

E U R O P E A N C O M M U N I T I E S

BULLETIN

3

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



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(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.

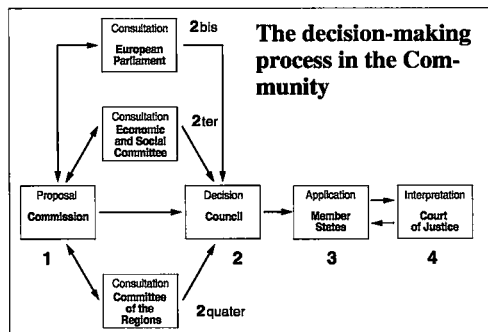
Information and Integration Role

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.

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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)

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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. 334th PLENARY SESSION HELD ON 27 AND 28 MARCH 1996

The Economic and Social Committee of the European Communities held its 334th Plenary Session in Brussels on 27 and 28 March 1996, with Mr Carlos Ferrer in the chair.

This Session was noteworthy for the participation of Mrs Matelda Grassi, Italian State Secretary for Labour, on behalf of the Presidency-in-Office of the Council of the European Union, who made a statement on social policy and employment, and for that of Mr Martin Bangemann, Member of the Commission, who presented the Commission Communication on the challenges facing the European defence industries.

The President of the Maltese Council for Economic Development, Mr Albert Mizzi, and its Secretary-General, Mr Anthony Vella, also attended the Committee's Plenary Session.

The following ESC Opinions were adopted at the Session:

1. FOODSTUFFS/SWEETENERS

Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending European Parliament and Council Directive 94/35/EC on sweeteners for use in foodstuffs

(COM(95) 482 final - 95/0251 COD)

(CES 406/96 - 95/0251 COD)

Rapporteur: Mr Joop KOOPMAN (Netherlands - Various Interests)

Co-rapporteurs: Mr Bo GREEN (Denmark - Employers)

Mr Kommer de KNEGT (Netherlands - Workers)

Gist of the Commission proposal

With a view to guaranteeing the free movement of foodstuffs and a high level of public health protection, the framework Directive 89/107/EEC provides for the adoption of specific directives to harmonize the use of different categories of additives in foodstuffs.

Like the other two directives adopted in 1994 Directive 94/35/EEC on sweeteners for use in foodstuffs sets out a positive list of authorized products and the conditions for their use. Since it concerns the approximation of legislation affecting the completion of the internal market in goods, it is based on Treaty Article 100a. Amendments to it must be adopted on the same basis.

The purpose of the proposal is to update the Directive and adapt it in the light of recent technical and scientific developments. Basically it allows sweeteners which are already on the positive list to be used in new categories of food.

It also introduces a few technical Articles to bring Directive 94/35/EEC into line with the other additives' Directives and amends the controversial description of certain foodstuffs containing sweeteners.

Gist of the Opinion

The Committee approves the Commission proposal which, without changing its restrictive policy on sweeteners, updates the list of foodstuffs in which their use is authorized.

The Committee fully supports the technical amendments made to Directive 94/35/EC and recommends that the Commission stick to one single method in printing the names of additives.

It does, however, express some reservations about the cumbersome procedure adopted for a simple adaptation of the list. It therefore proposes consulting the Standing Committee for Foodstuffs, whose opinion must be adopted by a qualified majority, and resorting to a directive only where this method fails.

2. ACTION PROGRAMME - HEALTH MONITORING

Opinion of the Economic and Social Committee on the *Proposal for a European Parliament and Council Decision adopting a programme of Community action on health monitoring in the context of the framework for action in the field of public health*
(COM(95) 449 final - 95/0238 COD)

(CES 407/96 - 95/0238 COD)

Rapporteur: Mr Markku Matti LEMMETTY (Finland - Workers)

Gist of the Commission's proposal

The overall aim of the proposed 5-year action programme is to develop a high-quality, policy-oriented health monitoring system. It should provide Member States with indicators and data for supporting their national health policies and should also facilitate the planning, monitoring and evaluation of Community programmes and actions, in compliance with the principle of subsidiarity.

The system would also involve the development of a network for the purpose of collection and dissemination of health data and indicators, in particular using the possibilities offered by telematics, and the development of a capacity to undertake the analysis of health data and the production of reports, reviews and other health information material.

The principles underlying the development of such a system include building on readily available European health data and indicators, such as those held by Member States, international organizations, and allowing as much flexibility as possible to permit adaptation whilst encouraging data comparability and progressive harmonization.

Gist of the Opinion

General Comments

The ESC endorses the aims and principles of the Commission's proposal.

The development and implementation of new indicators is possibly the most important result of the programme and, therefore, the ESC feels that the programme should place even more emphasis on this development stage.

In particular, the ESC would like to emphasize the Commission's cooperation with the WHO (World Health Organization), OECD (Organization for Economic Cooperation and Development) and EMCDDA (European Monitoring Centre for Drugs and Drug Addiction) as well as cooperation with other European agencies, such as the European Environment Agency. Comparable data is needed from other countries, as well as from EU Member States.

As regards participation by third countries and associated countries, the Committee would welcome the inclusion in the Decision of a mention of cooperation, based on agreements, with all Mediterranean countries.

Community health indicators

The Committee considers it very important that the expertise available in Member States and in Community committees handling health and safety statistics should be utilized in the preparatory work on the selection of "domains" and "headings" for indicators. In particular, the ESC stresses the importance of consulting the Advisory Committee on Safety, Hygiene and Health Protection at Work.

As regards the Annex A to the Communication, the Committee proposes that it be annexed to the proposal, so that the proposal would contain data on domains for indicators.

Data collection and dissemination of information

The ESC emphasizes that the rules on data protection with regard to individuals must be properly observed both when establishing the indicators and collecting data.

Analyzing and sharing data

The preferred trend would be for data sharing to be developed using electronic data networks but other methods should be used as well. Use should also be made of other corresponding projects.

Appropriations

Finally, the ESC draws attention to the size of the appropriation for the programme. The appropriation for the collection and dissemination of data is too small considering the importance of the matter for the health policies of Member States and the European Union. In view of the fundamental importance of the programme, more funds should be provided.

3. UTILITY MODELS

Opinion of the Economic and Social Committee on the *Green Paper on the protection of utility models in the Single Market*
(COM(95) 370 final - 95/0238 COD)

(CES 408/96 - 95/0238 COD)

Rapporteur: Mr Giannino BERNABEI (Italy - Employers)

Gist of the Commission document

Legal protection of industrial property (patents, trademarks, design rights and utility models) in the single market has an important role to play: it has to promote innovative activity in the European Union, so as to ease the path from the initial idea to the successful translation of that idea into practice. The simpler and clearer such arrangements are for the user, the more they will facilitate innovation, providing effective protection for inventions. At the same time they ensure that competitors are kept informed of new developments by publication of the protected invention. This increases the competitiveness of European companies and helps to achieve the objectives of free movement of goods and undistorted competition.

A "utility model" is a registered right which confers exclusive protection for a technical invention. It resembles a patent in that the invention must be new - it must possess "novelty" - and must display a measure of inventive achievement - it must involve an "inventive step", though frequently the level of inventiveness required is not as great as it is in the case of patents. Unlike patents, utility models are granted without a prior search to establish novelty and inventive step. This means that protection can be obtained more rapidly and cheaply, but that the protection conferred is less secure. Utility model protection is at present entirely a matter of domestic law.

In this Green Paper, using a series of questions directed at interested parties, the Commission throws open to debate whether the establishment and operation of a single market requires measures to be taken in respect of utility models at Community level, and if so, what measures are needed to harmonize the law on utility models in the interests of the single market.

Gist of the Opinion

The Committee makes the following recommendations:

- a **further preventative analysis** of protection systems complementary to the patent, to be described as "utility models" (UM), together with a more complete integration of available assessment data; special regard to be paid in this connection to weaknesses in the EU patent system, which is still seriously incomplete and disparate compared to its main competitors, the USA and Japan;
- a guarantee, in case of future proposals for harmonizing the various national UM complementary protection systems, not only of measures for the **harmonization of substantive laws**, but also for **procedures and timescales** for obtaining and enforcing UMs;
- the greatest attention to the need to provide firms - particularly SMEs - and research workers with a cheap, quick and easy assessment and enforcement method, i.e. one which excludes substances and processes from eligibility for protection;
- a consistent, comprehensive approach to the whole range of instruments for the protection of industrial and intellectual property; any future harmonization measures for the UM should also take account of harmonization already carried out or planned for analogous protection rights;
- a guarantee of eligibility for UMs for innovations which satisfy the following requirements: a) "absolute novelty"; b) "possibility of application in the industrial field"; c) "inventive step" (Art. 56 of the Convention on the European Patent) or which have a practical industrial advantage over the previous state of the art;
- assurance that the scope of protection must emerge clearly from a limited number of "claims" and that the search for earlier "state of the art" be optional in general, and compulsory for those wishing to enforce MU rights vis-à-vis a third party;
- investigation into the feasibility of active assistance and advice in respect of national UM deposit and registration procedures being provided for firms - particularly SMEs - by a central Community or European agency; and investigation of the scope for application of computer digital language to the European patent system;
- deferral of any measures for mutual recognition until substantive and interpretative harmonization has taken place;
- a feasibility study on creation of a Community UM covering the whole of Europe, but only when the above-mentioned harmonization and mutual recognition are in place, and following a thorough examination of the uniformity of practical implementation, and of the ways in which digital language might be exploited in the European patent system.

4. COMMUNITY CUSTOMS CODE

Opinion of the Economic and Social Committee on the Proposal for a *European Parliament and Council Regulation (EC) amending Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code*

(COM(95) 335 final - 95/0182 COD)

(CES 409/96 - 95/0182 COD)

Rapporteur: Mrs Anne-Marie SIGMUND (Austria - Various Interests)

Gist of the Commission proposal

The Commission proposal is based on Articles 28, 100a and 113 of the EC Treaty and is therefore subject to the co-decision procedure. It seeks to codify existing Community law.

Two-and-a-half years after the publication of Regulation (EEC) No 2913/92¹ establishing a Community Customs Code, the Commission is now circulating draft amendments based on practical experience in implementation gained since 1 January 1994 (1 January 1993 for the export procedure).

The proposal not only incorporates certain results of the Uruguay Round into Community customs legislation (binding information on origin) but also adapts the Code to the new political conditions which have emerged, in particular as a result not only of the accession of the new Member States but also of simplified formalities and amendments designed to enhance the effective application of customs instruments. In addition, a number of basic rules governing the collection of duties are to be adapted to reflect the actual objective of the customs protection system and close certain gaps which have come to light in the application of the original rules.

Gist of the Opinion

The Committee welcomes the Commission proposal subject to the following observations:

Article 1 (3) (relating to Article 12 of the Customs Code)

The Committee believes that the introduction of binding information on origin under the terms of the WTO Agreement is a first move towards greater legal certainty for economic operators and is a regulatory step which will benefit all citizens.

Article 1 (4) (relating to Article 18 of the Customs Code)

To alleviate the burden on economic operators, it is proposed that the monthly adjustment of the rate of exchange be carried out using the same system (and the same technical means) as used in the conversion rates of customs duty expressed in ecu amounts, which already has to be done in any case.

Article 1 (11) (relating to Article 112 (3) of the Customs Code)

A welcome development is the provision whereby the point of reference for the calculation of customs duties is determined by the moment at which the goods enter the economy and begin to influence the economic structure.

Article 1 (16) (relating to Article 212 A of the Customs Code)

The Committee supports this measure for the protection of citizens acting in good faith, and points out that infringements are in any case punishable under national law.

Article 1 (18) (relating to Article 220 (1) of the Customs Code)

This measure is to be welcomed as a way of combatting fraud. The Committee feels however that there must be a time limit on the risk of being confronted with demands for payment of debt arrears.

¹ OJ No L 302 of 19.10.1992, p. 1.

5. SUPERVISION OF INSURANCE UNDERTAKINGS

Opinion of the Economic and Social Committee on the *Proposal for a European Parliament and Council Directive on the Supplementary Supervision of Insurance Undertakings in an Insurance Group* (COM(95) 406 final - 95/0245 COD)

(CES 410/96 - 95/0245 COD)

Rapporteur: Mr Robert PELLETIER (France - Employers)

Gist of Commission document

Although insurance undertakings are legally independent and are required to meet solvency requirements on an independent basis, the solvency and general financial position of an insurance undertaking may be affected and come under pressure if it belongs to a wider group of undertakings.

The present state of EC coordination and harmonization in the insurance sector limits the scope of supervisory responsibility for the solvency of insurance undertakings to the individual financial position of an insurance undertaking ("solo" supervision). The financial or non-financial influence of any other members of a group to which an insurance undertaking may belong are not taken into account for the supervisory assessment of solvency.

A specific point which is pertinent in the case of insurance companies in a group concerns the potential of double gearing of capital which may arise.

The prudential issues addressed in this paper relate directly to the solvency of insurance undertakings. In particular measures concerning the prevention of so-called double gearing are additional to the existing solvency rules that have been agreed at EC level in Directives 73/239/EEC and 79/267/EEC. These common solvency rules are the cornerstone of the principle of mutual recognition of minimum prudential standards as expressed in Directives 92/49/EEC and 92/96/EEC.

Although the phenomenon of insurance groups may give rise to many supervisory issues and concerns, the present discussion focuses only on those issues which in its opinion are the most pressing and require addressing at EU-level.

The directive will make it possible to apply the general principles of reinforcement of prudential supervision of the companies referred to above in the insurance sector. A uniform regulation is required insofar as it is absolutely necessary in this directive (in terms of the definitions, methods to prevent double gearing and intra-group transactions). A certain degree of flexibility can be accepted for the additional rules to be adopted at the national level (e.g. the choice of methods to be applied to prevent double gearing, more precise rules for intra-group transactions, etc.). Concrete application measures, drawn up by the Member States, will be able to supplement this directive.

The measures under consideration in this directive must apply to all the institutions concerned in the Community. They also aim in particular at financial groups located in several Member States requiring cooperation and exchanges of information between prudential authorities of various countries in which such information is covered by rules on confidentiality. Certain Member States have already included in their national legislation certain aspects of these measures, or are doing so.

Gist of the Opinion

The Committee has issued a favourable Opinion, subject to the following reservations:

- the definition of participation should correspond to economic reality;

- insurance holding companies should not be subject to such strict checks for detecting the creation of fictitious capital;
- the treatment of reinsurance holdings should be left up to the Member States;
- as regards adjusted solvency checks, all the elements of own funds and the elements for valuing the assets of subsidiaries allowed at "solo" supervision level should be recognized;
- the cost of additional supervision should be proportional to any prudential risks sustained, and not jeopardize the competitiveness of the European insurance industry.

The amendments proposed in the fourth part of the Opinion are based on the desire to reduce the difficulties with which the European insurance industry would certainly be faced if the points raised were not clarified.

6. DISABLED PERSONS' PARKING CARD

Opinion of the Economic and Social Committee on the *Draft Council Recommendation on a parking card for disabled persons*
(COM(95) 696 final - 95/0353 SYN)

(CES 411/96 - 95/0353 SYN)

Single Rapporteur: Mrs Christina WAHROLIN (Sweden - Various Interests)

Gist of the Commission document

In its medium-term social action programme (1995-97), the Commission undertook to table a recommendation on the reciprocal recognition of parking cards for disabled persons with a view to facilitating their freedom of movement.

The question of parking cards for disabled persons was previously addressed by the Council of Transport Ministers in a recommendation of 6 December 1977 emanating from the European Conference of Ministers of Transport (ECMT), calling for:

- parking facilities to be provided for disabled people;
- appropriate parking cards giving entitlement to such facilities to be issued;
- holders of parking cards from other member countries (of the ECMT) to be granted the same parking facilities as nationals of the country concerned; and
- the necessary arrangements to be made, with these measures in mind, for the reciprocal recognition of parking cards.

Experience has shown, however, that in spite of this recommendation, numerous practical problems are encountered owing mainly to the lack of a standardized format for national parking cards, combined with communications difficulties because of the variety of languages involved.

Against this background, the ECMT commissioned a progress report on the implementation of the 1977 recommendation. This report was completed in July 1995 with the title "Towards a common European parking badge for motorists with disabilities". It makes it clear that, in addition to the problems mentioned above, the main difficulty lies in the fact that, while most member countries of the ECMT are generally tolerant of parking

cards for disabled people from other countries, there are no formal arrangements. A disabled person therefore has no way of knowing whether a national parking card will be accepted in a given situation in another country, and the absence of any formal agreement makes it impossible for such persons to assert their rights in cases of doubt.

The report therefore comes to the conclusion that the introduction of a European parking card for disabled persons is the appropriate instrument to give those concerned the right to use it to avail themselves of the special local parking facilities provided in the various countries.

The Commission is thus intent on putting forward an appropriate recommendation for the introduction of a parking card which can be easily administered.

Gist of the Opinion

Whilst expressing the need for personal permits and for card holders to be able to hire or borrow a vehicle in another place or country, the Committee considers the proposal to be well thought-out, appropriate to achieve the declared objectives and that it should be implemented.

7. COMMON MARKET-SUGAR

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) amending Regulation (EEC) No. 1785/81 on the common organization of the markets in the sugar sector* (COM(95) 561 final - 95/0278 CNS)

(CES 412/96 - 95/0278 CNS)

Rapporteur: Mrs Maria Luísa SANTIAGO (Portugal - Employers)

Gist of the Commission proposal

The basic quantities for sugar for the mainland region of Portugal as fixed in the Portuguese Act of Accession have proved insufficient to allow the start-up of sugar production there.

The present proposal raises the quota by 10,000 tonnes, divided between the A and B quantities laid down initially in the Act of Accession.

Gist of the Opinion

The Committee approves the proposal.

8. AROMATIZED WINES

Opinion of the Economic and Social Committee on the *Proposal for a European Parliament and Council Regulation (EC) amending Regulation (EEC) No. 1601/91 laying down general rules on the definition, description and presentation of aromatized wines, aromatized wine-based drinks and aromatized wine-product cocktails* (COM(95) 570 final - 95/0278 COD)

(CES 413/96 - 95/0278 COD)

Single Rapporteur: Mr Adalbert KIENLE (Germany - Employers)

Gist of the Commission proposal

The purpose of the proposal is to amend Council Regulation (EEC) No. 1601/91 laying down general rules on the definition, description and presentation of aromatized wines and aromatized wine-based drinks.

The main amendments concern:

- the use of grape must in addition to wines and the minimum presence of wines used in the preparation of aromatized wines and aromatized wine-based drinks;
- clarification of the rules on the processes which may be used for aromatized wines;
- the definition of Glühwein.

Gist of the Opinion

The Committee approves the Commission proposal.

9. FISHERIES/COMMUNITY ASSISTANCE

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) amending Regulation (EC) No. 3699/93 laying down the criteria and arrangements regarding Community structural assistance in the fisheries and aquaculture sector and the processing and marketing of its products*
(COM(95) 627 final - 95/0319 CNS)

(CES 414/96 - 95/0319 CNS)

Rapporteur: Mr John LITTLE (United Kingdom - Employers)

Gist of the Commission proposal

In view of the special circumstances for temporary cessation of fishing activities envisaged in Article 14 of Regulation 3699/93, it seems logical to limit the scope of the measures by introducing a ceiling for Community aid.

On the basis of an estimate of costs previously recorded by the services for operations of this type, the Commission proposes to limit the costs of these measures for each calendar year to ECU 200,000 or 0.5% of the funds foreseen in the financial plan for each Member State for the year concerned.

Gist of the Opinion

The Committee considers that the proposed ½% limit for Community assistance appears to be based on experience over a very short period of time and would provide no flexibility for year-by-year fluctuations. Accordingly, the ESC recommends that the overall limit of FIFG assistance for each Member State be raised to the greater of ECU 400,000 or 1% of the funds foreseen in the sectoral financial plan for each Member State for the year concerned.

Subject to the above reservation, the ESC supports the proposal.

10. MARKETING OF BIOCIDAL PRODUCTS

Opinion of the Economic and Social Committee on the *Amended proposal for a European Parliament and Council Directive concerning the placing of biocidal products on the market*
(COM(95) 387 final - 465 COD)

(CES 415/96 - 465 COD)

Rapporteur: Mr Kenneth J. GARDNER (United Kingdom -Employers)
Co-Rapporteurs: Mr Wilfred ASPINALL (United Kingdom - Various Interests)
Mr Hans-Joachim WILMS (Germany - Workers)

Gist of the Commission proposal

The original proposal was adopted by the Commission in July 1993 but then adapted to the Treaty of the European Union (introduction of the co-decision procedure) and amended in line with the demands of the European Parliament recommending that common principles be drawn up immediately.

Based on Article 100A of the Treaty, the proposal established the common principles for harmonizing national provisions on authorization for biocidal products and the enforcement of mutual recognition.

The new proposal introduces a new annex (Annex VI) which sets out the rules on the assessment by Member States of potential risks for human and animal health as well as for the environment.

The Committee expressed its Opinion on the initial proposal in April 1994². It then approved the objectives pursued, but drew the Commission's attention to the risks that the Member States' and professionals' interpretation might diverge.

The Committee also underlined the need to avoid too much complexity when putting files together and in communications between one Member State and another, and recommended a more flexible link with Directive 67/548 on dangerous substances.

Gist of the Opinion

The Committee has already issued an Opinion³ on the original Commission Proposal, concerning the placing of biocidal products on the market⁴; the Opinion was generally favourable while suggesting a number of improvements.

The Committee has no objection to establishing common principles for evaluating dossiers (for the authorization of biocidal products) under the current Amended Proposal, which it approved, subject to several comments designed to clarify and/or emphasize the contents of the Annex.

² OJ No. C 195 of 18.07.1994.

³ OJ No. C 195 of 18.07.1994

⁴ OJ No. C 239 of 03.09.1993

11. FISHERIES/CONSERVATION OF MEDITERRANEAN RESOURCES

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) amending Regulation (EC) No. 1626/94 laying down certain technical measures for the conservation of fishery resources in the Mediterranean
(COM(95) 635 final - 95/0328 CNS)

(CES 416/96 - 95/0328 CNS)

Rapporteur: Mr Jesús MUÑIZ GUARDADO (Spain - Various Interests)

Gist of the Commission proposal

In connection with the technical measures for conservation of Mediterranean fishery resources, the Commission proposes to prohibit the practice of fishing for bluefin tuna using surface-set longlines from vessels greater than 24 m in overall length during the period from 1 June to 31 July each year.

Gist of the Opinion

The Committee approves the Commission proposal which it believes will promote a rational fisheries policy in keeping with resources.

12. ELIMINATION OF CONTROLS PERSONS CROSSING INTERNAL FRONTIERS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive on the elimination of controls on persons crossing internal frontiers
(COM(95) 347 final - 95/0201 CNS)

(CES 417/96 - 95/0201 CNS)

Rapporteur: Mr Gianni VINAY (Italy - Workers)

Gist of the Commission Communication

In its work programme for 1995 the Commission announced its intention of presenting three additional proposals with a view to attaining the objective set out in Article 7a of the EC Treaty in the field of the free movement of persons.

On 12 July 1995 the Commission adopted the three proposals *en bloc*; they round off the body of legislation aimed at ending controls on persons at the Union's internal borders. Together with the other measures already adopted or still being discussed, their adoption by the Council will enable that objective to be attained without restriction.

Of these three proposals, the present Draft Directive consolidates the principle of the elimination of controls on persons: it is based on Article 100 of the EC Treaty, requiring the unanimous approval of the Council. The Directive would provide final confirmation that controls at internal borders have indeed been eliminated.

It would take effect only when the flanking measures were themselves in force. These flanking measures are considered essential to maintaining a high level of security within the area without internal borders and the Commission would like them to be implemented as soon as possible. They include the Dublin Convention determining the State responsible for examining applications for asylum lodged in one of the Member States, the draft External Frontiers Convention, the Proposal for a Regulation determining the third countries whose nationals must be in possession of a visa when crossing the external borders of the Member States, the Council Regulation laying down a uniform format for visas and the Draft Convention on a European Information System.

Gist of the Opinion

The Committee points out that the reference to "persons" marks a significant development. The earliest provisions on this matter related to the free movement of persons playing an economic role, and were clearly directed at employees and people providing services; the term "persons" was originally used only in an economic sense, but has gradually taken on a much wider meaning that ties in with the concept of citizenship.

The concept has been extended as a result of intense regulatory and case-law activity. The Commission itself has stated that the term "free movement of persons" refers to all persons, whether or not they are economically active and irrespective of nationality.

The Committee emphasizes the symbolic value, for the European and international public, of the elimination of internal border checks. Implementation of the present Directive is fundamental to the achievement of a genuine single market and any further delay - especially in the year which sees the start of the Intergovernmental Conference - would have a very negative psychological effect.

Lastly, the Committee stresses the fundamental importance of the accompanying measures, and views these as vital for the implementation of the Directive. It therefore recommends that the Directive enter into force three months after the Council has verified that the prerequisites for its satisfactory implementation are in place.

13. ABOLITION OF RESTRICTIONS MOVEMENT/RESIDENCE

Opinion of the Economic and Social Committee on the *Proposal for a European Parliament and Council Directive amending Directive 68/360/EEC on the abolition of restrictions on movement and residence within the Community for workers of Member States and their families and Directive 73/148/EEC on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services*
(COM(95) 348 final - 95/0202 COD)

(CES 418/96 - 95/0202 COD)

Rapporteur: Mr Gianni VINAY (Italy - Workers)

Gist of the Commission Communication

In its work programme for 1995 the Commission announced its intention of presenting three additional proposals with a view to attaining the objective set out in Article 7a of the EC Treaty in the field of the free movement of persons.

On 12 July 1995 the Commission adopted the three proposals *en bloc*; they round off the body of legislation aimed at ending controls on persons at the Union's internal borders. Together with the other measures already adopted or still being discussed, their adoption by the Council will enable that objective to be attained without restriction.

Of these three proposals, the present draft Directive adapts the secondary legislation on the free movement of citizens of the Union (and their families). This proposal is based on Articles 49, 54(2) and 63(2) of the EC Treaty; it would amend the existing secondary legislation to take account of the ending of controls at internal borders required by the Directive contained in COM(95) 347. The practical effectiveness of the proposal is therefore dependent on that Directive's entry into force.

Gist of the Opinion

The Committee endorses the proposal, which supplements the proposal for a Directive on the elimination of controls on persons crossing the EU's internal frontiers.

14. DEVELOPMENT OF COMMUNITY POSTAL SERVICES

Opinion of the Economic and Social Committee on the *Communication from the Commission on the Set of Measures Proposed for the Development of Community Postal Services; the Proposal for a European Parliament and Council Directive on Common Rules for the Development of Community Postal Services and the Improvement of Quality of Service* (COM(95) 227 final - 95/0221 COD) and the *Draft Notice from the Commission on the Application of the Competition Rules to the Postal Sector and in particular on the Assessment of Certain State Measures relating to Postal Services* (SEC(95) 830 final)

(CES 419/96 - 95/0221 COD)

Rapporteur: Mr Johann FARNLEITNER (Austria - Employers)

Gist of the Commission document

The aim of the measures proposed by the Commission is to guarantee, for the first time at Community level, the provision of a universal service while at the same time progressively opening up the postal market to more competition.

The proposed Directive based on Art. 100a of the EC Treaty provides for a **mandatory level of universal service** to be provided throughout the Community to all citizens, wherever they are located. The prices charged must be affordable and the quality of the service must be high. The service covers the collection, transport and distribution of letters, books, catalogues, newspapers and periodicals weighing up to 2 kg and parcels weighing up to 20 kg. Registered deliveries and deliveries whose value has been declared are also included in the universal service, which is for both national and cross-frontier mail.

In order to ensure the financial viability of the universal service, the proposed Directive defines the harmonized criteria for the services that may be reserved for universal service providers (**weight** of less than 350 g and **price** up to five times the tariff for a standard domestic letter). Consequently, all domestic mail that is above these thresholds will be liberalized.

Direct mail and incoming cross-border mail (as opposed to outgoing cross-border mail) will continue to be reserved until 31 December 2000 if this is necessary for the financial viability of the universal provider. The Commission will, however, decide by 30 June 1998 at the latest if it is necessary to keep direct mail and incoming cross-border in the reserved area even after 31 December 2000, taking into consideration the development that has occurred in the postal sector in the meantime.

During the first half of the year 2000 at the latest, a major review will take place of the whole scope of the reserved area.

At this stage in the liberalization process the Directive foresees a safety-net which will ensure financing for universal services: Member States may introduce objective licensing procedures. The granting of licences could be supplemented by obligations to offer a universal service and the requirement not to interfere improperly in reserved services.

The Draft Notice, which complements the harmonization measures proposed by the Commission, sets out the guiding principles according to which the Commission intends to apply the competition rules of the Treaty to the postal sector, in order to further the gradual, controlled liberalization of the postal market. It addresses the questions of cross-subsidies and non-discriminatory access to the postal network and the regulatory safeguards required to ensure fair competition in the sector. The Draft Notice will be published in the Official Journal and public consultations will be held over a two-month period prior to the Notice's final adoption by the Commission.

Gist of the Opinion

The Committee is pleased that the Commission has decided to postpone adoption of the Notice so that its implementation coincides with the entry into force of the Directive, and that the Commission has submitted it for an Opinion. The ESC thinks it particularly necessary that the content and terminology of the Directive and the Notice should match.

The ESC welcomes the creation of a universal service at affordable prices for all European citizens, and expects this to lead to higher quality standards which will benefit all users, consumers and firms.

At the same time, the Committee feels that the Commission should pay constant attention to the social effects. These particularly include the effects of extensive liberalisation of the postal services on income and working conditions in the sector.

Before any further moves towards liberalisation there should therefore be a thorough investigation into the effects on wages and working conditions. This investigation should include a look at the danger of social dumping or a massive upsurge in the number of "bad jobs", and also point out possibilities of protecting or improving minimum social standards for employed persons at European level.

The Committee asks the Commission to begin or carry out the necessary steps here in close consultation with the Economic and Social Committee and the Joint Committee for the Postal Services.

Should adoption of the Directive be delayed, the ESC advocates a four-year time limit for the trial period and the scheduled interim review and decision. The Committee trusts that the ESC will also be consulted before the decision is taken.

As regards certain more specific issues, the Committee:

- welcomes the scheduled separation of operational and official tasks in the postal services sector;
- recommends the supervision of competition by an independent authority; and
- expresses reservations about the increased use of "re-mailing", especially from third countries, and supports the retention of certain restrictions on the distribution of inward cross-border mail.

Finally, the ESC thinks it necessary to keep a constant eye on technological developments and their consequences for the universal service.

15. TAX ON CO₂ AND ENERGY (*Additional Opinion*)

Opinion of the Economic and Social Committee on the amended proposal for a Council Directive introducing a tax on carbon dioxide emissions and energy
(COM(95) 172 final)

(CES 421/96)

Rapporteur: Mr Klaus SCHMITZ (Germany - Workers)

Gist of the Commission proposal

The Commission proposal for a Council Directive (COM(92) 226 final) introducing a tax on carbon dioxide emissions and energy forms part of an overall strategy for stabilizing carbon dioxide emissions in the Community at 1990 levels by the year 2000.

The tax is to be levied on fossil energy sources to limit carbon dioxide emissions and on all forms of energy to promote efficient use. In order to achieve these two objectives, 50% of the tax will be based on energy content and 50% on the level of carbon dioxide emissions from the products used.

The Commission is suggesting a transitional period which should commence on 1 January 1996 and end with the introduction of a system of harmonized rates on 1 January 2000 at the latest. In an effort to ensure convergence between national taxes, target rates will be set as reference values during the transitional period. Member States will, however, still have some scope for defining the rates applicable to individual products at this time.

Being concerned to safeguard the competitiveness of Community firms, the Commission states that application of the tax should not be reflected in an increase in the overall tax burden. Instead the revenue generated by the tax should be used to reduce other charges, particularly those on labour. Member States can grant tax reductions to firms with a high energy consumption, if they are seriously disadvantaged vis-à-vis competitions in other Member States or by imports from third countries. In order to promote investment in energy-savings and the reduction of carbon dioxide emissions, firms making substantial efforts in this area will be granted a full and temporary exemption from the tax payable or an equivalent refund.

Gist of the Opinion

The Commission is opposed to the adoption of harmonized rules for a CO₂/energy tax at present. This would impede action by countries which are prepared for such measures, since there is no prospect of unanimous Council approval of this tax in the foreseeable future. The Commission should therefore withdraw the present proposal for a Directive.

The Committee calls on the Commission to present a proposal for a Recommendation covering:

- fiscal and financial support measures;
- voluntary commitments by business; and
- WTO regulations in order to encourage the reduction of CO₂ emissions and energy consumption.

On the other hand, the Committee recommends a coordinated approach by those Member States which are ready to introduce a CO₂/energy tax on the basis of the draft Commission Directive. This would require the adoption of a common policy by an appropriate group of Member States.

The Committee is, however, opposed to an intergovernmental agreement along the lines of the Schengen Agreement.

The Committee favours a framework Directive which avoids proposals for the organization of the CO₂/energy tax. This Directive must ensure that any such tax introduced by a group of Member States does not infringe EU competition and excise-duty legislation but remains compatible with the Single Market.

The Committee unreservedly endorses the energy component, since it should automatically contribute to CO₂ stabilization. If a CO₂ component were to be agreed in the context of a common approach, its share should certainly be fixed at less than 50% because of its possible adverse effects on the medium- to long-term energy supply structure. Methane release from gas should also be taken into account in the calculation of the CO₂/energy tax.

The Committee regards "tax neutrality" as an absolute precondition for the introduction of a CO₂/energy tax. The introduction of this tax must not be the occasion for an increase in the overall tax burden.

The Committee suggests that, pursuant to the recommendation of the EU White Paper, an eco-tax be introduced in the form of a CO₂/energy tax and that "non-wage" employment costs be reduced so as to give a further boost to employment or reduce unemployment somewhat.

The extent and duration of any damage to the international competitiveness of the national industries concerned will be all the slighter, the greater the number of Member States participating in the CO₂/energy tax scheme, the more competitive their industries and the greater the harmonization of the CO₂/energy tax arrangements.

The proposed tax exemptions and reductions should be designed, in particular, to reduce at least some of the potential competitive disadvantages faced by energy-intensive undertakings at international level. In addition, undertakings which invest in CO₂ reduction or rational energy use must be allowed to offset their investment fully against tax.

The Committee believes that the CO₂/energy tax will be tailored to the CO₂ emission levels and energy content of the products concerned.

Whilst recognizing the technical problems involved, it welcomes the inception of an input-orientated tax.

II. FUTURE WORK

Ecofin Section

- Common system of value added tax
COM(95) 731 final - 95/0362 CNS
Deadline: April
- 1996 Annual Economic Report
COM(96) 86 final
Deadline: April

Environment Section

- Placing of biocidal products on the market
COM(95) 387 final - 465 COD
Deadline: March
- Action programme - health monitoring
COM(95) 449 final - 95/0238 COD
Deadline: March
- European Community Water Policy
COM(96) 59 final
Deadline: July

Industry Section

- Telecommunications terminal equipment and satellite earth station equipment
COM(95) 612 final - 95/0309 COD
Deadline: April
- Third annual report on the operation of the Single Market
COM(96) 51 final
Deadline: May
- Programme to promote linguistic diversity in the Community in the information society
COM(95) 486 final - 95/0263 CNS
Deadline: May/July

- Legal protection of biotechnological inventions
COM(95) 661 final - 95/0350 COD
Deadline: July
- Green Paper on legal protection for encrypted services in the Internal Market
COM(96) 76 final
Deadline: September

Transport Section

- Individual licences in the field of telecommunications services
COM(95) 545 final - 95/0282 COD
Deadline: April
- Driving licences
COM(96) 55 final - 95/0040 SYN
Deadline: April
- Safety rules and standards for passenger ships
COM(96) 61 final - 96/041 SYN
Deadline: May

Energy Section

- Additional financing - 4th R&TD framework programme
COM(96) 12 final - 96/0034 COD-96/0035 CNS
Deadline: May

Agriculture Section

- Rules on the definition and presentation of aromatized wines
COM(95) 570 final - 95/0287 COD
Deadline: March
- Special system of assistance to traditional ACP suppliers of bananas
COM(96) 33 final - 96/0028 SYN
Deadline: April

External Relations Section

- The global challenge of international trade: a strategy for access to the markets for the European Union
COM(96) 53 final
Deadline: September

IN ANTICIPATION

Environment Section

- Network for the epidemiological surveillance and control of communicable diseases in the European Community
COM(96) 78 final - COD 36/0052
Deadline: July

- Laws, regulations and administrative provisions concerning consumer credit
COM(96) 79 final
Deadline: to be decided

Industry Section

- Harmonization of national legislation on artists' resale right
COM(96) 97 final - 96/0085 COD
Deadline: to be decided
- Third multi-annual SME programme (1997-2000)
COM(96) 98 final
Deadline: to be decided

Transport Section

- White Paper on air traffic management
COM(96) 57 final
Deadline: 2nd half 1996
- Development of the universal telecommunications service
COM(96) 73 final
Deadline: 2nd half 1996
- Summertime arrangements
COM(96) 106 final
Deadline: to be decided
- Communication on the new maritime strategy
COM(96) 81 final
Deadline: to be decided

Social Affairs Section

- Equal treatment between men and women/employment, training and working conditions
COM(96) 93 final
Deadline: July/September
- **Agriculture Section**
- Common organization of the market in bananas
COM(96) 82 final - 96/0080 CNS
Deadline: July
- Conservation of Mediterranean fishing resources
COM(96) 128 final
Deadline: to be decided

External Relations Section

- Scheme of generalized tariff preferences - agricultural products originating in developing countries
COM(96) 87 final
Deadline: May

OWN-INITIATIVE WORK PROGRAMME

Ecofin Section

- Employment, competitiveness and globalization of the economy
Deadline: October

Social Section

- The costs of poverty and social exclusion in Europe
Deadline: September

Agriculture Section

- The situation of forestry in the European Union, the problems facing this industry and the potential for developing forestry policies
Deadline: October

External Relations Section

- International trade and the environment
Deadline: October/November
- Relations between the European Union and the Baltic Sea Region (**Information Report**)
Deadline: October/November

III. PRESENCE AND INFLUENCE OF THE ESC

Activities of the President

On 5 March 1996, Mr Ferrer made a statement at the meeting "Les Matins de l'Europe" organized by the Brussels Chamber of Commerce and Industry.

On 19 March 1996 Mr Ferrer went to Rome for an interview with Mr Lamberto Dini, President of the Council (Prime Minister) of the Italian Republic.

On 21 March 1996 Mr Ferrer met Mr Paavo Lipponen, the Finnish Prime Minister, in Helsinki.

On 25 March 1996 Mr Ferrer attended a meeting of the ad hoc Group on the IGC 1996 and the ESC's role, in Brussels.

On 26 March 1996 Mr Ferrer met, during their official visits to Brussels, Mr Guntis Ulmanis, President of the Republic of Latvia, and Mr Birkavs, Foreign Minister, Mr Kirstein, Minister for European Affairs, Mr Kanels, Ambassador of the Republic of Latvia to the EU, Mr Jurkans, head of the "National Harmony" party in the Latvian Parliament, and Mr Gorbunovs, chairman of the Parliament's Economic Affairs Committee.

The same day he received a delegation from the "Confederación de Empresarios de Andalucía".

