

ECONOMIC AND SOCIAL CONSULTATIVE ASSEMBLY

BULLETIN

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ECONOMIC AND SOCIAL COMMITTEE

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I. 288th Plenary Session of 3 and 4 July 1991

The Economic and Social Committee of the European Communities held its 288th Plenary Session in Brussels on 3 and 4 July 1991. Mr François Staedelin, Committee Chairman, presided.

The following Opinions were adopted at this Plenary Session.

1. ENERGY AND THE ENVIRONMENT (Own-initiative Opinion)

Aims of the Opinion

At the end of November 1989 the Commission adopted a communication on energy and the environment (COM(89) 396 final of 8 February 1990) with the intention of making the environment dimension an integral component of the energy policies of the Community and its Member States.

As reiterated by the Commission on several occasions, the purpose of this communication is to stimulate extensive debate on the energy/environment interface without taking a stand, at this stage, on options for future energy sources. The communication includes an explanatory memorandum on the effects of energy cycles without ranking the various energy sources in order of priority. In addition, the Commission is proposing a number of general guidelines, open to debate, on ways of integrating the environment dimension into energy policy.

The energy/environment interface debate fits into a broader perspective, namely, the revision of the Community energy objectives laid down by the Council in September 1986 and the determination of long-term energy market trends and the outlook for the years 2010-15. The outcome of this debate can be expected to have a significant influence on the adoption of future energy policy options and on the guidelines which will then be proposed by the

Commission (and on which the Committee will subsequently be consulted).

The process of deliberation on new energy policy guidelines was launched by the Commission last September with the presentation of a document called 'Major themes in energy'. This document outlines three scenarios for possible long-term energy market trends, largely in the light of environmental factors. It was presented by the Commission at the World Energy Conference held in September in Montreal, where the environment was one of the major themes.

The Committee could not remain aloof from future discussions and a debate which would otherwise become basically the preserve of experts and governments. In its view, economic and social interest groups had to be able to express their views without waiting for the Commission to come forward with its new energy policy guidelines, by which time the Committee would have little chance of exercising any influence.

For several years the Committee has taken an interest in this field and drawn attention to the environmental impact of energy policies. In 1985 the Section for Energy, Nuclear Questions and Research drew up an information report on 'Energy options: environmental constraints and their implications for Community energy policy' (CES 773/84 final of 30 July 1985 — rapporteur: Mr von der Decken).

The purpose of this Own-initiative Opinion is therefore to allow the Committee to frame practical proposals for the determination of energy policy guidelines, taking full account of the environment dimension. The Committee could also contribute, through this Opinion, to the Commission's framing of its future energy priorities.

Gist of the Committee Opinion ¹

The growing awareness that the greenhouse effect may be linked to climatic changes has now become a political issue of great topicality. There is virtually no disagreement today about the actual existence of such a thing as the greenhouse effect. What is still very uncertain is how it will develop, and in particular what repercussions it will have on the climate, nature, living conditions and economic and social life.

¹ CES 879/91.

The possible consequences of climatic changes brought on by the greenhouse effect are nevertheless so serious and so incalculable that everyone today (i.e. both the general public and political decision-makers) is convinced of the urgent need for action.

It is against this background that the Committee felt that its Opinion should give priority to this question — and above all look at whether the European Community could not devise strategies and measures to counter or at least attenuate the greenhouse effect.

The energy sector bears a large responsibility for the creation of the greenhouse effect phenomenon and there is no longer any doubt that the considerable increase of CO₂ concentrations in the atmosphere (the main artificial greenhouse effect gas) is largely energy-related. Most emissions of CO₂ are in fact caused by the use of fossil fuels.

Objectives have been laid down in various international and Community forums with the aim of reducing CO₂ emissions in the Community and worldwide. The industrialized countries, which are to a disproportionately large extent responsible for these emissions, have a particularly important role to play in efforts to reduce CO₂ emissions.

All the discussions which have been held so far, and which are underpinned by a welter of scientific facts and figures, show the difficulties of achieving the energy objectives, bearing in mind the energy needs of a large number of countries bent on economic development.

Efforts must be balanced and any strategy to reduce CO₂ emissions must take into account three basic factors:

- (i) No region in the world, and therefore not even the European Community, can act effectively on its own. A joint effort by all is the only way forward.
- (ii) To get anywhere near to achieving the emission-reduction target cited as an example, overall energy production and consumption worldwide would have to be radically transformed and put on an entirely new footing.
- (iii) Such a radical transformation, which would have to be accompanied by a change in mental attitude, can only be achieved if a CO₂ emission-reduction policy is accepted as an absolute priority worldwide — and at all political levels.

In the field under discussion the Community can and must be at the forefront. This implies large-scale and determined efforts, reflecting the absolute priority given to the policy to limit the greenhouse effect. The Committee believes, however, that such a policy will only gain full acceptance as a high priority if two conditions are met:

- (a) if it does not simultaneously jeopardize other Community objectives such as security of supplies, competitiveness, the functioning of the single market and the acceptability of the social consequences;
- (b) if our knowledge is refined and improved about:
 - (i) the behaviour and effects of gases affecting the climate, and
 - (ii) the impact of the greenhouse effect on climates both regionally and globally.

This implies an intensification of the research effort.

What policy and for what objective?

The key to a policy aimed at stabilizing the greenhouse effect is to define the Community's objective regarding trace gas emissions with a greenhouse effect, making sure that such an objective will be acceptable to all Member States.

In this connection, the decision taken by the Joint Energy/Environmental Council on 20 October 1990 to stabilize total CO₂ emissions in the EC by the year 2000 at the 1990 level must be regarded as a minimum objective. The acceptance of this objective by all (as well as its achievement) presupposes that the burdens stemming from such a policy will be shared out equitably and reasonably among the Member States. In sharing the burden, criteria would have to be adopted to reflect the special situation of individual Member States.

Whilst the yardstick in setting CO₂ emission-reduction targets is whether it can meet the need to lower the emission of greenhouse gases, rational targets require identification of the 'reduction potential', i.e. the capacity for reducing CO₂ emissions.

Basing its ideas on the deliberations of the German Parliament's Commission of Enquiry, which published a report in 1990 entitled 'Preventive measures to protect the earth's atmosphere', the Committee proposes a definition of the concept of 'reduction potential', taking into consideration the distinction which needs to be made between theoretical, macroeconomic, microeconomic and expectation potential. These terms are defined in the text of the Opinion.

Whilst the Member States will have to bear a special responsibility for achieving targets, the Community's responsibilities are no less great: the latter will have to ensure that action at Community level complements measures of Member State level and that the measures taken by individual Member States are aligned with one another to achieve the targets set. In most cases national measures either directly affect EC law or, because of their effect on the single market, cannot be implemented in isolation from the Community as a whole.

To achieve CO₂ emission stabilization objectives, action is required in several areas:

- (i) economic and fiscal measures;
- (ii) increase in energy efficiency and energy savings;
- (iii) development and utilization of energy technologies using fossil fuels with a minimum of pollution;
- (iv) promotion of the development of renewable energy sources.

With regard to nuclear energy, the Committee considers that although its role is seen in different lights, there is no question of it being the sole cure for the greenhouse effect. Nevertheless we cannot ignore its contribution to a global CO₂ emission-reduction strategy. If a broad basis is to be created for winning nuclear acceptance, other problems must be tackled at the same time, i.e. nuclear safety, waste disposal, the decommissioning of nuclear power stations and nuclear proliferation.

Nuclear fusion has enormous future potential, which is why the Committee has already expressed support for continuing research efforts in this area.

Since the transport sector is also likely to be a major source of any future increase in CO₂ emissions, the Committee considers that structural changes are needed to establish a fundamentally new transport policy.

In parallel, the Community must be able to act firmly in the international arena and play a leading role in the conclusion of an 'international convention on the climate'. The Community should also do all in its power to make resources available to developing countries so that the latter can meet their growing energy needs whilst maintaining the rise in CO₂ emissions within reasonable proportions.

CO₂ emissions are not, however, the sole source of atmospheric pollution associated with energy production and consumption.

Other substances also sometimes cause considerable environmental problems (either directly or indirectly via secondary pollutants) in terms of damage to woodlands and buildings, health hazards, damage in agriculture, the eutrophication (fertilization) and over-acidification of water.

The Committee examines the main substances in question from the point of view of their harmfulness, their origin and the possibility of reducing their effects in the future. They include sulphur dioxide (SO₂), nitric oxide (NO_x), unburnt hydrocarbons (volatile organic compounds — VOC), carbon monoxide (CO), and particulate emissions, especially from lorries.

The Committee then draws up a non-exhaustive list of measures which the Community should take to reduce the emissions of these pollutants:

- (a) ensuring systematic implementation of the Directive on the limitation of emissions of certain pollutants from large combustion plants;
- (b) complementing the above Directive with the introduction of legislation covering the emission of pollutants from small and medium-sized plants;
- (c) ensuring the reduction of SO₂ concentrations in fuel and diesel oil;
- (d) setting up a recording and warning system, particularly for ozone but also for carbon monoxide in large built-up areas;
- (e) reducing specific exhaust-gas emissions, and improving energy efficiency in transport;
- (f) taking measures to reduce the loss of fuel through evaporation;
- (g) planning and introducing an integrated transport policy for Europe, with particular regard to environmental aspects;
- (h) taking fiscal measures.

The Committee uses examples to show the problems affecting different regions of the world. As a highly developed, highly industrialized and economically strong region, the European Community itself also bears a political responsibility for helping to solve such problems.

Although it is not possible in the framework of this Opinion to make a detailed study of these different problems, the Committee touches upon:

- (i) pollution caused by energy production in Central and Eastern Europe;

- (ii) pollution trends associated with energy production in the Mediterranean basin (particularly in non-European areas);
- (iii) development aid in the form of know-how, technology and capital to ensure that the poorest countries do not have to use wood for energy production.

This Opinion, adopted by a majority less five abstentions, was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, under the chairmanship of Mr Aldo Romoli (Italy — Employers). The rapporteur was Mr Klaus Benedict von der Decken (Germany — Various Interests).

2. EUROPEAN ENERGY CHARTER (Own-initiative Opinion)

Commission communication on a European Energy Charter
(COM(91) 36 final)

Gist of the Commission document

The Commission communication puts forward an indicative draft of the Charter.

After discussion and adoption by the Council, the draft will define the Community position for the international conference which is to be convened in the second half of 1991. The conference should finish its work by the end of the year. The definitive version of the Charter should be adopted at the conference.

The indicative draft is the result of moves to improve European cooperation in the energy sector. These began with the memorandum presented by the Dutch Prime Minister Mr Lubbers at the Dublin European Council on 25 and 26 June 1990. This was followed by a statement by Mr Delors at the CSCE Summit in Paris on 21 November 1990. Finally the Rome European Council of 14 and 15 December concluded that long-term cooperation was needed in Europe in this sector, and called for an international conference to be convened in 1991 to draft a European Energy Charter.

The Charter should encourage the construction of a large European energy market. The signatories will agree on its objectives, principles and implementation. The objectives are to be fully integrated within the Commission's energy policy, which seeks to ensure security of supply in the Community with a view to comple-

tion of the internal energy market and with the backing of an external relations policy. At the same time, the development of energy activities must show due regard for the environment.

The objectives fall into three categories:

(i) *Expansion of trade in energy*, to be achieved by means of:

a free market in energy;

free access to known and future energy resources and exploitation thereof, on the basis of long-term profitability;

removal of technical and administrative barriers to trade, and modernization, renewal and rationalization of installations for the production, transfer and use of energy;

development of infrastructure.

(ii) *Cooperation and coordination in the energy field*, which will entail:

access to technical and economic data;

formulation of laws allowing all concerned to exploit the resources;

harmonization at a high level of the technical specification and safety rules applicable to energy products and installations;

research, technological development and demonstration projects.

(iii) *Optimum use of energy and environment protection*, which will mean:

the development of new and renewable energy sources;

greater energy savings;

measures to combat pollution.

In pursuit of the objectives and implementation of the Charter, specific agreements will be concluded between the EC and other signatory States.

These agreements will be open to other States or international organizations concerned.

The contents and priorities of these agreements are explained in Title III of the indicative draft.

An *ad hoc* secretariat reflecting the composition of the signatories will be set up to implement the Charter and the agreements. Representatives of the signatories are to meet at least once a year to discuss the implementation of the Charter.

Finally, an arbitration board will be set up to settle disputes over the interpretation or application of the agreements signed under the Charter.

Gist of the Committee Opinion ¹

The Committee, whilst endorsing the principles underlying the Charter and its objective, would like to highlight a number of aspects not specifically covered by it.

Thus, the Committee points out that:

a reference is needed to the balance of rights and obligations set out in the Charter; the specific characteristics of each country within the market economy framework and its sovereignty over energy reserves located in its territory also need to be respected;

a mechanism needs to be introduced ensuring that the principles and provisions of the Charter are observed by the signatory countries;

a study is needed of the European energy sector up to the year 2010 enabling the Charter's contribution to the sector to be assessed;

a policy for the rational use of energy at European level is urgently needed in which finance and the transfer of technology and experience would be key elements;

the Committee should be invited to participate in the international conference which draws up the Charter and its follow-up meetings;

the European Charter should be open to European countries only, although its specific protocols could be opened up to any country;

the impact of the Charter in a number of areas should be assessed: the Mediterranean agreements, the generalized system of preferences (GSP), the construction of the internal energy market, the principle of economic and social cohesion, consumers and the creation and stimulation of employment;

great weight should be given to technology transfer and environmental protection, particularly with regard to the safety of nuclear plants;

the Charter's recitals should include a specific reference to the need to use available means to contribute to the political and

¹ CES 880/91.

economic stability of Europe, and one of its objectives should be the pursuit of energy efficiency and environmental optimization; a reference should be included to the need to cost the achievement of the Charter's objectives in terms of plant safety and the transport of energy and energy-related materials; the need for progressive harmonization of the laws on emissions of all kinds from energy installations should be mentioned; a common standards body should be set up by the signatory countries, based on the 'new approach' to the adoption of standards, which would work with CEN, Cenelec and ETSI under Commission supervision; in implementing the Charter account should be taken of developments with regard to the establishment of main international grids, their interconnection and opening up to users. The Committee will have to comment on such trends at the appropriate time; the specific agreements should be brought more closely into line with the principles underlying the Charter.

Lastly, the Committee approves the Commission's provisional responsibility for the secretarial back-up for the European Charter.

This Opinion, adopted by a large majority less three abstentions, was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, under the chairmanship of Mr Aldo Romoli (Italy — Employers). The rapporteur was Mr José Ignacio Gafo Fernandez (Spain — Employers).

3. EMPLOYMENT IN EUROPE (Own-initiative Opinion)

Gist of the Commission text (COM(90) 290 final)

The Commission's second report on employment in Europe appears as a complement to the annual economic report.

It is designed to give the Community's prospects in the following areas:

Employment outlook

Employment in the Community and the challenge of the 1990s
Employment in Central and Eastern Europe

Short-term outlook

Employment prospects and 1992

Types of employment

Wages and labour costs

The environment and employment: a new balance in economic development

Employment for women: is access to jobs easier or not?

Managing change in large companies

The development of vocational training

Employment policies

National labour market policies

Promoting economic and social cohesion: the Community's structural policies

Priority to combat long-term unemployment

Gist of the Committee Opinion ¹

The Committee welcomes the report which meets the need for a statistical survey of all aspects of employment; it provides a comprehensive picture of the employment situation and the implementation of Community employment programmes.

The Commission singles out certain broad priority subjects, such as:

- (i) the rise in employment, unaccompanied by a corresponding drop in unemployment;
- (ii) continued long-term unemployment;
- (iii) the rise in new, atypical forms of work, which are not yet properly regulated, and which are therefore difficult to appraise and forecast;
- (iv) the rise in female employment, in tandem with problems of job quality and measures to reconcile employment with family responsibilities;
- (v) the impact of restructuring (sectoral, managerial, technological, etc.) and of mergers on employment and on economic and social cohesion;

¹ CES 877/91.

- (vi) vocational training, skills and mobility in the EC in the face of the changing situation and the new requirements of a Community-wide labour market;
- (vii) the links between environmental protection, growth and employment.

The report rightly highlights three key points concerning the implications of 1992 for employment:

- (a) with the exception of a 'hard core' of long-term unemployed, unemployment in the Community is not static, but is a fluctuating phenomenon which hits different population groups in turn;
- (b) contrary to expectations, unit labour costs do not vary greatly within the Community (this is because of the general correspondence between pay levels, skills and productivity);
- (c) pay levels are therefore of relative significance in decisions on the siting of plant with a view to the completion of the single market.

While the report provides useful information and assessments on the situation at Community level, its omission of any mention of a full-scale Community strategy is alarming. The 1989 report considered the cooperative growth strategy for more employment (drawn up in 1985 and approved by all Member States) as a key part of Community policies in this area. Although the 1990 report lists individual programmes and projects, these macropolicy and micropolicy fragments are not tied a coherent, systematic blueprint for tackling the employment challenge facing the EC and its Member States.

As 1992 draws closer, there is an urgent need to coordinate employment policies within a coherent and comprehensible agreed strategy. The Community should take up this challenge to prevent the single market from producing 'winners and losers' in the social field, with all the risks of political destabilization that this might entail. Accordingly, and without presuming to flesh out a complete programme for employment in the Community, the Committee recommends that a Community employment strategy be guided and spurred by the following considerations:

(a) Flexibility and basic social rights: management and consensus

The 'functional adaptability' necessary to modern businesses should be promoted and balanced by a clear Community affirmation of the guaranteed right of all workers to initial and further training.

Economies of scale which companies seek should be backed by EC positive action to maintain employment and help workers acquire new skills.

The greater capital productivity for which businesses also strive could be furthered by an EC code of practice (drawn up by a European employment agency). The code should indicate positive examples in the employment field, such as schemes where cost-cutting is achieved by greater productivity and compensated by reduction and reorganization of working hours and the creation of new posts.

(b) The labour market and free movement

To help achieve the publicity needed for a real European labour market, the Sedoc system needs to make a 'qualitative leap'. The process could be speeded up if a European employment agency was finally established in close cooperation with Sedoc.

Towards a European employment investment programme

The Committee asks the Commission to consider the case for a European employment investment instrument, which could perhaps be introduced as part of the reinforcement of the structural Funds. The instrument could focus on the needs of society and the maximization of employment potential — in other words, pursuit of the social cohesion which is vital to sustained and democratic economic growth.

This Opinion, adopted by 110 votes to nine, with 25 abstentions, was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs, under the chairmanship of Mr Vasco Cal (Portugal — Workers). The rapporteur was Mr Giorgio Liverani (Italy — Workers).

4. GATT/POST-HEYSEL (information report)

Gist of the Section's information report ¹

In February 1991, the Committee Bureau asked the Section for External Relations, Trade and Development Policy to continue to follow the resumed GATT/Urguary Round negotiations and, at the appropriate time — presumably in the final stages — to prepare an

¹ CES 359/91 final.

Opinion for the Committee to submit to the Community institutions.

The Section subsequently felt, and the bureau agreed, that it would be appropriate in the meantime, for the benefit of Members, to draw up an information report, describing the situation — the issues before the contracting parties — as negotiations are resumed in the late spring of 1991.

The report dwells briefly on the reasons underlying the suspension of negotiations in December last. The resumption of negotiations has been overshadowed, initially at least, by the not insignificant matter of whether or not the USA's fast-track procedure would apply. In the event, a further two years have been granted by the US Congress to the Administration to submit a draft agreement to the US Congress to accept or reject as a whole. In any case, the fact that there are US elections in the autumn of 1992 militate in favour of a 'conclusion' — if one is possible — by the end of 1991. After that, the threat of failure would become acute.

As for the work programme, the number of negotiating groups has been reduced from 15 to seven so as to pinpoint those issues for which political solutions had to be found, so that negotiations could move forward. The new classification is as follows: market access (tariffs and non-tariff measures, tropical products, natural resources); textile and clothing; agriculture; GATT rules (subsidies, safeguards, anti-dumping, pre-shipment inspection, government procurement, investment protection (TRIMs)); intellectual property protection (TRIPs); institutions (Final Act, dispute settlement, functioning of GATT); and Services.

The information report then goes into most of these issues — not precisely, for reasons explained on page 7 of the document, in the order cited above.

The information report draws a number of conclusions: although the Uruguay Round negotiations resumed in a climate of greater optimism than in December 1990, substantial obstacles persist, especially the relations between the EC and the USA and between the LDCs and the industrialized countries.

The Section points out that goodwill on the EC's part will not suffice to break the deadlock and secure tangible results, especially if there is no significant change in the US stance. There are clear indications that the USA is keeping the Uruguay Round negotiations alive more for tactical and contingency reasons than out of a sincere belief in the need for a decisive reinforcement of GATT.

Many US politicians and economists have long favoured a trade policy based on bilateral arrangements and unilateral government intervention, in the conviction that the USA can exert its full economic and political weight in relations with third countries.

The Section reiterates what it said in September 1991: 'The Community should request the USA, once the negotiations have achieved the desired aim, namely satisfactory reinforcement of the GATT system, to take all the requisite steps to amend the 1988 Trade Act with a view to scrapping provisions incompatible with its multilateral undertakings (with specific reference to Section 301). Such a declaration is an urgent prerequisite...'

In the Section's view, it would be both prudent and helpful to start immediately to consider the future of the Community's across-the-board external trade policy in the event of: (a) total collapse of the Uruguay Round negotiations (which now seems less imminent), or (b) the more likely scenario that the final outcome would substantially undermine the GATT system.

Finally, on the prospects for the now-resumed Uruguay Round talks, the Section, like the Commission, is concerned at the undue concentration of attention on the agricultural aspects, thereby downgrading issues of key importance to the EC. Community action must continue to focus on the 'globality' of the negotiations and balancing the parties' benefits and obligations with a view to both defending its own legitimate interests and avoiding tactical manoeuvring over the desired solutions.

This information report was drawn up by the Section for External Relations, Trade and Development Policy, under the chairmanship of Mr Robert D'Hondt (Belgium — Workers). The rapporteur was Mr Aldo Romoli (Italy — Employers). The co-rapporteur was Mr Charles Pelletier (France — Various Interests).

The Assembly decided unanimously to forward the information report to the Council and the Commission.

5. LIABILITY — SUPPLIERS OF SERVICES

Proposal for a Directive on the liability of the suppliers of services (COM(90) 482 final)

Gist of the Commission document

(a) Service industries are responsible for more than half of the added value produced each year in the EC, which amounted to ECU 1 396 791 million in 1986. Many services may, if they are defective, damage the health or physical integrity of persons or their property. The service industries concerned involve health care, back-up services, such as household repairs and installations, or services linked to facilities, such as hotels and leisure centres. There are also non-material services, such as supervisory services, and mixed forms of services, such as transport and travel services.

The question of safety is fundamental to the establishment of the internal market. This is not simply because only safe services must be accorded freedom of movement but also because freedom of movement can only be effective if it is based on consumer confidence. With these aims in view, on 25 July 1985 the council adopted a Directive on liability for defective products which is now incorporated into national law in most of the EC Member States.

The need for safety in the provision of services is broadly recognized in the Member States. Examples of the safety-conscious approach pursued by Member States are the prior authorizations required in the case of a number of installations and the conditions of access laid down with regard to a number of professions.

The draft Directive complements these 'upstream' regulations with 'downstream' provisions. It proposes the harmonization of civil liability provisions and the provisions governing compensation to victims of defective services.

Against the background of the creation of a single market in services, the existence of different provisions with regard to safety is also likely to place at a competitive disadvantage those enterprises for which safety is a vital consideration or those enterprises which, by law, have to accept a higher level of protection. The partitioning of the market as a result of different laws on liability may also prevent enterprises from making optimal adjustments to their marketing systems and policies.

Differences in regulations from one Member State to another cannot be tolerated in the context of a single market for services. The market for services also has a European character in view of the fact that the organization of the supply and the actual provision of services are carried out not at national level but at the level of several Member States. Suppliers and customers of services also have mobility within the Community.

(b) In the light of the above considerations, the draft Directive makes the following stipulations:

liability for fault on the part of the supplier of a service shall be assessed in relation to the conduct of the professional party (whether he be rewarded or not) who, under regular and relatively predictable conditions, is called upon to ensure the level of safety that can reasonably be expected;

the Directive embodies the principle of reversal of the burden of proof of fault in favour of the injured party. It is for the supplier of the service to prove that he did not commit a fault and not for the consumer to prove that a fault has been committed;

despite their wide variety, services present a certain number of common features, such as the rarity of written contracts and the disappearance of the generating factor when the damage materializes. The proposal for a Directive thus covers all services that might cause damage to the health and physical integrity of private persons and property, with the exception of public services to maintain public safety and services already covered by specific Community regulations or to be covered by future regulations;

the draft Directive provides for limitation periods and termination of liability.

Gist of the Committee Opinion ¹

The Committee rejects the proposal for a Directive, noting that:

the Commission has not carried out consultation and concertation with all the representative bodies of the Community concerned with the proposal submitted to the Committee;

the proposed text does not meet the wishes of consumers, but on the contrary runs the risk of reversing the courts' current favourable tendency;

¹ CES 873/91.

it does not tend towards a better relationship between the client/patient and the professional/supplier of service — quite the reverse; its legal basis is unsound and goes beyond the task of the Commission;

it will considerably increase the economic costs of supplying services;

it jeopardizes the legitimate expectations of consumers with regard to research, experiments and risks in the fields of law, construction and health;

the text gives no clarification or certainty as to the need for or possibility of special arrangements or exclusion of certain suppliers of services;

the Commission proposes no guarantee for professional insurance.

This Opinion, adopted by 67 votes to 62, with two abstentions, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, under the chairmanship of Mrs Ann Robinson (United Kingdom — Employers). The rapporteur was Mr Henry Salmon (United Kingdom — Various Interests).

6. PLC STRUCTURES

Second amendment to the proposal for a fifth Council Directive based on Article 54 of the EEC Treaty concerning the structure of public limited companies and the powers and obligations of their organs
(COM(90) 629 final — SYN 3)

Gist of the Commission document

The Commission proposal forms part of the measures to be taken in order to eliminate obstacles to takeover bids. These obstacles relate to the maintenance of a company's capital and to shareholders' voting rights.

The proposal is concerned with shareholders' voting rights (the obstacles connected with the maintenance of a company's capital are the subject of another Commission proposal (COM(90) 631 final) on which the Committee will also issue an Opinion) The aim is to strengthen the shareholders' position as regards the use of their voting rights and thus ensure wider participation in the life of the company. To do this, voting rights have to be proportional to the number of shares held and certain limits have to be imposed on the issuing of preference shares without voting rights. The

freedom of the general meeting to appoint members of company bodies should not be reduced by granting certain shareholders exclusive rights to nominate members of such bodies and the majority required for such decisions at the general meeting should not be more than an absolute majority.

Shareholders' voting rights are dealt with in the amended proposal for a fifth Directive, and more particularly in the following articles:

- (i) Article 33, which lays down the principle that a shareholder's voting rights are to be proportionate to his holding in the subscribed capital;
- (ii) Articles 4 and 21(b), which deal with the appointment of members of the supervisory or management organ; and
- (iii) Article 36, which deals with the majority required for decisions of the general meeting.

A number of changes are needed to these articles in order to strengthen the position of the shareholders with regard to the exercising of their voting rights; this amended proposal is designed to make those changes.

Gist of the Committee Opinion ¹

The Committee agrees with the broad thrust of the Commission's intention to reduce existing barriers to takeovers in order to create a 'level playing field' for takeover activity across the Member States of the Community.

The Committee feels that the fifth Directive (or possibly the 13th Directive) should include wording to place a positive requirement on a company to inform its shareholders of an offer, when they are known. The Committee would also like to see a requirement that all employees should be informed in good time about the existence and course of a takeover offer.

The new paragraph proposed by the Commission for Article 4 will ensure that the whole body of the general meeting is able to nominate at least 50% of those members of the supervisory board that are within its power to appoint. The Committee agrees with this strengthening of shareholders' rights and welcomes the proposal, although it will remain possible for the memorandum or articles of association to place limitations on this power.

¹ CES 874/91.

The Committee understands from the Commission that the wording of the fifth Directive covering these points is under review. The Committee accepts the reasoning of the Commission as put forward in its explanatory notes, and trusts that it will be reflected in the final wording as it emerges from discussion.

The Committee also accepts that the current proposal is not of itself calculated to affect the balance struck by the fifth Directive between the interests of the general meeting and those of the employees.

Identical remarks apply to the new paragraphs proposed for Articles 21(b) and 36.

As regards the changes proposed to Article 33, the Committee feels that a quite long transitional period will be desirable for some changes. The removal of some established shareholders' voting rights, however desirable, will be seen to cause a permanent diminution of value, and time must be allowed for adjustment to take place. In respect of the limitations on the issue of preference shares, the Committee is concerned about the impact on the financial structure of existing companies in those Member States that do not currently have such restrictions, and suggests that Member States should be allowed to set long transitional periods.

This Opinion, adopted by a large majority with five votes against and 27 abstentions, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, under the chairmanship of Mrs Ann Robinson (United Kingdom — Employers). The rapporteur was Mr Michael Bell (United Kingdom — Employers).

7. PUBLIC LIMITED LIABILITY COMPANIES

Proposal for a Council Directive amending Directive 77/91/EEC on the formation of public limited liability companies and the maintenance and alteration of their capital
(COM(90) 631 final — SYN 317)

Gist of the Commission document

The proposal is part of a series of measures designed to remove obstacles to takeover bids. Its objective is to ensure that restrictions on a company's acquisition of its own shares also apply to acquisitions made by a subsidiary.

Nowadays, there is nothing to prevent a company from using a subsidiary to acquire its own shares in order to defend itself against a hostile takeover bid. This means that the restrictions set out in the second Directive on a company acquiring its own shares may be breached. In this way, a subsidiary might even be able to acquire shares over and above the 10% subscribed capital limit imposed on the parent company and exercise the voting right attached to those shares.

The Commission is proposing to amend the second Council Directive on company law (Directive 77/91/EEC) and, more specifically, extend the scope of Articles 19 and 24 to cover the acquisition of a parent company's shares by its subsidiary.

The proposal is to be discussed jointly with the second amendment to the proposed fifth Council Directive (COM(90) 629 final) whose aim is likewise to remove obstacles to takeover bids.

Gist of the Committee Opinion ¹

The Committee endorses the broad thrust of the Commission's proposal. Companies should not be able to acquire their own shares in order to be able to make use of the votes attaching to the shares, whether in the circumstances of a proposed takeover, or in other circumstances.

While the Committee agrees with the extension of the rules governing purchase of own shares to subsidiaries, it is possible that the interests of minority shareholders in subsidiaries could be adversely affected by application of these rules. The Committee asks the Commission to consider whether it is desirable to include any safeguards in this respect, for instance by way of a transitional period for application of the rules in respect of existing holdings, allowing for orderly disposal of offending share stakes.

The Committee notes that the proposed changes will still permit a company or its subsidiaries in certain circumstances to acquire up to 10% of the company's shares without prior authorization of the shareholders, other than during the period of a takeover bid, subject to various limitations. The Committee agrees that there are circumstances in which this freedom is justifiable and necessary, although the second Directive merely lays down minimum provisions, and it is open to member countries to impose more restrictive national laws.

¹ CES 865/91.

The Committee recognizes that the present proposals have been brought forward by the Commission to address particular concerns felt as regards barriers to takeover activity in the Community, but hopes that the Commission and the Council will also continue to make progress towards the completion of a unified structure of Community law for public companies and groups of companies.

The Opinion, which was adopted unanimously, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, under the chairmanship of Mrs Ann Robinson (United Kingdom — Employers). The rapporteur was Mr Michael Bell (United Kingdom — Employers).

8. PROTECTION OF LITERARY AND ARTISTIC WORKS

Proposal for a Council Decision concerning the accession of the Member States to the Berne Convention for the protection of literary and artistic works, as revised by the Paris Act of 24 July 1971, and the international convention for the protection of performers, producers of phonograms and broadcasting organizations (Rome Convention) of 26 October 1961 (COM(90) 582 final — SYN 318)

Gist of the Commission document

In relation to copyright and neighbouring rights, two multilateral conventions play a major role. These are the Berne Convention for the protection of literary and artistic works and the Rome Convention for the protection of performers, producers of phonograms and broadcasting organizations.

The difference between national laws as regards the minimum level of protection of copyright guaranteed by the Paris Act of the Berne Convention and the conferment of a neighbouring right on performers, producers of phonograms and broadcasting organizations create, as between the Member States, obstacles to the free movement of goods and services and distortions of competition.

The accession of all the Member States to the Berne (Paris Act) and Rome Conventions would provide a 'common basis for harmonization' on which to pursue the construction of the Community edifice as regards copyright and neighbouring rights.

In addition, this would provide a firm legal basis which could help to combat piracy, in particular audiovisual piracy, more effectively.

The proposal is totally without prejudice to any other initiatives which may envisage the adherence of the Community as such to the Berne (Paris Act) or Rome Conventions.

Gist of the Committee Opinion ¹

Although some clarification may be required on the legal base, the Committee supports this proposal for a Council Decision.

By using the reservations laid down in Article 16(1)(a)(i) and (ii) of the Rome Convention, a country can unilaterally rescind the right of performers and producers, in certain circumstances, to receive remuneration when their work is broadcast or otherwise communicated to the public. The Committee strongly urges the Commission to add to its proposal a provision that ratification of the Convention by the Member States rules out notification of such reservations.

The Commission should state explicitly in the draft Decision that a reservation within the meaning of Article 16(1)(a)(iv) shall not apply within the European Community in the light of the Community's prohibition on discrimination on the basis of nationality.

There should be a Community initiative to seek revision of the Berne and Rome Conventions (through the mechanism of the World Intellectual Property Organization) with the aim of strengthening the protection of copyright and 'neighbouring rights'.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mrs Ann Robinson (United Kingdom — Employers). The rapporteur was Mr Robert J. Moreland (United Kingdom — Various Interests).

¹ CES 875/91.

9. PROTECTION OF RENTAL, LENDING AND RELATED RIGHTS

Proposal for a Council Directive on rental and lending rights, and on certain rights related to copyright
(COM(90) 586 final — SYN 319)

Gist of the Commission document

In its Green Paper on copyright and the challenge of technology, the Commission submitted concrete proposals for measures to harmonize the laws governing certain aspects of copyright. Among the main problems, the Commission cited piracy, the distribution right, including its exhaustion, and the rental right.

The draft Directive includes, in addition to those proposals which are based on the Green Paper, preliminary proposals for the harmonization of the public lending rights and the duration of protection.

The Directive consists of three parts. Chapter I deals with the rental and public lending of objects, such as phonograms, which incorporate protected works or performances.

This chapter provides that rights owners are, in addition to authors, the performing artists, phonogram producers and film producers. However, these related rights owners do not yet enjoy any protection in some Member States.

Chapter II therefore deals with the harmonization of such rights.

Chapter III is linked with the first two chapters through the need for uniform terms of protection, which have to be applied equally to the rights provided for in Chapters I and II.

These three chapters have the common aim of coping with the increasing, partially novel and partially illegal, use of copyright works and of particular objects protected by related rights, such as phonograms, by granting uniform and improved Community-wide legal protection.

The provisions of this Directive also deal with the following questions:

- (i) commercial rental, particularly of compact discs and videocassettes;

- (ii) lending which is non-commercial and takes place mainly in public libraries (and involving not only books but, increasingly, new media such as phonograms and videograms).

Since the legal situation with respect to the reproduction rights and the distribution rights of authors is already largely comparable throughout the Member States, Chapter II is restricted to the harmonization of the rights of related rights owners, which means performing artists, phonogram producers, film producers and broadcasting organizations.

The objective is not, however, total harmonization of all the rights of all related rights owners — Chapter II concentrates deliberately on the rights of fixation, reproduction and distribution.

Different terms of protection for the same product cannot be tolerated in a single internal market. A further harmonization proposal is therefore needed to deal with this issue.

Gist of the Committee Opinion ¹

The Committee asks the Commission to consider (a) stipulating that Article 4 does not apply to sound recordings, cinematographic works, visual and audiovisual recordings and (b) replacing, in Article 4 the words 'at least authors' by 'the rightholders referred to in Article 2(1)'.

The absence of harmonization of the duration of protection considerably weakens the Directive.

Chapter II of the draft Directive has no provisions concerning secondary use other than rental and lending already dealt with in Article 1. Consideration should be given here *inter alia* to rights related to the (re)broadcasting or dissemination by other means of existing work. The Committee urges the Commission to lose no time in submitting proposals for harmonization on this area too.

Article 2(1) should be redrafted to read 'The first owner of the rights'; he can assign the rights. The relationship between copyright and the rights granted by the Directive is not clear especially in relation to film producers.

Article 5 could present administrative problems. Where several performers are involved in a performance, one solution would be a provision which gives the Member States discretion to stipulate

¹ CES 876/91.

how performers are to be represented in the exercise of their rights.

Article 11 applies to existing works, and it may be difficult to apply these new provisions to works in respect of which contracts have already been negotiated. Consequently this article should be reworded to ensure it excludes existing contracts.

This Opinion, which was adopted by a large majority with four votes against and two abstentions, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, under the chairmanship of Mrs Ann Robinson (United Kingdom — Employers). The rapporteur was Mr Robert J. Moreland (United Kingdom — Various Interests).

10. GREEN PAPER ON THE URBAN ENVIRONMENT

(COM(90) 218 final)

Gist of the Commission proposal

The commitment to pay special attention to the environmental problems of urban areas was first made in the fourth environment action programme. The justification for this special attention to the environment of urban areas stems from the very concentration of the problems they are facing. While the past decades have seen progress in solutions to some of these problems, e.g. smog and SO₂ levels have been significantly reduced in some cities, other problems have arisen. In cities such as Athens and Milan pollution levels have on repeated occasions exceeded recommended health levels, necessitating emergency action such as limitations on traffic.

These environmental problems must be considered as an early warning signal of a more deep-seated crisis which will force us to rethink current models of organization and urban development. Of course, not all European cities have to contend with the same difficulties, since their levels of economic and social development, economic functions, and geographical location vary; nevertheless they have much in common.

This Green Paper is intended as a first step towards debate and reflection and attempts to identify possible lines of action.

It is important to stress the horizontal approach which has guided the preparation of this Green Paper. Treating each of the factors threatening the city environment in isolation leads to short-term

solutions — mere palliatives or simple delaying action. Thus, it is not enough to worry about air quality only when, as happens every winter, inversion renders the air of many cities unbreathable. This leads to 'emergency' measures which fail to address basic causes. A critical appraisal of urban structures, along with their operation and development, is therefore needed to arrive at solutions for improvement of the urban environment.

The proposed priority lines of action are as follows:

Town planning

incorporation of environmental considerations into town-planning strategies;

research into treatment of contaminated soils;

pilot projects to revitalize less-favoured urban areas;

scope for extending financial support for urban renovation beyond the types and areas of support permitted by the structural Funds.

Urban transport

coordinated development of public transport;

environmental management of urban traffic;

exchange of information on urban traffic management;

scope for using economic instruments such as road pricing to help solve the environmental problems generated by urban traffic.

Protection and enhancement of the historical heritage

conservation of historical buildings and areas of European significance;

potential benefits of a Community system of recognition of historic and cultural significance.

Protection and enhancement of the natural environment within towns and cities

'green plan' pilot projects;

provision of open spaces.

Urban industry

promotion of harmonious growth of SMEs.

Urban energy management

energy conservation pilot projects;

standards for insulation materials for building construction;

use of economic instruments to encourage energy conservation in buildings;

encouragement of public authorities to set a good example in buildings they operate.

Waste management

designated sites for collecting sorted household waste and setting up treatment plants;

financial support for waste management research and projects;

exchanges of information and experience in the field of waste disposal.

Gist of the Committee Opinion ¹

A policy to project the quality of the environment in a Europe which is moving rapidly towards the single market involves taking account of the urban dimension which characterizes the living conditions of 70 to 80% of the European population. The Committee therefore studied the Green Paper with great interest, since it meets the need for an overall, integrated approach to the problems, and sketches out an initial analysis which can be the basis for a wide-ranging debate aiming to identify possible joint measures.

To contribute to the debate on the Green Paper in which many local and regional authorities — direct participants in urban planning — have been involved, the Committee has endeavoured to play a specific role itself by organizing, *inter alia*, a meeting in Rome with the representatives of socio-occupational organizations, conservation associations, and national and municipal authorities.

The debate brought out the need to identify the optimum levels at which action should be taken, by stressing the principle of subsidiarity: indeed, a European urban policy cannot be worked out

¹ CES 861/91.

without reference to those directly involved, i.e. the town-dwellers and their local representatives.

The Opinion therefore stresses that increased awareness on the part of citizens is essential. The need must be recognized for changes in consumer habits and the structure of production, and the citizen's right to information should be strengthened by extending the Community Directive on environmental information.

With a view to providing adequate instruments, the Community should encourage the adoption of all measures designed to involve citizens, and to train the administrators responsible: the Opinion proposes, among other things, a European campaign to improve the urban environment. In vocational training and further training on environmental matters, exchanges of experience and town-twinning should be encouraged.

The Opinion also suggests setting up an institutionalized structure at the European level which would cooperate with the nascent European Environment Agency to coordinate exchanges of experience, promote cooperation and draw up common guidelines to solve urban environment problems.

Clearly, solving the problems dealt within the green Paper requires adequate financial instruments. The Opinion reaffirms the ESC's support for setting up a European fund to safeguard the environment which could promote pilot projects to serve as a model: the Regional and Social Funds have proved inadequate for optimum use in the environment sphere, since they have other priorities. The recent Commission proposal to set up a financial instrument for the environment (LIFE), which meets the wishes expressed by the Committee and by the European Parliament, was therefore welcomed.

Finally, the Opinion stresses the need to take more account of the effects of the single market on the urban environment, of the expected increase in demographic concentration in some large conurbations, and of regional shifts connected with the restructuring of industry.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, under the chairmanship of Mr Francisco Ceballos Herrero (Spain — Various Interests). The rapporteur was Mr Klaus Boisseree (Germany — Various Interests).

11. CONTROL OF SHIPMENTS OF WASTE/II

Proposal for a Council Regulation (EEC) on the supervision and control of shipments of waste within, into and out of the European Community (COM(90) 415 final — SYN 305)

Gist of the Commission proposal

This is a proposal to update existing EC legislation on the trans-frontier shipment of waste, for the following reasons:

- (i) previous EC legislation has been inadequately transposed into that of the Member States. To ensure simultaneous and harmonious application, a Regulation — rather than a Directive — is now proposed;
- (ii) the abolition of internal frontiers within the internal market by 1 January 1993 will necessitate new procedures regarding waste shipment;
- (iii) account must be taken of the Basel and Lomé Conventions on the movement of waste to and from third countries;
- (iv) the scope of EC legislation must be enlarged to cover as many kinds of waste as possible, and extended to transport.

Gist of the Committee Opinion ¹

The Committee welcomes the objectives of the proposal, but has some strong criticisms to make regarding the details, and its implementation in practice.

Its principal observations are as follows:

- (a) the legal basis should be Article 130s rather than Articles 100a and 113;
- (b) the proposed Regulation is open to differing interpretations and is not sufficiently consistent with related provisions in other waste legislation;
- (c) the scope of the proposal should be limited to hazardous waste and not extended to *all* waste; neither should it be extended to cover transport of waste as this would involve excessive paperwork and adversely affect waste processing;

¹ CES 862/91.

- (d) the notification system as formulated is confused with an authorization system, and it is not clear how it would operate in practice. The Committee favours a genuine notification system for all waste, rather than an authorization system in disguise;
- (e) it is not clear how many waste-disposal authorities there are to be.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, under the chairmanship of Mr Ceballos Herrero (Spain — Various Interests). The rapporteur was Mr Gerrit Van Dam (Netherlands — Employers).

12. COSMETICS (sixth amendment)

Proposal for a Council Directive amending for the sixth time Directive 76/768/EEC on the approximation of the laws of the Member States relating to cosmetic products
(COM(90) 488 final — SYN 307)

Gist of the Commission proposal

The Commission proposes to amend Directive 76/768/EEC as follows:

- (a) stipulation of information on the identity, quality, safety and efficacy of cosmetics; such information must be made available to the relevant supervisory authority;
- (b) obligatory indication on the product packaging of the ingredients used in the product;
- (c) drawing up of an inventory of the ingredients used in cosmetics, to help in the assessment of cosmetics-related issues;
- (d) a more watertight definition of cosmetics;
- (e) more consistent wording in Article 2 with reference to damage to human health;
- (f) extension of the Article 10 procedure (regulatory committee) to cover the amendment of Annexes I and VIII, so that they can be adapted more rapidly to technological progress;
- (g) mention of the need to avoid unnecessary experiments on animals when assessing the safety for human health of the

ingredients contained in the cosmetic product and the finished product.

Gist of the Committee Opinion ¹

The Committee approves in principle the proposal for a sixth amendment, subject to a number of considerations and comments.

The Committee proposes in particular that cosmetic products for babies and for professional users carry special warnings.

The Commission proposes the compilation of an inventory which would form the basis for a common nomenclature of ingredients. The common nomenclature is in turn the central pillar of the labelling provisions. According to the Committee the Commission should say exactly what is meant by 'common nomenclature'. Unless it does so, producers, as well as those responsible for the common nomenclature's compilation at national or Community levels, might arrive at different interpretations. The inventory would remain 'indicative' and not constitute an exhaustive list of substances used in cosmetic products. The information to be included in the inventory can only be provided by the producers themselves and, in a subsidiary capacity, by the suppliers of the substances in question.

With regard to 'medical information', the Committee would recommend harmonized arrangements whereby a 'competent authority' would be asked to deal with cases of poisoning. The Committee also considers that the provision of qualitative formulas is sufficient; the requirement to provide quantitative formulas is of virtually no practical value and excessively burdensome.

With regard to the concern expressed by animal protection associations about animal experiments, the Committee considers that more detailed information should be provided about the actual situation and the so-called 'alternative solutions'. This would avoid the systematic call by the Scientific Committee on Cosmetology for more testing.

The Committee calls upon the Commission to pursue its efforts to develop alternative methods to avoid the use of animals in laboratory experiments.

¹ CES 863/91.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, under the chairmanship of Mr Francisco Ceballo Herrero (Spain — Various Interests). The rapporteur was Mr Georges Proumens (Belgium — Employers).

13. MEDICINAL PRODUCTS/EUROPEAN AGENCY

Proposal for a Council Regulation (EEC) laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products

Proposal for a Council Directive amending Directives 65/65/EEC, 75/318/EEC and 75/319/EEC in respect of medicinal products

Proposal for a Council Directive amending Directives 81/851/EEC and 81/852/EEC in respect of veterinary medicinal products

Proposal for a Council Directive repealing Directive 87/22/EEC on the approximation of national measures relating to the placing on the market of high-technology medicinal products particularly those derived from biotechnology
(COM(90) 283 final — SYN 309-312)

Gist of the Commission proposals

The four proposals, which are closely linked, foreshadow the arrangements for authorizing, assessing and monitoring medicines from 1993 onwards; these proposals complement the Community measures adopted in the run-up to the single market in the medicines sector.

The proposals provide for:

- (i) the establishment of a European Agency to assess medicines;
- (ii) the introduction of a new centralized Community procedure mandatory for all biotechnologically produced medicines and veterinary medicines; the procedure is designed to increase productivity and to pave the way for a Community authorization valid in all Member States; it renders Directives 87/22/

EEC on high-technology medicines obsolete, hence the proposal to repeal that Directive;

- (iii) a decentralized procedure, based on the principle of mutual recognition involving significant guarantees of compliance with strict quality, safety and effectiveness requirements.

The Commission forecasts that the decentralized procedure will be most commonly used; the Agency will only be involved in the event of disagreement between Member States as to the quality, safety or effectiveness of any particular medicine.

The introduction of two new Community procedures will substantially increase the workload of the Committee for Proprietary Medicinal Products and the Committee for Veterinary Medicinal Products: in order to provide these committees with the appropriate logistical back-up, the Commission proposes that an Agency be set up with the following tasks:

- (a) to coordinate the scientific assessment of the quality, safety and effectiveness of medicines submitted for Community authorization;
- (b) to draw up assessment reports, summaries of product characteristics and to draft labelling and package leaflets;
- (c) to monitor medicines authorized by the Community and issue opinions on the most suitable measures for these medicines;
- (d) to coordinate Community and national responsibilities for medicine manufacture and testing, including manufacturing, laboratory, clinical testing, batch testing practices, etc.;
- (e) to advise Member States and Community institutions on all matters relating to medicines;
- (f) to provide opinions on the maximum residue level in veterinary medicines.

Gist of the Committee Opinion ¹

In the Committee's view, the proposals reflect a cautious gradual approach which is nevertheless ambitious in intention.

The Committee's recommendations are designed to make the procedures more efficient and transparent, taking account of the social aspects of the pharmaceuticals sector and the need to focus on the

¹ CES 882/91.

interests of the consumer (and thus the needs of the patient who should be the prime beneficiary of the drug).

Comments on the authorization procedures

The Commission's cautious handling of the authorization procedures is understandable. Account has to be taken of the fact that, although EC-wide free movement of drugs brings a need for new regulations, the fragmented regulatory system which already exists cannot be dismantled overnight; it must be amended rationally and gradually.

In order to ensure that the process goes smoothly and to facilitate the completion of the new structures, existing instruments should be retained during the transitional period until the new EC instruments have overcome any teething problems.

The national procedure

Continued use of national procedures is justified, as it offers a guarantee for smaller firms producing drugs solely for the domestic market who do not wish their authorization to be extended to other Member States.

Decentralized EC procedure

This is a step forward from the 'multi-State' procedure, as it establishes clearer time-limits and allows firms to decide for themselves how many further authorizations to request. The procedure offers a gradual move to the European market for firms which wish to reach this wider market.

However, the procedure is less advantageous for the patient/consumer, as it could mean that new drugs take longer to reach the market, and does not guarantee their availability in all Member States.

Furthermore, recourse to the Agency's arbitration should not become the standard practice. Member States must be prevented from opposing applications on any grounds other than efficacy, quality and safety. This is important in order to avoid disguised forms of protectionism which would impede the establishment of a real single market.

The centralized procedure

The second procedure is a centralized one leading to an authorization which is immediately valid in all Member States. Decision-taking power is concentrated in the European Drugs Agency.

The proposal states that, for drugs intended for direct human use, the centralized procedure is:

- (i) obligatory only for products developed by means of certain biotechnological processes;
- (ii) optional for those developed by means of other biotechnological processes, or by means of highly technological and innovative processes.

The Committee wonders whether this distinction properly protects the interests of either the 'passive consumer' (i.e. the patient) or the 'active consumer' (i.e. the doctor who prescribes the drug and is thus the real promoter of its consumption).

The centralized procedure would have three practical advantages:

- (a) *all* EC patients would have immediate access to the abovementioned innovative drugs, without having to experience the lengthy delays which the authorization procedure in the individual Member States would inevitably entail;
- (b) it would make the best possible use of specialist skills, preventing 12 groups of people from having to examine substances which could be examined thoroughly by one single (and thus larger) group of experts of high and unquestionable international standing;
- (c) there would be an a priori guarantee that, because industry's preclinical and clinical research had to meet more rigorous standards, manufacturers would only put forward drugs of a fully proven innovative nature in technical and/or medical and biological terms.

The Committee therefore asks the Commission to consider the case for gradually extending optional use of the centralized procedure to other categories of drug.

Veterinary medicinal products

The above criteria also apply to the authorization of veterinary medicinal products. However, greater centralization might be desirable in the case of medicinal products for animals intended for human consumption, in view of the Community interests at stake (residues, movement of food products, etc.). For drugs

administered to domestic pets such as cats and dogs, on the other hand, the aim should be automatic mutual recognition without recourse to central arbitration.

Structure and scientific quality

The key role which the Agency is to play in the assessment process means that it must be completely neutral and independent, and that its monitoring functions must be multidisciplinary.

The Committee endorses the Commission's decision to set up a light central structure, relying heavily on national experts operating in their regular places of activity. The Committee also appreciates the intention to ensure the scientific independence of the Agency and the impartiality of its experts, and to avoid interference from industry and intervention by the national authorities which would be incompatible with assessment duties.

The establishment of a European college of experts based on national lists endorsed and updated by the Member States appears vital. These lists, which should be made public, should mention the experts' academic and technical qualifications, along with details of their research work and publications, and should include the declaration of other interests mentioned in Article 52 of the proposal.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, under the chairmanship of Mr Francisco Ceballo Herrero (Spain — Various Interests). The rapporteur was Mr Sergio Colombo (Italy — Workers).

14. COOPERATION AGREEMENT ON MEDICAL AND HEALTH RESEARCH — TURKEY

Proposal for a Council Decision concerning the conclusion of a Cooperation Agreement between the European Economic Community and the Republic of Turkey in the field of medical and health research (COM(90) 573 final — SYN 320)

Gist of the Commission proposal

By its Decision of 17 November 1987, the Council adopted a Community research and development programme in the field of medical and health research (1987-91). Article 7(2) of this Decision authorizes the Commission to negotiate agreements with the non-

Member States participating in European cooperation in the field of scientific and technical research (COST) with a view to associating them wholly or partly in the programme.

As one of the seven non-EC COST States, the Republic of Turkey has asked to cooperate in two of the abovementioned programme's targets.

The draft agreement, which is annexed to the proposal for a Council Decision, provides for cooperation in medical technology development (Target II.1) and in health services research (Target II.2).

In view of the nature of the cooperation, any additional expenditure paid from the Community budget resulting from the implementation of this draft agreement will be covered by Turkey's financial contribution.

Gist of the Committee Opinion ¹

The Committee welcomes the proposed cooperation agreement with the Republic of Turkey.

The Committee considers that the Council include COST member states in the fourth R&D programme and thus permit the agreement with Turkey to extend beyond 1991.

Lastly, the Committee asks the Commission to send it the summary report on implementation and the results of the research programme.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, under the chairmanship of Mr Ceballo Herrero (Spain — Various Interests). The rapporteur was Mr Wilfred Aspinal (United Kingdom — Various Interests).

¹ CES 864/91.

15. EUROPEAN YEAR OF SAFETY, HYGIENE AND HEALTH PROTECTION AT WORK (1992) (Additional Opinion)

Proposal for a Council Decision on an Action Programme for the European Year of Safety, Hygiene and Health Protection at Work (1992)
(COM(90) 450 final)

Gist of the Committee Opinion¹

On 18 December 1990, the Committee adopted an Opinion on the proposal for a Council Decision on an action programme for the European Year of Safety, Hygiene and Health Protection at Work (1992). In accordance with Article 20, third paragraph, of the Rules of Procedure, the Committee has been asked to prepare an Additional Opinion on this subject.

The Committee continues to support the proposal. However, it expresses its concern over the delay in obtaining the Council Decision to launch the year, and would urge reconsideration of the target date together with extra provision being made for the preparatory stages. The proposed funding for the year (ECU 12 million) is judged to be inadequate, and there is an imbalance in terms of the proposed provision for Commission promotional activities at the possible expense of practical actions in the field.

The prime goal of the year must be to promote and enhance the concrete application of existing EC measures for safety, hygiene and health protection at work. The year will only be a success if more emphasis and a more substantial financial commitment are put on practical actions directly at the workplace through transnational, national or local channels.

A further aim of the European year could be to promote new health and safety measures. The Commission, for example, might consider the option of occupational medicine in the context of the four designated themes for the year, with the view to exchanging knowledge and information and reaching a broad consensus of professional opinion necessary for the formulation of EC framework proposals which could be drawn up at the close of the year.

¹ CES 860/91.

The Committee would stress the need to involve fully the social partners and the Committee itself in the various transnational, national and local channels of actions envisaged.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs, under the chairmanship of Mr Vasco Cal (Portugal — Workers). The rapporteur was Miss Ada Maddocks (United Kingdom — Workers).

16. ELIMINATION OF BORDER CONTROLS

Proposal for a Council Regulation amending Regulation (EEC) No 4060/89 on the elimination of controls performed at the frontiers of Member States in the field of road and inland waterway transport (COM(91) 105 final)

Gist of the Commission proposal

In December 1989, the Council adopted Regulation (EEC) No 4060/89 on the elimination of controls performed at the frontiers of Member States in the field of road and inland waterway transport. The Regulation lays down that controls on road vehicles and inland waterway craft, and on the various documents relating to their operation, must form part of the normal controls applied in a non-discriminatory manner through a Member State's territory. This is to apply to all means of transport registered or put into circulation in a Member State.

In the absence, however, of appropriate Community law some types of transport between Member States are performed on the basis of international conventions or similar agreements.

The types of transport in question include in particular the carriage of dangerous goods and the carriage of foodstuffs. Although two Member States are not yet contracting parties to one of two agreements — ADR on carriage of dangerous goods, and ATP on the carriage of foodstuffs — all Member States do in practice apply the provisions of these agreements on the basis of their domestic law.

As with Community legal instruments, the ADR and the ATP do not lay down how or where controls and verifications on vehicles and their documents should take place; as a result, most Member States carry out these controls at their frontiers.

The Commission is of the opinion that steps must be taken to eliminate the various frontier controls mentioned above and to ensure that they are performed in the same manner as controls relating to domestic transport operations.

It is therefore proposed that Regulation (EEC) No 4060/89 should be amended and its scope extended to take account of controls of the carriage of dangerous goods and the carriage of foodstuffs, which are carried out on the basis of national law incorporating the provisions of the ADR and the ATP.

Gist of the Committee Opinion ¹

The Committee considers that the present proposal is consistent with the philosophy which the Committee adopted in its 1989 Opinion (OJ C 194, 31.7.1989, p. 24) and therefore should be similarly supported.

However, to avoid the excessive delays caused by being required to undergo repeated random checks, the Committee recommends that the present amending Regulation should add to council Regulation (EEC) No 4060/89 a proviso that a certificate issued by the proper authority of a Member State, to the effect that a vehicle was subjected to a technical inspection and was found to comply with relevant provision of the Annex to the Regulation (as now to be amended), should be accepted by the relevant authorities of other Member States as confirmation of compliance. This would obviate the necessity for further random checks in the course of the same journey.

Furthermore, the Committee suggests a number of technical changes in Annex II of the proposal.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Transport and Communications under the chairmanship of Mr Eike Eulen (Germany — Workers). The rapporteur was Mr Francis J. Whitworth (United Kingdom — Employers).

¹ CES 870/91.

17. TIR CONVENTION

Proposal for a Council Regulation (EEC) repealing Regulation (EEC) No 3690/86 concerning the abolition within the framework of the TIR Convention of customs formalities on exit from a Member State at a frontier between two Member States, and Regulation (EEC) No 4283/88 on the abolition of certain exit formalities at internal Community frontiers — introduction of common border posts
(COM(91) 146 final — SYN 338)

The Commission proposal would repeal Regulations (EEC) Nos 3690/86 and 4283/88. These two Regulations lay down that, in order to simplify formalities when crossing an internal frontier of the Community under the TIR procedure, the ATA Convention, the Community movement carnet or NATO form 302, the customs office of entry would be empowered to carry out the tasks of the office of exit as well as its own: thus only one customs clearance would be necessary in each case.

Thus from 1 January 1992 there will be no more formalities or controls at internal frontiers under the TIR or ATA Conventions or for NATO form 302; and the Community movement carnet will disappear from the date of application of Regulation (EEC) No 2726/90 on Community transit. This means that:

Regulation (EEC) No 3690/86 will be redundant from 1 January 1992;

Regulation (EEC) No 4283/88 will be redundant:

- (i) in respect of the ATA carnet and form 302, from 1 January 1992;
- (ii) in respect of the Community movement carnet, from the date of application of Regulation (EEC) No 2726/90.

Gist of the Committee Opinion ¹

As the draft Regulation follows logically from the decisions taken so far, it is unreservedly endorsed by the Committee.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services under the chairmanship of Mrs Ann Robinson (United

¹ CES 866/91.

Kingdom — Employers). The rapporteur was Mr Richard Müller (Germany — Various Interests).

18. OPEN NETWORK — LEASED LINES

Proposal for a Council Directive on the application of open network provision to leased lines
(COM(91) 30 final — SYN 328)

Gist of the Commission proposal

The creation of an open common market for telecommunications services, particularly for value-added services, is established as a major policy goal by the Community.

A Council Directive on the establishment of the internal market for telecommunications services through the implementation of open network provision was adopted in 1990. This Directive, generally referred to as the ONP framework Directive, foresees as a first priority the adoption of a Council Directive which specifies open network provision conditions for leased lines.

The telecommunications organizations' provision of transmission channels must be passed on to all users of these transmission channels in a non-discriminatory, harmonized manner. These users include service providers and telecommunications organizations providing competitive services, as well as end-users.

The proposal implements a concept of harmonization in the areas of standards, usage conditions, provision conditions and tariff principles. In order to achieve a maximum harmonization for the user, without at the same time introducing too many constraints on telecommunication organizations (TOs — suppliers) and users, the proposal follows a dual approach:

- (i) The leased lines which are provided in the context of the establishment, development and operation of the public telecommunications network shall be offered under Community-wide harmonized usage conditions and tariff principles. This will greatly facilitate the use of the present and future telecommunications infrastructure.
- (ii) Certain types of leased lines shall be provided by the TOs in accordance with harmonized technical standards. The TOs shall be obliged to provide these leased lines, since these are needed and requested by the wide majority of European users of leased lines. The proposed Directive identifies four types of

leased lines which have to be offered in all Member States by certain dates: ordinary quality voice bandwidth, special quality voice bandwidth, and 64 Kbit/s digital, as of 1 January 1992, and 2Mbit/s digital, as of 1 July 1992.

The proposal is flexible and open for future adaptation in line with market demand and technological progress. Thus, the proposal harmonizes the conditions for the provision of the most essential elements of telecommunications infrastructure needed for the provision of telecommunications services and in effect significantly improves the competitive conditions in the European telecommunications market.

Gist of the Committee Opinion ¹

The Committee is in general in favour of the Commission's proposal, but does have some comments:

- (a) it should be stated that network termination units (NTUs) are not claimed to be part of the leased line offering, since this would have serious implications for users in terms of both price and quality;
- (b) the proposal's concept of equivalent transmission capacity (ETC) is self-contradictory and should be amended;
- (c) the Commission should consider the addition of intermediate transmission speeds between 64 Kbit/s and 2.048 Mbit/s;
- (d) the interpretation of the data-protection requirements are questionable and should be clarified;
- (e) supply conditions may not differ too widely between the 12 Member States;
- (f) the pricing of international leased lines should follow the same principles as for national leased lines.

The Committee has a number of specific comments to the preamble, the paragraphs and Annex II of the proposal.

This Opinion, adopted by a large majority, with two votes against and four abstentions, was drawn up in the light of the paper produced by the Section for Transport and Communications under the chairmanship of Mr Eike Eulen (Germany — Workers). The rapporteur was Mr Philip Noordwal (Netherlands — Employers).

¹ CES 868/91.

19. TELEPHONE ACCESS CODES

Proposal for a Council Decision on the harmonization of the international telephone access code in the Community
(COM(91) 165 final — SYN 339)

Gist of the Commission document

The telephony service is the most important telecommunications service for both the European citizen and the European business user. With the growing economic integration as a result of the advent of the single market, easy access to international telephone services becomes a fundamental requirement for daily life in the Community.

At the moment, a Community citizen wanting to call another Member State from Belgium, Germany, Greece, Italy, Luxembourg or Portugal must dial the prefix 00; from Denmark prefix 009; from Spain prefix 07; from France prefix 19; from the United Kingdom prefix 010; from Ireland prefix 16; and from the Netherlands prefix 09.

With many millions of people working in Community Member States other than their own, and tourists and businessmen travelling throughout the Community, this situation has become unacceptable.

It appears that all those Member States not currently using 00 as the international access code have taken, or are currently taking steps towards the implementation of this code.

The proposed Council Directive aims to provide a firm base for the full implementation of this common international telephony access code across the Community within a reasonable time-span, while taking into account specific national situations.

It emphasizes three objectives:

- (i) it provides for the firm political commitment by Member States indispensable to provide for timely implementation;
- (ii) it allows for transition periods, in order to provide for the necessary integration of the change into the overall planning for numbering development, and therefore takes full account of the specific national situations;
- (iii) it aims at achieving a rapid benefit for the European citizen.

Gist of the Committee Opinion ¹

In the light of the positive effects of this proposal for the unhindered flow of telephone communications between the Member States, the Committee fully endorses the Commission's proposal, which will provide an easier access to the international telephone service for European citizens and businesses, thereby promoting the establishment and functioning of the internal market.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Transport and Communications, under the chairmanship of Mr Eike Eulen (Germany — Workers). The rapporteur was Mr Philip Noordwal (Netherlands — Employers).

20. SECOND R&TD FRAMEWORK PROGRAMME (1987-91)

Proposal for a Council Decision adapting Decision 87/516/Euratom, ECC concerning the framework programme of Community activities in the field of research and technological development (1987-91)

Proposal for a Council Decision amending Decisions 87/551/EEC, 87/590/EEC, 88/28/EEC, 88/279/EEC, 88/416/EEC, 88/418/EEC, 88/419/EEC, 88/521/EEC, 89/160/EEC, 89/236/EEC, 89/237/EEC, 89/413/EEC and 89/625/EEC adopting specific programmes under the second framework programme of research and technological development

**Proposal for a Council Decision amending Decisions 88/448/Euratom, 88/522/Euratom and 89/664/Euratom adopting specific programmes in the nuclear field under the second framework programme of research and technological development
(COM(91) 13 final — SYN 326)**

Gist of the Commission proposals

The second framework programme of Community activities in the field of research and technological development, covering the

¹ CES 869/91.

period 1987-91, was adopted by a Decision of the Council on 28 September 1987.¹

In accordance with Article 130i of the EEC Treaty, the framework programme encompasses all the activities undertaken by the Community, as a complement to those undertaken by the Member States, in pursuing the objectives assigned to it in the field of research and technological development, and which are listed in Article 130f of the Treaty.

The framework programme's job is to lay down the objectives to be achieved during the reference period, 'to define their respective priorities, set out the main lines of the activities envisaged and fix the amount deemed necessary, the detailed rules for financial participation by the Community in the programme as a whole and the breakdown of this amount between the various activities envisaged'.

The second framework (1987-91) provides for the carrying-out of eight Community research and technological development activities, set out in Annex I to the Council Decision, within which specific programmes are developed.

These specific programmes constitute the principal means of implementing the framework programme: each of them, in accordance with Article 130k, 'defines the detailed rules for implementing it, fixes its duration and provides for the means deemed necessary'. Thirty-seven specific programmes have thus been decided, as part of the implementation of the 1987-91 framework programme.

The Council Decision of 28 September 1987, as amplified by a Decision of 28 March 1988,² set aside ECU 5 396 million as the overall amount deemed necessary for implementing the second framework programme, and thus the maximum sum able to be allocated for implementing the various specific programmes in accordance with the second paragraph of Article 130p, the last sentence of which states that 'the estimated cost of the specific programmes must not in aggregate exceed the financial provision in the framework programme'.

Under the terms of the first paragraph of Article 1(3) of the Council Decision of 1987, a maximum of ECU 4 533 million was set aside in the budget for the implementation of specific programmes before the end of 1991: ECU 863 million should therefore be com-

¹ Decision 87/516/EEC, Euratom (OJ L 302, 24.10.1987, p. 1).

² Decision 88/193/EEC, Euratom (OJ L 89, 6.4.1988, p. 35).

mitted after the reference period of the framework programme (1987-91), a budget operation known as the 'overhang'.

Since then a new framework programme has been decided on so as to strengthen and complete the Community's activities in the field of research and technological development. This programme, the third, covers the period 1991-94.¹ It is to be implemented through 15 specific programmes.

The adoption of this third framework programme will not affect the continued implementation of the specific programmes decided on in accordance with the framework programme for 1987-91.

The present Commission proposals seek to adapt the Council Decision of 28 September 1987 and modify 16 of the 37 decisions relating to specific programmes. The Commission declares its aim to be two-fold:

- (i) to face up to a possible slowdown in the Community's overall research and technological development effort in 1991 due to delays in the legislative procedure for the adoption of the specific programmes under the 1990-94 framework programme;
- (ii) to take account of developments on the energy supply market and step up the search for and development of new energy options that are both economically viable and environmentally friendly.

The Commission is therefore proposing to:

- (i) increase the amount to be committed for the execution of specific programmes before the end of 1991 by ECU 660 million to ECU 5 193 million for the whole of the period 1987-91;
- (ii) modify the apportionment between the different research activities of the amount deemed necessary for the execution of the 1987-91 framework programme, as laid down by the Council Decision of 28 September 1987;
- (iii) increase by ECU 40 million the amount deemed necessary for the execution of the specific programme for research and technological development in the field of non-nuclear energy and the rational use of energy 1989-92 (Joule), decided by the

¹ Council Decision 90/221/EEC, Euratom of 23 April 1990 (OJ L 117, 8.5.1990, p. 28).

- Council on 14 March 1989,¹ and raise it from ECU 122 million to ECU 162 million;
- (iv) reduce correspondingly the estimates for the amounts deemed necessary for the execution of certain other specific programmes, as laid down by the relevant Council Decisions, so as not to exceed the overall ceiling provided for by the 1987-91 framework programme.

Gist of the Committee Opinion²

The Committee approves the Commission's proposals but has a large number of reservations in view of the fact that the proposals are based on a situation already criticized in the past by the Committee. Key features of this situation are as follows:

- (i) an inappropriate R&TD decision-making process, involving considerable delays in the adoption and implementation of both the framework programmes and specific programmes, such delays being prejudicial to EC research overall;
- (ii) totally inadequate funding for the second framework programme, the Council having reduced the Commission's proposed budget of ECU 7 735 million to ECU 5 396 million.

On a more specific level, the Committee makes the following observations:

Increase in the sum to be committed by the end of 1991 for the implementation of the specific programmes

The more rapid implementation of the specific programmes decided under the second framework programme consequent upon the increase in the sum to be committed by the end of 1991 is very likely to lead to the selection of a larger number of research projects than was initially foreseen.

This situation must not affect the selection criteria for projects which benefit from a Community financial contribution and, in particular, the criteria relating to the scientific and technical quality of the proposals put forward for consideration.

Secondly, the Committee draws attention to the importance of committing the appropriations in question in such a way as to ensure a coherent and harmonious transition between the second

¹ OJ L 98, 11.4.1989, p 13.

² CES 867/91.

framework programme (1987-91) and the new framework programme (1990-94). With this aim in view, the Committee considers that account should henceforth be taken, in selecting the research projects, of the research objectives and priorities set out in the third framework programme.

Modification of the outline allocation of appropriations between the various research activities

The Committee welcomes the proposed increase in the appropriations for research activities in the field of non-nuclear energies and the rational use of energy. This proposal is in line with the recommendations made by the Committee in earlier Opinions.

The Committee does, however, regret the fact that these same recommendations were not taken into consideration in the formulation of the new framework programme (1990-94) which provides no evidence of a political commitment to make non-nuclear energy a high priority research field.

A recurrence of a situation such as the one which the proposal under review is designed to remedy cannot therefore be ruled out.

As regards the proposed method of offsetting this increase, namely a correlative, proportional reduction in the budget for the implementation of the other research activities provided for under the second framework programme, the Committee believes that the choice of this method in preference to increasing the overall budget for the framework programme represents a decision based on political rather than legal considerations.

In view of the low level of reductions involved, the Committee is able to go along with the compensation method chosen but it would point out that if an adequate budget for the implementation of the second programme had been provided from the outset, the proposals under consideration would most certainly never have been put forward.

Increase of ECU 40 million in the budget for the implementation of the Joule programme

The Committee approves the proposed increase for the reasons given above. The Committee does, however, note that the proposal that the additional ECU 40 million should be divided proportionally between the four subprogrammes does not take into account the recommendations made in the Committee's Opinion on the Joule programme.

In this Opinion the Committee stated that R&D in the field of renewable energies should have a priority claim on additional funds allotted to the Joule programme.

The Committee also notes that, contrary to the provisions of the Decision adopting the Joule programme, the Commission's proposals are not accompanied by a report on the progress made in implementing the programme which would make it possible to evaluate the justification of the proposed proportional allocation of the sum in question between the four subprogrammes.

The Committee strongly deplores this situation and resolutely urges the Commission to take account, when selecting the research projects to receive financial backing from the EC as a result of the additional appropriations, of:

- (i) the recommendations set out in the Committee's Opinion on the Joule programme, With this aim in view, the Commission should proceed using a flexible approach in apportioning the appropriations among the various subprogrammes of the Joule programme;
- (ii) the aims and priorities set out in the third framework programme in the case of non-nuclear energy. The aim would be to ensure a harmonious transition and continuity between the research activities carried out under the Joule programme and the research activities coming under the new specific R&TD programme in the field of non-nuclear energy (1990-94) proposed by the Commission in May 1990.

Proportional cut in the appropriations deemed necessary for a number of other specific programmes

The Committee notes that the proposed reductions are marginal; it does not wish to make any specific comments, other than to point out that these reductions merely underscore the total inadequacy of the overall budget for the second framework programme.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, under the chairmanship of Mr Aldo Romoli (Italy — Employers). The rapporteur was Mr Tomás Roseingrave (Ireland — Various Interests).

21. REVISED ECONOMIC REPORT (1990-91)

Proposal for a Council Decision adopting the Annual Economic Report 1990-91 on the economic situation in the Community and determining the economic policy orientation for the Community in 1991 — '1990-91 revision'

(COM(91) 185 final)

Gist of the Commission document

According to the revised version of the Annual Economic Report 1990-91 the economic outlook for the Community in the current year is much less favourable than it appeared in autumn last year. In the Community, output is expected to increase by less than 1 1/2% in 1991, half the rate recorded in 1990. As a result, growth in employment is likely to slow down significantly to less than 1/4%. Despite the slowdown in activity, inflation is expected to remain broadly stable at a relatively high level.

The Gulf crisis now seems to have had smaller and probably more transitory effects on confidence, inflation and growth than initially feared. And there are incipient signs that the relatively pronounced cyclical downturn in some industrial countries — including the United States of America and the United Kingdom — is bottoming out.

The fundamentally healthy underlying growth conditions in the Community should therefore reassert themselves. These comprise the restoration of profitability during the 1980s; some progress made in reducing unsustainably large budget deficits; the implementation during the past decade of structural reforms aimed at a better functioning of markets; the achievement of a more sustainable pattern of external balances and — last but not least — the European integration prospects.

Given the continued implementation of such policies, the recent economic slowdown in the Community is expected to be reversed during the course of the year. In 1992 the overall situation is expected to improve with output growth reaching 2 1/4%. Due to lag effects, however, employment growth is expected to remain at the level of 1991 (0.2%) entailing a further modest rise in the unemployment rate to 9.2%.

The standstill of budget consolidation is, however, a cause for concern, particularly since Stage I of economic and monetary union tightens convergence requirements in the fields of prices and costs,

budgetary and external positions. A considerable adjustment has still to be carried out by some member countries.

Gist of the Committee Opinion ¹

The Opinion refers to the previous Opinion adopted on this matter by the Committee on 28 February 1991. This Opinion already took account of the development of the economic situation in the Community in the initial months of 1991 and the impact of the Gulf War. The Commission's analysis of the economic situation after the Gulf War and its proposed economic guidelines are endorsed in the new Opinion.

The Committee has also decided to draw up an Opinion on the economic situation in the Community in mid-1991. This Opinion will take account of the revised economic data.

This Opinion, adopted by a large majority with one dissenting vote and 12 abstentions, was drawn up in the light of the paper produced by the Section for Economic, Financial and Monetary Questions, under the chairmanship of Mr Jean Pardon (Belgium — Employers). The rapporteur-general was Mr Bernardus Pompen (Netherlands — Various Interests).

22. PROTECTION OF GEOGRAPHICAL INDICATIONS

Proposal for a Council Regulation (EEC) on the protection of geographical indications and designations of origin for agricultural products and foodstuffs (SEC(90) 2415 final)

Gist of the Commission proposal

The proposal is designed to provide a framework for a system to protect agricultural products and foodstuffs eligible to carry a geographical indication or designation of origin. 'Geographical indication' means the name of a region, specific place or even country referring to a product originating in that area and possessing a quality or reputation which may be attributed to the geographical environment with its inherent natural and/or human components. 'Designation of origin' means the name of a region,

¹ CES 881/91.

specific place or — in exceptional cases — a country referring to a product originating in that area whose quality or other characteristics are essentially or exclusively due to a particular geographical environment.

Gist of the Committee Opinion ¹

The Committee welcomes the proposal and supports its general approach and scope.

A Community policy geared towards quality is vitally important, both to satisfy consumers and to bring more added value to the farm sector.

The protection of geographical indications and designations of origin is a significant step forward for the consumer. Improved presentation of the product will lessen the risk of confusion and offer a better guarantee of the products' origin.

The free movement of goods will not be affected, since products manufactured in different parts of the Community may also be marketed providing they are properly labelled.

The absence of protection in some cases has led to commercial use of geographical names as a generic title for products which lack the distinguishing features that lent prestige to the regional product. Any policy seeking to protect production must obviously establish mechanisms to protect the use of such designations, in order to prevent them being misused in a way which could mislead the consumer. In the same way, prestigious names which have been established through the care and hard work of certain producers must not be allowed to become generic designations simply because they are not properly protected.

This Opinion, adopted by 80 votes to 43 with six abstentions, was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, under the chairmanship of Mr André Laur (France — Various Interests). The rapporteur was Mr Leopoldo Quevedo Rojo (Spain — Various Interests).

¹ CES 878/91.

23. VETERINARY CHECKS ON ANIMALS ENTERING THE EC FROM THIRD COUNTRIES

Proposal for a Council Regulation (EEC) laying down the principles governing the organization of veterinary checks on animals entering the Community from third countries
(COM(91) 75 final)

Gist of the Commission proposal

The proposal adopts the following general principles.

In all cases, a documentary check must be carried out on arrival in Community territory. Then, an identity check and a physical check must be carried out at an inspection post located in the immediate vicinity of the point of entry. After these checks, the animals shall be subject to the same system as Community animals.

In addition to the general principles, the proposal provides for the approval and checking of inspection posts, the placing in quarantine of animals, the organization of follow-ups to the checks, the settlement of disputes, programmes for exchanges between officials and special cases.

A general system of safeguards is proposed. It is for the Commission to take the necessary protection measures. The situation is reviewed as soon as possible within the Standing Veterinary Committee and the necessary decisions are adopted by the Commission in accordance with the so-called regulatory committee procedure.

Gist of the Committee Opinion ¹

The Committee approves the Commission proposal, the aim of which is the protection of human and animal health and the elimination of all barriers to trade with third countries.

This Opinion, adopted unanimously, was drawn up in light of the paper produced by the Section for Agriculture and Fisheries, under the chairmanship of Mr André Laur (France — Various Interests). The rapporteur was Mr Hans Jürgen Wick (Germany — Workers).

¹ CES 871/91.

24. COMMON ORGANIZATION OF THE MARKET IN FISHERY PRODUCTS

Proposal for a Council Regulation (EEC) on the common organization of the market in fishery products (SEC(91) 484 final)

Gist of the Commission proposal

By its decision of 1 April 1987 the Commission instructed its departments to produce a formal consolidated version of legislative instruments no later than after their 10th amendment, but made it clear that this was a minimum requirement and that, in the interests of clarity and of the ready comprehension of Community law, an effort should be made by each department to consolidate the instruments for which it is responsible at more frequent intervals.

The proposed consolidated version of Council Regulation (EEC) No 3796/81 of 29 December 1981 on the common organization of the market in fishery products aims to achieve this in accordance with the basic principles on which Council, Parliament and Commission agreed in 1974, through legislative consolidation: the existing regulations would be replaced by one new one, which would leave their substance untouched but would assemble them into a single text, with only the formal amendments required by the operation itself.

Gist of the Committee Opinion ¹

The Committee endorses the Commission's proposals.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, under the chairmanship of Mr André Laur (France — Various Interests). The rapporteur was Mr Jesus Muñiz Guardardo (Spain — Various Interests).

¹ CES 872/91.

II. Presence and influence of the Economic and Social Committee

Meetings attended by the Chairman and Secretary-General in June 1991

3/4 June — Luxembourg: conference hosted by the ESC and the European Parliament on migrant workers from third countries.

6 June — Brussels: meeting with Mr Shimon Perez, President of the Israeli Labour Party.

7 June — Brussels: attendance, under chairmanship of Mr François Staedelin, at the second extraordinary meeting of the Fourth World Popular University in Europe.

10 June — Brussels: meeting with representatives of regional offices.

11 June 1991 — Strasbourg: preliminary intergovernmental conference on economic and monetary union.

20 June — Boulogne Billancourt (France): conference hosted by the Association des directeurs et cadres de personnel and the Union des groupes Île-de-France.

27 June — Île de France: plenary session of the Economic and Social Committee of the Île-de-France.

28 June — Lisbon: meeting with Mr Soares, President of Portugal.

Other meetings in June 1991

5 June — Brussels, ESC headquarters: statement by Sir Leon Brittan, Commission Vice-President, on the monitoring of State aids in connection with industrial policy (to Section for Industry, Commerce, Crafts and Services).

13 June — Stuttgart (Germany): meeting of ESC Study Group on Europe 2000 with the *Land* government and the representatives of economic and social interests.

18 June — Brussels, ESC headquarters: statement by Mr Middelhoek, member of the Court of Auditors, on Community regional policy and the integrated Mediterranean programmes; presentation of activity report of the European Investment Bank by Mr Dubourg, EIB Vice-President (to Section for Regional Development and Town and Country Planning).

III. Visits to the ESC

- 3 June 1991: Danish Confederation of Civil Servants and Employees
- 4 June 1991: French national agency for in-service training abroad
- 5 June 1991: French National Education Federation
- 6 June 1991: Italian Confederation of Unions of Sardinia
- 6 June 1991: Marmara University, Istanbul (Turkey)
- 7 June 1991: Federation of Belgian Enterprises, Brussels
- 7 June 1991: Key to Europe (International Association for Education, Training and Research on European Cooperation and Integration), Brussels (Dutch agriculture teachers)
- 10 June 1991: Società italiana per l'organizzazione internazionale (SIOI) (Italy)
- 11 June 1991: Friedrich-Ebert Foundation (Germany) (young African unionists)
- 11 June 1991: Boston University (USA)
- 11 June 1991: Kollegschule der Stadt Köln (Germany)
- 12 June 1991: Quaker Council for European Affairs (UK)
- 12 June 1991: Arbeit und Leben (Arbeitsgemeinschaft für politische Bildung des Deutschen Gewerkschaftsbundes Hessen) (Germany)
- 13 June 1991: APCA (Assemblée Permanente des Chambres d'Agriculture) — Trie-Château (France)
- 13 June 1991: Kassenzahnärztliche Bundesvereinigung (Germany)

- 14 June 1991: Austrian permanent representation to the European Communities, Brussels
- 19 June 1991: Bundesverband der Deutschen Industrie e.V. (Federation of German Industries, Cologne)
- 20 June 1991: Berufliche Schule der Stadt Nürnberg (Germany)
- 26 June 1991: Nordic Confederation of Supervisors, Technicians and Other Managers (Nordic countries)
- 26 June 1991: Deutsche Angestellengewerkschaft (DAG) (German employees' Trade Union)
- 26 June 1991: Cologne University (Germany)
- 27 June 1991: Group from ex-GDR
- 27 June 1991: Deutschlandpolitisches Bildungswerk Nordrhein-Westfalen (Germany)

LIST OF PUBLICATIONS AND BROCHURES

Available from the ESC

General documentation

The other European Assembly (CES 90-024)
Leaflet on the ESC

Opinions and studies

Disadvantaged island regions (July 1988) (ESC 88-009)
Horizon 1992: The ESC supports the removal of fiscal frontiers (July 1988)
(eight Opinions)
Target date 1992: The ESC supports 'the new-frontier Europe' (June 1988)
(seven Opinions) (ESC 88-010)
A policy for upland areas (December 1988)
Contribution to a European environmental policy (ESC-89-020)
Economic and monetary union in the European Community (ESC-89-021)
Competition policy (ESC-90-003)
The right of the European citizen to move freely (ESC-90-004)
Consumer information (ESC-90-008)
The future of rural society (ESC-90-011)
Statute for the European company (ESC-90-016)

Available from the EC Publications Office

Bulletin (monthly) (per issue: ECU 5; annual subscription: ECU 45)
Annual Report 1990 (ECU 13)
Effects of the CAP on the social situation of farmworkers in the European
Community (Brussels, 1987) (ECU 3.40)
European environment policy: air, water, waste management (Brussels,
1987) (ECU 3.50)
Community rail policy (ECU 7.40)
EEC maritime transport policy (Brussels, June 1986) (ECU 3.40)
EEC air transport policy (October 1985) (ECU 5.50)
GATT — towards a new round (Opinion) (Brussels, 1986) (ECU 2.20)
Competition policy (ECU 3.40)
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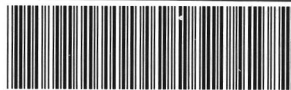
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