

# BULLETIN

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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 this 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.

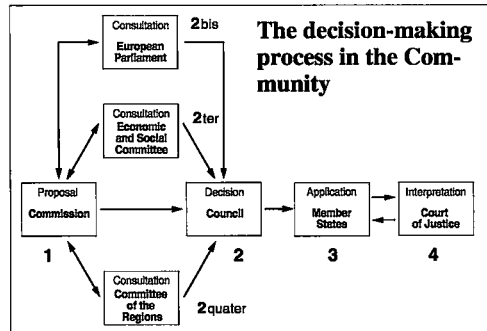
## Information and Integration Role

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
<b>TOTAL</b>	<b>1,245</b>

## 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

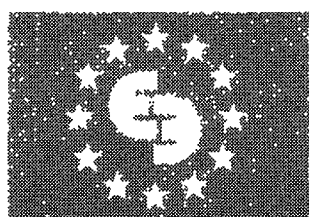
# BULLETIN

# 96

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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)

## ECONOMIC AND SOCIAL COMMITTEE

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Catalogue number: ESC-96-008-EN

Brussels: General Secretariat of the Economic and Social Committee, 1996

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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. 335th PLENARY SESSION - 24 and 25 APRIL 1996

The 335th Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels on 24 and 25 April 1996. Mr Carlos Ferrer presided.

The guest of honour at this Session was the celebrated musician Lord Yehudi Menuhin, who has been working for almost 40 years to strengthen dialogue between the citizens and cultures of Europe. Lord Menuhin gave a speech on "The Cultures of Europe".

During the Session, the following Opinions were adopted by the ESC:

### 1. PROMOTING NGOs IN THE FIELD OF ENVIRONMENTAL PROTECTION

**Opinion of the Economic and Social Committee on the Proposal for a Council Decision on a Community action programme promoting non-governmental organizations primarily active in the field of environmental protection**

(COM(95) 573 final - 95/0336 SYN)

(CES 525/96 - 95/0336 SYN)

Rapporteur : Mr Klaus BOISSEREE (Germany - Various Interests)

#### Gist of the Commission Proposal

The Proposal is a follow-up to the Communication of the Commission to the budgetary authority concerning legal bases and maximum amounts, proposing a legal base to cover the activities funded under budget article B4-306 - awareness and subsidies.

It establishes a four-year programme (1996-1999) for promoting awareness and information on the degradations to the environment through the action of non-governmental organizations. The activities of these organizations have a multiplier potential at Community level while involving a very wide group of actors, at local, national and Community level, thereby assisting the Commission in the development and implementation of the Community environment policy.

The priority areas for the information and awareness actions covered by the programme, as listed in an Annex, meet the principles of the Fifth Environment Action Programme on environment and sustainable development (1993-2000).

The Proposal for a Council Decision introduces the main principles for Community financial assistance, establishing that it should not exceed 40% of the budgeted operational and administrative expenditures.

Effective monitoring of the actions will be ensured by the Commission on the basis of the reports submitted by the beneficiaries within three months after completion. The Commission will submit a report on the implementation of the programme to the EP and the Council no later than June 1999.

#### Gist of the Opinion

The financial aid programme is the sole aspect of overall relations between NGOs and European bodies covered by the proposal. European-wide environmental organizations have for a long time now been calling for the institutionalization of cooperation - particularly in respect of participation, information and financial support - by bringing it within the context of a formal framework (e.g. Council Decision) after consultations with the organizations in question. This is in keeping with the principle of involvement of "environmental policy actors" in the "sustainable and environmentally-compatible development" advocated in the European Communities' Fifth Action Programme on the Environment.

The Economic and Social Committee would draw attention to this link.

The Committee calls upon the Commission to review the funding of the aid programme insofar as its scope is to be extended. Funds for the "consultative forum" and "other meetings at national and regional levels" should be removed from the Financial Statement since the objectives connected therewith go beyond the activities of NGOs proper.

In the view of the ESC, the Draft Decision should provide a clearer definition of aid beneficiaries - something which is especially important given the limited funds available.

Aid should thus be concentrated on non-governmental organizations which are primarily active in the field of environmental protection at European level and have their headquarters in a Member State of the European Union. Actions or programmes carried out jointly with organizations active at national level should also be eligible for financial support.

In the view of the Committee, financial support should not be limited to the provision of information and the mobilization of the population but should also include the preparation of studies and documentation. Consultations in connection with the preparation of Community regulations and European provisions in the field of environmental policy, including environmental problems occurring in other policy areas, should also receive financial support.

The detailed provisions for the financial support of activities of environmental NGOs need to be reviewed. Procedures regarding the co-financing of operations carried out with European non-governmental development organizations (NGDOs) are much more generous and the differential cannot be accounted for by the different aid objectives.

## 2. TELECOMMUNICATIONS TERMINAL EQUIPMENT

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive relating to telecommunications terminal equipment and satellite earth station equipment, including the mutual recognition of their conformity (consolidated version)**  
(COM(95) 612 final - 95/0309 COD)

(CES 526/97 - 95/0309 COD)

Rapporteur : Mr Michael MOBBS (United Kingdom - Employers)

### **Gist of the Commission Proposal**

In order to ensure that Community legislation is as clear and transparent as possible, the Commission instructed its staff on 1 April 1987 that such legislation should be consolidated no later than after it had been amended ten times.

This consolidation process must be in full compliance with the normal Community legislative procedure and no substantive changes may be made to the instruments being consolidated.

The present Commission proposal consolidates the following instruments:

- Council Directive 91/263/EEC of 29 April 1991 concerning telecommunications terminal equipment, including the mutual recognition of their conformity<sup>1</sup>, and

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<sup>1</sup> OJ No. C. 329 of 30.12.1989.



- Council Directive 93/97/EEC of 29 October 1993 supplementing Directive 91/263/EEC in respect of earth satellite equipment<sup>2</sup>.

The new Directive will supersede these Directives (see part A of Annex X to the Commission document).

Although the articles have been given new numbers, the old number has been printed alongside for the convenience of the reader. The correlation between the old and new numbers is shown in Annex XI to the consolidated Directive.

### **Gist of the Opinion**

The Committee welcomes the Commission proposal as an appropriate means of simplifying Community legal texts which make for clearer and easier understanding, subject to the following comments:

The Commission is advised to take appropriate, legally binding steps quickly to remove the existing discrepancies in the interpretation of Article 6 of Directive 91/263/EEC.

The Committee recommends that the wording of Electromagnetic Compatibility Directive 88/336/EEC be brought into line as soon as possible to avoid confusion regarding the repealing of Article 10.4. as set out by Article 9.4. of Directive 91/263/EEC.

### **3. EUROPEAN GUARANTEE FUND FOR THE AUDIOVISUAL SECTOR**

**Opinion of the Economic and Social Committee on the Proposal for a Council Decision establishing a European Guarantee Fund to promote cinema and television production**  
(COM(95) 546 final - 95/0281 CNS)

(CES 527/96 - 95/0281 CNS)

Rapporteur : Mr Giampaolo PELLARINI (Italy - Workers)

#### **Gist of the Commission document**

The emergence of a European audiovisual market requires the development of European works as defined in Article 6 of Council Directive 89/552/EEC<sup>3</sup>, that is to say works originating in the Member States of the Community.

The Commission held wide-ranging consultations of representatives of the audiovisual and financial sectors following the European Audiovisual Conference, in particular through a Round Table on Audiovisual Financing in June 1995. Those consultations confirmed the need for a financial instrument to reduce the risks associated with financing European works of fiction, particularly for production and distribution companies.

Analysis of existing financing mechanisms for the cinema and television programme industry has shown that a Community guarantee instrument covering some of the risks associated with loans will constitute the most effective response to the need to mobilize additional resources. Creating a European Guarantee Fund to secure finance for the audiovisual sector will stimulate and support the development of the European programme industry.

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<sup>2</sup> OJ No. C 161 of 14.6.1993.

<sup>3</sup> OJ No. L 298, 17.10.1989.  
OJ No. L 232, 31.8.1987.

The establishment of a European Guarantee Fund to promote cinema and television production will exert substantial leverage, since the volume of finance released would greatly exceed the capital of the Fund. The Fund's activities will cover loan operations.

The Commission has structured the fund in such a way that it will abide by and complement market rules and principles and will not distort competition in the audiovisual sector, in accordance with Article 130(3) of the Treaty. The aim is for the Fund to stimulate and facilitate the financing of cinema and television fiction but not provide that finance itself.

The Fund will participate in individual financial operations only in collaboration with other private and public financial operators (banks, insurance companies, financial institutions and others) involved in the audiovisual sector. It aims to avoid duplicating the work or taking the place of existing institutions or bodies.

The European Guarantee Fund is to develop partnerships or other forms of cooperation with those institutions which share the same objectives and interests as the Community with regard to financing European cinema and television productions, so as to reinforce the impact of the Fund's activities.

The European Investment Fund (EIF) set up in June 1994 has indicated that it is willing to administer a guarantee fund specifically aimed at the audiovisual industry.

The Fund's operations serve the same objectives as other Community programmes, in particular the MEDIA II programme<sup>4</sup>.

Without prejudice to any agreements or conventions to which the Community is a party, the firms receiving support through the Fund should be owned, either directly or through a majority shareholding, by Member States and/or nationals of Member States and must remain in their ownership.

The Fund is to be open to cooperation with non-member countries that have concluded agreements containing clauses on the audiovisual sector. The detailed arrangements for such cooperation should be settled between the parties when the time comes.

### **Gist of the Opinion**

The Committee considers that the Fund should be allocated its own independent resources from the Community budget, rather than taking the estimated MECU 90 from the MEDIA II Programme, as planned.

It is disputable whether enough money has been set aside to achieve the Fund's goals. This is not so much a matter of ascertaining whether MECU 90 is enough, as of considering the potential danger of overstretching the resources if - alongside the film industry proper - producers of TV drama are also able to benefit from the Fund.

There is a need to identify more clearly which types of producer are to benefit from the Fund; a choice has to be made between large-scale productions capable of competing internationally with the Americans, or the independent producers and film-makers who represent the best of European culture, and whose genuine masterpieces have earned them a place in the world market in recent decades. Therefore, small and medium-scale production companies should be favoured, with emphasis on plans for more films in order to be able to balance possible successes and failures and to limit risks.

The cultural development aspect of the operation should be stressed along with the economic wisdom of producing programmes as a defence against a commercial invasion. From this point of view the Fund should be restricted to cinema alone, excluding audiovisual productions, serials and dramas made exclusively for television.

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<sup>4</sup> OJ No. C 148, 31.05.1994  
OJ No. C 108, 29.04.1995

Since the appropriation is limited, it might be worth considering offering a level of cover within a band between 20% and 50%, so that the Fund is able to assist a larger number of productions while limiting the risks of investment and thus encouraging banks to be come involved.

Any reinsurance of the investment risk must not be charged to the intended beneficiaries but to the Fund itself, otherwise the funding could lose much of its value.

#### 4. SATELLITE COMMUNICATIONS

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Decision on an action at Union level in the field of satellite personal communications services in the European Union**

(COM(95) 529 final - 95/0274 COD)

(CES 528/96 - 95/0274 COD)

Rapporteur : Mr Michael MOBBS (United Kingdom - Employers)

##### **Gist of the Commission proposal**

Complementing mobile terrestrial networks, the prospect of personal satellite communications using a Low Earth Orbit constellation of satellites opens up significant opportunities for the European space and mobile communications industries to provide both equipment and services.

In this context, the Commission proposal aims to ensure the viable introduction of these services in the EU through coordinated selection and authorization procedures based on common harmonized conditions and criteria, taking full account of the world-wide implications.

Within a three-year period, the projected action involves:

**The selection of satellite PCS space segment operators.** As a first step, the Commission has decided to publish a call-for-information in the Official Journal addressed to prospective providers of services and/or equipment for satellite personal communications services in the EU.

**The adoption of common conditions for authorization.** The Commission envisages asking the European standardization bodies to examine the harmonized criteria and technical conditions required for this purpose.

**The harmonization of conditions for authorization.** After consulting the European standardization bodies, the Commission, assisted by an advisory and a regulatory committee, will adopt Decisions on:

- common conditions to be attached to authorizations for selected satellite personal communications space segment operators;
- harmonized conditions for the authorization of providers of satellite personal communications services;
- any other measures aimed at facilitating the development of satellite personal communications services.

**The establishment of a dialogue, and, where necessary, negotiations between the European Union and third countries,** with the aim of establishing international cooperation in order to promote development of satellite personal communications services and remove the obstacles to their development.

### **Gist of the Opinion**

The Committee welcomes Commission work in this area. Although the European Union is being left behind in certain aspects of this important sector, there are clearly opportunities for European telecommunication operators and industry to participate in the roll-out of SPCS services.

The Committee is aware that timing is important. It also believes the Commission has an important role to play.

However it asks the Commission to clarify:

- keys aspects of the Proposal which are considered open to differing interpretations;
- how it intends to proceed in those areas where it has a role and especially in the achievement of a coordinated approach by Member States.

### **5. COMPETITIVE ENVIRONMENT IN TELECOMMUNICATIONS**

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending Council Directives 90/387/EEC and 92/44/EEC for the purpose of adaptation to a competitive environment in telecommunications**  
(COM(95) 543 final - 95/0280 COD)

(CES 529/96 - 95/0280 COD)

Rapporteur : Mr Alexander-Michael von SCHWERIN (Germany - Workers)

### **Gist of the Commission document**

This proposal is designed to update two existing texts in the field of Open Network Provision (ONP), namely the framework Directive 90/387/EEC<sup>5</sup> and Directive 92/44/EEC on the application of ONP to leased lines<sup>6</sup>, in order to take account of the post-1998 competitive environment.

In view of the crucial role played by national regulatory authorities for the operation of telecommunications services in a liberalized market, a new requirement is being introduced into the framework Directive in order to reinforce their independence in each Member State.

Thus, Member States which retain a significant degree of ownership or control of a telecommunications organization must ensure the effective separation of their regulatory activities from activities linked to ownership or control.

In addition, the existing procedure whereby standards can be made compulsory under certain circumstances will be modified to provide for a period of public consultation before any decision is taken.

The leased lines Directive will continue to require that the present minimum set of leased lines is available to all users in the EU from at least one organization in each Member State, although this obligation will apply only to organizations with significant market power, as determined by the national regulatory authorities in accordance with guidelines laid down in the Directive.

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<sup>5</sup> OJ No. L 192, 24.7.1990, p. 1.

<sup>6</sup> OJ No. L 165, 19.6.1992, p. 27.

Lastly, requirements for advance publication of tariff changes will be removed and the requirement for cost orientation of tariffs will be relaxed where there is strong competition in the provision of leased lines. A new appendix identifies other types of high-speed leased line whose provision is to be encouraged, and recommends suitable voluntary standards for connection to these types of leased line.

### **Gist of the Opinion**

The Committee recognizes that Directives 90/387/EEC and 92/44/EEC need to be amended, and agrees in the main with the Commission proposals. However, it would be pleased if the Commission could take account of the proposals and comments made in the present Opinion.

Above all, it should take account of:

- the necessity to reconsider and clarify its definitions of "public" and "universal service" in Article 2 of Directive 90/387/EEC;
- the importance of applying the "cost orientation" principle flexibly.

The Committee also thinks that if competition is to be safeguarded and the rules governing competition applied in full, the ONP provisions must be binding on all providers in order to ensure equal opportunity and the existence of proper competition.

## **6. LICENCES/TELECOMMUNICATIONS SERVICES**

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive on a common framework for general authorizations and individual licences in the field of telecommunications services**  
(COM(95) 545 final - 95/0282 COD)

(CES 530/96 - 95/0282 COD)

Rapporteur : Mr Bernardo HERNÁNDEZ BATALLER (Spain - Various Interests)

### **Gist of the Commission document**

This proposal for a Directive constitutes an essential part of a legislative reform package aimed at the liberalization of telecommunications services by 1 January 1998<sup>7</sup>.

Even when the telecommunications sector is fully liberalized, authorization regimes will still be necessary to ensure the attainment of **certain public interest objectives such as universal service**.

Against this background, the draft Directive lays down the rules that are to be applied at national level with regard to both the award procedures for authorizations and licences and the conditions which may attach to those authorizations. At the same time the principles of competition are to apply in full. The establishment of such a common framework should make it easier for undertakings in this sector to exercise their rights to freely set up in business and provide services anywhere in the European Union.

Pursuant to the principle of subsidiarity, the Member States will be responsible for granting authorizations in accordance with the following principles:

- an a priori limit on the number of individual licences is to be disallowed, unless this is essential to ensure the efficient use of radio frequencies;

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<sup>7</sup> OJ No. C 39, 12.2.1996

- priority is to be given to general authorization regimes (under which any undertaking complying with the conditions laid down in the general rules can offer its services or infrastructures);
- objective, transparent and non-discriminatory award procedures are to be used;
- principles and mechanisms are to be established for harmonizing both authorization procedures and the accompanying conditions;
- measures are to be taken to promote the development of trans-European services.

### **Gist of the Opinion**

The Economic and Social Committee welcomes the Commission proposal and restates its view that licence award procedures should be as streamlined and straightforward as possible.

The Committee believes that general and individual authorization procedures must comply with public interest and public service objectives, and it supports the possibility of introducing specific conditions which may attach to authorizations granted to operators wishing to access public networks.

In any case, the categories of rights and obligations for authorizations must be balanced, without unnecessary obligations being imposed on new market operators.

Moreover, the Committee feels that:

- the proposal should be based on the general principle that authorization - whether general or individual - is required;
- reasonable periods should therefore be set for checking that operators are complying with the necessary conditions;
- citizens' interests should not come second to technical and commercial interests;
- the establishment of public service requirements in the form of trade regulations is necessary, as long as consumers' interests are respected and competition rules complied with;
- the reference to the criteria for the application of obligations based on "significant market power" should be removed, and existing competition regulations and case-law should serve instead;
- the bases on which the universal service is to be provided and the way in which it is to be financed should be clearly specified.

Lastly, the Economic and Social Committee believes that a European regulatory body with full powers is required. The Commission should submit appropriate proposals.

## **7. DRIVING LICENCES**

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Directive amending Directive 91/439/EEC on driving licences*  
(COM(96) 55 final - 96/0040 SYN)

(CES 531/96 - 96/0040 SYN)

Single Rapporteur : Mr Roy DONOVAN (Ireland - Employers)

### **Gist of the Commission document**

In adopting Directive 80/1263/EEC<sup>8</sup> establishing a Community model for a national driving licence, the Council intended *inter alia* to facilitate the movement of persons travelling within the Community or taking up residence in a Member State other than that in which they had passed a driving test.

In July 1991 the Council adopted a second Directive on driving licences (Directive 91/439/EEC<sup>9</sup>) which adapted the model set by the earlier Directive in order to take account of the harmonization of vehicle categories and make it easier to understand licences both inside and outside the Community. National licences issued from 1 July 1996 will have to conform to this revised model, which will also be mandatory for EEA countries.

The proposal seeks to:

- harmonize the codes used on driving licences issued by Member States in accordance with Article 4(1) of Directive 91/439/EEC and Annexes I and I bis (subject to adoption by the Council of draft Directive COM(95) 166 final<sup>10</sup>);
- establish a committee for adaptation of the Directive to technical and scientific progress;
- align the definition of the term "motorcycle" with that of Directive 92/61/EEC on the type approval of two and three-wheel motor vehicles<sup>11</sup>.

### **Gist of the Opinion**

The Committee unreservedly endorses the Commission's Proposal which represents a further useful step towards increased road safety, facilitating the mutual recognition of driving licences and consequently the free movement of persons in the EU.

## **8. BALANCED PARTICIPATION OF WOMEN/MEN IN DECISION-MAKING**

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Recommendation on the balanced participation of women and men in decision-making*  
(COM(95) 593 final - 95/0308 CNS)

(CES 532/96 - 95/0308 CNS)

Rapporteur : Mrs Bridin TWIST (Ireland - Various Interests)

### **Gist of the Commission Proposal**

The low participation of women in decision-making is identified as one of the main obstacles to achieving equality between women and men.

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<sup>8</sup> OJ L 375 of 31 December 1980, page 1  
OJ C 197 of 23 August 1976, page 32

<sup>9</sup> OJ L 237 of 24 August 1991, page 1  
OJ C 159 of 26 June 1989, page 21

<sup>10</sup> OJ C 301 of 13 November 1995, page 22

<sup>11</sup> OJ L 225 of 10 August 1992, page 72  
OJ C 14 of 20 January 1992, page 31

The aim of the recommendation is, therefore, to promote the balanced participation of women and men in public or private, political, administrative, economic, social or cultural decision-making bodies. The European Council in a resolution called upon the Commission to draw up a draft recommendation to the Council on this issue<sup>12</sup>.

The proposal recommends that governments should promote a better balance between women and men:

- **in government and in political representation** at national, regional and local level, including public advisory bodies and committees, commissions and working groups at national as well as European level;
- **in the public sector:** implementing or developing equal opportunities' plans for the civil service and ensuring, when recruitment competitions take place, that women and men are represented equally in the committees responsible for preparing the competitions and in the selection boards;
- **in the private sector:** encouraging it to increase the presence of women at all levels of decision-making;
- **in the media:** encouraging press, radio and television organizations to adopt measures to promote balanced participation by women and men in production, management and decision-making bodies;

and through:

- **statistics:** developing or promoting the production and publication of statistics illustrating how women and men are represented in decision-making circles in general and in political and administrative domains, public councils and committees, administrative and management boards at national, regional and local level and in the economy and social and cultural life in particular;
- **studies:** supporting, developing and publishing quantitative and qualitative studies on women and men in decision-making and especially on the legal, social or cultural obstacles to decision-making for persons of either sex, on ideas and concepts which are likely to enhance the concept of a democratic partnership between women and men and on strategies to bring about equality in decision-making;
- **good practice:** supporting and encouraging initiatives creating examples of good practice in the various areas of decision-making and developing programmes for the dissemination and exchange of experience with a view to propagating such practice;
- **education:** highlighting in textbooks and curricula and in education and training at all levels the contribution women have made to society, and stress the importance of sharing both public and private responsibilities between women and men;
- **the media:** taking suitable steps to ensure that the image of women and men in the media and advertising neither reinforces nor consolidates stereotyping of men's and women's responsibilities;
- **campaigns:** devising, encouraging and propagating public campaigns to alert public opinion to the usefulness and advantages of society as a whole of balanced participation by women and men in decision-making;
- **plans:** alerting the social partners, political parties and groups, associations and NGOs and the media to the importance of a balance between women and men in decision-making bodies, and encouraging them to develop equal opportunities' plans with measures to ease access to decision-making for women.

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<sup>12</sup> Resolution 95/C 168/02 of 27.03.1995.



## Summary of the Opinion

The Committee welcomes the proposal for a Council Recommendation. Whilst falling short of legitimate expectations in favour of **equal** participation in decision-making, the proposal nonetheless should help to stimulate an integrated and comprehensive gender equality strategy.

The Committee would urge Member States to set clear goals with specific measures, to ensure broadly-based information campaigns and to work in close cooperation with socio-professional organizations on achieving concrete progress towards more equality in decision-making. The reference to targets should at least be backed up by timetables and other monitoring and evaluation mechanisms. Positive actions could be better highlighted in the text, particularly in the fields of education and training.

The Commission proposal does not sufficiently underscore the need for measures to encourage men to take a fairer sharing of family responsibilities.

Direct reference should also be made in the Recommendation to "employment" and to work organization and working time. Labour market segregation, unequal pay, unequal promotion possibilities and career structures and the casualization of women's employment should be addressed.

## 9. RACISM, XENOPHOBIA AND ANTI-SEMITISM

**Opinion of the Economic and Social Committee** on the *Communication from the Commission on racism, xenophobia and anti-semitism and Proposal for a Council Decision designating 1997 as European Year against Racism*  
(COM(95) 653 final - 95/0355 CNS)

(CES 533/96 - 95/0355 CNS)

Rapporteur : Mr Christoforos KORYFIDIS (Greece - Workers)

Co-Rapporteur : Mrs Jocelyn BARROW (United Kingdom - Various Interests)

### Gist of the Commission document

Since 1986, the European Parliament, the Council and the Commission have adopted a number of different papers condemning racism and xenophobia. The 1989 Community Charter of the Fundamental Social Rights of Workers also highlighted the importance of combatting every form of discrimination.

The Commission paper also notes the ESC's work in this field, in particular its 1992 Resolution on racism, xenophobia and religious intolerance and its Opinion on the White Paper on Social Policy.

This Communication gives an overview of the Commission's part in the struggle against racism, xenophobia and anti-semitism. The Commission also presents a Proposal for a Council Decision designating 1997 as European Year against Racism. The Communication is designed to contribute to European debate and highlight the specific role the Commission can play in complementing steps taken by the Member States in this field.

In this respect, the Commission sets out a number of guiding principles:

- the struggle against racism requires the cooperation of all concerned;
- prevention must be the key aim of any strategy against racism;
- priorities must be established on the basis of cooperation;
- in determining its activities in this area, the Commission will scrupulously respect that principle of subsidiarity.

## **Gist of the Opinion**

The Committee supports the Commission's Communication and the proposal to declare 1997 European Year against Racism.

It urges the Commission to use clear definitions in its proposal of what is meant by "racism", "xenophobia" and "anti-semitism", based on the standard texts and terminology of official international institutions and bodies such as the UN, the ILO and the Council of Europe.

The Committee supports and allies itself with those forces which consider that the Treaty should include a non-discrimination clause and calls for a comprehensive strategy to counter racism and xenophobia both within the Community and on an intercontinental level.

As stated in its 1992 Opinion on the Citizens' Europe, Union-wide action needs "a Treaty provision banning discrimination on grounds of sex, colour, race, opinions and beliefs". The Committee therefore agrees with the Commission's view on the inclusion of a non-discrimination clause in the Treaty and specific powers to combat racial discrimination. It considers the 1996 Intergovernmental Conference to be the appropriate forum for decisions to amend the Treaty on the basis of the relevant proposals by the Reflection Group. It notes and supports proposal VII of the Comité des Sages that the Treaty should include "a ban on any form of discrimination on the basis of race, colour, sex, language, religion, political or other opinion, national or social origin, membership of a national minority, wealth, birth, disability or any other situation.

It considers education to be a key instrument in countering racial prejudice and fostering anti-racist awareness. It therefore urges that education and training - especially of young people - be strengthened and adapted so that it can fulfil this role. To this end, the Committee is convinced that intercultural education should be strengthened and expanded as much as possible. The Committee also considers the role of the mass media in preventing and countering prejudice to be vital, in that they may be put to negative or positive use in achieving a given aim.

The first policy includes incentives and support to promote media material of an anti-racist character. All the Commission's proposals fit in with this, together with a related publicity campaign spotlighting particularly apposite and positive anti-racist actions. The policy would also cover the development of a medium- and long-term programme of education and training for those working in the media, together with a pan-European dialogue on a single set of ethical rules concerning the research, selection and presentation of news. The second category of policies includes all those seeking to equip citizens with mental defences against misinformation and lack of information. The creation, through education and life-long learning, of mechanisms for filtering information and checking "knowledge" is absolutely essential given that the information society is now an all-powerful reality.

The Committee calls for the aim of prohibiting the distribution of racist material via the Internet to be set down as a Community action in the decision designating 1997 as European Year against Racism. To achieve this objective, the Commission is urged to establish a dialogue with the Council of Europe and other international institutions working on a basis of cooperation at all levels.

The Committee agrees in principle with the proposal for a decision to designate 1997 as European Year against Racism, but would make the following points:

- it considers the proposal's aims to be ambitious in comparison with the resources provided;
- it supports the proposals concerning the promotion of supranational programmes against racism;
- it calls for the following clause "Whereas restriction of the rights of free movement of third country nationals living in the EU contributes to racist and xenophobic attitudes" to be added;
- it places particular emphasis on the use of education to cultivate and develop an anti-racist awareness, and on the use of the mass media to combat racism and for the exchange of information and best practice.

The Committee would underline the importance of the Joint Declaration by the social partners (Florence, October 1995) on the prevention of racial discrimination and xenophobia and the promotion of equal treatment in the workplace. The Committee endorses the Florence Declaration, and calls upon the Commission to cooperate with the trade unions to support and promote the objectives set and recognizes the important role played at the workplace in dealing with this issue. Integral to this approach should be the inclusion of other groups representing the various categories of economic and social activity. To this end, the ESC calls for the social partners to be associated with the advisory committee following the progress of the European Year. The Economic and Social Committee, as in the past, should also be accorded observer status.

## 10. R&TD - COOPERATION WITH THIRD COUNTRIES - Modification

**Opinion of the Economic and Social Committee on the Proposal for a Council Decision modifying its decision of 23 November 1994 adopting a specific programme for research and technological development in the field of cooperation with third countries and international organizations (1994-1998) (COM(95) 539 final - 95/0271 CNS)**

(CES 534/96 - 95/0271 CNS)

Rapporteur : Mr Giannino BERNABEI (Italy - Employers)

### Gist of the Draft Council Decision

With a view to the implementation of the fourth EC framework programme of Community actions in the field of research, technological development and demonstration (1994-1998)<sup>13</sup>, the Council adopted, on 23 November 1994, a specific programme for research and technological development, including demonstration, in the field of cooperation with third countries and international organizations (1994-1998)<sup>14</sup>. An initial appropriation of ECU 540 million was allocated to this programme.

ECU 232 million of this sum was set aside for cooperation projects with the countries of central and eastern Europe and the newly independent states of the former Soviet Union (NIS).

The Council decision of 23 November 1994 stipulated that the cooperation projects with the NIS would be carried out, in particular, through the intermediary of, **the International Association for the Promotion of Cooperation with Scientists from the New Independent States of the Former Soviet Union (INTAS)**.

The break-up of the Soviet Union and the collapse of its economic system gave rise to needs which had to be addressed as a matter of urgency. The objective of the establishment of INTAS was to provide western Europe with an instrument which was flexible enough to enable it to take rapid action, by means of the creation of joint research projects and networks of research workers, with a view to safeguarding the human, scientific and technical resources of the NIS, encouraging the workers concerned to stay in their own countries and promoting cooperation between the research workers of the NIS and the international scientific community.

Although the decision was taken in July 1992, in response to a proposal from the EC Commission, INTAS was not formally set up until June 1993. In the initial phase it was set up on an experimental basis, for the period up to 31 December 1994, as an international non-profit making association established under Belgian private law.

INTAS currently has 18 members: the 15 EU Member States, together with Switzerland, Norway, the European Union, which is represented in its own right by the EC Commission, and twelve partner countries, formerly part of the Soviet Union, which benefit from the activities of the association. These activities, over 90% of which

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<sup>13</sup> Decision 1110/94 of the European Parliament and the Council dated 26 April 1994 - OJ No. 126 of 18 May 1994, page 1.

<sup>14</sup> Council Decision 94/807/EC - OJ No. L 334 of 22 December 1994, page 109.

is currently financed from the EU budget, are managed by a General Assembly, comprising only the members of INTAS. The General Assembly determines the general strategy of the association, selects the projects to receive financial aid and manages the appropriations.

The General Assembly is assisted by a Scientific Council comprising 26 members, 8 of whom are drawn from the NIS. The Council's responsibilities include assessing proposals for research projects on the basis of the criterion of scientific excellence. The General Assembly has a secretariat consisting of almost 30 staff.

The various parts of INTAS are linked through a Coordinating Bureau comprising the presidents of the General Assembly and the Scientific Council and the Secretary of INTAS.

Since its establishment, INTAS has organized the financing of some 1,000 projects, each of which involved, on average, three scientific institutions from western Europe and two from the NIS. The total cost of these projects was in excess of MECU 46, 80% of which was awarded to NIS scientists taking part in the projects. Overall, in excess of 2,500 laboratories and groups of scientists in the NIS - representing some 12,000 full-time research workers - have received financial assistance from the INTAS.

The projects selected for assistance, which have deliberately been limited to basic research projects, cover all fields of scientific research, from the exact sciences to the natural sciences, economics and human and social sciences.

By adopting the specific programme which is to be amended by the proposal for a Council Decision under review, the Council also authorized the continued participation of the Community in the work of INTAS up to 31 December 1995. At a later stage, as part of the annual budgetary procedure, it was decided to set aside ECU 8 million from the Community budget to fund the activities of INTAS in 1995.

For the period beyond 31 December 1995 the Council stipulated that the continued participation of the Community in INTAS would be subject to the conclusion of an agreement between the members of the association with regards to its future activities and to a decision by the Council authorizing the Community to participate in those activities.

In May 1995 the Commission submitted a Communication on the prospects for scientific and technical cooperation with the NIS (COM(95) 190 final) in which it set out a critical analysis of the mode of operation and activities of INTAS since its establishment. The conclusion drawn by the Commission from this analysis was that in its current form INTAS had been unable to achieve the aims defined when the organization had been set up.

Whilst stressing that scientific and technical cooperation projects with the NIS had to continue but to be better targeted in order to concentrate resources on sectors which were really of priority importance, the Commission expressed its opposition to the continued participation of the Community in INTAS and to the very continuation of the association itself.

The Commission urged rather that the work of INTAS and all cooperation projects with scientists in the NIS be taken over by the Commission's departments in order to ensure that such work was carried out under the normal regulatory conditions laid down for the implementation of specific R&TD programmes.

Such an approach would, in the Commission's view, enable best use to be made of the achievements of INTAS and provide the best prospects for the continuation of the measures which had been initiated.

At its meeting on 9 June 1995, the Council of Ministers responsible for research set up a working party comprising representatives of the General Assembly of INTAS, with the involvement of the European Commission, to consider ways of improving the working of the association. The Council also urged that an agreement be reached on the future of INTAS, in the light of the outcome of the proceedings of the working party.

The working party submitted its report in September 1995. It made a large number of recommendations for improving the operation of INTAS, the effectiveness and transparency of its working methods and enhancing the impact of its work.

At its meeting on 30 October 1995 the Council of Ministers responsible for research agreed upon a number of conclusions which reflected the desire of the great majority of the Member States that the work of INTAS should continue in its current form. The Council was supported by the European Parliament which drew up a resolution on 27 October in which it called for Community involvement in INTAS to be continued beyond 1995 up to the end of the fourth framework programme.

The Council agreed that:

- Community participation in INTAS be continued up to 31 December 1998, the end of the period covered by the fourth framework programme;
- INTAS should continue to receive appropriate, stable Community funding under the specific R&TD programme in the field of international cooperation;
- the funding basis of INTAS should be broadened and additional funding should be attracted;
- ways of strengthening the role of the European Commission, as the representative of the European Community, in the operation of INTAS should be explored with a view to reflecting more accurately the level of Community financial involvement in INTAS.

With this aim in view, the compromise reached by the Council Presidency and the European Commission provides for the presidency of the INTAS General Assembly to be vested in the Commission and for the Commission to be given a right of veto over certain decisions to be taken by the General Assembly, once changes have been made to the statutes of INTAS.

Under the above compromise INTAS would be awarded approximately 50% of the allocations earmarked for scientific and technical cooperation with the NIS i.e. between ECU 14 and 18 million per year.

On the basis of the conclusions reached by the Council, the INTAS General Assembly, meeting on 14 November 1995, decided to extend the remit of INTAS to 31 December 1998 and amended the Association's Statute accordingly.

The aim of the proposal for a decision under review is to give legal form to the provisions of the compromise and the decisions taken by the Council of Ministers responsible for research and the INTAS General Assembly.

The proposal for a decision makes the following provisions:

- the extension of Community participation in INTAS to 31 December 1998;
- an enhanced role in the Association for the Commission, as representative of the Community, including taking the chair of the General Assembly and a right of veto over its decisions;
- an increase in the Association's funding, with a Community contribution of around 50% of the budget for scientific and technical cooperation with the NIS, i.e. between MECU 14 and 18 per year.

### **Gist of the Opinion**

The Committee,

- whereas research and technological development work (RTD) in the former Soviet Union, already in decline at the start of the 1980s, has suffered a dramatic collapse following the fall of the communist regime;

- whereas the brain drain to Western and other countries is seriously endangering the development of RTD infrastructure in the New Independent States (NIS), and threatening the existence of highly regarded science centres of excellence;
- whereas in recent years the EU has become the leading trading partner of the NIS and cooperates in the energy, nuclear safety, environment, training, science and technology sectors;
- whereas INTAS (international association for the promotion of cooperation with the scientists of the new independent states of the former Soviet Union) falls within the sphere of international scientific and technological cooperation by the EU;
- having regard to the compromise reached between the Council of Ministers and the Commission on continuing and strengthening the work of INTAS under the fourth RTD framework programme;
- noting the positive (in both qualitative and quantitative terms) development of INTAS ever since its inception;
- regretting having been unable to take a stand on the matter earlier since it was not consulted on the May 1995 Commission Communication on prospects for cooperation in science and technology with the New Independent States;

**Approves the Draft Council Decision and recommends:**

- further enhancement of the **effectiveness** of, and a **higher profile** for, cooperation through INTAS, which it sees as a flexible and fairly rapid instrument for the preservation of existing scientific resources in the NIS;
- **predetermined and transparent guidance criteria** for selecting projects and for grouping projects systematically to avoid dissipation and duplication of effort and ensure that measures taken with EU help are in the common interest;
- **transparency of publicity procedures** for calls to tender, access, selection mechanisms and management; and reduction of costs by standardizing and simplifying regularly held calls for tender, in conjunction with the fourth framework programme and in line with its procedures;
- **consistency and coordination** between INTAS projects and other Community and European schemes in support of economic and technological development in the NIS, so as to avoid duplication, generate synergies and raise the Association's profile to an adequate level;
- a **training programme** for researchers and scientists, aimed at instilling a scientific culture based on local and international cooperation between research and industry in collaboration with the European Training Foundation in Turin and the International Science and Technology Centre (ISTC) in Moscow;
- **close coordination between the TACIS programme and INTAS**, which - through a multiregional credit line for exploiting the results of INTAS schemes - would contribute to economic and social progress and the creation of an enterprise culture in the NIS by encouraging TACIS to become involved in promoting technological innovation in these economies in transition;
- refining and formalising **Memoranda of Understanding** between INTAS and the beneficiary NIS countries in order to simplify the allocation of funds, the protection of industrial property and the dissemination of research results;
- **expanding the secretariat**, in part by new staff from the beneficiary countries;
- making the Scientific Committee more evenly balanced; all the beneficiary countries should be represented, and new members appointed biennially, subject to allowance for continuity as necessary;

- an **annual conference of representatives of the 12 NIS** to enable medium term strategic planning in harmony with Community RTD actions and to monitor completed projects and their effectiveness; the outcome of the conference will be summarized in an interim report;
- a **biennial report** to be presented to the European Parliament and the Economic and Social Committee, with particular attention being given to the potential payoff from INTAS projects in terms of the economy, employment and competitive innovation;
- **coordination** of INTAS actions with Member States' **bilateral measures** and the American Civilian Research and Development Foundation for the Independent States of the former Soviet Union (CRDF);
- a balance between INTAS' own actions and bilateral projects between INTAS and individual NIS, to avoid prejudicing participation by countries not in a position to provide funds;
- **extending and developing** the Cordis, Cosine and EIMS **networks** in the NIS, and following the example of the VALUE centres, particularly for locating partners.
- a study of the feasibility of an "**INTAS mark**" for **scientific and technological excellence**, with the aim (inter alia) of making it easier for research partners to enter into joint ventures involving technological and industrial collaboration with Community enterprises and for new technology enterprises to be set up in the NIS.

## 11. BANANAS - ASSISTANCE TO SUPPLIERS

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Regulation (EC) amending Council Regulation 2686/94 establishing a special system of assistance to traditional ACP suppliers of bananas*

(COM(96) 33 final - 96/0028 SYN)

(CES 535/96 - 96/0028 SYN)

Rapporteur : Mr José Luis MAYAYO BELLO (Spain - Various Interests)

### Gist of the Commission proposal

The proposal postpones the expiry date of Regulation 2686/94 from 28 February 1996 to 31 December 1996. This is essential for judicious management and allocation of the budget already assigned for 1996.

### Gist of the Opinion

The Committee endorses the Commission's proposal.

## 12. FARM STRUCTURES (Consolidation)

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Regulation (EC) on improving the efficiency of agricultural structures*  
*Proposal for a Council Regulation (EC) on improving the processing and marketing conditions for agricultural products*

*Proposal for a Council Regulation (EC) on producer groups and associations thereof*  
(COM(96) 58 final - 96/0044 CNS to 96/0046 CNS)

(CES 536/96 - 96/0044 CNS to 96/0046 CNS)

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

### **Gist of the Commission proposals**

The proposals update the original legal texts by incorporating their successive amendments and by simplifying and clarifying them as follows:

- incorporation into the text of Regulation (EEC) No. 2328/91 of the articles still in force of Council Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas, thus reducing the number of legal instruments;
- introduction of titles and sub-titles corresponding to the areas covered by the articles;
- retention, as far as possible, of current article numbering, which is familiar to administrators and other users of the texts;
- removal, to an annex, of rates of aid in Regulation (EEC) No. 2328/91 in order to facilitate future updating;
- deletion of unnecessary references;
- correction of several material errors in certain linguistic versions;
- rewriting of a few articles to improve clarity.

Notwithstanding the amendments in the interests of simplification and clarity, the proposals do not contain any substantive changes.

### **Gist of the Opinion**

The Committee approves the Commission proposals.

## **13. QUALITY WINES PSR**

**Opinion of the Economic and Social Committee on the**  
*Proposal for a Council Regulation (EC) amending Regulation (EEC) No. 823/87 laying down special provisions relating to quality wines produced in specified regions (96/0007 CNS)*  
*Proposal for a Council Regulation (EC) amending Regulation (EEC) No. 2332/92 on sparkling wines produced in the Community (96/0008 CNS)*  
(COM(95) 744 final)

(CES 537/96 - 96/0007 CNS - 96/0008 CNS)

Rapporteur : Mr Adalbert KIENLE (Germany - Employers)

### **Gist of the Commission proposal**

In the case of Regulation (EEC) No. 823/87, the Commission proposal stipulates that (i) specific traditional terms can be used in Germany for quality wines produced in a specified region (quality wines psr), and (ii) for a transitional period the name of a new quality wine psr can be used by the table wines that traditionally use that name.

In the case of Regulation (EEC) No. 2332/92, the Commission proposes a single minimum fermentation period of 90 days for all of the different fermentation methods used for sparkling wines.



## **Gist of the Opinion**

As regards the Commission proposal on quality wines psr (COM(95) 744 final - 96/0007 CNS), the Committee calls upon the EC Commission to not just put forward amendments to provisions concerning matters of detail, but to submit as soon as possible a revised proposal for reforming the organization of the wine market which addresses the real conditions on the European and international markets.

The Committee endorses the introduction of the new designations. It is however fundamentally opposed to allowing tables wines and quality wines psr to carry the same geographical designation because of the risk of misleading consumers. A maximum limit of three more wine years must therefore be set in respect of the dual use of designations.

As regard the proposal concerning sparkling wines (COM(95) 744 final - 96/0008 CNS), the ESC welcomes the proposal to establish a standard minimum duration of the fermentation process.

With a view to ensuring that consumers are protected, the ESC expects, as a matter of principle, that a quality wine psr and a quality sparkling wine psr should contain only wine sector products originating in the specified region of production.

In the case of both of the proposals under review the ESC proposes that the designations be set out in an approved list drawn up by the EC Commission. Decisions in respect of both the designations to be included on the list and the duration of the transitional arrangements should be taken by the management committee.

## **14. FAIR TRADE (*Own-initiative Opinion*)**

### **Opinion of the Economic and Social Committee on *European fair trade marking movement***

(CES 538/96)

Rapporteur : Mrs Ann DAVISON (United Kingdom - Various Interests)

### **Reasons for drawing up an Opinion**

In a world of growing trade and deregulation, it is difficult to find a lever to encourage better social standards for the majority of the world's workforce who live in poverty - to ensure that they reap the benefits of a more thriving world economy. Consumer power in the area of international trade offers an important route to explore an improvement in the conditions of the third world workers.

Developing countries' products certified to have been originated in a fairer way are now available in supermarkets in several Member States. These are marked by national fair trade foundations backed by third world charities and consumer organizations.

The Committee supports their aims. To quote the Committee's Opinion on the effects of the Uruguay Round Agreements:

Voluntary European fair trade marks offer a supplementary route to raising ethical and social standards in developing countries. These marks offer consumers a guarantee that the developing country workers who produced the marked goods received fairer wages and better conditions. Companies who operate such ethical standards and apply for fair trade marks are rewarded by ensuing publicity and sales to interested consumers. The EU should fund these initiatives and help them to expand.

This Opinion is to focus on a specific area of work where the Economic and Social Committee can make an impact by formulating proposals and recommendations.

In effect, the Committee, with its representatives of business interests, trade unions, cooperatives, voluntary organizations and consumers, is the appropriate forum to discuss strategy on fair trade labelling.

### **Gist of the Opinion**

In its Opinion, the Committee considers that in commercial trade between the countries of the "third world" and the industrial countries, business and consumers do have an opportunity to encourage improvements in labour and environmental standards through the operation of a free market. Business can in fact choose to sell and consumers can choose to select products which are produced and traded in a way that ensures good employment standards and extra benefits to the producers. Such products are commonly described as fair trade products, though this term is misleading in many European countries and alternative terms are used.

There is a need for independent certification of these products covering both the supplier organization and the terms of trade. It should ensure that the benefits of the trade are shared with the primary producers and that the supplier meets independent standards for producer welfare, the environment and working conditions. Moreover, it is important to maintain the voluntary nature of such labelling, both here and in developing countries.

For such schemes to succeed, they also need credibility with consumers, producers and traders. Although existing standards are based where possible on existing internationally accepted references, this process should become more formalized as the schemes become more established. In European terms, the development of European certification standards represents an opportunity to ensure that certification gains the credibility which these standards confer. Worldwide international organizations such as the UNCTAD/GATT International Trade Centre could help develop the system and establish its international base.

The Committee welcomes this initiative and wishes to assist its further development. It also recommends that:

- civil society use a more appropriate term to describe fair trading activities, to ensure that the public understands that the intention is to improve the position and condition of the "third world" workers;
- the Commission create a separate budget heading to assist the funding of the development of this work for the medium term. In the long term the work should generate its own sustainable funding;
- the Committee and its members play an important role in disseminating information on the idea and in encouraging harmonization.

## **15. 1996 ANNUAL ECONOMIC REPORT**

**Opinion of the Economic and Social Committee** on the *1996 Annual Economic Report* (COM(96) 86 final)

(CES 539/96)

Rapporteur : Mrs Ursula KONITZER (Germany - Workers)

### **Gist of the Commission's Report**

The Community economy experienced a slowdown throughout 1995. Contrary to expectations at the beginning of 1995 of annual growth of 3%, activity lost considerable steam throughout the year and came to a virtual standstill in some countries towards the end of the year. According to the available data, GDP growth amounted to some 2.5% in 1995.

This slowdown can be explained by four main factors:

- movement in stocks: having made a substantial contribution to growth in 1994, stock movements had a negative impact on growth in 1995;

- insufficient budgetary consolidation: the Commission has noted uncertainty in some countries as to the further consolidation of public finances;
- the increase in interest rates in 1994: stemming from rises in United States rates, the interest-rate increases in Europe themselves fed this uncertainty and curbed investment. In 1994 average long-term interest rates increased by 2.2% in the Community as a whole;
- currency fluctuations: exchange-rate fluctuations also contributed to the slowdown in growth.

All of these factors contributed to the significant slowdown in growth in the last months of 1995. Growth at the beginning of 1996 has been weaker than expected. For that reason, the Commission estimates that growth in the Union as a whole will be below 2% this year, compared with an earlier forecast figure of 2.6%.

The Community has therefore entered 1996 against the background of a fall in confidence, even though the favourable fundamentals do not justify such pessimism:

- world trade is still buoyant - average annual growth in excess of 9% is forecast for the 1994-96 period;
- the inflation rate in Europe has never been as low;
- the financial situation of European firms is broadly favourable;
- monetary conditions have improved.

Under these conditions, there are real reasons for hoping for an improvement.

In order to restore confidence among firms and households, the following measures need to be taken:

- implementation of balanced macroeconomic policies;
- a credible budgetary consolidation process;
- an appropriate wage trend;
- more effective structural policies.

One of the major objectives of the next few years will be to achieve a better balance between budgetary policy and monetary policy in order to establish a framework conducive to lasting growth.

Despite the encouraging trend which has emerged in recent years towards greater budgetary discipline, excessive deficits continue to have a negative impact on current and future living standards within the Community. Sound management of public finances is the prerequisite for the achievement of strong growth and hence the maintenance and development of the European social protection model.

Such an economic policy framework - a healthy budgetary situation and a relaxation of monetary policy - will therefore open the way to lasting and non-inflationary growth based on job-creating investment.

Within the macroeconomic framework, employers and unions play a key role in maintaining appropriate wage trends. Rises in nominal wages must remain compatible with price stability objectives.

In order to combat unemployment effectively, a balanced macroeconomic policy, while necessary, is not in itself sufficient. It must of necessity be accompanied by practical and effective structural policies. Such action should be taken at all levels but especially at national level.

The structural policies must have four priority aims:

- to prevent strains in the growth process;
- to increase the employment-content of growth;

### *Sugar*

Given the fall in interest rates within the Community, it is proposed that the monthly reimbursement for storage costs be reduced from ECU 0.45 to ECU 0.41 per 100 kg.

### *Olive oil*

Pending a radical reform of the sector, the Commission proposes that the Council give it the power to suspend application of common customs duties when the market price is considerably higher than the intervention price. It also proposes several adjustments to the consumption aid regime, in the light of the Uruguay Round agreements (suppression of the Community manufacture criterion, dispensation for imports of the obligation to deposit a guarantee).

### *Fibre flax*

In anticipation of a sectoral surplus, the Commission considers it necessary to limit the area sown and, in order to allow producers to plan their crop rotation for the next year, to introduce the new system as of now. The proposed regime establishes a Community maximum guaranteed area as of 1997/98, fixed at 81,500 hectares on the basis of average areas cultivated over the past three years. A penalty mechanism is to be introduced in order to discourage production surpluses (1 % reduction in aid for each percentage over the guaranteed maximum area). The second aim of the new system is to maintain a balance between traditional and less intensive production methods (in order to curb expansion of this crop outside traditional areas, as is currently the case in Spain and the United Kingdom). For this, aid granted for the use of non-traditional production methods will be reduced from 1997/98.

### *Wine*

Essentially, the existing regime will be extended pending reform "in order to ensure that, if necessary, it can continue to function as at present". This will be the case for aid to grubbing, guide prices from the last wine year and the various deadlines set under this regime. However, the Commission proposes to extend the deadline for completing the simplified vineyard register (geographical reference base) from 31 December 1996 to the end of 1998.

### *Milk and milk products*

No price and quota corrections are necessary this year but, in the interests of coherence with price application periods, the Commission proposes to bring the beginning of this period in line with that of the **marketing year which should begin on 1 July instead of 1 April.**

### *Beef and veal*

The beginning of the marketing year should also be on 1 July instead of 1 April. A report on the functioning of certain premiums will be presented to the Council. It recommends: suppression of the premium relating to the second age tranche for bulls (including fighting bulls) by increasing by 14 % the single premium for this kind of animal; preservation of the deseasonalization premium by slightly reducing the seasonal slaughter coefficient (a new way of financing this premium met by producers themselves is also proposed); suppression of exemptions to the aid regime, currently granted to the new German Länder.

### *Sheep and goatmeat*

Related measures also aim at accelerating the opening of the private storage procedure.

### *Tobacco*

The Commission will undertake, before 1 April 1996, to present a series of **proposals for the future of this regime after 1998.**

## **Gist of the Opinion**

The Committee considers that although the Commission proposals will enable the EU to fulfil the commitments imposed on it under the GATT agreement, they do not offer a full response to the problems facing farmers. They should be fleshed out in the light of world market trends, the world food situation, the new US Farm Bill, and the recent or anticipated opening of the market to third-country products that compete directly with such EU products as olive oil, fruit and vegetables, wine and tobacco. The impact of the proposed price freeze for these products will depend on the anticipated reform of the respective common market organizations.

The ESC also identifies some steps which it thinks would help farmers through the difficult transitional stage now facing them. These include a more effective policy on non-food uses of agricultural commodities; a reduction in the red tape facing farmers; strict respect of dates laid down for payments; and faster pace of legal harmonization.

The ESC considers that the proposals for the beef sector are insufficient to tackle the present major crisis. It calls for emergency measures, outside the normal market-support mechanisms, which should be financed from the general budget without drawing on the funds earmarked for CAP management and other measures.

The ESC is also critical of the proposals for olive oil, the reduction in the monthly increases for cereals and rice, and the system for establishing advances in the cotton sector.

Lastly, the Committee thinks that the set-aside percentage could be fixed annually on the basis solely of the previous year's rate and of the effect it has had.

## **17. ANIMALS IN ZOOS**

**Opinion of the Economic and Social Committee on the proposal for a Council Recommendation relating to the keeping of wild animals in zoos**  
(COM(95) 619 final - 95/0333 SYN)

(CES 541/96 - 95/0333 SYN)

Rapporteur : Mrs Giacomina CASSINA (Italy - Workers)  
Co-Rapporteurs: Mr Johannes M. JASCHICK (Germany - Various Interests) and  
Mr Giuseppe PRICOLO (Italy - Employers)

### **Gist of the Commission proposal**

In view of the application of the subsidiarity principle, the Commission has withdrawn its proposal of 31 July 1991 for a Council Directive laying down minimum standards for the keeping of animals in zoos and has replaced it with the present proposal for a Council Recommendation.

Over the years the keeping of animals in zoos has become subject to increasingly heavy criticism from the general public, the media and animal welfare organizations and from the European Parliament.

The Commission is of the opinion that the overall situation in zoos in the Community can only be drastically improved if Member States adopt legislation on the subject, providing for the licensing of zoos and based on a set of accepted guidelines.

The guidelines contained in the Annex to the proposal for a Council Recommendation are largely based on the standards of the European Association of Zoos and Aquaria (EAZA).

### **Gist of the Opinion**

The Committee deplores the fact that the Commission instead followed the Council's majority view by withdrawing the draft Directive and proposing a Recommendation. This ran counter to the Committee's 1991 Opinion and the explicit position taken by the European Parliament which, at the beginning of 1995, called for adoption of the Directive.

It is unlikely that a Recommendation will achieve practical results, and there is therefore a risk of allowing the situation in some European zoos to deteriorate further, resulting in suffering for animals and risks for the public which would only strengthen that strand of public opinion which already wants to see all zoos closed.

Moreover, the reason given for withdrawing the Directive, namely respect for the subsidiarity principle, is not convincing:

- if the aim is compliance with Treaty Article 130r (applied through the legal basis, Article 130s), and
- if the Community authorities' intention is to contribute to "preserving, protecting and improving the quality of the environment" and to the "prudent and rational utilization of natural resources",

then animals in captivity are part of the environmental heritage and natural resources in the European Union and as such should be safeguarded by the direct use of Community rules.

It seems that circuses are not covered by the Recommendation. It would be desirable to draw up a flexible, but binding instrument which also covers circuses as these frequently operate on a cross-frontier basis, travelling from one Member State to another.

In addition to the foregoing observations, the Committee makes a number of specific comments on the Recommendation, parts of which are relatively unclear or unduly bureaucratic.

### **18. FREEDOM TO PROVIDE BANKING SERVICES** *(Additional Opinion)*

**Opinion of the Economic and Social Committee** on the *Draft Commission Communication on the freedom to provide services and the interest of the general good in the Second Banking Directive* (OJ No. C 291/7 of 4 November 1995)

(CES 542/96)

Rapporteur : Mr Robert PELLETIER (France - Employers)

### **Gist of the Commission document**

This draft communication is the Commission's contribution to the discussion under way on the problems associated with freedom to provide services (I) and the interest of the general good (II) under the Second Banking Directive (Directive 89/646/EEC of 15 December 1989 (OJ No. L 386, 30.12.1989, p.1).

The Commission takes the view that the broadest possible consultations should be held on its interpretative work. If appropriate, and in the light of the contributions received, this draft will be transformed into a Commission interpretative communication.

The Commission has come to realize that continuing uncertainty with regard to the interpretation of basic concepts such as freedom to provide services and the interest of the general good has seriously undermined the workings of the machinery set up by the Second Directive and is such as to deter certain credit institutions from exercising the very freedoms which the Second Directive sets out to promote.

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The interpretations and ideas set out in this draft communication do not claim to cover all possible situations, but merely the most frequent or most likely.

They do not necessarily represent the views of the Member States and should not, in themselves, impose any obligation on them. However, in accordance with its duties as guardian of the Treaty establishing the European Community and of secondary legislation (Article 155), the Commission reserves the right to exercise the powers vested in it by the Treaty (Article 169).

Lastly, they do not prejudge the interpretation that the Court, which is responsible in the final instance for interpreting the Treaty and secondary legislation, might place on the matters at issue.

### **Gist of the Opinion**

The Committee considers that the Commission's Draft Communication was necessary as there were too many uncertainties and differences of interpretation which were impeding the development of the single banking market.

Credit institutions seeking to expand in Europe have tended to do so by setting up branches or by acquiring or forming alliances with local credit institutions, rather than via the freedom to provide services.

This situation will no doubt change, as the activities of investment firms listed in the investment services Directive (the communication and execution of transactions in financial instruments and the management of investments) ought to lend themselves more to the freedom to provide services. Also, there will be considerable growth of secure electronic trading and custody systems for financial instruments.

The Commission is right to argue that the supervisory authorities of the host country are not entitled to make the commencement of activities under the freedom to provide services subject to their confirmation of receipt of notification from the supervisory authorities of the home Member State, as they would be if the rules governing freedom of establishment were to apply.

It would be helpful if the Commission were to specify the sanctions which might be applied against institutions failing to provide the required notification, even this did not render banking contracts invalid.

With regard to intermediaries, the mere fact that an institution holds multiple briefs does not seem sufficient grounds to bring it automatically within the scope of the freedom to provide services.

The Committee would like to draw the Commission's attention to difficulties which application of this exclusive brief criterion might pose.

The Committee considers that it is preferable to observe the criteria established by the Court of Justice that an undertaking of another Member State which maintains a permanent presence in the Member State in which it provides services comes within the scope of the provisions of the Treaty on the right of establishment.

The intermediary may well not be empowered to grant loans on its own authority and yet still, from the point of view of the client, provide a permanent service analogous to that of a branch, which, incidentally, might also not be empowered to grant loans.

The Commission draws attention to the fact that under the Treaty the concept of freedom to provide services differs from that of freedom of establishment in that the former is of a temporary nature.

The Commission argues that in the (unlikely) event that an electronic machine is the only place of business of a credit institution in a Member State, the machine is not an establishment in its own right, having no "human" management. Installation therefore requires only notification under the rules on provision of services.

The Committee would stress that it fully shares the European Commission's stance on the rules applicable to electronic machines.

There is no reason why freedom to provide services may not be exercised via a branch once authorization to provide services has been obtained by the parent company. In such circumstances it would seem appropriate for the benefit of notification to be extended automatically to all the branches of a given company within the European Union.

In some Member States the supervisory authorities require banks providing services on their territory to provide them with various information (e.g. volume and type of activities) for statistical purposes. This is very expensive and involves a great deal of administrative work, particularly as the requirements vary from one Member State to another. Such a requirement is not, we feel, in conformity with the Second Banking Directive.

In some Member States foreign banks wishing to offer portfolio management services are required - like national banks - to join a national supervisory organization and to pay the relevant membership fees. Such a requirement is an obstacle to the freedom to provide services as banks are already suitably supervised in relation to this kind of activity in their country of origin.

It is a cause for concern that some Member States require banks conducting certain types of activity to have a permanent physical presence on their territory. Such a requirement has always been considered disproportionate by the Court of Justice - insofar as it constitutes a negation of the freedom to provide services. The Section would like to see the Commission draw attention to this in the Communication.

The Commission rightly considers that the competent authority of the host Member State is not entitled, as it would be under the rules governing the establishment of branches, to make the commencement of activities under the freedom to provide services dependent on the issue of an acknowledgement of notification.

The Committee considers it regrettable that the Member States are not required to communicate a list of all the rules which they consider to be in the interest of the general good, even if such a list could not be exhaustive. This would make it easier for credit institutions wishing to operate in another Member State to research the local legal environment and would eliminate the need for systematic recourse to legal counsel.

The Commission maintains that the supervisory authorities may carry out the notification provided for in Article 19(4) but they are not required to do so. Notification would thus be optional and not obligatory. The Committee does not subscribe to this approach.

The Committee would like to see the Commission propose an amendment of Article 19(4) so as to define the requirement for notification both as to form and as to content. The Committee would emphasize that it is of great importance that the Commission determine which are the areas of the general good whose rules must be notified to the credit institution.

The Committee would also like to see Article 19(4) amended so as to require the supervisory authorities to inform a credit institution wishing to provide services in another Member State of the conditions to be met in the interest of the general good.

In general terms, the Committee feels that the requirement to inform credit institutions of the rules adopted in the interest of the general good can only facilitate the exercise of freedom of establishment and freedom to provide services.

The Commission should consider the case where a Member State's refusal to provide information on general-good rules reasonably requested by a firm leaves that firm to conclude it is unable to undertake business in that State's territory: in such a case the Committee believes the State would be guilty of taking measures which had the effect of discriminating against firms from another Member State.

The Commission is aware that the question of the applicability of the general-good rules is closely linked to that of the law applicable to banking contracts.

The Commission correctly concludes from the Court's case-law that (1) application of the principles of the Rome Convention could lead to a conflict with the principle of mutual recognition, under which only the rules adopted in the interest of the general good of the host Member State which pass the tests laid down by the Court may be applied to the provider of services, and that (2) if such a conflict should arise, Community law would prevail.

**19. EUROPEAN VOLUNTARY SERVICE FOR YOUNG PEOPLE** (*Own-initiative Opinion*)

**Opinion of the Economic and Social Committee** on the *Working document of the Commission entitled: Towards a European voluntary service for young people*  
(COM(95) 727 final)

(CES 543/96)

Rapporteur : Mr Jan Jacob VAN DIJK (Netherlands - Workers)

**Gist of the Commission document**

Possibilities for voluntary service exist in a number of Member States. Young people can spend periods working on activities of general interest either in their own country or in the developing countries. The European Community has also made a modest contribution through the "Youth for Europe" Programme. But these experiments have been limited in scope and have not led to truly multilateral measures. Such initiatives are also fraught with problems: it is sometimes difficult to obtain a residence permit in the host country, there is no guarantee as regards social protection coverage, there are administrative formalities which are complex and costly for the host organizations, etc. The absence of a European legal status for young volunteers is an additional hurdle to their freedom of movement.

The demand has nevertheless grown in recent years for a Europe-wide initiative. An increasing number of young Europeans are seeking an active role in society. At the same time there is a whole series of social requirements which are not being addressed. Speaking out against this paradox, the European Parliament, the NGOs and several Member States have asked that a system of European voluntary service be introduced. The Parliament has thus adopted a specific budget heading of ECU 15 million for 1996 which will enable the Commission to launch, on the basis of existing experiments - particularly the Youth for Europe Programme - an action whereby young volunteers can undertake tasks of general interest outside their countries of residence.

The aim is to offer young people the opportunity to pursue activities of social or humanitarian interest which will at the same time provide them with a formative experience. By broadening their geographical and cultural horizons, voluntary service can further social and occupational integration and generate a sense of European citizenship.

This scheme will be open to approximately 2,500 young people aged 18-25 and resident in one of the Member States of the European Union. It in no way replaces **existing systems of compulsory military service**. European voluntary service lasting 6-12 months will be carried out within the EU, but the Commission will examine the feasibility of placing young volunteers in a **non-Community country**. It will be open to those with or without formal educational qualifications, and special attention will be paid to access by **disadvantaged young people**. Upon completion of the voluntary service, the young person concerned will receive a **certificate** attesting to the skills acquired.

The **activities envisaged** must contribute to addressing society's needs. The scheme thus offers a wide spectrum: projects for activities for children; organizing services for young people; providing assistance to the elderly, the disabled, refugees, the homeless and the sick; environmental protection; rehabilitation of run-down areas; humanitarian action (excluding emergency situations); teaching projects; cultural activities; activities relating to the fight against discrimination, etc. As for activities outside the European Union, possibilities include: humanitarian actions or help with development projects. Before leaving, young volunteers will receive a **minimum amount of training** in preparation for the specific activity involved and be briefed on their new environment.

The Commission will ensure the involvement of organizations which have **experience** of working with disadvantaged young people. They will thus combine with **local authorities** in playing a key role in the organization of the system of voluntary service. Young applicants must apply either to a NGO, to a local authority, or to appropriate structures grouping NGOs and local authorities. **Transnational partnerships** of sending and hosting organizations will be set up in order to select together the young volunteers. The Member States, and in particular the national agencies of the Youth for Europe Programme, will also fulfil a major liaison role between the different players.

The Commission will set up a **system to monitor** implementation of the pilot action. At the same time it will examine the feasibility of a **multiannual programme of European voluntary service** which will establish an appropriate **legal framework** for voluntary service to overcome problems of residence permits and social protection.

### **Summary of the Opinion**

The Committee endorses the Commission's initiative.

At the same time, the Committee thinks that certain minimum conditions must be satisfied before such an action can be initiated:

- volunteers must have guaranteed social protection for health and disability hazards,
- volunteers must be fully covered against the financial risks of potentially serious mistakes,
- the social partners **should** be closely involved in the establishment of this programme.

## **20. RATIONAL PLANNING TECHNIQUES IN THE ELECTRICITY AND GAS DISTRIBUTION SECTORS**

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Directive to introduce rational planning techniques in the electricity and gas distribution sectors*  
(COM(95) 369 final - 95/0208 SYN)

(CES 544/96 - 95/0208 SYN)

Rapporteur : Mr Peter MORGAN (United Kingdom - Employers)

### **Gist of the proposal**

The **purpose** of the proposed Directive is to improve energy efficiency in the gas and electricity distribution sectors through the introduction of **rational planning techniques** which evaluate investment opportunities in energy supply and energy demand reduction. It is also intended to contribute to the Community objective of stabilizing carbon dioxide emissions at their 1990 level by the year 2000.

The Commission communication on the SAVE programme reiterated the importance of the role of the energy distribution companies in achieving the new energy plans.

In the above-mentioned communication the Commission proposes that new **planning techniques** be used to produce considerable economic, energy use and environmental benefits for distribution companies, consumers and society as a whole.

In its proposal the Commission addresses the **current problems** facing the distribution companies, such as:

- the high cost of new forms of production and construction, which must respect the need to protect the environment;

- energy dependency on non-EU countries which could grow if the increase in energy supply is not balanced by a parallel reduction in demand;
- reduction in emissions of CO<sub>2</sub> and other pollutants, for which various instruments are proposed (carbon/energy tax, regular reporting to the Commission on control measures contained in national energy efficiency programmes, etc);
- the disparity between the economic criteria used by the distribution companies and consumers.

A key role is also assigned to the setting, by the gas and electricity distribution companies, of strategic goals which concentrate more on satisfying the **needs of the consumer**. It is therefore important for the distribution companies to expand their role (since they have the requisite knowledge and financing) so as to provide energy services to their customers which lead to a rational reduction in demand.

The Council also stresses the need for regulations to push companies to introduce modern planning techniques, in line with experience in the US, Canada and Australia.

The Directive will apply equally to situations where production, transmission and distribution are integrated and non-integrated. In all cases the aim is that companies concentrate on their new role as energy service suppliers and not simply "commodity" traders. Hence it is essential that they obtain benefits from the adoption of the new techniques. To this end the Member States should encourage their introduction by:

- establishing procedures whereby electricity and gas distribution companies periodically present integrated resource plans to the competent authorities to be determined by the Member States;
- examining whether the economic energy efficiency measures are being undertaken;
- reviewing existing legislation in this area to ensure that distribution companies undertaking energy efficiency programmes do not lose out;
- encouraging gas and electricity distribution companies to set up programmes to inform consumers on rational energy efficiency choices;
- setting-up demand-side management programmes targeted at low-income energy consumers who spend a disproportionate amount of their disposable income on energy;
- promoting the integration of the various demand-side management options into capacity tendering procedures in the distribution sector.

The **legal bases** for the measures proposed by the Commission are:

- Articles 130s, 189c and, in accordance with the principle of subsidiarity, Article 3b of the Treaty; this means that the Member States can adjust the common measures to the particular features of their own Energy Sector;
- Article 129a EUT which obliges the Community to preserve the economic interests of residential consumers; in these measures this is reflected in the objective of reducing (in the long term) energy costs to the consumer;
- Article 130r EUT which states that Community policy shall be to protect and improve the quality of the environment and to ensure that natural resources are used prudently and rationally;
- Council Resolution of 15 January 1985 on the improvement of energy saving programmes in the Member States;

- Council Resolution of 16 September 1986 calling for an improvement of at least 20% by 1995 in the efficiency of final energy demand in the Community;
- Council Decision 89/364/EEC adopting a Community action programme for improving the efficiency of electricity use;
- the decision of the Council of Environment and Energy Ministers on 29 October 1990 to set an objective of stabilizing CO<sub>2</sub> emissions at the 1990 level by the year 2000;
- Council Decision 91/565/EEC adopting a Community action programme to encourage energy efficiency in the Community (SAVE);
- Council Decision 93/389/EEC on a monitoring mechanism for CO<sub>2</sub> emissions and other greenhouse gases;
- Council and European Parliament Decision 1110/94/EC adopting a series of RTD actions under the 4th framework programme.

Although the proposed measures are complementary to those already adopted by the Member States, they require a **common approach** so that the barriers in this field are eliminated uniformly throughout the Community.

The Member States are to adopt the provisions necessary to comply with this Directive by 1 January 1997 at the latest.

#### **Gist of the Opinion**

The Committee endorses the Commission's objective of reducing CO<sub>2</sub> emissions. Gas and electricity undertakings shall contribute to the achievement of this objective by taking economic initiatives to improve customers' energy use efficiency.

The Committee understands that the Commission's intention is to encourage Member States to develop a framework for end-use energy efficiency, involving only the distribution and supply activities of utility companies, and taking full account of consumer interests.

The Committee would only support the Commission text if it incorporated the following amendments:

- the action will be implemented at Member State level. The proposal should reflect the different structures in the Member States and the steps taken towards market liberalization. The purpose of the Directive is to provide the framework for implementation;
- it is necessary to look beyond the objective of stabilizing CO<sub>2</sub> emissions at their 1990 level by the year 2000. It is also important to improve end-use energy efficiency through the application of rational planning techniques (the term preferred by the ESC) to the supply and distribution functions. Integrated Resource Planning (IRP) is a US term applied to demand management and is not regarded as appropriate for the EU;
- small-scale decentralized (localized) CHP/co-generation has an important role to play in demand management as it can improve end-use energy efficiency;
- the distribution and supply functions should be differentiated.

## 21. EUROPEAN COMMUNITY GAS SUPPLY AND PROSPECTS

**Opinion of the Economic and Social Committee** on the *Communication from the Commission on European Community gas supply and prospects*  
(COM(95) 478 final)

(CES 545/96)

Rapporteur : Mr John LYONS (United Kingdom - Workers)

### Gist of the Commission Communication

The Commission's objective in presenting this Communication is twofold:

- to provide a platform for debate on the future direction of the gas sector in the EC; and
- to examine the issue of supply security and to assess what the EU can do to enhance its long-term security of supply.

This Communication therefore forms part of the debate launched by the presentation in January 1995 of the Green Paper "**For a European Union Energy Policy**" (COM(94) 659 final) - followed last December by a White Paper (COM(95) 682 final) - in which supply security is regarded as one of the three fundamental objectives of any Community energy policy; the other two objectives identified by the Commission are global competitiveness and protection of the environment.

This Communication contains, firstly, an analysis of the present situation and the medium- and long-term prospects for natural gas supply and demand in the EU, also taking into account the external dimension of the problem.

The Commission then goes on (a) to examine certain current developments on the natural gas market which could influence the EU's supply security, and (b) to assess measures currently in place in the member states for safeguarding supply security in the short and long term.

The Commission defines supply security as "**the ability of the gas system to provide a continuous and reliable supply of gas to customers on an economic basis and to cope with interruptions whether of a technical, economic or political nature**".

The Commission draws several conclusions from its analysis and sets out a number of guidelines for action which should or could be taken, particularly at Community level, to reinforce the EU's long-term supply security. It submits these conclusions and guidelines to all the parties concerned for consideration.

On the prospects for supply and demand, the Commission first points out that the supply situation differs between member states as regards: the share of natural gas in primary energy consumption, domestic gas production, diversification of imports, degree of integration into the European gas grid, storage volumes and characteristics, market segmentation, share of interruptibles and dual-fired capacities, LNG terminals and cross-border back-up cooperation between gas companies. As a result of these differences, national security measures also vary from one member state to another.

Despite this diversity, the Commission notes that overall:

- total EU natural gas demand, which was 254 mtoe in 1994, should rise to 411 mtoe in 2010. The share of natural gas in the EU's overall energy balance would therefore rise from about 19% in 1994 to 26% in 2010;
- the electricity generation sector will account for more than 50% of the increase in the demand for natural gas between now and 2010;

- as domestic production amounted to only 157 mtoe in 1994, the EU's dependence is now about 40% for natural gas supplies. These imports come mainly from three countries: Russia (more than half), Algeria and Norway (both a little less than a quarter);
- after rising by 11% to around 175 mtoe by the year 2000, Community natural gas production is then expected to decline slightly to 165 mtoe in 2010;
- the EU's dependence on its three main external suppliers is therefore expected to rise to nearly 60% in 2010;
- while gas supplies guaranteed by contract are generally sufficient to cover demand for forecast 2000, 20% of the demand estimated for 2010 can only be met by signing new import contracts with non-EU suppliers;
- the Community's natural gas trade is characterized by an almost total absence of "exports" (only 30 mtoe in 1994 and probably less than 28 mtoe in 2010, almost all supplied by the Netherlands).

In the short term the EU's overall supply security is ensured, although the level of security varies considerably between the member states. Given total cross-border cooperation between gas companies in implementing existing crisis measures, the EU could withstand a 9-month interruption in its supplies from Russia and 20 months in the case of its Algerian imports. This period would come down to 5 months if these two external suppliers broke off their deliveries simultaneously.

In the long term the EU's supply security depends on many factors: level of marketable proven reserves, development of new sources of natural gas, increase in transport and storage capacity, diversification of supply sources and routes, and encouraging close links and mutual dependence between the EU and its external suppliers.

The Commission formulates a number of recommendations and possible guidelines to strengthen the EU's security of natural gas supply in the long term; these include:

- completion of the internal energy market; this will facilitate the integration of gas markets and, in particular, help develop coordinated responses to supply difficulties and make it easier to carry out the large-scale infrastructure projects needed to bring gas to the whole European market;
- increased integration of the EU gas grid through additional interconnections in order to improve deliverability and diversification of supply;
- analysis to be undertaken of the costs and benefits of creating additional underground storage capacity;
- an in-depth investigation into the actual amount of industrial and power generation interruptibility in order to determine the true level of interruptibility and the implications for supply security in the event of a major crisis;
- the Community dimension to be used to greater advantage applying crisis measures in the event of an interruption in supplies, so as to increase the availability of natural gas for intra-Community trade;
- differentiated security targets to be set for each member state, provided the overall security objective is assured and there is an adequate degree of burden sharing;
- emergency priorities to be established to deal with a major interruption in natural gas supplies; these to form part of emergency guidelines drawn up at Community level;
- trade relations and cooperation to be strengthened with actual and potential natural gas supplying countries, in particular through the implementation of the European Energy Charter, its extension to



other regional suppliers and the development of a similar cooperation framework with the southern Mediterranean countries;

- consumer-producer dialogue to be encouraged.

Finally, the Commission asserts its willingness to examine the various issues raised in this Communication with all the interested parties and to keep a close watch on developments affecting security of gas supplies inside and outside the EU and to report again to the Council.

### **Gist of the Opinion**

The Committee considers that the emergence of natural gas as a major fuel is a positive development. It states that under normal circumstances there is no potential shortage of gas to jeopardize the expansion of the natural gas market in the European Union over the next 20-25 years and probably well beyond this period.

The Committee nevertheless believes that there are legitimate questions about the security of supply to the European Union in the light of the rapid increase in the market share of natural gas, the restricted choice of overseas suppliers from whom it seems likely to be economic to import, and its potential growth as one of the major fuels for the generation of electricity.

The objective of security of supply, the Committee states, first and foremost a political objective. The requirement or need for all Member States to take on board this objective is fully reflected in the Commission's communication. In this connection, the Committee believes, as far as the European Union is concerned, that the Commission's approach is a realistic one; it involves examining various scenarios where gas supply from external sources might be interrupted and it suggests ways and means of managing such situations, such as better exploitation of the Community dimension, thus achieving the objective of security of supply.

The Committee nevertheless regrets the fact that the Commission's analyses cannot be viewed as fully reliable since, as the Commission itself recognizes, it does not have all the information necessary for making a full assessment of the Community dimension of contingency measures in the gas sector, particularly as regards the extent of cooperation between interconnected gas firms and cross-frontier back-up agreements between these same firms. In this connection the Committee notes the governments in some Member States may well not have this information either.

Under these conditions the Committee supports the Commission's intention to build up a clearer picture of the situation in security of supply by means of a number of studies on subjects identified in the Communication.

It recommends however that the Commission should go further and work out with each Member State a standard of security of supply which should be published and which could be used as a yard-stick for assessing the adequacy of contingency plans.

The adequacy of contingency measures, in the Committee's mind, only constitutes one aspect of the question of security of supply. Other equally important aspects must be taken into consideration; the main one here in terms of the extent of its implications is the apparently inexorable growth of demand for gas; this trend which is also confirmed by estimates by the International Energy Agency (IEA) and the gas industry (Eurogas) also confirm.

In this context the substantial increase in use of natural gas for electricity production does, in the Committee's view, constitute the key aspect in the sense that any problem linked to security of the gas supply in the European Union would have direct repercussions on its electricity supply.

Full operation of the measures listed by the Commission to cope with any interruption in gas supplies from an external source presupposes full interconnection of the European gas pipeline network linking up the various supply sources of the Union and it will not be possible to achieve this for a number of years; the Committee therefore deplores the apparent lack of interest in developing LNG facilities, which do nevertheless constitute the only alternative to importing gas via gas pipelines. Consequently, it recommends that the Commission attach

more importance to the potential advantages of LNG facilities with a view to achieving both a greater flexibility in the European Union's supply and improved security of supply for the Southern countries.

As regards the role that the electricity production system could play in improving supply security of natural gas, the Committee thinks that the Commission's assessment of the possibilities may be optimistic, be they in terms of developing dual-fired power stations or using the electricity transmission system to transmit electricity to a region where interruption to the gas supply has led to a less of generation. The Committee believes that the developing EU electricity transmission system cannot at present be expected to provide reliable security of supply options to offset interruptions to gas supply.

The Committee believes that the increasing use of gas as a power-station fuel will require a serious rethink by the gas industry of their security of supply operations; this should take into account the specific direct responsibility that the industry will have to shoulder also in ensuring security of electricity supply.

The Committee also looks at the matter of gas prices; it notes that the Commission pays less attention to the economic repercussions of the fuel's swift rise to prominence than it does to security of supply issues, despite the fact that these matters are intertwined. In this connection the Committee recommends that the Commission examine:

- the commercial and economic consequences for the European Union of Russia's growing role as one of its main natural gas suppliers;
- the relationship between gas and oil prices against the background of increasing use of natural gas for electricity production.

In conclusion, the Committee stresses that:

- because of its importance both to the electricity supply industry and to the gas industry, security of supply requires discussion about the possible future commitments and arrangements to be made in energy matters which will have long-term consequences for the prosperity of the Union.
- in electricity supply it is common sense to seek an overall balance between the major generating fuels;
- coupled with the necessary moves to strengthen both gas and electricity transmission links by pressing ahead with the appropriate trans-European network projects, such a balanced approach is the best guarantee of maintaining EU independence of energy supply, which is crucial to continuing political independence;
- security of supply is not a question of public versus private enterprise or of regulated as against liberalized gas or electricity supply; security of supply can be guaranteed by a variety of different measures, none of which need be inimical to normal market operations;
- the Commission's role in this is to open up discussion on important energy topics which it thinks have a bearing on the EU's economic and political future. In this connection the Communication in hand is a valuable contribution to a necessary discussion.

## **22. VAT - STANDARD RATE**

**Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending Directive 77/388/EEC on the common system of Value Added Tax (level of the standard rate)**  
(COM(95) 731 final - 95/0362 CNS)

(CES 546/96 - 95/0362 CNS)

Rapporteur : Mr Kenneth WALKER (United Kingdom - Employers)

### **Background to and gist of the Commission proposal**

This proposal seeks to enable the Council to take a decision on the level of the minimum rate of the standard rate after 31 December 1996 as it is required under Community VAT legislation. The decision is necessary to consolidate the functioning of the single market from a fiscal standpoint, both under the transitional arrangements currently in force and in the light of the preparation of the definitive arrangements for the common system of value added tax.

In its report to the Council on the functioning of the VAT rate system following abolition of fiscal frontiers on 1 January 1993, the Commission concluded that with regard to the application of various types of reduced VAT rates, no major distortions of competition had been ascertained in intra-Community trade.

The Commission therefore believes that there is no urgent need to modify the levels of the lowest standard rate and the highest standard rate which are currently in force Community-wide, i.e. 15% and 25% respectively. The minimum and maximum rates are subject to revision after a two year-period and will anyway be examined in the context of the introduction of the definitive system.

### **Gist of the Opinion**

The ESC approves the Commission proposal to introduce a band with a lower rate of 15% and an upper rate of 25% for the standard rate of VAT in Member States from 1 January 1997 to 31 December 1998.

The ESC accepts the Commission proposition that any change in the transitional arrangements must also serve for the preparation of the subsequent definitive system. In this connection it urges that the consultations with the social partners and the business community on a definitive VAT system, which it called for in an earlier Opinion<sup>15</sup>, should take place in an objective and pragmatic manner, without any preconceived assumptions on the nature of the system to be introduced. The ESC therefore endorses the Commission's present proposal as being entirely consistent with its own position.

The ESC also considers that the proposed introduction of a definitive system should not be allowed to obscure the need for further interim reforms of the existing transition system. One such reform which the ESC considers to be highly desirable is that the group registration provisions should be extended to groups of associated companies in different Member States.

### **23. PAN-EUROPEAN TRANSPORT CONFERENCE (*Own-initiative Opinion*)**

**Own-initiative Opinion of the Economic and Social Committee on the *pan-European transport conference and social dialogue - from Crete to Helsinki***

(CES 547/96)

Rapporteur : Mr Eike EULEN (Germany - Workers)

### **Aim of the Opinion**

Europe has reached a point in its history where it has to make important choices for the future of its transport system.

This is why the Commission and the European Parliament, in collaboration with other international bodies, organized the First Pan-European Transport Conference in Prague from 29 to 31 October 1991, followed by a second conference in Crete from 14 to 16 March 1994.

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<sup>15</sup> OJ C 82, 19.3.1996

The Transport Section participated actively in this conference and in the preparatory work leading up to it. An Own-initiative Opinion (Rapporteur Mr BLESER - OJ C 352, 30.12.1993) was drawn up for the conference and on 24 February 1994 the decision taken to draw up another Own-initiative Opinion on the follow-up to this conference, so as to ensure that the specific measures taken are aimed at establishing pragmatic cooperation between the European Union and the other European States as a basis for a Europe-wide transport policy.

### **Gist of the Opinion**

After providing an overview of past pan-European transport conferences, the Committee discusses the follow-up to the Crete conference. It considers the Crete conference to have been encouraging since a large number of interested parties from the CEECs and socio-economic groupings were able to participate in the open debates.

The Committee then summarizes what it would hope to see emerging from the run-up to Helsinki and the conference itself, viz.:

- progress in the field of transport policy, to be achieved by closing gaps in the regulations governing fair competition, putting forward possible solutions to the problems of funding transport projects, taking strategic action to improve social regulations in the field of transport safety and environmental protection and adopting an integrated approach to improving quality and efficiency in all modes of transport;
- transparency and improved cooperation between states and at parliamentary level, with the greater involvement of socio-economic interest groups; such measures are also a pre-requisite for a better understanding, on the part of citizens and users, of pan-European links;
- the introduction of flexible mechanisms for holding mandatory consultations with employers' and trade associations, environmental and consumer organizations and trade unions when transport policy decisions are taken as part of the structured dialogue provided for in the agreements, when transnational transport projects are put into practice and when an integrated pan-European transport policy is formulated.

Finally, the Committee would like the Mediterranean countries to be seen to be included in the pan-European transport debate. It would also like once again to be allowed to bring an influence to bear by exercising an advisory role at the Helsinki conference as one of a broad spectrum of participants. At Helsinki the debate should be developed and extended from government to parliamentary level and the socio-economic groupings. In any event the views of the EU's neighbours should be given more prominence than at previous conferences.

## **24. ALPINE ARC (*Own-initiative Opinion*)**

**Opinion of the Economic and Social Committee on *The Alpine Arc - an opportunity for development and integration***

(CES 548/96)

Rapporteur : Mr Ettore MASUCCI (Italy -Workers)

### **Background to the Opinion**

The Regional Development Section has decided to draw up an Own-initiative Opinion on the "Alpine Arc" in order to examine the specific development problems of this mountain area which has never been the subject of an overall EU programme. Part of this area has, however, been eligible for aid granted under the CAP (1967 Directive on mountain and hill farming).

This subject ties in with the study of other large regional entities, the first of which was the Atlantic Rim, followed shortly afterwards by the Mediterranean Regions. The Alpine Arc could in turn be followed by the Baltic Sea Regions.

The Alpine Arc is of key importance to several Member States, including Austria, which has of course never received any subsidies under the CAP. It should also be noted that some ten years ago the ESC drew up a very comprehensive study, followed by an Opinion, on upland areas (Rapporteur: Mr AMATO).

In the intervening period several pressure groups have succeeded in bringing about the establishment of an EP inter-group and an association to promote the Alpine Arc. The main persons concerned have remained in contact with the ESC and one of them is currently serving as an expert for Group III.

The Committee of the Regions has also drawn up an Own-initiative Opinion on the Charter of Mountain Regions.

### **Gist of the Opinion**

The Opinion follows up the Europe 2000+ paper (Opinions CES 313/95 + CES 965/95), which recommended a Community approach to certain regions whose size prevents Member States from acting in isolation. The Alpine Arc is an area of trade and integration which straddles a number of borders. Some parts of it are overdeveloped, while others are losing population and their development is lagging. Action is needed to tackle the extremes and avert threats. The Opinion proposes a variety of instruments and solutions, with the emphasis on participation and crossborder cooperation.

The Opinion looks at transport and environmental issues, and at the crossborder work promoted by the Euro Info Centres and the interregional trade-union councils. Lastly, it examines the case (first mooted in the ESC Opinion on upland areas, CES 461/88) for a specific policy for upland areas.

It is stressed that the Alpine Arc must not be viewed in terms of support measures, but as a resource for the EU as a whole. The Opinion recommends the establishment of an Alpine regional forum to rough out a differentiated but necessarily crossborder strategy. The forum would of course also involve the interregional trade union councils and other interested groups and sectors.

## **25. GENERALIZED TARIFF PREFERENCES *(Additional Opinion)***

**Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) applying a multiannual scheme of generalized tariff preferences from 1 July 1996 to 30 June 1999 in respect of certain agricultural products originating in developing countries (COM(96) 87 final)**

(CES 611/96)

Rapporteur-General : Mr Michael P. STRAUSS (United Kingdom - Various Interests)

### **Gist of the Commission Proposal**

The Commission proposes to extend to the agricultural sector the principles of the ten-year generalised scheme of tariff preferences (GSP) which already apply to industrial products.

The scheme proposed for the agricultural sector has five main objectives:

- simplification, with preferential duties being modulated by a mechanism involving four tiers of tariff reductions;
- the re-weighting of the scheme in favour of the countries most in need of it;

### **Relations with Economic and Social Councils**

On 25 and 26 April, the ESC Secretary-General, Mr S.P. Nothomb, attended the annual meeting of the secretaries-general of EU economic and social councils, which was held at the headquarters of the French Economic and Social Council in Paris. The theme of the discussions was "Following the social aspects of the economic cycle".

### **IV. APPOINTMENTS**

The Council appointed Mr Jean-Claude Sabin (France) to replace Mr Charles Pelletier, who has resigned from Group III, and Mr Sune Bøgh (Denmark) to replace Mr Erik Carlslund, who has resigned from Group II.

### **V. FACT-FINDING VISITS**

In the period covered by the present Bulletin, the following fact-finding visits were made to the Economic and Social Committee:

- 10 April 1996: Eurovias, Asociación Universitaria Valenciana, Spain
  - 10 April 1996: Phillips Universität Marburg, Germany
  - 11 April 1996: The Helsinki Institute, Finland
  - 16 April 1996: Bisowe des DBB, Bonn, Germany
  - 18 April 1996: ET Welfare, European Round Table of Charitable Social Welfare Associations, Brussels, Belgium
  - 18 April 1996: ÖGB, European office of the Austrian Trade Unions Confederation
  - 19 April 1996: Politisches Bildungswerk, Bonn, Germany
  - 19 April 1996: Associação de Direito e Economia Europei and Universidade de Trás-os-Montes e Alto Douro, Portugal
  - 25 April 1996: The Helsinki Institute, Finland
  - 26 April 1996: Bisowe des DBB, Bonn, Germany
  - 30 April 1996: Lycée Polyvalent "Pierre Guéguin", Concarneau, France
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