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I

(Acts whose publication is obligatory)

**COUNCIL REGULATION (EC) No 1796/1999
of 12 August 1999**

imposing a definitive anti-dumping duty, and collecting definitively the provisional duty imposed, on imports of steel ropes and cables originating in the People's Republic of China, Hungary, India, Mexico, Poland, South Africa and Ukraine and terminating the anti-dumping proceeding in respect of imports originating in the Republic of Korea

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community ⁽¹⁾, and in particular Articles 9 and 10(2) thereof,

Having regard to the proposal submitted by the Commission after consulting the Advisory Committee,

Whereas:

A. PROVISIONAL MEASURES

- (1) By Regulation (EC) No 362/1999 ⁽²⁾ (hereinafter referred to as the 'provisional Regulation') the Commission imposed a provisional anti-dumping duty on imports into the Community of steel ropes and cables originating in the People's Republic of China (PRC), India, Mexico, South Africa and the Ukraine and accepted undertakings offered by certain exporters in Hungary and Poland.

B. SUBSEQUENT PROCEDURE

- (2) Following the imposition of provisional anti-dumping duties, the interested parties which so requested were granted an opportunity to be heard. Parties were informed of the essential facts and considerations on the basis of which it was intended to recommend the imposition of a definitive anti-dumping duty and the definitive collection, at the level of these duties, of amounts secured by way of provisional duties. They were also granted a period within which to make representations subsequent to this disclosure.
- (3) The oral and written comments submitted by the interested parties were considered and, where deemed appro-

priate, the definitive findings have been changed accordingly.

C. PRODUCT UNDER CONSIDERATION AND LIKE PRODUCT

1. Product under consideration

- (4) It is to be recalled that recital 7 of the provisional Regulation described the product concerned as steel ropes and cables, including locked coil ropes, excluding ropes and cables of stainless steel, with a maximum cross-sectional dimension exceeding 3 mm (hereinafter, using industry terminology, referred to as steel wire ropes or 'SWR').
- (5) It has been alleged that SWR should be divided into two separate products according to what has been described as two distinct areas of application or use, i.e. general purpose ropes for general applications and special purpose ropes for use in specific industries.
- (6) Contrary to the allegation of the existence of two different separate products, i.e. general purpose ropes and special purpose ropes, it was found that SWR were produced in a wide range of different types by the exporting producers and that all SWR had the same basic physical characteristics (i.e. the steel wires that form strands, the strands that are wrapped around the core that form the rope and the core itself). All SWR were also found to have the same basic technical characteristics (all have a number of wires in a strand, a number of strands in a rope, a certain diameter and a certain construction).
- (7) The various types of SWR can be classified into a number of product groups reflecting their physical and technical characteristics. While SWR in groups in the top end and in the bottom end of the range are clearly not interchangeable, SWR in adjoining groups have been found to be interchangeable. It was concluded that a certain degree of overlapping and competition existed

⁽¹⁾ OJ L 56, 6.3.1996, p. 1. Regulation as last amended by Regulation (EC) No 905/98 (OJ L 128, 30.4.1998, p. 18).

⁽²⁾ OJ L 45, 19.2.1999, p. 1.

between SWR in different groups. Given this overlap between the groups, no clear dividing line could be established at any point in the range of SWR. This conclusion is in line with the jurisprudence of the Court of Justice of the European Communities ⁽¹⁾.

- (8) In conclusion, given that all SWR were found to have the same basic physical and technical characteristics and use, even if differences existed between SWR in the top end and bottom end of a range, since competition exists between SWR in adjacent groups, it was concluded that all products in the range formed one single product and therefore all SWR were considered to be one product.

2. Like product

- (9) It is to be recalled that in recital 8 of the provisional Regulation, the Commission found that the imported SWR from the countries concerned and the SWR produced and sold in the Community by the Community industry were alike in their basic physical and technical characteristics. Both the Community-produced and imported SWR were also found to have essentially the same use and to be competing with each other.
- (10) It has been alleged that SWR produced and sold by the Community producers were not alike to those imported from the countries concerned. In particular it was argued that the product produced in the exporting countries was mainly commodity SWR whereas the product produced in the Community was specialised SWR. It was further argued that the Community producers had included more so-called specialised product types in their range of SWR over the period examined as could be seen from the increase in their unit prices.
- (11) The following was concluded:
- the Community producers were found to be engaged in the production of the whole range of SWR, as were the exporting producers, i.e. the production of the more specialised SWR as well as the more commodity type of SWR,
 - the overlap between the products produced by the Community producers and the exporting producers is evidenced by volume of sales where matching SWR models were found (75 % of the exporting producers' volume of sales and 51 % of the Community industry's volume of sales). This overlap can also be seen from the fact that Community-produced SWR and those imported cover all CN codes concerned.

- (12) The provisional findings that Community-produced and imported SWR are like products within the meaning of Article 1(4) of Regulation (EC) No 384/96 (hereinafter referred to as the 'basic Regulation') are therefore confirmed.

D. DUMPING

1. Normal Value

1.1. Determination of the normal value

- (13) One Indian exporting producer claimed that the costs of production for the investigation period (1 January 1997 to 31 March 1998, hereinafter referred to as the 'IP'), should be established on the basis of data relating to the period preceding the IP. However, pursuant to Article 6(1) of the basic Regulation, for the purpose of a representative finding concerning dumping, an IP is selected and the information analysed is normally limited to the IP. No reasons have been forwarded which would make it more appropriate to use the cost of production relating to a period prior to the IP. In particular, it should be noted that the exporting producer continued to produce and to sell the product types in question also during the IP. Thus the findings based on information relating to the IP were considered representative and the request was not, therefore, accepted.
- (14) The South African exporting producer and one Indian exporting producer objected to the method used to determine the constructed normal value of the product concerned.
- (15) The South African exporting producer claimed that the calculation of the profit margin on domestic sales was inappropriate since it was based on all domestic transactions including domestic sales of mining SWR. Due to the specific properties of the mining SWR not exported to the Community, which constitutes a specific product requiring sophisticated equipment and which is sold with a substantial profit margin, it claimed that the profit margin made on domestic sales of mining SWR should not be taken into consideration in the calculation of the constructed normal value of the other types of ropes.
- (16) The Indian exporting producer requested that the domestic sales of certain high-value product types be excluded from the constructed normal value calculations on the grounds that these products were not exported, or only rarely, during the IP and that the domestic sales of these product types yielded abnormally high profits that distorted the determination of the average profit of the product concerned.

⁽¹⁾ Case C-175/87 *Matsushita Electric Industrial Co. Ltd v. Council*, [1992] ECR I, p. 1409.

- (17) It was found that the South African mining SWR and Indian high value product types were 'like products' to the product under consideration within the meaning of Article 1(4) of the basic Regulation. The profit margin used in constructing the normal value was therefore correctly determined in accordance with Article 2(3), (4) and (6) of the basic Regulation, i.e. on the basis of all domestic market sales of the like product made in the ordinary course of trade. In this context, it should be noted that for the determination of the profit margin pursuant to Article 2(6) of the basic Regulation it is irrelevant whether the product types in question were also exported to the Community, as long as they constitute a like product within the meaning of the basic Regulation.
- (18) These claims were therefore rejected.
- (19) As an alternative to the above, it was requested by the Indian company that the average profit be calculated on the basis of all domestic sales, i.e. sales of both profitable and unprofitable product types, and not on the basis only of domestic sales of profitable product types. In this respect it should be noted that, pursuant to Article 2(6) of the basic Regulation, the amount for profits has to be based on data pertaining to production and sales, in the ordinary course of trade, of the like product in the domestic market of the exporting country. In this context, sales below cost of a particular product type can only be taken into account for the determination of the profit margin if the volume of non-profitable sales of such type is not higher than 20 % of all sales of this type in question or if the weighted average selling price is not below the weighted average unit cost. This rule was respected when determining the profit margin and consequently the alternative requested could not be accepted either.
- (20) Since no other comments concerning normal value were presented, the findings set out in recitals 9) to 13) of the provisional Regulation are confirmed.
- current investigation, it was considered that Poland represented the most reasonable choice of analogue country for the calculation of normal value for China and the Ukraine.
- (23) Further to provisional disclosure, the Chinese and Ukrainian exporting producers also questioned the choice of Poland as analogue country; it was claimed that South Korea would be more appropriate in terms of level of import duty, size of domestic market and the existence of competition on the domestic market. Poland was, however, considered to be appropriate given its low level of import duty, the openness and size of its domestic market, the existence of competition between local producers, and the fact that Polish SWR provided, overall, the most representative comparison in terms of matching models with those of China and the Ukraine.
- (24) As far as South Korea is concerned, it was noted that although this country also had a low level of import duty, it had a much lower percentage of domestic sales which were comparable to the imports into the Community from the PRC.
- (25) It was therefore considered that Poland was the most reasonable choice of analogue country both for the Ukraine and for the PRC.

2. Export price

- (26) Since no comments concerning export price were presented, the findings set out in recitals 14) to 17) of the provisional Regulation are confirmed.

3. Comparison

- 1.2. *Choice of analogue country for non-market economy countries*
- (21) Chinese and Ukrainian exporting producers contested the choice of India as analogue country and asked that the provisional choice of analogue country be reviewed. The Ukrainian exporting producer proposed the selection of the Republic of Korea (hereinafter referred to as 'South Korea') because it had an open market.
- (22) The arguments put forward against the choice of India as analogue country were carefully analysed, and for the reasons set out below it was decided to abandon India as analogue country. In the absence of any cooperating market economy third countries not subject to the
- (27) One Polish exporting producer reiterated its claim for adjustments to the normal value for differences in inventory financing and warehousing between the domestic and the export sales. However, in the absence of any new evidence on the effect of the above factors on price comparability as required by Article 2(10)(k) of the basic Regulation, the claim was not accepted.
- (28) The same Polish exporting producer and one Hungarian exporting producer reiterated their request for adjustments to the normal value for differences in level of trade. In view of the new evidence submitted, the claims were reconsidered and accepted as it was proved that the export price and the normal value were at a different level of trade and this difference affected price comparability.

- (29) One Indian exporting producer submitted a request for an adjustment for differences in the level of trade on the grounds that export sales were made exclusively at wholesaler level, while domestic sales were made at both wholesaler and end-user levels. An adjustment was granted to the extent that the request was merited.
- (30) One Polish exporting producer contested the use of monthly average exchange rates to convert the export price into domestic currency for the determination of provisional findings. This exporting producer claimed that the exchange rates effectively applied should have been used. In this respect, it should be noted that it is normal practice to use monthly average exchange rates. Moreover, both approaches were tested and it was found that the differences were only marginal and that any positive differences were balanced out by negative differences, i.e. none of the two approaches resulted in consistently higher or lower exchange rates and the impact of this issue on the final dumping margin was not material. It was consequently decided to apply the normal practice of monthly average exchange rates.
- (31) The South African exporting producer claimed an allowance for currency conversion on export prices on the grounds that a comparison between the lowest exchange rate of the currency and the ecu during the IP, and that of the highest exchange rate in 1999 showed an important devaluation of the ecu.
- (32) In accordance with Article 2(10)(j) of the basic Regulation, this claim was rejected since the fluctuations in exchange rates did not show a sustained movement during the IP that would have justified an adjustment. Moreover, it should be noted that the average devaluation of the ecu versus the South African rand was very small during the IP.
- (33) Since no other comments concerning the comparison were presented the findings set out in recitals 17) to 19) and 21) to 23) of the provisional Regulation are confirmed.
- (34) export transactions relating to products which had been subsequently transformed as described above. In support of this request, the exporting producer pointed out that any anti-dumping measures would be applied to all imports of the product concerned.
- (35) This request could not be accepted. First, it would have been difficult to construct a reliable export price for those imported products which had subsequently been resold in a transformed state. Secondly, the export sales taken into consideration for the determination of a dumping margin accounted for 80 % of all export resales to the Community made by the exporting producer during the IP. This was considered largely sufficient as a basis for representative findings. Third, since the export sales relating to products which had subsequently been transformed could not be used for the calculation of dumping, they could not be taken into consideration for the calculation of the dumping margin since this would have distorted the findings by artificially lowering the dumping margin.
- (36) Therefore, the methodology used for the establishment of the provisional findings, including the residual margins, as set out in recitals 24) to 26), is confirmed.

4.2. Level of dumping margins

- (37) The weighted average normal value per product type was compared with the weighted average export price on an ex-works basis and at the same level of trade in accordance with Article 2(11) of the basic Regulation.
- (38) After revision of the calculations, in particular due to the fact that for the PRC and the Ukraine the normal values have been based on the domestic market sales of the Polish producers, the dumping margins definitively established, expressed as a percentage of the CIF price at Community frontier level, are as follows:

— THE PEOPLE'S REPUBLIC OF CHINA:	60,4 %
— HUNGARY:	
Drótáru és Drötkotél Ipari és Kereskedelmi Rt	28,1 %
All producers/exporters:	28,1 %
— INDIA:	
Usha Martin Industries & Usha Beltron Ltd	23,8 %
Mohatta & Heckel	30,8 %
All producers/exporters:	30,8 %
— REPUBLIC OF KOREA:	
Kiswire Ltd	1,2 %
Manho Rope & Wire Ltd	0,1 %
Chung Woo Rope Co. Ltd	0,2 %
Chun Kee Steel and Wire Rope Co. Ltd	0,4 %

4. Dumping margins

4.1. Methodology

- (34) At the provisional stage, export sales of SWR by an Indian exporting producer which were made to its related importer in the Community and which were subsequently transformed by the related importer were excluded from the determination of dumping.
- (35) Following disclosure of the provisional findings, the Indian exporting producer contested this approach. It was requested that the dumping found for the export transactions examined should be expressed as a percentage of the total cif price, i.e. including those

- MEXICO:
 - Aceros Camesa SA de CV 95,6 %
 - All producers/exporters: 95,6 %
- POLAND:
 - Drumet SA 27,9 %
 - Slaskie Zaklady Lin i Drutu 'Linodrut' Spółka Akcyjna
 - Fabryka Lin i Drutów 'Linodrut' Zabrze Spółka z ograniczona odpowiedzialnoscia
 - Fabryka Lin i Drutów 'Falind' Spółka z ograniczona odpowiedzialnoscia
 - Górnoslaska Fabryka Lin i Drutu 'Linodrut' Bytom Spółka z ograniczona odpowiedzialnoscia
 - Dolnoslaska Fabryka Lin i Drutu 'Linodrut Linmet' Spółka z ograniczona odpowiedzialnoscia 48,3%
 - All producers/exporters: 48,3 %
- SOUTH AFRICA:
 - Haggie Rand Ltd (the company has changed name and is now called Haggie) 132 %
 - All producers/exporters: 132 %
- UKRAINE: 51,8 %

E. COMMUNITY INDUSTRY

1. Community production

- (40) In the absence of any new information, the provisional findings as described in recitals 34 to 36 of the provisional Regulation are therefore confirmed.

2. Community industry

- (41) Following comments received by interested parties the Community industry is as follows.
- (42) The following 16 complainant Community producers and four Community producers supporting the complaint and which cooperated in the investigation, made up the 'Community industry' in the meaning of Article 4 of the basic Regulation, i.e.:
- Bremer Drahtseilerei Lüling GmbH (Germany),
 - Bridon International Limited (UK),
 - BTS Drahtseile GmbH (Germany),
 - Cables Y Alambres Especiales SA (Spain),
 - Casar Drahtseilwerk Saar GmbH (Germany),
 - Cordoaria Oliveira SA (Portugal),
 - Drahtseilerei Gustav Kocks GmbH (Germany),
 - Holding FICADI (France),
 - Iscar Funi Metalliche (Italy),

- D. Koronakis SA (Greece),
- Metalcalvi Wire Ropes (Italy),
- Midland Wire Cordage Co. Ltd (UK),
- Randers Rebslaareri (Denmark),
- Redaelli Tecnacordati SpA (Italy),
- Trefileurope (France),
- Trenzas Y Cables SL (Spain),
- Vereinigte Drahtseilwerke GmbH (Germany),
- Voest-Alpine Austria Draht GmbH (Austria),
- Vornbäumen-Stahlseile GmbH (Germany),
- Wadra GmbH (Germany).

3. Imports made by the Community industry

- (43) Certain interested parties have questioned the calculation of the level of imports made by the Community industry.
- (44) It is to be noted that the information on imports has been based on data supplied by the exporters in their export sales listings and duly verified. Imports made by the Community industry has in this manner been established as representing 4,4 % of consumption in the investigation period.
- (45) The analysis in the provisional Regulation that the principal activity of the Community industry remained the production of SWR given the low level of its imports is confirmed. Furthermore, this low level was not such as to shield the Community producers from the injurious effects of the dumping, nor did it allow them to unduly benefit from the imports concerned.

F. INJURY

1. Preliminary remark — the investigation period

- (46) It has been argued that the inclusion of 1994 distorts the injury analysis, given that the largest part of the imports took place between 1994 and 1995 and that thereafter the level of the imports from the countries concerned remained stable. It has also been argued that the situation of the Community industry has remained stable from 1995 to the IP. As a result, it was requested to start the injury investigation period in 1995.
- (47) The purpose of the investigation is to evaluate the effect of the dumped imports on the economic situation of the Community industry during the IP. In order to make such an analysis, trends are established for a number of indicators on the basis of information relating to a number of years preceding the IP. It is therefore irrelevant whether 1994 or 1995 has been taken as a starting point for the purpose of establishing trends.

(48) In any event it is to be noted that:

- although the biggest part of the imports from the countries concerned took place between 1994 and 1995, contrary to what has been alleged, these imports have continued to increase after 1995 (+ 12 % between 1995 and the IP),
- prices of these imports remained significantly below those of the Community industry throughout the whole period,
- the impact of these imports on the situation of the Community industry resulted in a significant decrease in profitability between 1994 and 1995 (from 1,3 % to -0,3 %), coinciding with a loss of market share (- 10 percentage points). As explained in the provisional Regulation, the Community industry attempted to regain market share by decreasing prices between 1995 and 1996, only to incur further losses (-0,3 % to -0,7 %). In order to reduce these losses, the Community industry again increased its prices between 1996 and 1997. However, this was at the expense of market share, which suffered a further decline,
- this deterioration in the situation of the Community industry was therefore the result of pressure from both the volume of imports from the countries concerned and the low level of the prices of these imports.

(49) On the basis of the above, the allegation concerning the starting point of the analyses of the trend is therefore rejected.

(50) Therefore the period during which the economic situation of the Community industry was analysed has allowed a proper assessment of its situation and accurately reflects the evolution of the market of SWR in the Community.

2. Cumulation

2.1. Imports from Hungary

(51) One exporting producer repeated its claim that the imports from Hungary should be decumulated from imports from the other countries concerned. However, no new arguments were presented supporting the decumulation of imports from Hungary. Therefore the grounds for cumulation as set out in recital 47 of the provisional Regulation are confirmed.

2.2. Imports from Mexico

(52) One exporting producer has argued that imports from Mexico should be decumulated from imports from the other countries concerned on the basis that these Mexican imports should be considered to be *de minimis*. In this respect it was claimed that most of the imports

from Mexico were made by an importer related to a Community producer and that these imports should not be taken into account when establishing the level of imports from Mexico. Consequently, the remaining Mexican imports would be *de minimis* and therefore imports from Mexico should be decumulated from the other imports concerned for the purposes of the injury analysis.

(53) It is to be noted that in assessing whether imports from a country concerned are considered to be *de minimis* in accordance with Article 9(3) of the basic Regulation, the total volume of imports originating in the country concerned is calculated.

(54) The level of the imports described in recitals 45 and 48 of the provisional Regulation is therefore confirmed, i.e. 3 % of consumption in the IP, and also the allegation that Mexican imports are *de minimis* is rejected.

3. Prices of the dumped imports

3.1. Comparison between Community prices and those of the dumped imports

(55) It has been alleged that the elements used in the categorisation of SWR for the undercutting calculations do not allow a meaningful and proper price comparison. In particular, it has been argued that the elements not included in the undercutting calculations (i.e. galvanisation, tensile strength, core and cover), and additional elements not foreseen in the questionnaire (i.e. tolerated diameter variance, elongation factor and breaking load) have a significant influence on prices. It has also been alleged that the same product categorisation should be used for both dumping and injury calculations.

(56) The following has been concluded:

- for the undercutting calculations SWR were grouped according to the number of wires and the number of strands in a rope, the construction type of the rope and its diameter. These elements were found to be the main price drivers of SWR. Other elements not included in the undercutting analysis (i.e. galvanisation, tensile strength, core and cover), were found to have only a secondary impact on prices in the Community market.

The undercutting calculations grouping SWR as described above, resulted in a reasonable volume of sales being covered for both the exporting producers and the Community industry and were therefore considered to provide a meaningful and representative result,

- the inclusion of additional elements not foreseen in the questionnaire (i.e. tolerated diameter variance, elongation factor and breaking load), was considered to be unnecessary given that these elements were largely the result of a combination of the main elements of SWR already included in the product categorisation. Their inclusion was not considered to provide a more accurate pricing comparison and therefore their request would have been unduly burdensome on all interested parties,
- the product categorisation for the calculation of the dumping margin was not considered to serve as a good model in calculating undercutting given that the dumping categorisation was, for the most part, a comparison of one company's product range, i.e. the same or similar products produced by one and the same producer and sold on two different markets. The undercutting calculation however, was a comparison made between a larger number of SWR sold by a larger number of parties. It was therefore considered that the methodology already used in the provisional Regulation provided a more reasonable basis for the analyses of price undercutting: while taking into account the main price drivers, this approach covered the largest volume of sales,
- finally no significant price differentials were found to exist for the various types of SWR within one group.

(57) In conclusion, the arguments concerning the product categorisation for the undercutting calculations are rejected.

3.2. Level of trade

- (58) Certain interested parties have argued that an adjustment should be made to sales prices to reflect an alleged difference in levels of trade on the basis that sales made by the Community industry were to end users whereas the imported products were generally sold to wholesalers/distributors.
- (59) The Community industry's sales were found to have been made through various sales channels including both wholesalers/distributors and end users. Furthermore no consistent and/or significant price differentials were found to exist according to the different sales channels.
- (60) The request for a level of trade adjustment was therefore rejected.

4. Situation of the Community industry

- (61) Certain exporting producers have alleged that the Community industry had not suffered material injury in the sense of Article 3 of the basic Regulation, on the basis that the Community industry's production, capacity, prices, investments and productivity remained stable or improved between 1994 and the IP.

4.1. Production

- (62) Production levels were found to have remained stable over the period examined (+ 1 %), this should be seen in conjunction with the increasing levels of stocks (+ 30 %) and the decrease in sales volume (− 9 %), as outlined in recitals 58 to 60 of the provisional Regulation. It is also recalled that consumption increased by 5 % over the period.

4.2. Capacity and investments

- (63) The finding that the increase in capacity noted in the provisional Regulation (+ 11 %) resulted from investments made in higher performance replacement machinery, as outlined in recitals 59 and 65 of the provisional Regulation, is confirmed.

4.3. Profitability

- (64) Certain exporting producers questioned the use of audited accounts to calculate profitability of the Community industry as set out in recital 64 of the provisional Regulation. It was argued that the audited accounts included sales of products not covered by the investigation and did not cover the full IP.
- (65) It was found that although some companies were able to provide information specific to the product concerned, some others did not have a cost accounting system allowing the separate identification of the product investigated. In the absence of this information, it was considered that the audited accounts provided reliable information on the narrowest group of products, including the product concerned, for which the necessary information on profitability was available. For all six companies in the sample, the production of SWR represents its main activity. Other products manufactured by these companies (e.g. stainless steel wire ropes, SWR of less than 3 mm, steel wires, and pre-stressed strands) were broadly found to be related to this main activity and generally used the same raw material, machinery and personnel.

- (66) The use of profitability relating to 1997 in place of the IP was considered to be reasonable given that 1997 largely covers the IP, which runs from January 1997 to March 1998.
- (67) In conclusion, for the reasons given above, it was considered that the audited accounts provided a representative and reliable picture of the profitability of the product concerned, in accordance with Article 3(8) of the basic Regulation.
- (68) At the time of the provisional Regulation one Community producer, whose financial year ended in March, only had provisional profitability data available. Final information has since been received and the profitability for the Community industry has been recalculated to be -0,3 % in 1997 which as mentioned above is representative of the IP. The profitability of the Community industry therefore went from +1,3 % in 1994 to -0,3 % in 1997.

4.4. Conclusion on situation of the Community industry

- (69) Certain exporting producers argued that the Community industry had performed well in the period subsequent to 1995 and that therefore a finding of material injury was unjustified.
- (70) It is to be recalled (see Section F.1 'Preliminary Remark'), that whether 1994 or 1995 is taken as a starting point for the injury analysis, the situation of the Community industry has deteriorated. Even if 1995 were to be taken as a starting point, production, sales volume, employment and investments decreased. Stocks increased. Market share remained stable (going from 65,26 % to 65,64 %) and profitability remained negative (-0,3 %).
- (71) In any event in accordance with Article 3(5) of the basic Regulation, the analysis of injury suffered by the Community industry relates to the overall assessment of these economic indicators and none of these indicators can in isolation give decisive guidance.
- (72) This argument is therefore rejected.

4.5. Conclusion on injury

- (73) The conclusion that the Community industry has suffered material injury as set out in recital 68 of the provisional Regulation is confirmed.

G. CAUSATION

- (74) In the absence of any new information the provisional findings as described in recitals 69 to 85 of the provisional Regulation are confirmed.

H. COMMUNITY INTEREST

- (75) Certain parties have raised queries concerning the assessment of the impact of anti-dumping measures on user industries.
- (76) It is to be recalled that no replies were received to the Commission services' questionnaires from the user industries concerned by this proceeding (recital 87 of the provisional Regulation). Furthermore, no information has been received following the publication of the provisional Regulation. It is to be noted that the conclusions outlined in the provisional Regulation indicated that users would not be significantly affected by the imposition of measures. This conclusion has not been contested by users, therefore it is hereby confirmed.
- (77) It has been argued by a number of interested parties that the Community producers do not produce small diameter SWR and that the effect of the anti-dumping measures would result in a shortage of these SWR on the Community market. It was also argued that this would have a negative impact on the employment situation of importers currently importing small diameter SWR in the Community.
- (78) It is to be recalled that the Community industry produces the full range of SWR including the small diameters. It is concluded that the imposition of measures would not lead to a price increase such as to cause a shortage of supply of small diameter SWR on the Community market. It is also confirmed that a number of alternative sources of supply of SWR exist that are not subject to anti-dumping measures (recital 105 of the provisional Regulation).
- (79) Given the above, it is concluded that the imposition of definitive measures would not have a significant negative impact on the economic operators in the Community.

I. ANTI-DUMPING MEASURES

1. Termination of the proceeding in respect of South Korea

- (80) In view of the conclusions set out in recitals 24 *et seqs.* of the provisional Regulation that the dumping margin for South Korea is *de minimis* and that no new arguments have been presented against the termination of the proceeding for South Korea, the proceeding concerning imports originating in South Korea is hereby terminated without the imposition of measures.

2. Injury elimination level

(81) For the purposes of establishing the level of measures definitively to be imposed, it was considered that the prices of the dumped imports should be increased to a non-injurious level. For the purposes of calculating the necessary price increase, i.e. the injury margin, the prices of the dumped imports were compared with the selling prices of the Community industry plus the profit shortfall and a reasonable level of profit. It is to be noted that as the profitability of the Community industry has been recalculated to be - 3 % in 1997 (see Point 4.3 'Profitability' in Section F), the element for profit shortfall in the underselling calculation has been amended accordingly. Otherwise the methodology used for establishing the injury margin as described in recital 110 of the provisional Regulation is confirmed.

3. Undertakings

(82) At a late stage in the investigation several exporting producers in the PRC, Mexico and Ukraine offered undertakings. Furthermore in the case of India and South Africa the exporting producers submitted revised offers of price undertakings,

- as concerns the PRC, given that none of the companies in these countries were granted individual treatment and that no guarantees were contained in the offers on the part of the Chinese authorities to allow for adequate monitoring, the offers of undertakings were not considered to be acceptable,
- as concerns India (Usha Martin Industries & Usha Beltron Ltd), Mexico, South Africa and the Ukraine, the exporting producers concerned offered price undertakings which are considered acceptable.

(83) It will be recalled from recital 112 *et seq.* of the provisional Regulation that undertakings had been offered by the exporting producers in Hungary and Poland, and accepted by the Commission. These undertakings have been adjusted to reflect the definitive findings of the investigation with respect to the minimum prices provided therein.

4. Form and level of the definitive measures

(84) Definitive measures should take the form of *ad valorem* duties, the rates of which have been fixed individually for cooperating companies. As far as other exporting producers are concerned in view of the high level of cooperation found, the highest company-specific duty found for a cooperating exporter in the country concerned should be applied. For those companies which have offered acceptable price undertakings, the definitive measures take the form of undertakings.

(85) According to Article 9(4) of the basic Regulation, where the margins of dumping found in respect of a particular exporting producer were below the corresponding increases in import prices necessary to remove injury, as

calculated above, the definitive duties have been limited to the dumping margin established.

(86) These duties, expressed as a percentage of the cif net, free-at-Community-frontier price, before duty amount to:

— THE PEOPLE'S REPUBLIC OF CHINA:

All producers/exporters: 60,4 %

— HUNGARY:

Drótarú és Drótkötél Ipari és Kereskedelmi Rt 28,1 %

All producers/exporters: 28,1 %

— INDIA:

Usha Martin Industries & Usha Beltron Ltd 23,8 %

Mohatta & Heckel 30,8 %

All producers/exporters 30,8 %

— MEXICO:

Aceros Camesa SA de CV 56,1 %

All producers/exporters: 56,1 %

— POLAND:

Drumet SA 27,9 %

Slaskie Zakłady Lin i Drutu
'Linodrut' Spółka Akcyjna

Fabryka Lin i Drutow 'Linodrut'
Zabrze Spółka z ograniczoną odpowiedzialnością

Fabryka Lin i Drutow 'Falind' Spółka z
ograniczoną odpowiedzialnością

Górnolaski Fabryka Lin i Drutu 'Linodrut' Bytom
Spółka z ograniczoną odpowiedzialnością

Dolnolaski Fabryka Lin i Drutu 'Linodrut Linmet'
Spółka z ograniczoną odpowiedzialnością 48,3 %

All producers/exporters: 48,3 %

— SOUTH AFRICA:

Haggie 38,6 %

All producers/exporters: 38,6 %

— UKRAINE:

All producers/exporters: 51,8 %

(87) The individual duty rates specified in this Regulation were established on the basis of the findings of the present anti-dumping investigation. Therefore, they reflect the situation found during that investigation. These duty rates are thus exclusively applicable to imports of products originating in the countries concerned and produced by the specific legal entities mentioned. Products produced by any other company not specifically mentioned in the operative part of this Regulation, including related entities, cannot benefit from these rates and shall be subject to the residual duty.

- (88) Any claim requesting the application of these individual duty rates (e.g. following a change in the name of the entity) should be addressed to the Commission forthwith with all relevant information, in particular any modification in the company's activities linked to production, domestic and export sales associated with that name change.

HAS ADOPTED THIS REGULATION:

Article 1

J. COLLECTION OF PROVISIONAL DUTIES

- (89) In view of the magnitude of the dumping margins found for the exporting producers, and in the light of the seriousness of the injury caused to the Community industry, it is considered necessary that the amounts secured by way of provisional anti-dumping duties under the provisional Regulation should be definitively collected at the rate of the duty definitively imposed unless the provisional duty rates are lower, in which case the latter should prevail,

1. A definitive anti-dumping duty is hereby imposed on imports of steel ropes and cables, currently classifiable within CN codes ex 7312 10 82 (TARIC code 7312 10 82*10), ex 7312 10 84 (TARIC code 7312 10 84*10), ex 7312 10 86 (TARIC code 7312 10 86*10), ex 7312 10 88 (TARIC code 7312 10 88*10) and ex 7312 10 99 (TARIC code 7312 10 99*10) and originating in the People's Republic of China, Hungary, India, Mexico, Poland, South Africa, Ukraine.

2. The rate of the definitive anti-dumping duty applicable to the cif net, free-at-Community-frontier price, before duty, of the products manufactured by the companies listed below shall be as follows:

Country	Company	Rate of duty (%)	TARIC additional code
The PRC	All companies	60,4	—
Hungary	All companies	28,1	8900
India	Usha Martin Industries & Usha Beltron Ltd Shakespeare Sarani Calcutta-700 071 India	23,8	8613
	All other companies	30,8	8900
Mexico	All companies	56,1	8900
Poland	Drumet SA 87-880 Wloclawek, ul. Polna 26/74 Polska	27,9	8614
	All other companies	48,3	8900
South Africa	All companies	38,6	8900
Ukraine	All companies	51,8	8900

3. Unless otherwise specified, the provisions in force concerning the customs duties shall apply.

Article 2

1. Notwithstanding Article 1, the definitive duty shall not apply to imports of the product described in Article 1(1) above produced and directly exported and invoiced to an importing company in the Community by the companies listed in paragraph 3, from which price undertakings have been accepted by the Commission under Decision 1999/572/EC of 13 August 1999 accepting undertakings offered in connection with the anti-dumping proceedings concerning imports of steel ropes and cables originating in the People's Republic of China, Hungary, India, Republic of Korea, Mexico, Poland, South Africa and Ukraine ⁽¹⁾.

⁽¹⁾ See page 63 of this Official Journal

2. When the request for release for free circulation pursuant to an undertaking is presented, exemption from the duty shall be conditional on presentation to the relevant Member State's customs services of a valid undertaking invoice, in the form set out in the Annex to the provisional Regulation, issued by one of the companies listed in paragraph 3. In the case of the company in the Ukraine, the undertaking invoice shall be accompanied by a valid export licence delivered by the Ukrainian authorities, in the form set out in the Annex.

3. Imports made within the context of the undertakings offered and accepted shall be declared under the following TARIC additional codes:

Country	Company	TARIC additional code
Hungary	Drótáru és Drótkötél Ipari és Kereskedelmi Rt. Besenyői utca 18,3527 Miskolc, Hungary	8616
Poland	Drumet SA 87-880 Włocławek, ul. Polna 26/74, Polska	8617
	Slaskie Zakłady Lin i Drutu 'Linodrut' Spółka Akeyjna Fabryka Lin i Drutów 'Linodrut' Zabrze Spółka z ograniczona odpowiedzialnoscia PL-41-800 Zabre, Sobieskiego Street No 1, Fabryka Lin i Drutów Falind Spółka z ograniczona odpowiedzialnoscia PL-41-201 Sosnowiec, Niwecka Street 1 Górnoslaska Fabryka Lin i Drutu Linodrut Bytom Spółka ograniczona odpowiedzialnoscia, 41-906 Bytom, Ks. Jerzego Popieluszki Street 1 Dolnoslaska fabryka Lin i Drutu 'Linodrut Linmet' Spółka z ograniczona odpowiedzialnoscia, 58-309 Walbrzych, Sluga Street 2	8619
Mexico	Aceros Camesa SA de CV Margarita Maza de Juárez No. 154, Col. Nueva Ind. Vallejo México D.F. C.P. 07700 México	A022
South Africa	Haggie Lower Germiston Road Jupiter PO Box 40072 Cleveland South Africa	A023
India	Usha Martin Industries & Usha Beltron Ltd. Shakespeare Sarani, Calcutta, 700071 India	A024
Ukraine	Joint Stock Company, Silur, 343700 Khartsyzsk, Donetsk Region, Ukraine	A025

Article 3

As regards imports of the product described in Article 1(1) originating in the PRC, Hungary, India, Mexico, Poland, South Africa and Ukraine, the amounts secured by way of the provisional anti-dumping duty imposed by the provisional Regulation shall be collected at the rate of the duty definitively imposed. Amounts secured in excess of the definitive rate of anti-dumping duties shall be released.

Article 4

The proceeding concerning imports of the product described in Article 1(1) originating in the Republic of Korea is hereby terminated.

Article 5

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 12 August 1999.

For the Council

The President

T. HALONEN

ANNEX

ELEMENTS TO BE INDICATED IN THE EXPORT LICENCE REFERRED TO IN ARTICLE 2(2)

1. The product reporting code number (as established in the undertaking offered by the producing exporter in question), including type, number of strands, number of wires per strand and CN code.
 2. The exact description of the goods, including:
 - the company product code (CPC),
 - CN code,
 - the TARIC additional code under which the goods on the invoice may be customs cleared at the Community borders,
 - quantity (to be given in kilograms),
 - minimum price applicable.
 3. The invoice number.
 4. The export licence number and issue date.
 5. The name of the importer to whom the invoice is issued directly by the company.
-

COMMISSION REGULATION (EC) No 1797/1999
of 16 August 1999
establishing the standard import values for determining the entry price of certain fruit and vegetables

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Commission Regulation (EC) No 3223/94 of 21 December 1994 on detailed rules for the application of the import arrangements for fruit and vegetables ⁽¹⁾, as last amended by Regulation (EC) No 1498/98 ⁽²⁾, and in particular Article 4 (1) thereof,

- (1) Whereas Regulation (EC) No 3223/94 lays down, pursuant to the outcome of the Uruguay Round multi-lateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in the Annex thereto;

- (2) Whereas, in compliance with the above criteria, the standard import values must be fixed at the levels set out in the Annex to this Regulation,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 4 of Regulation (EC) No 3223/94 shall be fixed as indicated in the Annex hereto.

Article 2

This Regulation shall enter into force on 17 August 1999.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 August 1999.

For the Commission

Karel VAN MIERT

Member of the Commission

⁽¹⁾ OJ L 337, 24.12.1994, p. 66.

⁽²⁾ OJ L 198, 15.7.1998, p. 4.

ANNEX

to the Commission Regulation of 16 August 1999 establishing the standard import values for determining the entry price of certain fruit and vegetables

(EUR/100 kg)

CN code	Third country code ⁽¹⁾	Standard import value
0709 90 70	052	42,6
	999	42,6
	388	60,0
0805 30 10	524	78,6
	528	68,1
	999	68,9
	052	91,5
0806 10 10	400	231,5
	600	67,6
	999	130,2
	388	64,5
0808 10 20, 0808 10 50, 0808 10 90	400	68,8
	508	60,0
	512	47,4
	524	44,0
	528	53,9
	800	124,6
	804	82,8
	999	68,3
	052	91,4
	388	119,5
0808 20 50	512	53,9
	528	21,7
	999	71,6
	052	94,9
0809 30 10, 0809 30 90	068	55,1
	999	75,0
	064	58,7
0809 40 05	066	64,4
	068	62,7
	093	66,1
	999	63,0

⁽¹⁾ Country nomenclature as fixed by Commission Regulation (EC) No 2645/98 (OJ L 335, 10.12.1998, p. 22). Code '999' stands for 'of other origin'.

COMMISSION REGULATION (EC) No 1798/1999
of 16 August 1999
on the supply of cereals as food aid

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1292/96 of 27 June 1996 on food-aid policy and food-aid management and special operations in support of food security ⁽¹⁾, and in particular Article 24(1)(b) thereof,

- (1) Whereas the abovementioned Regulation lays down the list of countries and organisations eligible for Community aid and specifies the general criteria on the transport of food aid beyond the fob stage;
- (2) Whereas, following the taking of a number of decisions on the allocation of food aid, the Commission has allocated cereals to certain beneficiaries;
- (3) Whereas it is necessary to make these supplies in accordance with the rules laid down by Commission Regulation (EC) No 2519/97 of 16 December 1997 laying down general rules for the mobilisation of products to be supplied under Council Regulation (EC) No

1292/96 as Community food aid ⁽²⁾; whereas it is necessary to specify the time limits and conditions of supply to determine the resultant costs,

HAS ADOPTED THIS REGULATION:

Article 1

Cereals shall be mobilised in the Community, as Community food aid for supply to the recipient listed in the Annex, in accordance with Regulation (EC) No 2519/97 and under the conditions set out in the Annex.

The tenderer is deemed to have noted and accepted all the general and specific conditions applicable. Any other condition or reservation included in his tender is deemed unwritten.

Article 2

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 August 1999.

For the Commission

Karel VAN MIERT

Member of the Commission

⁽¹⁾ OJ L 166, 5.7.1996, p. 1.

⁽²⁾ OJ L 346, 17.12.1997, p. 23.

ANNEX

LOT A

1. **Action No:** 177/98
2. **Beneficiary** ⁽²⁾: Ethiopia
3. **Beneficiary's representative:** Food Security Unit of the European Communities, Addis Ababa, PO Box 5570, Tel: (251-1) 61 09 12, fax: 61 26 55
4. **Country of destination:** Ethiopia
5. **Product to be mobilised:** common wheat
6. **Total quantity (tonnes net)** 16 670
7. **Number of lots:** one
8. **Characteristics and quality of the product** ⁽³⁾ ⁽⁵⁾: see OJ C 114, 29.4.1991, p. 1 (II.A.(1)(a))
9. **Packaging** ⁽⁷⁾: see OJ C 267, 13.9.1996, p. 1 (1.0, A(1)(a), (2)(a) and B(3))
10. **Labelling or marking** ⁽⁶⁾:
 - Language to be used for the markings: English
 - Supplementary markings: —
11. **Method of mobilisation of the product:** the Community market
12. **Specified delivery stage** ⁽⁹⁾: free at destination
13. **Alternative delivery stage:** free at port of shipment — fob stowed and trimmed
14. a) **Port of shipment:** —
b) **Loading address:** —
15. **Port of landing** ⁽¹⁰⁾: Djibouti
16. **Place of destination:** EFSR warehouse at Kombolcha (Amhara Region). Contact: Ato Samuel Tumoro, tel.: (251-1) 51 71 62, fax: 51 83 63
 - port or warehouse of transit: —
 - overland transport route: —
17. **Period or deadline of supply at the specified stage:**
 - first deadline: 28.11.1999
 - second deadline: 12.12.1999
18. **Period or deadline of supply at the alternative stage:**
 - first deadline: 4 — 10.10.1999
 - second deadline: 18 — 24.10.1999
19. **Deadline for the submission of tenders (at 12 noon, Brussels time):**
 - first deadline: 31.8.1999
 - second deadline: 14.9.1999
20. **Amount of tendering guarantee:** EUR 5 per tonne
21. **Address for submission of tenders and tendering guarantees** ⁽¹⁾: Bureau de l'aide alimentaire, Attn. Mr. T. Vestergaard, Bâtiment Loi 130, bureau 7/46, Rue de la Loi Wetstraat 200, B-1049 Bruxelles/Brussel
telex: 25670 AGREC B; fax: (32-2) 296 70 03/296 70 04 (exclusively)
22. **Export refund** ⁽⁴⁾: refund applicable on 27.8.1999, fixed by Commission Regulation (EC) No 1696/1999 (OJ L 201, 31.7.1999, p. 16)

LOTS B, C

1. **Action Nos:** 178/98 (B); 179/98 (C)
2. **Beneficiary** ⁽²⁾: Ethiopia
3. **Beneficiary's representative:** Food Security Unit of the European Communities, Addis Ababa, P.O. Box 5570, Tel: (251-1) 61 09 12, fax: 61 26 55
4. **Country of destination:** Ethiopia
5. **Product to be mobilised:** common wheat
6. **Total quantity (tonnes net)** 33 330
7. **Number of lots:** 2 (B: 16 660 tonnes; C: 16 670 tonnes)
8. **Characteristics and quality of the product** ⁽³⁾ ⁽⁵⁾: see OJ C 114, 29.4.1991, p. 1 (II.A.(1)(a))
9. **Packaging** ⁽⁷⁾: see OJ C 267, 13.9.1996, p. 1 (1.0, A(1)(a), (2)(a) and B(3))
10. **Labelling or marking** ⁽⁶⁾:
 - Language to be used for the markings: English
 - Supplementary markings: —
11. **Method of mobilisation of the product:** the Community market
12. **Specified delivery stage** ⁽⁹⁾: free at destination
13. **Alternative delivery stage:** free at port of shipment — fob stowed
14. a) **Port of shipment:** —
b) **Loading address:** —
15. **Port of landing** ⁽⁸⁾: Berbera (Somalia)
16. **Place of destination:** EFSR warehouse at Dire Dawa/Shinille (B) and Nazareth (C). Contact: Ato Samuel Tumoro (tel. (251-1) 51 71 62, fax 51 83 63)
 - port or warehouse of transit: —
 - overland transport route: —
17. **Period or deadline of supply at the specified stage:**
 - first deadline: B: 14.11.1999; C: 5.12.1999
 - second deadline: B: 28.11.1999; C: 19.12.1999
18. **Period or deadline of supply at the alternative stage:**
 - first deadline: B: 20.9 — 3.10.1999; C: 4 — 17.10.1999
 - second deadline: B: 4 — 17.10.1999; C: 18 — 31.10.1999
19. **Deadline for the submission of tenders (at 12 noon, Brussels time):**
 - first deadline: 31.8.1999
 - second deadline: 14.9.1999
20. **Amount of tendering guarantee:** EUR 5 per tonne
21. **Address for submission of tenders and tendering guarantees** ⁽¹⁾: Bureau de l'aide alimentaire, Attn. Mr. T. Vestergaard, Bâtiment Loi 130, bureau 7/46, rue de la Loi Wetstraat 200, B-1049 Bruxelles/Brussel
telex: 25670 AGREC B; fax: (32-2) 296 70 03 / 296 70 04 (exclusively)
22. **Export refund** ⁽⁴⁾: refund applicable on 27.8.1999, fixed by Commission Regulation (EC) No 1696/1999 (OJ L 201, 31.7.1999, p. 16)

Notes

- (¹) Supplementary information: André Debongnie (tel. (32-2) 295 14 65),
Torben Vestergaard (tel. (32-2) 299 30 50).
- (²) The supplier shall contact the beneficiary or its representative as soon as possible to establish which consignment documents are required.
- (³) The supplier shall deliver to the beneficiary a certificate from an official entity certifying that for the product to be delivered the standards applicable, relative to nuclear radiation, in the Member State concerned, have not been exceeded. The radioactivity certificate must indicate the caesium-134 and -137 and iodine-131 levels.
- (⁴) Commission Regulation (EC) No 259/98 (OJ L 25, 31.1.1998, p. 39), is applicable as regards the export refund. The date referred to in Article 2 of the said Regulation is that indicated in point 22 of this Annex. The supplier's attention is drawn to the last subparagraph of Article 4(1) of the above Regulation. The photocopy of the export licence shall be sent as soon as the export declaration has been accepted [fax (32 2) 296 20 05].
- (⁵) The supplier shall supply to the beneficiary or its representative, on delivery, the following documents:
— phytosanitary certificate,
— fumigation certificate.
- (⁶) Notwithstanding OJ C 114, 29.4.1991, point II.A(3)(c) is replaced by the following: 'the words "European Community"'.
(⁷) Since, the goods may be rebagged, the supplier must provide 2 % of empty bags of the same quality as those containing the goods, with the marking followed by a capital 'R'.
- (⁸) Bagging must be carried out before shipment.
- (⁹) In addition to the provisions of Article 14(3) of Regulation (EC) No 2519/97, vessels chartered shall not appear on any of the four most recent quarterly lists of detained vessels as published by the Paris Memorandum of Understanding on Port State Control (Council Directive 95/21/EC, (OJ L 157, 7.7.1995, p. 1)).
- (¹⁰) Bagging must be carried out at the port of landing.
-

COMMISSION REGULATION (EC) No 1799/1999
of 16 August 1999
on the supply of beef to Russia

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 2802/98 of 17 December 1998 on a programme to supply agricultural products to the Russian Federation ⁽¹⁾, and in particular Article 4(2) thereof,

- (1) Whereas Commission Regulation (EC) No 111/1999 ⁽²⁾, as amended by Regulation (EC) No 1125/1999 ⁽³⁾, lays down general rules for the application of Regulation (EC) No 2802/98;
- (2) Whereas, for the supply operations decided by Regulation (EC) No 2802/98, an invitation to tender should be opened to allocate the supply of beef held in intervention storage;
- (3) Whereas the specific conditions applying to this supply operation should be laid down, in addition to the provisions adopted in Regulation (EC) No 111/1999, and provision should be made for their immediate entry into force;
- (4) Whereas the measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Beef and Veal,

HAS ADOPTED THIS REGULATION:

Article 1

An invitation to tender is hereby opened to establish the costs of supplying transport, from intervention stocks, for 37 000 tonnes (net weight) of beef carcasses and 5 000 tonnes (net weight) of boned beef for delivery to the places of destination listed in Annex I, as a supply operation covered by Article 2(1)(a) of Regulation (EC) No 111/1999.

Supply shall be carried out in accordance with the provisions of both that Regulation and this Regulation.

The invitation to tender relates to the supply of eight lots of beef, as defined in Annex I, meeting the requirements laid down for intervention storage of such products applicable at the time this Regulation is published.

Article 2

Supply shall comprise:

- (a) the taking-over of the goods from the warehouses of the intervention agencies listed in Annex II, at the loading bay; and

- (b) transport, by appropriate means, to the places of destination and no later than the dates laid down in Annex I. Sea transport must be undertaken by a single vessel in the case of goods to be delivered by a given date to a given port of destination or transhipment.

Article 3

1. Each tender must cover the entire lot as defined in Annex I.
2. Tenders shall be submitted to the intervention agency holding the product to be delivered, whose address appears in Annex II.
3. The time limit for lodging tenders shall expire on 26 August 1999 at 12 noon (Brussels time) for lots Nos 1 to 4 and on 14 September 1999 at 12 noon (Brussels time) for lots Nos 5 to 8.

Should a lot not be successfully tendered for by the end of this period, tenders may be submitted during a second period expiring on 14 September 1999 at 12 noon (Brussels time) for lots Nos 1 to 4 and on 28 September 1999 at 12 noon (Brussels time) for lots Nos 5 to 8. In that event all dates fixed in Annex I shall be postponed by 20 days for lots Nos 1 to 4 and by 14 days for lots Nos 5 to 8.

4. If the tenderer declares in writing on submitting his tender that he will submit a new tender if a second period for submitting tenders is opened, the intervention agency shall retain the originals of the tendering security and the undertaking by the financial body to lodge a supply security as referred to in Article 5(1)(h) and (i) of Regulation (EC) No 111/1999 until it receives the Commission Decision on the tenders submitted during the second period. In such a case, by derogation from the above provision, the second tender shall not be accompanied by the originals of the two documents.

Article 4

1. The tendering security shall be EUR 25/t.
2. The supply security shall be EUR 2 780/t net of beef carcasses and EUR 4 100/t net of boned beef. It must be lodged in accordance with Article 7 of Regulation (EC) No 111/1999.

Article 5

The take-over certificate, drawn up in accordance with Annex I to Regulation (EC) No 111/1999, shall be issued by the control body designated by the Commission and signed by the representative of the beneficiary at the places of destination indicated in Annex III.

⁽¹⁾ OJ L 349, 24.12.1998, p. 12.

⁽²⁾ OJ L 14, 19.1.1999, p. 3.

⁽³⁾ OJ L 135, 29.5.1999, p. 41.

Article 6

For the purposes of Article 13 of Regulation (EC) No 111/1999, the payment on account shall be made on presentation of a certificate of removal relating to the entire quantity to be delivered to a given destination on a given date.

Payment shall be made within 15 days of presenting the application for a payment on account together with the requisite supporting documents.

Article 7

The successful tenderer shall have the special stamp illustrated in the Annex to Commission Regulation (EC) No 385/1999 ⁽¹⁾ inserted in the transport documents.

Article 8

If during performance of the transport it proves necessary to change the route indicated in the tender, the successful tenderer must without delay inform the Commission, the control body and the intervention agency concerned thereof.

Article 9

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 August 1999.

For the Commission

Karel VAN MIERT

Member of the Commission

⁽¹⁾ OJ L 46, 20.2.1999, p. 48.

ANNEX I

BONED BEEF — Lot No 1

BONE-IN BEEF — Lots Nos 2 to 8

Final Destinations

[illegible]

- Delivery stage: product not unloaded either at Krasnoye frontier points or at the port of St Petersburg.
- Transport: each lot must be transported in its entirety either by sea in accordance with Article 2(b) or by land.

In the case of land transport, where certain final destination regions are served by rail and others by road, tenders must be accompanied by two breakdowns prepared in accordance with Annex II to Regulation (EC) No 111/1999 and the amount must correspond to the weighted average of the costs per tonne. The tender must indicate the quantities used to determine the weighted average.

- Final date for arrival at Krasnoye frontier points in the case of land transport:

- Lot No 1: 12 October 1999
- Lot No 2: 2 November 1999
- Lot No 3: 17 November 1999
- Lot No 4: 18 November 1999
- Lot No 5: 7 December 1999
- Lot No 6: 15 December 1999
- Lot No 7: 26 November 1999
- Lot No 8: 14 December 1999

Final dates for arrival at the port of St. Petersburg in the case of sea transport:

- Lot No 1:
 - 2 500 tonnes, 7 October 1999
 - 2 500 tonnes, 12 October 1999
- Lot No 2:
 - 2 500 tonnes, 22 October 1999
 - 2 500 tonnes 2 November 1999
- Lot No 3:
 - 2 500 tonnes, 25 October 1999
 - 2 500 tonnes, 17 November 1999
- Lot No 4:
 - 2 500 tonnes, 29 October 1999
 - 2 500 tonnes, 18 November 1999
- Lot No 5:
 - 2 500 tonnes, 10 November 1999
 - 2500 tonnes, 7 December 1999
- Lot No 6:
 - 2 500 tonnes, 24 November 1999
 - 2500 tonnes, 15 December 1999
- Lot No 7:
 - 3 500 tonnes, 8 November 1999
 - 3500 tonnes, 26 November 1999
- Lot No 8:
 - 2 500 tonnes, 1 December 1999
 - 2500 tonnes, 14 December 1999.

To avoid obstruction at the port, successful tenderers must make every effort to respect the above dates.

ANNEX II

Lot No 1: 5 000 tonnes of boned beef

IRELAND

Storage location	Minimum daily loading rate	Total (net tonnes)
Bralca Coldstore Newbridge Ind. Est. County Kildare	80	300
Lyonora Coldstore Clonminam Ind. Est. Portlaoise County Laois	80	328
Q.K. Naas Mauldings Naas County Kildare	100	1 042
V. F. Cold Store Unidare Ind. Est. Jamestown Road Finglas, Dublin 11	80	268
Q.K. Grannagh Grannagh County Waterford	100	503
Q.K. Carroll's Cross Carroll's Cross County Waterford	100	1 034
Trailercare Holdings Unit 41-43 Robinhood Ind. Est. Dublin 22	100	118
Tallaght Cold Store Cookstown Ind. Est. Belgard Road Dublin 24	250	465
Autozero Waterford Christendom Ferrybank County Waterford	150	506
Norefreeze Kilkenny Balliconra North Ballyragget County Kilkenny	150	436
Total		5 000

Address of intervention agency:
Department of Agriculture and Food
Beef Sales Section
Johnstown Castle Estate
County Wexford
Ireland
Tel.: (353-53) 634 31
Fax: (353-53) 428 42

Lot No 2: 5 000 tonnes of beef carcasses

GERMANY

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Flensburger Kühl- u. Lagerhaus H. Redlefsen GmbH & Co. KG Brauereiweg 20/Langenberger Weg 24939 Flensburg	50	800	300	1 100
R. Thomsen EG Tiefkühl- u. Lagerhaus GmbH & Co. KG Bösterredder 23 24601 Wankendorf	100	1 500	1 000	2 500
MUK Logistik GmbH Kühlhaus Wunstorf Im Stadtfelde 12 31515 Wunstorf	80	700	700	1 400
Total		3 000	2 000	5 000

Lot No 3: 5 000 tonnes of beef carcasses

GERMANY

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
MUK Logistik GmbH Kühlhaus Wunstorf Im Stadtfelde 12 31515 Wunstorf	80	300	300	600
MUK Logistik GmbH Kühlhaus Steinhude Im Kellerbusch 22 31515 Wunstorf	80	1 200	1 200	2 400
Nordfrost Kühl- u. Lagerhaus GmbH & Co. KG Kühlhaus Schortens Im Gewerbegebiet 22 26419 Schortens	100	700	1 300	2 000
Total		2 200	2 800	5 000

Lot No 4: 5 000 tonnes of beef carcasses

GERMANY

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Hindelang Spedition GmbH Kühlhaus Wörnitz Bastenauserstraße 14 91637 Wörnitz (Bayern)	40	250	250	500
Schwabenfrost Tiefkühlhaus Schlachthofstraße 35 87700 Memmingen (Bayern)	40	600	600	1 200
Schwabenfrost Tiefkühlhaus Stätzlinger Str. 99 86165 Augsburg (Bayern)	40	600	600	1 200
Schwabenfrost Tiefkühlhaus Eisenhammer II 93164 Markt-Laaberg (Bayern)	40	600	600	1 200
Eurekfrost GmbH Kühl- u. Handelsgesellschaft Dr.-Lauter-Str. 1 87700 Memmingen (Bayern)	60	450	450	900
Total		2 500	2 500	5 000

Lot No 5: 5 000 tonnes of beef carcasses

GERMANY

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) (Hindquarters)	Total (net tonnes)
Nordfrost Kühl- u. Lagerhaus GmbH & Co. KG Kühlhaus Schortens Im Gewerbegebiet 22 26419 Schortens	100	1 200	1 300	2 500
R. Thomsen Bützower Fleischgroßhandel GmbH Bahnhofstr. 22 18246 Bützow	80	800		800
Frigoscandia GmbH Beckerfelder Straße 96 47269 Duisburg	60	800	800	1 600
Klein GmbH & Co. KG Tiefkühlagerung/Geflügelkost Schmiedestraße 3 48317 Drensteinfurt	40	50	50	100
Total		2 850	2 150	5 000

Lot No 6: 5 000 tonnes of beef carcasses

GERMANY

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Klein GmbH & Co KG Tiefkühlagerung/Geflügelkost Schmiedestraße 3 48317 Drensteinfurt	40	550	550	1 100
Kühlhaus Wittrock GmbH Albraxer Str. 42 37671 Höxter	40	600	600	1 200
Frigoscandia GmbH Hesslingsweg 40 44309 Dortmund-Brackel	40		700	700
Frigoscandia GmbH Emscher Straße 43 45891 Gelsenkirchen	40		300	300
MUK Logistik GmbH Kühlhaus Troisdorf Brüsseler Straße 5 53842 Troisdorf	40	500	900	1 400
Nordfrost Kühl- u. Lagerhaus GmbH & Co. KG Nordfrost Verden Max-Planck-Straße 14 27283 Verden/Aller	150	150	150	300
Total		1 800	3 200	5 000

Lot No 7: 7 000 tonnes of beef carcasses

GERMANY

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Nordfrost Kühl- u. Lagerhaus GmbH & Co. KG Nordfrost Verden Max-Planck-Straße 14 27283 Verden/Aller	150	150	850	1 000
MUK Logistik GmbH Kühlhaus Dissen Westring 8 49201 Dissen a T.W.	60	700		700
Nordfrost Kühl- u. Lagerhaus GmbH & Co. KG Nordfrost Zerbst Rosslauer Straße 51 39261 Zerbst	400	1 000	1 000	2 000

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Frigolanda Dresdner Kühlhaus GmbH Kühlhaus Kamenz Kamenzer Straße 10 01920 Bernbruch	20	300		300
Kühlhauser GmbH Nord-ost ZNL Prenzlau Freyschmidtstr. 18a 17291 Prenzlau	100	400	400	800
August Ewald GmbH Lindigstraße 12 63801 Kleinostheim (Bayern)	40	100	100	200
Eurekfrost GmbH Kühl- u. Handelsgesellschaft Dr.-Lauter-Str. 1 87700 Memmingen (Bayern)	60	150	150	300
ALB-FROST Kühlhaus GmbH Hauptstraße 308 72525 Münsingen-Auingen	40	600	300	900
MUK Logistik GmbH Kühlhaus Markgröningen Zeppelinstraße 36 71706 Markgröningen	40	300	500	800
Total		3 700	3 300	7 000

Address of intervention agency:

BLE
Bundesanstalt für Landwirtschaft und Ernährung
Adickesallee 40
D60322 Frankfurt Am Main
Postfach 18 02 03
Tel. (4969) 15 64 704
Fax (4969) 15 64 790

Lot No 8: 5 000 tonnes of beef carcasses

FRANCE

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Stef frigorifiques de l'Union Min Saint Augustin 06042 Nice Cedex	40	151	293	444
Stock froid ZI Les Ramiers 07250 Le Pouzin	40		609	609
Stef St Andiol Entrepôt la Muscadelle 13670 Saint-Andiol	20	26	309	335

Storage location	Minimum daily loading rate	Quantities (net tonnes) Forequarters	Quantities (net tonnes) Hindquarters	Total (net tonnes)
Dun (le Palestel) Chavegrand — Maison Feyne 23800 Dun-le-Palestel	40	433	148	581
Dun (Limoges) 45, avenue de Broglie 87020 Limoges	40	183	218	401
Ets GRE 30/32, rue Alexis Labro 33130 Bordeaux-Bègles	20		212	212
Terminal frigorifique de Sète CD 50 — 34110 La Peyrade Frontignan	20	264	86	350
SETEF 97/99, rue Ampère 36000 Châteauroux	20	262	311	573
Frigoscandia SA ZI Jean-Malèze 47240 Bon-Encontre	40	323	273	596
SGN Boulevard du Doyenné 49000 Angers	40	58	54	112
Sofrica Quai de l'Adour 64600 Anglet-Blanc-Pignon	20	340	41	381
Frigoscandia SA ZI Sud, Bd Pierre-Lefauchaux 72025 Le Mans Cedex	40		115	115
Glacières de Palisses 680, rue de Palisse 82000 Montauban	20	58	88	146
Entrepôts frigorifiques Rue Paul-Bert ZI Sud — 89400 Migennes	20	73	72	145
Total		2 171	2 829	5 000

Address of intervention agency:

OFIVAL

Office National Interprofessionnel des viandes de l'élevage et de l'aviculture

80 avenue des Terroirs-de-France

F-75607 Paris Cedex 12

Tel: (33) 144 68 50 00

Fax: (33) 144 68 52 33

Principle applying to removal from store

The intervention agencies must organise removal of products from their stores so as to comply with the first-in-first-out principle for each cut and store as far as possible.

ANNEX III

Authorities empowered to sign the take-over certificate:

- Place of take-over: St Petersburg
VO 'PRODINTORG'
103084 Moscow
Mjasnitskaya nl. 47.
 - Places of take-over: Sousemka, Smolensk, Bryansk, for customs formalities for road transport:
VO 'PRODINTORG'
103084 Moscow
Mjasnitskaya nl. 47.
 - Place of take-over: Krasnoye, for customs formalities for rail transport:
VO 'PRODINTORG'
103084 Moscow
Mjasnitskaya nl. 47.
-

COMMISSION REGULATION (EC) No 1800/1999
of 16 August 1999
amending the import duties in the cereals sector

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1766/92 of 30 June 1992 on the common organisation of the market in cereals⁽¹⁾, as last amended by Regulation (EC) No 1253/1999⁽²⁾,

Having regard to Commission Regulation (EC) No 1249/96 of 28 June 1996 laying down detailed rules for the application of Council Regulation (EEC) No 1766/92 as regards import duties in the cereals sector⁽³⁾, as last amended by Regulation (EC) No 2519/98⁽⁴⁾, and in particular Article 2 (1) thereof,

(1) Whereas the import duties in the cereals sector are fixed by Commission Regulation (EC) No 1795/1999⁽⁵⁾;

(2) Whereas Article 2, (1) of Regulation (EC) No 1249/96 provides that if during the period of application, the average import duty calculated differs by EUR 5 per tonne from the duty fixed, a corresponding adjustment is to be made; whereas such a difference has arisen; whereas it is therefore necessary to adjust the import duties fixed in Regulation (EC) No 1795/1999,

HAS ADOPTED THIS REGULATION:

Article 1

Annexes I and II to Regulation (EC) No 1795/1999 are hereby replaced by Annexes I and II to this Regulation.

Article 2

This Regulation shall enter into force on 17 August 1999.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 August 1999.

For the Commission

Karel VAN MIERT

Member of the Commission

⁽¹⁾ OJ L 181, 1.7.1992, p. 21.

⁽²⁾ OJ L 160, 26.6.1999, p. 18.

⁽³⁾ OJ L 161, 29.6.1996, p. 125.

⁽⁴⁾ OJ L 315, 25.11.1998, p. 7.

⁽⁵⁾ OJ L 216, 14.8.1999, p. 5.

ANNEX I

Import duties for the products covered by Article 10(2) of Regulation (EEC) No 1766/92

CN code	Description	Import duty by land inland waterway or sea from Mediterranean, the Black Sea or Baltic Sea ports (EUR/tonne)	Import duty by air or by sea from other ports ⁽²⁾ (EUR/tonne)
1001 10 00	Durum wheat high quality	27,64	17,64
	medium quality ⁽¹⁾	37,64	27,64
1001 90 91	Common wheat seed	46,25	36,25
1001 90 99	Common high quality wheat other than for sowing ⁽³⁾	46,25	36,25
	medium quality	74,40	64,40
	low quality	92,93	82,93
1002 00 00	Rye	90,94	80,94
1003 00 10	Barley, seed	90,94	80,94
1003 00 90	Barley, other ⁽³⁾	90,94	80,94
1005 10 90	Maize seed other than hybrid	102,80	100,76
1005 90 00	Maize other than seed ⁽³⁾	102,80	100,76
1007 00 90	Grain sorghum other than hybrids for sowing	101,79	91,79

⁽¹⁾ In the case of durum wheat not meeting the minimum quality requirements for durum wheat of medium quality, referred to in Annex I to Regulation (EC) No 1249/96, the duty applicable is that fixed for low-quality common wheat.

⁽²⁾ For goods arriving in the Community via the Atlantic Ocean or via the Suez Canal (Article 2(4) of Regulation (EC) No 1249/96), the importer may benefit from a reduction in the duty of:

— EUR 3 per tonne, where the port of unloading is on the Mediterranean Sea, or

— EUR 2 per tonne, where the port of unloading is in Ireland, the United Kingdom, Denmark, Sweden, Finland or the Atlantic Coasts of the Iberian Peninsula.

⁽³⁾ The importer may benefit from a flat-rate reduction of EUR 14 or 8 per tonne, where the conditions laid down in Article 2(5) of Regulation (EC) No 1249/96 are met.

ANNEX II

Factors for calculating duties

(for 13 August 1999)

1. Averages over the two-week period preceding the day of fixing:

Exchange quotations	Minneapolis	Kansas-City	Chicago	Chicago	Minneapolis	Minneapolis	Minneapolis
Product (% proteins at 12 % humidity)	HRS2. 14 %	HRW2. 11,5 %	SRW2	YC3	HAD2	Medium quality (*)	US barley 2
Quotation (EUR/t)	114,62	101,19	94,31	77,32	142,96 (**)	132,96 (**)	78,81 (**)
Gulf premium (EUR/t)	—	5,37	- 6,29	4,61	—	—	—
Great Lakes premium (EUR/t)	9,73	—	—	—	—	—	—

(*) A discount of EUR 10/t (Article 4(1) of Regulation (EC) No 1249/96).

(**) Fob Duluth.

2. Freight/cost: Gulf of Mexico — Rotterdam: 12,89 EUR/t; Great Lakes — Rotterdam: 24,14 EUR/t.

3. Subsidy within the meaning of the third paragraph of Article 4 (2) of Regulation (EC) No 1249/96: 0,00 EUR/t (HRW2)
0,00 EUR/t (SRW2).

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL RECOMMENDATION

of 12 July 1999

on the broad guidelines of the economic policies of the Member States and of the Community

(1999/570/EC)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular to Article 99(2) thereof,

Having regard to the recommendation from the Commission,

Having regard to the conclusions of the European Council in Cardiff of 15 and 16 June 1998,

Whereas a resolution on the recommendation from the Commission was adopted by the European Parliament,

HEREBY RECOMMENDS:

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I. GENERAL ECONOMIC POLICY GUIDELINES

1. Main priority: strong, sustainable growth and employment

1.1. Launch of the euro

The successful birth of the euro on 1 January 1999 constituted a milestone in the process of European integration. It is the culmination of an unprecedented degree of economic and political cooperation. This process has made an essential contribution to stability and the prospects for prosperity within the Union. The introduction of the euro is bound to act as a powerful lever for further integration and to strengthen the Union's position in the world economy.

At the same time, the introduction of the euro emphasises the challenges that lie ahead. More than ever, economic and social conditions in each of the participating Member States will be profoundly influenced by economic developments and policies in partner Member States. The durable success of economic and monetary union will demand discipline from all policy actors, including the social partners, as well as well-functioning labour, product and capital markets, a deepened and adequate coordination of economic policies and a continuous and fruitful dialogue between the Council and the ECB.

The new institutional framework, the clear mandates given to individual policy actors, and enhanced surveillance and coordination instruments ensure that economic policy making in the European Union countries has the potential to achieve substantial benefits in terms of durably higher economic growth and employment. However, the realisation of this potential is not assured. Exploiting to the full and in a resolute and coordinated manner the mutually-reinforcing effects of growth and stability-oriented macroeconomic policies and sound structural policies at both the European Union and the national level is key. By pursuing this overall sound policy approach, the European Union Member States will also make a positive contribution to solving global economic problems.

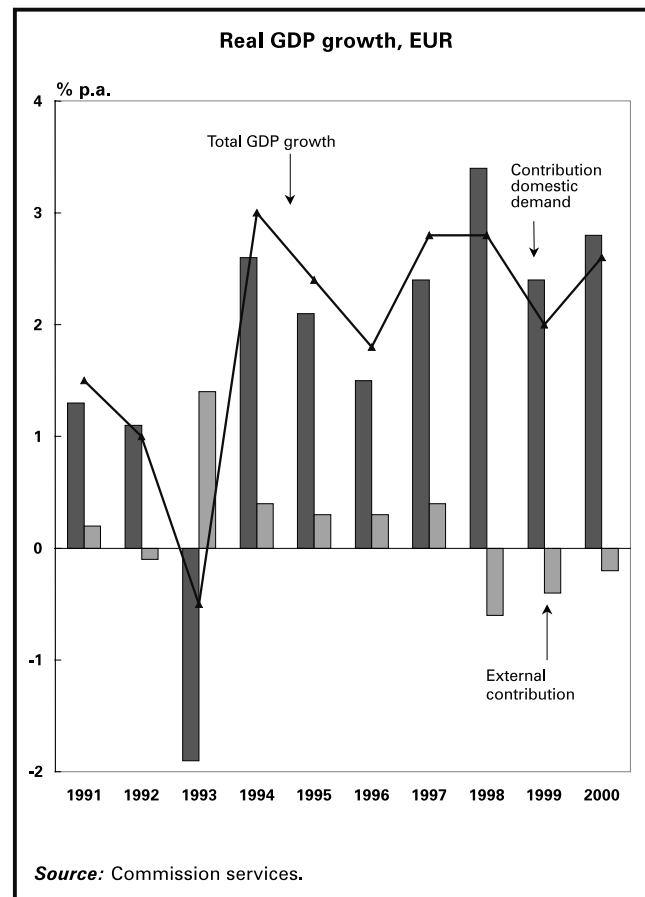
The introduction of the euro and the completion of the Single Market have led to the creation of one of the largest economic entities in the world. This implies global responsibilities for the Community and the necessity to speak with one voice and to be represented effectively on issues of particular relevance to EMU. The Union is confronted with a twofold need:

- (i) to engage in an effective dialogue with its main trading partners with a view to promoting sound economic policies in all of the major currency areas, thereby contributing to exchange rate stability in the international monetary system; and
- (ii) to help ensure that the architecture of the international financial and monetary system is adapted to the globalisation of financial markets, by promoting *inter alia*: enhanced institutional arrangements for the international monetary system; improved transparency and better policy making procedures; strengthened financial sector surveillance; a well-sequenced and orderly approach to liberalising financial markets and mechanisms for cooperative crisis management involving the private sector.

1.2. Economic and employment situation

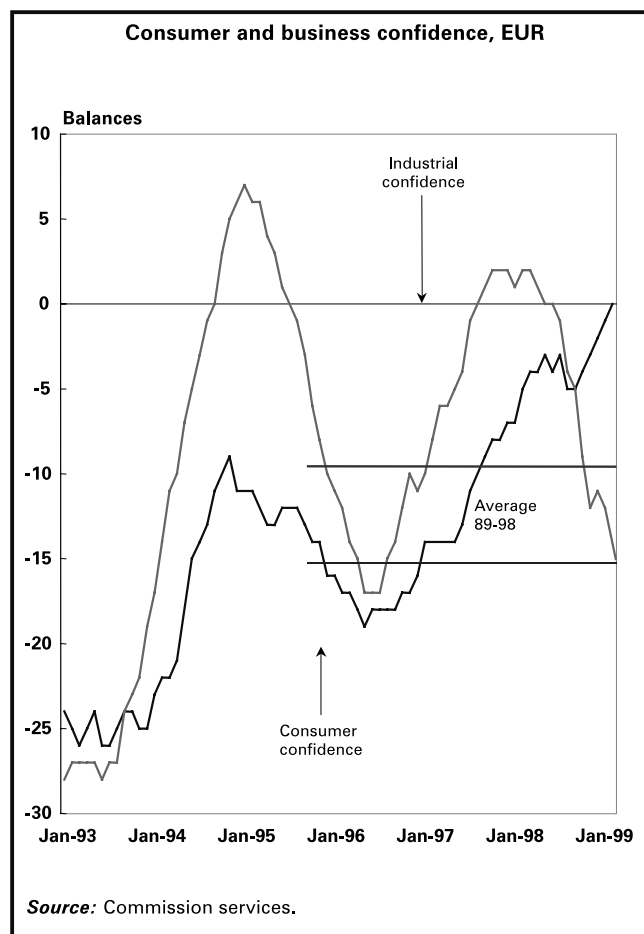
Since the summer of 1998, when the previous Broad Economic Policy Guidelines were adopted, the recovery of the European Union economy lost momentum. This essentially reflects the direct and indirect impact of the sharp deterioration in the world economic situation on exports and investment in the Union. Although there are still some downside risks, on the back of sound economic fundamentals, some improvement of the external economic environment and confidence-building economic policies, economic activity is expected to regain its momentum. The recent lowering of interest rates by the ECB in the context of its monetary policy strategy aimed at price stability in the euro area will be helpful in further exploiting the considerable growth potential of the euro area.

The pace of job creation in the European Union quickened markedly during the last two years and in late 1998 the European Union unemployment rate dropped below 10 % for the first time since 1992. Employment growth is expected to continue at a moderate pace, implying a further, albeit gradual, reduction in unemployment.



However, at about 61 % in 1998, the employment rate in the European Union as a whole is low, both in historical and international comparative terms. Achieving a significantly higher employment rate and lower unemployment rate over the medium term would be beneficial for improving living standards significantly, facilitating the sustainability of public finances and ensuring a cohesive society. The overall European Union employment situation masks, however, important differences between countries. The countries that have made most progress in structural reforms while pursuing growth and stability-oriented macroeconomic policies, have achieved the greatest improvement in their employment and growth performance in recent years.

Economic conditions favourable to growth and a rapid rise of production capacity should provide the basis for high economic growth and a high employment rate. It is essential, therefore, that the currently favourable investment conditions, in terms of high profitability and low interest rates, are fully exploited. In addition, the realisation of the trans-European transport, energy and communication infrastructure should be actively pursued. Investment in infrastructure, knowledge and skills should also be enhanced to accelerate the development of the high-technology, high-skilled and service-based sectors of the economy. The Member States' and the Community's financial instruments and the EIB have to continue to play a key role. The contribution made by public and private partnership should be explored.

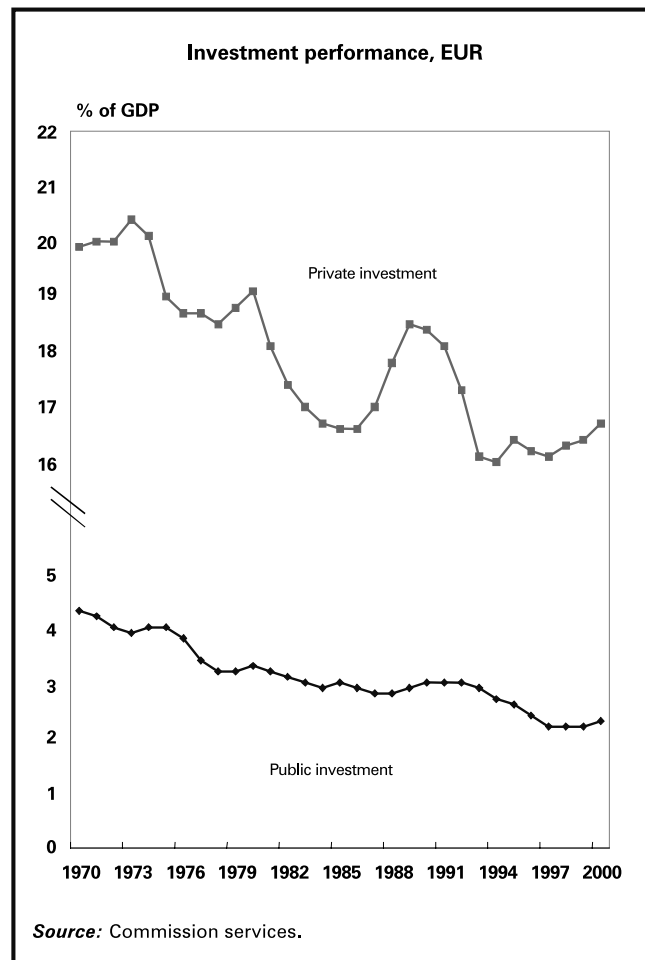


1.3. Policy strategy for sustainable growth and employment: towards a European Employment Pact

Europe's employment challenge is the key priority for economic policy. The successful launch of the euro and a well-functioning EMU set a favourable framework. However, creating the conditions for high and sustainable growth and employment, which is primarily a matter for Member States, will require a comprehensive and coherent strategy that consists of three mutually-reinforcing key components:

- (i) sound macroeconomic policies that are conducive to growth, employment and price stability, involving full respect of the stability and growth pact and continued appropriate wage developments;
- (ii) policies that improve the overall functioning of labour markets and in particular improve employability, entrepreneurship, adaptability and equal opportunities via a steadfast, prompt and transparent implementation of the employment guidelines tailored to Member States' conditions; and
- (iii) economic reforms that enhance the efficiency and flexibility of goods, services and capital markets, reinforce private sector confidence, benefit consumers and favour an environmentally-sustainable growth path, involving a close monitoring of the Single Market, a vigorous competition policy, regulatory reforms and more efficient taxation and benefit systems. Given that economic reforms can imply adjustment costs, the reform agenda should attempt to reconcile efficiency and equity considerations.

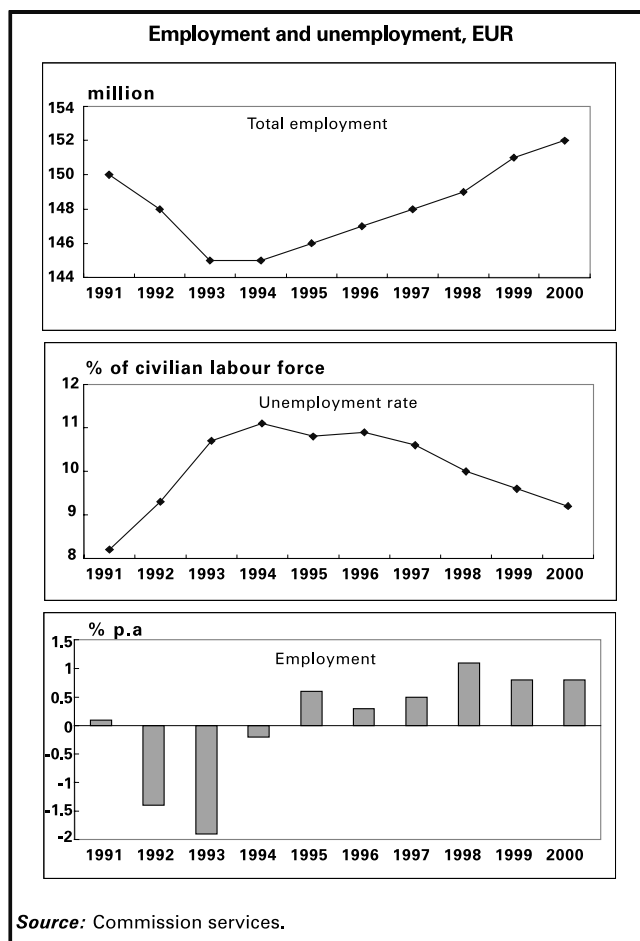
These three components are reflected in the three pillars of the European Employment Pact.



The pursuit of this strategy will be essential to achieve self-sustaining, non-inflationary, investment-supported growth over the medium and longer term. To this end, on the national and the European level, all economic policy actors in line with their respective responsibilities should contribute to sound public finances, a stability-oriented monetary policy, appropriate wage developments and economic reforms.

All actors and groups of actors are urged to maintain a fruitful macroeconomic dialogue while retaining their respective responsibilities and preserving their independence with a view to realising positive synergies, including the greater synergy requested by the Vienna European Council between the broad economic policy guidelines and the employment guidelines. In this context, it will be essential to enhance the policy dialogue on the basis of mutual trust on both the national and European level, with particular emphasis to be given to improve the effectiveness of the policy coordination in the Council and reinforce the dialogue between the Commission, Council, the ECB and the social partners. To be as effective as possible, such a dialogue process would have to be suitably structured and be based on comprehensive information.

On this basis, the European Employment Pact should define the process whereby all the policy actors enter into a dialogue with a view to achieving the Union's central economic and social objective of high employment within the framework of a strong and sustained medium-term growth process.



As indicated by the Treaty (Article 99), the broad economic policy guidelines are the corner-stone of the coordination of economic policies. The 1999 broad economic policy guidelines consist of general guidelines and country-specific guidelines that are equally valid. The general guidelines, which are applicable to all Member States, indicate the required direction of economic policies. Within this broader frame, the country-specific guidelines seek to identify economic policy priorities for each Member State, taking account of their particular circumstances. It must be noted in this context that Member States are currently revising their National Action Plans for Employment to take account of the 1999 employment guidelines. The country-specific guidelines, in so far as labour market issues are concerned, therefore complement the 1999 employment guidelines and underpin the implementation of the revised National Action Plans. Finally, the basis for the 1999 broad economic policy guidelines is the economic situation and outlook in the Member States and the Union as outlined in the Commission services' Spring 1999 Economic Forecasts. Although a substantially different unfolding of economic developments would not profoundly alter the strategy articulated in the guidelines, it might nevertheless require an adjustment of the policy setting.

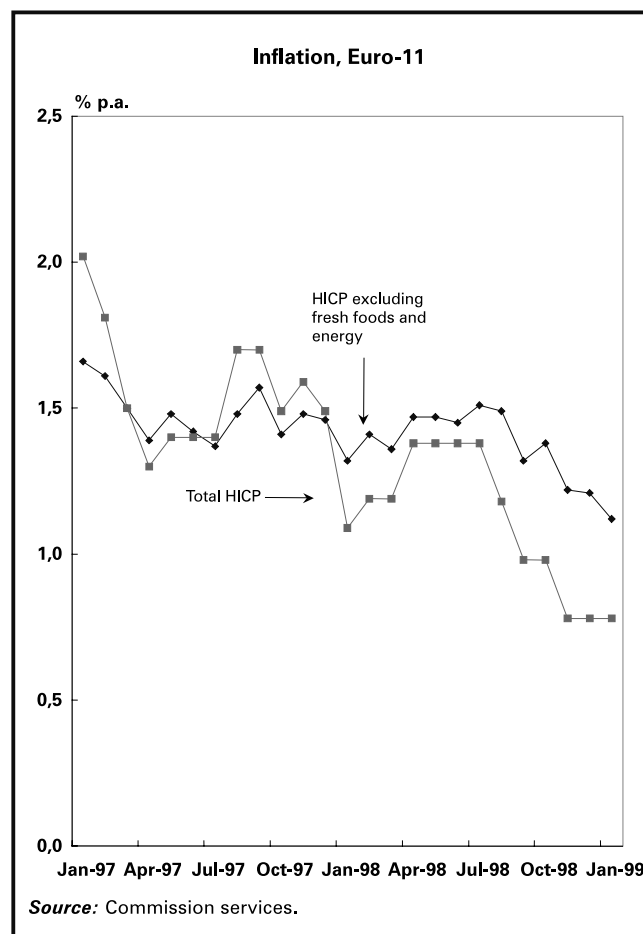
2. Growth and stability-oriented macroeconomic policies

2.1. Macroeconomic policy mix in the euro area

A policy mix conducive to growth, employment and stability in the euro area should consist of the following elements:

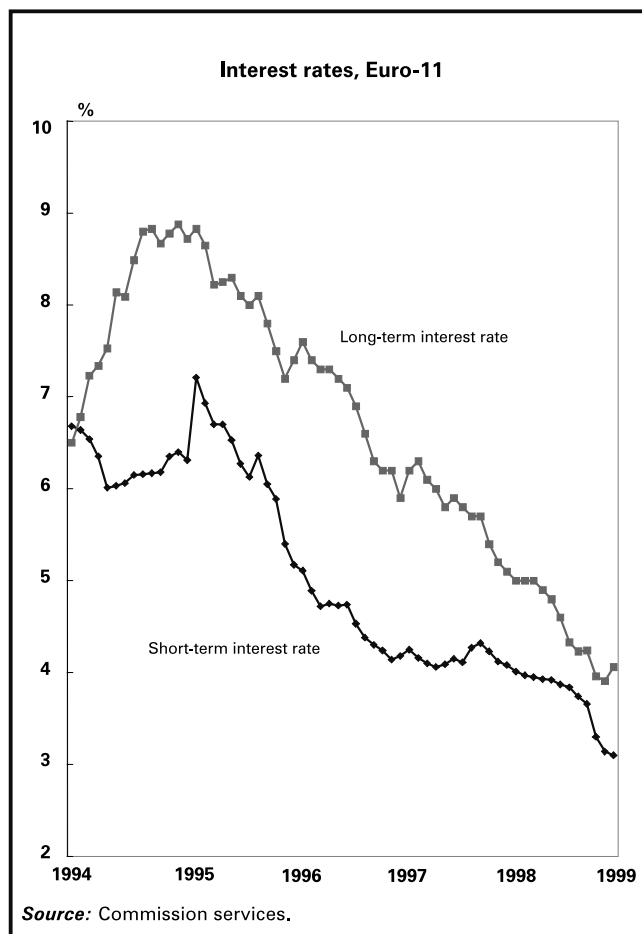
- (i) sustained efforts to bring budgets securely to close to balance or to a surplus over the medium term through a full and determined implementation by Member States of their stability programmes (see section 2.3);

- (ii) a monetary policy aimed at maintaining price stability in accordance with the Treaty;
- (iii) a continued responsible behaviour on the part of the social partners that supports wage developments that are consistent with price stability and job creation (see section 2.4); and
- (iv) a commitment from the Member States to press ahead with front-loaded, coherent and comprehensive economic reforms with a view to enhancing the adaptability and efficiency of product, capital and labour markets (see section 3).



In the light of prevailing economic conditions characterised by a considerable slack in product and labour markets in most Member States, concrete actions by governments and the social partners that contribute to continued low inflationary pressures, make it easier for monetary policy to pursue its primary objective of maintaining price stability and, without prejudice to the latter, to contribute further to an overall environment which supports the general economic policies in the Community.

The implementation of economic policies that are adequate in the present context is a key test for the euro area.



The framework for an effective coordination has been established, notably by creating the Euro-11 Group, but experience with the procedures needs to be gained. In this context and in full respect of the provisions of the stability and growth pact, the economic and budgetary situation will be periodically examined with a view to assessing the policy mix in the euro-area.

To overcome the current difficult environment, it will be essential to establish an open dialogue involving all policy actors, including, where appropriate, the European social partners notably in the framework of the European Employment Pact, with a view to exchanging information and standpoints on, policy issues and creating a climate of mutual trust in the ability of policy actors to deliver on their respective commitments. The macroeconomic dialogue process, which is a key element of the European Employment Pact, could contribute to a smooth interaction between macroeconomic policies.

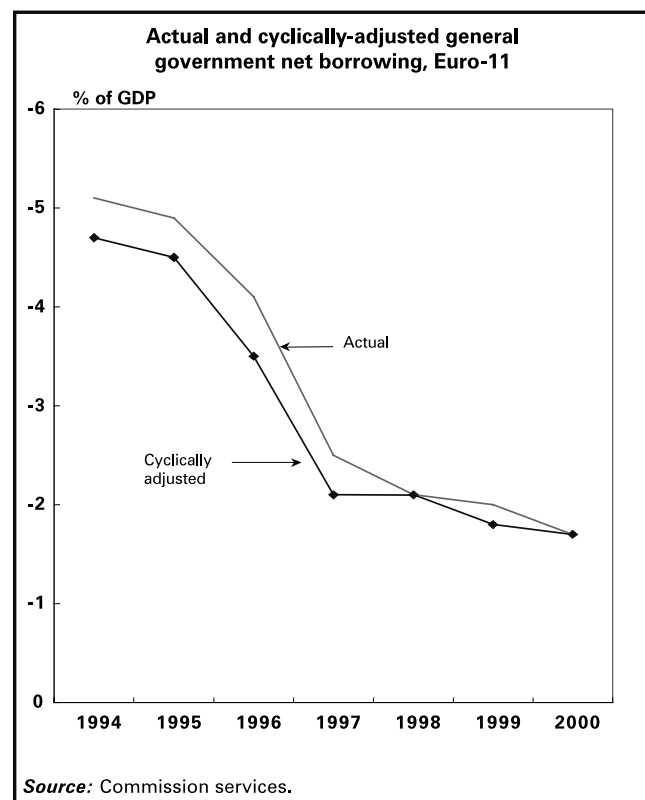
2.2. Macroeconomic policy mix in the Member States outside the euro area

The Member States not participating in the euro area are subject to different macroeconomic policy challenges than the euro-area Member States in so far as they retain national responsibility for monetary and exchange rate policy. However, they are subject to most of the provisions of the stability and growth pact. The non-euro-area Member States will also need to maintain stability-oriented macroeconomic policies as the basis for sustained growth and employment creation. In addition, monetary and budgetary policies will need to be conducted so as to maintain, and where appropriate foster, price stability and the sustainability of the government financial position. This would also help to prepare countries for the adoption of the euro.

In the two Member States whose currencies participate in the ERM 2, the main focus must be to maintain sound monetary and budgetary policies in order to respect exchange rate commitments. In the two Member States that pursue a direct inflation target, it is important that the conduct of monetary and fiscal policy be consistent with the achievement of that target, thus creating the conditions for exchange rate stability. To these ends, all of the non-euro-area Member States should continue the rigorous implementation of their convergence programmes.

2.3. *Sound and efficient public finances*

Visible progress in reducing general government budget deficits was made in 1996 and 1997. Yet, budgetary consolidation was generally only modest in 1998 even though economic activity generally expanded at a strong pace and the budgetary positions of most Member States were not in line with the medium-term objective of the stability and growth pact.



Further budgetary consolidation is therefore needed. This will create the necessary scope to face adverse cyclical developments. In addition, Member States should strive to reduce the vulnerability of budgets to rising interest rates, make government spending and taxation more conducive to growth and employment creation and to prepare for the longer term budgetary challenges associated with an ageing population.

Within the framework of the stability and growth pact, all Member States submitted stability programmes or convergence programmes that set out the medium-term objective for the budgetary position of close to balance or in surplus and the adjustment path towards this objective. Up to the first few months of 1999, the Council examined all programmes and delivered an opinion on all programmes. In conducting budgetary policies during 1999 and beyond, Member States are urged:

- (i) to achieve budgetary positions of close to balance or in surplus no later than by the end of 2002 in conformity with the stability and convergence programmes;
- (ii) given the expectation of a mild, temporary slowdown, to meet fully their 1999 budgetary targets; and
- (iii) provided the economic outlook unfolds better than expected in their stability or convergence programmes, to front-load the budgetary adjustment efforts envisaged in their programmes as of the year 2000 and, where programmes target minimum adjustment, to aspire to more ambitious objectives and update stability/convergence programmes accordingly.

General government net lending/borrowing

(% of GDP)

Stability and convergence programme projections

Stability programmes

	Date ⁽¹⁾	1998	1999	2000	2001	2002
B	12/98	- 1,6	- 1,3	- 1,0	- 0,7	- 0,3
D	1/99	- 2,5	- 2,0	- 2,0	- 1,5	- 1,0
E	12/98	- 1,9	- 1,6	- 1,0	- 0,4	0,1
F	1/99	- 2,9	- 2,3	- 2,0 ⁽²⁾	- 1,6 ⁽²⁾	- 1,2 ⁽²⁾
IRL ⁽³⁾	12/98	- 1,7	- 1,7	- 1,4	- 1,6	—
I	12/98	- 2,6	- 2,0	- 1,5	- 1,0	—
L	2/99	2,1	1,1 ⁽⁴⁾	1,2 ⁽⁴⁾	1,3 ⁽⁴⁾	1,7 ⁽⁴⁾
NL ⁽⁵⁾	10/98	- 1,3	- 1,3	—	—	- 1,1 ⁽⁶⁾
A	11/98	- 2,2	- 2,0	- 1,7	- 1,5	- 1,4
P	12/98	—	- 2,0	- 1,5	- 1,2	- 0,8
FIN	9/98	- 1,1	2,4	2,2	2,1	2,3

Convergence programmes

DK	10/98	1,1	2,5	2,8	2,6	⁽⁷⁾
EL	6/98	- 2,4	- 2,1	- 1,7	- 0,8	—
S	12/98	1,5	0,3	1,6	2,5	—
UK ⁽⁸⁾	12/98	0,8	- 0,3	- 0,3	- 0,1	0,2 ⁽⁹⁾

⁽¹⁾ Date when programme was adopted.

⁽²⁾ Prudent scenario; favourable scenario projection: - 1,7, - 1,2 and - 0,8 % of GDP, respectively, in the years 2000 to 2002.

⁽³⁾ Figures based on ESA 95 conventions. Compared with the ESA 79 conventions on which the table is generally based, these reduce the surplus by about 0,4 % of GDP from 1999.

⁽⁴⁾ Central scenario. Low/high growth scenario projections: 0,9/1,2, 0,8/1,5, 0,7/1,9 and 1,0/2,5 % of GDP, respectively, in the years 1999 to 2002.

⁽⁵⁾ No annual data provided for the years 2000/2001.

⁽⁶⁾ Cautious scenario; middle and favourable scenario projections: - 0,25 and 0,25 % of GDP, respectively, in the year 2002.

⁽⁷⁾ Projection for the year 2005: 3,5 % of GDP.

⁽⁸⁾ Data for the financial years beginning in each of the calendar years indicated.

⁽⁹⁾ Projection in the financial year 2003/2004: 0,1 % of GDP.

Source: Commission services.

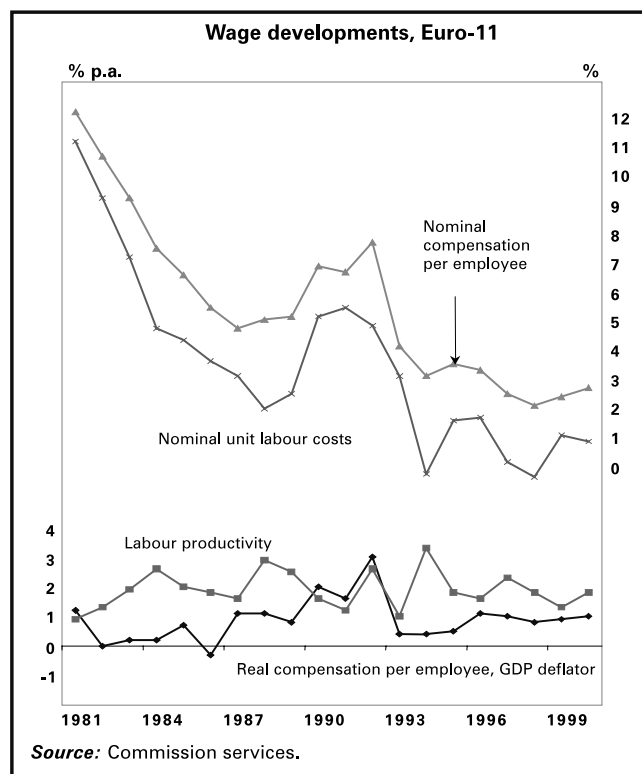
For budgetary adjustment and restructuring to take place efficiently, it has to take into account the particularities of each Member State's economic, social and institutional conditions. In general, and without threatening the necessary ongoing consolidation process, Member States are urged to:

- (i) improve their budgetary positions through expenditure restraint rather than through tax increases; in this context, to enhance the credibility of budgetary consolidation and to influence private sector expectations positively, Member States would be well advised to introduce or enhance the mechanisms and institutions that help control spending so that taxes could be cut without jeopardising the achievement or maintenance of healthy budgetary positions; and
- (ii) improve the sustainability and efficiency of their public finances through:
 - (a) reviewing pension and health care systems in order to be able to cope with the financial burden on welfare spending by the ageing of the population and the need to influence future labour supply, in line with the options already being examined by the Member States;
 - (b) reversing, where appropriate, the decline in government investment; in this context the Union and the Member States should be guided by the Commission's four-point action plan that was submitted to the Vienna European Council;
 - (c) giving incentives for investment in human capital and providing for the necessary financing of other active labour market policies that are called for in the employment guidelines while taking into account the national budgetary position;
 - (d) reducing the overall tax burden and especially the tax wedge on the lower paid preferably via reduced spending or through shifts to environmental, energy or consumption taxes; to increase the employment effects of reductions in the fiscal burden on labour and non-wage labour costs, the social partners are urged, at their various levels of responsibility and action, to commit themselves to actions aimed at improving the conditions for job creation and investment;
 - (e) improving the efficiency of their taxation systems; and
 - (f) pursuing tax coordination further so as to ensure a smooth functioning of the Single Market and to avoid harmful tax competition; the Council awaits the outcome of the ongoing discussions on the VAT-system, taxes on energy, the taxation of corporate income and the taxation of the interest on savings in line with the conclusions of the European Council held in Vienna in December 1998.

In just the same way as the Member States, the Community also is called upon to continue to maintain strict budgetary discipline. Strict budgetary discipline must be applied to all categories of the financial perspectives, while respecting the inter-institutional agreement on budget discipline and the improvement of the budget procedure.

2.4. *Appropriate wage developments*

As underlined in the Amsterdam resolution on growth and employment, the social partners are responsible — at the national, regional, sectoral or even at a more decentralised level following their respective traditions — for reconciling high employment with appropriate wage settlements and for setting up a suitable institutional framework for the wage formation process, supported, where appropriate, by public authorities. In EMU, with a single monetary regime, the link between wages and employment will become more apparent and strict.



Wage cost developments in Member States should be allowed to reflect different economic and employment situations. Governments can create the right framework conditions which facilitate the negotiations of social partners. For wage developments to contribute to an employment-friendly policy mix, the social partners should continue to pursue a responsible course and conclude wage agreements in Member States in line with the general principles set out in previous broad economic policy guidelines:

- (i) nominal wage increases in Member States must be consistent with price stability; thereby in the euro area, aggregate wage increases will be consistent with keeping price increases within the price stability objective of the ECB;
- (ii) real wage increases in relation to labour productivity growth should take into account the need to strengthen, where necessary, and subsequently maintain the profitability of capacity enhancing and employment-creating investment. This implies that in countries where overall labour productivity growth is slowing down, the scope for real wage increases will be reduced. More specifically, a reduction in working time should not lead to an increase in real unit labour costs. For improved profitability to result in higher investment in the Community, it is essential to forge an investment-supportive environment in terms of demand developments, labour market conditions, taxation and the regulatory framework;
- (iii) in order to improve employability, wage agreements should better take into account differentials in productivity levels according to qualifications, skills and geographical areas; and
- (iv) especially within the euro area, it will be of crucial importance to avoid a convergence of nominal and real wages across countries and regions in advance of productivity; therefore, wage imitation effects should be avoided. Labour cost differences between Member States should continue to reflect discrepancies in labour productivity.

To achieve the right results, effective dialogue at all the appropriate levels will be essential. The outcomes should be jointly assessed from a growth and employment point of view.

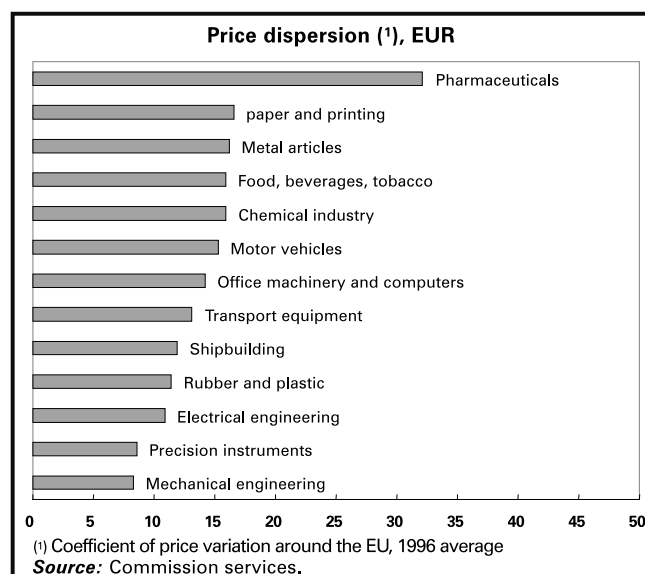
3. Comprehensive and coordinated economic reforms

Structural reforms have a key role to play in stimulating economic growth, improving productivity, enhancing private sector confidence and fostering employment in the European Union. Structural reform will enhance the ability to deal with globalisation, environmental problems and technological change. It is also essential to the success of Economic and Monetary Union: better functioning markets will increase the growth potential of the European economies. Economic reform is also required to increase employment and to lower the substantial level of structural unemployment in Europe. The fact that monetary policy is geared to maintaining price stability in the euro area as a whole underscores the need to ensure that product and labour markets are flexible enough to respond smoothly to country-specific economic developments. Opening up markets to competition, at both a national level and European Union level, will mean lower prices for consumers and more efficient production. The entry of new firms into the markets will facilitate innovation and the transmission of new technologies, which will increase overall levels of output and employment.

Whilst reforms are being implemented throughout the European Union, they often lack comprehensiveness and progress remains uneven across policy fields and Member States. In general, progress is relatively satisfactory in goods and capital markets, but much remains to be done in services, including financial services, and labour markets.

Member States should therefore carry out in a transparent manner the employment guidelines and use the Cardiff process on economic reforms to increase competition, speed up regulatory reforms and improve the working of the Single Market. It is particularly important to reform existing mechanisms and structures in such a way that people without jobs and potential entrepreneurs are enabled to get a better access to labour and product markets.

Open and competitive international markets are an important driver for growth, prosperity and stability in the Community. The Community should seek further trade liberalisation in accordance with the conclusions of the European Council in Vienna.



3.1. *More efficient product (goods and services) markets*

Thanks to the Single Market Programme, European Union product markets are relatively integrated and function quite well. However, price differences between Member States and between the European Union and the United States of America suggest that there is scope for improvement. Regulatory reform is another cornerstone of efforts to improve the functioning of product markets. Regulatory reform consists of improving the quality of regulations, and may or may not involve deregulation. To attain these goals, Member States are urged to undertake the following measures:

- (i) the Single Market and competition policy should be strictly applied and closely monitored; more effective enforcement of the Single Market should be ensured especially in the areas of public procurement and technical standards via renewed commitments from the public authorities; a purposeful continuation of work to resolve issues arising in connection with limitations on parallel trade, leading to higher prices, should be pursued;
- (ii) for State aids, there is a need for the Commission to control them strictly and for Member States to exercise rigorous self-discipline;
- (iii) regulatory reforms should be pursued and speeded up in telecommunications, transport and energy, with a view to increasing competition among service providers; benefits in terms of lower prices and/or higher quality resulting from the liberalisation process will be transmitted without delay to consumers and industrial users due to increased competition, and will also support initiatives such as the information society and electronic commerce; thus, these regulatory reforms will bring about new investment opportunities and new jobs;
- (iv) the quality of the legal and regulatory environment has improved but further progress should be made, especially for SMEs; procedures and administrative delays for business start-ups should be reduced. In this sense, Member States should set themselves targets and deadlines for such reductions; moreover, regulations aimed at consumer protection should be further improved and better enforced;
- (v) VAT should be further revised and simplified in order to ensure that it is adapted to the Single Market;
- (vi) further progress should be made to avoid harmful tax competition in line with the conclusions of the European Council in Vienna; and
- (vii) Member States should also put more emphasis on the environmental dimension of economic policy. The promotion of environmentally-friendly technologies and the use of market-based instruments could contribute to a more sustainable development. A sound environmental policy would also bring benefits in terms of higher growth and employment.

3.2. *More integrated and deeper capital markets*

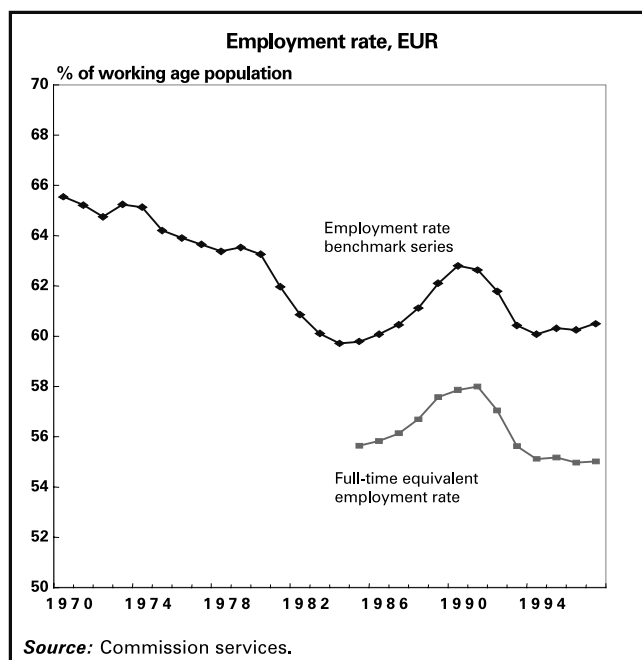
Despite substantial progress, differences in both national regulatory environments and fiscal regimes continue to fragment the European Union capital market. By offering the prospect of a large, single capital market, the introduction of the euro creates a further incentive to increase transparency and to remove the remaining barriers. Deeper and better functioning risk capital markets would facilitate the expansion of small and medium-sized enterprises (SMEs), through easier access to fund-raising on the stock market and the development of venture capital, and promote research and development (R&D) and innovation, thereby leading to stronger growth in our economies and more and better jobs. Therefore Member States are urged to:

- (i) coordinate their efforts for reducing differences in national regulations and tax regimes, while preserving the consistency with prudential and fiscal national requirements;
- (ii) ensure, where appropriate, that additional host country requirements only apply to financial services offered to retail customers and not to professionals; this implies the pursuit of a policy distinguishing between retail consumers and those operators acting in their professional capacity;

- (iii) ensure that existing national 'general good' rules, which aim at ensuring consumer protection and promoting cross-border business, are applied in a transparent and proportionate manner as called for in the Commission communication 'Financial services: building a framework for action'; and
- (iv) promote risk taking and innovation in Europe; in this respect follow up quickly on the risk capital action plan, facilitating access to both risk capital for SMEs and capital for R&D for all enterprises.

3.3. Better functioning labour markets

The functioning of labour markets in the European Union can be improved significantly and this would make a major contribution to the reduction of high unemployment. However, the problem differs considerably between Member States, between regions within Member States and between categories of labour. These differences also suggest a number of lessons: (i) differences between Member States indicate that countries which have made most progress in structural reforms while pursuing sound macroeconomic policies, have been able to improve their employment situation; (ii) differences in regional unemployment in several countries highlight the need in these countries to account for productivity differences according to qualification, skills and geographical areas in collective bargaining and the need to enhance labour mobility; and (iii) the particularly high incidence of unemployment among certain categories of labour (low skilled, women, youth) mainly reflects labour supply behaviour and recruitment patterns, including *de facto* discrimination, but also the high costs of some of these labour categories (in particular unskilled workers) and the inadequacy of skills.



To tackle these problems, the integrated four-pillar strategy set out in the employment guidelines should be fully implemented and in a prompt and transparent manner. Member States should give particular attention to the following:

- (i) policies should act on both the demand for and supply of labour by applying the preventive approach of the employment guidelines and by reducing the gender gap; this should include raising the employability of the individual, in particular by means of access to labour market training, education and lifelong learning, a lowering of taxes, especially on low-paid workers and an assessment of duration and eligibility criteria in benefit systems, combined with active policies to reintegrate the unemployed; in accordance with the Vienna European Council conclusions the national action plans for Employment should include concrete national targets and deadlines where appropriate;

- (ii) reviewing and adapting, where appropriate, the tax and benefit systems to ensure that they actively support employability and job creation; the portability of pension entitlements should be improved, to the extent possible, in order to sustain labour mobility across sectors and regions in the European Union; achieving the appropriate balance between economic efficiency and social inclusion; transfers of unemployed to expensive, passive systems should be avoided; and
- (iii) the social partners should be encouraged to modernise the organisation of work, including flexible and annualised working time arrangements; any overall reduction of working time must prevent an increase in unit labour costs and take future needs in terms of increased labour supply into account; efforts to increase women's participation in working life and to encourage the combination of career and family life should be pursued.

II. COUNTRY-SPECIFIC ECONOMIC POLICY GUIDELINES

1. Belgium

Economic growth will decelerate in Belgium in 1999 to about its trend rate, but should be sufficient to bring about a further gradual decline in unemployment.

Budgetary policy

Budgetary policy should focus on the following:

- any risk of slippage from the 1999 budget target for the primary surplus of 6 % of GDP should be offset by timely corrective measures, thus enabling the target of 1,3 % of GDP for the total deficit to be met,
- real primary expenditure in the current and subsequent years should be monitored closely in order to ensure that its annual growth rate remains in compliance with the primary surplus target of 6 % of GDP. The stability programme provides for an annual increase in real primary expenditure of 1,5 %,
- in future years, the primary surplus should be maintained at 6 % of GDP and the total government deficit reduced as planned in the Belgian stability programme so as to secure a continuing rapid reduction in the general government debt ratio, and
- within the Belgian institutional framework, it would be desirable to renew from 2000 the 'cooperation' agreement signed in 1996 between the Federal government, the regions and Communities, with a view to ensuring the coordination of budgetary policy during the period covered by the stability programme.

Product and capital markets

Belgium's authorities have taken important steps to liberalise product and capital markets and to promote competition. However, further efforts are needed in specific areas:

- despite steady improvement since November 1997, Belgium's record on implementing Single Market Directives could still be improved, especially in areas such as telecommunications and transport, and
- liberalisation of the network industries (telecommunications, post, energy, transport) is generally keeping pace with the requirements of Community legislation. Further opening-up of these markets should entail lower prices for business and consumers.

Labour markets

The Belgian labour market is characterised by persistently high long-term unemployment and relatively low employment rates. Labour market policies are still overemphasising the importance of income maintenance measures. The trend towards an active policy has been reinforced with the 1998 National Action Plan for employment. As a consequence, reforms should focus, in particular, on the following areas:

- while activation of the unemployed is being pursued with particular focus on low skilled and youngsters, more needs to be done, especially concerning unemployed adults,
- in order to create incentives to participate in the active measures and to take up new job offers, the active policy measures should be combined with a review of benefit duration and a closer scrutiny of the availability of the unemployed,
- employment protection legislation in Belgium is considered to be relatively strict for white-collar workers. Further consideration should be given to this matter since more flexible employment protection legislation is likely to improve Belgian labour market performance, and
- given substantial differences in regional unemployment, it is desirable to facilitate the use of opening clauses to allow wage negotiations to better reflect local labour market conditions or the financial situation of the enterprises.

2. Denmark

A slowing in economic growth in Denmark to below its trend rate is likely in 1999 as economic activity is close to capacity limits and in response to counter-cyclical budgetary measures at central government level. Unemployment is likely to stabilise at its already low level.

Budgetary policy

Budgetary policy should focus on the following:

- the implementation of budgetary policy should seek to maintain a strong government surplus in 1999 — in line with the planned surplus of 2,5 % of GDP — through strict adherence to expenditure targets, in particular at the level of local governments, and
- in the medium term, the reduction of distortions in the tax system (included in the 'Whitsun package'), should be maintained and allowed to produce its results.

Product and capital markets

The Danish authorities have significantly advanced structural reforms in a number of markets. Nonetheless, further efforts are needed in specific areas:

- competition problems (high prices, high concentration ratios, high margins and low degrees of foreign penetration) are noticeable in certain sectors, calling for a strengthening and a more vigorous application of existing regulations,
- the Danish public sector is comparatively large, so the authorities' efforts to increase its efficiency by introducing competitive tendering in the provision of public services are particularly appropriate,
- significant progress has been achieved in deregulating the network industries. Recently-agreed reforms in the electricity sector aimed at further liberalisation should be implemented without delay, and
- the liberalisation of shop-opening hours, which has already led to increased employment, should be further reviewed.

Labour market

Denmark has a high employment rate and a low unemployment rate. The country is part of a group of Member States in which the implementation of comprehensive structural reforms, in particular in the labour markets, has produced clear positive results. Nevertheless, reforms should focus, in particular, on the following areas:

- given the relatively large part of the active population on benefits and the need to increase the labour supply, it is important that the recent reforms, including the reform of the early retirement scheme, are fully implemented and closely monitored, with a view to evaluating whether incentives to take up or remain in jobs are sufficient,
- the latest tax reform which aimed at, *inter alia*, reducing the tax burden on low incomes and the increased incentives should be evaluated with a view to a possible reinforcement because the tax wedge on labour is still high, and

- the various leave schemes should be reconsidered in the light of the need to increase labour supply.

3. Germany

The slowdown in Germany in 1999 appears to be more pronounced than in most other Member States, because of a generally greater exposure to weaker world trade and some specific domestic influences, such as substantial processes of structural adaptation in the New German *Länder* especially in the construction industry. This carries the risk of an interruption in the decline in unemployment.

Budgetary policy

Budgetary policy should focus on the following:

- implementation of budgetary policy in 1999 should respect the target for the government deficit of 2 % of GDP. This should be possible through tight control of expenditure,
- if the strengthening of the economy in 2000 will be stronger than envisaged in Germany's stability programme, this should be used to make faster progress towards the medium-term objective for the deficit set in the programme, and
- the guiding principle of the planned tax reform, i.e. a cut in tax rates and a simultaneous widening of the tax base, is appropriate. In order to maximise its positive impact, the reform should result in an effective simplification of the tax code.

Product and capital markets

There is evidence that the functioning of German product markets is improving. However, further efforts are needed in specific areas:

- since November 1997, Germany has made significant progress in completing the legislative work necessary for the implementation of the Single Market. In public procurement, however, further progress could be made,
- in the past, the level of State aids had increased due to reunification, but since then, it has decreased. This process should be continued, especially for sectoral aids,
- significant progress has been achieved in liberalising the network industries leading to lower prices. A similar effort should be considered for other services, including opening hours in retail distribution after the review of the 1996 liberalisation, and
- business registration procedures for creating SMEs were simplified and accelerated. Further accelerations seem to be possible.

Labour markets

The German labour market has been characterised by weak job creation over the past five years. The unemployment rate in the East is nearly twice as high as in the West. Active labour market policies have traditionally focused on the promotion of vocational and prevocational training, job creation schemes, structural adjustment measures and rehabilitation measures, while the role of the Public Employment Service is being strengthened further. The 1998 National Action Plan for employment focuses on employability by further developing the successful dual apprenticeship system, as well as actions for disadvantaged youth. As a consequence, reforms should focus, in particular, on the following areas:

- the emphasis put on active labour market measures should be supplemented by a review of the benefit and assistance schemes in order to ensure that for all groups sufficient incentives exist for participating in job training and taking up job offers,
- the government's decision to lower non-wage labour costs — financed via increased energy taxes — and income taxes for especially low-paid workers is welcomed. Such moves should be continued in order to reduce labour costs further at the lowest end of the wage scale, while respecting the need for fiscal consolidation; and to assess the employment legislation for SMEs with a view to its impact on job creation.

4. Greece

Economic growth in Greece has been strong in recent years and any slowdown in 1999 is likely to be modest. Unemployment is expected to decline gradually.

Budgetary policy

Budgetary policy should focus on the following:

- the target set in the budget for a government deficit in 1999 of 1,9 % of GDP should be achieved. The proposed restructuring of government expenditure in favour of investment should be effectively implemented,
- the budget for 2000 should aim for a further decline in the deficit helped by a reduction in the primary current expenditure ratio to GDP in order to contribute to lowering inflation expectations. Clear and binding norms for securing expenditure control should continue to be respected,
- in parallel, the Greek authorities should, in line with the tax law adopted in the recent past, further pursue their efforts to increase the efficiency of the tax system by combating tax avoidance and evasion; and the public sector should be further reformed with vigour; in particular the restructuring

and privatisation of public companies, should be implemented as scheduled.

Privatisation receipts should be used to contribute to a rapid reduction in the general government debt ratio.

Product and capital markets

Greece has striven to liberalise its economy in the last few years. Nonetheless, efforts need to be reinforced in specific areas:

- the Greek authorities should improve their transposition record on implementing Single Market legislation, which is worse than average, particularly as regards public procurement,
- to improve productivity, the strategy of restructuring management in state-owned enterprises should be accompanied by a sustained effort to privatise,
- although the creation of new firms is encouraging, reducing further the administrative burden for registering a new company could stimulate entrepreneurship. Ideally, this would be accompanied by a strategy to develop further venture capital markets, as Greek SMEs find raising finance difficult. The plan for the enlargement of the stock market so that small dynamic companies can start trading within 1999 is a significant first step in the strategy to help Greek SMEs in raising finance, and
- although recent measures to stimulate business R&D expenditure from its currently low level are encouraging, further measures along similar lines should be envisaged.

Labour markets

The Greek labour market is characterised by a low employment rate, stagnating unemployment and high long-term unemployment. A reform of the labour market aimed at enhancing flexibility entered into force last year. The law introduces new types of work contracts, flexible working hours and private employment offices. The 1998 National Action Plan for employment and the implementation report point to the establishment of a more general employment strategy to tackle these problems. Particular efforts have been made to address key problems affecting young people and women, both of which have high unemployment rates. As a consequence, reforms should focus, in particular, on the following areas:

- the preventive approach of labour market policies should be reinforced. Efforts to reform training and education systems with a view to taking better account of the needs of the productive system should be further pursued, and
- the use of new types of part-time contracts and more flexible working hours should be encouraged.

5. Spain

In the Spanish economy, high and above trend growth is expected in 1999, although at a somewhat lower rate than in previous years. A further substantial decline in the still very high level of unemployment is anticipated.

Budgetary policy

Budgetary policy should focus on the following:

- the implementation of budgetary policy in 1999 should ensure that the target for the government deficit of 1,6 % of GDP is met, if necessary, through a further tightening of primary current expenditure, taking advantage of the better-than-expected results in 1998 and the potential for larger savings in interest payments,
- the budget for 2000 should reaffirm the targets and strategy outlined in the stability programme: i.e. a deficit of 1 % of GDP based on the containment of primary current expenditure. This will allow room for strengthening government investment, given the catching-up needs of Spain. If evidence of overheating emerges, a tighter fiscal stance should be adopted, and
- control of government expenditure should be re-enforced through the planned reform of the National Budget Law; given the increasing role of territorial governments in many fields of expenditure, the existing internal stability pact between the regions and the state should be monitored closely and respected fully.

Product and capital markets

Over the recent period, Spain has made serious endeavours to improve the functioning of product markets. Nonetheless, further efforts are needed in specific areas:

- despite progress in transposing Single Market legislation during 1997 and 1998, further improvement is still necessary, especially in transport,
- a large part of non-agricultural State aid takes the form of sector-specific aid. Such aids should be reduced,
- under regulatory reforms, much has been done to deregulate telecommunications, electricity, gas and air transport. A similar effort should be made in retail distribution,
- the administrative burden facing Spanish companies is high, both in terms of the number of procedures and of delays for company registration. Measures should be taken to rectify this situation, and
- the law for the promotion of industrial innovation being prepared by the Spanish government to stimulate industrial innovation is particularly welcome, given the present low share of R&D expenditure,

- while privatisation and deregulation have been significant and may permit an increase in efficiency in goods and service markets, competition policy should be reinforced in order to guarantee that the benefits of this process are fully transmitted to consumers.

Labour markets

Although the unemployment rate decreased by more than 2 percentage points in 1998, to reach 18,7 %, Spain has one of the most difficult starting points of all Member States. Apart from high rates of youth, long-term and female unemployment, the Spanish labour market suffers from a low employment rate, a low rate of female participation and a low rate of part-time work. The 1998 National Action Plan for employment represents a significant move towards activation and prevention. Furthermore, a new law recently introduced should enhance the attractiveness of part-time work for employers and employees, while the new decentralised management model of the National Employment Institute will help improve employability. Negotiation structures have been created to actively involve the social partners in the definition and implementation of employment policies. As a consequence, reforms should focus, in particular, on the following areas:

- the high levels of long-term and youth unemployment call for a shift from passive to active labour market policies, with particular emphasis on investment in training and education to increase human capital and adaptability as indicated in the 1998 national action plan for employment,
- efforts in line with the recent personal income tax reform to reduce the tax wedge, combined with further reforms of the pension system aimed at discouraging early retirement, should provide additional incentives on the supply side of the labour market, while helping to ensure the sustainability of social protection in Spain,
- recent agreements with the social partners to reduce the cost of dismissal should be reinforced in order to diminish the relative weight of temporary contracts, while enhancing part-time work and thereby introducing more flexibility in the labour market, and
- striking regional differences as regards unemployment rates indicate that the social partners should review wage formation systems with a view to adapting wage developments to productivity differentials at geographical, sectoral and company level.

6. France

Economic growth in France will decelerate in 1999 to about its trend rate. A further but less rapid decline in unemployment is expected.

Budgetary policy

Budgetary policy should focus on the following:

- implementation of budgetary policy in 1999 should respect the target for the government deficit of 2,3 % of GDP. This requires the French Government to respect the expenditure targets that have been set,
- government expenditure in 1999 and subsequent years should be strictly controlled and any slippage should be promptly corrected. In particular, social security spending should be closely monitored. The government should rapidly announce measures that will ensure a durable compliance with the expenditure ceilings established in the stability programme, and
- the expected strengthening of economic activity in 2000 and beyond should be used to make progress towards the medium-term objective for the deficit projected in the favourable scenario of France's stability programme.

Product and capital markets

The French authorities have made efforts to deregulate and promote competition in product and capital markets. Nonetheless, further efforts are needed in specific areas:

- despite steady improvement since November 1997, France's record in implementing Single Market Directives could still be improved, particularly in telecommunications,
- the large proportion of non-agricultural State aid which has been devoted in recent years to rescuing and restructuring a number of firms facing exceptional difficulties should be reduced. As the French authorities themselves recommend in their report on French economic reforms, an increased emphasis should be given to generic measures to improve firms' ability to adapt and innovate,
- although liberalisation of the network industries (telecommunications, post, electricity, gas, transport) is generally keeping pace with the requirements of Community legislation, faster progress could be made, particularly in the energy sector, and
- measures already taken to simplify formalities and to encourage innovation should be closely monitored and the effort made in these areas should be continued.

Labour markets

The employment rate is relatively low, in particular for workers aged 55 and more. The unemployment rate, including youth unemployment, is higher than the European Union average. Recent reforms have improved the employment content of growth by means of a good combination of active and preventive measures. The 1998 National Action Plan for employment has clearly addressed the prevention of youth unemployment, as well as the integration of the long-term unemployed. There

are important programmes of job creation, especially in emerging community services. Also, new initiatives on life long learning are under discussion. As a consequence, reforms should focus, in particular, on the following areas:

- the increased emphasis on active labour market policies of the 1998 national action plan for employment should be backed up by a review of both unemployment benefit schemes (job availability requirements) and employment protection legislation. Such a review should aim at removing the impediments to take up jobs, encouraging participation in active labour market measures and enhancing the incentives to create jobs,
- provided budgetary room is created, the recent policy of tax cuts at the lower end of the wage scale and the promotion of jobs in certain service areas should be continued, and
- a prominent reform of the French labour market is the gradual introduction of the 35-hour working week. The bulk of the implementation remains to be done. Special attention should be paid to the avoidance of increasing the cost of labour and to the introduction of more flexibility regarding work organisation and working time (annualisation of working time).

7. Ireland

Very rapid growth in the Irish economy is expected to continue in 1999, albeit not quite as strongly as in the previous two years. Unemployment should decline further at a significant pace.

Budgetary policy

Budgetary policy should focus on the following:

- since the public finances are already in strong surplus, the main challenge for budgetary policy is to ensure stability. Should there be evidence of wage inflation continuing to gather pace, there should be a readiness to use budgetary policy appropriately to restrain the economy; and
- the growth in government consumption should be steadily restrained from the estimated 5 % volume increase in 1998 to 2 % in 2001, as outlined in the stability programme.

Product and capital markets

Reforms of product and capital markets are key elements of the government's economic strategy. Nonetheless, further efforts are needed in specific areas:

- Ireland should accelerate the reduction of its transposition deficit on Single Market legislation especially in transport,
- the Competition Authority should be given power to enforce directly Articles 85 (cartels) and 86 (abuse of dominant positions) of the EC Treaty,

- liberalisation and regulatory reform of the Irish network industries generally follows progress made in European Union legislation. However, telecommunications, electricity and gas supply, and domestic and international transport are dominated by state-owned companies. Telecom Eireann is being partially privatised this year. Similar initiatives to promote competition in these sectors should be considered, and
- venture capital in Ireland is modest. This is a handicap to Irish SMEs particularly in the start-up phase. However, since 1995, improvements are being made in the venture capital market and efforts in this direction should be continued. R&D expenditure is also low. In view of this, measures should continue to be taken to create incentives encouraging venture capital and local R&D and the government should continue to participate and could consider participating more fully to improve Ireland's R&D performance.

Labour markets

Ireland has made substantial progress both in increasing the employment rate and in reducing the unemployment rate, which has been more than halved in four years. The 1998 national action plan for employment places most emphasis on employability, relying strongly on active policies. To address the problem of long-term unemployment, specific preventive measures involve young unemployed and older workers, while a clear commitment has been made to raise the participation level of the long-term unemployed in training from 11 to 20 %. Reflecting such measures, but especially its recent strong growth, Ireland's unemployment rate was well below the European Union average by late 1998, while its employment rate is now approaching the European Union average. Long-term unemployment has fallen faster than unemployment as a whole and is continuing to decline. However, further efforts are required to reintegrate the long-term unemployed and those with low educational qualifications. As a consequence, reforms should focus, in particular, on the following areas:

- the 1999 National Action Plan for employment should place greater emphasis on a balanced approach involving preventive as well as active measures. Furthermore measures to increase the participation rate of the long-term unemployed and the low-skilled in education and training programmes remain important,
- in line with the fourth national economic programme — Partnership 2000 —, adherence to the social pact plays an important role in furtherance of the wage moderation that is necessary for the maintenance of employment growth, and
- while the setting of a minimum wage can be important for addressing issues of social inclusion and poverty, potential negative effects from setting the minimum wage level too high should be avoided.

8. Italy

Economic growth in Italy continues to be subdued, with both domestic and external demand lacking strength, and there has not yet been any significant decline in unemployment.

Budgetary policy

Budgetary policy should focus on the following:

- given that GDP growth in 1999 is expected to be clearly below what was foreseen in the budget, implementation of budgetary policy in 1999 should aim at limiting any slip-page from the target for the total deficit of 2 % of GDP, which in any event will stay below 2,4 %. In such a case, reaching the objective of 1 % of GDP in 2001 could require additional corrective measures on a larger scale than envisaged,
- the budget for 2000 should aim to re-establish the primary surplus of 5.5 % of GDP indicated in Italy's stability programme. This is necessary to ensure a continued rapid decline in the general government debt ratio. The momentum of the privatisation programme should be maintained and privatisation receipts should be used to reduce public indebtedness further,
- government current primary expenditure in the current and subsequent years should be tightly controlled, in order both to respect programme targets and to allow room for the desired expansion in government investment, and
- targeting the stabilisation of pension expenditure as a percentage of GDP is welcome. Since current and future developments in pension expenditure give some reasons for concern, the Italian government is encouraged to reassess the reform of the pension system.

Product and capital markets

Past years have witnessed continuous progress in Italy's macro-economic adjustments and some structural reforms aimed at promoting competition and enhancing efficiency. Nevertheless, further efforts are needed in specific areas:

- Italy has made recent progress in the transposition of Single Market legislation. Since the past record of transposition is relatively poor, measures should be taken to rectify this situation, especially in areas such as transport and public procurement,
- efforts should be made to reduce further the overall level of non-agricultural State aid and improve its structure,
- liberalisation of the network industries is generally progressing in line with the requirements of Community legislation. However, transport liberalisation should be intensified, especially road and rail transport, and

- recent reforms have set the stage for a significant reduction of the time necessary for registering a company. However, the measures should be closely monitored and reinforced in order to cut more radically both the high number of procedures and the long time-span for establishing new businesses.

Labour markets

The Italian labour market is characterised by low employment rates and high unemployment rates, in particular, very high rates of youth and long-term unemployment and severe imbalances between the North and South. The recent adoption of a tailor-made approach *vis-à-vis* the newly unemployed shows that efforts are being made towards preventing the drift into long-term unemployment. Furthermore, the tightening of eligibility criteria of unemployment benefit schemes and the targeting of employability measures should improve the current situation. As a consequence, reforms should focus, in particular, on the following areas:

- efforts to improve active labour market measures would need to be substantially increased in addition to recent measures concerning job-search assistance, training and apprenticeships,
- the effort to shift the tax burden away from labour to other tax bases, undertaken with the Italian Tax Reform of 1997 (in particular with the introduction of the IRAP) and recently confirmed by the so-called Carbon tax implemented in the 1999 Budget, should continue to be pursued intensively within the process of fiscal consolidation,
- such efforts have to be combined with reforms of benefit schemes to reduce the number of employed being transferred to pensions and other schemes,
- without compromising the budgetary targets, early activation and adequate unemployment benefits should ensure an increased labour supply and greater labour mobility,
- a review of employment protection legislation should also have positive results, and
- tripartite local agreements in the South introducing wage flexibility in line with lower labour productivity should be encouraged.

9. Luxembourg

Economic activity in Luxembourg is likely to expand robustly in 1999, although not as rapidly as in 1998. Unemployment should stay at its very low level.

Budgetary policy

Budgetary policy should focus on the following:

- government expenditure should be monitored closely, so that the high government surplus does not rely just on the rapid increase in tax receipts linked to strong economic growth, and
- structural reforms, in particular regarding the social security system, should continue in order to contribute to the maintenance of sound public finances and to prepare for the challenge of population ageing.

Product and capital markets

Several sectors are undergoing structural reforms in Luxembourg. However, further efforts are needed in specific areas:

- despite recent efforts to catch-up, Luxembourg has been relatively slow to implement Single Market regulations. Implementation should be stepped up, particularly in the areas of telecommunications and transport,
- in Luxembourg, regional aids account for a very large part of non-agricultural State aids, a high percentage for a prosperous country. Evaluating the necessity and effectiveness of these aids therefore seems appropriate, and
- price levels in Luxembourg are relatively moderate except in the construction sector. The country maintains an extensive system of price regulation that is unique within the European Union. The purpose of the system is to help reduce pressures on wage levels, which are indexed to the rate of inflation. In order to alleviate the administrative burden of firms, the abolition of the price regulation system should be considered and the emphasis shifted to a more active competition policy.

Labour markets

The overall performance of the Luxembourg labour market is among the best in the European Union. Low unemployment rates coexist with high employment growth rates. The latter has mainly been achieved due to a large share of cross-border commuters, who count for almost one third of employees. However, the Luxembourg labour market performance is weak with regard to the low employment rate of women and older workers. As a consequence, reforms should focus, in particular, on the following area:

- the 1998 national action plan for employment envisages measures to remedy this situation by, *inter alia*, on-the-job training in firms and the creation of additional childcare facilities. This could also help to reduce the risk of overheating through rapid wage increases in this fast-growing economy.

10. The Netherlands

Labour markets

After several years of rapid expansion, the Dutch economy is expected to slow in 1999 to about its trend rate. Nevertheless, the already low unemployment is likely to fall further.

Budgetary policy

Budgetary policy should focus on the following:

- any deterioration in the budgetary position in 1999 should be limited and should not lead to a general government deficit exceeding the budget target of 1,3 % of GDP, taking advantage of the better-than-expected result for 1998. In particular, some increases in expenditure planned in the 1999 budget should, if necessary, be reconsidered, and
- the very limited planned reduction in the deficit to 1,1 % of GDP in 2002 in the context of the cautious scenario of the Dutch stability programme should in any case be considered as a minimum objective and the Dutch government is encouraged to achieve better budgetary results.

Product and capital markets

The Netherlands is a good example of a country in which important product market reforms have already taken root. However, problem areas remain, particularly in the non-traded sectors such as construction and some services where competition is relatively weak. In this context, further efforts are needed in specific areas:

- although the Netherlands has a generally good record in transposing Single Market directives, its transposition deficit is concentrated in a small number of sectors, particularly transport. With a view to enhancing competition, transposition should be stepped up,
- important reforms were made to competition policy in 1998 and their efficiency should now be assessed. This includes the innovative Dutch 'Competition, Deregulation and Legislative Quality Project' ('MDW operatie'), launched in 1994. Central to the 'MDW operatie' is the intensification of competition and the removal of regulatory obstacles wherever possible. Such obstacles continue to hinder business start-ups, in spite of the important measures already taken (reducing both the administrative costs and number of steps needed to set up a business). The implementation of such measures should be strictly followed,
- liberalisation of the public transport sector is still little advanced and reforms in this area should be speeded up, and
- in the retail sector, shop-opening hours have been extended but spatial planning regulations continue to be a constraint and should be reviewed.

Due to comprehensive structural reforms and sustained economic growth, the Dutch labour market performance is one of the best in the European Union, both in terms of employment increases and unemployment reductions. Nevertheless, the share of long-term unemployment in total unemployment is still high. Personalised integration plans may be effective tools in preventing youth and long-term unemployment. Dutch performance regarding youth unemployment is already relatively good, partly as the result of a lower minimum wage for younger workers. The government's continued efforts to reduce taxes on low wages and to reduce the share of the working-age population dependent on benefits deserve to be recognised, although there is still a large number of persons on disability benefits. Furthermore, the social partners take the interests of unemployed outsiders to a great extent into account. The privatisation of the sickness benefit system has helped reduce sickness-related absence from work. As a consequence, reforms should focus, in particular, on the following areas:

- the tax burden on average wages remains one of the highest in the European Union. Continued efforts are therefore needed to reduce the overall tax burden on labour, especially at the lower end of the labour market, and
- further efforts seem to be required to ensure sufficient incentives in benefit and assistance schemes to encourage take-up of job offers and to increase the effective labour supply, in particular, among older workers.

11. Austria

Austria is likely to experience a slowdown in economic growth in 1999 to about its trend rate, allowing the already low unemployment rate to remain broadly stable.

Budgetary policy

Budgetary policy should focus on the following:

- tight control of government expenditure is needed in order to ensure that the recent adaptation of family taxation does not lead to a build-up of pressures on the budget and that the target of 2 % of GDP for the government deficit in 1999 is met,
- for the years beyond 1999, the Austrian Government should do its utmost to overachieve, as in the past, the budgetary targets set in the stability programme and ensure that the general government debt ratio is kept firmly on a downward path, and

- while the net tax relief provided by the recently adopted tax reform is to be welcomed, significant savings on the expenditure side will be necessary in order not to compromise the objective of a further reduction in the deficit from 2000 onwards.

Product and capital markets

Several measures have been taken to promote competition and entrepreneurship in Austria. However, further efforts are needed in specific areas:

- Austria should accelerate transposition of Single Market Directives into domestic law in transport and public procurement,
- the Austrian cartel law (dating from 1988) is not in line with Community law. However, the government intends to reform the present law and create an independent Cartel Office. These reforms should be put in place as soon as possible,
- efforts should be continued to reform public services and the deregulation process of utilities should be accelerated,
- acknowledging a recent liberalisation of shop-opening hours further steps should be considered,
- recent Austrian initiatives to simplify the procedures necessary to start a new business such as the development of 'one-stop shops' should be continued and expanded to include all registration procedures, and
- measures should be taken to develop the venture capital market,
- the government is invited to meet its objective to increase R&D expenditure to 2,5 % of GDP by 2005, *inter alia* by improving tax allowances.

Labour markets

A key element of the relatively high employment and low unemployment rates in Austria is the traditional consensus approach of the social partners, helping to smooth out the effect of business cycles on the labour markets and also to adjust *ex post* to wage agreements which turn out to be harmful for growth. One weakness is the low activity rate, and rising unemployment, among older workers. As a consequence, reforms should focus, in particular, on the following areas:

- the 1998 national action plan for employment represents a further move towards a more active labour market approach, supported by a substantial increase in budgetary resources. The new 1999 national action plan should make clear how the targets will be met,
- the difficulty in retaining older workers in activity suggests in particular the need to reconsider the revision of the overall framework by: improving work incentives, modern-

ising the organisation of work and reviewing early retirement conditions,

- special emphasis needs to be paid to low-wage and low-skilled workers, as their share among the unemployed recently started rising, and
- recent reforms to encourage part-time work and increase the working time flexibility during the year (annualisation of working time) should support the rather successful labour market performance in Austria relative to most other European Union countries.

12. Portugal

Although economic growth in Portugal is expected to slow in 1999, it will remain close to the trend rate and should allow a further decline in unemployment.

Budgetary policy

Budgetary policy should focus on the following:

- the implementation of budgetary policy in 1999 should ensure that the target for the government deficit of 2,0 % of GDP is fully met; the opportunity presented by the favourable economic growth conditions and the budgetary outcome in 1998 could be used to bring the deficit down further; lower interest payments should also be used to improve the deficit,
- the budget execution should pay close attention to primary current expenditure, especially health expenditure and the government's wage bill, in order to generate an efficient and permanent budgetary consolidation; if evidence of overheating will emerge, a tight fiscal stance should be adopted,
- the structural reforms with a direct impact on the budget outlined in the stability programme (e.g. standardisation of accounting systems and multiannual programming of current expenditures) should be swiftly implemented to achieve better budgetary control and to improve expenditure efficiency, and
- where possible and necessary, more intense introduction of private-public partnerships in health care systems, which are already applied in some cases in Portugal, and reviewing the eligibility criteria of pensions should cope with demographic trends, without significantly increasing the tax burden on labour.

Product and capital markets

Developing economic integration has helped improve the functioning of product markets in Portugal. However, further efforts are needed in specific areas:

- Portugal has been relatively slow to implement Single Market Regulations. Measures should be taken to rectify the situation, especially in areas such as public procurement, telecommunications and transport,
- the level of non-agricultural State aids is relatively low. However, still a significant part of this aid is devoted to restructuring and sector-specific measures. Efforts should therefore be made to reduce the share of these aids,
- the anti-trust legislation is currently being reviewed with the aim of bringing it into line with the European Union legislation. This reform of competition law should be implemented as soon as possible,
- liberalisation of the network industries, which is generally progressing in line with the requirements of Community legislation, should be pursued further,
- in retail distribution, a problem of excessive concentration has been identified. The competition laws have been strengthened to deal with abuses. However, the law restricting the licensing of large retail outlets may not be an appropriate solution,
- administrative requirements to create a business are complex and can take a very long time. The Portuguese Government should develop the National Network of Enterprise Formalities Centres, created in 1998, as well as the multipurpose Administrative Services Centres ('Loja do cidadão'), which will strengthen the strategy of simplifying and speeding up procedures, and
- efforts should be made to develop a venture capital market and to improve innovative activity.

Labour markets

Although the overall unemployment rate is much below the European Union average, long-term unemployment and unemployment among the unskilled is relatively high. Given this situation, and the ongoing restructuring of the Portuguese economy, the 1998 national action plan for employment envisages enhanced education and training, as well as an improved coordination between both systems. As a consequence, reforms should focus, in particular, on the following areas:

- measures to improve education and training should be accompanied by an adequate benefit system to ensure appropriate incentives to participate in these active measures and to take up job offers, and
- a number of laws aimed at improving the performance of the labour market have been implemented in the past few years, including the easing of dismissal and job assignment rules and the introduction of higher working time flexibility. This policy should be pursued further with a view to enhancing labour market flexibility.

13. Finland

After several years of rapid growth, the Finnish economy is expected to expand more slowly in 1999. But further progress in reducing unemployment is expected.

Budgetary policy

Budgetary policy should focus on the following:

- while taking into account the impact of the economic cycle, the government surplus should be improved further so as to cope with the rapidly ageing population and the pressure that this will impose on the social security accounts,
- priority needs to be given to the reduction in central government deficit, given its still unbalanced position and the need to reduce further the central government debt ratio,
- further fiscal consolidation should be based on a reduction in government expenditure (in percentage of GDP) which would also create room for the needed reduction in the high tax burden, especially aimed at supporting job creation, and
- the stability programme set annual ceilings on central government expenditure. Whereas the ceilings for the years 2000 to 2002 are non-binding, they should be firmly respected in the budget laws for those years.

Product and capital markets

The progress of structural reforms has been important in Finland. However, competition problems persist in sheltered sectors. Further efforts are needed in specific areas:

- significant reforms to extend the powers of the competition authority have been carried out recently. National authorities should, however, be given the power to enforce Articles 85 (cartels) and 86 (abuse of dominant positions) of the EC Treaty, and
- because the Finnish public sector is comparatively large, areas where public and private enterprises compete to provide services should be closely monitored. Efforts made to create a competitive environment in those areas should be continued.

Labour markets

Both employment and unemployment rates are higher than the European Union average. The labour force participation rate among older workers is very low. The 1998 national action plan for employment is a combination of preventive and curative action, contributing to a reduction of the stock of the unemployed while increasing the employment rate. The government is aware of the incentive problems of the tax-benefit system and has taken several steps to improve the current situation. These measures have been successful to some extent. As a consequence, reforms should focus, in particular, on the following areas:

- in order to improve the employment content of growth, measures should be directed at a reduction of the overall tax burden on labour,
- benefit and assistance systems need to be reviewed with the aim of increasing job availability, making job search more effective, and ensuring sufficient incentives to take up a job offer, and
- given the impact of ageing on future labour supply, pension systems should be strengthened by reviewing the conditions for access to early retirement.

14. Sweden

Economic growth in Sweden is likely to slowdown in 1999, but a further gradual decline in unemployment is expected.

Budgetary policy

Budgetary policy should focus on the following:

- the government should adhere to its announced policies since these are expected to achieve the government's budgetary targets of a rising government surplus,
- the government should ensure the maintenance of the tight expenditure control on which its budgetary outlook is heavily reliant, and
- given the high burden of taxation in Sweden, the government should seek ways of reducing the burden further while ensuring the achievement of its budgetary targets.

Product and capital markets

Sweden has a good record of reforms to goods and capital markets. However, further efforts are needed in specific areas:

- there are competition problems (high prices and high concentration ratios) in the retail and wholesale distribution and construction sectors. Measures should be taken to improve the situation. The Swedish competition authority should be given the power to enforce Articles 85 (cartels) and 86 (abuse of dominant positions) of the EC Treaty,
- the Swedish public sector is comparatively large, so the authorities' efforts to improve its efficiency are particularly appropriate,
- Sweden is among the Member States that have undertaken the most comprehensive reforms of utilities liberalisation in the Union. In spite of efforts to ensure equality amongst the different suppliers, further efforts should be taken to ensure that dominant firms do not constitute a potential threat to market efficiency. Further measures to increase competition

and to promote new entry in these sectors should be envisaged, and

- Regulations limiting the establishment of grocery stores reduce competition in retail distribution.

Labour markets

Total employment has been falling throughout the 1990s as a result of weakened economic activity, although showing some recovery in 1998 and still remaining among the highest employment rate for the European Union. The employment of women is concentrated in a limited number of sectors, especially in health and social services. Sweden stands above the European Union averages as regards female and part-time employment rates. The unemployment rate was below the European Union average in 1998. The Swedish labour market policy rightly puts emphasis on investment in human capital, through employment training and skill development in the workplace. It has emphasised active labour market measures, which have, however, proved to be less effective in circumstances of high unemployment. As a consequence, reforms should focus, in particular, on the following areas:

- on the government's plans to promote job creation in private firms and to reduce the overall number of people in labour market programmes while focusing the programmes more precisely and increasing the share of people in labour market training,
- given the disincentives that stem from the very high tax burden on labour, in particular, on low and medium wages in combination with generous welfare benefits, the government's aim to use the budgetary room for manoeuvre for reducing taxes on labour with a priority for low and medium-paid workers is also welcome, and
- further reviews of benefit and assistance schemes in order to clarify eligibility criteria, introduce gradually rising demands on the unemployed, strengthen the supervision of the administration and ensure efficient incentives to take up a job offer, should strengthen and balance the efforts in taxation and activation schemes.

15. United Kingdom

Economic growth in the United Kingdom in 1999 is likely to be lower, falling below trend.

Budgetary policy

Budgetary policy should focus on the following:

- announced expenditure plans should be strictly adhered to, so that the government's fiscal rules — on average over the cycle, borrowing only to invest and not to finance current expenditure, and keeping the net public debt ratio at a stable and prudent level — can be respected. As a consequence, the medium-term objective of the public finances broadly in balance can be achieved, as projected in the budget for 1999/2000, and
- the government should take corrective action promptly if there is evidence of a deterioration in the government balance which cannot be explained by the economic cycle.

Product and capital markets

Since the 1980s, the United Kingdom has undertaken considerable reforms of its product markets. Nonetheless, areas of weakness in competitiveness remain. As a result, further efforts are needed in specific areas:

- although the United Kingdom has a relatively good record in transposing Single Market legislation, little progress has been made over the recent period and further efforts are necessary, particularly in the area of transport,
- in the area of competition policy, new legislation will strengthen the powers of the Office of Fair Trading. The enforcement of these reforms should be strictly applied, and
- growth of small business into larger firms, innovation and R&D expenditure (especially R&D by SMEs) are all relatively weak in the United Kingdom. The United Kingdom has a highly developed venture capital market, but only a small share of such funds go to early-stage business. The government adjustment of the tax structure in favour of SMEs and alteration of laws on insolvency and bankruptcy should help redress the situation.

Labour markets

The labour market reforms pursued in recent years have contributed much to the improved employment and unemployment performance of the United Kingdom. At 71 %, the United Kingdom's employment rate is among the highest in the European Union, while the unemployment rate fell from over 10 % in 1992 to around 6 % in 1998. The New Deal and the Welfare to Work initiatives should lead to an improved performance among the young and adult long-term unemployed groups and to a start in addressing investment in educational skills. As a consequence, reforms should in particular focus on the following areas:

- the emphasis in 1998 on the national action plan for employment on active labour market policy should be accompanied by continued efforts to lower marginal effective tax rates on low-paid workers, and
- further efforts are planned or have recently been put in place to deal with regional unemployment differences and to address the issue of social inclusion. In this context, the full implementation of new initiatives relating to self-employment at a local level and the promotion of affordable child care should prove helpful. It remains to be seen whether further action along the lines of these programmes will be needed.

Done at Brussels, 12 July 1999.

For the Council

The President

S. NIINISTÖ

COMMISSION

COMMISSION DECISION

of 28 July 1999

recognising the fully operational character of the Austrian data base for bovine animals

(notified under document number C(1999) 2478)

(Text with EEA relevance)

(1999/571/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 820/97 of 21 April 1997 establishing a system for the identification and registration of bovine animals and regarding the labelling of beef and beef products ⁽¹⁾, and in particular the first indent of Article 6;

Having regard to the request submitted by Austria,

- (1) Whereas on 23 February 1999 the Austrian authorities have submitted to the Commission a request asking for recognition of the fully operational character of the data base of Austria that forms part of the system for the identification and registration of bovine animals in Austria; whereas this request was accompanied by appropriate information that was updated on the 11 June 1999;
- (2) Whereas Austrian authorities have undertaken the commitment to improve the reliability of this data base ensuring in particular that: (a) all kind of movements shall be recorded in the data base, (b) the competent authorities will take measures as to be able to promptly correct any errors or deficiencies which could be detected automatically or following the appropriate on the spot inspections, (c) measures will be implemented in order to improve their current provisions regarding reidentification of bovine animals in case of lots eartags as to comply with the provisions of Regulation (EC) No 820/97, (d) measures will be taken to ensure full involvement of the veterinary authorities on the implementation of the provisions of Regulation (EC) No 820/97, (e) measures will be taken to enforce the current provisions of the national legislation regarding notification delays of all movements (seven days), (f) meas-

ures will be taken to ensure validation procedure of passports by official veterinarians, (g) measures should be introduced to ensure established follow-up procedures in order to fully comply the provisions of Regulation (EC) No 2630/97 ⁽²⁾ and, (h) the competent authority shall take measures to improve the security conditions provided for the contingency data base; whereas Austrian authorities have undertaken the commitment to implement those improvement measures at the latest by 30 September 1999; whereas Austrian authorities have undertaken the commitment to inform the Commission in the event of any problems occurring during the implementation period of the above mentioned measures;

- (3) Whereas in view of the evaluation of the situation in Austria, it is appropriate to recognise the fully operational character of the data base for the bovine animals,

HAS ADOPTED THIS DECISION:

Article 1

The Austrian database for bovine animals is recognised as fully operational from 1 October 1999.

Article 2

This Decision is addressed to the Republic of Austria.

Done at Brussels, 28 July 1999.

For the Commission

Franz FISCHLER

Member of the Commission

⁽¹⁾ OJ L 117, 7.5.1997, p. 1.

⁽²⁾ OJ L 354, 30.12.1997, p. 23.

COMMISSION DECISION

of 13 August 1999

accepting undertakings offered in connection with the anti-dumping proceedings concerning imports of steel wire ropes and cables originating in the People's Republic of China, Hungary, India, the Republic of Korea, Mexico, Poland, South Africa and Ukraine

(notified under document number C(1999) 2701)

(1999/572/EC)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

People's Republic of China, Hungary, India, Mexico, Poland, South Africa and Ukraine.

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 384/96 of 22 December 1995 on protection against dumped imports from countries not members of the European Community ⁽¹⁾, amended by Regulation (EC) No 905/98 ⁽²⁾, and in particular Article 8(1) thereof,

After consulting the Advisory Committee,

Whereas:

(1) By Regulation (EC) No 362/99 ⁽³⁾, the Commission imposed provisional anti-dumping duties on imports in the Community of steel ropes and cables originating in the People's Republic of China, Hungary, India, Mexico, Poland, South Africa and Ukraine and accepted price undertakings offered by certain exporting producers in Poland and Hungary.

(2) Following the adoption of the provisional anti-dumping measures, in accordance with Article 8(6) of Regulation 384/96 (hereinafter referred to as the 'Basic Regulation'), the Commission continued the investigation of dumping, injury and Community interest. The definitive findings and conclusions of the investigation are set out in Council Regulation (EC) No 1796/1999 of 12 August 1999 imposing a definitive duty on imports of steel ropes and cables originating in the People's Republic of China, Hungary, India, Mexico, Poland, South Africa and Ukraine and terminating the anti-dumping proceeding in respect of imports originating in the Republic of Korea ⁽⁴⁾.

(3) The investigation confirmed the provisional findings of injurious dumping relating to imports originating in the

(4) Subsequent to the adoption of provisional anti-dumping measures, one exporting producer in India, the exporting producers in Mexico and South Africa and the exporting producer in the Ukraine, in conjunction with the Ukrainian authorities, have also offered price undertakings in accordance with Article 8(1) of the Basic Regulation.

(5) The terms of these undertakings, in particular the minimum prices for sales for exports to the Community set out therein, ensure that the injurious effects of dumpings as established in the framework of the present anti-dumping proceedings are eliminated.

(6) In addition, since the exporting producers and the Ukrainian authorities have undertaken to submit detailed and regular sales information to the Commission and not to enter into direct or indirect compensatory agreements with their customers in the Community, it has been concluded that the observance of the undertakings can effectively be monitored by the Commission.

(7) As regards the undertakings offered by the Ukrainian exporting producer, the export licensing system to be set up by the Ukrainian government, which will operate for the duration of the undertaking, will ensure that all imports into the EU covered by the undertaking will be in line with the provisions contained therein.

(8) In view of the above, the undertakings offered by one exporting producer in India, by the exporting producers in Mexico and South Africa as well as by the exporting producer in Ukraine are considered acceptable and the investigation can, therefore, be terminated with respect to the exporting producers concerned.

(9) In the event of a breach or withdrawal of the undertaking, a definitive anti-dumping duty may be imposed pursuant to Article 8(9) and (10) of the Basic Regulation,

⁽¹⁾ OJ L 56, 6.3.1996, p. 1.

⁽²⁾ OJ L 128, 30.4.1998, p. 18.

⁽³⁾ OJ L 45, 19.2.1999, p. 8.

⁽⁴⁾ See page 1 of this Official Journal.

HAS ADOPTED THIS DECISION:

Article 1

1. The undertakings offered by the producers mentioned below, in the framework of the anti-dumping proceedings concerning imports of steel ropes and cables originating in the People's Republic of China, Hungary, India, Mexico, Poland, South Africa and Ukraine are hereby accepted.

Country	Manufacturer	TARIC additional code
Mexico	Aceros Camesa SA Margerita Maza de Juárez No 154 Col. Nueva Ind. Vallejo México D.F. C.P. 07700 Mexico	A022
South Africa	Haggie Lower Germiston Road Jupiter PO box 40072 Cleveland South Africa	A023
India	Usha Martin Industries & Usha Beltron Ltd, Shakespeare Sarani Calcutta-700 071 India	A024
Ukraine	Joint Stock Company Silur 343700 Khartsyzsk Donetsk Region Ukraine	A025

2. The investigation in connection with the anti-dumping proceedings referred to in paragraph 1 is hereby terminated with regard to the parties named in that paragraph.

Done at Brussels, 13 August 1999.

For the Commission
Monika WULF-MATHIES
Member of the Commission
