

ECONOMIC AND SOCIAL CONSULTATIVE ASSEMBLY

BULLETIN

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ECONOMIC AND SOCIAL COMMITTEE

The Bulletin reports every month (10 issues yearly) on the activities of the Economic and Social Committee, a Community consultative body. It is edited by the Secretariat-General of the Economic and Social Committee of the European Communities (2 rue Ravenstein, B-1000 Brussels) in the official Community languages.

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Catalogue number: ESC-88-015-EN

Luxembourg: Office for Official Publications of the European Communities, 1989

Catalogue number: EX-AA-88-010-EN-C

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Printed in Belgium

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New Chairman for the Economic and Social Committee

Mr Alberto Masprone (Italy) was elected Chairman of the Economic and Social Committee of the European Communities for a two-year term, at the Plenary Session held in Brussels on 26 October 1988.

Mr Masprone succeeds Mr Fons Margot (Belgium) who in his farewell statement recalled the growth of the Committee's influence during his term of office, which coincided with a crucial period in the Community's history.

Mr Masprone, who comes from the Employers Group (he was its Chairman for two years) was for many years Deputy-Director of the Italian Confederation of Industry (Confindustria) and is now its adviser.

The two new Vice-Chairmen are Mr Thomas Jenkins (United Kingdom — Workers Group), Assistant Secretary of the International Department of the Trades Union Congress, and Mr Erik Hovgaard Jakobsen, (Denmark — Various Interests Group). Mr Jakobsen holds a senior post with the Danish Council for Agriculture.

Election of the new Bureau and Group Presidents

27 other Bureau members were also elected:

Group I Employers	Mr Paul Arets, Belgium
	Mr Poul Schade-Poulsen, Denmark
	Mr Paul Broicher, Germany
	Mr Elias Aparicio Bravo, Spain
	Mr François Ceyrac, France
	Mr Gordon Pearson, Ireland
	Mr Ulbo Tekker, The Netherlands
	Mr Rui Herlandez Rolão Gonçalves, Portugal
	Mr William Poeton, United Kingdom



Mr Alberto Masprone, the new Chairman of the Economic and Social Committee.

Group II Workers	Mr George Dassis, Greece
	Mr Enrico Vercellino, Italy
	Mr Jean Rouzier, France
	Mr Joseph Houthuys, Belgium
	Mr H. van Eekert, The Netherlands
	Mr Bent Nielsen, Denmark
	Mr Paul Flum, Germany
	Mr José María Zufiaur, Spain
Mr Marcel Glesener, Luxembourg	
Group III Various Interests	Mrs Alma Williams, United Kingdom
	Mrs Helga Elstner, Germany
	Mr Athanasias Alexopoulos, Greece
	Mr Pere Margalef Masia, Spain,
	Mr Jean-Claude Clavel, France
	Mr Tomás Roseingrave, Ireland
	Mr Francesco Serra Caracciolo, Italy
	Mr Mathias Berns, Luxembourg
Mr G.H.E. Hilkens, The Netherlands	

Election of ESC Group Chairmen

The Economic and Social Committee of the European Communities has elected its three Group Chairmen for the next two years.

The Employers Group elected Mr Philip H. Noordwal (The Netherlands), member of the Committee from 1974 to 1976 and again since 1982. Mr Noordwal has a law degree; he is currently Counsellor on International Affairs in the Confederation of Dutch Enterprises. He was Vice-Chairman of the Economic and Social Committee from 1984 to 1986.

The Workers Group re-elected Mr François Staedelin (France). He has held this post since 1986, when he became a member of the ESC. Mr Staedelin is a trade unionist from the Administration of the PTT (Post Office and Telecommunications). He is an economics expert in charge of European missions for the CFDT (French Democratic Workers' Confederation).

The Various Interests Group elected Mr Nikolaos Vassilaras (Greece), member of the Administrative Council of the Dodecanese Chamber of Commerce and Industry and member of the Rhodes Chamber of Commerce. Mr Vassilaras has been a member of the Committee since 1982.

Extracts from the farewell address of Mr Margot

In his farewell address Mr Fons Margot, the outgoing Chairman, recalled major European events that took place during his term of office.

'After a fairly long period of hesitation, stagnation and sometimes discouragement, which was nevertheless marked by the enlargement of the Community to the present 12 Member States, European unification gained momentum during my term of office.

Peoples' apathy has been dispelled by the expectation that the large internal market will be completed by 1992 and that the free movement of persons, goods, services and capital will generate new economic growth, which it is hoped will also lead to social progress.

Credit for this development must clearly be given to the present EC Commission, the dedication of its President Jacques Delors and the other Commissioners, whose proposals were given a positive reception in the European Parliament, in the Committee and finally also in the Council.

Thanks in part to the more flexible decision-making resulting from the Single Act, it was possible to take in hand the implementation of a balanced policy with the familiar components: completion of the internal market, reform of the CAP, doubling of the resources of the structural Funds and an overall increase in the budget to make these objectives possible within the framework of the cooperative growth strategy for more jobs, which the Committee, too, has endorsed.

Meanwhile other aspects of this overall policy have called for our attention. It is clear that we cannot be indifferent to the social dimension of European integration. The persistent unemployment which is still affecting more than 16 million people in the Community must be tackled with the necessary imagination. A suitable response must also be found to the concern among workers about the social consequences of the completion of the internal market and the application of new technologies. Even before the EC Commission had formulated its plans regarding the social dimension of the single market the Committee had drawn attention to this issue in a report that found a considerable echo.

When the Committee celebrated its 30th anniversary we examined the Cecchini Report, which held out optimistic prospects in the medium term as regards economic growth, increased competitiveness and employment, provided a suitable, dynamic policy was pursued.

Even if these prospects materialize, we shall still be faced in the short term with high unemployment and major imbalances between regions and sectors.

One of the important paths to solutions is the social dialogue, which the Committee, too, can stimulate and inspire.

Another problem which came to the fore during my term of office was environmental protection. The European Year of the Environment (1987) did not pass by unnoticed in the Committee. That environmental disasters do not respect national frontiers was amply illustrated by the Chernobyl nuclear accident and the Schweizerhalle fire, which resulted in pollution of the Rhine. The Committee did not just devote a pioneering Opinion to the consequences of Chernobyl but also played an active part in a number of symposia organized in the context of the European Year of the Environment.'

Extracts from the speech of the Chairman, Mr Masprone

Mr Alberto Masprone, gave notice of his plans to strengthen its role in the European Community. All the possibilities which arose from the Single Act and the Treaty of Rome should be used to further the Committee's influence and to raise its standing and that of its members. National governments should be urged to instruct their permanent representations in Brussels to give greater weight to the Committee's work. In view of the Committee members' contribution to the construction of Europe and the growing demands placed upon them, they should receive greater recognition and more adequate facilities should be placed at their disposal.

However he also called on each member to act as the Committee's own ambassador in his own country and in his own organization so that the Committee's activities would be known and appreciated.

Mr Masprone then listed the challenges which the Committee would have to face in the two portentous years ahead:

'As you all know, the next two years are crucial for the Community. The 1st January 1993 is drawing near; however, I would venture to predict that in 1991 and 1992 we will mainly be putting the final touches and putting into practice the commitments and decisions made between now and 1990.

Over the next two years, there are a number of challenges which our Committee must be ready to meet, in line with its responsibilities and alongside the other institutions. I am talking about:

- (i) the creation of the single internal market;
- (ii) the drive to achieve a European “social area” to solve the acute problem of unemployment, and particularly youth unemployment, and guarantee workers the standard of living which they deserve;
- (iii) the improvement of environmental policy and consumer protection;
- (iv) the finalization of a policy to ensure farmers a proper income without placing too heavy a burden on the Community’s finances, backed by a policy for rural society;
- (v) the pursuit of a foreign trade policy which respects the principles of Article 110 of the Treaty but which does not jeopardize domestic production;
- (vi) a Community-level partnership covering national activities in the fields of energy, research and new technologies;
- (vii) the achievement of further progress on the road towards economic and monetary union;
- (viii) the maintenance of favourable conditions for small and medium-sized businesses;
- (ix) a renewed boost for a “People’s Europe”, by means of appropriate measures to help young people, to support leisure activities, and to combat drug abuse and terrorism.

Without wishing to appear over-arrogant — but also without false modesty — we may say that the single market and the social progress which must accompany it cannot be achieved without the full involvement of the key socio-economic groups which we represent. We must have the courage to say that it is these groups, rather than the national bureaucracies (necessary though they are) who are building the Community.

The deadline of 1 January 1993 is only an initial — albeit important — step towards the achievement of European unity. We want to play a part in this, and we must; for it is our right, as convinced Europeans and as people who are ready to make the necessary sacrifices in order to achieve this great goal.

We have two years of hard, exacting and perhaps perplexing work ahead of us. We must tackle it calmly and responsibly.’

259th plenary session

The 259th plenary session of the Economic and Social Committee was held at the Committee building, Brussels on 26 and 27 October under the chairmanship of Mr Alberto Masprone.

The following Opinions were adopted:

ADOPTION OF OPINIONS

1. REFORM OF THE STRUCTURAL FUNDS — SECOND PHASE

Proposal for a Council Regulation as regards coordination of the activities of the different structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments

Gist of the Commission proposals

On 24 June 1988 the Council, acting unanimously within the period laid down in Article 130d of the EEC Treaty, adopted the framework Regulation on reform of the Community's structural Funds (Regulation (EEC) 2052/88). In accordance with Article 3 of the Regulation and on the basis of Article 130e of the Treaty, the Commission, at its last meeting in July, decided to submit for the Council's approval the second phase of the reform of the structural Funds which is to enter into force on 1 January 1989.

Commission document COM(88) 500 final contains four Regulations concerning coordination between the various structural Funds, the EIB and the other financial instruments (horizontal regulation) and among the various structural Funds (three vertical regulations).

The common explanatory memorandum outlines the principles underlying the proposals for application of reform of the Funds, namely:

- (i) the spelling-out in greater detail of the general provisions set out in the framework regulation to define the policies and activities of each Fund, while leaving sufficient flexibility for adaptation to different specific needs;
- (ii) simplification and harmonization of the operational procedures of the Funds by means of common provisions;
- (iii) coordination at operational level of the various activities of the financial instruments;
- (iv) combined use of subsidies and loans in an efficient and cost-effective way.

Proposal for a regulation on the coordination of the activities of the different structural Funds between themselves and with the operations of the EIB and the other existing financial instruments

The Commission will ensure the coordination of the various structural Funds between themselves and with the EIB and the other financial instruments (ECSC, NCI, Euratom, IMP, Pedip, SME, research, etc;) by means of:

- (i) multiannual budget forecasts,
- (ii) Community support frameworks,
- (iii) the implementation, where appropriate, of integrated operational programmes,
- (iv) monitoring and assessment of the activities of the Funds.

At the suggestion of the Member States, rural areas eligible to receive Community assistance under Objective 5B will be selected in accordance with the criteria set out in Article 4(1) and Title VIII.

PLANS

Plans submitted in connection with Objectives 1, 2, 3, 4 and 5b are to be drawn up at the geographical level deemed to be most appropriate by the competent national, regional or other authorities.

Regional development plans (Objective 1), regional and social conversion plans (Objective 2) and rural development plans (Objective 5b) will also include actions not covered by the plans relating to Objectives 3 and 4.

Plans submitted in connection with Objectives 3 and 4 will distinguish between expenditure in respect of the regions covered by Objectives 1, 2 and 5b and expenditure in respect of other regions.

Plans will indicate the volumes of assistance requested and will cover a period of not less than three years.

COMMUNITY SUPPORT FRAMEWORKS

This is one of the main innovations of the reform. Support frameworks will be drawn up on the basis of an agreement with the Member State concerned within the framework of the partnership and will be established by decision of the Commission. They will cover a period of three to five years and will include:

- (i) priorities for joint Community and national action;
- (ii) the form of activity, principally operational programmes;
- (iii) an indicative financing plan;
- (iv) where necessary, technical assistance operations.

The Community support framework is designed to ensure coherence of specific activities and planned policies and to ensure genuine additionality of Community activities.

ASSISTANCE FROM THE FUNDS

Assistance may take the following forms:

- (i) part-financing of operational programmes;
- (ii) part-financing of aid programmes;
- (iii) global grants;
- (iv) part-financing of major projects;
- (v) aid for technical assistance;
- (vi) aid for the realization of preparatory studies;
- (vii) pilot projects.

Only activities set out in the Community support framework are eligible for support from the Funds.

DIFFERENTIATION OF COMMUNITY ASSISTANCE

Community support will be calculated in relation to either the total cost or total public expenditure (national, regional or local and Community) on the eligible project and will as a rule be:

- (i) 65% in regions covered by Objective 1;

- (ii) 50% in areas covered by Objective 2;
- (iii) 40% in all other cases.

In the case of investments in firms, Community support will not exceed:

- (i) 50% of the total cost in the regions covered by Objective 1;
- (ii) 30% of the total cost in the other regions.

The combination of grants and loans will be spelt out in the Community support framework with the collaboration of the EIB.

FINANCIAL PROVISIONS

Budgetary commitments will be made on the basis of Commission decisions and will be valid for a limited period.

Commission decisions, commitments and payments will be denominated and carried out in ECU.

With regard to financial control, the Member State concerned will be responsible in a subsidiary capacity for repayment of any sums paid in error and also in cases of abuse or negligence. The Commission is at any moment entitled to request information on the supervisory measures carried out by the Member States and may itself carry out on-the-spot checks in respect of any operations financed by the structural Funds.

MONITORING AND ASSESSMENT

Within the framework of the partnership between all the bodies concerned, the Commission and the Member States will ensure the monitoring and assessment of implementation of assistance from the Funds. Monitoring committees will be set up by agreement between the Member State and the Commission.

Ex ante and *ex post* assessment of Community activities will assess the effectiveness of such activities at three levels:

- (i) their impact on the strengthening of economic and social cohesion;
- (ii) the impact of operations under each Community support framework and at macroeconomic level;
- (iii) the impact of operational activities at microeconomic level.

COMMITTEES

The following committees will be set up:

- (i) An Advisory Committee on the Development and Conversion of Regions, made up of Member States' representatives and chaired by a Commission representative. The EIB will take part in its deliberations.
- (ii) A committee referred to in Article 124 of the Treaty (European Social Fund). This will be composed of two government representatives, two representatives of workers' organizations and two representatives of the employers' organizations from each Member State.
- (iii) Committee on Agricultural Structures and Rural Development. This will be made up of Member States' representatives and chaired by a Commission representative.

REPORTS AND PUBLICITY

The Commission will draw up annual reports assessing the efforts deployed under all the Funds, the EIB and the other financial instruments in support of the five priority objectives.

The body responsible for implementing an operation carried out with financial assistance from the Community will ensure that adequate publicity is given to the operation.

Gist of the Committee's Opinion ¹

Reform of the structural Funds is a key instrument for strengthening the Community's economic and social cohesion (Article 130a of the EEC Treaty) and achieving harmonious development throughout the Community).

In its Opinion adopted unanimously, the Committee deplores the fact that the proposals ignore a number of points raised in earlier Committee Opinions on the reform of the Funds. However, the Committee welcomes the proposed consolidation of the principle of 'additionality', whilst calling for a concrete definition of this concept. The Committee also welcomes the systematic use of *ex ante* and *ex post* assessment, and of monitoring committees to take part in this.

The Opinion expresses concern about a number of points:

¹ CES 1094/88.

- (i) 'partnership' is a new concept which requires further clarification. For example, the proposal is silent about the participation of the various economic and social partners. Interpretation of the phrase 'representatives of the Member States' along the lines of Article 124 of the EEC Treaty would allow permanent participation of these groups.
- (ii) None of the new committees which are to be set up is responsible for the coordination of structural measures. The Committee calls for the establishment of a new advisory committee, to include representatives of the economic and social partners.
- (iii) The criteria for deciding which regions should receive assistance from the Funds need to be more clearly defined.
- (iv) The integrated approach should take priority wherever possible, and the Commission should be given more latitude in taking decisions on this approach.
- (v) A single regional plan should be drawn up, broadly outlining the planning of the five objectives and including the plans for each objective.
- (vi) Community support frameworks are a key feature of the reforms. However, that legal definition is too vague, and it is unclear how they are to operate. The problem could be solved by the use of programme contracts, of which the Commission already has experience.
- (vii) Turning to the Fund contributions, the Opinion is critical of the fact that the coordination arrangements will in practice lead to separate administration of finances. The percentages given in Article 18 for Fund assistance are likely to give rise to confusion, when viewed in conjunction with the minimum and maximum percentages laid down in Article 13 of the framework regulation.

Other aspects deserving fuller consideration include: coordination with the European Investment Bank, publicity, technical assistance and financial engineering.

This Opinion was drawn up in the light of the paper produced by the Section for Regional Development and Town and Country Planning, chaired by Mr Dassis (Greece — Workers). The rapporteur was Mr Serra Caracciolo (Italy — Various Interests).

2. ERDF REGULATION

Proposal for a Council Regulation laying down provisions for the European Regional Development Fund

Gist of the Commission proposal

SCOPE AND FORMS OF ASSISTANCE

The ERDF will contribute to the correction of the main regional imbalances in the Community and to the strengthening of its social and economic cohesion.

The plans relating to the regions designated under Objective 1 will, as a general rule, cover one or more regions at NUTS level II and will contain the following information:

- (i) an analysis of the socio-economic situation of the region;
- (ii) a description of the development strategy envisaged by the Member State with an indication of the financial resources proposed;
- (iii) the priorities for action and the sums to be requested from the Community;
- (iv) an indication of the national, regional, local or other authorities responsible for implementing the measures.

The plans relating to the regions designated under Objective 2 will, as a general rule, cover one or more areas at NUTS level III and will contain the following information:

- (i) a description of the conversion strategy envisaged with an indication of the resources proposed;
- (ii) priorities for action with the estimated sums to be requested from the Community;
- (iii) information on the regional economic situation;
- (iv) an indication of the national, regional, local or other authorities responsible for implementing the measures.

As a general rule, these plans will be for a period of three years and may be updated annually.

Regional operational programmes may be undertaken on the initiative of the Member States and the Commission. For the regions designed under Objective 1, the total cost may not be less than ECU 100 million.

GUIDELINES AND PARTNERSHIP

A periodic report on the social and economic situation and development of the regions of the Community will be prepared at four-yearly intervals. The first periodic report will be prepared by 31 December 1990.

The report will form a basis for the establishment of guidelines for Community regional policy.

The Community's regional action will be carried out in close consultation between the Commission, the Member State concerned and the competent authorities designated by the latter, particularly at regional level.

OTHER PROVISIONS

The proposal also contains provisions on the monitoring of compatibility, and on information and publicity. Lastly, the indicative allocation of 85% of ERDF resources over a five-year period is to be decided by the Commission before 1 January 1989.

Gist of the Committee's Opinion ¹

In its Opinion adopted unanimously the Committee stresses that the Commission should draw up regional policy guidelines, in keeping with the provisions of the Single European Act. These guidelines should be referred to the European Parliament and the Economic and Social Committee for an Opinion.

The Opinion welcomes the Commission proposal as being consistent with the need to coordinate assistance. At the same time, the Committee insists on the need for the participation and consultation of key socio-economic groups, who should be represented on the advisory committees which are to be set up.

The Committee considers that the criteria governing the various forms of ERDF aid should be defined more clearly. There should be more emphasis on job creation and innovation.

¹ CES 1095/88.

The Committee proposes certain further clarifications to the concept of infrastructure financing, and suggests that priority be given to infrastructure designed to create 'external economies' and jobs.

Regional plans should mainly be drawn up at the initiative of the region and the Commission. Preference should be given to operational programmes with an integrated approach.

Procedures need to be established for the collaboration between the Commission, the Member State and the regional authorities who are together to form a 'regional partnership'.

This Opinion was drawn up in the light of the paper produced by the Section for Regional Development and Town and Country Planning, chaired by Mr Dassis (Greece — Workers). The rapporteur was Mr Amato (Italy — Workers).

3. EAGGF

Proposal for a Council Regulation laying down provisions for implementing Council Regulation (EEC) No 2052/88 as regards the EAGGF Guidance Section

Gist of the Commission proposal

Under the comprehensive regulation (EEC) No 2052/88 the EAGGF Guidance Section is to concentrate on:

- (i) promoting the development and structural adjustment of the less-developed regions (Objective No 1);
- (ii) with a view to reform of the common agricultural policy,
 - (a) speeding up the adjustment of agricultural structures (Objective 5a),
 - (b) promoting the development of rural areas (Objective 5b).

Objective No 5(a) (speeding up the adjustment of agricultural structures) is a horizontal objective in that it covers the entire Community. Structural adjustment in agriculture is a process closely linked to reform of the common agricultural policy and will require a greater financial effort in the form of structural measures connected with the adaptation of agricultural production.

In implementing the horizontal measures relating to Objective No 5(a), account will be taken of the different situations obtaining in different parts of the Community, through a greater diversifica-

tion of these measures and, in particular, through differentiating the rates of assistance in favour of the less-developed regions.

In parallel with the efforts to adjust agricultural structures, the Community must now play a new, crucial role in promoting the development of rural areas, mainly through measures aimed at the conversion, revitalization and economic stimulation of these areas. The Commission has demonstrated by its recent work that it is determined to establish a genuine Community policy to assist the rural sector and a comprehensive strategy for forestry. Operations under the Funds in connection with Objective No 1 in less-developed regions and in connection with Objective No 5(b) in other regions will be essential to these comprehensive policies.

This new role, which will also take account of environmental protection needs, involves more extensive coverage of rural development needs, in particular as regards infrastructures and the promotion of activities outside agriculture, and necessitates contributions from all three Funds.

Finally, the proposed regulation on the EAGGF Guidance Section reflects a clearer division of tasks between the Funds:

- (i) on the one hand, with respect to the coverage of vocational training needs (excluding advisory measures), which are to be met in the future by the ESF;
- (ii) on the other hand, in relation to infrastructures: the EAGGF Guidance Section will finance those which are directly linked to agriculture, while other infrastructures can be financed by the ERDF.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously with one abstention the Committee said that it believes that the Fund must be closely coordinated with other EC structural Funds. But the Fund is an integral part of the CAP mechanisms and must therefore be operated in conformity with the overall policy objectives of the CAP. The Committee notes that there could be conflicts between the need to improve the structures and incomes of farmers and certain regions, and the need to ensure that this does not aggravate the market imbalances for agricultural products. But within these constraints priority should be given to farmers in the most disfavoured regions.

¹ CES 1096/88.

In view of the great regional diversity of European agriculture the application of EAGGF measures must be sufficiently flexible to allow actions appropriate to specific regional circumstances.

The Committee is seriously concerned that not all regions may have the necessary administrative resources and expertise to draw up adequate plans in the required time to benefit from the facilities which will become available. It is therefore suggested that Community funds should be made available to enable regional authorities where necessary to employ experts who can assist and if required train local people, in drawing up the plans which will be required.

The Committee recognizes that in future measures in the less-developed regions and other specific areas will become increasingly important, but wishes to emphasize that general measures applicable throughout the Community, such as LFA assistance, which are funded by EAGGF, must be able to continue at an adequate level.

This Opinion was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, chaired by Mr Laur (France — Various Interests). The rapporteur was Mr Strauss (United Kingdom — Various Interests).

4. EUROPEAN SOCIAL FUND

Proposal for a Council Regulation containing provisions for implementing Council Regulation (EEC) No 2052/88 as regards the European Social Fund [COM(88) 500 final/2]

Gist of the Commission proposal

Under Council Regulation (EEC) No 2052/88 the European Social Fund is called upon to intervene:

- (a) horizontally, in accordance with Objectives No 3 and 4 to fight long-term unemployment and help young people find jobs; and
- (b) in accordance with regional eligibility rules, and in conjunction with other Funds, to achieve Objectives No 1, 2 and 5b to promote job stability and develop new job opportunities for persons who are unemployed or threatened with unemployment.

As regards (a), the ESF accompanies employment policies pursued by the Member States to help young people and the long-term unemployment.

But as regards (b), the ESF can be used more widely, e.g. in less-developed regions, to help groups who contribute to the economic development of the regions and areas concerned, such as the staff of small businesses who have had to acquire new skills because of the introduction of new technologies or new management techniques.

On the implementation front, the ESF will have to improve its management methods, notably through the introduction of multi-year programmes. The ESF's actions will therefore be less specific and will ensure a certain continuity if they are part of medium-term strategies carried out by the Member States with regard to jobs.

The ESF will still help finance vocational training and the creation of jobs for employed persons and the self-employed. And to anticipate the changes resulting from the completion of the internal market, the ESF may be used to help accompanying activities, such as surveys, technical assistance or exchanges of experiences between Member States or regions, to help train staff representatives at Community level or assist new kinds of training.

To respond to the specific needs of less-developed regions, the concept of vocational training has been extended to include apprenticeships outside the firm and full-time vocational education provided for by the national education system after compulsory schooling.

Finally, it is proposed that guidelines should still be laid down solely for ESF intervention to promote Objectives No 3 and 4, in accordance with Article 10 (1) of the umbrella Regulation (EEC) No 2052/88. These guidelines will include criteria of a qualitative nature for determining Community priorities when setting up EEC support facilities.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously the Committee broadly endorses the Commission proposals for implementing the Regulation on the European Social Fund, regarding them as consistent with the aims of the reform of the structural Funds and with the priority

¹ CES 1097/88.

objectives of helping to combat long-term unemployment and helping young people to find their first jobs.

The drawing-up of integrated programmes for specific regions, mobilizing local, regional, national and Community resources and intended to modify the socio-economic structure of the regions concerned, cannot and must not take place without the participation of the social forces which will later be involved in their implementation.

Moreover, given the importance of the contribution of ESF resources to activities coordinated with the other Community instruments, the Committee maintains that:

- (i) the powers of the consultative committee of the ESF should be safeguarded and strengthened;
- (ii) the Commission should be obliged to submit to the Economic and Social Committee (in accordance with Articles 127 and 130 A, B, D of the Treaty) periodic reports on the activities of the Committee set up under Article 17 of the draft Regulation No 2052/88, making an overall assessment of the socio-economic impact of the programme's measures, primarily with a view to assessing the quantitative and qualitative consequences for employment.

This Opinion was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs, chaired by Mr Carroll (Ireland — Workers). The rapporteur was Mr Beretta (Italy — Workers).

5. SEXUAL EQUALITY — MODIFICATION OF THE BURDEN OF PROOF

Proposal for a Council Directive on the burden of proof in the area of equal pay and equal treatment for women

Gist of the Commission proposal

Community law currently in force concerning the principle of equality consists of Article 119 of the Treaty and the three Council Directives implementing that principle: equal pay, equal treatment and statutory social security schemes. Two more directives adopted in 1986 will enter into force in the future: occupational social security schemes and the self-employed.

Most national legal systems have a general rule in civil cases that complainants must prove their case on a balance of probabilities. If the respondent can provide an explanation which raises a doubt as to the validity of the complaint, the case falls, because the persuasive burden remains on the complainant.

Procedural problems encountered by complainants have been identified in all the Member States which have the effect of depriving the substantive rights provided by Community law of much of their force. The main such problem is that of the burden of proof, which is difficult, and sometimes impossible in the normal course of events, for an aggrieved complainant with an arguable case to establish. There are also closely related problems concerning the willingness of courts or tribunals to draw inferences from the evidence that is presented, which can give rise to difficulties for complainants wherever the burden of proof is placed, the obtaining of evidence by the courts and by the parties, and the understanding and the application of the concept of indirect discrimination.

The result is that many applicants have failed to establish legitimate claims notwithstanding strong circumstantial evidence of discrimination.

The Directive, therefore, contains two main substantial elements, both linked to the problem of the burden of proof:

- (i) the modification of the burden of proof: once the complainant has established a presumption of discrimination, the respondent is required to rebut it. The benefit of any doubt as to the proper interpretation of the facts is given to the complainant;
- (ii) a definition of the concept of indirect discrimination, to help the parties and the national courts and tribunals to better understand and apply this concept, particularly with regard to the evidence required of either party.

Gist of the Committee's Opinion ¹

In an Opinion adopted by 72 votes with 10 votes against and 5 abstentions the Committee is pleased that the Commission was prompted to issue this proposal *inter alia* by the arguments expressed by the ESC Opinion on equal opportunities for women — Medium-term Community programme 1986-90 which was adopted unanimously on 24 April 1986.

¹ CES 1100/88.

The Committee supports the Commission proposal, which broadly corresponds to earlier ESC pronouncements on the subject.

In order to maintain a balance which would modify rather than reverse the burden of proof, the Committee draws attention to the type of factors necessary in order to establish a presumption of discrimination. Likewise the benefit of the doubt should not automatically remain with the complainant.

The Commission's view that the intentions of the respondent should not be taken into account in cases of indirect discrimination is also questioned.

This Opinion was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs, chaired by Mr Carroll (Ireland — Workers). The rapporteur was Mr Gomez Martinez (Spain — Workers).

6. MEDIUM-TERM PERSPECTIVES FOR EDUCATION

Education in the European Community — Medium-term perspectives: 1989-92

Gist of the Commission document

The medium-term guidelines set out in the Communication are designed to provide a clear focus for Commission action in this field in the period leading up to 1992. They seek to enable the Community institutions to systematically evaluate progress, to identify and clearly define new priorities, to accelerate certain activities and adjust others to the perspective of 1992. Since these guidelines are addressed in the first instance to the national education authorities, the Commission has focused deliberately on education, while recognizing the close link with vocational training policies.

The 1992 target date for the completion of the internal market, the adoption of the Single European Act and the recent decisions of the European Council in Brussels in February 1988, place education and training in a new context in the construction of the European Community. This new context is hallmarked by the pursuit of certain objectives designed especially to promote economic and social cohesion at Community level. The Commission believes that the education and training systems must henceforth help to achieve these objectives and thus to create the conditions for social and economic cohesion in the Community. Without investment in

the present and future workforce, and their skills, versatility and entrepreneurial capacity, Europe's capacity to innovate, to compete, to create wealth and prosperity will be impaired. In this sense, education and training lie at the heart of the process of European construction.

The Commission believes that the first and central objective, in the run-up to 1992, must be the identification and application of the education and training systems' contribution to the creation of the internal market and to its subsequent exploitation.

Essentially, this means removing the constraints to free movement of people and ideas in the Community, and also encouraging initiative, innovation and enterprise at all levels. Opportunities should be found, and created, to maintain a steady advance towards convergence and coherence wherever this can be done without damage to the rich traditions and diversity of educational practices in the Community.

The wide-ranging implications of the internal market must be fully understood by the education and training systems in cooperation with all sectors of the economy and the social partners. The pivotal role of education and training in promoting changes of attitude is crucial if the Community is to be understood and valued by its citizens generally, and lies at the heart of the Commission's effort to promote a People's Europe.

The Community's role here concerns not only the development of a coherent system of qualifications and certification, but also the improvement of foreign language learning; support and stimulus for national measures to prepare young people for their future as European citizens; concern for multicultural education and the elimination of racism and xenophobia; and the continuing development of European awareness in the minds of education policy-makers and practitioners at all levels.

A second objective must be the closer integration of education and economic life at all levels and the identification of such changes with the emergence of the European market. The right strategy, in the period ahead, when many Member States are trying to close the gap between education and 'industry', must be to relate such changes to the emergence of the internal market and the growth of European identity, so that the movement towards such integration can be seen as a common cause, interpreted in the local/regional context but shared throughout the Community. The Comett programme may be regarded as an example to follow, especially at school/college level.

The third objective must be to use education policies to reduce regional disparities and to boost social cohesion in the Community. In this, education and training must be more closely integrated with economic development policies for the purpose of identifying solutions to the particular problems of such disadvantaged areas. This would complement action within the framework of the structural Funds, especially the European Social Fund, in respect of vocational training, and, at the basic education level, would pave the way for the Community's action on training.

Gist of the Committee's Opinion ¹

In its Opinion, adopted unanimously, the Committee took the view that the time had come for both national and Community educational policies to face up to the challenges confronting the educational system and the people of Europe; it therefore considers the Communication to be an important document on three counts.

Firstly, it provides a further stimulus to reflect on certain basic objectives for the education of the rising generation with a view to furthering the cultural and economic integration of the Member States, with the opportunities and challenges which this entails.

Secondly, the Communication specifies the most pressing tasks which must be coordinated and dealt with as a prerequisite for freedom of movement and freedom of establishment throughout the Community.

Finally, the communication takes stock of all current programmes and activities relating to educational policy. In the Committee's view, this assessment could be pursued later in greater depth.

The Committee makes specific comments on the following:

- (i) the economic and social challenge which the development and dissemination of new technologies pose for all highly industrialized countries;
- (ii) the need to imbue school curricula with the European dimension;
- (iii) the particular importance of cooperation between schools and industry;
- (iv) improvements in the teaching of Member-State languages in schools.

¹ CES 1101/88.

Finally, since school-leavers in 1992 will be confronted with a Community-wide labour market, schools must start immediately to provide information regarding opportunities for vocational training and employment within the Community.

This Opinion was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs, chaired by Mr Carroll (Ireland — Workers). The rapporteur was Mr Nierhaus (Germany — Workers).

7. MACHINERY

Proposal for a Council Directive on the approximation of the laws of the Member States relating to machinery

Gist of the Commission proposal

This proposal on safety standards for machinery represents the most important step taken to date under the new approach to harmonization of technical standards adopted by the Council in 1985.

This proposal covers a very broad area ranging from individual machines of very simple design to complex installations such as manufacturing cells and flexible workshops.

The scope is defined not by an exhaustive list but by a definition that is general enough not to become obsolete with normal technological development and the appearance of new machinery on the market.

The new approach represents a departure from initial attempts to harmonize every detail of legislation governing standards, which would have meant a gigantic bureaucratic effort and no prospect of producing results in time anyway.

The new system provides for Community-wide framework directives governing the fundamental requirements for ensuring safety and protecting the common interest (public health, environment, etc.) which goods will have to meet in order to be eligible for marketing and free circulation in the Community. Within this legislative framework, standardization institutes, both national and European, as well as industry are asked to develop detailed technical norms for each sector of industry. These standards may be updated as necessary taking into account technical advances and technological developments.

Products which conform to the criteria established by the framework directives and to standards issued by standardization institutes will be able to circulate freely and have access to all Community markets. Meanwhile, pending the completion of this system, freedom of movement is guaranteed by the principle laid down by the European Court of Justice, i.e. any product legally manufactured and marketed in one Member State may be marketed elsewhere in the Community.

The significance of this proposal for both industry and the citizens in the Community is illustrated by one telling figure: the value of all EEC engineering production exceeds ECU 200 000 million. It is estimated that a little more than half of this production, i.e. between ECU 110 000 and 120 000 million falls within the scope of the Directive.

The proposal lays down the essential safety requirements which machines must meet in order to be marketed in the Community.

The requirements listed in the Directive purport to make safety an inherent feature of design and manufacture.

An important role for the application of the Directive will be given to the European Standardization Organization (CEN) which will be responsible for defining the standards necessary to attain the essential safety requirements.

Pending the elaboration of detailed standards by the standardization organizations, free movement of circulation will be a right derived from compliance with national standards which will make a product eligible for marketing throughout the Community.

Under the new Directive manufacturers will have to certify that their products comply with standards, indicate the extent of their liability and use a Community marking system. The producer may entrust a third party with certification, but in that case mutual recognition will not be mandatory.

Gist of the Committee's Opinion ¹

In an Opinion adopted by 119 votes for, 2 votes against and 15 abstentions the Committee endorses the proposal for a Directive which is very important for completion of the single Community market by 1 January 1993. At the moment trade is hampered by the

¹ CES 1092/88.

differences between national rules and regulations governing the design and manufacture of machinery. These rules and regulations, which generally come under labour law, supplement the rules and regulations governing working conditions.

However, since the draft Directive is based on the 'inherent safety' concept and reflects the new policy of restricting Community legislation to the definition of essential health and safety criteria that are entirely preventive in nature, it is also a vital ingredient of Community social policy. None the less, it goes without saying that this social policy will not bear fruit unless the Commission creates machinery for informing and consulting the social partners as well as providing them with the funds required for the standardization work.

In its proposed amendments the Opinion stresses the need to set up a management committee consisting of Member States' representatives assisted by the representatives of the social partners and chaired by the Commission.

It also proposes that use of the safeguard clause be made less easy, and makes a number of other technical comments.

This Opinion was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mr Kazazis (Greece — Employers). The rapporteur was Mr Perrin-Pelletier (France — Employers).

8. PERSONAL PROTECTIVE EQUIPMENT

Proposal for a Council Directive on the approximation of the laws of the Member States relating to personal protective equipment (PPE)

Gist of the Commission document

This proposal for a Directive was drawn up pursuant to the Council resolution of 7 May 1985 on a new approach to technical harmonization and standards.

The primary aim of the Directive is the harmonization of national provisions relating to the design and manufacture of personal protective equipment (PPE) with a view to ensuring its free movement within the Community. This aim is associated with a requirement, namely the need to attain the maximum possible degree of protection against risks to health and safety. In the pursuit of this goal, this proposal thus complements draft Directive COM(83) 53,

which, among other things, deals with the choice and the use of PPE at the workplace.

This proposal covers an extremely broad range of PPE for both professional and private use.

Apart from certain PPE which are expressly excluded (listed in Annex I — PPE for the armed forces, etc.), the scope of the proposal has been restricted in order to take account of the existence of other Directives regulating the design and manufacture of certain PPE. The Commission takes the view that it is difficult to avoid the presence, at the limit of its field of application, of a grey area which should be remedied at the stage of European standardization.

As regards the basic requirements, the principle whose application caused most difficulty concerns the drafting of requirements capable of covering all PPE from the simplest to the most complicated whilst ensuring as far as possible the applicability of the basic requirements in the absence of standards. The solution adopted involves the division of the basic requirements into three associated groups, namely:

- (i) general requirements applicable to all PPE, irrespective of the risk in question or the part of the body to be protected;
- (ii) additional requirements common to several types of PPE, irrespective of the risks in question;
- (iii) additional requirements, specific to particular risks.

Before initiating work on its proposal, the Commission conducted a survey in order to examine the national regulations and standards in force in this vast sector. The results of this enquiry confirmed the existence of considerable differences between the Member States, resulting in barriers to trade between most of those States.

Although it is difficult to assess the economic impact of these barriers, the costs incurred as a result of 'non-harmonization' are certainly very high.

In the field in question, given the broad scope of the Directive, and the great number of standards to be harmonized, the Commission thinks there will probably be a fairly lengthy period during which, on the one hand, not all the necessary European standards will be available and, on the other, it may well not always be possible to offset this lack by reference to national standards.

Under these circumstances, it must be anticipated that, on the one hand, for certain PPE, the status quo as regards conformity to exist-

ing national standards will have to be maintained on a transitory basis, and, on the other, that manufacturers or the approved inspection bodies will have to provide respectively a declaration or certificate attesting the direct conformity of PPE with the basic requirements of the Directive.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously (with 2 abstentions) the Committee points out that Directives whose purpose is to eliminate technical barriers must comply with the minimum requirements for the health and safety of persons, as set out in the Single European Act.

There is no indication of the penalties to be applied for marketing equipment which does not satisfy safety requirements.

The Opinion recommends setting up a Specialized Advisory Committee to advise the Commission on implementation. The advisory committee should be made up of employers, workers and consumers.

It should be indicated to what extent medical equipment is covered by the proposed directive. Moreover, the Committee feels that only equipment to be supplied to the combattant sections of the armed forces should be exempt, and that the directive should apply to PPE for police forces.

The Committee is against displaying prototypes which do not comply with the minimum safety requirements in trade fairs and exhibitions.

It is suggested that the Advisory Committee on Safety, Health and Hygiene Protection at Work should be involved in the process of industrial consultation.

In conclusion, the Committee reiterates its view that mutual recognition between Member States of inspection and testing bodies should exist on a legal Community basis.

This Opinion was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mr Kazazis (Greece — Employers). The rapporteur was Mr Pearson (Ireland — Employers).

¹ CES 1093/88.

9. DANGEROUS PREPARATIONS

Amendment to the proposal for a Council Directive amending Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations

and the

Amendment to the proposal for a Council Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous preparations

Gist of the Commission proposal

Amendment to the procedure for adapting Directive 76/769/EEC in the light of the Single Act and the application of Article 100 A of the EEC Treaty.

Gist of the Committee's Opinion ¹

In a unanimous Opinion the Committee supports the Commission's aims and endorses the proposal.

It does however consider the Regulatory Committee procedure, adopted for all the other Directives on dangerous substances and preparations, to be more appropriate than the Advisory Committee procedure. It would be unwise to change a procedure which has been established practice for some considerable time and has had positive results.

This Opinion was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mr Beltrami (Italy — Employers).

¹ CES 1084/88.

10. EMULSIFIERS

Proposal for a Council Directive amending for the fifth time Directive 74/329/EEC on the approximation of the laws of the Member States relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs

Gist of the Commission proposal

This proposal is the 5th amendment to a basic Directive of 1974 establishing an authorized list of food additives known as emulsifiers, etc. (common list numbers E 400 to E 499).

This list is divided into two categories:

- (i) Annex I: substances authorized permanently;
- (ii) Annex II: substances authorized temporarily.

All the amendments including the present proposal concern the transfer of substances from one list to the other.

The present proposal transfers karaya gum (E 416), various polyoxythylenes (E 432 to E 436) and oxidized soya bean oil (E 479) to the permanent list.

Gist of the Committee's Opinion ¹

In a unanimous Opinion which gives much useful background information on the substances concerned, the Committee approved the Commission's proposal.

This Opinion was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mrs Williams (United Kingdom — Various Interests).

¹ CES 1083/88.

11. SOLVENCY RATIO FOR CREDIT INSTITUTIONS

Proposal for a Council Directive on a solvency ratio for credit institutions

Summary of the Commission document

A Community definition of the solvency ratio — measuring a bank's ability to cope with the risks it incurs — is vital for the operation of the Community banking licence system proposed by the Commission in the Second Banking Directive.

Efforts to complete the internal market in banking are making good progress. Their centrepiece is the Second Banking Directive, which provides for freedom of establishment and freedom to provide services in the banking sector based on a single Community licence and the principle of home country control. However, a prerequisite for the adoption of that Directive is the adoption by all banking supervisory authorities of harmonized prudential rules which will help to foster mutual trust between those authorities. Those prudential rules are dealt with by an 'own funds' proposal and two recommendations on large exposures and deposit guarantee schemes.

The proposal presented by the Commission — the last piece in the jigsaw — establishes a uniform method of assessing the ability of credit institutions to meet credit losses arising from the default of their customers. The proposed solvency ratio relates the own funds of a credit institution (the numerator of the ratio) to its total assets and off-balance sheet liabilities, adjusted to reflect differing degrees of risk (the denominator of the ratio). The proposed Directive provides for common definitions and risk weights for the components of the denominator, establishes that the numerator will be own funds as defined in the proposal for a Directive currently before the Council and lays down rules for the calculation of the ratio. At the same time, it specifies which institutions will need to calculate the ratio and the responsibilities of the home country supervisory authorities in monitoring ratios and in initiating appropriate action to raise them should the need arise.

The proposal also sets a provisional 8% minimum level for the uniform ratio. This figure will be reexamined following completion of a statistical exercise during the first half of 1988. It will therefore be possible to adopt a definitive figure while the proposal is before the Council.

At the present time, only five Community countries apply a solvency ratio based on risk assets. The rates applied vary from 5% to 8%, although any comparison with the proposed ratio is impossible because the underlying definitions differ from those laid down for the Community ratio. In three other countries there is a similar system. The four remaining countries have either no ratio of the same type or no ratio at all.

Gist of the Committee's Opinion ¹

In an Opinion, adopted, adopted unanimously, the Committee welcomes the Directive but points out that the arrangements chosen by the Commission should coincide with those chosen by the Governors of the Central Banks. This is to facilitate the operations of the credit institutions and, most important, to avoid putting Community banks at a disadvantage *vis-à-vis* foreign competitors (e.g. US and Japanese).

The distinction between domestic/foreign credit institutions is a key factor in the risk-weighting envisaged in Article 6. Under definitions set out in Article 2, however, governments or credit institutions from countries with an unimpeachable credit rating (United States, Canada, Switzerland and Japan, to quote just a few examples) have a risk value coefficient of 5 compared with the weighting risks for the Member States' institutions. Such a situation would generally be a serious constraint on international capital market transactions. It would particularly hit branches of Community credit institutions established in major financial centres outside the Community.

In view of the importance of the numerator for calculating the solvency ratio, the Committee reserves the right to examine this new version, primarily to check whether this Directive coincides, as the Committee would wish, with the arrangements adopted in Basle.

The Committee regrets that the favourable treatment of mortgage-linked loans is to be confined to loans to individuals for the purchase of residential property for their own occupation.

This Opinion was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services, chaired by Mr Kazazis (Greece — Employers). The rapporteur was Mr Pardon (Belgium — Employers).

¹ CES 1085/88.

12. CONSUMER CREDIT

Proposal for a Council Directive amending Directive 87/102/EEC on the approximation of the laws, regulations and administration provisions of the Member States concerning consumer credit

Gist of the Commission proposal

The object of this proposal is to amend the basic Directive on consumer credit (87/102/EEC) to establish a uniform method of calculating the annual percentage rate of charge for credit to the consumer.

The proposed method which is attached to the proposal as an Annex consists of a complex mathematical formula, drawn up by Professor Kirschen, a consultant engaged by the Commission. (It should be noted that the 'annual percentage rate of charge' should not be confused with the 'effective interest rate', which is itself one of the items making up the rate of charge; the other items, which are variable, would include such elements as processing and brokerage fees, credit commissions, discounts, insurance premiums.)

Gist of the Committee's Opinion ¹

In an Opinion, adopted unanimously with one abstention, the Committee approves the proposal to establish a uniform method of calculation but draws attention to the following points:

- (i) it is not enough to have a uniform mathematical formula; there must also be agreement on the factors to be included in the formula, namely items of charge; factors not so included must be specifically mentioned;
- (ii) the method of calculation should give the actual cost to the borrower in a form which he can understand and check.

This Opinion was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs, chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mr Meyer-Horn (Germany — Employers).

¹ CES 1082/88.

13. SOCIAL REGULATIONS (TRANSPORT)

Proposal for a Council Regulation amending Regulation (EEC) No 3820/85 on the harmonization of certain social legislation relating to road transport and Regulation (EEC) No 3821/85 on recording equipment in road transport

Gist of the Commission proposal

On 20 December 1985 the Council adopted Regulation 3820/85 on the harmonization of certain social legislation relating to road transport and Regulation 3821/85 on recording equipment in road transport. It also adopted a Resolution which sought to improve the application of the Social Regulations in road transport. The two Regulations entered into force on 29 September 1986.

As the Commission notes in its Communication of 5 January 1988, the implementation of these Regulations has given rise to a number of interpreting difficulties.

The present proposal, which supplements this Communication, is designed to overcome these difficulties. Its objective is an unequivocal interpretation of the technical provisions with regard to driving hours, breaks and rest periods (e.g. new definitions of 'week' and 'day'; time spent at the wheel to be no more than 9 hours per 24-hour day, 56 hours per week and 90 hours per fortnight; 45-minute break for every 4 1/2 hours spent at the wheel).

According to the Commission, this proposal will contribute towards:

- (i) the reorganization of the road transport market, which is planned to be completed by 1992;
- (ii) the freedom to provide services in domestic and international road transport;
- (iii) the improvement of working conditions;
- (iv) the improvement of road safety;
- (v) the maintenance of a high-quality road transport service.

Gist of the Committee's Opinion ¹

The Committee adopted its Opinion unanimously, with one abstention. It considers that the new definitions for driving periods, breaks and rest periods will be of little use.

It does not think that the proposed amendments are suitable for eliminating or even alleviating the problems involved in observing and monitoring the social legislation. Therefore it cannot endorse these amendments, even though it has advocated, and still advocates, the objective and a number of measures for simplifying, streamlining and standardizing the monitoring of the legislation.

The Committee thinks that first of all the use of Community Directives (as proposed by the Commission) and national implementing provisions should and could be explored in full as a means of achieving the uniform interpretation which is required for monitoring purposes.

The Committee's comments on certain points of detail in the proposal are focused on the proposed definition of 'week' as a moveable working week of seven consecutive days which no longer coincides with the calendar week. It thinks that the introduction of such a moveable working week would merely create confusion.

This Opinion was drawn up in the light of the paper produced by the Section for Transport and Communications, chaired by Mr L.J. Smith (United Kingdom — Workers). The rapporteur was Mr von der Decken (Germany — Various Interests).

14. SUMMERTIME ARRANGEMENTS

'Proposal for a fifth Council Directive on summertime arrangements

Summary of the Commission document

Summertime is at present applied in the framework of the UN's Economic Commission for Europe (ECE) by all European countries except Iceland. All these countries, accepting that summertime has a beneficial impact on their population, are in favour of continuing present summertime arrangements as recommended by relevant ECE decisions.

¹ CES 1098/88.

Article 5 of the fourth Council Directive 88/14/EEC of 22 December 1987¹ on summertime arrangements applying for 1989 provides that the Council, acting on a proposal from the Commission, shall adopt by 1 January 1989 the arrangements to apply from 1990 onwards. The decision must be taken one year in advance in order to provide sufficient time for transport operators to establish their timetables.²

The present Commission proposal aims at fixing the beginning and end dates to summertime for a period of three years (1990, 1991, 1992), as was the case under the second and third Council Directives.

The summertime period should begin in all the Member States at 1 a.m. GMT, the last Sunday in March, and end at 1 a.m. GMT the first Sunday in September for the majority of Member States, the last Sunday in October for the United Kingdom and Ireland.

Consultations have taken place with the United Kingdom and Ireland in order to examine the question of the different end date to summertime.

Due to their north-westerly position, which means especially for October an earlier sunset in comparison with the rest of the Community, these Member States would not be in favour of losing summertime for one month.

Therefore the Commission proposes to continue the present system of two different end dates to summertime, with a provision that the United Kingdom and Ireland may finish the summertime period in September in any of the years concerned.

In fact the UK Government, in a statement made by the Home Secretary in March 1988, announced its intention of examining the possibility of putting the clocks one hour ahead throughout the year (GMT + 1) and adding a second hour (GMT + 2) from end March to end September.

¹ OJ L 6, 9 January 1988, p. 38.

² On several occasions the Committee has stated that it is in favour of aligning summertime arrangements, see Opinions of 25 February 1976 on the proposal for a first Directive (OJ C 131, 12 June 1976), of 23 December 1981 on the proposal for a second Directive (OJ C 310, 30 November 1981), of 26 September 1984 on the proposal for a third Directive (OJ C 307, 19 November 1984) and of 19 November 1987 on the proposal for a fourth Directive (OJ 356, 31 December 1987).

The Irish Government intends to follow the move as soon as the United Kingdom takes the necessary steps.

The overseas territories of Member States will be excluded from the scope of the present Directive, as has been the case to date.

Gist of the Committee's Opinion¹

The Committee adopted its Opinion unanimously. It thinks that the subject of summertime should not be linked to possible changes in the standard time in some Member States (namely the United Kingdom and Ireland), especially as the outcome of consultations in these countries is still uncertain.

If summertime were to end on the same day throughout the Community, transport operators, travellers and other branches of the economy would be spared the considerable — and in some cases costly — difficulties caused by the different dates on which the clocks are changed.

The Committee therefore urges that not only the beginning but also the ending of summertime be standardized as soon as possible.

This Opinion was drawn up in the light of the paper produced by the Section for Transport and Communications, chaired by Mr L.J. Smith (United Kingdom — Workers). The rapporteur was Mr Haas (Germany — Various Interests).

15. DISSEMINATION AND UTILIZATION OF RESEARCH RESULTS

Proposal for a Council Decision adopting a specific programme for the dissemination and utilization of results from scientific and technological research (1988-92)

Gist of the Commission document

The Community's capacity to increase the effectiveness of its policy on research and technological development (R&TD) and promote the process of innovation and technology transfer (through which new or improved products, processes and services are introduced into the economy) depends to a large degree on the mechanisms

¹ CES 1086/88.

by which the results of Community R&TD are disseminated throughout the economy and subsequently exploited in industrial firms.

The importance of these mechanisms and the contribution that the Community can make to their development are recognized in Article 130 G (c) of the EEC Treaty, which provides for 'activities complementing the activities carried out in the Member States' in the area of 'dissemination and optimization of the results of activities in Community research, technological development and demonstration'.

The framework programme for Community R&TD (1987-91)¹ provides under action line 8 (improvement of European S/T cooperation) for an activity 8.4. 'dissemination and utilization of S/T research results', which is considered to be 'an essential part of the scientific and technological strategy of the Community'. This forms the subject of the present proposal for a Decision.

The programme proposed by the Commission comprises two sub-programmes with a dual aim:

Sub-programme 1: General measures for the dissemination of the results of Community R&TD programmes and for an active exploitation of these results.

This sub-programme aims to ensure the best possible dissemination and exploitation of the results of Community R&TD activities by a wide-ranging set of general measures applicable to framework programme results. The sub-programme provides for measures in four main areas:

- (i) provision of information on existing or planned Community R&TD programmes and projects using appropriate methods and tools (traditional, computerized and electronic);
- (ii) identification, screening and protection of the results of Community programmes;
- (iii) dissemination of the results judged to be non-exploitable in the short to medium term and of no potential strategic importance to the Community;
- (iv) support for the active exploitation of the results of Community programmes.

¹ OJ L 302, 24 October 1987.

Sub-programme 2: *Computer communications networks*

With a view to improving the efficiency of distributed R&TD activities throughout Europe, this sub-programme seeks to promote a common integrated computer communications infrastructure accessible to the various public and private research centres in Europe, thereby improving synergy between researchers.

The measures under this sub-programme are:

- (i) aid for the running of the RARE Association (Réseaux associés pour la recherche européenne);
- (ii) Community contribution to the implementation phase of the Eureka Cosine project (Cooperation for open systems inter-networking in Europe);
- (iii) work on requirements for confidentiality and integrity of Community R&TD information.

Some of the activities under the programme can receive up to 100% financing from the Community budget; the appropriations required for the financing of the Community contribution total ECU 38 million (including the cost of a staff of 20).

Of the sum of ECU 38 million, ECU 33 million will be assigned to activities under sub-programme 1, and ECU 5 million to activities under sub-programme 2.

It should also be noted that point 8.4. of the framework programme also provides for activities aimed at developing rapid and efficient computerized systems for translation and interpretation. These activities are connected with the continuation of the Eurotra programme adopted at the end of 1982, which forms the subject of a separate proposal for a Decision. The sum of ECU 6.5 million has been earmarked for this programme, which is aimed at reducing the negative effects of linguistic barriers in the field of dissemination and utilization of research results.

Gist of the Committee's Opinion ¹

The Committee adopted its Opinion unanimously. It considers that the proposed programme will have to make a direct and effective contribution towards achieving four objectives which it asks the Commission to go into further, i.e.:

¹ CES 1087/88.

- (i) to multiply the economic and social effects of the framework programme and other EEC action on R&TD;
- (ii) to support an R&TD strategy coordinated at Community level;
- (iii) to strengthen internal cohesion, particularly through support for less-developed EEC regions; and
- (iv) to strengthen the technological base of smaller EEC firms.

The Committee calls for the setting-up of a database to systematize information about programmes, their implementation and their results; this database should include the safeguards necessary to comply with any requests from firms or other participants that the information they give should be treated as confidential.

The Committee asks that the necessary precautions be taken to prevent work which has had interesting results from being placed under an embargo by researchers or their respective institutions, so that there is no immediate, or indeed any commercial exploitation, thus harming EEC interests. However, it is essential to clarify the position of and safeguard scientific copyright.

The Committee also asks that, when exploiting results, the Commission should see that the measures taken ensure equality of opportunity for all EEC economic agents, and assess their impact on firms' competitiveness and the respective economic and social consequences.

This Opinion was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, chaired by Mr Romoli (Italy — Employers). The rapporteur was Mr Gomez Proença (Portugal — Workers).

16. AUTO-PRODUCERS OF ELECTRICITY

Proposal for a Council Recommendation to the Member States to promote cooperation between public electricity supply companies and auto-producers of electricity

Summary of the Commission document

Although an increasing proportion of the electricity supplied to the public grid is produced from solid fuel and nuclear energy, there is another potential source of electricity generation which in 1986 accounted for 15% of total EC electricity production, namely

renewable sources of energy, energy produced from waste, and combined heat and power (RWC).

RWC electricity generation is very much linked to local conditions and specific industrial production processes. Hence it is not suited for supply to the public grid and is generally used to cover the requirements of those who generate it: industrial companies, public institutions, private individuals, etc.

The Commission considers that this auto-production could make a substantial contribution to achieving the energy objectives set for 1995, such as the reduction in the share of hydrocarbons in electricity generation, the diversification of the Community's energy supply sources, or improving energy efficiency.¹ An increase in the contribution of new and renewable energies to the Community's energy supply is also one of these objectives.

Although auto-production is not likely to bring about fundamental changes in the Community's energy supply structure, the Commission thinks that it should make a worthwhile contribution and also enable savings to be made in exhaustible primary energy sources.

A decisive factor in the profitability of auto-production plants is, according to the Commission, and for reasons which it explains, cooperation with public supply companies. In all the Member States this cooperation is governed by laws, administrative provisions and private law regulations which often impede the development of the auto-production sector.

The aim of the Recommendation proposed by the Commission is therefore to create a framework of appropriate measures which would govern cooperation between auto-producers and public supply companies, and in particular the conditions concerning the quantity and price of electricity exchanges, in accordance with common principles, so as to encourage the development of RWC-based auto-production of electricity in the Community.

Gist of the Committee's Opinion ²

In an Opinion, adopted unanimously, the Committee reiterates support for efforts to overcome the obstacles which have so far stood in the way of developing renewable sources of energy.

¹ Council Resolution of 16 September 1986 (OJ C 241, 25 September 1986).

² CES 1102/88.

It recognizes that, in the immediate future, the Recommendation is only of real significance for the production of hydroelectricity, residual heat in industry and combined heat/steam and power.

The Committee also draws attention to a number of problems which could arise from application of the Recommendation, and makes the following suggestions:

- (i) the proposed cooperation should result in an equitable share-out of responsibilities and benefits between auto-producers and companies operating the national grid: to this end, the public grid should provide an energy-bank function to ensure that maximum use is made of all energy resources;
- (ii) when applying the Recommendation, steps should be taken to ensure that fixed-term programmes, no matter how justifiable, do not upset the balance in the roles of auto-producers and public companies, and hence the stability of the cooperation process;
- (iii) the fundamental objectives should be achieved through flexible measures sensitive to fluctuating demand for and supply of electricity.

This Opinion was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, chaired by Mr Romoli (Italy — Employers). The rapporteur was Mr Mainetti (Italy — Employers).

17. RADIOLOGICAL EMERGENCY

Proposal for a Council Directive on informing the population about health protection measures to be applied and steps to be taken in the event of a radiological emergency

Gist of the Commission document

The proposed Directive is intended to improve legislation on health protection against the dangers of ionizing radiation by introducing an obligation to inform the general public, as a preventive measure, of health protection measures applicable to them and the action they should take in the event of a radiological emergency. The Chernobyl nuclear accident (April 1986) revealed that existing legislation was inadequate.

The Commission's purpose in providing for mandatory preventive information is to establish common principles and specific provi-

sions in the area of information, to improve those contained in the Council Directive of 15 July 1980,¹ as amended by the Directive of 3 September 1984,² laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation.

In this way, the Commission is fulfilling one of the commitments made in its Communication of 20 August 1986 [COM(86) 434 final] on the development of Community measures for the application of Chapter III ('Health and safety') of the Euratom Treaty. This Communication was drawn up in the aftermath of the Chernobyl accident and outlines measures the Commission could take to increase information to the public.

Gist of the Committee's Opinion³

The Committee adopted its Opinion on this subject unanimously, with one abstention.

In the Committee's view the ways and means proposed are inadequate at the present time and do not meet public expectations, especially in the wake of the Chernobyl nuclear accident. The Commission does not attach sufficient importance to certain conditions on which the effectiveness of the Directive depends:

- (i) the practical arrangements for its implementation must ensure that the public actually benefits from the information;
- (ii) the public must be able to rely on the channels through which the information is disseminated and on the information itself;
- (iii) the information must be timely, complete, comprehensible and appropriate to the accident in question and updated regularly. It must always be up-to-date.

These conditions will only be met if the whole population is in general encouraged to give its active support. For this, the employers' and trade union organizations in the relevant sectors, environmental protection and consumer organizations and associations, must be involved in the preparation of the information, its dissemination and updating.

The Committee refers to several other areas in which there are shortcomings in the Commission proposal concerning the exchange

¹ OJ L 246, 17 September 1980.

² OJ L 265, 5 October 1984.

³ CES 1103/88.

of information and communications between the Member States and the Commission and calls on the Commission to amend its proposal.

This Opinion was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, chaired by Mr Romoli (Italy — Employers). The rapporteur was Mr Saiu (France — Workers).

18. MILK PRODUCTS

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 804/68 on the common organization of the market in milk and milk products;

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 857/84 adopting General Rules for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68 in the milk and milk products sector;

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 2237/88 establishing, for the period running from 1 April 1988 to 31 March 1989, the Community reserve for the application of the levy referred to in Article 5c of Regulation (EEC) No 804/68 in the milk and milk products sector;

Proposal for a Council Regulation (EEC) fixing the intervention price for butter from 1 ... 1988;

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1079/77 on a co-responsibility levy and on measures for expanding the markets in milk and milk products

Gist of the Commission proposals

The problem of the 'SLOM'

In its judgment of 28 April 1988 in Cases 120/86 and 170/86, the Court of Justice found Regulation (EEC) No 857/85 invalid in so far as it failed to provide for the allocation of a reference quantity to producers having drawn non-marketing premiums under Regulation (EEC) No 1078/77 and, for this reason, not having delivered milk during the reference year chosen by the Member State. A new paragraph should therefore be added to Article 3 of Council Regulation (EEC) No 857/84, which sets out conditions governing special situations for the allocation of reference quantities.

Having affirmed the principle, the Court gives no guidance as regards the very important questions raised by its implementation, concerning the status of the beneficiaries and the allocation, volume and origin of the reference quantities.

(a) *The status of the beneficiary*

What is certain is that, in order to avoid any speculation on the value-increase contributed by the quota, allocation of reference quantities must be restricted to cases, with proper evidence, of producers who:

- (i) are still main-occupation farmers;
- (ii) have complied in full with the undertaking entered into under Regulation (EEC) No 1078/77;
- (iii) applied in vain to the Member State's competent authority for a reference quantity between 31 March 1984 and 31 July 1988;
- (iv) undertake to continue or resume effectively dairy production up to the end of the eighth period of application of the additional levy scheme (without ceasing farming, without transferring their quotas, and foregoing any benefit from 'cessation' or other programmes).

In these circumstances, it is estimated that the volume covered by the eligible applications will not exceed 1 million tonnes. It will be recalled that the milk non-marketing and dairy herds conversion scheme covered about 6.6 million tonnes of milk and 120 000 farmers, most of them small farmers.

(b) *The allocation of a reference quantity*

Article 3 of Regulation (EEC) No 857/84 distinguishes two types of special situation: those which may confer entitlement to a specific reference quantity and those conferring entitlement to the taking into account of another reference year. The case of the 'SLOM' could arise in either of these types of special situation, which authorize either the allocation of a specific reference quantity on the basis of the Member State's possibilities or the compulsory allocation of a quantity corresponding to the whole of the production of another reference year. Such compulsory allocation would place 'SLOM' in a much more favourable situation than that enjoyed by other farmers, and in particular, those qualifying only for a specific reference quantity. From the legal point of view, there seems to be no case at all for discrimination of this kind. As a matter of fairness, corresponding as closely as possible to the objective of controlling production and to the procedures for the additional levy scheme, the Commission should therefore propose that the Council amend Article 3 of Regulation (EEC) No 857/84 by adding the case of 'SLOM' to the list of beneficiaries of specific reference quantities.

(c) *The volume of the reference quantity*

Again as a matter of fairness to the other producers subject to the quota scheme, this quantity may not exceed the quantity of milk delivered or produced on the basis of which the premium paid was calculated.

(d) *The origin of the reference quantities to be allocated*

The quantities must be drawn up either from the national reserve or from an increase in the Member State's overall guaranteed quantity. Where the latter possibility must be ruled out because of the unjustified advantage which could accrue from it for the 'SLOM', there could, none the less, be access to the Community reserve and correspondingly an increase in the latter to ease the difficulties the Member States have to contend with in the allocation to the 'SLOM' of the specific reference quantities.

For it is a fact that the impact of the inclusion of the 'SLOM' in the special situations will differ from Member State to Member State: there will be no impact at all for Italy, Greece or Spain, while the impact will be of great importance for Germany which accounts for two-thirds of the 'SLOM', Denmark and the United Kingdom.

A balanced solution could therefore be sought on the basis of an increase in the national reserves by the Member States and a supplementary increase in the Community reserve.

A 500 000 tonne increase in the Community reserve could help to solve the problem, the balance of the quantities concerned to be mobilized within the Member States' overall guaranteed quantities.

Problem of the sum of the reference quantities distributed exceeding the overall guaranteed quantity

With the amendment of Regulation (EEC) No 857/84 to cover the case of the 'SLOM', the difficulties the Member States have had to contend with in implementing the scheme should also be recognized: at the end of the first period of implementation of the additional levy scheme, regional and inter-regional offsetting between under-used and over-used quantities had to be authorized to mitigate the rigour of the procedures. Article 4a was therefore added to Regulation (EEC) No 857/84. It applies in respect of the levy-paper and corrects the individual reference quantity to which the payer is, quite properly, entitled. But some Member States felt able to take the view, regarding Article 4a with Article 9(4) of the same Regulation, that Article 4a could be interpreted as applying at the level of the Member State, so that only excesses beyond the

overall guaranteed quantities attracted charges. As implementation of the additional levy scheme has been extremely complex, extensive application of Article 4a is appropriate for the first two periods, and it should be amended along these lines.

Budgetary implications

A 500 000 tonne increase in milk production will entail an increase in surpluses, the marginal cost of disposal of which, at normal export, cost can be estimated at about ECU 93 million, from which about ECU 3 million should be deducted corresponding to the amounts to be charged as linear co-responsibility levy on the additional quantities of milk.

Ways and means of offsetting the cost of this foreseeable increase in expenditure of about ECU 90 million should be sought by endeavouring to reduce the average cost of disposal expenditure.

The reduction in the aid amounts, by increasing the cost of subsidized products, could well hamper disposal of surpluses. In this connection, it would be preferable to change the intervention price and set the aid amount in terms of disposal objectives.

As milk product prices have moved favourably on the market, the intervention price for skimmed-milk powder (SMP), lower by 20 to 30% than the market price, has no longer any impact on the aids. On the other hand, this is not the case as regards butter, the market price of which is close to the intervention price.

Reduction in the intervention price for butter

Despite the restoration of sound conditions as regards butter stocks and an improvement in the market situation which has been the result of this, the intervention price for butter still governs its market price, in particular through the buying-in of butter at a price fixed by tender as a proportion of the intervention price payable in each of the Member States. Econometric studies of the price elasticity of demand for butter, endorsed by experience gained in 1984/85 and 1985/86 following reductions in the butter intervention price, have shown that cheaper butter steps up its use. On this basis, it can be expected that a lower intervention price for butter would help to reduce the financial impact of the increase in the Community reserve in connection with the 'SLOM'.

With a 2% reduction in the intervention price for butter associated with the maintenance of the intervention price for skimmed-milk powder without change in the target price, the savings are estimated at about ECU 74 million, allowing for a reduction in the

aids and refunds and a reduced export requirement deriving from an increase in consumption, on the one hand, and an increase in aid to private storage, on the other.

Thus, such a change in the price arrangements is unlikely to bring the milk price below the target price and should therefore have no severe impact on farmers' incomes.

'Modulation' in the co-responsibility levy on small producers

Experience gained in the implementation of Council Regulation (EEC) No 1207/84 on support for the incomes of small producers during 1984/85 and 1985/86, the procedures of which proved extremely difficult to implement in practice, fully justifies a direct alteration of the co-responsibility levy in favour of small farmers. For this purpose, a clause could be introduced into Council Regulation (EEC) No 1079/77 on the co-responsibility levy, according to which, as regards producers whose deliveries during the fourth period of application of the additional levy do not exceed 60 000 kg, the co-responsibility levy is reduced by 0.5 points.

Gist of the Committee's Opinion ¹

In its Opinion, adopted unanimously, the Committee notes that the Commission's proposals are but the necessary consequence of the Court of Justice's judgment. Although these measures are consistent with the milk policy pursued by the Commission for a number of years, the Committee questions the fairness of certain measures and in particular the proposed reduction in the intervention price of butter.

The Committee points out that at all events the present situation on the milk products market does not justify this measure.

This Opinion was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, chaired by Mr Laur (France — Various Interests). The rapporteur was Mr Luchetti (Italy — Various Interests).

¹ CES 1088/88.

19. PRODUCER GROUPS

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1360/78 on producer groups and associations thereof

Gist of the Commission document

This proposal is aimed at extending to Ireland the common measure to encourage the grouping together of farmers in respect of cereals, potatoes, beef/veal, sheepmeat and goatmeat, supplies of which have been affected by severe structural deficiencies (large number of small holdings and a lack, if not complete absence, of producer organizations set up to market produce).

Moreover, Article 3 of Council Regulation (EEC) No 1760/87 of 26 June 1987 extended the duration of the common measure until 31 December 1991, and the same Regulation, while modifying the system of aid for producer groups, did not at the time amend the relevant financial provisions. This proposal therefore aims to carry out that amendment.

Finally, as a result of the institution by Council Regulation (EEC) No 2658/87 of 23 July 1987 of a combined goods nomenclature based on the Harmonized Commodity Description and Coding System, with effect from 1 January 1988, the descriptions and tariff codes appearing in Regulation (EEC) No 1760/87 must be adapted to conform with the nomenclature.

Gist of the Committee's Opinion ¹

The Committee adopted its Opinion unanimously. It welcomes this proposal but regrets that it has not been extended to include pigmeat and poultry and egg production, two sectors where interest has also been expressed with regard to establishing producer groups.

The Committee urges the Commission to amend their proposal to include these sectors.

This Opinion was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, chaired by Mr Laur (France — Various Interests). The rapporteur was Mr Rea (Ireland — Various Interests).

¹ CES 1089/88.

20. GATT/URUGUAY ROUND AND THE AGRIFOOD SECTOR

The current position and future prospects of the GATT/Uruguay Round negotiations from the viewpoint of agriculture and the agri-food sector

Justification for and aims of the work

The present phase in these important multilateral trade negotiations started two years ago in Punta del Este (Uruguay) and it is expected to cover four years in all. The socio-economic implications of the discussions in progress in Geneva and the possible outcome are considerable; the various subjects to be examined impinge in fact on all aspects of world trade and even on production and services.

Agriculture seems to be taking on more and more importance in this context. The Committee will therefore have to take a stand on the positions to be discussed during the review of progress at the half-way stage. This review is to be carried out at Montreal on 5 December 1988. In the second phase of the negotiations, scheduled for the following two years, the various subjects are to be gone into in greater depth with the aim of arriving at agreements. It is not impossible that before these agreements materialize the Committee will have to take a stand again on specific aspects or on the negotiations as a whole.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously, the Committee considers it essential to reiterate that the GATT negotiations must be treated as part of a whole and conducted in accordance with the principle of multilateralism. The special character of the agricultural negotiations is something which the Community must endeavour to preserve. The Community should also consider the requirements of the agri-food sector, which has an interest in freer trade and the success of the GATT negotiations.

The Committee believes that the Community must not allow the principles of the CAP (particularly levies and refunds) to be called into question in the GATT negotiations. As the world's leading importer of agricultural products, the Community should not be

¹ CES 1099/88.

expected to accept any increase in such imports. On the other hand, given its position as the world's second largest exporter of such products, it must continue to be able to export. This means that compensation will be needed to cover the difference between domestic and world prices.

The Committee considers that progress in the negotiations is possible provided that there is reciprocity, accompanied by guarantees as to the commitments entered into. Success will depend on a consistent and firm Community attitude backed up by good briefing of Community public opinion on the key issues at stake.

The Committee approves the Community proposals aimed at better control of production, a progressive reduction in aid linked to the volume of production, an increase in non-linked aid and greater market influence. This effort to achieve a better balance must, however, be accompanied by the concerted control of production, which means that there should be no sharp drop in farm incomes and that all the implications of direct aid not linked to production should be carefully examined. It would be beneficial to adopt short-term emergency measures in respect of certain major products and to bring about a concerted limitation of support, taking the 1984/85 marketing year as a basis. Attention should first be paid to the measures which help to create agricultural surpluses or which impede or distort international trade.

The Uruguay Round should lead to binding, verifiable commitments by all the parties concerning the reduction of agricultural support. However, the Committee regards the complete elimination of subsidies, taxes, tariff quotas and non-tariff barriers for agricultural products as a utopian goal. A flexible approach should be adopted in examining the position of the developing countries, since this stage of the discussions covers only short-term measures.

Lastly, the Committee considers that government action is necessary to improve the functioning of the international monetary system so as to prevent monetary manipulation from forming another means of agricultural support. Concerted action on this subject is one of the preconditions for the success of the Uruguay Round.

This Opinion was drawn up in the light of the paper produced by the Section for External Relations, chaired by Mr Kenna (Ireland — Employers). The rapporteur was Mr Clavel (France — Various Interests).

21. WINE-GROWING AREAS (Own-initiative Opinion)

The demarcation of wine-growing areas in the Community

Reasons

At its 287th meeting held on 7 January 1988, the Section for Agriculture and Fisheries authorized — in line with the decision taken at its 282nd meeting of 17 June 1987 — an application for an Own-initiative Opinion on the demarcation of wine zones in the Community.

On 16 December 1986, the Council referred to the Committee a proposal amending Regulation (822/87) on the common organization of the market in wine.¹ The proposal dealt with the demarcation of wine zones in Spain — a key issue in view of current Spanish legislation and the consequences which the demarcation of wine areas has for permissible oenological practices and processes.

The Section for Agriculture and Fisheries concluded then that the problem of demarcating wine-growing areas in Spain and later in Portugal could only be finally settled as part of a new Community-wide blueprint.

The Commission was aware that the previous demarcations of wine-growing areas had simply followed existing national distinctions and had not relied on precise technical criteria. The problem therefore needed to be studied anew.

Consequently, and in view of the increasingly pressing need to improve Community legislation in the wine sector, the Committee Opinion which was adopted unanimously on 25 February 1987² asked the Commission to produce specified proposals before 1990 in the light of detailed studies based on information concerning the climatic conditions and the different ecological contexts of the various areas of the EEC.³

Given the complexity of the issue and its serious social and economic implications, the ESC Bureau instructed the Section for Agriculture and Fisheries to look at the matter in depth and in good time, so that the Committee too can fulfil its assigned consultative role fully.

¹ OJ C 326, 19 December 1986, p. 6.

² CES 199/87.

³ CES 199/87, p. 2.

Gist of the Committee's Opinion ¹

The Economic and Social Committee adopted its Opinion unanimously, with two abstentions.

The future classification of EC wine-growing zones must not merely reinforce the present situation but constitute a basic instrument of future wine-sector policy.

Although classification would seem an excessively complex undertaking steps must be taken to avoid any undue complexity which would delay unreasonably the demarcation of zones in the Community of 12. Account must be taken of the experience gained from the zone classification carried out before the enlargement of the Community.

The general principles which guided this classification should be used as a basis for extending the classification to the new Member States. Fairness must be a primary concern here.

The Committee attaches special importance to the following classification criteria:

- altitude
- latitude
- rainfall
- sunshine
- temperature.

Finally, the Committee would like the Commission to draw up a preliminary report to speed up the work. It has the following proposals to make regarding the method required to classify and demarcate the wine-growing zones within a reasonable period:

- (i) Establishment, with the assistance of institutes and associations specialized in climatology, of uniform climatic zones.
- (ii) Comparison of these zones with the present EC demarcation.
- (iii) Review of anomalies between the two zone demarcations.
- (iv) Corrections to be made to present prescribed demarcation by means of accurate geographical maps with a projection of existing wine-growing zones.
- (v) Application of the same demarcation methods and criteria to new Member States.

¹ CES 1091/88.

- (vi) Notification of proposed zone demarcation and classification or corrections to national and regional authorities and non-governmental organizations.
- (vii) Establishment of a general EC zone demarcation map.
- (viii) Establishment of more precise zone-by-zone maps with superimposition of those areas under vine when the map was prepared.

This Opinion was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, chaired by Mr Laur (France — Various Interests). The rapporteur was Mr Margalef Masia (Spain — Various Interests).

22. SITUATION OF THE HERRING MARKET

Gist of the Commission report

After several years of decline attributable to the ban imposed for biological reasons on fishing in a number of Community areas between 1977 and 1981/2, herring fishing is again accounting for an appreciable proportion of fishing in the Community and is playing a not inconsiderable role in the socio-economic balance of many regions.

The aim of the report is to take stock of the market situation and to offer the Council a discussion paper based on solutions mooted during discussions by Commission and Council working parties on the market situation for herring.

To sum up this analysis, it would appear that the balance on the Community market in herring in 1986 was somewhat fragile, overall production being of the order of 420 000 tonnes, a rise of 6% on 1985 but below the total volume of catch quotas allocated to the Member States of around 550 000 tonnes. This relative stabilization of production was the result mainly of price movements which were down appreciably in 1986 on 1985. This made herring fishing less attractive to several Member States and encouraged them to limit production.

If this voluntary limitation had not taken place and if exports of both fresh (Klondijking) and frozen herring had not increased appreciably, the situation would undoubtedly have been more difficult. As to the future, the question arises of whether the market can adapt in an orderly manner to a changing situation with higher potential catches and increasingly intense competition on the Com-

munity and international market, both from third countries and among the Member States themselves.

There are a number of woring signs. For example, intra-Community trade is relatively stagnant while imports from third countries are on the increase. Sales to the Klondijkers also rose steeply in 1986. 'Klondijking' was the product of a particular situation, and of the urgent need for outlets. The reasons for its recent development are open to question however. At present, almost 80% of the United Kingdom's herring production is sold to the Klondijkers, on terms over which the producers concerned do not appear to have total control. Recent competition from Norway has only worsened the situation, while highlighting the lack of guarantees offered in the long term by this outlet. Abundant supplies make the non-member country buyers to a large extent masters of the situation.

Gist of the Committee's Opinion ¹

In its Opinion, adopted unanimously, the Committee acknowledges the validity of the Commission's analysis although this seems less clear in the conclusions.

The Committee proceeds on this basis to examine the herring market, taking into account imports, exports, the development of intra-Community trade and domestic consumption, the situation with regard to industrial fishing and the measures required to promote products with a view to increasing consumption.

This examination prompts the Committee to make a number of recommendations for the Commission and the Council regarding the organization of the market, imports and exports, quality standards, research and the social problems which a further decline in the herring industry would cause in the peripheral regions. In the Committee's view, a positive programme should be developed for the industry by the Community institutions, for it is essential that such a valuable food resource providing vital employment in Europe's least-favoured areas is not allowed to go to waste.

This Opinion was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries, chaired by Mr Laur (France — Various Interests). The rapporteur was Mr Hancock (United Kingdom — Employers).

¹ CES 1090/88.

External relations

Joint EEC/EFTA meeting in Berlin

The 17th joint meeting of the Economic and Social Committee of the European Communities and the Consultative Committee of EFTA (European Free Trade Association) was held on 12-14 October 1988 in the Reichstag building, Berlin.

The meeting was presided over by Mr A. Margot, Chairman of the Economic and Social Committee, and by Mr O. Davidsson, Chairman of the EFTA Consultative Committee, assisted by their Secretaries-General, Mr J. Moreau and Mr G. Reisch.

The participants unanimously adopted a common position on the main problems facing environmental protection policy in both the EEC Member States and the EFTA countries. The document in question dealt in particular with air and water pollution, motor vehicle emissions and accidents affecting the environment.

The EEC/EFTA economic and social interest groups consider that they must develop a specific line of action in tackling environmental questions from the angle of European integration and the creation of a European economic area, which is a common objective.

To this end cooperation between the EEC and EFTA is of prime importance, although certain points might be controversial.

The second important topic at the meeting was transport policy. A new regulatory system is needed for road haulage between the EFTA countries and the EEC Member States, which will be governed by bilateral agreements and quotas until the end of 1992. This system could take the form of an extensive framework agreement between the Community and EFTA. Such an agreement would also make it easier to solve specific problems, such as those relating to transit, combined transport and market access.

It was considered that, generally speaking, the EFTA countries should adapt to Community legislation in those areas where the Community already has common rules. In those areas where there are as yet no Community rules ways would have to be found of fully

involving the EFTA countries in the formulation and implementation of such rules. Another major question was the prospect of the creating of the European financial area needed for the proper functioning of the internal market. The complete liberalization of capital movements and the establishment of freedom to provide financial services are going to entail a considerable harmonization effort on the part of the EEC. EFTA does not intend to remain outside this process.

The participants agreed to make a joint analysis of the problems at present forming the subject of various Community proposals, such as:

- (i) the stepping-up of the coordination of monetary and exchange-rate policies within the framework of the EMS;
- (ii) the adaptation of the prudential rules applicable in the banking sector;
- (iii) the conditions for exercise of the freedom to provide services between the EEC and EFTA in the areas of finance and insurance;
- (iv) the measures that could be adopted, particularly in the fiscal sphere, to prevent abnormal capital flows or relocation of financial activities.

The fourth important subject on the agenda was the agricultural aspects of the GATT negotiations currently in progress.

The participants noted that in the main they had similar views, this being due to the important role of agriculture in all European countries. They accordingly expressed the wish that the negotiators, in pursuing the objectives agreed at Punta del Este in 1986, should take account of the concrete effects on agriculture and farmers of the measures they decide on and of their impact on the economy, social life and the environment in the countries concerned.

The last subject discussed was introduced by the presentation of an Opinion adopted recently by the Economic and Social Committee's Section for External Relations on relations between the EC and the European State-trading countries. In this context the participants examined in particular developments since the signing of the joint declaration between the EEC and Comecon and the economic reform efforts in progress in certain Comecon countries.



At the CES/EFTA meeting in Berlin, from right to left: Mr Jacques Moreau, ESC Secretary-General, Mr Fons Margot, ESC President, and Mr Olafur Davidsson, Chairman of the EFTA Consultative Committee.

Activities of the Chairman and the Secretary-General

On 30 September the Chairman, Mr Margot, and the Secretary-General, Mr Moreau, attended a Tepsa (Trans-European Policy Studies Association) symposium in Brussels.

Also on 30 September the Secretary-General gave an address on Europe in search of its identity at the University of Social Sciences in Grenoble (France).

On 4 and 5 October the Secretary-General attended a symposium on Europe and society in Paris.

On 6 October Mr Margot had a meeting in Brussels with Mr Seck, Secretary-General of the Senegal National Employers' Council.

On 11 October Mr Masprone, Chairman of the Employers' Group at the ESC, accompanied by Mr Moreau, Secretary-General, was in Strasbourg for Pope John Paul II's visit to the European Parliament.

On 17 October Mr Margot gave an address at a ceremonial function at the 'Hoger Instituut voor Maatschappelijk en Cultureel Werk', Brussels.

In the evening of the same day he attended a dinner given by the representative office of Norwegian businesses in Brussels.

On 20 October he gave an address at the congress of the European Federation of Agricultural Workers' Unions in the Community, in Luxembourg.

On 21 and 22 October he spoke at the 'Jugend Forum 88' in Munich and took part in two round tables.

Other activities

On 6 October the Bavarian Employers' Federation was welcomed at the ESC by Mr Löw, a member, who spoke on the ESC and the Community's social policy.

On 29 September there was a meeting between the Chairman and Vice-Chairmen of the Section for Economic Questions and the Bureau of Economic Policy Committee.

On 18 October Mr Serra Caracciolo, member of the ESC, addressed the EP Regional Policy Committee on the coordination of the structural Funds — second phase, for which he was rappor-

teur. He was accompanied by Mr Kazazis, member of the ESC, and Mr McLaughlin of the Secretariat.

On 27 and 28 October Mr Nierhaus, member of the ESC, attended the second European congress on continuing training organized by the Senator for Industry and Labour in Berlin.

Joint meeting of ACP/EEC socio-economic interest groups on SMEs

The role that SMEs (small and medium-sized enterprises) can play in the development of ACP (African, Caribbean and Pacific) States within the framework of the Lomé Convention was the main theme of a conference held in the Committee building, Brussels, on 20 and 21 October.

This conference brought together some 60 representatives of socio-economic organizations in the ACP and EEC countries and of the ACP/EEC Joint Assembly, the Commission and the Economic and Social Committee.

New consultations

Since the last Plenary Session the Economic and Social Committee has been consulted on the following questions:

Communication setting out a medium and long-term forestry strategy for the Community
[COM(88) 255 final]

Draft Council Regulation on the efficiency of agricultural structures

Draft Council Regulation on the development and exploitation of woodland

Draft Council Regulation on the cork sector

Draft Council Regulation on the processing and marketing of agricultural and fishery products

Draft Council Decision establishing a Standing Forestry Committee

Draft Council Regulation establishing a European forestry information and communications system

Draft Regulation on protection of Community forests against atmospheric pollution

Draft Council Regulation on the protection of Community forests against fire

Proposal for a Council Directive amending Directive 86/298/EEC on rear-mounted roll-over protection structures of narrow-track wheeled agricultural and forestry tractors

Proposal for a Council Directive amending Directive 87/402/EEC on roll-over protection structures mounted in front of the driver's seat on narrow-track wheeled agricultural and forestry tractors

Proposal for a Council Directive amending Council Directive 77/536/EEC on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural and forestry tractors

The introduction of compulsory nutrition labelling of foodstuffs intended for sale to the ultimate consumer

The provisions applicable to nutrition labelling of foodstuffs intended for sale to the ultimate consumer

[COM(88) 489 final — SYN 155]

The conclusion, on behalf of the EEC, of the Framework Agreement for scientific and technical cooperation between the European Communities and the Republic of Iceland

The approval, for the purposes of conclusion by the Commission on behalf of the EAEC, of the Framework Agreement for scientific and technical cooperation between the European Communities and the Republic of Iceland

[COM(88) 527 final — SYN 156]

Concerning the procurement procedures of the public market in the water, energy and transport sectors

[COM(88) 377 final — SYN 153]

On the procurement procedures of entities operating in the telecommunications sector

[COM(88) 378 final — SYN 154]

Proposal for a Directive amending Directive 80/215/EEC on animal health problems affecting intra-Community trade in meat products

[COM(88) 535 final]

Proposal for a Council Decision amending Decision 87/499/EEC introducing a communications network Community programme on trade electronic data interchange systems (Tedis)

[COM(88) 523 final]

Provisional future work programme

November 1988 Plenary Session

Opinions

Annual Report on the Economic Situation

Protection of workers against biological agents at work
[COM(88) 165 final — SYN 129]

Racism and xenophobia
[COM(88) 318 final]

Financial support for Greece in the social field
[COM(88) 412 final]

Comett II programme
[COM(88) 429 final]

Biotechnology — genetically modified organisms
[COM(88) 160 final — SYN 131]

Discharge of certain dangerous substances — water
[COM(88) 432 final]

Statute for the European Company
[COM(88) 320 final]

Sprint programme
[COM(88) 426 final]

Transport infrastructure programme
[COM(88) 340 final]

Code of Conduct SIR

Transit through third countries (Additional Opinion)

Eurotra
[COM(88) 270 final — SYN 137]

Flair programme
[COM(88) 351 final — SYN 140]

Joule programme
[COM(88) 388 final — SYN 143]

Compound feedingstuffs

[COM(88) 303 final]

Social security for self-employed workers

[COM(88) 538 final]

Information reports

Energy policy and the completion of the internal market

Own-initiative Opinions

Sardines

[COM(87) 219 final]

Other work

Priorities for a 1989-92 action programme

Subsequent plenary sessions

Opinions

Hazardous waste (consolidation)

[COM(88) 391 final — SYN 145]

Predictive medicine

[COM(88) 424 final — SYN 146]

Air quality — SO

[COM(88) 436 final]

17th Competition Policy Report

[COM(88) 232 final]

Green paper on copyright

[COM(88) 172 final]

Programme of strategic research and technology in the field of aeronautics

[COM(88) 393 final — SYN 144]

Vocational training for drivers of vehicles carrying dangerous goods

[COM(88) 339 final]

R&D Doses programme

[COM(88) 410 final — SYN 149]

R&D programme — Decommissioning of nuclear installations

[COM(88) 415 final]

Brite-Euram programme

[COM(88) 385 final — SYN 142/2]

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[COM(88) 459 final — SYN 152]

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[COM(88) 383 final]

Use of agricultural and forestry resources
[COM(88) 255 final]

Voting rights for Community nationals in municipal elections
[COM(88) 371 final]

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[COM(88) 363 final]

Protection of natural and semi-natural habitats and of wild fauna
and flora
[COM(88) 381 final]

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[COM(88) 292 final]

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[COM(88) 377 final]

Monitor programme
[COM(88) 386 final — SYN 147]

Teleman programme
[COM(88) 416 final]

Future of the rural world. Environment and agriculture
[COM(88) 501 and COM(88) 338 final/2]

Information reports

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