



COMMISSION OF THE EUROPEAN COMMUNITIES

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THE COMMISSION'S WORK PROGRAMME FOR 1998

The political priorities

The "Agenda 2000" package recently unveiled by the Commission marked a turning-point in this legislature. Coming midway through the Commission's term of office and hard on the heels of the Intergovernmental Conference which led to the Amsterdam Treaty, Agenda 2000 lays the foundations for an enlarged Community and sketches the way forward beyond the end of the present decade, up to the year 2006. It is an unprecedented programme of measures and reforms designed to strengthen the Union and give it the wherewithal to face the future with confidence.

The Commission's work programme for 1998 follows on directly from this blueprint, taking up the broad lines of Agenda 2000 and putting them into practice. Nonetheless, the programme is also a continuation of the Commission's work since 1995, in line with the priorities it set itself for its entire term of office. Continuity and renewal are thus the two basic strands running through the Commission's plans to build tomorrow's Europe.

The Commission intends to concentrate its activities in 1998 on **five political priorities**:

- **Employment**: follow up promises with real action and bold measures. The Commission will go on pressing for an integrated, coherent approach directed at the medium term. It will not let up in its appeals to all concerned, at whatever level, to assume their responsibilities. In accordance with the conclusions of the European Council, the employment title in the Amsterdam Treaty will be actively implemented ahead of the Treaty's ratification; this should at last make for closer coordination of national employment policies. The Commission also intends to give practical effect to the objective of taking a high level of employment into consideration when formulating and implementing Community policies and initiatives. The special European Council on employment will generate a new dynamic in which the Commission intends to play an active part.
- The **euro**: complete the preparations for the introduction of the single currency by the agreed date, in accordance with the Treaty. In 1998 a decision will be taken on which countries will participate in the initial transition to the euro and parities will be fixed between the currencies of those which are to take part. The Commission will lay the groundwork for this decision and for the introduction of stage III of economic and monetary union.
- Make a start on the reforms proposed in **Agenda 2000**. The Union must be ready in good time to meet the challenges that lie ahead. Major initiatives will have to be launched in a number of fields, which the Commission has clearly identified in the three sections of Agenda 2000, on the Union's policies, the enlargement process and the future financial framework.
- Encourage collective and coherent **Union action in the world at large**. The presence of a strong Europe on the international scene is a factor for peace,

stability and prosperity and an objective that must be pursued, not least because of the scale of the Union's outside interests.

- Finally, continue efforts to make the management of European affairs more efficient and to place it **at the service of the citizens**, with special emphasis on public health and quality of life.

1. **EMPLOYMENT: ACTING TOGETHER**

The special European Council on employment on 21 November 1997 should strengthen the framework for action at both national and Community level.

The Commission, working within its prescribed powers, intends to make full use of the possibilities opened up by the new title on employment in the Amsterdam Treaty.

As the Commission has repeatedly pointed out, particularly in its **confidence pact** and again in its recent proposed guidelines for employment, the key to improving the situation is to look at the problem in its entirety and to pool the efforts of the fifteen Member States and the Union. The Commission is therefore calling for a general mobilisation of resources.

In this context, special attention will be paid to the following points:

- Sound **macro-economic policy** is a must if growth is to be translated into jobs. The Commission will ensure that efforts are kept up to achieve convergence and coordination of the Member States' economic policies. The changeover to the euro will have a positive impact on growth, investment and the efficiency of markets and hence on the creation of new jobs.
- Maximum benefit must be derived from the advantages Europe can offer with a **fully operational single market** and the **general development of Union policies**. For example, employment considerations must be taken into account in fields relating to small and medium-sized businesses, tax regimes and administrative rules applied to businesses, key sectors such as the information society, research and policies aimed at fostering skills and knowledge. Commission initiatives such as the territorial pacts for employment will be continued and evaluated with a view to possible expansion.
- Acting on the basis of **guidelines** for national employment policies drawn up in advance in accordance with the conclusions of the Amsterdam European Council, the Commission will play its part in enhancing the coordination of national policies and strengthening the linkage between employment policy and economic policy. It is essential that these guidelines be properly followed up. This is why the Commission underlines the importance of the preparation of national action plans and the presentation of reports by Member States as stipulated in the Treaty.

Wherever necessary the Commission will put forward specific recommendations to Member States.

- A very close look will have to be taken at ways of making substantial improvements in the operation of **labour markets**, so that we can reap the expected benefits in terms of lower unemployment. In this respect, we must continue to encourage mobility, including cross-border mobility, establish new methods of organising work and modernise and adapt our social security systems. Special attention will have to be paid to the reduction of non-wage costs and to recruitment incentives, by means of a lightening of the tax burden on labour. The **social dialogue** must play a crucial role here, following on from initiatives launched in 1997.
- The Commission will use Community instruments and all appropriate forms of cooperation with the Member States to encourage the emergence of a **more inclusive Europe**, particularly in relation to the various forms of social exclusion, which are aggravated by high unemployment. In this context the Commission will also be alive to the need to promote equality of opportunity.
- The Commission will strive to establish a firmer basis for the **social dimension of Europe**. It will keep a close watch on respect for the existing rights of workers to be consulted and kept informed on issues relating to their employment situation. It will promote the initiative it has put to the two sides of industry concerning information and consultation at national level and will support any idea they come up with for agreements on the organisation of working time as a way of improving the employment situation and the competitiveness of industry. It will propose a new social action programme for 1998-2000.

2. THE EURO: ENTERING THE HOME STRAIGHT

In accordance with the Treaty, the transition to stage III of economic and monetary union (EMU) will take place on 1 January 1999, when the euro will be introduced in those Member States which are ready to join in the first wave. The decision on membership will be taken very soon - in the spring of 1998.

The Commission has done its utmost to stay on course and keep up the pace and will continue to do so right up to the finish. It has played its part in presenting the basic proposals for Council decisions. The Council, in turn, has advanced stage by stage along the road towards the single currency, signalling at each turn its political resolve to press ahead.

The enormous convergence efforts made by the Member States and the actual transition to the euro will guarantee greater stability and effectiveness in the single market, one of the world's biggest integrated markets. Economic and monetary union and the process leading up to it should, in time, have a

decisive impact on the Union's economic expansion and consolidate its role and position in international relations in both monetary and commercial terms. The completion of economic and monetary union will undoubtedly be one of the greatest advances in the history of European integration.

In 1998 the Commission will complete the final technical preparations for the introduction of the euro, during which the exchange rates between participating currencies will be irrevocably fixed. It will also hold further discussions with the Member States on the final practical details of the changeover to the euro and continue to support their efforts to make its introduction a success, in particular with information for the general public.

Completion of economic and monetary union will have major external implications. The euro can be expected to play an essential role as an international currency. The euro will have a positive impact on the development of the world economy and will reinforce the stability of the international monetary system.

3. **AGENDA 2000 : EMBARKING ON REFORM**

Agenda 2000 contains proposals of immense importance in both qualitative and quantitative terms. It is the response to one of the greatest challenges the Union has ever faced: how to prepare for enlargement on an unprecedented scale - the accession of a large number of countries at stages of development that differ both amongst themselves and in comparison with the present Member States - while preserving the Union's achievements and methods, not to mention its spirit, which have been the keys to successful integration so far. In other words, how to enlarge without jeopardising the Union.

Agenda 2000 clarifies this situation and maps out the path to a stronger and larger Union with a series of practical proposals based on three strands: strengthening and adapting existing policies, gradually integrating the new members and reorganising the Union's financial framework within the previously set limits. The Commission proposes implementing the detailed proposals in Agenda 2000 as soon as possible and embarking on the necessary reforms, in line with this three-pronged strategy.

3.1 **Strengthening and adapting the Union's policies**

Making the single market operate more smoothly

- The establishment of the **single market** is one of the Community's great achievements. However, its potential is still limited by many barriers to trade. A determined effort to implement the Commission's action plan for the single market should boost growth, competitiveness and employment. The Commission will therefore launch the initiatives and measures it announced, according to the proposed timetable. The aim is to tighten up the rules, smooth out the last distortions affecting the market, remove the

obstacles that still persist in certain sectors and place the single market at the service of all European citizens. The efforts to modernise and simplify Community rules will be continued.

- **Taxation** will receive special attention. As well as hampering the smooth operation of the single market, existing tax arrangements have a negative effect on employment. Acting on its communication on taxation in Europe and the work of the Tax Policy Group, the Commission will propose a series of initiatives aimed at gradually correcting these shortcomings.
- The Commission will also continue to be strict in its application of the rules on **competition**, which are vital for the market to operate properly. The rules on State aid will also receive close attention. In the absence of a rigorous regulatory framework, public funds are too often squandered on sterile and costly attempts to outbid competitors, thus diverting funds from other, more promising sectors. At the same time, the Commission will strive to simplify these rules and modernise the machinery for scrutiny.

A competitive economy as the foundation for growth

- Steps will be taken to boost the **competitiveness** of firms, in particular **small and medium-sized businesses**, which have great potential for job creation and play a vital role in innovation and creativity. Unfortunately, small businesses are held back by all kinds of constraints. The Commission will draw conclusions from the second phase of the pilot scheme for the simplification of legislation for the internal market (SLIM) and the work of the Business Environment Simplification Task Force (BEST) with a view to simplifying administrative formalities and easing regulatory constraints. It will propose measures designed to improve the competitiveness of small firms, including the setting-up of poles of research and new forms of access to credit and capital, in particular venture capital, a vital ingredient for innovation. The Commission will also present initiatives to promote the spirit of enterprise, training, modernised structures and new forms of cooperation.
- The major **trans-European infrastructure networks** must contribute to the effectiveness of the single market. Their development will be a key factor in improving the competitiveness of our firms and the cohesion of Europe, and hence in boosting employment. The Commission will strive to complete the major transport, telecommunications and energy projects which have been held up for too long, chiefly for lack of proper funding. To achieve this goal it will support partnership schemes between the private and public sectors.

Promising sectors for the future

- Intangible investments are now one of the main driving forces behind our economic development. Europe has excellent potential in this field. It must put it to good use by implementing genuine **policies aimed at**

fostering knowledge and skills.

Education and training will play a vital part. The Commission will highlight best practice in a number of fields - the validation of skills, language teaching, the development of learning (including lifelong learning) and closer links between schools and the workplace. It will present a new generation of existing programmes (Socrates, Leonardo and Youth) aimed at developing mobility, training for innovation and the acquisition of skills, and at fully integrating the new teaching tools and material offered by information technology.

- The goal is to put ourselves in the best possible position for entering the **information society**. The Commission will be particularly attentive to the implementation and operation of the new regulatory framework for the liberalised telecommunications market. Electronic trading and multimedia content will also play a central part in this sea-change. Steps will be taken to complete the regulatory framework required for these new services to develop harmoniously.
- **Research and innovation** have a key role to play in enhancing the competitiveness of industry in the Union. Research efforts must also produce answers on matters which are of concern to the public: employment, quality of life, health. In 1998 the Commission will give effect to the priorities set in its proposal for a fifth framework programme (1998-2002) through specific programmes reflecting the new "research by objective" approach. This will involve close consultation with the worlds of science and industry. The Commission will begin the reforms required to achieve greater effectiveness in the implementation of research operations. It will also continue implementing the action plan on innovation.
- Taking a broader view, the main source of new jobs will be in services. Apart from the **new services** associated with the emergence of the information society, there is a demand in our societies for services in the social field, the audiovisual media and the arts. Governments should encourage attempts to meet this demand, acting not only with determination, but also with imagination.

Adapting in order to advance

In a world undergoing rapid change, the ability to adapt is essential. In Agenda 2000 the Commission outlined the way ahead to a successful future. Major reforms must be undertaken, particularly in two important areas of Community activity: cohesion policy and the common agricultural policy. The Commission will present detailed proposals during the first half of 1998, based on the following guidelines:

- The prospect of enlargement makes the task of increasing the degree of **economic and social cohesion** in the Union even more important. One

political priority is to reduce regional development disparities within the Union. This will go a long way towards encouraging lasting growth and job creation. The solidarity that will be required for this is a decisive factor in the integration process. The amounts involved are considerable (ECU 275 billion over seven years) but are within the financial framework laid down by the Interinstitutional Agreement.

The Commission will start work on the details of decisions concerning the management of the Structural Funds, to be taken at the end of the 1994-99 programming period. Its objective will be to respond to the need for greater targeting of funding on particular geographical areas and particular objectives. Current programming must be studied with a view to making the Funds more effective, particularly where job creation is concerned, while making it easier to accommodate new Member States within the confines of the financial perspective. The Commission has already announced that it will propose a reduction in the number of objectives from seven to three. High priority will also be given to simplifying the way the funds are managed, making them more flexible and decentralising implementation. Monitoring, assessment and control systems will be strengthened.

- **The common agricultural policy** must be adapted so that it is better able to withstand globalisation and the next enlargement, at the same time as providing farmers with a fair standard of living. The Commission wants to carry on from where the 1992 reforms left off, as the new changes are simply an extension of the old ones. The World Trade Organisation's rules, and the prospect of international WTO negotiations in 1999, mean that the Union must be in a position to defend its interests from a position of strength. Accordingly, the Commission will propose in 1998 that the guidelines spelled out in Agenda 2000 be put into effect. They will be needed even if there is no enlargement. On this basis, the Commission will propose draft legislation on cereals, oilseed and protein crops, beef and veal, milk products, tobacco, olive oil and wine. A pricing policy aimed at bringing prices closer to those on the world market will also be proposed. Direct aid will replace the old price-support mechanisms. Care will be taken not to over-compensate. The reforms must be accompanied by a reorganisation of the instruments currently in place for rural policy and should lead to an agricultural industry that cares about quality and respects the environment.

3.2 Preparing for the arrival of new Member States

In July 1997 the Commission gave its opinion on the applications for membership from ten countries in central and eastern Europe. It recommended that accession negotiations be opened with five of them: Hungary, Poland, Estonia, the Czech Republic and Slovenia. On the basis of the earlier Commission opinion, accession negotiations with Cyprus are due to start six months after the date of the Intergovernmental Conference.

The Commission proposes an approach which is at once **inclusive** and evolutive, allowing the countries not concerned initially by the opening of negotiations to take part in the process so that they can join when the time is right, provided they meet the criteria. An ongoing European conference, open to all the associated countries seeking to join the Union, would be a useful addition to the proposed approach, providing a forum for a constructive discussion on matters of common interest.

In order to support the efforts being made by the countries concerned to prepare for accession, and in particular to take over the full body of Community legislation, the Commission plans to **strengthen the present pre-accession strategy**. Its proposals cover:

- the establishment of an individualised “partnership for accession” with each of the applicant countries from Central and Eastern Europe, addressing the specific difficulties identified in the opinions;
- doubling of pre-accession aid in 2000, within the confines of the financial perspective;
- participation of the applicant countries in Community programmes.

The Commission also envisages preparing an annual report - the first at the end of 1998 - assessing the progress made by each applicant country, in particular the ability to apply the whole range of Union law. On this basis the Commission should be in a position to recommend to the Council that negotiations be opened as soon as the conditions of accession are satisfied.

3.3 **Designing a suitable financial framework**

A new financial framework will be needed when the current one expires in 1999, in order to cope with all the changes that are likely to be made in the medium and long term to the way the Union is run. The new framework should:

- run for a sufficiently long period (until 2006);
- cover all essential financial requirements in the lead-up to the next enlargement;
- ensure sound management of public finances.

As the Commission explained in Agenda 2000, it believes that, with tight budget discipline, it is possible to strengthen and adapt the Union’s policies as well as taking in new members, **without exceeding the current own resources ceiling** of 1.27% of GNP. Analysis has shown that some room for manoeuvre can be found within this limit.

In 1998 the Commission will propose the new financial perspective for 2000-2006. In the course of the year it will prepare a report on the operation of the

own resources system. It is in the Union's interests to sort these matters out as soon as possible, not only so that it can take in the new members when the time comes, but also to give it the resources for coping effectively with any internal changes that prove necessary.

4. THE UNION IN THE WORLD: A POSITION AND A ROLE TO ASSERT

The problem is well known: despite its position as the leading trade power and the biggest donor of international aid, Europe needs to enhance its capacity for collective action in the field of external relations and meet the growing demand from the public for greater unity, coherence and effectiveness in its efforts to **bring peace**, stability and prosperity to the continent of Europe and the world at large. The European Union must continue to promote values such as democracy and **human rights**, give assistance to the least developed areas of the world, respond to humanitarian crises, make its presence felt on the international scene and the world markets.

The next enlargement of the European Union will be an unprecedented challenge. It will give Europe greater weight in the world and enable the continent to become a **united and stable whole**. The task now is to bring the prospective new members into the basic integration framework.

The Commission will also be seeking to deepen relations between the European Union and **Turkey**.

It is also important for the Union to develop deeper relations with **Russia**, **Ukraine** and the other new independent states.

The Commission will continue its action and support to bring peace to the **Balkans**, in particular through the reconstruction efforts in Bosnia and the regional approach advocated by the Union.

The Union must also continue actively to strengthen its relations with its Mediterranean partners. The full potential of the **Barcelona process** must be exploited to that end. The Union must step up its presence in the **Middle East**, pushing for economic integration and cementing its role as one of the principal promoters of peace in the region.

The Union will have to boost relations with the United States through implementation of the **New Transatlantic Agenda**.

Development cooperation is another of the Union's main priorities for external relations. This will be demonstrated by the new partnership to be set up between the EU and the ACP states, which should not blind the Union to the fact that political and economic situations differ from country to country.

Asia and **Latin America** are two more regions that call for special attention, in Asia's case through the ASEM process and relations with ASEAN, and in the case of Latin America through the development of association instruments.

The European Union has a global role to play. It must bolster its ability to take political decisions and ensure that all its various activities form a cohesive whole. For this, an **integrated approach to external relations** is essential and there needs to be greater coordination between what the Union does and the national action by the Member States.

The Union will continue to be a prime player in **multilateral trade negotiations**, particularly in the WTO. It will continue to support the accession of Russia and China to the WTO. Europe must take full advantage of the multilateral trade system to obtain better access for its products and services to foreign markets and to settle the economic and commercial differences that can sometimes arise with its partners, while giving due attention to other considerations including the environment and public health. The Union must also combine internal and external policies to produce the greatest effect, maximising the external potential of the single market and EMU.

The Union has to find ways of dealing more effectively with cross-border problems such as drug-trafficking, organised crime and environmental threats.

Lastly, the Union is the world's biggest donor of development aid and the leading donor of humanitarian aid. As such, the Union needs to raise the profile of its international activities, to explain more clearly and demonstrate the value of what it does.

5. **SERVING THE PUBLIC FOR A BETTER QUALITY OF LIFE**

Improving the quality of life for the European public continues to be one of the Commission's priorities. The implications of this objective for the formulation and implementation of the Union's policies must be given even more attention than at present. Both at national and Union level, European affairs must be handled with maximum effectiveness, openness and competence. The Commission intends to take a number of measures with this goal in mind.

- In view of the growing concern about improving **public health**, the Commission will ensure that all its initiatives incorporate high standards of protection.
- In recent years, Europeans have quite rightly been demanding better standards of **consumer health**. Higher standards of protection will be demanded when products for human consumption are placed on the

market. Rules on labelling, testing for potential health risks and pre-sales checks on production procedures will all be strictly applied by the Commission, in the interests of strict consumer protection. To this end, the Commission will propose amendments to a number of existing directives relating to the environment and agriculture.

- Respect for basic values and human dignity is also a priority. Technological progress, particularly in the field of genetic engineering, raises certain **ethical** questions. The Commission intends to address these concerns, relying for guidance on the opinions of the Group of Advisers on the Ethical Implications of Biotechnology, an independent group of experts set up to consider these matters.
- The development of the Union should not jeopardise high **environmental standards**. The European public rightly attaches great importance to ecological issues. The Commission will be at pains to respond to public concern. The environment policy should be a help rather than a hindrance: a healthy environment is not incompatible with the imperative of economic growth. Environmental standards must be enforced in such a way as to make Europe more competitive and reduce unemployment, as the Commission communication on the environment and employment made clear. The Commission's activities in 1998 will be geared towards achieving this objective. In particular, the environmental implications will be taken into consideration in the implementation of other Union policies (especially agriculture and the single market) and through the achievement of the priorities set out in the mid-term review of the 5th environmental action programme. Particular attention will be paid to environmental issues in relation to enlargement, especially on the matter of nuclear safety.
- One of the ways for European citizens to find better living conditions lies in the unrestricted right to move freely inside the Union and settle in the country of their choice. On the basis of the recommendations contained in the Veil report, the Commission will work towards making the principle of **free movement of people** a reality. Achievement of this will go hand in hand with that of an area of security and justice.

The new possibilities opened up by the Amsterdam Treaty in the area of **justice and home affairs** will make it possible to provide an appropriate response to the challenges we face: organised crime, fraud, corruption, trafficking in human beings and drugs.

- The changes in the Union's policies will call for parallel changes in the methods of **administration**. Consequently there is a need for the Community institutions to adapt and modernise their administrative structures and decision-making machinery.

The Commission is currently in the process of implementing a major internal reform programme, consisting of two projects known as

SEM 2000 and MAP 2000. The Commission is looking at ways of going beyond these two projects, its ultimate goal being to transform the way it works to create a modern administration.

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