two-stage proposal for further strengthening bilateral relations which would ultimately lead to the conclusion of an EU-Mercosur free trade agreement covering industrial goods and services, with provision for the gradual liberalization of agricultural trade. Officials from both blocks revealed to news agencies that they would be signing the first free trade agreement among economic regional blocks in 1999. (See Mercopress News Agency Home Page. Visited March 20, 1998, URL: http://www.falkland-malvinas.com)

16 T. A., Preamble
17 The Protocol of Ouro Preto was adopted December 17, 1994
18 Id. The regime applied during the transition period for the solution of controversies was based on the “Additional Protocol of BRASILIA for the resolution of controversies” signed in 17/12/91 and contains the rules for the solution of controversies up to the adoption of a permanent system no later than December 31, 1994. In general, it establishes that the disputes are to be settled by direct negotiation. When no solution is reached, a dispute is referred to the Common Market Group. Disputes which the CMG fails to resolve are then referred to the Common Market Council for an arbitration procedure.

In the view of “The Economist”, the adoption of a system to settle disputes is imperative because “…in practice, disputes have been settled politically, by the Mercosur presidents themselves. Until now, this system has worked: to safeguard the whole project, the presidents have been prepared to compromise and, when need be, rewrite the rules. But this carries a cost, in reducing certainty…” (The Economist Survey on Mercosur – 12/10/96 (Visited 4/21/97) <http://www.demon.co.uk/tamaraty/mercosur.html>)

20 Protocol of Ouro Preto (POP), art. 40, establishes that the States after the adoption of the regulations, must incorporate them into their national legal systems and must communicate that incorporation to the Administrative Secretariat of the Mercosur (SAM) which in turn, must inform the other Parties about the incorporation. After the round of communications, the regulations become officially enacted at the same time in the four countries.
21 Pedro Tarak, supra note 17.
22 Id.
23 Id.
24 T. A., Preamble
25 Pedro Tarak, supra note 17. He interprets that the protection of the environment includes environmental duties within the executive functions of the institutions of the Mercosur.
26 The “Common position of the southern cone countries upon the United Nations Conference on Environment and Development (UNCED ’92)” was adopted in February of 1992 in the city of Canela, Rio Grande do Sul, Brazil, to reflect the political position of the countries of Latin America in view of the Conference.
27 The “Agreement of partial effect of cooperation and trade of goods used in the defence and protection of the environment” was adopted within the general framework of the “Agreement of Montevideo of 1980” (ALADI), which foresees the possibility of bilateral cooperation for the establishment of single legislation and its harmonization.
28 Pedro Tarak, supra note 19.
30 Reunion Especializada de Medio Ambiente – REMA Res. Nº 22/94, art. 1ro
31 Res. Nº 22/94, art. 2do
32 REMA, Acta Nº 193, June 28/30 1993, Uruguay
33 REMA II, Acta II/94, April 1994, Argentina
34 Id.
37 Id.
38 Id., art. 1
39 Id., art. 8
40 Id., art. 2
41 Id., art. 9
42 Id., art. 10
43 Id., art. 3
44 Id., art. 4
45 Id., art. 6
46 REMA Acta N° 6/95, e, (h) Uruguayan representative position
48 Id.
49 Pedro Tarak, supra note 17.
50 CMG Res. nº 40/93
51 CMG Res. nº 46/93
52 CMG Res. nº 23/94
53 CMG Res. nº 21/93
54 CMG Res. nº 19/94
55 CMG Res. nº 85/94
56 GCM/Res. nº 84/94
57 GCM/Res. nº 86/94
58 CMG Res. nº 53/95
59 Id.
60 CMG Res. nº 10/94
61 CMC Dec. nº 2/94

EU

Forestry Strategy

The Commission has recognised the need for a co-ordinated policy to be developed to ensure recognition for the diversity of European forests, their multifunctional roles and the need for environmental, economic and social sustainability. On 18 November 1998, it adopted a Communication (COM(98) 649) to the Council of Ministers and the European Parliament on a forestry strategy for the Union.

The forest area in the EU of 130 million hectares, represents 36 per cent of the total European area. Of this, 87 million hectares are exploitable forests (managed for wood production and services). The proportion of private forests is 65 per cent, with 12 million forest owners.

The Strategy, according to the Commission, should be considered as an essential contribution at EU level to the implementation of the international commitments on the management, conservation and sustainable development of forests, as advocated by the 1992 UN Conference on Environment and Development (UNCED), the Ministerial Conferences on the Protection of Forests in Europe (Strasbourg 1990, Helsinki 1993 and Lisbon 1998), as well as the international Conventions (climate change, biodiversity, desertification, transboundary air pollution), and the 5th Environmental Action Programme Towards Sustainability. These are to be implemented by means of national or sub-national forest programmes as part of measures taken by the EU when they can offer value added help.

The Treaties on European Union make no provision for a comprehensive common forestry policy. Within the Community context, forests and related industries have been until now run directly by the Member States or as part of the Common Agricultural Policy (CAP) or Struc-
For the first time, the Commission is paying heed to the links between forestry and industry. The aim is to improve coordination and the way national and Community policies and schemes complement each other, and for the Member States to retain power in this area out of respect for the subsidiarity principle. The forestry strategy recommended is primarily based on proposals in the Commission’s Agenda 2000. For example:

- **Rural development support measures**, for protecting forests, developing and enhancing the socio-economic potential of forests, preserving and improving the ecological value and restoring damaged forest, promoting new outlets for the use of wood, extending forest areas, and education and training programmes.

- **Pre-accession measures for agriculture and rural development in the application countries of Central and Eastern Europe**: Community aid for the sustainable adaptation of the farm sector and rural areas in the implementation of the EU’s legislative achievements as regards the Common Agricultural Policy and related policies, and help for the management, conservation and sustainable development of forests in Central and Eastern Europe.

The Commission also stresses the need to take account of a number of issues that have a direct bearing on forests, such as the certification of forests that are sustainably managed (assessment criteria and principles to apply in this area), conservation and improvement of biodiversity, creation of protected areas, wood as a source of energy, and forests in the context of climate change (carbon cycle).

The Strategy is in line with general principles such as free movement of goods, no distortion of competition, and the EU’s international obligations. It is also intended to help the competitiveness of the EU’s forestry sector in due course while furthering the principle of integration of sustainable development and environmental protection in forest-related policies.

It is estimated that forest-based industries’ production value amounts to almost ECU 300 billion, representing 10 per cent of the total for all manufacturing. About 2.2 million people are employed in forest-based industries.

One of the main industries concerned, the paper industry, broadly welcomes the Commission’s approach but feels it falls down by continuing to regard forestry as a separate industry.

The issue of Community support for the use of wood as a source of energy is currently being discussed within the framework the Agenda 2000 proposal on rural development, and the proposed strategy will help fuel this debate. (MJ)

---

**Environment, Employment and Enlargement**

The European Consultative Forum on the Environment and Sustainable Development is an environmental consultation body under the Fifth Action Programme on the Environment, created by the European Commission in 1997. It covers all issues relevant to sustainable development and has members from the European Economic Area (EEA) and the associated countries of Eastern and Central Europe. It advises the European Commission on policy development.

The Forum adopted in November 1998, a package of principles and recommendations on how **environment and employment** policies can be integrated so as to lead to positive synergies.

The Forum’s recommendations have been timed to influence the political debate at the moment when both employment and environment strategies are amongst the highest political priorities, both of the EU and individual Member States. The Forum believes that the achievement of joint policy goals can only be attained through an approach built on some key principles:

- Environmental policy cannot be justified on employment grounds; however, environment policy can be refocused to bring about a positive effect on employment and vice versa.
- It is necessary to have a competitive European industry based on efficient industrial and agricultural production to maintain and create new employment.
- Europe’s high environmental standards must be exported to achieve an international environmental playing field.
- Economic instruments are flexible, cost-effective and broaden the range of tools available to policy makers. They do not replace more traditional approaches to environmental management, but they can raise revenue, which can be used to offset reductions in levels of labour taxes and thus reduce labour costs.
- Incentives for technology development can achieve environmental improvement and yield commercial and employment benefits.