

EUROPEAN COMMUNITIES

BULLETIN

10

ECONOMIC AND
S O C I A L
C O M M I T T E E



Chair

President: Carlos FERRER
(Spain - Employers)

Vice-Presidents: Bent NIELSEN
(Denmark - Workers)

André LAUR
(France - Various Interests)

Secretary-General: Simon-Pierre NOTHOMB
(Belgium)

Origins

The Committee was established by the 1957 Rome Treaties in order to involve the various economic and social interest groups in the establishment of the common market and to provide the institutional machinery for briefing the Commission and the Council on all matters relating to the Community.

The Single European Act (1986) and the Maastricht Treaty (1992) reinforced the ESC's role.

Membership

The Committee has 222 members (195 men, 27 women) representing economic and social interest groups in Europe. Members are nominated by national governments and appointed by the Council of the European Union for a renewable 4-year term of office. They belong to one of three Groups: Employers (Group I - President: Manuel Eugénio CAVALEIRO BRANDÃO - Portugal), Workers (Group II - President: Tom JENKINS - United Kingdom), Various Interests (Group III - President: Beatrice RANGONI MACHIAVELLI - Italy). Germany, France, Italy and the United Kingdom have 24 members each, Spain has 21, Belgium, Greece, the Netherlands, Portugal, Austria and Sweden 12, Denmark, Ireland and Finland 9 and Luxembourg 6.

The Members' Mandate

The ESC members' main task is to issue Opinions on matters referred to the Committee by the Commission and the Council.

It should be noted that the ESC is the only body of its type which advises the EU Council of Ministers directly.

Advisory Role

Consultation of the Committee by the Commission or the Council is mandatory in certain cases; in others it is optional. The Committee may, however, also adopt Opinions on its own initiative. Both the Single Act (17.2.86) and the Maastricht Treaty (7.2.92) extended the range of issues which must be referred to the Committee, in particular the new policies (regional and environmental policy). On average the ESC delivers 180 Opinions a year (of which 10% are Own-initiative Opinions). All Opinions are forwarded to the Community's decision-making bodies and then published in the EC's Official Journal.

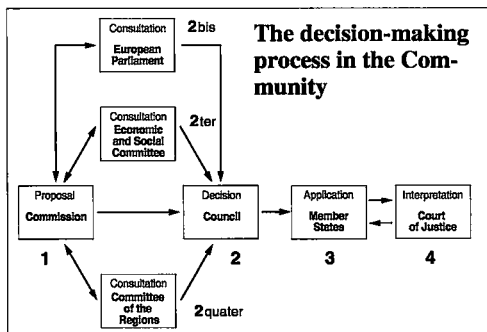
Information and Integration Role

Over the last few years the ESC has stepped up its role in the European Union and has transcended the straightforward duties flowing from the Treaties. Providing a forum for the Single Market, the ESC has, in conjunction with other Community Institutions, organized a number of events designed to improve links between the general public in Europe and the European Institutions.

Internal organization

1. Presidency and Bureau

Every two years the Committee elects a Bureau made up of 36 members (12 per Group), and a President and two Vice-Presidents chosen from each of the three Groups in rotation.



The President is responsible for the orderly conduct of the Committee's business. He is assisted in the discharge of his duties by the Vice-Presidents who deputize for him in the event of his absence.

The President represents the Committee in relations with outside bodies.

Joint briefs: relations with EFTA, CEEC, AMU, ACP countries, Latin America and other third countries fall within the remit of the Committee Bureau and President.

The Bureau's main task is to organize and coordinate the work of the Committee's various bodies and to lay down the political guidelines for this work.

2. Sections

The Committee has nine Sections:

- Economic, Financial and Monetary Questions - secretariat tel. 546.94.71 (President: Jean Pardon - Group I - Belgium)
- External Relations, Trade and Development Policy - secretariat tel. 546.93.16 (President: Roger Briesch - Group II - France)
- Social, Family, Educational and Cultural Affairs - secretariat tel. 546.93.02 (President: John F. Carroll - Group II - Ireland)
- Protection of the Environment, Public Health and Consumer Affairs - secretariat tel. 546.92.27 (President: Manuel Ataíde Ferreira - Group III - Portugal)
- Agriculture and Fisheries - secretariat tel. 546.93.96 (President: Pere Margalef Masià - Group III - Spain)
- Regional Development and Town and Country Planning - secretariat tel. 546.92.57 (President: Robert Moreland - Group III - United Kingdom)
- Industry, Commerce, Crafts and Services - secretariat tel. 546.93.85 (President: Liam Connellan - Group I - Ireland)
- Transport and Communications - secretariat tel. 546.93.53 (President: René Bleser - Group II - Luxembourg)
- Energy, Nuclear Questions and Research - secretariat tel. 546.97.94 (President: José Ignacio Gafo Fernández - Group I - Spain)

3. Study Groups

Section Opinions are drafted by Study Groups comprising an average of 12 members, including a Rapporteur, who may be assisted by experts (usually four with a maximum of six).

4. Sub-Committees

Where appropriate, the Committee can set up a temporary sub-committee, which operates on the same lines as Sections.

5. Plenary Session

The Committee meets in Plenary Session as a rule ten times a year. At the Plenary Sessions, Opinions are adopted on the basis of Section Opinions by a simple

majority. They are forwarded to the institutions and published in the Official Journal of the European Communities.

6. Relations with economic and social councils

The ESC maintains regular links with regional and national economic and social councils throughout the European Union. These links mainly involve exchanges of information and joint discussions every year on specific issues.

Moreover, the ESC maintains similar contacts worldwide with other economic and social councils in the "International Meetings" held every two years.

7. Relations with economic and social interest groups in third countries

The Committee has links with economic and social interest groups in a number of non-member countries and groups of countries, including Mediterranean countries, the ACP countries, Central and Eastern Europe, Latin America and EFTA. For this purpose the Committee sets up 15-30 man delegations headed by the President. For links with the countries of Central and Eastern Europe, some meetings will be institutionalized under the European Agreements.

Meetings

The average number of meetings held each year is as follows:

Plenary Sessions	10
Sections	70
Study Groups	350
Group meetings	85
Meetings of sub-groups recognized by the three Groups	160
Miscellaneous	370
Visitors' groups (approx. 8,000 visitors)	200
TOTAL	1,245

Publications

The ESC regularly distributes a number of publications free of charge (Order in writing by mail or fax - 546.98.22) inter alia its main Opinions in brochure format and a monthly newsletter.

Secretariat-General

The Committee is serviced by a Secretariat-General, headed by a Secretary-General, reporting to the Chairman representing the Bureau.

The number of officials (including temporary and auxiliary staff) is as follows:

Category A (Administrators)	59 (48 men, 11 women)
Category B (administrative assistants)	65 (25 men, 40 women)
Category C (secretarial and clerical staff)	237 (59 men, 178 women)
Category D (skilled employees)	48 (36 men, 12 women)
Language Service	121 (67 men, 54 women)

Total: 530 (235 men, 295 women), more than a third of whom are involved in language work, given the need to operate in the Community's 11 official languages. However, as of 1 January 1995, the Economic and Social Committee and the Committee of the Regions will share a common core of services, drawing the bulk of their manpower from the ESC's secretariat.

1995 Budget

The 1995 Budget appropriations total ECU 83,900,000, of which ECU 57,800,000 have been earmarked for the joint services which the ESC shares with the Committee of the Regions.

EUROPEAN COMMUNITIES

BULLETIN

95

10

ECONOMIC AND
S O C I A L
C O M M I T T E E



This Bulletin reports on the activities of the Economic and Social Committee, a consultative body of the European Communities. It is published by the ESC's General Secretariat (2, rue Ravenstein, B-1000 Brussels) in the official Community languages (10 editions per annum)

ECONOMIC AND SOCIAL COMMITTEE

Directorate for Communications
Division for Relations with Economic and Social Councils
and socio-economic groups

2, rue Ravenstein, B-1000 Brussels

Tel.: 546 90 11
Fax: 546 98 22

Telegram: ECOSEUR
Telex: 25 983 CESEUR

Catalogue number: ESC-95-022-EN

Brussels: General Secretariat of the Economic and Social Committee, 1995

Reproduction is authorized, except for commercial purposes, provided the source is acknowledged.

Printed in Belgium

C O N T E N T S

I.	331st PLENARY SESSION - 20 and 21 DECEMBER 1995	1
1.	Pesticide residues in fruit, vegetables, cereals and food <i>(adopted unanimously)</i>	1
2.	3rd Report European Observatory for SMEs <i>(adopted by a majority and 1 abstention)</i>	3
3.	1993/94 Report - Cohesion <i>(adopted unanimously)</i>	5
4.	SAVE II	6
5.	Sustainable development in the developing countries <i>(adopted unanimously)</i>	10
6.	CAP/Fruit and vegetables <i>(adopted by 89 votes in favour, 58 votes against and 16 abstentions)</i>	11
7.	CAP/Processed fruit and vegetables <i>(adopted by a majority, with 22 votes against and 15 abstentions)</i>	13
8.	Indication of the prices of products offered to consumers <i>(adopted unanimously)</i>	14
9.	INFO 2000 - Multimedia	16
10.	EU-South Africa relations (Own-initiative Opinion) <i>(adopted unanimously)</i>	19
11.	Direct and indirect taxation (Own-initiative Opinion) <i>(adopted by a majority, with 20 votes against and 18 abstentions)</i>	21
12.	Quality of water intended for human consumption <i>(adopted by a majority and 3 abstentions)</i>	22
13.	EU/Mexico relations (Second Additional Own-initiative Opinion) <i>(adopted by a majority and 2 abstentions)</i>	24
II.	FUTURE WORK	26
III.	PRESENCE AND INFLUENCE OF THE ECONOMIC AND SOCIAL COMMITTEE	30
IV.	INFORMATION VISITS	31

The complete texts of the Opinions summarized in this brochure can be obtained either in the Official Journal of the European Communities, Office for Official Publications, 2, rue Mercier, L-2985 Luxembourg, or directly from the ESC Division for Relations with Economic and Social Councils and socio-economic groups (Fax: +32.2.546.98.22)

I. 331st PLENARY SESSION - 20 and 21 DECEMBER 1995

The 331st Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels on 20 and 21 December 1995. Mr Carlos FERRER presided.

The Committee adopted the Opinions listed below:

1. PESTICIDE RESIDUES IN FRUIT, VEGETABLES, CEREALS AND FOOD

Opinion on the Proposal for a Council Directive amending : *Council Directive 76/895/EEC of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables; Council Directive 86/362/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on cereals; Council Directive 86/363/EEC of 24 July 1986 on the fixing of maximum levels for pesticide residues in and on foodstuffs of animal origin, and Council Directive 90/642/EEC of 27 November 1990 on the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables*
(COM(95) 272 final - 95/0154 CNS)

(CES 1447/95 - 95/0154 CNS)

Rapporteur: Mrs María SÁNCHEZ (Spain - Workers)

Gist of the Commission proposal

Background

Since the adoption of Directive 90/642/EEC the Community regime covers in principle most important components of the diet, which allows a more systematic approach being taken for establishing Community maximum residue limits than was previously possible.

The current framework for maximum residue level setting established in the Directives 76/895/EEC, 86/362/EEC, 86/363/EEC and 90/642/EEC needs to be improved in order to permit the Community to react more adequately to the increased tasks it will be confronted with in the future.

The current proposal has provided for the amendments the Commission feels necessary to be introduced in the current legislation:

- a. Extension of the scope of the Directives to dried and/or processed individual agricultural products and to composite processed products.
- b. Introduction of an adequate framework for setting provisional maximum residue levels throughout the Community according to the provisions of Article 4(1)(f) of Directive 91/414/EEC.
- c. Introduction of procedures for situations where barriers to intra-Community trade may be expected or have appeared as the result of the absence of harmonised maximum residue levels for certain pesticide/product combinations.
- d. Increased harmonisation of the measures with regard to monitoring.
- e. Updating of certain provisions of Directives 76/895/EEC, 86/362/EEC and 86/363/EEC to the equivalent provisions in Directive 90/642/EEC.
- f. Introduction of a Regulatory Committee decision procedure.
- g. Measures ensuring rapid transposal of the amendments introduced in the annexes by the Member States.

Gist of the Opinion

General comments

The Council's procedure for adopting maximum residue levels is highly inflexible and clearly hinders the application of the Directives on the fixing of maximum pesticide residue levels.

No progress has yet been made in covering processed vegetable products. Consumption levels require full health protection for consumers via action on harmonization.

Crop diversification is indirectly being held back. The largest crops, or the most widespread throughout the EU, have MRLs for virtually all the pesticides covered, while smaller-scale crops, which might in the future provide an answer to the problems of farming in small districts, may well be left without means of controlling pests, since there is no private research into the appropriate pesticides.

Specific comments

Scope of the Directives: the ESC endorses the Commission's amendments to the Directives in question, but would make a number of comments:

- In the ESC's view, the Commission's extension of the Directive to dried, processed and composite products is of benefit to consumers.
- The application of MRLs to products for export to third countries is also a positive step.

Fixing maximum residue levels (MRLs): the Commission's proposed amendment of the procedure for fixing MRLs constitutes a major advance: firstly, it unifies all the procedures under each of the Directives and secondly, it simplifies them.

Another important point is the definition of the Member State of origin and destination for the purposes of fixing import and temporary MRLs. This is of major significance in the event of conflicts between Member States.

Resolving conflicts between Member States: pending harmonization of national legislation on fixing MRLs, the ESC views the proposed arrangements for settling conflicts between Member States as a practical solution, as this may facilitate the free movement of goods, while safeguarding consumer health protection.

The ESC feels that there are no grounds for excluding conflicts which may arise over processed products. It therefore calls for them to be included within the Commission's remit.

Conclusions

The Committee considers it would be most appropriate for Community MRLs to be set under a III-b type Regulatory Committee procedure, thereby ensuring an adequate degree of control over Commission action.

The Commission should be urged to prepare, as soon as possible, correcting mechanisms for the calculation of MRLs for processed and composite products. Similarly, such products must be covered by procedures for the resolution of conflicts (protecting Treaty Articles 30 to 36) and for monitoring.

Crop diversification must be encouraged. Fullest advantage must be taken of existing research to secure data on the smaller-scale crops, as well as of the possibility of extrapolating from data obtained for other crops in third countries.

The ESC urges the Commission to support the implementation of research programmes facilitating the availability of pesticides presenting no human health risks and developing new, environment-friendly agricultural methods.

An international pesticide information exchange office should be set up for this purpose.

2. 3rd REPORT EUROPEAN OBSERVATORY FOR SMEs

Opinion of the Economic and Social Committee on the *Third Annual Report - The European Observatory for SMEs*

(CES 1448/95)

Rapporteur: Mr Flavio PASOTTI (Italy - Various Interests)

Gist of the Report

A major objective of the Observatory is to provide the Commission with structured information for its policy making activity in relation to SMEs, including the craft sector. This information should also be of value to national governments, and to intermediary organizations in the business sector.

The First Annual Report concentrated on the *structure* of SMEs and their fields of operation. The Second Annual Report reviewed *developments* that affected SMEs. This Third Annual Report also reviews *developments* that relate to SMEs, and in particular that have arisen through the completion of the internal market. This report also contains theme studies on the Administrative Burdens on SMEs and on the Producer Services sector.

Only a few months after the enlargement of the European Union this report presents a quantitative and qualitative picture of SMEs in all 15 Member States, as well as in Norway, which means in all countries of the European Economic Area, except for Iceland.

To a limited extent the structure of the Report has changed. The main part of the Report concerns the development of the SME Internal Market Monitor (SIMM). This monitor measures the effects of the completion of the internal market on SMEs. The completion of the internal market has influenced the business performance as well as the business environment of SMEs. Therefore a distinction is made between information gathered on the business performance of SMEs and information gathered on the business environment of SMEs. The report is divided into four parts, Parts I to III form the input to Part IV, which can be read independently.

Part I contains chapters on business performance:

Part I - Business performance

- Chapter 1. Business dynamics and entrepreneurship
- Chapter 2. Economic growth and sectoral development
- Chapter 3. Labour
- Chapter 4. Regional disparities
- Chapter 5. Export and international orientation.

Part II contains chapters on the business environment:

Part II - Business environment

- Chapter 6. Macro-economic environment
- Chapter 7. Recent policy developments affecting SMEs
- Chapter 8. Labour market
- Chapter 9. Capital and finance
- Chapter 10. Infrastructures
- Chapter 11. Technology and innovation
- Chapter 12. Education and entrepreneurship
- Chapter 13. Legal environment.

The theme studies of this year's report concern the administrative burdens on SMEs and the producer services sector. In addition, some of the information included in last year's theme study on the craft trades has been updated.

Part III - Theme studies

- Chapter 14. Administrative burdens
- Chapter 15. Producer services
- Chapter 16. Craft trades.

In the last part conclusions are presented. This consists of the main results of the SIMM and an overview of the policy issues resulting from the information contained in the Report.

Part IV - Conclusions

- Chapter 17. SME internal market monitor
- Chapter 18. Policy issues.

Two annexes are attached to the report. As noted above, four new countries have joined the Observatory project this year. Additional information on these countries is included in a special annex.

- Annex I - About the Observatory report
- Annex II - New partners.

Gist of the Opinion

The report, with its summary, is important to all those in the Member States who are involved with the work of the SMEs and must therefore be published in all the official languages of the European Union.

The Committee regards the definition in current use, which national laws tend to follow, as inadequate. The Committee recommends that the Commission consider the matter rapidly and thoroughly, as this is a precondition for implementing proper economic policy choices.

The patchiness and lack of statistical homogeneity still found in the report make the work of analysis difficult. The Committee recommends a greater commitment by the Commission to achieving a reliable statistical framework in a short time.

It is absolutely essential to have extremely rapid updatings of business trends analysis. Such updatings are impossible if the report retains its present "encyclopaedic" structure, while it would become more manageable if the updatings were made more concise.

The Committee recommends that the report be restructured in this sense

Markets and competition

The Committee stresses the need to step up efforts to build a highly competitive market devoid of monopolistic positions whether on the demand or the supply side. If there is a business environment for which competitive markets are essential to growth, it is precisely that of SMEs.

Capital and financing

Once again the Committee must stress how the report's conclusions bring out the great difficulties encountered by SMEs in the process of capital supply. The Committee regards access to risk capital as a decisive variable in assessing the quality of the entrepreneurial environment. Alongside a compatible level of competition in the banking sector, all the instruments such as participatory loans and local stock exchanges, not yet uniformly found in the Member States, must be developed in a homogeneous framework in the European Union. The aim must

be to establish a credit market with many actors of different types competing on the basis of differentiated products. In this context, the Committee calls for a strong interpretation of Treaty Article 130, extending to the world of small- and medium-sized enterprises.

The theoretical model

The Committee is interested by the construction of the theoretical model of the single market presented in the report. If its scientific reliability is confirmed, certain useful guidelines for economic policy can be drawn from it.

The negative factors for growth and employment are: quality of transfers of state funds and allocations for R&D (public expenditure), costs and labour market, average size of firms.

The Committee would suggest that an important aspect of budget policies aimed at consolidating the Community's economic recovery would be a distribution of budgetary resources (also through more pragmatic fiscal and monetary policies) to put a strong emphasis on investment initiatives.

Employment policies and the labour market are a crucial component. The model presented gives few grounds for optimism on the usefulness of active and passive policies in the labour market. Neither the active policies used in the countries of northern Europe nor the more interventionist ones applied in the southern area have led to the desired results. The debate on current levels of social security and their operation is far from reconciling the divergent positions, but this in itself suggests an approach more closely linked to the aims and instruments indicated in the White Paper.

The present structure of the economic recovery itself shows that without an effort by the SMEs it is impossible to lower unemployment rates. The Committee recommends that the Commission make a careful assessment of this phenomenon and draw up a programme to reward those entrepreneurs who set their firms on the path to growth, abandoning - where the market allows it - the option of keeping them small.

Research and Development, which is an important ingredient in promoting competitiveness, cannot be just an expenditure heading confined to industry, but must be a basic philosophy guiding entrepreneurial development in all its practical applications. The Committee therefore urges the Commission to seek a new balance in the distribution of funds, through greater efficiency in existing programmes and more binding cooperation with the Member States and the institutes responsible for technological dissemination, or rather for giving greater impetus to technological innovation in the SMEs. This factor is extremely important, particularly in the context of internationalization.

3. 1993/94 REPORT - COHESION

Opinion of the Economic and Social Committee on the *Annual Report on the Cohesion Financial Instrument 1993/1994* (COM(95) 1 final) and the *1994 Annual Report - Cohesion Fund - Complement* (COM(95) 222 final)

(CES 1449/95)

Rapporteur: Mr Ramón MERCÉ JUSTE (Spain - Employers)

Gist of the Commission documents

This Opinion jointly examines two Commission reports relating respectively to the Cohesion Financial Instrument and the Cohesion Fund. The former covers the decisions taken by the Commission between 1 April 1993 and 26 May 1994, the date of the entry into force of the Regulation establishing the Cohesion Fund, which is the subject of the second report covering the period from 26 May to 31 December 1994.

Despite some problems caused by the late, and frequently piecemeal, submission of projects by the four cohesion countries, virtually all the 1993 commitment appropriations of ECU 1,565 million were utilized. All transport infrastructure projects involved relate to trans-European transport networks or access to such networks. On the environmental front, the priority sectors were the supply of drinking water and the treatment of waste water and solid waste. The Commission was concerned to strike a balance between these two sectors. Monitoring Committees were also set up. They found that, overall, project implementation has been satisfactory, despite certain delays affecting environment projects in Spain, Portugal and Ireland. There are still some problems with transport infrastructure projects in Greece.

The Commission has also launched a number of information and publicity measures aimed at EU citizens and those involved in the work of the Cohesion Fund.

All these issues are discussed in detail in the Commission Report on the Cohesion Financial Instrument.

The additional report on the Cohesion Fund makes numerous references to the different chapters of the first report, which makes it somewhat easier to read.

It also contains appendices outlining studies and technical support measures, project profiles and - scarcely legible - maps of the national road and rail networks.

Gist of the Opinion

The Opinion takes a positive overall view of the Commission's action under the Cohesion Financial Instrument and the Cohesion Fund during the period covered.

More specifically, it deems the distribution by sector and country to be satisfactory, calls for the Commission, in future, to refer to trends in the overall balance.

The Opinion underlines the importance of consulting the economic and social partners at all stages of the procedure.

The Opinion also discusses the problems of conditionality, evaluation, follow-up and monitoring, together with the economic and social impact of the projects funded. The Commission is urged to pursue its efforts to disseminate information on and publicize the Fund's activities.

4. SAVE II

Opinion of the Economic and Social Committee on *SAVE II - A multi-annual programme to promote energy efficiency in the European Union*
(COM(95) 225 final - 95/0131 SYN)

(CES 1450/95 - 95/0131 SYN)

Rapporteur: Mrs Giacomina CASSINA (Italy - Workers)

Objective of the Opinion

The current programme on Specific Actions for Vigorous Energy Efficiency (SAVE I)¹ focuses on three main areas:

- technical measures (performance of equipment)
- financial measures

¹ Council Decision 91/565/EEC of 28 October 1991

- measures to influence consumer behaviour.

It also includes a series of legal measures, and measures to provide back-up for energy efficiency structures and action in the Member States. A system for the exchange of information at Community and international level, especially with the Eastern European countries, is also being developed.

The SAVE I programme continues a series of non-technological measures developed earlier in the Community, such as the sectoral audits to establish average consumption levels, the 1978 and 1982 Directives on type-approval of boilers, and the specific energy research and demonstration programme. SAVE was designed to give these measures, which were developed under the JOULE and THERMIE programmes, a common framework. The Committee Opinions on the JOULE and THERMIE programmes argued against a reduction in their financing.

The ESC issued an Opinion on the SAVE I programme and the measures it contained².

Inter alia the Committee stressed:

- that the Commission should ensure that manufacturers, users, consumers, employees and professional bodies are consulted and contribute to the work of the Programme Advisory Committee;
- the need to propose a new Directive aimed at coordinating the activities of national energy efficiency authorities;
- the need to integrate the results of this programme into the general policy decisions relating to the Internal Energy Market and to apply these results to existing programmes with a view to their possible revision (e.g. THERMIE programme);
- the importance for the SAVE programme to take into account, as a whole, the Community's objectives for environmental improvement, energy efficiency and security of supply;
- the importance of making the programme's results available to third countries, those of Central and Eastern Europe especially, as part of the general commitment to reducing air pollution;
- the importance of user behaviour and hence of providing users with guidance and information on efficient energy use;
- the important role of financial and fiscal incentives by the Member States in reinforcing energy saving;
- the importance of applying the techniques of cost-benefit analysis and least cost planning in respect of the installation and use of energy-generating equipment;
- the importance of giving higher priority to energy audits and the appointment of energy managers;
- the oft-repeated request for the report on the application of the Decision to be submitted to the ESC.

The document under consideration comprises a Commission Communication followed by a table of financial considerations and two annexes (report on the impact on SMEs and on employment and a financial statement), together with a draft Council Decision.

The legal base of the proposal is Articles 130s of the Treaty (environment chapter) and 189c (cooperation procedure).

² OJ No. C 120 of 6 May 1991

The objective of the Commission proposal is to continue the most important aspects of the present SAVE programme which expires on 31 December 1995³. At the same time the Commission provides for the following new actions:

- monitoring of energy efficiency progress at national and EU levels;
- specific actions in favour of greater cohesion between Member States in the field of the establishment of policies aimed at efficient energy management;
- specific action aimed at improving energy management at regional and urban level;
- actions aimed at establishing energy efficiency as a criterion within existing EU strategic programmes.

The Commission bases its proposal on:

- the evaluation and recommendations of a group of independent experts;
- the conference held in Florence on 26-28 October 1994 on the SAVE programme;
- the lessons learnt from the SAVE I programme and other actions in the energy sector;
- the effectiveness of SAVE I in helping to improve the rational use of energy resources with a view to:
 - . stabilizing CO₂ emissions;
 - . serving as one of the pillars of the Green Paper on Energy Policy;
 - . demonstrating the benefits of such rational use, as highlighted in the White Paper on Growth, Competitiveness, Employment;
 - . contributing to social cohesion;
 - . promoting the full use of local energy sources;
 - . accelerating the penetration of new technologies in the Community and other countries.

It is proposed that SAVE II will incorporate, along with the SAVE I actions, the current actions from the PACE programme⁴ (Community action programme for improving the efficiency of electricity end use) and PERU programme (Community energy management programme for the regions, cities and islands).

The draft proposes reinforcing the existing actions on:

- labelling and standardization of energy-using equipment;
- pilot actions to be carried out by appropriate networks;
- targeted pilot actions;
- dissemination of information through appropriate networks.

The proposal pays particular attention to the **subsidiarity** principle.

³ See footnote 1

⁴ Council Decision 89/364/EEC; OJ No. L 157 of 9 June 1989

It proposes a budget of ECU 150 million over five years, a breakdown of which it appends.

It provides for the continuation of the advisory committee which assists with the present SAVE programme.

The funding of the actions described in the proposal is set out in Article 4.

The Commission will draw up an annual list of priorities to be applied to these actions.

After the third year and on expiry of the programme the Commission will publish reports on what the programme has achieved.

The Commission proposes that the SAVE II programme begin on 1 January 1996 and end on 31 December 2000.

Gist of the Opinion

The Committee welcomes the Commission proposal. It also uses this opportunity to recall its position, expressed in previous Opinions, on the desirability of including an appropriate title on Energy in the Treaty.

The priority objectives of any energy policy initiative should be economic and social cohesion and the growth of employment.

The ESC argues for special attention to be paid to measures actively involving SMEs.

It stresses the need to share funding between the various actions in a way which reflects established priorities.

The Committee also voices a number of **concerns** which includes the following:

- the membership of the Committee under Article 6 of the proposal;
- the need to mobilize all the parties involved with the planned measures, particularly the general public;
- the need to guarantee effective and transparent information mechanisms;
- the necessary control mechanisms to verify the effectiveness and consistency of decisions negotiated between States, and on the commitment to inform the public affected by the actions;
- the radical shift of emphasis between the proposed programme and SAVE I, from legislation to cooperation between Member States;
- the need to boost awareness among energy consumers;
- the importance of the Commission aiming at integrated actions drawing in different sectors and geographical areas;
- the desirability of involving final users in studies and models with specific objectives;
- the need for contract tendering procedures to contain a clear list of the energy-saving requirements for energy management companies;
- the need for CO₂ emission reduction targets to be indicated in each project and verified after implementation;
- the need to emphasize EU energy cohesion;

- the vagueness of the funding mechanism for funding programme actions involving the CEECs - an involvement which should extend over a number of years;
- the absence of moves to open up cooperation with the Mediterranean countries.

5. SUSTAINABLE DEVELOPMENT IN THE DEVELOPING COUNTRIES

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) on environmental measures in developing countries in the context of sustainable development*
(COM(95) 294 final - 95/0161 SYN)

(CES 1451/95 - 95/0161 SYN)

Rapporteur: Mr Klaus BOISSEREE (Germany - Various Interests)

Summary of the Commission document

The aim of the proposed Council Regulation is to promote the integration of an environmental dimension into the development process in developing countries.

It should be seen against the background of the international undertakings given by the Community and the Member States, in particular the Rio declaration and the Agenda 21 action programme, and the conventions on biodiversity, climate change and desertification.

Its purpose is to enable the Community to play its role in international cooperation on the environment (as set out in Article 130r of the TEU) and to implement the principle of sustainable economic and social development in the sphere of development cooperation (as introduced by Article 130u of the TEU).

Thus the draft regulation sets out the procedures for the financial and technical assistance which the Community may provide for developing countries in certain priority areas and enhances the panoply of instruments available to the Community for implementing environmental policy.

The draft regulation makes the Commission responsible for appraising, approving and managing the operations benefitting from financial support, in accordance with the budgetary and other procedures in force. Follow-up/evaluation of the projects financed is to take the form of an annual report.

Gist of the Opinion

The ESC welcomes this Commission proposal and notes that it is in line with the proposals contained in the 5th Environmental Action Programme.

The Committee also endorses the two-fold legal basis (environment and development) of the proposal.

As the budget for these measures is limited, the Committee would like to see priorities fixed annually and a contribution, in principle obligatory, by the beneficiary to financing. A co-financing arrangement should be sought for the majority of measures. As the Committee is particularly interested in this matter, it would like to receive the relevant reports and evaluations so that it can see what progress has been made.

The Committee also makes some specific comments on the legal text, mainly to bring it into line with the Rio Convention and the revised Lomé Convention.

6. CAP/FRUIT AND VEGETABLES

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) on the common organization of the market in fruit and vegetables
(COM(95) 434 final - 95/0247 CNS)

(doc. CES 1452/95 - 95/0247 CNS)

Rapporteur: Mr José BENTO GONÇALVES (Portugal - Various Interests)

Gist of the Commission proposal

The new common organization of the market in fresh fruit and vegetables comprises seven Titles and covers the same products as at present.

As regards the **classification of products** listed in Title I, the only major change is the fact that the Community will adopt the standards established in the United Nations Economic Commission for Europe. The Commission takes the view that standards are not only to be found in Community legislation. They are laid down by international bodies in which, *inter alia*, all the countries of geographical Europe are represented, the objective being for international trade in this sector to speak the same language. Since there are no differences, or only differences of detail, between Community standards, so called because they are included *in extenso* in Community Regulations, and UN standards, it has been decided to adopt the latter wholesale, with a legal basis to derogate from them if necessary.

The first five articles of Title II (**producer organizations**) list the various legal persons covered by the Regulation, and lay down the requirements they must meet to be eligible.

The new feature of this Title (articles 15 and 16) is the creation of operational funds financed partly by producer contributions and partly by public (national and Community) funds.

Title III concerns **interbranch organizations** set up on the initiative of individual operators, or existing groupings, and representing a significant section of the various occupational categories active in the fruit and vegetable sector. Such organizations must be able to help in ensuring that greater account is taken of the real market situation and to facilitate patterns of economic behaviour conducive to improving knowledge, or organization, of the production, presentation and marketing of fruit and vegetables. The proposed regulation provides that, after identifying the type of action concerned, specific recognition be given to those organizations which provide proof of their representativity and carry out activities furthering the above objectives.

Title IV covers **intervention** in general and, more particularly, withdrawals for which direct Community financial intervention exists. Compared with the present COM, the general philosophy remains unchanged: in the fresh fruit and vegetable sector, producers' incomes are protected, i.e. market prices are supported, by means of quantitative control of supply, this control being effected by the producer organizations, who are responsible for making withdrawals.

Title V concerns **trade with third countries** and only contains one addition compared with Regulation (EEC) No. 3290/94. For certain products entering the Community for processing accompanied by an invoice, Article 31(2) now includes a further possible procedure for verifying the entry price in addition to the determination of a flat-rate value at import.

Title VI details the **Member States' obligations regarding controls** and sets up a body of **Community inspectors** for the markets in fruit and vegetables with the task of ensuring that the market rules are complied with.

Title VII contains the usual **final provisions**, which require no comment except perhaps for Articles 48 and 49. With a view to maintaining discipline and equal treatment, they require the Member States to take all the national

measures needed to implement the new Regulation and to notify these to the Commission, as well as any subsequent amendments.

Gist of the Opinion

The Committee considers that the proposal takes only partial account of the commitments entered into under the CAP, and that it discriminates between products, between regions and between Member States.

The Committee considers that financial compensation is needed in order to ensure the continuation of activities that are environmentally useful and safeguard rural employment. Account must be taken of the commitments entered into in the WTO negotiations, and in particular the gradual reduction in Community preference. However, this reduction must not allow the EU's self-sufficiency rate for fruit and vegetables to fall in general below the strategic threshold of 40%.

Turning to the **classification of products**, the Committee broadly supports the quality standards set in Articles 2 to 10, as these will help to improve market transparency and provide the consumer with better information.

The Committee supports the Commission proposal concerning producer organizations insofar as it sees a need to strengthen the role of such organizations in an increasingly competitive market and in the face of growing supply. To ensure that they operate smoothly, the Committee feels that it would be helpful to establish:

- the legal position of producer organizations vis-à-vis other economic operators;
- a mandatory accounting standards and publication of accounts;
- a requirement for the accounts to be officially inspected and audited;
- 100% financing for the first six years (transitional period), to be followed by co-financing from the operational fund.

The Committee advocates the establishment of a special financial mechanism fully funded by the EAGGF, for making the requisite changes via the adjustment programmes during the transitional period which should last at least six years.

The Committee endorses the proposal concerning **interbranch organizations and agreements**, but feels that care should be taken to see that the laws of the market are respected and that account is taken of the differing situations in Member States. Application of the provisions by the Member States should also be made optional.

Turning to the **intervention arrangements**, the Committee thinks that the limit for the amount withdrawn should be raised to 20% of the production marketed by the respective producer organizations. The transitional period should be extended to six years, and the Community withdrawal compensation for each product should be based on the weighted average of average monthly withdrawal prices during the 1995/96 marketing year.

In order to prevent any adverse effects resulting from **trade from third countries**, the Committee calls for:

- effective, clear control of the entry price;
- effective, clear control of quality and information on production and conservation methods;
- the same product labelling requirements as for EU products.

The Committee supports the stepping-up of **national and Community checks** and the establishment of a special body of inspectors.

The Committee also broadly approves the proposed **general provisions**.

7. CAP/PROCESSED FRUIT AND VEGETABLES

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) on the common organization of the market in processed fruit and vegetables
(COM(95) 434 final - 95/0248 CNS)

(CES 1453/95 - 95/0248 CNS)

Rapporteur: Mr José BENTO GONÇALVES (Portugal - Various Interests)

Gist of the Commission proposal

The proposal for reforming the common market organization in processed fruit and vegetables consolidates the present arrangements and makes the following adjustments.

Formal changes

- Transfer into the basic Regulation of almost all the provisions contained in the present Council Regulations setting out "general implementing rules". These regulations are repealed.
- Removal from the text of provisions now void, particularly in the dried grapes sector (ending of the transitional period for applying the scheme introduced in 1990).
- With a view to simplification, transfer to the Commission of authority to fix "additional sugar" levels for processed products when there is a shortage of sugar.

Substantive changes

- Processing aid to be restricted to processors entering into contracts with producer organizations, with a requirement to sign contracts before the start of the marketing year. The aim is to align the processed fruit and vegetable sector on the principle of "delivery of all produce" applying in the fresh sector and to ensure that processors comply with the minimum price to be paid to producers.
- With regard to processed tomatoes, introduction of a flexible quota system under which quantities allocated can change in line with actual performance.
- By analogy with the fresh fruit and vegetable sector, introduction of a legal basis for instituting special schemes (products significant locally which are faced with international competition and for which the general arrangements are insufficient).
- With regard to dried grapes and dried figs, alteration of the terms for buying-in by storage agencies.

Gist of the Opinion

The ESC considers that the Commission proposal treats the processed fruit and vegetable sector in an uneven manner.

In the processed tomato sector, the ESC asks the Commission to ensure that there is no reduction in the overall processing quota for the EU as a whole, and that no Member State is disadvantaged by the quota distribution.

The present quota should be increased by at least the consumption level of the three new Member States, and should be assigned to the farm sector so that production can be planned effectively, in line with market needs.

8. INDICATION OF THE PRICES OF PRODUCTS OFFERED TO CONSUMERS

Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive on consumer protection in the indication of the prices of products offered to consumers (COM(95) 276 final - 95/01485 COD)

(CES 1454/95 - 95/01485 COD)

Rapporteur: Mr Christos FOLIAS (Greece - Employers)

Outline of the Commission proposal

1) *Background*

The indication of the selling price of products is currently regulated by two Directives (79/581/EEC for foodstuffs and 88/314/EEC for non-food products), which lay down a general obligation to indicate the unit price for products pre-packaged in pre-established quantities, with some transitional exemptions for certain ranges of products. The transitional period, which was to expire on 7 June 1995, has just been extended by two years following a Commission proposal.⁵

2) *The need for a new mechanism*

The evaluation of the measure's current effectiveness is not all that positive: sixteen years after the adoption of the first Directive, price information availability is still not satisfactory. The measure presupposed that a policy in favour of ranges might have been an alternative to indicating the unit price: according to the Commission, this view is no longer tenable, because of the profound changes which have taken place in the meantime both in production methods and in distribution channels.

The current rules need to be revised for two reasons: to improve consumer information and to ensure that they are consonant with the principle of subsidiarity.

According to the Commission proposal, the simplification of the existing system is to sever the link that has been created between indication of the unit price and the ranges of pre-packaged quantities.

Therefore the answer is to indicate both the selling price and the unit price, as the simplest and most effective way of enabling consumers to compare prices.

3) *Legal basis*

The legal basis is Article 129A, paragraph 2. In fact, by severing the link with the community mechanism concerning ranges - whose main purpose is to ensure free movement within the internal market - the policy on the indication of the unit price will henceforth belong in the context of "specific action" which supports and supplements the policy pursued by the Member States to protect the economic interests of consumers and to provide adequate information to consumers.

4) *Exemptions*

For their part the Member States will still be fully entitled to waive the obligation to indicate the unit price when this does not provide useful information to consumers. Likewise they will be free to take into account the difficulties small retail businesses may have in adapting.

⁵ OJ No. C 155, 21 June 1995.

Summary of the Opinion

Consumer protection through the supply of accurate information on prices of goods offered for retail sale to consumers is governed by Directive 79/581/EEC, as amended by Directive 88/315/EEC, and by Directive 88/314/EEC.

The ESC's point of departure in drawing up this Opinion was the conviction that the interests of all those involved in the market are better served when conditions of transparency and proper operation prevail. Moreover, such conditions provide equal protection for both the consumer and healthy competition.

The ESC accepts the breaking of the link between the obligation to indicate the unit price and the existence of "ranges".

The ESC calls for it to be permissible to indicate the selling price and the unit price not only on the product or on the shelf, but also on a centralized price list displayed in an easily visible place in the shop, in the case of small retailers.

For the transitional period when the single Community currency is being introduced, the ESC proposes that **three** prices be indicated for each product:

- a) the selling price in the national currency;
- b) the selling price in the single currency;
- c) the unit price in the single currency.

The ESC proposes that those who have already established package sizes based on ranges should be allowed to go on using them, indicating the unit price on them as well.

The ESC wishes to see an **obligation** on the Member States to draw up a positive list of products for which indication of the unit price is obligatory, as soon as the Commission has provided for "safety valves" to avoid excessive disparities between such national lists.

The ESC proposes as a practical, uniform approach the listing of each item according to its Common Customs Tariff number (NIMEXE).

To help small retailers overcome any difficulties in conforming, the ESC suggests that the Commission fund:

- a) programmes to inform small retailers;
- b) the production and publication of information leaflets for them.

The ESC calls upon the Commission to ensure that the two-year period of adaptation to the new Directive runs from the date of its publication and not as from 7 June 1995.

It also asks the Commission to take measures to oblige the Member States to transpose the Directive into their national laws within six months of the date of its publication.

The ESC proposes that three reports (instead of two) be drawn up on the implementation of the Directive, with the active participation of the ESC itself: the first one year, the second two years and the third four years after the date of publication of the Directive.

9. INFO 2000 - MULTIMEDIA

Opinion of the Economic and Social Committee on the *Communication from the Commission to the European Parliament and the Council concerning a multi-annual Community programme to stimulate the development of a European multimedia content industry and to encourage the use of multimedia content in the emerging information society (INFO 2000)* and the *Proposal for a Council Decision adopting a multi-annual Community programme to stimulate the development of a European multimedia content industry and to encourage the use of multimedia content in the emerging information society (INFO 2000)* (COM(95) 149 final - 95/0156 CNS)

(CES 1455/95 - 95/0156 CNS)

Rapporteur: Mr Giampaolo PELLARINI (Italy - Workers)

Gist of the Commission Communication and Proposal for a Council Decision

Important steps are already being undertaken by the Union to create the preconditions for a thriving content industry:

- The **liberalisation of telecommunications networks and services** by 1 January 1998 will facilitate the distribution of content and drive distribution costs down⁶.
- A clear and stable **regulatory framework**, particularly in relation to intellectual property rights and privacy protection, will ensure protection of rights and people⁷.
- **Research and Technological Development (RTD)** on applications of public interest is being supported in the Fourth Framework Programme⁸.
- The **White Paper** "Growth, competitiveness, employment: the challenges and ways forward into the 21st century".
- The **Bangemann report** "Europe and the global information society - Recommendations to the European Council".
- The **Commission's Action Plan** "Europe's Way to the Information Society"⁹.

To complement these actions, INFO 2000 aims at stimulating the emerging multimedia content industry (a large part of which comprises small and often new enterprises) to recognise and exploit the new business opportunities that will be created. Its focus is on the transition from print to electronic publishing and on the interactive multimedia information services that are emerging.

⁶ OJ No. C 34, 2 February 1994.

⁷ OJ No. C 159, 17 June 1991, OJ No. C 287, 4 November 1992, OJ No. C 388, 31 December 1994 and OJ No. C 110, 2 May 1994.

⁸ OJ No. C 201, 26 July 1993.

⁹ OJ No. C 110, 21 April 1995.

The Commission's communication and proposal for a Council Decision **do not** address those specific questions relating to the audiovisual industry, which are the subject of specific policy measures (Action plan for the introduction of advanced television services in Europe¹⁰, MEDIA¹¹ programmes and "Television without frontiers" Council Directive¹²). INFO 2000 complements other Community programmes under the Fourth Framework Programme (especially IT, ACTS and TELEMATICS) and those addressing the cultural (RAPHÄEL), SME (Integrated Programme in favour of SMEs and the Craft sector) and education and training (SOCRATES, LEONARDO) domains.

Content is defined in this communication as data, text, sound, images or multimedia combinations thereof, represented in analogue or digital format on a variety of carriers such as paper, microfilm, magnetic or optical storage.

The **content industry** is involved in three main activities: creation, development, packaging and distribution of content-based products and services.

The different segments of the industry are: print publishing (newspapers, books, magazines, corporate publishing), electronic publishing (on-line databases, videotext services, audiotext services, fax and CD-based services, video games), the audiovisual industry (television, video, radio, audio and cinema).

The content industry is the single most important sector, both in terms of market value and employment, within the information industry at large, which includes the telecommunications equipment and services, computer systems and services, consumer electronics and office equipment industries.

Its role will become even more vital in the future because the expanding information infrastructure will fuel the demand for high quality, easily accessible and usable information services and will increase the opportunities for knowledge-intensive employment.

Structural changes are taking place in the information industry with unprecedented speed. These structural changes are having the following effects: new players are entering the market, high capacity distribution channels, increased international competition, more difficulties to protect intellectual property rights, more choice and more independence for the user.

The actions of INFO 2000 take a dual approach: firstly, building on the **basic strengths** of Europe's content industry, and secondly addressing some of the **weaknesses** of the content industry and market in Europe.

The European Union's content sector possesses many **strengths**:

- overall **market size** and population
- the presence of **world-ranking** information and media **conglomerates**
- a long-established **publishing tradition**
- a **rich content base**
- **large** established **markets** in **key industrial sectors**
- a **rich** cultural and linguistic **diversity**.

But it also suffers from important **weaknesses**:

- more **fragmented** markets along cultural, linguistic and national lines
- more **expensive** telecommunication services, particularly transnational
- more **difficult access** to and exploitation of public sector information

¹⁰ OJ No. C 313, 30 November 1992.

¹¹ OJ No. C 256, 2 Oktober 1995.

¹² OJ No. C 301, 13 November 1995.

- substantially **lower demand** for advanced information services
- most content providers are **nationally** or **regionally** oriented.

It are these remaining barriers that will be addressed by the proposed three action lines.

These actions aim at accelerating market uptake of multimedia products and services; at unleashing the economic and cultural potential of public sector information; and at strengthening the international and pan-European dimension of the emerging European multimedia content industry. They are described in detail in Annex 1 to the proposed Council Decision establishing INFO 2000 and summarised in Annex 1 to the Commission's Communication.

Participants will be drawn from both users and suppliers in primarily content-related activities in the information value chain. They will include those involved in end-user equipment, communications software and hardware and production tools will be invited to participate on the basis of the specific contributions that they can make to the programme.

The main vehicle for the implementation of the INFO 2000 programme will consist of Calls for Proposals as described in Annex III to the proposed Council Decision.

Building the information society and its constituent elements is first and foremost the responsibility of the private sector. Nevertheless, the public sector's role is essential in supporting the emergence of the information society at global, European, national and regional levels.

Gist of the Opinion

The Committee fears that the Commission is generally tending to underestimate the possible socio-economic consequences of excessive mass media concentration or of the inability to guarantee a plurality of sources of information.

While the principles of liberalization, deregulation, competitiveness etc. are actively supported by the Commission, it is a source of great concern that the standards to be observed within the regulatory framework have not yet been established.

Although the ESC fully supports the INFO 2000 Programme's stated objectives, it cannot but regret that the content of the draft Programme fails fully to meet the stated objectives: its overall direction is sometimes vague and its scope is not fully defined.

Although aware of the difficulties in dealing with the information content question and of the potential risks of over-simplification of the problems involved, the ESC considers that, in this instance, the rules on the transparency and efficacy of proposed actions have not been fully applied.

Acknowledging the importance and relevance of a speedy Community initiative on the information-content industry, the ESC therefore urges the Commission to consider whether it should, as clearly as possible, make the following points in the programme:

- Given the correlation with other Community programmes in the information sector, the ESC believes that INFO 2000 should be viewed as an instrument for closer overall coordination.
- In view of the meagre overall funding, at least for the first four-year period, the percentage distribution between the various Action Lines should be altered so as to trigger the greatest possible European potential.
- In the interests of preventing excessive dilution of the limited resources and of attaining maximum action efficiency, the number of possible projects should be reduced to a minimum applying their workability as the criterion and giving priority to those of a social nature.

10. EU-SOUTH AFRICA RELATIONS (*Own-initiative Opinion*)

Opinion of the Economic and Social Committee on *Relations between the European Union and South Africa*

(CES 1456/95)

Rapporteur: Mr Albert SCHUNK (Germany - Workers)

Drawing up of Opinion

South Africa signed a cooperation agreement with the EU on 19 December 1994 and applied for accession to the Lomé Convention.

The application was prompted by:

- the case for participation in political dialogue;
- the extremely favourable trade regime provided by the Convention;
- desire for access to EDF resources.

On 12 June 1995, the Council gave its consent to a negotiating mandate which provides for a bipolar mechanism to:

- add a protocol to the Lomé Convention defining the conditions and procedure for the accession of South Africa;
- secure a bilateral trade and cooperation agreement between the European Community and South Africa.

Formal negotiations began on 30 June 1995.

South Africa already receives EU funding for development projects (ECU 125 million in 1995).

South Africa is also bringing in more appropriate social legislation, and its socio-occupational bodies are reorganizing in order to play a greater role in the country's socio-economic life.

Gist of the Opinion

This Committee Opinion supports the rapid negotiation of a protocol to the Lomé Convention and a bilateral trade and cooperation agreement.

The European Union must stand by South Africa to help it overcome the consequences of decades of discrimination. The Committee recommends that the customary clause on democracy and human rights be incorporated into the future agreement. The Committee considers it important that, as in the new text of Article 5 of the Lomé Convention, the concept of "good governance" be added to this clause.

The Committee aims for intensive and comprehensive political dialogue with its counterpart NEDLAC (National Economic Development and Labour Council) in support of the South African Government's efforts to achieve development, security and peace at home and throughout southern Africa.

The ESC welcomes the Council Decision of 19 June 1995 to lay down a long-term framework for EU-South African relations by twin-track negotiations: an additional protocol to Lomé IV and a bilateral trade and cooperation agreement.

The ESC understands and supports South Africa's wish for rapid access to the Lomé Convention.

Future cooperation must take sufficient account of the short to medium-term moral and political responsibilities towards South Africa as well as the medium to long-term reciprocal interests of equal partners.

The ESC urges the Commission to play its part in ensuring that the negotiations proceed without delay.

Long-term economic cooperation with the EU could provide South Africa with social and ecological guidance, smoothing its path to the world economy. The ESC notes the Council's decision of October 1995 to extend the GSP to South Africa.

The Committee supports the planned free trade agreement, to be asymmetric during the transitional phase. The difficulties associated with trade in agricultural products should ease as the reductions in farm support negotiated in the Uruguay Round are implemented.

The EU must make the first move if trade is to gradually take shape in both directions. This will ensure that the wish for harmonious, balanced and sustainable social and economic development, as expressed by both parties in the interim agreement, becomes reality.

South Africa has considerable development and growth potential. The framework for this must be established by means of confidence-building political and economic measures and local rules to promote and safeguard investment. The Committee shares the view that the conclusion of a long-term trade and cooperation agreement with the EU in the form of an asymmetric free trade agreement would contribute further to the establishment of guidelines, clarity and confidence for domestic and foreign investors and worldwide business partners.

The ESC welcomes many European firms' commitment to redevelopment programmes (RDPs). Collaboration with small and medium-sized businesses (including the informal sector and emerging businesses) will, with government support, open up simple and rapid job creation opportunities.

The Committee believes the importance of NGOs for the development of civil society in South Africa to be undisputed.

The ESC recommends that the EU reach agreement in good time with the South African Government on institutional and legislative preconditions to guarantee the efficient, transparent and responsible administration of public and development aid funds, particularly where the award of project and public purchasing contracts at all levels are concerned.

The Committee is glad to note that the Commission has identified this area as a priority for cooperation. It hopes that the Member States will contribute ideas and experience.

A bilateral cooperation agreement between South Africa and the EU must be compatible with the regional development interests of SACU and SADC, as well as the ACP states and the rules of the WTO.

The wide-ranging political dialogue planned which will be conducted at ministerial level and at the other levels of political responsibility and democratic decision-making, is a major contribution to the further stabilization of democracy and the rule of law, human rights and the promotion of social justice and the combatting of poverty and all forms of discrimination. The Committee welcomes the intention of making institutional arrangements for the dialogue.

The ESC draws attention to consideration of social aspects in the agreement between the EU and South Africa. Noting that labour relations will increasingly play a key role in calming the overall social climate and improving competitiveness, the Committee favours support for the social dialogue.

The ESC recommends that the political dialogue be extended to the ESC/NEDLAC level and that this be enshrined in the Cooperation Agreement.

11. DIRECT AND INDIRECT TAXATION (*Own-initiative Opinion*)

Opinion of the Economic and Social Committee on *direct and indirect taxation*

(doc. CES 1457/95)

Rapporteur: Mr Ronald JANSSENS (Belgium - Workers)

Aims of work

The ESC has been asked on several occasions for Opinions on proposals to harmonise indirect taxation, simplify VAT transitional arrangements or eliminate double taxation, and it has approved the aims of such proposals. At the end of 1992 it issued an Opinion on the conclusions and recommendations of the RUDING committee of independent experts on company taxation, in which it supported the traditional aims of tax simplification and harmonisation by, among other things, aligning rates and the bases for assessment.

The ESC decided to draw up the present Own-initiative Opinion on direct and indirect taxation with the aim of looking at the overall impact of indirect taxation and corporation tax on growth, jobs and Member States' budgets.

Gist of the Opinion

The Opinion first of all stresses the importance of taxation to European integration, particularly in view of the abolition of borders between Member States, the plans for environmental taxes and the danger of "tax competition" between Member States.

It considers that the essential challenge for the immediate future is to find at European level a form of tax harmonization and in the Member States a tax structure which will:

- a) reduce, where appropriate, the burden of fiscal and parafiscal charges on labour;
- b) optimize the burden of taxation in such a way as to stimulate sustained non-inflationary economic growth and employment;
- c) maintain the integrity of the existing European social model and continue to develop it;
- d) facilitate the development of the single market.

It then notes the big differences between current VAT rates in the Member States: although the transitional scheme (taxation based on the country-of-destination principle) is complicated, it operates in a fairly acceptable manner and has allowed border checks to be abolished. The definitive scheme (taxation in the country of origin), which should be introduced from next year (although there will probably be delays) would correct certain inconveniences in the transitional scheme, but it could give rise to problems of competitiveness between Member States and lead to a shifting of jobs from one country to another.

The Opinion criticises the trend towards higher VAT rates in certain Member States, which will make subsequent approximation of rates more difficult. This is all the more serious because such approximation should help lead to lower taxes on labour. Also, VAT is not a "social" tax and any rise is considered as "unfair" by the least-privileged members of society.

The Opinion also covers direct taxation. As regards taxation of savings, it advocates a minimum withholding tax throughout the OECD countries. Such a solution would not solve the problem of income from large fortunes (for which there are no longer any frontiers) but it would enable progress to be made towards reducing tax competition between Member States. The Opinion also recommends introducing the concept of a "European resident", globalizing the scheme as far as possible and protecting the interests of "small" savers.

As regards company taxation - where harmonization has so far sought above all to avoid double taxation - the Opinion floats the idea of a minimum (i.e. not completely standardized) tax rate which would not deprive Member States of an economic policy tool, and proposes harmonizing the parameters for establishing tax rates, bearing in mind tax schemes in non-EU countries.

Finally, the Opinion summarizes direct personal taxation and wealth taxes, but goes into more detail on the link between taxes and jobs. Attention is drawn to the link between taxes and youth unemployment and a recommendation is made that taxes and quasi-taxes on wages be reduced so as to boost jobs. The ESC will return to all these issues at a later date.

12. QUALITY OF WATER INTENDED FOR HUMAN CONSUMPTION

Opinion of the Economic and Social Committee on the *Proposal for a Council Directive concerning the quality of water intended for human consumption*
(COM(94) 612 final - 95/0010 SYN)

(CES 1458/95 - 95/0010 SYN)

Rapporteur: Mr Adalbert KIENLE (Germany - Employers)

Gist of the Commission proposal

The need for a revision of Directive 80/778/EEC

Directive 80/778/EEC relating to the quality of water intended for human consumption (the "Drinking Water Directive") laid down for the first time a set of mandatory quality standards for drinking water throughout the Community which Member States were obliged to meet. That Directive has been the driving force behind the overall improvement in drinking water quality which has taken place in Europe over the past decade.

However, difficulties have arisen because the Directive did not provide Member States with an adequate legal framework within which to respond to variations in the quality of raw water and to the technical difficulties encountered in the production and distribution of drinking water. Furthermore, the Directive is based on a proposal made in 1975 and therefore it does not take into account improvements in scientific understanding and in technology which have taken place since. Moreover, in the light of the subsidiarity principle there was a requirement to reconsider the Directive, which was confirmed at the Edinburgh Summit (December 1992). In September 1993 the Commission hosted a conference where interested parties presented their views on the Directive and the need for a revision, before it was agreed at the Brussels European Council in December 1993 that the Commission would undertake a fundamental review of the Drinking Water Directive.

The revision of the Directive is based on the understanding that maintaining a supply of good quality drinking water is a prerequisite both for providing a high standard of human health protection and for sustainable social and economic development as emphasized by the 5th Environmental Action Programme.

Main changes proposed in the Directive

1) Reduced number of parameters

The total number of water quality parameters listed in Annex I has been reduced from 67 in Directive 80/778/EEC to 48 in the proposal. This includes 13 new parameters which have been added in the light of progress in scientific understanding, where only those parameters essential at Union level to ensure a continued high level of health protection are included. Member States can set values for further parameters where local conditions so require.

2) *Reviewed parametric values*

The parametric values for the quality parameters listed in Annex I have been reviewed following guidelines issued by the World Health Organization (WHO) and having, on a number of issues, requested the opinion of the Commission's Scientific Advisory Committee to Examine the Toxicity and Ecotoxicity of chemical compounds (CSTE). A precautionary approach has been adopted in cases where the available scientific evidence is insufficient.

Reviewed parameters include, inter alia, lead, nitrates and pesticides. The 80% reduction in the parametric value for lead, from 50 µg/l to 10 µg/l, is the single most important change in the Directive, and has been introduced, primarily, in order to protect infants, young children and pregnant women from the neuro toxic effects of lead accumulation. The parametric values for nitrates and pesticides have not been changed, where for the latter the existing precautionary value of 0.1 µg/l should be retained as a matter of principle for each individual pesticide.

3) *Increased transparency*

Transparency in the application of the Directive is increased by increasing the frequency of reporting from triennial to annual reports. In addition, there will be an obligation to inform consumers immediately of any deviations from the standards of the Directive.

4) *Flexibility to redress failures*

Flexibility for the Member States to redress unforeseen failures to meet the standards of the Directive is provided. The proposal also ensures that the public concerned are fully informed and that the Commission is informed of any important derogation granted.

5) *Mutual recognition of drinking water quality*

The proposal makes it illegal to restrict or prohibit the free circulation of drinking water, or food products in which drinking water has been used, complying with the minimum standards of the Directive between the Member States.

6) *Simplified monitoring obligations*

Simplified monitoring obligations are proposed, which will allow the Member States to adapt the amount and nature of monitoring to local conditions.

Costs of the actions

Compliance at the tap with the new value for lead will necessitate the replacement of lead pipes and fittings both from distribution systems and domestic plumbing. Preliminary estimates suggest that the total cost of doing that will be of the order of ECU 70,000 million, where in general, 75-95% of the costs relate to domestic premises and hence fall on their proprietors. The remaining costs will fall on water suppliers or public authorities, and will be recovered in most cases through higher charges. It is proposed that 15 years should be allowed for compliance with this parameter, where as an interim measure the parametric value for lead will be 25 µg/l from five years after the notification of the Directive.

Gist of the Opinion

General comments

The Economic and Social Committee broadly endorses the Commission proposal to amend the "Drinking Water Directive" and confirms that the Directive is primarily a health-policy measure. It particularly welcomes the dropping of the incorrect and obsolete parameters, the abolition of indicative values and the adoption of rules to deal with situations where values are exceeded.

A "horizontal" comparison of different EU water-policy measures, reveals that in some areas Community legislation has clearly not been harmonized. The Committee hopes that the Communication and new Framework Directive on water policy recently announced by the Commission will effectively resolve the present lack of coherence.

The Committee is pleased that the Commission has largely followed the recent recommendations of the World Health Organization (WHO). For levels of plant-protection products, however, the Commission has kept to the previous overall limit value of 0.1 micrograms/litre of drinking water. This value can only be justified by the fact that it is a precautionary measure.

The Committee broadly supports the Commission's efforts to "increase transparency in the application of the Directive".

The measures to protect and improve drinking water which are associated with the proposed Directive will involve considerable additional costs. The Committee calls for appropriate aid programmes in the Member States to make the costs of replacing lead pipes bearable and reasonable for low-income households.

Specific comments

In the interest of health protection a reduction in the amount of lead must be achieved in domestic distribution systems also.

Boron compounds are ubiquitous and when laying down a limit value for boron, the EU should also take account of the latest scientific knowledge and the WHO review.

Cadmium, the limit value for cadmium should be lowered to three micrograms per litre, in line with the WHO proposal.

The Committee calls on the Commission, in consultation with all the parties involved, to propose a clear definition of "a representative sample".

Copper, a five-year transitional arrangement should apply in the case of copper.

Plant-protection products, it is by and large possible in the European Union to abide by the overall precautionary limit value for ground water of 0.1 micrograms per litre of active substance used in plant-protection products.

Nevertheless, the Commission should consider closer integration of environmental and agricultural policies relevant to the use of plant-protection products.

The undifferentiated limit value which applies to all active substances used in plant protection restricts the range of licensed plant-protection products available.

13. EU/MEXICO RELATIONS *(Second Additional Own-initiative Opinion)*

Opinion of the Economic and Social Committee on EU-Latin America relations, focussing on EU relations with Mexico

(CES 1459/95)

Rapporteur: Mr José Isafías RODRÍGUEZ GARCÍA CARO (Spain - Employers)

Reasons for drawing up an Additional Opinion

On 8 February last, the Commission adopted a Communication to the Council and European parliament on a strategy for reinforcing EU policy with regard to Mexico. In line with the conclusions of the Corfu and Essen Summits, this proposes the conclusion of an economic partnership and political consultation agreement with Mexico.

The agreement would span political, economic and cooperation issues.

The political dialogue would be based on respect for human rights and democratic principles, and would involve meetings at presidential, ministerial and senior official level.

The economic strand would promote gradual, reciprocal trade liberalization, in line with the rules of the World Trade Organization, while taking account of the sensitive nature of certain products. Prior to the negotiations proper, a specific protocol aimed at controlling fraud and providing mutual administrative assistance in customs matters and rules of origin would be concluded with Mexico.

In the field of cooperation, there are plans to reinforce programmes to promote contacts between firms from the two sides. Administrative cooperation is to be improved with a view to facilitating trade and particular efforts are to be made in the fields of environmental cooperation, scientific and technical cooperation, education and training. Specific agreements are also envisaged on statistical and customs cooperation, competition, indirect taxation, standards and power generation.

Gist of the Additional Opinion

In its Opinion, the Committee notes that Mexico has been one of the first Latin American countries to engage in a process of modernization, making its economy one of the most open in that part of the world. Moreover, Mexico has over recent years entered into or negotiated various trade liberalization agreements offering major potential for the development of intra-regional trade.

President Zedillo's assumption of power on 1 December 1994 represented an important step towards preserving political stability, in the wake of a series of upheavals affecting the country's institutional life between January and December of that year.

Funding of the current account deficit with "hot money", funding of long-term projects with short-term instruments and the lack of domestic saving were among the causes of the major financial and economic crisis of 1994. Faced with this situation, Mexico implemented an adjustment programme aimed at strengthening public finances and negotiating external funding to compensate for the loss of short-term capital. Signs of economic recovery began to emerge from the first quarter of 1995.

Major social problems beset the Mexican people: almost 20% of the population lives below the poverty line as defined by the World Bank. Special programmes have been set up to cushion the social effects of the crisis.

Although 80% of Mexican foreign trade is with its NAFTA partners, trade links between Mexico and the European Union are far from negligible. Moreover, Mexico is the principal beneficiary of the ECIP (European Community Investment Partners) programme and one of the EU's main partners in the field of technological cooperation.

The Committee welcomes the Commission's proposals in favour of strengthening relations with Mexico, the cornerstone of which would be the conclusion of an agreement to consolidate existing bilateral political, economic and cooperation relations. The agreement would be based on shared interests and would aim at long-term stability.

The ESC is aware of the Mexican government's efforts to democratize the country's government apparatus, to underpin political pluralism and to implement a human rights policy. Nevertheless, certain human rights abuses have slowed this process down, highlighting the scale of the problem in Mexico.

The ESC is aware of the Mexican government's efforts to democratize the country's government apparatus, to underpin political pluralism and to implement a human rights policy. Nevertheless, certain human rights abuses have slowed this process down, highlighting the scale of the problem in Mexico.

The ESC considers it essential that a new agreement should include a firm commitment by the Mexican government to make further progress on political democratization and upholding human rights as necessary elements in overall relations between the EU and Mexico. This democratic clause would apply to both sides.

The Commission's proposals suggest that the dialogue take the form of permanent contacts at various levels between the Mexican and Community administrations, and between the various political groupings in the Mexican and European Parliaments. The Committee believes that this structure should reflect the principles of efficacy, transparency and respect for political pluralism, with economic and social operators - in the case of the EU represented by the ESC - being included in the dialogue. The Committee also believes that the competent authorities should assess the extent to which a more intensive dialogue between the EU and Mexico is compatible with the EU's existing contacts with the Rio Group and MERCOSUR.

Concerning trade relations, the Committee favours the negotiation between the EU and Mexico of a new agreement which would boost trade between them and have the ultimate aim of gradually building up a free-trade zone in the industrial and services sectors, accompanied by progressive liberalization of farm trade which takes account of the sensitivity of certain products and is compatible with WTO rules. The main reasons for such an approach include the growing importance of the Mexican market for European exports, the risk of European positions being eroded by NAFTA and the Mexican economy's potential for growth.

With an agreement of this kind with Mexico in view, the Committee would recall the idea, raised on a number of occasions, of a transatlantic free-trade treaty. On this point, the ESC would draw attention to the need for detailed consideration as to whether a joint strategy should be applied to the three NAFTA member countries. The proposed EU-Mexico free-trade agreement should include social provisions, or even a social protocol, enshrining certain workers' rights.

The Committee agrees with the Commission's approach on the development of advanced cooperation based on the exchange of information, the implementation of projects of common interest and the principle of co-financing. It emphasizes the importance of action in sectors such as tourism, education and training, fisheries, energy, agriculture, R&TD, regional development and SMEs. The environment should also be a prominent aspect of EU-Mexican cooperation. The Committee calls for the current amounts allocated to financing this field to be updated and adjusted in line with the requirements of a new agreement, with the bulk earmarked for economic cooperation.

II. FUTURE WORK

Environment Section

- Sweeteners for use in foodstuffs
COM(95) 482 final - 95/0251 COD
Deadline: March

Transport Section

- Development of the Community's railways - access to infrastructure
COM(95) 337 final - 95/0205 SYN
Deadline: March

- Application of competition rules to the postal sector
SEC(95) 830 final
Deadline: March

Social Affairs Section

- Export and return of cultural goods
COM(95) 479 final - 95/0253 ACC - 95/0254 COD
Deadline: January

Energy Section

- Health protection of individuals against the dangers of ionizing radiation in relation to medical exposures
COM(95) 560 final
Deadline: April
- Gas supplies and prospects for the Community
COM(95) 478 final
Deadline: to be determined

Agriculture Section

- Measures for protection against zoonoses
COM(95) 491 final - 95/0255 CNS
Deadline: January

Regional Development Section

- Allocation of the Community initiatives reserve
Deadline: January

IN ANTICIPATION

Economic Section

- 13th Directive on company law applicable to takeover and other general bids
COM(95) 655 final
Deadline: April

Environment Section

- Classification, packaging and labelling of dangerous substances (approximation of laws)
COM(95) 636 final - 95/0325 COD
Deadline: February
- Use of leg traps in the Community
COM(95) 737 final - 95/0357 SYN
Deadline: February
- Placing of biocidal products on the market
COM(95) 387 final
Deadline: March

- Promotion of NGOs set up to protect the environment
COM(95) 573 final - 95/0336 SYN
Deadline: March/April
- Confined use of genetically altered micro-organisms
COM(95) 640 final - 95/0340 CNS
Deadline: April
- Keeping of wild animals in zoos
COM(95) 619 final
Deadline: May
- Community law on the protection of consumers' interests (means of redress)
COM(95) 712 final
Deadline: September

Industry Section

- Telecommunications terminal equipment and satellite communications earth station equipment (consolidation)
COM(95) 612 final
Deadline: March
- Solvency ratios of credit institutions
COM(95) 709 final
Deadline: April
- 3rd annual report on the operation of the internal market
Deadline: April/May
- Legal protection of biotechnological inventions
COM(95) 661 final - 95/0350 COD
Deadline: July

Transport Section

- Green Paper on the "citizens' network" (to be confirmed)
COM(95) 601 final
Deadline: July
- Fair and efficient pricing in the field of transport (Green Paper)
COM(95) 691 final
Deadline: July
- Regulation on the liability of air transport operators
COM(95) 724 final
Deadline: to be determined

Social Affairs Section

- Parking cards for the disabled
COM(95) 696 final
Deadline: March

- **Balanced participation of women and men in decision making**
COM(95) 593 final - 95/0308 CNS
Deadline: April
- **European year against racism (1997)**
COM(95) 653 final
Deadline: April
- **Establishment of European voluntary service for young people**
COM(95) 727 final
Deadline: April

Agriculture Section

- **Swine fever - undesirable substances in feedingstuffs - common market in milk (consolidation)**
COM(95) 598 final - 95/0298 CNS
Deadline: February
- **Technical measures for conservation of fishery resources (consolidation)**
COM(95) 613 final
Deadline: February
- **Marketing of potato plants, beet seeds, seeds of oil plants and fodder plants (consolidation)**
COM(95) 622 final
Deadline: February
- **Marketing of vegetable and cereal seeds and seeds listed in the catalogue of agricultural plants (consolidation)**
COM(95) 628 final - 95/0320 CNS - 95/0321 CNS - 95/0322 CNS
Deadline: February
- **Guarantee thresholds for leaf tobacco (1996-1997 harvests)**
COM(95) 592 final - 95/0296 CNS
Deadline: March
- **Conditions governing Community intervention in the fisheries/aquaculture sector, processing and marketing**
COM(95) 627 final - 95/0319 CNS
Deadline: March
- **Technical measures for conservation of fishery resources in the Mediterranean**
COM(95) 635 final
Deadline: March
- **Conservation of fishery resources in the waters of the Baltic, Belts and Oresund**
COM(95) 670 final
Deadline: March
- **Farm prices 1996**
Deadline: March/April

III. PRESENCE AND INFLUENCE OF THE ECONOMIC AND SOCIAL COMMITTEE

President's activities

Relations with Mediterranean States

On 12 and 13 December 1995 the ESC President attended the first Summit Meeting of economic and social councils and allied institutions of the EU and the Mediterranean basin to discuss Mediterranean policy. The summit was organized in Madrid by the Spanish Economic and Social Council. The ESC delegation, led by Mr FERRER, comprised Mr R. BRIESCH, President of the Section for External Relations, Mr V. CAL and Mr C. MERIANO, who both served as Rapporteurs for recent ESC Opinions on relations with the Mediterranean States, and Mr A. GRAZIOSI, Director-General, representing the Secretary-General. With the agreement of the governments concerned, the ESC also represented on this occasion the five EU Member States which do not have economic and social councils at the present time, namely: Germany (Mr H. GIESECKE), Denmark (Mr B. GREEN), the UK (Miss A. MADDOCKS), Finland (Mr F. HAMRO-DROTZ) and Sweden (Mr U. WESTERLUND).

At the Summit, which was attended by representatives of 27 States, it was decided to set up a working party comprising, as a permanent member, the ESC, together with one EU economic and social council and one economic and social council from a non-EU Mediterranean State, each of which would be appointed on a rota basis (the representatives for 1996 would be the French and Algerian economic and social councils). Three main subjects were selected for detailed consideration by the social partners in 1996: external debt; emigration and the establishment of a free trade zone; and energy, the environment and water resources.

In addition to providing the secretarial services, the ESC, as the permanent member of the working party, will be responsible for liaising with the 15 EU Member States and the EU institutions.

In the statement which he made at the closing session of the above mentioned Summit, Mr FERRER gave a formal undertaking to take all the necessary steps to ensure that the ESC fully met the responsibilities which had been conferred upon it.

Other activities

5 December 1995: Visit to the Committee by a delegation of representatives from Polish agricultural organizations, headed by Mrs Maria ZWOLINSKA, Under-Secretary of State in the Polish Ministry for Agriculture and Food.

4-6 December 1995: participation by the Committee in DIRECTORIA 95, an exhibition held in Brussels to promote cooperation in the preparation of pilot projects, organized by the EC Commission's Directorate-General for Regional Policy and Cohesion, with the support of the European Parliament and the participation of a very large number of European networks. The ESC had an information stand at the exhibition giving details of its work, principally in the field of regional policy.

6-8 December 1995: 19th annual meeting of ACP/EU economic and social interest groups, organized by the ESC. The theme of the meeting was "the agri-food chain in the ACP countries - the role of private initiative and of the economic and social interest groups".

7-8 December 1995: participation by an ESC delegation in a conference in Brussels on drugs' policy in Europe. Mrs GUILLAUME, Rapporteur for the Committee's Opinion on the prevention of drug abuse, addressed representatives at the opening of the conference.

IV. INFORMATION VISITS

4 December 1995	University of Malta
4 December 1995	Generalitat Valenciana, Spain
5 December 1995	Parti "Social Demokrats", Denmark
5 December 1995	Euro Advisors, Finland
5 December 1995	Confapi, Lecco, Italy
6 December 1995	Herman-Ehlers-Akademie, Kiel, Germany
6 December 1995	Institut rural de Lesneven, France
12 December 1995	University of Portsmouth, UK
13 December 1995	Institut de Coopération Sociale Européenne, Paris, France
14 December 1995	Universit� de Luisiada, Portugal
14 December 1995	Mission d'appui aux programmes communautaires, Montpellier, France
15 December 1995	The Manchester Metropolitan University, UK.
