

ECONOMIC AND SOCIAL
CONSULTATIVE ASSEMBLY

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ECONOMIC AND SOCIAL COMMITTEE
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with Socioeconomic Groups'

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Preface

Tradition has it that the Chairman in office writes the preface to the Annual Report.

This task should have fallen to François Staedelin, who chaired the Committee in the period under review.

François Staedelin sadly died on 30 December 1991.

I should like to take this opportunity to speak in his memory and pay tribute to him as a man and as a Chairman for the extent and the quality of the work accomplished during his term of office.

Since the founding Treaties of 1957, a number of milestones have marked the development of Europe. Of these, history will undoubtedly take note of December 1991, when the Maastricht Agreements were concluded.

Like all the other institutions, the Committee moved up a gear in preparation for the Maastricht Summit, whose importance for the future of both the Committee and of Europe will have escaped the attention of no one. The Summit, although it did not fully meet everyone's expectations, was a major staging point for the Economic and Social Committee and its future in the Community's institutional machinery.

Maastricht represents formal recognition in the Treaty of the Economic and Social Committee's wide participation in Community decision-making.

If, as is to be hoped, national parliaments ratify the Maastricht Agreements in 1992, most of the Committee's recommendations, which François Staedelin advocated so enthusiastically, will to a considerable extent be taken on board, namely:

- (i) genuine autonomy in laying down its rules of procedure;
- (ii) increased independence and responsibilities as regards its budget;
- (iii) incorporation of its right of initiative in the Treaty;
- (iv) establishment of members' allowances by the Council by qualified majority.

In addition to this, a decision was taken at Maastricht to set up a Committee of Regions serviced by an administrative structure which it will share with the ESC under arrangements to which the Committee has not objected.

1991 was a crucial year also in the sense that substantial progress was made towards completing the single market. Most of the 178 Opinions or Information Reports drafted by the Committee in 1991 directly or indirectly concerned the establishment of the single market; we can now reasonably count on the market being completed on schedule.

The Economic and Social Committee of the European Communities can be proud of the contribution it has hitherto made to this key initiative, clearing the way for economic and monetary union and political union.

I should also like to highlight the excellent cooperation and working relationship between the Committee and the other institutions. With particular reference to the European Parliament, the adoption in November 1991 of the key report drawn up by Mrs Maria Louisa Cassanmagnago Cerretti on the institutional role of the Economic and Social Committee did much to clarify the respective roles of the two bodies and their working relationship.

Turning to the Community's external relations, 1991 saw incorporation in arrangements for the European Economic Area of the advisory role exercised hitherto by the Committee and its EFTA partners, and the achievement of closer relations and new forms of cooperation with the labour-market partners in the young democracies of Eastern Europe.

Finally, I should like to take this opportunity to offer my sincere thanks to all those working in the Member States, the EC institutions, EC- and national-level socio-occupational organizations, the regions and also the Committee's own secretariat for the contribution which they have made to the activities listed in this Annual Report.

Michael Geuenich
ESC Chairman

CHAPTER I

Presence and influence of the Economic and Social Committee

A — THE CONSULTATIVE FUNCTION OF THE ECONOMIC AND SOCIAL COMMITTEE

During the reference period, the Economic and Social Committee produced 178 consultative documents, of which 162 were Opinions requested by the Commission or the Council, 14 were Own-initiative Opinions and two were Information Reports (see Appendix A).

Some of these Opinions which had considerable external impact should be mentioned here:

Technical barriers to trade and standardization (3 Opinions);

Dismantling of tax frontiers (8 Opinions);

Environment and the single market (3 Opinions);

Public limited liability companies—structure, formation, mergers and takeovers (4 Opinions);

Relations with Latin America;

EC relations with the countries of Central and Eastern Europe.

Chapter II gives details of this major ESC contribution to Community activity.

B — INSTITUTIONAL REFORM AND FUTURE OF THE ECONOMIC AND SOCIAL COMMITTEE

The Intergovernmental Conferences on Economic and Monetary Union and on Political Union, which opened in Rome on 15 December 1990 and ended in Maastricht on 11 December 1991, culminated in agreements which are of key importance for the ESC's future.

The ESC's new status

1. The Treaty on European Union provides that in future:
 - (i) the Council, acting by a qualified majority, shall determine the allowances of ESC members (Article 194);
 - (ii) the Committee shall adopt its own rules of procedure (Article 196). From now on the ESC will therefore be able to draw up and adopt its rules of procedure without having to submit them to the Council of Ministers for approval;
 - (iii) the Committee may also meet on its own initiative (Article 196) and issue an Opinion on its own initiative in cases in which it considers such action appropriate (Article 198).
2. In addition, a Declaration on the independence of the ESC was annexed to the new Treaty (Final Act — Declaration No 22), specifying that: 'the Economic and Social Committee will enjoy the same independence with regard to its budget and staff management as the Court of Auditors has enjoyed hitherto.'

It should be noted, however, that the Court of Auditors is now listed in Article 4 of the new Treaty as an institution.

This Declaration has the following implications for the ESC:

Financial: the ESC will constitute an independent section of the Community budget (Article 19 of the Financial Regulation) so that:

- (i) at the preparation stage, the ESC's revenue and expenditure cease to figure under the section relating to the Council. Each year the ESC will submit its estimates for revenue and expenditure for the coming budgetary year directly to the Commission instead of having to forward them to the Council of Ministers;
- (ii) at the implementation stage, the ESC will be able to transfer appropriations from one article to another within each chapter (Article 26a of the Financial Regulation).

On the other hand, the ESC will not be able to make direct chapter-to-chapter transfers but have to obtain the authorization of the European Parliament. Since virtually the entire ESC budget consists of 'non-compulsory expenditure', the European Parliament is ultimately responsible. Previously it was the Council which decided since the ESC figured as an annex to its budget.

Staff management: the ESC will be fully independent in appointing all officials, regardless of grade.

3. Lastly, a Protocol to the draft Treaty provides that the Economic and Social Committee and the Committee of the Regions shall have a 'common organizational structure'.

C — CHANGES IN ESC MEMBERSHIP

The four-yearly renewal of the ESC took place on 17 October 1990. At the end of 1991 the following changes had been made in the initial ESC membership:

Mr Cortois (Gr. II-B) resigned 1.9.1990,
replaced by Mr Willekens 17.12.1990;

Mr Hörsken (Gr. II-DE) resigned 24.1.1991,
replaced by Mr von Schwerin 13.5.1991;

Mr. van Eekert (Gr. II-NL) died 28.8.1990,
replaced by Mr Wagenmans 21.9.1990;

Mr Masprone (Gr. I-I) resigned 11.2.1991,
replaced by Mr. Bernabei 6.6.1991;

Mr Luchetti (Gr. III-I) resigned 10.4.1991,
replaced by Mr Gottero 5.8.1991;

Mr Murphy (Gr. II-IRL) died 21.4.1991,
replaced by Mr Attley 25.2.1992;

Mr Aparicio-Bravo (Gr. I-E) resigned 22.4.1991,
replaced by Mr Rodríguez García-Caro 9.7.1991;

Mr Machado von Tschusi (Gr. I-E) resigned 18.9.1991,
replaced by Mr Rodríguez de Azero y del Hoyo 29.1.1992;

Mr D'Hondt (Gr. II-B) died 10.12.1991;

Mr Staedelin (Gr. II-F) died 30.12.1991.

Death of the Chairman of the Economic and Social Committee

The Chairman of the Economic and Social Committee of the European Communities, Mr François Staedelin, died on 30 December 1991 in Mulhouse, France, at the age of 63. A special adviser to the French Democratic Labour Confederation (CFDT) on European issues, Mr Staedelin had been elected ESC Chairman on 17 October 1990. His term of office was to have ended in September 1992.

On his appointment as ESC Member in October 1986, after 10 years as political secretary to the European Trade Union, Mr Staedelin had been elected Chairman of the Workers' Group.

The memorial sitting held on 29 January 1992 was attended by the President of the European Parliament, Mr Egon Klepsch, the President-in-Office of the Council, Mr J. C. Paolouro das Neves, the President of the Commission, Mr Jacques Delors, and representatives of the permanent representations and European socio-occupational organizations.

D — RELATIONS WITH THE COUNCIL OF MINISTERS

1. Luxembourg Presidency

On 25 March 1991 Mr François Staedelin and the ESC Secretary-General, Mr Jacques Moreau, visited Mr Jacques Santer, Luxembourg Prime Minister. Afterwards they attended a working meeting with Mr Fernand Boden, Minister for Small and Medium-sized Businesses, and Mr Robert Goebbels, Minister for Economic Affairs, among others.

The following guest speakers attended ESC Plenary Sessions:

27 February 1991: Mr J.C. Juncker, President-in-Office of the Council, Luxembourg Minister for Finance and Labour
Presentation of the Luxembourg Presidency's programme

28 April 1991: Mr Goebbels, President-in-Office of the Council, Luxembourg Minister for Economic Affairs, Public Works and Transport
Harmonization of excise duties

2. Netherlands Presidency

On 25 September 1991, at the ESC's 289th Plenary Session, the President-in-Office of the Council, Mr Piet Dankert, Netherlands Secretary of State for Foreign Affairs, presented the Netherlands Presidency's programme.

3. Other contacts with the Council

On 12 February 1991 the Chairman, Mr François Staedelin, was received by the President of the French Republic, Mr François Mitterrand. Their

talks focused on the institutional reform of the ESC, a matter which was also discussed at a meeting on 17 July with Mrs Elisabeth Guigou, French Ministerial Delegate for European Affairs.

On 29 April the Chairman, Mr François Staedelin, visited Mr Douglas Hurd, United Kingdom Foreign Secretary, and Mr Tristan Garel-Jones, Minister of State for European Affairs.

On 28 June the ESC Chairman was received by Mr Mario Soares, President of the Republic of Portugal.

For details of the European Council meeting at Maastricht on 11 December 1991, and the resulting agreements, see point B above.

E — RELATIONS BETWEEN THE ESC AND THE COMMISSION

Working relations and cooperation with the Commission departments were excellent in 1991, as in previous years.

Participation by Members of the Commission at ESC Plenary Sessions in 1991

- 31 January 1991: Mrs Christiane Scrivener, Member of the Commission
Opinion on excise duties
- 28 February 1991: Mr Jacques Delors, President of the Commission
Presentation of the work programme for 1991
- 26 September 1991: Mr Manuel Marín, Vice-President of the Commission
Statement on the common fisheries policy
- 30 October 1991: Mr Martin Bangemann, Vice-President of the Commission
Towards trans-European networks
- 19 December 1991: Mr Karel Van Miert, Member of the Commission
in conjunction with the 'Transport 2000' Opinion.

F — RELATIONS BETWEEN THE ESC AND THE EUROPEAN PARLIAMENT

There has been a constant increase in the exchange of information and contact between secretariats, rapporteurs and chairmen in relation to the

preparatory work of the Parliamentary Committees and the specialized sections of the ESC.

Meetings of the corresponding ESC sections were addressed by Mr van Velzen, Chairman of the Committee on Social Affairs, Employment and the Working Environment, Mr Beumer, Chairman of the Committee on Economic and Monetary Affairs and Industrial Policy, and Mr Saby, Chairman of the Committee on Development and Cooperation.

The ESC General Secretariat is taking part in the meeting of the Working Group on Interinstitutional Coordination set up following the entry into force of the Single Act to foresee and coordinate legislative procedures between the various institutions.

The ESC General Secretariat is also invited to meetings of the enlarged Bureau of the European Parliament for points relating to the planning and organization of the Parliament's work.

In response to a draft resolution on the role of the Economic and Social Committee tabled by Mr De Giovanni, under Article 63 of the Parliament's Rules of Procedure, the President of the Parliament announced at the 22 February 1991 session that he had referred the draft resolution back to the Institutional Committee for a detailed re-examination. At its meeting on 29 and 30 January 1991 the Institutional Committee decided to draw up a report and nominated Mrs Maria Luisa Cassanmagnago-Cerretti as rapporteur.

On 19 March 1991 the ESC Chairman and Vice-Chairman received Mrs Cassanmagnago-Cerretti, Chairman of the Parliament's Political Affairs Committee and the Institutional Committee's rapporteur for the report on the institutional role of the ESC.

At its meetings on 19 June and 28 September 1991 the Institutional Committee examined the draft report and unanimously adopted the draft resolution at the September meeting.

At its Plenary Session on 21 November 1991 the Parliament adopted by a substantial majority Mrs Cassanmagnago-Cerretti's resolution¹ calling for the ESC's role to be enhanced and for closer coordination between the ESC and Parliament. This resolution boosts the ESC's consultative role and scope for initiative, finds it necessary to guarantee ESC members a status ensuring greater independence and proposes that the ESC be authorized to decide its own rules and operation and be granted greater autonomy in budgetary matters.

¹ OJ C 326, 16.12.1991 (p. 203).

G — CONFERENCES, MEETINGS AND VARIOUS CONTACTS

1. Relations with EFTA

Delegations from the ESC and the EFTA Consultative Committee held three official meetings in 1991 :

On 5 February, in Luxembourg, 21st joint meeting chaired by Mr F. Staedelin and Mr Heinz Zourek;

on 21 and 22 May, in Vienna, 22nd joint meeting chaired by Mr F. Staedelin and Mr Heinz Zourek;

on 20 November, in The Hague, 23rd joint meeting chaired by Mrs Susanne Tiemann and Mr Heinz Zourek.

2. Relations with the ACP countries

The annual meeting of ACP-EEC economic and social groups took place from 2 to 4 December 1991, in the ESC building, Brussels.

The topic was 'Structural adjustment: its economic, social and regional dimensions and the role of the economic and social interest groups'.

3. Relations with certain social, economic and regional bodies

The Secretaries-General of the Member States' Economic and Social Councils and the Secretary-General of the ESC of the European Communities met twice in London on 12 April 1991.

The following issues were the focus of attention :

- (i) traffic problems in urban areas and measures to tackle the situation;
- (ii) economic and social information of use to the social partners and the potential contribution of the Economic and Social Councils;
- (iii) initiatives by the Member States' Economic and Social Councils in the wake of developments in Eastern Europe.

The Chairmen and Secretaries-General of the Economic and Social Councils and similar bodies had been convened to meet in Paris on 22 and 23 June 1989 at the invitation of the Chairman and bureau of the French Economic and Social Council in conjunction with the celebration of the Bicentenary of the French Revolution. A second meeting was arranged on 9 and 10 May 1991 in Quebec by the French Economic and Social Council, which had hosted the first meeting, and the Quebec Planning and Development Office, with the assistance of the Canadian Economic Council.

Building on the first meeting's discussions, the participants tried to clarify the socioeconomic phenomena confronting the various countries and the role played by the Economic and Social Councils in this connection.

The meeting, which was chaired by Mr Jacques Cagnon, President of the Quebec Planning and Development Office, started with an introduction to the Quebec approach to socioeconomic development. The lectures and debates subsequently focused on:

- (i) the new world economic order;
- (ii) diversification and desertification of rural areas;
- (iii) contributions paving the way for effective cooperation and the role of the Economic and Social Councils;
- (iv) the parallel economy: help or hindrance to a country's socio-economic development?

In addition to a number of top-ranking representatives of Canadian and Quebec political and socioeconomic groupings, the meeting was attended by: the Belgian National Council of Labour and National Economic Council, the Burkina Faso Revolutionary Economic and Social Council, the Côte d'Ivoire Economic and Social Council, the Canadian Social Development Council, the Cameroon Economic and Social Council, the Economic and Social Committee of the European Communities, the French Economic and Social Council, the Gabon Economic and Social Council, the Italian Economic and Labour Council, the Luxembourg Economic and Social Council, the Netherlands Economic and Social Council, the Central African Republic Economic and Social Council, the United Kingdom National Economic Development Office and the Senegal Economic and Social Council.

Germany, Spain and Hungary also sent representatives to the meeting.

Lastly, the following countries and bodies were invited to the meeting and expressed keen interest in participating in contacts aimed at encouraging the organization of dialogue between economic and social representatives on a world-wide scale and fostering a spirit of cooperation: Argentina, Cape Verde, Chili, Philippines, Togo, Yugoslavia, Indonesian National Tripartite Council, Mali Economic and Social Council, Portuguese Permanent Social Coordination Council, Venezuelan National Economic Council, Australian Economic Planning Advisory Council, Jamaican National Planning Council, Bavarian Senate, Israeli Economic and Social Council, Zaire Economic and Social Council, Tunisian Economic and Social Council, Irish National Economic and Social Council, Congo Economic and Social Council, Mauritius National Development Council and New York Regional Plan Association.

Lastly, the ESC received the following visits:

- 5 February 1991: a delegation from the Committee for Economic Expansion in the Loire Region;
- 18 February 1991: a delegation from the National Council for the Economy and Labour (CNEL-Italy);
- 23 April 1991: a delegation from the Vendée Regional Council;
- 17 May 1991: a delegation from the CESR Centre, France (Regional Committee for the Centre Region, France);
- 3 October 1991: a delegation from the New Caledonia Regional Economic and Social Committee;
- 19 November 1991: a delegation from the Bouches du Rhône Regional Council (France);
- 21 November 1991: a delegation from the Loire Regional Council.

H — GROUPS OF VISITORS AND PUBLIC EVENTS OF EUROPEAN INTEREST

1. Visitors' group

In the period under review, interest in the Community's institutions and activity continued to benefit from the momentum generated by the completion of the internal market and the Single Act.

The increase in requests from national and regional administrations and from universities, which was noticeable in 1989 and 1990, became even more accentuated in 1991.

<i>Member States</i>	<i>Number of groups</i>	<i>Number of visitors</i>
Belgium	5	170
Denmark	27	883
Germany	73	2 005
Greece	1	22
Spain	13	57
France	45	1 598
Italy	12	498
Netherlands	22	815
Portugal	6	73
United Kingdom	42	1 441
Others	36	710
Total	282	8 272

<i>Non-EC countries</i>	<i>Number of groups</i>	<i>Number of visitors</i>
Africa	5	47
Austria	4	82
Brazil	1	6
Finland	1	25
Israel	2	16
Japan	2	41
Norway	4	91
Poland	2	25
Sweden	4	58
Turkey	1	25
USA	10	294

The trend in recent years has been as follows:

<i>Year</i>	<i>Number of visitors</i>
1984	3 700
1985	3 747
1986	5 840
1987	6 654
1988	4 577
1989	7 520
1990	7 646
1991	8 272

In general, an information visit involves a talk on the role of the ESC in the Community institutional system, followed by an exchange of views on current Community issues which are usually presented by ESC members or officials.

2. Public events of European interest

The ESC was represented at the following events by a stand and by general documentation on its role and consultative work:

23.1.1991	CGT (General Confederation of Labour) Congress	Paris
11/12.2.1991	Conference on Tourism	Brussels (Borchette)
19-23.3.1991	Student's Information Fair	Brussels (Heysel)
4.5.1991	Trade Union 91 — FGTB (Belgian General Confederation of Labour)	Brussels (Heysel)

6-8.5.1991	Europäische Impulse	Bamberg (Germany)
13.5.1991	ETUC Congress	Luxembourg
21-23.5.1991	Seminar 'Employers-workers relations/crossroads between East and West'	Vienna (Austria)
21.6.1991	Promotion of publication 'Standardization and technical barriers'	Porto (Portugal)
14-23.9.1991	Saint Brieuc Fair	Saint Brieuc (France)
24-30.10.1991	Scola 91	Rennes (France)
27-29.11.1991	International conference 'European human capital on the eve of the twenty-first century'	Luxembourg

3. Contacts with the regions

On 10 June the regional offices established in Brussels were invited to the ESC.

The main purpose of this meeting, held on the ESC's initiative, was to get to know each other better and encourage a two-way flow of information and cooperation.

The meeting was opened by the ESC Chairman, Mr F. Staedelin, who welcomed the participants and outlined the ESC's future in the Community institutional machinery.

The following regional offices replied to the ESC's invitation:

GERMANY

Hanse-Office Haferkamp
 Informationsbüro des Landes Rheinland-Pfalz
 Informationsbüro des Landes Baden-Württemberg
 EG-Berater des Senats von Berlin
 Informationsbüro Hessen
 Informationsbüro Nordrhein-Westfalen
 Saarland
 Verbindungsbüro Niedersachsen
 Informationsbüro des Freistaates Bayern

UNITED KINGDOM

City of Birmingham
Rural Scotland and Wales Liaison Office
Strathclyde Regional Council
Kent County Council
Cornwall County Council

SPAIN

Patronat Catala pro l'Europa
Fundacion Galicia Europea
Comunidad Valenciana
Comunidad de Madrid
Instituto de Fomenta de la Region de Murcia
Interbask
Proexca

BELGIUM

Conseil régional de la région Bruxelles-capital
Sociaal Ekonomische Raad voor Vlaanderen

FRANCE

Association Bretagne/Pays de Loire
Bureau du Grand-Est
Eurodom
Région du Grand-Sud
Région Nord-Pas de Calais
Martinique
Région Rhône-Alpes
Bureau commun Essex/Picardie
Région d'Alsace
Manche-Expansion
Council of European Municipalities and Regions
Permanent representation of local authorities to the EEC

DENMARK

Odense Kontoret
Arhus Kontoret

ITALY

Ufficio del Mezzogiorno

SWEDEN

Office of the municipality of Stockholm

I — PUBLICATIONS

The programme of publications for the reference period is as follows:

Tourism (French, German, English, Spanish, Italian, Portuguese, Greek)

Economic and monetary union (French, German, English)

Standardization and the removal of technical barriers to trade (French, German, English and Portuguese)

Taxation (French, German, English)

Transport in the EC (French, German, English)

Upland areas (Annexes) (French, English, Italian)¹

Relations with the Mediterranean regions (French, Italian, Spanish, Greek)

Relations with the East European countries (French, German, English)

EC immigration policy

Social rights of workers

Public limited liability companies (structure, formation, mergers and takeovers) (French, German, English)

Environment and the single market (French, German, English, Spanish)

¹ These publications are on sale from the Office for Official Publications of the European Communities, 2 rue Mercier, L-2985 Luxembourg.

Forward towards a European policy on medicinal products (French, German, English, Italian, Dutch)

Regional cohesion and development

Economic and social situation 1990 (nine languages)¹

Economic and social situation 1991 (nine languages)¹

Ten issues of the ESC bulletin¹

Annual report 1990¹

The demographic situation

EC relations with Latin America

Money laundering (French, German, English)

A fresh boost for culture

Vademecum

Index (list of ESC members)

These publications can be obtained free of charge from the Division for Information, Publications and Relations with Socioeconomic Groups, which also arranges information visits and participation by the ESC in public events of European interest.

¹ These publications are on sale from the Office for Official Publications of the European Communities, 2 rue Mercier, L-2985 Luxembourg.

CHAPTER II

Work of the Committee

1. AGRICULTURE, FORESTRY, RURAL DEVELOPMENT AND FISHERIES

The Commission's highly innovative decision to stop providing comprehensive production support under the common agricultural policy and to opt for more selective farmers' income support clearly occupied the centre stage of Committee discussions on agriculture in 1991.

Reform of the common agricultural policy was announced as long ago as 1980, with the Commission's reply to the Mandate of 30 May 1980, repeated in the October 1981 memorandum on guidelines for European agriculture and the communication on the Commission's proposals for the CAP in July 1983. Final confirmation came with the Brussels European Council, which gave rise to the decisions of 31 March 1984, set out in the 1985 Green Paper and the agricultural chapter of the document on 'Europe's new frontier: making a success of the Single European Act'. However, real reform has, since then, remained a dead letter. The Commission has, over the last decade, concentrated on a cautious price policy and on implementing a sectoral adjustment strategy; the results include the fixing in 1984 of limits on wine production; the introduction of milk production quotas in 1985; restrictions on cereals interventions in 1986; and the adoption, in 1988, of new budgetary guidelines with the consequent introduction of financial stabilizers to the common organization of the markets for almost all products, together with set-aside incentives.

The need for in-depth revision of the CAP has become clear in the run-up to the internal market. A system of agriculture able to cope with (i) a demanding world market governed by the guidelines emerging from the protracted GATT Uruguay Round negotiations and (ii) the workings of a primary sector which aims to keep pace with events and which is expected to be the linchpin of the entire rural economy—in other words, a source of high-quality raw foodstuffs and other products, safeguarding the environment and giving impetus to development in an integrated approach with other sectors—is increasingly essential.

Against this backdrop, the Commission issued a communication in February 1991 on the development and future of the CAP, reflecting the main points of its July 1988 communication on the future of rural society. This was followed, in July 1991, by proposals for a number of CAP reform elements intended to achieve market equilibrium; an end to the rural exodus and recognition of farmers' dual role as producers and environmental managers, protecting the countryside; prices aligned to world market levels; a strengthening of existing production restraints (set-aside, extensification, environmental protection through the use of less-polluting techniques, and early retirement schemes for farmers); and direct-aid compensation for the subsequent loss of farm income. The principle of financial solidarity—no longer seen simply as a joint contribution from the Member States to CAP costs, but also as a vehicle for fairer distribution of resources—requires that such aid focus upon social and economic cohesion, particularly in the interests of the vast majority of farmers who are not in a position to take full advantage of the benefits flowing from the CAP. In return, the financial stabilizers determining the maximum guaranteed quantities and co-responsibility levies would be abolished or scaled down. The proposed reform concerns approximately 75% of the value of Community agricultural production, but does not—at this stage—involve amendment of the common organization of the markets in olive oil, sugar, market fruit and vegetables, or wine.

On 27 November 1991 the ESC adopted an Opinion on this important Commission communication by 96 votes to 26 with 11 abstentions.

The Committee firstly took stock of the problems either caused or left unresolved by an agricultural policy fundamentally based on market support and unlimited guarantees of disposal, agreeing with the Commission that the main reasons for CAP reform were:

- (a) the formation and steady build-up of surpluses,
- (b) the growth of market intervention spending,
- (c) international frictions caused by export refunds,
- (d) the low overall increase in farm incomes,
- (e) imbalanced distribution of market support, and
- (f) intensification of production beyond a level compatible with resource conservation.

However, in the Committee's view the Commission's proposal failed to improve upon the inherent weakness of market support policy: the linear way it has been applied to all farm structures and types of region.

Implementation of the measures proposed by the Commission would (a) adversely affect efficient farms and (b) mean the end of not only marginal farms, but also the intermediate ones which in numerical terms make up

the bulk of the Community's farm economy and which, given appropriate restructuring and investment, could become competitive.

In brief, the Committee rejected the oversimplified distinction between small and large farmers, the Commission's intended corner-stone for a supply control policy using a sudden and drastic reduction of prices and for making direct aid dependent upon compulsory set-aside, from which small farmers would be exempted.

The Committee judged it economically, socially and politically unacceptable to seek to achieve viable, competitive agriculture by targeting solely the limited number of farms which were at present efficient, but whose survival compulsory set-aside might jeopardize in a much more competitive market than presently existed. It was also felt that the redistribution of support—by exempting small farmers from set-aside—would be too limited to keep an appropriate number of farmers on the land.

As an alternative to the Commission's proposals—which needed thorough review—the Committee proposed that all the new CAP measures be based on a classification of Community farms taking account of the current total average cost structure. Measures should be targeted to compensate for income lost through supply control and to make agriculture competitive on world markets. The Committee once again stressed that the CAP had to be seen in an international context of generalized support for the agricultural sector on a much higher level than that provided by the Community.

In the Committee's view, the Commission should formulate specific proposals on the following aspects as part of the necessary reform of the common agricultural policy, in line with all the objectives set by the Commission itself and in full compliance with the principles enshrined in the Treaty of Rome:

- (a) redistribution of aid on a regional basis and between the various components of agri-business as well as between different types of farms, via an effective structural and regional programme helping to reduce the most blatant income imbalances;
- (b) farm income guarantees through direct aid tied to medium and long-term ability to produce competitively: no form of penalization of intensive production was therefore acceptable. From this point of view the adoption of a linear set-aside scheme not only lacked coherence, but would severely disrupt the fragile socioeconomic equilibria of the various geographical areas and types of farm;
- (c) safeguarding of agricultural employment, both for farmers and their families and for farm workers, through appropriate back-up legislation paving the way for the adoption of effective social measures to cushion the impact of restructuring;

- (d) reasonable differentiation between high and low-quality products in annual price-fixing as a means of cutting surplus production;
- (e) back-up policies complementing productive activities rather than replacing or paralysing them;
- (f) the need to review existing back-up policies, particularly on the environment and taxation.

In line with the conclusions of the GATT Soya Panel, on 31 July the Commission adopted a proposal on a new Community support mechanism for the oilseeds sector, since the Community aid hitherto channelled to the oilseed processing industry has been ruled unlawful. The Commission's proposal to replace the current system with a scheme for per hectare aid paid directly to producers, distributed according to production regions, in order to offset partly world market price fluctuations, and to calculate maximum guaranteed quantities for rape, sunflower and soya on the basis of area under cultivation rather than by production volume as in the past, represents the first—albeit partial—step towards adjusting the common organization of the markets as called for under general CAP reform, now under discussion and consideration by the Council, Parliament and the ESC.

While mindful that the Commission had to propose measures respecting the conclusions of the GATT Soya Panel, the Committee nevertheless asked the Commission that decisions changing the common organization of the market in oilseeds, on the scale of this proposal, only be adopted after the CAP had been reformed. This was all the more important since the proposal contained important negative elements requiring radical revision and improvement by the Commission.

The Committee considered the Commission proposal to be contradictory and, at least as far as soya and sunflower are concerned, unjust for the following reasons:

- (a) bringing forward the reform of the common organization of the market in the oilseed sector, while the cereals sector remains unreformed, could lead to a drastic fall in production to the advantage of the latter, where prices remain guaranteed by intervention and import levy schemes;
- (b) the proposed criteria for determining the amount of fixed-rate aid might favour rapeseed production to the detriment of soya and sunflower;
- (c) the regional approach leads to discrimination not only between the different crops, but also between farmers in a single Member State operating under similar circumstances and with similar structures;

- (d) the introduction of a production control system based on a fixed maximum guaranteed area is discriminatory in that the proposed areas for sunflower and especially for soya are considerably smaller than have actually been under these crops in the last few years;
- (e) a second soya harvest would no longer be attractive, with significant repercussions on farm incomes, reduced availability of Community-produced seed and a real risk that farmers would, for the above reasons, plant cereals for second crops.

Lastly, the Committee signalled that measures should be considered to tackle situations where prices in one region fall significantly below the average Community price.

The agreement reached between agriculture ministers which, in its concern to meet the GATT Soya Panel's demands, failed to amend the Commission proposal substantially, did at least show some signs of awareness of the problems highlighted by the Committee. Indeed, according to the agreement each Member State might choose between cereals or oilseed crops for the calculation of average productivity per hectare, while the Commission has undertaken to submit, by mid-May 1992, a report on a system to safeguard farmers if prices should fall sharply. Lastly, the Council shared the Committee's concern about the consequences of penalizing second soya harvests, extending the aid scheme to soya.

Agriculture, occupying a central place in the environment as the most direct and largest single user and processor of natural resources, is now acknowledged to play a vital role in shaping the countryside and the quality of life.

By highlighting the always close and indissoluble relationship between agriculture and the environment, the Committee has sought to reconfirm its complete support for the principle that the 'green factor' must henceforth figure among the objectives of the new CAP.

From this standpoint, the Committee welcomed the general thrust of the Commission proposal on the introduction and maintenance of agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside, which sets out to curtail the quantities of fertilizers and plant protection products used. The Commission proposed strengthening (i) restrictions on the use of grassland, (ii) extensification measures for certain crops, and (iii) set-aside schemes for specific amounts of arable land.

The basic thinking here is that since all aspects of agriculture—production methods in particular—affect the environment, the only way to make a real

impact is to provide incentives for farmers to alter their business structures and production methods.

The Committee endorsed the Commission proposal, pointing to the need to resolve a number of problems which had thus far hindered implementation of existing measures, in particular:

- (i) the lack of a uniform intervention policy in the various Member States,
- (ii) the failure to provide a precise definition of ecologically sensitive areas,
- (iii) the difficulty in going ahead with certification and supervision, both vital to proper implementation of the measures provided,
- (iv) the low level of the proposed premiums, with the resulting inadequate protection of family-run farms, and the failure to acknowledge the role they had to play in soil and nature conservation. However the Committee also emphasized that an integrated system of back-up services, together with a range of suitable incentives, needed to be set up to cushion those in the weakest position against the start-up costs.

The Committee therefore called for a substantial increase in the annual premiums mooted by the Commission. Incentives should, in any case, apply only to farms operating in accordance with a code of good farming practice. The primary aim of the code, which reflected the environmental concerns of each region and the geological conditions of each farm, was to reduce the amount of mineral and organic fertilizers used (types, quantities and application periods to depend on crop/soil needs) and to encourage the revival of rotation. This practice had long ago been abandoned in favour of single-crop farming, which was now being questioned. Rotation was acknowledged as a precondition for more moderate and rational use of herbicides, plant health products, pesticides and fungicides.

At a time when the common agricultural policy is under review, with more emphasis than before on quality of produce, protection of distinctive geographical origin by means of product specifications and effective supervision and certification structures is emerging as an important factor.

Overall trends in agri-foodstuff consumption require clearly differentiated, defined, recognizable and standardized products. The ability to recognize and identify a single product throughout the Community—and in trade with the rest of the world—safe in the knowledge that its technological content is the same everywhere, and is of certifiable cultural and geographical origin, is essential to an integrated market.

The Commission's proposal on the protection of geographical indications (PGI) and designations of origin (PDO), in keeping with the ideas expressed in the communication on the future of rural society therefore represents a special aspect of the 'quality dimension' and is of major economic importance given the circumstances of Community agriculture.

Following an in-depth discussion at Study Group, Agricultural Section and Plenary Session level, in which contrasts emerged between the traditional stance of the southern European countries, supporting the proposed measures, and that of the northern European nations, defending imitation products, the Committee endorsed the Commission document. It supported the general approach and scope of the proposals, which it considered to lay down the basis for a system of production favouring quality and diversifying offer, while maintaining the character and traditions of each region, and protecting consumers against counterfeit products by providing full information guaranteeing their freedom of choice.

Predictably, the debate on the main thrust of CAP reform, to which European socio-professional, trade union and political circles were asked to contribute, was wide-ranging and thorough. Nevertheless, the Commission did not, as would have been advisable, see fit to await the outcome of this consultation before drafting its proposals on the prices for agricultural products and on related measures (1991/92).

In view of outside events with a major impact on markets during 1990 (the fall in the dollar, loss of the Iraqi and Kuwaiti markets during the Gulf Crisis, full integration of the former GDR, opening up to products from Eastern Europe, drought in the Mediterranean regions and health problems in the livestock sector), the Commission proposed to continue existing measures— including application of the stabilizer mechanisms— for another year, together with substantial reductions in prices or aid for a series of products (durum wheat, rice, sugar, oilseeds and protein crops, tobacco, cotton, wine, and beef and veal). The Commission held that increased supply of these products, leading to a substantial increase in spending, was one of the main reasons why the budgetary guidelines laid down by Council Decision No 88/377/EEC were exceeded. The proposals were explained to the ESC's Section for Agriculture and Fisheries by Commissioner Mac Sharry.

While the Committee shared the Commission's concern at the difficult agricultural market situation, leading to falling producer prices and farm incomes, growing surpluses and breaking of budget limits, it emphasized that these sectoral problems were exacerbated by outside factors, the cost of which was quite unjustifiably being passed on to farmers. They had also arisen principally because of the inadequate implementation of a range of measures planned from 1988, when the stabilizer mechanisms were

applied, the aim of which was to prevent quotas and guaranteed quantities being exceeded.

With regard to budgetary discipline, the Committee pointed out that a large part of the overrun could be absorbed by the full implementation of the additional funds for German unification—as well as the appropriations available to the Commission—and by the considerable savings made in the agricultural sector over the 1989 and 1990 financial years following the introduction of the stabilizers.

In the light of these various factors, coupled with the need not to undermine the Community's GATT negotiating position and—contrary to the Commission's view—to await the outcome of discussion on CAP reform, the Committee rejected the 1991/92 farm price proposals. Instead, it called for prices to be frozen at the previous year's levels, and for special provisions to be introduced for particularly sensitive products such as cereals, meat and milk.

Turning to specific sectors, the Committee argued against the price cuts proposed for rice, oilseed and protein crops, sugar beet and durum wheat (unless, with regard to the latter, the price reduction was fully offset by a corresponding increase in production aid in the traditional growing areas of the Mediterranean). Similarly, the proposal to reduce the maximum guaranteed quantities for fruit, vegetables and milk was also rejected: the Committee was of the opinion that in this area, quantities should only be changed as part of CAP reform and than in the interests of market stability, the Commission should urgently propose a voluntary buy-out programme. The Committee was also unable to approve the proposed modification to the 'safety net' system in the beef and veal sector, considering it to undermine intervention to such an extent as to render it worthless as an instrument of market support. The Committee called for a change in present machinery for the tobacco market and for the introduction of socio-structural measures in the less developed regions to eliminate the imbalance in the sector. Lastly, the Committee requested that MGSs be increased for olive oil and cotton. It welcomed the possibility of set-aside for the period 1 September 1991 to 31 August 1992, against reimbursement of the co-responsibility levy for cereals paid for the 1990/91 season. The measure was of interest on condition that it was applied to all producing regions, not only the less advantaged or less productive, and that Community funding was provided on the same basis as for other market measures.

Following protracted and complex discussions, concluded on 24 May 1991 (some two months after the original deadline), the Council adopted its decisions, largely accepting the Committee's proposals. While retaining its basic options concerning the Commission proposal on the surplus

sectors of milk, cereals and beef and veal, it basically froze prices for a range of products, with the exception of durum wheat, oilseeds, tobacco and sheepmeat.

The Council adopted the Poseidom programme on 22 December 1989, with the aim of devising specific measures to offset the remoteness and island nature of the French overseas departments (FODs). Under this programme, the Commission proposed a framework regulation to implement a series of agricultural measures, to be funded through the EAGGF Guarantee Section.

In the light of the difficulties experienced by the FODs in boosting their economic and social development, and their exposure to the gradual dismantling of trade restrictions in the run-up to the internal market, these measures sought, firstly, to facilitate the flow of supplies and, secondly, to provide financial support for the production and marketing of local products.

A wide range of initiatives was involved, covering improved cereal supplies, development of the livestock sector, enhanced animal and plant health conditions, incentives for fruit, vegetables and flowers, crops and promotion of the sugar-cane/sugar/rum sector.

The Committee endorsed the proposed measures as coherent, financially substantial and adequate to the needs of agriculture in the FODs. It called for the Community institutions to take greater care in checking eligibility for aid, duration and fairness of support measures, and their compatibility with local social and economic conditions. The Committee consequently urged that all the planned initiatives be backed up by training and investment measures, financed through the EAGGF Guidance Section.

The 1 January 1993 deadline for the completion of the internal market requires all Community farmers to adapt and invest. Nevertheless, certain crops, typical of the more peripheral—and often less advantaged—regions are more vulnerable than others to the radical changes in competition which will occur: the Community's banana market certainly comes into this category. The principal EC areas affected are the Canary Islands (Spain), Guadeloupe and Martinique (France), Madeira (Portugal) and Crete (Greece).

The Committee's Section for Agriculture and Fisheries drew up an Information Report in view of the threat to the continued existence of this crop, which is of great economic and social importance in the above-mentioned regions. The Report concluded that the completion of the single market must provide an opportunity to solve the banana trade's problems, so as to improve banana production and distribution structures in the EC and ACP countries, ensure free movement of bananas among the Member States, and establish common import arrangements. To this end, a truly

effective Community system should be set up which, while defending consumers' interests, would ensure compliance with Community preference, the Lomé Agreements and trade flows from third countries.

In 1991, the Committee also endorsed the Commission proposals on the following subjects:

- (i) changes to the tariff classification of products processed from fruit and vegetables, abolishing the provision for the imposition of national quotas, and updating the list of processed fruit and vegetable products requiring an import licence;
- (ii) codification of the regulation on improving the efficiency of agricultural structures, as repeatedly urged by the Committee;
- (iii) expiry on 31 December 1994 of the derogation (referred to in Regulation (EEC) No 823/87 laying down special provisions relating to quality wines produced in specified regions), allowing the basic product of a quality wine psr (produced in a special area) to be adjusted by adding one or more wine-sector products which do not originate in the specified region whose name the wine bears;
- (iv) the extension of the current period during which the maximum sulphur dioxide content of sparkling wines may be continued, together with the introduction of a distinction between quality sparkling wines of the aromatic type and quality sparkling wines of the aromatic type produced in specified regions, amending Regulation (EEC) No 358/79 on sparkling wines produced in the Community;
- (v) derogation until 31 December 1992 from the effects of the new provisions on labelling of compound feedingstuffs, for those manufactured before 22 January 1992.

On the veterinary front, the Committee adopted the cautious position, in line with the Commission—as subsequently confirmed by the Council—of extending the ban on the administration of bovine somatotropin within the Community until 31 December 1991. Given the impact of the use of this substance on the livestock sector, the Committee felt the Commission should be given enough time to study the scientific research it had commissioned from specialist institutes, in order to provide more data on the probable consumer and producer reaction to the use of BST.

The definition at Community level of common principles governing the organization of veterinary checks on animals entering the Community from third countries is all the more essential in view of the forthcoming abolition of internal border controls. The Committee therefore endorsed the draft Regulation, reiterating its support for all veterinary and health measures aimed at eliminating artificial barriers to the free movement of goods.

The proper functioning of the internal market in the animal and animal product sectors may also be prejudiced by the outbreak and spread of certain exotic diseases, which can rapidly become real epizootics. The containment and eradication of such diseases is an objective of the Commission: to this end, it proposed harmonization of diagnoses, accompanied by an in-depth epidemiological survey to be carried out in each Member State, with financial support from the Community. The Committee welcomed the Commission initiative, urging it, however, to take the utmost care in this area and, if necessary, to provide for the introduction of even stricter regulations on, for instance, length of quarantine, movement of animals from vaccinated areas, and the import from third countries of small quantities of food for personal use in luggage.

In view of the serious losses which Newcastle disease can cause in the poultry sector, the Commission proposed a series of measures to contain and eradicate the disease. Once again, the Commission acted because two divergent vaccination policies existed within the Community: in 10 Member States, vaccination was considered the best way to check the spread of the disease; whereas in the other two, vaccination was not carried out for fear that it could be spread by live vaccines, and the importation of vaccinated poultry from other Member States was banned. The Committee welcomed the Commission's proposal, but felt that in view of the economic significance of this question and the need to eliminate all distortion of Treaty rules, steps should be taken to establish whether these two Member States would authorize the import of poultry inoculated with inactivated vaccine. Financial measures might be needed to cover the additional cost of the significantly more expensive inactivated vaccine.

Experience gained during the 10 years of implementation of the classical swine fever eradication plans, together with requirements arising from the completion of the internal market, led the Commission to propose a number of amendments to existing legislation. The Committee endorsed the initiative, while suggesting a number of improvements to the proposed texts, and urging that closer attention be paid by Community bodies to outbreaks and the spread of this very serious disease.

Committee activity in the fisheries sector in 1991 essentially comprised consideration of the Commission communication on the main current problems and the approaches that could be adopted for the future of the common fisheries policy. The review carried out by the Commission revealed that the sector was marked by a serious imbalance between available resources and current fishing capacity, by structural shortages on the Community market and by the Community fleet's dependence on access to the waters of non-member States—exacerbated by the extension of exclusive economic zones to 200 miles from baselines.

In its Opinion, discussed and adopted in the presence of Commissioner Marín, the Committee warmly welcomed the Commission's initiative, as a token both of its intention to bring the common fisheries policy into line with the new situation and of its willingness to weigh up its stance against that of the Member States' authorities and of those involved in the sector at national and EC level. In this context, however, the Committee felt it necessary to highlight the lack of a proper social component in the common fisheries policy, thereby depriving it of the necessary support from shipowners and fishermen.

In addition to this essential aspect of the question, the Committee stressed the need to safeguard the future of the sector by means of an appropriate conservation policy covering protection of the marine environment and monitoring of Community water quality, together with the maintenance and improvement of the existing system of TACs and quotas, using multi-species models giving a more accurate picture of the development of species within the ecosystem. In the Committee's view, the introduction of multi-species quotas, authorized bycatches in the case of fishing for human consumption and, where necessary, a Community licence system administered by the Member States would constitute further measures which—if properly applied—could help improve current fishing regulation arrangements.

Action to bring fishing capacity into line with the level of fishing permitted must be accompanied by appropriate social policy measures to offset the impact on employment and incomes in the sector. Fleet reductions could not, however, be uniform throughout the Community, but should vary from country to country and reflect fishing capacities in the light of available quotas.

Relations with non-member States should continue to be based on a policy of access to fishing grounds in return for access to markets. This rule—currently subject to certain derogations which urgently need to be rectified—should be retained and applied to all future agreements.

Lastly, the Committee endorsed the consolidation of Council Regulation (EEC) No 3796/81 of 29 December 1981 and its subsequent amendments on the common organization of the market in fishery products. It pointed out that the Commission's proposal addressed the concerns repeatedly expressed by those involved in the sector, as well as by the ESC itself.

2. TRANSPORT POLICY AND TELECOMMUNICATIONS

The transport sector is an important part in the completion of the internal market by 1 January 1993 as laid down in the Single European Act.

The Committee's contribution to this in 1991 comprised Opinions on important issues within transport in general, road transport, air transport, rail transport, sea transport and telecommunications.

Transport in general

● *Transport 2000*

In the report 'Transport 2000+', a group of independent experts, set up by Commissioner van Miert, compiled medium and long-term definitions of the Community's internal and external transport problems. The report concluded that due to several reasons, European transport is facing a serious crisis, and suggests different kinds of action, such as:

- (i) transparency in the price of transport;
- (ii) increased energy taxes and decreased motor vehicle taxes;
- (iii) more studies in transport and related areas;
- (iv) awareness of the necessity and the size of the future investments in infrastructure;
- (v) a larger role of harmonization for the EC;
- (vi) particular focusing on areas such as:
 - environment,
 - efficient use of energy
 - land-use planning,
 - social demands.

In its Opinion, adopted in December 1991, the Committee thinks that the report makes an interesting contribution in addressing the problems globally, and agrees that a political approach is required in the first place in order to establish a framework for the specific technical solutions.

The Committee thinks that a global strategy should embrace the following measures:

- (i) devising an objective method for allocating internal and external costs to the various modes of transport;
- (ii) defining uniform emission standards for individual vehicles and transport in general;
- (iii) promoting new environmentally compatible carriers;
- (iv) modernizing and improving infrastructure with the support of a Community infrastructure fund;

- (v) improving cooperation between the Community's institutions;
- (vi) harmonization of taxes.

The Committee thinks that the Commission should have the powers and the means to intervene effectively with regard to infrastructure of Community interest. This should involve both the setting-up and financing of schemes. The Committee furthermore proposes a European investment fund whose purpose would not be to finance infrastructure but to guarantee loans.

The Commission is called upon to translate the report into practical proposals, possibly in the form of a white paper.

- *Risk prevention officer*

In the document (COM(91) 4 final), the Commission proposes that undertakings which transport dangerous goods, whether as their main or as a secondary activity, appoint a suitably qualified risk prevention officer.

The risk prevention officer must hold a vocational training certificate valid for one or more forms of transport, issued by the authority of the body designated by the Member State.

In principle, the Committee welcomes and supports this initiative to improve the safety of shipments of dangerous goods in its Opinion, adopted in November 1991.

However, other factors such as the design and choice of routes and the conduct of other road users can also compromise the safety of shipments of dangerous goods. The Committee therefore proposes that the list of responsibilities should be redrawn to ensure that the responsible persons within a firm or external experts are made responsible for ensuring compliance with all the rules governing the transport of dangerous goods and to ensure that they have the thorough and up-to-date knowledge required.

Furthermore, the Committee proposes that the Member States inform the Commission in due course of how they intend to carry out the supervision of the implementation of rules, and of the conclusions drawn.

The Committee has also adopted—at its Plenary Sessions in January and July—two Opinions on the question of frontier controls when transporting goods between Member States, in May an Opinion on a market observation system, and in November Opinions on summer time, and on an agreement between the EC and Yugoslavia in the field of transport.

Road transport

● *Charging of infrastructure costs*

In its draft, the Commission proposes the gradual introduction of a minimum road tax for heavy vehicles. Tax harmonization will make it possible to reduce fiscal distortions to competition between Community carriers while helping to ensure that the fixed costs of road infrastructure are more efficiently met. The system proposed by the Commission is based on the introduction of a minimum road tax which would vary according to the impact of the vehicles concerned on the road network.

The Committee believes the Council should take the following into account:

- (i) that in principle the taxation of goods vehicles should cover all costs caused by such vehicles—at the very least it should cover the marginal costs caused by such vehicles;
- (ii) that the principle of territoriality is a 'fair' basis for taxation and should be the ultimate objective;
- (iii) that solutions must not add to the complexity of taxation or impose additional administrative burdens.

The Committee has also adopted—at its Plenary Session in April—an Opinion on the use of safety belts and in September an Opinion on access to the profession of transporting goods and passengers by road; in November, Opinions on access to the market for the carriage of goods and on speed limitation devices for lorries and buses, and in December an Opinion on roadworthiness tests, brakes, and exhaust emissions for motor vehicles and their trailers.

Air transport

● *Harmonization of technical requirements within civil aviation*

The Commission proposal seeks to strengthen the JAA (Joint Aviation Authority) by incorporating this voluntary agreement into Community law. This would require the Member States to adopt common codes of technical requirements for aviation and to adhere to the administrative requirements and procedures of the JAA.

The requirements and procedures covered by the Directive will need to be regularly modified in the light of experience and technical progress. To that end it is proposed that the Commission be empowered to adopt such amendments with the assistance of a committee composed of representatives of Member States who are well versed in aviation matters.

In its Opinion, adopted in April 1991, the Committee suggested:

- (i) that the abovementioned committee should be 'regulatory', i.e. procedure IIIa of the Council's decision on committeeology should apply, and
- (ii) that it should comprise the Member States' representatives of the JAA.

The Council's decision accepted these recommendations.

- *Slot allocation*

The Commission proposed a code of conduct for slot allocation, covering the conditions for airport coordination and the appointment of airport coordinators. It also opened up the possibility of setting up a scheduling committee to assist the airport coordinator in a consultative manner. The airport coordinator would be responsible for the allocation of slots at the coordinated airports and would act in a neutral, non-discriminatory and transparent way. The draft also implied establishing a common slot pool containing newly created slots, unused slots, etc., to be distributed among applicant carriers with at least 50% of these slots to be allocated to new entrants. If the number of slots requested by new entrants exceeds the number of available slots, the Member State shall, under certain conditions, make available the necessary slots, even if this may infringe on grandfather-rights.

The Committee's Opinion differed fundamentally from the Commission's proposal.

Basically, the Opinion considered Community legislation unnecessary in regulating an area which is seen to work satisfactorily. The Opinion questions the Commission's use and definition of the concept of competition, does not support external intervention (the appointment of the airport coordinator) and does not share the Commission's view on the severity of the congestion of European airports.

The Committee also adopted—at its November Plenary Session—an Opinion on the agreement between the EC, Norway and Sweden on civil aviation.

Presently, the Section is working on the third air package and the rules for competition in the air sector.

Rail transport

- *European high-speed trains*

Following a December 1989 Council Decision, the Commission set up a working party composed of the various interests involved in the develop-

ment of high-speed trains in Europe. This group drew up a master plan, and the Commission proposed that the Council:

- (i) adopt the master plan drawn up on the basis of data currently available, and
- (ii) adopt a list of 14 key links, for which priority action should be taken in the appropriate framework.

In its Opinion, adopted in May 1991, the Committee in general terms welcomed the Commission's efforts to set up a properly integrated network of high-speed trains on a Community or even a continental scale.

However, the Committee had certain reservations.

Firstly, it suggested a larger role for the Community in establishing priorities and financing the elements of a European system of high-speed trains.

Secondly, it pointed out certain shortcomings in the Commission's proposal, compared to the work of the high-level working party.

Sea transport

● *Maritime consortia*

The aim of the proposal is to empower the Commission to make derogations from Article 85 (1) of the Treaty for certain categories of agreements, decisions and concerted practices between shipping consortia (a shipping consortium is a joint operation of vessels by individual shipping companies).

Under the proposal, the Commission can lay down by Regulation that Article 85 (1) is not to apply to consortium agreements. This Regulation must specify the relevant categories of agreements, decisions and concerted practices and state under what conditions these categories are considered to be exempt from the application of Article 85 (1) of the Treaty, in accordance with Article 85 (3).

In its Opinion, adopted in January 1991, the Committee endorses the draft Regulation, but believes that the Commission should spell out more clearly along what lines it intends to proceed concerning the terms and conditions of the exemption. The Committee argues for a legal treatment of consortia subject to checks and balances without granting a blank cheque either to the Commission or to consortia.

Telecommunications

● *Green Paper on satellite communications*

The Commission proposal is a follow-up of the 1987 Green Paper on telecommunications and the Satellite Green Paper. Four major changes are proposed:

- (i) Full liberalization of the earth segment, including both receive-only and transmit/receive terminals, subject to appropriate type-approval and licensing procedures where justified to implement necessary regulatory safeguards;
- (ii) Free (unrestricted) access to space segment capacity, subject to licensing procedures in order to safeguard those exclusive or special rights and regulatory provisions set up by Member States in conformity with Community law. Access should be on an equitable, non-discriminatory and cost-oriented basis;
- (iii) Full commercial freedom for space segment providers, including direct marketing of satellite capacity to service providers and users;
- (iv) Harmonization measures as far as required to facilitate the provision of Europe-wide services. This concerns in particular the mutual recognition of licensing and type-approval procedures, frequency coordination and coordination with regard to third-country providers.

In its Opinion, adopted in April 1991, the Committee welcomed the Commission proposal, but suggested establishing a realistic timetable for implementation, and possibly the vesting of authority with a centrally located organization responsible for cooperation and liaison with the Member States and the Commission.

● *Open network provision for leased lines*

The Commission proposal set out a concept for harmonization in the areas of standards, conditions of use, and supply and tariff principles. In order to achieve maximum harmonization for the user without at the same time introducing too many constraints on telecommunications organizations (TOs—suppliers) and users, the proposal followed a dual approach:

- (i) The leased lines provided by the public telecommunications networks shall be offered under Community-wide harmonized conditions of use and tariff principles. This will greatly facilitate the use of the present and future telecommunications infrastructure;

- (ii) Certain types of leased lines shall be provided by the TOs in accordance with harmonized technical standards. The TOs shall be obliged to provide these leased lines, since they are needed and requested by the wide majority of European users of leased lines.

In its Opinion, adopted in July 1991, the Committee in general welcomed the Commission proposal, but had a number of both general and specific comments, mainly the need for clarification.

The Committee also adopted—at its Plenary Session in April—an Opinion on the Loran-C system of radionavigation, in July an Opinion on a common telephone prefix, and in November an Opinion on the coordinated introduction of digital short-range radio (DSRR) in the Community.

3. SOCIAL, FAMILY, EDUCATIONAL AND CULTURAL AFFAIRS

Social developments in 1990

As in previous years, the Committee considered the development of the social situation over the past year. First of all, it assessed the implementation of the Social Charter. In particular, it recalled that under paragraph 29 of the Community Charter of the Fundamental Social Rights of Workers, the Commission is called upon to draw up, in the last quarter of every year, a report on the application of the Charter by the Member States and by the European Community. The Committee also considered the important role of the social partners, and particularly of the social dialogue, for the effective implementation of the action programme contained in the Social Charter, and recommended that the Intergovernmental Conference consider the question of the social dialogue as an instrument of progress and the question of the role which the ESC should play in this context. The Committee also stressed a number of factors forming as it were a 'connective tissue', holding together and strengthening economic and social cohesion; it identified factors likely to weaken this cohesion. In the interests of greater cohesion, it felt that more account should be taken of the social dimension in implementing the different Community policies.

Fundamental rights of workers

The Committee welcomed the draft Directive on the establishment of European works councils in European-scale undertakings or groups of undertakings for the purpose of informing and consulting employees. In the face of the rapid development of concentration operations in the Community, adoption of this Directive is a matter of urgency. The Committee is convinced that this proposal is likely to encourage the

process of integration in the field of the economy and of production techniques, thus enhancing the capacity of European enterprises to the extent that it associates employees with this process through measures on information and consultation on the specifically European development of these enterprises. Nevertheless, the Committee expressed reservations about the appropriateness of the definition of a Community-scale enterprise. For example, the need to set up a European works council could be felt more strongly in an enterprise or group of enterprises with 100 employees in each of nine States of the Community than in an enterprise or group of enterprises which employed 1000 people in one Member State and 100 in another. It also proposed that the threshold of 100 employees should not relate to isolated establishments but to all the employees of the enterprise/group of enterprises established in a Member State. The Committee fully approved the priority given by the draft directive to negotiated solutions specific to the enterprise for the purpose of determining the composition, powers and mode of operation of the European works council.

The right to information should be coupled with a provision specifying that the members of the European works council should receive written reports regularly, and at least quarterly. It would seem acceptable that the European works council should meet the firm's management at least once a year for information purposes. The Committee also recommended that the right of consultation be supplemented.

The Committee also came out in favour of the draft Directive on a form of proof of an employment relationship, based on the principle of recognizing the right of any worker to know for whom he works, where he works and the main conditions of his employment relationship. The Committee defended the recognition of:

- (a) the obligation of employers to provide all workers with written proof of their employment relationship; and
- (b) the right of all workers to demand and receive a written document setting out their basic conditions of work and any other agreed terms.

The proposal should take account of the following principles:

- (i) access for all workers to a written document setting out the main terms and conditions of their employment relationship, as a recognized right which they can invoke;
- (ii) the conditions of employment of any employee in the European Community must be stipulated in laws, a collective agreement or a contract of employment, according to the arrangements applying in each country (Article 9 of the Community Charter of the Fundamental Social Rights of Workers);

- (iii) enshrinement of the right to a formalized written expression of the main features of an employment relationship must not conflict with the goals of mobility and flexibility which must be pursued with an eye to the 1992 single market.

The Committee also gave its view on the draft Directive concerning the posting of workers in the framework of the provision of services. Having previously expressed the view that existing social legislation and collective agreements in Member States should, where appropriate, equally cover transnational subcontracted conditions of employment, the Committee identified a number of problems arising from a lack of clarity on the part of the Commission in identifying the fundamental aim of the draft Directive. While seeing the need for a Directive, and approving the main thrust of the proposals, the Committee proposed improvements with regard to:

- (i) encouragement to the ratification of the 1980 Rome Convention by all Member States;
- (ii) application of Article 100a as a legal basis;
- (iii) a definition of the term 'undertaking';
- (iv) a clear distinction between contracts involving only the supply of labour and those involving the supply of services including labour;
- (v) the question of accumulation of rights between the home and host countries;
- (vi) the terms and conditions of postings;
- (vii) the three-month threshold;
- (viii) a dual responsibility incumbent on the employer, the workers and the principal to whom the employer is contracted (inclusion of a social clause in the contracts).

The Committee welcomed the draft Council Directive on minimum requirements to improve the mobility and the safe transport to work of workers with reduced mobility, and appreciated the fact that the Directive was included in the Article 118a procedure. The Commission suggested three options for safe access: technical aids incorporated into the vehicle, external technical aids, and personal assistance. The Committee took the view that these were not true alternatives, but rather variants which were not necessarily mutually exclusive within a single system. The Committee also recommended that incentives for implementation be provided by tying Community aid for the creation of transport networks and infrastructure to the fulfilment of the targets set out in the Directive. In its view, the Directive should clearly state that safety objectives must also be met by private means of transport. From this point of view, the Directive should

also cover personal means of transport (private cars), in particular by ensuring the provision of reserved parking places for disabled drivers and the possibility of State financial support (e.g. tax exemption) for buying specially adapted cars.

Health and safety at the workplace

The Committee came out in favour of the draft Council Decision on an action programme for the European Year of Safety, Hygiene and Health Protection at Work (1992). However, it expressed its concern over the delay in obtaining the Council Decision to launch the Year, and urged reconsideration of the target dates, together with extra provision being made for the preparatory stages. The proposed funding for the Year (ECU 12 million) was judged to be inadequate, and there was an imbalance in terms of the proposed Commission promotional activities at the possible expense of practical actions in the field. The prime goal of the Year must be to promote and enhance the concrete application of existing EC measures for safety, hygiene and health protection at work. The Year would only be a success if more emphasis and a more substantial financial commitment were put on practical actions directly at the workplace through transnational, national or local channels. A further aim of the European Year could be to promote new health and safety measures, for example the option of occupational medicine in the context of the four designated themes for the Year.

The Committee emphatically welcomed the draft Directive concerning minimum requirements for improving the safety and health protection of workers in the extractive industries, as it represented an important step forward in improving protection against accidents in a sector where workplaces were particularly hazardous. The Committee asked the Commission to assess once more to what extent the results of the Cullen Report on the Piper-Alpha disaster were taken into account in drafting the Directive, particularly with regard to carrying out the safety analysis and implementing it.

The Committee issued an Opinion on the draft Council Directive concerning the minimum requirements for the provision of safety and/or health signs at work. It gave a general welcome to the proposals, but was concerned that there could be, albeit unwittingly, a consequential proliferation of signboards and signs with the attendant danger of a 'not seeing the wood for the trees' syndrome. The Committee took the view that signs and signboards could not be a substitute for a well-informed management and workforce with the requisite education and training in the whole area of workplace hazards and accident control and prevention.

Similarly, the Committee endorsed the aims and broad outlines of the draft Directive on the implementation of minimum health and safety requirements at temporary or mobile worksites. None the less, it felt that the Commission proposal did not make it clear who was ultimately responsible to the supervisory authorities (works inspectorate) for carrying out the tasks, nor at what level responsibility lay under public law. The Committee took the view that this responsibility should lie, at least in the project execution phase, with the main contractor. The Directive should also explicitly require employers and self-employed persons carrying out the construction work to cooperate, particularly with the coordinating body. The Committee called for the inclusion of provisions relating to workers' information, consultation and participation. It welcomed the fact that the proposed Directive also covered the self-employed, and it considered it important for all Member States to ratify the International Labour Convention on Safety and Health in the Construction Sector as soon as possible.

Employment

The Committee welcomed the Commission's report on 'Employment in Europe—1990', which met the need for a statistical survey of all aspects of employment, and provided a comprehensive picture of the problems and the implementation of Community programmes in this field.

The Commission's report on employment in 1990, as well as being a useful source of information and reflection at Committee level, brought to light an alarming weakness and a disturbing omission: it did not mention a possible fully-fledged Community strategy for employment; this despite the fact that in its previous report the cooperative growth strategy for more employment (drawn up in 1985 and approved by all Member States) was regarded as a key part of Community policies in this area.

In the 1992 context there was an urgent need to coordinate employment policies within a coherent, comprehensible, agreed strategy. The Community should take up this challenge, to prevent the single market from producing 'winners and losers' in the social field, with all the risks of political destabilization that this might entail. Accordingly, and without presuming to flesh out a complete programme for employment in the Community, the Committee recommended that a Community employment strategy be guided and spurred by the following considerations:

(a) Flexibility and basic social rights—management and consensus

- (i) the 'functional adaptability' necessary to modern business should be promoted and balanced by clear Community affirmation of the guaranteed right of all workers to initial and further training;
- (ii) economies of scale which companies seek should be backed by positive Community action to maintain employment and help workers acquire new skills;
- (iii) the greater capital productivity which businesses also seek could be furthered by an EC 'Guide to good practice' (drawn up by the EC employment agency): this should indicate positive examples in the employment field, such as schemes where cost-cutting is achieved by greater productivity and compensated by reduction and reorganization of working hours and the creation of new posts.

(b) The labour market and free movement

To help achieve the publicity needed for a real European labour market, the Sedoc system needed to make a 'qualitative leap'. The process could be speeded up if the European employment agency were finally to be established and were to operate in close cooperation with Sedoc.

(c) Towards a European employment investment programme

The Committee also asked the Commission to consider the case for a European employment investment instrument, which could perhaps be introduced as part of the reinforcement of the structural Funds. The instrument could focus on the needs of society and the maximization of employment potential—in other words, pursuit of the social cohesion which is vital to sustained, democratic economic growth.

Training

The Committee welcomed the aim pursued by the Commission in its Community action programme on the vocational training of customs officials (Matthaeus), while making a number of comments on matters such as language training, the desirability of a Community definition of the extent of exchange officials' powers and civil responsibility, and the importance of providing participants with information on their rights and duties in these areas. In addition, the Committee drew the Commission's attention to the social implications of the abolition of internal frontiers for customs officials and other bodies and individuals contributing to the operation of the customs union.

The Committee also issued a favourable Opinion on the draft Council Decision amending Decision 87/569/EEC on an action programme for the vocational training of young people and their preparation for adult and working life. The Committee welcomed in particular initiatives in the current programme aimed at increasing the European dimension of vocational training. Thus the right conditions must be created for ensuring freedom of movement for workers.

The Committee gave its opinion on the draft Council Decision amending Decision 89/657/EEC establishing an action programme to promote innovation in the field of vocational training resulting from technological change in the Community (Eurotecnet) and Decision 90/267/EEC establishing an action programme for the development of continuing vocational training in the European Community (Force), in order to establish the Advisory Committee for continuing education and training embracing Force and Eurotecnet.

The Committee availed itself of its right of initiative to consider the questions of training, safety and protection of the environment. The subject of environmental protection, unlike that of safety, had hitherto played hardly any role in training in the EC Member States. Such knowledge must become an integral part of the qualifications for all occupations if environmental awareness is to be strengthened and more people are to acquire environmental skills. The Committee took the view that, if the complex ecological problems facing a firm were to be tackled more successfully in future, environmental specialists working in one department of a firm but taking a multidisciplinary approach to environmental problems could contribute to the prevention of environmental damage without thereby lessening the responsibility of individuals and the primary responsibility of the firm's management for environmental matters.

In addition, like the industrial safety officers already found in many firms in the Member States, the environmental specialists could form a link between the workers in one department and the environmental officers of the firm concerned, where such posts exist.

Youth

The Committee came out in favour of the Commission proposal on the Youth for Europe programme. It endorsed the new three-year phase of the programme and the emphasis placed on the disadvantaged as a target group. It also took the view that a sound Community infrastructure for youth exchanges should include:

- (i) one-week or two-week courses for young Community citizens on the history, culture and unification of Europe and its expected future dimension;
- (ii) the establishment and maintenance of an inter-Member State network, responsible for exchanges and for evaluating the impact of the programme;
- (iii) the establishment of a Community-level information centre, with branches in the Member States; this centre would provide information on future meetings, work camps, individual voluntary service arrangements and other activities;
- (iv) promotion of the European idea, for instance through courses for teachers, youth leaders and others involved in youth work.

Equality—dignity

The Committee endorsed the Recommendation of child care as a means of increasing equality of opportunity between women and men in employment. It believed that the restriction of women's employment opportunities because of the lack of adequate child care provisions resulted in a serious under-utilization of women's skills and abilities, with detrimental consequences to individual women, their families and national economies. While endorsing the Recommendation's broad approach to child care, the Committee expressed a wish to see greater emphasis given to the need for a comprehensive and coherent national policy for provision of services, and supported the Recommendation's insistence on the essential role of public funding in the provision of child-care services. It also believed it important for employment conditions in child-care occupations to be improved where necessary and for the status of these occupations to be raised, thereby giving recognition to the social importance of the work.

The Committee also welcomed a draft Commission Recommendation on the protection of the dignity of women and men at work and the accompanying Code of Practice, but was disappointed that the proposed Code of Practice was limited to the Commission Recommendation. Given the seriousness and widespread occurrence of sexual harassment or of unwanted behaviour demeaning the dignity of women and men at work, and considering that Ministers had already given their views on this problem, the Committee considered that at least a Council Recommendation was required.

This could lead at a later stage, after EC-wide monitoring, to a more binding EC instrument registering an appropriate degree of political commitment and scrutiny.

Lone-parent families

In an Own-initiative Opinion, the Committee expressed the view that lone-parent families as a group now faced considerable disadvantage and exclusion and that action should be taken within the European Community to address the problems of such families, within the general context of already developed equal opportunities and family policies programmes, to ensure that lone parents and their children have full and equal access to such programmes. The principle on which the EC should formulate policy is that all families should have equal access to social participation, analysing the public investment requirement on the basis of families' private, economic and other resources. The Committee came out in favour of the following strategies :

- (a) a general social policy allowing lone parents who have chosen to remain at home for certain periods to reintegrate into professional life through priority access to training leading to qualifications;
- (b) the removal of disincentives to participation in the labour market from welfare benefit systems for lone parents;
- (c) State intervention to enforce the regular payment of reasonable levels of child maintenance to ensure that the private parental contribution towards child maintenance is met;
- (d) the European Community should ensure that legislation providing for more reciprocal enforcement of maintenance orders made within Member States is streamlined and made more effective;
- (e) a housing strategy which takes into consideration the added pressure for good-quality housing created by relationship and marriage breakdown;
- (f) access to child-care resources which cater for the needs of parent and child, according to family means and needs;
- (g) equal access to vocational education and training, taking into account the need of the single breadwinner to maximize earnings potential;
- (h) introduction of appropriate tax facilities to assist the lone parent at work, and removal of existing facilities that discriminate against lone parents;
- (i) equal access to a minimum income for families made up of earnings, services supporting family life and children, and a benefit system that alleviates in-work poverty;

- (j) supporting and improving services that offer information, guidance and training to lone parents across the range of legal, vocational and social welfare systems.

Resources and convergence

The Committee welcomed the draft Recommendation on common criteria concerning sufficient resources and social assistance in the social protection systems. The right to benefits and resources sufficient to live in a state of human dignity should indeed be part of a comprehensive and systematic drive throughout the EC to combat poverty and eliminate all forms of social exclusion, notably in education, employment, training, health and housing. The Committee agreed with the Commission that, at present, the most appropriate path was to establish basic common principles and criteria for all Member States, but that no rigid standard of amount or set procedure for implementing the proposed guarantee of resources should be envisaged. The proposed individual basic right to sufficient resources and assistance should be based on needs fixed and qualified by each Member State taking into account prevailing living standards and average disposable income. It should be subject, where appropriate, to recipients being actively available for work, where age, health and family situation permit professional activity, and on condition that no individual should be forced into a job or training which pays less than the normal rate, or to which he or she is evidently not suited. The accompanying social and economic integration measures, to be effectively implemented in terms of housing, health protection and training, should likewise be subject to quality control. Training, in particular, must be a worthwhile inducement, offering a real perspective of getting back into proper, not precarious, employment. The Committee agreed that it was not practicable to require all Member States to guarantee a minimum level of benefit at the same proportion of average income per capita in each State throughout the Community. However, the Committee also considered that Member States should use objective criteria when fixing the amount of resources considered sufficient.

The Committee also endorsed the draft Council Recommendation on the convergence of social protection objectives and policies. None the less, it took the view that the lack of proper legal instruments meant that the Commission could do no more than make limited proposals, despite the importance of this area, on which the Committee had made its views abundantly clear on a number of occasions. While endorsing the declared principles, which sought to set common objectives in this field for the individual Member States, the Committee stressed a certain contradiction

between the emphasis of certain statements and the lack of indications of how to put them into practice.

Free movement—migrant workers

The Committee supported the draft Council Regulation (EEC) changing Part II of Regulation (EEC) No 1612/68 on freedom of movement of workers within the Community.

The Committee also welcomed the draft Council Regulation (EEC) amending Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving the Community and Regulation (EEC) No 574/72 laying down the procedure for implementing Regulation (EEC) No 1408/71.

Acting on its own initiative, the Committee examined the problems of migrant workers from third countries, issuing an Opinion and an Additional Opinion on the status of migrant workers from third countries. It took the view that the Community must, as a body, set out to encourage the social integration of immigrants, not only because this is in keeping with the general values which underpin the Community, but also because failure to integrate has adverse implications for employment and, more generally, for living and working conditions in the Community. Similarly, a misguided form of integration could produce social exclusion and alienation, particularly among young members of migrant families.

The Community must set itself a dual aim for the immediate future:

- (i) harmonization of laws, administrative provisions, and the instruments of social integration of immigrants in the Member States;
- (ii) definition of the conditions for the implementation of free movement for migrant workers, on an equal footing with Community workers.

The Committee reiterated that the basic principle underlying a Community policy for integration and free movement must be that of equality of rights and opportunities between Community workers and workers from outside the Community who are legally resident in a Member State.

4. ECONOMIC, FINANCIAL AND MONETARY POLICY

Economic and monetary union

The Committee supplemented its first Opinion on economic and monetary union in November 1989 with an Additional Opinion based on the Commis-

sion communication, the report of the Monetary Committee and the draft regulations for a European System of Central Banks, (ESCB) drawn up by the Committee of Governors of Central Banks.

The main proposals and recommendations in the Additional Opinion were as follows:

After the beginning of the third stage, the ecu would be introduced as a common currency for all 12 Member States. The value of the ecu, already hardened by then, would be fixed on the day of its introduction by the ESCB on the basis of the prevailing exchange rate *vis-à-vis* the core of stable currencies.

All Member States would participate in the work of the European System of Central Banks (itself responsible for regulating the ecu money supply and formulating a common monetary policy) and would be involved in the coordination of economic and budgetary policies. As was the case with the exchange-rate mechanism after its introduction in 1979, waivers could be provided for at the beginning of the third stage whereby the exchange rates of those Member States failing to secure the requisite convergence would be allowed to go on fluctuating against the ecu.

The Committee approved the idea that the European Central Bank should be autonomous whilst being obliged to present a report, and believed that both the European Parliament and the Economic and Social Committee should be able to hold a debate on the ECB's Annual Report. The possibility of setting up a Consultative Council for the ESCB along the lines of the effective Central Bank Consultative Council of the Netherlands Bank should also be examined.

The European Central Bank should be responsible for daily intervention policy on the foreign-exchange markets, within the framework of guidelines laid down by the Council of Ministers for Economic and Financial Affairs for a longer-term common exchange-rate policy *vis-à-vis* third currencies.

In order to intensify economic policy cooperation, the role of the Council of Ministers for Economic and Financial Affairs (and hence the role of the European Commission) should be strengthened. The Council could become a counterpart to the ESCB in ensuring the parallelism of economic and monetary union.

The reform programmes of the structurally weaker Member States will need to receive support from the Community, and be taken into account in the common economic guidelines, if these countries are to obtain the requisite convergence.

In the interests of greater convergence, broad-based economic policy-making and the public's support thereof, the Economic and Social Committee should be consulted whenever economic policy guidelines are drawn up. It should also be consulted on the countries' reports forming the basis of multilateral surveillance.

The multilateral surveillance of economic and budgetary policies should encompass developments on the finance markets, including relations with capital markets outside the Community. In addition to monitoring the financing of budget deficits, an appropriate budgetary stance should also be defined for the Community as a whole.

This Opinion was particularly concerned to ensure that economic and monetary union could be achieved without the need for a two-speed Europe. The simultaneous introduction of the ecu in all 12 Member States during the third stage might well further this objective. The European Economic Area including the EEC, EFTA, and perhaps even the East European countries, might also benefit from the existence of the ecu, which would gradually develop into a European currency and be accepted throughout Europe.

Payments in the European internal market

Monetary union must go hand in hand with the development of European payment systems, which is the subject of a Commission Discussion Paper. The Committee's Opinion on this document stressed the following points:

- (i) improving the payments systems in the Community must involve consideration of a range of instruments, among which the user should have the opportunity to choose the one best suited to his needs;
- (ii) the right balance between competition and cooperation between credit establishments should be guaranteed in order to improve payments systems;
- (iii) efforts should also be made to improve European telecommunications infrastructures and to achieve the standardization necessary for widening the use of computerized data exchange.

This Opinion also examines proposals for the inclusion in the European eurocheque clearing system of eurocheques of higher value than the current ceilings, extension of the ecu clearing system, better information for the user and the setting-up of complaints bodies and/or arbitration bodies to deal with disputes.

The Commission's Annual Report 1990-91

As every year, the Council requested an Opinion from the Committee on the Commission's Annual Report on the economic situation in the Community.

The Committee noted that after several years of strong expansion in investment and employment, the economic climate changed for the worse in 1990. The short-term outlook for the Community economy is adversely affected by rising costs and consumer prices as well as by a series of external influences such as the increase in the price of oil, the depreciation of the dollar and the slow-down of growth in the United States' economy and in world trade.

In particular, the Committee noted that the Member States have been variously affected by the deteriorating economic climate, but the aggregate, real growth in the Community—excluding the five new *Länder* of the Federal Republic of Germany—is expected to decline from 3.3% in 1989 to 2.9% in 1990 and to 2.2% in 1991.

For the Committee, however, the immediate policy concern was inflation, in view of the impetus added in the second half of 1990 to an already accelerating cost and price trend, which put medium-term growth prospects at risk and which was most unfortunate in view of the competitive disadvantage imposed by high interest levels and a falling dollar rate.

The outbreak of hostilities in the Gulf affected business confidence in the Community as a whole. Many investment plans were put on hold, while consumers cut back their expenditure especially in the service sector. The war therefore induced a certain pause in economic activity. However, this slowdown could be reversed, if, as everyone hoped, the war was only of a short duration. Indeed, the war-induced pause could give way to a sharp rebound in activity.

As regards completing the single market, the Committee noted that it is essential that expectations are fulfilled and that the deadline of 1 January 1993 for the completion of the single market is respected. Important decisions concerning indirect taxation, necessary for the complete removal of border controls, had not yet been taken.

On progress towards irreversible monetary stability, expectations of monetary stability in Europe, essential for dynamic investment decisions, had been created by the successful liberalization of capital movements at the start in July 1990 of the first phase of the road to economic and monetary union, and by the decision to commence phase two in January 1994. The British decision to join the exchange-rate mechanism, the renouncing of special conditions for Italian participation and the unilateral

decision to link the Norwegian currency to the ecu have enhanced these expectations. The realization of the growth potential of the Community requires that these expectations are not disappointed.

On economic and social cohesion, the Committee recommended that all Member States and regions of the Community should have their share in the common growth. It was therefore highly important that Spain, Portugal and Ireland achieve a higher than average growth in recent years, and it was a matter for serious concern that Greece had not contributed to reducing the income gap.

The necessary policies were then analysed with a view to sustainable growth. The Committee noted that economic growth was not a desirable objective if it occurred at the expense of a deteriorated environment. Growth must be sustainable in the long run and not present a threat to survival; for example, the costs involved in preserving a sustainable, inhabitable environment should be built into production costs and prices (the principle of taxing firms which pollute and subsidizing clean firms) so that the polluter pays.

Moreover, in the Committee's view the Commission's guidelines had to be rectified, with a reminder of the need for greater cohesion between economic and social policy in the Community, the Member States and the various regions.

Finally, the Committee made some comments regarding its own participation in the macroeconomic dialogue: it was very important that the social partners maintain a role in the macroeconomic dialogue on medium-term trends and policies in the future Community framework. This dialogue contributed to the intended convergence of economic developments within the 12 Member States.

Consultation of the Committee should therefore be mandatory when economic developments are reviewed, when EC economic policy guidelines are drawn up, and for the country reports.

Economic situation in the Community in mid-1991

After the Gulf War, the Commission presented a revised version of its Annual Report for 1990-91, of which the Committee took note. In an *ad hoc* Opinion, the Committee said that it agreed in general with the analysis of the situation after the Gulf War, and with the economic policy guidelines to be followed. It commented on the implications for the Community in the Opinion presented below.

In this Additional Opinion, the Committee noted that the economic situation in the Community was tending in the short term towards less growth and more unemployment. In the medium term, estimates suggested that the growth of the indicators should be reasonably positive.

Developments differed considerably from one country to another, unemployment was increasing and the growth in investments had diminished while real wage costs had increased; short-term growth forecasts were more favourable for the United States and Japan. The Committee went on to assess the Community on the threshold of 1993, and forthcoming developments, particularly:

- (i) the completion of the single market and the resulting boost for free movement of persons, goods and services in the next decade;
- (ii) the search for an equilibrium between economic status and political status;
- (iii) the place of the social partners and the ESC in the new European structure;
- (iv) the aims of economic and social policy in the context of economic and monetary union;
- (v) the effects of German unification, the creation of a European Economic Area and the transition of the Central and East European countries to a market economy, the scope of the GATT negotiations, relations with the developing countries, and the problems raised by long-term demographic tendencies in the Community.

In the light of the above, the Committee made a number of recommendations for the Community, its relations with European third countries, and its place in the world.

Fiscal harmonization

Indirect taxation—Excise duties

General arrangements for, and holding and movement of, products subject to excise duty

The Committee endorsed the Commission proposals seeking to harmonize the general arrangements and structures for special excise duties, but stressed that the aim of the single market could be achieved only if common excise rates were applied to a harmonized structure.

With regard to monitoring, which the Commission leaves in the hands of the Member States, care should be taken in particular to avoid imposing additional transport and administrative costs on small and medium-sized

enterprises. While the necessary checks must be effective, the sole aim must remain to avoid tax fraud and illicit traffic.

If the suggested changes to clarify the scope of the provisions were made, the Committee considered the Commission proposal as sufficient to allow for the abolition of frontier controls on intra-Community trade in excisable goods.

Structure of excise duties on alcoholic beverages and on the alcohol contained in other products

The Committee took the view that:

- (i) beer—just like wine—is part of the normal diet in many countries of the Community, and hence both these drinks should be exempt from specific excise duties, or attract rates which are as low as possible;
- (ii) the tax exemptions for alcohol used in the manufacturing sector for the production of perfumes, toiletries, cosmetics or medicines for external use should be extended to solid foodstuffs containing alcohol;
- (iii) products and methods for denaturing alcohol should be harmonized;
- (iv) special arrangements currently applying in certain Member States in favour of small distilleries and fixed-quantity distilleries should be retained;
- (v) an adequate link should be established between the taxes levied on the different categories of alcoholic drinks.

Taxes other than turnover tax imposed on the consumption of manufactured tobacco

The Committee noted:

- (i) that efforts should concentrate on the reduction of differences in rates;
- (ii) that harmonization should have the aim of reducing the disparity between northern and southern countries of the Community as regards the ratio between the specific element and the proportional element for tax.

Structure of excise duties on mineral oils

On mineral oil excise duties, the Committee took the view that:

- (i) products subject to excise duties should be described on the basis of objective material criteria;
- (ii) the retention of differences in the fiscal treatment of natural gas would entail distortions of competition;
- (iii) it would be advisable to eliminate any excise duties on heavy fuel-oil used only in production processes;
- (iv) Community rules on monitoring were required.

Excise rates and objective excise rates on mineral oils

The Committee took the view that the fixing of objective rates was a necessary step towards better convergence of national excise rates. The level of objective rates was regarded as basically appropriate; however, special provisions were necessary for Greece. The Committee welcomed the fact that the proposal took account of the need to protect the environment (carbon dioxide emissions and lead-free petrol). The Committee also welcomed the widening of the range of rates applied to diesel oil for haulage, although at the upper end of the range this would entail an increase in road transport costs.

The Committee pointed out that the problem of fuel taxation must be solved as part of the general question of taxes applied to road transport.

Company taxation

The Committee issued two Opinions on Commission proposals which aim to eliminate fiscal obstacles to completion of the single market, and particularly to eliminate double taxation affecting the intra-Community activities of enterprises. After approving the abolition of any taxation at source of interest and fees paid between parent and subsidiary companies based in different Member States, the Committee none the less pointed out that, after this first stage, exemption from taxation at source should apply to all intra-Community payments of interest and fees, whatever the type of link between the enterprises concerned. Moreover, the Committee took the view that the percentage share in the capital of subsidiaries should be reduced from 25 to 10% and proposed that the Directive's scope be extended to cover commercial cooperatives.

The same positive general approach was also adopted for the draft Directive setting up taxation arrangements which authorize firms to take account in their reports of the losses sustained by their main and subsidiary establishments located in another Member State. In practical terms, the Committee proposed that all the losses of a group be taken into account, whatever the location of its parts. Thus, a broader system for making up losses would be the only way to facilitate development of strong European groups, better equipped to tackle international competition.

The Committee also delivered an Additional Opinion on the Commission communication to Parliament and the Council on guidelines on company taxation.

With regard to company taxation problems arising from further expansion of the single market, approval should be given to the position of principle taken by the Commission of no longer seeking to harmonize completely at any price company-tax systems and rates, which has led to it withdrawing its 1975 proposal for a directive, for it is the fruit of an objective assessment of the current possibilities of bringing Member States' tax systems closer together. It is motivated by the need to complete the single market rapidly by putting more emphasis on the coordination of policies rather than on systematic harmonization.

The Economic and Social Committee does not wish to prejudice the conclusions of the study which the Commission has entrusted to a group of experts. It trusts it will be consulted on the experts' conclusions.

The significant lowering and approximation of national company tax rates which has already taken place will reduce any distortions likely to result from the use of different assessment rules. These distortions may, however, still be considerable. Attention should therefore be given to improving the transparency of assessment rules, with an eye to possible harmonization. Such transparency should cover all taxes on company profits, including those which are the responsibility of local or decentralized authorities.

Generally speaking, the Committee would stress that a plan for monetary union leading to fixed exchange rates would remove any possibility of using exchange rates to offset imbalances in tax levies. Vigilance is all the more imperative, since the temptation to use taxes to offset monetary constraints could become irresistible.

Finally the Committee feels it must point out that coordinated action compatible with the principle of subsidiarity should not stop at the frontiers of the EEC: such an approach can only be encouraged by the

growing influence of the tax reforms being carried out by the large industrialized non-EC countries.

Fiscal harmonization and financial questions

The Committee welcomed a proposal to codify VAT exemptions for certain definitive imports of goods, since this legislative measure would make Community law more transparent and more accessible to users. It also approved a draft Directive on mutual assistance for the recovery of claims resulting from operations forming part of the EAGGF financing system, agricultural levies, customs duties and VAT payments.

Finally, the Committee gave its views on a draft Commission Regulation to implement certain provisions of the 1977 *Financial Regulation*, revised in 1990. In this context, the Committee firmly endorsed the Commission's proposals on the use of the ecu and called for it to be incorporated in the *Financial Regulation* and its implementing measures.

5. REGIONAL DEVELOPMENT AND TOWN AND COUNTRY PLANNING POLICY

During 1991, the Section for Regional Development submitted seven Opinions for adoption by the Plenary Session:

Two involved an analysis of and comments on Commission progress reports: (a) the 'Annual report on the implementation of the reform of the structural Funds—1989' and (b) the 1987 report on 'The regions in the 1990s—Fourth periodic report on the social and economic situation and development of the regions of the Community'. In both cases the Committee welcomed the progress consequent on the implementation of Community policies, whilst expressing regret at certain shortcomings, especially as regards the involvement of interested parties in the regional development process and the direct transfer of funds to beneficiaries.

Three Opinions were delivered in response to requests from Community institutions. Two of these concerned specific Regulations (a) terminating the special arrangements applicable to the Canary Islands at the time of Spanish accession (*Poseican*) and (b) setting up a programme of options specific to the remote and insular nature of Madeira and the Azores (*Poseima*).

In a much broader context, the Committee issued an Opinion on a major Commission document entitled 'Europe 2000' in which the Commission

launched an overall study (updated at the end of 1991) on physical planning from the standpoint of both the Community and an enlarged Europe. Against the overall background of the need for environmental protection, the document set out principles for both rural development (the huge problem of dismantling the CAP) and the efficient management of major urban centres; it also provided an overview of the main transport infrastructures.

The Committee fully endorsed the proposals outlined in the three above-mentioned documents, and made a number of constructive comments.

In an Opinion on tourism the Committee welcomed the opportunity to comment on a 'Community plan of action in support of tourism' drawn up by the Commission since this coincided fully with the recommendations which the Committee had made two years previously in its Report and Opinion on 'Tourism and regional development', stressing the need to diversify and consolidate existing forms of tourism, safeguard both historical and natural assets and promote the acquisition of professional qualifications.

Lastly, the Committee authorized the Section for Regional Development to draw up Opinions on 'Economic and social cohesion' (to be completed in 1992) and the impact, particularly on regional policy, of the incorporation of the former GDR into the European Economic Area ('New *Länder*—Ex-GDR'). This development will have far-reaching consequences, in particular, for the modification of the regional policy criteria and objectives laid down at the time of the last reform.

6. INDUSTRIAL POLICY

A — Services sector—Banking

The Committee adopted four Opinions relating to this sector: three on the harmonization and tightening-up of prudential rules and one primarily concerned with facilitating the transformation of some Danish mortgage credit institutions into public limited companies.

Capital adequacy of investment firms and credit institutions

The Committee welcomed the proposed Commission Directive, which was intended to supplement the proposal for a directive on investment services in the field of securities. The proposal on capital adequacy of own funds focused primarily on:

- (i) establishing common rules to govern own funds of investment firms;

- (ii) determining the size of their initial capital;
- (iii) establishing a joint framework for supervision of market risks to which such firms are exposed.

The Committee supported the Commission's proposal but insisted on a number of points:

- (a) The proposed Directive stressed that its provisions should enhance, or at least not impair, the Community's attractiveness as a financial centre. The Bank for International Settlements was currently looking into the exchange risks and market risks of credit institutions.

The end result should be some convergence between the Community and international bodies both as regards the substance of the rules to be laid down and the date on which they are to come into force.

- (b) In the Committee's view, the treatment of prudential risks should be part of a consolidated approach.

Consolidated supervision should ensure:

- (i) a realistic overall assessment of the risks borne by a group and its own funds; and
 - (ii) competition on equal terms between banks and non-banks.
- (c) As the proposal aimed to offer equivalent options to non-bank investment firms and credit institutions, the choice between these options should preferably come from the firms themselves rather than solely from the supervisory authority.
 - (d) For firms other than credit institutions the planned initial capital requirements were lower than those laid down for credit institutions in the Second Banking Coordination Directive.

As credit institutions are less specialized and their activities more varied, their risks are dispersed; the Second Directive had taken this into account yet the initial capital requirements were higher. However, the Committee recognized that, for certain Member States, higher levels of minimum initial capital would place a burden on many investment firms. The Committee was also concerned that higher levels of minimum initial capital would give an advantage to transmitters of orders (brokers, investment counsellors) in non-EC markets (e.g. New York) which had significantly lower initial capital requirements.

Supervision of credit institutions on a consolidated basis

The Committee's Opinion expressed satisfaction over definite improvements compared with Directive 83/350/EEC which the new Commission proposal was to replace:

- (a) Compulsory supervision on a consolidated basis of banking activities was extended to cases where the parent undertaking of the group was a 'financial holding company', i.e. an enterprise whose subsidiaries were exclusively or mainly credit or financial institutions;
- (b) When the parent undertaking of a group was a 'mixed-activity holding company', this company and its non-banking and non-financial subsidiaries were obliged to provide any information requested by the supervisory authorities of the credit institutions in the group;
- (c) The aims of supervision on a consolidated basis were specified;
- (d) The forms of consolidation to be used and their status (mandatory or optional) were set out more clearly and in greater detail.

However, the Committee had one major reservation regarding the proposal in general: it would create distortions of competition between economic operators who should be treated in the same way.

The proposal allowed the competent authorities to exclude from consolidation specialist financial institutions whose activities exposed them principally to market risks. This meant, in plain language, that the problem of consolidation did not arise for a bank which dealt in securities itself, and not through a subsidiary; its activities were governed by the prudential rules applicable to banks as supervised by the competent authority. However, a bank which had set up a subsidiary for handling its security dealings could, with the agreement of the authorities, avoid the consolidated supervision which would be the only means of enabling these two types of bank to be treated equally.

Of course, the question arose of fair competition between banks operating under two different systems: on the one hand, there was the continental European system consisting of universal banks or security dealing houses which were consolidated subsidiaries of banks and, on the other, there was the system of separate commercial banks and investment firms, where the latter might be subsidiaries of banks but were supervised separately and therefore not consolidated with the parent company.

It was clear that an optional consolidation scheme, which gave one of these systems the possibility of exempting its investment firms from a consolidated supervision system, created a distortion of competition in so far as corresponding rules applicable to unconsolidated subsidiaries either did not exist—which was the case for credit operations carried out by investment firms—or were less stringent—which was also the case, since the proposed directive on the capital adequacy of investment firms and credit institutions (CAD) provided for a less strict set of rules.

The Committee felt that the compulsory consolidation of investment firms in a banking group was also necessary for the following reasons:

- (i) The distinction between credit institutions and investment firms was becoming less and less clear-cut. The boundary between the two types of firm was becoming blurred, with each carrying out transactions which had formerly been almost the exclusive province of the other. One should therefore abandon the 'institutional' approach of legislating according to the type of institution and instead adopt a 'transactional' approach of legislating according to the type of transaction performed. The same transaction was always subject to the degree of risk, irrespective of the firm which performed it, and so it should have to comply with the same prudential regulations. Otherwise, there would be no guarantee of fair competition between the two types of institutions. The approach adopted in the CAD was not a fully 'transactional' one. Moreover, the CAD had not yet been adopted; changes which placed banks at a further disadvantage could not be ruled out. Consolidation was therefore the only way to avoid distortion of competition between banks dealing in securities themselves and those operating through a subsidiary.
- (ii) Consolidation allowed credit transactions relating to dealings in securities (e.g. lombard loans, advances on securities, margin financing) to be subject to the Solvency Ratio Directive (SRD). The volume of such credit transactions carried out by investment firms was considerable. If such loans were not deducted from own funds as an illiquid asset, they must be treated in the same way as banks, which were generally subject to an own funds requirement of 8% under the SRD.

Large exposures of credit institutions

The Committee supported the Commission's aim to introduce common rules in a binding form on the monitoring and control of the risk exposure of EC credit institutions.

However, because of the complexity of this field and the difficulties of understanding all the economic and financial implications of an approach which inevitably was concerned with regulatory rather than economic criteria, the Committee was obliged to make certain key comments.

The Committee first pointed out that the Commission proposal was inspired by the Basle Committee. However, the latter's text, without saying so explicitly, was addressed to large credit institutions operating on an international scale. The Commission's proposal concerned all credit institutions in the EC, irrespective of their size. It therefore took no account of the specific nature of institutions which, although only limited in size or operating on a regional scale, played a vital role in financing their

economic environment, especially small or medium-sized firms, by incurring exposures which were considerable in relation to their own funds. If the directive were applied, these institutions would be faced with such problems that their very existence could be jeopardized unless the supervisory authorities were allowed to grant exemptions and additional periods for adjustment. The Committee also drew the Commission's attention to the potential distortion of competition between EC and non-EC credit institutions if the proposed directive was adopted.

As regards the limit of 25%, the Committee proposed the retention of the 40% limit laid down in the Recommendation of 22 December for both external and group exposure. This maximum limit would provide the authorities with greater discretionary powers, enabling them to take account of the particular set-ups in each of the Member States.

As regards exposures incurred to a client or group of connected clients consisting of the parent undertaking of the credit institution and/or one or more subsidiaries of that parent undertaking (Article 4(2) of the proposal), there was no reason to reduce the percentage laid down in Article 4(1); on the contrary, a single threshold should be adopted for the two types of exposure.

As regards the date of application of the directive, the Committee considered that, if the 25% figure was retained, there should no longer be any reference to the date of the directive's publication; a general deadline for compliance of five years from 1 January 1993 should be laid down, with the possibility of exemptions for loans maturing after this date.

In general the Committee felt that it was difficult to underestimate, from a purely economic point of view, the dampening effect on the initiative, indeed the dynamism, of a profession whose vocation was, by definition, to finance economic development and business investment by taking risks.

It was feared that the banking sector would be subject to such constraints that its dynamism at European level would be seriously affected. The sectors which played a decisive role in the progress of our society often involved risk. Yet it was these key sectors which might be deprived of the financing which they needed.

One could also wonder about the question of 'large exposures', for experience had shown—especially in the USA—that the really large exposures were those involving a whole sector suffering from recession—such as the building industry—rather than a massive commitment to one or a few borrowers.

The Committee would like to see consultations with the Commission directorates responsible for economic and financial affairs, particularly

DG II, to assess the economic impact of Community policies. The purpose of these consultations would be to use simulations based on a sample of EC credit institutions to measure the impact on banking activities of all the prudential directives submitted to the Economic and Social Committee, including, of course, those which were the subject of the Opinion.

Own funds of credit institutions

The aim of the Commission proposal was twofold:

- (i) to facilitate, indeed enable, the transformation of some Danish mortgage credit institutions into public limited companies;
- (ii) to set up a regulatory committee (under the procedural rules contained in Article 2, Procedure III, variant (a), of the Council Decision of 13 July 1987 laying down the procedures for the exercise of implementing powers conferred on the Commission) to assist the Commission with technical amendments to the Directive on own funds of credit institutions.

The Committee endorsed the Commission proposal's first objective in view of its limited, temporary and diminishing nature.

It had reservations as to the proposed changes to the 'committee procedure' introduced under Article 8 of Directive 89/299/EEC. It was regrettable that the Commission was taking advantage of certain decision-taking delays by the Council to assume powers not conferred on it by the Treaty. The Committee therefore saw no reason to waive the procedure (i.e. Procedure III, variant (b), of Council Decision 87/373/EEC) adopted by the Council in the Second Banking Coordination Directive (89/646/EEC) and the Solvency Ratio Directive (89/647/EEC).

B — Services sector — Insurance

Third non-life insurance directive

The Committee approved the proposed Directive intended to achieve completion of the internal market in the direct non-life insurance sector. It consisted of a series of proposals designed to apply the principle of home-country control to all direct non-life insurance business, to be governed by a single set of legal arrangements. In the Committee's view, this third Directive would allow consumers and economic operators access under proper conditions to a genuine single insurance market.

The Committee made the following remarks on the various points in the Commission's proposal.

It considered that the reference to the general good as justifying a Member State's prevention of the signature of a policy which complied with the laws of the home Member State as still much too vague and likely to result in differing interpretations, thus impeding completion of the single market in insurance.

In the Committee's view, to retain the principle that the law of the policy-holder's home Member State should apply would generate a degree of legal uncertainty prejudicial to consumers and scarcely reconcilable with the concept of the single market.

The dropping of the requirement for prior approval of policy conditions and premiums and its replacement with a notification system was a logical extension of the single authorization, and to be welcomed.

The extension of the supervisory powers of the authorities of a Member State to branches established in other Member States posed the problem of parallel systems of supervision within the same market.

Differences in supervisory practices from one Member State to another could cause distortions of competition, so such practices should be reviewed with a view to subsequent harmonization.

As regards taxation, the Committee expressed concern over the transitional retention of the taxation system of the country in which the service was provided, which could generate distortion of competition, given the Member States' differing tax regimes.

The Committee felt that disparities in taxation—of which insurance was merely one example—were a serious obstacle to completion of the internal market, and that the Commission should take priority action to harmonize tax regimes.

Setting up of an Insurance Committee

The Commission proposal's aim was to set up—by virtue of the executive powers conferred on the Commission by the Council in respect of rules established by the latter—an Insurance Committee to assist the Commission in the field of insurance (both life and non-life).

The Committee Opinion advocated closer cooperation between the Commission and the various national supervisory authorities in order to facilitate the completion of a single insurance market, but wondered what form such cooperation should take.

The draft Directive would create a regulatory committee with multiple objectives.

In the light of the measures specified in the Council Decision of 13 July 1987, the Committee considered that the Commission's executive powers, tantamount to regulatory powers, could only be exercised under Procedure III, variant (b), and not variant (a).

More generally, in view of the role which the future Insurance Committee would be required to play in the field of secondary legislation, the Committee was uncertain about what role the advisory bodies provided for in the Treaty of Rome would play in the Community decision-making process.

The Committee reiterated that, when the Directives were being implemented, the social categories represented on it must generally also be able to submit proposals to the Commission departments.

It would be unacceptable if, as part of the executive powers delegated to it by the Council, the Commission were to be given effective regulatory power without the European Parliament and the Economic and Social Committee being formally involved.

Direct life assurance

On the whole the Committee endorses the present proposal as it is consistent with the policy followed by the Commission in recent years and extends the harmonization achieved in the banking and financial sector.

But while it agrees with the Commission's proposal the Committee has certain reservations about the following points:

Generally speaking, the Commission considers that consumers' interests are best served, among other things, by setting up a market free of all constraints, where maximum competition provides the best guarantee for customers.

The Committee feels that the proposed third directive should provide greater protection for holders of personal insurance policies, which are different from other types of operations such as simple savings schemes.

As life assurance policies may run for very long periods and provide protection against calamities of a social nature (death, invalidity, incapacity), they must be given proper treatment enabling them to provide effective protection for policy-holders.

It is for this reason that the Committee also urges that special attention should be given to the need for such contracts to be clear.

The Committee notes that the insurance market—especially the life assurance sector—is undergoing radical change as characterized, among other things, by trends towards concentration, the emergence of new forms of cooperation between banks and insurance firms and the growing interest of non-EC firms in the European market.

In such a context it is not obvious that users' interests will best be served merely by increasing competition, especially if such increased competition leads to the weakening of firms whose solvency is the policy-holder's best guarantee.

What is more, in such a market structural distortions of competition which are incompatible with the very aims of the common market may be introduced because of differences in the way that directives are interpreted and applied by the supervisory authorities.

For all these reasons the Committee feels that the life assurance market should be the subject of a report drawn up, at the latest, three years after the implementation of the relevant directives.

The Committee recommends that the Commission use the intervening period to:

- (i) encourage European insurers to draw up a code of good conduct concerning both the policy-holder and competition; and
- (ii) study the possibility of setting up a European supervisory body designed either to replace existing national supervisory bodies or to put right their differences in interpreting and applying directives.

At any event, the Committee believes that, at the very least, action should be taken to organize sufficient, consistent and harmonious coordination between national supervisory authorities.

The Committee also considers that the progressive implementation of the single insurance market will doubtlessly involve some inconveniences for employees in the sector.

This too should be taken into account by the European authorities.

C — Company law

In this sphere the Committee adopted two closely interlinked Opinions on takeovers. The aim was to dismantle obstacles to takeovers so as to create identical conditions for takeover bids throughout the Community.

Structure of public limited companies (amendment to the Fifth Directive)

The Committee agreed with the broad thrust of the Commission proposal, namely to strengthen the position of shareholders with regard to exercising their voting rights so as to boost their participation in the company's activities.

In view of the overriding importance of a takeover bid in the life of a company, and in the light of the prevalence of proxy voting arrangements in certain Member States, the Committee felt that the Fifth Directive (or possibly the 13th Directive) should include a provision requiring a company to inform its shareholders of a bid, when they are known. The Committee would also like to see a requirement that all employees should be informed in good time about the existence and progress of a takeover bid.

The Committee welcomed this boost to shareholders' rights but felt that it should remain possible to limit this power under statutory clauses.

The Committee also accepted that the current proposal did not *per se* seek to affect the balance struck by the Fifth Directive between the interests of the general meeting and those of the employees.

Formation of public limited liability companies (amendment to the Second Directive)

The Committee endorsed the broad thrust of the Commission's proposal. It agreed that companies should not be able to acquire their own shares in order to be able to make use of the votes attaching to the shares, whether in connection with a proposed takeover, or in other circumstances.

While the Committee supported the extension of rules governing purchase of own shares to subsidiaries, it was possible that the interests of minority shareholders in subsidiaries could be adversely affected by application of these rules. The Committee asked the Commission to consider whether it was desirable to include any safeguards in this respect, for instance by way of a transitional period for application of the rules in respect of existing holdings, allowing for orderly disposal of offending share stakes.

The Committee noted that the proposed changes would still permit a company or its subsidiaries in certain circumstances to acquire up to 10% of the company's shares without prior authorization of the shareholders, other than during the period of a takeover bid, subject to various

limitations. The Committee agreed that there were circumstances in which this freedom was justifiable and necessary, although the Second Directive merely laid down minimum provisions and the Member States were free to impose more restrictive national laws.

The Committee recognized that the present proposals had been brought forward by the Commission to address particular concerns as regards obstacles to takeover activity in the Community, but hoped that the Commission and the Council would also continue to make progress towards the completion of a unified structure of Community law for public companies and groups of companies.

D — Customs union

TIR Convention

The Committee unreservedly endorsed the proposed Regulation repealing Regulations (EEC) Nos 3690/86 and 4283/88, as a logical follow-up of (a) the complete dismantling, from 1 January 1992, of internal frontier formalities or controls under the TIR or ATA Conventions, or NATO form 302, and (b) the scrapping of the Community movement carnet from the date of application of Regulation (EEC) No 2726/90 on Community transit.

Travellers' allowances—Derogations for Denmark and Ireland

The Committee endorses the draft directive, subject to the following comments:

The Commission's proposals to raise the limits for the more restrictive allowances which the Kingdom of Denmark and the Republic of Ireland are allowed to apply must be seen in the context of the elimination of internal frontier checks in the Community on 31 December 1992.

Hence the Committee recognizes the need for an adjustment, to take account of the post-1992 situation where travellers' allowances as regards intra-Community traffic will simply be abolished.

On the proposed amendment to Article 7c of Directive 69/169/EEC, the Committee calls for the allowance for spirits to be raised to 0.75 litres, instead of the proposed 0.5 litres.

Concerning Article 7d, the authorized limit for Ireland should only be doubled (instead of more than tripled), the allowance of ECU 340 being replaced by ECU 220.

The Committee notes that in both Denmark and the Republic of Ireland it was publicly announced that the Council of Finance Ministers meeting in Brussels on 16 December 1991 had agreed the arrangements for the modification of the derogations governing travellers' allowances on imports for 1992. The Committee was not informed officially of these details and regrets that the procedure followed by the Council in this case impeded the Council itself from giving full consideration to the Committee's views.

E — 20th Report on Competition Policy

The Committee would like to point out that it has already urged the Commission to pay more attention to points of convergence between the Community's competition policy and national competition policies.

As regards Regulation 4064 on merger control, which was finally adopted by the Council after 16 years of waiting and which has been in force since 21 September 1990, the Committee obviously shares the satisfaction of the Commission, which now has a vital instrument enabling it to prevent the strengthening or emergence of dominant positions likely to affect the rules of competition. It is disturbing to note that because of the threshold of ECU 5 billion which was finally adopted by the Council—although a figure of ECU 2 billion could already be looked upon as considerable—the Member States still have ample room for manoeuvre.

The publication of the second report on current State aids in the Community is without any doubt a major step forwards greater transparency.

The Committee considers that particular importance should be attached to the access of Central and East European countries to a market economy. On this point, one will have to ask oneself what will be the future reference framework as regards competition policy, bearing in mind the prospect of greater integration. It should be emphasized that agreements already exist between the EC and three East European countries (Hungary, Czechoslovakia and Poland) on the subject of this reference framework. The Committee would like this to be extended to other non-EC countries in Europe.

For the rest the Committee welcomes the results achieved in the joint EEC/EFTA negotiations on merger control and the granting of exclusive rights, and calls upon the Commission to pursue its contacts with the anti-trust authorities of the two great non-EC areas (USA and Japan), abandoning any reference to the principle of reciprocity.

F — Industrial policy

Industrial policy in an open and competitive environment

At its plenary session of 27 and 28 November the Committee welcomed the Commission's move to develop a blueprint for a modern, dynamic industrial policy. The Committee's Opinion on the Commission's communication on an 'Industrial policy in an open and competitive environment' was approved unanimously.

It is generally believed that only a competitive economy will meet the challenges and enable the Community to secure and strengthen its position in the world economy. The Community's industrial policy blueprint is therefore prompted by the will to optimize market efficiency. The main problem is to create the 'appropriate' corporate climate. The main responsibility for industrial competitiveness lies with industry itself. The role of the State is above all to act as a catalyst and pave the way for innovation, with firms being able to expect it to provide a clear, predictable environment and prospects.

The Committee believes that greater European integration implies that industrial policy problems should be solved at European level and that structural adjustment measures should take the Community market into account. Otherwise, structural problems would only be exported to neighbouring countries, or structural change would be delayed by sectoral measures. In order to prevent national measures from mushrooming, key objectives and elements of a Community industrial policy should be included in the Treaty.

National aid should merely pave the way for structural adjustment; but it should not delay such adjustment. The ESC therefore calls on the Member States to sort out, at long last, the chaos surrounding subsidies.

The Committee criticizes the failure of the Community blueprint to give sufficient consideration to industrial policy's regional and social dimension. Strengthening European industry's competitiveness will not in itself be sufficient to develop industry in less developed regions or to cater for social needs.

The conclusions adopted by the Council of Ministers on the Commission's industrial policy blueprint are noted by the Committee with satisfaction. In particular, the Committee welcomes the fact that the Council has lent its approval to a Community industrial policy which takes into account 'the complexities of the situation both internal and external to the Community' and allows 'a more balanced development and a greater economic and social cohesion within the Community'.

European electronics and information technology industry

In its Opinion, which was adopted by a large majority, the Committee considers the Commission's industrial policy initiative as a suitable basis for providing—in conjunction with the firms involved—competitive structures for the European IT and electronics industry.

This analysis of a specific sector in the first concrete application of the concept of industrial policy as defined by the Council.

The Committee feels that coordinated EC-level action, agreed between the various social groups, is essential to secure the competitive future of an independent European IT and electronics industry. Specific measures are needed on research and technology, infrastructure, optimizing productive capacity, training and skills.

On trade policy, the Committee feels that where competitors are openly practising price policies which distort competition, the existing anti-dumping measures should be applied or intensified, with due consideration for GATT rules. On the Japanese market conditions have to be created which are at least equivalent to those which Japanese exporters and producers encounter on the European market. In the long term, a high proportion of value should be added in the Community, with due regard for the particular situation of certain disadvantaged regions of the Community.

The Committee advocates stabilization of long-term demand for IT and electronics products by means of a more active infrastructure and public procurement policy by European countries and their public-sector institutions. The Committee proposes certain actions connected with enterprise and production (improving vertical cooperation between IT and electronics firms, developing links between producers and users, establishing international standards, improving financing conditions, etc.).

G — Liability of the supplier of services

The Commission proposal was rooted in the fact that service industries were responsible for more than half of the value-added produced each year in the EC (which amounted to ECU 1 396 791 million in 1986). Many services could, if they were defective, damage the health or physical integrity of persons or their property.

The question of safety was fundamental to the completion of the internal market. This was not simply because only safe services must be accorded freedom of movement but also because freedom of movement could only be effective if it was based on consumer confidence. With these aims in view, the Council had adopted, on 25 July 1985, a Directive on liability for

defective products which was now incorporated into national law in most EC Member States.

The draft Directive therefore provided for the following:

- (i) liability for fault on the part of the supplier of a service should be assessed in relation to the conduct of the professional party (whether he be rewarded or not) who, under regular and reasonably predictable conditions, was called upon to ensure the level of safety that could reasonably be expected;
- (ii) the Directive embodied the principle of reversal of the burden of proof of fault in favour of the injured party. It was for the supplier of the service to prove that he did not commit a fault and not for the consumer to prove that a fault had been committed;
- (iii) the draft Directive provided for limitation periods and termination of liability.

After rejecting (by 81 votes to 73, with 2 abstentions) the counter-Opinion presented by the consumer organization and trade union representatives in support of the Commission proposal, the Committee adopted the Opinion of the Section for Industry, Commerce, Crafts and Services, by a roll-call vote (67 votes to 62, with 2 abstentions).

The reversal of proof principle was the main source of the controversy over this draft Directive. The Committee reproached the Commission with undermining general legal principles and exceeding its terms of reference, in that it wished to unify the private law of the Member States and create a new European form of private law. The few legal differences which could exist did not justify any such revolutionary attack on the legal system. A flood of litigation could be expected, until, after several decades, a stabilization of legal practice restored legal certainty. This would worsen the situation, not least for the consumer.

The Directive would have other side-effects detrimental to the interests of consumers: increase in service costs through comprehensive insurance cover, research and innovation held back by fear of the risks involved, and a worsening of the customer/supplier relationship through excessive demands and red tape.

H — Intellectual property

Opinion on the protection of rental right, lending right and certain rights related to copyright

The Commission had proposed draft Directives relating to the rental and public lending of objects, such as phonograms, which incorporated

protected works or performances. The proposed Directive provided that right-owners included, in addition to authors, the performing artists, phonogram producers and film producers. The creation of a single market implied the harmonization of these neighbouring rights.

The proposed Directive also dealt with harmonization of the duration of rental, public lending and neighbouring rights.

This Opinion's significance was obvious in view of the scope of this Directive :

- (i) commercial rental particularly of compact discs and video-cassettes, and
- (ii) lending which was non-commercial, mainly in public libraries (books, phonograms, videograms, etc.).

Fixation, reproduction and distribution rights were also covered.

The ESC Opinion suggested several technical alterations to the draft Directive, raised the matter of application to existing contracts (asking for them to be clearly excluded) and requested the Commission to frame proposals on secondary use (rebroadcasting or dissemination by other means of existing work)

Protection of literary and artistic works (Berne Convention) and the rights of performers, producers of phonograms and broadcasting organizations (Rome Convention)

The accession of all Member States to the Berne (Paris Act) and Rome Conventions would provide a common basis for harmonization as regards copyright and neighbouring rights. In addition, this would ensure a firm legal base which could help to combat piracy, in particular audiovisual piracy, mor effectively.

The Committee supported the proposed Council Decision. However, its Opinion urged the Commission to add to its proposal a provision that ratification of the Convention by the Member States ruled out notification of the reservations laid down in Article 16(1)(a)(i) and (ii) of the Rome Convention whereby a country could unilaterally rescind the right of performers and producers to receive remuneration when their work was broadcast.

The Committee also called on the Commission and the Council to press for the ratification of the Rome Convention by as many non-EC countries as possible.

Creation of a supplementary protection certificate for medicinal products

Patented medicinal products have been protected for a shorter time in the EC than in the United States or Japan. The 20-year protection period is in practice reduced to only 8 years because of the lengthy authorization procedures required to place a product on the market. The Commission therefore proposed that national authorities should issue a supplementary protection certificate for a maximum period of 10 years.

The ESC Opinion endorsed the proposed alignment of EC patent protection on US and Japanese conditions on grounds of international competitiveness. However, it called on the Commission to examine all the economic consequences of the proposal, with particular reference to the duration of the protection certificate.

The interests of generics producers, who influence price competition on the medicinal product, must also be borne in mind.

I — Non-tariff trade barriers: Green Paper on European standardization

The main purpose of the Green Paper was to draw the attention of producers and users of industrial products to the strategic significance of European standardization for the completion of the internal market.

A second purpose was to accelerate the adoption of European standards.

A third objective was to stimulate debate on how to ensure long-term dynamism and stability in European standardization.

The ESC Opinion welcomed the Commission's move. The Commission considered that the European standardization bodies (CEN, Cenelec, ETSI) should be given the resources to improve their efficiency. It proposed the setting-up of a European standardization databank and welcomes the creation of the EOTC (European Organization for Testing and Certification). Member States should ensure a guarantee of quality linked with the use of the European mark and Central and East European countries should be closely involved in the development of European standards. The Committee welcomed the idea of setting up a European Standardization Council and, lastly, urged that small and medium-sized enterprises be allowed to play a greater part in standardization work.

J — Electronic transfer of data

Protection of individuals in relation to the processing of personal data, the protection of personal data and privacy in the context of public digital telecommunications networks, and information security

The proposals aimed to establish equivalent, high-level protection in all EC Member States in order to remove obstacles to the data exchanges needed if the internal market was to function. The principles to be guaranteed concerned the conditions under which processing of personal data was lawful, the rights of the data's subject, data quality and the setting-up of a working party to advise the Commission on data protection issues.

Effective protection of personal data and privacy was becoming a pre-requisite for social acceptance of the new digital networks and services. It must be an essential component of the Community's telecommunications policy.

The advent of efficient global communications had highlighted the need to provide adequate protection (availability of services, message integrity and privacy) commensurate with the expected level of administrative or technical threat.

The ESC Opinion supported the Commission's proposal and reiterated the principles enshrined in Council of Europe Convention 108.

Reference to sources generally accessible to the public should be used with extreme caution, as this was a questionable term which could prove dangerous. Rental of files for marketing purposes should also be subject to the agreement of the parties concerned. The controller of a data file was obliged to guarantee security and confidentiality; the cost should not be a consideration. In the case of transfer of personal data to non-EC countries, the Committee suggested that the Directive adopt the principle of 'equivalent' protection as stated in Council of Europe Convention 108.

There should be a ban on listening to a private conversation without a person's consent, and on transmitting or recording a picture of a person taken in a private place without consent.

Tedis programme — Second phase

The Tedis programme concerns a particular category of electronic data interchange, namely the electronic transmission of commercial or administrative 'forms' between data-processing systems (computers).

The first phase was implemented in 1988 and 1989. The second phase built on the work already done and extended the programme's scope. It had a budget of ECU 31.5 million for the period 1 July 1991 to 30 June 1994.

The Committee welcomed the increase in funding and stressed the importance of electronic data interchange (EDI) on a European scale for the completion of the internal market. The participation of banks in the programme should be stepped up by developing inter-bank EDI systems based on an Edifact standard for payment and credit transactions in the Community. The Committee reiterated the need to establish a Community-wide integrated services digital network (ISDN), based if possible on a uniform world-wide standard. It was essential to harmonize legal systems and guarantee the security and confidentiality of the data transmitted. The Committee advocated closer involvement of the Community's structurally weak regions in the programme and pointed out that to minimize the social upheaval caused by the introduction of electronic data interchange, the social effects of corporate restructuring must be acceptable.

Setting up a programme for an information services market

The Impact 2 programme, proposed for a five-year period, with a Community budget of ECU 100 million (supplemented by another ECU 125 million provided by the information services industry), focused on four lines of actions:

- (i) a better understanding of the market;
- (ii) removal of legal and administrative barriers;
- (iii) more user-friendly services and improved information literacy;
- (iv) support for shared-cost strategic information operations.

The proposal provided for closer alignment of certain existing obligations as regards:

- intellectual property;
- authentication of electronic transactions;
- electronic fraud;
- protection of registered data;
- the responsibility of information services;
- ensuring the confidentiality of queries made by database users.

The Committee, in its Opinion, welcomed the Commission proposal, reiterating the support it lent to other programmes previously introduced in this sphere. The Committee highlighted the important and valuable work

carried out by the European Information Market Observatory and supported the move to retain the legal advisory board, whose terms of reference should be extended to promote closer alignment of national and European legislation relevant to the establishment of a Community information services market. It stressed the need to guarantee protection of personal data and intellectual property rights. Training in this sector was of vital importance. The Committee advocated greater support for the involvement of SMEs in this programme. However, it regretted that no overall Community strategy had been defined and that little attention had been given to such paramount issues as the growing dependency on information services, the impact on education and vocational training and the social aspects of different information services.

K — Procedures for the award of public service contracts

The proposed Directive was designed to establish a Community framework for the purchasing of services by central, regional and local public authorities. It covered all such purchases provided the contracts were of a sufficient size to make cross-frontier operations a worthwhile proposition. However, it provided for a number of derogations in respect of secrecy and State security, as well as contracts governed by special procurement rules.

The Committee, in its Opinion, endorsed the proposal but felt that the principle of trying to cover all public procurement procedures for all types of 'services' would make the Directive extremely difficult to implement. The system could adversely affect providers of services in the professions.

The Committee suggested that the scope of the Directive be extended to encompass leasing and rentals and that 'public services concessions' should be governed by the general rules.

L — Enterprise policy

A new dimension for small and medium-sized enterprises

The Council Decision of 28 July 1989 on improving the business environment and promoting the development of firms in the Community, in particular SMEs, provided for a programme running from 1991 to 1993, with a budget of ECU 110 million. An additional ECU 25 million could be considered necessary after the programme was reviewed. The Commission asked for the Council's approval so as to boost the SME support programme, with particular reference to:

- (i) improved information for firms;
- (ii) cooperation between firms;
- (iii) 'Euromarketing';
- (iv) moves to prepare managers for the single market;
- (v) development of financial, computing and statistical instruments;
- (vi) the establishment of a 'European monitoring centre for SMEs'.

The Commission also proposed to boost cooperation with various regions outside the Community, thus adding an external dimension.

The Committee's Opinion welcomed the Commission proposal but called on the Commission to step up integration of the SME dimension into the various Community policies. Greater attention should also be given to involvement of the work-force and business women. The Committee wished a practical reduction in the administrative burden on SMEs. It felt that an 'économie sociale' component was out of place in sectoral policy. It endorsed the setting-up of a European subcontracting forum and a guarantee fund for certain SME investments, particularly in non-EC countries. Lastly, the Committee was in favour of opening Euro-info-Centres and the BC-Net to non-EC countries as long as this did not hold back project implementation.

M — Harmonization of standards

Motor vehicles: external projections, masses and dimensions, tyres and permissible sound levels

The Committee issued Opinions on the latest directives needed to set up an EC type-approval system.

The Opinions, all adopted unanimously, endorsed the draft Directives and supported establishment of a single market for motor vehicles.

All the draft Directives were highly technical in nature. The Committee Opinions recommended a number of changes designed to make them more effective.

(a) Permissible sound levels and exhaust systems

The Committee stated that the noise levels of engines, axle drives, gear boxes and exhaust systems had been considerably reduced; it was of equal priority to reduce the contact noise level of tyres on the road surface.

The Committee asked the Council to align the implementation dates of the Directives with those of the related Directives.

(b) External projections

The Committee felt that luggage racks should not be exempted from the scope of the Directive.

The Technical Committee should continue to be involved in decision-making in accordance with the framework Directive.

(c) Masses and dimensions

The Committee suggested that the technical requirements regarding the equivalence of mechanical and air suspension systems be considered in the Directive.

(d) Tyres

The Committee was concerned that Member States which had adopted safeguard measures might be able to retain these measures until the technical adaptations had entered into force. That represented a suspensive veto right for an indefinite period and should be clarified.

The Committee did not agree with the introduction of a new procedure which in the end will reduce the role of the Committee on Adaptation to Technical Progress to a purely consultative one.

The Committee welcomed the fact that the Commission allows use of either the EEC component type-approval mark or the ECE type-approval mark. It would be useful if the EEC type-approval number were the same as the one issued by the ECE, and vice versa.

The Committee suggested that the Commission remove all tyre-size tables from its regulations. Obsolete tables are generally a hindrance to car-makers and consumers wanting to benefit from the latest tyre technology.

The Commission should refer to the applicable standards published by international standards bodies such as ETRTO (European Tyre and Rim Technical Organization), CEN and ISO.

It would also be advisable to include a reference to the use of snow-chains.

*Type-approval of two or three-wheeled motor vehicles
(framework Directive)*

The Committee's Opinion on the proposal Council Regulation was very divided because Member States were left free to introduce a second category of mopeds. The 'motor-assisted bicycle' category to be found in a number of Member States must be able to be retained.

The Committee considered that automatic transmissions and weight limits must be added to the derogations for mopeds during a transitional period. The derogations should also make allowance for small production runs and for the 'personalizing' of vehicles.

Standardization

The Committee issued an Opinion on the report on the operation of Directive 83/189/EEC in 1988 and 1989 (prevention of technical barriers to trade).

The Opinion—which was adopted unanimously—welcomed the report but drew attention to a number of points.

It was important that the stage at which new work should be announced by national bodies be laid down and made common to all.

The statistics on the operation of the information procedure in 1988 and 1989 should be viewed with some caution, since they were not based on the most accurate of parameters.

The Committee fully endorsed the proposal to set up a bibliographical databank for standardization activities so that the process of setting or adopting technical standards and regulations was made more transparent.

It was recommended that employers', employees' and consumers' representatives were given the opportunity to express their concerns at the two annual meetings which the Standing Committee had the right to hold with representatives of the national standards institutions.

The report did not bring out the difficulties of the safeguard clauses which could circumvent or qualify clauses in individual Directives when they are adopted.

Regulations had to be set out in a clear manner so that commercial operators had no doubt as to the confidentiality and legal guarantees set out in Member States' security regulations.

EC conformity

The Committee issued a unanimous Opinion on the draft Regulation on the affixing and utilization of the EC conformity mark for industrial products.

The Committee approved the proposal subject to a certain number of comments.

It urged the Commission to consider extending the implementation of the Regulation to products regulated before the introduction of the 'new approach' in 1985.

The obligation to indicate the year in which the mark had been affixed, and the possibility of also indicating the identification number of the notified body, could distort competition. The problem could be solved by a requirement that the year and identification number be mentioned on the documents accompanying the product.

The use of a registered mark that could be confused with the CE mark was prohibited, the holder should be entitled to compensation.

Sulphur content of gas-oils

It is necessary to reduce the sulphur content of gas-oils, in particular heating and motor-vehicle gas-oils, in order to reduce pollution.

The Committee welcomed the new Directive but recommended that the Commission carry out in-depth studies into the costs and benefits of reducing the sulphur content of heating gas-oils and marine gas-oil.

It recommended measures resulting in a more rational use of heating gas-oil, and initiatives aimed at the conclusion of international agreements on marine gas-oil specifications.

The Committee pointed out that the reduction in the sulphur content of gas-oil must be judged in an overall context, in view of possible indirect negative effects.

Given the relative inelasticity of demand in the short run, tax incentives to accelerate the introduction of the new qualities of automotive gas-oil would be inappropriate. However, from 1 October 1996 the higher costs of manufacturing and distributing these more environment-friendly fuels should be compensated for, at least in part, by adjusting the excise duties levied on these products.

Finally, the Committee asked the Commission to prepare a follow-up report before the end of 1996 on the application of the Directive, in which its future policy is also defined.

High-definition television (HDTV)

In an Opinion adopted by a substantial majority, the Committee endorsed the draft Directive on the adoption of standards for satellite broadcasting of television signals.

The Committee reiterated its support for a set of standards which had the great merit of being compatible, available and European.

The Committee agreed that HDMAC should be the only HDTV standard. However, making MAC compulsory for new non-HDTV services would be anti-competitive—it would reduce growth in the satellite market, entrench the position of existing operators and increase cost to the consumer.

The D2MAC decoder should only be required on sets capable of receiving satellite transmissions, whether directly or via hyperband or cable. Such a provision would leave consumers the choice between the traditional and new satellite services.

The draft Directive states that the new mandatory systems for land-based television redistribution should be so designed that HDMAC signals could be transmitted via the network. The Committee felt that that should be optional, which would enable operators to use new MAC developments when the market was suitable.

The possibility of abuse in matters of intellectual property in respect of encryption systems, as well as the D2MAC and HDMAC systems in general, needed to be addressed.

N — Towards a single market in distribution — internal trade in the Community, the commercial sector and the completion of the internal market

The unanimous Opinion congratulated the Commission on this important communication, which would fill a major gap in view of the role that the distribution sector is to play in completion of the internal market.

However, a number of points were raised:

(a) the wholesale sub-sector should have been accorded greater attention;

- (b) the way in which the specific circumstances of SMEs were dealt with was also unsatisfactory;
- (c) the proposed set of programmes should be accompanied by a clear definition of how these programmes would apply to commerce;
- (d) little attention had been paid to the Community's commitment to promote economic and social cohesion;
- (e) the social consequences which would inevitably follow the introduction of new technologies had been forgotten;
- (f) coverage of issues relating to vocational training was incomplete;
- (g) competition policy and social policy were both of importance for the distribution sector, and the communication did not go into them in any depth;
- (h) there was a serious imbalance between DG XXIII's financial capability to carry out a programme of this type and the measures proposed in response to it.

The Committee recommended that the Commission encourage meetings between the Consumers' Consultative Committee and the Committee for Commerce and Distribution.

The Commission should draw up a brochure explaining the relevant Community programmes, setting out eligibility and application procedures for companies.

Discrimination between companies seeking European Investment Bank funding was totally unjustified.

The sector's European associations—CECD/Fewita—should be recognized as permanent parties to a Community-level dialogue, in the same way that Unice represents the industrial sector.

The Commission should tackle the problems of protecting the traditional commercial districts of city centres and the disappearance of shops from city centres and suburbs as well as extensive areas of the countryside. However, the aim should not be to protect specific types of commerce from competition.

7. EXTERNAL RELATIONS, TRADE AND DEVELOPMENT POLICY

The year under review saw a host of developments in the Community's trade and other relations with third countries. In the East, somewhat to the consternation of other developing countries that have traditionally benefited from Community aid, the Community was preoccupied with the amount and the type of aid it should be giving to the USSR, Bulgaria and Romania, as well as the economic and political links it would create with

the three countries (Poland, Czechoslovakia and Hungary) with whom it was negotiating the first of the much vaunted 'new-look' European (Association) Agreements.

Following the failure to conclude the GATT Uruguay Round negotiations in Brussels in 1990, negotiations were taken up again in April and the hope generally expressed that they would be tied up, in part, if not totally, by year-end. The US Congress extended for a further two years the fast-track procedure, permitting the Administration to submit the new Agreement to the Congress in due course as a single package for approval. Initial hopes for an early conclusion were, however, too optimistic.

As a result, GSP reform is still outstanding. With respect to the GSP, in the year under review the Committee merely took a stand on the extension of the current system to 1992 and inclusion of Central American countries.

The Community entered into negotiations with the six (and then the seven, including Liechtenstein) EFTA countries that would lead to the signing of the EEA (European Economic Area) Treaty tantamount to bringing the EFTA countries into the single market from January 1993. Problems of fishing rights in Scandinavian waters, access to the European Community's own fish market, problems of transit through Switzerland and Austria, of trade in certain agricultural products, as well as the EFTA contribution to a fund promoting economic and social cohesion in the Community, were factors which delayed the conclusion of the Treaty. Agreement was finally reached in late October, and—apart from a few legal complications—the Treaty is on course for implementation.

During the year, too, the Community and Japan were discussing ways of reconciling the Community's obvious desire to be seen by its trading partners to be a truly open market after 1992, and the real threat that Japanese cars pose to the European car industry now. In July there emerged an 'understanding', not published, whereby the Community market will be free (as regards Japanese car imports) from 1999, but that certain restraints (unofficial quotas) will be exercised in the mean time.

As regards its relations with the 'South' or developing countries, the Community has tried to respond to fears expressed by these countries that, on the one hand the single market will be detrimental to their interests and that, on the other, the Community is devoting all its attention to Central and Eastern Europe, again to their detriment. The Fourth Lomé Convention, in operation since 1 September 1991, was the first of the Community's 'new-look' approaches to developing countries (with its provision, albeit modest, for 'humanizing' the Bretton Woods Institutions' structural adjustment programmes). The second was the Community's updated Mediterranean policy, and the third was the new guidelines for aid and cooperation with Latin America and Asia.

The Committee followed up its 1990 Opinion on the Community and German unification with an Opinion on the Community's relations with the countries of Central and Eastern Europe. This Opinion focused attention in particular on the European (Association) Agreements with Poland, Czechoslovakia and Hungary.

The Committee was also asked to take a stand on a Community credit guarantee for the export of food and agricultural products to the Commonwealth of Independent States and aid deliveries of agricultural products to the CIS, Romania and Bulgaria.

It produced a report, basically to inform its own members, on the issues facing the Community as the GATT negotiations got under way again in April.

The Committee considered the time was ripe for a wide-ranging Opinion on the changes that were taking place in the relations between the Community and Japan and the US. It looked at the trends in US-Japanese relations that had witnessed the bilateral agreement entitled the 'Structural impediments initiative' (SII) and took a new, refreshing, even optimistic look at EC-Japanese relations.

With the collapse of traditional economic and political systems in so many Central and East European countries, the Community was not alone in fearing that, with more open systems now prevailing, an exodus of immigrants from these countries to the West could be expected. It issued two Opinions on the problem—one prepared by the Social Section on the rights of immigrant workers, and one by the Section for External Relations on Community immigration policy as such. The Committee proposed guidelines for a Community immigration policy and said that the pending revision of the Treaty should give the Committee appropriate legal competence.

As regards development issues, the Committee followed up two earlier Opinions on the Community's Mediterranean policy with another such, this time looking very critically at the way the Community is intending to implement the latest and amended version of its Mediterranean policy, to which the Council gave its approval in December 1990. In its first Opinion the Committee had called for the reorganization of EC and Mediterranean production to make the two more complementary, and for a review of Community policies designed to improve the geographical and sectoral distribution of production. In its latest Opinion, the Committee develops this further, but this time taking into account the Commission's proposals for implementing the Community's new-profile Mediterranean policy. The Supplementary Opinion of 1991 compared Committee Opinions with proposals for a new Mediterranean policy adopted by the Commission in 1990 and the decisions adopted by the Council.

Contacts with socioeconomic organizations in third countries

Such contacts with representatives of economic and social organizations in third countries that have been made were ones with representatives of social and economic interest groups from three distinct geographical areas—the Central and East European countries; the EFTA countries; and the African, Caribbean and Pacific countries (ACP).

As regards Central and Eastern Europe, the Committee, in conjunction with the EFTA Consultative Committee, hosted a seminar in Vienna in May 1991 to which were invited representative from (in certain cases, very new) employer/employee organizations from Poland, Czechoslovakia, Hungary and Yugoslavia. The general title of the seminar was 'Industrial relations', with discussions centring on the relations between State and socio-professional organizations on the one hand, and between these organizations themselves on the other.

As regards the EFTA countries, members of the Economic and Social Committee have, since 1975, been holding periodic informal meetings with members of the EFTA Consultative Committee to discuss economic and social issues of mutual interest. Anticipating, somewhat, the EC-EFTA negotiations leading, it was supposed, to a European Economic Area (EEA), the delegations from the Economic and Social Committee and the EFTA Consultative Committee have in recent times been organizing these periodic meetings along more structured lines, adopting common positions on such matters as financial services, environment and transport. In 1991 the ESC and the EFTA Consultative Committee issued a joint statement addressed to the negotiators asking that the Treaty provide for an EEA Joint Consultative Committee whereby jointly arrived-at Opinions can be given on all economic and social matters pertaining to the implementation of the Treaty. In the event, the draft EEA Treaty provides for such a Committee. Three formal meetings between the ESC and the EFTA Consultative Committee delegations were held during the course of 1991, in Luxembourg, in Vienna and in The Hague.

The new Lomé IV Convention provides, as did its two predecessors, for the consultation of the ACP and EC social partners by the Joint ACP-EC Parliamentary Assembly, on topics related to the working of the Convention. The Economic and Social Committee continues to assume the task conferred upon it, to organize the annual meeting at which this 'consultation' can be exercised.

The topic which the Joint Assembly, meeting in Kampala, Uganda, in February 1991, gave to the EC and ACP social partners, and which was thus the theme of the 15th annual meeting held in Brussels in December

1991, was 'Structural adjustment: its economic, social and regional dimensions, and the role of the economic and social interest groups'.

This year, for the first time, an ACP group prepared its own pre-conference discussion paper on the theme, in addition to the one prepared by the Economic and Social Committee, aided by representatives of individual European socio-professional organizations having an interest in development matters. Reflecting the increased importance attached to such consultation processes, the members of the ACP countries actually represented at the annual meeting by one or more of its economic and social interest groups rose from 30 or so to 60.

8. ENERGY POLICY, NUCLEAR QUESTIONS AND RESEARCH

Fewer Opinions were allocated to the Section in 1991 than in 1990.

1990 was, however, a record year largely owing to the adoption of 9 of the 15 Opinions on the specific programmes stemming from the third framework programme of research and technological development (1990-94).

In 1991 the thrust of the Section's work shifted from R&TD to energy.

Of the 12 Opinions drawn up, 2 were concerned with specific programmes under the abovementioned third R&TD framework programme (1990-94): nuclear fission safety and controlled thermonuclear fusion—amendments to the Statutes of the Joint European Torus (JET).

Most of the work on these two Opinions was carried out in 1990.

Work is well advanced on several new Opinions to be adopted in 1992, namely those on the oil supply situation, incorporating two proposals for Council Directives on the steps to be taken in the event of supply difficulties and on the maintenance of stocks of oil and on two agreements, one a Cooperation Agreement between the Community and Sweden on the Forest and Reward programmes and the other a Cooperation Agreement with Finland on the Forest programme.

Energy

Like previous Commission documents in this sector, the Commission's proposals were aimed ultimately at the creation of an internal energy market.

On 13 November the Council consulted the Committee on efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels

and on 30 November on promotion of energy efficiency in the Community (SAVE programme).

The proposal on hot-water boilers aimed to harmonize efficiency requirements at a high level and was part of the package of measures contained in the SAVE programme—the subject of the second referral.

The SAVE programme is designed to be 'the essential core of Community energy efficiency policy'. It focuses on three main areas:

- (i) technical measures (performance of equipment);
- (ii) financial measures;
- (iii) measures to influence consumer behaviour.

The Committee adopted its Opinion unanimously at the March Plenary Session. It expressed support for the Commission's efforts to align national measures to stabilize the energy intensity of final demand, the overall objective being both energy efficiency and environmental improvement and security of supply.

The first proposal to be presented under the SAVE programme was on the efficiency of hot-water boilers. The Committee adopted its mandatory Opinion at the February Plenary Session.

On 25 September the Council consulted the Committee on the second (to date) of the SAVE programme measures, namely that on the indication by labelling and standard product information of the consumption of energy and other resources of household appliances. The Committee adopted its Opinion on 19 December.

Using its right to undertake work independently, the Committee asked the section to draw up two Own-initiative Opinions on energy issues.

Work on the first of these, on energy and the environment, began in March 1990 (date of ESC Bureau decision).

At the end of November 1989 the Commission adopted a communication on energy and the environment with the intention of making the environmental dimension an integral component of the energy policies of the Community and its Member States.

The process of deliberation on new energy policy guidelines was launched by the Commission in September 1990 with the presentation of a document called 'Major themes in energy'. This document outlined three scenarios for possible long-term energy market trends, largely in the light of environmental factors. It was presented by the Commission at the World Energy Conference held the same month in Montreal, where the environment was one of the major themes.

The Section thus felt that the Committee could not remain aloof from future discussions and a debate which would otherwise become basically the preserve of experts and governments.

For several years the Committee has taken an interest in this field and drawn attention to the environmental impact of energy policies. In 1985 the Section for Energy, Nuclear Questions and Research drew up an information Report entitled 'Energy options: environmental constraints and their implications for Community energy policy'.

Against this background the Committee adopted its Own-initiative Opinion at the July Plenary Session. This Opinion stressed the importance of the greenhouse effect and its possible repercussions for climatic change. It also put forward a list of possible measures aimed at stabilizing CO₂ emissions.

The second Own-initiative Opinion set out the Committee's view on the indicative draft European Energy Charter.

Work actually started on 3 April and the Opinion was adopted at the Plenary Session of 4 July.

Following the line taken by the Section in other work, especially the Opinion on energy and the environment, the Opinion stressed that mention should be made in the Charter of the need for progressive harmonization of the laws on emissions of all kinds from energy installations.

The Opinion also stated that the Committee should be invited to participate in the International Conference which draws up the Charter and its follow-up meetings. This request has been reiterated in successive letters sent by the ESC Chairman to the Commission and the Dutch Presidency of the Council, without positive response. The refusal is based on the argument that the International Conference is intergovernmental.

The European Energy Charter finally became an International Energy Charter adopted in The Hague on 17 December. Its 46 signatories included the USA and Japan. The protocols of the sector-based agreements annexed to the Charter declaration will be signed in 1992.

The working session of the Study Group's third meeting dealing with this topic was attended by the General Secretary of the Luxembourg Ministry of External Affairs, Ambassador Mertz, Chairman of the *ad hoc* Council working group on the European Energy Charter.

Nuclear Questions

1991 was another quiet year for this sector.

Only two topics relating to the nuclear sphere came up for discussion, namely nuclear fission safety and controlled thermonuclear fusion: JET project, and this only indirectly as the Opinions were on two specific programmes under the third R&TD framework programme.

Research

Section activity continued in this sector, but was down on 1990.

The work was basically a continuation of the topics taken up in the previous year.

There were two starting-points:

- (i) the second framework programme of research and technological development (1987-91)
- (ii) the third framework programme of research and technological development (1990-94).

Regarding the second framework programme, the Committee was asked to deliver an Opinion on the proposal for a Council Decision amending some of the financial appropriations made in this programme.

ECU 40 million was to be added to the specific programme on non-nuclear energies (Joule programme), the appropriations to other activities in the framework programme being reduced correspondingly.

The Committee adopted its Opinion at the Plenary Session on 3 July. It supported this amendment as the cuts in other activities were marginal, but once again deplored the inadequacy of Community research funding as a whole.

Regarding the third framework programme, Section work focused on the last two Opinions on the specific programmes.

The bulk of the work on the nuclear fission safety Opinion had been carried out the previous year.

The Opinion was adopted unanimously at the January Plenary Session. Of all the Opinions on the 15 specific programmes under the third framework programme, this was one of the most critical. In this case especially the Committee deplored the paucity of funding which was barely sufficient to maintain present safety levels.

The final Opinion adopted in connection with the third framework programme concerned the specific programme in the field of controlled thermonuclear fusion (JET project)

Most of the Section's work was carried out in 1991.

As part of its work, a small delegation from the Study Group visited the British nuclear research centre at Culham in January.

The Committee Opinion, approved unanimously at the March Plenary Session, supported the extension of the JET project (plasma confinement) until 1996. Surprisingly enough, bearing in mind its blanket criticism of the inadequate funding of the third framework programme, the Committee welcomed the adequate funds provided for the specific fusion programme.

Still in the research sector, on 15 February the Council asked the Committee for an Opinion on a proposal on the dissemination and exploitation of knowledge resulting from the specific programmes of research. This is a topic of supreme importance from the point of view of economic and social cohesion.

The Committee Opinion was adopted at the September Plenary Session.

The purpose of the new proposal was to continue and expand the activities contained in the previous Value programme.

The Opinion focused on the need for cooperation between the various levels of responsibility and between national and Community research centres; it suggested that SMEs should be the main target group for information and assistance.

On 24 September the Committee was asked for its views on two proposals for Council Decisions concerning the conclusion of multilateral cooperation agreements between the Community and COST third States in connection with the Flair (food science and technology) and Bridge (biotechnology) programmes.

The agreements provided for concerted actions (11 and 5 respectively) to be carried out as part of these programmes.

The Committee endorsed these proposals at the November Plenary Session.

The Section was also consulted on the proposals for Council Decisions with regard to the programme of activities of the Joint Research Centre (JRC) (1992-94).

The Section began its work in May and at its December Plenary Session the Committee unanimously adopted an Opinion generally welcoming the changes which have taken place at the JRC since 1988.

The Committee took the opportunity to deplore, once again, the cutbacks in the budget for research into non-nuclear energy, energy saving and nuclear safety.

Taking up the argument put forward in the abovementioned Opinion on the dissemination and exploitation of knowledge resulting from Community research, the JRC Opinion stressed the importance of the integrating role which the JRC could play at Community level in cooperation with the national laboratories. The Committee called on the Commission to provide a practical definition of the 'JRC outposts' which its communication proposed setting up in a number of national laboratories with which they would work in close synergy.

The JRC cooperated fully with the Section, culminating in a visit to Ispra by the Study Group responsible for drawing up the Opinion.

9. ENVIRONMENT, PUBLIC HEALTH AND CONSUMER AFFAIRS

Environment

Finance-LIFE and Norspa programmes

The increasing Community-wide awareness of the importance of the environment was reflected in proposals during the year to provide more extensive EC funding for environmental protection.

This was exemplified by the 'LIFE' proposal, establishing a framework financial instrument to cover overall Community expenditure on the environment and into which existing financial instruments would be incorporated.

Specifically in 1992, this will cover:

Medspa (Mediterranean),

Norspa (North Sea, etc.),

ACE (demonstration projects),

Acnat (nature conservation).

It was proposed to provide ECU 30 million in 1991 and ECU 35 million in 1992; the level of funding after that has not been specified although a figure of ECU 500 million by 1995 has been mentioned.

The Committee supported the LIFE proposal and was convinced that the proposed level of funding was necessary and that it be linked to the forthcoming fifth environmental action programme. The Committee also made the following observations:

- (i) funding initially should be provided from the Community budget rather than from the proceeds of an eco-tax;

- (ii) while flexibility in fund allocation had its place, a consistent programmed approach was better;
- (iii) LIFE should be allowed to finance infrastructure and not be confined to support of demonstration projects or technologies;
- (iv) terrestrial problems should not be allowed to dominate marine problems; more especially, coastal erosion should be given due priority;
- (v) the concept of an advisory committee was acceptable, subject to certain procedural recommendations;
- (vi) the proposed European Environment Agency should be given a central role in the LIFE programme;
- (vii) provision should be made to carry out Commission studies to establish priorities in certain circumstances.

The Committee had issued a separate Opinion on Norspa (i.e. North Atlantic Area), but this was now incorporated in the LIFE proposal. However, certain specific observations by the Committee should be noted:

- (a) in the case of coastal erosion, (i) priority should be given to protection from pollution by public utilities and public amenities; (ii) account should be taken of coasts facing the open sea and estuaries subject to erosion by tidal currents;
- (b) special provision should be made in the proposal in respect of radiation hazards in the Irish Sea.

Eco-label

Another major development in the environmental field was a proposal to establish a Community-wide award scheme under which an 'eco-label' could be affixed to environment-friendly products for mass consumption.

The eco-label exists at present in only one Member State—Germany; it is relevant both to the environment and consumer affairs.

The Committee gave full approval in principle to the introduction of a Community eco-label, but was not satisfied with the procedure for awarding it and requested that economic and social interests groups, as well as the proposed European Environment Agency, be involved in determining the relevant criteria.

All products and services which satisfied the criteria should be eligible for the award; the Committee rejected the idea that eligibility should be determined by some sort of competition.

Green Paper on the urban environment

A policy to protect the quality of the environment in a Europe which was moving rapidly towards the single market involved taking account of the urban dimension which characterized the living conditions of 70 to 80% of the European population. The Economic and Social Committee had therefore studied the Commission's Green Paper on the urban environment with great interest, since it met the need for an overall, integrated approach to the problems. It has also sketched out an initial analysis which could be the basis for a wide-ranging debate aimed at identifying possible joint measures.

To contribute to the debate on the Green Paper in which many local and regional authorities—direct participants in urban planning—had been involved, the Committee had endeavoured to play a specific role itself by organizing, *inter alia*, a meeting in Rome with the representatives of socio-occupational organizations, associations interested in conservation, and national and municipal authorities: the meeting, which took place at the CNEL on 21 and 22 February, was organized with the help of the Environment Office of Confcommercio, and was attended by the Italian Environment Minister, Giorgio Ruffolo.

The debate brought out the need to identify the optimum levels at which action should be taken, by stressing the principle of subsidiarity: indeed, a European urban policy could not be worked out without reference to those directly involved—the town-dwellers and their local representatives.

The Opinion therefore stressed that increased awareness on the part of citizens was essential. Recognition had to be given to the need for changes in consumer habits and the structure of production whilst the citizen's right to information should be strengthened by extending the Community directive on environmental information.

With a view to providing adequate instruments, the Community should allow, indeed encourage, the adoption of all measures designed to involve citizens, and to train the administrators responsible: the Opinion proposed, among other things, a European campaign to improve the urban environment. In vocational training and further training on environmental matters, exchanges of experience and town-twinings should be encouraged.

The Opinion also suggested setting up an institutionalized structure, at European level, which would cooperate with the nascent European Environment Agency to coordinate exchanges of experience, promote cooperation and draw up common guidelines to solve urban environment problems.

Clearly, solving the problems dealt with in the Green Paper required adequate financial instruments. The Opinion reaffirmed the ESC's support for setting up a European fund to safeguard the environment, which could promote pilot projects to serve as a model: the Regional and Social Funds had proved inadequate for optimum use in the environmental sphere, since they had other priorities. The recent Commission proposal to set up a financial instrument for the environment (LIFE), which met the wishes expressed by the Committee and by the European Parliament, was therefore welcomed.

Finally, the Opinion stressed the need to take more account of the effects of the internal European market on the urban environment, of the expected increase in demographic concentration in some large conurbations, and of regional shifts connected with the restructuring of industry.

Dangerous substances

In the course of 1991 the Commission presented a series of proposals on the limitation of risks relating to dangerous substances and preparations.

To remove as far as possible the disparities between national laws on the matter, the Commission proposed a Regulation on the evaluation and control of the environmental risks of existing substances.

The Committee agreed with the decision to opt for a Regulation since this instrument would ensure that information on existing chemical substances was compiled and evaluated using standardized cross-Community procedures and methods, thereby precluding fragmentation and distortion of the Community market in chemical products.

The Committee noted with concern, however, that five Member States (Ireland, Spain, Portugal, Greece and Luxembourg) still had no legislation in this specific field and recommended that the Commission take appropriate steps to help them implement the planned measure, so as to ensure that the Regulation was applied consistently.

In line with the principle of subsidiarity, and in order to ensure maximum efficiency, the Committee recommended that Member States be actively involved in the systematic compilation of data from the outset. To this end, the Committee wondered whether it might not be preferable for information to be forwarded to the relevant national authorities, with the Commission being informed, particularly since it was the national authorities' responsibility to ensure compliance with the Regulation and, where appropriate, to impose sanctions (Article 13).

In the interests of lightening the workload and speeding up completion with regard to the highest-risk substances, thought should be given to the possibility of initially excluding from the data-collection system those chemical products generally recognized as being harmless, or whose potential danger is well known, and placing them on a separate list but without classifying them as risk-free substances.

The Committee called for the greatest possible openness in the light of Directive 90/313/EEC on freedom of access to information on the environment, whilst at the same time recommending maximum guarantees of confidentiality for information which could have a potentially adverse commercial impact.

With regard to the Regulation concerning the Community export and import of certain dangerous chemicals, which introduced the principle of prior informed consent established by the United Nations Environment Programme (UNEP) and the UN Food and Agriculture Organization (FAO), the Committee, whilst approving the aims and principles underlying the proposed Regulation, reiterated the importance of all measures designed to ensure a high degree of information and safety in the transport, handling and use of dangerous chemicals both in the EC and outside, bearing in mind the increasing interdependence of safety and environmental problems.

In the interests of efficiency, the Committee urged the Community and the international organizations to implement a programme to publicize the new procedures in the importing countries, and help the less developed nations to set up appropriate instruments enabling them to act swiftly on any information notified. To help Community businesses implement the Regulation, the Committee suggested that the Commission draw up a handbook explaining the procedures.

A more specific proposal (dangerous substances/12th amendment) concerned restrictions on the use of PBBEs (polybromobiphenyl ethers).

The Committee fully endorsed the aim of the proposal, and approved the proposed immediate ban on the marketing of the seven PBBEs which were not yet in common use. This preventive measure would improve human and environmental protection and would not cause any problems for user industries.

The Committee approved the decision to allow use of the three PBBEs which were produced commercially (decabromobiphenyl ether, octabromobiphenyl ether, pentabromobiphenyl ether) for a provisional period of five years following adoption of the Directive. It asked the Commission, before introducing a definitive ban, to assess the findings of studies and to

ascertain the effective availability of substitutes which were proven to be safe.

Finally, the Committee formally approved a proposal on the codification of EC legislation on dangerous substances.

Waste

The Committee also gave its views on a proposal to update existing EC legislation on the transfrontier shipment of waste to take account, *inter alia*, of the Basle and Lomé Conventions on the movement of waste to and from third countries, and to enlarge its scope to cover as many kinds of waste as possible.

The Committee welcomed the objectives of the proposal, but had strong criticisms to make regarding the details, and its implementation in practice, for example:

- (i) the proposal was open to differing interpretations and was not sufficiently consistent with related provisions in other waste legislation;
- (ii) its scope should be limited to hazardous waste and not extended to all waste; neither should it be extended to cover transport of waste as this would involve excessive paperwork and adversely affect waste processing;
- (iii) the notification system as formulated was not clear.

Waste landfill

The ESC approved the proposal for a Directive harmonizing the environmental and technical standards for the landfill of waste, noting that it was a reflection of the best international experience in this area. The Committee nevertheless called for a study of whether prevention policies might not be strengthened by a clearer statement of reduction deadlines and targets at the source of the problem and by the progressive dissemination of recovery and recycling technologies.

The Committee stressed the need for rapid harmonization of waste classification procedures and called upon the Commission to take urgent steps to draw up a complete list of illicit landfill sites. Effective supervisory machinery was also essential in order to prevent even the strictest regulations on landfill being evaded, thereby increasing illicit activity.

The Committee also regretted that the proposal made no mention of initial and in-service training of landfill personnel and considered it essential to set up public information and consultation machinery.

In its specific comments the Committee called for a highly detailed examination of authorization to mix different types of waste, given the environmental risks presented by this practice.

Air pollution caused by ozone

Although the Committee welcomed and supported the proposal to establish a common procedure for monitoring and for exchanging information concerning air pollution caused by ozone, it was concerned over delays in the coordinated collection of data on air pollution caused by photochemical oxidants, which were bound to affect the measures designed to limit such pollution at source.

Research into potential measures to limit precursors should be stepped up to pinpoint possibilities for curbing emissions and technological conversion measures, to be accompanied in due course by economic and tax instruments providing incentives.

Animal species

The Committee examined a proposal to amend the original 1979 'Birds Directive' by adding five species to the annexed list of birds which may be hunted, i.e. are no longer protected. The five species are considered pests and are as follows: jay, magpie, jackdaw, rook and crow.

It is now clear that the Committee was correct in proposing in an earlier Opinion that the five species referred to should be excluded from the list of protected birds; this recommendation was not accepted by the Council at the time.

The Committee now suggested that the various annexes to the 'Birds Directive' should be reviewed every five years as socioeconomic circumstances might influence the necessity for bird control.

Also under the heading of animal species, the Commission put forward a proposal to lay down uniform minimum standards for the management of zoos in the EC, covering the keeping of animals, the safety and training of staff and the safety and education of the visiting public.

The Committee approved the proposal considering it a judicious compromise between the argument of whether detailed rules on zoos should be

drawn up by the Community or by the Member States, but nevertheless made the following suggestions:

- (i) the establishment of an implementation committee was not needed;
- (ii) the educational activities of zoos might be covered;
- (iii) financial assistance and a longer period of grace might be necessary for some zoos to enable them to implement the Directive;
- (iv) the Commission should make technical data available to the Member States, possibly in the form of a manual or guide;
- (v) certain definitions needed to be revised.

Aircraft noise

With a view to limiting noise emissions, the Committee endorsed a Commission proposal to ban the operation of a certain category of older civil subsonic jet aircraft which did not meet the required international standards.

International conventions

Finally, the Committee was called on to agree formally to a number of international agreements on environmental matters. These were: the revised Montreal Protocol on the discharge of substances which deplete the ozone layer (CFCs and related products); the protocol to the Geneva Convention on long-range transboundary air pollution; bilateral cooperation on science and technology (STEP) and climatology and natural hazards (Epoch) with certain EFTA countries; the Convention on the International Commission for the Protection of the Elbe.

Public health

There were four important developments in 1991 regarding the European-level coordination of health policy and the Committee expressed the hope that all this would lead to the inclusion in the Treaties of a specific chapter on health, thereby strengthening Community powers in the area.

Europe against AIDS

The Committee applauded the Commission's proposal to launch a 1991-93 action programme against AIDS. This had arrived on the table after a

succession of Council of Ministers' statements on the worsening AIDS situation. The proposal also satisfied the need for greater European-level coordination which should be reflected in the forthcoming revision of the Treaties.

The 'Europe against cancer' programme, which was already acting as a catalyst and having knock-on effects, was now finally matched by a proposed 'Europe against AIDS' programme. Whilst the title and actions of the AIDS programme were ambitious and the global approach correct, the funds earmarked for the programme were modest.

According to the Committee, joint efforts needed to be stepped up to find a vaccine as soon as possible. In the mean time AIDS prevention needed to be improved to reduce the numbers of those at risk of infection. There were two basic instruments for achieving this: information and education.

In addition to a general AIDS prevention campaign aimed in particular at educating young people, health workers should be provided with better pedagogical tools for educating people about the risks of AIDS, bearing in mind the fundamental role played by doctors and nurses in providing the public with information.

The Committee also emphasized the contribution which the social partners could make to the success of the proposed actions, particularly with regard to information at the workplace.

Pointing out that the appropriations fell below what was needed to fund the proposed activities, the Committee recommended that priorities be reordered, bearing in mind that need to (a) avoid overlapping with work already carried out by other international organizations such as WHO, and (b) determine the most appropriate levels of action for each aspect under consideration, thereby ensuring that initiatives at European, national and local level were all neatly interwoven.

Precursor drugs

In the context of the 1988 United Nations Drug Convention, a proposal was put forward laying down rules to ensure that, within the EEC, precursor chemicals were not diverted to the illicit manufacture of drugs and that competition was not distorted in the licit manufacture and marketing of such chemicals.

The Committee approved the proposal subject to the reservations that:

- (i) while the measures proposed were calculated to improve the monitoring of traffic in illicit drugs, they were not in themselves sufficient to stamp out drug trafficking;

- (ii) some of the proposed measures would be difficult to implement, for example regarding registration and sanctions; and finally
- (iii) the table of scheduled substances was not satisfactory, e.g. some of the threshold limits seemed unrealistic.

Europe against cancer

The Commission's work within the framework of the 'Europe against cancer' programme was continuing, particularly with regard to tobacco products. The proposal in question concerned the labelling of manufactured tobacco as well as a ban on moist snuff tobaccos for oral use.

With regard to the ban on 'moist snuff tobaccos for oral use', the Committee wondered whether a directive on product labelling was the appropriate legal instrument for imposing a ban on one of the products in question.

The ESC also considered that the proposals for the rotation of warnings were excessively geared to the cigarette market where production was in the hands of a small number of major multinationals able to meet labelling requirements easily.

Greater account should be taken of the practical problems faced by the many small and medium-sized firms producing pipe tobacco, cigars and cigarillos. These products should be exempted from the obligation to rotate warnings.

Finally, the Committee regretted that the Commission had not acted on its comments (made in a 1988 Opinion) regarding the trade barriers caused by the varying national languages, nor on the recommendation to consider using a pictogram.

European agency to assess medicines

The Committee welcomed the Commission proposals regarding the arrangements for authorizing, assessing and monitoring medicines from 1993 onwards. These proposals complemented the Community measures adopted in the run-up to the single market in the medicines sector.

In the Committee's view, the proposals reflected a cautious, gradual approach which was nevertheless ambitious in intention. The innovative features were tempered by a whole host of safeguard clauses placed at the disposal of the Member States. These clauses could seriously encum-

ber the procedures and delay real free movement of medicinal products within the Community, which was necessary if consumers were to be guaranteed equal access to these products and there was to be equal protection of public health and safety.

The Committee's recommendations were designed to make the procedures more efficient and transparent, taking account of the social aspects of the pharmaceuticals sector and the need to focus on the interests of the consumer (and thus the needs of the patient who should be the prime beneficiary of the drug).

Harmonization of the authorization procedures was the central feature of the package, and would form the linchpin of the future EC pharmaceuticals market.

Such a totally new system would require a transitional period whose duration was difficult to determine in advance. An overhasty transition could jeopardize the effectiveness of the new instruments. In order to ensure that the process went smoothly and to facilitate the completion of the new structures, existing instruments should be retained during the transitional period until the new EC instruments had got through any teething troubles.

Continued use of national procedures was justified, as it offered a guarantee for smaller firms producing drugs solely for the domestic market who did not wish their authorization to be extended to other Member States.

The decentralized procedure was based on mutual recognition, whereby authorization in one Member State was subsequently extended to other States. Under this procedure the decision-taking powers of the Member States remained virtually unchanged, although the Agency acquired the role of arbiter.

This was a step forward from the 'multi-State' procedure, as it established clearer time-limits and allowed firms to decide for themselves how many further authorizations to request. The procedure offered a gradual move to the European market for firms which wished to reach this wider market.

The second procedure was a centralized one leading to an authorization which was immediately valid in all Member States. Decision-taking power was concentrated in the European Drugs Agency.

The proposal stated that, for drugs intended for direct human use, the centralized procedure was:

- (a) obligatory only for products developed by means of certain biotechnological processes;

(b) optional for those developed by means of other biotechnological processes, or by means of highly technological and innovative processes.

The Committee wondered whether this distinction properly protected the interests of either the 'passive consumer' (i.e. the patient) or the 'active consumer' (the doctor who prescribed the drug and was thus the real promoter of its consumption).

Moreover, there were some fields of pathology in which there was always a need for effective, highly innovative drugs.

The Committee therefore asked the Commission to consider the case for gradually extending optional use of the centralized procedure to other categories of drug.

The Committee endorsed the Commission's decision to set up a light central structure, relying heavily on national experts operating in their regular places of activity. The Committee also appreciated the intention to ensure the scientific independence of the Agency and the impartiality of its experts, and to avoid interference from industry and intervention by the national authorities which would be incompatible with assessment duties.

The establishment of a European college of experts based on national lists endorsed and updated by the Member States appeared vital. These lists, which should be made public, should mention the experts' academic and technical qualifications, along with details of their research work and publications, and should include the declaration of other interests mentioned in Article 52 of the proposal.

In the field of medical and health research the Committee welcomed the proposal for a Cooperation Agreement with the Republic of Turkey.

The ESC emphasized that such cooperation would be to the advantage of the regions. It hoped that cooperation with COST Member States would continue within the framework of the fourth R&D programme, thereby permitting the agreement with Turkey to extend beyond 1991.

Consumer affairs

Internal market and consumers

In the field of consumer affairs, the Committee's main achievement was the adoption of a full and detailed Own-initiative Opinion on 'The completion of the internal market and the protection of consumers'.

The object was to convey the Committee's views on the subject to the IGC (Intergovernmental Conference) to be held during the year to discuss modifications to the Treaty of Rome which would hopefully include a consumer dimension.

The Committee addressed a wide range of recommendations both to the institutions of the European Community and to the Member States calling on them, as appropriate, to ensure that the following steps were taken:

- (i) the incorporation in the revised Treaty of a provision devoted specifically to consumer policy, including consultation of the Economic and Social Committee;
- (ii) the introduction of qualified majority voting for consumer proposals;
- (iii) the adoption of a Community consumer budget and provision of the funds necessary for the Consumer Policy Service to operate effectively, for consumers to participate in the process of fixing standards, and for the support of consumer organizations in the southern Member States and Ireland;
- (iv) the identification of what needed to be done to protect consumers in their dealings with public services, in particular the representation of users in public enterprises;
- (v) systematic consultation of the Consumers' Consultative Council (CCC); the organization of joint meetings between the CCC and the Consultative Committee on Distribution (CCD) as well as other industry and service committees.

Unfair terms in contracts

A second major Opinion issued by the Committee in the field of consumer affairs was that on 'Unfair terms in contracts'.

The Commission put forward a proposal to draw up a list of terms regarded as unfair—and therefore to be forbidden—in contracts drawn up in the Community between suppliers and consumers (i.e. purchasers of goods and services).

It was accompanied by a 'black list' of unfair terms which would be treated as null and void if they were found in contracts. The Committee commented on this proposal in some detail of which the principal points were as follows:

- (i) the approximation of unfair terms was needed for consumer confidence but it was not desirable to approximate contract law as such; this was a matter for the courts;

- (ii) the importance of international legal instruments applicable to trans-frontier contracts was underlined (e.g. the Rome Convention), but a monitoring body at European level was superfluous;
- (iii) the Member States should set up in their respective countries a system to monitor the implementation of the Directive and notify the Commission of the results; the Member States should also apply sanctions.

The Committee also made a number of recommendations of a legalistic and administrative nature, e.g. on the assessment and non-transparency of contract terms and action in after-sales service.

Foodstuffs

The Committee was also active in the field of foodstuffs which was of course of particular interest to consumers.

In an Opinion on the functions of the Scientific Committee for Food (SCF) which advises the Commission on questions of food safety, the Committee agreed to the proposal that national bodies should cooperate with the SCF in the future, but made a number of pertinent comments:

- (i) membership of the SCF should be adjusted to cover fields other than toxicology (e.g. nutrition, microbiology, etc.), and the transparency and extent of the SCF's work should be ensured;
- (ii) there was a need for greater involvement of the public with the SCF through publicity and resulting input;
- (iii) the operating procedures between the SCF and national bodies, not now specified in the actual proposal, should be covered;
- (iv) the Commission should ensure priority for EC work in national bodies, and possibly financial help for such bodies in the smaller and poorer Member States.

The Committee was severely critical of a proposal whereby food producers might obtain a 'certificate of specific character' in respect of products which would then be entered in a register kept by the Commission. It was claimed that this system would promote food quality and benefit farmers, processors, distributors and consumers.

While considering that the proposal was well intentioned, the Committee could not approve it unless certain fundamental defects were remedied, and particularly those referred to below:

- (i) confusion concerning the legal basis between the proposed registration system and existing national systems;

- (ii) confusion concerning the use of the term 'quality'; the consumer may be led to believe that a registered product is of superior 'quality' when in fact there is no genuine consumer benefit;
- (iii) the administrative procedures are rather complicated and the cost and time involved in establishing them seem out of proportion to any potential benefits;
- (iv) furthermore, the proposal contains questionable claims: e.g. that the proposed system will stabilize farm incomes and retain rural population in certain areas.

Still under the heading of foodstuffs, the Committee approved, subject to a number of technical amendments, a proposal to lay down common rules for the use of artificial sweeteners such as saccharine; and the extension of the deadline date for the implementation of the Directive on lot identification.

Cosmetics

Also in the general field of consumer affairs, the Committee approved an amendment (the sixth) to the basic Directive on cosmetics but made a number of comments under the headings of product safety, common nomenclature and labelling.

Comparative advertising

In the Committee's view comparative advertising, which was already authorized in many Member States and was a sales promotion device that compared products or services, could be a useful source of information provided there was strict regulation.

Hence the need for provisions and means of control to prevent unfair advertising, and to ensure that advertising was an effective information instrument and stimulated competition.

The drafting of a self-regulatory code of practice could be extremely helpful to ensure respect for the principle that the advertising message should be objectively true, clear and fair. Such a code could be provided by a sufficiently representative body which could guarantee control of the message.

In order to avoid infringement of Directive 89/104/EEC on protection of the use of a trade mark or trade name, steps had to be taken to ensure that comparative advertising did not make distorted use of the reputation of another product to promote imitation products.

CHAPTER III

Links with the Press and other media

The policy review conducted by the Press Division in 1990 produced its first results in 1991.

The reasons for the review were twofold. Firstly, press information from the Committee was too fragmentary and administrative in nature. Secondly, distribution was inadequately focused and did not take sufficient account of the addressees' principal interests. Consequently, Committee press releases commanded too little attention in those areas of the press that ought to be most interested, i.e. the specialized trade press.

In a move to remedy this, the publication entitled 'Briefings — Dates' has been revamped. Previously it simply contained a straightforward list of Section meetings and Plenary Sessions, but it has now been made into a veritable fund of information. Over and above the data already provided in the previous version, the new publication reviews Plenary Session work and gives notice, where possible several months in advance, of events at the Committee and elsewhere (particularly Committee meetings in other Member States).

Not only the content but also the format has been changed: in October 1991 *Key dates* became the *Committee Newsletter* (in nine languages); this has a completely new layout with colour photographs and information set out in a more journalistic style.

To improve distribution, a questionnaire was sent to all those receiving press releases with a request that they indicate the documents they wish to receive first and foremost.

Eight hundred replies were received in December. These revealed that some documents such as the *Committee Newsletter* and the general press release, which sums up the Opinions adopted at the Plenary Session, are the most popular. The Committee hopes to use these replies to help polish up its relations with the member-country press and media involved in Community current affairs.

In addition to this, the Press Division has turned the computer equipment installed at the end of 1990 to good use. Two hundred photocopies of the original versions of press releases are made immediately and distributed on the same day to all Community institutions' press rooms in Brussels. Since October 1991, the Committee's computers have been linked up to fax equipment, and press releases can be sent out immediately to press agencies, Commission information offices, permanent representations, etc.

An initial outcome of this has been to boost cooperation with European agencies specializing in Community affairs; they have started to use the press releases as they stand, and some reproduce the entire general press release issued after a Plenary Session.

As well as issuing written information, the Press Division is responsible for facilitating contact between journalists and Committee members.

Against a most difficult background—journalists' attention in 1991 was monopolized by the Gulf War and then by the Intergovernmental Conferences on Political Union and Economic and Monetary Union—the Press Division opted for a more pragmatic approach, increasing small-scale initiatives such as working lunches and dinners to bring together Committee members and small groups of journalists.

In 1991, this approach helped boost links with Japanese, Dutch, ACP and British journalists, representing a most encouraging start.

At the end of 1990 a joint press conference was hosted with the European Parliament. Two more joint press conferences took place in 1991: one on 15 January dealing with the organization of working hours, and another on 6 June on basic social rights for workers from third countries. Thirty-four journalists were present at the June conference.

When the Study Group on the New *Länder* visited Leipzig (Germany), a press conference was held on 17 October, also giving the opportunity to make contact with journalists from the former GDR. One weekly regional paper devoted an entire page to an interview with the Study Group Chairman on Community assistance for restructuring Eastern Europe.

Since late 1990, following the agreements on the European Economic Area and political union, which provide for establishment of a Consultative Committee and of a Committee of Regions, the Press Division has been working on ways to consolidate its contacts with the national, regional and specialized press throughout Eastern Europe.

CHAPTER IV

The Groups

GROUP I — EMPLOYERS

Representatives at a high level of private and public industry, chambers of commerce, small businesses, wholesale and retail trade, transport, banking and insurance, agriculture and tourism, make up the membership of the Employers' Group — Group I.

Though numerically the weakest of the three Groups, with only 58 members, 2 women and 56 men, Group I has again provided rapporteurs for almost half of all the opinions adopted by the Committee in 1991. The wide range of interests and expertise of its members and their strong commitment to the advancement of the European Community enable Group I to provide practical advice on the feasibility of proposed legislation and policy.

Most of the proposals contained in the White Paper on the completion of the internal market have now come before the Committee though there is still a backlog awaiting either Council adoption or implementation at national level. The general effort to implement these proposals within the timeframe proposed by the Commission has been strongly supported by Group I. In particular, the Group underlines the pressing need to abolish technical barriers to trade and to simplify customs formalities, and stresses the importance of ensuring that indirect taxation and excise duties are brought closer together. Group I is also keenly interested in the liberalization of services and the opening up of public purchasing procedures.

The Group is convinced that the freedom to trade resulting from completion of the internal market will enhance economic growth and increase employment opportunities, leading to greater prosperity in all regions of the Community. The Employers' Group will continue its cooperation with employees, consumers and other social groupings towards this goal of growth and stability.

The sudden opening of the countries of Eastern Europe has given rise to in-depth studies by the ESC of their situations and prospects for development. The response of Group I here is wholehearted and practical support for EC moves towards free market economies, the encouragement of investment, the restructuring and creation of industries, training measures, and the protection of the environment.

Seeing one function of the European Economic Area between the EC and the remaining EFTA countries as that of bridge with the emergent democracies of Eastern Europe, employers have participated fully in all meetings with the EFTA Joint Consultative Committee. The series of seminars aimed at making contact with economic and social interest groups in these countries also has their wholehearted support.

It is the view of Group I that a continuing steady progress of all EC Member States towards economic and monetary union is essential to world trade equilibrium. In this context it acknowledges the continuing need to render Community political decision-making processes more democratic. The Group has always supported the European Parliament's demands for increased legislative powers, and notes with satisfaction the improvements in the coordination of work between the European Parliament and the ESC.

Employers regard the Committee as a forum unique in its ability to bring together the widest possible range of 'social partners' as represented in all three Groups. The structure which allows these representatives to meet separately at their monthly Group meeting, then together in the study groups and sections which work on each subject, is conducive to in-depth debate and in most cases leads to the resolution of conflicting interests in a consensus opinion.

In addition, at *ad hoc* informal meetings the three Group Chairmen find agreement on many questions of policy and administration before these can turn into problems.

The provisions relating to the ESC in the draft Treaty on European Union adopted by the Intergovernmental Conference at Maastricht in December, although not yet ratified, have consolidated and strengthened the Committee's position. Group I is now looking forward to implementation of the changes proposed, including the creation alongside the ESC of a new Committee of the Regions.

Group I keeps in touch with a large number of trade and sectoral organizations at European level in addition to its close links with Unice (Union of Industries of the EC), CEEP (European Centre of Public Enterprises), Eurochambres (European Permanent Conference of Chambers of Commerce and Industry) and four wholesale and retail organizations:

Fewita (Federation of European Wholesale and International Trade Associations), CECD (European Confederation of Retailing), CLD (Liaison Committee of the European Retail Associations) and Celcaa (Liaison Committee of Agro-alimentary Businesses).

GROUP II — WORKERS

During the year the Workers' Group suffered the sad loss of three of its leading members: François Staedelin, Committee President and the Group's previous President, Robert D'Hondt, President of the External Relations Section, and Paddy Murphy, Member of the Committee's Bureau. The Group extends to their families and to their organizations its deepest condolences.

The Group followed closely the work of the Intergovernmental Conferences on Political Union and on Economic and Monetary Union during the year, and related matters were discussed at a special Group meeting in February. The Group maintained its support for an enhancement of the role of the Economic and Social Committee among Community institutions, and judged as broadly positive the Treaty changes agreed by the Maastricht European Council in December, in particular the autonomy obtained by the Committee in drawing up its rules of procedure; a certain degree of budgetary autonomy; the fixing of allowances by the Council acting on a qualified majority; and recognition in the Treaty of the Committee's right of initiative. Tribute must be paid to François Staedelin whose unstinting efforts played a significant part in achieving those improvements, as well as in helping to secure the adoption by the European Parliament of the Cassanmagnago-Cerretti report, which should widen the scope of cooperation between the Committee and the Parliament, and the setting-up under the EEA Treaty of a Consultative Committee composed of members of the Economic and Social Committee and of the EFTA Consultative Committee. Further consideration is to be given to the implications of the setting-up of a Committee of the Regions agreed in Maastricht. It should be pointed out, however, that the various constitutional changes will only have full beneficial effect if proper funding is afforded to the Committee, which has been working under severe budgetary constraints. The under-resourcing of the Group and Section secretariats and the chronic failure to obtain interpretation in all required languages are matters of grave concern.

The Group has continued to give highest priority to the development of Community social policy, in particular through widening Community competencies, extending areas subject to qualified majority voting in the Council, and enhancing the role of the European Parliament. In December they gave preliminary consideration to the outcome of the Maastricht

Council in these respects. While judging the decisions to be a step in the right direction, the Group was particularly critical of the decision of the British Government to opt out from enhancement of the social chapter of the Treaty. They also criticized the absence of reference to the Economic and Social Committee in the Treaty on Economic and Monetary Union, pointing out that economic and social cohesion was a key requirement in this respect, on which the economic and social representatives could provide a valuable insight. The Group will be giving detailed consideration to the consequences of the Maastricht decisions early in 1992.

Members of the Group took a leading part in drawing up opinions in the social policy field, in particular about vocational training issues, health and safety matters, employment policy, social protection systems, the dignity of women and men at work, and workers with disabilities. The Group deplored the continuing resistance of employers' representatives against instruments aimed at underpinning industrial democracy in the Community and in particular proposals to establish European Works Councils on which a majority in the Committee nevertheless gave a positive opinion. The Group initiated discussion in the Committee on immigration and on the position of third-country migrants in the Community, about which three Own-initiative Opinions were adopted during the year, and a conference was jointly organized with the European Parliament in Luxembourg in June. Representatives of the Group were also rapporteurs on a wide range of opinions, notably on standardization, trans-European networks, transport issues, air pollution, waste management, pharmaceuticals, fisheries, tourism, Mediterranean policy, the GSP, and the new German *Länder*. Work is in train on a major information report on the 'Citizens' Europe', initiated by the Committee's President, and on an Own-initiative Opinion on economic and social cohesion initiated by the Group.

Members of the Group participated fully in the annual conference with representatives of social partners from ACP countries in December. A joint meeting with the EFTA Consultative Committee in Vienna in May afforded the opportunity for discussions with representatives from a number of Central European countries. Group members have also taken part in contacts with representatives of Maghreb countries with whom a conference is anticipated in 1992.

Relations between the Group and European trade union organizations and representatives have been strengthened during the year. The President of the Committee addressed the Seventh Statutory Congress of the European Trade Union Confederation in Luxembourg in May, at which the Group was also represented by its President and members of the Secretariat. The Group President also participated regularly in meetings of the Executive Committee of the ETUC — which has agreed to afford him official

observer status. Links with the ETUC Secretariat have been built upon, and more efficient procedures aimed at reinforcing the participation of trade union experts in ESC work have been established. Relations with European trade union industry committees have been maintained, and the Group was represented at the Congress of the European Federation of Agricultural Workers in November. The President of the Group is also in receipt of a standing invitation to meetings of the European Parliament trade union intergroup, and discussed ways of strengthening collaboration at their meeting in December.

GROUP III — VARIOUS INTERESTS

The Economic and Social Committee provides a forum in which representatives from a wide range of economic, social and cultural activities can meet together freely to draw up Opinions and express their views on Community legislation, thereby ensuring that the legitimate interests of the various components of European society are not overlooked.

Group III is a similar forum to that of the Committee but on a smaller scale. Its composition reflects diversity and complementarity and its members, who represent those engaged in the production and utilization of economic goods and services, are drawn from the farming community, small firms, trade and industry, the professions, consumer-protection movements, the world of science and teaching, cooperatives and mutual benefit societies, family organizations and ecological lobbies. Through their involvement in all aspects of daily life, Group III members are expected to make an active contribution to the economic, social and cultural advancement of Europe.

One significant detail: seven of the Committee's twelve female members belong to Group III.

During 1991, Group III members served as rapporteurs for numerous Committee Opinions on a variety of subjects. These include the Opinions on the Green Paper on satellite communications, the 'Europe against AIDS' programme, the Green Paper on the urban environment, liability of suppliers of services, copyright, ecological labelling, the development of Community territory (Europe 2000), convergence of social protection policies and objectives, child care, and comparative advertising.

Group III members also acted as rapporteurs for several major Own-initiative Opinions, including those on energy and the environment, the completion of the internal market and consumer protection, immigration policy, and the development and future of the common agricultural policy.

The Group also sponsored two successful applications for Own-initiative Opinions, one on lone-parent families and one on adoption.

A special meeting was held in October to discuss at length a subject of key importance for all Group III members: the people's Europe.

The Committee decided to draw up an Information Report on this topic. It is significant that the Group III Chairwoman was appointed rapporteur, since the Group provides a forum for the various strands of European society.

On the eve of the Maastricht Summit, Group III tabled a resolution voicing the Committee's wish that the Summit's conclusions would measure up to the hopes and expectations of the Community's citizens. The resolution was adopted by the Plenary Session.

The Committee also asked that its role as an independent body exercising its remit to the full within the institutional machinery be enshrined in the new Union Treaty.

With regard to the discussion in progress on a greater role and place for Europe's regions at Community level, the Committee confirmed that it was willing, given the necessary means, to help find a solution.

CHAPTER V

Internal aspects of the Secretariat

1. STAFF

In 1991 the General Secretariat had 506 permanent posts, 6 (i.e. 1%) up on the figure for 1990. There were 58 category A posts (including one special post), 69 category B posts, 222 category C posts, 38 category D posts and 119 LA posts. This figure is too small, measured against manning levels in other institutions involved in the decision-making process (Parliament 3 565, Council 2 025).

The career structures of all categories compare poorly with those of the other institutions. As a result, more and more staff are leaving for other institutions.

The Committee's work has substantially broadened and diversified. Apart from its institution-based work, the Committee publicizes its work and its function as a meeting place for social and economic interest groups. Its resources are used continually and intensively. The major rationalization achieved in recent years by increased use of modern office technology has not sufficed to resolve the problem. It is necessary to review career structures and the quantitative aspects of staffing.

2. BUDGET

Appropriations for 1991 totalled ECU 48 335 868, 7% up on the ECU 45 154 000 of 1990.

3. MEETINGS

There were 10 Plenary Sessions and 11 Bureau meetings in 1991. Meetings of working bodies were as follows:

Sections	78
Study Groups	360
Groups I, II and III	85
Meetings of recognized sub-groups	157
Miscellaneous meetings	369
Visitors' groups	225

4. STRUCTURE OF THE GENERAL SECRETARIAT IN 1991

Chairman

Private office
 Group secretariats
 Financial control division

Secretary-General

Private office
 Secretariat

- Press division
- MIS (Management information system)

Directorate for the Registry of the Assembly and Bureau and for Planning

- Assembly/Bureau unit, legislative planning
- Mail/archives/library/documentation

Division for information, publications and relations with socio-professional groups.

Directorate for Personnel, Administration and Finance

- Legal matters, archives, staff information, follow-up to heads of administrative meetings
- Socio-medical unit

Division for recruitment and personnel management
 Specialized financial department

Directorate A — Consultative work

Division for economic, financial and monetary questions

Specialized department for social, family, educational and cultural affairs

Division for protection of the environment, public health and consumer affairs

Directorate B — Consultative work

Division for industry, commerce, crafts and services

Division for transport and communications

Specialized department for regional development and town and country planning

Directorate C — Consultative work

Division for agriculture and fisheries

Division for external relations, trade and development policy

Specialized department for energy, nuclear questions and research

Directorate-General for Coordination, Translation and General Affairs

Division for studies and conferences

Specialized department for informatics, office automation and telecommunications

Directorate for Translation, Document Production and Internal Affairs

Translation

Production

- Specialized department for document production and dispatch
- Printing/dispatch/distribution unit
- Specialized department for internal affairs
- Meetings/reception

ANNEX A

**List of Opinions,
studies and Information Reports
issued during 1991**

The summary of action taken by the Commission on ESC Opinions adopted between October 1990 and September 1991 is published separately. It can be obtained from the ESC's Division for Information, Publications and Relations with socio-professional groups.

283rd PLENARY SESSION OF 30 AND 31 JANUARY 1991

Capital adequacy of investment firms and credit institutions
(Rapporteur: Robert Pelletier) (CES 134/91)

Facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States (amending Directive 83/643/EEC)
(Rapporteur: Ulbo Tukker) (CES 135/91)

Introduction and the maintenance of agricultural production methods compatible with the requirements of the protection of the environment and the maintenance of the countryside
(Rapporteur: Giovanni Mantovani) (CES 136/91)

Administration of bovine somatotropin (BST) (amending Decision 90/218/EEC)
(Rapporteur-General: Augusto Gil Bensabat Ferras da Silva) (CES 137/91)

Application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices between shipping companies
(Rapporteur: Anna Bredima Savopoulou) (CES 138/91)

Creation of a supplementary protection certificate for medicinal products
(Rapporteur: G. H. E. Hilken) (CES 139/91)

General arrangements for products subject to excise duty and on the holding and movement of such products; harmonization of the structures of excise duties on alcoholic beverages and on the alcohol contained in other products; taxes other than turnover taxes which are levied on the consumption of manufactured tobacco (amending Council Directives 72/464/EEC and 79/32/EEC); harmonization of the structures of excise duties on mineral oils (amended proposal) (four proposals for Directives)
(Rapporteur: Jens Peter Petersen) (CES 140/91)

Specific research and technological development programme in the field of nuclear fission safety (1990-94)
(Rapporteur: Klaus Benedict von der Decken) (CES 141/91)

Generalized system of preferences: Guidelines for the 1990s
(Rapporteur: Giorgio Liverani) (CES 142/91)

Community guarantee for exports of foodstuffs from the European Community to the Union of Soviet Socialist Republics; urgent action to supply agricultural products to the USSR, Romania and Bulgaria (two proposals for Regulations)

(Rapporteur working without a Study Group: Jens Peter Petersen) (CES 143/91)

284th PLENARY SESSION OF 27 AND 28 FEBRUARY 1991

Mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties and in respect of value-added tax (amending Directive 76/308/EEC)
(Rapporteur: José Bento Gonçalves) (CES 264/91)

Action programme for the vocational training of young people and their preparation for adult and working life (Petra) (amending Decision 87/569/EEC)
(Rapporteur: Herbert Nierhaus) (CES 265/91)

Programme of Community action on the subject of the vocational training of customs officials (the Matthaeus programme)
(Rapporteur: Richard Müller) (CES 266/91)

Direct insurance other than life assurance (Third Council Directive on the coordination of laws, regulations and administrative provisions and amending Directives 73/239/EEC and 88/357/EEC)
(Rapporteur: Robert Pelletier) (CES 267/91)

Setting up an Insurance Committee
(Rapporteur: Robert Pelletier) (CES 268/91)

Second phase of the Tedis programme (Trade electronic data interchange systems)
(Rapporteur: Herbert Nierhaus) (CES 269/91)

Revision of the programme for the improvement of the business environment and the promotion of the development of enterprises and in particular small and medium-sized enterprises
(Rapporteur: C. W. M. Lustenhouwer) (CES 270/91)

Supervision of credit institutions on a consolidated basis
(Rapporteur: Jean Pardon) (CES 271/91)

Cosmetic products
(Rapporteur: Georges Proumens) (CES 272/91)

Economic and monetary union (Additional Opinion)
(Rapporteur: Klaus Meyer-Horn) (CES 273/91)

Annual Economic Report 1990-91 on the economic situation
(Rapporteur: Paul Kaaris) (CES 274/91)

Evaluation and the control of the environmental risks of existing substances
(Rapporteur: Pedro Vidal) (CES 275/91)

Efficiency requirements for new hot-water boilers fired with liquid or gaseous fuels
(Rapporteur: Giuseppe Frandi) (CES 276/91)

Company law concerning takeover and other general bids (13th Directive)
(Additional Opinion)
(Rapporteur: Andrew Tyrie) (CES 277/91)

285th PLENARY SESSION OF 20 AND 21 MARCH 1991

Specific research and technological development programme in the field of controlled thermonuclear fusion (1990-94); amendments to the Statutes of the Joint European Torus (JET) (two proposals for Decisions)
(Rapporteur: Georges Proumens) (CES 407/91)

Promotion of energy efficiency in the Community (SAVE)
(Rapporteur: Wilfred Aspinall) (CES 408/91)

Sweeteners for use in foodstuffs
(Rapporteur: Kenneth J. Gardner) (CES 409/91)

Conclusion of the amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer
(Rapporteur: Georges Proumens) (CES 410/91)

Common system of taxation applicable to interest and royalty payments made between parent companies and subsidiaries in different Member States
(Rapporteur: Robert Pelletier) (CES 411/91)

Making payments in the internal market (Commission Discussion Paper)
(Rapporteur: Klaus Meyer-Horn) (CES 412/91)

Action programme to promote innovation in the field of vocational training resulting from technological change in the Community (Eurotecnet); action programme for the development of continuing vocational training in the European Community (Force) (amending Decision 89/657/EEC and Decision 90/267/EEC in order to establish the Advisory Committee for continuing education and training embracing Force and Eurotecnet)
(Rapporteur: Herbert Nierhaus) (CES 413/91)

Minimum safety and health requirements at temporary or mobile work sites (eighth individual Directive within the meaning of Article 16 of Directive 89/391/EEC)

(Rapporteur: Thomas Etty) (CES 414/91)

Action for faster technological integration in Europe (Commission Green Paper on the development of European standardization)

(Rapporteur: Kommer de Knecht) (CES 415/91)

Common organization of the market in products processed from fruit and vegetables (amending Regulation (EEC) No 426/86)

(Rapporteur-General: Giuseppe Pricolo) (CES 416/91)

Establishment of a European Works Council

(Rapporteur: Klaus Schmitz) (CES 417/91)

Arrangements for the taking into account by enterprises of the losses of their permanent establishments and subsidiaries situated in other Member States

(Rapporteur: Robert Pelletier) (CES 436/91)

286th PLENARY SESSION OF 24 AND 25 APRIL 1991

Fixing certain rates and target rates of excise duty on mineral oils

(Rapporteur: Jens Peter Petersen) (CES 556/91)

Exemption from value-added tax on the final importation of certain goods (determining the scope of Article 4(1)(d) of Directive 77/388/EEC)

(Rapporteur: Camille Giacomelli) (CES 557/91)

Action programme to promote youth exchanges and mobility in the Community: the 'Youth for Europe' programme

(Rapporteur: B. N. J. Pompen) (CES 558/91)

Minimum requirements for the provision of safety and/or health signs at work

(Rapporteur: John F. Carroll) (CES 559/91)

Status of migrant workers from third countries (Own-initiative Opinion)

(Rapporteur: Andrea Amato) (CES 560/91)

Setting up a programme for an information services market

(Rapporteur: Herbert Nierhaus) (CES 561/91)

Charging of transport infrastructure costs to heavy goods vehicles (modification of proposal for a Council Directive)

(Rapporteur: Robert J. Moreland) (CES 562/91)

Loran-C radionavigation system

(Rapporteur: Sergio Colombo) (CES 563/91)

Green Paper on a common approach in the field of satellite communications in the European Community (communication from the Commission)
(Rapporteur: Jocelyn Barrow) (CES 564/91)

Harmonization of technical requirements and procedures applicable to civil aircraft
(Rapporteur: Michael Mobbs) (CES 565/91)

Improving the efficiency of agriculture structures
(Rapporteur: Charles Pelletier) (CES 566/91)

Form of proof of an employment relationship
(Rapporteur: Manuel Cavaleiro Brandão) (CES 567/91)

Unfair terms in consumer contracts
(Rapporteur: G. H. E. Hilkens) (CES 568/91)

Protection of individuals in relation to the processing of personal data; protection of personal data and privacy in the context of public digital telecommunications networks, in particular the integrated services digital network (ISDN) and public digital mobile networks; information security (two proposals for Directives and one proposal for a Decision)
(Rapporteur: Henry Salmon) (CES 569/91)

Training, safety and protection of the environment (Own-initiative Opinion)
(Rapporteur: Herbert Nierhaus) (CES 570/91)

Fixing of prices for agricultural products and related measures (1991/92)
(Rapporteur: Rudolf Schnieders) (CES 571/91)

Compulsory use of safety belts in vehicles of less than 3.5 tonnes (modified proposal for a Directive)
(Rapporteur: Ulbo Tukker) (CES 572/91)

Manufacture and the placing on the market of certain substances used in the illicit manufacture of narcotic drugs and psychotropic substances
(Rapporteur: Georges Proumens) (CES 573/91)

Weights, dimensions and certain technical characteristics of certain road vehicles (amending Directive 85/3/EEC)
(Rapporteur: Edoardo Bagliano) (CES 574/91)

EC-US-Japan relations (Own-initiative Opinion)
(Rapporteur: Aldo Romoli) (CES 575/91)

Annual Report on the implementation of the reform of the structural Funds
(Rapporteur: James McGarry) (CES 576/91)

287th PLENARY SESSION OF 29 AND 30 MAY 1991

Detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977

(Rapporteur: Roger Burnel) (CES 696/91)

Minimum requirements to improve the mobility and the safe transport to work of workers with reduced mobility

(Rapporteur: Giacomina Cassina) (CES 697/91)

Protection of the environment in the coastal areas and coastal waters of the Irish Sea, North Sea, Baltic Sea and North-East Atlantic Ocean (Norspa)

(Rapporteur: Tomás Roseingrave) (CES 698/91)

Establishing a financial instrument for the environment (*LIFE*)

(Rapporteur: Tomás Roseingrave) (CES 699/91)

Plan of action in the framework of the 1991-93 'Europe against AIDS' programme

(Rapporteur: Beatrice Rangoni Machiavelli) (CES 700/91)

Conservation of wild birds (amending Directive 79/409/EEC)

(Rapporteur: Hans-Jürgen Wick) (CES 701/91)

Export and import of certain dangerous chemicals

(Rapporteur: Enzo Beltrami) (CES 702/91)

Restrictions on the marketing and use of certain dangerous substances and preparations (amending Directive 76/769/EEC)

(Rapporteur: Mr Enzo Beltrami) (CES 703/91)

Approval of the Convention on the International Commission for the Protection of the Elbe

(Rapporteur: Helmut Giesecke; co-rapporteurs: Klaus Boisseree and Klaus Schmitz) (CES 704/91)

Establishing of a network of high-speed trains

(Rapporteur: René Bleser) (CES 705/91)

European system for observing the inland goods transport markets

(Rapporteur: Ulbo Tukker) (CES 706/91)

Marketing of compound feedingstuffs (amending Directive 90/44/EEC, amending Directive 79/373/EEC)

(Rapporteur: Sergio Colombo) (CES 707/91)

Social developments in the Community in 1990 (Own-initiative Opinion)

(Rapporteur: Eugène Müller) (CES 708/91)

Minimum requirements for improving the safety and health protection of workers in the extractive industries
(Rapporteur: Paul Flum) (CES 709/91)

Labelling of tobacco products (amending Directive 89/622/EEC)
(Rapporteur: Philip H. Noordwal) (CES 710/91)

Coordination of procedures on the award of public service contracts
(Rapporteur: Henry Salmon) (CES 711/91)

Quality wines produced in specified regions and sparkling wines produced in the Community (second amendment to Regulation (EEC) No 823/87 and amendment of Regulation (EEC) No 358/79)
(Rapporteur: Rudolf Schnieders) (CES 712/91)

Application of the provisions of Community law to the Canary Islands (proposal for a Regulation); programme of options specific to the remote and insular nature of the Canary Islands (Poseican) (Council Decision)
(Rapporteur-General: Rudolfo Machado von Tschusi) (CES 713/91)

Programme of options specific to the remote and insular nature of Madeira and the Azores (Poseima)
(Rapporteur-General: José Bento Gonçalves) (CES 714/91)

288th PLENARY SESSION OF 3 AND 4 JULY 1991

Action programme for the European Year of Safety, Hygiene and Health Protection at Work (1992) (Additional Opinion)
(Rapporteur: Ada Maddocks) (CES 860/91)

Green paper on the urban environment
(Rapporteur: Klaus Boisseree) (CES 861/91)

Supervision and control of shipments of waste
(Rapporteur: Gerrit van Dam) (CES 862/91)

Cosmetic products (sixth amendment to Directive 76/768/EEC)
(Rapporteur: Georges Proumens) (CES 863/91)

Conclusion of a Cooperation Agreement between the European Economic Community and the Republic of Turkey in the field of medical and health research
(Rapporteur: Wilfred Aspinall) (CES 864/91)

Formation of public limited liability companies and the maintenance and alteration of their capital (amendment of Directive 77/91/EEC)
(Rapporteur: Michael G. Bell) (CES 865/91)

Abolition within the framework of the TIR Convention of customs formalities on exit from a Member State at a frontier between two Member States and the abolition of certain exit formalities at internal Community frontiers—introduction of common border posts (repeal of Regulation (EEC) No 3690/86 and Regulation (EEC) No 4283/88)
(Rapporteur: Richard Müller) (CES 866/91)

Framework programme of Community activities in the field of research and technological development (1987-91) (amendment of Decision 87/516/Euratom/EEC); specific programmes under the second framework programme of research and technological development (amendment of Decisions 87/551/EEC, 87/590/EEC, 88/28/EEC, 88/279/EEC, 88/416/EEC, 88/418/EEC, 88/419/EEC, 88/521/EEC, 89/160/EEC, 89/236/EEC, 89/237/EEC, 89/413/EEC and 89/625/EEC); specific programmes in the nuclear field under the second framework programme of research and technological development (amendment of Decisions 88/448/Euratom, 88/522/Euratom and 89/664/Euratom)
(Rapporteur: Tomás Roseingrave) (CES 867/91)

Application of open network provision to leased lines
(Rapporteur: Philip H. Noordwal) (CES 868/91)

Harmonization of international telephone access codes in the Community
(Rapporteur: Philip H. Noordwal) (CES 869/91)

Elimination of controls performed at the frontiers of Member States in the field of road and inland water transport (amendment of Regulation (EEC) No 4060/89)
(Rapporteur: Francis J. Whitworth) (CES 870/91)

Reorganization of veterinary checks on animals entering the Community from third countries
(Rapporteur: Hans-Jürgen Wick) (CES 871/91)

Common organization of the market in fishery products
(Rapporteur: Jesús Muñiz Guardado) (CES 872/91)

Liability of suppliers of services
(Rapporteur: Henry Salmon) (CES 873/91)

Structure of public limited companies and the powers and obligations of their organs (second amendment to the proposal for a fifth Council Directive based on Article 54 of the EEC Treaty)
(Rapporteur: Michael G. Bell) (CES 874/91)

Accession of the Member States to the Berne Convention for the Protection of Literary and Artistic works, as revised by the Paris Act of 24 July 1971, and the International Convention for the Protection of Performers,

Producers of Phonograms and Broadcasting Organizations (Rome Convention) of 26 October 1961

(Rapporteur: Robert J. Moreland) (CES 875/91)

Rental right, lending right and certain rights related to copyright

(Rapporteur: Robert J. Moreland) (CES 876/91)

Employment in Europe 1990 (Own-initiative Opinion)

(Rapporteur: Giorgio Liverani) (CES 877/91)

Protection of geographical indications and designations of origin for agricultural products and foodstuffs

(Rapporteur: Leopoldo Quevedo Rojo) (CES 878/91)

Energy and the environment (Own-initiative Opinion)

(Rapporteur: Klaus Benedict von der Decken) (CES 879/91)

European Energy Charter (communication from the Commission) (Own-initiative Opinion)

(Rapporteur: José Ignacio Gafo Fernández) (CES 880/91)

Annual Economic Report 1990-91 — revised version

(Rapporteur-General: Bernardus Pompeu) (CES 881/91)

Establishment of a European Agency for the evaluation of medicinal products; amendment of Directives 65/65/EEC, 75/318/EEC and 75/319/EEC in respect of medicinal products; amendment of Directives 81/851/EEC and 81/852/EEC in respect of veterinary medicinal products; repeal of Directive 87/22/EEC on the approximation of national measures relating to the placing on the market of high-technology medicinal products, particularly those derived from biotechnology (four proposals for Directives)

(Rapporteur: Sergio Colombo) (CES 882/91)

Resumption of the GATT Uruguay Round negotiations (Information Report)

(Rapporteur: Aldo Romoli; co-rapporteur: Charles Pelletier) (CES 359/91 final)

289th PLENARY SESSION OF 25 AND 26 SEPTEMBER 1991

Electromagnetic compatibility (amendment of Directive 89/336/EEC)

(Rapporteur working without a Study Group: Philip H. Noordwal) (CES 1108/91)

Own funds of credit institutions (amendment of Directive 89/299/EEC)

(Rapporteur: Jean Pardon) (CES 1109/91)

Units of measurement

(Rapporteur: Georges Proumens) (CES 1110/91)

Admission to the occupation of road haulage and road passenger haulage operator in national and international transport operations

(Rapporteur: René Bleser) (CES 1111/91)

Fourth periodic report on the social and economic situation and development of the regions of the Community

(Rapporteur: Göke Frerichs) (CES 1112/91)

Control of certain animal diseases

(Rapporteur: Cornelius Scully) (CES 1113/91)

Control of Newcastle disease

(Rapporteur: Georges Proumens) (CES 1114/91)

Consumer protection and completion of the internal market (Own-initiative Opinion)

(Rapporteur: Manuel Cabeçadas Ataíde Ferreira; co-rapporteur: Georges Proumens) (CES 1115/91)

Community award scheme for an eco-label

(Rapporteur: Klaus Boisseree) (CES 1116/91)

Monitoring and controlling large exposures of credit institutions

(Rapporteur: Robert Pelletier) (CES 1117/91)

Allocation of slots at Community airports

(Rapporteur: Ulbo Tukker) (CES 1118/91)

EC relations with the countries of Central and Eastern Europe (Additional Opinion)

(Rapporteur: Jens Peter Petersen) (CES 1119/91)

Economic situation in the Community in mid-1991 (Additional Opinion)

(Rapporteur: Bernardus Pompen) (CES 1120/91)

Common fisheries policy (Commission communication)

(Rapporteur: Augusto Gil Bensabat Ferraz da Silva) (CES 1121/91)

Status of migrant workers from third countries (Additional Own-initiative Opinion)

(Rapporteur: Andrea Amato) (CES 1122/91)

Limitation of the operation of Chapter 2 aeroplanes

(Rapporteur: Javier Velasco Mancebo) (CES 1124/91)

Dissemination and exploitation of knowledge resulting from the specific programmes of research and technological development of the Community (Rapporteur: Klaus Benedict von der Decken) (CES 1125/91)

Europe 2000: outlook for the development of the Community's territory (Commission communication) (Rapporteur: Eugène Muller) (CES 1127/91)

290th PLENARY SESSION OF 30 AND 31 OCTOBER 1991

Sufficient resources and social assistance in the social protection systems (Rapporteur: Miss Ada Maddocks) (CES 1252/91)

Protection of the dignity of women and men at work (Rapporteur: Miss Ada Maddocks) (CES 1253/91)

Assistance to the Commission and cooperation by the Member States in the scientific examination of questions relating to food (Rapporteur: Mr Kenneth J. Gardner) (CES 1254/91)

Conclusion of bilateral Cooperation Agreements on science and technology for environmental protection (STEP) between the European Community and the Republic of Austria, the Republic of Finland and the Kingdom of Norway (Rapporteur: Mr Klaus Benedict von der Decken) (CES 1255/91)

Conclusion of bilateral Cooperation Agreements between the European Economic Community and the Republic of Iceland and the Kingdom of Sweden on research and development in the field of the environment: science and technology for environmental protection (STEP) and European programme on climatology and natural hazards (Epoch) (Rapporteur: Mr Klaus Benedict von der Decken) (CES 1256/91)

Direct life assurance (Third Directive on the coordination of laws, regulations and administrative provisions relating to direct life assurance and amending Directives 79/267/EEC and 90/619/EEC) (Rapporteur: Mr Roger Ramaekers) (CES 1257/91)

Affixing and use of the CE mark of conformity on industrial products (Rapporteur: Mr Georges Proumens) (CES 1258/91)

Sulphur content of gas-oil (Rapporteur: Mr José Ignacio Gafo Fernández) (CES 1259/91)

Prevention of technical barriers to trade (Report on the operation of Directive 83/189/EEC in 1988 and 1989) (Rapporteur: Mr Gordon Pearson) (CES 1260/91)

Specific measures in respect of certain agricultural products for the benefit of the French overseas departments
(Rapporteur: Mr Guy Ovide Étienne) (CES 1261/91)

Towards trans-European networks — For a Community action programme
(Commission communication)
(Rapporteur: Mr Vasco Cal) (CES 1262/91)

Support system for soya beans, rapeseed and sunflower seed
(Rapporteur: Mr Giovanni Mantovani) (CES 1263/91)

Type-approval of two or three-wheeled motor vehicles
(Rapporteur: Mr Edoardo Bagliano) (CES 1265/91)

Lone-parent families (Own-initiative Opinion)
(Rapporteur: Ms Sue Slipman) (CES 1266/91)

Towards a single market in distribution (Commission communication)
(Rapporteur: Mr Paulo Jorge Marcelini Baptista de Andrade) (CES 1267/91)

System of generalized tariff preferences applied to certain products originating in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama (amending Regulation (EEC) No 3835/90)
(Rapporteur: Mr Giorgio Liverani) (CES 1269/91)

Extending into 1992 the application of Council Regulations (EEC) Nos 3831/90, 3832/90 and 3835/90 of 20 December 1990 applying generalized tariff preferences for 1991 in respect of certain products originating in developing countries;

Extending into 1992 the application of Council Regulation (EEC) No 3834/90 of 20 December 1990 reducing for 1991 the levies on certain agricultural products originating in developing countries
(Rapporteur: Mr Giorgio Liverani) (CES 1270/91)

291st PLENARY SESSION OF 27 AND 28 NOVEMBER 1991

Changing Part II of Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community
(Rapporteur: Mr Emmanuel Saitis) (CES 1370/91)

Certificates of specific character for foodstuffs
(Rapporteur: Mr Kenneth J. Gardner) (CES 1371/91)

Minimum standards for the keeping of animals in zoos
(Rapporteur: Mr Pedro Vidal; co-rapporteurs: Mr Konstantinos Douvis and Mr Ettore Masucci) (CES 1372/91)

Accession by the European Economic Community to the Protocol to the Geneva Convention on Long-range Transboundary Air Pollution on the reduction of emissions of nitrogen oxides or their transboundary fluxes (Rapporteur: Mr Klaus Boisseree) (CES 1373/91)

Indications or marks identifying the lot to which a foodstuff belongs (amending Directive 89/396/EEC) (Rapporteur: Mr Kenneth J. Gardner) (CES 1374/91)

Restrictions on the marketing and use of certain dangerous substances and preparations (Rapporteur: Mr Enzo Beltrami) (CES 1375/91)

Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia in the field of transport (Rapporteur: Mrs Anna Bredima-Savopoulou) (CES 1376/91)

Summer time (Rapporteur: Mrs Angela Guillaume) (CES 1377/91)

Carriage of goods by road in the European Community to or from the territory of a Member State or passing across the territory of one or more Member States (Rapporteur: Mr Ulbo Tukker) (CES 1378/91)

Frequency bands to be designated for the coordinated introduction of digital short-range radio (DSRR) in the Community (Rapporteur: Miss Jocelyn Barrow) (CES 1379/91)

Agreement between the European Economic Community, the Kingdom of Norway and the Kingdom of Sweden on civil aviation (Rapporteur: Mr Bo Green) (CES 1380/91)

Multilateral Cooperation Agreement 'Community—COST' on five concerted action projects in the field of research in biotechnology (Bridge programme) between the European Economic Community and COST third States (Rapporteur-General: Mr Javier Velasto Mancebo (no Study Group)) (CES 1381/91)

Multilateral Cooperation Agreement 'Community—COST' on 11 concerted action projects in the field of food science and technology (Flair programme) between the European Economic Community and COST third States (Rapporteur-General: Mr Javier Velasco Mancebo (no Study Group)) (CES 1382/91)

New *Länder* Community support framework for the areas of eastern Berlin, Mecklenburg-Vorpommern, Brandenburg, Sachsen-Anhalt, Thüringen and Sachsen 1991-93 (Additional Opinion)
(Rapporteur: Mr Klaus Schmitz) (CES 1383/91)

Industrial policy in an open and competitive environment
(Rapporteur: Mr Jens Peter Petersen) (CES 1384/91)

Appointment of an officer for the prevention of the risks inherent in the carriage of dangerous goods in undertakings which transport such goods, and on the vocational qualification of such officers
(Rapporteur: Mr Helmut Giesecke) (CES 1385/91)

Speed limitation devices of certain categories of motor vehicles; Installation and use of speed devices for certain categories of motor vehicles in the Community (two proposals for Directives)
(Rapporteur: Mr René Bleser) (CES 1386/91)

Development and future of the CAP (Commission communication) (Own-initiative Opinion)
(Rapporteur-General: Mr Giovanni Mantovani) (CES 1387/91)

Mediterranean policy of the European Community (second Additional Own-initiative Opinion)
(Rapporteur: Mr Andrea Amato) (CES 1388/91)

Community measures for the control of classical swine fever (amending Directive 80/217/EEC); measures relating to classical swine fever (amending Directive 80/1095/EEC and Decision 80/1096/EEC); measures relating to classical swine fever (amending Directives 64/432/EEC, 72/461/EEC and 80/215/EEC); health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat or meat products from third countries (amending Directive 72/462/EEC) (three proposals for Directives and one proposal for a Decision)
(Rapporteur-General: Mr Erik Hovgaard Jakobsen) (CES 1389/91)

Child care
(Rapporteur: Mrs Angela Guillaume) (CES 1390/91)

Convergence of social protection objectives and policies
(Rapporteur: Mr Giancarlo Pasquali) (CES 1391/91)

The European electronics and information technology industry: state of play, issues at stake and proposals for action (Own-initiative Opinion)
(Rapporteur: Mr Paul Flum) (CES 1392/91)

Adoption of standards for satellite broadcasting of television signals
(Rapporteur: Mr Philip H. Noordwal) (CES 1393/91)

Immigration policy (Own-initiative Opinion)
(Rapporteur: Mr Tomás Roseingrave; co-rapporteur: Mr Bernard Mourgues) (CES 1394/91)

Waste discharge
(Rapporteur: Mr Sergio Colombo) (CES 1395/91)

The Community's banana market in the run-up to 1993 (Information Report)
(Rapporteur: Mr Guy Ovide Étienne) (CES 1012/91 final)

292nd PLENARY SESSION OF 18 AND 19 DECEMBER 1991

Air pollution by ozone
(Rapporteur: Mr Sergio Colombo) (CES 1501/91)

External projections forward of the cab's rear panel of motor vehicles of category N
(Rapporteur: Mr Gordon Pearson) (CES 1502/91)

Masses and dimensions of certain categories of motor vehicles and their trailers
(Rapporteur: Mr Jean Marvier) (CES 1503/91)

Permissible sound level and the exhaust system of motor vehicles (amending Directive 70/157/EEC)
(Rapporteur: Mr Gordon Pearson) (CES 1504/91)

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(Rapporteur: Mr Roger Ramaekers) (CES 1505/91)

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(Rapporteur: Mr François Perrin-Pelletier) (CES 1506/91)

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(Rapporteur: Mr Klaus-Benedict von der Decken) (CES 1507/91)

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(Rapporteur: Mr Guiseppe Frandi) (CES 1508/91)

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(Rapporteur: Mr Gordon Pearson) (CES 1509/91)

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(Rapporteur: Mr Roberto Bonvicini) (CES 1510/91)

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(Rapporteur: Mr Robert Pelletier) (CES 1511/91)

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(Rapporteur: Mr Gordon Pearson) (CES 1512/91)

Community action plan to assist tourism

(Rapporteur: Mr Licino Almeida Cunha; co-rapporteur: Mr Guiseppe Frandi) (CES 1513/91)

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(Rapporteur: Mr Hubert Ghigonis; co-rapporteur: Mr René Bleser) (CES 1514/91)

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(Rapporteur: Mr Roberto Bonvicini) (CES 1515/91)

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(Rapporteur: Mr Gordon Pearson) (CES 1516/91)

ANNEX B

**List of Opinions
drawn up by the Committee
on its own initiative
during 1991**

Economic and monetary union (Rapporteur: Klaus Meyer-Horn)	February 1991
Training, safety and protection of the environment (Rapporteur: Herbert Nierhaus)	April 1991
Status of migrant workers from third countries (Rapporteur: Andrea Amato)	April 1991
EC-US-Japan relations (Rapporteur: Aldo Romoli)	April 1991
Social developments in the Community in 1990 (Rapporteur: Eugène Muller)	May 1991
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Energy and the environment (Rapporteur: Klaus-Benedict von der Decken)	July 1991
European Energy Charter (Commission communication (Rapporteur: José Ignacio Gafo Fernández)	July 1991
Consumer protection and completion of the internal market (Rapporteur: Manuel Cebeçades Ataíde Ferreira; co-rapporteur: Georges Proumens)	September 1991
Status of migrant workers from third countries (Additional Own-initiative Opinion) (Rapporteur: Andrea Amato)	September 1991
The development and future of the CAP (Commission communication) (Rapporteur-General: Giovanni Mantovani)	November 1991
The Community's Mediterranean policy (second Additional Opinion to an Own-initiative Opinion) (Rapporteur: Andrea Amato)	November 1991

The European electronics and information technology industry: state of play, issues at stake and proposals for action

(Commission communication)

(Rapporteur: Paul Flum)

November 1991

Immigration policy

(Rapporteur: Tomás Roseingrave; co-rapporteur:

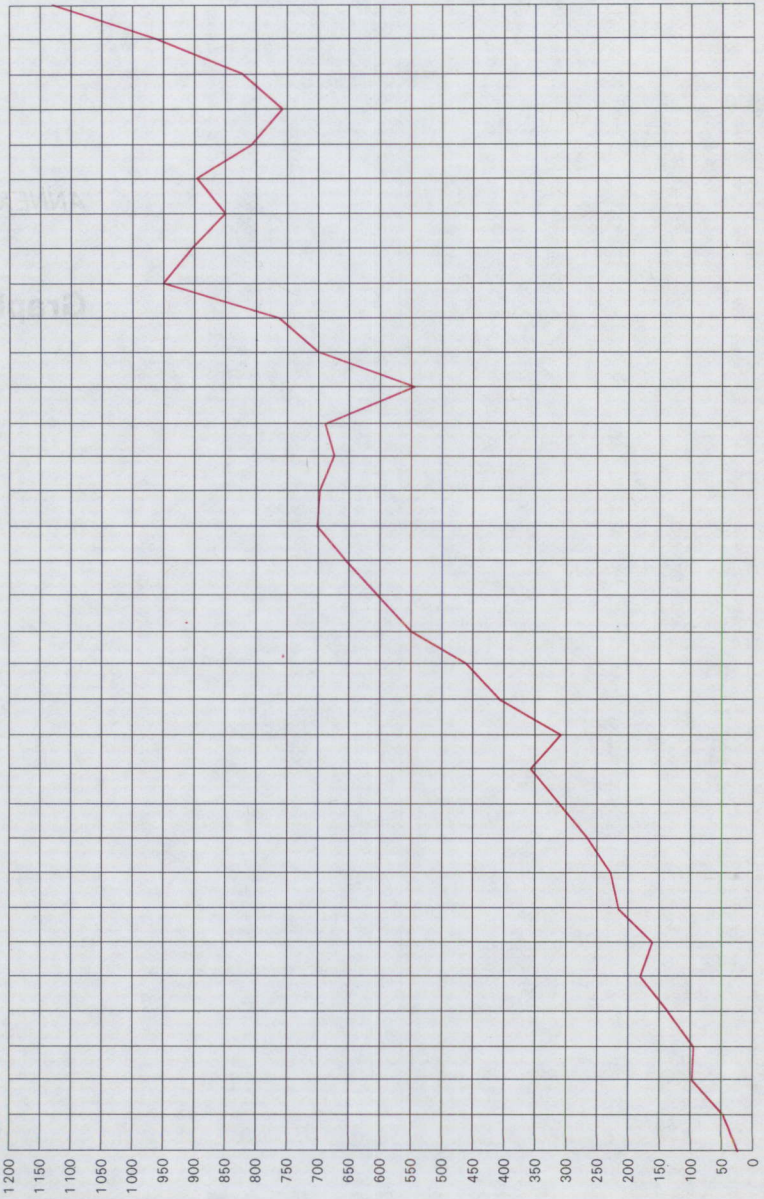
Bernard Mourgues)

November 1991

ANNEX C

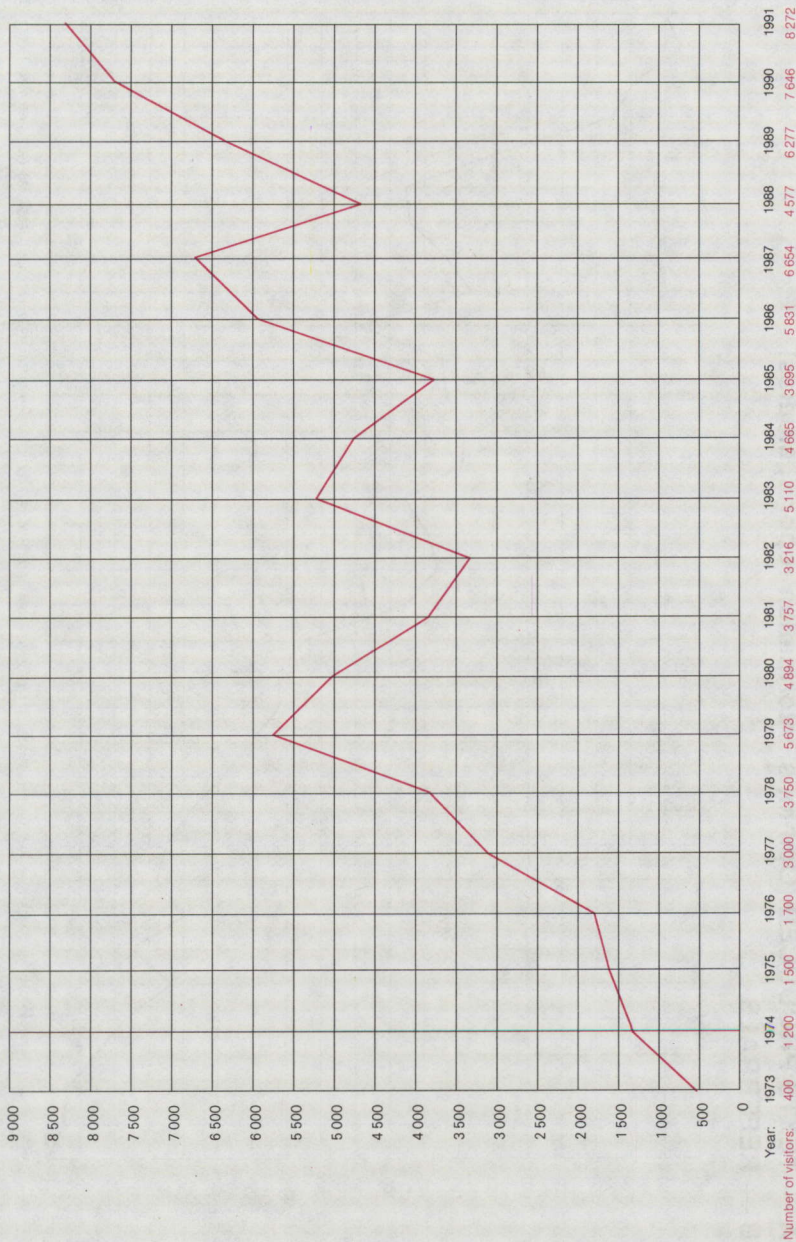
Graphs

MEETINGS

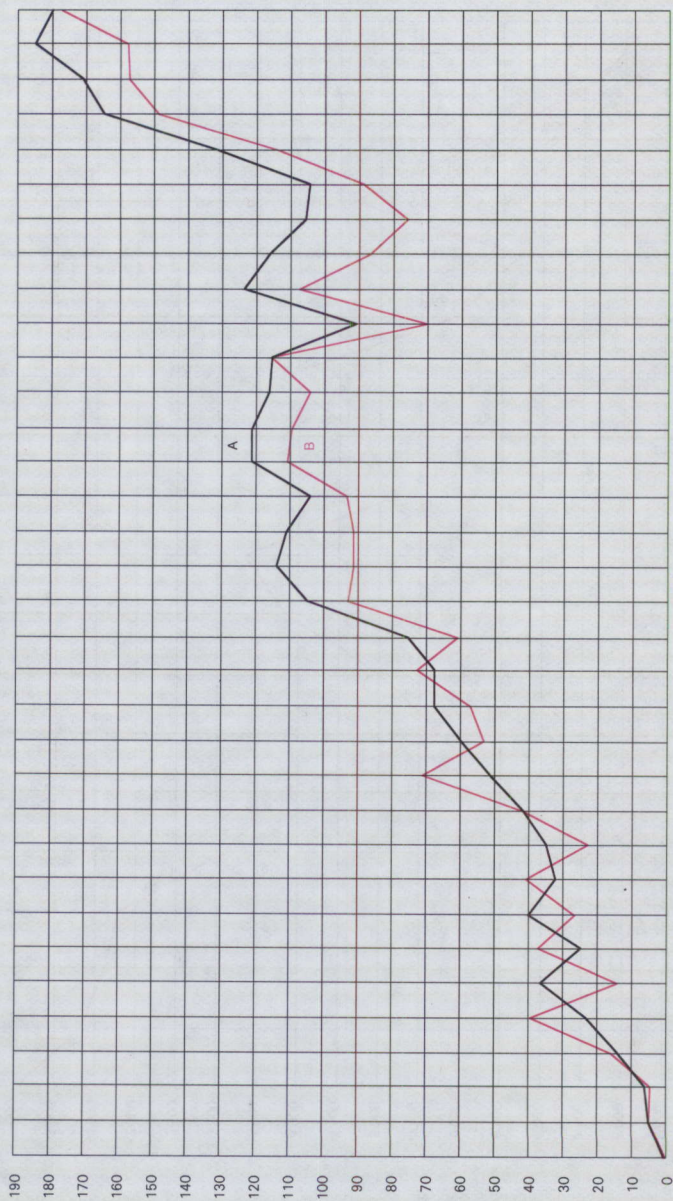


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This annual report covers the Economic and Social Committee's work in 1991. It looks in particular at the Committee's influence within the Community's decision-making process, the Committee's image in the media and the role played by the groups represented on the Economic and Social Committee. The report concludes with a number of lists and graphs.



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