the basis of a harmonised methodology.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/health_consumer/index_en.htm).
(2) 2000 General Report, point 660.
(4) COM(2001) 542; Bull. 10-2001, point 1.4.78.
733. Significant progress was made in devising common standards in the light of the opinions of the scientific communities. On 15 February, the Commission adopted a directive listing substances which may be added to foods for nutritional purposes (vitamins, minerals, amino acids). On 8 March, it adopted a regulation setting maximum levels for certain contaminants in foodstuffs, including heavy metals such as lead, cadmium and mercury, and 3-monochloropropane-diol (3-MCPD), along with a directive laying down the methods for official control of those levels. Moreover, on 28 August, the Commission proposed that this regulation be amended by additionally setting maximum levels for dioxin and furan content in foodstuffs. The regulation adopted by the Council on 29 November forms part of an overall strategy to reduce the presence of dioxins, furans and polychlorinated biphenyls in the environment, and in food and feed (points 614 and 629). On 8 and 9 August, the Commission adopted two other directives dealing with materials intended to come into contact with foodstuffs. The Council meanwhile adopted, on 3 December, a common position on the proposal for a directive on food supplements (Table I) and, on 20 December, a series of directives relating to: certain sugars; honey; fruit juices; preserved milk; fruit jams; jellies and marmalades; and chestnut purée intended for human consumption (Table II). On 19 December, it amended Annexes I and III of Regulation (EEC) No 2377/90 laying down a Community procedure for the establishment of maximum residue limits of veterinary medicinal products in foodstuffs of animal origin.

734. In line with the transparency and public information aspects of the White Paper on food safety, the Commission adopted, on 20 September, a regulation laying down rules for making certain information available to the public and for the protection of information submitted pursuant to European Parliament and Council Regulation (EC) No 258/97 concerning novel foods and food ingredients. In connection with labelling, the Commission presented, on 6 September, a proposal for a European Parliament and Council directive amending Directive 2000/13/EC as regards indication of the ingredients present in foodstuffs (Table I). On the subject of genetically modified organisms (GMOs), the Commission presented, on 25 July, two proposals for European Parliament and Council regulations: the first, dealing with genetically modified food and feed (Table I), seeks to define a centralised and transparent Community procedure for the safety assessment and authorisation of genetically modified food and feed or products derived from GMOs, together with harmonised

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(3) COM(2001) 495; Bull. 7/8-2001, point 1.4.43.
labelling requirements; the second, dealing with the traceability and labelling of GMOs and the traceability of food and feed products derived from GMOs (Table I), aims to establish a harmonised Community framework for the traceability of products at all stages of placing them on the market.

735. With a view to implementing the White Paper on food safety through international rules geared to a high level of health protection, the Commission amended, on 18 June (1), Decision 2000/159/EC (2) on the approval of third countries’ residue plans. As required by Council Directive 96/23/EC (3), this decision updates the list of third countries which have given the Commission guarantees in respect of residue monitoring for products of animal origin. On 30 May, the Commission presented a proposal for a Council decision designed to enable the Community, as a member of the UN Food and Agriculture Organisation, to become also a member of the Codex Alimentarius Commission, which seeks to protect the health of consumers and ensure fair practices in the food trade (Table II). On the enlargement front, the Commission introduced a system for monitoring the commitments made by the applicant countries to transpose, observe and apply foodstuff-related legislation, so as to be sure that the countries concerned set up the necessary administrative structures.

Veterinary and plant health legislation


737. With more systematic screening for BSE on a compulsory basis from 1 January 2001 onwards (9) having been a key factor in the discovery of the first BSE cases on the territory of several Member States, further denting consumer confidence in beef, the Commission stepped up the counter-measures deemed

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(3) OJ L 125, 23.5.1996.
(4) Bull. 3-2001, point I.27.
(9) 2000 General Report, point 670.
necessary. Accordingly, the feeding of processed animal protein to farmed anim­
als was suspended, the list of materials which might present BSE-related risks
and should therefore be removed from the food and feed chains was extended,
and the monitoring of transmissible spongiform encephalopathies (TSEs) in
both bovine animals and small ruminants was intensified. The Community
action was supplemented by market measures in favour of beef. At the same
time, the European Parliament and the Council adopted, on 22 May, Regulation
(EC) No 999/2001 (Table I) covering all aspects of the fight against TSEs;
this is now the main legal instrument at the Community’s disposal. On the same
concerning scrapie (Table I). Research efforts also continued and, in June, the
Commission presented a new communication on Community-funded research
activities (\(\rightarrow\) point 324). Also in June, it adopted Decision 2001/471/EC (¹)
requiring operators of abattoirs and meat cutting establishments to apply the
HACCP (hazard analysis critical control point) principles and to carry out
microbiological checks for more effective risk management. On 1 August, the
Commission presented a report and two proposals aimed at revising the current
legislation and adopting measures for better prevention and control of zoonoses
(diseases transmissible from animals to man) (\(\rightarrow\) point 750). For its part, the
Council adopted, on 5 June (²), conclusions on the epidemiological situation of
variant Creutzfeldt-Jakob disease and on a preventive strategy relating to zoo-
noises, with particular reference to TSEs. On 20 November, seeking to increase
the safety of animal feed, it adopted common positions on the proposed direc-
tives laying down health rules applicable to animal by-products (Table I). The
Committee of the Regions for its part adopted, on 15 November, an own-
initiative opinion on the BSE crisis (³).

738. Outbreaks of foot-and-mouth disease, firstly in the United Kingdom
then in France, the Netherlands and Ireland, resulted in a flurry of legislative
activity on the part of the Commission. In cooperation with the European
Union’s standing veterinary committee, it introduced a series of measures to
protect against and combat the disease (⁴). The European Parliament (⁵), the
Council (⁶) and the Committee of the Regions (⁷) gave their views on the situa-
tion in April, while Parliament made a further statement on the matter in a res-
olution adopted on 6 September (⁸).

(²) OJ C 175, 20.6.2001; Bull. 6-2001, point 1.4.69.
(³) Bull. 11-2001, point 1.4.87.
(⁴) Bull. 1/2-2001, point 1.4.84; Bull. 3-2001, points 1.4.63 to 1.4.73; Bull. 4-2001, points 1.4.43 to 1.4.60.
(⁵) Bull. 4-2001, point 1.4.41.
(⁶) Bull. 4-2001, point 1.4.42.
(⁷) Bull. 4-2001, point 1.4.40.
(⁸) Bull. 9-2001, point 1.4.57.
On 23 October, with Directive 2001/89/EC, the Council repealed Directive 80/217/EEC, thus bringing in new Community measures for the control of classical swine fever, the main elements of which entail notification of cases detected in feral pigs, introduction of epidemiological investigations and preventive mechanisms (Table II).

On the subject of animal nutrition, the Commission published a communication on 16 March analysing various options to promote the cultivation of plant proteins in the European Union (CJ point 432). Directive 2001/46/EC of the European Parliament and of the Council, adopted on 23 July, amended Directive 95/53/EC fixing the principles governing the organisation of official inspections in this field and Directives 70/524/EEC, 96/25/EC and 1999/29/EC on undesirable substances and products in animal nutrition (Table I). The Conciliation Committee’s joint text the amendment of Directive 79/373/EEC on the marketing of compound feedingstuffs was approved by Parliament on 11 December and by the Council on 19 December (Table I). On 27 November, the Council adopted Directive 2001/102/EC setting maximum levels for dioxin in animal feed (1); on 17 September, it adopted a common position on a proposal for a new directive concerning undesirable substances and products in animal nutrition (Table I). On 5 June (2), the Commission adopted a recommendation for a coordinated inspection programme in relation to animal nutrition for 2001, in accordance with Council Directive 95/53/EC (3), and on 17 September (4) it amended Directive 87/153/EEC (5) fixing guidelines for the assessment of additives in animal nutrition. It also adopted, on 14 November (6), a regulation withdrawing the authorisation of certain additives for administrative reasons and, throughout the year, introduced various regulations adapting, in the light of technical progress, Directive 70/524/EEC concerning additives in feedingstuffs (7). Furthermore, two proposals for regulations presented by the Commission on 25 July dealt with, respectively, genetically modified food and feed, the traceability and labelling of genetically modified organisms (GMOs), and the traceability of food and feed products derived from GMOs (CJ point 630).

With regard to seed and plant quality, the Council adopted, on 31 August, Directive 2001/64/EC amending Directives 66/401/EEC and 66/402/EEC permitting on a permanent basis the marketing of fodder plant seed, cereal seed and seed potatoes in bulk (Table II). In the field of plant health, moreover, the Commission adopted, on 5 April, a proposal for amending Council

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(1) OJ L 6, 10.1.2002; Bull. 11-2001, point 1.4.90.
(5) OJ L 64, 7-3.1987; Twenty-first General Report, point 186.
Directive 2000/29/EC on protective measures against the introduction and against the spread within the Community of organisms harmful to plants or plant products (Table II). The main aim of this proposal is to strengthen cooperation between customs and plant health authorities in dealing with imports, and to introduce a system of harmonised fees for carrying out import inspections. A report presented by the Commission on 25 July (1) focused on evaluation of the active substances of plant-protection products in accordance with Directive 91/414/EEC (2), highlighting the need for that directive to be amended in certain respects. This report was examined by the Council on 12 December (3).

**Animal welfare**

742. On 16 January (4), the Commission published a communication on the welfare of intensively kept pigs, with particular emphasis on the welfare of sows reared in varying degrees of confinement and groups. On 23 October, the Council amended Directive 91/360/EEC laying down minimum standards for the protection of pigs (Table II).

743. On 9 April (5), the Commission presented a report on the implementation of Regulation (EC) No 411/98 (6) regarding the application of different ventilation systems for animal transport vehicles for road journeys exceeding eight hours. At the same time, it proposed to the Council that the regulation be amended (7). The Council and Parliament, on 19 June (8) and 13 November (9) respectively, commented on the Commission report of December 2000 relating to the protection of animals during transport (10).

**Public health (11)**

**General**

744. On 31 July, the Council adopted a common position on the proposed public-health action programme presented by the Commission in May 2000 (Table I).

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(1) COM(2001) 444; Bull. 7/8-2001, point 1.4.47.
(3) Bull. 12-2001, point 1.4.82.
(4) COM(2001) 20; Bull. 1/2-2001, point 1.4.86.
(5) COM(2001) 197; Bull. 4-2001, point 1.4.63.
(7) COM(2001) 197; Bull. 4-2001, point 1.4.63.
(8) Bull. 6-2001, point 1.4.77.
(9) Bull. 11-2001, point 1.4.91.

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The European Parliament adopted resolutions on access to medicines in the third world (→ point 937) and on the problem of nuclear safety 15 years after the Chernobyl accident and its health consequences (→ point 680).

On 20 June (1), the Commission presented a communication on a Community strategy against antimicrobial resistance, advocating in particular the strengthening of surveillance systems and the development of methods for the prevention and treatment of infections. The communication was accompanied by a proposal for a Council recommendation on the prudent use of antimicrobial agents in human medicine. The Council adopted this recommendation on 15 November (Table II).

Council Recommendation 2001/458/EC of 5 June on the drinking of alcohol by young people (Table II) called upon the Member States to take a number of measures to address the problem of alcohol consumption by young people, preferably with the support of the Commission. In conclusions adopted on the same day (2), the Council proposed that a Community strategy be developed with the aim of reducing alcohol-related harm.

Registering its concern about the increasing consumption of tobacco globally, the Council pointed out, in conclusions adopted on 5 June (3), that the promotion of public health was the objective of the Framework Convention on Tobacco Control currently being negotiated under the aegis of the World Health Organisation. On 13 November (4), Parliament gave its backing to a framework convention of this nature.

Taking account of petitions submitted in respect of problems with silicone breast implants (→ points 559 et seq.), Parliament adopted a resolution on this matter on 13 June (5).

In a report published on 1 August (6), the Commission concluded that a fundamental review of the approach towards the monitoring and control of zoonotic diseases was required (→ point 737), and therefore proposed two legislative initiatives: a directive requiring the Member States to introduce more effective and better coordinated monitoring systems, and a regulation establishing a framework for the reduction of pathogens, including salmonella and other food-borne zoonotic agents (Table I).

In conclusions adopted on 15 November (7), the Council highlighted the importance of problems associated with stress and depression.

(1) COM(2001) 333; Bull. 6-2001, point 1.4.79.
(2) OJ C 175, 20.6.2001; Bull. 6-2001, point 1.4.81.
(4) Bull. 11-2001, point 1.4.97.
(5) Bull. 6-2001, point 1.4.82.
(7) Bull. 11-2001, point 1.4.92.
Implementation of programmes

752. Decision No 521/2001/EC of the European Parliament and of the Council of 26 February extended and modified six Community action programmes (Table I) aimed at combating cancer (1), preventing AIDS and certain other communicable diseases (2), health promotion, information, education and training (3), preventing drug dependence (4), health monitoring (5) and pollution-related diseases (6). For these six programmes respectively, the projects approved and funding allocated were: 8 projects totalling EUR 12.85 million, 26 projects totalling EUR 9.85 million, 17 projects totalling EUR 6.37 million, 17 projects totalling EUR 5.5 million, 18 projects totalling EUR 5.089 million, 5 projects totalling EUR 1.3 million.

753. Within the framework of the Community action programme for injury prevention (1999-03) (7), 19 projects were approved with funding totalling EUR 2.7 million.

754. Within the framework of the Community action programme on rare diseases (1999-03) (8), eight projects were accepted with funding totalling EUR 1.2 million.

Legislation

755. On 5 June, the European Parliament and the Council adopted Directive 2001/37/EC aimed at consolidating and updating the existing legislation covering the manufacture, presentation and sale of tobacco products (Table I). This new text contains provisions designed to reduce the tar content, set limit values for nicotine and carbon monoxide, place warnings on cigarette packets and prohibit misleading descriptors. On 30 May, the Commission presented a proposal for a directive aimed at regulating the advertising of tobacco products and related sponsorship (Table I), thereby replacing Directive 98/43/EC (9), which was annulled by the Court of Justice of the European Communities (10). On 15 November, the Council reached agreement on the proposal for a directive laying down quality and safety standards for the collection, monitoring, processing, storage and distribution of human blood and blood components.

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Consumer protection (1)

General


Safety of products and services


758. The Commission published a Green Paper on integrated product policy (→ point 613) and a White Paper on a strategy for a future chemicals policy (→ points 309 and 627). It also extended, on several occasions (5), the validity of the temporary emergency Decision 1999/815/EC (6) concerning the prohibition of certain childcare articles and toys made of soft PVC containing phthalates.

759. In a communication adopted on 8 August (7), which was endorsed by the Economic and Social Committee on 28 November (8), the Commission proposed widening the debate, launched in autumn 2000, on the Community positive list of foodstuffs authorised for irradiation.

760. On 27 June, the Commission adopted a report (9) on the application of Recommendation 86/666/EEC on fire safety in hotels (10).

Protection of consumers’ economic and legal interests

761. On 2 October, the Commission adopted a Green Paper on consumer protection in the European Union, designed to bring about broad-based consultation on the future direction of consumer protection, while emphasising that a greater degree of harmonisation of the rules governing commercial practices

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(2) COM(2001) 486; Bull. 7/8-2001, point 1.4.51.
(8) Bull. 11-2001, point 1.4.83.
among businesses and consumers is essential for the development of a fully functioning consumer-oriented internal market. It also envisages structures to ensure consistent and effective application of the regulatory measures, and proposes establishing a legal framework for cooperation between public authorities to improve the feedback between enforcement and regulatory authorities, with additional scope for carrying out joint EU and national projects, as well as cooperation with third countries.

762. On 26 November (1), the Council called for European cooperation on consumer credit and indebtedness; on 19 December, it adopted a common position on the proposal for a directive concerning the distance marketing of financial services (Table I). The Commission meanwhile adopted, on 1 March (2), a recommendation on pre-contractual information in connection with home loans, which Parliament endorsed on 4 October (3).

763. In a communication on dispute resolution, adopted on 4 April (4), the Commission looked at alternatives to the court system with a view to giving consumers greater access to simple, swift, effective and inexpensive dispute resolution channels. At the same time, it put forward a recommendation on the principles applicable to out-of-court bodies involved in the resolution of consumer disputes (5), an initiative which was welcomed by Parliament on 3 July (6).

764. In a communication adopted on 11 July, concerning European contract law (7), the Commission drew attention to the potential problems, both for the internal market and for the uniform application of Community law, resulting from differences in national contract law; it proposed various options for discussion with a view to taking more extensive Community action. This issue was further addressed in a Parliament resolution, adopted on 15 November (8), and in a Council report, adopted on 16 November (9), on the approximation of Member States' legislation in civil matters.

(1) Bull. 11-2001, point 1.4.100.
(2) OJ L 69, 10.3.2001; Bull. 3-2001, point 1.3.42.
(3) Bull. 10-2001, point 1.4.91.
(4) COM(2001) 161; Bull. 4-2001, point 1.4.65.
(6) Bull. 7/8-2001, point 1.4.49.
(8) Bull. 11-2001, point 1.4.98.
(9) Bull. 11-2001, point 1.4.99.
Chapter V

Enlargement (1)

Section 1

Priority activities and objectives

76S. The accession negotiations advanced throughout the year in line with the ‘road map’ approved by the Nice European Council (2). The number of chapters provisionally closed for the 10 candidate countries with deadlines compatible with the objectives of the timetable set by the Gothenburg European Council in June accounted for 75 % of the negotiating chapters opened with those countries. In November, the Commission tabled a set of papers comprising the strategy paper and its report on the progress made by each of the 13 candidate countries towards accession, along with the regular reports on those countries and proposals for a review of the accession partnerships, identifying the priorities to be met in 2002 and 2003. In December, the Council approved these revised documents. The approach proposed by the Commission in its strategy paper comprises guidelines for handling negotiating chapters still open under the road map and an action plan to strengthen and monitor the candidate countries’ administrative and judicial capacity. The Laeken European Council considered this package a solid framework for the success of the accession process. A sixth European Conference, extended to include various new participants, was held in October.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/enlargement/index.htm).
(2) Bull. 12-2000, point 1.5; 2000 General Report, point 701.
Section 2

European Conference

766. The sixth European Conference took place at ministerial level in Brussels on 20 October (1), with Mr Louis Michel, Deputy Belgian Prime Minister and Foreign Minister, President of the Council, in the chair. It brought together representatives of the EU Member States, the candidate countries and the EFTA countries and was extended to the countries of the western Balkans and, on an ad hoc basis, to Moldova, Russia and Ukraine. The participants condemned the terrorist attacks in New York and Washington on 11 September and reiterated their support for all the measures taken by the United States to combat terrorism in the aftermath of the attacks. In order to strengthen their own efforts to curb terrorism, the participating countries, along with Moldova, Russia and Ukraine, agreed to implement national programmes comprising measures against terrorism inspired by the EU plan of action (→ points 506 and 1042), to act resolutely to combat the financing of terrorism and money laundering, to ensure that the fight against terrorism is conducted while respecting human rights and the rule of law and to step up humanitarian aid to Afghanistan and the countries of the region. They also agreed to examine conditions and arrangements for exchange of information on the activities and movements of individuals and groups belonging to terrorist networks and on supplies of arms, explosives and dual-use goods, and on new forms of terrorist activities, including chemical, biological and nuclear threats. The Laeken European Council (2) welcomed the Belgian Presidency’s initiative in taking advantage of the European Conference to strengthen European cooperation in the fight against terrorism. It considered that the conference was a useful framework for dialogue between EU Member States and the countries aspiring to join the European Union.

(1) Bull. 10-2001, point 1.5.1.
(2) Bull. 12-2001, point 1.8.
Section 3

Regular reports

767. On 13 November (1), the Commission adopted a strategy paper and regular reports 2001 on each candidate country’s progress towards EU accession.

In the strategy paper ‘Making a success of enlargement’, in light of an analysis of the results hitherto, the Commission sets out an approach aimed at meeting the objectives defined by the Gothenburg European Council in order to ensure the success of the enlargement process and comprising two key elements: on the one hand, indications on how to deal with the chapters still open under the road map (agriculture, regional policy, financial and budgetary provisions, institutions); on the other, an action plan aimed at strengthening and monitoring the candidate countries’ administrative and judicial capacity by examining at the beginning of 2002 each country’s efforts on institutional development. The strategy paper provides indications on the road ahead for those candidate countries not yet meeting the Gothenburg objectives and envisages an updated road map. It also provides for a new phase in the pre-accession strategy with Turkey while encouraging the parties involved in efforts to settle the Cypriot problem to take advantage of the opportunities still open ahead of the conclusion of the accession negotiations.

In the regular reports, the Commission assesses the progress made by the candidate countries in meeting the accession criteria. After a detailed analysis, it concludes that all the countries concerned, with the exception of Turkey, continue to fulfil the political criteria and have even made progress in this respect. Turkey does not yet meet these criteria although it is starting to achieve results in certain fields, notably through the recent adoption of a key constitutional reform. On the economic criteria, the assessment is made against the backdrop of a deteriorating world economic climate although the candidate countries nonetheless registered relatively strong growth in 2000 and in the first half of 2001. The Commission considers that, barring Turkey, all the countries have made progress with respect to these criteria although continued reform effort is still necessary. As for incorporation of the Community acquis, it also considers that significant progress has been made in terms of adoption of legislation. Positive developments are being made in boosting the administrative capacity required to implement the acquis, although it is in that field that the bulk of the work still needs to be done. On the basis of these regular reports, the Commis-


GEN. REP. EU 2001
sion presented proposals for reviewing the intermediate priorities and objectives enshrined in the accession partnerships (point 773 et seq.).

768. The Commission's package was presented to Parliament by Mr Prodi and Mr Verheugen on 13 November, on the same day it was adopted. In its conclusions of 10 December (1), the Council hailed the progress made by the candidate countries over the year and urged them to continue their efforts in transposing and applying the Community acquis. The Laeken European Council (2) stressed that the strategy paper, the regular reports and the revised accession partnerships were a solid framework for the success of enlargement, which was now irreversible.

769. After studying the strategy paper for enlargement and the regular reports established in November 2000 by the Commission (3), Parliament adopted on 5 September a batch of resolutions on the enlargement process overall and in each candidate country (4). On 25 October (5), it gave its opinion on the regular report 2000 concerning Turkey (6).

770. In an opinion of 25 April (7), the Economic and Social Committee endorsed the broad outlines of this assessment (point 767), stressing the three challenges to be taken up in attaining the economic criteria for accession: adoption of the acquis in the candidate countries, increased effectiveness of the EU's support methods and better preparation for new economic cohesion in the enlarged Union. On 6 November, it organised a meeting of the joint consultative committees with their opposite numbers in the candidate countries.

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(1) Bull. 12-2001, point 1.5.3.
(2) Bull. 12-2001, point 1.6.
(4) Bull. 9-2001, points 1.5.1 to 1.5.13.
(5) Bull. 10-2001, point 1.5.11.
(7) OJ C 193, 10.7.2001; Bull. 4-2001, point 1.5.2.
Section 4

Accession negotiations (1)

771. Two ministerial conferences were held, on 11 and 12 June under the Swedish Presidency and on 12 and 13 December (2) under the Belgian Presidency. They were preceded by preparatory conferences at delegate level (on 29 and 30 March, 17 May, 1 June, 27 July, 26 October and 28 November). On the basis of Commission proposals, 116 common positions (revised or new) were tabled to the June conference and 76 to the December conference, of which 60 and 43 respectively recommended provisional closure of the chapter in question. At the end of the year, the number of chapters provisionally closed amounted to 25 for Slovenia, 24 for Cyprus and the Czech Republic, 23 for Hungary, 22 for Latvia, 21 for Lithuania and Slovakia, 20 for Estonia, 19 for Malta and Poland, 13 for Bulgaria and 9 for Romania. The number of chapters provisionally closed for the 10 countries concerned by the deadlines compatible with the objectives of the timetable set by the Gothenburg European Council (3) (i.e. with the exception of Bulgaria and Romania) amounted to 218, or 75 % of the total opened for negotiation with those countries. The road map approved by the Nice European Council in December 2000 (4) was for the most part respected. Table 13 shows the state of negotiations with all the candidate countries at the end of the year.

772. On 9 April (5), the Council welcomed the progress achieved in the accession negotiations since its conclusions of December 2000 (6). It reiterated this assessment in its conclusions of 11 June (7). In a communication of 2 October (8), the Commission presented to the European Council, meeting informally in Gent, a mid-term review of the implementation of the enlargement strategy. It stressed that the ‘road map’ had proved useful in ensuring that all parties to the negotiations committed themselves to a realistic timetable. The communication was endorsed by the Committee of the Regions on 14 November (9). The Laeken European Council (10) welcomed the considerable progress made in the accession negotiations.

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(2) Bull. 12-2001, point 1.5.4.
(3) Bull. 6-2001, point I.4.
(6) Bull. 4-2001, point I.5.1.
(7) Bull. 12-2000, point I.5.3.
(8) Bull. 4-2001, point I.5.2.
(9) COM(2001) 553; Bull. 10-2001, point 1.5.2.
(10) Bull. 11-2001, point I.5.15
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- o = chapter open, being negotiated.
- x = chapter provisionally closed.
- (x) = chapter for which provisional closure proposed by the EU has not been accepted by the candidate countries.
- — = chapter not yet open.
Section 5

Pre-accession strategy (1)

Accession partnership and general aspects

773. On 26 February, the Council adopted Regulation (EC) No 390/2001 on assistance to Turkey in the framework of the pre-accession strategy (2) (Table II). The regulation provides for a single framework for economic and social convergence covering the priorities which are to guide preparations for membership and the financial resources to help Turkey apply those priorities. Intermediate short-term objectives were set by the Council in Decision 2001/235/EC of 8 March (3). In its conclusions of 11 June (4), the Council welcomed Turkey's efforts to implement the pre-accession strategy and the adoption of the new economic programme and additional assistance provided by the International Monetary Fund and World Bank. The progress made, including strengthened political dialogue, was also welcomed by the European Council meeting in Gothenburg, which stressed that more progress was needed in areas such as human rights (5).

774. In its opinion of 25 April (6), the Economic and Social Committee welcomed the significant progress made by the candidate countries in adapting their economies and societies and stressed the importance of the social aspects of enlargement. In Gothenburg, the European Council encouraged the candidate countries to incorporate the Union’s economic, social and environmental objectives into their national policies (5).

775. In a resolution of 21 June (7), which highlighted the importance of the audiovisual media as an instrument for safeguarding and promoting democratic values and cultural diversity in an enlarged Europe, the Council stressed the need to strengthen exchanges of information and experience with the candidate countries in that field. It expressed a similar desire with regard to professional artists in a resolution of 23 July (8).

(1) Further information is available on the Europa server (http://europa.eu.int/comm/enlargement/pas/index.htm).
(3) OJ L 85, 24.3.2001; Bull. 3-2001, point 1.5.6.
(4) Bull. 6-2001, point 1.5.2.
(5) Bull. 6-2001, point 1.4.
(6) OJ C 193, 10.7.2001; Bull. 4-2001, point 1.5.3.
(7) Bull. 6-2001, point 1.5.6.
(8) Bull. 7/8-2001, point 1.5.4.
In its communication of 25 July on the impact of enlargement on regions bordering candidate countries (1), the Commission proposed an action plan for the 23 such regions in the EU (in Germany, Greece, Italy, Austria and Finland). The measures advocated were: extra funding for transport infrastructure, small and medium-sized enterprises and exchanges for young people; reallocation of funding available under existing Interreg programmes (→ point 400) and structural instruments; and initiatives to improve coordination of different European policies in the light of the specific needs of border regions. In an own-initiative opinion of 14 November (2), the Committee of the Regions recommended support for the development of institutional structures at local and regional level in the candidate countries.

In an opinion of 11 July entitled ‘Bulgaria on the road to accession’ (3), the Economic and Social Committee recorded its regret at the Bulgarian Government’s failure to involve economic and social interest groups more in preparations for accession. In a similar opinion on Malta, adopted the same day (4), the Committee drew attention to the lack of a political consensus in that country on accession to the European Union.

In the framework of the ‘enlargement package’ which it presented on 13 November (→ point 767), and based on the analyses set out in the regular reports drawn up in the same context, the Commission proposed revising the intermediate priorities and objectives defined in the accession partnerships in 1999 for the countries of central Europe (5) and in 2000 for Cyprus and Malta (6). These proposals (7) concerned all the candidate countries, with the exception of Turkey, whose equivalent document was adopted in March (→ point 773). The Council endorsed these changes in its decisions of 10 December (8).

At the Council meeting of 4 December (9), EU economics and finance ministers met their opposite numbers from the candidate countries to help them define their strategy for integration into the European Union. A joint communiqué adopted after the meeting stressed the considerable progress made by the candidate countries in macroeconomic stabilisation and structural reforms as part of the pre-accession economic programmes even though challenges still remained to be taken up, notably as a result of competitive pressure.

(1) COM(2001) 437; Bull. 7/8-2001, point 1.5.1.
(2) Bull. 11-2001, point 1.5.18.
(3) OJ C 260, 17.9.2001; Bull. 7/8-2001, point 1.5.5.
(5) 1999 General Report, point 596.
(7) COM(2001) 651 to 662; Bull. 11-2001, points 1.5.3 to 1.5.14.
(8) Bull. 12-2001, point 1.5.5.
(9) Bull. 12-2001, point 1.5.2.
European association agreements and other agreements

780. Additional protocols to the Europe agreements with Hungary and the Czech Republic were signed on 26 February. These concerned conformity assessment and acceptance of industrial products (Table III). Similar protocols were initialled with Latvia in April (Table III) and Lithuania (Table III) in July and negotiations were started to that end with Estonia, Slovakia and Slovenia. The association councils with Estonia (1), Latvia (2), Lithuania (3) and Slovenia (4) also adopted decisions on improvements to the trade arrangements for processed agricultural products. An additional protocol on wines and spirits with Slovenia (Table III). Additional protocols on fishery products were signed with a number of candidate countries (→ point 493). An agreement on goods transport and promotion of combined transport was also signed with Bulgaria, Hungary and Romania (→ point 726).

781. The association councils set up under the Europe agreements took new decisions concerning participation in Community programmes by the candidate countries in central and eastern Europe. These decisions concerned the participation of Estonia, Hungary, Latvia, Romania and Slovenia in the LIFE programme (financial instrument for the environment); Bulgaria in the ‘Culture 2000’ programme and Youth programme; and Romania in the ‘Culture 2000’ programme. On 18 December, the Commission proposed concluding the additional association protocol with Malta aimed at associating that country with the fifth Community framework programme in the field of research and technological development (Table III).

782. On 17 December, the Council concluded framework agreements with Cyprus, Malta and Turkey in order to establish the general principles of those countries’ participation in the Community programmes (Table III).

783. On 15 November, the Council authorised the Commission to negotiate with Bulgaria, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Romania, Poland, Slovakia and Slovenia agreements extending to each of those countries the common communications/interface network (CCN/CSI) developed by the Community in the customs and taxation fields (Table III).

784. The meetings of the association councils, association committees and joint parliamentary committees also set up by the Europe agreements are listed below in this section, under ‘Bilateral relations’ (→ points 794 et seq.).

(2) Decision No 7/2001 of the EU–Latvia Association Council.
(3) Decision No 5/2001 of the EU–Lithuania Association Council.
(4) Decision No 5/2001 of the EU–Slovenia Association Council.
Financial and technical assistance

785. The initial Phare (1) budget amounted to EUR 1.634 billion in 2001. Funding was broken down as follows:

- national programmes: EUR 1.091 billion, of which 83 million for Bulgaria, 65 million for the Czech Republic, 26 million for Estonia, 90 million for Hungary, 31 million for Latvia, 46 million for Lithuania, 411 million for Poland, 274 million for Romania, 44 million for Slovakia, 21 million for Slovenia and 150 million for phasing-out nuclear plants;

- cross-border cooperation: EUR 163 million;

- regional and horizontal programmes: EUR 230 million.

786. The system of twinning consisting of secondment of specialists from Member States’ administration and agencies to the candidate countries in order to assist them carry out specific projects was extended to Cyprus and Malta. From the beginning of the year, candidate countries benefited from a new mechanism for small short- or medium-term projects.

787. Referring to Special Report 16/2000 by the Court of Auditors on tendering procedures for service contracts under the Phare and Tacis programmes (2), the Council, in its conclusions of 9 April (3), expressed its concern about practices which in some cases led to distortions of competition. It welcomed the Commission’s implementation of some of the measures advocated in the report.

788. On 22 January, Parliament and the Council adopted Regulation (EC) No 257/2001 on the implementation of measures to promote the economic and social development of Turkey (Table I). The programme will fund cooperation projects and measures to support structural adjustment. It will also help promote human rights, respect for minorities and restructuring of Turkey’s institutional and legal framework. The programme has been allocated a reference amount of EUR 135 million for 2000–02. On 10 April, the Commission published a report (4) on implementation of the regulation, and of Regulation (EC) No 764/2000 on measures to intensify the EC–Turkey Customs Union (5). The report included information on the indicative programme for 2001 and forecasts for 2002. On 17 December, the Council adopted Regulation (EC) No 2500/2001 on pre-accession aid for Turkey (Table II) to ensure that effec-

(3) Bull. 4-2001, point 1.5.5.
(4) COM(2001) 200; Bull. 4-2001, point 1.5.7.
tive aid is allocated to the priorities set in the pre-accession partnership with that country and to bring existing instruments under one roof.

789. On 8 June, the Commission adopted a communication supplementing its 1998 communication on accession strategies for the environment (1). The new communication concerns the financial aspects of environmental protection in the candidate countries (2) with a view to helping them define a credible and effective approach. It examines the financial difficulties these countries face in complying with the relevant EU legislation, puts forwards its ideas on how best to overcome such difficulties and advises the candidate countries to draw up priority investment strategies.

790. In a report of 3 July (3), the Commission took stock of the activities carried out under the special accession programme for agriculture and rural development (Sapard). By March, the Commission had signed multiannual financing agreements with the 10 beneficiary countries defining the legal framework for implementing the programme. Over the same period, annual financing agreements covering the year 2000 were also concluded with each of the beneficiary countries. During the year, all these countries continued to establish national structures responsible for the technical and financial implementation of the programme and set up their 'Sapard' agencies. Following the accreditation of their agencies and careful examination on the ground by Commission officials, Bulgaria on 15 May, Estonia on 15 June, Slovenia on 19 November, Lithuania on 26 November and Latvia on 6 December took over management of programme funds assigned to them and were thus able to start the relevant operations. Several seminars were organised with the participation of the 10 eligible countries on key aspects of management (monitoring, assessment, implementation, agri-environmental measures). Monitoring committees were set up in each country with the help of Commission representatives acting in an advisory capacity. A total of EUR 540 million was assigned to the instrument for 2001.

791. On 31 October (4), the Commission published its first annual report on the implementation in 2000 of the instrument for structural policies for pre-accession (ISPA) (5). The financing priorities remain unchanged, with the stress on transport projects in order to strengthen links between the EU and the candidate countries of central and eastern Europe, and on environmental projects in the field of water (supply of drinking water and treatment of wastewater) and the management of waste. In 2001, EUR 1.121 billion was committed for around 100 projects, of which around 530 million for transport and 576 million for envi-

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(2) COM(2001) 304; Bull. 6-2001, point 1.5.8.
(3) COM(2001) 341; Bull. 7/8-2001, point 1.5.3.
(4) COM(2001) 616; Bull. 10-2001, point 1.5.6.

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With the signing of several monitoring contracts and works contracts, 2001 was the first year of the instrument's implementation on the ground. The Commission started preparing candidate countries for an extensive system of decentralised implementation. It also allocated EUR 12 million for technical assistance to enhance the quality of project financing applications, strengthen financial engineering and cooperation with the private sector and improve communication and publicity. On 4 December, by means of Regulation (EC) No 2382/2001, the Council amended Regulation (EC) No 1267/1999 establishing the ISPA in order to enable co-financing, by the Community and the international financial institutions or private sources, of measures eligible for Community support under this instrument (Table II). The breakdown by candidate country of the commitments made in 2001 under the ISPA is shown in Table 14.

### Table 14
Commitments in 2001 — ISPA

<table>
<thead>
<tr>
<th>Candidate country</th>
<th>ISPA (million EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>106.795</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>66.907</td>
</tr>
<tr>
<td>Estonia</td>
<td>29.922</td>
</tr>
<tr>
<td>Hungary</td>
<td>90.776</td>
</tr>
<tr>
<td>Latvia</td>
<td>48.058</td>
</tr>
<tr>
<td>Lithuania</td>
<td>50.465</td>
</tr>
<tr>
<td>Poland</td>
<td>406.567</td>
</tr>
<tr>
<td>Romania</td>
<td>245.629</td>
</tr>
<tr>
<td>Slovakia</td>
<td>48.058</td>
</tr>
<tr>
<td>Slovenia</td>
<td>16.019</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>11.900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1 121.185</strong></td>
</tr>
</tbody>
</table>

In 2001, the European Investment Bank granted loans to candidate countries to the tune of EUR 3.5 billion.

For information on macrofinancial aid granted to certain candidate countries, see Section 1 ('Economic and monetary policy') of Chapter III (→ point 88).

**Bilateral relations**

The EU–Bulgaria Association Council and Association Committee met on 20 November in Brussels (¹) and on 4 October in Sofia respectively. The Joint

(¹) Bull. 11-2001, point 1.5.20.
Parliamentary Committee met on 26 and 27 March in Brussels and on 29, 30 and 31 October in Sofia. The fifth meeting of the joint economic and social committee took place on 22 and 23 March in Plovdiv. The sixth meeting took place on 7 November in Brussels. Mr Verheugen visited Bulgaria in March and October. The Bulgarian Prime Minister, Mr Simeon Saxe-Cobourg-Gotha, met Mr Prodi and Mr Verheugen at the Commission on 22 November.

795. The EU–Estonia Association Council and Association Committee met on 27 February in Brussels (1) and on 15 June in Tallinn respectively. The Joint Parliamentary Committee met in Tallinn, on 23 and 24 May, and in Brussels, on 29 and 30 November. Estonian Prime Minister Mart Laar visited the Commission on 8 January, while Mr Verheugen was in Tallinn on 19 and 20 April. He went there again with Mr Prodi on 17 and 18 June.

796. The EU–Hungary Association Council and Association Committee met on 17 July in Brussels (2) and 15 May in Budapest respectively. The Joint Parliamentary Committee met on 26 and 27 February in Budapest and on 8 and 9 October in Brussels. Mr György Matolcsy, Economics Minister, met Mr Solbes Mira at the Commission on 26 February. Mr Prodi went to Hungary on 4 and 5 April. Other members of the Commission also visited Hungary: Mr Solbes Mira on 13 and 14 September, Mr Monti on 28 and 29 October, Mr Barnier from 9 to 11 November, Ms Diamantopoulou on 16 November and Mr Vitorino on 26 and 27 November.

797. The EU–Latvia Association Council and Association Committee met on 27 February in Brussels (3) and 16 June in Riga respectively. The Joint Parliamentary Committee met on 5 and 6 February in Brussels and on 17 and 18 September in Riga. Several members of the Commission visited Latvia: Mr Vitorino on 6 March, Mr Barnier on 16 and 17 July, Mr Verheugen from 18 to 20 July and Ms Wallström on 22 November. Mr Liikanen and Mr Verheugen took part in conferences organised in the Latvia in September and in October. Mr Andris Berzins, Latvian Prime Minister, came to Brussels to meet Mr Verheugen on 28 May.

798. The EU–Lithuania Association Council and Association Committee met on 27 February in Brussels (4) and on 11 June in Vilnius respectively. The Joint Parliamentary Committee met on 25 and 26 June in Vilnius and on 20 and 21 November in Brussels. On 31 January and 1 February, Mr Rolandas Paskas, Lithuanian Prime Minister, visited the Commission where he met Mr Prodi and Mr Verheugen. On 17 and 18 September, Mr Verheugen visited Lithuania. On

(1) Bull. 1/2-2001, point 1.5.6.
(2) Bull. 7/8-2001, point 1.5.2.
(3) Bull. 1/2-2001, point 1.5.8.
(4) Bull. 1/2-2001, point 1.5.7.
4 October, Mr Valdas Adamkus, President of Lithuania, visited the Commission where he had discussions with Mr Prodi and Mr Verheugen.

799. The EU–Poland Association Council and Association Committee met on 20 November in Brussels (1) and on 21 May in Warsaw respectively. The Joint Parliamentary Committee met on 3 and 4 December in Brussels. Mr Prodi went to Poland on 9 March and Mr Verheugen in November. Other members of the Commission (Ms Diamantopoulou and Ms Schreyer, Mr Lamy and Mr Vitorino) also visited Poland. The Polish President Mr Aleksander Kwasniewski came to Brussels in October.

800. The EU–Czech Republic Association Council and Association Committee met, respectively, on 20 November in Brussels (2) and on 12 July, also in Brussels. The Joint Parliamentary Committee met on 28 and 29 May in Prague and on 3 and 4 December in Brussels. On 22 and 23 February, Mr Barnier visited the Czech Republic where he met President Vaclav Havel and Mr Pavel Mertlik and Mr Petr Lachnit, Finance Minister and Regional Development Minister respectively. Mr Prodi and Mr Verheugen went to Prague on 5 and 6 April.

801. The EU–Romania Association Council and Association Committee met on 19 March in Brussels (3) and on 19 October in Bucharest respectively. The Joint Parliamentary Committee met on 26 February in Brussels and from 17 to 19 September in Bucharest. Mr Verheugen went to Romania on 26 and 27 April. Mr Adrian Nastase, Romanian Prime Minister, came to Brussels where he met Mr Prodi and Mr Patten on 24 January and Mr Verheugen on 25 January. President Ion Iliescu met Mr Verheugen on 9 July and Mr Prodi on 10 July in Brussels.

802. The EU–Slovakia Association Council and Association Committee met on 26 June in Luxembourg (4) and on 18 December in Bratislava respectively. The Joint Parliamentary Committee met on 5 and 6 March in Brussels and on 15 and 16 October in Košice. From 21 to 23 February, Mr Verheugen was in Slovakia where he met the Prime Minister Mr Mikulas Dzurinda.

803. The EU–Slovenia Association Council and Association Committee met on 26 June in Luxembourg (5) and on 3 April in Ljubljana respectively. The Joint Parliamentary Committee met in Brussels on 25 April and in Ljubljana on 11 October. On 23 March, Mr Byrne went to Slovenia where he met Mr Dusan Keber, Mr Igor Bavcar and Mr Franc But, Ministers of Health, European Affairs

(1) Bull. 11-2001, point 1.5.21.
(2) Bull. 11-2001, point 1.5.22.
(3) Bull. 3-2001, point 1.5.2.
(4) Bull. 6-2001, point 1.5.5.
(5) Bull. 6-2001, point 1.5.4.
and Agriculture respectively. On 11 May, on the occasion of the ministerial conference on world trade issues with the candidate countries, Mr Lamy went to Slovenia where he had talks with Slovenian officials. Mr Prodi and Mr Verheugen visited the country in June, as did Mr Monti for the opening of the seventh annual conference on competition organised between the candidate countries and the Commission. Ms Schreyer and Ms Wallström were in Slovenia on 22 and 23 July and 18 and 19 October respectively. Mr Dimitrij Rupel, Slovenian Foreign Minister, was received in Brussels on 12 December.

804. The EU–Cyprus Association Council met in Brussels on 15 May (1). Mr Prodi and Mr Verheugen went to Cyprus on 25 and 26 October.

805. The EU–Malta Association Committee met on 9 July in Malta. The Joint Parliamentary Committee met on 28 and 29 May in La Valletta and on 5 and 6 November in Brussels. Mr Verheugen went to Malta from 7 to 9 February where he met the Prime Minister, Mr Eddie Fenech Adami.

806. The EU–Turkey Association Council met on 26 June in Luxembourg (2). The Joint Parliamentary Committee met in Brussels on 26 and 27 June and in Istanbul on 26 and 27 November. A meeting of the Joint Consultative Committee at the level of the Economic and Social Committee also took place in Ankara on 19 April. Mr Verheugen went in April to Turkey where he had several meetings with Mr Ismail Cem, the Foreign Minister. He also had discussions in Brussels in December with Prime Minister Mesut Yilmaz.

(1) Bull. 5-2001, point 1.5.1.
(2) Bull. 6-2001, point 1.5.3.
Section 6

Regional cooperation

807. The Commission continued to participate in events under the central European initiative (CEI) (1), in February taking part in a CEI conference in Rome and meeting, in March, its financial committee. Commission representatives also attended the economic forum organised by the CEI in Trieste in November. The Commission took part in the second ministerial meeting of the Council of the Baltic Sea States in Hamburg, where an agreement on the exchange of radiation monitoring data was signed. It was also represented at periodic meetings of high officials of this organisation and, for the first time, those of high officials of the Arctic Council. The Commission took part in March in the eighth ministerial meeting of the Barents Euro-Arctic Council (BEAC) (2). As for the northern dimension, the second conference of foreign ministers organised in Luxembourg in April saw broad approval of the work under way as part of the action plan 2000–03 to take account of the northern dimension of the EU’s external and cross-border policies.

808. On 30 October, the Commission adopted a communication on environmental cooperation in the Danube and Black Sea Region (3) which gave an overview of the current state of the environment in the area and of ongoing environmental cooperation activities. The Commission called for increased EU and Member State involvement in environmental cooperation within the region, including coordinated action by all Community financial instruments operating there.

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(1) 1996 General Report, point 810.
(2) Denmark, Finland, Iceland, Norway, Russia, Sweden.
(3) COM(2001) 615; Bull. 10-2001, point 1.4.47.
Chapter VI

Role of the Union in the world

Section 1

Common foreign and security policy (CFSP) (1)

Priority activities and objectives

809. Substantial progress was achieved in the development of the CFSP due to internal factors, such as the extension of the common security and defence policy guidelines agreed at the end of 2000 by the Nice European Council, and external factors, e.g. the crisis in the Former Yugoslav Republic of Macedonia and the terrorist attacks in the United States. These events generated strong political will on the part of the European Union for collective action at internal level and in partnership with other organisations and countries. A mechanism was set up for regular consultation with certain non-member countries and NATO in matters relating to security and defence. Work was carried out in the area of civilian and military crisis management while the Gothenburg European Council made undertakings on conflict prevention. On a more general political front, the Union took frequent part in political dialogue meetings with non-member countries and regional groupings at which it raised priority issues such as human rights, good governance, conflict prevention and humanitarian aid. Twelve common positions and 20 joint actions were adopted under Articles 14 and 15 of the Treaty on European Union. The Union also published numerous declarations and made representations on important external policy matters.

General

810. On 24 April, as a supplement to the European Council report on the progress achieved by the European Union in 2000, the Council presented a report to Parliament on the common foreign and security policy (2).

(1) Further information can be found on the Europa server (http://ue.eu.int/pesc/default.asp?lang=en).
(2) Bull. 4-2001, point 1.6.3.
811. On 26 February, the Council adopted Regulation (EC) No 381/2001 establishing a rapid reaction mechanism to enable the Commission to act swiftly in ongoing or emerging crisis situations (Table II). The added value of the mechanism, as opposed to other Community instruments, consists of its speed and flexibility which make a broad range of action possible, from short-term measures under the mechanism itself to operations which will eventually be taken over by the regular Community instruments. The Commission puts in place the procedures necessary for swift execution of RRM measures; operational implementation of the measures decided by the Commission is ensured through cooperation with a large number of partners, including the Member States, beneficiary countries, international organisations, private partners and NGOs. The first measures approved by the Commission consisted of a contribution to stability in the Former Yugoslav Republic of Macedonia. The total financial package allocated for the facility in 2001 amounted to EUR 20 million.

812. In a resolution on 15 March (1), Parliament noted the wide range of conflict-prevention and crisis-management instruments available to the Union and emphasised the need for EU cooperation with NGOs, civil society and independent media. On 11 April, the Commission published a communication on the subject (2) in which it identified four key objectives: more systematic and coordinated use of Community instruments, identifying indicators giving advance warning of conflict, a more systematic approach to regional issues and the promotion of international cooperation targeted on conflict prevention with the European Union's main partners. The communication also made a series of specific recommendations on long-term crisis prevention and improving EU capabilities with regard to emerging crisis situations. The communication was welcomed by the Council in its conclusions of 31 May (3) and by Parliament in a resolution on 13 December (4) in which it called for further progress. On 11 June (5), the Council also underlined its determination to strengthen collaboration with the United Nations in relation to crisis management and conflict prevention. The Gothenburg European Council of 15 and 16 June (6) pledged to improve the Union's capacity for action in both fields by military and civilian means. On 16 July (7), the Council undertook a broad review of ongoing crises and discussed the instruments for early warning and conflict prevention available to the European Union. On 29 October, it adopted a common position supporting the efforts of the international community to break the link between trafficking in diamonds and the financing of armed conflict (8). In a communi-

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(2) COM(2001) 211; Bull. 4-2001, point 1.6.2.
(3) Bull. 5-2001, point 1.6.8.
(5) Bull. 6-2001, point 1.6.2.
(6) Bull. 6-2001, points 1.29 and 1.30.
(7) Bull. 7/8-2001, point 1.6.1.
cation on 28 November (1), the Commission recommended the introduction of more effective and reliable procedures for the rapid financing of civilian crisis interventions, including CFSP actions. It proposed using a new flexibility instrument for this purpose and extending use of the current emergency budget reserve to crisis operations.

813. In a resolution on 25 October (2), Parliament examined trends in the CFSP in 2000/01 and highlighted the progress achieved in the area of European security and defence policy. It also addressed the issues of conflict prevention and crisis management, strategic partnerships and global responsibility for peace, security, and sustainable development.

Common foreign policy

814. At its meeting of 26 and 27 February (3), the Council agreed a number of guidelines for making more efficient use of existing and future common strategies: they should bring clear added value, focus more on clearly identified themes, be implemented through common positions and joint actions adopted by qualified majority and progress in the implementation of objectives should be measured regularly.

815. As regards common positions and joint actions (4), the Council:

- defined three common positions and adopted four joint actions concerning the western Balkans: Common Positions 2001/155/CFSP and 2001/719/CFSP on the Federal Republic of Yugoslavia (→ point 987); Common Position 2001/542/CFSP on the Former Yugoslav Republic of Macedonia (→ point 989); Joint Actions 2001/492/CFSP and 2001/760/CFSP concerning the appointment of the special representative of the European Union in the Former Yugoslav Republic of Macedonia (→ point 989); Joint Actions 2001/845/CFSP concerning the European Union monitoring mission to the western Balkans and 2001/915/CFSP concerning the appointment of the special representative of the European Union to act as coordinator of the Stability and Growth Pact (→ point 969);

- adopted Joint Action 2001/800/CFSP extending the mandate of the European Union special representative for the Middle East peace process (→ point 1003);

(2) Bull. 10-2001, point 1.6.1.
(3) Bull. 12-2001, point 1.6.1.
(4) Joint actions and common positions concerning a specific geographical area are covered more fully in the section on the geographical area in question; this section simply lists them and gives references to the appropriate sections.

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• defined six common positions and adopted one joint action concerning Asia: Common Positions 2001/56/CFSP, 2001/154/CFSP and 2001/771/CFSP on Afghanistan (→ points 1065 and 1066); Common Positions 2001/284/CFSP and 2001/757/CFSP on Burma (Myanmar) (→ point 1069); Common Position 2001/869/CFSP on participation by the European Union in the Korean Peninsula Energy Development Organisation (→ point 673); Joint Action 2001/875/CFSP concerning the appointment of the special representative of the European Union for Afghanistan (→ point 1066);

• adopted Joint Action 2001/568/CFSP on reinforcing the capacity of the Georgian authorities to support and protect the OSCE observer mission (→ point 1024) and Joint Action 2001/759/CFSP regarding an EU contribution to the conflict settlement process in South Ossetia (→ point 1024);

• defined seven common positions and adopted two joint actions concerning Africa: Common Position 2001/374/CFSP on conflict in Africa; Common Position 2001/83/CFSP on the Democratic Republic of the Congo (→ point 1121); Common Position 2001/215/CFSP on Ethiopia and Eritrea (→ point 1118); Common Position 2001/357/CFSP on Liberia (→ point 1126); Common Position 2001/373/CFSP on Nigeria (→ point 1123); Common Position 2001/799/CFSP on Rwanda (→ point 1122); Common Position 2001/758/CFSP on combating the illicit traffic in diamonds, as a contribution to prevention of conflicts (→ point 812); Joint Action 2001/801/CFSP regarding the establishment of an interim multinational security presence in Burundi; Joint Action 2001/876/CFSP extending the mandate of the EU special representative for the African Great Lakes region (→ point 1112);

• defined Common Position 2001/567/CFSP on the non-proliferation of ballistic missiles (→ point 82);

• defined Common Position 2001/443/CFSP on the International Criminal Court and Common Positions 2001/930/CFSP and 2001/931/CFSP on combating terrorism (→ point 535);


816. The Council also adopted several decisions implementing, extending or repealing joint actions and common positions (¹).

817. Throughout the year the EU made numerous representations to governments regarding human rights, in support of humanitarian action or in the field

(¹) These decisions are covered in the section on the relevant geographical area.
of non-proliferation and the prevention of armed conflict. The Union’s external relations policy also entailed continuing political dialogue with associated countries, non-Member States and various international organisations.

Common security and defence policy

818. Following on from the guidelines agreed at the Nice European Council in December 2000 (1), on 22 January the Council adopted a package of decisions establishing political–military bodies at European Union level: the Military Staff (2), incorporated into the Council’s General Secretariat, the Military Committee (3) and the Political and Security Committee (4).

819. In response to concerns expressed at the European Council in Nice (5), on 20 July the Council established a European Union Institute for Security Studies (6), based in Paris, and a European Union Satellite Centre (7) with its headquarters at Torrejón de Ardoz in Spain. The two agencies will support the decision-making process of the Union in the context of the CFSP, in particular of the security and defence policy.

820. In conclusions approved at its meeting of 22 and 23 January (8), the Council welcomed the positive reaction of the North Atlantic Council to the EU proposals on the EU–NATO (9) permanent arrangements for consultation and cooperation.

821. In its conclusions of 14 May (10), the Council expressed concern over the proliferation of ballistic missiles and advocated the adoption of globally accepted norms modelled on those laid down in the nuclear, biological and chemical weapons framework. In response to these concerns, the European Council held in Gothenburg on 15 and 16 June (11) adopted a declaration on preventing the proliferation of ballistic missiles. On the basis of these conclusions, the Council adopted Common Position 2001/567/CFSP on 23 July (12) in support of the draft international code of conduct against ballistic missile proliferation drawn up by members of the missile technology control regime.

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(1) 2000 General Report, point 752.
(8) Bull. 1/2-2001, point 1.6.9.
(9) Internet address: http://www.nato.int/home.htm.
(10) Bull. 5-2001, point 1.6.7.
(11) Bull. 6-2001, Annex I to the Presidency conclusions, point 1.45.

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822. The Parliament and Council respectively expressed concern, the former in a resolution on 15 March (1), the latter in conclusions on 25 June (2), at the spread of small arms and light weapons. Both also welcomed the results of the UN conference on illicit trade in such weapons held in New York from 9 to 20 July. On 12 March, the Council adopted a decision (3) implementing Joint Action 1999/34/CFSP (4) on combating the accumulation and spread of small arms and light weapons in Latin America and the Caribbean. On 15 and 29 November, it adopted similar decisions on Cambodia (5) and Albania (6) respectively. On 8 October (7), it once again amended its 1996 common position (8) on arms exports to the Federal Republic of Yugoslavia. On 3 October (9), Parliament welcomed the publication of the second annual Council report (10) on the implementation of the EU code of conduct on arms exports (11). In a resolution on 15 November (12), it called for negotiations on a legally binding international instrument regulating the activities of arms brokering.

823. In its conclusions of 11 June (13), the Council, with reference to its Common Position 1999/346/CFSP of May 1999 (14), underlined the need for the early adoption of a legally binding protocol establishing an effective regime of compliance with the Biological and Toxin Weapons Convention (15). Parliament expressed similar views in a resolution on 14 June (16). In a resolution on 15 November (17), it expressed renewed concern regarding this issue in the light of the recent terrorist use of anthrax in the United States and other countries.

824. On 23 July, the Council adopted Regulation (EC) No 1725/2001 in order to provide the basis for a coherent and effective approach for Community action on anti-personnel landmines in third countries other than developing countries (Table II). A similar regulation with the same objective was adopted by the Parliament and Council in relation to developing countries (→ point 939). In a resolution on 6 September (18), Parliament welcomed meas-
ures to promote a commitment by non-State actors to a total ban on mines and called for funding for humanitarian programmes on mine-clearing and relief for victims.

825. At its meeting of 19 and 20 November (1), the Council expressed its attachment to the 1980 UN Convention on prohibitions or restrictions on the use of certain conventional weapons which may be deemed to be excessively injurious or to have indiscriminate effects. Parliament expressed concern in a resolution on 13 December (2) at the use of cluster bombs in this connection.

826. A conference took place on 19 November in Brussels on improving European military capabilities (3). In the context of the decisions adopted at the Helsinki European Council (4), the EU defence ministers reaffirmed their responsibility for the development by 2003 of the headline goal of being able to deploy 60,000 persons in less than 60 days and to sustain them for at least one year. The Member States also agreed on a European capability action plan incorporating all the efforts, investments and coordination measures executed or planned at both national and multinational level with a view to improving existing resources and gradually developing the capabilities necessary for the Union's activities. At the same time as this meeting, a ministerial conference was held in Brussels on the commitment of police capabilities (5). In a statement issued at the end of the conference, EU interior ministers announced a number of measures which showed that the targets set by the Feira European Council (6) had either been met or exceeded as regards the number of officers that could be deployed for international police missions relating to conflict prevention and crisis management (5,000 officers deployable as from 2003, including 1,000 deployable within 30 days). On the basis of the results of the two conferences, the European Council in Laeken adopted a formal declaration on the operational capability of the European security and defence policy (7).

827. In the aftermath of the terrorist attacks on the United States on 11 September and in conjunction with other initiatives (points 1040 et seq.), the Heads of State or Government of the European Union, the President of the European Parliament, the Commission President and the CFSP High Representative published a joint statement on 14 September (8) expressing Europe's solidarity with the American nation and declaring a day of mourning. At the same time, they called on all countries to step up their efforts to combat terrorism and
announced the Union’s commitment to contribute to the emergence of a strong, sustained and global action against terrorism.

828. Other aspects of the fight against terrorism are covered in Section 1 ("Area of freedom, security and justice") of Chapter IV (→ points 506 and 534).

Presidency and EU statements

Candidate countries

829. In June, the European Union noted with concern the decision of the Turkish Constitutional Court to order the closure of the Virtue Party, confiscate its assets and deny some of its members various political rights (2). In October, the Union considered that the recently adopted constitutional reforms were an encouraging step in the democratisation of the country and a first stage in the swift implementation of the national programme for the adoption of the acquis (3).

830. Stating its support for the efforts of the United Nations in the search for a comprehensive and lasting settlement to the Cypriot issue, the European Union expressed disappointment in October at some positions adopted by the Turkish side and called on all parties involved to cooperate in the process before the end of the negotiations for the accession of Cyprus to the Union (4).

831. In December, the Union noted the important initiatives taken by the President of Latvia to amend the electoral law by abolishing language requirements as a condition of the right to stand as a candidate at general and local elections (5).

832. The central and east European countries associated with the European Union, the associated countries Cyprus, Malta and Turkey, and the EFTA countries members of the European Economic Area aligned themselves with many of the Union’s declarations in the CFSP framework and with a number of the common positions adopted by the Union.

(1) The following points are a summary of the positions set out in Presidency statements on behalf of the European Union and statements by the European Union on international political issues. The central and east European countries associated with the European Union, the associated countries Cyprus, Malta and Turkey, and the EFTA countries members of the European Economic Area aligned themselves with many of the Union’s declarations in the CFSP framework and with a number of the common positions adopted by the Union. The full versions of the statements are to be found in the Bulletin of the European Union.

(2) Bull. 6-2001, point 1.6.22.
(3) Bull. 10-2001, point 1.6.23.
(4) Bull. 10-2001, point 1.6.11.
(5) Bull. 12-2001, point 1.6.16.
Western Balkans

833. With regard to Bosnia and Herzegovina, the Union welcomed the appearance at the International Criminal Tribunal for the Former Yugoslavia of ex-President, Ms Biljana Plavsic (1), in January and of the former SDS-party leader, Mr Blagoje Simic (2), in March and noted with satisfaction the arrest in March of the former mayor of Prijedor, Mr Milomir Stakic (3). In February, the Union welcomed the formation of a new government (4). In March, it noted the establishment of a special parallel relationship agreement between the Federal Republic of Yugoslavia and the Republika Srpska (5) and condemned unilateral moves by the Croat National Congress to place itself outside the provisions of the Dayton/Paris Agreements (6). As regards Croatia, in May, the Union welcomed the overall successful conduct of the local elections (7).

834. In February, the European Union welcomed the signing of the border demarcation agreement between the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia in Skopje (8), but regretted the escalation of violence in the border region with Kosovo (9), incidents which it again condemned in March (10). In January, it called for the release of Kosovar political prisoners held in Serbia (11) and, in February, voiced concern at the upsurge of violence in the town of Mitrovica (12). At the same juncture, it expressed support for the efforts of the Belgrade authorities to find a peaceful and durable solution to the disturbances in southern Serbia (13). In March, the Union supported the maintenance of restrictive measures directed against Mr Milosevic and persons associated with him (14). In April, it welcomed the visit to Belgrade by the special representative of the UN Secretary-General in Kosovo (15). It also noted with satisfaction the orderly conduct of the parliamentary elections in Montenegro (16) and welcomed the decision by the Serbian Supreme Court to release a group of 145 Kosovo Albanians (17). In May, the Union welcomed the promulgation of a constitutional framework for provisional self-government in Kosovo by the special representative of the UN Secretary-General (18). It also

(1) Bull. 1/2-2001, point 1.6.12.
(2) Bull. 3-2001, point 1.6.12.
(5) Bull. 3-2001, point 1.6.15.
(6) Bull. 3-2001, point 1.6.16.
(7) Bull. 5-2001, point 1.6.40.
(8) Bull. 1/2-2001, point 1.6.41.
(9) Bull. 1/2-2001, point 1.6.41.
(10) Bull. 3-2001, points 1.6.31 and 1.6.32.
(11) Bull. 1/2-2001, point 1.6.34.
(12) Bull. 1/2-2001, point 1.6.36.
(13) Bull. 1/2-2001, point 1.6.38.
(14) Bull. 3-2001, point 1.6.39.
(15) Bull. 4-2001, point 1.6.19.
(16) Bull. 4-2001, point 1.6.20.
(17) Bull. 4-2001, point 1.6.21.
(18) Bull. 5-2001, point 1.6.25.
welcomed the commitment by representatives of ethnic Albanian armed groups to full demobilisation in southern Serbia (1). In October, it hailed the remarkable progress achieved in one year towards the establishment of democracy in the Federal Republic of Yugoslavia (2). In November, the Union welcomed the call made to Kosovo’s Serbs by the President of the FRY to participate in the forthcoming election in the region. It also welcomed the signing of a joint document by the United Nations Mission in Kosovo (UNMIK) and the FRY authorities (3).

835. Concerning the Former Yugoslav Republic of Macedonia, acts of violence committed by ethnic Albanian extremists (4) and the subsequent ceasefire violation (5) were condemned on several occasions. In May, the Union welcomed the agreement on a broad coalition government (6). Following a statement in July reiterating its attachment to the inviolability of frontiers and to the territorial integrity and sovereignty of the Former Yugoslav Republic of Macedonia (7), in August, the Union welcomed the signing of a framework agreement by President Trajkovski and the heads of the country’s four main political parties (8). In September, it welcomed a vote in the FYROM Parliament opening the way to important constitutional changes which represented a significant step in the procedure for approval of the framework agreement (9).

Maghreb, Mashreq and the Middle East

836. The escalation of violence in the Middle East was the subject of numerous statements expressing the European Union’s concern (10). In May, the Union welcomed the publication of the report of the Sharm-el-Sheikh Fact Finding Committee (the Mitchell Report) and urged all parties to faithfully abide by its recommendations (11). In October, on the 10th anniversary of the Madrid Conference, it stressed that the ‘peace process’ framework constituted the only reasonable hope of putting an end to the conflict (12). In February, it congratulated Mr Sharon on his election as Prime Minister of Israel and called on him to keep up the momentum of the peace process (13). In April, the Union expressed grave concern at the continuing Israeli settlement activities (14), concern that was reiterated in July fol-

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(1) Bull. 5-2001, point 1.6.27.
(2) Bull. 10-2001, point 1.6.20.
(3) Bull. 11-2001, point 1.6.24.
(4) Bull. 3-2001, point 1.6.7; Bull. 5-2001, point 1.6.10.
(5) Bull. 7/8-2001, point 1.6.10.
(6) Bull. 5-2001, point 1.6.12.
(7) Bull. 7/8-2001, point 1.6.8.
(9) Bull. 9-2001, point 1.6.2.
(10) Bull. 1/2-2001, points 1.6.26 and 1.6.27; Bull. 3-2001, point 1.6.25; Bull. 4-2001, point 1.6.14; Bull. 7/8-2001, point 1.6.25.
(11) Bull. 5-2001, point 1.6.21.
(13) Bull. 1/2-2001, point 1.6.25.
(14) Bull. 4-2001, point 1.6.12.
ollowing the demolition of Palestinian houses in Jerusalem (1). In January, it condemned the death sentences and executions carried out by the Palestinian Authority (2). In August, the Union condemned both the suicide bomb attacks targeted at Israeli civilians and the closure of Orient House in East Jerusalem by the Israeli authorities (3). In December, it urged the Palestinian Authority to dismantle the Hamas and Islamic Jihad terrorist networks and to make a public appeal in Arabic for an end to the armed intifada and called on the Israeli Government to withdraw its armed forces, stop extrajudicial executions, lift the restrictions imposed on the Palestinian people and put a freeze on settlements (4).

837. In May, the European Union stated that it was deeply disturbed by the harsh sentences handed down by the Egyptian Supreme State Security Court against Dr Saad Eddin Ibrahim and staff members of the Ibn Khaldoun Centre (5).

838. In February, the Union welcomed the outcome of the referendum on constitutional reform in Bahrain (6). As regards Iran, it expressed deep concern in January about the harsh verdicts pronounced by the Revolutionary Court in Tehran against representatives of the academic and intellectual community (7). In June, the Union expressed satisfaction at the conduct of the presidential elections (8) and, in August, it congratulated President Khatami at the beginning of a new period in office (9).

Independent States of the former Soviet Union

839. In April, the Union voiced its concern at the situation of the media in the Russian Federation (10), concern which it reiterated in December (11). In July, it welcomed the comments by President Putin opposing the re-establishment of the death penalty in the Federation (12).

840. As regards Ukraine, the Union expressed concern in February about the continuing problematic environment for the media and stressed the need to ensure a safe and secure environment for journalists to operate in (13). In April,
it expressed serious concern that the fall of the Yushchenko Government might set back the process of economic and political reform (1).

841. In January, the Union was concerned by the situation of refugees from Afghanistan stranded in the border area with Tajikistan (2). In February, it voiced concern at the circumstances surrounding the trial of opposition party leader Felix Kulov in Kyrgyzstan (3). In March, it applauded the holding of elections in Moldova (4). With regard to Georgia, it considered the local elections held in Abkhazia null and void (5) and, in April, regretted the referendum on the adoption of the Constitution of the Republic of South Ossetia (6). In October, it expressed grave concern at the situation in Georgia (7). Concerning Belarus, the Union expressed disquiet in March following the adoption of a presidential decree seeking to impose far-reaching restrictions in the fields of democratisation, human rights and humanitarian aid (8). In May, it called on the government to clarify the fate of a number of leading Belarusian figures (9). In June (10) and July (11), the Union expressed its hope that the presidential elections called in Belarus would be both free and fair. In September, it deplored the fact that those elections had not been carried out in accordance with the OSCE rules for the conduct of democratic elections (12). In October, it took the opportunity of the appointment of Mr Gennady Novitsky as Prime Minister to reiterate its expectations of the country (13). In December, the Union welcomed the presidential amnesty in Turkmenistan but voiced concern at the fate of some prisoners (14).

Asia

842. In January, the Union welcomed the steps taken by the Bhutanese and Nepalese Governments to resolve the problem of the refugee camps in eastern Nepal (15). In April, it expressed support for Nepal following the serious escalation of violence resulting from a Maoist insurgency (16). In June, it expressed its sympathy following the murder of the Nepalese royal family (17) and, in July,
applauded the appointment of a new prime minister and the ceasefire initiatives (1). In September, it welcomed the ceasefire agreement between the government and the Maoist insurgents (2). With regard to India, the Union expressed its sympathy to the government and people, following the earthquake that struck the State of Gujarat in January (3). In May (4) and again in July (5), it welcomed India’s resumption of dialogue with Pakistan. In December, it condemned the terrorist attack on the parliament in New Delhi and expressed concern at the new escalation of tension between India and Pakistan (6). In June, it noted the installation of General Musharraf as President of Pakistan (7) while, in November, it welcomed the signature of an EU–Pakistan cooperation agreement (8). In June, the Union deplored the escalation of political violence in Bangladesh (9) and in October, despite continuing acts of this nature during the campaign, it noted the smooth conduct of the parliamentary elections there (10). In July, the Union condemned the terrorist attack at Colombo airport in Sri Lanka (11).

843. In March, the Union was shocked by the edict of the Taliban spiritual leader ordering the destruction of all statues and shrines in Afghanistan (12) while, in May, it was disturbed by a further decision of the Mullah introducing discrimination against Hindus (13). In December, the Union welcomed the reopening of the bridge between Uzbekistan and Afghanistan as it would allow the volume of humanitarian aid entering Afghanistan from the north to be greatly increased (14).

844. In February, while noting that the political situation in Myanmar (Burma) was causing continuing concern, the Union welcomed the dialogue initiatives taken by the rival factions and the all-party contacts established by the EU troika during a visit to the country (15). In January, the Union hailed the peaceful political transition in the Philippines that accompanied the appointment of Mrs Gloria Arroyo as President (16). After expressing its support for the new President’s efforts to reach a sustainable, negotiated settlement to internal

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(2) Bull. 9-2001, point 1.6.8.
(3) Bull. 1/2-2001, point 1.6.22.
(4) Bull. 5-2001, point 1.6.18.
(7) Bull. 6-2001, point 1.6.16.
(8) Bull. 11-2001, point 1.6.22.
(9) Bull. 6-2001, point 1.6.8.
(10) Bull. 10-2001, point 1.6.8.
(11) Bull. 7/8-2001, point 1.6.32.
(12) Bull. 3-2001, point 1.6.5.
(13) Bull. 5-2001, point 1.6.9.
(14) Bull. 12-2001, point 1.6.9.
(15) Bull. 1/2-2001, point 1.6.29.
disputes in the Philippines (1), it condemned the resumption of fighting in
Manila in May (2). In June, the Union welcomed the progress achieved by Cam­
bodia towards democracy and economic development (3) and, in August, it
noted with satisfaction the adoption of legislation to establish a Khmer Rouge
Tribunal (4).

845. As regards Indonesia, in January the Union welcomed the agreement in
Geneva between the government and the Free Aceh Movement concerning the
extension of the moratorium on violence in Aceh (5). In March, it was appalled
by the violence in the Indonesian province of Central Kalimantan (6). In May, it
expressed disappointment at the lenient sentences handed down on the persons
involved in the killings of three staff members of the United Nations High Com­
missioner for Refugees (UNHCR) (7). In July, it hailed the democratic and
peaceful installation of Mrs Megawati Sukarnoputri as President of the Repub­
lic of Indonesia (8). In August, the Union welcomed the successful conduct of the
Constituent Assembly elections in East Timor (9).

846. In March, the Union welcomed China’s ratification of the International
Covenant on Economic, Social and Cultural Rights (10).

847. In September, the Union was pleased to note the holding of an inter-Korean
ministerial meeting and expressed the hope that the Democratic People’s
Republic of Korea would become more fully involved with the international
community (11).

Latin America and the Caribbean

848. While condemning the upsurge in armed violence in Colombia, in Jan­
uary the European Union welcomed the prospect of peace (12) and, in June, wel­
comed the humanitarian accord between the government and the Fuerzas
Armadas Revolucionarias de Colombia (13). In July, it condemned acts of vio­
lence against foreign aid workers, international officials and Colombian citizens
involved in the search for peace and in assisting the civilian population (14). In
October, it condemned the murder of Mrs Araújo Noguera, the former Minis­
ter for Culture (1) and in December issued a further statement on the peace pro­
cess (2). The Union hailed the successful conduct of the presidential and legisla­
tive elections in Peru in April (3) and later congratulated Mr Toledo on his victory (4) and investiture (5). In June, it welcomed the promulgation of a law abolishing the death penalty in Chile in time of peace (6). In August, having noted the resignation of Bolivia’s President Suárez, it congratulated his succes­
sor, Mr Jorge Quiroga Ramírez (7).

849. In March, the Union noted with satisfaction the progress made towards a settlement of the Guatemala–Belize territorial dispute (8). In October, it expressed its solidarity with the victims of Hurricane Iris in Belize (9). In April, it honoured the memory of Monsignor Gerardi on the third anniversary of the Guatemalan bishop’s assassination (10). The Union also issued a number of statements on the general elections in Nicaragua (11) and congratulated Mr Enrique Bolaños on his election as President of the Republic (12). In November, it applauded the Honduran people and political parties for the democratic maturity they had shown in the general elections and congratulated Mr Ricardo Maturo on his appointment as President (13).

850. Concerning Mexico, in March the Union welcomed the steps taken by the new government to re-establish dialogue with the Ejército Zapatista de Liberación Nacional (EZLN) (14). In May, it urged the EZLN to respond to this constructive proposition (15). In October, it condemned the killing of Ms Digna Ochoa y Plácido, a leading human rights campaigner (16). In November, it wel­
comed the release of two ecologists (17).

851. As regards Haiti, the Union hailed the initiatives taken in January by major organisations of Haitian civil society (18) and in June by the Organisation of American States (OAS) and Caricom (19) to find a solution to the political cri-
sis created by the 2000 elections. In December, the Union condemned the delay in implementing the OAS resolution (1).

Africa

852. In January, after strongly condemning the attack on the President of the Democratic Republic of the Congo, Laurent-Désiré Kabila, the Union urged all Congolese parties to work towards national reconciliation and a process of democratisation and called on all parties to the Lusaka agreement to respect their commitment to the accord (2). In February, the Union expressed its dismay at the continuing violent clashes in the DRC’s Oriental Province (3). In March, it welcomed the steps taken by the Rwandan and Ugandan authorities respectively to withdraw and reduce their troops in the Democratic Republic of the Congo in accordance with UN Security Council Resolution 1341 (4). In August, it welcomed the opening of inter-Congolese dialogue (5). The Union also expressed repeated concern at the deterioration of the situation in Burundi (6). However, it noted with satisfaction the announcement of a start on implementation of the plan devised by the mediator, Mr Mandela, adopted at the summit meeting in Arusha on 23 July (7). In November, it welcomed the setting-up of a transitional government of national unity, but condemned the upsurge of violence in the armed conflict there (8).

853. In January, the Union was shocked by acts of violence committed by the security forces in Tanzania (9) and condemned the attacks on the press in Zimbabwe (10). In February, it welcomed the signing of a framework agreement for reconciliation in the Comoros (11). In March, it noted with satisfaction the successful overall conduct of the presidential elections in Uganda (12). Initially concerned by the difficulties which led to a delay in the establishment of the temporary security zone between Ethiopia and Eritrea (13), the Union welcomed the implementation of this measure in April (14). However, in October, it could only deplore the expulsion of the EU Presidency representative to Eritrea (15). It also followed with interest the peace process for Sudan, undertaken at Kenya’s ini-
tative under the auspices of the IGAD (1), but expressed concern when tensions mounted again in June (2). Similar concerns were raised in relation to Somalia in August (3). As regards Angola, in May the Union roundly condemned the attack by UNITA near the town of Caxito and the abduction of children, but was encouraged by some new developments which it considered positive (4). In August, it expressed renewed concern at the deteriorating situation following an attack on a train by UNITA (5). Threats and verbal attacks against minorities in Namibia were also the subject of condemnation (6). In November, the Union also followed with interest the organisation of the presidential elections in Madagascar (7).

854. The Union was shocked by an attempted coup d'État in early January in Côte d'Ivoire (8). In March, it noted with satisfaction the overall conduct of the local elections (9). It also welcomed the holding of free and fair elections in Ghana in December 2000 (10) and in Cape Verde in January (11). The Union issued a number of statements concerning the arrangements for elections in Togo, which it considered essential to calm the political situation there (12). While deploiring the corporal punishment inflicted on a minor in Nigeria, it was encouraged by the steps taken there for the protection of human rights (13). In April, it welcomed the successful handling of the presidential elections in Benin (14), while in June it regretted the irregularities which affected those in Chad (15). In June, it also condemned an attempted coup d'État in the Central African Republic (16). In September, the Union commended the progress achieved in the dialogue between the three Mano River Union countries (Guinea, Liberia and Sierra Leone) (17). In October, however, it was alarmed by the internal situation in Guinea (18). In November, it welcomed the successful organisation, conduct and outcome of the local and parliamentary elections in Mauritania (19).

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(1) Bull. 4-2001, point 1.6.13; Bull. 6-2001, point 1.6.19.
(2) Bull. 6-2001, point 1.6.20.
(3) Bull. 7/8-2001, point 1.6.31.
(6) Bull. 5-2001, point 1.6.22.
(7) Bull. 11-2001, point 1.6.17.
(9) Bull. 3-2001, point 1.6.18.
(10) Bull. 1/2-2001, point 1.6.20.
(11) Bull. 12-2001, point 1.6.45; Bull. 7/8-2001, point 1.6.34; Bull. 10-2001, point 1.6.22.
(13) Bull. 4-2001, point 1.6.7.
(14) Bull. 6-2001, point 1.6.21.
(15) Bull. 6-2001, point 1.6.18.
(16) Bull. 9-2001, point 1.6.7.
(17) Bull. 10-2001, point 1.6.15.
(18) Bull. 11-2001, point 1.6.18.

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Pacific region

855. In March, the Union was encouraged by the decision of Fiji’s caretaker government to hold elections (*). In September, it welcomed the generally free and fair elections but noted the fears expressed in Fiji itself and by the international community regarding the formation of the new government (**).

856. In November, the Union voiced concern at the kidnapping and subsequent murder of Mr Theys Eluay, Chairman of the Papua Presidium Council (**).

General

857. In March, the Union welcomed the announcement by the serving UN Secretary-General, Mr Kofi Annan, that he was available for a second term in office (**). In October, it applauded the award of the Nobel Peace Prize jointly to the United Nations Organisation and to its Secretary-General (**). In December, on the occasion of the 10th anniversary of Ms Aung San Suu Kyi winning that award, the Union regretted that the General Secretary of the National League for Democracy in Burma was not in a position to grace the celebrations of the centenary of the Nobel Peace Prize with her presence (**). In May, it noted with satisfaction the ratification by Andorra of the Statute of the International Criminal Court (**). On the occasion of the United Nations International Day in Support of Victims of Torture (26 June), the Union underlined the importance it attached to the eradication of torture and other inhuman forms of treatment or punishment (**).

(*) Bull. 3-2001, point 1.6.21.
(**) Bull. 9-2001, point 1.6.6.
(**) Bull. 11-2001, point 1.6.23.
(**) Bull. 3-2001, point 1.6.34.
(**) Bull. 5-2001, point 1.6.13.
(**) Bull. 6-2001, point 1.6.23.
Section 2

International organisations and conferences

United Nations and specialised agencies

858. In its conclusions of 15 and 16 June (2), the Gothenburg European Council noted the ongoing efforts to reinforce political dialogue and strengthen cooperation between the European Union and the United Nations. Substantial progress was made towards a partnership in the fields of conflict prevention and crisis management, development cooperation, humanitarian aid (points 812 and 940), asylum policy and refugee assistance (point 520). The European Council called for the western Balkans, the Middle East and Africa to be given highest priority in the reinforced partnership and for framework agreements to be concluded between the Community and UN agencies in order to enhance coordination.

859. Mr Prodi's visit to Geneva on 24 and 25 January (3) made him the first President of the Commission to pay an official visit to the organisations of the United Nations. With a view to strengthening cooperation with the UN organisations to meet the challenges of globalisation, coherence and governance, Mr Prodi met Ruud Lubbers, High Commissioner for Refugees, Mary Robinson, High Commissioner for Human Rights, and Mike Moore, Director-General of the WTO.

General Assembly

860. At the opening of its 56th session in New York on 12 September, the UN General Assembly adopted a unanimous resolution condemning the terrorist attacks in the United States (points 1040 et seq.). It expressed its condolences and solidarity with the people and Government of America and called for international cooperation to bring to justice those who had perpetrated and sponsored the attacks and to ultimately prevent and suppress acts of terrorism. It observed a minute's silence in honour of the victims. Expressing the gratitude

(1) For activities involving the international development agencies see Section 4 ('Development policy') of this chapter (points 940 et seq.).
(2) Bull. 6-2001, point 1.31.
(3) Bull. 1/2-2001, point 1.6.49.
of his country, the US representative, Mr James Cunningham, pointed out that by opening the 56th session on the day after the attacks, the General Assembly had demonstrated that its members were united against terrorism and determined not to give in to fear. Dr Han Seung-Soo, the Republic of Korea's Minister for Foreign Affairs and Trade, was elected President of the Assembly. Emphasising the importance of the Millennium Declaration adopted in 2000 (1), he recalled the scale of the challenges and tasks facing the United Nations, including regional or sectarian conflicts, acts of terrorism, disease, pollution, financial crises and cross-border crime. He considered it the duty of the Assembly to rapidly implement the declaration, in particular as regards reform of the Security Council, the UN's capacity to respond to conflict, the protection of human rights, combating terrorism and the development of and access to new information and communication technologies.

861. During the general debate at the 56th session of the General Assembly, which had been postponed until 10–16 November (2) following the 11 September attacks, the EU was represented by Mr Louis Michel, President of the Council, Mr Javier Solana, the CFSP High Representative, and Mr Patten. The Presidency issued a declaration at the debate on action to combat terrorism and the key role played in it by the United Nations and went on to address human rights issues, disarmament, poverty alleviation and sustainable development. During the session, Mr Patten confirmed the European Union’s support for its partners at the second annual meeting of ministers of the developing countries and, on 9 November, took part in the troika’s meeting with UN Secretary-General, Mr Kofi Annan.

862. A World Conference on Racism, Racial Discrimination, Xenophobia and Intolerance took place in Durban, South Africa, from 31 August to 7 September (→ point 48).

Economic and Social Council and United Nations Economic Commission for Europe (ECE)

863. The 56th annual session of the United Nations Economic Commission for Europe took place in Geneva from 8 to 11 May. The main items on the agenda were institutional reform and governance as a means of creating an environment conducive to business, trade and economic growth. At a joint ECE–OSCE seminar (→ points 869 et seq.) held in Villars, Switzerland, on 19 and 20 November concerning the role of the economic dimension in conflict prevention in Europe, the European Union’s approach was presented by the Commission. On 24 and 25 April, Ms Danuta Hübner, the Executive Secretary

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(1) 2000 General Report, point 789.
(2) Bull. 11-2001, point 1.6.25.
of the ECE, met Ms Wallström and Mr Verheugen for talks covering EU enlargement and joint preparations for the world summit on sustainable development (Rio + 10) (→ point 610).

**Commission on Sustainable Development and Convention on Climate Change**

864. Activities relating to the Commission on Sustainable Development and the Convention on Climate Change are covered in Section 4 ('Environment') of Chapter IV (→ point 644).

**Convention on the Law of the Sea and the International Seabed Authority**

865. As a party to the Convention on the Law of the Sea, the Community took part in the meeting of States parties to the convention held in New York from 14 to 18 May, and as a member of the International Seabed Authority it took part in the Authority's seventh session, held in Kingston, Jamaica, from 2 to 13 July.

**International Monetary Fund (IMF)**(1) and World Bank(2)

866. On 29 and 30 April, the European Union, represented by Mr Bosse Ringholm, President of the Council, and Mr Solbes Mira took part in the spring meetings in Washington of the IMF's International Monetary and Financial Committee (IMFC), Development Committee (DC) and Group of Ten. The IMFC reviewed progress on the implementation of the reforms to the Fund and the international monetary system to allow them to better respond to the challenges of globalisation and the increasing integration of international financial markets. It also welcomed the progress achieved thanks to the heavily indebted poor countries (HIPC) initiative (3). The annual World Bank and IMF meetings were cancelled as a result of the terrorist attacks in the US on 11 September, while the autumn meetings of the IMFC and DC were postponed until 17 and 18 November in Ottawa. The Commission took part in the debates as an observer, notably in the debate on the slowdown in the world economy following the terrorist attacks. The developed countries were encouraged to pursue policies for economic recovery and to increase official development aid. The IMFC approved the IMF action plan on money laundering and the funding of terrorist networks and called on each country to set up a financial intelligence unit.

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(2) Internet address: http://www.worldbank.org/.
World Intellectual Property Organisation (WIPO)\(^{(1)}\)

867. The Community, represented by the Commission and the Member States, continued to play an active role in WIPO, notably by submitting a proposal for a treaty on protection for broadcasting organisations.

World Trade Organisation and World Customs Organisation

868. The activities of these organisations are covered in Section 3 (‘Common commercial policy’) of this chapter \(\rightarrow\) points 876 to 883.

 Organisation for Security and Cooperation in Europe (OSCE)\(^{(2)}\)

869. The OSCE’s main meeting was the Ministerial Council meeting in Bucharest on 3 and 4 December \(^{(3)}\), attended by the foreign ministers of the 55 participating States. Representatives of the European Union, the OSCE’s Mediterranean partners (Algeria, Egypt, Israel, Jordan, Morocco and Tunisia), the partners for cooperation (Japan, South Korea and Thailand), UN agencies and other international organisations and regional groupings also attended. The Ministerial Council adopted a political declaration on terrorism and an anti-terrorism action plan, various declarations of regional concern (south-eastern Europe, Central Asia, Nagorno-Karabakh, Georgia, Moldova) and several decisions relating to the operation of the OSCE. The Commission was represented by Mr Patten who addressed the issues of terrorism, EU enlargement and regional stability in Central Asia, the southern Caucasus and the Balkans.

870. The ninth OSCE Economic Forum in Prague on 15 and 16 May was devoted to transparency and good governance in economic matters, following up a seminar organised together with the Commission in Brussels on 30 and 31 January.

Western European Union (WEU)\(^{(4)}\)

871. The activities taken over from the WEU and now covered by the common security and defence policy are described in Section 1 (‘Common Foreign and Security Policy’) of this chapter \(\rightarrow\) point 818.

\(^{(1)}\) Internet address: http://www.wipo.org/index.html.
\(^{(2)}\) Internet address: http://www.osce.org/.
\(^{(3)}\) Bull. 12-2001, point 1.6.22.
\(^{(4)}\) Internet address: http://www.weu.int/.
Council of Europe\(^{(1)}\)

872. The Community, represented by the Commission, took part in the work of the Council of Europe, particularly the 108th and 109th sessions of the Committee of Ministers held in Strasbourg on 3 April and 8 November, the latter of which dealt with action to combat terrorism. The Presidency and Mr Patten took part in the annual quadripartite meetings, held in Strasbourg on 3 April \(^{(2)}\) and in Brussels on 20 November \(^{(3)}\), at which they stressed the relevance of the instruments of the Council of Europe to assessment of compliance with the political criteria for accession adopted by the Copenhagen European Council \(\rightarrow\) point 767). In addition to the usual cooperation with expert committees dealing with legal, cultural, youth, human rights and media matters, Mr Vitorino represented the Commission at the 24th conference of European justice ministers, held in Moscow on 4 and 5 October. On 3 April \(^{(2)}\), Mr Patten, for the Commission, and Mr Walter Schwimmer, Secretary-General of the Council of Europe, signed a joint declaration on cooperation and partnership which establishes a framework for regular regional discussions between the two institutions. The Council of Europe also drafted a convention on information and legal cooperation on information society services along the lines of European Parliament and Council Directives 98/34/EC \(^{(4)}\) and 98/48/EC \(^{(5)}\) laying down a procedure for the provision of information in the field of technical standards and regulations (Table III).

Organisation for Economic Cooperation and Development (OECD)\(^{(6)}\)

873. At the annual ministerial meeting of the OECD Council on 16 and 17 May, attended by Ms Wallström, Mr Lamy and Mr Solbes Mira, ministers stressed the importance of shaping globalisation to the benefit of all, and ensuring that the poorest were not left behind. They recognised the need, nationally and internationally, to bring greater coherence across the range of policies that impacted on the achievement of this goal. Trade, investment and development policies, in particular, had a vital contribution to make to sustainable development and poverty reduction. Ministers also highlighted the need to pay special attention to strengthening the coherence of public governance and approved the recommendations of the OECD report on sustainable development. They also discussed prospects for the principal economies and encouraged the Organisa-

\(^{(1)}\) Internet address: http://www.coe.int/portalt.asp.
\(^{(2)}\) Bull. 4-2001, point 1.6.24.
\(^{(3)}\) Bull. 11-2001, point 1.6.26.
\(^{(6)}\) Internet address: http://www.oecd.org/.
tion to continue its work in a number of fields, notably on the factors of economic growth, governance, combating corruption and harmful tax practices.

**European Bank for Reconstruction and Development (EBRD)**

874. The EBRD's activities are described in Section 1 ("Economic and monetary policy") of Chapter III (→ points 99 et seq.).
Section 3

Common commercial policy (1)

Priority activities and objectives

875. Two years of EU work towards securing a new round of trade negotiations within the World Trade Organisation (WTO) bore their fruit at the WTO ministerial conference in Doha this November. The results of the conference were in line with the EU's objectives of liberalising trade to renew economic growth, reinforcing the regulatory side of the multilateral trade system and taking on the concerns of the developing countries and civil society. In the Union itself, a regulation applying a multiannual generalised preference scheme was intended as a major step ('everything but arms') towards increasing the participation of the least developed countries in international trade.

World Trade Organisation (WTO) (2)

876. The fourth WTO ministerial conference was held in Doha (Qatar) from 9 to 14 November (3). The chief results were: the decision to launch a new three-year round of WTO trade talks (the Doha agenda) with a joint focus on free trade and new forms of regulation, along with undertakings to substantially increase support for capacity-building in the developing countries and help them to apply existing WTO agreements; the decision to interpret the agreement on trade-related intellectual property rights (TRIPS) in a way favourable to the rights of its signatories to take public health protection measures; a derogation from WTO rules to allow the preferential trade agreements provided for in the Cotonou Agreement between the EU and the ACP countries (→ point 1103); the accession of China and Chinese Taipei to the WTO (→ point 879). The agreements reached at Doha enabled the EU's four main objectives to be realised, namely: the prospect of further trade liberalisation to kick-start economic growth and restore business confidence at a critical moment in the development of the global economy; reinforcing the regulatory nature of the multilateral trade system — to be achieved by drafting under WTO auspices agreements on investment, competition, facilitating trade and

(1) Further information is available on the Europa web site (http://europa.eu.int/comm/dgs/trade/index_en.htm).
(2) Internet address: http://www.wto.org/index.htm.
(3) Bull. 11-2001, point 1.6.28.
public procurement and introducing new rules to govern relations between WTO rules and international agreements on the environment; meeting the concerns of the developing countries about implementation of the Marrakesh agreements and taking account of the development dimensions in all specific negotiations; meeting the expectations of civil society about transparency, sustainable development and the environment. At a special session in Doha on 14 November (1), the Council decided to approve the conference texts and authorised the Commission to convey at the end of the conference the agreement of the Community and its Member States to the draft ministerial declaration, the draft decision on implementation-related issues and the separate draft declaration on intellectual property and public health. It also greeted favourably the ministerial declaration that negotiations were to be launched on extending the protection of geographical indications to sectors other than wine and alcoholic beverages. In a resolution of 13 December (2), Parliament also gave a favourable reception to the results of the Doha Conference.

877. At its meetings in Stockholm in March (3) and in Gothenburg (4) in June, the European Council reaffirmed the importance of a sound, open international trading system and the need to launch a new, transparent and comprehensive round of negotiations within the framework of the WTO taking account of the concerns of all its members, particularly the developing countries, and of civil society. It also stressed the need for such negotiations at the summit and ministerial meetings with Canada, the United States, Japan, the G8 and other industrialised countries (→ points 1033 et seq.) and with Asian countries (→ points 1057 et seq.), the Rio Group countries (5) and the Mediterranean partners (→ points 994 et seq.).

878. In a resolution of 13 March (6), Parliament stressed the need for greater transparency in the upcoming WTO negotiations on the built-in agenda on agriculture, services, the protection of intellectual property and institutional aspects such as the preparation and conduct of ministerial meetings. In two resolutions of 25 October, one on openness and democracy in international trade (7) and one on preparation for the fourth WTO ministerial conference (8), Parliament confirmed its support for a broad agenda, emphasised the link between trade issues and non-trade ones such as poverty and democracy, and advocated launching a ‘development round’ at the Doha Conference, publicising hearings of the dispute settlement body and creating a parliamentary assembly. It also

(1) Bull. 11-2001, point 1.6.29.
(3) Bull. 3-2001, point 1.33.
(4) Bull. 6-2001, point 1.27.
(5) Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.
(7) Bull. 10-2001, point 1.6.29.
(8) Bull. 10-2001, point 1.6.28.

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demanded that conservation of the environment and compliance with social legislation and the principle of precaution be taken into account more thoroughly in the WTO, if necessary through explicit reference to the 1994 Marrakesh Agreements (1). The Economic and Social Committee also issued an opinion on 17 October (2) concerning the preparations for the Doha Conference in which it put particular emphasis on the expectations of the developing countries and the importance of dialogue with civil society and non-governmental organisations.

879. This year China and Chinese Taipei joined the WTO. Both sets of negotiations were concluded in September and approved at the fourth ministerial conference in Doha (→ point 876). The Council expressed its agreement on the accessions on 29 October (3). Other countries, including Moldova (4) and Lithuania also joined the WTO, and the Federal Republic of Yugoslavia, the Bahamas and Tajikistan applied for membership. An Economic and Social Committee report of 12 September on international trade and social development (5) advocated the accession of the Mediterranean countries to the WTO.

880. The WTO dispute settlement body (DSB) set up 15 panels of which four, established on the initiative of the EU, concern the United States (anti-subsidy measures in the context of privatisation, de minimis countervailing duties, safeguard measures for certain steel products and the Continued Dumping and Subsidy Offset Act (Byrd Amendment)) and three concern the EU: duties on rice (United States’ initiative), anti-dumping duties on malleable cast iron tube or pipe fittings (Brazil’s initiative) and the trade description of sardines (Peru’s initiative). The DSB adopted three panel and appellate body reports finding for the EU and against Argentina (export of bovine hides and import of finished leather), the United States (safeguard measures on imports of corn gluten) and Canada. The last case concerned France’s ban on the import of asbestos: the appellate body confirmed that the ban was justified on public health grounds and was not in violation of WTO agreements. The European Union applied the DSB’s recommendations on the case concerning India (anti-dumping duties on imports of cotton bed linen). Agreement was reached in the case concerning Community arrangements for the import of bananas and the suspensions of concessions applied to certain Community products were lifted (6). Agreement was also reached on the case between Brazil and the Community on the tariff system applied to soluble coffee and the dispute between Chile and the Community over transit and the import of swordfish into Chile.

2) Bull. 10-2001, point 1.6.27.
4) Bull. 3-2001, point 1.6.38.
6) 1999 General Report, point 679.

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The WTO Committee on Rules of Origin continued its work on world harmonisation of non-preferential rules of origin.

In July, the Commission presented a communication on promoting core labour standards and improving social governance in the context of globalisation (→ point 153).

World Customs Organisation (WCO)

On 19 March, the Council adopted negotiating directives on a draft amendment to the Convention creating the Customs Cooperation Council, signed in 1950, to allow the European Community to become a member of that body (Table III).

Operation of the customs union, customs cooperation and mutual administrative assistance

In a communication of 8 February (3), the Commission stated its intention of revising the strategy to be adopted for the Union’s customs activities in order to take account of major changes in progress or about to occur in the near future, such as EU enlargement, increased EU involvement in the regulation of external trade and the involvement of organised crime in fraudulent activities. At a meeting of 30 and 31 May (4), the Council adopted a resolution welcoming this Commission initiative.

On 4 May (5), the Commission amended Regulation (EEC) No 2454/93 laying down provisions for the implementation of the Community Customs Code (6) to complete the legal framework necessary for the implementation of the NCTS project (new computerised transit system). For this purpose, the convention of 20 May 1987 on a common transit procedure (7) was also amended by EC/EFTA Joint Committee Decision No 1/2001 on 7 June (8).

Regulation (EEC) No 3351/83 on the procedure to facilitate the issue of and making out of certain customs documents under the provisions governing

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(1) Internet address: http://www.wcoomd.org/.
(2) Further information is available on the Europa web site (http://europa.eu.int/comm/taxation_customs/customs.htm).
(3) COM(2001) 51; Bull. 1/2-2001, point 1.6.52.
(4) Bull. 5-2001, point 1.6.30.
preferential trade between the European Economic Community and certain
countries was simplified by a Council regulation of 11 June \(^1\). Since 1 April \(^2\),
products originating in certain countries benefiting from generalised tariff pref­
ervances have been covered by a simplified scheme for transit between the Com­
unity, Norway and Switzerland. The ACP–EC Customs Cooperation Com­
mitee amended the rules of origin for certain countries \(^3\). On 6 August, the
Commission did the same for Saint Pierre and Miquelon \(^4\).

887. As regards tariffs, several amendments were made to Regulation (EEC)
No 2658/87 on the tariff and statistical nomenclature and on the Common Cus­
toms Tariff \(^5\). The 2002 version was published on 23 October \(^6\). The TARIC
(integrated Community tariff) multilingual database provides daily electronic
transmission of all the information the national administrations need for the
uniform application of all tariff measures. The Commission published the 2001
paper version of the TARIC on 23 April \(^7\). The online version on the Europa
web site \(^8\), the TDDS (tariff data dissemination system), was developed to
facilitate interactive consultation of the TARIC and management of tariff quo­
tas on a first-come-first-served basis (QUOTA) and of the European customs
inventory of chemical substances (ECICS).

888. On 19 December, the Council adopted Regulation (EC) No 2499/2001 \(^9\)
amending Regulation (EC) No 1255/96 temporarily suspending the autonomous
Common Customs Tariff duties on certain industrial and agricultural products \(^10\).

889. Protocols on mutual administrative assistance in customs matters were
added to the framework cooperation agreement with Chile on 5 April
(Table III) and the association agreement with Cyprus on 18 June (Table III).
On 12 December, the Commission recommended doing the same thing under
the customs union agreement with Andorra (Table III).

890. Parliament adopted a resolution on the Court of Auditors’ Special
Report No 8/99 on securities and guarantees to protect the collection of tradi­
tional own resources \(^11\) on 16 January \(^12\). On 11 June, the Council adopted

\(^{3\)} Fiji, Senegal, Swaziland and Zambia.
\(^{11\)} OJ C 70, 10.3.2000; 1999 General Report, point 1045.
\(^{12\)} OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.6.53.
conclusions (¹) on the Court of Auditors’ Special Report No 23/2000 concerning valuation of imported goods for customs purposes (²).

**Commercial policy instruments (³)**

891. On 12 October, the Commission adopted its 19th annual report to Parliament on the anti-dumping and anti-subsidy measures taken by the Community in 2000 (⁴). On 2 March (⁵), it amended the anti-dumping scheme applicable to ECSC products (⁶) along the same lines as the October 2000 amendment (⁷) to Council Regulation (EC) No 384/96 on protection against dumped imports from countries not members of the European Community (⁸). The aim is to maintain the special anti-dumping arrangements applied to China and Russia, extend the special market economy arrangements to Ukraine, Vietnam and Kazakhstan, and to countries which are currently categorised as not having a market economy for anti-dumping purposes but are members of the WTO, and to any other country that does not have a market economy when it joins the WTO in future. On 23 July, the Council adopted Regulation (EC) No 1515/2001 (⁹) allowing the Community to take all the necessary measures following a report adopted by the WTO dispute settlement body (→ point 880) concerning anti-dumping and anti-subsidy matters.

892. The Council imposed definitive anti-dumping duties in 12 cases; these (¹⁰) concerned imports of ammonium nitrate originating in Poland and Ukraine (¹¹), certain aluminium foil originating in China and Russia (¹²), polyethylene terephthalate film originating in India and the Republic of Korea (¹³), integrated electronic compact fluorescent lamps (CFL-i) originating in China (¹⁴), certain iron or steel ropes and cables originating in the Czech Republic, Russia, Thailand and Turkey (¹⁵) and bicycle gear hubs originating in Japan (¹⁶). The Council also closed an investigation without taking measures.

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¹ Bull. 6-2001, point 1.6.27.
¹⁰ For more details on specific cases see the 20th annual report to Parliament on the Community’s anti-dumping and anti-subsidy activities in 2001 (to be published). The Bulletin of the European Union gives notice, without comment, of the different stages (notifications, undertakings, duties) of ongoing procedures.
¹² OJ L 134, 17.5.2001; Bull. 5-2001, point 1.6.33.
Further to reviews, it confirmed or amended the definitive duties in 20 proceedings and terminated one proceeding without renewing the measures. The Commission published notices of initiation concerning 27 new investigations and 29 reviews. It adopted 18 provisional measures and closed 11 investigations without taking measures. Following reviews, the Commission confirmed or amended definitive duties in one proceeding and terminated six investigations without renewing the measures.

893. As regards anti-subsidy measures, after reviews the Council confirmed or amended definitive duties in three proceedings and terminated one investigation without renewing the measures. The Commission published notices of initiation concerning three new investigations. One review was opened and two proceedings were terminated without renewing the measures.

894. In compliance with the Agreement on Technical Obstacles to Trade (1), the Commission notified the competent committee at the WTO of Community draft legislation containing technical rules in many areas from genetically modified organisms to pressure equipment. The Commission also examined the draft legislation of non-Community countries to guard against obstacles to Community businesses. It has encouraged Member States to participate actively in the procedure, particularly to give their businesses the chance to benefit from this international instrument of trade.

895. Under the regulation on barriers to trade (2) the Commission opened an examination procedure concerning trade practices maintained by the United States in relation to the imports of prepared mustard (3). It closed the examination procedure concerning measures affecting the trade of cognac in Brazil (4) and suspended the examination procedures concerning trade practices maintained by Brazil in relation to imports of textile products and sorbitol (5).

896. On 26 February, the Council adopted Regulation (EC) No 382/2001 concerning the implementation of projects promoting cooperation and commercial relations with the industrialised countries of North America, the Far East and Australasia (Table II). The regulation, to apply until 2005, provides for the financing of activities relating to education and public awareness, enhancing customs cooperation and raising the profile of the European Union in the countries concerned.

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(4) OJ L 35, 6.2.2001; Bull. 1/2-2001, point 1.6.73.
897. On 6 March, the Council adopted Regulation (EC) No 458/2001 (1) modifying the control parameters for certain categories of goods covered by Regulation (EC) No 1334/2000 on the control of exports of dual-use items and technology (2). The parameters were updated again on 20 November (3).

**Treaties, trade agreements and agreements on mutual recognition**

898. On 4 April and 27 September, the Community signed and concluded an agreement with Japan on mutual recognition in relation to conformity assessment (Table III) in the fields of telecommunications terminals, safety of electrical equipment, electromagnetic compatibility, good practice in the manufacture of pharmaceuticals and good laboratory practice in the field of industrial chemical products. On 10 December (4), the Commission proposed drafting rules of procedure for the joint committee established by the mutual recognition agreement with the United States (5).

899. On 15 November, the Council authorised the tacit renewal or maintenance in force until 30 April 2005 of certain trade agreements between Member States and non-Community countries (6).

**Export credits**

900. On 2 August (7), the Commission amended and extended for three years from 1 January 2002 its 1997 communication to the Member States on short-term export-credit insurance (8). The main amendment was to include political risk within the EU and the OECD member countries on the list as a marketable risk.

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(1) OJ L 65, 7.3.2001; Bull. 3-2001, point 1.6.41.
(4) COM(2001) 739; Bull. 12-2001, point 1.6.36.

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Market access

901. A new version of the interactive database on trade barriers, introduced as part of the market access strategy launched in 1996 (2), was designed by the Commission to provide users with more purpose-oriented and effective information with a view to eliminating trade barriers.

Trade and sustainable development

902. The Commission continued to take an active part in the work of the WTO Committee on Trade and Environment and other international bodies. As part of its preparations for the next world summit on sustainable development (→point 610) and with a view to establishing a platform on the integration of environmental considerations in trade policy, it engaged in extensive consultation of civil society. At the WTO ministerial conference in Doha (→point 876), the importance of sustainable development as a WTO priority was strongly emphasised.

Individual sectors

Steel

903. On 5 February (3), the Commission extended to 2001 the 12 % reduction of the quantitative limits on imports of certain steel products from Russia established in 2000 (4).

904. On 19 November, the Council authorised the Commission to negotiate a renewal of the agreements on trade in certain steel products with Kazakhstan, Russia and Ukraine (Table III).

905. On 5 December (5), the Commission proposed repealing Council Regulation (EC) No 190/98 concerning the export of certain steel products from the Former Yugoslav Republic of Macedonia (6). On 21 December, it recommended extending for a year the double control system without quantitative limits on the import of certain steel products originating in the Czech Republic (7) and, on 28 December, it made the same proposal for Poland (8) and Slovakia (9).

(1) http://mkaccdb.eu.int/.
(2) 1996 General Report, point 721.
(9) COM(2001) 795; Bull. 12-2001, point 1.6.43.
Textiles

906. On 26 February (1) and 20 September (2), the Council revised and updated Regulation (EC) No 3030/93 on common rules for imports of certain textile products from third countries (3). On 16 November (4), it amended Regulation (EC) No 47/1999 on the arrangements for imports of certain textile products originating in Taiwan (5) to avoid disparities in its interpretation.

907. On 26 February, the Council adopted two decisions on the signing and provisional application of an agreement on trade in textile products with Bosnia and Herzegovina (Table III) and an agreement on market access arrangements for textile and clothing products with Sri Lanka (Table III).

908. On 23 July, the Council concluded an agreement in the form of an exchange of letters amending, for textiles, the association agreement between the European Community and Estonia. On 17 December, it decided to sign a memorandum of understanding about market access arrangements for textile and clothing products (Table III). On 20 December, the Commission proposed extending the agreements on trade in textile products between the European Community and Egypt and Laos, due to expire on 31 December, to 31 December 2003 and 31 December 2004 respectively (Table III).

Shipbuilding and motor industry

909. On 2 May, the Commission adopted its fourth report on the situation in world shipbuilding (6), in which it indicated that the EU shipbuilding sector was still experiencing serious difficulties, exacerbated, in particular, by the consolidation of South Korea’s dominant situation on the world market. At its meeting of 14 and 15 May (7), the Council expressed its continuing concern about this critical situation and called on the Commission to continue its market surveillance and its investigation, under the trade barriers regulation, into South Korea’s trade practices. The investigation, begun in 2000 (8), had shown evidence of Korean subsidies. On 25 July, the Commission proposed a regulation putting in place a temporary defence mechanism for European shipbuilding (Table II).

(7) Bull. 5-2001, point 1.6.43.
(8) 2000 General Report, point 834.
910. The Community and the United States asked the WTO dispute settle­
ment body to establish a panel on the measures adopted by the Indian Govern­
ment in the motor industry. The Commission reached an agreement with Japan
on the application of Japanese legislation to CO₂ emissions (1).

Other products

911. On 22 May, the Council adopted Regulation (EC) No 1036/2001 pro­
hibiting imports of Atlantic bigeye tuna originating in Belize, Cambodia, Equa­
torial Guinea, Honduras and Saint Vincent and the Grenadines (2). As part
of the preparation for enlargement, protocols were signed with some of the acces­
sion candidates with a view to phasing out the customs duties affecting trade in
fish and fisheries products (→ point 493).

912. The association councils concerned adopted decisions to conclude
agreements with Estonia, Latvia, Lithuania and Slovenia (→ point 780) on
improving trade arrangements for processed agricultural products. On 2 May,
the Council decided to conclude an agreement with Argentina opening a tariff
quota for garlic (Table III). On 15 November, it amended the autonomous
common customs tariff duty for garlic (3).

Services

913. As it had the year before (4), the Commission played a key role in the
‘GATS 2000’ negotiations on trade in services, in the WTO working parties on
services focusing on domestic regulations, ‘rules’ (safeguard measures, subsidies
and public procurement), specific commitments and financial services, in the
work programme on electronic commerce and in the review of most favoured
nation (MFN) clauses and the annex on air transport.

914. The Commission supervised the implementation of the commitments
made at the WTO for the services sector and took steps to solve specific prob­
lems such as telecommunications in the United States and Japan (5).

915. As regards the Economic Partnership, Political Coordination and Coop­
eration Agreement concluded in 2000 (6) between the European Union and
Mexico, the Joint Council of 27 February (7) decided that the provisions on

(1) 2000 General Report, point 835.
(2) OJ L 145, 31.5.2001; Bull. 5-2001, point 1.6.46.
(4) 2000 General Report, point 809 and points 837 to 840.
(6) 2000 General Report, point 1012.
trade in services, investment, intellectual property and the dispute settlement mechanism would enter into force on 1 March. On 19 September (1), the Commission proposed adding an annex on mutual administrative assistance. The Council backed this proposal on 17 December (2). Negotiations were continued with Turkey on customs union, with Algeria, Chile and Mercosur on free trade areas, and with the United States on mutual recognition of professional services and insurance. In September, the EU and China started negotiations on a bilateral agreement on sea shipping.

**Generalised scheme of preferences**

916. On 26 February, the Council adopted Regulation (EC) No 416/2001 (3) amending Regulation (EC) No 2820/98 (4) applying a multiannual scheme of generalised tariff preferences so as to extend duty-free access without any quantitative restrictions to all products other than arms and munitions originating in the least developed countries (LDCs). Only imports of fresh bananas, rice and sugar will not benefit immediately from full duty-free access. This initiative, known as 'Everything but arms', and going even further than the undertakings made by the Community regarding free access to its market for all LDC products, was welcomed by Parliament in a resolution of 16 May (5). On 19 December (6), the Council decided to include Senegal in the list of countries benefiting from these arrangements. On 10 December, it adopted Regulation (EC) No 2501/2001 applying a scheme of generalised tariff preferences for the period 1 January 2002 to 31 December 2004 (Table II).

(2) Bull. 12-2001, point 1.6.38.
(3) OJ L 60, 1.3.2001; Bull. 1/2-2001, point 1.6.79.
(5) Bull. 5-2001, point 1.6.54.
Section 4

Development cooperation (1)

Priority activities and objectives

917. Reducing poverty continued to be central aim of the Community’s development cooperation policy in 2001. The Commission presented an action programme to speed up delivery of EU support for measures against communicable diseases affecting the poorest people around the world. The EU also hosted the third UN Conference on Least Developed Countries, held in Brussels in May. In December, the Commission presented a communication on the role of information and communication technologies in development.

General policy

918. On 1 March (2), Parliament welcomed the Commission communication of April 2000 on the European Community’s development policy (3), endorsing its focus on the elimination of poverty. However, this did not prevent Parliament from making a critical analysis of objectives, strategy and organisation behind the policy.

919. In its conclusions of 31 May (4), the Council highlighted the progress made in implementing the Community’s development policy. It asked the Commission in subsequent years to present an annual report on results and achievements and a programme of action for the year ahead. In its conclusions of 8 November (5), the Council welcomed the Commission’s working paper on implementation of aid in 2000. It also put forward the view that the annual report should be seen as both an essential management tool and the main public document regarding the Community’s development cooperation programme. The Laeken European Council of 14 and 15 December (6) called on the Commission and the Council in its conclusions to report on ways of improving the coordination of European and international policies to promote development,

(1) Further information is available on the Europa server (http://europa.eu.int/comm/development/index_en.htm).
(2) OJ C 277, 1.10.2001; Bull. 3-2001, point 1.6.50.
(4) Bull. 5-2001, point 1.6.48.
(5) Bull. 11-2001, point 1.6.44.
as a contribution to the Monterrey Conference (development funding) and the Johannesburg World Summit (environment) in 2002.

920. On 23 April, the Commission adopted a communication linking relief, rehabilitation and development ('). The communication analyses the problems inherent in natural disasters, armed conflict and other crises, and proposes a range of measures to improve the Community’s contribution to international aid in post-crisis situations. The Council, in its conclusions of 31 May (2), identified insufficient coordination of resources and instruments as one of the factors responsible for poor linkage.

921. On 31 May, the Council, referring to Court of Auditors’ Special Report No 21/2000 on management of the Commission’s external aid programmes (3), welcomed what the Court of Auditors had to say about the adequacy and effectiveness of the relevant procedures (4). It also praised the steps taken by the Commission to reform the way aid is managed, in particular the setting-up of the EuropeAid Cooperation Office (point 1263).

922. On 31 May, the Council also welcomed the Commission’s communication of April 2000 on EU election assistance and observation (point 47).

923. In its resolution of 31 May (5), the Council welcomed the Commission communication of July 2000 on promoting sustainable transport in developing countries (6), stressing that the main objective was to reduce poverty. It also highlighted the social, health and environmental aspects of transport in those countries.

924. In its report of 30 May (7), the Economic and Social Committee advocated a number of measures that would help developing countries cope with globalisation.

925. In its resolution of 12 June (8), Parliament stressed how effective information and communication technologies (ICTs) could be in reducing poverty in the developing countries, particularly if used for education, health, the environment, rural development and tourism. On 14 December, the Commission adopted a communication on the role of ICTs in development (9). It identified a number of priority fields in this connection: trade and development; regional

(2) Bull. 5-2001, point 1.6.50.
(3) 2000 General Report, point 1162.
(4) Bull. 5-2001, point 1.6.47.
(5) Bull. 5-2001, point 1.6.67.
(7) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.6.49.
(8) Bull. 6-2001, point 1.6.40.

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integration and cooperation; support for macroeconomic policies and promotion of fair access to social services; transport; food security and sustainable rural development; and institutional capacity building.

926. In its communication of 21 June (¹), the Commission identified three objectives for the proposed action programme to integrate equality between women and men into the Community’s development cooperation policies: first, to incorporate the gender dimension into the priority areas of development policy; second, to ensure that it was incorporated more thoroughly in regional and national projects and programmes; and third, to build up institutional capacity for promoting gender. The Council endorsed this approach in its conclusions of 8 November (²).

927. In its resolution of 6 September (³), Parliament, pointing to poor implementation of the conclusions of the World Education Forum in Dakar (⁴), spoke of the key role the European Union had to play in promoting basic education in the developing countries, fostering gender equality in schools, for example.

928. Noting the progress made since it adopted conclusions on combating poverty in May 1998 (⁵), the Council adopted new conclusions on 8 November (⁶). In these, it encourages the Commission to give the Community’s development cooperation policy a stronger focus on poverty. On the same day (⁷), it welcomed the ideas developed by the Commission in its communication of November 2000, which examined how fisheries could help reduce poverty (⁸). Parliament also commented on this on 25 October (⁹).

Development, environment and tropical forests

929. On 27 March, the Commission adopted an action plan to promote biodiversity. Development aid was one of the policy areas covered (→ point 620). This particular point was dealt with in the Council conclusions of 8 November (¹⁰).

¹ COM(2001) 295; Bull. 6-2001, point 1.6.41.
² Bull. 11-2001, point 1.6.48.
³ Bull. 9-2001, point 1.6.24.
⁵ 1998 General Report, point 749.
⁶ Bull. 11-2001, point 1.6.46.
⁷ Bull. 11-2001, point 1.6.45.
⁹ Bull. 10-2001, point 1.6.47.
¹⁰ Bull. 11-2001, point 1.6.52.
930. On 31 May (1), the Council, preparing for the European Council meeting in Gothenburg, adopted conclusions on the strategy for integrating the environment into the Community’s economic and development cooperation policy to promote sustainable development (→ points 610 to 612).

931. In May, the Council adopted a resolution on the Commission communication of July 2000 on promoting sustainable transport in development cooperation (→ point 923).

Generalised preferences

932. Questions relating to generalised tariff preferences are dealt with in Section 3 ('Common commercial policy') of this Chapter (→ point 916).

Commodities and world agreements


934. In June, the International Grains Council decided to extend the Grains Trade Convention (4) until 30 June 2003. The Commission, authorised to decide by the Council on 28 May (5), voted in favour of the extension.

935. On 6 December, the Commission requested authorisation to conclude the agreement establishing the terms of reference of the International Jute Study Group, to replace the 1989 agreement which finally expired on 11 October (Table III).

North–south cooperation in the campaign against drugs and AIDS

936. In a communication of 8 June on implementation of an EU action plan on drugs 2000–04 (→ point 553), the Commission confirmed that the priority

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(1) Bull. 5-2001, point 1.6.52.
(2) Bull. 6-2001, point 1.6.43.
(5) Bull. 5-2001, point 1.6.56.
was given to parts of the world where drugs were produced or where they passed through on their way to the EU.

937. In its resolution of 15 March (1), Parliament called for a system allowing developing countries equitable access to the drugs and vaccines needed by HIV carriers and AIDS sufferers, at affordable prices.

**North–south cooperation on health**

938. In its communication of 21 February (2), the Commission presented a Community action programme for 2001–06 to speed up delivery of EU support for measures against the three main communicable diseases affecting the poorest people around the world (AIDS, malaria and tuberculosis). The programme develops the policy framework laid down in 2000 (3). The initiative was endorsed by the Council's resolution of 14 May (4), in which it highlighted the need for an ongoing commitment from the Union, given the urgency of the problem. In its resolution of 4 October (5), Parliament also welcomed the initiative which it felt went beyond conventional strategies in the field of health and development. On 19 December, the Parliament and the Council approved a Community contribution of EUR 60 million to the World Fund to combat HIV/AIDS, tuberculosis and malaria (Table I).

**Cooperation in the campaign against anti-personnel landmines**

939. On 23 July, Parliament and the Council adopted Regulation (EC) No 1724/2001 to step up Community action against anti-personnel mines in developing countries, and make such action more effective (Table I). It covers fulfilment of obligations under the Ottawa Convention and technology used for mine detection and destruction and information exchanges. The regulation also proposes improved international coordination, increased military cooperation and more research. The Council also adopted a regulation on action against anti-personnel mines in third countries other than developing countries. Parliament adopted a resolution promoting a commitment by non-State actors to a total ban on anti-personnel mines (→ point 824).

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(2) COM(2001) 96; Bull. 1/2-2001, point 1.6.80.
(4) Bull. 5-2001, point 1.6.57.
(5) Bull. 10-2001, point 1.6.45.

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Activities in international forums

940. On 2 May \( ^1 \), the Commission presented a communication drawing attention to the need to build a more effective partnership, through closer cooperation, with the United Nations on development and humanitarian affairs. The Council gave its backing in the conclusions adopted on 31 May \( ^2 \). In parallel, negotiations were started with a view to updating the 1999 framework agreement on the principles governing Community financing or co-financing of projects run by the UN \( ^3 \).

941. From 14 to 20 May, the European Union hosted the third UN Conference on Least Developed Countries (LDCs) \( ^4 \). In the run-up to the conference, Parliament advocated a number of measures in a resolution adopted on 5 April \( ^5 \) and the Commission gave an outline of the Community’s contribution to the conference in a communication, adopted on 11 April \( ^6 \). This was accompanied by a proposal to settle all the special loans granted to highly indebted poor LDCs \( ^7 \). The conference adopted an action plan to eradicate poverty in the LDCs by helping them to gradually integrate into the world economy with the support of the international community.

942. On 8 November \( ^8 \), the Council adopted conclusions in preparation for the UN Conference on Development Funding, due to take place in Monterrey (Mexico) in March 2002.

EC Investment Partners (ECIP)

943. On 4 April, Parliament and the Council adopted Regulation (EC) No 772/2001 on closure and liquidation of projects adopted by the Commission to implement the European Communities Investment Partners financial instrument for countries in Latin America, Asia and the Mediterranean region and in South Africa (Table I).

\( ^1 \) COM(2001) 231; Bull. 5-2001, point 1.6.59.
\( ^2 \) Bull. 5-2001, point 1.6.61.
\( ^3 \) 1999 General Report, point 659.
\( ^4 \) Bull. 5-2001, point 1.6.60; Internet: http://www.unctad.org/conference/index.html.
\( ^5 \) Bull. 4-2001, point 1.6.40.
\( ^6 \) COM(2001) 209; Bull. 4-2001, point 1.6.41.
\( ^7 \) COM(2001) 210; Bull. 4-2001, point 1.6.41.
\( ^8 \) Bull. 11-2001, point 1.6.54.
Cooperation via non-governmental organisations and decentralised cooperation

944. On 23 October, the Commission proposed that Regulation (EC) No 1659/98 on decentralised cooperation (Table I) should remain in force until 31 December 2003, in order to maintain the relevant budget heading. It also wanted to use the extra time to discuss the future of this instrument, prepare a new regulation and set up new budgetary arrangements in line with the new strategic guidelines.

945. In its resolution of 8 November (1), the Council encouraged the Commission and the Member States to continue supporting initiatives run by NGOs in the field of education and development. It also called on the Commission to raise public awareness of European development cooperation policy through more information and communication activities.

Rehabilitation aid

946. On 23 April, the Commission adopted a communication on linking relief, rehabilitation and development (→ point 920).

Food security and food aid

947. On 23 July, Parliament and the Council adopted Regulation (EC) No 1726/2001 (Table I) amending Regulation (EC) No 1292/96 on food-aid policy and food-aid management and special operations in support of food security. The purpose was to bring the regulation into line with the new 1999 Food Aid Convention (2). In its communication of 5 September on evaluation and future orientation of the amended regulation (3), the Commission pointed out the need for a clearer definition of the regulation’s purpose in the interests of consistency, synergies with other Community policies and programmes and increased effectiveness. The Council also adopted conclusions on this matter on 19 December (4).

948. Details of food security and food aid granted in 2001 are given in Table 15.

(1) Bull. 11-2001, point 1.6.47.

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### TABLE 15
Food security and food aid programme, 2001

<table>
<thead>
<tr>
<th>Region or organisation</th>
<th>Cereal (tonnes)</th>
<th>Chile (tonnes)</th>
<th>Sugar, milk and pulses (tonnes)</th>
<th>Other products (million EUR)</th>
<th>Cost of all products (including transport) (million EUR)</th>
<th>Inputs and tools (million EUR)</th>
<th>Support + storage + information systems (million EUR)</th>
<th>Exchange facilities (million EUR)</th>
<th>Monitoring and technical assistance (million EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct aid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<td>Europe</td>
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<tr>
<td>Africa</td>
<td>16 000</td>
<td></td>
<td></td>
<td></td>
<td>1.30</td>
<td>5.90</td>
<td>19.00</td>
<td>15.90</td>
<td>29.20</td>
</tr>
<tr>
<td>Latin America</td>
<td>13 000</td>
<td>3.521</td>
<td>8 679</td>
<td>8.45</td>
<td>48.23</td>
<td>7.77</td>
<td></td>
<td></td>
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<tr>
<td>Asia</td>
<td>180 250</td>
<td>7 500</td>
<td>1 410</td>
<td>5.13</td>
<td>98.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Mediterranean and Middle East</td>
<td></td>
<td>1 665</td>
<td>4 076</td>
<td>5.49</td>
<td>9.51</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Caucasus</td>
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<td>Central Asia</td>
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<tr>
<td><strong>Total direct aid</strong></td>
<td>29 000</td>
<td>1 300</td>
<td>8 900</td>
<td>19.00</td>
<td>45.80</td>
<td>87.00</td>
<td>19.55</td>
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<tr>
<td><strong>Indirect aid</strong></td>
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<td></td>
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<tr>
<td>Various NGOs</td>
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<td></td>
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<tr>
<td>Euronaid</td>
<td>104 743</td>
<td>3 521</td>
<td>8 679</td>
<td>8.45</td>
<td>48.23</td>
<td>7.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WFP (1)</td>
<td>180 250</td>
<td>7 500</td>
<td>1 410</td>
<td>5.13</td>
<td>98.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAO — Angola</td>
<td></td>
<td>1 665</td>
<td>4 076</td>
<td>5.49</td>
<td>9.51</td>
<td></td>
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<tr>
<td>UNRWA</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total indirect aid</strong></td>
<td>284 993</td>
<td>12 686</td>
<td>14 165</td>
<td>13.58</td>
<td>171.72</td>
<td>7.77</td>
<td>69.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Monitoring and technical assistance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23.75</td>
</tr>
<tr>
<td><strong>Overall total</strong></td>
<td>313 993</td>
<td>12 686</td>
<td>14 165</td>
<td>14.88</td>
<td>180.62</td>
<td>26.77</td>
<td>115.31</td>
<td>87.00</td>
<td>45.30</td>
</tr>
</tbody>
</table>

(1) Including special allocation for Afghanistan.
Aid for refugees

949. On 29 October, Parliament and the Council adopted Regulation (EC) No 2130/2001 on operations to aid uprooted people in Asian and Latin American developing countries (Table I), to replace Council Regulation (EC) No 443/97. The operations form part of a support and assistance programme for these people, which also comprises longer-term projects aimed at making them self-sufficient and integrating, or re-integrating them. The allocation for implementation of the new regulation for 2001-04 has been set at EUR 200 million.
Section 5

Humanitarian aid

General strategy

950. The EC Humanitarian Office (ECHO) (1) is pushing ahead with its reform process. In line with the Commission’s White Paper on reform (→ point 1261), reform of its departments dealing with external relations (→ point 1263) and the recommendations made following the 1999 assessment (2), measures have gradually been adopted to provide it with better designed, more effective and more appropriate conditions and tools. For instance, a new first emergency aid procedure entered into force on 13 June (3); ECHO needs decision-making procedures that enable it to meet the demands placed on it and its credibility rests to a considerable degree on its ability to react in an emergency. Under the new expedited procedure, which supplements the effective mechanisms already in place, decisions to grant aid are taken within 48 hours of the disaster’s occurrence, to provide those affected with first emergency aid. For any given crisis, the procedure may be used to grant immediate funding of up to EUR 3 million, for a maximum period of three months. If necessary, other established procedures may be used to grant further assistance, following a more thorough assessment of the scale of the crisis.

951. Addressing the lack of continuity between emergency, rehabilitation and development aid, the Commission presented a communication on linking these three elements, known as the ‘LRRD communication’ after its title in French (→ point 920). As the Commission stresses in its annual report on humanitarian aid in 2000, adopted on 8 June (4), this type of assistance cannot tackle the root cause of the crises, so other solutions must be implemented, notably conflict prevention, environmental protection and sustainable development.

952. In preparation for a thorough revision of the framework partnership contract, which came into force in 1999 (5), ECHO consulted widely among the signatory organisations in 2001. ‘Quality management and humanitarian aid’

(5) 1999 General Report, point 740.
was the leitmotif in the revision process. One of the main purposes of the revision was to shift the focus of checks from resources to the planning of objectives and results. The revision was the second stage in the process of bringing the framework partnership contract into line with the objectives set by the Commission in the 1999 assessment (→ point 950). ECHO signed 27 new partnership contracts, bringing the total number of partners to 208. A further 300 partnership applications were completed and 91 new files opened for consideration.

953. In 2001, the grant facility for training, study and networks in the humanitarian field (amounting to EUR 1.8 million) was divided into two sections. The priority in the training section (EUR 1.4 million) was to improve the quality of humanitarian aid by upgrading the skills and qualifications of humanitarian agencies and their staff. In the study section (EUR 400 000), the priorities were devising methods of measuring and comparing humanitarian requirements, responding more quickly to sudden crises and developing early-warning systems for disasters. In line with ECHO’s reform objectives (→ point 950), evaluation played a greater role in ECHO’s work (1), generating information on new requirements (ex-ante), guiding future strategy (ex-post) and spreading the evaluation culture to its partners. Furthermore, each evaluation examines the link between relief, rehabilitation and development (→ point 920), with the aim of identifying areas where the link could be strengthened.

954. ECHO started to implement a new information and communication strategy, the purpose of which is to put across to a diverse target audience a clear message on relief activities and the need for Europe to show solidarity with those affected by humanitarian crises.

**Humanitarian aid operations (2)**

955. In 2001, the Commission, through ECHO, allocated EUR 543.703 million to humanitarian aid operations.

956. Humanitarian aid for the western Balkans amounted to EUR 83.05 million. More than half (EUR 47.8 million) went to Serbia, to meet the needs of the large number of refugees and displaced persons there, and the most vulnerable groups in society. This was used for food, firewood, healthcare, psychosocial activities and to help refugees from Bosnia and Croatia to return home. The EUR 14 million allocated to Kosovo was used to assist the most vulnerable people, to build on previous health, education and water-supply projects, to

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improve sanitation, support minorities and assist refugees from the Former Yugoslav Republic of Macedonia. ECHO withdrew from Kosovo at the end of 2001 as future aid for that region is to be more structural in nature. In its conclusions of 16 July (1), the Council welcomed the effort made by ECHO to rectify the shortcomings noted during the Kosovo crisis and endorsed the recommendations laid down in the Court of Auditors' Special Report No 2/2001 (2), which called for administrative procedures to be tailored to the degree of urgency and urged stronger partnership between the Commission and the United Nations (→ point 940). In Montenegro, allocated EUR 7.5 million, ECHO's gradual-withdrawal strategy meant seeking lasting solutions for refugees and displaced persons (accommodation, ways to earn a living, support for healthcare and distribution of fuel for heating). In Albania, EUR 6.6 million of aid from ECHO was used to complete previous operations concerned with healthcare, education and water supplies, bearing in mind that ECHO was gradually withdrawing. In the Former Yugoslav Republic of Macedonia, allocated EUR 5.4 million, ECHO's priority was to assist people affected by the internal conflict in that country (food aid and non-food aid, emergency rehabilitation of schools and health centres), and to assist the 6,000 refugees from Kosovo and the most vulnerable groups in society. In Bosnia and Herzegovina, relief aid amounting to EUR 750,000 was used to help victims of the floods that hit the north-east in June.

957. In the southern Mediterranean, ECHO again stepped up its aid programme for Sahrawi refugees in Algeria, allocating EUR 3.77 million in emergency food aid. In addition, a global plan worth EUR 11.8 million has been approved to cover food requirements, supplementing the World Food Programme (WFP) and the most urgent non-food requirements. ECHO also decided to grant EUR 758,000 in emergency aid for victims of the floods in Algeria. In the Middle East, ECHO has earmarked EUR 1.885 million for Yemen and EUR 400,000 for vulnerable groups in Syria. ECHO has also granted EUR 21.7 million for Palestinian refugees in the Occupied Territories, EUR 7.9 million for South Lebanon, EUR 515,000 for Jordan and EUR 570,000 for Syria.

958. Humanitarian aid for the independent States of the former Soviet Union and Mongolia amounted to EUR 58.43 million. In Central Asia, ECHO provided EUR 12 million for Tajikistan, facing its second consecutive year of severe drought. In the southern Caucasus, humanitarian aid (EUR 1.95 million) has been scaled back, as part of a switch to more appropriate aid instruments. A similar approach was taken for Belarus, Moldova and Ukraine (EUR 1.9 million). EUR 1.2 million was granted to Armenia for drought relief operations. In the northern Caucasus, ECHO continued to provide aid for victims of the con-

(1) Bull. 7/8-2001, point 1.6.78.
flict in Chechnya. Despite the dangerous conditions and persistent difficulties with access, EUR 40.35 million was allocated in 2001 to help displaced persons and particularly vulnerable groups in Chechnya, Ingushetia and Dagestan. In Mongolia, a new ECHO aid package worth EUR 1.03 million was necessary to help the rural population cope with winter storms (dzud). Parliament had passed a resolution calling for this in 15 March (1). In a resolution of 4 October (2) expressing its concern regarding public health in Uzbekistan, Parliament also called on the Commission and the Member States to grant humanitarian aid in anticipation of the arrival of massive numbers of Afghan refugees and to put in place a plan to fight epidemics.

In Asia, ECHO provided: in Indonesia, EUR 13.5 million for those affected by the clashes in the Moluccas, refugees from East Timor and people in Irian Jaya; in Myanmar, EUR 2 million for ethnic minorities and EUR 4.5 million for Myanmar refugees in camps on the border between Myanmar and Thailand; in India, EUR 14.6 million for earthquake victims in Gujarat and flood victims in Orissa; in Nepal, EUR 2 million for food aid to refugees from Bhutan; in Cambodia, EUR 4.9 million for the poorest regions and the areas where refugees recently arrived from Thailand have settled and to improve food security following the drought; in Iraq, EUR 12.875 million for humanitarian needs not covered by the UN oil-for-food programme; in North Korea, EUR 2.150 million for healthcare centres helping flood victims, and for children in institutions; and, in China, EUR 1.2 million for victims of the winter storms and EUR 0.95 million for those affected by the floods in Guangxi. In view of the special situation in Afghanistan, ECHO had already allocated EUR 23.4 million for victims of the drought and internal conflict (1 million displaced persons); following the events in September, ECHO drew on the emergency reserve to respond adequately to needs and distributed food and relief items during the bombing, supported action by the International Committee of the Red Cross, helped displaced persons return to their villages and supported mine clearance operations. Total aid thus supplied to Afghanistan, Pakistan and, to a lesser extent, Iran amounted to EUR 54.7 million.

960. A total of EUR 173.32 million was granted to the ACP countries in humanitarian aid. The main packages were for the Great Lakes region in Africa (EUR 88.15 million for Burundi, the Democratic Republic of the Congo, Rwanda and Tanzania), Angola (EUR 9 million), Sudan (EUR 17 million), and Sierra Leone and Guinea (EUR 20.6 million for displaced persons and refugees). ECHO also provided aid for Ethiopia (a general package of EUR 6.7 million and EUR 2.5 million to help combat the meningitis epidemic), Eritrea (EUR 7 million), Somalia (EUR 1.7 million for health and nutrition), Kenya (EUR 3.1 million, primarily to cope with the drought), Mozambique

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(1) OJ C 343, 5.12.2001; Bull. 3-2001, point 1.6.54.
(2) Bull. 10-2001, point 1.6.52.

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(EUR 2.84 million for flood victims), Madagascar (EUR 900 000 to deal with the aftermath of three cyclones and a cholera epidemic), Zimbabwe (EUR 500 000 for the victims of cyclone Eline). ECHO’s air service ‘ECHO-Flight’ continued to operate in the Horn of Africa and West Africa (EUR 8.4 million).

961. In Latin America, ECHO assisted earthquake victims in El Salvador (EUR 10 million) and Peru (EUR 3.15 million). It also provided EUR 10 million for displaced persons in Colombia, EUR 8 million for the most vulnerable people in Cuba and EUR 2 million for drought and flood victims in Bolivia and Paraguay. ECHO was also active in Central America, providing EUR 2.3 million to help cope with the drought and EUR 1.05 million in emergency aid in the wake of Hurricane Michelle, which affected Honduras, Nicaragua, Cuba and Jamaica.

962. ECHO adopted three action plans under the natural disaster preparedness and prevention programme (Dipecho). The first, for South Asia and worth EUR 3.2 million, took account of the recommendations emerging from the 1999 diagnostic study to identify vulnerable groups and shortcomings in the response systems. Of the other two plans, one was for the Caribbean (EUR 3 million, including EUR 900 000 for Cuba), to cover preparations for floods, and the other was for groups at risk from flooding and earthquakes in the Andean Community (EUR 1.8 million).
Section 6

European Economic Area, relations with EFTA countries

European Economic Area (EEA)

963. The EEA Council met in Brussels on 25 June and in Luxembourg on 9 October. It welcomed the fact that the EEA Agreement was functioning smoothly and stressed the importance of making it more homogeneous, notably in light of the simultaneous enlargement of the EU and the EEA to the candidate countries. It also welcomed the EEA/EFTA countries' commitment to setting up a European food authority, a European aviation safety agency and a European maritime safety agency and to framing an action plan in the EEA/EFTA countries following the new strategy for the internal market, the agenda for social policy and the guidelines on sustainable development. The EEA Council also noted those countries' desire to participate in the EU's deliberations in the field of research and the overall strategy defined at Lisbon. The EEA Joint Committee met on nine occasions. The Joint Parliamentary Committee met in Vaduz, Liechtenstein, on 21 June and in Brussels on 15 October.

Relations with EFTA countries

964. In accordance with the agreement signed in 1999, which entered into force in 2000, Norway and Iceland continued their involvement in Schengen cooperation after Schengen's incorporation into the European Union. On 15 March, the Council concluded an agreement with those two countries on the mechanism for asylum applications (point 554).

965. On the strength of a mandate from the Council, the Commission started negotiations with Switzerland on four dossiers: a cooperation agreement to fight fraud and other illegal activities harming the EU's and Switzerland's finan-

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(1) Further information is available on the Internet (http://www.efta.int/structure/main/index.html).
(2) europa.eu.int/comm/external_relations/eea/index.htm.
(3) Bull. 6-2001, point 1.6.47.
(4) Bull. 10-2001, point 1.6.54.
(6) 1999 General Report, point 914.
(7) 2000 General Report, point 443.

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cial interests, a cooperation agreement on statistics, an agreement on Switzerland’s participation in the activities of the European Environment Agency and a new Protocol 2 to the free trade agreement on processed agricultural products. As part of the strategy on taxation of savings, the Council authorised the Commission to negotiate with several key third countries, among them Switzerland (→ point 210). Negotiations were also started with Monaco for an agreement on the application of certain Community acts in the field of medicines for human and veterinary use, cosmetic products and medical equipment. The Joint Committee of the Customs Union between the EU and Andorra met on 13 December.
Section 7

Relations with the western Balkans (1)

Priority activities and objectives

966. The western Balkans remained a key feature of the European Union’s external relations. As part of the process of stabilisation and association, a cornerstone of the EU’s policy on the region, agreements were signed with the Former Yugoslav Republic of Macedonia and Croatia, while a start was made on implementing the programme of assistance associated with this process through the CARDS programme (Community assistance for reconstruction, development and stabilisation). Aid was also granted to cope with emergency situations, notably in the Former Yugoslav Republic of Macedonia.

General

967. The Stockholm European Council of 23 and 24 March (2) expressed concern at the situation in the western Balkans and reiterated its commitment to stability and peace in the region and to the principles of inviolability of borders and territorial integrity of the countries concerned. After discussions with the President of the Former Yugoslav Republic of Macedonia, the European Council adopted a statement aimed at the parties involved in the tense atmosphere recently affecting the country (3). The Gothenburg European Council on 15 and 16 June (4) welcomed the encouraging progress made by the region along the road to democracy, a market economy and peaceful coexistence. It also issued a fresh declaration on the Former Yugoslav Republic of Macedonia (5).

968. The situation in the Balkans prompted the Council to adopt conclusions expressing its concern for the region on 26 February (6), 19 March (7),

(1) Further information is available on the Europa server (http://europa.eu.int/comm/external_relations/see/intro/index.htm).
(2) Bull. 3-2001, points 1.35 to 1.39.
(3) Bull. 3-2001, Annex III to the Presidency conclusions.
(4) Bull. 6-2001, points 1.37 to 1.39.
(5) Bull. 6-2001, Annex II to the Presidency conclusions, point 1.46.
(6) Bull. 1/2-2001, point 1.6.83.
(7) Bull. 3-2001, point 1.6.57.
6 April (1), 14 May (2), 11 June (3), 25 June (4) and 16 July (5), at the meetings of 29 and 30 October (6) and 19 and 20 November (7), and on 10 December (8).

969. Under the Stability Pact for South-Eastern Europe launched in 1999 (9), a third regional round table was held in Brussels on 27 June (10). Advocated by the Council at its meeting on 11 June (11), this meeting resulted in two initiatives: the signing of a memorandum in which the States of the region undertake to open bilateral negotiations with a view to free trade agreements, and an 'agenda for regional action' on refugees and displaced persons. In conclusions adopted at its meeting on 19 and 20 November (12), the Council stressed that the stability pact's activities should be based on the principles of concentration/refocusing and regional appropriation and complementarity with the stabilisation and association process (→ points 973 et seq.). It considered that the main added value of the pact lay in its ability to foster greater regional cooperation and thereby contribute to preventing conflicts. On 29 November (13), the Council extended until 31 December 2002 the mandate of the European Union monitoring mission in the region, adopted in December 2000 (14). On 19 December, it appointed Mr Erhard Busek as the EU's special coordinator for the pact (15).

970. In a resolution of 17 January (16), Parliament said it was disturbed by the consequences of the use of depleted uranium munitions in the Balkans. On 15 March (17), it condemned the incidents at the border between the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia.

971. In an opinion of 25 April (18), the Economic and Social Committee stressed the importance of the western Balkans in the European integration process and examined the role of human and social capital in the region's development.
972. At the fourth summit of Heads of State of the countries of south-eastern Europe in Skopje, Mr Patten and Mr Solana, High Representative for the CFSP, met, on 23 February, Mr Boris Trajkovski and Mr Lupco Georgievski, President and Prime Minister respectively of the Former Yugoslav Republic of Macedonia, Mr Ilir Meta, Albanian Prime Minister, Mr Vojislav Kostunica, President of the Federal Republic of Yugoslavia and Mr Ion Iliescu, President of Romania. On 27 and 28 March, Mr Vitorino went to Belgrade and Sarajevo, accompanied by Ms Maj-Inger Klingvall, Swedish Minister for Development Cooperation, Migration and Asylum Policy, and Mr Antoine Duquesne, Belgian Interior Minister. He signed with ministerial representatives of five countries (Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia) a joint declaration on clandestine immigration and trafficking in human beings via the Balkans.

**Stabilisation and association agreements**

973. On 11 June, the Council adopted a report in which it identified the strategic objectives of the stabilisation and association process and how the European Union can help each country carry out sustainable reforms and move towards EU accession.

974. On 9 April, after negotiations lasting more than two years, the first stabilisation and association agreement with a Balkan State was signed in Luxembourg with the Former Yugoslav Republic of Macedonia (Table III). The agreement establishes a genuine political dialogue, notably on human rights, minorities, democracy and respect for peace and stability. On economics, it provides for regional cooperation — particularly on trade — with the prospect of a free trade area within 10 years of entry into force. It also includes clauses on free movement of workers, freedom of establishment, freedom to provide services and the country's adjustment of its internal market laws to align them with those of the European Union. The preamble confers on the Former Yugoslav Republic of Macedonia the status of 'potential candidate' for EU accession. An interim agreement to enable entry into force, from 1 June, of the trade and trade-related measures was also signed in Luxembourg on 9 April (Table III). On 10 December (Table II), the Commission adopted a proposal for a regulation concerning procedures for implementing the two agreements.

975. Another stabilisation and association agreement was signed in Luxembourg on 29 October with Croatia (Table III) with a view to its gradual integration into the European Union. On several points the agreement resembles the...
one signed with the Former Yugoslav Republic of Macedonia (→ point 974), but the transitional period, notably for setting up a free trade area, is limited to six years. An interim agreement aimed at enabling early entry into force of the trade measures was also signed in Luxembourg on 29 October (Table III). By Regulation (EC) No 2248/2001 of 19 November (1), the Council defined the procedures for adopting the arrangements for implementing the various provisions of these two agreements.

976. On 6 June, the Commission tabled a report (2) concerning the deliberations of the high-level contact group with Albania in which it assesses the country’s capacity to implement the obligations of a possible stabilisation and association agreement. With a view to negotiating a stabilisation and association agreement with the Federal Republic of Yugoslavia, the Council approved, on 16 July, the creation of a consultative task force, which held its first meetings in Belgrade on 23 July and 6 November. With regard to Bosnia and Herzegovina, the Commission presented to the Council, on 13 July, a report (3) stressing that although that country had not yet satisfied all the conditions necessary for entering a new stage in the stabilisation and association process it still clung to this prospect and the EU was prepared to help it along this road.

**Technical and financial assistance**

977. On 27 June, on top of the financial aid already granted by the Community to Kosovo in 2000, the Council decided to grant further exceptional financial assistance in the form of grants of up to EUR 30 million, hedged with economic policy conditions (Table II).

978. On 29 June (4), an international donors’ conference for the Federal Republic of Yugoslavia was held in Brussels, organised and co-chaired by the Commission and the World Bank. The international community pledged USD 1.341 billion in 2001 (more than half of it from the Community budget, Member States and the European Investment Bank) to help the country to rebuild, its administration to function and institutional reforms to be adopted. On 16 July, the Council approved macroeconomic aid worth EUR 300 million (Table II), which it increased by EUR 45 million on 10 December (Table II). On 6 November, it decided to extend the guarantee accorded by the Community to the European Investment Bank on loans for projects carried out in that country (→ point 1175).

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(2) COM(2001) 300; Bull. 6-2001, point 1.6.53.
(4) Bull. 6-2001, point 1.6.58.
979. On 10 December, the Council amended its Decision 1999/325/EC to enable payment, by 31 December 2002, of EUR 15 million in grants still to be paid in macrofinancial aid to Bosnia and Herzegovina (Table II). The same day, it took a similar decision concerning the payment of EUR 10 million in grants for the Former Yugoslav Republic of Macedonia (Table II).

980. In its conclusions of 9 April (1), the Council highlighted the progress made since 1997 in setting up a viable police force in Albania with the EU’s support (2).

981. On 30 July (3), the Commission tabled its first annual report on the activities of the European Agency for Reconstruction (4). On 10 December, the Council extended the Agency’s mandate to include implementation of Community assistance to the Former Yugoslav Republic of Macedonia (Table II).

982. In application of Council Regulation (EC) No 2666/2000 (5) rationalising Community assistance for the Balkans, notably by replacing the Phare and Obnova programmes by the CARDS programme (Community assistance for reconstruction, development and stabilisation), the Commission started the process for this aid, to be given for each country up to 2006, and for regional cooperation.

983. The breakdown of assistance to the Balkans by instrument, country and beneficiary region in 2001 (EUR 722.18 million) is given in Table 16.

### TABLE 16
Assistance for the Balkans (excluding humanitarian and macrofinancial aid)

<table>
<thead>
<tr>
<th></th>
<th>CARDS (1)</th>
<th>Other programmes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>37.5</td>
<td>—</td>
<td>37.5</td>
</tr>
<tr>
<td>Former Yugoslav Republic of Macedonia</td>
<td>56.2</td>
<td>12.8 (2)</td>
<td>69</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>105.23</td>
<td>13.5 (3)</td>
<td>118.73</td>
</tr>
<tr>
<td>Croatia</td>
<td>60</td>
<td>—</td>
<td>60</td>
</tr>
<tr>
<td>Federal Republic of Yugoslavia</td>
<td></td>
<td></td>
<td>401.55</td>
</tr>
<tr>
<td>— Kosovo</td>
<td>160.5</td>
<td>11</td>
<td>171.5</td>
</tr>
<tr>
<td>— Montenegro</td>
<td>20</td>
<td>—</td>
<td>20</td>
</tr>
<tr>
<td>— Serbia</td>
<td>210.05</td>
<td>—</td>
<td>210.05</td>
</tr>
<tr>
<td>Regional cooperation</td>
<td>20</td>
<td>—</td>
<td>20</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>15.4</td>
<td>—</td>
<td>15.4</td>
</tr>
</tbody>
</table>

(1) Community assistance for reconstruction, development and stabilisation.
(2) Rapid reaction mechanism (RRM).
(3) Transitional civil administrations.

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(1) Bull. 4-2001, point 1.6.49.
(3) COM(2001) 446; Bull. 7/8-2001, point 1.6.83.

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Albania

984. On a visit to Albania in April, Mr Patten met President Rexhep Meidani, Prime Minister Ilir Meta and Foreign Minister Paskal Milo.

Bosnia and Herzegovina

985. In a resolution of 16 January (1) on Court of Auditors’ Special Report No 2/2000 (2) relating to EU aid to Bosnia and Herzegovina in restoring peace and the rule of law, Parliament gave its support to the decentralisation policy conducted by the Commission in managing its aid. In a resolution of 17 May (3), concerned at the violence and less than encouraging signs on the part of the authorities, Parliament urged the Commission to distribute the aid to the communities in the light of positive measures actually started.

Croatia

986. In April, Mr Patten went to Croatia where he had talks with several members of the government.

Federal Republic of Yugoslavia

987. In its conclusions of 22 January (4), the Council welcomed the smooth conduct of the December 2000 elections in Serbia. It underscored the need to meet the criteria it had set in 1997 (5) for a coherent EU strategy towards south-east Europe, in particular the Federal Republic of Yugoslavia: respect for democratic principles, human rights and the rule of law, protection of minorities, market economy reforms, regional cooperation and observance of UN Security Council Resolution 1244. The Council exhorted the authorities to seek new constitutional arrangements for relations between the component parts of this federal structure. While calling for the liberation of the Kosovo Albanians, it condemned violence by Albanian armed groups in southern Serbia and in the security zone. On 26 February, to foster a normalisation of relations with this country, the Council adopted Common Position 2001/155/CFSP (6) with a view to confining the restrictive measures previously taken (7) to former president Mr Milosevic, his family and other persons.

(1) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.6.86.
(3) Bull. 5-2001, point 1.6.70.
(4) Bull. 1/2-2001, point 1.6.87.
(5) 1997 General Report, point 909.
(6) OJ L 57, 27.2.2001; Bull. 1/2-2001, point 1.6.89.
brought before the International Criminal Tribunal for the Former Yugoslavia. On 9 April, the Council adopted Decision 2001/352/CFSP (1) concluding with that country an agreement on the activities of the EU monitoring mission (EUMM) in the Federal Republic of Yugoslavia (Table III). On 14 May (2), it welcomed the smooth conduct of the April elections in Montenegro, while stressing the need for a democratic and constructive dialogue on redefining the constitutional arrangements governing relations in a new federal framework. On 19 November (3), the Council reiterated this position. On 5 November (4), pursuant to its Common Position 2001/719/CFSP of 8 October (5), it repealed Regulation (EC) No 926/98 concerning the reduction of certain economic relations with the Federal Republic of Yugoslavia (6). Mr Patten visited the Federal Republic of Yugoslavia in February and October. Mr Vojislav Kostunica, the FRY’s President, was received by Mr Prodi at the Commission on 3 December.

988. In a resolution of 15 February on the situation in Kosovo (7), Parliament condemned the continuing provocations in the region and called on Albanian leaders in Serbia to appoint negotiators to find a peaceful solution to the conflict. It reiterated its appeal to ease the handover by the Serbian Government of Kosovar prisoners to UNMIK, the United Nations Mission to Kosovo. On 16 July (8), the Council welcomed the Court of Auditors’ Special Report No 2/2001 on the management of emergency humanitarian aid for the victims of the Kosovo crisis (→ point 1219). At its meeting on 19 and 20 November (9), it welcomed the peaceful and orderly conduct of the elections on 17 November, notably the participation of all the communities of Kosovo.

**Former Yugoslav Republic of Macedonia**

989. The Stockholm and Gothenburg European Councils adopted statements on the unrest in the Former Yugoslav Republic of Macedonia (→ point 967). On 28 June, the Council adopted negotiating directives for an agreement with the authorities of the Former Yugoslav Republic of Macedonia on the activities of the European Union monitoring mission in that country (Table III). By Joint Action 2001/492/CFSP of 29 June (10), the Council appointed Mr François Léotard as European Union special representative in the Former Yugoslav Republic of Macedonia. At its meeting on 29 and 30 October (11), it adopted

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(1) OJ L 125, 5.5.2001; Bull. 4-2001, point 1.6.50.
(2) Bull 5-2001, point 1.6.64.
(3) Bull 5-2001, point 1.6.60.
(9) Bull. 7/8-2001, point 1.6.78.
Joint Action 2001/760/CFSP appointing Mr Alain Le Roy to replace Mr Léotard. On 16 July, it adopted Common Position 2001/542/CFSP (1) concerning a ban on visas for extremists threatening peace and stability in that country. A framework agreement was signed in Skopje between President Boris Trajkovski and the heads of the four main political parties; the initiative was welcomed, on 13 August, in a statement of the EU Presidency (→ point 834). Parliament also demonstrated its support for this process in a resolution of 4 October (2). At its meeting of 8 and 9 October (3), the Council stressed that complete and faithful implementation of this agreement was the only guarantee of a return to peace and stability in the country, but also expressed its concern at the as yet insufficient progress along this road.

990. The fourth meeting of the cooperation council between the EU and the Former Yugoslav Republic of Macedonia was held in Brussels on 17 July (4). Discussions focused on the political situation in the region and on respect for democratic principles, human rights and minority rights and on economic development and implementation of the stabilisation and association agreement signed on 9 April (→ point 974).

991. On 27 March, Mr Javier Solana, High Representative for the CFSP, went to Skopje, accompanied by Mr George Robertson, NATO Secretary-General. He saw leaders of the Former Yugoslav Republic of Macedonia, including President Boris Trajkovski. In April, he went again, together with Mr Patten, to meet President Trajkovski, members of the government and opposition leaders.

(1) OJ L 194, 18.7.2001; Bull. 7/8-2001, point 1.6.84.
(2) Bull. 10-2001, point 1.6.63.
(3) Bull. 10-2001, point 1.6.62.
(4) Bull. 7/8-2001, point 1.6.81.
Section 8

Relations with the southern Mediterranean and the Middle East (1)

Priority activities and objectives

992. This year saw the first applications of the strategic measures adopted at the Euro-Mediterranean conference in Marseilles in November 2000 (2) aimed at revitalising, as part of a common strategy adopted by the Feira European Council in June that year, the Barcelona process started in 1995. This new approach triggered implementation of the MEDA II programme covering the period 2000-06. At bilateral level, an association agreement was signed with Egypt. The ongoing Israeli-Palestinian crisis and the consequences of the terrorist attacks in the United States were high on the agenda in contacts between the European Union and its Mediterranean partners.

Overall strategy

993. The Stockholm European Council of 23 and 24 March (3) reaffirmed the EU’s desire to contribute to peace, stability and prosperity in the Middle East.

994. The fifth Euro-Mediterranean conference of foreign ministers of the EU and its Mediterranean partners (4) took place in Brussels on 5 and 6 November (5), with representatives of Mauritania, the Arab League, and the Maghreb Arab Union also present as guests. The participants stated their resolve to coordinate their action against terrorism, under the aegis of the United Nations, at the same time denouncing any connection between terrorism, the Arab world and Muslims. They called on the parties to the Middle East conflict to resume the peace negotiations without prior conditions. They also reiterated their commitment to the objectives of the Barcelona declaration (6) and a balanced

(1) Further information is available on the Europa server (http://europa.eu.int/comm/external_relations/med_mideast/intro/index.htm).
(2) 2000 General Report, point 914.
(3) Bull. 3-2001, point 1.34.
(4) Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestinian Authority, Syria, Tunisia and Turkey.
(5) Bull. 11-2001, point 1.6.70.
(6) 1995 General Report, point 839; Internet (http://www.euromed.net/key-docs/barcelona.htm).

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treatment of its three components (political and security; economic and financial; social, cultural and human). Discussions also focused on fields of common interest such as migration, conflict prevention and human rights, private investment, regional integration and progress in implementing the MEDA programme. Other issues raised were the fight against all forms of racism, dialogue between cultures and civilisations, and the role of women in economic development.

995. In a resolution of 1 February (1), Parliament said that the common strategy adopted by the Feira European Council on the Mediterranean region (2) should accord priority to promoting human rights and democracy, direct investment and cultural dialogue. It regretted the absence of an environment initiative, called for the partnership to be widened to peace and security issues, expressed the wish to see free movement extended to students and skilled workers and urged support for the establishment of a civil society in the Mediterranean countries, combating drug trafficking and exploitation of children and promoting a Euro-Mediterranean agricultural policy that included measures on food security. In another resolution the same day (3), Parliament commented on the Commission’s communication on the occasion of the fourth meeting of Euro-Mediterranean foreign ministers (4). At its meeting on 11 and 12 June (5), the Council approved a report on a common strategy for the Mediterranean region as part of the priorities of the French and Swedish presidencies and transmitted it to the European Council. At Gothenburg, the European Council stressed the priority it accorded to stability and prosperity in the whole region (6). The Economic and Social Committee took stock of the Euro-Mediterranean partnership in an own-initiative opinion of 18 October (7). The Committee considered that one of its advantages was that it created an institutional framework in which all parties to the Middle East conflict could meet regularly. It also put forward proposals to create stability in the region, notably through free trade agreements between the EU’s Mediterranean partners and by fostering cross-border projects and decentralised cooperation. It also advocated the creation of an immigration monitoring centre.

996. In the aftermath of the terrorist attacks in the United States on 11 September and the extraordinary European Council meeting on this sensitive issue (→ point 1042), the EU troika, consisting of Mr Louis Michel, President of the Council, Mr Josep Piqué, Spanish Foreign Minister, and Mr Solana, High Representative for the CFSP, with Mr Patten representing the Commission, visited

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(5) Bull. 6-2001, point 1.6.61.
(6) Bull. 6-2001, point 1.40.
(7) Bull. 10-2001, point 1.6.68.
Pakistan, Iran, Saudi Arabia, Egypt and Syria from 24 to 28 September (1). The aim of this visit was to explain the European Council conclusions and the EU action plan against terrorism and to demonstrate the EU's concern at the situation in the countries in the region and its readiness to help them. The troika raised with its partners the possibility of organising an international conference on terrorism under UN aegis so as to arrive at a common definition of terrorism.

**Maghreb**

997. A draft Euro-Mediterranean association agreement with Algeria was initialled on 19 December (Table III). Under the agreement, the parties will continue to liberalise bilateral trade and ensure observance of human rights and democratic principles. Provision is also made for the establishment of new institutional structures to strengthen political dialogue and cooperation in various fields.

998. In a resolution of 18 January condemning the massacres in Algeria (→ point 49), Parliament urged the government to start a dialogue with the country's democratic forces in order to strengthen the rule of law and respect for human rights. In a resolution of 17 May on the repression in Kabylia (2), it condemned the murders during peaceful demonstrations there. The Gothenburg European Council (3) appealed to Algeria's leaders to put an end to the clashes and stressed its readiness to support the political, economic and social reforms necessary to restore peace, stability and prosperity. In a resolution of 15 November on the floods in Algeria (4), Parliament expressed its solidarity with the victims and called for a special emergency aid and assistance for reconstruction of the areas hit.

999. The second meeting of the EU-Morocco Association Council was held in Luxembourg on 9 October (5). Discussions focused on political and economic relations between the parties, terrorism, cooperation on clandestine immigration and agriculture. On 21 November (6), the Council adopted Regulation (EC) No 2264/2001 introducing concessions for the importation into the Community of tomatoes originating in Morocco.

1000. On a visit to the Maghreb in January, Mr Prodi met Mr Habib Ben Yahia and Mr Fethi Merdassi, Tunisian Ministers for Foreign Affairs and
International Cooperation and Investment respectively; Mr Ali Benflis, Prime Minister of Algeria; Morocco’s King Mohamed VI and Mr Abderrahmane Youssoufi, Prime Minister. In February, Mr Mourad Medelci, Algerian Trade Minister, met Mr Lamy at the Commission. In June, Mr Lamy went to Morocco where he met King Mohamed VI, Prime Minister Youssoufi and other ministers. Also in June, Mr Patten saw the King, the Prime Minister and Mr Mohamed Benaissa and Mr Fathallah Oulalou, Foreign Minister and Finance Minister respectively. In October, Mr Prodi received in Brussels Mr Abdelaziz Bouteflika, President of Algeria. Also in October, Mr Patten went to Tunisia, where he was received by President Zine El Abidine Ben Ali, Prime Minister Mohamed Ghannouchi, Foreign Minister Habib Ben Yahia and other key ministers.

**Mashreq, Palestinian territories, Israel**

1001. The Stockholm European Council (¹) called on other donors to join the European Union urgently in giving financial support to the Palestinian budget. It called on Israel to end its measures to seal off the Palestinian territories and on the Palestinian Authority to adopt an austerity budget and improve democratic openness. The Gothenburg European Council (²) considered that the recommendations of the fact-finding commission set up at Sharm-el-Sheik were the best basis for resuming the peace process.

1002. At its meeting on 14 and 15 May (³), the Council called on all parties to the Israeli-Palestinian conflict to take the measures necessary to stop the tragic escalation of violence and to work towards a ceasefire. It commented afresh on this matter 16 July (⁴), then again at its meeting on 8 and 9 October (⁵). In a resolution of 17 May (⁶), Parliament said that only a resumption of dialogue and confidence-building measures could stop the violence. It also condemned the sealing-off of the occupied territories, all terrorist attacks perpetrated in Israel and the extension of settlements in the occupied territories. On 13 December (⁷), Parliament adopted a recommendation on the Middle East crisis in which it called on the Council to adopt a common strategy for the region.

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(¹) Bull. 3-2001, point I.34.
(²) Bull. 6-2001, point I.40.
(³) Bull. 5-2001, point 1.6.76.
(⁶) Bull. 5-2001, point I.6.75.
1003. On 19 November (1), the Council renewed until 31 December 2002 the mandate of Mr Miguel Angel Moratinos as EU special representative for the Middle East peace process.

1004. On 25 June, a Euro-Mediterranean association agreement with Egypt was signed in Luxembourg (Table III) envisaging the creation of a free trade area in 2010. This agreement sets up new institutional structures to intensify political dialogue and cooperation in education and vocational training, modernisation of industry and the fight against terrorism. In a resolution of 29 November (2), Parliament welcomed the prospects of concluding this agreement, stressing that human rights was an essential element thereof.

1005. The second meeting of the EU–Israel Association Council was held in Brussels on 20 November (3) and was devoted to the state of political, economic, social and cultural relations as part of the Euro-Mediterranean association agreement concluded in April 2000 between the two parties (4). The Middle East peace process and rules of origin issues were at the centre of these talks.

1006. During a visit to the Mashreq in February, Mr Prodi met King Abdullah II and Prime Minister Ali Abu Ragheb of Jordan; Mr Emile Lahoud and Mr Rafiq Hariri, President and Prime Minister of Lebanon respectively; Mr Bashar al Assad and Mr Muhammad Mustafa Miru, President and Prime Minister of Syria. In January, Mr Basil Fuleyhan, Lebanese Economics and Trade Minister, met Mr Patten at the Commission. In March, Mr Patten and Ms Anna Lindh, Swedish Foreign Minister and President of the Council of the European Union, met Mr Yasser Arafat, President of the Palestinian Authority, Mr Ariel Sharon and Mr Shimon Peres, Israeli Prime Minister and Foreign Minister respectively, and Mr Hosni Mubarak, President of Egypt. Also in March, Mr Lamy visited Egypt where he had discussions with the Prime Minister Mr Atef Ebeid and Trade Minister, Mr Youssef Boutros-Ghali. In June, Mr Arafat met Mr Prodi and Mr Patten in Brussels and also saw Mr Solana, High Representative for the CFSP. From 16 to 19 November, the European troika, made up of Mr Verhofstadt, Belgian Prime Minister and President of the Council, Mr Louis Michel, deputy Belgian Prime Minister and Foreign Minister, Mr Prodi, for the Commission, and Mr Solana, High Representative for the CFSP, went to Egypt, Israel, Lebanon and Syria and to the Palestinian territories (5). In December, Mr Prodi, Mr Patten and Mr Lamy received Mr Bassam Awadallah, Jordanian Minister for Planning. In December, Mr Prodi, Mr Patten and Mr Lamy received Mr Bassam Awadallah, Jordanian Minister for Planning.

(2) Bull. 11-2001, point 1.6.78.
(3) Bull. 11-2001, point 1.6.76.
(5) Bull. 11-2001, point 1.6.75.

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Middle East

1007. In a communication of 9 February (1), the Commission outlined an approach for the gradual and cautious development of relations with Iran, which was endorsed by the Council at its meeting on 14 and 15 May (2) and by Parliament in a resolution on 13 December (3).

Financial and technical cooperation

1008. In a communication of 7 March (4), the Commission advocated relaunching Euro-Mediterranean cooperation in the fields of transport and energy. Among the priorities defined, the Euro-Mediterranean forums could identify regional projects eligible for MEDA financing.

1009. Under the new regulation MEDA II (5), the Commission committed, in 2001, EUR 250 million under the regional financing plan and EUR 561 million under the national financing plans for all the Euro-Mediterranean partnership countries. It paid EUR 90 million to the Palestinian Authority under the special facility aimed at correcting the adverse financial consequences resulting from the freezing of the monthly transfer of taxes by Israel due to the intifada. On 19 December, the Council approved an additional contribution of EUR 15 million to the funds available in 2001 under the agreement between the Community and the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) (6). On 28 December, the Commission adopted its annual report 2000 on the implementation of the MEDA programme (7).

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(1) COM(2001) 71; Bull. 1/2-2001, point 1.6.102.
(2) Bull. 5-2001, point 1.6.80.
(3) Bull. 12-2001, point 1.6.80.
(4) COM(2001) 126; Bull. 3-2001, point 1.6.80.
(6) Bull. 12-2001, point 1.6.78.
Section 9

Relations with the independent States of the former Soviet Union and with Mongolia

Priority activities and objectives

1010. The dialogue written into the partnership and cooperation agreements with the independent States of the former Soviet Union and Mongolia continued to be the linchpin of EU relations with the region. Efforts to support economic development, ensure the success of the political transition process and reinforce the application of the basic principles of democracy and human rights were continued under the common strategies adopted for Russia and Ukraine.

Partnership and other agreements

1011. Under the partnership and cooperation agreement with Russia, the fourth EU–Russia cooperation council meeting was held in Brussels on 10 April (2). Two summits were also held in the same context in Moscow on 17 May and in Paris on 3 October (→ point 1022). The fifth meeting of the cooperation committee took place in Brussels on 30 November.

1012. Under the partnership and cooperation agreement with Ukraine, the fourth meeting of the cooperation council was held in Luxembourg on 26 June (3). The cooperation committee meeting was held in Kiev on 12 December. A summit was held in Yalta on 11 September (→ point 1026).

1013. Under the partnership and cooperation agreement with Moldova, the third meeting of the cooperation council was held in Brussels on 15 May (4).

1014. The second meeting of the cooperation council with Uzbekistan was held in Brussels on 23 January (5). The third cooperation council meetings with

(1) Further information is available on the Europa server (http://europa.eu.int/comm/external_relations/ceeca/index.htm).
(2) Bull. 4-2001, point 1.6.56.
(3) Bull. 6-2001, point 1.6.74.
(4) Bull. 5-2001, point 1.6.81.
(5) Bull. 1/2-2001, point 1.6.103,
Kazakhstan (1) and Kyrgyzstan (2) were held in Brussels on 17 July and the meetings with Armenia, Azerbaijan and Georgia in Luxembourg on 30 October (3).

1015. The first meeting of the joint cooperation committee under the trade and cooperation agreement with Tajikistan was held in Brussels on 6 December.

**Assistance for the independent States of the former Soviet Union and for Mongolia**

1016. In 2001, EUR 447.7 million was allocated to assistance for the independent States of the former Soviet Union and Mongolia. This assistance covered six cooperation areas: aid for institutional, legal and administrative reform; support for the private sector and aid for economic development; aid to ease the social consequences of transition; development of infrastructure networks; strengthening of environmental protection and management of natural resources; development of the rural economy. Each country is confined to a maximum of three sectors. All the countries concerned chose the first two fields.

1017. Information on macrofinancial assistance can be found in Section 1 (‘Economic and monetary policy’) of Chapter III (→ point 87).

1018. Information on the EU contribution to nuclear safety can be found in Section 5 (‘Energy’) of Chapter IV (→ points 679 and 680).

1019. The Commission proposed granting a Community guarantee to the European Investment Bank for a special lending action relating to environmental projects in the Russian part of the Baltic Sea basin (→ point 1175).

**Bilateral relations**

1020. During its Stockholm meeting on 23 and 24 March (4), the European Council received Mr Vladimir Putin, President of the Russian Federation. The European Council spoke in favour of developing dialogue with Russia on political, security and energy issues. It also expressed its support for Russia’s efforts to join the WTO and its desire to see a number of long-running trade disputes resolved, particularly concerning flights over Siberia.

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(1) Bull. 7/8-2001, point 1.6.95.
(2) Bull. 7/8-2001, point 1.6.94.
(3) Bull. 10-2001, point 1.6.74.
(4) Bull. 3-2001, points l.28 to l.32.
1021. Implementation of the common strategy on Russia (1) was the subject of a report which the Council submitted to the European Council on 11 and 12 June (2). The report focused on the consolidation of democracy and the rule of law in Russia, the country’s integration into a common European economic and social space and cooperation to reinforce stability and security in Europe and beyond. The Gothenburg European Council (3) welcomed the progress made in the partnership with Russia but stressed its concern about Chechnya and the situation of the independent media in Russia. On 25 June (4), the Council decided to allocate EUR 6.080 million with a view to contributing to the European Union cooperation programme for non-proliferation and disarmament in the Russian Federation (5).

1022. Two EU–Russia summits were held, in Moscow on 17 May (6) and in Brussels on 3 October (7). After the first meeting, the parties adopted a joint statement reaffirming the importance they attached to strengthening their strategic association and developing a free and independent press and stressing the urgent need for political solutions for Chechnya and the issue of Kaliningrad in the context of enlargement. The EU reiterated its support for Russian membership of the WTO as soon as possible. Both parties stated their desire to establish a partnership in the field of energy. At the end of the second meeting, the parties adopted two joint statements on international terrorism, condemning the terrorist attack on the United States, and on the prevention and management of crises in Europe. They also decided to increase the number of meetings between EU bodies concerned with the common foreign and security policy and their Russian counterparts in order to review the consultations on crisis prevention and management. They also reaffirmed their intention to implement effectively the partnership and cooperation agreement, and the strategies for contributing to peace and stability in Europe, developing trade and investment and reinforcing a society based on respect for democratic principles and human rights. They expressed satisfaction with the work of the experts in the field of energy and the EU encouraged Russia to ratify the energy charter. During the summit, cooperation agreements on nuclear safety (Table III) and thermonuclear fusion (→ point 338) were signed by Mr Busquin and the Russian authorities. Russia and the EU also finalised the mandate of the high-level group responsible for developing the concept of a ‘common European economic space’, which was the subject of a Commission initiative on 19 November (8).

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(2) Bull. 6-2001, point 1.6.72.
(3) Bull. 6-2001, point 1.35.
(6) Bull. 5-2001, point 1.6.82.
(7) Bull. 10-2001, point 1.6.80.
(8) COM(2001) 673; Bull. 11-2001, point 1.6.80.

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1023. In a communication of 17 January (1), welcomed by the Stockholm European Council (2), the Commission presented ideas and options for discussion with Russia on the subject of the Kaliningrad region, which will be an enclave of the Russian Federation within the EU after enlargement. At its meeting of 11 and 12 June (3), the Council welcomed the dialogue on this matter already initiated with the various parties concerned. Discussions are planned throughout the process with Russia and the candidate countries, notably Lithuania and Poland.

1024. In a resolution of 18 January (4), Parliament expressed its concern about the visa policy imposed on Georgia by the Russian Federation. On 4 October (5), it commented on relations between the EU and the southern Caucasus. On 26 July, the Council adopted Joint Action 2001/568/CFSP (6) regarding a contribution of EUR 45 000 towards reinforcing the capacity of the Georgian authorities to support and protect the OSCE observer mission on the border of the Republic of Georgia with the Chechen Republic of the Russian Federation. On 29 October, it adopted Joint Action 2001/759/CFSP (7) contributing EUR 210 000 to the conflict settlement process in South Ossetia.

1025. Mr Patten visited Moscow from 17 to 19 January. He met the Russian Prime Minister, Mr Mikhail Kasyanov, members of the Russian parliament, the Foreign Minister, Mr Igor Ivanov, and the Minister for Atomic Energy, Mr Yevgeni Adamov. Mr Ivanov held talks on 23 March in Stockholm with Ms Anna Lindh, Swedish Foreign Minister and President of the Council, Mr Louis Michel, Belgian Foreign Minister and upcoming President of the Council, Mr Patten, and Mr Javier Solana, High Representative for the CFSP. On 5 December, Mr Lamy and Mr Patten met Mr Kasyanov in Moscow (8).

1026. In a resolution of 15 March (9), Parliament stressed the importance of the EU common strategy on Ukraine (10), and stressed that priority should be given to supporting that country in the reform of its internal structures and the transition towards a market economy. It also raised the issues of freedom of the press, human rights and the environment in Ukraine. The Gothenburg European Council (11) took note of Ukraine’s European aspirations and stated its intention to continue supporting that country’s development of democracy,
human rights, the rule of law and economic reforms. This commitment was confirmed on 11 September at the EU-Ukraine Summit in Yalta (1), as was both parties' commitment to consolidate the strategic partnership to create closer relations between Ukraine and the EU. The EU acknowledged Ukraine's European aspirations and stressed the importance for Europe of stable political and economic development in Ukraine. The approximation of Ukrainian legislation with EU norms and standards was specified as a key objective for both parties with a view to the implementation of the partnership and cooperation agreement, the integration of Ukraine into the European economy and the acceleration of its accession to the World Trade Organisation. Reference was made to the growing importance of media freedom in the creation of a democratic society in Ukraine, and the EU indicated that the Ukrainian authorities must do everything possible to improve the legal framework governing the operation of the media and the safety and working conditions of journalists.

1027. In the conclusions of its meeting of 26 and 27 February (2), the Council made recommendations concerning a reinforced EU policy on Armenia, Azerbaijan and Georgia and stated its intention to back efforts to prevent and settle conflicts in this region of the southern Caucasus. On 9 April (3), the Council expressed the same intention with regard to the conflict in Nagorno-Karabakh.

1028. In a resolution of 15 March (4), Parliament declared its solidarity with Mongolia following the humanitarian disaster provoked by extreme weather conditions. In a resolution of 4 October (5), it called on the Commission to participate in the plan for combating the drought in Uzbekistan.

1029. Mr Patten received Mr Abdulaziz Kamilov, Uzbekistan’s Minister for Foreign Affairs and Mr Nambar Enkhbayar, Prime Minister of Mongolia. With Mr Prodi, he also received the President of Armenia, Mr Robert Kocharian. A troika made up of Ms Anna Lindh, Swedish Minister for Foreign Affairs and President of the Council, Mr Patten, representing the Commission, and Mr Solana, High Representative for the CFSP, visited Armenia, Azerbaijan and Georgia.

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(1) Bull. 9-2001, point 1.6.43.
(2) Bull. 1/2-2001, point 1.6.104.
(3) Bull. 4-2001, point 1.6.57.
(5) Bull. 10-2001, point 1.6.52.
Regional cooperation

1030. In an opinion of 1 March (1), the Economic and Social Committee said it viewed recent developments in the region positively but regretted the limited perspective of the action plan for the northern dimension adopted by the Feira European Council (2).

1031. In April, the Council adopted an EU–Central Asia action plan for establishing a framework of action for the fight against drugs (→ point 551). In its conclusions of 10 December (3), it stressed the importance the European Union attached to cooperation with Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and set out priorities to that effect.

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(1) OJ C 139, 11.5.2001; Bull. 3-2001, point 1.6.82.
(2) 2000 General Report, point 953.
(3) Bull. 12-2001, point 1.6.86.
Section 10

Relations with the United States, Japan and other industrialised countries

Priority activities and objectives

1032. Despite continuing differences of opinion with the United States regarding the Kyoto Protocol on Climate Change, the European Union demonstrated a determination to consolidate EU–US relations through its desire to revitalise the transatlantic partnership and by the repeated expression at all political levels of solidarity with the United States in the aftermath of the terrorist attacks of 11 September. The EU committed itself to a global action plan for enhanced cooperation with Japan over the next 10 years and called for the framework instruments for cooperation with Canada to be revised. It also concluded a framework agreement for trade and cooperation with South Korea.

Group of Eight (G8)

1033. The annual G8 Summit, held in Genoa from 20 to 22 July (1), brought together the Heads of State or Government of Germany, Canada, France, Italy, Japan, the United Kingdom, the United States and Russia, Mr Prodi, representing the Commission, and Mr Guy Verhofstadt, Belgian Prime Minister and President of the Council. The final communiqué announced the creation of a global fund to fight the main communicable diseases (AIDS, tuberculosis, malaria) (→ point 938) and a plan of action for Africa. The participants agreed on the need to preserve the territorial integrity of the Former Yugoslav Republic of Macedonia and to dispatch international observers to the Middle East. The G8 participants addressed the issue of international trade ahead of a new round of multilateral negotiations, the fight against poverty, development, food security and the Balkans. Areas of disagreement were the Kyoto Protocol and the United States’ plan for a missile defence shield. The members of the G7 (Germany, Canada, France, Italy, Japan, the United Kingdom and the United States), who held a discussion forum on 20 July, focused on economic issues, international trade, alleviation of the debts of the highly indebted poor countries, the slowdown in the world economy and the impact of social policies. The


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summit was marked by anti-globalisation demonstrations and violent clashes between some demonstrators and the police.

United States

1034. Only one EU-US Summit (1) took place in 2001 — at Gothenburg on 14 June (2). At the summit, Mr Göran Persson, Swedish Prime Minister and President of the European Council, Ms Anna Lindh, President of the Council, Mr Prodi, Mr Patten and Mr Lamy, for the Commission, and Mr Solana, High Representative for the CFSP, met President George W. Bush, Mr Colin Powell, Secretary of State, Mr Robert Zoellick, US trade representative and Mr Don Evans, Commerce Secretary. The parties adopted a joint statement reaffirming the historic partnership between the European Union and the United States. One of the summit’s key themes was environmental protection and climate change: although disagreement on the Kyoto Protocol and its ratification crystallised, the US undertook not to block the process (→ point 642). The parties also addressed the situation in the Balkans and the Middle East and US relations with North Korea. They discussed access to medicines in the countries of the south and demonstrated a common will to fight AIDS and other communicable diseases. The same common resolve was affirmed on promoting security and the fight against terrorism and crime. The parties declared their intention to launch a new round of multilateral trade negotiations under WTO aegis and to encourage the involvement of the developing countries.

1035. In a communication of 20 March entitled ‘Reinforcing the transatlantic relationship: focusing on strategy and delivering results’ (3), the Commission advocated a review of the new transatlantic agenda established in 1995 (4) in order to rationalise it and improve its effectiveness. It proposed better targeting of EU-US cooperation and clarification of priorities in order to focus on common challenges and strategic dossiers. It also expressed the wish that summits between the two partners should be smaller and return to the initial model of a meeting of leaders, possibly followed by a plenary session involving the foreign and trade ministers. In conclusions adopted on 14 and 15 May (5), the Council agreed that the transatlantic dialogue should be based on a work programme with priority issues geared to clear objectives in order to achieve more tangible results. It stressed that the environment should be treated as a separate issue and not as part of other strategic dossiers. It also wanted the dialogue to be regular and frequent at all levels including European Council. In a resolution of

(2) Bull. 6-2001, point 1.6.76.
(3) COM(2001) 154; Bull. 3-2001, point 1.6.90.
(4) 1995 General Report, point 888.
(5) Bull. 5-2001, point 1.6.84.
17 May (1), while welcoming the Commission's analysis, Parliament considered that the solutions proposed should go further. It called for a joint agenda to be drawn up guaranteeing more effective management of transatlantic relations up to 2004 and advocated the maintenance, or possible increase, in the number of annual summits, calling for a limitation of the number of issues considered as priority. It also wanted initiatives to be taken to tighten up the inter-parliamentary transatlantic dialogue. Parliament expressed concern about the economy, trade, security and defence and on the environment and again called for the abolition of the death penalty in the United States. The strengthening and extension of transatlantic cooperation was also the subject of an Economic and Social Committee opinion on 30 May (2).

1036. In its conclusions of 16 July (3), the Council expressed concern at the extension, by the US Congress, of the bill on sanctions against Iran and Libya.

1037. An EU–US ministerial meeting brought together in Washington on 6 March (4), Ms Anna Lindh, Swedish Foreign Minister and President of the Council, Mr Patten, for the Commission, Mr Solana, High Representative for the CFSP, and Mr Colin Powell, US Secretary of State. Discussions centred on cooperation and the consolidation of peace and democracy in the Balkans, the Middle East and problems of security, non-proliferation of nuclear weapons, US extraterritorial legislation and Russia. Enlargement of the European Union, the environment and employment were also broached. At bilateral level, the parties discussed the importance of their economic ties and the need to settle their trade differences in a positive manner. They also recognised the importance of European security and defence policy not only for the Union but also for the United States.

1038. Following the announcement by President Bush that the United States would not ratify the Kyoto Protocol → point 642), the EU troika, represented by Ms Wallström, for the Commission, Mr Kjell Larsson, Swedish Environment Minister and President of the Council, and Mr Olivier Deleuze, Belgian Secretary of State for Energy and Sustainable Development, visited the United States on 11 April (5). They expressed their serious disquiet at the US position and called on it to reconsider its options.

1039. On a visit to Washington on 8 and 9 March (6), Mr Lamy met members of the new US administration, including Mr Robert Zoellick, trade representative,

(1) Bull. 5-2001, point 1.6.85.
(2) OJ C 221, 7.8.2001; Bull. 5-2001, point 1.6.86.
(3) Bull. 7/8-2001, point 1.6.100.
(4) Bull. 4-2001, point 1.6.91.
(5) Bull. 3-2001, point 1.6.61.
(6) Bull. 3-2001, point 1.6.92.

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and Mr Paul O'Neill, Treasury Secretary. Discussions centred on bilateral trade relations and on the new round of negotiations within the WTO.

1040. On 12 September (1), following the terrorist attacks on 11 September against the United States, the Council held a special meeting at which it expressed the EU's total solidarity with the US Government and people and its profound sympathy for the victims and their families, declaring a day of mourning throughout the Union. This solidarity was reaffirmed on 14 September in a joint statement by the Heads of State or Government. In order to help put in place an international framework of security and prosperity, they undertook to continue developing their common foreign and security policy, to make a European security and defence policy operational as soon as possible and to strengthen measures to combat terrorism, notably by speeding up the creation of a genuine European judicial area.

1041. On 20 September, an EU–US ministerial meeting brought together Mr Louis Michel, Belgian Foreign Minister and President of the Council, Mr Patten for the Commission, Mr Solana, High Representative for the CFSP, and Mr Colin Powell, US Secretary of State. In a joint statement, the participants underscored the importance of joint action to combat terrorism and affirmed their resolve to act on air safety and on safety in other forms of transport, and cooperation on police and justice affairs, notably on extradition, banning the financing of terrorism, frontier checks and exchange of electronic data.

1042. On 21 September (2), the European Council met in extraordinary session in Brussels to examine the international situation following the events of 11 September. It reaffirmed the EU's total support for the United States and called for a broad coalition under UN aegis against terrorism. It also expressed its solidarity with the Arab world and its commitment to safeguarding civil liberties. It adopted an action plan based on international legal instruments to end the financing of terrorism, strengthen air safety and coordinate all the EU's activities in this field. It stressed that the fight against terrorism meant the Union playing a greater role in the international community's efforts to prevent and settle regional conflicts, in particular in the Middle East. The European Council reviewed the economic fall-out of the terrorist attacks. On 27 September, Mr Prodi and Mr Guy Verhofstadt, Belgian Prime Minister and President of the European Council, met President Bush in Washington to inform him of the European Council's stance and discuss fresh EU–US cooperation measures against terrorism.

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(1) Bull. 9-2001, points 1.4.2 and 1.4.3.
(2) Bull. 9-2001, points 1.1 to 1.21.
1043. In a declaration on 8 October (1) underlining EU solidarity with the United States, the Council confirmed its wholehearted support for the action taken by the United States in Afghanistan against the Taliban in the context of legitimate defence and in accordance with the UN Charter and Security Council Resolution 1368. It considered the carefully targeted action launched on 7 October to be an attack neither against Islam nor on the people of Afghanistan, whom the EU was determined to support. In its conclusions of 17 October (2), the Council reiterated the importance of a multilateral and global approach under UN aegis in order to strengthen the international coalition in its fight against terrorism in all its guises and welcomed the work done by the various configurations of the Council on this subject.

1044. In a statement published on 19 October (3), following the informal meeting in Gent, the Heads of State or Government of the European Union and the President of the Commission once again expressed the European Council's total solidarity with the United States, including its military operations, and stressed the particular importance it attached to information, consultation and coordination with the United States. Determined to maintain efforts to strengthen the international coalition against terrorism in every shape and form, the European Council spoke of the EU's readiness to engage with the United States in reciprocal initiatives in the areas of mutual judicial assistance, non-proliferation and export controls regarding both arms and chemical, bacteriological and nuclear substances capable of being used for terrorist purposes, and the security of passports and visas. The solidarity of the European Union with the American people and the international community in combating terrorism with full regard for individual rights and freedoms was underlined once again in December by the European Council in Laeken (4).

1045. In a resolution on 13 December on judicial cooperation between the European Union and the United States on combating terrorism (5), Parliament said that no extradition could be allowed to the US for people who might be sentenced to death or tried before military tribunals.

1046. On 6 December, a cooperation agreement was signed between Europol and the United States on the exchange of strategic information (→ point 554). In light of the cancellation of the second annual EU-US Summit (→ point 1034), Mr Robert Zoellick, US trade representative, visited the Commission on 18 December (6).

(1) Bull. 10-2001, point 1.6.81.
(2) Bull. 10-2001, point 1.6.83.
(3) Bull. 10-2001, point 1.6.84.
(4) Bull. 12-2001, points 1.8 and 1.6.87.
1047. Other items relating to the consequences of the 11 September attacks and combating terrorism are covered in Chapter IV, Sections 1 (‘Area of freedom, security and justice’) and 6 (‘Transport’) (→ points 534 and 713), in Section 1 (‘Composition and functioning of institutions and other bodies’) of Chapter IX (→ point 1201), and in Sections 2 (‘International organisations and conferences’), 5 (‘Humanitarian aid’) and 11 (‘Relations with Asia’) (→ points 860, 861, 959 and 1066) of this chapter.

Japan

1048. The Japanese Prime Minister, Mr Junichiro Koizumi, took part in the 10th EU-Japan Summit, held in Brussels on 8 December (1), together with Mr Guy Verhofstadt, Prime Minister of Belgium and President of the European Council, Mr Prodi, and Mr Solana, the CFSP High Representative. The meeting resulted in the adoption of a global action plan for enhanced Euro-Japanese cooperation over the next 10 years and a joint declaration on combating terrorism. Intended as a mould for future EU-Japan ties, the action plan involves joint initiatives in the areas of political relations (e.g. UN reform), economic and trade relations, particularly with regard to two-way investment, and new challenges such as the environment, clean transport and the terrorist threat. It also takes account of the significant results already achieved in 2001, such as the bilateral agreements on mutual recognition in relation to conformity assessment for certain products (→ point 898) and nuclear energy (→ point 673). During the summit, the Japanese Prime Minister called for greater investment by European companies in Japan, while the EU demonstrated public approval for Mr Koizumi’s economic reforms.

1049. In the run-up to the summit, the high-level meeting on regulatory reform in Japan (2) and high-level consultations took place in Tokyo on 23 October and 21 to 22 November respectively. At the first of these meetings, the EU was able to offer its input to the ongoing debate in Japan on structural economic reform, while the second helped pave the way for early implementation of some key initiatives included in the action plan referred to above (→ point 1048).

1050. The convergence of views between the EU and Japan was most notable in the context of the World Trade Organisation, in particular during the ministerial conference at Doha (→ point 876), where it made a decisive contribution to the launch of the new round of trade negotiations. Mr Lamy met Mr Makiko Tanaka, Japan’s Minister for Foreign Affairs, in Singapore in October for talks

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(1) Bull. 12-2001, point 1.6.93.
(2) Previous meeting: 2000 General Report, point 967.
on this. Active contacts were also established at sectoral level in the areas of transport, energy, financial services, industrial policy, telecommunications and development cooperation. The latter two areas were the subject of visits to Japan by Mr Liikanen and Mr Nielson.

Canada

1051. Two EU–Canada summits (1) were held in 2001, in Stockholm on 21 June (2) and in Ottawa on 18 December (3). At the Stockholm Summit, Mr Göran Persson, Swedish Prime Minister and President of the European Council, Ms Anna Lindh, Swedish Foreign Minister, Mr Prodi, Commission President, and Mr Lamy and Mr Solana, High Representative for the CFSP, met Mr Jean Chrétien, Canadian Prime Minister, Mr John Manley, Foreign Minister, and Mr Pierre Pettigrew, International Trade Minister. The parties adopted joint statements on the upcoming round of multilateral trade negotiations under WTO aegis (→ point 876), on non-proliferation and on arms control and disarmament. They affirmed their commitment to the Kyoto Protocol on Climate Change (→ points 642 et seq.). The participants also broached the issue of trade in wine and spirits and agreed on cooperation in UN forums. At the Ottawa Summit, Mr Chrétien met Mr Verhofstadt, the Belgian Prime Minister and President of the Council, together with Mr Prodi and Mr Solana for talks concerning the international situation and, in particular, action to combat terrorism in the aftermath of the 11 September attacks in the United States, the Middle East crisis and the situation in Africa. The parties also discussed bilateral relations in the context of the 25th anniversary of the framework agreement between them (4) and the fifth anniversary of their joint action plan (5), agreeing to revise both instruments to incorporate the extension of their relations in the light of the changing nature of the challenges, e.g. increasing globalisation, that they faced.

Australia

1052. In April, Mr Patten visited Australia for the EU–Australia ministerial meeting, during which he held talks with Mr Alexander Downer, Foreign Minister, and Mr Mark Vaile, the Minister for Trade. Substantial Commission funding to set up a Europe Centre at the Australian National University in Canberra was announced at the talks. At technical level, the ministerial meeting was

(2) Bull. 6-2001, point 1.6.77.
(3) Bull. 12-2001, point 1.6.94.
(4) Tenth General Report, point 541.
preceded by talks on agricultural issues and followed by a new session of negotiations relating to a bilateral agreement on trade in wine. The Joint Committee on Science and Technology met in May in the framework of the bilateral agreement in that field. Ministerial meetings also took place at troika level in February and September.

New Zealand

1053. High-level consultations between the Commission and New Zealand took place in February, while ministerial meetings took place at troika level in April and September. With a view to strengthening bilateral relations, the Commission also approved a financial contribution towards a Europe Centre at the University of Canterbury. Negotiations continued on trade in sweet wines and on a bilateral veterinary agreement.

Republic of Korea

1054. By Decision 2001/248/EC of 19 March, the Council concluded the framework trade and cooperation agreement with the Republic of Korea (Table III). The agreement entered into force on 1 April and is designed to boost trade and investment and encourage cooperation across a wide spectrum of fields, notably justice and home affairs, science and technology, and culture. It also provides for the setting-up of a joint committee and a biennial presidential summit. The first meeting of the joint committee took place in Seoul on 29 May, with talks focusing on trade cooperation and regional issues.

1055. Bilateral contacts were maintained throughout the year, particularly in the shipbuilding sector (→ point 909). The two sides also liaised closely on preparations for the WTO's Doha Conference (→ point 876). On 22 January, Han Kap-Soo, Korean Agriculture Minister, met Mr Fischler in Brussels, while Mr Lamy travelled to Seoul in February for talks with Han Duck-Soo, the Trade and Industry Minister. On 11 December, Mr Prodi, Mr Patten and Mr Lamy met the South Korean President, Kim Dae-Jung, in Strasbourg for talks on bilateral relations and EU efforts to open up to North Korea (→ point 1078) in response to peace and reconciliation initiatives in the Korean peninsula. In that connection, the Commission expressed satisfaction at the establishment of diplomatic relations with North Korea, the regular supply of food aid, humanitarian aid and technical assistance to the country and the liberalisation of imports of North Korean textiles.
Section 11

Relations with the countries of Asia (1)

Priority activities and objectives

1056. With a view to taking up the challenges and opportunities stemming from globalisation and forging more solid partnerships with the region, the Commission gave priority to updating the strategic framework of the EU's relationship with its Asian partners, and to defining the major facets of these ties in the decade ahead. The war in Afghanistan following the terrorist attacks in the United States, aside from its political fallout, prompted the Union to set about devising a reconstruction plan.

Asia–Europe meetings (ASEM) and relations with regional groupings (2)

1057. On 4 September (3), the Commission adopted a communication aimed at establishing a strategic framework to forge closer partnership ties over the next 10 years with a view to strengthening the EU's political and economic presence in Asia. Updating in the light of developments its 1994 communication on a new Asian strategy (4), the Commission recommended six objectives: strengthening the Union's commitment in the political and security fields; stepping up trade relations and mutual investment; contributing effectively to the fight against poverty; promoting human rights, democracy and the rule of law; forging global alliances with the main Asian partners and encouraging a better mutual knowledge between the two continents. The Commission also tabled proposals to translate these objectives into practice in various parts of the Asian region (South Asia, South-East Asia, North-East Asia and Australasia, included for the first time in the strategic framework between Europe and Asia).

1058. The third meeting of foreign ministers of the parties to the Asia–Europe dialogue (seven ASEAN Member States (5), China, Japan, South Korea, 

(1) Further information is available on the Europa server (http://europa.eu.int/comm/external_relations/asia/index.htm).
(3) COM(2001) 469; Bull. 9-2001, point 1.6.51.
(4) COM(94) 314; 1994 General Report, point 875.
(5) Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam.
the 15 EU Member States and the Commission) was held in Beijing on 24 and 25 May ('). Mr Patten represented the Commission at this meeting chaired by Tang Jiaxuan, Chinese Foreign Minister. In a joint statement, the participants affirmed their desire to strengthen and extend their cooperation and contribute to a multi-polar world which was more stable, harmonious, sustainable and respected human rights. The ministers addressed topics of shared interest, including support for the Kyoto Protocol, rapprochement between North and South Korea, the launching of a new round of negotiations under the WTO and territorial integrity and respect for the rights of minorities in the Balkans. Other issues raised were the development of a dialogue on the United Nations, a global strategic balance and action to combat trafficking in women and children. At the end of the meeting, arrangements for consultation ahead of UN general assemblies were put in place.

1059. In a resolution of 13 June (2), Parliament welcomed the ASEM leaders’ pledge at the Seoul Summit in October 2000 (3) to support human rights, democracy and the rule of law. It urged them to engage in an intensive political dialogue on certain issues and a wider social dialogue and recommended establishing an overall approach to conflict prevention and peacekeeping.

1060. The EC–ASEAN Joint Committee meeting in Brussels on 17 to 19 September agreed on a new approach to cooperation involving clarification of the political dialogue in sectors of common interest where the EU can support ASEAN regional integration and started a process to reflect on the future of this cooperation.

Bilateral relations

South Asia

1061. In the wake of the first EU–India Summit in June 2000 (4), Mr Patten went in January to New Delhi where he met members of the Indian Government, on several occasions highlighting the EU’s growing role on the international stage. Mr Fischler went to India in April. The second EU–India Summit was held in New Delhi on 23 November. After the meeting, a joint communiqué stressed the two parties’ common view of the situation in the region, notably as regards the future of Afghanistan, and a joint declaration stressed their desire to join forces in the struggle against terrorism. In the economic field,

\(^{(1)}\) Bull. 5-2001, point 1.6.88.
\(^{(2)}\) Bull. 6-2001, point 1.6.79.
\(^{(3)}\) 2000 General Report, point 980.
\(^{(4)}\) 2000 General Report, point 982.
major headway was made by the signing of a scientific and technological cooperation agreement (→ point 343), the adoption of a declaration on information technology, the launching of negotiations on customs matters and the decision to draw up a plan of action on investment on the basis of studies carried out by the business world. The violent earthquake in Gujarat was the subject of a Presidency statement on 29 January (→ point 842) and a Parliament resolution of 15 February (1). The Commission helped with emergency aid worth EUR 13 million (→ point 959), followed by rehabilitation aid worth EUR 15 million and development support to the tune of EUR 65.8 million.

1062. The inauguration of General Pervez Musharraf as President of Pakistan prompted a Presidency statement on 22 June, as did the India–Pakistan Summit at Agra on 19 July (→ point 842). A ministerial troika went to Pakistan on 25 September to pave the way for accelerated increase in Community assistance for that country to cope with the economic repercussions of the international crisis in the wake of events in Afghanistan (→ point 1065). The EU decided to resume regular political dialogue with Pakistan. On 24 November, a new third-generation cooperation agreement was signed in Islamabad on the occasion of a visit by Mr Prodi and Mr Verhofstadt, Belgian Prime Minister and President of the Council (Table III). This agreement aims to deepen and extend cooperation between the two parties both politically and economically.

1063. In a statement on 27 June, the EU expressed concern at the political violence in Bangladesh (→ point 842). On 5 October, it issued a statement on the outcome of the elections of 1 October (→ point 842). The first EC–Bangladesh Joint Committee meeting, set up as part of the new cooperation agreement (2) which entered into force on 1 March, was held in Dhaka on 20 November. This coincided with a visit by Mr Lamy, who stressed the synergy between trade and development aid.

1064. The situation in Nepal prompted successive EU Presidency statements (→ point 842). The Presidency also commented on the verification process to be conducted jointly by Nepal and Bhutan on refugees (→ point 842). Parliament adopted, on 14 June, a resolution on the repercussions of the massacre of the Nepalese royal family (3). The EC–Sri Lanka Joint Committee met on 27 and 28 February in Colombo. Negotiations for a possible readmission agreement between the Union and Sri Lanka began in July. President Bandaranaike Kumaratunga visited the Commission in March. On 27 July, the Union Presidency condemned the terrorist attack by the LTTE (Liberation Tigers of Tamil Eelam) in Sri Lanka (→ point 842).

(1) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.6.123.
(2) 2000 General Report, point 984.
(3) Bull. 6-2001, point 1.6.86.

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1065. On 6 March, the Council adopted Regulation (EC) No 467/2001 (1) prohibiting the export of certain goods and services to Afghanistan, strengthening the flight ban and extending the freeze on funds and other financial resources in respect of the Taliban. This new legislation, repealing Regulation (EC) No 337/2000 (2), is intended to implement additional measures such as those envisaged by Common Position 2001/154/CFSP (3) of 26 February replacing Common Position 96/746/CFSP (4). The situation in Afghanistan also prompted the Council to replace, on 22 January, Common Position 2000/55/CFSP (5) with Common Position 2001/56/CFSP (6) affirming the Union’s desire to promote a lasting peace, dialogue among the Afghans and the development of the whole region and to promote respect for human rights, fundamental freedoms and humanitarian law. On 1 March, the Union Presidency expressed its consternation at the destruction of the Buddhas of Bamiyan (→ point 843). This act was also condemned by Parliament in a resolution of 15 March (7). Parliament also expressed concern at the continued violation of human rights by the Taliban regime (→ point 49).

1066. In the wake of the terrorist attacks in the United States and their international repercussions, the extraordinary European Council of 21 September (→ point 1206) called on the Commission to start a humanitarian aid programme for Afghan refugees (8). On several occasions, the Commission amended (9) annexes of Regulation (EC) No 467/2001 (→ point 1065) to take account of the new list of persons and bodies concerned by the freeze on funds and the list of humanitarian organisations to which the flight ban does not apply, following initiatives by the sanctions committee against the Taliban set up by the UN Security Council. The Council adopted, on 5 November, Common Position 2001/771/CFSP (10) in order to limit the scope of Common Positions 96/746/CFSP, 2001/56/CFSP and 2001/154/CFSP (→ point 1065) to the territory held by the Taliban. At its meeting on 19 and 20 November (11), the Council reiterated its support for UN efforts with respect to events in Afghanistan and action taken by the US-led coalition in line with UN resolutions. Stressing the pressing need for humanitarian help for the Afghan people, it called on the Northern Alliance to show restraint in the areas under its control and on the Afghan forces to respect human rights and international humanitarian law, a

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(1) OJ L 67, 9.3.2001; Bull. 3-2001, point 1.6.94.
(8) Bull. 9-2001, point 1.6.34.
(11) Bull. 11-2001, point 1.6.91.

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prerequisite for EU aid for the reconstruction of Afghanistan. On 10 December, it welcomed the signing, in Bonn, of an agreement on the future of Afghanistan and appointed Mr Klaus Peter Klaiber special representative for Afghanistan under the authority of the High Representative for the CFSP (1). In the same month, Mr Neilson visited Afghanistan and Pakistan (2). On 20 and 21 December, the Commission co-organised in Brussels a successful donors’ conference, the object of which was to define a common and coordinated approach to international aid for the reconstruction of Afghanistan. The Commission also signed with the United Nations Development Programme (UNDP) a financing agreement worth EUR 2.5 million. This is a contribution to the UNDP Trust Fund for the interim authority, thanks to funds mobilised in the two weeks following the Bonn agreement by implementing the new rapid reaction mechanism.

South-East Asia

1067. The importance of a long-term relationship with Indonesia was highlighted in conclusions adopted by the Council at its meeting of 14 and 15 May (3). While welcoming the positive changes, the Council expressed its concern at the slow progress in the legal and economic reforms and encouraged the Indonesian Government to pursue the process more actively. In a statement of 2 March, the Union Presidency expressed its concern at the violence in the province of Kalimantan (→ point 845) which was also the subject of a Parliament resolution on 15 March (4). On 25 July, the Presidency issued a statement on the swearing-in of the new President of the Republic (→ point 845).

1068. In June (5), the Gothenburg European Council welcomed the upcoming elections to the Constituent Assembly of East Timor.

1069. While welcoming certain new developments in Myanmar, the Council stated in its conclusions of 9 April (6) that no major progress had been made towards the objectives set out in its Common Position 96/635/CFSP (7), as last extended in October 2000 (8), relating to sanctions against that country. It therefore decided, the same day, to extend the common position until 29 October (9). In new conclusions adopted on 8 October (10), the Council said that the improvement in the political climate in Myanmar was encouraging and applauded the freeing of a growing number of political prisoners and other

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(3) Bull. 5-2001, point 1.6.90.
(5) Bull. 3-2001, point 1.6.100.
(6) Bull. 4-2001, point 1.6.63.
(7) Bull. 4-2001, point 1.6.64.
signs of opening up by the authorities. While extending the common position for a further six months (¹) it declared its readiness to underpin the process of national reconciliation with humanitarian aid. The situation in Myanmar was also the subject of a Presidency statement on 8 February (→ point 844).

1070. The meeting of the consultative group on Cambodia prompted a Presidency statement on 12 June (→ point 844). The Presidency also delivered its opinion on Cambodia in a statement on 16 August (→ point 844). On 15 November, the Council adopted Decision 2001/796/CFSP on the accumulation and spread of small arms and light weapons in Cambodia (→ point 822).

1071. The situation in the Philippines was the subject of Presidency statements of 20 January, 27 April and 4 May (→ point 844).

1072. On 14 June, Parliament adopted a resolution on human rights in Malaysia (→ point 49).

Far East

1073. The fourth EU-China Summit was held in Brussels on 5 September (²). Present at the summit were Mr Guy Verhofstadt, President of the European Council, Mr Prodi, Commission President, Zhu Rongji, Chinese Prime Minister, along with Mr Patten and Mr Lamy, for the Commission, Mr Solana, High Representative for the CFSP, Tang Jiaxuan and Shi Guangsheng, Chinese Foreign Minister and Trade and Economic Cooperation Minister respectively. The parties addressed issues such as strengthening the political dialogue, human rights, the fight against illegal immigration, the environment, trade relations and developments in the international situation, including international and regional security.

1074. In conclusions adopted at its meeting of 22 and 23 January (³), the Council set out the objectives to be attained by the EU through dialogue with China on human rights, focusing on areas such as ratification of UN agreements on certain rights, limitation of the death penalty and prisoners’ fundamental rights. By making these objectives public, the Council sought to give more transparency to its human rights policy with regard to China and prepare the ground for an exchange of information with civil society on that subject. On 19 March, the Council adopted conclusions on the human rights situation in China (→ point 45). In a statement on 12 March, the EU Presidency welcomed China’s ratification of the international covenant on economic, social and cultural rights (→ point 846). Parliament adopted resolutions on freedom of religion in China and Beijing’s candidacy for staging the 2008 Olympic Games (→ point 49).

² Bull. 9-2001, point 1.6.52.
³ Bull. 1/2-2001, point 1.6.119.

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1075. On 15 May, the Commission issued a communication on the EU’s strategy on China (1). Following on from its 1998 communication on a global partnership with China (2), the strategic outline of which remains valid, the Commission defines new priorities and measures in the short- and medium-term. It stresses that, for the Union, developments have been marked in particular by the implementation of the Amsterdam Treaty, the signing of the Treaty of Nice (→ point 1) and the proclamation of the EU Charter of Fundamental Rights (3) and, for China, its increasingly higher profile on the international stage. The Commission proposes a road map for developing relations with China through action to strengthen political dialogue, support the establishment of a society based on the rule of law, integrating China into the global economy, better use of Community cooperation programmes and promoting the EU’s image in China. In its conclusions of 25 June, the Council endorsed the broad outline of the Commission’s communication.

1076. From 21 to 24 May, Mr Patten visited Beijing and Xi’an where he had discussions with ministers, leaders of the National People’s Congress and authorities of the province of Shaanxi. From 16 to 18 June, Ms de Palacio went to Beijing where she met Zhu Rongji, Prime Minister, and Xu Guanhua and Huang Zhendong, Science and Technology Minister and Communications Minister respectively. On 20 June (4), Mr Lamy and Shi Guangsheng, Chinese Trade Minister, reached a consensus on the terms for China’s membership of the WTO. Mr Lamy went to Shanghai and to Beijing on 3 and 4 December for talks with Wu Yi, State Councillor, Shi Guangsheng, Minister for Foreign Trade, and Li Rongrong, Chairman of China’s State Economic and Trade Commission (5). The talks focused on implementation of China’s WTO membership and cooperation within this framework.

1077. On 25 July, the Commission published its third annual report on the Special Administrative Region of Hong Kong (6) and presented its first annual report on the Special Administrative Region of Macao (7). Parliament approved on 15 February (8) the 1999 Commission communication on EU relations with Macao beyond the year 2000 (9). Negotiations for the conclusion of readmission agreements with the two territories started on 23 and 24 October. The agreement with Hong Kong was initialled on 22 November. Mr Lamy went to Hong Kong on 19 February for talks with Chief Executive Tung Chee-hwa, the Chief Secretary for Administration Anson Chan, Commerce Secretary Chau

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(1) COM(2001) 265; Bull. 5-2001, point 1.6.89.
(3) 2000 General Report, point 15 et seq.
(4) Bull. 6-2001, point 1.6.83.
(7) COM(2001) 432; Bull. 7/8-2001, point 1.6.103.
(8) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.6.120.

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Tak-hay and Finance Secretary Donald Tsang. The latter, appointed new Chief Secretary for Administration, came to Brussels where he met Mr Kinnock and Mr Vitorino at the Commission.

1078. From 2 to 4 May, the EU troika went to the Korean peninsula, visiting Pyongyang and Seoul (1). The aim of the visit was to express the Union’s support for the peace process and stabilisation of the peninsula and to confirm the possibility of strengthening ties with the People’s Democratic Republic of Korea (North Korea). In March, the Stockholm European Council (2) had given its backing to an enhanced EU role in this peace process and, in June, the Gothenburg European Council (3) welcomed the results achieved by the troika. The success of this mission was also hailed by Parliament in a resolution of 31 May (4). In the resolution, Parliament also welcomed the Commission’s decision to establish relations with North Korea, an approach it had already advocated in its resolution of 17 January (5). In December, the Council decided to resume EU participation in the Korean Peninsula Energy Development Organisation (KEDO) (→ point 673).

1079. The EU’s relations with South Korea are dealt with in Section 10 (‘Relations with United States, Japan and other industrialised countries’) of this Chapter (→ points 1054 and 1055).

Cooperation measures

1080. A total of EUR 252 million was committed in 2001 to financial and technical cooperation with Asia. The main priorities, fitting in with the overall objective to reduce poverty, were projects in the fields of education and health. Other key sectors included rural development, environmental protection, institutional strengthening, development of human resources, business, and economic management. Under the heading of political economic and cultural cooperation, EUR 86 million was committed for training, technology transfer, trade promotion and development of renewable energy.

Aid for refugees and displaced persons


(1) Bull. 5-2001, point 1.6.91.
(2) Bull. 3-2001, point 1.40.
(3) Bull. 6-2001, points 1.43 and 1.44.
Section 12

Latin America (1)

Priority activities and objectives

1082. Relations between the European Union and Latin America were characterised by continued implementation of the free trade agreement with Mexico, negotiations to conclude association agreements with Mercosur and Chile and preparations for the second EU–Latin America–Caribbean Summit scheduled for May 2002. The Commission also kept a close eye on the peace process in Colombia and the electoral process in Nicaragua and Peru.

Relations with regional groupings

1083. Regretting that it had not yet been formally involved in defining negotiating mandates with third countries, Parliament asked the Council, in recommendations of 1 March (2), to amend the current negotiating directives for future association agreements with Mercosur (3) and Chile (4). In an own-initiative opinion of 12 July (5), the Economic and Social Committee also expressed reservations about the negotiating mandates concerning Mercosur. The EU–Mercosur Cooperation Council held its second meeting in Luxembourg on 26 June (6). Discussions focused on the negotiation of the association agreement. At the fifth EU–Mercosur negotiating meeting held in Montevideo from 2 to 6 July, the Union tabled its tariff offer and proposals for texts in the goods, services and public procurement sectors, the aim being gradual and reciprocal liberalisation of all trade, without excluding any sector, over a period of 10 years. Mercosur tabled its tariff offer at the sixth cooperation meeting held in Brussels in November.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/external_relations/la/index.htm).
(2) OJ C 277, 1.10.2001; Bull. 3-2001, point 1.6.104.
(4) 1999 General Report, point 850.
1084. As part of the EU-Andean Community (CAN) political dialogue (1), the two regions' foreign ministers met on the fringes of the second ministerial meeting between the Union and the Rio Group (2) in Santiago de Chile on 28 March. The parties had an exchange of views on how to strengthen their ties and, at the Andean Community's initiative, on consultations ahead of negotiating an association agreement with the Union. They welcomed the adoption of terms of reference for the study on economic and financial relations between the two groups and their future prospects in accordance with the mandate set out in the Vilamoura declaration of 24 February 2000 (3). A second ministerial meeting was held on the fringes of the UN General Assembly in New York on 11 November. The sixth EC-CAN Joint Committee meeting was held on 3 December (4). It enabled the parties to discuss the recent renewal of tariff preferences granted to the Andean countries for 2002–04, current and future cooperation and the future of relations between the two regions.

1085. A further ministerial meeting as part of the San José dialogue (5), the institutional forum for political and cooperation ties between the European Union and six Central American countries (6), was held in March. In a resolution of 6 September (7), Parliament invited the Council and the Commission to make rapid progress in assessing the consequences of the drought in Central America so as to implement emergency aid and intervention programmes for agricultural development as soon as the 2002 budget is drawn up. It repeated its call in a resolution of 15 November (8) in the wake of Hurricane Michelle which hit Central America and Cuba.

1086. In a resolution of 15 November (9), Parliament advocated, ahead of the second summit between the European Union and Latin America and the Caribbean, scheduled for May 2002, the adoption of a new common strategy to be applied during an initial period of four years for the region concerned in order to give content and direction to EU action in launching the bi-regional strategic partnership decided at the first summit in June 1999 (10). At political level, it called for the establishment of a new transatlantic Euro-Latin American assembly, the signing of a charter for peace, implementation of the political and security partnership and support for the peace process and social development in Colombia; in the economic, financial and trade fields, it expressed the wish for

(1) Bolivia, Colombia, Ecuador, Peru, Venezuela. Further information is available on the europa server (http://europa.eu.int/comm/external_relations/andcan/intro/index.htm).
(2) Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela.
(3) 2000 General Report, point 1005.
(6) Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.
(7) Bull. 9-2001, point 1.6.56.
(8) Bull. 11-2001, point 1.6.105.
(9) Bull. 11-2001, point 1.6.100.
(10) 1999 General Report, point 848.

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a Euro-Latin American free trade area by 2010, and, in the social and cultural field, the creation of a bi-regional solidarity fund, the establishment of an overall plan to combat drugs and the creation of a study centre. It also stressed the need to enhance the complementarity of the various instruments and action by the EU and Member States in the region.

Bilateral relations

1087. On 31 October, Mr Nielson received Mr Gustavo Fernández Saavedra, Bolivian Foreign Minister, and in November he went to Bolivia where he met President Jorge Quiroga and several ministers.

1088. The EU-Chile Cooperation Council held its second meeting in Luxembourg on 26 June (1). Discussions covered the negotiation of the association agreement (→ point 1083), the pace of which quickened in 2001. The Union tabled new proposals comprising technical criteria and rules on trade in goods and services. The two parties agreed on texts on cooperation and political dialogue. On 10 July, the Council adopted negotiating directives for a scientific and technological cooperation agreement with Chile (Table III). On 1 June, the Union Presidency issued a statement on the abolition of the death penalty in Chile (→ point 848).

1089. Support for the peace process in Colombia was the subject of a Parliament resolution on 2 February (2), Council conclusions on 9 April (3) and EU Presidency statements (→ point 848). On 30 April, the support group for the peace process in Colombia held its third meeting in Brussels, organised jointly by the Commission and the Inter-American Development Bank. The European Union tabled its offer of support for this process amounting to more than EUR 330 million.

1090. The Council extended on two occasions, in June and in December (4), Common Position 96/697/CFSP (5) on Cuba. The EU troika went to Cuba on 1 and 2 December (6).

1091. The situation in Guatemala prompted a Union Presidency statement in April (→ point 849) and a Parliament resolution in June (→ point 49).

(3) Bull. 4-2001, point 1.6.70.
(6) Bull. 12-2001, point 1.6.112.
1092. The reconciliation process started in Mexico was the subject of EU Presidency statements in March and May (→ point 850) and a Parliament resolution on 5 April (¹). As part of the implementation of the economic partnership, political coordination and cooperation agreement (²), the joint council met at ministerial level on 27 February and the joint committee bringing together high-level representatives of the two sides held its first meeting on 2 October.

1093. The EU Presidency issued statements on the electoral process in Nicaragua (→ point 849).

1094. The presidential and legislative elections held in Peru in April and the inauguration of President Alejandro Toledo in July were welcomed in successive EU Presidency statements (→ point 848). In a resolution of 5 July (³), Parliament expressed its shock at the earthquake in that country and the Commission provided emergency humanitarian aid for the rehabilitation of the area hit. On the occasion of Mr Toledo’s visit in July, the Commission sent a clear message in support of the stabilisation of democracy in Peru. The programme to fight poverty (‘A trabajar’) tabled by the Peruvian Government won international support at the donors’ conference held in Madrid on 22 October. The Community’s contribution was EUR 40 million.

1095. On 18 January (⁴), Parliament adopted a resolution on the earthquake in El Salvador.

1096. On a visit to Brussels on 22 May, Mr Marcus Vinicius Pratini de Morães, Brazilian Agriculture Minister, met Mr Byrne and Mr Lamy at the Commission. The President of Venezuela, Mr Hugo Chávez, visiting Brussels on 15 and 16 October, met Mr Prodi, Ms Loyola de Palacio and Mr Lamy.

Cooperation measures

1097. In 2001, EUR 142 million was committed to financial and technical cooperation with Latin America. The projects financed concerned chiefly modernisation and decentralisation of the State, good governance, support for peace, the environment, rural development and education. On economic cooperation, EUR 93 million was committed for projects of mutual interest essentially for regional measures in fields such as economic integration, customs cooperation and the promotion of investment and trade. On 6 December, the Commission approved the financing to the tune of EUR 63.5 million of the regional programme ‘alliance for the information society’ (@LIS).

¹ Bull. 4-2001, point 1.6.72.
² 2000 General Report, point 1012.
³ Bull. 7/8-2001, point 1.6.113.
Aid to refugees and displaced persons


1099. At the level of projects, the focus was on implementing the multiannual programme 2000–04 for EUR 15.9 million with three national components Mexico, Nicaragua and Guatemala and a regional technical cooperation component.
Section 13

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

Priority activities and objectives

1100. Pending ratification of the Cotonou Agreement (1) by the Member States, this year was marked by the early implementation of some of its provisions, in particular the new programming system for the ninth European Development Fund and the article relating to the possibility of suspending cooperation. The persistence of several conflicts in Africa prompted the Council to adopt a common position on conflict prevention. New arrangements for association with the OCTs were adopted.

Relations with ACP countries (2)

Institutions

1101. The Joint ACP-EC Parliamentary Assembly (3) held its two annual sessions in Libreville (Gabon), from 19 to 22 March (4), and in Brussels from 29 October to 1 November. Discussions in Gabon centred on implementation of the Cotonou Agreement, on the reform of the EU’s management of its external aid, on the reform of the Assembly’s working methods, on conflict prevention and on the fight against AIDS and on trade matters. In Brussels, discussions focused on information and communication technologies, the parliamentary dimension of international trade, the situation in certain ACP countries and AIDS. In a resolution of 15 March (5), Parliament welcomed the prominent role the Assembly had played in the negotiations leading to the conclusion of the Cotonou Agreement and stressed the importance of its new ‘parliamentary’ status.

(1) 2000 General Report, points 1022 and 1023; Internet (http://www.acpsec.org/gb/cotonou/accord1.htm).
(2) http://acpsec.org/.
(4) Bull. 3-2001, point 1.6.107.
1102. The ACP–EC Council of Ministers (1) was held in Brussels on 11 May (2). The meeting focused on preparation of the negotiations for regional economic partnership agreements, the fourth WTO ministerial conference (\rightarrow point 876), access to medicines and the agreement between the EU and the United States to end their dispute over the Community banana import regime (\rightarrow point 880). The joint council adopted a joint statement on climate change and the Kyoto Protocol (\rightarrow points 642 et seq.).

**Implementation of the Lomé Conventions and the Cotonou Agreement**

1103. In its conclusions of 8 November (3), the Council stressed the importance it attached to Article 11 of the Cotonou Agreement on efforts to consolidate peace and prevent and settle conflicts as part of the partnership. At the same meeting (4), it underscored the importance of civil society’s contribution to development in the ACP countries, in particular through implementation of the Cotonou Agreement.

**Stabex and Sysmin**

1104. The Commission adopted on 27 November (5) its report on the operation of Stabex in 2000, the last year of its application: given the mechanism put in place by the Cotonou Agreement (6), this support is now integrated into the national indicative programmes of the ACP countries. The report refers to the allocation of transfers for an amount of EUR 281.08 million for the year 1999, three additional transfers for 1998 (EUR 21.36 million) and the reimbursement of unexpended balances (EUR 70.69 million).

1105. In the framework of Decision No 3/2000 (7) of 26 September 2000 taken by the Committee of ACP–EC Ambassadors on the use of Sysmin unexpended balances (EUR 410.2 million) beyond 31 December 2000, the Commission drew up a list of eligible countries.

**Structural adjustment support**

1106. Financing decisions in support of economic reform were taken in 2001 for 20 ACP countries for a total amount of EUR 311 million. As part of the Community contribution of EUR 1 billion to the initiative of the International

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(1) \url{http://www.acpsec.org/gb/coumin_e.html}.
(2) Bull. 5-2001, point 1.6.98.
(3) Bull. 11-2001, point 1.6.106.
(4) Bull. 11-2001, point 1.6.107.
(6) 2000 General Report, points 1023 and 1026.
Monetary Fund and the World Bank for highly indebted poor countries (HIPCs) in 1999 (1), EUR 250 million was paid into the Trust Fund managed by the World Bank to finance debt claims by the African Development Bank against the ACP countries concerned. The Commission also paid EUR 100 million to the European Investment Bank for remission of debt on special EDF loans administered by the EIB.

1107. Continuing its innovations in terms of support for economic reforms decided in 2000 (2), the Commission participated in implementing the poverty reduction strategy papers (PRSPs) adopted in 2000 by all donors and developing countries. To that end it maintained close relations with the World Bank and the International Monetary Fund and helped draw up provisional PRSPs for around 10 ACP countries out of the 25 developing countries concerned.

1108. In its Special Report No 5/2001 (3), the Court of Auditors examined the Commission’s monitoring of the use of counterpart funds in 23 structural adjustment programmes of eight ACP countries between 1994 and 1999 (seventh and eighth EDFs).

Support for ACP banana producers

1109. On 7 February (4), the Commission adopted its first biennial report on implementation of Regulation (EC) No 856/1999 establishing a special framework of assistance for traditional ACP banana suppliers (5).

Protocols

1110. On 20 November and 3 December, the Council decided to conclude with the 19 ACP countries concerned, and with India, agreements committing the Community to buy and import sugar at guaranteed prices for the delivery period 2000/01 (Table III).

Relations with regional groupings

1111. On 14 May, the Council adopted a common position (6) on the prevention, management and settlement of conflicts in Africa to provide support for

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1) 1999 General Report, points 713 and 810.
2) 2000 General Report, point 1028.
the Organisation of African Unity, subregional organisations and initiatives, and civil society.

1112. In conclusions of 14 May (1), the Council commented on the situation in the African Great Lakes region, in the countries of the Mano River Union (Guinea, Liberia and Sierra Leone) and in Ethiopia and Eritrea. The political and humanitarian crisis in West Africa prompted it to express its concern again on 25 June (2). In conclusions of 16 July (3), the Council expressed the wish for a wide, coherent and coordinated EU role and closer cooperation with the UN and international financial institutions on Africa, in particular on the Great Lakes region. On 10 December (4), it extended the mandate of Mr Aldo Ajello as European Union special representative for the African Great Lakes region.

1113. Cooperation with regional groupings intensified, notably as part of the programming of ninth European Development Fund resources. In July, Mr Erasmus Mwencha, Secretary-General of the Common Market for Eastern and Southern Africa (Comesa), met Mr Nielson at the Commission. In October, Mr Nielson received Ms Lilian Patel, chairperson of the Southern African Development Community (SADC) and Foreign Minister of Malawi, and SADC Executive Secretary Mr Prega Ramsamy. In conclusions adopted at its meeting on 8 and 9 October (5), the Council welcomed the extension, by Member States of the Economic Community of West African States (Ecowas), of the moratorium on the manufacture and trade in small arms and light weapons. At the EU-Ecowas ministerial meeting on 12 October (6), the Union gave its backing to the organisation's role in regional integration, the prevention and management of crises and the settlement of conflicts.

1114. As part of a series of meetings, Mr Nielson took part on 18 and 19 October (7) in the ministerial meeting in St Lucia of Cariforum (s) and was received by President Runaldo Ronald Venetiaan in Suriname and President Bharrat Jagdeo of Guyana.

1115. In the follow-up to the Europe–Africa Summit in Cairo in April 2000 (8), the first Europe–Africa ministerial conference was held in Brussels on 11 October (10). The previous day, at a meeting organised by the Presidency, Mr Patten and Mr Nielson had discussions with five African Heads of State

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(1) Bull. 5-2001, point 1.6.99.
(2) Bull. 6-2001, point 1.6.95.
(3) Bull. 7/8-2001, point 1.6.115.
(5) Bull. 10-2001, point 1.6.102.
(6) Bull. 10-2001, point 1.6.103.
(8) Caribbean Forum of (fifteen) ACP States.
(9) 2000 General Report, point 1031.

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belonging to the ‘new African initiative’ adopted by the OAU in July. At the conference, the foreign ministers of the Member States of the OAU and the European Union noted their agreement on AIDS, food security, human rights, conflict prevention and the integration of Africa into the global economy and world trade. They decided to cooperate in preparing for the WTO conference at Doha (→ point 876) and welcomed, following the Council meeting (1), the ‘new partnership for Africa’s development’ (NEPAD) discussed on 23 October at the Abuja Summit.

Bilateral relations

1116. Article 96 of the Cotonou Agreement providing for suspension of the agreement in the event of violation of one of its essential elements (respect for human rights, democratic principles and the rule of law) was applied in 2001 against a few ACP countries. Prior to Parliament resolutions of 15 March (→ point 49) and 6 September (2), and following conclusions adopted by the Council at its meetings on 25 June (3), 8 and 9 October (4), and 29 and 30 October (5), consultations were opened on 15 November (6) with Zimbabwe on the following issues: ending the political violence, electoral monitoring, freedom of the media, independence of the judiciary and ending the illegal occupation of farms. The situation in Zimbabwe, on which the Laeken European Council expressed its concern (7), was also the subject of a Parliament resolution on 13 December (8). On 29 January (9), the Council, having decided to conclude the consultations started in 2000 with Haiti (10) following the dispute over the elections there, imposed, up to 31 December, a number of restrictions in the field of development cooperation. The Commission adopted, on 14 December, a proposal concerning continuation of these restrictions in 2002 (11). On 9 April (12), welcoming the announcement of elections, it closed the consultations with Fiji following the May 2000 coup d’État (13) and adopted appropriate measures pursuant to the aforementioned Article 96 pending the holding of free and fair elections and the formation of a legitimate government. On 28 September, the Presidency expressed its concern, calling for a government to be established in conformity with Fiji’s constitutional rules (→ point 855). On

(1) Bull. 10-2001, point 1.6.100.
(2) Bull. 9-2001, point 1.6.58.
(3) Bull. 6-2001, point 1.6.108.
(4) Bull. 10-2001, point 1.6.115.
(7) Bull. 12-2001, point 1.22.
(8) Bull. 12-2001, point 1.2.9.
(10) 2000 General Report, point 1035.
(11) COM(2001) 781; Bull. 12-2001, point 1.6.120.
25 June (1), the Council also closed negotiations with Côte d'Ivoire and called for a gradual resumption of cooperation which had been reduced after the coup of 22 to 23 December 1999 (2), an undertaking confirmed by conclusions adopted at its meeting of 29 and 30 October (3).

1117. On 12 February (4), the Commission adopted a report on the implementation in 1999 of the European programme for reconstruction and development of South Africa envisaged by Regulation (EC) No 2259/96 (5). For 1999, the programme’s allocation amounted to EUR 127.5 million in commitments. In December, the Council concluded with South Africa agreements on trade in wine (Table III), the adjustment of the tariff quota applicable to South African wines imported in bottles (Table III) and trade in spirits (Table III).

1118. On 19 March (6), the Council extended Common Position 1999/206/CFSP (7) imposing an embargo on the export of arms, munitions and military equipment to Eritrea and Ethiopia. The ongoing conflict between the two countries prompted several Presidency statements (→ point 853). In June, Mr Isaias Afwerki, President of Eritrea, met Mr Nielson at the Commission. As part of the conclusions adopted at its meetings of 8 and 9 October (8) and 19 and 20 November (9), the Council said that dialogue should take place as soon as possible with the Eritrean authorities on the persistent violations of the rights of the opposition and freedom of the press.

1119. In conclusions of 11 June (10), the Council, reviewing Common Position 2000/391/CFSP on Angola (11), reiterated its support for a political solution to the Angolan conflict and its desire to help the Angolan Government implement the democratic process and contribute to its efforts to reintegrate demobilised soldiers. On 14 June (12), Parliament called for a peaceful dialogue involving all the political players and the Angolan population. The situation in this country was the subject of several Presidency statements (→ point 853). On 15 March (13), Parliament expressed its solidarity with Mozambique, once more hit by serious flooding.

(2) 2000 General Report, point 1035.
(3) Bull. 10-2001, point 1.6.106.
(9) Bull. 11-2001, point 1.6.111.
(10) Bull. 6-2001, point 1.6.97.
(12) Bull. 6-2001, point 1.6.96.
1120. In a resolution of 5 April (1), Parliament roundly condemned the murderous attack against 'Médecins sans Frontières' in Somalia. The situation in that country prompted a Presidency statement (→ point 853).

1121. The assassination of President Laurent Kabila in the Democratic Republic of the Congo was condemned by the Council at its meeting on 22 to 23 January (2), by Parliament in a resolution of 15 February (3) and in an EU Presidency statement (→ point 852). On 31 January, replacing Common Position 1999/728/CFSP (4), the Council adopted a fresh common position (5) to provide financial support for the implementation of the Lusaka ceasefire and the peace process in that country. In conclusions of 27 February (6), reiterated at its meeting on 29 and 30 October (7), it invited the parties concerned to take measures to withdraw their troops from Congolese territory and confirmed the EU’s support for the UN mission (MONUC) in the Democratic Republic of the Congo. On 5 July (8), and again on 13 December (9), Parliament denounced the illegal exploitation of local natural resources by citizens of States with troops in that country. In July, Mr Nielson went to the Democratic Republic of the Congo where he met the new president, Mr Joseph Kabila, son of the previous president, and rebel leaders.

1122. On 19 November (10), the Council adopted a common position defining the framework of the political dialogue between the European Union and Rwanda, pursuant to Article 8 of the Cotonou Agreement with, as objectives and priorities, support for the process of national reconciliation, reconstruction and development, the protection and promotion of human rights and the transition to democracy. It also encouraged the Rwandan Government to help reduce instability in the Great Lakes region and to promote democratisation by drafting a new constitution and holding free and fair elections. At its meetings on 29 and 30 October (11) and 19 and 20 November (12), the Council welcomed the establishment in Burundi of a government of national unity and confirmed its financial commitment to the Arusha process, notably the programme of disarmament and resettlement of soldiers. It also adopted, on 19 November (13), Common Position 2001/801/CFSP providing for a contribution of EUR 9.5 million for the deployment of an interim multinational force to protect the return of exiled politicians.

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(1) Bull. 4/2001, point 1.6.79.
(2) Bull. 1/2-2001, point 1.6.145.
(6) Bull. 1/2-2001, point 1.6.146.
(7) Bull. 10/2001, point 1.6.111.
(8) Bull. 78-2001, point 1.6.119.
(9) Bull. 12-2001, point 1.6.118.
(12) Bull. 11-2001, point 1.6.111.
1123. The situation in Nigeria was the subject of an EU Presidency statement (→ point 854) and Parliament resolutions on human rights (→ point 49). On 14 May, the Council adopted Common Position 2001/373/CFSP (1) aimed at strengthening the EU's relations with that country in all fields of common interest.

1124. Following the attempted coup in the Central African Republic, the violence was denounced by Parliament in a resolution of 14 June (2) and by the EU Presidency (→ point 854).

1125. On 14 May, the Council adopted Decision 2001/375/CFSP (3) to facilitate political dialogue and create the conditions necessary for the smooth conduct of elections in Togo and a return to peace in Togolese political life. The EU Presidency also expressed on several occasions its views on the situation in Togo (→ point 854).

1126. On 7 May, the Council adopted Common Position 2001/357/CFSP (4) imposing various restrictions against Liberia. On 11 June, these measures were complemented by Council Regulation (EC) No 1146/2001 (5) imposing an embargo on arms and a ban on importing rough diamonds.

1127. In February, Mr Mande Sidibé, Prime Minister of Mali, met Mr Nielson at the Commission. Mr Nielson went in July to Cameroon where he met President Paul Biya.

Financial and technical cooperation

1128. In 2001, EUR 1 540 million was granted for financial and technical cooperation under the European Development Funds. The allocation of these funds by sector of activity is set out in Table 17.

Relations with the overseas countries and territories

1129. After extending, on 26 February (*), Decision 91/482/EEC (7), the Council adopted on 27 November (8), Decision 2001/822/EC on the association

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(2) Bull. 6-2001, point 1.6.102.
(3) OJ L 132, 15.5.2001; Bull. 5-2001, point 1.6.108.
(4) OJ L 126, 8.5.2001; Bull. 5-2001, point 1.6.105.
(8) OJ L 314, 30.11.2001; Bull. 11-2001, point 1.6.120.
TABLE 17
Annual breakdown of financing decisions for ACP countries

(million EUR)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2000 (′)</th>
<th>2001 (″)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National and regional indicative programme</td>
<td>1 644.23</td>
<td>869.40</td>
</tr>
<tr>
<td>Structural adjustment (SAF)</td>
<td>459.50</td>
<td>215.46</td>
</tr>
<tr>
<td>Sysmin</td>
<td>94.10</td>
<td>0.28</td>
</tr>
<tr>
<td>Stabex</td>
<td>361.06</td>
<td>—</td>
</tr>
<tr>
<td>Emergency aid</td>
<td>1.52</td>
<td>17.76</td>
</tr>
<tr>
<td>Aid for refugees</td>
<td>24.19</td>
<td>41.29</td>
</tr>
<tr>
<td>Risk capital</td>
<td>122.59</td>
<td>366.97</td>
</tr>
<tr>
<td>Interest rate subsidies</td>
<td>24.50</td>
<td>8.30</td>
</tr>
<tr>
<td>Debt relief initiative (HIPC)</td>
<td>1 028.97</td>
<td>—</td>
</tr>
<tr>
<td>Other and new initiatives</td>
<td>3.26</td>
<td>21.36</td>
</tr>
<tr>
<td>Total</td>
<td>3 763.92</td>
<td>1 540.82</td>
</tr>
</tbody>
</table>

(′) Final figures.
(″) Provisional figures.

of the OCTs to the European Community. After lengthy negotiations, this decision constitutes, for the next 10 years, a much improved instrument of cooperation with a group of 20 island territories spread from the Arctic to the Pacific Ocean. Parliament commented on these future arrangements in a resolution of 4 October (′).
Section 14

Diplomatic relations

1130. On 3 July, the Commission adopted a new communication on the development of its external service (1) in which it reaffirmed its commitment to decentralising the management of aid to third countries to its external representations and stated its intention to open or regroup delegations or offices by the end of 2002. On 11 December it approved several proposals relating to the administrative reform of this service (→ points 1263 and 1264).

1131. The Commission opened delegations in Paraguay and Cambodia and diplomatic relations were forged with Nauru, Niue, the Marshall Islands, Palau, the Federated States of Micronesia and the Cook Islands.

1132. At the end of the year, the Commission was accredited to 158 countries and international organisations and represented by 107 heads of delegation.

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Chapter VII

Financing of Community activities, resource management

Section 1

Priority activities and objectives

1133. The 2002 budget procedure was an opportunity to refine and consolidate the new method of activity-based budgeting which was introduced in 2001 and which will be formally applicable once the recast financial regulation has been adopted. A complete ABB nomenclature was thus drawn up and used in the preliminary draft budget to pinpoint the cost of each of the 30 policy areas identified by the Commission. This structure was also used to implement the other aspects of activity-based management as part of Commission reform (→ point 1263). Particular attention was also paid to budget implementation: the Commission presented its first implementation plan to the budgetary authority and, when the 2002 budget was adopted, Parliament, the Council and the Commission adopted a joint statement on the establishment of an implementation plan and an action plan to reduce outstanding commitments.

Parliament granted the Commission a discharge in respect of the 1999 budget in April after the Commission’s efforts to reform and improve financial management and its measures to follow up the observations which Parliament had made in its resolution on the discharges for 1997 and 1998. As part of the discharge procedure for 1999, the Commission adopted a communication on an action plan to improve financial management and procedures.

Work continued on the recasting of the financial regulation. The Commission revised its initial proposal in October in response to the opinions of the Court of Auditors and Parliament and guidelines from the Council. A specific amendment separating the internal audit function from ex ante financial control was made to the existing financial regulation in April for the transitional period pending completion of the recasting process.
The year 2001 also saw the first steps towards the protection of the Communities' financial interests with the adoption of an action plan for 2001–03 for the implementation by Commission departments of the overall strategic approach adopted the previous year. Considerable efforts were made to achieve progress in the criminal-law protection of financial interests by coordinating measures to tighten legislation (fraud-proofing), without waiting for all the Member States to ratify the third pillar instruments. The year ended with the launching of a broad public debate on the proposal for the creation of a European prosecutor responsible for the criminal-law protection of the Communities' financial interests.
Section 2

Budgets (1)

General budget

Financial perspective

1134. On 20 February, in accordance with the interinstitutional agreement of 6 May 1999 on budgetary discipline and improvement of the budgetary procedure (2), the Commission sent the budgetary authority the results of the technical adjustment of the financial perspective for 2002 in line with movements in prices and gross national product (3). On 13 March, it also adopted a proposal on the adjustment of the financial perspective to take account of implementation in 2000 (4). It proposed that EUR 6 152 million of the allocation for structural operations which could not be used in 2000 as a result of delays in the adoption of certain programmes should be transferred to subsequent financial years by raising the corresponding expenditure ceilings. However, the Commission considered that the 2000 budget out-turn did not show any need at this stage for the adjustment to the overall ceiling on appropriations for payments which the agreement allows every year to ensure the orderly progression of this ceiling in relation to the appropriations for commitments. On 3 May, the two arms of the budgetary authority agreed on a schedule for the transfer of these Structural Fund appropriations over the period 2002–06 which was a little different to the Commission's initial proposal (5). On 27 June, the Commission also sent the budgetary authority a projection concerning the programming of the headings for internal policies and external action over the period 2002–06 (6), which Parliament examined in its resolution of 13 December (7). Table 18 shows the financial perspective after the technical adjustment and the adjustment to take account of implementation.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/budget/index_en.htm).
(3) COM(2001) 97; Bull. 1/2-2001, point 1.7.1.
(6) SEC(2001) 1013; Bull. 6-2001, point 1.7.2.
(7) Bull. 12-2001, point 1.7.2.
**TABLE 18**
Financial perspective for 2000-06 after the technical adjustment for 2002 and the adjustment to take account of implementation

<table>
<thead>
<tr>
<th>Appropriations for commitments</th>
<th>Current prices</th>
<th>2002 prices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2001</td>
</tr>
<tr>
<td>1. Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— CAP (not including rural development)</td>
<td>41 738</td>
<td>44 530</td>
</tr>
<tr>
<td>— Rural development and accompanying measures</td>
<td>37 352</td>
<td>40 035</td>
</tr>
<tr>
<td>2. Structural operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Structural Funds</td>
<td>32 678</td>
<td>32 720</td>
</tr>
<tr>
<td>— Cohesion Fund</td>
<td>30 019</td>
<td>30 005</td>
</tr>
<tr>
<td>3. Internal policies (*)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. External action</td>
<td>2 659</td>
<td>2 715</td>
</tr>
<tr>
<td>5. Administration (†)</td>
<td>6 031</td>
<td>6 272</td>
</tr>
<tr>
<td>6. Reserves</td>
<td>906</td>
<td>916</td>
</tr>
<tr>
<td>— Monetary reserve</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>— Emergency aid reserve</td>
<td>203</td>
<td>208</td>
</tr>
<tr>
<td>— Loan guarantee reserve</td>
<td>203</td>
<td>208</td>
</tr>
<tr>
<td>7. Pre-accession aid</td>
<td>3 174</td>
<td>3 240</td>
</tr>
<tr>
<td>— Agriculture</td>
<td>529</td>
<td>540</td>
</tr>
<tr>
<td>— Pre-accession structural instruments</td>
<td>1 058</td>
<td>1 080</td>
</tr>
<tr>
<td>— Phare (applicant countries)</td>
<td>1 587</td>
<td>1 620</td>
</tr>
<tr>
<td>Total commitment appropriations</td>
<td>93 792</td>
<td>97 189</td>
</tr>
<tr>
<td>Total payment appropriations</td>
<td>91 322</td>
<td>94 730</td>
</tr>
<tr>
<td>Payment appropriations (as % of GNP)</td>
<td>1.10</td>
<td>1.09</td>
</tr>
<tr>
<td>Available for accession (payments)</td>
<td>4 397</td>
<td>7 125</td>
</tr>
<tr>
<td>— Agriculture</td>
<td>1 698</td>
<td>2 154</td>
</tr>
<tr>
<td>— Other expenditure</td>
<td>2 699</td>
<td>4 971</td>
</tr>
<tr>
<td>Ceiling on payment appropriations</td>
<td>91 322</td>
<td>94 730</td>
</tr>
<tr>
<td>Ceiling on payment appropriations (as % of GNP)</td>
<td>1.10</td>
<td>1.09</td>
</tr>
<tr>
<td>Margin for unforeseen expenditure (as % of GNP)</td>
<td>0.17</td>
<td>0.18</td>
</tr>
<tr>
<td>Own resources ceiling (as % of GNP)</td>
<td>1.27</td>
<td>1.27</td>
</tr>
</tbody>
</table>

(*) In accordance with Article 2 of Decision No 182/1999/EC and Article 2 of Decision 1999/64/Euratom (OJ I. 26, 1.2.1999), the amount of expenditure available during the period 2000-02 for research amounts to KUR 11.510 billion at current prices.

(†) The expenditure on pensions included under the ceilings for this heading is calculated net of staff contributions to the relevant scheme, within the limit of EUR 1.1 billion at 1999 prices for the period 2000-06.
Budgetary procedure for 2002

2002 budget

1135. In a policy strategy debate on 21 February in connection with the strategic planning and programming cycle, the Commission set the political framework for the European Union’s 2002 preliminary draft budget (→ point 1263). On 12 March, the Council also discussed its priorities for 2002 (¹), followed by Parliament on 3 April (²). On 8 May, the Commission approved the preliminary draft budget for 2002 (³), taking these various views into account. It formally adopted it on 12 June (⁴).

1136. The preliminary draft proposed an increase of 3.5% in commitment appropriations compared with 2001 (including supplementary and amending budgets Nos 1 to 4 (→ points 1151 to 1153), bringing them for the first time to over EUR 100 billion. This left a margin of EUR 470 million beneath the ceiling set in the financial perspective for 2000-06 approved at the Berlin European Council (⁵). The proposed increase in payment appropriations to EUR 97.8 billion was kept to 4.8%, thanks to a very careful analysis of needs for paying off outstanding commitments. The financial perspective agreed in 1999 would have allowed a maximum increase of 7.4%, based on the amounts deemed necessary at that time. These figures compare with an estimated 3.8% increase of Member States’ government expenditure plans for 2002. The 2002 preliminary draft thus amounted to only 1.06% of EU GNP, less even than the 2001 budget at 1.08% and remained EUR 2.5 billion below the ‘Berlin ceiling’. Furthermore, the possible financing of up to EUR 4.3 billion projected in Berlin for six new Member States in 2002 would not need to be called on next year. Pending the adoption of the recast financial regulation (→ point 1161), the Commission’s budgetary proposals were presented in the traditional manner. However, in the current preliminary draft, the activity-based budgeting approach introduced in 2000 for the 2001 budget was strengthened and refined (⁶).

1137. Agricultural expenditure (42% of the budget) showed the largest increase (5.3% higher than in 2001) because of the increase in requirements as a result of the Agenda 2000 reforms and the burden of the bovine spongiform encephalopathy (BSE) crisis and foot-and-mouth disease. As the cost of BSE had already involved a near EUR 1 billion increase in the 2001 budget last March, the Commission, given the uncertainties, proposed that a EUR 1 billion reserve be created for potential additional veterinary and market-related expenditure within the Berlin ceiling. For

¹ Bull. 3-2001, point 1.7.2.
² Bull. 4-2001, point 1.7.1.
³ Bull. 5-2001, point 1.7.2.
⁴ Bull. 6-2001, point 1.7.3.
⁵ 1999 General Report, points 921 et seq.

GEN. REP. EU 2001
rural development, the preliminary draft went up to the ceiling. The increase for structural operations was 2.8 % thanks to the decision to re-enter in 2002 the EUR 870 million not used in 2000. The increase in commitments for internal policies was above the general average for the budget (+ 4.1 %). Research and technological development was still the biggest expenditure item in the internal policies budget, with over EUR 4 billion, while an increase of 7.1 % compared with 2001 was proposed for information and communication, EUR 7.5 million was assigned to the start-up of the European Food Authority and the appropriations earmarked for the LIFE III programme on the environment were also increased substantially. In the field of justice and home affairs, the amounts earmarked for 2002 would allow activities to continue at the same level as in 2001. On the external relations front, commitment appropriations fell by 2.1 %. This reduction reflected the fact that the 2001 budget exceeded the Berlin ceiling following the use of the flexibility instrument to the tune of EUR 200 million for the western Balkans. It was proposed that a margin of EUR 47 million be left beneath the ceiling. The general aim in this heading was to reduce the increase in outstanding commitments and payments by an overall 9.6 %. As regards the countries seeking membership of the European Union, the total amount budgeted for the pre-accession structural instrument (ISPA), the special accession programme for agriculture and rural development (Sapard) and the Phare programme was EUR 3.328 billion. As the implementation rate should improve, it was proposed that payments should increase by 39 %. Administrative expenditure for all the institutions of the European Union, including the cost of pensions, accounted for around 5 % of the total budget. The major factors influencing the Commission's administrative expenditure were the request for 317 new posts, the further devolution of tasks to the Commission delegations in non-member countries under the reform of the management of external aid programmes, training and other reform measures, preparations for enlargement and the codification of the acquis communautaire.

1138. The draft budget established by the Council at first reading on 20 July (1) came to EUR 99 099 million in appropriations for commitments and EUR 95 598 million in appropriations for payments. Compared with the 2001 budget, including supplementary and amending budgets, these figures represented an increase of 2.1 % in appropriations for commitments and 2 % in appropriations for payments. The total amount of own resources required to finance the expenditure provided for in the draft budget was equivalent to only 1.03 % of Community GNP. The draft budget was based on the rejection of the revision of the financial perspective proposed by the Commission for the agricultural crises and increased the margins available (except for Heading 1b). This was achieved by making cuts in all the headings in the preliminary draft, as shown in Table 19.

(1) Bull. 7/8-2001, point 1.7.2.
Cuts made by the Council to the preliminary draft

(million EUR)

<table>
<thead>
<tr>
<th>Heading of financial perspective</th>
<th>Appropriations for commitments</th>
<th>Appropriations for payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>1 200</td>
<td>1 200</td>
</tr>
<tr>
<td>lb</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>375</td>
</tr>
<tr>
<td>3</td>
<td>42.87</td>
<td>64.92</td>
</tr>
<tr>
<td>4</td>
<td>53.19</td>
<td>129.4</td>
</tr>
<tr>
<td>5</td>
<td>59.07</td>
<td>59.07</td>
</tr>
<tr>
<td>7</td>
<td>0</td>
<td>380</td>
</tr>
<tr>
<td>Total</td>
<td>1 355.13</td>
<td>2 208.39</td>
</tr>
</tbody>
</table>

For agriculture, the draft budget provided for a EUR 1.2 billion cut compared with the preliminary draft (+2.3% on the 2001 budget), mainly for the reason mentioned above. An across-the-board cut of EUR 200 million was operated on all budget lines, with certain exceptions, to hold the overall increase of payment appropriations within the targeted range. Heading 1b was adopted as proposed in the preliminary draft. As regards structural operations, the Council reduced payment appropriations by EUR 375 million for Community initiatives, despite the fact that the estimates transmitted by the Member States far exceeded the preliminary draft. The amounts for internal policies in the draft budget were EUR 42.8 million less for commitment and EUR 64.9 million less for payment than in the preliminary draft. This left a considerable margin for Parliament and its priorities. For external action, the draft budget was EUR 53.1 million lower than the preliminary draft as regards commitment appropriations and EUR 129.4 million lower as regards payment appropriations. The main cuts were for Asia, Latin America, the western Balkans and the countries covered by the MEDA programme. The Council confirmed the preliminary draft for CFSP and accepted the Commission’s proposal concerning the international fisheries agreement to replace the agreement with Morocco. As regards administrative expenditure, the Council’s first reading cut the preliminary draft by EUR 30 million in Title A-1 and by EUR 5 million in Title A-6. Of the 317 additional posts requested, only 78 earmarked for the devolution of external aid management were granted. However, the Council emphasised that it did support the Commission’s reform and was aware of the necessity to include the European data-protection supervisor in 2002. The payment appropriations for pre-accession were cut by EUR 2.2 billion to drastically reduce the increase over 2001, particularly in the case of Sapard and ISPA. The actual percentage increase of 1.97% was very low because of the reduction in the reserve for Heading 1a and the across-the-board cuts of EUR 200 million in Heading 1a and of EUR 375 million in Heading 2 as regards Community initiatives. The very high increase proposed for pre-accession aid was also cut back.

GEN. REP. EU 2001
1140. On 26 September, the Commission adopted letter of amendment No 1/2002, proposing a new subsection to cover the expenditure involved in creating the European data protection supervisor and the entry of additional appropriations for the new tasks linked with the development of the second-generation Schengen information system (1). The Council established this letter of amendment on 15 October (2).

1141. After Parliament’s first reading on 25 October (3), the draft budget came to EUR 99.634 billion in appropriations for commitments and EUR 98.737 billion in appropriations for payments, an increase of 2.7 % and 5.3 % over the 2001 budget. The appropriations for payments thus represented 1.07 % of Community GNP. Parliament added EUR 623.37 million in appropriations for commitments (EUR 277.4 million for compulsory expenditure and EUR 346 million for non-compulsory expenditure) and EUR 3 136.64 million in appropriations for payments to the Council’s first reading. The breakdown of this increase by heading of the financial perspective is set out in Table 20.

Table 20
Parliament’s additions to the Council draft

<table>
<thead>
<tr>
<th>Heading of financial perspective</th>
<th>Appropriations for commitments (million EUR)</th>
<th>Appropriations for payments (million EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>368.02</td>
<td>368.02</td>
</tr>
<tr>
<td>1b</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>1 582.01</td>
</tr>
<tr>
<td>3</td>
<td>106.65</td>
<td>165.29</td>
</tr>
<tr>
<td>4</td>
<td>100.29</td>
<td>612.39</td>
</tr>
<tr>
<td>5</td>
<td>48.41</td>
<td>48.41</td>
</tr>
<tr>
<td>7</td>
<td>0</td>
<td>360.52</td>
</tr>
<tr>
<td>Total</td>
<td>623.37</td>
<td>3 136.64</td>
</tr>
</tbody>
</table>

1142. For agriculture, Parliament overturned the Council’s across-the-board reduction of EUR 200 million, but agreed to its rejection of the EUR 1 billion reserve to cover the bovine spongiform encephalopathy and foot-and-mouth crises. The increase in payment appropriations for structural operations was intended to cover the commitments arising from the new lines (set up with a token entry) relating to the conversion of the Spanish and Portuguese fleets affected by the failure to renew the fisheries agreement with Morocco and aid for the regions bordering the applicant countries. Parliament increased the commitment appropriations for internal policies by EUR 15.5 million for the social dimension and employment, by EUR 15.7 million for the internal market, by EUR 12.6 million for preparatory measures for the eLearning initiative, by EUR 20 million for justice and home affairs, by EUR 16.8 million for

(1) Bull. 9-2001, point 1.7.1.
(2) Bull. 10-2001, point 1.7.1.
pilot projects and by EUR 50.3 million for preparatory measures. As regards external relations, Parliament increased the appropriations for the geographical programmes, in particular for the developing countries of Latin America (+ 55.9 million) and the Mediterranean and the Middle East (+ 46 million), though not for cooperation with the Balkan countries (- 70 million); it also reduced the appropriations for the international fisheries agreements in view of the failure to renew the agreement with Morocco (- 90.7 million) and for the common foreign and security policy (- 13.8 million). As regards pre-accession aid, it set up a new line for a new rural development programme and placed EUR 15 million in reserve for the ISPA and Phare programmes pending further information on the audit system in Slovakia. Finally, in the case of administrative expenditure, it restored most of the appropriations cut by the Council and, in particular, agreed to the 317 new posts requested by the Commission, although the corresponding commitment appropriations were placed in reserve pending further information.

1143. On 30 October (1), the Commission adopted letter of amendment No 2/2002 to update the estimates for compulsory expenditure in the agricultural sector (a reduction of EUR 1.9 billion as a result of the improvement in the situation in the beef/veal sector) and the fishery agreements (elimination of the reserve initially planned for the agreement with Morocco) and set up a new line (B2-200) for the conversion of the Spanish and Portuguese fishing fleets affected by the failure to renew the agreement with Morocco, which the Commission proposed (2) to finance by drawing on the flexibility instrument provided for in the agreement on budgetary discipline and improvement of the budgetary procedure (3).

1144. The Council's second reading, on 21 November (4), was preceded by a conciliation meeting with Parliament to reach agreement on the main points outstanding. Expenditure after the Council's second reading came to EUR 98.447 billion in appropriations for commitments (1.5 % higher than in 2001) and to EUR 94.826 billion in appropriations for payments (1.1 % higher). The total appropriations for payments were equivalent to 1.03 % of Community GNP. The amounts adopted by the Council for each heading of the financial perspective are set out in Table 21. In the case of agricultural expenditure, the Council accepted the proposals in letter of amendment No 2/2002, adding the EUR 4.5 million requested by Parliament (2.5 million for bee-keepers and 2 million for information measures). It also evaluated the surplus resulting from under-implementation of the EAGGF in 2001 at EUR 1.2 billion. For structural operations, the Council drew EUR 200 million from the flexibility instrument: 170 million for the restructuring of the Spanish and Portuguese fleets

(1) Bull. 10-2001, point 1.7.1.
(2) COM(2001) 625; Bull. 10-2001, point 1.7.2.
(4) Bull. 11-2001, point 1.7.1.
and 30 million, at Parliament's request, for the regions bordering the applicant countries. As for internal policies, the Council increased the amounts it had adopted at first reading for the European Refugee Fund, the eLearning initiative and the pilot project for small and medium-sized businesses affected by enlargement. The commitment appropriations for this heading total EUR 6 470 million, leaving a margin of EUR 87.8 million below the ceiling. In Heading 4 ('External action'), the Council accepted letter of amendment No 2/2002 for the fishery agreements (a reduction arising from the lack of an agreement with Morocco) and provided additional appropriations compared with its first reading to cover the new requirements resulting from the Afghan crisis and, with Parliament's agreement, reduced the appropriations for the common foreign and security policy to EUR 30 million.

1145. On 5 December, the Commission adopted letter of amendment No 3/2002. This letter of amendment, established by the Council on 7 December (1), recalculated the revenue section of the budget on the basis of Decision 94/728/EC, Euratom (2) as the new own resources decision (3) used as a basis for calculating the revenue section in the previous stages of the budget procedure for 2002 was not going to enter into force on 1 January 2002.

1146. Parliament adopted the 2002 budget after its second reading on 13 December (4). It totals EUR 98.635 billion in appropriations for commitments (1.7 % higher than in 2001, but 2.2 billion below the ceiling) and to 95.665 billion in appropriations for payments (up by 2 %, the maximum increase agreed with the Council at the conciliation meeting of 21 November). The total for appropriations for payments is only 1.03 % of Community GNP, 4.59 billion below the ceiling of the financial perspective, making

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this budget historically low. The appropriations for Heading 1 (‘Agriculture’) come to EUR 44.255 billion, of which 39.66 billion is for compulsory market expenditure (0.3 % higher than in 2001, 2.332 billion below the ceiling of the financial perspective) and 4.495 billion (the ceiling of the financial perspective) for rural development and accompanying measures. The appropriations for Heading 2 (‘Structural operations’) have been set at EUR 33.838 billion in commitments and EUR 32.129 billion in payments (including 31.049 billion and 29.529 billion respectively for the Structural Funds), EUR 200 million above the ceiling of the financial perspective, which is to be used for the restructuring of the Spanish and Portuguese fishing fleets (170 million) and the regions bordering on the candidate countries (30 million) and financed by drawing on the flexibility instrument (→ point 1143). The remainder of the heading, which goes to the Cohesion Fund, is within the ceiling. The appropriations for Heading 3 (‘Internal policies’) come to EUR 6.558 billion in commitments and 6.157 billion in payments, leaving a symbolic margin of EUR 186 400 below the ceiling and representing a 5.2 % increase over 2001. This heading contains a number of priorities which are shared by the institutions (eLearning, immigration and asylum, agencies for food safety and maritime safety, pilot project for small and medium-sized businesses affected by enlargement); education, vocational training and youth, the internal market and the area of security and justice have also been given a substantial increase in appropriations. For its final year, the fifth research framework programme is receiving an allocation of 4.055 billion (3.4 % up on 2001). The commitment appropriations for external action (Heading 4) come to EUR 4.803 billion, 2.5 % down on 2001, while payment appropriations are 6.7 % higher as the emphasis is being placed on implementing projects which have already been committed. EUR 165 million is provided for the Afghan crisis (an increase of 60 million in the line for cooperation with the developing countries of Asia, plus EUR 70 million from the margin established for this purpose, and 35 million from the reserve for emergencies). The appropriations for humanitarian aid are lower than in 2001, the appropriations for the Mediterranean countries have been slightly reduced, those for Latin America have been slightly increased and those for the Tacis programme (the former Soviet Union) have been kept at the same level. The commitment appropriations for pre-accession aid (Heading 7) come to EUR 3.328 billion, the ceiling of the financial perspective, while payment appropriations in this heading total 2.595 billion, 23.5 % higher than in 2001, in order to make up the backlog in implementing these measures. Finally, administrative expenditure (Heading 5) comes to EUR 5.177 billion (4.8 % up on 2001) leaving a margin of only 2.2 million, and includes appropriations for the 317 new posts requested by the Commission. Although it thus expressed its support for the reform of the Commission, Parliament placed the appropriations for 70 posts in reserve until such time as the Commission presents a proposal for a permanent early retirement scheme for the officials and temporary staff of all the institutions of the European Union and
a timetable of the major legislative and political initiatives with a budgetary impact which it intends to present in 2002. Early payment of Parliament's and the Court of Auditors' expenditure on buildings was also proposed in order to reduce the pressure which administrative preparations for enlargement would have on this heading in 2003.

1147. Table 22 gives a breakdown, by heading of the financial perspective, of the amounts entered at the various stages of the 2002 budget procedure.

1148. The revenue (see Table 25) required to finance the preliminary draft budget for 2002 represented 1.05 % of GNP. The uniform call-in rate for the VAT resource was 0.8522 % and the rate for the GNP resource was 0.4668 %. Traditional own resources (agricultural duties, sugar and isoglucose levies, and customs duties) represent 16.62 % of budget financing for 2002, the VAT resource 38.29 % and the fourth (GNP-based) resource 44.27 % (compared with 15.58, 32.71 and 36.81 % respectively for the 2001 budget). Miscellaneous revenue of EUR 783.2 million was also projected.

Own resources

1149. On 5 February, the Commission presented a report on the operation of the inspection arrangements for traditional own resources (1997–99) (1).

1150. In its resolution of 5 July on the situation concerning the European Union's own resources in 2001, Parliament noted that the GNP-based resource had increased steadily and significantly (2). As the effect of the new own resources decision of 29 September 2000 (3) will be to heighten this trend still further, it repeated its view that the European Union must move steadily away from dependence on transfers from Member States and that, in the long term, the own resources system must be modified with a view to achieving financial autonomy. On 28 December (4), the Commission presented a communication on the adaptation of the ceiling of own resources and of the ceiling for appropriations for commitments to make allowance, in accordance with this decision, for the impact on the level of GNP of the application of the new system of economic accounts (ESA 95) when it enters into force.

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(1) COM(2001) 32; Bull. 1/2-2001, point 1.7.4.
(2) Bull. 7/8-2001, point 1.7.5.
(3) Council Decision 2000/597/EC, Euratom (OJ L 253, 7.10.2000; 2000 General Report, point 10.52). This decision takes effect on 1 January 2002 (1 January 2001 for some articles), but will not enter into force until it is ratified by all the Member States.
Implementation of the 2001 budget

Supplementary and amending budgets 2001

1151. The Commission adopted preliminary draft supplementary and amending budget No 1/2001 on 31 January ('). The Council established the draft on 12 February (') and Parliament adopted it on 1 March ('). This supplementary and amending budget provided further financing of EUR 971 million to cover the costs arising from the bovine spongiform encephalopathy (BSE) crisis. It also proposed updating the euro/dollar exchange rate following the entry into force of Council Regulation (EC) No 2040/2000 on budgetary discipline (') and a reduction of existing appropriations by EUR 245 million to take into account the gap between European market prices and world market prices. The supplementary and amending budget also amended a budget remark in Heading 4 ('External action') to allow the Reconstruction Agency currently operating in Kosovo and in Serbia to extend its activity to Montenegro. The further expenditure of EUR 726 million provided for will be financed from the foreseeable surplus for 2000.

1152. The Commission adopted preliminary draft supplementary and amending budget No 2/2001 on 15 March ('). The Council established the draft on 9 April (') and Parliament adopted it on 17 May ('). The intention was to meet the Council's requirements arising from the conclusions of the Feira and Nice European Councils as regards strengthening the common European security and defence policy (ESDP).

1153. The Commission adopted preliminary draft supplementary and amending budget No 3/2001 on 2 May ('), and preliminary draft supplementary and amending budget No 4/2001 on 30 May ('). On 15 June, the Council established the corresponding draft supplementary and amending budgets (') which were merged into one supplementary and amending budget No 3/2001, adopted by Parliament on 5 July ('). The supplementary and amending budget first involved changes to the institutions' establishment plans. It created 27 posts for the Commission in the field of research and transferred three posts from the Joint Research Centre to the Commission; it also made changes to the establishment plan of the Anti-Fraud Office (OLAF) and created an additional

(1) Bull. I/2-2001, point 1.7.3.
(2) OJ L 218, 13.8.2001; Bull. 3-2001, point 1.7.3.
(4) Bull. 3-2001, point 1.7.4.
(5) Bull. 4-2001, point 1.7.2.
(7) Bull. 5-2001, point 1.7.5.

GEN. REP. EU 2001
### TABLE 22
2002 budget
(appropriations for commitments)

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<th>Heading</th>
<th>Appropriations entered in 2001 budget (1)</th>
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| 2. Structural operations |  |  |
| — Objective 1 (Chapter B2-10) | 20 832 000 000 |  |
| — Objective 2 (Chapter B2-11) | 3 613 000 000 |  |
| — Objective 3 (Chapter B2-12) | 3 575 000 000 |  |
| — Other structural measures (outside Objective 1 areas) (Chapter B2-13) | 164 000 000 |  |
| — Community initiatives (Chapter B2-14) | 1 683 000 000 |  |
| — Innovative measures and technical assistance (Chapter B2-16) | 138 000 000 |  |
| — Specific operations (Chapter B2-17) |  |  |
| — Cohesion Fund (Title B2-3) |  |  |
| — EEA financial mechanism (Title B2-4) | 2 715 000 000 |  |
| Total — Heading 2 | 32 720 000 000 | 33 630 000 000 |

| Margin |  |  |

| 3. Internal policies |  |  |
| — Research and technological development (Subsection B6) | 3 920 000 000 |  |
| — Other agricultural operations (Title B2-5) | 54 575 000 |  |
| — Other regional policy operations (Title B2-6) | 15 000 000 |  |
| — Transport (Title B2-7) | 25 205 000 |  |
| — Other measures concerning fisheries and the sea (Title B2-9) | 61 050 000 |  |
| — Education, vocational training and youth (Title B3-1) | 491 320 000 |  |
| — Culture and audiovisual media (Title B3-2) | 120 100 000 |  |
| — Information and communication (Title B3-3) | 103 050 000 |  |
| — Social dimension and employment (Title B3-4) | 148 370 000 |  |
| — Contributions of European political parties | p.m. |  |
| — Energy (Title B4-1) | 33 800 000 |  |
| — Euratom nuclear safeguards (Title B4-2) | 17 700 000 |  |
| — Environment (Title B4-3) | 116 200 000 |  |
| — Consumer policy and health protection (Title B5-1) | 22 500 000 |  |
| — Aid for reconstruction (Title B5-2) | 1 260 000 |  |
| — Internal market (Title B5-3) | 159 280 000 |  |
| — Industry (Title B5-4) |  |  |
| — Labour market and technological innovation (Title B5-5) | 127 000 000 |  |
| — Statistical information (Title B5-6) | 32 600 000 |  |
| — Trans-European networks (Title B5-7) | 665 000 000 |  |
| — Area of freedom, security and justice (Title B5-8) | 113 150 000 |  |
| — Fraud prevention and expenditure in support of internal policies (Title B5-9) | 5 000 000 |  |
| Total — Heading 3 | 6 232 160 000 | 6 558 000 000 |

| Margin | 39 840 000 |  |  |

GEN. REP. EU 2001
## Preliminary draft budget 2002 (3)

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(1) Including all supplementary and amending budgets.
(2) Including all letters of amendment.

**GEN. REP. EU 2001**
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<td>5 186 413 762</td>
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<td>5 175 494 242</td>
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<td>2 391 329 526</td>
<td>2 204 273 158</td>
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<tr>
<td>41 291 953 200</td>
<td>42 142 633 100</td>
<td>42 402 003 100</td>
<td>41 295 667 100</td>
<td>41 295 667 100</td>
<td>- 0.2</td>
</tr>
<tr>
<td>57 219 828 562</td>
<td>56 868 003 374</td>
<td>57 214 003 742</td>
<td>57 152 003 374</td>
<td>57 339 059 742</td>
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<td>95 600 069 474</td>
<td>98 736 713 021</td>
<td>94 827 386 474</td>
<td>95 654 759 342</td>
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<tr>
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<td>4 644 930 526</td>
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<td>5 417 613 526</td>
<td>4 590 240 658</td>
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<tr>
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<td>42 214 746 100</td>
<td>42 512 341 100</td>
<td>41 365 063 100</td>
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<td>54 432 813 562</td>
<td>53 385 323 374</td>
<td>56 224 371 921</td>
<td>53 462 323 374</td>
<td>54 289 696 242</td>
<td>+ 3.8</td>
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</table>
post for the Economic and Social Committee and one post for the Committee of the Regions. Secondly, the supplementary and amending budget changed the general statement of revenue and expenditure in Section III — Commission. It incorporated under the revenue section the balance from 2000 which totalled EUR 11.6 billion, of which EUR 9.5 billion was deducted from the own resources paid by the Member States in 2001. The supplementary and amending budget also revised the forecasts for 2001 relating to customs duties, the VAT and GNP bases and the correction of budgetary imbalances in favour of the United Kingdom for 1997, 1999 and 2000. Under expenditure, it provided a further EUR 450 million in payment appropriations for assistance to the countries of the western Balkans and changed the remarks to a line for the European initiative for democracy and human rights.

1154. The Commission adopted a final preliminary draft supplementary and amending budget, No 5/2001, on 30 November (1). The Council established the draft on 7 December (2) and the supplementary and amending budget was adopted by Parliament on 11 December under the number 4/2001 (3). This supplementary and amending budget increased Parliament’s expenditure by EUR 24.8 million so that it could bring forward the repayments for its buildings and thus reduce the amount which would burden the Community budget for these repayments in future years.

Out-turn of revenue and expenditure

Expenditure

1155. The implementation rates for the 2001 budget are shown in Tables 23 and 24. Unused appropriations are estimated provisionally at EUR 4.867 billion in commitments and EUR 18.281 billion in payments.

Revenue

1156. On the revenue side, total own resources for 2001 came to EUR 92.331 billion, corresponding to 1.07% of Community GNP. There was also EUR 1.284 billion in miscellaneous revenue. Revenue for 2001 is shown in Table 25 together with the revenue forecast for 2002.

---

(1) Bull. 11-2001, points 1.7.2 and 1.7.3.
(2) Bull. 12-2001, point 1.7.6.
Discharge procedure

1997

1157. In its resolution of 16 January (1) on the Commission report (2) on the measures taken in the light of the observations which it had made in its 1997 discharge resolution (3), Parliament acknowledged that the Commission had made progress in five of the eight fields in which it had highlighted serious problems.

1998

1158. Following the Council’s conclusions of 12 March (4) welcoming the Commission’s follow-up report relating to the 1998 discharge (5), Parliament adopted a resolution on the basis of this report on 4 April (6). It welcomed the efforts undertaken by the Commission to reform its administration in order, among other things, to achieve more efficient financial management of Community resources. It also made a number of recommendations on officials’ financial liability and strengthening the independence of financial control and reaffirmed that it needed at least as much access to confidential documents and information as the Court of Auditors.

1999

1159. On 4 April, following the Council recommendation of 12 March (7), Parliament gave the Commission a discharge in respect of the implementation of the general budget of the European Union for the 1999 financial year and also closed the accounts for that year (8). The decision was accompanied by a resolution containing its comments and recommendations for the Council, the Court of Auditors and the Member States as well as for the Commission. On the same date, Parliament also adopted three resolutions granting a discharge to the Court of Auditors, the Court of Justice and the Committee of the Regions (9), to the European Parliament/Ombudsman in respect of the general budget (10) and to the Commission in respect of the ECSC operating budget.

(1) OJ C 262, 18.9.2001; Bull. 1/2-2001, point 1.7.5.
(4) Bull. 3-2001, point 1.7.11.
(6) Bull. 4-2001, point 1.7.10.
(7) Bull. 3-2001, point 1.7.7.
(8) Bull. 4-2001, point 1.7.3.
(9) Bull. 4-2001, point 1.7.7.
(10) Bull. 4-2001, point 1.7.4.

GEN. REP. EU 2001
# TABLE 23
Utilisation of appropriations for commitments (Commission) at 31 December 2001 by financial perspective subdivision (figures not final)

<table>
<thead>
<tr>
<th>Heading</th>
<th>Appropriations entered in 2001 budget (including supplementary and amending budgets)</th>
<th>Appropriations entered in 2001 budget (including supplementary and amending budgets and transfers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agriculture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Agricultural expenditure (excluding rural development) (Titles B1-1 to B1-3)</td>
<td>39 488.700</td>
<td>39 488.700</td>
</tr>
<tr>
<td>— Rural development and ancillary measures (Titles B1-4 and B1-5)</td>
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<td>4 495.000</td>
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<td><strong>Total — Heading 1</strong></td>
<td><strong>43 983.700</strong></td>
<td><strong>43 983.700</strong></td>
</tr>
<tr>
<td>2. Structural operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Objective 1 (Chapter B2-10)</td>
<td>20 832.000</td>
<td>20 832.000</td>
</tr>
<tr>
<td>— Objective 2 (Chapter B2-11)</td>
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<td>3 613.000</td>
</tr>
<tr>
<td>— Objective 3 (Chapter B2-12)</td>
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<td>3 575.000</td>
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<td>— Other structural measures (outside Objective 1 areas) (Chapter B2-13)</td>
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<td>164.000</td>
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<tr>
<td>— Community initiatives (Chapter B2-14)</td>
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<tr>
<td>— Innovative measures and technical assistance (Chapter B2-16)</td>
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<tr>
<td>— Cohesion Fund (Title B2-3)</td>
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<td>2 715.000</td>
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<tr>
<td>— EEA financial mechanism (Title B2-4)</td>
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<td><strong>Total — Heading 2</strong></td>
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<td><strong>32 720.000</strong></td>
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<tr>
<td>3. Internal policies</td>
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<td></td>
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<td>— Research and technological development (Subsection B6)</td>
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<td>53.575</td>
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<td>— Other regional policy operations (Title B2-6)</td>
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<td>15.000</td>
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<td>— Other measures concerning fisheries and the sea (Title B2-9)</td>
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<td>— Trans-European networks (Title B5-7)</td>
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<td>— Area of freedom, security and justice (Title B5-8)</td>
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<td>— Fraud prevention and expenditure in support of internal policies (Title B5-9)</td>
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<td>5.000</td>
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<td><strong>Total — Heading 3</strong></td>
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GEN. REP. EU 2001
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<th>Total appropriations available in 2001</th>
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<td>Amount</td>
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<td>5 374.964</td>
<td>26 206.964</td>
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<tr>
<td>2 652.105</td>
<td>6 263.105</td>
<td>6 263.578</td>
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GEN. REP. EU 2001
### TABLE 23 (continued)

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<th>Appropriations entered in 2001 budget (including supplementary and amending budgets and transfers)</th>
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<td>— Humanitarian aid (Chapter B7-21)</td>
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<td>— Cooperation with developing countries in Asia (Chapter B7-30)</td>
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<td>— Cooperation with developing countries in Latin America (Chapter B7-31)</td>
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<td>122.000</td>
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<td>— Cooperation with the new independent States and Mongolia (Chapter B7-52)</td>
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<td>— Cooperation with the Balkan countries (Chapter B7-54)</td>
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<td>— European initiative for democracy and human rights (Title B7-7)</td>
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<td>— International fisheries agreements (Chapter B7-80)</td>
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<td>195.058</td>
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<tr>
<td>— External aspects of certain Community policies (Chapters B7-81 to B7-87)</td>
<td>69.492</td>
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<td>— Common foreign and security policy (Title B8-0)</td>
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<td>19.000</td>
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<td>— Pre-accession strategy for the Mediterranean countries (Chapters B7-04)</td>
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<td>36.000</td>
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<td>Total — Heading 4</td>
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<td>4,978,290</td>
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<td>5. Administration</td>
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<td>— Commission (excluding pensions)</td>
<td>2,589,931</td>
<td>2,590,359</td>
</tr>
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<td>— Pensions (all institutions)</td>
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<td>626,777</td>
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<td>Total — Heading 5</td>
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<td>3,217,136</td>
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<tr>
<td>6. Reserves</td>
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<td>500,000</td>
</tr>
<tr>
<td>— Guarantee reserve (Chapter B0-23)</td>
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<td>— Emergency aid reserve (Chapter B7-91)</td>
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<td>Total — Heading 6</td>
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<td>7. Pre-accession aid</td>
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<td></td>
</tr>
<tr>
<td>— Agriculture (Chapter B7-01)</td>
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<td>540,000</td>
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<tr>
<td>— Pre-accession structural instrument (Chapter B7-02)</td>
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<td>1,080,000</td>
</tr>
<tr>
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GEN. REP. EU 2001
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<td>2.531</td>
</tr>
<tr>
<td>9.003</td>
<td>44.003</td>
<td>15.131</td>
</tr>
<tr>
<td>202.196</td>
<td>4 905.527</td>
<td>3 058.155</td>
</tr>
<tr>
<td>354.625</td>
<td>2 944.984</td>
<td>189.648</td>
</tr>
<tr>
<td>0.135</td>
<td>626.912</td>
<td>625.236</td>
</tr>
<tr>
<td>354.760</td>
<td>3 571.896</td>
<td>189.648</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2 953.276</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 142.924</td>
</tr>
<tr>
<td></td>
<td></td>
<td>88.0</td>
</tr>
<tr>
<td>0.000</td>
<td>500.000</td>
<td>0.000</td>
</tr>
<tr>
<td>0.000</td>
<td>208.000</td>
<td>207.176</td>
</tr>
<tr>
<td>0.000</td>
<td>168.000</td>
<td>0.000</td>
</tr>
<tr>
<td>0.000</td>
<td>876.000</td>
<td>207.176</td>
</tr>
<tr>
<td>140.100</td>
<td>470.900</td>
<td>30.528</td>
</tr>
<tr>
<td>0.001</td>
<td>350.001</td>
<td>25.341</td>
</tr>
<tr>
<td>59.950</td>
<td>1 480.360</td>
<td>1 115.216</td>
</tr>
<tr>
<td>200.051</td>
<td>2 301.261</td>
<td>1 293.137</td>
</tr>
<tr>
<td>3 091.849</td>
<td>95 144.795</td>
<td>19 921.112</td>
</tr>
</tbody>
</table>

**Total Appropriations Available in 2001:**
- **GEN. REP. EU 2001**

**Payments Recorded in the Accounts in 2001:**
- **Against Commitments Prior to 2001**
- **Against 2001 Commitments**
- **Total**

**%:**
- **98.8**
- **90.5**
- **95.6**
- **65.5**
- **81.6**
- **92.7**
- **88.4**
- **99.0**
- **86.7**
- **65.1**
- **55.7**
- **95.2**
- **69.3**
- **19.5**
- **67.0**
- **86.2**
- **85.5**
- **99.7**
- **88.0**
- **0.0**
- **99.6**
- **99.0**
- **0.0**
- **23.7**
- **6.5**
- **58.1**
- **78.9**
- **60.9**
- **80.8**
TABLE 25

Budget revenue

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural duties</td>
<td>1,132.9</td>
<td>1,121.7</td>
</tr>
<tr>
<td>Sugar and isoglucose levies</td>
<td>839.8</td>
<td>770.9</td>
</tr>
<tr>
<td>Customs duties</td>
<td>14,237.3</td>
<td>15,765.9</td>
</tr>
<tr>
<td>Own resources collection costs</td>
<td>-1,621.0</td>
<td>-1,765.8</td>
</tr>
<tr>
<td>VAT own resources</td>
<td>30,625.1</td>
<td>36,603.9</td>
</tr>
<tr>
<td>GNP-based own resources</td>
<td>34,460.2</td>
<td>42,318.7</td>
</tr>
<tr>
<td>Balance of VAT and GNP own resources from previous years</td>
<td>1,044.0</td>
<td>p.m.</td>
</tr>
<tr>
<td>Budget balance from previous year</td>
<td>11,612.7</td>
<td>p.m.</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1,284.0</td>
<td>783.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>93,615.0</td>
<td>95,598.5</td>
</tr>
<tr>
<td>% of GNP</td>
<td>1.27</td>
<td>1.27</td>
</tr>
<tr>
<td>Maximum own resources which may be assigned to the budget</td>
<td>1.27</td>
<td>1.27</td>
</tr>
<tr>
<td>Own resources actually assigned to the budget</td>
<td>1.07</td>
<td>1.05</td>
</tr>
</tbody>
</table>

(→ point 1162). Following the Council’s recommendations of 12 March (¹), it also granted a discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions (²) and to the Management Board of the European Centre for the Development of Vocational Training (³). All these resolutions contained observations on certain aspects of financial management which needed to be improved or reviewed. On 4 April, Parliament postponed the discharge to the Commission in respect of the financial management of the sixth, seventh and eighth European Development Funds for the 1999 financial year (⁴), even though the Council had recommended a discharge on 12 March (⁵). Parliament granted a discharge on 24 October after the Commission provided further information (⁶). The discharge for the Economic and Social Committee was also postponed until Parliament received information on the OLAF inquiry into a number of irregularities reported by the Court of Auditors (⁷).

1160. As part of the discharge procedure for 1999, the Commission adopted a communication on an action plan for improving financial management and procedures on 5 March (⁸). This action plan is part of the administrative reform launched by the Commission, one of the main aspects being to improve finan-

(¹) Bull. 3-2001, points 1.7.9 and 1.7.10.
(²) Bull. 4-2001, point 1.7.5.
(³) Bull. 4-2001, point 1.7.6.
(⁴) Bull. 4-2001, point 1.7.9.
(⁵) Bull. 3-2001, point 1.7.8.
(⁶) Bull. 10-2001, point 1.7.3.
(⁷) Bull. 4-2001, point 1.7.8.
(⁸) SEC(2001) 246; Bull. 3-2001, point 1.7.5.
cial management (→ point 1265), and presents the measures adopted by the Commission to respond to the observations of the Court of Auditors in its annual report for 1999 ('). The Council welcomed this initiative in its conclusions of 12 March (').

ECSC operating budget

1161. On 5 June, the Commission adopted a draft ECSC operating budget for 2002 ('). After an exchange of views with the ECSC Consultative Committee and after Parliament delivered its opinion on 25 October ("), the budget described below was finally adopted by the Commission on 21 December ("), with a levy rate of 0 %. This budget, which is consistent with the expiry of the ECSC Treaty in 2002, totals EUR 167.8 million, of which EUR 72 million is for aid for steel and coal research, EUR 64 million for redeployment aid, EUR 29 million for social measures connected with the restructuring of the coal industry and EUR 2.8 million for administrative expenditure.

1162. On 4 April, Parliament granted discharge to the Commission in respect of the implementation of the ECSC budget for the 1999 financial year ('). This decision was accompanied by a resolution containing its comments and a decision closing the accounts in respect of the implementation of this budget.

Financial regulations

1163. Throughout the year, work continued on recasting the financial regulation of 21 December 1977. At a general level, the other institutions gave their opinions on the proposal presented by the Commission on 26 July 2000 (Table II), prompting the Commission to revise its proposal on 21 December. More specifically, on 21 August the Commission, after consulting the Economic and Social Committee ("), the Council (") and Parliament ("), adopted Regulation (EC) No 1687/2001 ("') amending Regulation (Euratom, EC, ECSC) No 3418/93 ("”) laying down detailed rules for the implementation of certain

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(" Bull. 3-2001, point 1.7.6.
("") Bull. 10-2001, point 1.7.4.
("") Bull. 4-2001, point 1.7.11.
("") Bull. 4-2001, point 1.7.13.
("") Bull. 5-2001, point 1.7.7.

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provisions of the financial regulation of 21 December 1977, in particular as regards the raising of the threshold for referral to the Advisory Committee on Procurement and Contracts (ACPC). A new procedure was also introduced to separate the internal audit function from the *ex ante* financial control function during the transitional period required for completing the recasting of the financial regulation (→ point 1164).
Section 3

Internal audit and financial control

1164. Continuing the reforms begun the previous year (1), the Council adopted Regulation (EC, ECSC, Euratom) No 762/2001 of 9 April inserting a new article into the financial regulation applicable to the general budget of the European Communities which separates the internal audit function from the _ex ante_ financial control function (Table II). Pursuant to this provision, which provides for the appointment of an internal auditor independent of the financial controller, the Commission decided, on 3 July, to create two separate directorates-general (2) and appointed the Director-General of the Internal Audit Service as the Commission’s internal auditor.

1165. In the field of internal audits, the Commission approved the report for 2000 (3) on 15 June. In addition, over the course of the year, a total of 34 reports, submitted by the individual directorates-general in the Commission departments, together with a consolidated report, were drawn up; they highlighted a number of aspects which were felt to pose a particular risk, especially from the angle of the reform of the Commission. In April, the Commission redefined the concept of _ex ante_ financial control with a view to strengthening the internal control systems of its directorates-general and maximising error detection. The emphasis was shifted to basic functions such as the control and approval of financial transactions involving revenue and expenditure, consultation on draft Commission decisions with a financial impact and the general financial rules adopted by the Commission. Particular attention was paid to the management procedures which are now being reorganised in connection with the devolution of responsibilities in the external aid sector to the Commission delegations in third countries (→ point 1263). During the year, _ex ante_ controls continued on the basis of samples. Overall, including transactions not covered by the sample and the European Development Fund and the decentralised Community agencies and bodies, the control target for 2001 was to cover one sixth of the transactions carried out by authorising departments. It is estimated that more than 4 000 errors which would otherwise have affected these transactions were avoided as a result of this control during the financial year.

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(1) 2000 General Report, points 1078 and 1079.
(2) Bull. 7/8-2001, point 1.9.8.

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Section 4

Protection of the Communities’ financial interests and the fight against fraud

1166. On 15 May, the Commission presented its annual report on the protection of the Communities’ financial interests and the fight against fraud (2000) (1). In the report, it gives an account of Community activities, beginning with cross-sector legislative and regulatory initiatives and then looking at sectoral legislation. It also gives examples illustrating what can be done in the way of cooperation (administrative and operational) with the Member States, the accession candidates and non-member countries to ensure effective and equivalent protection of the Community’s finances against fraud and other illegal activities. The Commission also reviews the steps taken by the Member States in 1999 and 2000 to protect the Community’s financial interests, based on their replies to a questionnaire produced jointly. It goes on to analyse data gathered from the Member States, identifying the main trends in fraud and irregularities, and the overall results in terms of recovery and financial follow-up.

1167. On 14 March, Parliament adopted a resolution (2) on the annual report for 1999 (3), in which it found that it was essential to clear up some very serious cases of fraud that had come to light. It also stressed the need for the European Anti-Fraud Office (OLAF) (4) to be completely independent in the conduct of investigations and for the staff of the Community institutions and the Member States to cooperate fully. Lastly, it welcomed the legal action brought jointly by the Commission and several Member States with a view to combating large-scale international cigarette smuggling. On 29 November (5), Parliament adopted a resolution on the annual report for 2000 (6 point 1166), in which it called for new efforts to combat fraud. The Council, in its conclusions adopted on 15 June (6), noting the major effort made both at Community level and in the Member States, invited those countries which had not yet done so to ratify without delay the Convention of 26 July 1995 on the Protection of the Communities’ Financial Interests and the additional protocols to it (7 point 1169, footnote 4). It underlined the importance it attaches to the involvement of OLAF in incorporating effective fraud-prevention measures into legislative proposals.

(1) COM(2001) 255; Bull. 5-2001, point 1.7.8; Internet, (http://europa.eu.int/comint/anti_fraud/reports/index.htm).
(5) Bull. 11-2001, point 1.7.11.
(6) Bull. 6-2001, point 1.7.11.
It also conveyed its concern that non-member countries, especially applicant countries, should take part in the fight against fraud and cooperate with OLAF.

1168. On 15 May, the Commission adopted an action plan for 2001-03 on protecting the Communities' financial interests and the fight against fraud (1). In the action plan, it sets out priority measures to be implemented by all its departments in the wake of the overall strategic approach for the protection of the Communities' financial interests and the fight against fraud set out in June 2000 (2) and of its action plan adopted in the context of the internal administrative reform (3). These priority measures relate to the development of an overall anti-fraud policy, aimed in particular at making legislation more fraud-proof, enhancing security in various key sectors, involving the candidate countries in prevention, and improving detection, monitoring, follow-up and penalties in the financial field; fostering a culture of cooperation between all the authorities responsible, by establishing a 'platform of services' to be provided to all involved in the fight against fraud; an interinstitutional approach to preventing and fighting fraud and corruption, with the aim of making all involved aware of the ethical aspect of financial management; and strengthening the criminal-law dimension with a view to fostering the adaptation of national criminal-law policies to the new Treaty obligations and to developing a strategy based on close and regular cooperation with the judicial authorities in the Member States and various international bodies. Parliament gave its view of the proposed action plan in the above-mentioned resolution of 29 November (→ point 1167).

1169. On 23 May, the Commission adopted a proposal for a directive of the European Parliament and of the Council on the criminal-law protection of the Community's financial interests (Table I). Designed to re-start the process of implementing the substantive rules deriving from the instruments adopted under Title VI of the Treaty on European Union (third pillar) (4), which have yet to be ratified by all Member States and have therefore not yet entered into force, the purpose of the initiative is to bring under Community jurisdiction the existing provisions (definitions of offences, liability and penalties, cooperation with the Commission) which do not concern the application of national criminal law or the national administration of justice within the meaning of Article 280(4) of the EC Treaty.

1170. On 28 June, the Council adopted Regulations (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting and (EC) No 1339/2001 extending the latter’s effects to those Member States which have not adopted the euro as their single currency (→ point 547). On 17 December, it established a multiannual Community action programme for 2002–05 in the fields of training, exchange and assistance (Pericles programme) (Table II), to complement this legislation. The programme, comprising only measures that cannot be taken effectively at national level, should take over, when the euro comes into circulation, from the specific schemes that have been under way since 1999. It concerns agencies responsible for the detection of counterfeiting, intelligence personnel and representatives of the national central banks and mints, and any other professional groups concerned. Another decision, adopted the same day, extends the effects of the training programme to the Member States which have not adopted the euro as their single currency (Table II). On 13 December, the Commission presented the Council with its report on Member States’ incorporation into national law of Council framework Decision 2000/383/JHA (→ point 547).

1171. On 18 October, OLAF adopted its operational activity report (1), taking stock of its activities for the period 1 June 2000 to 31 May 2001, its first year of operation fully under the responsibility of the new director-general. Besides giving an overview of investigations during the period, the report provides an update on the development of OLAF’s new working methods within its institutional environment and gives an initial outline of the operational action plan that will be adopted once the complete structure is in place.

1172. On 7 November, the Commission adopted a memorandum on the fraud-proofing of legislation and contract management (2). The purpose of the memorandum is to establish a specific procedure for lead directorates-general to consult OLAF as part of the process of drawing up Community legislation. The fraud-proofing prevention mechanism will be limited to the most sensitive projects, defined on the basis of precise criteria, in ‘high-risk’ areas of Community policy. This proactive approach will combine the expertise of all those involved, in the sector concerned and in the anti-fraud field. As regards contract management, the Commission’s memorandum takes the same preventive approach, establishing standard contracts for the Commission and introducing a central database of contracts and contractors. Information obtained by OLAF on fraud and irregularities connected with the use of contracts for goods or services or grant decisions will be entered in the database of contracts and contractors and will thus be available to all Commission departments.

1173. Following on from its opinion of 26 January 2000 (1) and its additional contribution of 29 September 2000 (2) to the Intergovernmental Conference responsible for drawing up the Treaty of Nice, the Commission approved on 11 December a Green Paper on criminal-law protection of the financial interests of the Community and the establishment of a European prosecutor (3). The latter would be an independent judicial body responsible, throughout the territory of the European Union, for conducting investigations and directing proceedings against the perpetrators of offences prejudicial to the Community’s financial interests, while judgments would continue to be delivered by national courts. The Commission also recommends establishing deputy European prosecutors in each Member State. The European prosecutor’s means of investigation would be based on the mutual recognition of instruments that already exist at national level, in combination with instruments being developed in the context of European judicial cooperation, in particular the European arrest warrant (→ point 534) and the Eurojust Unit (→ point 507).

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Section 5

Borrowing and lending operations

1174. Table 26 shows the loans granted each year for 1999–2001.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>EC — Balance of payments</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>EC — Medium-term financial assistance to countries of central Europe and</td>
<td>108</td>
<td>160</td>
<td>305</td>
</tr>
<tr>
<td>other non-member countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EC — Food aid</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>ECSC</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Euratom</td>
<td>—</td>
<td>—</td>
<td>40</td>
</tr>
<tr>
<td>EIB, of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>31 800</td>
<td>36 031</td>
<td>36 776</td>
</tr>
<tr>
<td>non-member countries, of which:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• ACP countries, OCTs and South Africa</td>
<td>4 035</td>
<td>5 389</td>
<td>5 592</td>
</tr>
<tr>
<td>• Mediterranean countries</td>
<td>551</td>
<td>541</td>
<td>670</td>
</tr>
<tr>
<td>• accession countries</td>
<td>802</td>
<td>1 214</td>
<td>1 401</td>
</tr>
<tr>
<td>• Mediterranean countries</td>
<td>2 373</td>
<td>2 948</td>
<td>2 659</td>
</tr>
<tr>
<td>• Latin America and Asia</td>
<td>310</td>
<td>532</td>
<td>543</td>
</tr>
<tr>
<td>• western Balkans</td>
<td>60</td>
<td>154</td>
<td>319</td>
</tr>
<tr>
<td>Total</td>
<td>31 908</td>
<td>36 191</td>
<td>37 121</td>
</tr>
</tbody>
</table>
Section 6

General budget guarantee for borrowing and lending operations

1175. The guarantee by the Community budget covers lenders when the Community floats an issue under one of its financial instruments: balance-of-payments facility, Euratom loans, medium-term financial assistance for certain non-member countries (→ points 84 et seq.). The budget guarantee is also given to the European Investment Bank (EIB) for loans it grants from its own resources to various non-member countries (1). By Decision 2001/778/EC of 6 November, the Council extended the guarantee to loans granted by the EIB to projects in the Federal Republic of Yugoslavia (Table II). On the same day, it decided that a guarantee would also be given to the EIB for losses on loans granted to environmental projects in the Russian part of the Baltic Sea (Table II). At the end of 2001, the ceiling for authorised borrowing and lending operations guaranteed by the general budget was EUR 69.497 billion. At 31 December, the guarantee was in operation for EUR 15.525 billion of Community borrowing and for EUR 13.758 billion granted by the EIB out of its own resources.

1176. The Guarantee Fund for external actions (2), set up to reimburse the Community's creditors in the event of default by the recipient of a loan given or guaranteed by the Community in a non-member country, was activated when certain countries of the western Balkans failed to make repayments. The Guarantee Fund was then called upon for EUR 9.75 million in all. But during 2001 the Guarantee Fund was repaid all the amounts owing (EUR 241.22 million) in respect of arrears on guaranteed loans paid back by beneficiaries, including default interest. At 31 December, the Guarantee Fund therefore had no defaults outstanding on guaranteed loans. On the same date, the Fund's resources totalled EUR 1 774.42 million.

(2) 1994 General Report, point 1133.
Chapter VIII

Community law

Section 1

Monitoring the application of Community law (1)

1177. In 2001, the Commission started 1,050 infringement proceedings (1,317 in 2000), issued 569 reasoned opinions (460 in 2000) and referred 162 cases to the Court of Justice (172 in 2000). The breakdown by Member State of cases brought under Articles 226 and 228 of the EC Treaty is as follows: Belgium, 13; Denmark, 2; Germany, 12; Greece, 16; Spain, 15; France, 22; Ireland, 13; Italy, 22; Luxembourg, 10; Netherlands, 5; Austria, 7; Portugal, 7; Finland, 2; Sweden, 3; United Kingdom, 14. Detailed information on the infringement proceedings instituted during the year and on the situation regarding transposal of Community directives into the national laws of the Member States will be given in the 19th annual report on monitoring the application of Community law, which will be published in 2002.


(4) Bull. 9-2001, point 1.8.1.
Section 2

Decisions by the Court of Justice and the Court of First Instance (1)

General principles of Community law

1179. In his order of 11 April (2), the President of the Court of Justice set aside the order of the President of the Court of First Instance suspending the operation of the Commission decision concerning the withdrawal of marketing authorisations of medicinal products for human use containing certain substances. Firstly, the President referred to the rule underlying appeals according to which the Court of First Instance has exclusive jurisdiction to find and appraise the facts and as a result of which any plea based on an assessment of the facts is inadmissible. The conditions governing the admissibility of appeals laid down by Article 49 of the Protocol on the Statute of the Court of Justice must be assessed solely in relation to the case at issue. The fact that the grounds of an order of the Court of First Instance which has become definitive are identical to those of an order subject to appeal does not prevent the appellant from contesting those grounds. The appeal was therefore admissible. In support of its appeal, the Commission argued first that the assessment by the President of the Court of First Instance regarding the establishment of a prima facie case and the balance of interests made no mention of the considerations in the contested decision relating to the change in the scientific criteria for evaluating medicinal products and the lack of therapeutic efficacy of the substances involved. If one of the grounds for the withdrawal of a marketing authorisation is the degree of harmfulness of a product, such harmfulness can be assessed only in relation to the therapeutic efficacy of the product, in other words its therapeutic effects over time. Consequently, such a change forms a decisive factor in the evaluation of those medicinal products by the Committee for Proprietary Medicinal Products (CPMP) and the Commission. The Court concluded that 'inasmuch as the order under appeal fails to take account of essential aspects of the statement of reasons for the contested decision and, therefore, distorts the latter’s content, it is vitiates by an error of law’ and must therefore be set aside. The Court decided not to refer the case back to the Court of First Instance but to give a final deci-

(1) Statistics concerning the activities of the Court of Justice and the Court of First Instance in 2001 will be published in the Court’s annual report (2001 edition forthcoming) and on the Europa server: (http://curia.eu.int/en/pei/rapan.htm).
sion on the application. On the issue of whether or not there was a prima facie case, the respondent submitted that, according to its interpretation of the texts invoked, the Commission was not competent to adopt the contested decision. The President of the Court responded that ‘when the judge hearing an application for suspension of the operation of a measure assesses whether there is a prima facie case, his task is not to give a final decision on the interpretation of the provisions applicable to the dispute’. On the issue of the Commission’s exercise of its discretion in assessing the need for withdrawal, the President pointed out that, as this type of decision is the outcome of complex assessments in the medico-pharmacological field, the Court’s case-law requires only a limited judicial review restricted to ‘examining the accuracy of the findings of fact and law made by the authority concerned and [...] verifying, in particular, that the action taken by that authority is not vitiated by a manifest error or a misuse of powers and that it did not clearly exceed the bounds of its discretion’. From an initial analysis, this did not appear to be the case. As for the alleged failure to state reasons for the decision, the President indicated that the elements of the CPMP’s opinion adopted by the Commission contained a sufficient explanation. The arguments put forward by the respondent consequently failed to convince the President of the Court on an initial examination to rebut the presumption that the contested decision was valid. As for urgency and the balancing of interests, the President pointed out that pleading difficulties resulting from the decision in question was not enough; ‘obstacles of a structural or legal nature’ preventing the recovery of market shares had to be demonstrated. And even if the existence of serious and irreparable damage could be established, case-law (1) demanded that the interest of the community in the immediate withdrawal of the marketing authorisations with a view to protecting public health must unquestionably be given precedence over the economic interest of the respondent in the suspension of operation of the decision. The President concluded that ‘it is therefore evident that suspending the operation of the contested decision would be liable to make the users of those medicinal products run serious risks and, in terms of public health, would risk causing harm which could not be remedied if the substantive action were subsequently dismissed’ and therefore dismissed the application for interim relief.

1180. In its judgment of 9 October (2), the Court of Justice examined an action brought by the Netherlands for annulment of Directive 98/44/EC of the European Parliament and of the Council (3) on the legal protection of biotechnological inventions on the grounds that it opposed the patentability of inventions involving plants, animals or the human body. The Court rejected the plea, supporting the analysis of the institutions concerned. In particular, the Court

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confirmed that there was no justification for resorting to Article 308 of the EC Treaty (and hence to unanimity). The purpose of the directive is not to create a Community patent, but to prevent damage to the unity of the internal market as a result of differences of interpretation, in the Member States, of the provisions of the Munich Convention on the Grant of European Patents. These same reasons rule out any breach of the principle of subsidiarity, since it is clear that such an objective can be achieved more effectively at Community level than by the individual Member States. The instrument of legislative harmonisation on the basis of Article 95 of the EC Treaty (co-decision) is therefore entirely justified. This statement is not contradicted by the power granted to the Member States under the directive to exclude inventions whose commercial exploitation would be contrary to *ordre public* or morality, such as cloning. This scope for manoeuvre, which is subject to rules, reflects the need to take account of the social and cultural context of each Member State. Lastly, the Court set aside the argument based on the offence to human dignity to which patentability of isolated parts of the human body could lead. It points out that the legislator made a distinction between elements of the human body in their natural state (the discovery of a DNA sequence is not patentable per se) and the technical or scientific procedure developed (the original method of sequencing with a view to its industrial application is patentable).

1181. In its judgment of 11 December (1), the Court of First Instance delivered a ruling on public access to letters of formal notice and reasoned opinions sent by the Commission to the Member States in connection with infringement procedures. Mr Petrie, acting on his own behalf and as the legal representative of an Italian lecturers' organisation, had applied to the Commission for access to certain documents. His request was based on the fact that, by reason of the redefinition of the objections by a supplementary letter of formal notice and a supplementary reasoned opinion during the infringement procedure, the situation presented to the Commission in his view no longer corresponded to reality. This application was refused by the Commission on the grounds that some of the documents requested were not Commission documents and that the others could not be disclosed for fear of adversely affecting the protection of the public interest and in particular the conduct of investigations. Such investigations were liable to result in the opening of the procedure under Article 226 EC. The code of conduct applicable to the Commission expressly provides for this exception (2). The applicants appealed to the Court of First Instance requesting annulment of the Commission decision refusing access. The Court pointed out that the decision adopting the code of conduct was an act conferring on the public a right of access to documents held by the Commission (3). It went on to state

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that 'this requirement of confidentiality remains even after the matter has been brought before the Court of Justice, on the ground that it cannot be ruled out that the discussions between the Commission and the Member State in question regarding the latter’s voluntary compliance with the Treaty requirements may continue during the court proceedings and up to the delivery of the judgment of the Court of Justice'. The Court of First Instance concluded its analysis with the statement that the preservation of that objective, ‘namely an amicable resolution of the dispute between the Commission and the Member State concerned before the Court of Justice has delivered judgment’, justifies refusal of access to the letters of formal notice and reasoned opinions prior to the Court judgment.

Free movement

1182. In its judgment of 5 April (i), the EFTA Court considered an application against Norway. It ruled that, by applying its legislation so as to prohibit the import and marketing in Norway of corn flakes fortified with iron and vitamins which have been lawfully manufactured and marketed in other EEA States, Norway had failed to fulfil its obligations under Article 11 of the EEA Agreement, parallel to Article 28 of the EC Treaty. The application had been lodged by the EFTA Surveillance Authority following a complaint filed by a company which had been refused an authorisation by the Norwegian Food Control Authority to sell fortified corn flakes in Norway on the grounds that the addition of nutrients was authorised only if there was a nutritional need in the Norwegian population. The Commission and the EFTA Surveillance Authority countered with the argument that the relevant requirement for justification was that of public health and that nutritional need was at most only one of the relevant factors. In responding to the application, the Court referred to the Sandoz ruling of 14 July 1987, according to which Community law does not preclude national rules which prohibit, without prior authorisation, the marketing of food products to which vitamins have been added and which have been lawfully marketed in another Member State ‘when the addition of vitamins to foodstuffs meets a real need, especially a technical or nutritional one’. The Court summarised the status of the law regarding the marketing of food products as follows: ‘In the absence of harmonisation of rules, when there is uncertainty as to the current state of scientific research, it is for the contracting parties to decide what degree of protection of human health they intend to assure, having regard to the fundamental requirements of EEA law, notably the free movement of goods [...] Under those conditions, a Contracting Party may invoke the precautionary principle [...] That measure of discretion must, however, be exercised subject to judicial review.’ Although the need to safeguard public health remains a primary concern, the principle of proportionality must

(i) Case E-3/00 EFTA v Norway.
be respected. Measures taken by a contracting party must therefore be ‘based on scientific evidence; they must be proportionate, non-discriminatory, transparent and consistent with similar measures already taken’. Moreover, the mere finding by a national authority of the absence of a nutritional need would not justify an import ban, which is an altogether more restrictive measure. According to the Court, a proper application of the precautionary principle and the principle of proportionality ‘presupposes, firstly, an identification of potentially negative health consequences and, secondly, a comprehensive evaluation of the risk to health based on the most recent scientific information’. However, ‘when the insufficiency, or the inconclusiveness, or the imprecise nature of the conclusions to be drawn from those consideration makes it impossible to determine with certainty the risk or hazard, but the likelihood of considerable harm still persists were the negative eventuality to occur, the precautionary principle would justify the taking of restrictive measures’. As the information available failed to show that the Norwegian authorities had carried out a comprehensive risk analysis, the Court found that the administrative procedure did not comply with EEA law.

Social legislation

1183. In its judgment of 25 January (1), the Court delivered a preliminary ruling on the application of Council Directive 77/187/EEC on the safeguarding of employees’ rights in the event of the transfer of a business (2). The transfer in question resulted from a procedure for the award of a public contract under Council Directive 92/50/EEC, which was intended to improve the access of service providers to such procedures and thus promote competition, particularly between undertakings from different Member States (3). Directive 77/187/EEC applies, as stated in Article 1(1) thereof, to the transfer of an undertaking, business or part of a business as a result of a legal transfer or merger. The Court confirmed its broad interpretation of the directive, holding that its scope extended to a transfer between two undertakings which had been successively awarded contracts for public transport services under a tendering procedure held by a public body. The Court upheld this interpretation even where there was no direct contractual link since the undertaking, being defined as a ‘stable economic entity’, retained its identity, as indicated inter alia by the fact that the service provided was actually continued or resumed (4). To ensure the uniform application of Community law in a complicated case, the Court applied a teleological interpretation of the role conferred on it by Article 234 of the EC Treaty, providing the national court with guidance on how to assess

(1) Case C-172/99 Oy Liikenne [2001] ECR 1-745; Bull. 3-2001, point 1.8.34.

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whether an economic entity had been transferred in this particular case. For the Court, ‘the mere fact that the service provided by the old and the new contractors is similar does not justify the conclusion that there has been a transfer of an economic entity’. The ‘transferred economic entity’ referred to an organised grouping of persons and assets facilitating the exercise of an economic activity in pursuit of a specific objective (1). The Court held that, ‘in a sector such as scheduled public transport by bus, where the tangible assets contribute significantly to the performance of the activity, the absence of a transfer to a significant extent from the old to the new contractor of such assets, which are necessary for the proper functioning of the entity, must lead to the conclusion that the entity does not retain its identity’. The mere takeover of a proportion (even a substantial proportion) of the predecessor’s staff was not sufficient reason to describe the transaction as the transfer of a business within the meaning of Directive 77/187/EEC, since ‘bus transport cannot be regarded as an activity based essentially on manpower, as it requires substantial plant and equipment’.

1184. In judgments delivered on 12 July (2), the Court of Justice ruled on the right of patients who have been treated in a Member State other than that of their State of residence to obtain the reimbursement of the costs of hospital treatment even though the Member State of residence has not authorised the treatment in advance. A reference for a preliminary ruling was made to the Court, which pointed out that, while Member States were entitled to organise their social security systems, they must comply with the fundamental freedom to provide services, including hospital services. A system of prior authorisations is therefore liable to hinder European citizens in exercising their right to obtain medical services in another Member State. However, the Court pointed out that considerations concerning the maintenance of financial balance and a hospital service open to all may justify a barrier to the fundamental freedom provided that the conditions for obtaining the prior authorisation do not result in arbitrary refusals of treatment, the provision of treatment that is not tried and tested scientifically at international level or differences in the treatment of patients cared for in another Member State. If an authorisation has been issued, compliance with the principle of freedom to provide services requires that the amount of the reimbursement should be at least the same as that paid in the Member State of the patient’s residence.

1185. On 20 September, the Court delivered a preliminary ruling (3) in a matter referred to it by a Belgian court concerning the legal situation of Mr Grzelczyk, a French national studying at Louvain-La-Neuve, who had been refused the ‘minimex’ (minimum subsistence allowance) when a Belgian student in identical circumstances would have received a favourable reply. The Court

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(3) Case C-184/99 Grzelczyk [2001] ECR.

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condemned such discrimination between citizens of the Union. It based its argument on the application of Article 12 of the EC Treaty, prohibiting any discrimination on grounds of nationality, and Article 17 of the EC Treaty, establishing citizenship of the Union, stating in particular that ‘Union citizenship is destined to be the fundamental status of nationals of the Member States’. It pointed out, however, that, under Article 18 of the Treaty, these rights are ‘subject to the limitations and conditions’ laid down by Community law. Thus, the Court interprets the directive on the right of residence for students as offering the Member States the possibility of terminating the residence of students who are unable to provide evidence that they have sufficient resources. Nevertheless, the Court stresses that this possibility, intended to ensure that the student does not become an unreasonable burden on the public finances of the host Member State, must not be the automatic consequence of an application for the minimex, particularly where the student’s problems are of a temporary nature.

Agriculture — Veterinary legislation

1186. On 12 July, the Court gave judgment in a case (1) concerning the application of veterinary legislation. This judgment is interesting from the standpoint both of substance and of procedure. Regarding substance, the control and eradication of foot-and-mouth disease is based on the principle that general and compulsory vaccination is banned. In this case, the applicant requested the Netherlands authorities to grant an exemption from that ban since her stock was outside the vaccination zones the Commission specified after foci of the disease appeared in the Netherlands. When the applicant challenged the lawfulness of those rules before the national court, it made a reference for a preliminary ruling to the Court of Justice, which confirmed that the general ban was well founded. The Court of Justice held that that policy, which is based on international recommendations and practice, is not disproportionate to the objective in view, the improvement of health of stock as a whole. The Community, in pursuing this objective, is also having regard to the requirement of the protection of animals. Lastly, the Court found that the Council was entitled to define the policy to be followed on the basis of its economic effects, including the consequences of a systematic vaccination policy on trade with third countries. In this case, the Court has applied for the first time the accelerated procedure provided for the new Article 104a of the Rules of Procedure of the Court of Justice of the European Communities, which enabled it to deliver its judgment in 11 weeks.

(1) Case C-189/01, Jippes [2001] ECR; Bull. 9-2001, point 1.8.32.
Rules governing languages

1187. In its judgment of 12 July (1), the Court of First Instance delivered a ruling in an action brought by a lawyer and trade mark agent in the Netherlands against the rules governing languages at the Office for Harmonisation in the Internal Market (Trade Marks and Designs). Under those rules, applications must be filed in one of the official languages of the European Community. From the languages of the Office (English, French, German, Italian and Spanish), the applicant must indicate a second language as a possible language of proceedings in certain proceedings (opposition, revocation or invalidity). The Court upheld those aspects of the rules governing languages. It pointed out that the procedures for which those rules were adopted presuppose the intervention of another party whose national language cannot be known in advance. It also pointed out that the applicant’s second language is always used in the drafting of documents of a decisional character and may be adopted for all procedures by agreement of the parties. The applicant has appealed to the Court of Justice.

External relations

1188. In three judgments delivered on 27 September (2), relating to Polish, Czech and Bulgarian nationals, the Court recognised the direct applicability of the clause governing the right of establishment contained in the Europe agreements, since the principle of the treatment of nationals is guaranteed by these agreements in a way which is sufficiently clear, precise and unconditional to be directly applicable to the situation of individuals. The right of establishment recognised in this way does not, however, have the same scope as the right of establishment guaranteed by the EC Treaty. The Europe agreements in question are designed simply to create an appropriate framework for these countries’ gradual integration into the Community, and not, as is the case of Community level, to create an internal market in which all obstacles to the free movement of persons and services have been abolished. Thus, the rights of entry and residence, as corollaries of the right of establishment, are not absolute privileges. The host Member State therefore retains the residual right to apply its own internal rules on immigration, provided that they do not nullify or compromise the rights conferred by the terms of the agreements regarding the right of establishment. This last condition is not met by restrictions based on standardised reasons such as the regulation of migration flows or balancing the labour market. On the other hand, the Court does recognise the right of Member States the right to introduce a national system for monitoring the proposed activity or penalising the authors of false declarations who may have entered the country merely as tourists.

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(2) Cases C-63/99 Głoszczyk, C-257/99 Barkoci and Malik and C-235/99 Kondova.
Section 3

Computerisation of Community law

1189. As in previous years, the Office for Official Publications of the European Communities (EUR-OP) continued its efforts to improve and update its techniques for collecting, processing and disseminating legal texts. Its objective is to make Community law more transparent and accessible thanks to the online information services of CELEX and EUR-Lex, which are interinstitutional legal databases it is responsible for managing. The Lex Interinstitutional Group (GIL) and the Council Working Party on Legal Data Processing (GIJC) coordinated this work.

1190. The coverage of the legal documentary bases managed by EUR-OP was extended, particularly thanks to the progress made in consolidating Community law and to the Commission’s regular forwarding of preparatory acts.

1191. In June 2001, the EUR-Lex portal (1) was opened, providing access to Community law on the institutions’ Internet server ‘Europa’ (→ point 1279). This is now the central interface for accessing all the European Union’s legislative acts and documents of political import. The EUR-Lex portal provides integrated access to the documents stored in CELEX, EUR-Lex and Curia (case-law). It is possible to follow the stages in the legislative process using links to the PRE-Lex service, managed by the Commission, and OEIL, managed by the European Parliament. The EUDOR service (access to electronically stored documents) was shut down following this integration, as documents are now accessible directly via CELEX and EUR-Lex.

1192. The rate of use of EUR-Lex and CELEX is constantly increasing, as shown by the statistics on the number of documents consulted via CELEX: 30 million in 2001, compared with 25 million in 2000; for EUR-Lex, the figure was 80 million in 2001 compared with 47 million in 2000.

Chapter IX

Institutions and other bodies

Section 1

Composition and functioning

**European Parliament** (1)

1193. The distribution of the 626 seats among the political groups of the European Parliament at 31 December was as follows:

- European People's Party and European Democrats (PPE–DE), chaired by Hans-Gert Pöttering (D) 232
- Party of European Socialists (PES), chaired by Enrique Barón Crespo (E) 181
- European Liberal Democrat and Reform Party (EDLR), chaired by Patrick Cox (IRL) 52
- Greens/European Free Alliance (Verts/ALE), chaired by Heidi Hautala (FIN) and Paul Lannoye (B) 45
- Confederal Group of the European United Left/Nordic Green Left (GUE/NGL), chaired by Francis Wurtz (F) 43
- Europe of Nations Group (UEN), chaired by Charles Pasqua (F) 22

(1) Further information is available on the web site (http://www.europarl.eu.int/default.htm).

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• Europe of Democracies and Diversities (EDD),
  chaired by Jean Saint-Josse (F), Jens-Peter Bonde (DK)
  and Johannes Blokland (NL) 18
• Non-affiliated (NI) 33

1194. The Commission reform process (→ points 1261 to 1266) remained
one of the major themes of Parliament's work this year. At the part-session of
28 February and 1 March, the Commission President, Mr Prodi, and Vice-
President, Mr Kinnock, presented the third stage of this reform dealing with
human resources (1). The House adopted resolutions in May on the appointment
of senior Commission officials and in June on the termination of service of Com-
mission officials. As regards general relations between the Commission and Par-
liament, on 13 February Mr Prodi presented to the House the Commission
work programme for 2001 (→ point 1209), and, at the part-session from 3 to
6 September, the White Paper on European governance (→ point 24), which
was discussed at the first October part-session. In December, Mr Prodi pre-
sented the Commission's work programme for 2002 (→ point 1210); the Coun-
cil Presidency attended the debate for the first time ever.

1195. On matters of its own internal organisation, Parliament adopted a reso-
lution on its estimates of expenditure and revenue for the 2002 financial year. On
16 May, it adopted the schedule of its part-sessions for 2002, with 12 plenary
part-sessions in Strasbourg and six additional part-sessions in Brussels. As in
2001, Parliament will not be meeting on Fridays. It also amended its rules of
procedure to accommodate the new rules on access to documents (→ point 21)
and the establishment of interparliamentary delegations and joint parliamentary
committees. On 23 October, it elected Ms Plooij-van Goorsel to replace
Mr Wiebenga as Vice-President. On 2 October, the Court of First Instance defin-
itively dismissed the case brought by a number of members against the decision
taken by Parliament on 14 September 1999 (2) not to recognise the existence of
the Technical Group of Independent Members. After being suspended, the
decision not to recognise the group is now effective again.

1196. In its relations with the other EU institutions and bodies, Parliament
passed resolutions on the preparations and analysed the decisions taken at the
Stockholm (3), Gothenburg (4), Brussels (extraordinary meeting) (5), Gent (6) and
Laeken (7) European Councils and the preparation of the spring 2002 European

(1) Bull. 3-2001, point 1.9.1.
(2) 1999 General Report, point 1018.
(3) Bull. 3-2001, point 1.1.1; Bull. 4-2001, points 1.1.4 and 1.1.5.
(4) Bull. 6-2001, point 1.1.5; Bull. 7/8-2001, point 1.1.3.
(5) Bull. 10-2001, point 1.4.6.
(6) Bull. 10-2001, point 1.1.4.
(7) Bull. 11-2001, point 1.1.2.
Council. It also debated the work programmes of the Swedish and Belgian Council Presidencies (1), the assessment of the Swedish and Belgian Presidencies (2), the 2000 activity report presented by the European Ombudsman, Mr Söderman (→ point 561), the 2000 annual report of the European Central Bank (ECB) presented by Mr Duisenberg (→ point 80) and the 1999 annual report of the European Investment Bank (→ point 96). It also held its annual debate on the (1999) report on monitoring the application of Community law (→ point 1178). Resolutions were adopted on the reform of the Council (3), the report of the Court of Auditors on the operational efficiency of the management of the European Monetary Institute and the European Central Bank for the financial year 1998, the actions of the European Investment Bank described in its 42nd annual report (1999) (→ point 96), the European Ombudsman’s special report calling for the creation within each institution of a code of good administrative behaviour to which the public would have access (→ point 22), the amendment of Article 3 of the regulations and general conditions governing the performance of the Ombudsman’s duties (→ point 559), the interinstitutional agreement on the recasting of legal acts (→ point 39), the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (→ point 1263) and the appointment of nine members of the Court of Auditors. The EU information and communication strategy (→ point 1278) was also discussed, as was the development of the delegations (→ point 1130).

1197. On the institutional front, Parliament passed resolutions on the Nice Treaty (→ point 3) and the future of the Union (→ point 10), public access to Parliament, Council and Commission documents (→ point 21), the institution of the petition at the dawn of the 21st century (→ point 559), the statute and financing of European political parties (→ point 41) and the White Paper on European governance (→ point 25).

1198. In the budgetary field, Parliament completed both readings of the 2001 draft budget, which was signed by the President, Ms Fontaine, on 13 December (→ point 1146). The President of the Court of Auditors, Mr Karlsson, presented the Court’s annual report for 2000 to Parliament at the first November part-session (4). Parliament also passed resolutions on the Communities’ own resources system and the European Union’s own resources in 2001 (→ point 1150), the Court of Auditors’ Special Report No 8/99 on securities and guarantees provided for in the Community Customs Code to protect the collection of traditional own resources, amendments to the financial regulation (→ point 1163), the Commission’s annual report for 2000 on the protection of the Communities’ financial

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(1) Bull. 1/2-2001, point 1.9.1; Bull. 7/8-2001, point 1.9.1.
(2) Bull. 7/8-2001, point 1.9.1.
(3) Bull. 10-2001, point 1.1.2.
(4) Bull. 11-2001, point 1.9.1.

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interests and the fight against fraud and the action plan 2001–03 in these areas (→ point 1168), the adjustment of the financial perspective to take account of implementation of the interinstitutional agreement of 6 May 1999 (→ point 1134), reports on the measures taken in the light of the observations of the European Parliament in its 1997 and 1998 discharge resolutions, the discharge procedure for 1999, the decisions on the discharge in respect of the Economic and Social Committee and the financial management of the sixth, seventh and eighth European Development Funds for 1999 (→ point 1159), and the 2001 supplementary and amending budgets (→ points 1151 to 1154). On 11 December, Ms Schreyer, Member of the Commission, presented the Green Paper on criminal-law protection of the financial interests of the Community and the establishment of a European prosecutor (→ point 1173).

1199. In the field of economic and financial affairs, Parliament passed resolutions on the international monetary system, the impact of liberalisation and the economic reform process on economic growth in the European Union (→ point 53), the report of the Committee of Wise Men on the regulation of European securities markets (→ point 189), the state of the Union’s economy (→ point 53), the Stability and Growth Pact (→ point 58), strengthening the coordination of economic policies within the euro zone (→ point 65), prevention of the use of the financial system for the purpose of money laundering (→ point 546), the protection of the euro against counterfeiting (→ point 548), the application of minimum reserves by the European Central Bank and the changeover to the euro (→ point 68). It also held preliminary debates on the Commission’s annual economic report (→ point 83), on the assessment of the implementation of the Member States and the Community (→ point 56).

1200. The main internal policy topics which Parliament debated in 2001 were the information society and telecommunications (→ points 358 et seq.), research (→ points 319 et seq.), energy (→ points 654 et seq.), the environment (→ points 606 et seq.), culture (→ points 591 to 595), industry (→ points 310 to 314), employment (→ points 124 and 125), enlargement (→ point 769), regional policy (→ point 401), the internal market (→ points 160 et seq.), agriculture (→ points 428 et seq.), fisheries (→ point 476), development cooperation (→ point 918), sport (→ point 601), biotechnology (→ point 630), equal treatment for men and women (→ point 156), public health (→ points 745 et seq.), competition (→ point 228) and food safety (→ point 734). In the area of justice and home affairs, it passed resolutions on progress made in 2000 in the implementation of the area of freedom, security and justice (→ point 503), European Union priorities and policy objectives for external relations in the field of justice and home affairs (→ point 555), the free movement of persons, freedom of movement with a long-stay visa (→ point 511), a uniform format for visas (→ point 510), the Pericles programme for the protection of the euro against counterfeiting (→ point 1170), the report of the Multidisciplinary Group on Organised Crime.
relating to a joint action on mutual evaluation (→ point 543), the criteria and mechanisms for establishing the State responsible for examining a request for asylum lodged in a Member State or Iceland or Norway (→ point 518), the conditions for unauthorised entry and residence, visa requirements for third-country nationals, protection of displaced persons, the examination of visa applications, border checks and surveillance, conditions for the issue of visas for third-country nationals, the expulsion of non-Community nationals (→ point 515), crime prevention, establishing a European judicial network in civil and commercial matters (→ point 526), setting up Eurojust and Europol (→ point 503), joint investigation teams (→ point 529), the development of Schengen cooperation and the Schengen II information system (→ point 537), the situation of refugees in the Member States (→ point 518), the mutual recognition of final decisions in criminal matters (→ point 532), combating terrorism (→ point 534), the European arrest warrant (→ point 534) and combating trade in human beings and the sexual exploitation of children, including child pornography (→ point 544). Recommendations were adopted on the role of the European Union in combating terrorism (¹) and on criminal sanctions and Community law (²), and a resolution on a system for the interception of private and commercial communications (Echelon interception system) (³), on the basis of the work of a temporary committee of enquiry (⁴). Parliament also held its annual debate on the area of freedom, security and justice. At the second October part-session, Mr Vitorino, Member of the Commission, addressed the House on the consequences of the recent terrorist attacks for the safety of air transport and of industrial installations, including nuclear plants.

1201. In the field of external relations, Parliament mainly focused on the international situation following the terrorist attacks of 11 September on the United States with a special part-session on 12 September (⁵), the stabilisation and association process in the south-east European countries (→ point 970), enlargement (→ point 769), the situation in the Balkans, especially in Serbia and Kosovo (→ point 988), Bosnia and Herzegovina (→ point 985), and the Former Yugoslav Republic of Macedonia (→ point 989), the Middle East (→ point 1007), Chechnya (⁶), Afghanistan (→ point 1065), Latin America (Colombia and Mexico) (→ points 1089 and 1092), and Africa (Zimbabwe, Somalia, Angola, Togo, South Africa and the Great Lakes region) (→ points 49 and 1116 et seq.). Parliament also passed resolutions on enlargement of the European Union (→ point 769), negotiations on the association agreement with Mercosur (→ point 1083) and Chile (→ point 1088), the agreement between the European Union and the United States and Canada on higher education (→ point 604), the transatlantic dialogue (→ point 1035), the G8 summit in Genoa (→ point 1033),

¹) Bull. 9-2001, point 1.4.1.
²) Bull. 11-2001, point 1.4.17.
³) Bull. 9-2001, point 1.3.27.
⁴) 2000 General Report, point 1141.
⁵) Bull. 9-2001, point 1.9.2.
⁶) OJ C 276, 1.10.2001; Bull. 1/2-2001, point 1.2.11.
the establishment of an accession partnership with Turkey (point 769), the proceedings of the ACP-EC Joint Parliamentary Assembly in 2000 (point 1101), the third UN Conference on the Least Developed Countries (point 941), the extension of duty-free access to products originating in the least developed countries (point 916), the EU strategy for the Mediterranean region, adopted at the Feira European Council in June 2000, and reinvigorating the Barcelona Process (point 995), commercial relations between the EU and the industrialised countries of North America (point 1035), perspectives and priorities for the ASEM Process (point 1059), European development cooperation policy (point 918), the WTO built-in agenda negotiations (point 878), the accession of China and Chinese Taipei to the WTO (point 879), the preparation and the results of the fourth WTO ministerial conference (point 876), the common strategy of the European Union on Ukraine (point 1026), European Union election assistance (point 47), anti-personnel landmines (point 939), and the International Criminal Court (point 49). Debates were also held on the Mediterranean region (1) and the progress made by the 12 applicant countries. As regards the common foreign and security policy, the House adopted a resolution on the creation of the rapid reaction facility (point 811) and the use of depleted uranium in Bosnia-Herzegovina and Kosovo (point 970) following a debate attended by Mr Solana, High Representative for the CFSP (2), on the prevention and management of civilian crises (point 812). On human rights issues, Parliament passed resolutions on the European Union’s priorities for the 75th session of the UN Commission on Human Rights (point 49), on the World Conference against Racism (point 48), press freedom in the world (point 49), the death penalty in the world and the introduction of a European Day against the Death Penalty (point 23), and a report on human rights in the European Union and in the world (point 45). At the December part-session, the Sakharov prize was awarded to Mr Ghazzawi, Archbishop Kamuenho and Ms Peled-Elhanan. The German President, Mr Rau, addressed Parliament in April, Mr Schuster, the President of Slovakia, in May, the Dalai-Lama in October and Mr Kim Dae-Jung, the President of the Republic of Korea, in December.

1202. Parliament addressed 4,809 questions to the Commission and the Council: 3,715 written questions (3,302 to the Commission and 413 to the Council), 122 oral questions with debate (77 to the Commission and 45 to the Council) and 972 during question time (596 to the Commission and 376 to the Council).

1203. A breakdown of Parliament’s work in 2001 is shown in Table 27. At 31 December, the establishment plan of Parliament’s Secretariat comprised 3,550 permanent posts and 635 temporary posts.

(1) Bull. 1/2-2001, point 1.9.2.
(2) Bull. 1/2-2001, point 1.9.1.
### TABLE 27
Parliamentary proceedings from January to December — Resolutions and decisions adopted

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(') Mainly opinions on Commission reports or communications.
(2) Resolutions in response to statements by other institutions or following oral questions.
(3) Resolutions on topical and urgent subjects of major importance.
(4) Decisions concerning a waiver of immunity, amendments to the rules of procedure and interinstitutional agreements.
(5) Including 113 cases in which Parliament proposed amendments to the Commission proposal.
(6) Including 73 cases in which Parliament proposed amendments to the Commission proposal.
(7) Including 34 cases in which Parliament amended the Council's common position.
Council \(^{(1)}\)

1204. The European Council, meeting in Stockholm on 23 and 24 March for its annual spring meeting on economic and social questions \(^{(2)}\), focused on how to modernise the European model and attain the Union's strategic goal for the next decade decided at Lisbon \(^{(3)}\). It also addressed the demographic challenge of an ageing population. It discussed how to create more and better jobs, accelerate economic reform, modernise the European social model and harness new technologies. Strategic guidance for the broad economic policy guidelines was approved in order to achieve sustained growth and stable macroeconomic conditions. The European Council agreed to improve procedures so that its annual spring meeting will become the focal point for a review of economic and social questions. It also agreed to develop ways and means of actively involving the candidate countries in the goals and procedures of the Lisbon strategy. The presence of President Putin in Stockholm demonstrated the importance the Union attaches to its strategic partnership with Russia. On external relations, discussions dealt also with the World Trade Organisation, the Middle East peace process, the western Balkans (also in the presence of President Trajkovski of the Former Yugoslav Republic of Macedonia), the Korean peninsula and climate change.

1205. The Gothenburg European Council \(^{(4)}\) of 15 and 16 June confirmed the breakthrough in the enlargement negotiations made under the Swedish Presidency and agreed on the continuation of the process of ratifying the Treaty of Nice \(^{(5)}\) so that the Union will be ready to accept new Member States from the end of 2002. It took forward the debate on the future of the Union with a view to an Intergovernmental Conference in 2004. It also agreed on a strategy for sustainable development and added an environmental dimension to the Lisbon process for employment, economic reform and social cohesion \(^{(6)}\). Guidelines were adopted for economic policy to sustain growth and encourage structural reforms. In order to create an area of freedom, security and justice, as set out by the European Council in Tampere \(^{(7)}\), it decided on a full debate assessing progress to be held during the Laeken Summit in December. It also reaffirmed its commitment to developing and refining its capabilities, structures and procedures in order to improve its ability to undertake the full range of conflict prevention and crisis management tasks, making use of military and civilian means, and set new concrete targets for civilian aspects of crisis management which should be achieved by 2003. It also endorsed the European Union programme for the prevention of violent conflicts. Other foreign policy matters addressed

\(^{(1)}\) http://ue.eu.int/en/summ.htm.
\(^{(2)}\) Bull. 3-2001, points I.1 to 1.41.
\(^{(3)}\) 2000 General Report, point I.145.
\(^{(4)}\) Bull. 6-2001, points I.1 to I.46.
\(^{(5)}\) 2000 General Report, point 1.46.
\(^{(7)}\) 1999 General Report, point 1026.
during the Gothenburg meeting related to relations with Russia, the western Balkans, the Middle East, Algeria, East Timor and the Korean peninsula. Finally, the Gothenburg European Council also endorsed the policy guidance and follow-up procedures in the ‘Full report on northern dimension policies’ prepared by the Presidency and the Commission. The presence of the US President George W. Bush in Gothenburg on 14 June on the occasion of the European Union–United States Summit (→ point 1034), on the eve of the European Council, provided the opportunity to restate the core values and shared objectives of the transatlantic community.

1206. Meeting in extraordinary session in Brussels on 21 September following the terrorist attacks on the United States (1) (→ point 1042), the European Council declared its solidarity with the US, analysed the international situation resulting from these events and decided on the measures needed to stimulate EU action. It adopted an action plan spelling out the tasks to be undertaken by the Council in its various compositions and asked the Commission to analyse in particular the impact of the attacks on economic prospects.

1207. The informal meeting of the European Council in Gent on 19 October, which was originally intended to be devoted to enlargement issues, preparations for the introduction of euro notes and coins and the future of the European Union, refocused it attention, at the request of the extraordinary European Council meeting of 21 September, on the response to the 11 September terrorist attacks. Unusually for an informal meeting, it adopted three declarations: on the preparation for the introduction of the euro, on the economic situation and on the follow-up to the attacks and the fight against terrorism.

1208. The European Council, meeting in Laeken on 14 and 15 December (2), adopted a declaration on the future of the European Union, known as the Laeken declaration, in which it identifies the principal challenges facing the Union: a better division and definition of competence, simplification of instruments, more democracy, transparency and efficiency and moves towards a Constitution for European citizens. In order to prepare for the Intergovernmental Conference scheduled for 2004, it decided to convene a convention composed of the main parties involved in the debate on the future of the Union and appointed Mr Giscard d’Estaing Chairman of the Convention and Mr Amato and Mr Dehaene Vice-Chairmen. On enlargement, it confirmed the objective of concluding the accession negotiations by the end of 2002 with the countries that are ready, so that they can take part in the 2004 European Parliament elections as members. The Laeken European Council also considered the Union’s action following the 11 September attacks, in particular in Afghanistan and in combating terrorism; it stressed the need for new impetus to strengthen the area of free-

(1) Bull. 9-2001, points 1.1 to 1.7.
(2) Bull. 12-2001, point 1.1.
dom, security and justice in matters of asylum and immigration, reviewed the progress made in implementing the Lisbon strategy and endorsed the 2002 employment guidelines. It also adopted a declaration on the operational capability of the common European security and defence policy, pointing out that the structures to enable the Union to conduct crisis-management operations over the whole range of Petersburg missions were in place, a declaration on the situation in the Middle East and conclusions on the western Balkans, Africa and Russia. But it failed to reach agreement on the location of certain Union agencies and other bodies.

Commission (\textsuperscript{1})

1209. In its work programme for 2001 (\textsuperscript{2}), adopted in January, the Commission established its priorities in accordance with the strategic objectives for 2000–05, presented in February 2000 (\textsuperscript{3}), and identified a number of key elements for action for its entire term of office. One of these priorities is to promote new forms of European governance. Europe must be run on the basis of a decentralised, open and democratic system of governance. Civil society and local government must become more closely and actively involved in shaping and monitoring European policies. At the same time, the Commission is planning to move forward with its own reform by implementing various measures and preparing an amendment of the Staff Regulations for Union officials. It also intends to formulate a new communication and information policy for the European Union. In the light of the ambitious economic and social agenda set in Lisbon, the Commission intends to present to the spring European Council its first report on this agenda, reviewing progress to date and setting the priorities for action in the following 12 months. The report covers employment strategy, the eEurope action plan, eLearning, the debate on social protection and the development of a new labour market in Europe. It also addresses the structural reforms needed to boost competitiveness. In order to reconcile economic growth with social cohesion and environmental protection and bring about a real improvement in quality of life for all, the Commission also intends to present a strategy for sustainable development to improve consistency between Europe’s agriculture, transport, energy, fisheries and other common policies. This new strategy will require further decisions on matters such as healthcare, social protection systems and public finances. Since enlargement represents another top priority and is the key to stabilising the whole continent, the Commission intends to follow the proposed ‘road map’, opening negotiations in many of the most difficult areas, closing as many of the open chapters as pos-

\textsuperscript{1} http://europa.eu.int/comm/index_en.htm.
\textsuperscript{2} COM(2001) 28; Bull. 1/2-2001, points 1.9.15 and 2.2.1; web site (http://europa.eu.int/comm/aff/ work_programme/index_en.htm).
\textsuperscript{3} 2000 General Report, point 1151.
sible and agreeing common EU positions in the most sensitive areas. The year 2001 represents a quantitative as well as a qualitative leap for these negotiations. With a view to reinforcing international stability, the Commission has also declared its intention of continuing its reform of external aid, strengthening its policy towards neighbouring countries as well as certain aspects of foreign and security policy and European security and defence policy, relaunching a new round of multilateral negotiations in the field of external trade and putting action against poverty at the heart of its development policy. As regards other priorities, the Commission is concentrating its action in the areas of food safety, justice and home affairs, employment mobility, economic and social cohesion, taxation, competition, energy and agriculture.

1210. The work programme for 2002 was adopted by the Commission on 5 December (¹). Pursuant to the reform of the Commission (→ points 1261 to 1266) and as required by the introduction of the principle of activity-based management, this programme is the first of the kind to be approved under the system of strategic planning and programming (SPP) as part of a two-year cycle based on an annual policy strategy. The Commission restates its determination to improve delivery in areas which are of importance for European citizens and to help the European Union to assume its global responsibilities in terms of peace, international solidarity and sustainable development. Against this backdrop, the work programme sets seven policy priorities for the Commission in 2002. First of all, with a view to promoting safe and secure living conditions for its citizens, the Commission plans to step up the pace of work on combating terrorism and organised crime and enhancing transport security and safety, civil protection and public health; there will also be an external component, including multilateral cooperation and a response to humanitarian crises. The Commission also intends to launch an initiative focusing on the progressive development of an integrated border management system for effective external border controls. Secondly, following the introduction of euro notes and coins in January 2002, the Commission will take the support measures in terms of structural reform that will consolidate economic and monetary union; these will include a proposal for a code of conduct setting out the principles to guide the economic policies of the euro area Member States and new legislative proposals on financial services, and it will draw up a consumer policy strategy designed to ensure that consumers derive maximum benefit from the introduction of the euro. In the field of sustainable development, the Commission is planning to review the main Community policies in a bid to reorient them towards this type of development; it also plans to establish an external dimension of the strategy ahead of the World Summit on Sustainable Development scheduled for September 2002. The fourth priority, relating to new European governance and institutional reform, will involve the Commission in analysing the public response to its

White Paper on governance and in taking whatever action is required; the Commission will also be providing contributions for the convention which will be preparing the 2004 Intergovernmental Conference. On enlargement, it intends to secure real progress that will help the Union to achieve the objective of having 25 members by 2004, which will mean seeing that the negotiations with 10 candidate countries are concluded in 2002; the Commission will also lend its support to institution-building in the candidate countries, ensure that the pre-accession financial instruments are applied effectively, open up more Community programmes to the candidate countries and continue its administrative and linguistic preparations for enlargement. As recent political developments have highlighted the importance of a closer partnership with the Mediterranean countries, the Commission will propose ways of improving the operation of the partnership and enhancing euro-Mediterranean cooperation in a large number of areas. Finally, in pursuit of the overall objective of reducing poverty, the Commission will strengthen its development cooperation policy and will focus Community aid on priority areas, including health and education; it will promote ratification of the Cotonou Agreement and will launch negotiations for economic partnership agreements with the ACP countries and regions; it will also continue the management reform of the Union’s external aid. Parliament adopted a resolution on this new work programme on 13 December (1).

1211. On 29 November, the Commission amended its rules of procedure to add an annex containing new rules on security (2).

1212. The Commission held 44 meetings in the course of the year. It presented 456 proposals, recommendations or draft instruments for adoption by the Council or by Parliament and the Council together, 43 directives, 182 regulations and 231 decisions. It also presented 297 communications and reports as well as four White Papers and six Green Papers. Apart from the new initiatives, debates, programmes and plans of action adopted under its 2001 work programme and those continued from previous years, these figures include proposals for routine management instruments (notably in agriculture, fisheries, customs and commercial policy) and proposals for the consolidation of existing instruments. The figures for legislative instruments adopted by the Commission are set out in Table 28 at the end of this section.

1213. The Commission’s establishment plan for 2001 comprised 16,999 permanent posts (including 1,903 LA posts for the language service) and 588 temporary posts (including 13 LA posts) for administrative duties; 3,731 permanent posts for research duties; 522 permanent posts for the Publications Office; 173 permanent posts and 127 temporary posts at the Anti-Fraud Office; 45 permanent posts at the European Centre for the Development of Vocational Train-

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(1) Bull. 12-2001, point 1.9.20.
ing and 85 at the European Foundation for the Improvement of Living and Working Conditions.

1214. Under the secondment and exchange arrangements between the Commission and the Member States' government departments, 40 Commission officials (28.3 person-years) were seconded to national civil services and international organisations, and the number of national experts coming to work for Commission departments was equivalent to 777.1 person-years.

Court of Justice and Court of First Instance

1215. The composition of the Chambers of the Court of Justice for the 2001/02 court year is as follows:

- First Chamber: President: Mr Jann
  Judges: Mr Sevón and Mr Wathelet

- Second Chamber: President: Ms Colneric
  Judges: Mr Schintgen and Mr Skouris

- Third Chamber: President: Ms Macken
  Judges: Mr Gulmann, Mr Puissochet and Mr da Cunha Rodrigues

- Fourth Chamber: President: Mr von Bahr
  Judges: Mr Edward, Mr La Pergola and Mr Timmermans

- Fifth Chamber: President: Mr Jann
  Judges: Mr von Bahr, Mr Edward, Mr La Pergola, Mr Sevón, Mr Wathelet and Mr Timmermans

- Sixth Chamber: President: Ms Macken
  Judges: Ms Colneric, Mr Gulmann, Mr Puissochet, Mr Schintgen, Mr Skouris and Mr da Cunha Rodrigues

1216. The composition of the Chambers of the Court of First Instance for the 2001/02 court year is as follows:

- First Chamber: President: Mr Vesterdorf
  Judges: Mr Forwood and Mr Legal

(1) http://curia.eu.int/.
• Second Chamber: President: Mr Moura Ramos  
  Judges: Mr Pirrung and Mr Meij

• Third Chamber: President: Mr Jaeger  
  Judges: Mr Lenaerts and Mr Azizi

• Fourth Chamber: President: Mr Vilaras  
  Judges: Ms Tiili and Mr Mengozzi

• Fifth Chamber: President: Mr Cooke  
  Judges: Mr García-Valdecasas and Ms Lindh

1217. At 31 December, the establishment plan of the Court of Justice and the Court of First Instance comprised 785 permanent posts and 290 temporary posts.

Court of Auditors

1218. In July, the Court adopted the observations which it felt ought to appear in its annual report on 2000; these were transmitted to the Commission and the other institutions concerned. The report was adopted by the Court in October (2) and published in the Official Journal of the European Communities together with the replies of the other institutions in November (3). It covers operations under the general budget and the European Development Fund (EDF). The part on the general budget is in nine chapters, a new chapter on enlargement having been added this year. The first eight chapters relate to the main areas of revenue and expenditure (own resources, common agricultural policy, structural measures, internal policies, external aid, enlargement, administrative expenditure, financial instruments and banking activities); the ninth chapter contains the statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions. The Court gave positive global assurance on the reliability of the accounts and on the legality and regularity of own resources, commitments and administrative expenditure. However, as in previous years, it was unable to give such an assurance for payments because of the incidence of errors detected. The Court also gave a positive statement of assurance as to operations of the sixth, seventh and eighth EDFs.

1219. The Court produced 14 special reports in 2001 concerning the URBAN Community initiative (4), the management of emergency humanitarian

(1) http://www.eca.eu.int/
(2) Bull. 10-2001, point 1.9.18.
aid for the victims of the Kosovo crisis (ECHO) (1), the Commission's management of the international fisheries agreements (2), the implementation of the integrated administration and control system (IACS) (3) within the framework of the EAGGF, counterpart funds from structural adjustment support earmarked for budget aid (seventh and eighth EDFs) (4), milk quotas (5), export refunds (destination and placing on the market) (6), refunds for the production of potato and cereal starch and potato starch aid (7), the training and mobility of researchers programme (8), the financial control of the Structural Funds (9), the Tacis cross-border cooperation programme (10), certain structural measures to improve the employment situation: the impact of ERDF aid on employment and ESF measures to combat long-term unemployment (11), the management of the common foreign and security policy (CFSP) (12), bovine spongiform encephalopathy (BSE) (13).

1220. The Court also produced 20 specific annual reports in 2001. They concern the audit of the operational efficiency of the management of the European Central Bank for 1999 (14) and 2000 (15), the ECSC for 2000 (16), the management or the financial statements, in 2000, of the ECSC (17), the European Environment Agency (18), the Translation Centre for Bodies of the European Union (19), the European Agency for Safety and Health at Work (20), the Community Plant Variety Office (21), the Euratom Supply Agency (22), the European Monitoring Centre for Drugs and Drug Addiction (23), the European Foundation for the Improvement of Living and Working Conditions (24), the European Centre for the Development of Vocational Training (25), the European Training Foundation (26), the European Monitoring Centre on Racism and Xenopho-

\[\text{(1) Special Report No 2/2001 (OJ C 168, 12.6.2001; Bull. 6-2001, point 1.9.20).}\]
\[\text{(2) Special Report No 3/2001 (OJ C 210, 27.7.2001; Bull. 6-2001, point 1.9.21).}\]
\[\text{(14) JO C 147, 13.2.2001; Bull. 1/2-2001, point 1.9.20.}\]
\[\text{(15) JO C 341, 4.12.2001; Bull. 9-2001, point 1.9.13.}\]
\[\text{(16) JO C 366, 20.12.2001; Bull. 10-2001, point 1.9.20.}\]
\[\text{(17) Bull. 6-2001, point 1.9.19.}\]
\[\text{(18) JO C 372, 28.12.2001; Bull. 10-2001, point 1.9.21.}\]
\[\text{(20) JO C 372, 28.12.2001; Bull. 10-2001, point 1.9.23.}\]
\[\text{(22) Bull. 10-2001, point 1.9.25.}\]
\[\text{(24) JO C 372, 28.12.2001; Bull. 10-2001, point 1.9.27.}\]
\[\text{(26) JO C 372, 28.12.2001; Bull. 10-2001, point 1.9.29.}\]
bria (1), the European Schools (2), the European Agency for Reconstruction (3), the Office for Harmonisation in the Internal Market (4), the European Agency for the Evaluation of Medicinal Products (5) and the accounts of the JET joint undertaking for 2000 (6) and 2001 (7).

1221. The Court gave opinions on proposals for regulations concerning the common agricultural policy (8), the financial regulation applicable to the budget (9), termination of service of Commission officials (10), the financial regulation of the Office for Harmonisation in the Internal Market (11), the Staff Regulations of Officials and Conditions of Employment of Other Servants of the European Communities (12), the statute for executive agencies managing Community programmes (13), and a proposal for a directive on the criminal-law protection of the Community’s financial interests (14).

European Central Bank (15)

1222. Information on the activities of the European Central Bank appears in Section 1 (‘Economic and monetary policy’) of Chapter III (→ points 71 et seq.).

Economic and Social Committee (16)

1223. The Economic and Social Committee adopted 192 opinions and three information reports at its nine plenary sessions in 2001. Of these opinions, 65 were on matters where consultation was mandatory and 79 where it was optional; 48 were own-initiative opinions.
2224. As in previous years, Ms de Palacio, Vice-President of the Commission responsible for relations with the ESC, sent the Committee, in order to help it organise its work, an indicative list of topics on the Commission's work programme for 2001 (→ point 1209) on which the Committee was likely to be consulted. In setting its priorities, the Committee made sure, mainly through hearings and conferences, that the involvement of civil society in the drafting of opinions and in the interinstitutional decision-making process was guaranteed in line with the new institutional role conferred on it by the Treaty of Nice (1). The Committee also looked closely at matters related to its role in the future of the Union. In this connection, the opinion on civil society and governance (→ point 17) served to lay down an overall strategy for the development of the role of the Committee as the institutional spokesman for organised civil society. Similarly, on 8 and 9 November, the Committee staged the second conference of the representatives of civil society organised at European level, which was designed to consider ways of guaranteeing effective involvement of organised civil society and ensuring the visibility of the contribution of economic and social actors to the governance of the Union (→ point 17). In its opinion on the Commission's communication on cooperation on activities concerning the information and communication policy of the European Union, (→ point 1278), the Committee, which has established its own strategic communication plan, proposes acting as a relay for the civil society organisations of the Member States and contributing to building a structure for the dialogue between civil society organisations in countries outside the Community.

2225. On 24 September, the President of the Commission, Mr Prodi, and the President of the Committee, Mr Frerichs, signed a joint declaration, with a protocol attached, in which they agreed to step up cooperation between the Commission and the Committee in the interests of the Union as a whole (→ point 38).

2226. In the exercise of its advisory powers, the Committee delivered favourable opinions on most Commission proposals; if necessary it made comments highlighting the need to take account of the possible socioeconomic impact of proposed measures. One of its most critical opinions on a Commission proposal related to the proposal for a directive on the coordination of procedures for the award of public supply contracts, public service contracts and public works contracts, discussions on which revealed major differences of opinion between the groups represented within the Committee. There was also criticism of the proposal for a regulation on the common organisation of the market in ethyl alcohol of agricultural origin (→ point 448) and in the opinions on the common organisation of the seed market (→ point 452) and on the rates of excise duty applying to manufactured tobacco (→ point 213).

(1) 2000 General Report, point 1166.
In exercising its right of initiative, the Committee attached particular importance to enlargement, employment, the environment and especially sustainable development. Its work in this field included opinions on the mid-term review of the processes that underpin the European employment strategy \(\rightarrow\) point 119; new European labour markets; the preparation of a European Union strategy on sustainable development \(\rightarrow\) point 612; private not-for-profit social services in the context of services of general interest in Europe \(\rightarrow\) point 164; the challenge faced by candidate countries of fulfilling the economic criteria for accession \(\rightarrow\) point 770; the employment and social situation in the countries of central and eastern Europe \(\rightarrow\) point 774. These opinions were drawn up following discussions with the representatives of socioeconomic groups and work carried out within the joint consultative committees. The Committee also turned its attention to questions of Union economic policy, adopting opinions on the broad economic policy guidelines for 2000 \(\rightarrow\) point 54, the coordination of economic policies as a consequence of economic and monetary union \(\rightarrow\) point 65, the intensification of country-by-country comparative macroeconomic performance studies focusing on the economy and employment \(\rightarrow\) point 62 and the new global economic context \(\rightarrow\) point 53. In its documents, and in particular in its additional opinion on simplification of regulations in the single market \(\rightarrow\) point 162, the Committee stressed the importance of improving the regulatory framework at European level.

In response to requests from Ms Diamantopoulou and Mr Lamy, Members of the Commission, the Committee adopted exploratory opinions on human rights in the workplace \(\rightarrow\) point 45 and the Community strategy on health and safety at work \(\rightarrow\) point 144. Similarly, at the request of Ms Onkelinx, the Belgian Deputy Prime Minister and Employment Minister and President of the Council, the Committee delivered an opinion on investing in the quality of employment and social policies \(\rightarrow\) point 114.

Among the leading figures who took part in the Committee’s proceedings, Anna Ekström, State Secretary at the Ministry of Industry in Stockholm, presented the programme of the Swedish Presidency; Ms de Palacio, Vice-President of the Commission, presented the political priorities of the Commission’s work programme for the current year; Mr Chabert, President of the Committee of the Regions, addressed the similarities and differences between his Committee and the Economic and Social Committee; Mr Barnier, Member of the Commission, spoke about the future of the European Union; Ms Onkelinx gave details of the Belgian Presidency’s priorities in the social and employment policy field; Mr Lamy, Member of the Commission, informed the Committee about the preparations for the work of the fourth WTO ministerial conference in Qatar; Ms Wallström, Member of the Commission, stressed the need to join efforts in support of a strategy for sustainable development; Ms Neyts, Deputy
Minister, attached to the Belgian Minister for Foreign Affairs, reported on the
topinations for the Laeken European Council; and Mr Prodi, President of the
Commission, reflected on the role of the Committee and cooperation with the
Commission in connection with European governance.

1230. At 31 December, the Committee's establishment plan comprised
144 permanent posts and 28 temporary posts as well as 348 permanent posts
in the joint services with the Committee of the Regions.

Committee of the Regions (1)

1231. The Committee began its work in 2001 with the adoption of a resolu-
tion on the declaration of political priorities underlying its annual work pro-
gramme (2), which warmly welcomed the Commission's own work programme
for 2001 (→ point 1209) and the objectives of the Swedish and Belgian Presi-
dencies. Among its institutional priorities, the Committee placed particular
emphasis on the need for an in-depth reform of the European institutions and
their methods of interaction; the need for a more systematic application of the
principle of subsidiarity to allow decisions to be taken as closely as possible to
the citizen; finding ways of improving cooperation with the Commission; the
desirability of involving the Committee and the Regions with legislative powers
discussions on questions of regional interest at informal meetings of the
Council of Ministers; the reinforcement of its role in the Community decision-
making process and its active participation, as a political institution, in the body
responsible for preparing for the next Intergovernmental Conference. The
Committee confirmed these positions in own-initiative opinions adopted at the
November session (3) and in resolutions on the outcome of the 2000 Intergov-
ernmental Conference and the discussion on the future of the European
Union (4) and on the preparation of the Laeken European Council (5) and in a
memorandum on the future of the Union (6). In this same area, the Committee
organised a conference on proximity in Salamanca (Spain) attended by repre-
sentatives of the Union's regional and local authorities. In the conference's final
declaration and in a report on proximity adopted on 20 September (7), the Com-
mittee, which wishes to play its part in achieving proximity in Europe, called
for the future reform of the European institutions to bring the European Union
closer to its citizens; it also set out the demands of the regions and municipalities
for a more democratic and more efficient Union and called, among other things,

(1) http://www.cor.eu.int/.
(3) Bull. 11-2001, points 1.1.4 and 1.1.5.
(4) OJ C 253, 12.9.2001; Bull. 4-2001, point 1.1.1.
(5) Bull. 11-2001, point 1.1.3.
(6) Bull. 9-2001, point 1.1.2.
(7) Bull. 9-2001, point 1.1.3.

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for the Committee to be given the status of institution in its own right, and the right to bring an action before the Court of Justice if it feels that the principle of subsidiarity has been infringed.

1232. As has been the tradition since 1995, Ms de Palacio, for the Commission, sent the Committee a list of items from its 2001 work programme (→ point 1209) on which it was hoped the Committee would make a contribution, and kept it informed of the Commission's position in three reports about action taken to follow up its opinions.

1233. At the plenary session on 19 and 20 September (1), the President of the Commission, Mr Prodi, and the President of the Committee, Mr Chabert, signed a joint declaration stating their desire to step up the institutional relationship between the Commission and the Committee by means of a protocol attached to the declaration (→ point 37).

1234. In its work, the Committee placed great importance on the debates with the Members of the Commission and the representatives of the Council Presidency. In addition to the presentation by Mr Prodi of the Commission White Paper on governance (→ point 25) at the September part-session (1), relations with the Members of the Commission were marked by the presentation of the second report on economic and social cohesion by Mr Barnier, in February (2), and the discussion with Mr Solbes Mira on economic and monetary policy at the April part-session (3). Ms Lejon, on behalf of the Swedish Presidency, Ms Neyts, for the Belgian Presidency, and Mr Posada Moreno, for the incoming Spanish Presidency, spoke about the priorities of their respective Presidencies. Mr Duisenberg, President of the European Central Bank, attended the last session, when the introduction of euro notes and coins was discussed.

1235. At its five plenary sessions, the Committee adopted 72 opinions and 11 other documents (resolutions, declarations or reports). Of the opinions, 14 were on matters where consultation was mandatory and 35 where it was optional; 23 were own-initiative opinions. In the positions it adopts, the Committee insists on the need to take account of the local and regional dimension in the decision-making process to ensure that the provisions adopted have a beneficial effect and are properly implemented by local authorities. These concerns were underlined in particular in the opinions on the structure and goals of European regional policy in the context of enlargement and globalisation (→ point 384), maritime safety and the prevention of pollution from ships, the project for young farmers in European agriculture, the promotion and protec-

(1) Bull. 9-2001, point 1.9.18.
(2) Bull. 1/2-2001, point 1.9.29.
(3) Bull. 4-2001, point 1.9.16.
tion of regional and minority languages (\(\rightarrow\) point 585), the employment guidelines for 2002, the research framework programme 2000–06 and the Rio Conference: 10 years after (\(\rightarrow\) point 610).

1236. The essay competition organised by the Committee was on ‘Governing Europe: what role can the regions and towns and cities play in the European Union?’ The first prize was awarded to Mr Pasquier of the University of Rennes I, for his research project entitled ‘The political capability of the regions. A comparison between France and Spain’.

1237. At 31 December, the Committee of the Regions establishment plan comprised 217 permanent posts and 20 temporary posts, as well as 121 in the joint services with the Economic and Social Committee.

ECSC Consultative Committee\(^{(1)}\)

1238. At the opening meeting of its 2001/02 business year, the ECSC Consultative Committee elected Mr Gibellieri Chairman and Mr Reichel and Mr O’Shea Vice-Chairmen. The Committee held four ordinary sessions in 2001.

1239. After being formally consulted by the Commission, the Committee delivered opinions on draft Commission decisions amending the arrangements for administering certain restrictions on imports of certain steel products from the Russian Federation\(^{(2)}\), proposals for Council and Commission decisions on the conclusion of the stabilisation and association agreement with the Former Yugoslav Republic of Macedonia\(^{(3)}\) and the Republic of Croatia\(^{(4)}\), the granting of financial aid for technical steel\(^{(5)}\) and coal\(^{(5)}\) research projects, the forward programme for steel for 2001\(^{(6)}\) and the reports on the market for solid fuels in the Community in 2000\(^{(6)}\) and 2001\(^{(6)}\). The Committee also adopted a resolution on the future of structured dialogue in the coal and steel industries\(^{(6)}\), opinions on the proposal for a Council directive restructuring the Community framework for the taxation of energy products\(^{(3)}\), the European climate change programme and emissions trading\(^{(3)}\), the Green Paper on a European strategy for the security of energy supply\(^{(2)}\), and on the proposal for a Council regulation concerning State aid for the coal industry\(^{(4)}\). It also held an exchange of views with the Commission on the above Green Paper, the Commission communication concerning the expiry of the ECSC Treaty and financial activities

\(^{(2)}\) Bull. 1/2-2001, point 1.9.31; Bull. 10-2001, point 1.9.43.
\(^{(3)}\) Bull. 4-2001, point 1.9.18.
\(^{(4)}\) Bull. 10-2001, point 1.9.43.
\(^{(5)}\) Bull. 6-2001, point 1.9.27.
\(^{(6)}\) Bull. 1.2-2001, point 1.9.31.
after 2002 (1), the report on the application in 2000 of Community rules for State aid to the steel industry (1), the draft ECSC operating budget for 2002 (2), the Commission communication entitled 'A sustainable Europe for a better world' (2), the 15th report on the monitoring of Article 95 ECSC steel aid cases (2), the proposal for a Council regulation on State aid to the coal industry (3), the report on the application in 2000 of the Community rules for State aid to the coal industry (3).

**TABLE 28**

<table>
<thead>
<tr>
<th>Enacting institution</th>
<th>Number of instruments</th>
<th>Regulations</th>
<th>Directives</th>
<th>Decisions</th>
<th>Recommendations</th>
</tr>
</thead>
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<tr>
<td>Parliament and Council</td>
<td>enacted in 2001</td>
<td>15</td>
<td>23</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>repealed or expiring in 2001</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Council alone</td>
<td>enacted in 2001</td>
<td>137</td>
<td>22</td>
<td>27</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>repealed or expiring in 2001</td>
<td>144</td>
<td>48</td>
<td>11</td>
<td>0</td>
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<tr>
<td>Commission</td>
<td>enacted in 2001</td>
<td>600</td>
<td>18</td>
<td>651</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>repealed or expiring in 2001</td>
<td>555</td>
<td>10</td>
<td>143</td>
<td>2</td>
</tr>
</tbody>
</table>

(1) Data received on 16 January 2002 from CELEX, the interinstitutional computerised documentation system on Community law (points 1189 to 1192), excluding instruments not published in the Official Journal and instruments listed in light type (routine management instruments valid for a limited period).
Section 2

Administration and management (1)

Staff policy and Staff Regulations

Changes to the Staff Regulations

1240. Discussions of the Staff Regulations that took place as part of the work on Commission reform (→ point 1264) centred on career structures. At the same time, a start was made on reviewing certain provisions of the Staff Regulations other than those dealt with in the White Paper on reforming the Commission (2), where a need for updating and supplementing is felt.

1241. On 17 May, the Commission sent the Council a proposal for a regulation amending Regulation (EEC, Euratom, ECSC) No 259/68 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants, to allow auxiliary staff to be recruited for a period of employment of up to three years, instead of just one (Table II).

Equal opportunities and non-discrimination

1242. Staff paid from the research budget were, for the first time, included in the annual targets for the recruitment and appointment of women to category A, with encouraging results: the percentage of women rose from 17.9 % at the end of 2000 to 19.6 % at the end of 2001. The most notable increase was that for A6, A7 and A8 posts (26.4 % to 30.8 %). For the operating budget, there was a rise in the overall percentage of women in both categories A (end 2000 20.57 %; end 2001 21.79 %) and LA (end 2000 56.72 %; end 2001 57.30 %). No woman was appointed to a director-general post, five were appointed to director posts and 19 to management posts. This brought the number of women in such appointments to 159 (15.74 %).

1243. Copies of the White Paper on reforming the Commission and of the consultation documents on improving working conditions for the disabled were provided in Braille in English, French and German for the benefit of the partially sighted.

(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/personnel_administration/index_en.htm).

GEN. REP. EU 2001
Remuneration

1244. In accordance with the method adopted in 1991 (1) and extended to 30 June 2003 (2), the Council decided, on 8 October, to rectify (+ 0.2 %) the previous year’s adjustment of remuneration with effect from 1 July 2000 (3), and on 17 December to adjust remuneration (4) (+ 3.7 %) with effect from 1 July 2001, for all places of employment.

Career development

1245. As part of its staff policy reform, the Commission adopted consultation documents in February with a view to improving careers policy, particularly in the areas of mobility and training.

Recruitment

1246. In the course of 2001, the Commission launched a number of open competitions for categories A, B and C, with a view to drawing up reserve lists comprising over 2 000 successful candidates, for potential recruitment between 2001 and 2003. Moreover, as recommended in the White Paper on reforming the Commission, the secretaries-general of the European institutions agreed to set up a European Recruitment Office. In future, this office will have sole responsibility for organising open competitions for all the institutions concerned.

Preparation for enlargement

1247. Preparatory work with a view to the administrative aspects of enlargement of the European Union began in September 2000 and continued throughout 2001 both within the Commission and at interinstitutional level, where a task force presented a report in January.

Joint sickness insurance scheme

1248. The financial equilibrium of the scheme is still secure in the medium term. Administrative simplification measures were introduced in the course of

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(1) Twenty-fifth General Report, point 1198; Twenty-sixth General Report, point 1134.
the year. To ensure better management of the scheme, a change was proposed to the procedure for updating the rules governing the reimbursement of medical expenses.

**Pensions**

1249. As part of the reform, in 2001 the Commission worked out guidelines for the future of the pension scheme, based on actuarial balance and the changes to be made to the scheme. A study was launched to assess the feasibility of a pension fund. The negotiations with Sweden on the transfer of national pension rights to the Community scheme under the Staff Regulations made good progress; negotiations with Belgium on considerably simplifying the arrangements and administrative procedures for transfer were completed.

**Buildings and infrastructure**

1250. Within the framework of its communication of 16 December 1999 on buildings policy (1), the Commission continued to rationalise its leasing and purchase of buildings. Staff vacated one building, and moved into another, recently purchased; this enabled departments to be housed together, and increased the number of buildings owned by the Commission from 46 % to 49 % of the total. Proposals on improving welfare infrastructure (day nurseries, sports centres) were also being dealt with in the context of the reform (→ point 1264).

**Interinstitutional cooperation**

1251. The recommendations of the interinstitutional working party on buildings, established in October 2000 and made up of representatives of all the major Community institutions, were approved by the secretaries-general concerned on 9 July.

**Information technology (2)**

1252. The IT aspects of the Commission’s work were marked in 2001 by consolidation of the deployment of third-generation e-mail and the continuation of measures undertaken earlier to update and reinforce the technical infrastructure, especially the network infrastructure and the Internet Building Group policy.

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1253. Once the Feira European Council had approved the 'eEurope' action plan in June 2000 (1), it became clear that the move towards electronic interaction would imply a radical change to the internal workings of the administrations. The Commission confirmed 'the need to revise its procedures to better exploit digital technologies in the context of its reform'. The purpose of the e-Commission communication, adopted on 12 June (2), was to establish the implementation strategy by which to drive forward, in the framework of Commission reform, the necessary organisational and procedural changes required to take advantage of new technology and provide online access to all basic services and information. The communication defines the general guidelines upon which to base the implementation of reform initiatives and deliver the e-Commission. It identifies the main issues to be dealt with, presents a provisional work programme, proposes a management framework for the needs of implementation and provides an estimate of the overall budget impact. It deals with each of the main areas for action so as to ensure respect for priorities, interoperability of systems and efficient use of resources.

1254. On 26 June, operational departments and the IT community met in a symposium to establish a common approach to implementing the e-Commission project and assessing the results. This exchange of experience between those responsible for operational tasks and those involved in IT highlighted the need to: define a consistent, comprehensive view of both organisational and technical aspects; reinforce cooperation between users, line managers and IT experts to enable best practice to be disseminated; launch a joint initiative with the Member States to ensure interoperability of the information systems used for the exchange of information between the Commission and the Member States; ensure continuous monitoring of the project by the e-Commission Steering Committee, and present progress at a symposium to be held in June 2002.

Translation (3)

1255. In 2001, the Translation Service translated 1 268 255 pages, including some 3 123 pages out of and 3 626 pages into non-Community languages. Freelance translators accounted for 258 005 pages of translation and 10 468 pages of rapid post-editing of machine translations. A total of 425 new suppliers were recruited following calls for tenders (4), for jobs covering a wide range of new services related to translation into the 11 official languages. External suppliers were also selected to work with the languages of central and eastern Europe, following a call for expressions of interest published in 1999 (5).

(1) 2000 General Report, point 318.
(2) SEC(2001) 924.
1256. Technical assistance continued to be provided to the centres set up in the applicant countries for the purpose of translating the body of Community law. Help was also provided for the languages of central and east European countries by external staff selected following a call for applications, and translators continued to attend the classes organised for the new languages. On 20 December, the Commission approved a document entitled 'A strategy for the Translation Service: perspectives for 2002 and beyond' (1), mainly with a view to enlargement.

1257. The Translation Service extended the range of available tools for computer-assisted translation with the addition of voice recognition software.

1258. Interinstitutional work continued in a number of areas, in particular the setting up of an interinstitutional terminology database and the activities of the Committee on Assessing the Quality of External Translations. In 2001, the Translation Centre for Bodies of the European Union had a staff of 139 (including 71 LA officials) and translated 277,500 pages.

**Interpreting and conferences (2)**

1259. In 2001, the Joint Interpreting and Conference Service (JICS) provided 146,249 interpreter-days (up 3.6% on 2000) at 11,767 meeting-days (up 3.2% on 2000) (3) organised by the Commission and other institutions and bodies of the European Union. The JICS also stepped up its work on preparing for the forthcoming enlargement. Following the restructuring decided on 1 December 2000, two new units were created, to deal respectively with multilingualism and with new technologies related to conference interpreting. Language training for staff continued, as did cooperation with university institutes in the form of subsidies, teaching and technical assistance, study grants, etc. On 20 December, the Commission approved a document (4) defining a strategy for the Joint Interpreting and Conference Service in the lead-up to enlargement. The approach to providing language facilities that has been followed since 1984, which consists in attempting to meet the actual needs of participants in meetings, was confirmed. Following the adoption of the White Paper on reform (→ point 1266), the JICS became involved in the Commission's general examination of externalisation. A study into the breakdown of resources showed that the optimal overall ratio was 51% permanent interpreters to 49% external. To improve the overall quality of its services, the JICS continued the process of computerisation, with a view in particular to administrative simplification. For

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the sake of further efficiency, the JICS reinforced its cooperation with the interpreting services of the European Parliament and the Court of Justice and, since October, has been taking part in the meetings of the Interinstitutional Translation Committee, whose work will be extended to cover interpreting matters. In November, the committee decided to set up a working party to examine the synergies and economies that could be gained from closer institutional cooperation.

1260. The JICS also continued to organise conferences for the Commission departments. Against the background of Commission reform, which involves work on streamlining the use of resources, the number of events organised was limited. A total of 48 conferences was organised in 2001 (compared with 96 in 2000), including 6.25 % held at locations other than where the institutions are based, attended by a total of 18 500 participants (compared with 21 000 in 2000). The JICS continued to act as a consultant to various Commission departments on all aspects of the organisation of conferences.
Section 3

Reform of the Commission (1)

1261. Throughout the year the Commission pursued and consolidated implementation of the measures contained in the action plan for the four main priorities set out in the White Paper on reform adopted in March 2000 (2). The initial progress made was reviewed in a report it presented on 28 February (3).

1262. Regarding the development of a culture based on service, the European Parliament and Council regulation on public access to European Parliament, Council and Commission documents (4) was adopted on 30 May (→ point 21). The actions to improve the dialogue with civil society were included in the White Paper on European governance (5) adopted by the Commission on 25 July (→ point 24). A general strategy for delivering the e-Commission was set out in a memorandum of 12 June (→ point 1253). In this particular field, proposals relating to sectoral aspects were also advanced, notably an outline action plan on interactive consultation using the Internet and a strategy for developing use of the intranet, in particular the Europa information site (→ point 1279).

1263. In the domain of priority setting, allocation and efficient use of resources, the introduction of an activity-based management system resulted in adoption by the Commission of an annual policy strategy (6) confirming the priorities identified from the policy debate of 6 December 2000 (7) and allocating them additional financial and human resources for 2002. The various elements and methodological tools of the strategic planning and programming (SPP) cycle were defined and a timetable for their gradual introduction adopted on 25 July (8). In the same context, a specific communication on strategy evaluations was adopted on 19 November. The SPP cycle for 2003 was launched by a policy debate on 5 December (9), when the Commission set one central priority, an enlarged Europe, and two others closely linked to it: peace and security and a sustainable and socially cohesive economy. Turning to externalisation of programme management, on 13 November it adopted two communications, one a vade mecum for programme managers on contracting out administrative and technical assistance tasks to the private sector (a standard contract is included) (10) and one on management of Community programmes by

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(1) Further information is available on the Europa server (http://europa.eu.int/comm/reform/index_en.htm).
(7) 2000 General Report, point 1207.
networks of national agencies (1). The process of reforming management of the Community's aid to third countries (2) saw the EuropeAid Cooperation Office come into being on 1 January. Operating under a steering committee consisting of all Commissioners with an external relations mandate, it is responsible for implementing the Commission's range of external aid instruments. Extensive devolution of management to Commission delegations began. The administrative simplification effort concentrated on implementation of the measures specified in the interim action plan of 31 October 2000 (3), and in particular on the use of information technology in handling the President's correspondence (4) and Parliamentary Questions (entry of Basil site into use) (5) and on simplification of linguistic aspects of the Commission's decision-making procedures (6).

1264. As regards human resources, the Commission continued and completed the preparatory stage begun in 2000 (7). On 28 February (8), it adopted a communication on a new staff policy covering its own staff. This was accompanied by two policy papers, one on strengthening the career structure for European officials and one on pay and pensions, and by eight consultative papers covering facilities and services for staff, appraisal and promotion, training, competitions and recruitment, mobility, middle management, maintaining professional standards and non-permanent human resources. Particularly to the fore was the central importance attached to assessment of merit as the basis for promotion, development of a more linear career structure and flexibility in working conditions. In July and in September, it rounded off this first stage by adopting documents on voluntary retirement, mediation, simplification and transparency. Under an agreement signed on 13 March by Vice-President Kinnock and the Commission staff organisations, a high-level negotiating body chaired by Mr Ersbøll, former Secretary-General of the Council, was set up. On 29 June, it presented an interim report, consideration of which led the Commission to revise some of its proposals on 19 July. Reform of the Commission's staff policy was also the subject of negotiation and consultation with the other institutions. On 10 July, a meeting of the various presidents concluded by voicing support for both the basic principles agreed within the high-level body and for continuity of a single set of Staff Regulations but without prejudice thereby to implementing procedures proper to each institution. On 30 October (9), the Commission continued this preparatory work by adopting a 'global package' on personnel policy reform covering social policy, training, mobility, recruitment, pensions, career structure and appraisal and promotion. The new policy was structured around a more precise and transparent system of assessing staff performance, and also aimed at modernising

(1) COM(2001) 648; Bull. 11-2001, point 1.9.16.
(2) 2000 General Report, point 1027.
(3) 2000 General Report, point 1207.
(7) 2000 General Report, point 1208.
and improving working conditions by means of much greater provision of training, reinforced management functions, updated provisions on flexible working and parental leave and strict but equitable procedures in cases of professional incompetence. The Commission's document distinguished two types of change: those (restricted to its own staff) and not requiring alteration of the Staff Regulations and those requiring alteration of them prior to formal adoption by the Commission. On 21 November, the Commission examined proposals for overhauling policy on the research staff (1) and on 11 December (2) agreed on several proposals concerning administrative reform of the unified external service. On the same day, it endorsed proposals (3) on certain staff policy matters left out of the 'global package' of 30 October (career structure, pay and pensions, non-permanent staff, appraisal and promotion). On 20 December, it formalised certain proposals (4) from the comprehensive package and also approved communications on the Translation Service (→ point 1256) and the Joint Interpreting and Conference Service (→ point 1259).

1265. Setting up of the new financial management and control systems proceeded as planned and examination of the internal controls and financial procedures in each department was completed. The Commission's internal rules on budget implementation were then adjusted on 2 April (5) to bring into force the charter on authorising officers' responsibilities adopted in December 2000 (6). In April, the Council adopted changes to the financial regulation that permitted separation of the internal audit and financial control functions with effect from July (→ point 1164). Decentralisation of the financial controllers to the departments was completed in December. A prototype database for contracts came into use on 30 June. Operating manuals for financial management were adopted and a user network consisting of departmental representatives and piloted by the Central Financial Service began to operate on 31 January. The responsibilities of authorising officers were spelt out in a memorandum of 27 June clarifying the content and scope of the annual reports and declarations that directors-general are called on to make. Other measures adopted included a higher threshold for referral to the Advisory Committee on Procurement and Contracts (→ point 1163). The Commission approved a communication on fraud-proofing of legislation and contract management (→ point 1172).

1266. In follow-up to the White Paper on reform and its communication of 26 July 2000 (7) indicating the human resources required for achievement of the strategic objectives set for its term of office, the Commission, on 31 January, proposed that the Council adopt a set of regulations in connection with terminating the service of 600 officials over a two-year period (Table II).

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(6) 2000 General Report, point 1209.
(7) 2000 General Report, point 1210.
Chapter X

Information and communication

Section 1

Information activities

Dialogue with citizens

1267. The Commission continued to operate its ‘Europe Direct’ service (¹), inaugurated in May 2000 (²).

1268. The decentralisation of information activities also continued, with local information relays being opened in partnership with local and regional authorities in line with strategies agreed with the Member States. By the end of the year, there were 144 Info points Europe and 134 rural information centres. The Commission also continued its cooperation with the European Movement and the International Federation of Europe Houses.

1269. The Commission developed an integrated approach to relations and partnerships with civil society, which, apart from its institutional aspects (→ point 17), takes the form of activities on the ground, especially financial support to information projects carried out by trade unions, non-governmental organisations and European interest groups, and targeted information campaigns for these groups, as well as for universities and journalists. It also hosted visits by many groups of leading opinion-formers and received two sets of 600 trainees.

1270. In 2001, the Commission received 1 896 grant applications for exchanges between citizens of twinned towns. In all, 810 were accepted, involving 1 834 towns and municipalities (hosts and invitees), 13.4 % (80 hosts and 166 invitees) of them situated in countries applying for accession. For

(²) 2000 General Report, point 1212.

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conferences, meetings and training seminars, 287 applications were submitted and 135 were accepted, 22 (i.e. 16.3 %) of them from countries applying for accession.

1271. The Commission carried on with its policy of sounding out Europe’s citizens, by means of opinion polls and analyses. Numerous surveys were conducted, some quantitative (e.g. Standard Eurobarometer, Applicant countries Eurobarometer, Flash Eurobarometer), some qualitative (biotechnology, nuclear energy, food safety, euro, financial services, CFSP, etc.).

1272. In the course of 2001, the Commission received 35 000 visitors. In addition, the teams of speakers making up ‘Team Europe’ and ‘Groupeuro’ (633 speakers in all) gave talks in the Member States.

Documentation centres and publications

1273. The Commission’s central library (1), which is open to the staff of all the institutions and — on request — to external researchers, continued computerising its periodicals, moving on to the final phase, integration of historical periodicals.

Information on the European Union

1274. The Commission continued to carry out priority information measures under the Prince programme (information programme for Europe’s citizens).

1275. In 2001, the Commission published 15 brochures and leaflets designed to inform the general public about important events affecting the European Union and the major topics of the day.

1276. Information on the Internet server Europa is given in Section 2 (‘Press and communication activities’) of this chapter (→ point 1279).

(1) http://europa.eu.int/eclas/.
Section 2

Press and communication activities (1)

1277. The reforms launched in the press and communication field in 2000 (2) were continued and consolidated in 2001 with intense activity on the media front, demonstrated by the fact that nearly a thousand journalists are now accredited to the Commission and given shape in the form of major campaigns such as the preparations for the launching of the euro.

1278. In adopting a communication entitled ‘A new framework for cooperation on activities concerning the information and communication policy of the European Union’ (3), on 27 June, the Commission embarked on a thorough overhaul of this policy, which is regarded as an essential component of new European governance. It came in response to a resolution adopted by Parliament on 14 March (4), which reiterated a wish expressed in 1998 (5), and to a similar call from the Helsinki European Council (6). The communication, which is based on interinstitutional cooperation, particularly with Parliament and the Council, but also with the Member States, national parliaments, local authorities and civil society, is the first step towards establishing a comprehensive and coherent strategy on information and communication. The approach taken calls for concerted implementation of the framework laid down, based on lean, decentralised and non-bureaucratic management, with due respect for the independence of each partner, with the aim of creating a Europe that is close to people, familiar to them and means something to them. Going beyond the institutional framework, the communication reviews a series of instruments: priority information activities (PrinCe), networks and relays, value-added services (Europea Direct, Eurojus); these instruments make use of the various resources available: opinion polls (Eurobarometer), Europa, SCADPlus, Europe by Satellite (EbS), EuroNews, Library, documentation centres, publications and audiovisual co-productions, visits, etc. (→ points 1271 et seq.). All these instruments together, which will have to be given greater overall coherence and visibility, will be the core of much of the cooperation between the institutions, the Member States and civil society. Special attention is also given to Europa (→ point 1279), which is a leading strategic asset in view of its constant success.

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(1) Further information is available on the Europa server (http://europa.eu.int/comm/dgs/press_communication/index_en.htm).
(2) 2000 General Report, point 1223.
(3) COM(2001) 354; Bull. 6-2001, point 1.4.86.
(4) Of C 343, 5.12.2001; Bull. 3-2001, point 1.4.77.

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and the growing interest of the European public for such tools. The first steps in establishing the proposed new interinstitutional relationship were taken in the course of the year. Acting together on the basis of a progress report by the Commission, Parliament and the Commission adopted priorities for 2002 and outlined the joint action to be taken. A common code of conduct for the Commission’s representations and Parliament’s external offices was also adopted. In its conclusions of 10 December (1), the Council welcomed the Commission’s communication and called on the Member States to play an active part. The Council will join Parliament and the Commission in a new framework for cooperation — the Interinstitutional Group on Information (IGI). In an opinion adopted on 29 November (2), the Economic and Social Committee also gave the communication a warm reception and asked to be involved in the IGI, stressing its own specific and complementary role, particularly in relation to civil society. With a view to a second communication fleshing out the content of this new policy, the Commission representations organised round table discussions in 2001 in close collaboration with the European Parliament, alongside initiatives such as consultation of experts, study of evaluation mechanisms, and the establishment of continuing relations with the Member States and various organisations belonging to civil society.

1279. The Internet Europa server (3) has continued to host information from all the European Union institutions. It houses several million documents and over 50 databases which the public can access free of charge in most cases. Information is classified by subject. Between November 2000 and November 2001, around 500 million documents were consulted or downloaded from this site. The main users were businesses, national authorities, universities, non-governmental organisations and the media. Given the server’s key strategic importance, the Commission has mapped out a plan to launch a new project, ‘Europa second generation (E2G)’, with the aim of introducing online services for information, interactive communication and transactions.

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(1) Bull. 12-2001, point 1.4.89.
(2) Bull. 11-2001, point 1.4.101.
Section 3

Activities of the Office for Official Publications of the European Communities (1)

1280. In 2001, in accordance with the priorities laid down by the institutions, the Publications Office devoted a considerable proportion of its resources to two major projects — the consolidation of Community legislation in force and the finalisation and opening to the public of a portal to European Union law, known as ‘EUR-Lex’. By the end of the year, the consolidation of Community legislation had reached a cruising speed that suggested that it would be possible to meet the deadline of June 2003 for making the whole body of Community legislation available to the public in consolidated form. EUR-Lex (→ point 1191), which was opened to the public at the end of June after a group of institutional users had been invited to test a prototype during the first half of 2001, brings together all EU legislation and every stage in the decision-making procedure, from the inception of a project to its conclusion.

1281. As regards publishing as such, the Publications Office continued the campaign launched in 2000 to raise the awareness of the institutions and agencies, encouraging them to work out precise publishing strategies, on the basis of information and communication plans geared to their specific missions, and to draw up publishing programmes. The programmes drawn up for 2001 confirmed the trends that had already emerged, i.e. taking account of the public’s interest as a fundamental parameter in any programme, exploiting all the technological possibilities for publishing, and making greater use of electronic archiving and printing on demand for reports, studies, factual data, technical information, etc. Originating departments continued to show increasing interest in electronic publishing, particularly via web sites.

(1) http://eur-op.eu.int/.
Section 4

Historical archives (1)

1282. The Commission released for consultation, under the 30-year rule (2), the historical archives of the ECSC High Authority, the EEC Commission, the Euratom Commission and the Commission of the European Communities for 1970 (3), thereby adding 2 300 files to the 39 300 already made available to the public since 1952 in the case of the ECSC, since 1958 in the case of the EEC and Euratom and since 1967 in the case of the EC.

1283. Under its 1999–2004 action plan on machine-readable data (MRD) (4), the Commission took steps to encourage the transparency and public accessibility of electronic information: it helped to prepare the third MRD forum, to be held in Barcelona in 2002, and to strengthen the European network for electronic archives (5) in the Member States, applicant countries and other European countries. It also published an experts’ report on the development of a reference model for managing electronic documents and records (6) that strengthens cooperation in this area between public administrations, archivists, the information and communication technologies industry and specialised research.

1284. The Commission also continued to publish the six-monthly newsletter ‘INSAR — Information summary on archives’ established in 1996 (7), continued the updating of the experts’ report presented in 1994 under the heading ‘Archives in the European Union’ (8), contributed to various conferences on archives (9) and started organising activities to commemorate the expiry of the ECSC Treaty in 2002.

(1) Further information is available on the Europa server (http://europa.eu.int/historical_archives/intro_en.htm).
(2) OJ L 43, 15.2.1983; Seventeenth General Report, point 54.
(3) The historical archives files are kept at the European University Institute in Florence.
(4) 1999 General Report, point 1115.
(5) http://europa.eu.int/historical_archives/dlm_forum/.
(6) Drawn up by a team of experts (IDA programme — Interchange of Data between Administration) and published in INSAR — Information Summary on Archives, supplement VI, 2001; available from the Publications Office and on the Internet (http://europa.eu.int/historical_archives/dlm_forum/).
(8) 1994 General Report, point 710.
(9) European conference on the accessibility and modern management of public archives (Lund, 4-6 April); meeting of Catalan archivists on archive description standards and computer technologies in archives (Tortosa, 17-19 May); European conference on the management of electronic archives, photographic and audiovisual archives, cooperation in the field of archives between Member States and at European level (Florence, 30 May to 2 June); European symposium on archives in Europe, similarities and differences (Paris, 10-13 June).
The year in brief

January
1    Greece becomes the 12th country to join the euro zone (→ point 51).
19   Council adopts a decision on the employment policy guidelines for 2001 (→ point 115).
22   Parliament and Council adopt a regulation on the implementation of measures to promote economic and social development in Turkey (→ point 788).
24   Commission adopts a proposal for a sixth Community environment action programme for the period 2001–10 (→ point 607).
24 and Mr Prodi becomes the first Commission President to make an official visit to the United Nations (→ point 859).
31   Commission adopts its second report on economic and social cohesion (→ point 383).

February
7    Commission adopts a Green Paper on an integrated product policy for the European Union (→ point 613) and a communication on e-commerce and financial services (→ point 187).
8    Commission defines a strategy for the customs union (→ point 884).
9    Commission adopts an action plan to prevent fraud and counterfeiting of non-cash means of payment (→ point 548).
13   Commission adopts a White Paper on a future strategy for chemicals (→ point 627), a proposal for a directive on market access to port services (→ point 707) and a proposal for a regulation on the statute and financing of European political parties (→ point 558).
21   Commission adopts a proposal for a sixth framework programme for research (2002–06) (→ point 326).
26   Treaty of Nice is signed (→ point 4).
Parliament and Council adopt three directives on the development of the Community’s railways, the licensing of railway undertakings, and the allocation of infrastructure capacity and the levying of charges (→ point 695). Council adopts a regulation on assistance to Turkey in the framework of the pre-accession strategy (→ point 773).
March

1. Free trade agreement on services between the European Union and Mexico comes into force (→ point 915).

7. Debate on the future of Europe is launched in Brussels (→ point 7).


13. Commission adopts a proposal for a directive concerning the status of third-country nationals who are long-term residents (→ point 514), a proposal for a directive on the protection of the environment through criminal law (→ point 648) and proposals for a directive and a regulation on the completion of the internal market in electricity and natural gas (→ point 661).

16. Commission defines a strategy for the integration of environmental protection requirements into the common fisheries policy (→ point 497).

20. Commission adopts a communication on the introduction of third-generation mobile communications in the European Union (→ point 374) and a Green Paper on the future of the common fisheries policy (→ point 475).

23. Commission adopts a set of proposals concerning the uniform format for visas and residence permits for third-country nationals (→ point 510).

23 and 24. European Council meets in Stockholm to launch its first annual spring meeting on economic and social issues. It lays down strategic guidelines for achieving sustained growth and stable macroeconomic conditions and employment-rate targets. It also has peripheral meetings with Vladimir Putin, President of the Russian Federation, and Boris Trajkovski, President of the Former Yugoslav Republic of Macedonia (→ point 1204).

27. Commission adopts a series of biodiversity action plans (→ point 620).

28. Commission adopts an action plan on eLearning entitled ‘Designing tomorrow’s education’ (→ point 564).

April

1. Framework agreement on trade and cooperation between the European Community and the Republic of Korea enters into force (→ point 1054).

3. Commission adopts a communication on the preparations for the introduction of euro notes and coins (→ point 68) and a proposal for a directive laying down minimum standards for the reception of applicants for asylum in Member States (→ point 518).

9. First stabilisation and association agreement is signed between the European Community and the Former Yugoslav Republic of Macedonia (→ point 974).

11. Commission adopts a communication on conflict prevention (→ point 812).

19. Commission adopts a communication on the elimination of tax obstacles to the cross-border provision of occupational pensions (→ point 193).

20. Commission adopts a communication on the mission of the Joint Research Centre (→ point 352).
May
2 to 4    European Union troika visits the Korean peninsula (Pyongyang and Seoul) (→ point 1078).
4     Commission adopts the ‘Clean air for Europe’ (CAFE) programme (→ point 633).
8     Commission adopts a communication on the European Union’s role in promoting human rights in third countries (→ point 45).
11    Commission adopts a proposal for a directive on the energy performance of buildings (→ point 669).
14 to 20 Third United Nations Conference on the Least Developed Countries meets in Brussels, under the auspices of the European Union (→ point 941).
15    Commission adopts a proposal for a regulation establishing a general framework for Community activities (2002–06) to facilitate the implementation of a European judicial area in civil matters (→ point 522), a communication on European Union strategy towards China (→ point 1075), a communication on sustainable development in Europe (→ point 611) and an action plan for 2001–03 on protecting the Communities’ financial interests and the fight against fraud (→ point 1168).
17    EU–Russia Summit is held in Moscow (→ point 1022).
17 and 18 Commission sets up the European Forum on the Prevention of Organised Crime (→ point 549).
22    Parliament and Council adopt a directive on harmonising copyright and related rights in the information society (→ point 220) and a regulation laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies (→ point 737).
23    Commission adopts a proposal for a directive on the right of citizens of the Union to reside in the territory of the Member States (→ point 557), a proposal for a framework decision laying down minimum provisions on the constituent elements of criminal acts and penalties in the field of drug trafficking (→ point 552), a proposal for a directive on the criminal-law protection of the Community’s financial interests (→ point 1169) and a communication on the priorities for EU tax policy (→ point 206).
28    Council adopts a regulation on freedom of movement with a long-stay visa (→ point 511), a directive on the mutual recognition of decisions on the expulsion of third-country nationals (→ point 515), a framework decision on combating fraud and counterfeiting of non-cash means of payment (→ point 548), a regulation on cooperation between the courts of the Member States in the taking of evidence (→ point 524), a decision establishing a European judicial network in civil and commercial matters (→ point 524), and a decision setting up a European crime-prevention network (→ point 549).
Commission adopts a proposal for a directive on insider dealing and market manipulation (→ point 189), a proposal for a directive relating to the advertising and sponsorship of tobacco products (→ point 755) and a proposal on the accession of the European Community to the Codex Alimentarius Commission (→ point 735).


**June**

6. Commission adopts a communication on network and information security (→ point 371).

7. Referendum is held in Ireland on ratification of the Treaty of Nice (no: 53.87%; yes: 46.13%) (→ point 5).


13. Instruments of ratification of the Treaty of Nice are deposited by Denmark (→ point 4).

14. EU–United States Summit is held in Gothenburg (Sweden) (→ point 1034).

15. and 16. European Council meets in Gothenburg. It reaches agreement on the framework for successful completion of the enlargement negotiations, approves a strategy for sustainable development, adding an environmental dimension to the Lisbon process, endorses the broad economic policy guidelines and approves the key principles for securing the long-term sustainability of pension systems. It also approves an EU programme for the prevention of violent conflicts and endorses the policy guidance and follow-up procedures relating to the Union’s northern dimension (→ point 1205).

18. Commission adopts a proposal for a regulation aimed at combating value-added tax fraud and a proposal for a directive concerning mutual assistance by the competent authorities of the Member States in the field of direct and indirect taxation (→ point 215).

20. Commission sets out a strategy for the mobility of (→ point 325) and a Community strategy against antimicrobial resistance, and adopts a proposal for a Council recommendation on the prudent use of antimicrobial agents in human medicine (→ point 746). It also adopts a proposal for a regulation on the establishment of the Galileo joint undertaking (satellite radionavigation programme) (→ point 692).

21. Commission presents an action programme for the mainstreaming of gender equality in Community development cooperation (→ point 926).

25. Commission adopts a communication on the international dimension of the European research area (→ point 325).

Euro-Mediterranean association agreement is signed with Egypt (→ point 1004).
July

Commission adopts a communication on supporting national strategies for safe and sustainable pensions through an integrated approach (→ point 123).

Commission adopts a communication on an open method of coordination for immigration policy (→ point 513) and a proposal for a directive on the conditions of entry and residence of third-country nationals for the purpose of employment (→ point 514).

16 to 27 Conference on Climate Change is held in Bonn (→ point 644).

Commission adopts a Green Paper promoting a European framework for corporate social responsibility (→ point 137), a communication on promoting core labour standards and improving social governance in the context of globalisation (→ point 153), a communication on strengthening cooperation with third countries in the field of higher education (→ point 605) and a proposal for a directive on effective taxation of savings income in the form of interest payments within the Community (→ point 209).

Council adopts a directive on minimum standards for granting temporary protection in the event of a mass influx of displaced persons (→ point 517).

20 to 22 Twenty-seventh Western Economic Summit is held in Genoa (→ point 1033).

Commission adopts a White Paper on European governance (→ point 24) and a proposal for a regulation on traceability and labelling of genetically modified organisms and genetically modified food and feed (→ point 734). It also adopts a communication on the impact of enlargement on regions bordering candidate countries (→ point 776).

August

31 Aug. European Union takes part in the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance held in Durban (South Africa) (→ point 48).

September

Commission adopts communications on a strategic vision of life sciences and biotechnology (→ point 323) and a new strategic framework for relations with Asia (→ point 1057).

Parliament adopts a recommendation on the role of the European Union in combating terrorism (→ point 533).

Fourth EU–China Summit is held in Brussels (→ point 1073).

Commission adopts a proposal for a regulation on jurisdiction and the recognition and enforcement of judgments in matters of parental responsibility (→ point 525).
Following the terrorist attacks in the United States on 11 September 2001, Parliament and Council meet in special session (→ points 1201 and 1040). Commission adopts a proposal for a directive on minimum standards for the qualification and status of third-country nationals and stateless persons as refugees (→ point 518) and a White Paper on the European transport policy (→ point 683). It also adopts a proposal for a decision on the employment guidelines for 2002 (→ point 117) and a recommendation on the implementation of Member States' employment policies (→ point 117).

The Heads of State or Government of the European Union, the President of Parliament, the President of the European Commission and the High Representative for the CFSP adopt a joint declaration on the terrorist attacks of 11 September (→ point 827).

Commission adopts proposals for framework decisions on the European arrest warrant and the surrender procedures between the Member States and on combating terrorism (→ point 534).

Joint EU–United States ministerial statement is adopted on the fight against terrorism (→ point 1041).

Special Council meeting on justice, home affairs and civil protection adopts conclusions on the fight against terrorism (→ point 506).

European Council holds a special meeting in Brussels to analyse the international situation in the wake of the terrorist attacks in the United States and to give the necessary impetus to actions by the European Union (→ point 1206).

Instruments of ratification of the Treaty of Nice are deposited by Luxembourg (→ point 4).

European troika visits Pakistan, Iran, Saudi Arabia, Egypt and Syria (→ point 996).

Mr Verhofstadt, Belgian Prime Minister, and Mr Prodi, President of the Commission, meet President Bush in Washington (→ point 1042).

Parliament and Council adopt a directive amending the valuation rules for the annual accounts of companies (→ point 217).

Commission adopts a Green Paper on compensation to crime victims (→ point 530).

Commission adopts a Green Paper on consumer protection in the European Union (→ point 761) and a proposal for a regulation on sales promotions in the internal market (→ point 201).

EU–Russia Summit is held in Brussels (→ point 1022).

Council adopts the two legislative instruments necessary for creating the European Company (→ point 219).
10 Commission adopts a proposal for a regulation on the creation of the single European sky (→ point 712), a proposal for a regulation establishing common rules in the field of civil aviation security (→ point 713) and a communication on the repercussions of the terrorist attacks in the United States on the air transport industry (→ point 713).

11 Africa–Europe Ministerial Conference is held in Brussels (→ point 1115).

12 European Union–Economic Community of West African States (Ecowas) ministerial meeting is held in Brussels (→ point 1113).

16 Commission adopts a proposal for a decision establishing the European Year of Education through Sport 2004 (→ point 601).

19 Instruments of ratification of the Treaty of Nice are deposited by France (→ point 4). The European Council meets in Gent and again unequivocally states its full support for the action being taken against terrorism in all its aspects within the framework defined by the United Nations and reaffirms its total solidarity with the United States (→ point 1207).

20 Enlarged European Conference chaired by Mr Michel, Belgian Deputy Prime Minister and Foreign Minister and President of the Council, is held in Brussels (→ point 766).

23 Commission adopts a communication on eEurope 2002 entitled ‘Creating a framework for the exploitation of public sector information’ (→ point 376). On the environment, it adopts a proposal for a decision regarding the approval, on behalf of the Community, of the Kyoto Protocol (→ point 643), a communication on the implementation of the first phase of the European climate change programme (→ point 643) and a proposal for a directive establishing a scheme for greenhouse gas emission allowance trading (→ point 643).

29 Council adopts a decision on the accession of the People’s Republic of China and of the separate customs territory of Chinese Taipei to the World Trade Organisation (→ point 879). Stabilisation and association agreement is signed with Croatia (→ point 975).

30 Commission adopts a communication on structural indicators (→ point 62).

31 Commission adopts a proposal for a regulation on the conservation, collection and utilisation of genetic resources in agriculture (→ point 438).

November

9 to 14 Fourth Ministerial Conference of the World Trade Organisation is held in Doha (Qatar) (→ point 876).

13 Commission adopts a communication on working together for the future of European tourism (→ point 315) and a report on the impact of the terrorist attacks in the United States on tourism in Europe (→ point 315). It also adopts a strategy paper and reports on progress towards accession by each of the candidate countries (→ point 767).
Commission adopts a communication on a common policy on illegal immigration (→ point 516).

Council adopts a decision on protection of the euro against counterfeiting (→ point 547).

Commission adopts a White Paper entitled ‘A new impetus for European youth’ (→ point 581) and a communication on making a European area of lifelong learning a reality (→ point 567).

Second EU–India Summit is held in New Delhi (→ point 1061).

Commission adopts a proposal for a framework decision on the fight against racism and xenophobia (→ point 528), a communication on an open method of coordination for asylum policy (→ point 519) and a communication on civil protection entitled ‘State of preventive alert against possible emergencies’ (→ point 624). It also adopts a proposal for a decision on the new Community statistical programme 2003–07 (→ point 103).

Commission adopts a communication on the impact of the e-economy on European enterprises (→ point 365).

December

Council adopts a decision on the European Year of People with Disabilities 2003 (→ point 127).

Commission adopts the first report on completion of the internal market in electricity and natural gas (→ point 661).

Commission adopts a communication on a science and society action plan (→ point 321).

Parliament and Council adopt a directive on money laundering (→ point 203).

Commission adopts communications on simplifying and improving the regulatory environment (→ point 26) and the future of healthcare and care for the elderly (→ point 123).

Commission adopts a communication on the future of the European Union entitled ‘Renewing the Community method’ (→ point 12).

Europol and the United States sign a cooperation agreement on the exchange of strategic information (→ point 554).

Commission adopts a communication on European space policy (→ point 322).

EU–Japan Summit in Brussels adopts an action plan (→ point 1048).
Commission adopts a new proposal for a directive on the control of major accident hazards involving dangerous substances (→ point 625).

Council adopts decisions on the principles, objectives and conditions of the accession partnerships with the 10 candidate countries of central and eastern Europe, Cyprus and Malta (→ point 778) and a regulation applying a scheme of generalised tariff preferences for the 2002–04 period (→ point 916), and appoints a Special European Union Representative for Afghanistan (→ point 1066).

Commission adopts Green Papers on the review of the merger control regulation (→ point 233) and on criminal-law protection of the financial interests of the Community and the establishment of a European prosecutor (→ point 1173).

Council adopts a regulation on Community designs (→ point 220).

Ministerial-level accession conferences are held with Cyprus, Malta, Hungary, Poland, Romania, Slovakia, Latvia, Estonia, Lithuania, Bulgaria, the Czech Republic and Slovenia (→ point 771).

Parliament adopts the 2002 budget (→ point 1146).

Commission adopts a communication on the visual characteristics of the euro coins (→ point 69).

European Council meets in Laeken. It adopts a declaration on the future of the Union paving the way for major reform and convenes a convention to prepare the ground for the forthcoming Intergovernmental Conference. It also takes decisions designed to strengthen Europe's role on the international scene, particularly in the fight against terrorism, and to conclude negotiations by the end of 2002 with the candidate countries ready for accession so that they can take part in the European Parliament elections in 2004. On the external relations front, it adopts declarations on the operational capability of the common European security and defence policy and on the situation in the Middle East (→ point 1208). It also approves the employment guidelines for 2002 (→ point 117).

Council adopts a regulation concerning pre-accession financial aid for Turkey (→ point 789).

EU–Canada Summit is held in Ottawa (→ point 1051).

Council adopts two regulations on the common organisation of the markets in sheepmeat and goatmeat (→ point 459) and bananas (→ point 449). Parliament and Council adopt a regulation on cross-border payments in euro (→ point 197), two directives on maritime safety (→ point 711) and a decision concerning the European Community contribution to the Global Fund to fight HIV/AIDS, tuberculosis and malaria (→ point 938).

Council adopts a directive on invoicing in respect of value-added tax (→ point 212).
27 Council adopts a regulation on specific restrictive measures directed against certain persons or entities with a view to combating international terrorism (→ point 546).

Instruments of ratification of the Treaty of Nice are deposited by Spain (→ point 4).

28 Instruments of ratification of the Treaty of Nice are deposited by the Netherlands (→ point 4).
Institutions and other bodies

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Internet: http://www.eumc.eu.int

European Agency for Reconstruction
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Internet: http://www.ear.eu.int
Publications cited

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Works published in conjunction with the General Report:

- *The Agricultural Situation in the European Union*
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- *Report on Competition Policy*
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- *Report on the application of Community law*, published annually

*Bulletin of the European Union*
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*Official Journal of the European Communities*
  Legislation series (abbr.: OJ L)
  Information and notices series (abbr.: OJ C)
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*Reports of Cases before the Court*
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The above publications are printed and distributed through the Office for Official Publications of the European Communities, L-2985 Luxembourg.
Annexes

Table I — Legislation under the co-decision procedure

Table II — Legislation under the consultation procedure

Table III — International agreements procedure
### Table I — Legislation under the co-decision procedure

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<td>Prop. for a dec.: production and development of Community statistics on science and technology</td>
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<td>Prop. for a reg.: Community statistics on the trading of goods within the Community and between the Community and non-member countries (Edison)</td>
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* Council agreement.

* Opinion of the Committee of the Regions.

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**158 Prop. for a dir. amending Dir. 76/207/EEC**: implementation of the principle of equal treatment as regards access to employment

- **OJC**: 249/13.9.1993
- **Bull.** 12-1992/1.3.158
- **COM**: 93/560

**159 Prop. for a dir. amending Dir. 92/85/EEC**: equal opportunities for women and men

- **OJC**: 146/17.5.2001
- **Bull.** 9-2000/1.3.18 (b)
- **COM**: 2000/648

**160 Prop. for a dir. amending Dir. 92/71/EEC**: equal opportunities for women and men

- **OJC**: 123/25.4.2001
- **Bull.** 12-2001/1.3.49
- **COM**: 2001/334

**161 Prop. for a dir. amending Dir. 92/71/EEC**: for the protection of workers from physical agents

- **OJC**: 427/22.001
- **Bull.** 9-2000/1.3.18 (b)
- **COM**: 2000/451

**162 Prop. for a dir. amending Dir. 76/207/EEC**: for the protection of workers from physical agents

- **OJC**: 10/22.000
- **Bull.** 6-2000/1.3.14
- **COM**: 2000/1.3.14

**163 Prop. for a dir. amending Dir. 92/71/EEC**: equal opportunities for women and men

- **OJC**: 139/11.5.2001
- **Bull.** 3-2001/1.3.33
- **COM**: 2001/1.3.22

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**Free movement of goods**

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**Free movement of persons**

183 Dir. 2001/19/EC, amending Dir. 89/60/EEC and 92/51/EEC, recognition of qualifications


* Council agreement.

* Opinion of the Committee of the Regions.

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<td>OJ C 34/5.12.2001 Bull. 3-2000/1.3.37(a)</td>
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<td>189 Prop. for a dir.: prospectus to be published when securities are offered to the public</td>
<td>OJ C 240 E/28.8.2001 COM(2001) 210 Bull. 5-2001/1.3.30</td>
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a adoption; b amendments; c rejection; d EP failure to take a decision within three months; e agreement on a common draft; f failure to agree on a common draft.
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### Government procurement

**Prop. for a reg.: common procurement vocabulary (CPV)**

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**Prop. for a dir.: coordination of procedures for the award of public supply contracts, public service contracts and public works contracts**

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**Prop. for a dir.: coordination of procurement procedures of entities operating in the water, energy and transport sectors**

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### Research and technology

**Community R&TD policy**

**Prop. for a dec.: multiannual framework programme 2002-06 (research)**

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**Prop. for a dec.: multiannual framework programme 2002-06 (Euratom)**

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**Prop. for a dec.: rules for the participation and dissemination of research results for the implementation of the framework programme 2002-06**

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**Prop. for a dec.: rules for participation in the implementation of the Euratom framework programme 2002-06**

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**The information society**

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# Annexe

- Council agreement.
- Opinion of the Committee of the Regions.

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*Opinion of the Committee of the Regions.

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### Citizenship and quality of life

#### Citizenship of the Union

*Freedom of movement and right of residence*

| Prop. for a dir.: right of citizens to move around and reside freely | OJ C 270 E 25.9.2001 COM(2001) 257 Bull. 5-2001/1.4.1 |

#### Education and culture

*Education, training and youth*

| Recomm. on mobility within the Community for students, persons undergoing training, young volunteers, teachers and trainers | COM(1999) 709 Bull. 1/2-2000/1.4.14 |
| Recomm. on quality evaluation in school education | COM(1999) 709 Bull. 1/2-2000/1.4.18 |

#### Culture, audiovisual policy and sport

| Prop. for a dec. establishing the European Year of Education through Sport 2004 | COM(2001) 584 Bull. 10-2001/1.4.22 |

#### Environment

*Preparation of the sixth action programme*


#### Taking the environment into account in other policies


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* Opinion of the Committee of the Regions.

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**Climate change and international dimension**

| 643 | Prop. for a dir. amending Dir. 96/61/EC establishing a scheme for greenhouse gas emission allowance trading within the Community | COM(2000)138 Bull. 10-2000/1.4.44 |

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**Communication and civil society**


**Environmental instruments**


**Energy**

**Internal energy market**

| 661 Prop. for a dir. amending Dir. 96/92/EC (internal market in electricity) and Dir. 98/30/EC (internal market in natural gas) | OJ C 240 E/28.8.2001 COM(2001) 125 Bull. 3-2001/1.4.43 | Bull. 10-2001/1.4.52 | | |

**New and renewable energy sources**


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## Energy efficiency and rational use of energy

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## Transport

### General strategy

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<td><strong>700</strong> Prop. for a dir. amending Dir. 96/53/EC, maximum authorised dimensions for road vehicles in international traffic</td>
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* Council agreement.  
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**Food safety**

| Prop. for a reg.: genetically modified food and feed | OJ C 304 E/30.10.2001 COM(2001) 1 Bull. 3-2001/1.4.61 | | | |
| Prop. for a reg.: traceability and labelling of genetically modified organisms and of food and feed products produced from GMOs and amending Dir. 2000/18/EC | OJ C 304 E/30.10.2001 COM(2001) 1 Bull. 3-2001/1.4.61 | | | |

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| No | Directive or Proposal | Commission proposal | ESC opinion / COR opinion* | EP first reading s.n.(1) | Amended Commission proposal | Common position Council*
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* Council agreement.

* Opinion of the Committee of the Regions.

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**Public health**

|----|------------------------|-----------------------------|----------------------|--------------------------|---------------------------|----------------------|

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### Consumer protection

#### Pre-accession strategy

**Financial and technical assistance**


### Enlargement

#### Pre-accession strategy

**Financial and technical assistance**


### The European Union’s role in the world

#### Development cooperation

**North–south cooperation in connection with health**


### Cooperation on eradicating anti-personnel mines

* Council agreement.
* Opinion of the Committee of the Regions.

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<th>Financing Community activities, management of resources, Protection of the Communities’ financial interests and the fight against fraud</th>
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## Employment and social policy

**Employment**

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**Measures to promote social integration**

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**Labour law and industrial relations**

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<td>Bull. 12-1991/1.2.6 Bull. 10-1999/1.3.20</td>
<td>Bull. 9-2001/1.3.26</td>
<td>OJ L 82/22.3.2001 Bull. 3-2001/1.3.23</td>
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* Opinion of the Committee of the Regions.
* Council agreement.
### Internal market

**Free movement of goods**

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### Taxation

| Prop. for a dir.: effective taxation of savings income in the Community | OJ C 270 E/25.9.2001 COM(2001) 400 Bull. 78-2001/1.3.32 | Ball. 11-2001/1.3.48 | | | |
| Prop. for a dir.: taxation of energy products | OJ C 1396.4.1997 COM(97) 30 Bull. 3-1997/1.3.31 | OJ C 192/1.1.1998 Ball. 10-1997/1.2.51 | OJ C 219/30.7.1999 Bull. 4-1999/1.3.31 | | Adoption of a resolution by the ECSC Consultative Committee: OJ C 356/22.11.1997 Bull. 10-1997/1.2.51 |
| | | | | | ECSC Consultative Committee opinion: OJ C 170/14.6.2001 |
### Company law

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### Competition policy

#### Competition rules applying to businesses

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* Council agreement.
## Research and technology

### Community R&TD policy

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<td>Prop. for a dec. specific programme 2002-06 for research, technological development and demonstration aimed at integrating and strengthening the European Research Area</td>
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## Economic and social cohesion

### Structural measures


## Innovative measures and other regional operations

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<tr>
<td><strong>Reg. (EC) No 1453/2001</strong>: specific measures regarding certain agricultural products for the benefit of the Azores and Madeira</td>
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<td><strong>Reg. (EC) No 1454/2001</strong>: specific measures regarding certain agricultural products for the benefit of the Canary Islands</td>
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<td><strong>Prop. for a reg. amending Reg. (EC) No 1587/98: scheme to compensate for the additional costs incurred in the marketing of certain fishery products from the Azores, Madeira, the Canary Islands, Guyana and Reunion</strong></td>
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<td><strong>Dec. 2001/822/EC: association of the overseas countries and territories</strong></td>
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<td><strong>Prop. for a dec. authorising France to extend a reduced rate of excise duty on rum from its overseas departments</strong></td>
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<td>Prop. for a reg.: measures to be applicable in 2002 for the recovery of the stock of cod in the Irish Sea (ICES Division VII a)</td>
<td>COM(2001) 699 Bull. 11-2000/1.3.132</td>
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### Citizenship and quality of life

#### Area of freedom, security and justice

**General aspects**

| Initiative of Belgium, France, Portugal and Sweden: setting up Eurojust to reinforce the fight against organised crime | Bull. 5-2001/1.4.11 Bull. 11-2000/1.4.20 | | Initiative of Belgium, France, Portugal and Sweden: OJ C 243/24.8.2000 (Art. 67 EC) |

### Internal borders, external borders and visa policy

<p>| Reg. (EC) No 241/2001 amending Reg. (EC) No 519/2001: list of third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement | COM(2001) 570 Bull. 10-2001/1.4.7 | OJ C 9-2000/1.4.8 Bull. 12-2000/1.4.4* | Bull. 12-2000/1.4.4* |</p>
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<td>OJ C 213 E/31.7.2001 COM(2001) 181 Bull. 4-2001/1.4.1</td>
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<td>Prop. for a reg.: criteria and mechanisms for the Member State responsible for examining an asylum application in one of the Member States</td>
<td>OJ C 304 E/30.10.2001 COM(2001) 447 Bull. 7/2001/1.4.6</td>
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<td>518</td>
<td>Prop. for a dir.: minimum standards for the qualification and status of third country nationals and stateless persons as refugees</td>
<td>COM(2001) 510 Bull. 9-2001/1.4.9</td>
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<td>OJ C 332 E/27.11.2001 C394(2001) 522 Bull. 9-2001/1.4.5</td>
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**Right to vote and to stand as a candidate**


**Environment**

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666 Prop. for a dec.: conclusion of the Protocol on Water and Health to the 1992 Convention on the Protection and Use of Transboundary Watercourses and International Lakes

OJ C 332, 527.11.2001
COM(2001) 483
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**Energy**

**New and renewable energy sources**

668 Prop. for a dir. promoting the use of biofuels for transport

COM(2001) 547
Bull. 11-2001/1.4.64

668 Prop. for a dir. amending Dir. 92/81/EEC on the reduced rate of excise duty on certain mineral oils containing biofuels

COM(2001) 547
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**Sectoral aspects**


COM(2001) 520
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OJ C 240, 528.8.2001
COM(2001) 251
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Bull. 11-2001/1.4.65

**Transport**

**Infrastructures and traffic management and navigation systems**

672 Prop. for a reg.: establishment of the Golden joint undertaking

OJ C 270, 25.9.2001
COM(2001) 336
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| Prop. for a reg.: procedures for applying the stabilisation and association agreement between the EC and the Former Yugoslav Republic of Macedonia and the interim agreement | COM(2001) 740 Bull. 12-2001 |                             |                      |                      |              |

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**176** Accession of the EC to Regulation 114-H of the United Nations Economic Commission for Europe concerning approval of passenger cars in respect of their braking

**176** Accession of the EC to Regulation 104 of the United Nations Economic Commission for Europe concerning approval of retro-reflecting markings for vehicles

**176** Accession of the EC to Regulation 105 of the United Nations Economic Commission for Europe concerning approval of vehicles carrying dangerous goods

**176** Accession of the EC to Regulation 106 of the United Nations Economic Commission for Europe concerning approval of pneumatic tyres for agricultural vehicles and trailers

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<td><strong>338</strong> Cooperation agreement between Euratom and Kazakhstan in the field of thermonuclear fusion</td>
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<td>COM(2001) 65 Bull. 4-2001/1.3.58</td>
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<td><strong>343</strong> Draft EC-Chile agreement on scientific and technical cooperation</td>
<td>26.10.2001</td>
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<td><strong>343</strong> Draft EC-Ukraine agreement on scientific and technical cooperation</td>
<td>8.10.2001</td>
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The information society

*International cooperation and regional aspects*

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**Conservation and management of resources**

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<td>13.12.2000</td>
<td>Bull. 6-2001/1.3.122</td>
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<td>492</td>
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| Protocol defining the possibilities of fishing — EC-Mauritius agreement from 3.12.1999 to 2.12.2002 | 492 | Protocol defining the possibilities of fishing — EC-Madagascar agreement (21.5.2001 to 20.5.2004) | 492 | Protocol defining the possibilities of fishing and financial contribution provided for in the EC-Mauritania Agreement on fisheries from 1.8.2001 to 31.7.2006 | 492 | Two F.C-Senegal agreements (fishing off the Senegalese coast) | 492 | Fourth protocol between the EC, Denmark and Greenland laying down conditions relating to fishing | 492 | Draft protocol defining the possibilities of fishing and financial contribution provided for in the EC-Cabo Verde agreement | 492 | Draft EC-Cyprus agreement on fish and fishery products, in the form of an additional protocol | 492 | Draft EC-Estonia agreement on fishery products, in the form of an additional protocol | 492 | Draft EC-Hungary agreement on fishery products, in the form of an additional protocol | 492 | Draft EC-Latvia agreement on fishery products | 493 | Draft EC-Lithuania agreement on fishery products | 493 |
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| Two F.C-Senegal agreements (fishing off the Senegalese coast) | 492 | 23.4.2001 | COM(2001) 422 | Bull. 10-2001/1.3.134 |
| Draft EC-Cyprus agreement on fish and fishery products, in the form of an additional protocol | 492 | 25.7.2001 | COM(2001) 538 | Bull. 5-2001/1.3.91 |
| Draft EC-Estonia agreement on fishery products, in the form of an additional protocol | 492 | | COM(2001) 396 | Bull. 6-2001/1.3.123 |
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<td>COM(2001) 515 Bull. 9-2001/1.5.16</td>
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<td>Draft EC-Poland agreement on fishery products, in the form of an additional protocol</td>
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<td>Draft EC-Slovakia agreement on fishery products, in the form of an additional protocol</td>
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<td>COM(2001) 392 Bull. 7/8-2001/1.3.145</td>
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<td>Draft EC-Slovenia agreement on fishery products, in the form of an additional protocol</td>
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<td>COM(2001) 395 Bull. 7/8-2001/1.3.146</td>
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**Area of freedom, security and justice**

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| 977 EU-Federal Republic of Yugoslavia agreement on the activities of the European Union monitoring mission |  |  |  |  |  |  |  | OJ L 132/5.5.2001 Bull. 4-2001/1.6.30 |
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