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I

(Acts whose publication is obligatory)

COMMISSION REGULATION (EC) No 1291/2005
of 5 August 2005
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⁾, and in particular Article 4(1) thereof,

Whereas:

- (1) Regulation (EC) No 3223/94 lays down, pursuant to the outcome of the Uruguay Round multilateral 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) 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 6 August 2005.

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

Done at Brussels, 5 August 2005.

For the Commission

J. M. SILVA RODRÍGUEZ

*Director-General for Agriculture and
Rural Development*

⁽¹⁾ OJ L 337, 24.12.1994, p. 66. Regulation as last amended by Regulation (EC) No 1947/2002 (OJ L 299, 1.11.2002, p. 17).

ANNEX

to Commission Regulation of 5 August 2005 establishing the standard import values for determining the entry price of certain fruit and vegetables

<i>(EUR/100 kg)</i>		
CN code	Third country code ⁽¹⁾	Standard import value
0702 00 00	052	44,5
	096	41,1
	999	42,8
0707 00 05	052	75,8
	096	39,7
	999	57,8
0709 90 70	052	77,2
	999	77,2
0805 50 10	382	67,4
	388	69,4
	524	60,9
	528	62,0
	999	64,9
0806 10 10	052	103,9
	204	57,3
	220	128,8
	624	155,1
	999	111,3
0808 10 80	388	79,5
	400	66,7
	508	68,0
	512	64,7
	528	77,2
	720	67,2
	804	72,4
	999	70,8
0808 20 50	052	110,0
	388	56,9
	512	18,8
	528	53,2
	999	57,9
0809 20 95	052	303,5
	400	327,9
	404	318,7
	999	316,7
0809 30 10, 0809 30 90	052	113,1
	999	113,1
0809 40 05	094	49,8
	624	63,6
	999	56,7

⁽¹⁾ Country nomenclature as fixed by Commission Regulation (EC) No 750/2005 (OJ L 126, 19.5.2005, p. 12). Code '999' stands for 'of other origin'.

COMMISSION REGULATION (EC) No 1292/2005**of 5 August 2005****amending Annex IV to Regulation (EC) No 999/2001 of the European Parliament and of the Council
as regards animal nutrition****(Text with EEA relevance)**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 999/2001 of the European Parliament and of the Council of 22 May 2001 laying down rules for the prevention, control and eradication of certain transmissible spongiform encephalopathies ⁽¹⁾, and in particular the first paragraph of Article 23 thereof,

Whereas:

- (1) Regulation (EC) No 999/2001 lays down rules on the feeding of proteins derived from animals in order to prevent the dissemination of transmissible spongiform encephalopathies (TSEs) to animals.
- (2) That Regulation prohibited the use of certain animal proteins in the feeding of farmed animals either because such proteins may potentially contain TSE infectivity or because they could jeopardise the detection of small amounts of potentially TSE infected proteins in feedingstuffs. It also established zero-tolerance of prohibited animal constituents in feedingstuffs.
- (3) Commission Directive 2003/126/EC of 23 December 2003 on the analytical method for the determination of constituents of animal origin for the official control of feedingstuffs ⁽²⁾ provides that official analysis of feedingstuffs with a view to officially control the presence, identification or estimation of the amount of constituents of animal origin in feedingstuffs are to be carried out in accordance with that Directive. Proficiency testing of laboratories, carried out in accordance with that Directive by the Commission's Institute for Reference Materials and Measurements (IRMM-JRC), has demonstrated that the performance of laboratories for detecting small amounts of mammalian proteins in feedingstuffs has improved considerably.

(4) That improvement in laboratory performance has resulted in the detection of the adventitious presence of bone spicules, particularly in tuber and root crops. Scientific evidence has demonstrated that contamination of such crops by bone spicules present in the soil cannot be avoided. Consignments of contaminated tuber and root crops are to be disposed of in accordance with Council Directive 95/53/EC of 25 October 1995 fixing the principles governing the organisation of official inspections in the field of animal nutrition ⁽³⁾, and often have to be destroyed as a result. In order to prevent a disproportionate application of that Directive, Member States should be allowed to make a risk assessment on the presence of animal constituents in tuber and root crops before considering a breach of the feed ban.

(5) On 25 and 26 May 2000, the Scientific Steering Committee (SSC) updated its report and opinion on the safety of hydrolysed proteins produced from ruminant hides, adopted during its meeting of 22 and 23 October 1998. The conditions under which hydrolysed proteins may be considered safe according to that opinion are laid down in Regulation (EC) No 1774/2002 of the European Parliament and of the Council of 3 October 2002 laying down health rules concerning animal by-products not intended for human consumption ⁽⁴⁾. Since 1 May 2004, those conditions have also applied to hydrolysed proteins imported from third countries. Therefore the feeding to ruminants of hydrolysed proteins produced from ruminant hides and skins ruminants should no longer be prohibited.

(6) In its opinion of 17 September 1999 on intra-species recycling, and again in its opinion of 27 and 28 November 2000 on the scientific basis for banning animal protein from feed for all farmed animals, the SSC stated that there is no evidence of the natural occurrence of TSE in non-ruminant farmed animals producing food, such as pigs and poultry. Furthermore, given that controls on the ban on animal proteins are based on the detection of bones and muscles fibres in feedingstuffs, blood products and hydrolysed proteins derived from non-ruminants should not jeopardise controls on the presence of potentially TSE infected proteins. Therefore, the restrictions on feeding to farmed animals of blood products and hydrolysed derived from non-ruminants should be relaxed.

⁽¹⁾ OJ L 147, 31.5.2001, p. 1. Regulation as last amended by Commission Regulation (EC) No 260/2005 (OJ L 46, 17.2.2005, p. 31).

⁽²⁾ OJ L 339, 24.12.2003, p. 78.

⁽³⁾ OJ L 265, 8.11.1995, p. 17. Directive as last amended by Directive 2001/46/EC of the European Parliament and of the Council (OJ L 234, 1.9.2001, p. 55).

⁽⁴⁾ OJ L 273, 10.10.2002, p. 1. Regulation as last amended by Commission Regulation (EC) No 416/2005 (OJ L 66, 12.3.2005, p. 10).

- (7) The conditions for transport, storage and packaging of bulk feedingstuffs containing processed animal proteins should be clarified.
- (8) Continuous evaluation of the competence and training of laboratory staff should be provided for to maintain or improve the quality of the official controls.
- (9) Regulation (EC) No 999/2001 should therefore be amended accordingly. For practical reasons and in the interests of clarity, it is appropriate to replace the amended Annex IV in its entirety.
- (10) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee on the Food Chain and Animal Health,

HAS ADOPTED THIS REGULATION:

Article 1

Annex IV to Regulation (EC) No 999/2001 is amended in accordance with the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

It shall apply from 1 September 2005.

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

Done at Brussels, 5 August 2005.

For the Commission
Markos KYPRIANOU
Member of the Commission

ANNEX

Annex IV to Regulation (EC) No 999/2001 is replaced by the following:

'ANNEX IV

ANIMAL FEEDING**I. Extension of the prohibition provided for in Article 7(1)**

The prohibition provided for in Article 7(1) shall be extended to the feeding:

- (a) to farmed animals, with the exception of the feeding to carnivorous fur producing animals, of:
 - (i) processed animal protein;
 - (ii) gelatine of ruminant origin;
 - (iii) blood products;
 - (iv) hydrolysed protein;
 - (v) dicalcium phosphate and tricalcium phosphate of animal origin (dicalcium phosphate and tricalcium phosphate);
 - (vi) feedingstuffs containing the proteins listed in points (i) to (v).
- (b) to ruminants, of animal protein and feedingstuffs containing such protein.

II. Derogations from the prohibitions provided for in Article 7(1) and (2), and specific conditions for the application of such derogations.

A. The prohibitions provided for in Article 7(1) and (2) shall not apply to:

- (a) the feeding to farmed animals of the proteins referred to in points (i), (ii), (iii) and (iv) and of feedingstuffs derived from such proteins:
 - (i) milk, milk-based products and colostrum;
 - (ii) eggs and egg products;
 - (iii) gelatine derived from non-ruminants;
 - (iv) hydrolysed proteins derived from parts of non-ruminants and from ruminant hides and skins;
- (b) the feeding to non-ruminant farmed animals of the proteins referred to in points (i), (ii) and (iii), and of products derived from such proteins:
 - (i) fishmeal, in accordance with the conditions laid down in point B;
 - (ii) dicalcium phosphate and tricalcium phosphate, in accordance with the conditions laid down in point C;
 - (iii) blood products derived from non-ruminants in accordance with the conditions laid down in point D;
- (c) the feeding to fish of blood meal derived from non-ruminants in accordance with the conditions laid down in point D;

- (d) the feeding to farmed animals of tuber and root crops and feedingstuffs containing such products following the detection of bone spicules may be permitted by the Member States if there has been a favourable risk assessment. The risk assessment shall take into account at least the amount and possible source of contamination and the final destination of the consignment.
- B. The following conditions shall apply for the use of fishmeal referred to in point A(b)(i) and feedingstuffs containing fishmeal in the feeding of non-ruminant farmed animals (not applicable to the feeding of carnivorous fur producing animals):
- (a) the fishmeal shall be produced in processing plants dedicated exclusively to the production of fish derived products;
 - (b) before release for free circulation in the Community, each consignment of imported fishmeal shall be analysed by microscopy in accordance with Directive 2003/126/EC;
 - (c) feedingstuffs containing fishmeal shall be produced in establishments which do not produce feedingstuffs for ruminants and which are authorised for this purpose by the competent authority.

By way of derogation from point (c):

- (i) a specific authorisation for the production of complete feedingstuffs from feedingstuffs containing fishmeal shall not be required for home compounders:
 - registered by the competent authority,
 - keeping only non-ruminants,
 - producing complete feedingstuffs for use only in the same holding, and
 - provided that the feedingstuffs containing fishmeal used in the production contain less than 50 % crude protein;
 - (ii) the production of feedingstuffs for ruminants in establishments which also produce feedingstuffs containing fishmeal for other animal species may be authorised by the competent authority subject to the following conditions:
 - bulk and packaged feedingstuffs destined for ruminants are kept in facilities physically separate from those for bulk fishmeal and bulk feedingstuffs containing fishmeal during storage, transport and packaging,
 - feedingstuffs destined for ruminants are manufactured in facilities physically separate from facilities where feedingstuffs containing fishmeal are manufactured,
 - records detailing the purchases and uses of fishmeal and the sales of feedingstuffs containing fishmeal are kept available to the competent authority for at least five years, and
 - routine tests are carried out on feedingstuffs destined for ruminants to ensure that prohibited proteins including fishmeal are not present.
- (d) The label and accompanying document of feedingstuffs containing fishmeal shall clearly indicate the words "contains fishmeal — shall not be fed to ruminants".
- (e) Bulk feedingstuffs containing fishmeal shall be transported by means of vehicles which do not at the same time transport feedingstuffs for ruminants. If the vehicle is subsequently used for the transport of feedingstuffs intended for ruminants, it shall be thoroughly cleaned in accordance with a procedure approved by the competent authority to avoid cross-contamination.

- (f) The use and storage of feedingstuffs containing fishmeal shall be prohibited in farms where ruminants are kept.

By way of derogation from that condition, the competent authority may permit the use and storage of feedingstuffs containing fishmeal in farms where ruminants are kept, if it is satisfied that on-farm measures are implemented to prevent that feedingstuffs containing fishmeal are fed to ruminants.

- C. The following conditions shall apply for the use of dicalcium phosphate and tricalcium phosphate referred to in point A(b)(ii) and feedingstuffs containing such proteins in the feeding of non-ruminant farmed animals (not applicable to the feeding of carnivorous fur producing animals):

- (a) Feedingstuffs containing dicalcium phosphate or tricalcium phosphate shall be produced in establishments which do not prepare feedingstuffs for ruminants and which are authorised for this purpose by the competent authority.

By way of derogation from that condition:

- (i) a specific authorisation for the production of complete feedingstuffs from feedingstuffs containing dicalcium phosphate or tricalcium phosphate shall not be required for home compounders:

— registered by the competent authority,

— keeping only non-ruminants,

— producing complete feedingstuffs for use only in the same holding, and

— provided that the feedingstuffs containing dicalcium phosphate or tricalcium phosphate used in the production contain less than 10 % total phosphorus;

- (ii) the production of feedingstuffs for ruminants in establishments which also produce feedingstuffs containing dicalcium phosphate or tricalcium phosphate for other animal species may be authorised by the competent authority subject to the following conditions:

— bulk and packaged feedingstuffs destined for ruminants are manufactured in facilities physically separate from those where feedingstuffs containing dicalcium phosphate or tricalcium phosphate are manufactured,

— bulk feedingstuffs destined for ruminants are during storage, transport and packaging kept in facilities physically separate from those for bulk dicalcium phosphate, bulk tricalcium phosphate and bulk feedingstuffs containing dicalcium phosphate or tricalcium phosphate,

— records detailing the purchases and uses of dicalcium phosphate or tricalcium phosphate and the sales of feedingstuff containing dicalcium phosphate or tricalcium phosphate are kept available to the competent authority for at least five years.

- (b) The label and accompanying document of the feedingstuffs containing dicalcium phosphate or tricalcium phosphate shall clearly indicate the words “contains dicalcium/tricalcium phosphate of animal origin – shall not be fed to ruminants”.

- (c) Bulk feedingstuffs containing dicalcium phosphate or tricalcium phosphate shall be transported by means of vehicles which do not at the same time transport feedingstuffs for ruminants. If the vehicle is subsequently used for the transport of feedingstuffs intended for ruminants, it shall be thoroughly cleaned in accordance with a procedure approved by the competent authority to avoid cross-contamination.

- (d) The use and storage of feedingstuffs containing dicalcium phosphate or tricalcium phosphate shall be prohibited in farms where ruminants are kept.

By way of derogation from that condition, the competent authority may permit the use and storage of feedingstuffs containing dicalcium phosphate or tricalcium phosphate in farms where ruminants are kept, if it is satisfied that on-farm measures are implemented to prevent that feedingstuffs containing dicalcium phosphate or tricalcium phosphate are fed to ruminants.

- D. The following conditions shall apply for the use of blood products referred to in point A(b)(iii) and blood meal referred to in point A(c) and of feedingstuffs containing such proteins, in the feeding of respectively non-ruminant farmed animals and fish:

- (a) The blood shall be derived from EU approved slaughterhouses which do not slaughter ruminants and which are registered as not slaughtering ruminants, and it shall be transported directly to the processing plant in vehicles dedicated exclusively to the transport of non-ruminant blood. If the vehicle was previously used for the transport of ruminant blood, it shall be, following cleaning, inspected by the competent authority before the transport of non-ruminant blood.

By way of derogation from that condition, the competent authority may permit the slaughter of ruminants in a slaughterhouse collecting non-ruminant blood intended for the production of blood products and blood meal for use in feed for respectively non-ruminant farmed animals and fish if the slaughterhouse has a recognised control system. That control system shall at least include:

- keeping the slaughtering of non-ruminants physically separate from the slaughtering of ruminants,
- keeping collection, storage, transport and packaging facilities for blood of ruminant origin physically separate from those for blood of non-ruminant origin, and
- regular sampling and analysis of blood of non-ruminant origin to detect the presence of ruminant proteins

- (b) The blood products and blood meal shall be produced in an establishment exclusively processing non-ruminant blood.

By way of derogation from that condition, the competent authority may permit the production of blood products and blood meal for use in feed for respectively non-ruminant farmed animals and fish in establishments processing ruminant blood, which have a recognised control system in place preventing cross-contamination. That control system shall at least include:

- processing of non-ruminant blood in a closed system physically separate from the processing of ruminant blood,
- keeping of bulk raw material and bulk finished products of ruminant origin during storage, transport and packaging in facilities physically separate from those for bulk raw material and bulk finished products of non-ruminant origin, and
- regular sampling and analysis of non-ruminant blood products and blood meal to detect the presence of ruminant proteins.

- (c) Feedingstuffs containing blood products or blood meal shall be produced in establishments which do not prepare feedingstuffs for respectively ruminants or farmed animals other than fish and which are authorised for this purpose by the competent authority.

By way of derogation from that condition:

- (i) a specific authorisation for the production of complete feedingstuffs from feedingstuffs containing blood products or blood meal shall not be required for home compounders:
 - registered by the competent authority,
 - keeping only non-ruminants in case blood products are used, or only fish in case blood meal is used,
 - producing complete feedingstuffs for use only in the same holding, and
 - provided that the feedingstuffs containing blood products or blood meal used in the production contain less than 50 % total protein.
- (ii) the production of feedingstuffs for ruminants in establishments which also produce feedingstuffs containing blood products or blood meal for respectively non-ruminant farmed animals or fish may be authorised by the competent authority subject to the following conditions:
 - bulk and packaged feedingstuffs destined for ruminants or farmed animals other than fish are manufactured in facilities physically separate from those where feedingstuffs containing respectively blood products or blood meal are manufactured,
 - bulk feedingstuffs kept, during storage transport and packaging, in physically separate facilities as follow:
 - (a) feedingstuff destined for ruminants is kept separate from blood products and from feedingstuffs containing blood products;
 - (b) feedingstuff destined for farmed animals other than fish is kept separate from blood meal and feedingstuffs containing blood meal,
 - records detailing the purchases and uses of blood products and blood meal, and the sales of feedingstuffs containing such products, are kept available to the competent authority for at least five years.
- (d) The label, accompanying commercial document or health certificate, as appropriate, of the feedingstuffs containing blood products or blood meal shall clearly indicate the words “contains blood products – shall not be fed to ruminants” or “contains blood meal – shall only be fed to fish” as appropriate.
- (e) Bulk feedingstuffs containing blood products shall be transported by means of vehicles which do not transport at the same time feedingstuffs for ruminants and bulk feedingstuffs containing blood meal by means of vehicles which do not transport at the same time feedingstuffs for farmed animals other than fish. If the vehicle is subsequently used for the transport of feedingstuffs intended for respectively ruminants or farmed animals other than fish, it shall be thoroughly cleaned in accordance with a procedure to avoid cross-contamination approved by the competent authority.
- (f) The use and storage of feedingstuffs containing blood products shall be prohibited in farms where ruminants are kept, and that of feedingstuffs containing blood meal shall be prohibited in farms where farmed animals other than fish are kept.

By way of derogation, the competent authority may permit the use and storage of feedingstuffs containing respectively blood products or blood meal in farms where respectively ruminants or farmed animals other than fish are kept, if it is satisfied that on-farm measures are implemented to prevent that feedingstuffs containing respectively blood products or blood meal are fed to respectively ruminants or species other than fish.

III. General implementing conditions

- A. This Annex shall apply without prejudice to the provisions in Regulation (EC) No 1774/2002.
- B. Member States shall keep up-to-date lists of:
- (a) slaughterhouses approved for the collection of blood in accordance with point D(a) of Part II;
 - (b) approved processing plants producing dicalcium phosphate, tricalcium phosphate, blood products or blood meal, and
 - (c) establishments, with the exception of home compounders, authorised for manufacturing feedingstuffs containing fishmeal and the proteins referred to in point (b) which operate in accordance with the conditions laid down in points B(c), C(a) and D(c) of Part II.
- C. (a) Bulk processed animal protein, with the exception of fishmeal, and bulk products, including feedingstuffs, organic fertilisers and soil improvers, containing such proteins, shall be stored and transported in dedicated facilities. The store or vehicle may only be used for other purposes, following cleaning, and after having been inspected by the competent authority.
- (b) Bulk fishmeal referred to in point A(b)(i) of Part II, bulk dicalcium phosphate and bulk tricalcium phosphate referred to in point A(b)(ii) of Part II, blood products referred to in point A(b)(iii) of Part II and blood meal referred to in point A(c) of Part II shall be stored and transported in stores and vehicles dedicated to that purpose.
- (c) By way of derogation from point (b):
- (i) stores or vehicles may be used for the storage and transport of feedingstuffs containing the same protein;
 - (ii) stores or vehicles, following cleaning, may be used for other purposes after having been inspected by the competent authority; and
 - (iii) stores and vehicles transporting fishmeal may be used for other purposes if the company has a control system in place, recognised by the competent authority, to prevent cross-contamination. The control system shall at least include:
 - records on material transported and cleaning of the vehicle, and
 - regular sampling and analysis of feedingstuffs transported to detect the presence of fishmeal.
- The competent authority shall carry out frequent on-the-spot checks to verify the correct application of the above control system.
- D. Feedingstuffs, including petfood, which contain blood products of ruminant origin or processed animal proteins, other than fishmeal, shall not be manufactured in establishments which produce feedingstuffs for farmed animals, with the exception of feedingstuffs for carnivorous fur producing animals.

Bulk feedingstuffs, including petfood, which contain blood products of ruminant origin or processed animal proteins, other than fishmeal, shall during storage, transport and packaging be kept in facilities physically separate from facilities for bulk feedingstuffs for farmed animals, with the exception of feedingstuffs for carnivorous fur producing animals.

Petfood and feedingstuffs intended for carnivorous fur producing animals containing dicalcium phosphate or tricalcium phosphate referred to in point A(b)(ii) of Part II, and blood products referred to in point A(b)(iii) of Part II shall be manufactured and transported in accordance with points C(a) and (c) and points D(c) and (e), respectively of Part II.

- E. 1. The export to third countries of processed animal proteins derived from ruminants, and of products containing such processed animal proteins, shall be prohibited.
2. The export of processed animal proteins derived from non-ruminants and of products containing such proteins shall only be permitted by the competent authority subject to the following conditions:
- they are destined for uses not prohibited by Article 7,
 - a written agreement with the third country is made prior to exportation, which includes an undertaking from the third country to respect the final use and not to re-export the processed animal protein or products containing such proteins for uses prohibited by Article 7.
3. Member States which permit exports in accordance with point 2 shall for the effective implementation of this Regulation inform the Commission and the other Member States of all terms and conditions as agreed with the third country concerned, in the context of the Standing Committee on the Food Chain and Animal Health.

Points 2 and 3 shall not apply to:

- exports of fishmeal, provided it fulfils the conditions set out in point B of Part II,
 - products containing fishmeal,
 - petfood.
- F. The competent authority shall carry out documentary and physical checks, including tests on feedingstuffs, throughout the production and distribution chain in accordance with Directive 95/53/EC to control compliance with its provisions and with the provisions of this Regulation. Where any presence of prohibited animal protein is detected, Directive 95/53/EC shall apply. The competent authority shall verify on a regular basis the competence of laboratories carrying out analyses for such official controls, in particular by evaluating the results of ring trials. If the competence is considered unsatisfactory, a re-training of the laboratory staff shall be undertaken as the minimal corrective measure.'
-

COMMISSION REGULATION (EC) No 1293/2005**of 5 August 2005****amending Regulation (EEC) No 2676/90 determining Community methods for the analysis of wines**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1493/1999 of 17 May 1999 on the common organisation of the market in wine ⁽¹⁾, and in particular Article 46(3) thereof,

Whereas:

- (1) The method for measuring the excess pressure in sparkling and semi-sparkling wines has been laid down in accordance with internationally recognised criteria. The International Vine and Wine Office (OIV) adopted the new description of this method at its General Assembly in 2003.
- (2) Using this method will ensure simpler, more precise monitoring of excess pressure in these wines.
- (3) The description of the usual method in Chapter 37 of the Annex to Commission Regulation (EEC) No 2676/90 ⁽²⁾

is no longer necessary and paragraph 3 of Chapter 37 should therefore be deleted. The updated description of this method should, moreover, be introduced in a new chapter of the Annex to that Regulation.

- (4) Regulation (EEC) No 2676/90 should therefore be amended accordingly,
- (5) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Wine,

HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Regulation (EEC) No 2676/90 is hereby amended in accordance with the Annex to this Regulation.

Article 2

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

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

Done at Brussels, 5 August 2005.

For the Commission
Mariann FISCHER BOEL
Member of the Commission

⁽¹⁾ OJ L 179, 14.7.1999, p. 1. Regulation as last amended by Commission Regulation (EC) No 1188/2005 (OJ L 193, 23.7.2005, p. 24).

⁽²⁾ OJ L 272, 3.10.1990, p. 1. Regulation last amended by Regulation (EC) No 355/2005 (OJ L 56, 2.3.2005, p. 3).

ANNEX

The Annex to Regulation (EEC) No 2676/90 is hereby amended as follows:

1. Chapter '37. Carbon Dioxide' is amended as follows:

(a) paragraph 1 is amended as follows:

(i) the title is replaced by the following: '1. PRINCIPLE OF THE METHOD';

(ii) point 1.2 is deleted;

(b) in paragraph 2, the title of point 2.3 is replaced by the following title: 'Calculation of the theoretical excess pressure';

(c) paragraphs 3 and 4 are deleted;

2. after Chapter 37, the following text is inserted as Chapter 37a:

'37a — MEASURING EXCESS PRESSURE IN SPARKLING AND SEMI-SPARKLING WINES

1. PRINCIPLE

Once the temperature has stabilised and the bottle has been shaken, the excess pressure is measured using an aphrometer (pressure gauge). It is expressed in pascals (Pa) (Type I method). The method also applies to aerated sparkling wines and aerated semi-sparkling wines.

2. EQUIPMENT

The apparatus measuring the excess pressure in bottles of sparkling and semi-sparkling wine is called an aphrometer. It takes different forms depending on how the bottle is stoppered (metal capsules, cap, cork or plastic stopper).

2.1. Bottles with capsules

The aphrometer is in three parts (Figure 1):

— the top part (a screw needle holder) is made up of a manometer, a manual tightening ring, an endless screw, which slips into the middle part, and a needle, which goes through the capsule. The needle has a lateral hole that transmits pressure to the manometer. A joint ensures that it is tightly sealed onto the capsule of the bottle,

— the middle part (or the nut) permits the centring of the top part. It is screwed into the lower part, holding the entire apparatus firmly onto the bottle,

— the lower part (clamp) is equipped with a spur that slips under the ring of the bottle, holding the entire apparatus together. There are rings adapted to fit every kind of bottle.

2.2. Bottles with corks

The aphrometer is in two parts (Figure 2):

— the top part is identical to the previous apparatus, but the needle is longer. It is made up of a long empty tube with a point on one end to help insert the needle through the cork. This point is detachable and falls into the wine once the cork has been pierced,

- the lower part is made up of a nut and a base sitting on the stopper. This is equipped with four tightening screws used to keep the whole apparatus on the stopper.

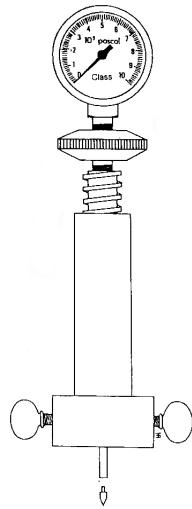


Figure 2 — Aphrometer for corks

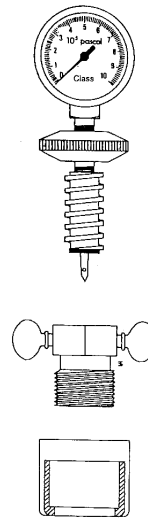


Figure 1 — Aphrometer for capsules

Remarks concerning the manometers that equip these two types of apparatus:

- they can be either mechanical Bourdon tube-type devices or digital piezoelectric sensors. In the first case, the Bourdon tube must be made of stainless steel,
- they are graduated in pascals (Pa). For sparkling wine, it is more practical to use 10^5 pascals (10^5 Pa) or kilopascals (kPa) as the unit of measurement,
- they can be from different classes. The class of a manometer is the precision of a reading compared to a full-scale reading expressed as a percentage (e.g. manometer 1 000 kPa class 1 signifies the maximum useable pressure 1 000 kPa, reading at ± 10 kPa). Class 1 is recommended for precise measurements.

3. PROCEDURE

Measurements must be carried out on bottles where the temperature has stabilised for at least 24 hours. After piercing the crown, the cork or plastic stopper, the bottle must be shaken vigorously to reach a constant pressure, in order to take a reading.

3.1. Bottles with capsules

Slip the clamp over the spur binders under the ring of the bottle. Tighten the nut until the entire apparatus is tight on the bottle. The top part is screwed onto the nut. To avoid any gas escaping, the capsule should be pierced as quickly as possible to bring the joint into contact with the capsule. The bottle must be shaken vigorously until it reached a constant pressure, when a reading can be taken.

3.2. Bottles with corks

Place a point at the end of the needle. Position this on the cork. Tighten the four screws on the cork. Tighten top part (the needle goes through the cork). The point must fall into the bottle so that the pressure can be transmitted to the manometer. Take a reading after shaking the bottle until it reaches a constant pressure. Retrieve the point after taking the reading.

4. EXPRESSION OF RESULTS

The excess pressure at 20 °C ($P_{\text{aph}20}$) is expressed in pascals (Pa) or kilopascals (kPa). This must be in accordance with the precision of the manometer (e.g. $6,3 \times 10^5$ Pa or 630 kPa and not $6,33 \times 10^5$ Pa or 633 kPa for a class 1 manometer with a full-scale reading of 1 000 kPa).

When the measure of temperature is other than 20 °C, this must be corrected by multiplying the pressure measured by an appropriate coefficient (see Table 1).

Table 1

Ratio of $P_{\text{aph}_{20}}$ excess pressure in a sparkling or semi-sparkling wine at 20 °C with the P_{aph_t} excess pressure at a temperature t

°C	
0	1,85
1	1,80
2	1,74
3	1,68
4	1,64
5	1,59
6	1,54
7	1,50
8	1,45
9	1,40
10	1,36
11	1,32
12	1,28
13	1,24
14	1,20
15	1,16
16	1,13
17	1,09
18	1,06
19	1,03
20	1,00
21	0,97
22	0,95
23	0,93
24	0,91
25	0,88

5. CONTROLLING THE RESULTS

Method of direct determination of physical parameters (Type I criteria method)

Checking the aphrometers

Aphrometers must be checked regularly (at least once a year).

This is done using a calibration bench. This allows the manometer for testing to be compared with a high-quality reference manometer measured by national standards, mounted in parallel. The check compares the values indicated by the two apparatuses for rising, and then falling, levels of pressure. If there is a difference, the manometer can be regulated using an adjustment screw.

Laboratories and authorised organisations are all equipped with calibration benches; they are also available from manometer manufacturers.'

COMMISSION REGULATION (EC) No 1294/2005**of 5 August 2005****amending Annex I to Council Regulation (EEC) No 2092/91 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 2092/91 of 24 June 1991 on organic production of agricultural products and indications referring thereto on agricultural products and foodstuffs ⁽¹⁾, and in particular the second indent of Article 13 thereof,

Whereas:

(1) According to the principles governing the organic production at farm level set out in Annex I to Regulation (EEC) No 2092/91, livestock must be fed on organically produced feedingstuffs. For a transitional period expiring on 24 August 2005, farmers are allowed to use a limited proportion of conventional feedingstuffs where they can show that organic feedingstuffs are unavailable.

(2) It appears that there will not be a supply of sufficient quantities to fill the demand for organic feed materials in the Community after 24 August 2005, especially as concerns feed materials rich in proteins needed to sustain production for monogastric animals and, to a lesser extent, for ruminants.

(3) It is therefore necessary to provide for an extension of the transitional period during which the use of conventional feedingstuffs may be authorised.

(4) Regulation (EEC) No 2092/91 should therefore be amended accordingly.

(5) Considering the urgency of the measure due to the fact that the provision on the use of conventional feedingstuffs expires on 24 August 2005, this Regulation should enter into force on the day after its publication in the *Official Journal of the European Union*.

(6) The measures provided for in this Regulation are in accordance with the opinion of the Committee set up by Article 14 of Regulation (EEC) No 2092/91,

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EEC) No 2092/91 is amended in accordance with the Annex to this Regulation.

Article 2

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

It shall apply from 25 August 2005.

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

Done at Brussels, 5 August 2005.

For the Commission

Mariann FISCHER BOEL

Member of the Commission

⁽¹⁾ OJ L 198, 22.7.1991, p. 1. Regulation as last amended by Commission Regulation (EC) No 2254/2004 (OJ L 385, 29.12.2004, p. 20).

ANNEX

Part B of Annex I to Regulation (EEC) No 2092/91 is amended as follows:

Point 4.8 is replaced by the following:

'By way of derogation from paragraph 4.2, the use of a limited proportion of conventional feedingstuffs of agricultural origin is authorised where farmers can show to the satisfaction of the inspection body or authority of the Member State that they are unable to obtain feed exclusively from organic production.

The maximum percentage of conventional feedingstuffs authorised per period of 12 months is:

- (a) for herbivores: 5 % during the period from 25 August 2005 to 31 December 2007;
- (b) for other species:
 - 15 % during the period from 25 August 2005 to 31 December 2007,
 - 10 % during the period from 1 January 2008 to 31 December 2009,
 - 5 % during the period from 1 January 2010 to 31 December 2011.

These figures shall be calculated annually as a percentage of the dry matter of feedingstuffs from agricultural origin. The maximum percentage authorised of conventional feedingstuffs in the daily ration, except during the period each year when the animals are under transhumance, must be 25 % calculated as a percentage of the dry matter.'

COMMISSION REGULATION (EC) No 1295/2005

of 5 August 2005

setting the reduction in the aid for dried fodder for the 2004/05 marketing year

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

of the market in dried fodder ⁽⁴⁾, may be eligible for the aid provided for in Article 3 of Regulation (EC) No 603/95.

Having regard to the Treaty establishing the European Community,

(4) Those communications indicate that the maximum guaranteed quantity for dried fodder has been exceeded by 16 %.

Having regard to Council Regulation (EC) No 603/95 of 21 February 1995 on the common organisation of the market in dried fodder ⁽¹⁾, and in particular the second subparagraph of Article 5 thereof,

(5) The amount of the aid for dried fodder should therefore be reduced in accordance with the first subparagraph of Article 5 of Regulation (EC) No 603/95.

Whereas:

(6) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Dried Fodder,

(1) Regulation (EC) No 603/95 has been replaced by Council Regulation (EC) No 1786/2003 of 29 September 2003 on the common organisation of the market in dried fodder ⁽²⁾ with effect from 1 April 2005, the date on which the 2005/06 marketing year begins. As a result, Regulation (EC) No 603/95 should continue to apply for determining the final amount of aid for the 2004/05 marketing year.

HAS ADOPTED THIS REGULATION:

Article 1

For the 2004/05 marketing year, the amount of the aid for dried fodder provided for in Article 3(2) of Regulation (EC) No 603/95 is hereby reduced to:

(2) Article 3(2) and (3) of Regulation (EC) No 603/95 set the amounts of aid to be paid to processors for dried fodder and sun-dried fodder produced up to the maximum guaranteed quantities laid down in Article 4(1) and (3) of that Regulation.

— EUR 64,36 per tonne in the Czech Republic,

— EUR 56,40 per tonne in Greece,

— EUR 54,11 per tonne in Spain,

(3) The quantities communicated to the Commission by the Member States for the 2004/05 marketing year under the second indent of Article 15(a) of Commission Regulation (EC) No 785/95 of 6 April 1995 laying down detailed rules for the application of Council Regulation (EC) No 603/95 on the common organisation of the market in dried fodder ⁽³⁾ include the quantities in stock on 31 March 2005 which, under Article 34 of Commission Regulation (EC) No 382/2005 of 7 March 2005 laying down detailed rules for the application of Council Regulation (EC) No 1786/2003 on the common organisation

— EUR 57,02 per tonne in Italy,

— EUR 63,24 per tonne in Lithuania,

— EUR 59,04 per tonne in Hungary,

⁽¹⁾ OJ L 63, 21.3.1995, p. 1. Regulation as last amended by the 2003 Act of Accession.

⁽²⁾ OJ L 270, 21.10.2003, p. 114.

⁽³⁾ OJ L 79, 7.4.1995, p. 5. Regulation as last amended by Regulation (EC) No 1413/2001 (OJ L 191, 13.7.2001, p. 8).

— EUR 65,55 per tonne in the other Member States.

⁽⁴⁾ OJ L 61, 8.3.2005, p. 4.

Article 2

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

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

Done at Brussels, 5 August 2005.

For the Commission
Mariann FISCHER BOEL
Member of the Commission

COMMISSION REGULATION (EC) No 1296/2005**of 5 August 2005****revising the maximum amount for the B production levy and amending the minimum price for B beet in the sugar sector for the 2005/06 marketing year**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1260/2001 of 19 June 2001 on the common organisation of the markets in the sugar sector ⁽¹⁾, and in particular the second and third indents of Article 15(8) thereof,

Whereas:

- (1) Article 15(3) and (4) of Regulation (EC) No 1260/2001 provide that the losses resulting from the obligation to export surpluses of Community sugar are to be covered, within certain limits, by production levies on the production of A and B sugar, of A and B isoglucose and of inulin syrup A and B.
- (2) Article 15(5) of Regulation (EC) No 1260/2001 provides that, where the receipts expected from the basic production levy and the B levy, which must not exceed 2 % and 30 % respectively of the intervention price for white sugar for that marketing year, may well fail to cover the foreseeable total loss for the current marketing year, the maximum percentage of the B levy is to be adjusted to the extent necessary to cover the said total loss but without exceeding 37,5 %.
- (3) According to the provisional data currently available, the receipts, before adjustment, of the levies to be collected in respect of the 2005/06 marketing year are likely to be below the equivalent of the average loss multiplied by the

exportable surplus. The maximum amount of the B levy for 2005/06 should therefore be raised to 37,5 % of the intervention price for the white sugar concerned.

- (4) Article 4(1)(b) of Regulation (EC) No 1260/2001 fixes the minimum price for B beet at EUR 32,42 per tonne, subject to Article 15(5) of that Regulation, which provides for the corresponding adjustment of the price for B beet in the event of adjustment of the maximum amount of the B levy.
- (5) The measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Sugar,

HAS ADOPTED THIS REGULATION:

Article 1

For the 2005/06 marketing year, the maximum amount of the B levy referred to in the first indent of Article 15(4) of Regulation (EC) No 1260/2001 shall be increased to 37,5 % of the intervention price for white sugar.

Article 2

For the 2005/06 marketing year, the minimum price for B beet referred to in Article 4(1)(b) of Regulation (EC) No 1260/2001 shall be fixed, in accordance with Article 15(5) of that Regulation, at EUR 28,84 per tonne.

Article 3

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

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

Done at Brussels, 5 August 2005.

For the Commission

Mariann FISCHER BOEL

Member of the Commission

⁽¹⁾ OJ L 178, 30.6.2001, p. 1. Regulation as last amended by Commission Regulation (EC) No 987/2005 (OJ L 167, 29.6.2005, p. 12).

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 12 July 2005

on Guidelines for the employment policies of the Member States

(2005/600/EC)

THE COUNCIL OF THE EUROPEAN UNION,

long term employment targets, but five years later the objectives of the strategy remain far from being achieved.

Having regard to the Treaty establishing the European Community, and in particular Article 128(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,Having regard to the opinion of the European Economic and Social Committee ⁽²⁾,

Having regard to the opinion of the Committee of the Regions,

Having regard to the opinion of the Employment Committee,

Whereas:

(1) Article 2 of the Treaty on European Union sets the Union the objective, *inter alia*, of promoting economic and social progress and a high level of employment. Article 125 of the Treaty establishing the European Community states that Member States and the Community shall work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change.

(2) The Lisbon European Council in March 2000 launched a strategy aimed at sustainable economic growth with more and better jobs and greater social cohesion, with

(3) The presentation of an integrated package of Employment Guidelines and Broad Economic Policy Guidelines contributes to refocusing the Lisbon Strategy on growth and employment. The European Employment Strategy has the leading role in the implementation of the employment objectives of the Lisbon strategy. The strengthening of social cohesion also constitutes a key element for the success of the Lisbon Strategy. Conversely, as set out in the Social Agenda, the success of the European Employment Strategy will contribute to the achievement of greater social cohesion.

(4) In line with the conclusions of the Spring European Council of 22 and 23 March 2005, the Union must mobilise all appropriate national and Community resources – including the cohesion policy – in the Lisbon Strategy's three dimensions (economic, social and environmental) so as better to tap into their synergies in a general context of sustainable development.

(5) The objectives of full employment, job quality, labour productivity and social cohesion must be reflected in clear priorities: to attract and retain more people in employment, increase labour supply and modernise social protection systems; to improve adaptability of workers and enterprises; and to increase investment in human capital through better education and skills.

(6) The Employment Guidelines should be fully reviewed only every three years, while in the intermediate years until 2008 their updating should remain strictly limited.

⁽¹⁾ Opinion delivered on 26 May 2005 (not yet published in the Official Journal).

⁽²⁾ Opinion delivered on 31 May 2005 (not yet published in the Official Journal).

- (7) The Employment Committee and the Social Protection Committee have formulated a joint opinion on the Integrated Guidelines for Growth and Jobs (2005 to 2008).
- (8) The Council recommendation of 14 October 2004 on the implementation of Member States' employment policies ⁽¹⁾ remains valid as background reference,

Article 2

The guidelines shall be taken into account in the employment policies of the Member States, which shall be reported upon in the national reform programmes.

Article 3

This decision is addressed to the Member States.

HAS ADOPTED THIS DECISION:

Done at Brussels, 12 July 2005.

Article 1

The guidelines for Member States' employment policies as set out in the Annex are hereby adopted.

For the Council

The President

G. BROWN

⁽¹⁾ OJ L 326, 29.10.2004, p. 47.

ANNEX

THE EMPLOYMENT GUIDELINES (2005 to 2008)

(Integrated Guidelines Nos 17 to 24)

- Guideline No 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion
- Guideline No 18: Promote a lifecycle approach to work
- Guideline No 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive
- Guideline No 20: Improve matching of labour market needs
- Guideline No 21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners
- Guideline No 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms
- Guideline No 23: Expand and improve investment in human capital
- Guideline No 24: Adapt education and training systems in response to new competence requirements

Guidelines for the employment policies of the Member States

Member States, in cooperation with the social partners, shall conduct their policies with a view to implementing the objectives and priorities for action specified below. Reflecting the Lisbon strategy, the Member States' policies shall foster in a balanced manner:

- *Full employment*: Achieving full employment, and reducing unemployment and inactivity, by increasing the demand for and supply of labour, is vital to sustain economic growth and reinforce social cohesion;
- *Improving quality and productivity at work*: Efforts to raise employment rates go hand in hand with improving the attractiveness of jobs, quality at work and labour productivity growth, and reducing the share of working poor. Synergies between quality at work, productivity and employment should be fully exploited;
- *Strengthening social and territorial cohesion*: Determined action is needed to strengthen social inclusion, prevent exclusion from the labour market and support integration in employment of people at a disadvantage, and to reduce regional disparities in terms of employment, unemployment and labour productivity, especially in regions lagging behind.

Equal opportunities and combating discrimination are essential for progress. Gender mainstreaming and the promotion of gender equality should be ensured in all action taken. As part of a new intergenerational approach, particular attention should be paid to the situation of young people, implementing the European Youth Pact, and to promoting access to employment throughout working life. Particular attention must also be paid to significantly reducing employment gaps for people at a disadvantage, including disabled people, as well as between third-country nationals and EU citizens, in line with any national targets.

In taking action, Member States should ensure good governance of employment policies. They should establish a broad partnership for change by involving parliamentary bodies and stakeholders, including those at regional and local levels. European and national social partners should play a central role. A number of targets and benchmarks which have been set at EU level in the framework of the European Employment Strategy in the context of the 2003 guidelines are included at the end of this Annex and should continue to be followed up with indicators and scoreboards. Member States are also encouraged to define their own commitments and targets, for which they should take these into account, as well as the 2004 recommendations agreed at EU level.

Good governance also requires greater efficiency in the allocation of administrative and financial resources. In agreement with the Commission, Member States should target the resources of the Structural Funds, in particular the European Social Fund, on the implementation of the European Employment Strategy and report on the action taken. Particular attention should be paid to strengthening institutional and administrative capacity in the Member States.

Guideline No 17: Implement employment policies aiming at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.

Policies should contribute to achieving an average employment rate for the European Union (EU) of 70 % overall, of at least 60 % for women and of 50 % for older workers (55 to 64) by 2010, and to reduce unemployment and inactivity. Member States should consider setting national employment rate targets.

In addressing these objectives, action should concentrate on the following priorities:

- attract and retain more people in employment, increase labour supply and modernise social protection systems,
- improve adaptability of workers and enterprises,
- increase investment in human capital through better education and skills.

1. ATTRACT AND RETAIN MORE PEOPLE IN EMPLOYMENT, INCREASE LABOUR SUPPLY AND MODERNISE SOCIAL PROTECTION SYSTEMS

Raising employment levels is the most effective means of generating economic growth and promoting socially inclusive economies whilst ensuring a safety net for those unable to work. Promoting an increased labour supply in all groups, a new lifecycle approach to work and modernising social protection systems to ensure their adequacy, financial sustainability and responsiveness to changing needs in society are all the more necessary because of the expected decline in the working-age population. Special attention should be paid to tackling the persistent employment gaps between women and men, and the low employment rates of older workers and young people, as part of new intergenerational approach. Action is also required to tackle youth unemployment which is on average double the overall unemployment rate. The right conditions must be put in place to facilitate progress in employment, whether it is first time entry, a move back to employment after a break or the wish to prolong working lives. The quality of jobs, including pay and benefits, working conditions, employment security, access to lifelong learning and career prospects, is crucial, as are support and incentives stemming from social protection systems.

Guideline No 18: Promote a lifecycle approach to work through:

- a renewed endeavour to build employment pathways for young people and reduce youth unemployment, as called for in the European Youth Pact,
- resolute action to increase female participation and reduce gender gaps in employment, unemployment and pay,
- better reconciliation of work and private life and the provision of accessible and affordable childcare facilities and care for other dependants,
- support for active ageing, including appropriate working conditions, improved (occupational) health status and adequate incentives to work and discouragement of early retirement,
- modern social protection systems, including pensions and healthcare, ensuring their social adequacy, financial sustainability and responsiveness to changing needs, so as to support participation and better retention in employment and longer working lives.

See also integrated guideline 'To safeguard economic and fiscal sustainability as a basis for increased employment' (No 2).

Facilitating access to employment for job seekers, preventing unemployment and ensuring that those who become unemployed remain closely attached to the labour market and increase their employability are essential to increase participation and combat social exclusion. This requires breaking down barriers to the labour market by assisting with effective job searching, facilitating access to training and other active labour market measures and ensuring that work pays, as well as removing unemployment, poverty and inactivity traps. Special attention should be paid to promoting the inclusion of disadvantaged people, including low-skilled workers, in the labour market, including through the expansion of social services and the social economy, as well as the development of new sources of jobs in response to collective needs. Combating discrimination, promoting access to employment for disabled people and integrating immigrants and minorities are particularly essential.

Guideline No 19: Ensure inclusive labour markets, enhance work attractiveness, and make work pay for job-seekers, including disadvantaged people, and the inactive through:

- active and preventive labour market measures including early identification of needs, job search assistance, guidance and training as part of personalised action plans, provision of necessary social services to support the inclusion of those furthest away from the labour market and contribute to the eradication of poverty,
- continual review of the incentives and disincentives resulting from the tax and benefit systems, including the management and conditionality of benefits and a significant reduction of high marginal effective tax rates, notably for those with low incomes, whilst ensuring adequate levels of social protection,
- development of new sources of jobs in services for individuals and businesses, notably at local level.

To allow more people to find better employment, it is also necessary to strengthen the labour market infrastructure at national and EU level, including through the EURES network, so as to better anticipate and resolve possible mismatches. In this context, mobility of workers within the EU is key and should be fully ensured within the context of the Treaties. Full consideration must also be given on the national labour markets to the additional labour supply resulting from immigration of third-country nationals.

Guideline No 20: Improve matching of labour market needs through:

- the modernisation and strengthening of labour market institutions, notably employment services, also with a view to ensuring greater transparency of employment and training opportunities at national and European level,
- removing obstacles to mobility for workers across Europe within the framework of the Treaties,
- better anticipation of skill needs, labour market shortages and bottlenecks,
- appropriate management of economic migration.

2. IMPROVE ADAPTABILITY OF WORKERS AND ENTERPRISES

Europe needs to improve its capacity to anticipate, trigger and absorb economic and social change. This requires employment-friendly labour costs, modern forms of work organisation and well-functioning labour markets allowing more flexibility combined with employment security to meet the needs of companies and workers. This should also contribute to preventing the emergence of segmented labour markets and reducing undeclared work.

In today's increasingly global economy with market opening and the continual introduction of new technologies, both enterprises and workers are confronted with the need, and indeed the opportunity, to adapt. While this process of structural changes is overall beneficial to growth and employment, it also brings about transformations which are disruptive to some workers and enterprises. Enterprises must become more flexible to respond to sudden changes in demand for their goods and services, adapt to new technologies and be in a position to innovate constantly in order to remain competitive. They must also respond to the increasing demand for job quality which is related to workers' personal preferences and family changes, and they will have to cope with an ageing workforce and fewer young recruits. For workers, working life is becoming more complex as working patterns become more diverse and irregular and an increasing number of transitions need to be managed successfully throughout the lifecycle. With rapidly changing economies and attendant restructuring, they must cope with new ways of working, including enhanced exploitation of Information and Communication Technologies (ICT) and changes in their working status, and be prepared for lifelong learning. Geographical mobility is also needed to access job opportunities more widely and in the EU at large.

Guideline No 21: Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners, through:

- the adaptation of employment legislation, reviewing where necessary the different contractual and working time arrangements,
- addressing the issue of undeclared work,
- better anticipation and positive management of change, including economic restructuring, notably changes linked to trade opening, so as to minimise their social costs and facilitate adaptation,
- the promotion and dissemination of innovative and adaptable forms of work organisation, with a view to improving quality and productivity at work, including health and safety,
- support for transitions in occupational status, including training, self-employment, business creation and geographic mobility.

See also integrated guideline 'To promote greater coherence between macroeconomic, structural and employment policies' (No 5).

To maximise job creation, preserve competitiveness and contribute to the general economic framework, overall wage developments should be in line with productivity growth over the economic cycle and should reflect the labour market situation. Efforts to reduce non-wage labour costs and to review the tax wedge may also be needed to facilitate job creation, especially for low-wage employment.

Guideline No 22: Ensure employment-friendly labour cost developments and wage-setting mechanisms by:

- encouraging social partners within their own areas of responsibility to set the right framework for wage bargaining in order to reflect productivity and labour market challenges at all relevant levels and to avoid gender pay gaps,
- reviewing the impact on employment of non-wage labour costs and where appropriate adjust their structure and level, especially to reduce the tax burden on the low-paid.

See also integrated guideline 'To ensure that wage developments contribute to macroeconomic stability and growth' (No 4).

3. INCREASE INVESTMENT IN HUMAN CAPITAL THROUGH BETTER EDUCATION AND SKILLS

Europe needs to invest more in human capital. Too many people fail to enter or to remain in the labour market because of a lack of skills, or due to skills mismatches. To enhance access to employment for all ages, raise productivity levels and quality at work, the EU needs higher and more effective investment in human capital and lifelong learning for the benefit of individuals, enterprises, the economy and society.

Knowledge-based and service-based economies require different skills from traditional industries; skills which also constantly need updating in the face of technological change and innovation. Workers, if they are to remain and progress in work, need to accumulate and renew skills regularly. The productivity of enterprises is dependent on building and maintaining a workforce that can adapt to change. Governments need to ensure that educational attainment levels are improved and that young people are equipped with the necessary key competences, in line with the European Youth Pact. All stakeholders should be mobilised to develop and foster a true culture of lifelong learning from the earliest age. To achieve a substantial increase in public and private investment in human resources per capita and guarantee the quality and efficiency of these investments, it is important to ensure fair and transparent sharing of costs and responsibilities between all actors. Member States should make better use of the Structural Funds and the European Investment Bank for investment in education and training. To achieve these aims, Member States commit themselves to establishing comprehensive lifelong learning strategies by 2006 and implementing the Education and Training 2010 Work Programme.

Guideline No 23: Expand and improve investment in human capital through:

- inclusive education and training policies and action to facilitate significantly access to initial vocational, secondary and higher education, including apprenticeships and entrepreneurship training,
- significantly reducing the number of early school leavers,
- efficient lifelong learning strategies open to all in schools, businesses, public authorities and households according to European agreements, including appropriate incentives and cost-sharing mechanisms, with a view to enhancing participation in continuous and workplace training throughout the life-cycle, especially for the low-skilled and older workers.

See also integrated guideline 'To increase and improve investment in R & D, in particular by private business' (No 7).

Setting ambitious objectives and increasing the level of investment by all actors is not enough. To ensure that supply meets demand in practice, lifelong learning systems must be affordable, accessible and responsive to changing needs. Adaptation and capacity-building of education and training systems is necessary to improve their labour market relevance, their responsiveness to the needs of the knowledge-based economy and society and their efficiency. ICT can be used to improve access to learning and better tailor it to the needs of employers and employees. Greater mobility for both work and learning purposes is also needed to access job opportunities more widely in the EU at large. The remaining obstacles to mobility within the European labour market should be lifted, in particular those relating to the recognition and transparency of qualifications and competences. It will be important to make use of the agreed European instruments and references to support reforms of national education and training systems, as is laid down in the Education and Training 2010 Work Programme.

Guideline No 24: Adapt education and training systems in response to new competence requirements by:

- raising and ensuring the attractiveness, openness and quality standards of education and training, broadening the supply of education and training opportunities and ensuring flexible learning pathways and enlarging possibilities for mobility for students and trainees,
- easing and diversifying access for all to education and training and to knowledge by means of working time organisation, family support services, vocational guidance and, if appropriate, new forms of cost sharing,
- responding to new occupational needs, key competences and future skill requirements by improving the definition and transparency of qualifications, their effective recognition and the validation of non-formal and informal learning.

Targets and benchmarks set in the framework of the European Employment Strategy

The following targets and benchmarks were agreed in the context of the European Employment Strategy in 2003:

- that every unemployed person is offered a new start before reaching 6 months of unemployment in the case of young people and 12 months in the case of adults in the form of training, retraining, work practice, a job or other employability measure, combined where appropriate with on-going job search assistance,
- that 25 % of long-term unemployment should participate by 2010 in an active measure in the form of training, retraining, work practice, or other employability measure, with the aim of achieving the average of the three most advanced Member States,
- that jobseekers throughout the EU are able to consult all job vacancies advertised through Member States' employment services,
- an increase by five years, at EU level, of the effective average exit age from the labour market by 2010 (compared to 59,9 in 2001),
- the provision of childcare by 2010 to at least 90 % of children between 3 years old and the mandatory school age and at least 33 % of children under 3 years of age,
- an EU average rate of no more than 10 % early school leavers,
- at least 85 % of 22-year olds in the EU should have completed upper secondary education by 2010,
- that the EU average level of participation in lifelong learning should be at least 12,5 % of the adult working-age population (25 to 64 age group).

COUNCIL RECOMMENDATION

of 12 July 2005

on the broad guidelines for the economic policies of the Member States and the Community (2005 to 2008)

(2005/601/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 discussion by the European Council on 16 and 17 June 2005,

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

HEREBY RECOMMENDS:

INTRODUCTION

The European Council of March 2005 **relaunched the Lisbon strategy by refocusing on growth and employment in Europe** ⁽¹⁾. By taking this decision, the Heads of State and Government have delivered a clear message concerning the Union's priorities over the next few years. Europe must focus its policies further on growth and employment to achieve the Lisbon goals, against a sound macroeconomic policy background and within a framework aimed at social cohesion and environmental sustainability, which are vital pillars of the Lisbon strategy.

Particular attention needs to be paid to the delivery of the Lisbon agenda. In order to achieve these objectives, the Union must do more to mobilise all the resources at national and Community levels so that their synergies can be put to more effective use. Furthermore, the involvement of relevant stakeholders can help to raise awareness of the need for growth and stability orientated macroeconomic policies and for

structural reforms, improve the quality of implementation, and increase the sense of ownership of the Lisbon strategy.

To this end, these Broad economic policy guidelines (BEPGs) reflect the new start for the Lisbon strategy and concentrate on the contribution of economic policies to higher growth and more jobs. Section A of these BEPGs deals with the contribution that macroeconomic policies can make in this respect. Section B focuses on the measures and policies that the Member States should carry out in order to boost knowledge and innovation for growth and to make Europe a more attractive place to invest and work. In line with the conclusions of the Brussels European Council (22 and 23 March 2005), as a general instrument for coordinating economic policies, the BEPGs should continue to embrace the whole range of macroeconomic and microeconomic policies, as well as employment policy insofar as this interacts with those policies; the BEPGs will ensure general economic consistency between the three strands of the strategy. The existing multilateral surveillance arrangements for the BEPGs will continue to apply.

These guidelines are applicable to all Member States and to the Community. They should foster coherence of reform measures included in the national reform programmes established by Member States and will be complemented by the Lisbon Community Programme 2005 to 2008 covering all actions to be undertaken at Community level in the interest of growth and employment. Implementation of all relevant aspects of these guidelines should take into account gender mainstreaming.

THE STATE OF THE EU ECONOMY

Economic activity in the EU which had gathered momentum since mid-2003, decelerated in the second half of 2004 because of the effect of external factors such as high and volatile oil prices, the slowdown in world trade expansion and the appreciation of the euro. In part, lack of resilience in some European economies may also originate from persisting structural weaknesses. Real GDP growth is expected to continue at a moderate pace in 2005, but the lower than expected carry over from 2004 will inevitably affect the overall annual average. The contribution of domestic demand to the recovery has so far been uneven among Member States, but a gradual strengthening is expected during the year, supported by favourable financing conditions (including low real interest rates) and contained inflationary pressures.

⁽¹⁾ Conclusions of the European Council of March 2005 (http://ue.eu.int/cms3_fo/showPage.asp?lang=en&id=432&mode=g&name).

The economic recovery has, to a large extent, been dependent upon the resurgence of global growth and the rapid increase in world trade. As the world growth cycle reaches maturity and absorbs the dampening effect of higher world oil prices, the emphasis will fall increasingly on domestic demand in the EU to provide greater impetus to the upswing. Structural and macro-policies need to be thought of against the background of an increase in the prices of raw materials, notably oil, and a downward pressure on industrial prices. The return to potential growth rates in the EU therefore depends, to a large extent, on increasing confidence among businesses and consumers, as well as on favourable global economic developments, including oil prices and exchange rates. Against this background, it is important that economic policies inspire confidence and thereby help to create conditions for stronger domestic demand and job creation on the short term, and that structural reforms contribute to an expansion of growth potential in the medium term.

Unemployment rates are projected to decrease, albeit slowly, to 8,7 % in 2006. The estimated overall employment rate is 63,0 % for EU-25 in 2003, which is significantly below the agreed target level of 70 %. Progress towards the female employment rate target of 60 % has been slow, with the rate now standing at 55,1 % for EU-25, but is expected to pick up again. The employment rate of older workers, which continued to climb to just over 40,2 % has the largest gap to bridge towards the 50 % target for 2010. At the same time, progress in improving quality in work has been mixed and the economic slowdown has raised the profile of social inclusion problems. Long-term unemployment increased again after several years of decline and seems unlikely to fall in the near future.

The sluggishness of the EU's economic recovery is a continuing source of concern. The EU economy is in several respects further away from its goal of becoming the world's most competitive economy than was the case in March 2000. Against this background, the gulf between Europe's growth potential and that of its economic partners has not significantly narrowed.

— The first explanation for the continued under-performance of the Union economy is that its **labour input remains comparatively low**. Efforts made by the Member States allowed the employment rate to increase from 61,9 % in 1999 to 63,0 % in 2003. However, there remains a considerable scope for further improvement, notably among young and older workers, if the Lisbon targets are to be reached.

— The second key explanation for the EU's poor performance is linked to its **low level of productivity growth**. Productivity growth has been on a declining trend for several decades.

SECTION A

MACROECONOMIC POLICIES FOR GROWTH AND JOBS ⁽¹⁾

A.1. *Macroeconomic policies creating the conditions for more growth and jobs*

Securing economic stability to raise employment and growth potential

Sound macroeconomic policies are essential to support a well-balanced economic expansion and the full realisation of current growth potential. They are also vital for establishing framework conditions that will promote adequate levels of savings and investment, as well as a stronger orientation of the latter towards knowledge and innovation, so as to position the economy on a sustained, higher, non-inflationary, growth and employment path. This should help to maintain favourable long-term interest rates and to contribute to reasonable exchange rate developments. In planning for the future, firms and individuals must have confidence that price stability will be maintained.

Monetary policies can contribute by pursuing price stability and, without prejudice to this objective, by supporting other general economic policies with regard to growth and employment. For new Member States, it will be important that monetary policies contribute towards achieving sustainable real – and nominal – convergence. Exchange rate regimes constitute an important part of the overall economic and monetary policy framework and should be orientated towards achieving real and sustainable nominal convergence. Participation in ERM II, at an appropriate stage after accession, should help those endeavours. An additional macroeconomic policy challenge for some of these Member States is to keep current account deficits within the range where sound external financing can be secured. In this respect, fiscal restraint will be essential to reduce current account deficits.

⁽¹⁾ In implementing the policy guidelines set out below, Member States should note that the country-specific recommendations issued in the context of the Council Recommendation of 26 June 2003 on the broad guidelines of the economic policies of the Member States and the Community (for the 2003 to 2005) period as completed and updated in the context of the Council Recommendation of 5 July 2004 on the 2004 update of these guidelines, remain valid as background references.

Securing a sound budgetary position will allow the full and symmetric play of the automatic budgetary stabilisers over the cycle with a view to stabilising output around a higher and sustainable growth trend. For those Member States that have already achieved sound budgetary positions the challenge is to retain that position. For the remaining Member States, it is vital to take all the necessary corrective measures to achieve their medium-term budgetary objectives in particular if economic conditions improve, thus avoiding pro-cyclical policies and putting themselves in a position in which sufficient room for the full play of automatic stabilisers over the cycle is ensured prior to the next economic downturn. In line with the Ecofin report 'Improving the implementation of the Stability and Growth Pact' endorsed by the European Council (22 and 23 March 2005), for individual Member States the medium-term budgetary objective should be differentiated according to the diversity of economic and budgetary positions and developments as well as of fiscal risk to the sustainability of public finances, also in the face of prospective demographic changes. The Stability and Growth Pact requirements applying to the euro area Member States also apply to ERM2 Member States.

Guideline No 1. To secure economic stability for sustainable growth, 1. in line with the Stability and Growth Pact, Member States should respect their medium-term budgetary objectives. As long as this objective has not yet been achieved, they should take all the necessary corrective measures to achieve it. Member States should avoid pro-cyclical fiscal policies. Furthermore, it is necessary that those Member States having an excessive deficit take effective action in order to ensure a prompt correction of excessive deficits, and 2. Member States posting current account deficits that risk being unsustainable should work towards correcting them by implementing structural reforms, boosting external competitiveness and, where appropriate, contributing to their correction via fiscal policies. See also integrated guideline 'To contribute to a dynamic and well-functioning EMU' (No 6).

Safeguard long-term economic sustainability in the light of Europe's ageing population

Europe's ageing population poses serious risks to the long-term sustainability of the European Union economy. According to the latest projections, by 2050 the EU's population of working age (15 to 64) will be 18 % lower than in 2000 and the number of people aged over 65 years will have increased by 60 %. This not only implies higher dependency ratios, it also means that, unless action is taken now to safeguard long-term fiscal sustainability, there could be an increased debt burden, due to the increase in the age-related public expenditure, and lower potential output per capita, due to the reduction in the working age population, and future difficulties financing the pension, social insurance and health care systems.

Member States should address the economic implications of ageing by, as part of the well-established three-pronged strategy for tackling the budgetary implications of ageing, pursuing a satisfactory pace of debt reduction and providing incentives to raise employment rates and increase labour supply so as to offset the impact of future declines in the number of persons of working age. Notwithstanding the recent increase, to 63,0 % in 2003, the still relatively low employment rate indicates that Europe has a reservoir of unused labour. The scope for further improvements is thus considerable, notably amongst women, young and older workers. In line with this strategy, it is also essential to modernise social protection systems so as to ensure that they are financially viable, providing incentives to the working age population to actively participate in the labour market, while at the same time ensuring that they fulfil their goals in terms of access and adequacy. In particular, improved interaction between social protection systems and labour markets can remove distortions and encourage the extension of working lives against a background of increased life expectancy.

Guideline No 2. To safeguard economic and fiscal sustainability as a basis for increased employment, Member States should, in view of the projected costs of ageing populations, 1. undertake a satisfactory pace of government debt reduction to strengthen public finances; 2. reform and re-enforce pension, social insurance and health care systems to ensure that they are financially viable, socially adequate and accessible, and 3. take measures to increase labour market participation and labour supply especially amongst women, young and older workers, and promote a lifecycle approach to work in order to increase hours worked in the economy. See also integrated guideline 'Promote a lifecycle approach to work' (No 18, and Nos 4, 19, 21).

Promote a growth, employment orientated and efficient allocation of resources

Well-designed tax and expenditure systems that promote an efficient allocation of resources are a necessity for the public sector to make a full contribution towards growth and employment, without jeopardising the goals of economic stability and sustainability. This can be achieved by redirecting expenditure towards growth-enhancing categories such as Research and Development (R & D), physical infrastructure, environmentally friendly technologies, human capital and knowledge. Member States can also help to control other expenditure categories through the use of expenditure rules and performance budgeting and by putting assessment mechanisms in place to ensure that individual reform measures and overall reform packages are well-designed. A key priority for the EU economy is to ensure that tax structures and their interaction with benefit systems promote higher growth potential through more employment and investment.

Guideline No 3. To promote a growth- and employment-orientated and efficient allocation of resources, Member States should, without prejudice to guidelines on economic stability and sustainability, redirect the composition of public expenditure towards growth-enhancing categories in line with the Lisbon strategy, adapt tax structures to strengthen growth potential, ensure that mechanisms are in place to assess the relationship between public spending and the achievement of policy objectives and ensure the overall coherence of reform packages. See also integrated guideline 'To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth' (No 11).

Ensure that wage developments contribute to growth and stability and complement structural reforms

Wage developments can contribute to stable macroeconomic conditions and an employment-friendly policy mix provided that real wage increases are in line with the underlying rate of productivity growth over the medium term and are consistent with a rate of profitability that allows for productivity, capacity and employment-enhancing investment. This requires that temporary factors such as variation in productivity caused by cyclical factors or one off rises in the headline rate of inflation do not cause an unsustainable trend in wage growth and that wage developments reflect local labour market conditions.

Given the continued upward pressure on oil and raw material prices, vigilance is needed over the impact of wage settlements and labour cost increases on price stability and price competitiveness. The fact that this second round effect has not been observed so far is welcome. These issues need to be taken into account in the continued dialogue and information exchange between monetary and fiscal authorities and the social partners via the macroeconomic dialogue.

Guideline No 4. To ensure that wage developments contribute to macroeconomic stability and growth and to increase adaptability Member States should encourage the right framework conditions for wage-bargaining systems, while fully respecting the role of the social partners, with a view to promote nominal wage and labour cost developments consistent with price stability and the trend in productivity over the medium term, taking into account differences across skills and local labour market conditions. See also integrated guideline 'Ensure employment-friendly labour cost developments and wage-setting mechanisms' (No 22).

Promote coherent macroeconomic, structural and employment policies

The role of sound macroeconomic policies is to provide conditions conducive to employment creation and growth.

Structural reforms, consistent with sound fiscal positions in the short and medium term, are essential to increase productivity and employment in the medium term, thus leading to the full realisation and strengthening of growth potential. They also contribute to fiscal sustainability, macroeconomic stability and resilience to shocks. At the same time, appropriate macroeconomic policies are key towards reaping the full benefits of structural reforms in terms of growth and employment. A key feature of Member States' overall economic strategy is to ensure that they have a consistent set of structural policies that support the macroeconomic framework and vice versa. In particular, market reforms need to improve the overall adaptability and adjustment capacity of economies in response to changes in cyclical economic conditions and also longer term trends such as globalisation and technology. In this regard, an effort towards reforms of tax and benefit systems should be pursued in order to make work pay and avoid any possible disincentive for labour market participation.

Guideline No 5. To promote greater coherence between macroeconomic, structural and employment policies, Member States should pursue labour and product markets reforms that at the same time increases the growth potential and support the macroeconomic framework by increasing flexibility, factor mobility and adjustment capacity in labour and product markets in response to globalisation, technological advances, demand shift, and cyclical changes. In particular, Member States should renew impetus in tax and benefit reforms to improve incentives and to make work pay; increase adaptability of labour markets combining employment flexibility and security; and improve employability by investing in human capital. See also integrated guideline 'Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners' (No 21 and No 19).

A.2. Ensuring a dynamic and well-functioning euro area

The need to achieve higher growth and employment is particularly acute in the euro area given its recent subdued economic performance and its low level of potential growth of around 2 % (Commission estimates). In its last spring forecast, the Commission revised downwards its prevision for 2005 at a 1,6 % growth in the euro zone. Economic divergence may increase in the euro zone, in terms of growth, internal demand and inflation pressures. The deceleration of economic growth in the euro area in the second half of last year can be attributed to both external factors, high and volatile oil prices, slowing global trade growth and the appreciation of the euro, as well as internal rigidities. On the external side, adverse oil price developments and persisting global imbalances continue to represent non-negligible downside risks.

Domestic demand has been particularly muted in the euro area, with both private consumption and investment significantly below that of the EU-25 as a whole in 2004. Muted private consumption seems to be rooted in continuing concerns regarding in particular employment prospects (with unemployment continuing to be around 9%) as well as income prospects in the medium term. The level of confidence and the lack of sustained improvement on the consumption side have continued to weight on investment.

The challenge for the euro area is to ensure the realisation of current growth potential and even more to raise its growth potential over time. This is best achieved through growth and stability orientated macroeconomic policies and comprehensive structural reforms. Both are also particularly salient for euro area and ERM2 Member States as they have an important impact on their capacity to adequately adjust to shocks with an asymmetric impact and therefore on the economic resilience of the euro area as a whole. Furthermore, the economic performance of, and policies pursued by, individual euro area Member States affect common goods such as the euro's exchange rate, interest rates price stability and the cohesion of the euro area. All this implies a need for effective policy coordination, both in the EU and in the euro area, to improve growth potential and performance.

The absence of national interest and exchange rate policies implies also an increased need to achieve and maintain sound budget positions over the cycle which provide sufficient budgetary margin to absorb the impact of cyclical fluctuations or economic shocks with an asymmetric impact. Structural policies that foster the smooth adjustment of prices and wages are essential to ensure that euro area Member States have the capacity to rapidly adjust to shocks (such as the current oil price shock) and to help to avoid unwarranted inflationary developments. Policies that increase the responsiveness of labour markets, through encouraging widespread labour participation, occupational and geographical mobility and the setting of wages, together with appropriate product market reforms, are particularly important in this respect.

In the short run, the policy mix in the euro area needs to support economic recovery while at the same time safeguarding long-term sustainability and stability. At the current juncture, it is important that the policy mix underpins confidence among consumers and investors, which also implies remaining committed to medium-term stability. Budgetary policy has to ensure a fiscal position consistent with the need to prepare for the impact of ageing populations on the one hand and to accomplish a composition of public expenditure and revenues that fosters economic growth on the others.

To contribute to international economic stability and better represent its economic interests, it is critical for the euro area to play its full role in international monetary and economic policy cooperation. Whilst a stable Eurogroup Presidency will

help to coordinate euro area members' positions, the external representation of the euro area has to be improved, on the basis of the framework of the Vienna agreement of 11 and 12 December 1998, so that the euro area can take a leading strategic role in the development of the global economic system.

Guideline No 6. To contribute to a dynamic and well-functioning EMU, euro area Member States need to ensure better coordination of their economic and budgetary policies, in particular, 1. pay particular attention to fiscal sustainability of their public finances in full compliance with the Stability and Growth Pact; 2. contribute to a policy mix that supports economic recovery and is compatible with price stability, and thereby enhances confidence among business and consumers in the short run, while being compatible with long term sustainable growth; 3. press forward with structural reforms that will increase euro area long-term potential growth and will improve its productivity, competitiveness and economic adjustment to asymmetric shocks, paying particular attention to employment policies, and 4. ensure that the euro area's influence in the global economic system is commensurate with its economic weight.

SECTION B

MICROECONOMIC REFORMS TO RAISE EUROPE'S GROWTH POTENTIAL

Structural reforms are essential to increase the EU's growth potential and support macroeconomic stability, because they increase the efficiency and adaptability of the European economy. Productivity gains are fuelled by competition, investment and innovation. Raising Europe's growth potential requires making progress in both job creation and productivity growth. Since the mid-1990s, productivity growth in the EU has slowed down markedly. Part of this slowdown comes from increased employment of low-skilled workers. However, reversing this trend in productivity is a major challenge facing the Union, especially in the light of its ageing population. Population ageing alone is estimated to reduce by nearly half the current rate of potential growth. An acceleration of productivity growth and increasing hours worked are thus indispensable to maintain and increase future living standards, and ensure a high level of social protection.

B.1. Knowledge and innovation — engines of sustainable growth

Knowledge accumulated through investment in R & D, innovation and education, is a key driver of long-run growth. Policies aimed at increasing investment in knowledge and strengthening the innovation capacity of the EU economy are at the heart of the Lisbon strategy for growth and employment. This is why national and regional programmes will be increasingly targeted on investments in these fields in accordance with the Lisbon objectives.

Increase and improve investment in R & D, with a view to establishing the European Knowledge Area

R & D affects economic growth through various channels: first, it can contribute to the creation of new markets or production processes; second, it can lead to incremental improvements in already existing products and production processes; and third, it increases the capacity of a country to absorb new technologies.

The EU is currently spending around 2 % of GDP on R & D (although ranging from below 0,5 % to above 4 % of GDP across Member States), barely up from the level at the time of the launch of the Lisbon strategy. Moreover, only around 55 % of research spending in the EU is financed by the business sector. Low levels of private R & D investments are identified as one of the main explanation for the EU/US innovation gap. More rapid progress towards meeting the collective EU target of raising research investment to 3 % of GDP is needed. Member States are invited to report on their R & D expenditure targets for 2008 and 2010 and the measures to achieve these in their national Lisbon programmes. The main challenge is to put in place framework conditions, instruments and incentives for companies to invest in research.

Public research expenditure must be made more effective and the links between public research and the private sector have to be improved. Poles and networks of excellence should be strengthened, better overall use should be made of public support mechanisms to boost private sector innovation, and a better leverage effect of public investments and a modernised management of research institutions and universities should be ensured. It is also essential to ensure that companies operate in a competitive environment since competition provides an important incentive to private spending on innovation. In addition, a determined effort must be made to increase the number and quality of researchers active in Europe, in particular by attracting more students into scientific, technical and engineering disciplines, and enhancing the career development and the transnational and intersectoral mobility of researchers, and reducing barriers to mobility of researchers and students.

The international dimension of R & D should be strengthened in terms of joint financing, development of a more critical mass at the EU level in critical areas requiring large funds and through reducing barriers to mobility of researchers and students.

Guideline No 7. To increase and improve investment in R & D, in particular by private business, the overall objective for 2010 of 3 % of GDP is confirmed with an adequate split between private and public investment, Member States will define specific intermediate levels. Member States should further develop a mix of measures appropriate to foster R & D, in particular business R & D, through: 1. improved framework conditions and ensuring that companies operate in a sufficiently competitive and attractive environment; 2. more effective and efficient public expenditure on R & D and developing PPPs; 3. developing and strengthening centres of excellence of educational and research institutions in Member States, as well as creating new ones where appropriate, and improving the cooperation and transfer of technologies between public research institute and private enterprises; 4. developing and making better use of incentives to leverage private R & D; 5. modernising the management of research institutions and universities, and 6. ensuring a sufficient supply of qualified researchers by attracting more students into scientific, technical and engineering disciplines and enhancing the career development and the European, international as well as inter-sectoral mobility of researchers and development personnel.

Facilitate innovation

The dynamism of the European economy is crucially dependent on its innovative capacity. The economic framework conditions for innovation need to be in place. This implies well-functioning financial and product markets as well as efficient and affordable means to enforce intellectual property rights. Innovations are often introduced to the market by new enterprises, which may meet particular difficulties in obtaining finance. Measures to encourage the creation and growth of innovative enterprises, including improving access to finance, should therefore enhance innovative activity. Technology diffusion, and policies to better integrate national innovation and education systems, can be fostered by the development of innovation poles and networks as well as by innovation support services targeted at SMEs. Knowledge transfer via researcher mobility, foreign direct investment (FDI) or imported technology is particularly beneficial for lagging countries and regions.

Guideline No 8. To facilitate all forms of innovation, Member States should focus on: 1. improvements in innovation support services, in particular for dissemination and technology transfer; 2. the creation and development of innovation poles, networks and incubators bringing together universities, research institutions and enterprises, including at regional and local level, helping to bridge the technology gap between regions; 3. the encouragement of cross-border knowledge transfer, including from foreign direct investment; 4. encouraging public procurement of innovative products and services; 5. better access to domestic and international finance, and 6. efficient and affordable means to enforce intellectual property rights.

The diffusion of information and communication technologies (ICT), in line with the objectives and actions of the upcoming i2010 initiative, is also an important way to improve productivity and, consequently, economic growth. The EU has been unable to reap the full benefits of the increased production and use of Information and communication technologies (ICT). This reflects the still continuing under-investment in ICT, institutional constraints and organisational challenges to the adoption of ICT. Technological innovation ultimately depends on a growth-conducive economic environment. In this context the use of intelligent logistics is an efficient way of ensuring that costs at the European sites of production remain competitive. A market of electronic communication open and competitive is also important in this regard.

Guideline No 9. To facilitate the spread and effective use of ICT and build a fully inclusive information society, Member States should:

1. encourage the widespread use of ICT in public services, SMEs and households;
2. fix the necessary framework for the related changes in the organisation of work in the economy;
3. promote a strong European industrial presence in the key segments of ICT;
4. encourage the development of strong ICT and content industries, and well-functioning markets;
5. ensure the security of networks and information, as well as convergence and interoperability in order to establish an information area without frontiers, and
6. encourage the deployment of broad band networks, including for the poorly served regions, in order to develop the knowledge economy. See also integrated guideline 'Promote flexibility combined with employment security and reduce labour market segmentation, having due regard to the role of the social partners' (No 21).

To strengthen the competitive advantages of the European industrial base

The recent slowdown in EU productivity growth is partly related to the EU's difficulty in re-orienting its economy towards the higher productivity growth sectors.

In order to enhance and sustain economic and technological leadership, Europe must increase its capacity to develop and market new technologies, including ICT. The synergies from jointly addressing research, regulatory and financing challenges at the European level, where for reasons of scale or scope individual Member States cannot successfully tackle market failures in isolation, should be analysed and exploited. The EU has still not managed to fully realise its technological potential. The pooling of European excellence and the development of public-private partnerships and cooperation between Member States where the benefits for society are larger than those for the private sector will help tap this potential.

Guideline No 10. To strengthen the competitive advantages of its industrial base, Europe needs a solid industrial fabric throughout its territory. The necessary pursuit of a modern and active industrial policy means strengthening the competitive advantages of the industrial base, including by contributing to attractive framework conditions for both manufacturing and services, while ensuring the complementarity of the action at national, transnational and European level. Member States should:

1. start by identifying the added value and competitiveness factors in key industrial sectors, and addressing the challenges of globalisation, and
2. also focus on the development of new technologies and markets. (a) This implies in particular commitment to promote new technological initiatives based on public-private partnerships and cooperation between Member States, that help tackle genuine market failures. (b) This also implies the creation and development of networks of regional or local clusters across the EU with greater involvement of SMEs. See also integrated guideline 'Improve matching of labour market needs' (No 20).

Encourage the sustainable use of resources

Lasting success for the Union also depends on addressing a range of resource and environmental challenges which, if left unchecked will act as a brake on future growth. In this context, recent developments and prospects on oil prices have emphasised the acuity of the energy efficiency issue. A policy towards energy efficiency is important to reduce the vulnerability of the European economy to oil prices variations. Further delay in addressing these challenges would raise the economic costs of taking action. This implies for example measures to make more rational use of resources. Measures in this area will also be important to tackle the problem of climate change. In this context, it is important that Member States renew efforts to meet the obligations according to the Kyoto protocol. Member States should notably continue the fight against climate change in order to achieve that the global temperature increase does not exceed 2 °C above pre-industrial levels, while implementing the Kyoto targets in a cost-effective way. Member States should pursue the engagement of halting the loss of biological diversity between now and 2010, in particular by incorporating this requirement into other policies, given the importance of biodiversity for certain economic sectors. The use of market-based instruments, so that prices better reflect environmental damage and social costs, plays a key role in this context. Encouraging the development and use of environment-friendly technologies, the greening of public procurement, paying particular attention to SMEs, and the removal of environmentally harmful subsidies alongside other policy instruments can improve the innovative performance and enhance the contribution to sustainable development of the sectors concerned. For example, EU companies are amongst the world leaders in developing new renewable energy technologies. In particular, in a context of continued upward pressure on energy prices, and accumulating threats to the climate, it is important to push energy efficiency improvements as a contribution to both growth and sustainable development.

Guideline No 11. To encourage the sustainable use of resources and strengthen the synergies between environmental protection and growth, Member States should: 1. give priority to energy efficiency and co-generation, the development of sustainable, including renewable, energies and the rapid spread of environmentally friendly and eco-efficient technologies, (a) inside the internal market on the one hand particularly in transport and energy, *inter alia*, in order to reduce the vulnerability of the European economy to oil price variations, and (b) towards the rest of the world on the other hand as a sector with a considerable export potential; 2. promote the development of means of internalisation of external environmental costs and decoupling of economic growth from environmental degradations. The implementation of these priorities should be in line with existing Community legislation and with the actions and instruments proposed in the Environmental Technologies Action Plan (ETAP), *inter alia*, through, (a) the use of market-based instruments, (b) risk funds and R & D funding, (c) the promotion of sustainable production and consumption patterns including the greening of public procurement, (d) paying particular attention to SMEs, and (e) a reform of subsidies that have considerable negative effects on the environment and are incompatible with sustainable development, with a view to eliminating them gradually; 3. pursue the objective of halting the loss of biological diversity between now and 2010, in particular by incorporating this requirement into other policies, given the importance of biodiversity for certain economic sectors, and 4. continue to fight against climate change, while implementing the Kyoto targets in a cost-effective way, particularly in regard to SMEs. See also integrated guideline 'To promote a growth- and employment-orientated and efficient allocation of resources' (No 3).

Despite general acknowledgement of the potential benefits of a single European market, the transposition rate of internal market directives remains disappointingly low. Furthermore, directives are often not implemented or applied correctly, as illustrated by the high number of infringement proceedings launched by the Commission. Member States need to cooperate more positively with each other and with the Commission to ensure that they deliver the full benefits of internal market legislation to their citizens and businesses. For example, there is considerable scope for further improvements in public procurement practices. Such improvements would be reflected in an increase in the share of public procurement publicly advertised. Moreover, more open procurement would lead to significant budgetary savings for the Member States.

Guideline No 12. To extend and deepen the internal market, Member States should: 1. speed up the transposition of internal market directives; 2. give priority to stricter and better enforcement of internal market legislation; 3. eliminate remaining obstacles to cross-border activity; 4. apply EU public procurement rules effectively; 5. promote a fully operational internal market of services, while preserving the European social model, and 6. accelerate financial market integration by a consistent and coherent implementation and enforcement of the Financial Services Action Plan. See also integrated guideline 'To improve matching of labour market needs' (No 20).

B.2. Making Europe a more attractive place to invest and work

The attractiveness of the European Union as an investment location depends, *inter alia*, on the size and openness of its markets, its regulatory environment, the quality of its labour force and its infrastructure.

Extend and deepen the internal market

Whilst the internal market for goods is relatively well integrated, services markets remain, legally or *de facto*, rather fragmented and labour mobility remains low in Europe. In order to promote growth and employment and to strengthen competitiveness, the internal market of services has to be fully operational while preserving the European social model. The European Council has requested all efforts to be undertaken within the legislative process in order to secure a broad consensus for moving towards a single market for services. The elimination of obstacles to cross-border activities would also bring important efficiency gains. Finally, the full integration of financial markets would raise output and employment by allowing more efficient allocation of capital and creating better conditions for business finance.

Ensure open and competitive markets inside and outside Europe

The open global economy offers new opportunities for stimulating growth and competitiveness in Europe's economy. Competition policy has played a key role in ensuring a level playing field for firms in the EU, and can also be instrumental to look at the wider regulatory framework around markets, in order to promote the conditions which will allow firms to compete effectively. A further opening up of European markets to competition can be achieved by a reduction in the general level of remaining State aid. This movement must be accompanied by a redeployment of remaining State aid in favour of support for certain horizontal objectives. The review of State aid rules should lead to a further push in this direction.

Structural reforms that ease market entry are a particularly effective tool for enhancing competition. These will be particularly important in markets that were previously sheltered from competition because of anticompetitive behaviour, the existence of monopolies, over-regulation (for example permits, licences, minimum capital requirements, legal barriers, shop opening hours, regulated prices, etc. may hinder the development of an effective competitive environment), or because of trade protection.

In addition, the implementation of measures already agreed to open up the network industries to competition (in the areas of electricity and gas, transport, telecommunications and postal services) should help to ensure lower prices overall and greater choice while guaranteeing the delivery of services of general economic interest to all citizens. Competition and regulatory authorities should ensure competition in liberalised markets. At the same time, the satisfactory delivery of high quality Services of general economic interest at an affordable price must be guaranteed.

External openness to trade and investment, also in a multilateral context, by increasing both exports and imports, is an important spur to growth and employment and can thus reinforce the delivery of structural reform. An open and strong system of global trade rules is of vital importance for the European economy. The successful completion of an ambitious and balanced agreement in the framework of the Doha-Round as well as the development of bilateral and regional free trade agreements, should further open up markets to trade and investment, thus contributing to raising potential growth.

Guideline No 13. To ensure open and competitive markets inside and outside Europe and to reap the benefits of globalisation, Member States should give priority to: 1. the removal of regulatory, trade and other barriers that unduly hinder competition; 2. a more effective enforcement of competition policy; 3. selective screening of markets and regulations by competition and regulatory authorities in order to identify and remove obstacles to competition and market entry; 4. a reduction in State aid that distorts competition; 5. in line with the upcoming Community Framework, a redeployment of aid in favour of support for certain horizontal objectives such as research, innovation and the optimisation of human capital and for well-identified market failures; 6. the promotion of external openness, also in a multilateral context; 7. full implementation of the agreed measures to open up the network industries to competition in order to ensure effective competition in European wide integrated markets. At the same time, the delivery, at affordable prices, of effective services of general economic interest has an important role to play in a competitive and dynamic economy.

Improve European and national regulation

Market regulation is essential to create an environment in which commercial transactions can take place at competitive price. It

also serves to correct market failures or to protect market participants. Nevertheless, the cumulative impact of regulations may impose substantial economic costs. It is therefore essential that regulations are well-designed and proportionate. The quality of the European and national regulatory environments is a matter of joint commitment and shared responsibility at both the EU and Member State level.

When preparing or revising legislation, Member States should systematically assess the costs and benefits of their legislative initiatives. They should improve the quality of their regulations, while preserving their objectives. This implies consultation of relevant stakeholders. In the Commission's approach to better regulation, the economic, social and environmental impacts of new or revised regulations are carefully assessed to identify the potential trade-offs and synergies between different policy objectives. Moreover, existing regulation is screened for simplification potential and its impact on competitiveness is assessed. Finally, a common approach to measuring the administrative costs of new and existing legislation is being developed. Member States should establish systems for simplification of existing regulation. They should consult widely on the costs and benefits of their regulatory initiatives or their lack of action, particularly where trade-offs between different policy objectives are implied. Member States should also ensure that appropriate alternatives to regulation are given full consideration.

Significant improvements in the regulatory environment can therefore be achieved by taking into account cost-benefit considerations associated with regulation, including administrative costs. This is especially important for small and medium-sized enterprises (SMEs), which usually have only limited resources to deal with the administration imposed by both Community and national legislation.

Guideline No 14. To create a more competitive business environment and encourage private initiative through better regulation, Member States should: 1. reduce the administrative burden that bears upon enterprises, particularly on SMEs and start-ups; 2. improve the quality of existing and new regulations, while preserving their objectives, through a systematic and rigorous assessment of their economic, social (including health) and environmental impacts, while considering and making progress in measurement of the administrative burden associated with regulation, as well as the impact on competitiveness, including in relation to enforcement, and 3. encourage enterprises in developing their corporate social responsibility.

Europe needs to foster its entrepreneurial drive more effectively and it needs more new firms willing to embark on creative or innovative ventures. Learning about entrepreneurship through all forms of education and training should be supported and relevant skills provided. The entrepreneurship dimension should be integrated in the life long learning process as from school. To this end, partnerships with companies should be encouraged. The creation and growth of businesses can also be encouraged by improving access to finance and strengthening economic incentives, including by adopting tax systems to reward success, reducing non-wage labour costs and reducing the administrative burdens for start-up notably through the provision of relevant business support services, notably for young entrepreneurs, like the creation of one-stop contact points and the stimulation of national support networks for enterprises. Particular emphasis should be put on facilitating the transfer of ownership and improving rescue and restructuring proceedings in particular with more efficient bankruptcy laws.

Guideline No 15. To promote a more entrepreneurial culture and create a supportive environment for SMEs, Member States should:

1. improve access to finance, in order to favour their creation and growth, in particular micro-loans and other forms of risk capital; 2. strengthen economic incentives, including by simplifying tax systems and reducing non-wage labour costs; 3. strengthen the innovative potential of SMEs, and 4. provide relevant support services, like the creation of one-stop contact points and the stimulation of national support networks for enterprises, in order to favour their creation and growth in line with Small firms' Charter. In addition, Member States should reinforce entrepreneurship education and training for SMEs. They should also facilitate the transfer of ownership, modernise where necessary their bankruptcy laws, and improve their rescue and restructuring proceedings. See also integrated guidelines 'To promote a growth- and employment-orientated and efficient allocation of resources' (No 3) and 'To facilitate all forms of innovation' (No 8, Nos 23 and 24).

interoperable trans-European networks help foster international trade and fuel internal market dynamics. Moreover, the ongoing liberalisation of European network industries fosters competition and drives efficiency gains in these sectors.

In terms of future investment in European infrastructure, the implementation of 30 priority transport projects identified by Parliament and Council in the trans-European network (TEN) transport guidelines as well as the implementation of the quick-start cross-border projects for transport, renewable energy and broadband communications and research identified under the European Initiative for Growth and the implementation of the transport projects, supported by the Cohesion Fund, should be considered a priority. Infrastructure bottlenecks within countries need to be tackled as well. Appropriate infrastructure pricing systems can contribute to the efficient use of infrastructure and the development of a sustainable modal balance.

Guideline No 16. To expand, improve and link up European infrastructure and complete priority cross-border projects with the particular aim of achieving a greater integration of national markets within the enlarged EU. Member States should: 1. develop adequate conditions for resource-efficient transport, energy and ICT infrastructures, in priority, those included in the TEN networks, by complementing Community mechanisms, notably including in cross-border sections and peripheral regions, as an essential condition to achieve a successful opening up of the network industries to competition; 2. consider the development of public-private partnerships, and 3. consider the case for appropriate infrastructure pricing systems to ensure the efficient use of infrastructures and the development of a sustainable modal balance, emphasizing technology shift and innovation and taking due account of environmental costs and the impact on growth. See also integrated guideline 'To facilitate the spread and effective use of ICT and build a fully inclusive information society'(No 9).

Expand and improve European infrastructure

Modern infrastructure is an important factor affecting the attractiveness of locations. It facilitates the mobility of persons, goods and services throughout the Union. Modern transport, energy and electronic communication infrastructure is an important factor of a reinvigorated Lisbon strategy. By reducing transport costs and by widening markets, interconnected and

Done at Brussels, 12 July 2005.

For the Council

The President

G. BROWN

CORRIGENDA

Corrigendum to Commission Regulation (EC) No 1279/2005 of 2 August 2005 amending the import duties in the cereals sector applicable from 3 August 2005

(Official Journal of the European Union L 202 of 3 August 2005)

On page 36, in recitals 1 and 2 and in Article 1:

for: '(EC) No 1150/2005',

read: '(EC) No 1256/2005'.

Corrigendum to Commission Regulation No 1270/2005 of 1 August 2005 specifying the extent to which applications lodged in July 2005 for import certificates in respect of young male bovine animals for fattening as part of a tariff quota provided for in Regulation (EC) No 992/2005 may be accepted

(Official Journal of the European Union L 201 of 2 August 2005)

On page 38, in recital 1:

for: 'Article 1(3)(b) ...',

read: 'Article 1(3)(a) ...'.

On page 38, in the second paragraph of Article 1:

for: '... referred to in Article 1(3)(d) ...',

read: '... referred to in Article 1(3)(b) ...'.

Corrigendum to the Protocol to the Euro-Mediterranean Agreement between the European Communities and their Member States, of the one part, and the Arab Republic of Egypt, of the other part, to take account of the accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic to the European Union

(Official Journal of the European Union L 31 of 4 February 2005)

On page 38, in the Annex, Protocol 1 concerning the arrangements applicable to imports into the Community of agricultural products originating in Egypt, point 3, last subparagraph:

for: 'For the first year 2004, the volumes of the tariff quotas and the increases of the volumes of existing tariff quotas shall be calculated as a pro rata of the basic volumes specified in the Protocol, taking into account the part of the period elapsed before 1 May 2004.'

read: 'For the year 2004, the volumes of the new tariff quotas and the increases of the volumes of existing tariff quotas shall be calculated as a pro rata of the basic volumes specified in the Protocol, taking into account the part of the period elapsed before 1 May 2004.';

and in point 4

for: '4. For the products for which the specific provisions in column "D" refer to this paragraph, the tariff quota volumes listed in column "B" shall be increased annually by 3 % of the volume of the previous year; the first increase taking place one year after the entry into force of this agreement.'

read: '4. For the products for which the specific provisions in column "D" refer to this paragraph, the tariff quota volumes listed in column "B" shall be increased annually by 3 % of the volume of the previous year; the first increase taking place on the date when each tariff quota is opened for the second time.'
