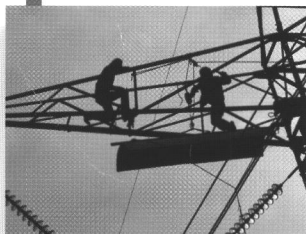


CES: 1

# European Economic and Social Committee



*European Economic and Social Committee*



# BULLETIN

# 2 '99

## Facts and figures - October 1998

### PRESIDENCY

President: Beatrice RANGONI MACHIAVELLI  
(Italy - Various Interests)

Vice-presidents: Josly PIETTE  
(Belgium - Workers)

Aina Margareta REGNELL  
(Sweden - Employers)

Secretary-General: Patrick VENTURINI

### 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: Anne-Marie Sigmund - Austria). 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

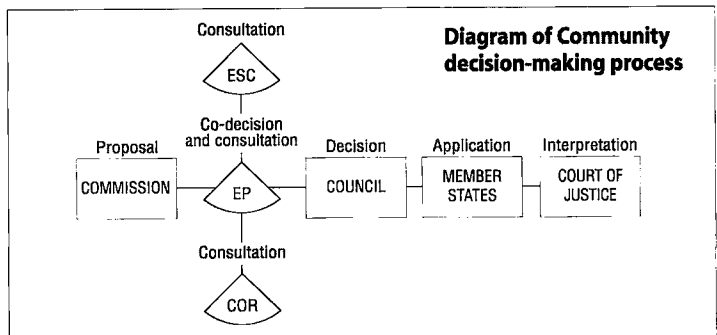
Consultation of the ESC by the Commission or the Council is mandatory in certain cases; in others it is optional. The ESC may, however, also adopt opinions on its own initiative. The Single European Act (17.2.86), the Maastricht Treaty (7.2.92) and the Treaty of Amsterdam (signed on 2.10.97) extended 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 180 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 mar-

ket and has hosted, with the support of other EU bodies, a series of events aimed at bringing the EU closer to the people.

Diagram of the Community's decision-making process



### INTERNAL ORGANIZATION

#### 1. Presidency and Bureau

Every two years the ESC elects a Bureau made up of 21 members (seven 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 six sections:

- Section for Economic and Monetary Union and Economic and Social Cohesion - secretariat tel. 546 9366 (president: Umberto Burani - Group I - Italy)
- Section for the Single Market, Production and Consumption - secretariat tel. 546 9598 (president: Klaus Schmitz - Group II - Germany)
- Section for Transport, Energy, Infrastructure and the Information Society - secretariat tel. 546 9611 (president: José Ignacio Gafó Fernández - Group I - Spain)
- Section for Employment, Social Affairs and Citizenship - secretariat tel. 546 9215 (president: Jan Olsson - Group III - Sweden)
- Section for Agriculture, Rural Development and the Environment - secretariat tel. 546 9687 (president: Etienne de Paul de Barchifontaine - Group III - Belgium)
- Section for External Relations - secretariat tel. 546 9537 (president: Tom Jenkins - Group II - United Kingdom)

#### 3. Study groups

Section opinions are drafted by study groups, varying in size from three to 15 members, including a rapporteur who may be assisted by as many as four outside experts.

#### 4. Other bodies

The ESC has the right to set up other ad hoc

structures under its Rules of Procedure, known as sub-committees, for specific issues. It has also set up a permanent Single Market Observatory.

#### 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 delegations headed by the president or a vice-president. Some meetings involving the countries of central and eastern Europe have been institutionalized with the agreement of the Council, e.g. with the Committee's counterparts in Hungary and - in the near future - with those in Bulgaria and Poland. There are also formal links with socio-economic interest groups in 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

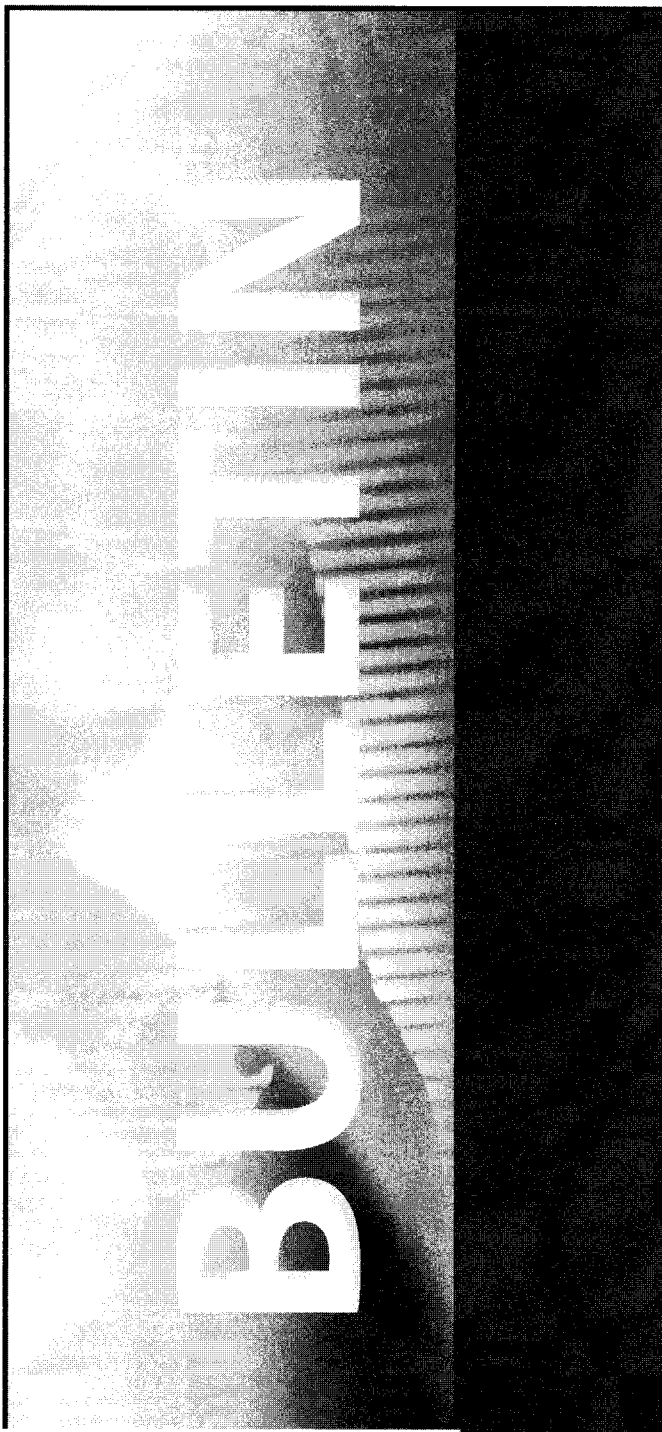
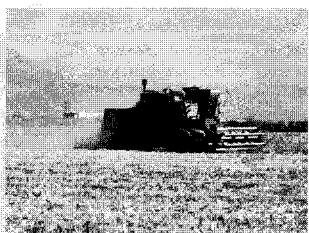
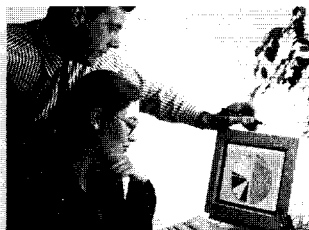
The Committee is serviced by a secretariat-general, headed by a secretary-general who reports to the president, representing the Bureau.

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 516, are mostly members of the ESC secretariat.

# European Economic and Social Committee



European Economic and Social Committee



# 2 99

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. 361<sup>st</sup> PLENARY SESSION - 24 and 25 FEBRUARY 1999

The European Economic and Social Committee held its 361st plenary session in Brussels on 24 and 25 February 1999. The ESC president, **Mrs Rangoni Machiavelli**, took the chair. The session was attended by **Mr José María Gil-Robles**, President of the European Parliament.

**Mr Gil-Robles'** speech was awaited with great interest by members of the ESC since the Amsterdam Treaty, which stipulates that the European Parliament may henceforth consult the ESC, will soon be in force.

Pointing out that the Amsterdam Treaty would considerably expand the European Parliament's legislative role, **Mr Gil-Robles** welcomed the new responsibilities given to the ESC, particularly in respect of public health and employment policies. Referring to the work programme of the President of the ESC, the President of the European Parliament said that Parliament was especially interested in the role of the ESC as a forum of organized civil society.

**Mr Gil-Robles** went on to say that the European Parliament intended to consolidate the institutional relations between the EP and the ESC as established by the Amsterdam Treaty. To this end he proposed the creation of a working group, placed under the authority of the secretaries-general of the two institutions, charged with the task of drawing up a Memorandum laying down practical guidelines for improving cooperation between the Parliament and the Committee.

In their replies to the President of the European Parliament, **Mrs Rangoni Machiavelli** and members of the Committee expressed their satisfaction with the clearly expressed wish of **Mr Gil-Robles** to strengthen links between the two institutions, saying that such a move would make it easier to take into account the concerns of ordinary people in Europe. **Mr Gil-Robles'** proposal to set up a joint working group to work out the practicalities of future cooperation between the two institutions was welcomed by the ESC.

\*

\*      \*

In the course of the session, the Committee adopted the following opinions:

**Section for the Single Market, Production and Consumption**  
**Joao Pereira dos Santos, Head of Division - ☎ (32-2) 546 9245**

## 1. UCITS - MANAGEMENT COMPANIES

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) with a view to regulating management companies and simplified prospectuses**

(COM(1998) 451 final - 98/0242 COD)

(CES 190/99 - 98/0242 COD)

Rapporteur: Malcolm LEVITT (United Kingdom - Employers)

### Gist of Commission document

With the adoption of the UCITS Directive in 1985 the first important step was taken toward coordinating the laws and regulations for certain collective investment undertakings. The Directive laid down provisions concerning the authorisation, supervision, investment policy and transparency requirements for UCITS ("undertakings for collective investment in transferable securities"). The main purpose of the co-ordination was to approximate the conditions of competition between UCITS at Community level, to ensure effective and uniform protection for investors, and to introduce - for the first time in the financial sector - the principle of mutual recognition.

As highlighted by the Commission Action Plan for the Single Market the sector of collective investment undertakings is one of the financial services areas in which the Single Market is still incomplete. Existing barriers to free cross-border marketing of units issued by such undertakings need urgently to be removed by extending the Single Market benefits to other types of collective investment undertakings, while preserving a uniform

minimum level of protection of investors. The Action Plan also considered it necessary to introduce harmonised market access rules and operating conditions for management companies - completely lacking until now.

The Commission has therefore prepared a package of measures to modify the 1985 Directive, presented as two separate proposals.

The aim of this proposal is to reinforce the Single Market in the field of UCITS by:

- aligning regulation for management companies with that existing for other operators in the financial services area (banks, investment firms, insurance companies) by introducing a European Passport, which would allow them to set up branches in other Member States;
- revising the current restrictions which prevent management companies from engaging in activities other than the management of assets of common funds/unit trusts and investment companies (collective portfolio management) to allow in future the provision of individual portfolio management services as well as some specific non-core activities;
- defining the functions comprised in the activity of collective portfolio management and the conditions under which such functions can be delegated to third parties;
- modernising and simplifying documents to be given to investors.

### Gist of the Opinion

Overall, the Committee welcomes the intention to extend the passporting principle to UCITS, to enable them to provide individual as well as collective portfolio management services, to undertake other activities beyond portfolio management and to publish simplified prospectuses.



However, the proposal is very unclear with regard to the reasoning behind the different status, nationality and market access rights to be made available to UCITS constituted as unit trusts and UCITS constituted as investment companies. The draft Directive creates different standards for different structures, risks discriminating against certain types of fund and restricts the freedom to provide services in other Member States to certain types of funds, so that instead of strengthening the Single Market for financial services, the proposal runs the risk of achieving the opposite. In short, it risks contradicting the principle of mutual recognition because the different structures which exist at present are regarded as satisfactory by their respective national competent authorities.

The Committee is also of the opinion that the proposed restrictions on delegation of asset management are unnecessary. Existing structures work well, provide effective investor protection, are subject to rules dealing with potential conflicts of interest and are acceptable to national supervisors which enforce these rules; as such, this part of the proposal runs counter to the principle of mutual recognition.

## **2. ACTION PLAN FOR THE SINGLE MARKET (SMO)**

**Opinion of the Economic and Social Committee on the Action Plan for the Single Market (Single Market Observatory) - 3rd Additional Opinion (SEC(1998) 1889 final)**

(CES 191/99)

Rapporteur: John LITTLE (United Kingdom - Employers)

### **Reasons for drawing up a third Additional Opinion on the Action Plan for the Single Market**

On 29 May 1997, the ESC adopted a favourable Opinion on the Commission's Draft Action Plan (AP) for the Single Market (COM(97) 184 final), rapporteur-general: **Mr Pezzini**.

The Committee endorsed the strategic targets identified in the AP:

- making the Single Market rules more effective;

- eliminating market distortions;
- removing sectoral obstacles to market integration; and
- ensuring that the Single Market provides real benefits for ordinary people.

Another important element in the AP, which was adopted by the European summit in Amsterdam in June 97, was the publishing of a half-yearly "Scoreboard".

In March 1998 the Committee gave an additional Opinion on the 1<sup>st</sup> version of this Scoreboard, published in November 1997. In September 1998 the Committee gave an additional Opinion on the 2<sup>nd</sup> version of this Scoreboard, published in May 1998 and - in comparison with the 1<sup>st</sup> version - enlarged and updated.

In addition to updating the information provided in the 1<sup>st</sup> Scoreboard about the implementation of Single Market Directives and infringement procedures, it reported on progress with technical harmonization and standards, as well as transparency, and contained reports on feedback from European citizens, and Single Market economic integration.

The 3<sup>rd</sup> Scoreboard has been published in October 1998. It is even more enlarged and is increasingly including qualitative indicators, i.e. assessing how the Single Market works in practice, rather than merely looking at the process at Community level. It has been decided to draw up two more versions of the Scoreboard, in mid 1999 and in late 1999.

The Scoreboard reveals steady improvement in meeting the targets set in the Single Market Action Plan, at Member State level as well as at Community level.

Furthermore, the Commission has conducted a major business survey in September 1998, revealing that most companies consider the Single Market has had a positive effect on their business over the last two years. However, companies identified a considerable range of barriers that continue to prevent them from realising the full benefits of the Single Market.

These findings coincide with the findings of the ESC's Single Market Observatory in its survey leading up to the Hearing on "Which Single Market Beyond the Euro?", in September 1998.

### Gist of the opinion

The Committee recognizes that the Action Plan has served a very worthwhile purpose in that it has both driven and facilitated progress towards completion of the legislative framework and that a stronger single market is emerging in which citizens and business will be better able to take advantage of the opportunities available.

However, the Committee does not subscribe to the view expressed by the Commission that the Action Plan "can already be counted as a success", since it has failed to realize one-third of its targets under the June, 1997 Action Plan.

The Committee commends the straightforward and factual presentation maintained in the 3<sup>rd</sup> Scoreboard. It welcomes the categories of information again provided and the continuing analysis of progress made in different areas and by individual Member States. In identifying achievements and shortcomings, the report achieves a reasonable balance even though it reaches a more favourable overall conclusion as to the outcome from that of the Committee.

The Committee acknowledges that the "Scoreboard" title has provided a very succinct and eye-catching banner under which to report progress under the Action Plan. Notwithstanding, the Committee doubts whether it is appropriate to present future comprehensive reports as "Scoreboards". The Committee suggests that further comprehensive reports be produced under a heading such as "Progress and Backlog" which would be, deliberately, less neutral than "Scoreboard" and could be equally media-friendly.

### 3. AGREEMENT CATEGORIES - VERTICAL RESTRICTIONS

**Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) amending Council Regulation No. 17/62/EEC on the application of Article 85(3) of the Treaty to certain categories of agreements and concerted practices**

(COM(1998) 546 final - 98/0287 CNS - 98/0288 CNS)

(CES 195/99 - 98/0287 CNS - 98/0288 CNS)

Rapporteur: Giacomo REGALDO (Italy - Employers)

### Gist of Commission document

On 22 January 1997, the Commission published a Green Paper on *Vertical Restraints in EC Competition Policy* with the aim of stimulating a wide-ranging debate on the application of Article 85(1) and (3) of the Treaty to vertical agreements, prompted by the prospect of the expiry of the current exemption regulations, recently extended to 31 December 1999. It also took the opportunity of assessing the extent to which Community policy in this area needed changing, in order to take account both of progress towards completion of the internal market and of the radical transformation in distribution structures and techniques in recent years, chiefly due to the introduction of information technologies.

There were three main reasons which had been put forward to explain the widespread dissatisfaction with the substantive rules:

- the scope of the Regulations is too limited;
- the rules are too inflexible;
- there is an overly formalistic approach.

In addition, the existing notification procedures were felt to be too cumbersome.

The Commission is now proposing a wider block exemption, achieved in particular by abandoning the approach based on identifying each individual form of exempted distribution in favour of a "blacklist". This would be counterbalanced by introducing economic criteria to limit the application of the exemption regulation, on the grounds of the possible anti-competitive effects of the agreements concerned. This would both introduce flexibility and legal certainty whilst at the same time allowing more effective supervision of the vertical agreements concluded between firms with market power. In addition, the Commission can withdraw the benefit of the block exemption, when an agreement covered by this block exemption nonetheless produces effects which are incompatible with the conditions set out by Art. 85(3).

The Commission also proposes that the Council extend the scope of Article 4(2) of Regulation No. 17 which grants dispensation from the prior notification requirement, by replacing the existing text

by a new provision stipulating that all vertical agreements are exempt from notification under paragraph 1 of that Article. In this way, the legal certainty afforded to firms would be strengthened, as the proposed amendment removes the automatic nullity which applies under the present system to vertical agreements caught by Article 85(1) if they are not notified. However, it should be noted that the amendment does not entail a relaxation in the task of supervision entrusted to the Commission.

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

The Commission's Proposal should lead to a break with previous practice and is, in principle, to be welcomed as it ties in with the approach advocated by the Committee in its earlier opinion on the Green Paper on vertical restraints.

The Committee endorses the introduction of a new regulation with a single 30% threshold, which would facilitate the widespread use of the regulation, leaving the Commission to focus exclusively on those cases in which market power is liable to jeopardize compliance with the rules of competition.

The Committee wishes, however, to point out that high market share is not synonymous with high market power. The Commission should publish in its Guidelines the factors, such as the possibility of foreclosing the market, to be taken as evidence that a high market share reflects real market power. In addition, it would remind the Commission that the introduction of a market share test in the distribution block exemption will require careful treatment in the sense that sufficient guidance must be given on its calculation to ensure that the parties will make use of the block exemption.

With regard to the blacklist clauses, the Committee is greatly concerned about the clause contained in Section V, point 3 of the Communication, which substantially modifies the previous interpretation of territorial exclusivity.

The Committee notes that the duration of agreements has been left undefined, and urges that any limit on the duration of agreements must reflect the length of time required for a return on investment, specifically in the beer and retail petrol sectors.

The Committee notes that the Guidelines are a key component of the new policy, and that these

should be submitted by the Commission in conjunction with the new single regulation prior to any amendment of Regulations (EEC) 19/65 and 17/62. The Committee will then have the opportunity to monitor how the Commission intends to regulate vertical agreements within a clearly defined legal framework, which must be hallmarked by its straightforwardness, transparency, legal certainty and support for SME's if the expected benefits are to be fully passed on to consumers.

#### **4. GREEN PAPER ON COUNTERFEITING**

**Opinion of the Economic and Social Committee on *Combating counterfeiting and piracy in the Single Market (Green Paper)***  
(COM (1998) 569 final)

(CES 198/99)

Rapporteur: Henri MALOSSE (France - Employers)

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

Since the early 1980s counterfeiting and piracy have grown considerably to a point where they have now become a widespread phenomenon, and are thought to account for between five and seven percent of world trade. Every year some 100,000 jobs are lost through counterfeiting in the Community alone. The hardest hit sectors are the data processing industry, the audio-visual industry, the toy industry and the perfume and pharmaceutical industry. In France, one in five firms with more than fifty employees is said to be affected. The US copyright industry puts its losses due to piracy at between USD 12 billion and USD 15 billion a year. In 1996, sales of illegal compact discs accounted for 14% of the relevant market at world level, whilst the piracy rate for software programmes was 46%.

Whilst data does exist at world level, it is difficult to determine the scale of the counterfeiting and piracy phenomenon in the single market. The consequences are difficult to quantify. From the point of view of the economic and social consequences, the counterfeiting and piracy phenomenon leads in the case of firms, to a reduction in turnover and the loss of often hard-won market share. It also leads to a loss of revenue for the State or the Community (customs duties, VAT).

So far, Community initiatives to combat counterfeiting and piracy have concentrated on protecting external frontiers. Within the single market, the measures taken so far have focused on protecting specific sectors, and have been limited in scope.

Consequently, a more comprehensive Community initiative may be necessary to strengthen the means of ensuring that intellectual property rights are respected in the single market. Such an initiative was already included in the Green Paper on Innovation and in the Commission's First Action Plan for Innovation in Europe. All initiatives in this area must comply with the Commission's Action Plan for the Single Market (one of the chief aims of which is to make legislation more effective, notably by ensuring that it is properly complied with), and with the Commission's 1998-99 work programme for the fight against fraud.

The concepts of counterfeiting and piracy as used in the Green Paper cover all products and services which are the subject-matter or the result of an infringement of an intellectual property right (trade mark or trade name, industrial design or model, patent, utility model and geographical indication) or of a copyright or neighbouring right (the rights of performing artists, the rights of the producers of sound recordings, the rights of film producers, the rights of broadcasting organizations) or of the *sui generis* right of the maker of a database.

The Green Paper addresses the following four areas:

- monitoring by the private sector;
- use of technical devices;
- sanctions and other means of enforcing intellectual property rights;
- administrative cooperation between competent authorities.

The object of the Green Paper is to:

- assess the economic impact of counterfeiting and piracy in the single market;
- review the existing legislation in this field, and the improvements needed on the legal front;
- examine the need for Community action in the light of the objectives of the single market.

The measures that might be taken do not have to be first and foremost of a legislative nature but may consist in transparency exercises or in meas-

ures to improve collaboration between firms and the authorities.

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

The Committee recommends that the EU adopt an overall approach that takes account of the external and internal political aspects and introduces appropriate measures for preventing and stamping out all forms of counterfeiting, piracy and other parasitic acts, including the setting-up of a "European observatory to combat counterfeiting, piracy and other parasitic acts".

The Committee agrees with the Commission's attempt to define counterfeiting and piracy as anything that jeopardises property rights, but believes it important not to forget other forms of parasitic activity, such as flagrant imitations and "look alike" products. These cannot be combated with the same legal weapons, but must nevertheless be taken into account, especially as regards consumers and the protection of their rights.

The Committee suggests that the EU should use its new "Third Pillar" powers to undertake in-depth action aimed at establishing cheap and simple procedures in the fight against counterfeiting and pirating. The work on the preparation of "Rome II" convention is of prime importance, particularly against certain acts of counterfeiting or piracy committed with the help of the Internet.

To ensure the collection of accurate data the Committee proposes an EU observation machinery in the form of a network of national or sectoral observation posts. The Committee stresses the need for a comprehensive approach especially in the field of monitoring and surveillance.

The Committee stresses the role of professional organisations, trade unions and consumer movements in assessing the phenomenon and organising action against unlawful practices. Such monitoring must also concern the distribution sector which should be encouraged to develop labels of quality and codes of ethics to root out suspect products or services. Databases on designs and models could be developed as a means of combating counterfeited goods. The Committee urges the Commission to launch pilot projects to encourage such activities on a European scale.

The use of new technology for identifying and "tracking" fraudulent goods should be encouraged.

The Committee points out, however, that this use must not be allowed to have any adverse effects on the free movement of goods within the Single Market.

The Committee notes the importance of having a single set of laws containing uniform protection for all forms of intellectual property and also stresses the need to strengthen legal and police co-operation. It considers that in order to combat organised large-scale counterfeiting and piracy effectively national laws should be applied strictly with the support of effective co-operation at European level.

The Committee is surprised that the Green Paper does not mention the vast differences in approach and behaviour in the attitude of different national authorities. Co-operation between authorities in the different countries must be backed up by a harmonisation of rules and practices.

## 5. UCITS

**Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council Directive amending Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)**  
(COM(1998) 449 final - 98/0243 COD)

(CES 201/99 - 98/0243 COD)

Rapporteur: Malcolm LEVITT (United Kingdom Employers)

### Gist of Commission document

With the adoption of the UCITS Directive in 1985 the first important step was taken toward co-ordinating the laws and regulations for certain collective investment undertakings. The Directive laid down provisions concerning the authorisation, supervision, investment policy and transparency requirements for UCITS ("undertakings for collective investment in transferable securities"). The main purpose of the co-ordination was to approximate the conditions of competition between UCITS at Community level, to ensure effective and uniform protection for investors, and to introduce - for the first time in the financial sector - the principle of mutual recognition.

As highlighted by the Commission Action Plan for the Single Market the sector of collective investment undertakings is one of the financial services areas in which the Single Market is still incomplete. Existing barriers to free cross-border marketing of units issued by such undertakings need urgently to be removed by extending the Single Market benefits to other types of collective investment undertakings, while preserving a uniform minimum level of protection of investors. The Action Plan also considered it necessary to introduce harmonised market access rules and operating conditions for management companies - completely lacking until now.

The Commission has therefore prepared a package of measures to modify the 1985 Directive, presented as two separate proposals.

The aim of this proposal is to remove barriers to cross-border marketing of units of collective investment undertakings by:

- extending the scope of the Directive to UCITS investing in financial assets other than transferable securities, such as: units of other collective investment undertakings; money market instruments; bank deposits; and standardised options and futures contracts;
- up-dating the Directive in the light of new portfolio management techniques which have been developed since 1985;
- clarifying interpretative uncertainties relating to a number of provisions of the UCITS Directive which currently hinder a uniform application of the Directive.

### Gist of the Opinion

The ESC welcomes and approves the Commission's proposal and urges the Council and Parliament to consider it with all speed. However, there are a number of points on which further attention and some amendments appear to be required.

The treatment of money market instruments is confusing. It is not clear if it is intended to allow investment in money market instruments dealt both on a regulated market and on non-regulated markets.

The proposal to allow the developments of "funds of funds" is to be welcomed. This allows UCITS

to create balanced, diversified funds in a manner which is much more economical than creating a new, entirely separate fund to invest directly in stocks and bonds. On balance the Commission proposal of a 35% limit appears to be a reasonable compromise which, in the Committee's Opinion, should be adopted.

The proposal to amend Article 21 clarifies that all UCITS can invest in over the counter (OTC) derivatives for purposes of efficient portfolio management, and is to be welcomed. However the new Article 24b could unjustifiably restrict the activities of UCITS operating in countries where derivatives exchanges are less well developed. Instead, the appropriate response would be to require the competent authorities to ensure that an appropriate quality and spread of counterparties are used, subject to appropriate limits. There would also be merit in bringing in a single article all the dispositions relating to UCITS' use of derivatives.

The proposed increased investment limit (Article 22.a) of 35% for tracker funds is too high, even if a 10% limit is too low. A limit of 20% should be sufficient to ensure that all major indices can be tracked. This should be supplemented by an aggregate limit of 50% of the total assets of the fund, composed of investments in individual entities each of which is over 10% of the fund's assets.

However, one of the effects of the single currency will be a reduction in the emphasis on national stock indices and the growing importance of pan-EU indices, so that the problem which this ceiling addresses seems likely to diminish in significance over time. The proposal of reserving a higher limit for tracker funds could unintentionally distort the market in their favour and to the detriment of managed funds; hence, if the diversification rules are to be relaxed, they should be relaxed for all funds.

The proposal to allow the creation of funds investing in cash deposits is to be welcomed. It is also right that such funds be subject to appropriate regulations. However, these should be both relevant and proportionate. The Commission's proposal should be revised to reflect this.

The Commission proposes to ban the use of non-EU subsidiaries by UCITS on the grounds that effective supervision requires the location of any subsidiaries within the EU. This is not reasoning which is applied elsewhere in single market legislation, and a number of Member States do allow UCITS to make use of such subsidiaries. Provided the competent authorities are satisfied that they can effectively supervise the activities of a non-EU subsidiary and that it does not threaten the interests of unit-holders, there is no need for a blanket prohibition.

**Section for Economic and Monetary Union and Economic and Social Cohesion**  
*Arie Van De Graaf, Head of Division - ☎ (032-2) 546 9227*

**6. ANNUAL REPORT OF THE COHESION FUND (1997)**

**Opinion of the Economic and Social Committee on the *Annual report of the Cohesion Fund (1997)* (COM(1998) 543 final)**

(CES 192/99)

Rapporteur: Paulo BARROS VALE (Portugal - Employers)

**Gist of the Commission document**

This report outlines Cohesion Fund activities in 1997. To complete the picture, however, it also includes some remarks on the Fund's activities since its inception as well as comments on planned future moves. All the commitment and payment appropriations scheduled for 1997 were implemented. Between 1993 and 1997, the Fund committed roughly two-thirds of its overall allocation for the 1993-1999 phase.

Overall, 1997 also saw a marked improvement in the balance between environmental and transport-related projects, despite the considerable disparities which remain from one country to another.

In the transport sector, more than a third of commitment appropriations were allocated to rail projects. Between 1993 and 1997, the share of rail financing in the total transport budget rose from almost 20% to around 23%.

On both these fronts, developments are fully in line with the Committee's recommendations in previous opinions, including that on the 1996 Cohesion Fund report. In contrast, another of the Committee's recommendations - for greater financial backing for the development of port and maritime infrastructure - is rejected by the Commission on the grounds that "these types of activity are generally commercial in nature, often generating considerable revenues and reducing the need for grants from the Union budget".

#### - Evaluation

The evaluation of projects financed by the Cohesion Fund, and in particular their social and economic spillover, receives careful attention, drawing to a large extent on a study by the London School of Economics. A summary of the study is given in the report.

The Commission has also agreed on detailed terms of reference - applicable until the end of 2000 - for the *ex post* evaluation of the present generation of Cohesion Fund projects. Some 120 projects are likely to be evaluated in the four beneficiary countries; to guarantee a harmonized approach, the evaluation is to be carried out by an outside assessor.

The findings are to be used, among other things, to help the Commission improve future *ex ante* appraisal and monitoring of projects financed by the Cohesion Fund.

#### - Project monitoring and financial implementation

Inspection visits to the four beneficiary countries have been stepped up in order to check compliance with the targets and time-scales set out in the decisions granting Cohesion Fund assistance, and to ensure that any special conditions have been fulfilled.

As for financial implementation, in 1997, as in earlier years, no case of fraud was discovered or reported to the Commission. Moreover, principles were established governing the eligibility of expenditure using part-financing with Cohesion Fund assistance. From now on, a copy of these principles will be appended to all decisions granting Fund assistance.

#### Gist of the opinion

The Committee welcomes the considerable improvements in the report, notably as regards its structure and the summary. However, it regrets the delay in its publication and the insufficient information about the changes made to individual projects. The Committee is pleased that some of the recommendations made in earlier opinions have been adopted, particularly as regards the need to improve the balance between the environment and transport sectors.

The Committee is also pleased to note:

- the Fund's beneficial impact over the medium to long term, especially as regards employment, the relationship between public and private investment, and relations between the cohesion countries and their neighbours;
- the Commission's concern to monitor projects more closely, notably by asking outside assessors to conduct *ex post* evaluations, stepping up inspection visits and checks, and organizing meetings with the social partners.

At the same time, the Committee calls for:

- a better balance between the funding of projects for the different transport modes, as road schemes have predominated hitherto;
- a greater drive to increase investment in projects for sea and inland port infrastructure;
- more investment in nature protection and improvement of the urban environment, and in the forestry sector to combat desertification and other environmental problems;
- a more even geographical distribution of projects, as these continue to focus on the main areas of population;
- greater flexibility when considering applicants (at present this mainly means central government) for Cohesion Fund support, *inter alia* by being more open to intermediary bodies;

- greater publicity of Cohesion Fund activity, in order to make the public more aware of the Union's commitment to the development and modernization of the beneficiary countries.

Lastly, the Committee reiterates its support for the Commission's proposal to continue the operation of the Cohesion Fund in the four current beneficiary countries in the period 2000-2006.

In this context, the Committee stresses that as some of the countries preparing for EU accession are likely to be eligible for Cohesion Fund support in the future, the Fund's resources will have to be increased rather than redistributed. A reduction in budgetary capacity would undermine the primary objective of boosting economic and social cohesion, and would mean that fewer high-quality projects could be approved.

## **7. DETERMINATION OF THE PERSON LIABLE FOR PAYMENT OF VAT**

**Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending Directive 77/388/EEC as regards the determination of the person liable for payment of value added tax**

(COM(1998) 660 final - 98/0312 CNS)

(CES 193/99 - 98/0312 CNS)

Rapporteur: Kenneth WALKER (United Kingdom - Employers)

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

Under the present VAT system, the person liable to pay tax to the authorities is the trader who carries out taxable transactions in a given country.

However, where this trader is not established in the Member State where he carries out taxable transactions, Member States have the option of requiring payment of the tax from someone else. A tax representative or the person for whom the supply of goods or of services is intended may be designated for this purpose.

Article 21 of the sixth VAT directive (77/388/EEC) also permits Member States to provide that someone other than the person liable for payment of the tax is held jointly and severally liable for payment of the tax.

The main features of the present legislation as regards the determination of the person liable for payment of the tax are therefore (a) its extreme complexity and (b) the wide differences in its actual application, because of the many options the Member States are allowed.

The proposal for a directive is the fruit of the Commission's commitment under the SLIM initiative (Simpler Legislation for the Internal Market) to streamline the rules on tax representation.

The proposal supports the idea that there should be only one person liable for payment per type of transaction, irrespective of the Member State in which that transaction was carried out. It is stated as a general principle that the taxable person who carries out the taxable transaction must be the person liable for payment of the tax, whether or not that taxable person is established within the territory of the country.

The main advantage will be the simplicity of a more harmonised Community legislation, which all traders can understand, so that there will no longer be any doubts as to the determination of the person liable to pay the tax.

The fact that the recipient of the goods or the purchaser of the service can no longer be designated as the person liable for payment of the tax answers the concern, consistently expressed by the Commission, that the "reverse charge" system, which runs counter to the principle of fractioned payments, should not be developed.

Member States also still have the option of designating a person other than the person liable for payment of the tax as jointly and severally liable for payment of the tax. However, there is a statement to the effect that this option must not give rise to provisions which create a disadvantage specifically for non-established taxable persons.

The principle that the non-established taxable person must be the person liable for payment of the tax will clearly not prevent him (or the established taxable person) from appointing an agent, responsible for complying with the obligations laid down by Article 22 of the Sixth Directive in his place, if he is unable to do so himself because of linguistic, administrative or organisational barriers. For the sake of transparency, the administration must be informed of the agent's name and the taxable per-



son is responsible for the agent's actions vis-à-vis the administration.

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

The ESC welcomes the proposed Directive as constituting a fundamental improvement on the existing position, which will reduce the burdens imposed on Business by compliance costs, facilitate the development of the Single Market, create a climate of greater certainty for traders and national administrations alike and pave the way for the introduction of a new common system of VAT.

It has some concern that these benefits might be impaired or nullified if Member States exercised their option to designate a person other than the person liable for payment of the tax as being jointly and severally liable for payment of the tax in such a way as to make this a general requirement for all traders, both non-established and established, who appointed an agent to act on their behalf in complying with their statutory obligations. The Committee expresses the hope that Member States will not act in this way.

Whilst it supports the present proposal as constituting an improvement on the present situation the Committee reiterates the position which it has adopted in numerous previous opinions to the effect that modifications to the existing transitional system cannot do more than tinker with problems which can only be fully and finally resolved by the introduction of a new definitive system of VAT : it expresses, once again, its concern at the length of time which it is taking to bring thus about and urges the Member States to adopt a constructive and cooperative approach to the system of VAT reform.

#### **8. TAXATION OF SAVINGS INCOME IN FORM OF INTEREST PAYMENTS**

**Opinion of the Economic and Social Committee**  
on the *Proposal for a Council Directive to ensure a minimum of effective taxation of savings income in the form of interest payments within the Community*

(COM(1998) 295 final - 98/0193 CNS)

(CES 194/99 - 98/0193 CNS)

Rapporteur: Michael GEUENICH (Germany - Workers)

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

The thrust of this proposal is to require each Member State to take the measures necessary so that individuals who are nationals of one of the other fourteen Member States shall pay a minimum tax on interest income from savings. For this purpose, paying agents must opt either for the levy of a withholding tax or for compliance with a procedure for transmitting information to the tax authorities of the beneficiary's country of residence for tax purposes. Within the meaning of the directive, "interest" also covers capitalized interest and participation in company profits (unless the funds loaned actually bear a share of the risks incurred by the debtor) as well as interest received via collective investment undertakings (over 50% investment in bonds). An interest payment rate of 20% is proposed for the withholding tax. This tax is not levied where the beneficial owner presents to the paying agent a certificate showing the amount declared to his tax authority. To avoid double taxation, the Member State in which the beneficial owner is resident for tax purposes grants a tax credit equal to the amount of tax due on such interest in its territory. If this credit is less than the withholding tax effectively paid, the paying agent's Member State shall repay the balance to the beneficial owner. Though the directive is to apply solely to the Member States (territories where the treaty rules are applicable), the Community will enter into bilateral or multilateral negotiations with third countries.

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

The Committee welcomes the proposal for a directive because, once fully implemented by the Member States, it should curtail improper tax competition, and help to provide resources for job creation and to prevent the European Union being put at a disadvantage on international capital markets.

The Committee also considers the chosen "coexistence model" to be appropriate, since it respects the existing differences between Member States with respect to taxation of interest (withholding tax or obligation to inform). The Committee notes that ensuring minimum taxation of cross-border interest payments does not prevent individual Member States from helping small savers by providing tax exemptions, for example.

Since collection of withholding tax does not discharge the beneficiary's tax liability, but could do

so de facto if the beneficiary did not declare the interest received in the country of residence, the Committee points out that the "information system" is a particularly effective way of ensuring that interest is taxed at the beneficiary's personal tax rate.

The Committee assumes that there can be no problem with administering the "information system" in this age of advanced electronic communications technology.

The Committee welcomes the Commission proposal that the Council should adopt a decision on

negotiations to bring the position of EU exclaves and "off-shore" centres into line.

The Committee recommends that the minimum taxation of interest should be extended to financial products, which can be considered virtually equivalent to fixed-interest investments. The inclusion or non-inclusion of eurobonds in the scope of the directive is a major problem. The eurobond market is very significant in volume terms and has particular features that call for special evaluation of its tax treatment.

**Section for Transport, Energy Infrastructure and the Information Society**  
Luigi Del Bino, Head of Division - ☎ (32-2) 546 9353

## 9. WHITE PAPER/PAYMENT FOR INFRA-STRUCTURE USE

**Opinion of the Economic and Social Committee on *Fair payment for infrastructure use: a phased approach to a common transport infrastructure charging framework in the EU***  
(COM(1998) 466 final)

(CES 196/99)

Rapporteur: Dethmer H. KIELMAN (Netherlands - Employers)

### Gist of the Commission document

The great diversity of infrastructure charging systems across modes of transport and Member States undermines the efficiency and the sustainability of Europe's transport system.

This situation gives rise to significant distortions of competition within and between modes, often on the basis of the nationality of the transport provider. It also limits the incentives to cut environmental costs and holds back the efficient provision of infrastructure.

The current White Paper, which follows on from the 1993 White Paper on the future development of the common transport policy and the 1995 Green Paper entitled *Towards fair and efficient pricing in transport*, explains how infrastructure charging reform can solve many of the transport sector's

problems, and help develop European transport services.

To this end, the Commission proposes a gradual and progressive harmonization of charging principles in all major commercial modes of transport. It also proposes that the charging system be based on the "user pays" principle, i.e. all users of transport infrastructure should pay for the costs, including environmental and other external impacts, at, or as close as possible to the point of use.

The steps of this phased harmonization would be as follows:

- Between 1998 and 2000, the Commission hopes to revive the advisory committee on charging, made up of experts from the Member States and transport sector representatives. Its job would be to establish a way of estimating the marginal costs of transport (social, infrastructure damage, congestion, environmental, accidents) and to develop transparent accounting.
- Between 2001 and 2004, a charging system would be introduced for rail, ports and airport infrastructure to complement the road charging system.
- Finally, beyond 2004, the Commission would review the first two stages and propose more far-reaching charging principles.

### Gist of the section opinion

The Commission's White Paper deserves support because of its basic principle that "users pay for all the costs they engender".

In the ESC's view, this principle can only be implemented if there is a thorough analysis of the relative value of the different cost components and a level playing field for all transport modes.

The ESC feels that before introducing the "user pays" principle, things must be clear about income neutrality and the way this is put into practice.

Once again, the ESC would specifically point out the world-wide nature of aviation and maritime transport, where decisions should be taken in accordance with international conventions.

**Section for Agriculture, Rural Development and the Environment**  
Francisco Vallejo, Head of Division - ☎ (32-2) 546 9396

### 10. COMMON ORGANIZATION OF THE MARKET IN FRUIT AND VEGETABLES

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Regulation (EC) amending and correcting Regulation (EC) No. 2200/96 on the common organization of the market in fruit and vegetables* and the *Proposal for a Council Regulation (EC) amending Regulation (EC) No. 2202/96 introducing a Community aid scheme for producers of certain citrus fruits*  
(COM(1998) 647 final - 98/0309 CNS - 98/0310 CNS)

(CES 197/99 - 98/0309 CNS - 98/0310 CNS)

Rapporteur working alone: José BENTO GONÇALVES (Portugal - Various Interests)

#### Gist of the Commission proposal

The rules on producer organizations (EC Regulation No. 2200/96) require members to sell their entire production through the organization. This requirement does not apply to direct sales from the producer's holding, which are however subject to quantity restrictions. The Commission is now proposing to extend this waiver to direct sales away from the holding, albeit with the quantity restrictions being maintained. It is also proposed that the Community should bear the transport, sorting and packaging costs occasioned by the free distribution of products that have been withdrawn from the market.

The proposal also makes provision for a few minor changes in some language versions.

If the processing thresholds laid down in EU Regulation 2202/98 are exceeded, the aid fixed for the current marketing year is cut under current rules. This causes problems for the management of producer organizations with the result that it is now being proposed that the measures which come into force when a threshold is exceeded should be postponed until the following marketing year.

#### Gist of the opinion

The Committee approves the Commission proposal, on condition that certain comments are taken into account. The Committee is concerned about the impact of the proposal on the operation of producer organizations and about its economic impact, and about the absence of provisions for monitoring direct sales. It also thinks that producer organizations should be effectively compensated for all the transport, sorting and packaging costs of free distribution of products.

### 11. INCINERATION OF WASTE

**Opinion of the Economic and Social Committee** on the *Proposal for a Council Directive on the incineration of waste*  
(COM(1998) 558 final - 98/0289 SYN)

(CES 200/99 - 98/0289 SYN)

Rapporteur: Ulla Birgitta SIRKEINEN (Finland - Employers)

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

The Commission proposal, which is based on article 130s of the Treaty, seeks to introduce a number of Community-wide provisions regarding the incineration of waste in order to contribute to increased protection of human health and the environment. Taking account of existing EU legislation on waste incineration (Directives 89/369/EEC and 89/429/EEC on new and existing *municipal* waste incineration plants as well as Directive 94/67/EC on *hazardous* waste incineration), the proposal mainly aims to:

- extend the scope of existing Community legislation to cover the incineration of non-hazardous non-municipal waste and hazardous wastes excluded from Directive 94/67/EC, in order to fill the existing gap in Community legislation;
- introduce emission limit values for plants that co-incinerate waste;
- establish or update emission limit values applicable to municipal waste incineration plants and add emission limits on releases to water;
- require that heat generated in the incineration process be recovered as far as possible and that residues be prevented, reduced or recycled as far as possible.

It should be recalled that waste incineration gives rise to emissions of pollutants to air, water and land. Such pollutants include toxic organic compounds (dioxins, furans), heavy metals (cadmium, chromium, mercury) as well as acidifying gases (NO<sub>x</sub>) and particulate matter.

### **Gist of the opinion**

The Committee broadly backs the Commission proposal since, among other things, it seeks to promote the protection of the environment and public health, restrict unwelcome cross-border waste shipments and harmonize conditions of competition across the EEA. In overall terms, the Committee notes that waste incineration with energy recovery has a number of advantages over landfill and, moreover, is necessary to meet the

recovery requirements of the Directive on packaging and packaging waste (Directive 94/62/EC).

The Committee makes the following observations on a number of more specific points:

- **the case for the blanket sorting and pre-treatment of waste intended for incineration**

Wherever possible, material classified as non-hazardous waste should be sorted both from hazardous waste and from waste which is non-hazardous in itself but likely to give rise to harmful emissions when incinerated. Producers and holders of waste should provide incineration plants and co-incineration plants with precise information on the quality and characteristics of waste so that they can assess its suitability for incineration in the plant concerned.

In the same context, the Committee asks the Commission to look into whether other materials classified as waste, but not causing harmful emissions when incinerated, could also be excluded from the scope of the proposed directive, such as agriculture and forest residues and wood.

- **why co-incineration is necessary and worthwhile**

In this connection, the Committee would first of all point out that fully exploiting the scope for safe co-incineration, for example, in cement kilns and power and heat-generation plants, may help obviate the need for new incineration plants to be built. The Committee also notes that in Member States such as Finland, Ireland, Greece, Portugal, Austria and the United Kingdom, where there are only a few, if any, dedicated incineration plants, compliance with the recovery targets set out in the packaging waste directive requires co-incineration on a considerable scale. The Committee feels that the Commission co-incineration proposals take account of this fact without prejudicing the need to protect the environment and public health. In terms of the emission limit values put forward by the Commission for co-incineration, however, the Committee would press for a transition period for waste incineration in *existing* co-incineration plants where it is known from the outset that no hazardous substances are thereby released.

## **II. FUTURE WORK**

### ***FOR INFORMATION***

- Competitiveness of European enterprises in the face of globalization (Communication) (**INT-JULY**)  
COM(1998) 718 final
- Public sector information in the information society (Green Paper) (**TEN-APRIL**)  
COM(1998) 585 final
- Financial instrument for the environment (LIFE) (**NAT-MAY**)  
COM(1998) 720 final - 98/0336 SYN
- Structural assistance in the fisheries sector (**NAT-MAY**)  
COM(1998) 728 final - 98/0347 CNS
- Community action programme in the field of civil protection (**NAT-APRIL**)  
COM(1998) 768 final - 98/0354 CNS
- Accidental marine pollution (**NAT-APRIL**)  
COM(1998) 769 final - 98/0350 SYN
- Minimum criteria - environmental inspections (**NAT-APRIL**)  
COM(1998) 772 final - 98/0358 SYN
- 1999 annual economic report (**ECO-APRIL**)  
COM(1999) 7 final

### ***IN ANTICIPATION***

- Units of measurement (**INT-APRIL**)  
COM(1999) 40 final - 99/0014 COD
- Front underrun protection of motor vehicles (**INT-MAY**)  
COM(1999) 32 final
- Authorization for circulation of heavy vehicles in Switzerland (**TEN-MAY/JULY**)  
COM(1999) 35 final
- Common organization of fisheries and aquaculture markets (**NAT-JULY**)  
COM(1999) 55 final
- Final abandonment premiums - winegrowing areas (Charentes region) (**NAT-TO BE DECIDED**)  
COM(1999) 83 final
- Reduced VAT on labour-intensive services (**ECO-JULY**)  
COM(1999) 62 final
- 6<sup>th</sup> report on the socio-economic situation of the regions (**ECO-SEPT**)
- Community action programme (DAPHNE)(2000-2004) (**SOC-APRIL**)  
COM(1999) 82 final
- Environmental dimension in the development process of developing countries (**REX-MAY/JULY**)  
COM(1999) 36 final - 99/0020 SYN
- Conservation and sustainable management of tropical forests in developing countries (**REX-MAY/JULY**)  
COM(1999) 41 final - 99/0015 SYN

### ***OWN-INITIATIVE WORK***

- Social economy and the single market (**INT-JULY**)
- Combating tax evasion in the single market (**INT/SMO-MAY/JULY**)
- Role of the EU in a pharmaceutical policy reflecting citizens' needs (**INT-DEC**)
- Pluralism and concentration in the media (**TEN-SEPT**)

- A policy to consolidate the European agricultural model (**NAT-SEPT**)
- Fiscal policy: harmonization and coordination in the economic and monetary union (**ECO-JULY/SEPT**)
- Impact of implementing EMU on economic and social cohesion (**ECO-JULY/SEPT**)
- Towards a Citizens' Treaty (**SOC-DEC**)
- Poland on the road to accession (**REX-JULY/SEPT**)
- The Nordic dimension including relations with Russia (**REX-OCT**)

#### ***INFORMATION REPORT***

- The economic and social situation and the role of the socio-occupational organizations in Cyprus (**REX-JULY/SEPT**)

#### ***ADDITIONAL OPINION***

- Fourth additional opinion on the single market action plan (**MAY/JULY**)

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

#### **Activities of the ESC presidency**

**Mrs Rangoni Machiavelli**, ESC president, met Commissioners Monika Wulf-Mathies and Emma Bonino on 2 February. Among other things, they discussed Mrs Bonino's participation in European Consumers' Day, scheduled for 15 March. On the following day, Mrs Rangoni Machiavelli visited the European Parliament for a meeting with Mr Gutierrez-Diaz, vice-president, on the procedure for EP consultation of the ESC. Mr Gutierrez-Diaz confirmed Parliament's wish to draw regularly on contributions from the Committee.

During the period covered by this Bulletin the ESC president received visits from:

- Mr Mohr, president of the ECSC Consultative Committee, whose term of office will expire when the Amsterdam Treaty comes into force;
- Mr Bonetti, the new president of the European Union of Crafts and Small and Medium-Sized Enterprises; and
- Ambassador Akyol, head of the Turkish mission to the EU, with whom Mrs Rangoni Machiavelli discussed the liaison and cooperation activities carried out by the ESC in the context of the work of the EU-Turkey Joint Committee and the Euromed partnership.

#### **Activities of sections and members**

Mr Olsson, president of the Section for Employment, Social Affairs and Citizenship attended a working session on the subject of the labour market and employment within Economic and Monetary Union, which was held in conjunction with the meeting of EU Labour and Social Affairs ministers in Bonn on 4-5 February. The ESC had been invited to send a representative to this event by the EU Council Presidency.

The session enabled participants to exchange views on the effects of the euro on employment and the labour market. Mr Olsson, for his part, stressed the role that the ESC could play in the implementation of economic and employment policy guidelines.

On 17 February Mr Vever, president of the Committee's Internal Market Observatory, together with ESC member Mr Cal, met a delegation of members of the French Parliament. They discussed the Structural Funds and the operation of the internal market.

On 18 February, meanwhile, Mr Olsson, Mr Geuenich and Mr Jaschick met a delegation from the German Parliament's Committee for Labour and Social Affairs (Bundestagesausschuss für Arbeit und Sozialordnung). They exchanged views on employment policy and the role of the European ESC as an assembly for organized civil society.

Mr Bernabei represented the ESC at a conference in Essen, Germany, on 25-26 February to mark the launch of the fifth framework RTD programme.

## **Other News**

### ***Tobacco: Premiums and guarantee thresholds - the ESC is unable to adopt an opinion***

At its February plenary session, the Economic and Social Committee was asked to take a decision on an opinion previously adopted by the Agriculture Section on the *Proposal for a Council Regulation amending Regulation No. 2075/92 and fixing the premiums and guarantee thresholds for leaf tobacco by variety group and Member State for the 1999, 2000 and 2001 harvests*. The rapporteur was Mr Nikolaos Liolios, Various Interests Group, Greece.

The opinion in question, which had been adopted by the section by 13 votes to 10 with 2 abstentions, could be considered generally favourable to the agricultural sector, especially regarding the need to continue subsidizing tobacco production in certain regions of the Union.

On the initiative of consumer representatives, a counter-opinion was proposed at the plenary session categorically rejecting the opinion proposed by the Agriculture Section and opposing any assistance for tobacco cultivation on public health grounds.

Both these opinions were rejected by the plenary session when put to the vote. Thus for the third time in recent years, the Economic and Social Committee was unable to issue an opinion on a Commission proposal relating to the tobacco sector.

## **IV. RESIGNATION**

Mr Nikolaos Lerios (Group III - Greece) has resigned from the ESC. He was replaced by Mr Nikolaos Vassilaras, who was installed as a Committee member at the February plenary session.

## **V. INFORMATION VISITS**

The following groups, among others, visited the ESC during the period in question:

- University of Wales - UK
- Katholieke Hogeschool Zuid-West-Vlaanderen - Belgium
- Hogeschool de Horst - Netherlands
- CECOIA - Portugal
- Université du Havre - France
- University of Cardiff - UK
- University of Malta - Malta
- Senior Civil Servants from Cyprus

- Erasmus School Brussels - Belgium
  - Dyckerhoff Zement Wiesbaden - Germany
  - Institut Européen des Hautes Etudes Internationales - mixed
  - ABPE - Belgium
  - Westminster University - UK
  - Université d'Aix Marseille III (Magistère) - France
  - Delegation of civil servants from Calabria - Italy
  - Freie Universität Berlin - Germany
  - UNISON - UK
  - Briefing of new EU officials - mixed
  - SEPLIS - Austria
  - Delegation of civil servants from Naples - Italy
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**European Economic and Social Committee**

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