

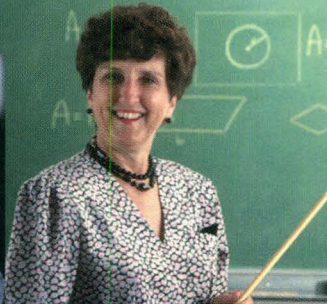
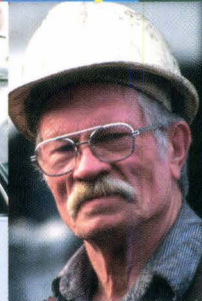
# BULLETIN

## ***Economic and Social Committee***

*European Communities*

# 98

# 5



CES: 1

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## Facts and figures - November 1997

### Presidency

**President:** Tom Jenkins  
(United Kingdom - Workers)

**Vice-presidents:** Giacomo Regaldo  
(Italy - Employers)

Johannes Jaschick  
(Germany - Various Interests)

**Secretary-General:** Adriano Graziosi

### Origins

The ESC was set up by the 1957 Rome Treaties in order to involve economic and social interest groups in the establishment of the common market and to provide institutional machinery for briefing the European Commission and the Council of Ministers on European Union issues.

The Single European Act (1986), the Maastricht Treaty (1992) and the Amsterdam Treaty (1997) have reinforced the ESC's role.

### Membership

The 222 members of the ESC are drawn from 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: Roger Briesch - France), 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 task of members is to issue opinions on matters referred to the ESC by the Commission and the Council, as well as the European Parliament pursuant to the Amsterdam Treaty.

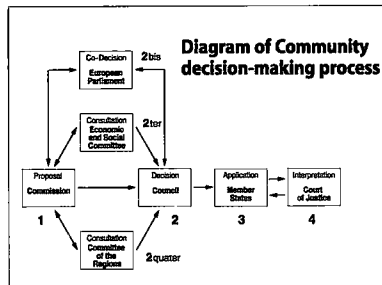
The ESC is the only socio-occupational advisory body that can be consulted by the EU Council of Ministers.

### Advisory role

Consultation of the ESC by the Commission or the Council is mandatory in certain cases; in others it is optional. The ESC may, however, also adopt opinions on its own initiative. The Single European Act (17.2.86), the Maastricht Treaty (7.2.92) and the Treaty of Amsterdam (signed on 2.10.97) extended the range of issues which must be referred to the Committee: regional policy, environmental policy, employment policy, broad guidelines for economic policies, combating social exclusion, etc. The ESC produces 170 advisory documents and opinions a year (of which 15% are issued on its own initiative). All opinions are forwarded to the Community's decision-making bodies and then published in the Official Journal of the European Communities.

### 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. It acts as a forum for the single market and has hosted, with the support of other EU bodies, a series of events aimed at bringing the EU closer to the people.



### Internal organization

#### 1. Presidency and Bureau

Every two years the ESC 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 by the vice-presidents, who deputize for him in the event of his absence.

The president represents the ESC in relations with outside bodies.

Joint briefs (relations with EFTA, CEEC, AMU, ACP countries, Latin American and other third countries, and the Citizens' Europe) fall within the remit of the ESC Bureau and the president.

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

#### 2. Sections

The Committee has nine sections:

- Economic, Financial and Monetary Questions  
secretariat tel. 546.92.86  
(president: Göke Frerichs  
Group I - Germany)
- External Relations, Trade and Development  
Policy - secretariat tel. 546.93.27  
(president: Thomas Etty  
Group II - Netherlands)
- Social, Family, Educational and Cultural Affairs  
secretariat tel. 546.95.12  
(president: John F. Carroll  
Group II - Ireland)
- Protection of the Environment, Public Health  
and Consumer Affairs  
secretariat tel. 546.94.06  
(president: Manuel Ataíde Ferreira  
Group III - Portugal)
- Agriculture and Fisheries  
secretariat tel. 546.96.87  
(president: Pere Margalef i Masià  
Group III - Spain)
- Regional Development and Town and Country  
Planning  
secretariat tel. 546.96.11  
(president: Robert Moreland  
Group III - United Kingdom)
- Industry, Commerce, Crafts and Services  
secretariat tel. 546.95.98  
(president: John Little  
Group I - United Kingdom)
- Transport and Communications  
secretariat tel. 546.93.60  
(president: Elke Eulen  
Group II - Germany)
- Energy, Nuclear Questions and Research  
secretariat tel. 546.98.19  
(president: José Ignacio Gafo-Fernandez  
Group I - Spain)

### 3. Study groups

Section opinions are drafted by study groups. These usually have 12 members, including a rapporteur who may be assisted by experts (normally four).

### 4. Sub-committees

The ESC has the right to set up temporary sub-committees, for specific issues. These sub-committees operate on the same lines as the sections.

### 5. Plenary session

As a rule, the full Committee meets in plenary session 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.

### External Relations

#### 1. 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.

The ESC also liaises worldwide with other economic and social councils at the "International Meetings" held every two years.

#### 2. Relations with economic and social interest groups in third countries

The ESC 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 ESC sets up 15-30 member delegations headed by the president or a vice-president. It is expected that some meetings involving the countries of central and eastern Europe will be institutionalized under the Europe Agreements, as is currently the case with Hungary and Turkey.

### Publications

The ESC regularly distributes a number of publications, including its main opinions in brochure format, a monthly newsletter entitled ESC INFO and its Annual Report.

### Secretariat-General

The Committee is serviced by a secretariat-general, headed by a secretary-general who reports to the president, representing the Bureau.

135 staff work exclusively for the Economic and Social Committee. Since 1 January 1995, the Economic and Social Committee and the Committee of the Regions have shared a common core of departments whose staff, numbering 519, are mostly members of the ESC secretariat.



# BULLETIN

## *Economic and Social Committee*

*European Communities*

98

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CES: 1

This Bulletin reports on the activities of the Economic and Social Committee, a European consultative assembly. It is published after plenary sessions in French, English and German. Versions in the eleven official languages of the European Union are available on the ESC Internet site (<http://www.esc.eu.int>).

The complete texts of ESC opinions are available:

- *in the Official Journal of the European Communities,*
- *on the CELEX database,*
- *at the ESC Internet site,*
- *on written request from the ESC General Secretariat.*

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## I. 355<sup>th</sup> PLENARY SESSION ON 27 AND 28 MAY 1998

The Economic and Social Committee of the European Communities held its 355<sup>th</sup> plenary session in Brussels on 27 and 28 May 1998. The ESC president, Mr Tom Jenkins, was in the chair.

\*

\* \*

At its plenary session the Committee adopted the following opinions:

**Section for Industry, Commerce, Crafts and Services**  
Joao Pereira dos Santos, Head of Division - ☎ (32-2) 546 9245

### 1. FREEDOM TO SET UP A BUSINESS IN THE SINGLE MARKET (SMO) (*Own-initiative Opinion*)

**Opinion of the Economic and Social Committee on the Freedom to set up a business in the Single Market (Single Market Observatory)**

(CES 789/98)

Rapporteur: Christos Folias (Greece - Employers)

#### **Subject and reason to draw up an Opinion**

Previous work on the Single Market by the Committee has shown significant problems related to the right of establishment for firms, particularly SMEs, in Member States other than their own.

Even though the progress made in creating the Single Market has enabled a very small firm to offer its services across borders, and makes carrying-out of work in other Member States easier than before, establishing itself as a business in another Member State still seems to be a difficult exercise.

The different qualifications required to open a business, the need to register for tax and social security, the need for licences and permits and

problems with obtaining information on the potential market complicate matters. Language problems and the different technical standards of the Member States are further factors.

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

"Freedom to set up a business" must not be seen as a way of exempting a company from the rules of the host country. The purpose is to help individuals or companies wishing to set up business in a Member State and not to demand that they meet more rigorous or different conditions from local businesses. In this case "more rigorous conditions" means any unfair treatment that creates obstacles or prevents a business from setting up.

#### **Legal obstacles**

The following is a brief list of those occurring most frequently in a number of different countries:

- Recognition of qualifications
- Recognition of requirements for practising a profession
- Obtaining permission to exercise a profession
- Requirements for establishing a business
- Official red tape

- Ban on entry to certain professions (dispensing chemists, notaries, engineers etc.)
- Legal form of companies.

In countries with decentralized administrations, specific regional conditions exist that create additional obstacles.

#### *Subjective obstacles*

- Lack of information on national laws
- Linguistic difficulties
- Lack of data on target markets
- Unfamiliarity with local rules and principles
- Different culture, way of thinking
- Different patterns of consumer behaviour.

The ESC calls for the creation of an environment in the EU where the setting up of companies and individuals in other Member States is seen as a means of creating jobs and boosting economic activity. Cultural exchange, above all, is at the heart of this dynamic vision. In this spirit, the Commission must launch a publicity campaign to provide information about the rights of companies and individuals to set up business in the country of their choice, provided they comply with its basic legislation.

#### *General proposals*

- to create data-banks listing the appropriate authorities, and channels through which information can be obtained;
- to promote development and better use of the Euro Info Centres, which could play a decisive role in providing information and explanations to companies, and to organize bilateral or multilateral meetings to exchange views, as well as to publish a yearly report describing the problems most commonly encountered when setting up a business;
- to set up national "one-stop shops" as part of the professional chambers (of commerce, crafts, ...) providing standardized services;
- to draw up a comparative table on the individual legislation of each Member State;
- the preparation by each Member State of Internet sites, in the 11 languages, containing

- comprehensive guidelines about the conditions and legislation in effect for setting up on the markets, for each sector; the Commission can also provide information centrally on its existing Internet pages (EUROPA, ISPO, etc.);
- further improvement in the use of "Europartenariat";
  - best possible use of the Community's new Joint European Ventures programme;
  - allocation of more resources for venture capital and seed capital;
  - a Community initiative seeking to harmonize individual laws in specific areas;
  - the final conclusion of the Commission's efforts to determine a form for the European company, so that businesses can choose a legal basis whereby they can expect to be treated in the same way throughout Europe
  - priority access to sources of funding at both European ("growth and employment") and national level, for the purpose of setting up business activities.

#### *Specific proposals*

- direct negotiations between those concerned and national and regional authorities to settle specific issues;
- cooperation between professional chambers (of commerce, crafts, ...) to exchange views and experiences which will be communicated to national administrations and the competent Community bodies;
- alerting and informing MEPs, and possible lodging of proposals and/or questions in the European Parliament, also on the initiative of representatives from business entities;
- freedom of establishment uninfluenced by company size;
- equal opportunities regardless of company size;
- special provisions for non-profit enterprises and charitable bodies.

Through its Single Market Observatory and the present opinion, the Economic and Social Committee seeks to define a substantial and documented approach to the major problem of obstacles to the freedom to set up a business, which is seriously hampering the completion of the internal market.



## 2. CAPITAL MARKETS FOR SMES

**Opinion of the Economic and Social Committee on the *Communication from the Commission - European capital markets for small and medium-sized enterprises: prospects and potential obstacles to progress***  
(COM(97) 187 final)

(CES 790/98)

Rapporteur: Antonello PEZZINI (Italy - Various Interests)

### Gist of the Commission document

One of the financial problems faced by many fast-growing European small and medium-sized enterprises (SMEs) is the difficulty in raising on European capital markets the external equity capital they need for expansion. The European Commission has already taken up the issue of access for European SMEs to capital markets: its progress to date was summarized in a communication of 2 October 1995.

Improving access for SMEs to equity capital via listing on a stock exchange, and tackling the possible hindrances to this within SMEs themselves, is one of the objectives of the Commission's Third Multiannual Programme for SMEs, adopted by the Council on 9 December 1996. The multiannual programme also includes the exploration of innovative financial instruments for SMEs, and in this context the Commission intends to study the feasibility of other means of SME financing through securities, including the issuing of bonds.

The positive conclusion of the study financed by the Commission and carried out by the EVCA influenced, directly or indirectly, the creation so far of two private sector financed projects for the creation of a European capital market for growing internationally-oriented SMEs. These two initiatives are the EASDAQ market (European Association of Securities Dealers Automated Quotation), and the Nouveau Marché/Euro-NM initiative.

These encouraging and promising initiatives were made possible by the ongoing liberalization brought about by Community legislation, in particular the Investment Services Directive.

A number of issues, including liquidity, regulation, and possible protectionism, needed to be addressed, if the new markets are to be successful.

The new communication sets out to describe recent developments in the creation of SME capital markets in Europe, and discusses their perspectives; it then outlines the many specific barriers which can hinder SMEs from seeking a flotation; finally, it deals with more specific barriers to cross-border trading in equities in general, and on SME capital markets in particular, including in the regulatory and legal fields.

### Gist of the opinion

In this communication the Commission has produced a constructive document. Nevertheless, there are certain points, such as the manner in which EU securities legislation operates in practice, which have not received the detailed examination they deserve. There are others in which factors other than those put forward by the Commission are significant.

There are a whole range of other factors besides the adequate provision of finance which determine whether firms will grow to a significant size. It was decided that the most significant of these deserved examination in this opinion in order that a better overall assessment of the problems might be made.

A further criticism of the communication is that it fails to make clear that the new European capital markets are only of value to companies which, whilst technically SMEs (under 250 employees, less than ECU 40 million capital turnover and ECU 27 million on the balance sheet), are either of medium-size, particularly innovative start-ups, or firms that are particularly capital intensive.

It is impossible to challenge the Commission conclusions as set out in the communication, except to say that the process of achieving the objective of a genuine SME equity culture in Europe may be a long process. This will be less so given a new and positive commitment from legislators and national regulatory authorities to reduce unnecessary barriers. In particular, it is essential that innovation in the securities market is not retarded, or even stifled, by regulatory problems. It must always be borne in mind that the main purpose of securities' laws and that of regulators is to:

- regulate the relationships between share dealer and client so that the latter is not treated unfairly or exposed to the risk of fraud;
- protect investors more generally against fraud and market manipulation.

It is not to try to guard them against market risk or to protect specific national market interests, something that will prove increasingly difficult to achieve in today's global financial markets.

The primary economic role of the equity markets is to channel passive savings into productive investments. What the investment firms cannot do currently is to ensure the optimum level of liquidity in the market because of the restrictive attitude of national regulators and legislators in regard to the approval of prospectuses, the definition of a public offer and what qualifies as a "Euro-security" (see Article 3(f) of the Prospectus Directive 89/298/EEC). The Commission should ensure that this article of the directive is correctly implemented at the national level.

What Europe needs in order to maximize levels of firm and job creation, aided by efficient financial markets as in the USA, but maintaining its distinct social identity, is:

- a greater flow of good companies seeking admission to stock markets. This means increasing total business numbers; making sure they do not suffer shortages of finance; have access to informed business advice; do not have their progress retarded by unnecessary regulatory burdens; and can legally protect their innovations more easily;
- the encouragement of a greater flow of investment into equity capital at all stages of company development;
- the availability of "nursery" equity markets, probably at the regional level, from which companies can move to larger national and pan-European markets when they have reached an appropriate stage of development, as well as the utilization of the possibilities offered by the Internet; and,
- the reform of European securities regulation in order to promote greater transparency and competition and to allow the efficient operation of a truly pan-European financial services sector.

It is recognized that in each instance some of the Member States may already have perfectly adequate mechanisms to address the problem raised, whilst more are likely to be introduced as a result of the Extraordinary European Council on Employment held in November 1997. The objective of these recommendations is to encourage the development of an overall framework that facilitates SME development and the creation of new jobs in all parts of the European Union through filling the gaps in the support framework that remain. This, in turn, will have positive effects on overall economic prosperity in the European Union, considering that most companies are SMEs. The form in which measures are introduced will depend on the traditions and structures in each Member State.

The Committee welcomes the positive policy developments outlined in the Commission Communication "Risk capital: a key to job creation in the European Union" (SEC(1998) 522 final). It also notes that the vast majority of suggested initiatives follow the same approach as in this opinion. In endorsing the views contained therein, the Committee asks to be consulted on the continued evolution of policy in this area.

### **3. TYRES FOR MOTOR VEHICLES AND THEIR TRAILERS**

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending Council Directive 92/23/EEC relating to tyres for motor vehicles and their trailers and to their fitting**  
(COM(97) 680 final - 97/0348 COD)

(CES 791/98 - 97/0348 COD)

Rapporteur: Edoardo BAGLIANO (Italy - Employers)

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

The aim of the proposed measures is to limit the noise generated by the contact between tyres in motion and road surfaces which, together with the action already taken in order to curtail the noise emissions from the mechanical parts of vehicles, will have positive effects on the fight against noise caused by road traffic without thereby diminishing road safety and without excessive disruption of the tyre market.

The proposed action is a follow up to the provisions of Article 4(2) of Directive 92/97/EEC - amending Directive 70/157/EEC on the permissible sound level and exhaust system of motor vehicles - which lay down that decisions concerning subsequent action, intended in particular to reconcile the safety requirements with the need to limit the noise generated by contact between tyres and road surfaces will be adopted on the basis of a proposal from the Commission which will take account of the studies and research to be conducted on that source of noise.

As regards the limit values for tyre-road noise, the Commission's proposal has adopted values deriving from the nominal rim size for tyres intended to be fitted to passenger cars (limit values spread between 72 and 76 decibels) and from the use category for commercial-vehicle tyres (limit values between 75 and 79 decibels).

The Commission would like to point out that the requirements intended to reduce the noise arising from contact between tyres in motion and road surfaces constitute an initial thrust in the fight against this source of noise and that they must subsequently be reviewed in the light of their effect on the market and the environment.

#### **Gist of the opinion**

The Committee endorses the objective of the proposed directive, and recommends in particular that more emphasis be placed, in a suitable "whereas" of the preamble, on the need for a review of the effectiveness of the measures adopted:

*"Whereas the requirements intended to reduce the noise arising from contact between tyres in motion and road surfaces constitute a first step in the fight against this source of noise; whereas they must subsequently be reviewed in the light of their effect on the market and the environment, taking account of the ever-growing impact which the type of road surface will have as a noise source."*

The proposed noise levels are well-balanced in that, while they require a considerable effort on the part of the tyre industry, they are industrially achievable in the timescale envisaged. These levels also meet the expectations of the public, who wish to see action to reduce the noise generated by road traffic; they make a further contribution to the

improvements already achieved by the automobile industry in this field.

The dates of entry into force of the requirements in this draft directive are consistent with the periods needed by the tyre industry to adapt to them. However, the Council will have to check with the industry on the availability of types of tyre already conforming to these requirements for all models of vehicle to be produced in 2001 - the deadline by which only tyres complying with the limits in this draft directive may be fitted. The Committee thinks it realistic to provide for a grace period of at least two years (i.e. until 2003) for newly registered vehicles (old models), while 2001 remains the reference date for new type approvals (new models) alone.

#### **4. PROTECTION OF INVENTIONS BY UTILITY MODEL**

**Opinion of the Economic and Social Committee**  
*on approximating the legal arrangements for the protection of inventions by utility model*  
(COM(97) 691 final - 97/0356 COD)

(CES 792/98 - 97/0356 COD)

Rapporteur: Manuel ATAÍDE FERREIRA  
(Portugal - Various Interests)

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

The purpose of the draft directive is to align the Member States' legislation on protection by utility model. This proposal follows the extensive consultation exercise which the Commission embarked upon in 1995 with all the interests concerned with a view to gauging the need for Community action in this area. The Green Paper on utility model protection in the single market, presented in July 1995, sparked a lively debate among the business sectors concerned, the Member States and the other EU institutions on the necessity and desirability of a Community initiative in this sphere. This consultation exercise revealed a real economic need for utility model protection of inventions.

Technical inventions are currently protected by utility model at national level only, and major differences between national arrangements make it very difficult in practice to enforce this protection right across borders. This state of affairs is

incompatible with the aims of the single market. Not only does it distort competition, but the resulting lack of transparency does nothing to facilitate the free movement of goods between Member States.

A utility model is a registered industrial property right which confers on its proprietor exclusive protection for a technical invention. It is more flexible and less costly than a patent. Utility models are therefore well suited to serving the needs of firms, especially small and medium-sized ones, active in certain areas of innovation. The current state of affairs is not a satisfactory one, however. Firms or individuals wishing to exploit their inventions in more than one Member State have to familiarize themselves with a multitude of different systems or go to considerable expense in seeking the advice of several experts.

Those Member States which do not yet have a system of utility model protection (Luxembourg, Sweden and the United Kingdom) would have to introduce one into their domestic law. The harmonization would be confined, however, to the underlying principles common to most national protection systems.

The measure's scope would encompass both products and processes but would not extend to biological material, which is the subject of a separate proposal for a directive, chemical or pharmaceutical substances or processes, or computer programs, owing to the specific characteristics of these sectors.

To qualify for protection, the duration of which would be limited to a maximum period of ten years, an invention would have to be new, involve an inventive step and be susceptible of industrial application. The level of inventiveness required would, however, be specific so as to reflect the specific nature of technical inventions eligible for utility model protection. A utility model application would give rise to no more than a check to see that the formal requirements for protectability were satisfied, without any examination to establish novelty or inventive step.

#### **Gist of the opinion**

Utility models are an appropriate means of protecting industrial property and as such, contribute to EU development insofar as they boost investment in research and development.

The coexistence of different national industrial property protection systems by using utility models could prejudice the achievement of free movement of goods and generate distortions of competition.

Utility models are the ideal mechanism to protect inventions which cannot be patented. As such they represent a legal instrument particularly well-suited to SMEs.

Utility models should be clearly distinguished as a separate entity under the overall umbrella of industrial property rights, and must not represent a safety-valve to make up for any shortcomings (cost, delay) in the patent system.

The Commission's initiative appears capable of achieving the aims it proposes, although some technical improvements might be made.

The Committee therefore draws attention to the narrow scope of the definition of utility models given in Article 1, and recommends that if the present wording the article is retained, the concepts of "inventive step" and "industrial application" should appear directly. These are the decisive elements, as acknowledged by the Commission in Article 3.

#### **5. TAX TREATMENT OF VEHICLES USED FOR TOURING ABROAD**

**Opinion of the Economic and Social Committee on the *Proposal for a Council Directive governing the tax treatment of private motor vehicles moved permanently to another Member State in connection with a transfer of residence or used temporarily in a Member State other than that in which they are registered***  
(COM(98) 30 final - 98/0025 CNS)

(CES 793/98 - 98/0025 CNS)

Rapporteur: Michael KUBENZ (Germany - Employers)

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

The proposed directive is intended to replace Directive 83/182/EEC on tax exemptions within the Community for certain means of transport which have temporarily been imported and Directive 83/183/EEC on tax exemptions applicable to permanent imports from a Member

State of the personal property of individuals, as amended by Directive 89/604/EEC.

The proposed directive does not seek to change radically the underlying concepts of the directives being replaced. It does, however, attempt to address situations where the existing rules regarding liability to tax provided for by those directives are considered to be too limited in the context of the single market, where they give rise to unreasonable administrative burdens for individuals and where they have been interpreted in an excessively restrictive manner by Member States. It should be stressed that, on a general level, vehicle taxes reside largely within the competence of the Member States.

The proposed directive is intended to reflect more accurately the systems of taxation of motor vehicles applied by Member States since 1 January 1993 and to ensure that these new taxes and charges introduced on or after 1 January 1993 come within the scope of measures aimed at avoiding double taxation. The changes proposed acknowledge that obstacles to free movement of privately-owned vehicles from one Member State to another are amongst the most sensitive issues for individuals in the Community; the overall objectives are to address situations which have been the subject of repeated complaints to Parliament and to the Commission, to expressly state in the directive the outcome of a number of recent judgements of the Court of Justice, and generally to bring the tax treatment of vehicles which accompany private individuals moving from one Member State to another more in line with the concept and principles of the single market.

The proposal represents what the Commission considers to be the minimum level of regulation at Community level to be consistent with the principles of the single market. Member States are free to apply more liberal rules, if they see fit.

#### **Gist of the opinion**

The Committee welcomes the proposed directive. It is aware that those Member States which levy

registration taxes may suffer a loss of revenue. However, in view of the small number of cases, these losses should not be too high. The Member States concerned could recoup the shortfall by, for example, raising mineral oil taxes. The Committee hopes that the new directive will give clearer expression to the rights of European citizens and at the same time prevent the abuse of tax concessions.

The Committee proposes the following amendments:

- Article 4(1)(b) contains the term "use of the vehicle". The date of registration in the name of the person transferring residence would be more clear-cut.
- The 12-month rule in Article 4(1)(c) should be replaced by provisions limiting resale within a certain period and stipulating the maximum number of vehicles per family.
- The question arises as to how a period of nine (or however many) months (Article 5) can be proved or checked if there are no controls/proof at internal border crossings.
- The time-limits laid down in Article 6(a) for car rental firms should be extended.
- A binding provision should be laid down which covers the situations described in Articles 6(f) and 7 and which is also recognized mutually by the Member States.
- With regard to Article 8, the Committee points out that the market value, especially of older used cars, is difficult to determine.
- The refusal of use in Article 9(3) should be relaxed.
- Article 12(3) gives the Commission the right to issue a decision in disputes between Member States. The Committee sees this rather as the responsibility of the European Court of Justice.

## 6. FOSTERING ENTREPRENEURSHIP IN EUROPE

**Opinion of the Economic and Social Committee on the Communication from the Commission to the Council, fostering entrepreneurship in Europe : priorities for the future**  
(COM(98) 222 final)

(CES 803/98)

Rapporteur without a study group: Colin LUSTENHOUWER (Netherlands - Various Interests)

### Gist of the Commission document

In 1995, the Commission presented a report to the Madrid European Council with a package of policy measures in favour of SMEs. Since then encouraging entrepreneurship and supporting young entrepreneurs has moved steadily up the European agenda, with the Third Multiannual programme for SMEs, the First Action Plan for Innovation, the Employment Guidelines for 1998 endorsed by the Employment Summit in Luxembourg and most recently at the G8 Employability Conference in London, February 1998.

The need for comprehensive action fostering entrepreneurship is increasingly being recognised by political and economic actors as one of the keys to unlocking greater employment growth and competitiveness in Europe.

This Communication sets out a number of priority issues for action at national and European level in order to foster entrepreneurship in Europe; some of these issues form part of other Community initiatives and programmes:

- Priority actions for encouraging enterprise culture;
- Simplification of the administrative environment;
- Combating late payments;
- Facilitating business transfers;
- Improving access to finance;
- Making taxation systems more business friendly;
- Redirecting and reducing state aid;
- Enhancing innovation and access to new technologies;

- Improving access to other Community programmes;
- Stimulating entrepreneurship in the social economy.

The Commission proposes following up the priority measures identified in this Communication, based on a check list made available to Member State in advance.

### Gist of the opinion

The Commission sees entrepreneurship as a dynamic process which requires certain qualities. The Committee endorses this view but would add that entrepreneurship should in a sense also be seen as a separate factor of production, alongside labour and capital for example. It is the combination of these various factors of production which adds value and which determines the success or failure of a business.

The Committee also agrees with the Commission that the fostering of entrepreneurship is to a great extent a matter of changing people's mentalities and creating an entrepreneurial, risk-taking culture. However easy that may sound, the Committee is aware that changes of this kind often take a long time and require great adaptability. The changes to laws and regulations needed for this must go hand-in-hand with incentives in other areas, such as, for example, training and the provision of information on the advantages and disadvantages of being an entrepreneur.

There are many fast growing small firms which contribute to the growth of employment. But at the same time there are also many microenterprises which offer people working for them a decent standard of living. These firms are not growing however and often do not want to grow. And yet these, often locally operating firms make up the bulk of the small business sector and play an irreplaceable role in European economies. These are mostly small firms in the more traditional sectors, such as retailing, crafts, hotels and tourism and small-scale industry.

The Committee points out that the Commission tends to lose sight of this important group. The Commission tends to emphasize innovative, fast-growing start-ups. There is a danger that this emphasis on corporate "gazelles" will mean neglect of measures needed for existing firms. The

Committee feels that the policy approach should be balanced, so that existing firms can operate on the market in accordance with the same conditions of competition as newcomers.

The Committee feels that the annual evaluation of Community and national policy proposed by the

Commission should also be referred for the Committee's opinion. Merely consulting the Council and the European Parliament would be to miss the opportunity to create broad public support for the continuation of this policy.

**Section for Protection of the Environment, Public Health and Consumer Affairs**

Sylvia Calamandrei, Principal Administrator - ☎ (32-2) 546 9657

**7. ENVIRONMENT AND EMPLOYMENT**

**Opinion of the Economic and Social Committee on the *Communication from the Commission on environment and employment (Building a sustainable Europe)***  
(COM(97) 592 final)

(CES 787/98)

Rapporteur: Giampaolo PELLARINI (Italy - Workers)

**Gist of the Commission proposal**

This communication, drawing on the political mandates stemming from the Amsterdam Treaty and on the guidelines for employment policy, seeks to outline a strategy through which environment and employment policies can be made mutually beneficial.

The Commission proposes the following key actions:

- benchmarking of employment and environmental achievements of companies and economic sectors, so as to encourage public authorities and private and public enterprises in their reorientation towards cleaner and eco-efficient production and consumption;
- promoting technology assessment and development, including the new emerging sectors and technologies, and broadening the scope of existing Best Available Technologies screening exercises so as to include employment effects as well as a detailed assessment of energy and resource use;

- building upon Agenda 2000, continue and increase the efforts to ensure that Community Funds and Instruments support in an integrated way employment and sustainable development. A focus on urban renovation and rural development looks promising;
- continue the gradual restructuring of tax systems by reducing non-wage labour costs on the one hand and on the other, by incorporating environmental and resource costs into market prices of goods and services;
- promoting education and training to support the implementation of new environmentally friendly technologies and working practices.

**Gist of the opinion**

The ESC welcomes the fact that the Commission is proceeding with a dual environment-employment approach as set out in the Amsterdam Treaty, Article B of which closely links the objectives of sustainable development and a high level of employment.

The opinion refers to a series of earlier positions adopted by the ESC on the need to combine these objectives, both of which are firmly fixed, and expresses the hope that the Cardiff summit will draw the appropriate conclusions in terms of integrating environmental concerns into Community policies and activities.

The ESC does, however, make some criticisms of the Commission communication, emphasizing that it cannot establish an automatic link without embarking decisively on the path of sustainable development, by adopting a new global approach which makes the most of new know-how and

business skills, as initially mentioned in the Delors white paper.

A comprehensive policy of this kind must employ a series of instruments, including taxation, comply with the "polluter pays principle", and fit in with the formal definition in law of the concept of responsibility for environmental damage.

There must be a dynamic approach which takes account of the new environmental-protection needs and of the new productive and ecological management methods, the new technologies and new information and training services implicit in the shift to sustainable development.

Thinking should not be restricted to industrial-type employment, but should also assess the possible growth of atypical employment, as well as the contribution of the "third sector", in which voluntary associations cooperate with each other, and whose merits should be recognized and built upon.

The opinion also calls for attention to be focused on improved environmental management of companies under the Eco audit system. It is hoped the system will become more widespread and better suited to the needs of SMEs.

Lastly, it underlines the competitive advantages and possible employment spin-off from exports of clean technology/products and know-how.

The specific points discussed in the opinion are essentially:

- promoting national territorial pacts which harness environmental resources;
- cities and urban regeneration as a test-bed for innovative policies successfully combining the environment and employment;
- new types of employment and new job opportunities in the waste management sector;
- taking environmental considerations into account when rationalizing transport systems;
- educational and vocational training and information in the environmental sector;
- the role of research and development in line with sustainable growth and consumption.

## **8. FOOD, VETERINARY AND PLANT HEALTH CONTROL AND INSPECTION**

**Opinion of the Economic and Social Committee on the *Communication from the Commission to the European Parliament, the Council and the Economic and Social Committee on food, veterinary and plant health control and inspection* (COM(98) 32 final)**

(CES 788/98)

Rapporteur: Leif Erland NIELSEN (Danmark - Various Interests)

Co-rapporteurs:

Sergio COLOMBO (Italy - Workers)

Paul VERHAEGHE (Belgium - Employers)

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

This Communication follows on from the Communication on consumer health and food safety (COM(97) 183 final) and the recommendations made by the Commission's Inspection General Services (IGS) in its report of 13 October 1997.

In the Commission's view, consumer health protection can best be achieved through an effective partnership between the food industry, the official control services at national level and the Commission itself. The Commission sees the respective roles as follows:

- for the food industry, effective monitoring and self-policing systems;
- for the Member States, coordinated control programmes and audit-based control systems;
- for the Commission, verification of the controls, for which the Member State authorities retain the central responsibility.

Following the comments by the European Parliament's BSE follow-up committee and by the ESC, and the Inspectorate-General's report, the Commission has withdrawn the proposal for the establishment of a veterinary inspection agency and has retained responsibility for food safety control (the Food and Veterinary Office, under the Commission's overall responsibility).



To ensure control over the whole food production chain, it is proposed to set up:

- small, multi-disciplinary inspection teams;
- a small number of emergency teams.

The Food and Veterinary Office will perform its control duties by means of audits of the bodies responsible for consumer health protection in the Member States and certain third countries.

It will operate under rules of transparency and make every effort to ensure that its findings are freely available.

#### **Gist of the opinion**

The ESC wholeheartedly supports the Commission's efforts to give greater priority to consumer's health and food safety and is able to endorse the proposed shape of future control and inspection activities, subject to the following reservations and recommendations. Regardless of the need to press ahead with simplifying the rules, additional rules and measures will no doubt have to be adopted in the years to come for certain components of the food, veterinary and plant health sector. Increasing problems e.g. in the field of microbiology can be expected to necessitate further expansion of EU legislation.

Further, the accession of the central and eastern European countries to the EU, with the addition of new borders and neighbouring countries, will per se substantially boost the need for, and scope of, the Commission's control and inspection activities, particularly in the veterinary sector. Here it is important that the applicant countries should incorporate EU regulations promptly so that any exemptions applicable during a transitional period are as shortlived as possible.

The ESC supports the idea of public access to information. As the Commission proposes, the Food and Veterinary Office's working methods should be open to public scrutiny and arrangements should also be made for an effective internal system to monitor management, based on the recommendations of the IGS report.

In connection with the WTO negotiations on ways of reconciling free international trade in goods with such considerations as health and safety, the ESC calls on the Commission and the Council to

do their utmost to insist on, and secure international acceptance for, the EU's control policy with a view to responding to the problems generated by liberalization of trade in the food, veterinary and plant health sector.

The ESC, which counts amongst its members representatives of all links in the chain, from primary production to consumption, attaches great importance to the Commission's future control and inspection activities and will follow developments with keen attention. The ESC expects to be kept informed of progress and to be consulted on further measure in this sphere.

#### **9. COMMUNITY ACTIVITIES CONSUMERS**

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Decision establishing a general framework for community activities in favour of consumers**

(COM(97) 684 final - 98/0028 COD)

(CES 804/98 - 98/0028 COD)

Rapporteur-General: Joop KOOPMAN  
(Netherlands - Various Interests)

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

The Commission proposal, that is based on Article 129A of the Treaty, aims at establishing a legal framework for the financing of the European Union's activities in favour of consumers. Although actions undertaken in support of the Union's consumer policy have been financed from the Community budget for several decades, to date there has not been a legal basic act for doing so. The proposed legal basis is the response to the new and growing tasks of the EU consumer policy following the events of the past two years. The proposed framework, that will cover the 1999-2003 period, has a global budget of ECU 114 million.

Based on the fundamental objectives of Article 129 A of the Treaty the proposal - that should not be mistaken for a multiannual programme of actions - sets out the basic act for activities for financial support from the Union budget for Consumer Policy and Consumer Health Protection. It will focus on four priority areas:

- health and safety of consumers especially in respect of products and services;
- protection of the economic interests of consumers particularly as to international transactions, advertising and settlement of disputes;
- education and information of consumers as to their protection and rights;
- promotion, strengthening and development of the representation of consumers' interests to assist the EU in the conception of respective policies.

In practical terms, three types of actions will be covered:

- the Commission's own activities to complement and monitor the respective action of the Member States;
- the financial support of the activities of European consumer associations;
- the financial support of specific projects of national or regional consumer organizations in order to protect consumers' interests.

#### Gist of the opinion

In its general remarks, the Committee notes that it can agree with the reasoning of the Commission to establish a basic act for financing actions in favour of EU consumer policy. The establishment of such an act in conjunction with the determination of a budget allocation over a five-year period may create more clarity and certainty about the funds that DG XXIV has at its disposal. Moreover, it may provide a welcome opportunity to establish adequate procedures for the funding of projects and it may pave the way for a proper definition of the criteria that consumer organisations have to meet in order to qualify for financial support.

Whilst agreeing with the need to establish a basic act as such, the Committee is of the opinion that this can be done in two distinct ways: i) through a framework featuring indicative activities by area along the lines of the Commission proposal or ii) through a framework in which a more concrete medium term policy programme plays a pivotal role. The Committee disagrees with the reasoning of the Commission that such a multiannual programme cannot play that role. It nevertheless

endorses the framework proposed by the Commission as this seems to be sufficiently flexible to embrace the planned multiannual consumer action programme, provided that an explicit reference to this action programme is included in the proposed framework itself.

Furthermore, the Committee would welcome a re-examination of the proposal on the basis of the relevant new Treaty provisions following from the Amsterdam Treaty, should this opportunity be offered. It also stresses the need for flexibility in allocation of funds in the case of unforeseen events in the areas of activity covered by the proposed Decision and it suggests leaving sufficient room for the introduction of a new basic act to earmark new financial provisions in the case of events in areas *not* covered by the current framework.

In its specific remarks the Committee among other things calls for:

- more concrete measures to promote the integration of consumer policy aspects in other Community policies;
- an examination by the Commission and the budgetary authority of the scope for additional funding, e.g. by increasing the planned budget for the 2000-2003 period beyond the very modest growth proposed by the Commission;
- stricter criteria regarding the representativeness of national organisations which may qualify for financial support;
- a more explicit definition of the circumstances in which the provision according to which financial support shall not, in principle, exceed 50% of the costs, can be deviated from;
- further clarification of the proposed project selection criteria;
- timetables for the Commission's own activities such as the selection and payment of projects;
- additional efforts to reduce red tape in order to achieve a better balance between the benefits and the administrative burden of (especially) smaller projects.

**Section for Agriculture and Fisheries**  
Francisco Vallejo, Head of Division - ☎ (32-2) 546 9396

**10. FUTURE FOR THE EU MARKET IN FISHERIES PRODUCTS**

**Opinion of the Economic and Social Committee** on the *Communication from the Commission to the Council and the European Parliament on the future for the market in fisheries products in the European Union: responsibility, partnership and competitiveness*  
(COM(97) 719 final)

(CES 798/98)

Rapporteur: Eduardo CHAGAS (Portugal - Workers)

**Gist of the Commission's Communication**

The purpose of this communication to the Council and the European Parliament is to bring about a debate involving the Community institutions, the Member States and the industry so that, on the strength of the broadest possible consensus, guidelines can be defined that will best ensure optimal operation of the Community market in fisheries products. In 1998, once that debate is over, the Commission will put forward formal proposals.

The Commission pinpoints the following objectives with a view to ensuring the optimal operation of the Community market:

- responsible fishing and trading;
- greater involvement of operators in the management of the market;
- encouraging competitiveness among Community producers;
- promoting market transparency and integration through cooperation between the various parts of the industry;
- keeping the market open to international trade in a context of fair competition;
- promoting quality in the field of fisheries products.

In order to achieve the above objectives, the Commission is planning to change and renew the

legal provisions governing the market in this sector, particularly in respect of:

- the common organization of the market in fisheries and aquaculture products;
- trade arrangements with third countries;
- verifying application of the rules.

Finally, the Commission examines appropriate ways of promoting the achievement of an integrated market based on quality.

**Gist of opinion**

In its opinion the Committee welcomes the Commission's communication on the future for the market in fishery products.

In its general comments the ESC identifies a series of factors which are behind the existing imbalance in the fishery sector. These factors include both internal structural factors ( such as overcapacity, high level of fishing, low productivity, etc.) and external factors, such as the move towards global markets.

The Committee lists a number of measures for safeguarding sustainable fishery-management in future. The Committee attaches the highest possible priority to the effective implementation of these measures, which include, in particular:

- effective regulation of competition, whilst respecting international commitments and with a view to preventing unfair competition from non-EU states ( lower input/production costs, preferential customs tariffs);
- active monitoring and inspection of the observance of current rules; the present situation in this regard is wholly unsatisfactory;
- stricter monitoring of the observance of health and safety rules, labelling provisions etc. in the case of imports;
- the demonstration of greater transparency on the part of trading enterprises and the provision of information on product origin and production methods (consumer information) etc.;

- demand-side factors, such as the promotion of healthy eating, may also boost the market for fish;
- greater efforts to promote quality.

In its specific comments the Committee points out that there is a need to specify more clearly that storage aid is to be granted to producers organizations who own their stocks. The Committee calls for reference to be made to third country vessels flying flags of convenience in negotiations with third countries over catches in international waters.

## **11. HEALTH PROBLEMS AFFECTING TRADE IN BOVINE ANIMALS AND SWINE**

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending Directive 64/432/EEC on health problems affecting intra-Community trade in bovine animals and swine (COM(98) 81 final - 98/0052 COD)**

(CES 799/98 - 98/0052 COD)

Rapporteur: Giuseppe PRICOLO (Italy - Employers)

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

Directive 64/432/EEC on health problems affecting intra-Community trade in bovine animals and swine provides, inter alia, for the creation of computer databases for the storage of information on bovine animals and swine and their movements.

Both the operation of these national database and the exchange of information between them must be ensured. Directive 64/432/EEC should therefore be amended to permit the Commission to adopt, where necessary, appropriate rules of application.

### **Gist of the opinion**

The Committee supports the Commission proposal for implementing the planned information system. However, it is critical of the fact that the computer database is not yet operative, as the delay does not help to restore credibility or consumer confidence. The Committee asks the Commission to present a

progress report on EU-wide implementation. It also feels that farmers', traders' and consumer organizations with a recognized interest should be guaranteed appropriate access to the system.

## **12. REFORM OF CMO IN BANANAS (Agenda 2000)**

**Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) amending Regulation (EEC) No. 404/93 on the common organization of the market in bananas (COM(98) 4 final - 98/0013 CNS)**

(CES 802/98 - 98/0013 CNS)

Rapporteur: José Maria ESPUNY MOYANO (Spain - Employers)

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

The Commission's proposal aims to amend Regulation (EEC) No. 404/93 (Title IV) to bring it into line with the EU's international commitments in the framework of the WTO and the IVth Lomé Convention, while maintaining support for Community growers and an adequate supply to the market, in the interests of consumers.

### **Gist of the opinion**

The Committee recognizes the need to bring particular aspects of the common market organization (CMO) for bananas into line with international obligations (especially WTO obligations). It does, however, draw attention to the fact that the changes to the rules governing the allocation of import licences may adversely affect both the income and employment situation of EU and ACP producers alike; the ESC therefore urges that reasonable prices be set for both producers and consumers. The planned changes in the allocation of import licences must therefore properly safeguard the competitiveness of all the market players so as not to jeopardize the continued provision of a balanced mix of supplies to the EU from all the producer states involved.

The Committee highlights the need to ensure that the key objectives of the CMO, such as Community preference, a reasonable level of income for producers and the provision of a broad choice for consumers, remain intact.

In this context the ESC also believes that preferential access to the EU market provided for under the Lomé Convention has to be safeguarded as it represents a key element of EU external policy and development policy. The proposed imposition of an overall ceiling for traditional imports from ACP states could cause problems in a number of states currently having difficulty in producing their traditional quantities (Somalia is a particular case in point).

With a view to achieving these goals the ESC proposes, inter alia, a reassessment of the compensatory payments made to EU producers and the introduction of incentives for the marketing of bananas produced in the EU and ACP states.

The highest possible importance should be attached, in the interests of both small producers and the consumer, to production which is both socially just and in tune with the environment; consumers place a high value on this consideration. In this respect the Commission's proposals fall excessively short.

### 13. OLIVE-OIL MARKET REFORM

#### Opinion of the Economic and Social Committee on the

*Proposal for a Council Regulation (EC) No. .... amending Regulation No. 136/66/EEC on the establishment of a common organization of the market in oils and fats*

*Proposal for a Council Regulation (EC) No. .... amending Regulation (EEC) No. 2261/84 laying down general rules on the granting of aid for the production of olive oil and of aid to olive oil producer organizations*

(COM(98) 171 final - 98/0098 CNS)

(CES 805/98 - 98/0098 CNS)

Rapporteur: Leopoldo QUEVEDO ROJO (Spain - Various Interests)

#### Gist of the Commission proposal

The Commission proposal contains measures for the reform of the common organization of the market for olive oil for the 1998/1999, 1999/2000 and 2000/2001 marketing years.

The key measures proposed are as follows:

- a rise of 15.7% - from 1,350,000 to 1,562,400 tonnes - in the maximum guaranteed quantity (MGQ) for which aid is paid in full, giving an increase of 2.4% in the amount of aid actually received by the producer;
- re-allocation of the MGQ between the producer Member States as follows: Spain 40% (625,210 tonnes); France 0.2% (3,065 tonnes); Greece 24.9% (389,038 tonnes); Italy 32% (501,172 tonnes); Portugal 2.8% (43,915 tonnes);
- exclusion, with some exceptions, from eligibility for production aid of production from groves planted after 1 May 1998;
- discontinuation of the aid scheme for small producers (less than 500 kg per marketing year), who currently receive additional aid;
- abolition of consumption aid;
- price management via a system of private storage contracts instead of through public buying-in.

#### Gist of the opinion

The Committee first examines the two phases of the reform process described in its opinion. It takes the view that there is no justification for implementing the first phase of the reform - inappropriately described as a transition phase - until the reliable data base required for the olive cultivation register is established.

This could be both harmful and disruptive for the second phase if the data renders new criteria and mechanisms necessary.

The Committee is also critical of the inadequate maximum guaranteed quantity (MGQ) and the inappropriate and discriminatory distribution between national guaranteed quantities (NGQs).

The proposal is both premature and incomplete as it removes small producers from the regime and takes no account of varying yield among olive groves. The abolition of the aid system is unjustified for a variety of reasons and may result in market distortions (speculative movements). In its proposal, the Commission also renounces

responsibility for effective and preventive fraud control. Measures to promote consumption, improve the quality of olive oil and protect the environment are also inadequate in the Commission proposal (olive-growing is currently the only alternative in many regions). The Committee also criticizes the failure to consider the table olives sector.

In order to ensure that Europe maintains its leading role in the production and consumption of olive oil, the Committee recommends that the guidelines contained in the European Parliament report be followed. In addition, the financial statement for the CMO in olive oil should be increased and production aid should be differentiated in line with productivity. Further measures for production, marketing and innovation are proposed in order to safeguard Europe's leading role in this area.

The Commission shows insufficient understanding of the predominant features of the sector in terms of employment, social, economic, cultural and environment-related factors. Indeed, the sector produces no structural surpluses and has significant possibilities that can be exploited using appropriate promotion measures.

Among its final specific comments, the Committee recommends that:

- the intervention system be maintained,
- the NGQs be accepted provided that they are amended as soon as the Commission has the actual data on production, area, etc.
- the health aspects of the planned promotional campaigns are highlighted.

**Section for Regional Development and Town and Country Planning**

Patrick Fève, Principal Administrator - ☎ (32-2) 546 9616

**14. 8<sup>TH</sup> ANNUAL REPORT ON THE STRUCTURAL FUNDS 1996/REGIONAL PROGRAMMES UNDER OBJECTIVE 2**

**Opinion of the Economic and Social Committee on the 8<sup>th</sup> Annual Report on the Structural Funds 1996 and the Commission Communication on the new regional programmes 1997-1999 under Objective 2 of the Community's structural policies - focusing on job creation**  
(COM(97) 526 final and COM(97) 524 final)

(CES 794/98 - 795/98)

Rapporteurs:

John LITTLE (United Kingdom - Employers)  
(COM(97) 526 final)

Ettore MASUCCI (Italy - Workers) (COM(97) 524 final)

**Gist of the Commission document**

Compiled in accordance with Article 16 of Council Regulation 2081/93 on the tasks of the Structural Funds and presented midway through the 1994-1999 programming period, the eighth Annual Report on the Structural Funds notes that 1996

was a busy year with a total of almost 500 programmes implementing the six Objectives of the Structural Funds.

After the first three years, half the Community aid under the various Objectives had been committed by the Commission and one third had been paid. 1996 alone accounted for 37% of the commitments made since 1994 and 44% of payments for that same 3-year period.

1996 was also the year when most of the Community Initiatives really began; almost all of them have been translated into operational programmes, half of them in their entirety. Thus half the Community financial aid was committed and 22% actually paid.

The Commission also allocated the financial reserve of almost ECU 1.7 billion which had been set up at the time of the initial allocation for Community Initiatives over the 1994-1999 period, taking into account a number of priorities: combating unemployment, equal opportunities and combating exclusion, the environment and the territorial dimension of structural policies.

Generally speaking, execution of the Community budget for the Structural Funds was virtually 100% in 1996: taking all the Funds, all forms of assistance and all types of appropriation together, 98% of the amount, i.e. ECU 26.141 billion out of 26.584 billion, was committed (this rate was about 90% in 1995), and 95% of payments were made, i.e. ECU 22.448 billion out of 23.678 billion (81% in 1995).

1996 also saw the start of the pilot projects provided for under Article 10 of Council Regulation 2083/93; they are now active.

Compared with the structure of the 1995 Annual Report, the 1996 Report brings together for the first time in a single chapter all the information on the various items of Structural Fund assistance in each Member State so as to provide an overall view of the structural programmes implemented in each country. Assessment activities have also been covered in a single chapter.

The Report therefore falls into two main parts. The first takes a general look at what was achieved in 1996 and comprises four chapters (implementation of the Structural Funds in 1996, budget implementation, institutional matters connected with the Structural Funds, evaluation). The second looks in detail at the implementation of the Structural Funds and comprises six chapters: the first sets out the programmes and achievements in each Member State and the other five, containing only financial tables, give details of financial implementation in 1996, implementation from 1994 to 1996, the regional breakdown of financial implementation, major projects, and ERDF and ESF pilot projects.

Like the 1995 Report, which dealt with the environment, the 1996 Report tackles a horizontal subject, namely research and technological development, covering all the measures and sectors aided by the Funds, including the information society and innovation.

In accordance with Article 9(6) of Regulation 2081/93, 1996 was, for Objective 2 (economic regeneration of declining industrial areas), the last year of implementation for the first programming phase.

Consequently on 26 July 1996 the Commission established the list of regions eligible under Objective 2 for the period 1997-1999 in the nine

Member States concerned (list unchanged from 1994-1996). Prior to this, on 30 April 1996, the Commission had sent the Member States, at their own request, a Note for Guidance setting out its priorities for the preparation of the programmes under Objective 2 for the period 1997-1999. This memo makes employment the first priority; this objective is to be achieved by improving production structures and raising qualification levels in the labour force and is to be underpinned by four priorities: (i) competitiveness and development of SMEs, (ii) research, development and innovation, (iii) environment and sustainable development, and (iv) equal opportunities for men and women.

These guidelines are based on a communication on structural aid and employment of March 1996 (COM(96) 109 final) which is itself part of the Confidence Pact for Employment of June 1996 (CSE(96) 1 final), which was endorsed by the European Council in Florence.

In August and September 1996 the Member States concerned submitted their conversion plans to the Commission for appraisal; following this, 65 new Single Programming Documents (SPDs) and, in Spain's case, a Community Support Framework (CSF) for industrial regions in decline were drawn up in partnership with the Commission and then approved by the latter.

The Commission's Communication on the new regional programmes 1997-1999 under Objective 2 of the Community's structural policies summarizes the main components of Community assistance and the expected impact of this assistance on the economic development of the beneficiary regions, especially in terms of employment.

#### **Gist of the opinion on the eighth annual report on the Structural Funds 1996**

The Committee broadly approves the content and structure of the report.

It is particularly pleased at the progress made in strengthening the partnership, and welcomes the fact that the delays which occurred during 1995 and 1996 in launching and implementing programmes have been largely caught up.

However, the Committee is concerned at the slow launch of the new programmes, owing to the time needed to prepare, appraise and approve the vast

number of assistance measures. The programmes for Objective 2 regions will suffer twice from such delays, because of the subdivision of the 1994/99 period into two programming periods (a move which an earlier Committee opinion opposed).

The Committee therefore continues to support simplification of programming procedures.

The opinion also comments on the interplay between Structural Fund activity and other Community policies, and on research and technological innovation. Here the Committee welcomes the increasing emphasis being given to RTD measures in the current Structural Fund programmes.

#### **Gist of the opinion on the Commission communication on new regional programmes under Objective 2**

The Committee feels that the communication is important for several reasons:

- it covers the last period of operation of Objective 2 in its current form, and the new programming period will see a radical revision of structural policy;
- in order to ensure that the reform of the Structural Funds is as transparent and effective as possible, a careful assessment must be made

of the manner in which the decisions were reached on the SPDs for 1997-1999. The employment impact of the planned measures should also be assessed.

The programmes described in the communication can thus be assessed:

- against the results of the preceding periods, in the light of the problems which emerged in the earlier administration of Objective 2;
- with an eye to the future, in the light of the proposed structural policy reform.

Turning to the impact on employment, the Committee notes that the data provided by the Member States are not always reliable. The Committee stresses the difficulty of assessing the degree to which the national plans have achieved their net job creation objectives.

The Committee concludes by noting that the communication highlights a few outstanding problems which must be solved with a view to the reform of the Structural Funds. These concern the need to strengthen the partnership, the length of the programming periods, regional eligibility criteria, and the priority need to support small firms, in view of their employment potential.

**Section for Energy, Nuclear Questions and Research**  
Nemesio Martinez, Principal Administrator - ☎ (32-2) 546 9794

## **15. IMPLEMENTATION OF THE FIRST ACTION PLAN ON INNOVATION IN EUROPE**

**Opinion of the Economic and Social Committee on the *Communication from the Commission on the Implementation of the First Action Plan on Innovation in Europe - Innovation for Growth and Employment***  
(COM(97) 736 final)

(CES 796/98)

Rapporteur: Ulla Birgitta SIRKEINEN (Finland - Employers)

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

The Commission document is organized as follows:

#### **Implementation of the Action Plan**

Implementation has commenced at Community level. The table below lists the various measures and summarizes the main progress made and current situation in different fields.



### **Protection of intellectual property**

- Green Paper on patents* - Commission decision on appropriate follow-up at the beginning of 1998
- Intellectual Property Right (IPR) Help Desk* - Call for tenders concerning the provision of external services at the beginning of 1998; service operational mid-1998
- Access to data on patents* - Decision by the European Patent Office on implementation of a single interface
- Protection of biotechnological inventions* - Unanimous agreement by the Council on the need for a directive in November 1997
- Intellectual property in the information society* - Commission proposal for a directive on 10 December 1997
- Technical inventions* - Commission proposal for a directive subsequent to consultation on the Green Paper on protection of utility models in the single market

### **Financing innovation**

- The European Capital Markets* - Launch of the Euro-New Market and EASDAQ (European Association of Securities Dealers Automated Quotations)
  - Commission report to the European Council on the remaining obstacles, June 1998
- I-TEC (Innovation and Technology Equity Capital)* - Selection of the first nine venture capital funds at the end of 1997 (ECU 380 million for 150 high-tech SMEs); plan to establish a network between the selected funds
- JEV - Joint European Ventures* - Implementation of project to support the creation of European joint ventures (ECU 5 million)
- LIFT (Links to Innovation Financing for Technology)* - Call for tenders for the external operation of a Help Desk to facilitate contacts between investors and players in the field; operational mid-1998
- Spirit of enterprise and access to financing* - Investment fora and training seminars under the INNOVATION programme (approx. 330 projects to date) and the BRITE-EURAM programme (five projects to date)
  - Establishment of a Biotechnology and Finance Forum
  - Paris Round Table on innovation, the creation of businesses and jobs

### **The regulatory framework and administrative simplification**

- BEST (Business Environment Simplification Task Force)* - Report to the European Council in June 1998
- SLIM (Simpler Legislation for the Internal Market)* - Report to the European Council in November 1997
- European Economic Interest Groupings (EEIG)* - Communication from the Commission on the participation of European economic interest groupings in public contracts and programmes financed by public funds
- Practical guide to EEIGs for SMEs under the REGIE (European Network of EEIGs) initiative

### **Education and training**

- Erasmus Apprenticeship initiative* - Transnational placement of 70,000 apprentices by 1998
- EUROPASS* - Introduction of sandwich classes in higher vocational education
- Campus-Voice* - Network of partnerships involving 70 universities, six enterprises, seven newspapers and student associations
- Form-Inno-Tech* - Founding principles for the establishment of a European network drawn up in September 1997; aimed at enterprises and establishment of SMEs
- Train-Re-Tech* - Increased cooperation between the Training and Mobility for Researchers programme and the Leonardo programme; continuation of the fifth RTD framework programme
- Development of the Training and Mobility of Researchers network

### **Gearing research to innovation**

- Fifth RTD framework programme* - Concentrated key actions as an integral part of the framework programme
- Promotion of innovation within thematic programmes
- Integrating SMEs into the EU's fifth RTD framework programme* - Horizontal programme "Innovation and Participation of SMEs"
- Some 9,000 SMEs have participated in the fourth framework programme over a period of two and a half years
- Improved gearing of research to standardization* - Working document on research and standardization
- PROSOMA Esprit* - Access to RTD results on CD-ROM and the Internet
- European technology-transfer initiative at the Joint Research Centre (JRC)* - Phasing in of the initiative from 1998, with provision for monitoring developments and evaluating results

### Strengthening overall coordination of innovation policy

<i>Establishment of mechanisms for coordinating implementation</i>	-	Group of Directors-General for Innovation
	-	Commission Communication on coherence, competitiveness, RTD and innovation policy in preparation
<i>Trend Chart on innovation in Europe</i>	-	Project and work schedule confirmed in November 1997

### Priorities for action in 1998

Given the Commission's priorities, in particular in the fields of intellectual property, access to financing, administrative simplification and developing the spirit of enterprise, emphasis will be put on actions aiming at:

- mobilizing Member States and the operators concerned, in particular through their participation in the elaboration of the Innovation Trend Chart;
- fostering the creation, development and growth of companies, in particular of those based on new technologies;
- encouraging new production and trading patterns;
- supporting the acquisition of professional skills by innovation support specialists, in particular through training in the areas of technology brokerage, technology transfer and financial analysis of stocks;
- facilitating the interconnection or, whenever necessary, the setting up of private and/or public networks to support and advise firms in the area of technology, marketing, management, information and finance.

Information sheets on the actions described above are appended to the communication.

### Gist of the opinion

The ESC was consulted on the Green Paper on Innovation<sup>1</sup> and issued its opinion on 30 May 1996.

Furthermore, it issued an own initiative opinion on the impact on SMEs of the steady widespread reduction in funds allocated to research and technological development in the EU (at Community and national level)<sup>2</sup> in October 1997 in which the concept of innovation is at the forefront of the argument.

The Committee recognizes that it is useful to publish an annual report on implementation of the Action Plan on innovation. However, it notes that the first report is rather difficult to read. It therefore proposes that the readability of the report be improved by the addition of a summary table setting out the priority measures, the progress made for each measure and planned action for the following year.

More still needs to be done to improve the capacity of SMEs, craft industries and micro enterprises, to participate in the innovation process as a whole. In order to develop the spirit of enterprise, which is one of the priorities for action in 1998, the ESC proposes the launching of pilot projects for the development of technology brokerage bodies in areas where they do not already exist. They would assist SMEs in the acquisition of technology, partners and funding. In the view of the ESC, it would be useful to apply the three-fold classification of SMEs into those which develop technology, those which exploit new technology and passive enterprises.

The Action Plan completely ignores the fact that markets are a very important part of the innovation system. The ESC considers it important to underline that the effective functioning of the single market, which falls clearly within the

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<sup>1</sup> OJ C 212 of 22 July 1996

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<sup>2</sup> OJ C 355 of 21 November 1998, p. 88

competence of the EU, is a *sine qua non* for successful innovation.

The use of the Structural Funds to promote innovation should also be a key instrument of innovation policy at EU level. This would also be the best way to improve employment, which the ESC considers to be the prime objective of the Structural Funds reform.

In the view of the ESC, EU innovation policy should focus primarily on those issues which fall within the competence of the EU, i.e. those related to the regulatory framework at EU level, the single market, the Structural Funds and research programmes. The EU can intervene in areas falling within the sphere of activity of national or regional authorities or market operators where such action generates added value. The EU's

primary role in these areas should be to collate and disseminate comparable information, provide opportunities for the exchange of experience, establish partnership networks and, where necessary, coordinate national and regional measures.

The effective implementation of the Action Plan on innovation in Europe calls for a broad-based approach towards the identification of problems and priorities and evaluation of results which draws on available expertise in this area. To this end, the ESC proposes the setting up of an Innovation Platform comprising the Group of Senior National Officials augmented by experts representing different interest groups in society. The Platform could serve as a forum for the exchange of experience and coordination between Member States and other relevant players.

**Section for Social, Family, Educational and Cultural Affairs**  
Alan Hick, Head of Division ad interim - ☎ (32-2) 546 9302

## 16. RECOGNITION OF PROFESSIONAL QUALIFICATIONS

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending Directives 89/48/EEC and 92/51/EEC on the general system for the recognition of professional qualifications and supplementing Directives 77/452/EEC, 77/453/EEC, 78/686/EEC, 78/687/EEC, 78/1026/EEC, 78/1027/EEC, 80/154/EEC, 80/155/EEC, 85/384/EEC, 85/432/EEC, 85/433/EEC and 93/16/EEC concerning the professions of nurse responsible for general care, dental practitioner, veterinary surgeon, midwife, architect, pharmacist and doctor (presented by the Commission)**  
(COM(97) 638 final - 97/0345 COD)

(CES 797/98 - 97/0345 COD)

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

### Gist of the Commission document

The proposal for a directive follows on from *the Communication to the Council and the European*

*Parliament on the SLIM initiative* presented by the Commission on 6 November 1996.

In this communication, the Commission indicated in particular that, in response to the request of the SLIM team on recognition of qualifications, it would present in 1997 proposals aimed at rationalizing the operation of the advisory committees on training and simplifying the updating of the lists of qualifications eligible for automatic recognition.

In its *Action plan for the single market*, the Commission likewise proposed to extend SLIM and other simplification initiatives to other sectors. The present proposal gives practical shape to this commitment regarding simplified updating of the lists of qualifications.

The method of simplification proposed is that already set out in Council Directive 93/16/EEC of 5 April 1993 to facilitate the free movement of doctors and the mutual recognition of their diplomas, certificates and other evidence of formal qualifications as regards general medical practitioners.

Other proposals are intended to streamline the operation of the advisory committees. The current

term of the committees is three years, but the Commission would prefer six. The Commission intends to simplify the procedure by allowing the Member States to notify it directly of their expert's names. The intention is that the future discussions of the advisory committees should relate to any request for an opinion submitted by Commission departments concerning freedom of movement in the various professions covered by the sectoral directives.

### **Gist of the opinion**

With the current proposal for a directive the Commission is implementing some of the proposals of the SLIM group of experts. The Committee congratulates the Commission on the proposal for a directive, which, the Committee feels, contributes to making the work of the Union more transparent and efficient, without however endangering citizens' interests which need to be protected. The Committee regards this Commission proposal as an important contribution to the confidence pact for employment.

The document submitted for the Committee's opinion contains information of varying legal status. For example, the text relating to the discussion of reform of the advisory committees is purely for information, as the relevant decisions have not yet been adopted. On the other hand, the draft directive contains specific proposals for a binding text.

#### **Reform of the advisory committees:**

**Simplification of the appointment procedure:** The Committee wholeheartedly supports the Commission's proposal that the procedure be simplified by allowing the Member States to forward the names of their representatives directly to the Commission.

**Reducing the number of members:** The Committee shares the view of the SLIM experts and the Commission that the committees should be scaled down in the interests of greater efficiency.

The Commission's proposal to restrict membership of the committees to one full member and one alternate (one from the profession and one from the education sector) per Member State seems balanced and appropriate to the tasks of the committees.

#### **The proposal for a directive:**

**Regulated education and training (Article 1):** The adoption of the concept of "regulated education and training" into the first recognition directive is to be welcomed as a contribution to the objective of uniform terminology.

**Opinions of the coordinators (Articles 1 and 2):** The Committee welcomes the pragmatic approach spelt out by the Commission. The Committee supports the trend towards making the coordinating group into a sort of consultative body for the Commission.

**Updating of lists of qualifications (Articles 3 and 4):** Under the proposal the Member States are required to notify the Commission of all national laws and regulations adopted as regards the award of diplomas, certificates and other evidence of formal qualifications. The Commission will publish the names adopted by the Member States for the training qualifications concerned in the Official Journal. As this procedure has already proved itself in the field of general medicine, the Committee considers it appropriate and correct to extend it to the other sectoral directives in the health care field.

**Treatment of qualifications obtained by nationals of the Member States outside the EU (Article 5):** The Committee recommends that the wording of Article 5 be clarified, as it is at present not clear that the recognition of a non-Community qualification by a Member State is not automatically binding on the other Member States. The phrase "take account" used in Article 5 does leave some room for interpretation, as the law generally considers that "taking account" is only part of a decision-making process. However, in the interests of greater clarity, the Committee recommends that the first sentence of Article 5 be reworded as follows: *"Member States shall, as part of the process of assessing equivalence, take account of ..."*.

**Right of appeal (Article 6):** The Committee wholeheartedly welcomes the introduction of a right of appeal against decisions of the Member States, and also in the event of failure to reach a decision.

**Articles 7 to 21:** The Committee has deliberately not commented on the specific changes to the sectoral directives.

## 17. ACTION PLAN - FREE MOVEMENT OF WORKERS

**Opinion of the Economic and Social Committee on the *Communication from the Commission on an action plan for free movement of workers* (COM(97) 586 final)**

(CES 806/98)

Rapporteur: Gianni VINAY (Italy - Workers)

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

This Communication presents an action plan for the reinforcement of free movement of workers which builds, *inter alia*, on the final report of the High Level Panel on free movement of persons. The High Level Panel concluded that, although most of the legal measures required to make a reality of the right to free movement were already in place, some flaws and shortcomings still existed in the legal framework.

The right to free movement of workers, enshrined in Article 48 of the Treaty of Rome, includes the right of any European citizen to enter the territory of any Member State in order to work or to look for work. A wide area of mobility offers a large number of opportunities for workers to find a job and for employers to find people with adequate skills, thereby enhancing employment and economic growth.

However, as noted by the High Level Panel, free movement of workers is still hampered by a range of practical problems and obstacles. The way in which rules and regulations are applied raises a number of difficulties. Moreover, there is a lack of administrative flexibility with regard to the special situation of migrants and the level of cooperation between Member States is sometimes insufficient. There is a lack of knowledge and information about the rights of and opportunities for workers moving from one Member State to another.

The Heads of State and Government agreed at the European Council in Amsterdam to make employment policy a matter of common concern. They also agreed to an action plan for the full implementation of the single market. This Communication on an action plan for free movement of workers builds on the Amsterdam agreements and sets out the Commission's strategy to overcome the remaining practical problems

which face workers moving within the European Union. It also builds on the Commission proposal for guidelines for Member States Employment Policies for 1998. The Commission has chosen a comprehensive five-fold approach which places free movement of workers within the overall economic, social and political process of European integration.

### **- Improve and adapt the rules**

The basic legal framework for free movement of workers has been in place since 1968. It now needs to be improved and adapted. In 1989 and 1990 the Commission presented proposals aimed at improving the rules on free movement of workers but these were not adopted by the Council. In 1997, the Final Report of the High Level Panel on free movement of persons confirmed the existence of a number of flaws and shortcomings in the legal mechanisms for free movement of workers and called for the reinforcement of the rules. In addition, the rules need to be adapted to take account of the extensive case law developed by the European Court of Justice in this area. The Commission will present updated proposals for the amendment of the main legal texts concerning free movement of workers building on the conclusions of the High Level Panel and on its earlier proposals.

### **- Make the labour market more transparent**

EU citizens need to be well informed about the potential of the European labour market in terms of employment possibilities, enhancement of qualifications and development of a European career. Employers need information about the availability of a multicultural, multilingual labour force which can represent an important competitive advantage both in Europe and worldwide. Special attention will be given to information and transparency in frontier regions in order to cover specific issues which are of interest to cross-border workers, such as social security and tax law. The Public Employment Services (PES) have to be strengthened and the national systems must be accessible for people wherever they live. The Commission will support initiatives in this direction.

### **- Strengthen responsibility and cooperation**

The Commission will encourage the creation by Member States of administrative structures aimed

at assisting migrant workers and facilitating the solution of problems and conflicts. Furthermore, specific areas for cooperation will be explored, such as cooperation to facilitate access to employment in the public sector or cooperation between Employment Services. The Commission will also develop cooperation with the social partners and improve the institutional framework by merging the existing two advisory committees in this area (one on free movement for workers and one on social security for migrant workers).

– **Improve knowledge and visibility of the right to free movement**

The Commission will highlight the importance of labour mobility within existing information activities and take specific action, such as organizing seminars and publishing a newsletter, to inform citizens, legal practitioners and national authorities about the scope of free movement and the benefits and advantages of the emergence of a European labour market.

– **Develop innovative projects**

In accordance with Article 6 of the European Social Fund (ESF) Regulation, the ESF will finance projects promoting free movement of workers. Details of this initiative will be set out in a call for projects which will be published in early 1998.

**Gist of the opinion**

The Committee endorses the action plan and calls on the Commission rapidly to introduce ad hoc

machinery to comply with the comments and conclusions of the High Level Panel.

Given the above, it is significant that the High Level Panel discussed the extent to which the basic principle of freedom of movement of persons is implemented. Consequently, the scope and objectives of the Commission's action plan for free movement of "workers" might appear too restrictive. The broad thrust of the action plan nevertheless is towards a broader recognition of the term "worker" and a wider application of the basic principle of free movement, as enshrined in the Treaty.

The Committee appreciates the Commission's pragmatic attempts to build on and open up existing EU instruments dealing with the free movement of workers. However, it considers that a parallel effort should be made to bolster this initiative with a deeper commitment to achieving freedom of movement throughout the EU for all European citizens and for third country nationals legally resident in a Member State. A bridge must be constructed between workers' and citizens' rights, their Community acquis, and between social and civil rights.

Essentially, the total removal of obstacles to the free movement and residence of Europeans - and not just of workers - is a political, social and economic priority. The Committee therefore calls on the Commission to waste no time in adopting the decisions needed to achieve this objective.

**Section for Economic, Financial and Monetary Questions**

Arie Van de Graaf, Head of Division - ☎ (32-2) 546 9227

**18. COMMUNITY STATISTICAL PROGRAMME**

**Opinion of the Economic and Social Committee on the Proposal for a Council Decision on the Community Statistical Programme 1998-2002 (COM(97) 735 final - 98/0012 CNS)**

(CES 800/98 - 98/0012 CNS)

Rapporteur: Vasco CAL (Portugal - Workers)

**Gist and aims of the Commission proposal**

The Commission is presenting its fifth five-year programme prepared by EUROSTAT in which it pursues its objective of providing the European Union with a high-quality statistical information service" and rising to three challenges, viz.: meeting the needs of Community policies, improving cooperation between EUROSTAT and national statistical services (which together form

the Community Statistical Service (CSS), and fixing priorities.

The programme, which will cost between EURO 83 and 95 millions per year, spells out proposed action in a number of key areas.

It is clear from the Commission proposal that priority has been given to:

- Economic and Monetary Union,
- Competitiveness, Growth and Employment
- EU enlargement.

#### **Gist of the opinion**

The Economic and Social Committee approves the proposal for a Council Decision and the Commission's priorities, given the inadequate financial resources allocated to EUROSTAT. It would nevertheless urge that economic and social cohesion be added to the three priorities listed in Article 2 of the proposal for a decision.

The Committee also considers that the Commission should make out a clearer case for the development of a common methodology on the collection of statistics on consumer price trends and purchasing power parities, as well as on statistical needs in the interests of the adoption of a definitive VAT regime in the Community.

The Committee finds that comparable Community statistics on unemployment and employment are totally inadequate, whereas such statistics are vital for the Union's employment policy and for the employment programmes which Member States are required to draw up in this context.

The Committee likewise urges that action be taken to help enterprises, particularly SMEs, since the requirement to provide statistics is particularly burdensome for them.

Finally, the Committee stresses that it is very important to improve and develop CSS, including national statistical institutes, and work out new working methods so as to make available at the right time the statistics necessary for the major policy decisions of the EU.

## **II. NEWS ON THE OPINION ON AID FOR RAW TOBACCO**

*The agenda for the ESC's May plenary session included a document on the Commission's proposal to amend the common organization of the market in raw tobacco (COM(1998) 19 final - 97/0027 CNS) drawn up by the Committee's Section for Agriculture and Fisheries (rapporteur: Giuseppe PRICOLO - Italy - Employers). In it, the section had called on the EU to continue to grant a substantial level of aid for tobacco production.*

*At the session this section opinion was the target of a counter-opinion supported first and foremost by consumer representatives, who feel that EU aid for tobacco is unacceptable on public health grounds. After a very lively debate, the counter-opinion was narrowly defeated. Following the vote, however, the section opinion was amended on two points regarding alternative employment for tobacco growers and the buy-back of tobacco quotas. These alterations were unacceptable to most members of the farmers' category, who then voted against the amended document. It was finally rejected by 76 votes to 59, with 13 abstentions.*

*The upshot - a situation almost unheard of - was that the ESC was unable to issue an opinion on this subject.*



### **III FUTURE WORK**

#### ***FOR INFORMATION***

- Measures to prohibit export of counterfeit and pirated goods (**IND-JULY**)  
COM(1998) 25 final - 98/0018 ACC
- Liquid-fuel tanks: approximation of legislation (**IND-SEPT**)  
COM(1998) 97 final - 98/0071 COD
- Late payments in commercial transactions (**IND-SEPT**)  
COM(1998) 126 final - 98/0099 COD
- Interior fittings of motor vehicles: approximation of legislation (**IND-SEPT**)  
COM(1998) 159 final - 98/0089 COD
- Speedometer on two and three-wheeled vehicles (**IND-TO BE DETERMINED**)  
COM(1998) 285 final
- Electronic signatures: common framework (**IND-TO BE DETERMINED**)  
COM(1998) 297 final - 98/0191 COD
- Cohesion Fund: amendment of Regulation 1164/94 (**REG. DEV.-SEPT**)  
COM(1998) 130 final - 98/0104 AVC
- Reform of Structural Funds (**REG. DEV.-SEPT**)  
COM(1998) 131 final - 98/0090 AVC - 98/0114 SYN - 98/0115 SYN
- Cohesion, competitiveness and RTD and innovation policies (Communication) (**REG. DEV-DEC**)  
COM(1998) 275 final
- Trans-European networks: financial aid (**TRA-SEPT**)  
COM(1998) 172 final - 98/0101 SYN
- Obligation to maintain minimum crude oil stocks (**ENERG-SEPT**)  
COM(1998) 221 final - 98/0137 CNS
- Rational energy use strategy (Communication) (**ENERG-SEPT**)  
COM(1998) 246 final
- Specific programmes - Fifth Framework Programme of Community RTD activities - EC and Euratom (**ENERG-SEPT**)  
COM(1998) 305 final - COM(1998) 306 final
- Protection of workers from risks related to exposure to carcinogens at work (**SOC-JUL**)  
COM(1998) 170 final - 98/0093 SYN

- Social action programme 1998-2000 (Communication) **(SOC-SEPT)**  
COM(1998) 259 final
- Second phase of Community action programme for education - SOCRATES **(SOC-SEPT)**  
COM(1998) 329 final
- Second phase of Community action programme for vocational training - LEONARDO DA VINCI **(SOC-SEPT)**  
COM(1998) 330 final
- Community action programme in favour of youth **(SOC-SEPT)**  
COM(1998) 331 final
- Combating violence against children, adolescents and women (DAPHNE programme 2000-2004) **(SOC-SEPT)**  
COM(98) 335 final
- Animal feed sector: registering of certain establishments **(AGR-JULY)**  
COM(1998) 216 final - 98/0131 CNS
- Controls applicable to the common fisheries policy **(AGR-SEPT)**  
COM(1998) 303 final - 98/0170 CNS
- Improvement of production and marketing of honey **(AGR-SEPT)**  
COM(98) 313 final - 98/0171 CNS
- Accession strategies for the environment - accepting the challenge of enlargement (Communication) **(EXTREL-TO BE DETERMINED)**  
COM(1998) 294 final
- Financial Regulation applicable to the general budget of the European Communities **(ECOFIN-JULY)**  
COM(1998) 206 final - 98/0130 CNS
- Minimum effective taxation on interest on savings in the Community **(ECOFIN - TO BE DETERMINED)**  
COM(1998) 295 final
- Taxation of cigarettes, manufactured tobacco and taxes other than those on manufactured tobacco **(ECOFIN- TO BE DETERMINED)**  
COM(1998) 320 final - 98/0189 CNS

#### **IV. PRESENCE AND INFLUENCE OF THE ECONOMIC AND SOCIAL COMMITTEE**

##### **Activities of the ESC president**

On 8 May Mr Tom Jenkins gave a speech at the Centre for European Policy Studies in Brussels. The subject of his address was the future role of the ESC. On the following day he participated in the 50<sup>th</sup> anniversary congress of the European Movement in The Hague.

On 13 May Mr Jenkins held talks with Mr John Tomlinson, rapporteur for the European Parliament's Committee on Budgets. On 27 May, meanwhile, Mr Jenkins met the chairman of the Committee on Budgets, Mr Detlev Samland.

Mr Jenkins also took part in a debate held during the conference on EMU, employment and wage structures, organized by the Economic and Social Councils of Benelux on 28 May.

#### **Activities of the ESC sections and members**

##### *- Hearings*

The **Single Market Observatory** - set up within the ESC in 1994 - organized a hearing in Rome on 7 May on the subject of the Consequences for the Single Market of the Single Currency. The event was hosted by Confindustria in order to examine the impact of the introduction of the Euro on markets, business organization, relations with trading partners and its effect on employment. The hearing will help the ESC to draw up a report on the same topic.

On 11 May the **Section for Transport and Communications** held a hearing in connection with its opinion on the Green Paper on Sea ports and maritime infrastructure. Representatives from a range of organizations with an interest in this area came to the Committee building to take part.

The **Section for Industry, Commerce Crafts and Services** held a hearing on 13 May on Copyright and related rights in the Information Society. The purpose of the hearing was to find out the views of groups with an interest in the proposal for a directive on this subject, on which the ESC is preparing its opinion.

The **Section for Energy, Nuclear Questions and Research** also held a hearing on 13 May. Its aim was to help section members and various invited guests find out about different approaches to problems in the energy field, in connection with its own-initiative opinion on Policies for the rational use of energy in the European Union and in countries which are candidates for early membership.

##### *- Activities of Committee members*

On 4-5 May a four-member Committee delegation took part in the sixth plenary session of Mercosur's Economic and Social Consultative Forum in Buenos Aires, Argentina. The visit gave the delegation the opportunity to hold discussions with the ESC's counterpart in the Mercosur countries. The members concerned were Mr Regaldo, Mr Cavalheiro Brandão, Mr Briesch and Mr Margalef i Masià.

On 7 May Mr Stecher Navarra addressed the second conference of Balearic employers in Palma de Mallorca, Spain. He spoke on the topic of the positive impact of the introduction of the single currency.

Mr Kritz attended the Conference on the future of European ports, organized by the European Commission and hosted by the Port of Barcelona on 7-8 May.

On 11 May Mrs Sánchez Miguel attended a seminar on Strategic management of water resources. On the same day, Dame Jocelyn Barrow met a delegation from the Strathclyde Local Enterprise Companies, at a meeting arranged by Scotland Europa.

From 12-14 May Mr de Paul de Barchifontaine took part in a workshop on Sustainable use of plant protection, held at the European Commission.

Mr Eulen, meanwhile, attended the International Euro-Asian Conference on Transport on 12-13 May in St. Petersburg. The event was organized by the Ministry of Transport of the Russian Federation.

The president of the Committee's Environment Section, Mr Ataíde Ferreira, participated in a seminar on 16 May organized by SITESE - a Portuguese trade union organization - on the Amsterdam Treaty and challenges for Europe.

A conference on pharmaceutical agencies, held in Rome on 18-19 May, was attended by Mr Colombo.

On 25-26 May Mrs Twist and Mr Whitworth attended an international seminar on the subject of Transport, Telecommunications and Trans-European Networks: global links and regional integration, held in Naples, Italy.

Mr Moreland, president of the Regional Section, took part in a conference on Tourism and SMEs in Llandudno, United Kingdom on 20-22 May. Mr Moreland also attended a conference on a the new Athens charter for town planning principles (Athens, 28-31 May).

### **Other news and activities**

#### ***– THE ESC CELEBRATES ITS FORTIETH BIRTHDAY***

The Economic and Social Committee - set up by the Treaty of Rome - held its inaugural session on 19 May 1958. At the time it had 101 members from six Member States, compared with 222 members today.

Over the years the ESC has been given the right to issue opinions on its own initiative, as well as budgetary and operational autonomy. After the Amsterdam Treaty has been ratified it will also become the consultative body of the European Parliament. The Committee has issued more than four thousand opinions in the course of these four decades, some of which have marked important stages in European integration - such as the preparation of a draft European social charter at the request of the then European Commission president, Mr Jacques Delors.

Mr Jacques Santer, the current president of the Commission, delivered a speech at the reception to commemorate this anniversary at the Egmont Palace in Brussels. He described the ESC as a "real forum where problems are discussed in relation to everyday realities". He added that many Committee initiatives had enriched the work of the Commission, and thanked the ESC for all its efforts over the last forty years.

#### ***– INFORMATION SEMINAR ON THE EURO IN SEVILLE***

On 29 May the ESC - together with Seville city council and its mayor, Mrs Soledad Becerril - held an information seminar for a public gathering of about 200 people. A round table on the advantages and disadvantages of the single currency was chaired by Mrs Carmen Diz García, who has responsibility for financial matters at Seville Town Hall. The following invited guest took part in the discussions: Mrs Ana Palacio, MEP, Professor José María Casado, member of the European Commission's Euro group, and Committee members Mr Stecher Navarra and Mr Zufiaur Narvaiza.

### **V. RESIGNATION**

Mr Michael Reiterer (Group I - Austria) resigned from the Committee at the end of the plenary session of 27 and 28 May. He had been a member of the ESC since 22 September 1997.

## VI INFORMATION VISITS

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

- ICOSI (France)
  - University of Helsinki (Finland)
  - University of Joensuu (Finland)
  - Bisowe des DBB (Germany)
  - OKO Bank (Finland)
  - Politische Akademie Biggese (Germany)
  - Briefing session for new EU officials (mixed)
  - Université de Genève (Switzerland)
  - AKAVA (Finland)
  - Landeszentrale für Politische Bildung (Germany)
  - Delegation af sønderjyske fagforeningsfolk (Denmark)
  - HAS Den Bosch (Netherlands)
  - Friedrich-Ebert-Stiftung (Austria)
  - FTF (Denmark)
  - HK-Handel (Denmark)
  - University of Thessaloniki (Greece)
  - Delegation of Finnish journalists
  - Tapiola Insurance Group (Finland)
  - The American University (USA)
  - Delegation of Finnish translators
  - Universidad de La Laguna (Spain)
  - EFAP International (mixed)
  - ESIT (France)
  - Ecole Marie Haps (Belgium)
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