

ECONOMIC AND SOCIAL COMMITTEE
OF THE EUROPEAN COMMUNITIES

BULLETIN

November 1976

N° 11

<u>CONTENTS</u>	<u>Pages</u>
I. 143rd PLENARY SESSION	1 - 37
A. Speech by Mr de FERRANTI welcoming Mr BRINKHORST	1
B. Speech by Mr BRINKHORST	2
C. Farewell speech by Dr HILLERY	4
D. Adoption of Opinions	5 - 37
1. Medium-Term Economic Policy	5 - 9
2. Farm Prices	10 - 14
3. Priority Measures to Fight Unem- ployment	14 - 18
4. European Regional Development Fund ...	18 - 19
5. IAEA Nuclear Inspections	20 - 22
6. Extension of Social Protection	22 - 24
7. Revision of the Energy R & D Pro- gramme	24 - 25
8. Precious Metals	26 - 29
9. Footwear Research Programme	29 - 30
10. Wine	32 - 33
11. Hops	33 - 35
12. Agency for Trade Cooperation with the Developing Countries	35 - 37
II. EXTERNAL RELATIONS	38
Economic and Social Committee Delegation in Portugal	38
III. NEW REQUESTS FOR OPINIONS	39
IV. PROVISIONAL FUTURE WORK PROGRAMME	40 - 41

143rd PLENARY SESSION

The 143rd Plenary Session of the Economic and Social Committee of the European Communities was held on 24 and 25 November 1976. The Session was presided over by Mr Basil de FERRANTI, Chairman of the Committee.

Mr BRINKHORST, President-in-Office of the Council, and Dr HILLERY, Vice-President of the Commission, were among those present.

A. Speech by Mr de FERRANTI welcoming Mr BRINKHORST

In his speech of welcome to Mr BRINKHORST, Mr de FERRANTI stated that the economic situation in the Community was uppermost in the minds of Committee members. He expressed their deep concern about the implications of the present halting rate of recovery in the Community economy and, indeed, in the world economy at large. The persistence in many parts of the Community of high levels both of unemployment and of inflation, accompanied by stagnant production, were cause for worry. These problems could not be satisfactorily discussed - let alone resolved - without reference to the economic environment outside and beyond the Community.

Mr de FERRANTI highlighted what the Committee considered as the basic weakness in the Community's present approach to its economic difficulties - namely the absence of a real effort to achieve a major coordinated recovery of output and employment across the Community. He stressed that there was really a need for political leadership which would give confidence to our population.

Turning to Mr BRINKHORST, Mr de FERRANTI said : "As you know, one of the chief sources of inspiration of our Committee is the Dutch Economic and Social Council, and we aspire to much the same kind of influence at the level of the Community as that

Council enjoys in your own country. If we are to achieve this we must of course maintain a lively dialogue with the Community authorities - and perhaps especially with the authority represented by the Council of Ministers in whose name you will be addressing us today".

B. Speech by Mr BRINKHORST

In his address to the Committee, Mr BRINKHORST spoke first of all about the Community's economic policy.

In the present situation - he said - Member State Governments were exercised first and foremost by economic problems. Each and every Government in fact was bent on restoring conditions that would lead to a smooth development of the economy with the aim of both improving the employment situation and holding prices at reasonable levels.

Mr BRINKHORST went on to say that the Tripartite Conference on employment and stability in the Community had shown the resolve of all the participants there to combine their efforts in order to consolidate the economic recovery, so that, in the years to come, there would be greater stability, and the proper conditions could be brought about for achieving full employment and new advances on the social front.

The tasks of Government were made all the more difficult because individual national economies were developing at sometimes widely differing rates, and the Community had no instruments for ensuring the coherence of national policies and, consequently, a convergence of the economic situation of the Member States.

It was for this reason that the Council had recently submitted a number of proposals designed to strengthen the internal cohesion of the Community where economic and financial questions were concerned.

It also discussed the draft of the Fourth Medium-Term Economic Policy Programme, on which the Economic and Social Committee had been consulted.

The Council attached the greatest importance to this programme becoming a touchstone of Member States' economic policies. For this reason, the Programme should be periodically updated in the light of economic trends and provided with the measures necessary to attain the objectives laid down.

Mr BRINKHORST then re-affirmed the need for the Community to follow a liberal trading policy and the importance that should be attached to the least-favoured countries developing their own economies.

He pointed out that these traditional principles of the EEC were more valid today than ever, while the call of the Third World as a whole for a fairer international economic order was becoming increasingly urgent. At the same time, he accepted that it was more difficult to work out and put into operation a consistent common policy at a time when the Community had to face some of the most serious problems that it had ever encountered since it had been created.

Turning to specific aspects of Community policy, Mr BRINKHORST mentioned the Community's traditional fields of activity, such as the Lomé Convention, the overall approach to the Mediterranean and the cooperation agreements, and then went on to

matters where the Community had to expect increasing pressure from the developing countries, such as UNCTAD, the "North-South Dialogue" and the world conference on employment. The Community had to react to this pressure.

C. Farewell speech by Dr HILLERY

In his farewell speech before the Committee, Dr HILLERY, Vice-President of the Commission of the European Communities and President-elect of the Republic of Ireland, said that one of the many progressive features of the Treaties establishing the European Communities was the prominent position they give to the involvement of the social partners in the development of Community initiatives and policies.

Through his meetings with the Economic and Social Committee he had come to appreciate in a special way the foresight of those who engineered the close working relationship between the Committee and the other Community Institutions. "Unemployment and inflation are the central political concerns of the Community today, concerns for which there is no easy cure or analysis" he said. What seems certain is that there are structural factors in the current economic and social situation which will only be changed by that common consent which comes from shared responsibility.

The work of the Committee has done much to encourage the acceptance of this concept of shared responsibility in the Community. The Committee's support for the Social Action Programme has also helped to ensure its implementation and indeed, in some instances, to suggest practical priorities for the years ahead. Of particular interest in this respect is the keen use of the Committee's power to present "own-initiative opinions".

D. Adoption of Opinions

1. Medium-Term Economic Policy

"Fourth Medium-Term Economic Policy Programme of the Community (1976-1980)"

The Main Elements of the Commission's Draft Programme

The IVth Medium-Term Economic Policy Programme of the Community (1976-1980) is based very largely on the proposals made by the Economic Policy Committee. After consulting the two sides of industry, the Commission added a foreword which, as the Section's Opinion states, not only summarizes the main elements contained in the Programme, but expresses certain matters more categorically than they are expressed in the Programme itself.

The Programme looks very critically at the reason why the European economies have lost their stability and capacity for growth.

Above all, the Programme sets out to give top priority to policies leading to a return to full employment, the achievement of which requires a steady growth rate as well as a distinct employment policy. In its foreword the Commission says that this means that the number of unemployed in the Community as whole must be reduced by 1980 to a half of the present number out of work. Growth must average $4\frac{1}{2}\%$ - 5% per annum for the period under review, inflation rates must be brought down to 4% - $4\frac{1}{2}\%$ by 1980, and the Community external balance must be in the order of 0.5% - 1% of GDP.

The Programme deals with the general and the specific problem of inflation. It deals with competition policy, protection of the consumers' interests. The need to restore some

stability to the creeping growth in public expenditure is emphasized, as is the need to reduce the public sector's borrowing requirements.

Because economic growth assumes such importance in assuring employment, the Programme dwells at some length on the criteria for raising the level of productive investment. Specific employment policies are also dealt with in some detail.

In total, however, the realization of the Programme's targets will depend - say the Commission - on "social consensus". To secure this, it is said that certain changes will have to be made to the very structure of the European economy (in particular, a greater participation by workers in the management of enterprises).

Gist of the Opinion

The Economic and Social Committee adopted this Opinion by 39 votes in favour, 26 against, and 3 abstentions.

The Economic and Social Committee is first of all aware of the need in the present situation to draw up guidelines for a common economic policy for the period 1976-1980. It also realizes that a certain degree of flexibility is essential on account of uncertainty about the future economic trend.

The Committee stresses that the economic crisis of 1974 and 1975 cannot be attributed to any one single cause. A whole series of domestic and external factors led to the recession and shaped its development.

The Committee therefore believes that attention must be paid to structural factors since inflation cannot be tackled by traditional demand-management alone. If a lasting success is to be achieved in the fight against inflation, a monetary and credit

policy aimed at stability will have to be combined with structural measures to reduce social tensions and to increase flexibility. Floating exchange rates are no substitute for a domestic economic policy which takes due account of the need for stability.

Political will is the first, basic prerequisite for any common policy. The recession has revealed the existence of considerable divergences in economic policy within the Community. These divergences were doubtless present in the phase of general growth which preceded the recession, but they were not so obvious. Nevertheless, every effort must be made to act in concert, at least in vital matters. This appeal to the political will of the governments and the nations at large is all the more urgent since the Community still has no parliamentary systems of decision-making.

Insufficient investment coupled with under-utilization of productive capacity and high unemployment in recent years, plus the fact that the recovery is starting from a relatively high level of inflation, make it difficult if not impossible to recoup rapidly the growth lost during the recession. The major economic policy problem during the coming years will be the achievement of a lasting return to full employment. The Committee agrees with the Commission that, bearing in mind the circumstances, the figure of 4½-5% for the annual average growth of GDP in volume terms is to be regarded as a minimum target even though a major effort will doubtless be needed to achieve it. The projected growth rate is not sufficient to make up fully for the loss of growth in the recession years. The projected trend also means that the rate of unemployment in the Community will not fall below 3% of the working population until 1980.

The Committee is unable to consider these projections as being satisfactory, though it is aware that they reflect the deep impact of the recession. It will, in particular, be necessary to supply more detailed information about the structural measures needed to achieve full employment.

The Committee emphatically endorses the stabilization of cyclical fluctuations. This policy must be aimed at preventing both overheating and dramatic sags in economic activity, and at pursuing a pattern of steady growth. Such a policy would help to take some of the edge off the tensions which have led to inflation and unemployment.

The rate of inflation should be reduced step-by-step to the 4-5% mark by 1980.

In view of the widely diverging rates at which prices are increasing in the Member States, the guidelines for the control of inflation can only be very general in nature.

The Committee regrets that the Commission did not make a bigger effort to study and make use of the findings of a group of experts which it had set up to analyse the causes of inflation and make broad recommendations on how to solve this problem.

In recent years there has been a marked increase in the proportion of GDP devoted to public expenditure. A large number of people consider that the ratio of tax burden to net domestic product is already too high in several Member States.

In view of this dilemma, public finance must be gradually adapted to the new situation. There is also a need to improve public finance efficiency, on both the revenue and the expenditure side, and as regards its redistributive impact.

The Committee has repeatedly commented on the unsatisfactory state of the Community and its institutional difficulties. Under these circumstances it is important, at least initially, to put the economy on its feet again and move towards greater convergence of economic trends in the Community. This is the purpose of the guidelines. By reason of their nature, such guidelines cannot be mandatory, but the Member States should feel themselves bound to adjust their policy in the light thereof.

In the Committee's view it is not, however, enough just to lay down economic and financial guidelines. The political and social implications and conditions of the implementation of a medium-term economic policy must also be gone into. It is certainly true that establishment of a social consensus on the medium-term aims and the way they are to be achieved, is of crucial importance to the success of the programme. The Committee considers that this consensus must exist not only between the State and the two sides of industry but also between the State and all relevant sectors of society.

The Committee based its Opinion on material prepared by its Section for Economic and Financial Questions under the chairmanship of Mr MARGOT - Belgium - Various Interests. The Rapporteur was Mr FRIEDRICHS - Germany - Workers.

2. Farm Prices

- a) Proposal for a Council Decision Setting up a Community Action for the Eradication of Brucellosis, Tuberculosis and Leukosis in Bovines
- b) Proposal for a Council Regulation (EEC) Temporarily Suspending Certain National and Community Aids in the Milk and Milk Products Sector
- c) Proposal for a Council Regulation on a Co-Responsibility Levy and Measures for Expanding Markets in the Milk and Milk Products Sector
- d) Proposal for a Regulation (EEC) of the Council Concerning a charge on Certain Oils and Fats

Gist of the Commission's Proposals

The proposals seek to implement the 1977/1980 programme for the dairy sector, which the Committee discussed in its Opinion delivered at the 141st Plenary Session. The following measures are involved :

- a) Action to eradicate certain contagious diseases : The Commission proposed that the move to reduce dairy herds be backed up by a scheme to improve animal health. Under this scheme, EEC aid amounting to 60 u.a. for each cow and 30 u.a. for each other head of cattle will be paid for the slaughtering of animals suffering from tuberculosis, leukosis or brucellosis. This will reduce herds by 2.5 million over a three-year period and will cause milk production to drop by 230,000 tonnes in the first year, 300,000 tonnes in the second and 280,000 tonnes in the third.
- b) Suspension of national aid : The Commission confirms its suggestion that national and Community aid to investments in milk production, processing and marketing should be suspended for three years. The sole exceptions to this rule will be aid granted

for modernization plans, for disadvantaged areas, for research and sales outlets.

- c) Co-responsibility levy : During the next three marketing years, a "co-responsibility levy" amounting to between 2 and 4% of the target price for milk and set at 2.5% for the year starting 1 April 1977, will be charged on supplies to dairies. It will be possible to adjust the levy by 1 percentage point in the course of each year.

The revenue from this levy (totalling 230 to 235 million u.a. in 1977) will be used to finance new outlets, such as school milk, animal feed on farms (so as to prevent milk from being bought in for denaturing) and long-term programmes of aid to developing countries.

- d) Tax on fats : Since the above levy imposes a burden on the dairy sector, the Commission - anxious to treat all fats alike - proposes that a similar levy be charged on vegetable fats imported into or produced in the EEC, with the exception of olive oil. This tax will increase the retail price of margarine by roughly 2.5%. The Community revenue accruing from the imports will be allocated to food aid projects.

Gist of the Opinion

The Economic and Social Committee adopted :

a) unanimously, its Opinion on the

Proposal for a Council Decision setting up a Community Action for the Eradication of Brucellosis, Tuberculosis and Leukosis in Bovines

The Committee endorses the Commission proposal but feels that other epizootic diseases such as paratuberculosis could perhaps have been covered as well.

b) by 69 votes to 5, with 14 abstentions, its Opinion on the

Proposal for a Council Regulation (EEC) temporarily suspending certain national and Community aids in the milk and milk products sector

The Committee points out that the proposed stopgap measures make no distinction whatsoever between structural and market problems. The Commission has disregarded recommendations made in the Committee Opinion of 30 September 1976 on the Action Programme (1977-1980) for the Progressive Achievement of Balance on the Milk Market. Adoption of these recommendations would have led to greater selectivity in the grant of aids. Since these fundamental recommendations have not been accepted, the Committee is unable to endorse the proposal.

c) by 44 votes to 29, with 19 abstentions, its Opinion on the

Proposal for a Council Regulation on a Co-Responsibility Levy and Measures for Expanding Markets in the Milk and Milk Products Sector

The Committee states that it shares the Commission's interest in the progressive achievement of balance on the market in milk products. Once again, the Commission proposal disregards certain demands contained in the aforementioned Opinion of 30 September 1976. The proposal does not :

- evaluate the impact of the drought on the milk sector;
- deal with the question of financial responsibility for the cost of disposing of existing stocks;
- provide for the establishment of consultation machinery;
- analyze the impact of the co-responsibility levy on the income of milk producers (as it results from the price policy).

The Committee states that a wide-ranging analysis covering such questions as the interdependence between (a) animal and vegetable fats and (b) animal and vegetable protein, is a pre-requisite for achieving balance on the market in milk products.

Finally, the Committee considers that it does not possess sufficient information to take a stand on the level of the levy proposed for 1976/1980, namely 2.5% of the target price for milk.

d) by 60 votes to 27, with 4 abstentions, its Opinion on the

Proposal for a Regulation of the Council (EEC) concerning a Charge on Certain Oils and Fats

The Committee points out that, in its Opinion of 30 September 1976, it came out against the Commission's proposal to introduce a charge in the Community on certain vegetable and marine fats and oils, (a proposal set out in point 47 of the Action Programme 1977/1980 for the Progressive Achievement of Balance in the Milk Market).

The points made in the draft Regulation and its Annex have not changed the Committee's views on the matter.

This Opinion differs from the version proposed by the Committee's Section for Agriculture, which did not take a clear **stand** on the level proposed by the Commission but which supported the introduction of a charge.

The Committee based its Opinion on material prepared by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr de CAFFARELLI - France - Various Interests.

3. Priority Measures to Fight Unemployment

The Economic and Social Committee adopted unanimously its Opinion on the

Specific measures to be taken to help young and elderly workers and women resuming gainful employment

The Committee in this own-initiative Opinion wishes to stress that in the light of the present unemployment crisis, the figures for unemployment among young persons, women and the elderly are particularly alarming. At issue is the question of equity in employment and goals which shall be in reach of all residents of the European Community - men, women, the healthy and the physically handicapped. The Committee points out that unemployment deprives people of a great deal of personal and social fulfilment. Work must be recognized as a basis of self-esteem and human dignity.

In the case of unemployment amongst young people, the Committee notes that the situation arises often in Member States whereby young people who fail to find a job or training place after finishing their schooling are not entitled to financial assistance. The Committee points out that too few are prepared to condemn the social, economic and cultural climate that has failed to absorb young people fully in its development. The Committee cites several examples of action taken by the Member States to illustrate the on-going schemes. Furthermore, the Committee urges that the following programmes should be intensified :

- a) Improvement of information about careers and employment prospects such as increase of vocational guidance before the end of formal education and publicity campaigns about the guidance and assistance facilities available for young people.
- b) Creation of jobs and training places in the way of granting subsidies to employers and granting assistance to young people who have to take a job or apprenticeship outside their own area.
- c) Other special measures include making young people eligible for unemployment insurance benefits, increasing the reception services in areas which have a large influx of young migrants, and creating special courses to help young people with learning difficulties, with physical and mental handicaps.

The Committee in giving its view as regards unemployment amongst women, emphasized that many more women are in fact unemployed than the official statistics state. There is a danger that the habitual preferences for preserving men's jobs could grow stronger

in the Community countries, since statistics show that women continue to be regarded as a pool of casual labour. More and more women want to find a job as they are coming to regard employment as a stimulation and a means of personal development. The Committee points out that women's employment is still concentrated in certain industries and stresses that this dual labour market in Europe should be abolished whenever possible. Social legislation of some Member States still contains gross violations of the principle of equal rights for men and women in the provisions governing unemployment benefits for women.

The Committee recommends in the area of improvement of information about careers publicity campaigns linked to guidance and counselling to help bring women into new occupations; special women's services within Employment and Vocational Guidance Offices, and information visits to give women the opportunity to see various jobs being carried out in industries or firms. Within the area of creation of jobs and training places, the Committee recommends provision of continuous training courses for women throughout the year; organization and extension of refresher courses, and granting of subsidies to employers who provide jobs or training places. Along the lines of social measures, the Committee stresses the necessary increase of child-care facilities for women with family responsibilities and provision of advice on psychological and social problems in employment offices and firms employing women.

The Committee in taking up the problem of unemployment amongst elderly workers points out that the statistics are very unreliable in this area, since "elderly" worker is defined in many different ways. Occupational qualifications determine to a considerable extent whether unemployed workers aged between 40 and 50 are offered new jobs. There is a lack of information for the elderly worker about which abilities and skills should be further cultivated or acquired and also an insufficient range of continuous service training courses. Elderly workers sometimes under-estimate the risk of losing their jobs as well. In many fields it is evident that employers tend to give jobs to younger and possibly better qualified workers, particularly where job requirements are changing. Among the measures that are recommended by the Committee are the following : provision of information services for elderly workers to keep them up-to-date with employment trends, improvement of "continuous learning programmes" and crash-training courses for older workers. Furthermore, the Committee sees a need for more research into the problems of old age, reconsideration of the maximum age limits for workers, broadening "flexible retirement" and pension facilities, and flexible hours and holidays, part-time and intermittent work.

The Committee stresses that on the Community level the following measures be taken :

- publication of the findings of the Education Committee, particularly in relation to young people and their problems in entering work life;
- concrete proposals for improving employment prospects to be prepared by the European Centre for the development of Vocational Training, European Work Manual for Women, a Community action

programme for the elderly worker in order to promote flexible retirement and pension facilities, and intervention of the European Social Fund to improve training and retraining facilities and to promote much needed "crash courses".

The Committee based its Opinion on material prepared by its Section for Social Affairs under the chairmanship of Mr HOUTHUYS - Belgium - Workers. The Rapporteur was Mr CARROLL - Ireland - Workers.

4. European Regional Development Fund

The Economic and Social Committee adopted unanimously its Opinion on the

First Annual Report on the European Regional Development Fund 1975 and the Summary Analysis of Annual Information 1976

The Committee welcomes the First Annual Report on the activities of the European Regional Fund during the year 1975 and expresses its appreciation of the Commission's cooperation in keeping the Committee informed on the progress in the field of regional development. It does; however, repeat its regret that no formal provision exists for the consultation of the Committee on the Annual Report as is the case with the European Parliament and urges that this omission be corrected in connection with the revision of the Fund Regulation.

The Committee draws attention to the fact that a larger Fund is needed to better correspond to the needs of the deprived regions.

Considering that the value of the Fund has been eroded through inflation, the Committee recommends that ways and means be found to restore the Fund to its original value and to counteract the inflationary effects on the Fund in future by making provision for an annual review of the Fund.

The Committee advocates that utilization of European Investment Bank loans at reduced rates be encouraged in particular to promote small- and medium-sized enterprises. It also favours that provision be made in the new Fund Regulation to facilitate consideration of this type of project, by elimination of the minimum investment threshold and, if necessary, permit group schemes to meet the minimum employment requirement.

In view of the increasing importance of the tertiary sector in relation to job creation, the Committee urges that greater emphasis be put on this sector in the new Fund Regulation.

Finally, the Committee urges that Member States should further the participation of interested parties at local and regional level in the planning and implementation of regional development projects to be assisted by the Regional Development Fund.

The Committee based its Opinion on material prepared by its Section for Regional Development under the chairmanship of Mr A. LAVAL - France - Workers. The Rapporteur was Mr LOUGHREY - Ireland - Employers.

5. IAEA Nuclear Inspections

Proposal for a Council Regulation Containing Provisions to Enable the International Atomic Energy Agency to Carry out Inspections and Verifications in the Territories of the Member States of the European Atomic Energy Community.

Gist of the Proposal

On 5 April 1973, the European Atomic Energy Community (EURATOM), seven non-nuclear weapon Community States and the International Atomic Energy Agency (IAEA) signed a safeguards agreement (known as the IAEA/EURATOM Agreement) in implementation of the Treaty on the Non-Proliferation of Nuclear Weapons.

The Commission believes that it is in the interest of all parties to the Agreement that the relevant provisions adopted by the Member States concerned should be as homogeneous as possible in order to avoid any discrimination or disparity of treatment.

Accordingly, it proposes the adoption of a uniform set of Community Rules under Article 203 of the EURATOM Treaty. The rules govern the conditions under which the IAEA may carry out various inspection and verification activities to ensure that nuclear materials (source materials or special fissionable materials) are not diverted to purposes other than those for which they were intended.

Gist of the Opinion

The Economic and Social Committee adopted by a large majority with 2 votes against and 4 abstentions its Opinion on this proposal.

The proposed Regulation has been drawn up in order to discharge the obligations created by the safeguards' agreement signed on 5 April 1973 by the European Atomic Energy Community, the seven non-nuclear weapon Community States, and the International Atomic Energy Agency (IAEA/EURATOM Agreement). The IAEA/EURATOM Agreement was brought about by the Treaty for the Non-Proliferation of Nuclear Weapons.

The Committee wholeheartedly welcomes the Commission's initiative. It agrees that it would not be in the Community's interest if the Member States that had signed the IAEA/EURATOM Agreement were to enact provisions of their own.

The Committee calls on the Council to enact the Regulation as quickly as possible. Otherwise, the deadline for the application of the Treaty for the Non-Proliferation of Nuclear Weapons would be overrun. The Community's supply of nuclear fuels from third countries could then be placed in jeopardy.

The Committee goes on to point out that, with the enactment of the Regulation and the entry into force of the IAEA/EURATOM Agreement, duplicate safeguards, under certain exceptional circumstances, cannot be ruled out completely. However, the Committee assumes that the IAEA will not exercise its right to duplicate the work of EURATOM inspectors, unless such duplication is specially warranted. Steps should be taken to ensure that such procedures do not give rise to any significant additional expenditure or hindrance.

Finally, the Committee regrets that safeguards' systems differ between Member States. The powers which inspectors have in countries with nuclear weapons are different to those they have in

countries without nuclear weapons. The Committee calls on the Commission to continue to press for the introduction within the foreseeable future of uniform safeguards and powers of inspection.

The Committee based its Opinion on material prepared by its Section for Energy and Nuclear Questions under the chairmanship of Mr MILLER - United Kingdom - Employers. The Rapporteur was Mr SCHLITT - Germany - Various Interests.

6. Extension of Social Protection

Recommendation of the Commission concerning the Progressive Extension of Social Protection to Categories of Persons not covered by Existing Schemes or Inadequately Protected.

Gist of the Recommendation

There are still gaps and shortcomings in the social protection afforded in the Community to certain categories of person. The precise nature of these gaps and shortcomings varies from one Member State to the next. The categories of person affected include :

- certain sectors of the non-active population,
- self-employed persons,
- certain marginal groups of wage earners.

In accordance with guidelines given in its Social Action Programme, the Commission considers that proper social protection for such categories of person should be phased in. The Member States should, however, be left with a measure of discretion as to how they achieve this end and allowance should be made for the exigencies of social advancement and economic and financial constraints.

The Commission urges the Member States to attain the objectives listed below in an initial stage, which is to last until 31 December 1980.

- Provision of sickness, old age **and** invalidity cover and family benefits for the whole of the active population;
- Progressive provision (with priority being given to certain categories of person) of sickness and old age cover and family benefits to categories of persons not in gainful employment;
- Income and services similar to those afforded by social security schemes in the event of invalidity and unemployment to be given to categories of persons who are unable to engage in gainful employment.

The Commission considers that social security schemes constitute the appropriate machinery for attaining these general objectives, and that this should be done in stages. It admits, however, that, in certain cases, national assistance may be the only way of providing rapid cover for new categories of person. Therefore, recourse may be had to national assistance as a supplementary possibility.

Gist of the Opinion

The Economic and Social Committee adopted by 71 votes in favour, 4 against and 6 abstentions, its Opinion on this recommendation.

The Committee welcomes the Commission's action in seeking to fill the gaps in social security arrangements for particular groups of persons.

Having recalled the number of occasions the Committee has come out in favour of an extension of social protection in the past, the Committee makes a number of general points concerning among other things :

- the limitations of the Commission's proposal both from the point of view of content and form, and the need for the Community authorities to press ahead vigorously with the other measures needed to extend social security, using the most appropriate legal means available;
- the financial aspects of the extension of social protection and in particular the need to (a) avoid compromising existing entitlement and (b) to respect the principle of relating social security contributions to income and benefits to needs;
- the need for better information about the current organization and financing of social security schemes in each Member State.

The Committee based its Opinion on material prepared by its Section for Social Questions under the chairmanship of Mr HOUTHUYS - Belgium - Workers. The Rapporteur was Mr MARVIER - France - Various Interests.

7. Revision of the R & D Programme

Proposal for a Council Decision Reviewing the Energy Research and Development Programme adopted by the Council's Decision of 22 August 1975.

Gist of the Commission's Proposal

The current Energy R & D Programme runs from 1 July 1975 to 30 June 1979. It has a total budget of 59 million u.a.

It covers :

- Energy conservation
- Production and Utilization of Hydrogen
- Solar Energy
- Geothermal Energy
- Systems Analysis : Development of Models.

The Commission now proposes certain changes to the projects on hydrogen, solar energy, and geothermal energy.

Gist of the Opinion

The Economic and Social Committee's Session held on 24 and 25 November 1976, adopted by a large majority with 1 vote against and 2 abstentions its Opinion on this proposal.

The Committee congratulates the Commission on the ~~out-turn~~ of the first year of the programme. It was particularly impressed by the speed with which research contracts were signed following the programme's adoption on 22 August 1975.

The Committee approves the changes now proposed by the Commission. These relate to the projects on hydrogen, solar energy, and geothermal energy. The Committee notes that the changes are of a minor, technical nature and has no specific comments to make.

The Committee based its Opinion on material prepared by its Section for Energy and Nuclear Questions under the chairmanship of Mr MILLER - United Kingdom - Employers. The Rapporteur was Mr SCHLITT - Germany - Various Interests.

8. Precious Metals

Proposal for a Council Directive on the Approximation of the Laws of the Member States relating to Articles of Precious Metals.

Gist of the proposal for a directive

The proposal comes within the framework of the general programme on the elimination of technical barriers to trade in industrial products. Provisions on precious metals are included in the second stage of this General Programme (approved on 28 May 1969) as well as in the Council Resolution on industrial policy adopted on 17 December 1973.

The proposal contains detailed provisions on legal standards of fineness, admissible tolerances and inspection and testing methods. The proposed standards of fineness are 750 and 585 parts per thousand for gold, 925 and 800 parts per thousand for silver and 950 parts per thousand for platinum.

In order to improve the protection of consumers, the proposal provides for a Community hallmark applied by the services of one of the Member States. There is to be reciprocal recognition of inspections. Any article of precious metals bearing the hallmark will be deemed to comply with the Directive.

The harmonization method chosen is the optional one.

Gist of the Opinion

The Economic and Social Committee adopted by a large majority, with 3 votes against and 1 abstention its Opinion on this proposal.

The Committee notes that the Member States have adopted widely different approaches to legislation on precious metals. These differences are not easy to reconcile.

Large numbers of Directives proposed years ago by the Commission are still awaiting a Council decision. To prevent the present proposal meeting the same fate, the Committee takes the view that, if it proves impossible to achieve alignment in all areas in the immediate future, progress should be made in some areas at least.

If certain aspects are aligned in an initial phase, this should make it easier for more extensive alignment to be carried out subsequently within the EEC and, if possible, within a wider framework.

It would perhaps be expedient at a later stage to have one or more Directives on the marking of articles made of pewter, bronze, stainless steel, gilded and silvered metal, etc. National rules and standards for such articles differ. As a result, there may be technical barriers to trade and confusion may arise between marks for precious metals and marks for gilded and silvered articles.

The Committee notes that the Community marks given in the proposal for a Directive are there merely as a guide. The Commission plans to base its final decision on the work of an expert committee.

The Committee trusts that the final marks for the three metals will be clearly distinguishable one from another and suitable for use on small and large articles.

Although the Directive will not require national assay offices to be set up, the Committee points out that some Member States do not have the facilities for setting up official assay offices.

The Committee also wonders whether it is really necessary to carry out a priori checks on all precious-metal articles, even those which are very light and of little value. It wonders whether the cost of such checks would not be excessive.

The Committee also proposes that the Commission should examine how (i.e. for what articles and on what conditions), the identification marks applied by approved artificers on behalf of a Member State might also be recognized as equivalent, through :

- Community approval-criteria based on national regulations;
- Grants and withdrawals of approval being published in the Official Journal of the European Communities.

With regard to tolerances and the accuracy of methods of assay, the Committee considers that since high-value raw materials are involved, the quality stated ought to be guaranteed, subject (if need be) to special dispensations for soldered joints where soldering techniques do not allow solders of the same fineness to be used.

Account should be taken of the relative inaccuracy of assay methods. But this inaccuracy is not in the same league as the tolerances proposed in the Directive, since the latter are as high as 1%.

To improve consumer protection the Committee advocates that in one or more stages :

- a) Hallmark symbols and figures should be fully standardized, according to a code which is as easy as possible to read, understand and remember;
- b) Each article displayed for sale should have a label indicating the metal it is made of and the standard of fineness; dealers should also be obliged to keep a table of marks and a magnifying glass on their premises for customers' use.

The Committee based its Opinion on material prepared by its Section for Industry, Commerce, Crafts and Services under the chairmanship of Mr HEMMER - Luxembourg - Employers. The Rapportuer was Mr DE GRAVE - Belgium - Workers.

9. Footwear Research Programme

Proposal for a Council Decision adopting a Technological Research Programme for the Footwear Sector.

Gist of the Commission's proposal

The aim of the proposed research programme is to keep alive the Community's footwear industry, which is currently facing a number of problems. The main reasons behind these difficulties are an increase in production costs and a decline in exports to non-Member States. In order to contend with these problems, the Commission underlines the need for the Community's footwear industry to :

- rationalize production in order to remain competitive;
- make more rational use of raw materials and energy;

- adopt a more flexible approach to production to take account of the wishes of consumers.

The proposed research programme designed to achieve these aims comprises three projects :

- Rationalized use of materials for uppers;
- Rationalization of upper making
- Correlation between footwear manufacturing technology and consumer requirements.

The total cost of the programme is estimated at 1,355,000 u.a. The cost of projects one and two is put at 505,000 u.a., of which 270,000 u.a. will be provided by the Community's footwear industry and 235,000 u.a. by the Community itself. The third project will be financed entirely by the footwear industry when it eventually gets underway.

Gist of the Opinion

The Economic and Social Committee adopted unanimously, with 2 abstentions its Opinion on this proposal.

The Committee attaches importance to the Commission's endeavours to introduce common policies for various industries. The Committee agrees with the Commission's analysis of the position of the Community's footwear industry. This industry is particularly important from the point of view of employment (especially employment for women), regional equilibrium and the Community's trade balance.

The Committee approves the various projects in the proposed research programme. It is important to ensure that small- and medium-sized manufacturers are able to benefit from the results

of the projects in the same way as larger manufacturers. The Committee, therefore, asks the Commission to take special care to prevent any discrimination between firms, based either on their size or regional location.

The Commission's proposal makes provision for the setting-up of management and advisory bodies. These will comprise delegates from national employers' federations and national research establishments, on whose administrative bodies workers are represented (except in Germany). The Commission has the right to appoint observers to attend meetings of the Programme Advisory Council. The Committee proposes that these observers should include workers' representatives.

The Committee wishes to stress that the difficulties facing the footwear industry can largely be put down to two factors : (a) the restrictive policies in force in certain markets which have the effect of limiting Community exports; (b) the exceptionally favourable manufacturing conditions in a number of non-Member States which have an abundant supply of cheap labour. It would draw the attention of the Community authorities to the need to coordinate the implementation of specific sectoral policies more closely with the Community's overall trade policy.

The Committee based its Opinion on material prepared by its Section for Industry, Commerce, Crafts and Services under the chairmanship of Mr HEMMER - Luxembourg - Employers. The Rapporteur was Mr EVAIN - France - Employers.

10. Wine

Gist of the Commission's proposals

- A. Proposal for a Council Regulation (EEC) Amending Regulation (EEC) No. 1162/76 on Measures Designed to Adjust Wine-Growing Potential to Market Requirements (Doc. COM(76) 567 final).

The object of the proposal is to exempt from the temporary prohibition on new plantings those plantings which are effected in certain Member States under official re-parcelling measures and are aimed at making wine-growing more profitable.

- B. Proposal for a Council Regulation (EEC) Amending Regulation (EEC) No. 1163/76 on the Granting of a Conversion Premium in the Wine Sector (Doc. COM(76) 567 final).

The Commission's aim is to make a more effective contribution to the restoration of equilibrium between production and market requirements. It proposes to achieve this aim (a) by extending the conversion premium provided for under Council Regulation (EEC) No. 1163/76 to vines under glass, and (b) by extending the deadline for the submission of applications for the premium.

Under one of the Commission's new provisions, the premium cannot be refused if the area for which the premium has been applied contains several vine varieties and one or more of these varieties do not qualify for the premium.

Finally, the Commission proposes that the Council should be given the possibility of extending the deadline for the submission of applications for the premium.

Gist of the Opinions

The Economic and Social Committee adopted :

- unanimously its Opinion on proposal A.

The Committee approved the Commission's proposal, but recommended that better arrangements should be worked out for monitoring plantings carried out under official re-allocation schemes.

- The Committee also adopted unanimously its Opinion on proposal B.

The Committee approved the Commission's proposal without amendment, but regretted that the Commission had not taken the opportunity to take account of a request made previously by the Economic and Social Committee asking that the scope of conversion premiums in the wine sector should be extended.

The Committee based its Opinion on work carried out by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr GUILLAUME - France - Various Interests.

11. Hops

Amendments to a Proposal for a Council Regulation (EEC) Amending Regulation (EEC) No. 1696/71 on the Common Organization of the Market in Hops.

Gist of the Commission proposal

The following are the main recommendations to be found in the Commission proposal :

- market intervention should be possible before the harvest in the event of structural surpluses;
- there should be no extension of the area under hops for two years;
- conditions for the recognition of Community hop-producer groups should be amended;
- there should be a new deadline for the change-over to new varieties and the restructuring of hop gardens required by Article 9 of the original proposal.

Gist of the Opinion

The Economic and Social Committee adopted unanimously, with 2 abstentions, its Opinion on this proposal.

The Economic and Social Committee approved the Commission's proposals, many of which take up ideas it had itself put forward earlier on.

The Committee draws particular attention to the need to consolidate the various legal instruments which govern, or are shortly to govern, hop-growing and marketing in the Community.

The Committee based its Opinion on material prepared by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr BERNAERT - Belgium - Employers.

12. Agency for Trade Cooperation with the Developing Countries

Proposal for a Council Regulation establishing a European Agency for Trade Cooperation with the Developing Countries.

Gist of the Commission's proposal

On 30 April 1974 the Council adopted two resolutions, one on improving the Generalized System of Preferences (GSP) and the other, on financing, by appropriations to be entered in the Community Budget, specific technical assistance schemes to promote the exports of non-associated developing countries; trade promotion is also provided for in the Lomé Convention.

In another resolution, adopted on 3 March 1975, the Council has confirmed its will to make a sustained and progressive effort to improve the generalized preferences, in particular by encouraging the beneficiary developing countries to make better use of the Community's GSP by providing them with more information on it. It is in this context that the idea of creating an Agency has grown up : the task of the Agency would be, amongst other things, to help improve the utilization of the Community's generalized preferences. The idea received support from the European Parliament and from the Economic and Social Committee (in an Opinion dated 15 September 1975).

The purpose of the proposal is to achieve a quantitative and qualitative improvement of the use of the GSP, thanks to the provision of appropriate information to consumers.

In the Commission's view, setting up an Agency is justified because :

- the Commission's own departments are overworked, and
- the new and additional tasks to be carried out - because of the need for speed, their operational and commercial nature, and the direct and constant contact with the private sector - are more and more difficult to reconcile with the administrative and financial procedures of the Community.

The mission of the Agency will be to further the Community's objectives in the field of trade relations with the developing countries through practical schemes in two distinct but complementary fields : use of the GSP and trade promotion.

The agency will be set up as a European Agency with legal personality and financial autonomy under Commission supervision.

Gist of the Opinion

The Economic and Social Committee adopted unanimously its opinion on this proposal.

The Committee approves the Commission's initiative which has long been advocated by all socio-economic interest groups in the Community and in the developing countries. The Committee hopes that with the setting up of a European Agency the Generalized Tariff Preferences Scheme can be applied more effectively by the Community and, more generally, that markets will become more "transparent".

The Committee is strongly in favour of the European Agency working together as closely as possible with all national and international organizations involved in the promotion of trade on behalf of the developing countries. The Committee appreciates the detailed description given in the proposal of the various tasks to be taken up by the Agency.

The administrative organization and management of the European Agency will presumably provide a sound basis for coping with the often complicated technicalities of trade promotion.

The Committee finally urges the Council to decide as soon as possible on the Commission proposals so as to enable the European Agency for Trade Cooperation with the Developing Countries to be operative by the beginning of 1977 at the latest.

The Committee based its Opinion on material prepared by its Section for External Relations under the chairmanship of Mr CARSTENS - Denmark - Employers. The Rapporteur was Mr RØMER - Denmark - Employers.

EXTERNAL RELATIONS

Visit to Portugal by a delegation from the Economic and Social Committee of the European Communities

A delegation from the Economic and Social Committee will be having talks in Lisbon on 8 and 9 November 1976 with representatives of Portuguese trade and professional organizations. The talks will focus on future relations between the European Communities and Portugal.

The Committee's delegation will be led by Mr CARSTENS, Chairman of the Committee's Section for External Relations, and a representative of the Federation of Danish Industries, Mr SCALIA, Study Group Chairman and a member of the Italian General Confederation of Labour (CGIL), and Mr STARATZKE, Rapporteur, former member of the Lower House (Bundestag) of the German Parliament and member of the Executive Committee of the German Textile Industry Federation.

In the course of the visit, the Committee's delegation will be received by the Portuguese Prime Minister, Dr Mario SOARES.

III

NEW REQUESTS FOR OPINIONS

During the month of November, the Council asked for Opinions on

1. Proposal for a Council Directive on the Harmonization of Laws in the Member States to Combat Illegal Migration and Illegal Employment.
2. Proposal for a Regulation (EEC) of the Council amending Regulation (EEC) No. 97/69 on Measures to be Taken for Uniform Application of the Nomenclature of the Common Customs Tariff.
3. Proposal for a Council Directive relating to the Quality Requirements for Waters Favourable to Shellfish Growth.
4. Proposal for a Council Directive on the Approximation of the Laws of the Member States concerning motor-vehicle windscreen wipers and windscreen washers.
5. Proposal for a Council Directive on the Approximation of the Laws of the Member States relating to de-icing and demisting devices used in motor vehicles.
6. Proposal for a Council Directive on the Approximation of the Laws of the Member States relating to the interior equipment of motor vehicles (identification of controls and indicators).
7. Communication from the Commission on Informatics industry.

IV

PROGRAMME OF FUTURE WORK

145th Plenary Session - January 1977

- Green Paper
- Farm Prices
- Employment in Agriculture (own initiative)
- Working Conditions in Inland Waterway Transport
- Collective Investment Undertakings
- Vocational Preparation of Young People
- Community Relations with Portugal (Study)
- Toxic Waste
- Fresh suitable for Fish
- Dangerous substances

146th Plenary Session - February 1977

- Nuclear Safety (Study)
- Defective products
- Prepackaged products
- Pleasure Craft
- 7th Directive on Group **Accounts**
- Industrial Change (own initiative)
- Illegal Immigration
- Alignment of Taxes (Study)
- Regional Policy, Unemployment and Inflation (own initiative)
- GATT Negotiations (additional Opinion)
- Relations between Industrialized and Developing Nations (Study)
- Plant Protection Products -two Opinions)

147th Plenary Session - March 1977

- Small and Medium-sized businesses (own initiative)
 - Transport **between** EEC and Eastern Bloc (own initiative)
 - Agreements between the Community and Countries of the East and South Mediterranean (Study)
 - Consumers' Action Programme (Additional Opinion)
-

**PUBLICATIONS OBTAINABLE FROM THE ECONOMIC
AND SOCIAL COMMITTEE**

Periodical

- Bulletin (monthly publication)

General Documentation

- The Economic and Social Committee (leaflet) (January 1975)
- The Economic and Social Committee (April 1975)
(A descriptive brochure) 16 p.
- Annual Report (1975) 62 p. (1974) 60 p. (1973) 64 p.
- Directory (November 1975)
(List of members) 32 p.

Opinions and Studies

- Research and Development (November 1976)
(Study) 35 p.
- Systems of education and vocational training
(August 1976) (Study) 114 p.
- Regional Policy (March 1976)
(Opinion) 11 p.
- European Union (July 1975)
(Opinion) 33 p.
- Progress Report on the Common Agricultural Policy
(February 1975) (Study) 52 p.
- The Situation of Small and Medium-sized Undertakings in the
European Community (March 1975) (Study) 69 p.