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271st Plenary Session

The 271st Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels, on 15 and 16 November 1989. The Committee Chairman, Alberto Masprone, presided.

The Session was attended by Filippo Maria Pandolfi, Commission Vice-President, who took part in the debate on the 1990-94 framework programme of research and technological development.

Declaration by ESC Chairman, Mr Masprone, with an eye on the European Summit in Strasbourg

'At a time when people are recognizing the democratic and social values of the Community, especially in eastern Europe, the need to move further towards European union has become even greater.

The interest groups represented on the Economic and Social Committee welcome the present trend and the Council Presidency's decision to convene the Heads of State or Government next Saturday in Paris. They fully support all efforts to develop Community policies, and the Strasbourg summit must contribute decisively to this process.

Today, at this turning point in history, European union is still the priority. This means the internal market must be completed. There must also be strong social cohesion based on the recognition and guarantee of basic Community social rights, as expressed in the ESC Opinion on 22 February 1989, and a programme for social action. Finally, there must be economic and monetary union, to which the ESC also gave its support in its Opinion of 19 October 1989.

European union will not develop without the contribution of the interest groups represented on the Economic and Social Committee. The Committee therefore expects the Heads of State or Government meeting in Strasbourg on 8 and 9 December to recognize its activities within the institutional set-up of the Community, in accordance with the aim of upgrading the Committee by

1992 as set out in its memorandum adopted on 30 May 1989. In this way major steps will be made towards the setting-up of a real people's Europe.

In the next few weeks the ESC, within the limits of its powers, will be taking steps to realize this wish to build a Europe whose watchwords are freedom, responsibility, democracy and solidarity.'

ADOPTION OF OPINIONS

1. FRAMEWORK PROGRAMME OF COMMUNITY ACTIVITIES IN THE FIELD OF RESEARCH AND TECHNOLOGICAL DEVELOPMENT (1990-94)

Proposal for a Council Decision concerning the framework programme of Community activities in the field of research and technological development (1990-94)

[COM(89) 397 final]

Gist of the Commission proposal

By introducing a Title VI (Research and Technological Development) into the EEC Treaty, the Single European Act placed the Community's scientific and technological activities on a new legal and political footing. The chief instrument of Community action in this field is the framework programme of Community activities in the field of research and technological development. The framework programme currently in operation was adopted by the Council, in its Decision of 28 September 1987, for the 1987-91 period.

The present proposal for a new framework programme for the 1990-94 period is the culmination of a process of analysis and debate which owes its origin to Article 4 of the Council Decision, requiring the Commission to carry out a mid-term review of the implementation of the framework programme and assess primarily whether the original objectives, priorities, activities and funding levels are still appropriate in the light of interim developments.

This process took place in various stages, starting with the presentation of the 'First report of the state of science and technology' [COM(88) 647 final] in December 1988. The purpose of the report

was to provide the factual background for discussions on Europe's scientific and technological needs and suggest how they could best be met.

According to the report, Europe faces three main challenges:

- (i) to increase its capacity to develop and pursue, where necessary, its own technological and economic options;
- (ii) to strengthen its international competitiveness, especially in those fields which will take on increasing importance in the future;
- (iii) to meet the social need for improved quality of life.

At its meeting on 14 March 1989, the Research Council held an initial background debate on Community research and development and came to the general agreement that substantial revision of the current framework programme was needed.

In June, a group of five independent experts submitted an evaluation report on the 1987-91 framework programme. In the same month, the Commission itself produced a communication on a framework for Community R&TD actions in the 1990s [SEC(89) 675 final] which was intended to provide a basis for discussing the guiding principles and key orientations for future action by the Community in the field of R&TD.

In its communication, the Commission calls for the redefinition of the broad principles underlying the Community's action in order to take on the challenges of a changing international and scientific environment in the coming years. Thus there are three main challenges facing the Community:

- (i) growing competition from its major trading partners, who will endeavour to exploit the opportunities by the creation of a large European market, particularly in high-tech sectors;
- (ii) increasing demands on the part of Europe's citizens for improvements in the quality of life (environment, health, education, training and transport in particular);
- (iii) a changing scientific environment.

Against this background, the Commission proposes six key orientations to guide the Community's action in the field of R&TD in the coming years:

- (i) to take full account of the whole range of precompetitive activities;
- (ii) greater selectivity in the choice of research themes;

- (iii) a more systematic approach to pre-normative research;
- (iv) improved integration of national activities and European programmes;
- (v) supporting the research community;
- (vi) increasing management efficiency.

On 20 June 1989 the Research Council held another background discussion, during which the Commission expressed a preference for a new framework programme for the years 1990-94, rather than a straightforward revision of the current framework programme, limited to only two years (1990-91), as this would make it easier to introduce the essential strategic adjustments to the Community's R&TD activities. Three main considerations lay behind the Commission's choice:

- (i) the accelerating pace of technological progress in the current phase of stable and sustained economic growth in the industrialized countries;
- (ii) the need to strengthen the competitiveness of the European industrial system;
- (iii) the need to respond in a more effective way to the directions fixed by the Single Act for R&TD.

The orientations and main directions of the new framework programme advocated by the Commission won a broad consensus within the Council, and the Commission was asked to submit concrete proposals as soon as possible.

The proposed 1990-94 framework programme adopted by the Commission on 27 July 1989 is characterized by the regrouping of R&TD activities around a limited number of strategic axes, designed to guarantee pertinence, concentration and flexibility of management for Community activity.

The new framework programme covers six activities, regrouped under three main strategic headings. Six specific R&TD programmes (as against the 37 contained in the current framework programme) correspond to these six activities, in accordance with

Articles 130k and 130p of the EEC Treaty. It is proposed that an estimated ECU 7 700 million be allocated to the six programmes:

I. Enabling technologies

1. *Information and communications technologies* (ECU 3 000 million)

The Commission proposes reorientating research in three directions:

- (a) *Information technologies*: four activities will receive priority:
 - microelectronics;
 - peripherals;
 - software;
 - information technologies applied to industrial engineering.
- (b) *Communications technologies*: the following four activities are envisaged:
 - development of intelligent networks;
 - mobile communications;
 - image communications;
 - service engineering.
- (c) *Development of telematic systems in areas of general interest.*

2. *Industrial and materials technologies* (ECU 1 200 million)

The objective is to contribute to the necessary rejuvenation of European manufacturing industry by developing its science base and the advanced technologies required. Technological developments will be integrated in consideration of emerging market requirements and of more severe environmental constraints.

The following areas will be affected by a shift in priorities: materials, design, manufacturing and measurement and testing.

II. Management of natural resources

3. *Environment* (ECU 700 million)

The purpose is to develop the know-how needed by the Community to carry out its role relating to the environment. Four areas are involved:

- participation in the global change programme;
- technologies and engineering for the environment;

large integrated research projects;
research on economic and social aspects.

4. *Life sciences and technologies* (ECU 1 000 million)

The objective is to contribute, in a selective and integrated way, to the development of Europe's potential for understanding and using the properties and structures of living matter. There are four main areas here:

basic biotechnology;
agricultural and agro-industrial research;
biomedical and health research;
life sciences and technologies for developing countries.

5. *Energy* (ECU 1 100 million)

The central issue of Community action in this field is the development of clean and safe energy technologies, to be pursued in three main areas:

fossil, renewable energy sources, energy utilization;
nuclear fission safety;
controlled nuclear fusion.

III. Management of intellectual resources

6. *Human capital and mobility* (ECU 700 million)

The purpose is to provide the European research system with the trained human resources on which it is critically dependent. A major project of mobility is planned, involving young post-graduate researchers in the area of the exact and natural sciences, technologies and economic science.

The new programme does not mean that work undertaken in the 1987-91 framework programme is to be abandoned, however. The Commission is proposing a rolling programme to ensure the continuity of work contracted under the current framework programme, and ECU 3 125 million have been earmarked for this purpose. From 1990, new activities will be launched, or existing ones renewed, under the new framework programme.

Continuity will nevertheless depend on whether work carried out at Community level is efficient and pertinent and whether the continuing validity of objectives can be confirmed.

However, the introduction of new horizontal dimensions which will have a bearing on several areas independently of their specific nature, and of activities which respond to new strategic needs will inevitably mean that some activities will be cut back or abandoned.

In addition to increasing the interdisciplinary nature of each research area, the 1990-94 framework programme aims to reinforce synergy between approaches and connected technologies. This will mean:

- (i) increasing the Community's involvement in Eureka projects which fit in with the extension of the Community's R&TD strategy;
- (ii) increasing the interface between the framework programme and COST activities;
- (ii) increasing the role of the JRC in implementing the framework programme, particularly in fields where an impartial and independent expert opinion is required for the benefit of all Community policies.

The Commission also intends:

- (i) to define a global initiative for significantly improving the dissemination and enhancement of research results;
- (ii) to take the necessary measures for improving the efficiency of its management and increasing the productivity of its administrative machinery, by introducing new forms of decentralized management.

Gist of the Committee's Opinion ¹

The Economic and Social Committee of the European Communities calls for a single European 'science and technology space' in its Opinion on the framework programme of research and technological development for 1990-94 proposed by the European Commission.

Adopted unanimously on 15 November in the presence of Filippo Maria Pandolfi, Commissioner responsible for *inter alia* science and research, the Committee's Opinion recommends that the Council

¹ CES 1250/89.

adopt the new framework programme but expresses many reservations concerning the Commission's proposals:

'The Committee would like to see the R&TD policy and the strategy to achieve it made an integral part of Community policies including the improvement of the quality of life, the achievement of cohesion and the principle of subsidiarity' (distinguishing what should be done at Community level and what at Member State level)... 'Economic well-being involves a high level of competitiveness for EC industry, the satisfaction of new needs with new products and a minimum social consequence in terms of unemployment, destruction of the environment and upset of the cohesion between Member States. The Committee believes that a revised framework programme should reflect a balanced view of all these factors, notably technical feasibility, economic desirability and social acceptability. The balance will not be the same in each Member State. A framework programme should take this into account and must have social cohesion within the Community as a subsidiary objective.'

In concrete terms, the Committee proposes that the Commission set up a small strategic group whose members would be appointed by the Council with the task of overseeing R&TD policy and strategy in the light of overall Community policies over a 10-15 year horizon. This group would be presided over by an eminent figure independent of the Commission.

Statement by Mr Pandolfi and debate

At the Plenary Session Filippo Pandolfi faced criticism about the absence of any reference to the quality of life in the Commission's proposal. In the view of Tomás Roseingrave (Ireland — Various Interests) this was an omission, a retreat, a rout even. Speaking on behalf of the Workers' Group, the Italian Enrico Vercellino drew attention to the low priority given to social research and the environment, making the point that the political powers of the environment protection agency set up by the Community were more limited than those of its equivalent in the USA.

Replying to these comments, Commissioner Pandolfi stated that the Commission had in no way beaten a retreat on the quality of life:

'Last March I started to try to convince the motor vehicle industry to participate in an integrated programme on exhaust emissions.



From left to right: Mr Masprone, President of the ESC, Mr Pandolfi, Vice-President of the Commission, and Mr Jenkins, Vice-President of the ESC, at the Plenary Session.

This very afternoon Mr Perrin-Pelletier (Employers — France, and Secretary-General of the Committee of Common Market Automobile Constructors) has given me the reply. It is positive. It is better to have a good programme on the 'clean' car than a thousand references to the quality of life in our documents.'

As regards the social dimension, 'this is a horizontal dimension of our programme which places the emphasis on the social quality of life'.

The Commissioner expressed his general appreciation of the Committee's Opinion, particularly where it called upon the Commission to define its own R&TD strategy based on precise criteria, 'identifying the work that should be done at Community level in the light of Member State existing and projected programmes, fixing urgencies and priorities and finally estimating the funding necessary'.

The Commission would take maximum account of the Committee's Opinion when determining how the specific programmes provided for in the second phase of the framework programme should be implemented: 'Our credibility will be at stake here', the Commissioner stressed.

Speaking for a last time before the vote, Rapporteur de Normann urged the governments of the various Member States to tackle the creation of single European R&TD space instead of just simply talking about the sums involved. 'Let us create this space. The money will follow.'

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 de Normann (United Kingdom — Employers).

2. ENVIRONMENTAL POLICY (Own-initiative Opinion)

Environmental policy, a fundamental aspect of economic and social developments

Gist of the Committee Opinion ¹

In an Own-initiative Opinion, adopted unanimously on 15 November, the Economic and Social Committee made an insistent appeal for urgent and coordinated initiatives to slow the rapid growth of environmental deterioration and the rise in costs to clear it up. The Opinion points out how, on the one hand, awareness in environmental issues is increasing and how, on the other, concrete intervention by the Community must be kept within the confines of the Treaty and the modest funds available. In this way delays build up and the possibility of restoring the balance is compromised.

The Economic and Social Committee now proposes a series of actions to break the deadlock and urges the Community 'to make a quantum leap'.

Any policy designed to bring about a change in the economic, social, political and institutional conditions on which new and different compatibility relationships are to be based needs adequate means and instruments.

At Community level, as things stand at present, the development of such a policy requires much thought concerning:

- (a) Adjustments to the institutional aspects of the Community's environmental policy

As far as the more strictly economic aspects are concerned, analysis has shown that completely free intra-Community trade in view of the coming single market and the impact of Community production on the world market will bring need for a new environmental policy. In it the Community should play the strategic role of defining, supporting and coordinating intervention to help the individual Member State implement the measures necessary to halt and prevent environmental deterioration.

¹ CES 1245/89.

(b) Redirecting the use of 'own resources'

The recently adopted reform of the structural Funds, which is designed to sustain multi-year programmes, lays down that the measures financed should be compatible with environmental policy.

However, the relevant regulations only allow the financing of measures to help the environment if they are linked to structural-policy aims.

The problems of the environment go far beyond the framework provided by such regulations and because of their urgency, their seriousness and their extent require the choice of structural policies to take second place to the finding of a solution, and not the other way round as planned for and regulated at present.

(c) Providing enough resources to encourage initiatives and actions that are consistent with the changes being sought

The integration of environmental policy with the Community's other policies requires adequate financing, sufficient to pay for those initiatives which might not be considered a priority from the point of view of short-term productivity.

Hence the European Parliament's call for a new budget heading entitled 'Environment '95', designed to encourage investments in the environmental sector which could not be financed by the structural Funds, and without any regional limitations.

Independently of any assessment of the scale of the funds provided, the Committee endorses the objectives set out by the Parliament and fully supports its initiative.

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 Beretta (Italy — Workers).

3. ESTABLISHMENT OF THE EUROPEAN ENVIRONMENT AGENCY

Proposal for a Council Regulation (EEC) on the establishment of the European Environment Agency and the European environment monitoring and information network

[COM(89) 303 final]

Gist of the Commission document

The main objective of the Agency would be to assist the Community, the Member States and any other countries willing to participate, to achieve the goals of environmental protection and improvement. Its activities would include the collection of data, a scientific assessment of environmental damage and risk forecasting.

The objectives of a Community network

The proposed European Environment Agency should constitute the nerve centre of a network which will:

- (i) provide the Community, the Member States and participating third countries with the objective information required for the formulation and implementation of sound and effective environmental policies;
- (ii) in particular, provide technical, scientific and economic information necessary for the Commission in its tasks of identification, preparation and assessment of the implementation and results of environmental action and legislation;
- (iii) develop and apply the techniques of environmental modelling and forecasting in order that adequate preventive action can be taken at the appropriate time;
- (iv) ensure the integration of European environmental data into international environmental programmes such as those established within the framework of the United Nations and its systems of agencies.

The Agency will be autonomous and open to non-Community countries

The Agency will be a Community body, but given the international nature of many environmental problems and the multinational character of work on the environment, the participation of non-Community countries is already provided for.

As is already the case for some Community research programmes, the Council Decision establishing the Agency will provide for the participation (cooperation) of non-Community countries in or bordering Europe through negotiation of an agreement between the Community and the country concerned. Such agreements must specify the nature of the participation and all relevant conditions (such as the financial contribution).

Structure of the Agency

The Agency will have a large measure of autonomy (which will also facilitate the participation of non-Community countries). It will be administered by an executive director appointed by the management board on a proposal from the Commission.

The Agency's management board will be composed of a representative of each Member State and two from the Commission. The European Parliament will appoint two eminent scientists of authoritative standing in the field of environmental protection. Non-Community States taking part may also be represented.

The executive director and the management board will be assisted by a Committee of Scientists.

Gist of the Committee's Opinion ¹

In an Opinion, adopted unanimously, the Committee urges the Council of Ministers and the Member States to adopt the proposed Regulation rapidly and effectively implement its provisions at European, international, national and local levels.

The Agency's function is to analyse and find solutions to problems, as well as to be the driving force of a monitoring and information network; to this end it must have legal personality and the right to take initiatives.

The Agency's first and foremost official task is to promote the creation of a European environmental information network, whilst encouraging alignment of national instruments and operational methods, which still differ noticeably.

The Committee notes that the Commission does not provide an adequate role for the social partners and other representative groups and does not assign the Economic and Social Committee any specific function — either during the initial or subsequent

¹ CES 1246/89.

stages of the Agency's activities. It would state here and now that it will ask to be consulted or will act on its own initiative.

It would seem appropriate to include at least six other experts in the Scientific Committee: three appointed by the European Parliament and three by the Economic and Social Committee.

The Committee hopes to see the rapid establishment of:

- (1) an inventory or map of the present situation in the Community as a whole, and in the separate countries and regions, on the basis of data already collected by the Commission; and
- (2) a catalogue of the most urgent measures to be taken by the Agency, the Commission and the Member States to launch the work of the Agency as soon as possible.

Noting that the funds earmarked for the Agency are relatively modest in view of the scale and complexity of the problems to be tackled during the initial period, the Committee recommends that checks or a stock-taking exercise be carried out as soon as possible to analyse the results and make an updated assessment of the resources (including financial) which will be required for the next phase.

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 Vercellino (Italy — Workers).

4. CORINE

Proposal for a Council Decision amending Council Decision 85/338/EEC in order to provide for the continuation of the Commission work programme concerning an experimental project for gathering, coordinating and ensuring the consistency of information on the state of the environment and natural resources in the Community

[COM(89) 542 final]

Gist of the Commission's proposal

The proposal is based on Article 130s of the Treaty, and aims to extend the Corine programme which would otherwise expire at the end of this year.

The proposal for a Regulation on the establishment of a European Environment Agency [COM(89) 303 final] states that the development of the Corine programme should be one of the Agency's main tasks. The present proposal is thus designed to safeguard the programme's legal and budgetary framework while the proposal for a Regulation is being negotiated and the Agency is being set up.

The two-year extension should be used to consolidate, apply and disseminate the data collected so far, and to prepare the future development of the Corine system within the framework of the European Environment Agency and the European environment monitoring and information network.

Gist of the Committee's Opinion ¹

Having examined the proposal to set up a European Environment Agency, the Committee, in an Opinion adopted unanimously, applauds the contribution already made by Corine and the Council's intention to make a quantum leap in this area. This would involve a rapid move from the experimental coordination stage to a full-scale European environment monitoring and information network, supplementing and consolidating the results hitherto achieved at national and Community level.

It is therefore logical and natural to extend Corine while the Agency is being negotiated and set up, in order to avoid a temporary vacuum between the expiry of the programme and the start-up of the Agency. During this period, the results achieved to date can be consolidated and developed in line with the major new duties deputed to the Agency, the Commission and the relevant national bodies.

The Committee is however adamant that the extension of the experimental stage should be devoted solely to the overriding aim of setting up the Agency and ensuring that it operates efficiently. This is important to avoid wasted efforts, duplication of duties and delays in the adoption and implementation of a decision whose urgency is widely recognized by the bodies and population groups concerned.

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 Vercellino (Italy — Workers).

¹ CES 1244/89.

5. and 6. REVISION OF 1974 COUNCIL DECISION — ECONOMIC CONVERGENCE

Proposal for a Council Decision on the attainment of progressive convergence of economic performance during stage one of economic and monetary union
[COM(89) 466 final]

Recommendation for a Council Decision amending Decision 64/300/EEC on cooperation between the Central Banks of the Member States of the European Economic Community
[COM(89) 467 final]

Gist of the Commission documents

Following the presentation of the Delors plan for economic and monetary union (on which the ESC issued an Opinion on 19 October 1989) the European Council decided at its meeting in Madrid in June 1989 to initiate the first stage on 1 July 1990. Pursuant to this decision the Commission has put forward two proposals on economic convergence and cooperation between the central banks.

The first proposal replaces the previous Council Decisions of 1974.

Its aim is to institute a system of multilateral surveillance under which the Council will examine on a regular basis:

- (i) the economic conditions, prospects and policies in the Community and its Member States;
- (ii) the compatibility of policies within Member States and in the Community at large;
- (iii) the external economic environment and its interaction with the economy of the Community.

The surveillance will cover all aspects of economic policy in both the short- and medium-term. It will focus on macroeconomic, microeconomic and structural policies. It will include a review of budget policies, where possible ahead of national budgetary planning, focusing particularly on the size and financing of budget deficits.

The purpose of the second Commission proposal is to amend the 1964 Decision on cooperation between the central banks of the Member States. It inserts an additional article into the basic Decision whereby the Chairman of the Committee of Governors of the

central banks of the Member States is to be invited to participate in the meetings of the Council of Ministers.

The proposal extends the remit of the Committee to include:

- (i) issues affecting the stability of financial institutions and markets;
- (ii) the Committee is normally to be consulted in advance of national decisions on the course of monetary policy, such as the setting of annual domestic monetary and credit targets;
- (iii) promoting the coordination of the monetary policies of the Member States with a view to the proper functioning of the European Monetary System and the realization of its objective of monetary stability;
- (iv) formulating opinions on the overall orientation of monetary and exchange rate policy as well as on the respective measures introduced in individual Member States with the aim of ensuring convergent monetary policies in the Community directed towards price stability;
- (v) expressing opinions to individual governments and the Council of Ministers on policies which might affect the internal and external monetary situation in the Community and, in particular, the functioning of the European Monetary System.

Gist of the Committee's Opinion ¹

Synchronization of the drafting, submission and adoption of the national budgets of the Member States is a *sine qua non* for economic and monetary union (EMU) according to the Economic and Social Committee's Opinion, adopted unanimously with 2 abstentions.

The Commission proposes multilateral surveillance of national economies and makes provision for the Council of Economic Affairs Ministers, acting on a proposal from the Commission, to issue recommendations. The ESC Opinion also argues that the Economic Policy Committee should be given a role at least as important as that of the Monetary Committee and that it should be involved in the preparatory work for multilateral surveillance; this requires greater political involvement on the part of the Commission, which should also put forward recommendations and proposals, the Committee says.

¹ CES 1251/89.

The ESC states that progress towards EMU is dependent on the broad political agreement of the general public and a better understanding of the consequences of EMU. To facilitate convergence of economic policies, the representatives of the socio-economic interest groups should also be kept informed through the Economic and Social Committee.

The Committee agrees that greater convergence should be promoted with a view to achieving domestic price stability, which is at the same time a necessary condition for stable exchange rates, and that the formulation of monetary policy in an economic and monetary union should provide for commitment to price stability, which is essential to the success of that union.

The annual report on the activities of the Committee of Governors of the Central Banks and on the monetary and financial conditions in the Community should be transmitted to the national parliaments and the Economic and Social Committee, as well as to the Council of Ministers and the European Parliament. This should help ensure that the general public, and in particular the economic and social interest groups, understand the need for a common monetary policy if progress is to be made towards economic and monetary union.

This Opinion was drawn up in the light of the paper produced by the Section for Economic, Financial and Monetary Questions, chaired by Mr Margot (Belgium — Various Interests). The rapporteur was Mr Meyer-Horn (Germany — Employers).

7. COMMISSION'S ANNUAL ECONOMIC REPORT 1989-90

[COM(89) 497 final]

Gist of the Committee's Opinion¹

In an Opinion adopted by 120 votes to 1, with 6 abstentions, the Committee stated that it shares the Commission's view that the economic situation poses at least two major challenges. First, the basic components of healthy growth must be strengthened so as to accelerate the process of reducing unemployment, promote catching up by the less-developed regions and exploit to the full the

¹ CES 1253/89.

expected improvement in the standard of living generated by the internal market.

The second major challenge is the continuing step-by-step reduction of divergences in the financing of public sector budgets, in balance of payments situations, social conditions, and, in some cases, inflation rates which are, to some extent, the result of the different policies pursued in the various Member States.

The Committee would also like to stress the need for greater environmental protection. Above all, EC environmental policy must be expanded by setting up a European environment agency and supporting national environmental efforts.

The most important task is completion of the internal market. It can be assumed that, together with increased profitability and capacity utilization, this programme has accelerated investment in Europe.

In tandem with economic integration, it is essential that the Committee's proposals for economic cohesion and for giving the internal market a social dimension be implemented.

In the light of continuing high growth rates, productivity gains and greater investment profitability in almost all the Member States, wages policy should be aimed at securing an economically tolerable rise in real wages, non-inflationary increased consumer demand and an improvement in the employment situation. In this context wages policy can work on the basis that certain external factors (levies, taxes on consumption) which stoked up inflation in some countries in 1989 will no longer apply in 1990. So, if economic policies aimed at stability are pursued, the inflation rate may be expected to fall. When the wage increases being sought are made, firms' need for equity capital to fund the job-creating expansion of capacity made necessary by demand should not be overlooked.

Finally, the Committee feels that the labour-market situation remains the Community's most serious problem. Strategies to secure economic growth and job creation must therefore be backed up by measures to ensure that growth is job-intensive. A cut-back on overtime, part-time work only for those who want it and with adequate social security provisions, shorter working hours and more sabbaticals can all play a part here.

This Opinion was drawn up in the light of the paper produced by the Section for Economic, Financial and Monetary Questions, chaired by Mr Margot (Belgium — Various Interests). The rapporteur was Mr Geuenich (Germany — Workers).

8. COMMUNITY ENTERPRISE POLICY/SMEs (Additional Opinion)

Proposal for a Council Decision relating to the improvement of the business environment and the promotion of the development of enterprises, in particular of small and medium-sized enterprises in the Community

[COM(89) 102 final]

Gist of the Commission's document

The proposal for a Council Decision seeks to create a legal and budgetary basis for Community action in the area of enterprise policy. The main aims of the measures proposed are as follows:

- (i) to remove undue administrative, financial and legal constraints which hold back the development and creation of small and medium-sized enterprises;
- (ii) to inform and assist enterprises, and in particular SMEs, on national and Community policies, regulations and activities which concern them or are likely to concern them;
- (iii) to encourage cooperation and partnership between enterprises, in particular between enterprises from different regions of the Community.

The Commission considers that an overall budget of ECU 135 million would be needed for the period 1990-93.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously, the Committee calls for better coordination of the different national statistics so that policymakers can better understand and gear their policies to these statistics, without this involving too much red tape for the entrepreneurs who have to supply the data.

The Committee notes that the Commission rightly attaches a lot of importance to the supply of information to SMEs. However, it is necessary not to overlook the fact that information goes hand-in-hand with advice.

¹ CES 1256/89.

Reasons why the EC should pursue a specific SME policy:

- (i) on economic grounds: SMEs have a huge economic potential and represent more than 90% of all businesses in the EC;
- (ii) on competition grounds: it is absolutely vital to promote competition in the internal market;
- (iii) because of SMEs' intrinsic nature: they have a number of size-related problems;
- (iv) because of regional policy considerations;
- (v) on social policy grounds;
- (vi) on consumer policy grounds.

The Community must realize that its SME policy must never clash or overlap with national policies. Hence the need to strictly apply the principle of subsidiarity.

The Community's SME integration policy must be a practical expression of the idea that all Community policies must make allowance for their effects on SMEs.

Sectoral policy covers measures which are aimed at small firms in a specific sector. Distribution is an example of one such sector.

Matters such as SME financing, the promotion of exports, the provision of information, proper advice and innovation within SMEs come under the policy which is focused more on the features of SMEs. This area of Community SME policy should also pay attention to the structural processes which influence the operation of SMEs and which alter the requirements demanded of entrepreneurs.

The Committee notes that the underdevelopment of the management qualities needed for SMEs is a point made time and again in discussions. The Community has an important task to perform here, namely to develop training modules for improving the management qualities of small businessmen. The courses must be practical and tailor-made in order to prevent participants from being disappointed.

The ESC takes a very positive view of the activities which the Community is developing in the form of experimental training schemes to prepare small businessmen for the changes wrought by the advent of the internal market.

This Opinion was drawn up in the light of the paper produced by the Section of Industry, Commerce, Crafts and Services, chaired by

Mr Kazazis (Greece — Employers). The rapporteur was Mr Lustenhouwer (Netherlands — Various Interests).

9. PROTECTION OF OUTSIDE WORKERS EXPOSED TO IONIZING RADIATION

Draft proposal for a Council Directive on the operational protection of outside workers exposed to ionizing radiation during their activities in installations in which such radiation is used

Gist of the draft proposal for a Directive

Pursuant to Article 31 of the Euratom Treaty, the Council has adopted a number of directives laying down basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation. The current basic standards are set out in the Directive of 15 July 1980, as amended by the Directive of 3 September 1989.^{1, 2}

One of the basic principles of operational protection for workers liable to exposure, as laid down in these Directives, is that no distinction is drawn between workers directly employed by the operators of installations in which there is likely to be exposure to ionizing radiation, and outside workers who are either self-employed or who work for sub-contracting firms.

In its communication of 20 August 1986 on 'the development of Community measures for the application of Chapter III of the Euratom Treaty on health and safety' [COM(89) 434 final], the Commission nevertheless stated that in day-to-day practice 'the application of the Basic Standards in the case of temporary workers in nuclear installations and other establishments has sometimes proved difficult'³ and announced its intention of making a proposal in 1987 to ensure that temporary workers received adequate protection.

No proposal was however forthcoming in 1987 and it was not until 1989 that the commitment became reality and the present proposal — referred to once more in the 25 April 1989 Report on the 'activities undertaken by the Community following the Chernobyl

¹ Directive 80/836/Euratom; OJ L 246, 17.9.1980, p. 1.

² Directive 84/467/Euratom; OJ L 265, 5.10.1989, p. 4.

³ Page 11.

accident' [COM(89) 203 final] — was finally presented by the Commission.

The present draft proposal for a Directive aims in practice:

- (i) to ensure that outside workers are not only protected by their employers — who bear the main responsibility for radiation protection — but also by the installation operator, who must assume responsibility for operational dosimetric monitoring whilst work is being carried out, and
- (ii) to harmonize at Community level the type of data recorded, as well as the practical arrangements for recording data, notably regarding the doses received by outside workers, through the introduction of a personal acceptability certificate based on a uniform model.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously, the Committee approves the draft proposal for a Directive which it believes affords optimum protection for workers who are exposed to ionizing radiation but who are not employed by operators of plants requiring authorization to operate.

It considers that the protection of workers who work in several plants in the course of one year but are not employed by the undertaking operating the plants (i.e. outside or temporary workers) is not adequately guaranteed under existing radiation protection Directives. The main problem is how to keep track of the various doses received.

Whilst taking the view that the draft proposal for a Directive clearly defines the areas of responsibility of the employer of the outside worker and the operator of the installation where the outside worker is working, the Committee also underlines the worker's own responsibilities, as laid down in Directive 89/391/EEC on general worker safety.

In the Committee's view this means that workers should receive appropriate training and adequate, standardized information.

This Opinion was drawn up in the light of the paper produced by the Section for Energy, Nuclear Questions and Research, chaired by

¹ CES 1240/89.

Mr Romoli (Italy — Employers). The rapporteur was Mr von der Decken (Germany — Various Interests).

10. MEDICAL AND HEALTH RESEARCH AGREEMENTS

Proposals for Council Decisions concerning the conclusion of Cooperation Agreements between the European Economic Community and

- the Republic of Finland**
- the Swiss Confederation**
- the Kingdom of Norway**
- the Republic of Austria**
- the Kingdom of Sweden**

in the field of medical and health research

Summary of the Commission's proposals

Article 7 of Council Decision 87/551/EEC on the research and development programme in the field of medical and health research authorizes the Commission to negotiate agreements with the non-member States which participate in COST research projects, with a view to associating them wholly or partly with the programme.

On the basis of the Framework Agreements for cooperation between the European Communities and Finland, Switzerland, Norway, Austria and Sweden, the Commission has negotiated specific draft agreements covering some or all of the following research targets: cancer, AIDS, age-related health problems, problems related to the environment and lifestyle, medical technology and health services.

In view of the nature of the cooperation, any additional expenditure paid from the Community budget resulting from the implementation of each of the draft agreements will be covered by the financial contributions of Finland, Switzerland, Norway, Austria and Sweden respectively.

Gist of the Committee's Opinion ¹

In an Opinion adopted by a large majority with one vote against, the Committee firmly endorses the proposed cooperation with the EFTA countries in the field of medical and health research. It draws attention to its earlier proposals with regard to the 1987-89 phase of the programme. Whilst approving the draft Decisions the Committee none the less expresses reservations over the fact that the arrangements for carrying out the programme will differ from country to country.

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 Tiemann (Germany — Various Interests).

11. EEC-ACCEPTED PLANT PROTECTION PRODUCTS

Amended proposal for a Council Directive concerning the placing of EEC-accepted plant protection products on the market

Gist of the Commission's proposal

This is the revised version of a proposal first put forward in 1976 but not adopted at the time.

Its objective is to:

- (i) establish a Community positive list of *safe* plant protection products which can freely be marketed within the EC;
- (ii) allow the Member States to establish derogations for individual products because of local conditions.

¹ CES 1242/89.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously, with 2 abstentions, the Committee approves the Commission's proposal but emphasizes the following points:

- (i) the need to bypass bureaucracy;
- (ii) the need to standardize the principles and criteria used to prepare and evaluate the dossiers needed for registration of plant protection products;
- (iii) the harmonization of provisional registrations of such products;
- (iv) the re-examination of the procedure for including active substances in the positive list in Annex I;
- (v) the consideration of a multi-State procedure for the registration of plant protection products;
- (vi) the need to address the questions of health and safety.

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 Rolão Gonçalves (Portugal — Employers).

12. PENSIONS

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community and Regulation (EEC) No 574/72 laying down the procedure for implementing Regulation (EEC) No 1408/71

Gist of the Commission's proposal

The purpose of this proposal is to amend the provisions of Regulations (EEC) Nos 1408/71 and 574/72 relating to the grant of pensions to migrant workers. These comprise all the Community provisions applicable to the qualifying conditions and to the calculation and the overlapping of pensions in respect of invalidity, old age and

¹ CES 1241/89.

death for employed persons who have been insured in several Member States, or for their survivors.

For a better understanding of the objective of these Community provisions, it is necessary to examine the position of employed persons who have worked in several Member States.

It should first of all be noted that those concerned are subject to the social security legislation of each of these Member States under the same conditions as non-migrant workers. In other words, they are liable for the same contributions and taxes and thus acquire potential rights to pensions in these Member States.

Eventually when the person concerned reaches pensionable age, becomes disabled or dies the problem of realizing these potential rights will arise and this means that the qualifying conditions laid down by each of these Member States for the acquisition of a pension must have been fulfilled.

In some cases the insurance period completed by the person concerned in a Member State will be sufficient in itself for him to fulfil the conditions in force in that State and to create an 'autonomous' right to a pension.

In many other cases the fragmentation of his insurance history will make it impossible for him to satisfy the conditions of the minimum length of prior insurance or other conditions to which the acquisition of a pension is subject.

It is in such circumstances that the mechanism known as aggregation is set in motion, which is provided for by Article 51 of the EEC Treaty and consists in taking account of periods completed in other Member States for the purpose of acquiring the right to a pension. In this way the qualifying conditions for a pension in a Member State will not be assessed on the basis of periods completed in that State alone but on the basis of all periods completed in the Community.

The application of the aggregation rules by a Member State obviously does not entail the granting by that State of a pension corresponding to the total length of periods taken into account for the acquisition of entitlement. It is therefore necessary to calculate the amount actually due in respect of the insurance periods completed in that particular Member State alone. This sum will be calculated on a *pro rata temporis* basis in accordance with the system known as *pro rata* calculation.

The rules governing aggregation and pro rata calculation thus meet the essential requirement of Article 51 of the EEC Treaty, i.e. to avoid a situation in which migrant workers are unable to fulfil the conditions laid down by national legislations because of the fragmentation of their insurance history and to ensure that it is possible to calculate benefits in a situation not provided for by these legislations.

The application of either national law alone or national law combined with the Community rules on aggregation and pro rata calculation leads to the award of several pensions to workers who have been insured in several Member States, except in cases where a worker has been solely subject to certain types of legislation. For instance, a worker who has been insured in two Member States will be entitled to claim:

- (i) either two 'autonomous' pensions, i.e. pensions for the acquisition and calculation of which it is not necessary to apply the aggregation and pro rata rules;
- (ii) or two pro rata pensions, i.e. pensions for the acquisition or calculation of which account has been taken of periods completed in other Member States in pursuance of the rules on aggregation and pro rata calculation;
- (iii) or an 'autonomous' pension and a pro rata pension.

It follows from the above that the overlapping of pensions from several Member States is a logical consequence of the fact that the person concerned pursued a professional or trade activity and was insured in several Member States. This overlapping as such is therefore not a form of abuse. The overlapping of pensions, however, raises problems that are connected with the different structures of the national pension insurance systems of the Member States.

In the explanatory memorandum to the proposal, the Commission, after having distinguished three pension insurance categories, examines the practical consequences of the co-existence of these different types of legislation in the case of overlapping of pensions and sets out the rules laid down in Regulation (EEC) No 1408/71 to limit the overlapping of pensions.

In its review of the case-law of the Court of Justice of the European Communities with regard to pensions, the Commission lists the following principles:

- (i) Incompatibility of Community rules for reduction of benefits that have the effect of reducing an autonomous pension.

- (ii) Compatibility of the application of national rules against overlapping with Community law.
- (iii) Limits to the application of national rules against overlapping.
- (iv) Extension of the concept of benefits of the same kind.
- (v) Scope of Article 12(2) of Regulation No 1408/71.

In none of the cases, did the Court of Justice pronounce judgment on a Community concept of 'unjustified overlapping' of pensions. The Court went no further than to say that the Council is not competent in the matter of determining (Community) rules against overlapping. According to the Court, this competence is a matter for the national legislator, bearing in mind that the fixing of the limits within which the national reduction provisions can be applied shall be at the discretion of the Community legislator. At present, this limit is formed by the amount resulting from the complete application of Article 46 including paragraph 3 of that Article. Paragraph 3 was originally intended as a Community provision against overlapping. As a result of the case-law of the Court of Justice, this paragraph has now assumed another meaning giving rise to major practical problems. These problems result in a delay in the determination of pensions and this is disadvantageous for the migrant workers. The objective of this proposal is to simplify the determination of pensions as opposed to the present situation and at the same time to protect migrant workers against an excessively stringent application of the national rules against overlapping. To this end, in the proposal it is laid down that where the application of a national legislation including the rules against overlapping incorporated therein eventually prove to be less favourable than the application of the scheme of aggregation and apportionment, the last-mentioned scheme shall be applied. Furthermore, application of the national rules against overlapping is possible only under the most stringent of conditions and in specific cases.

Gist of the Committee Opinion ¹

In an Opinion, adopted unanimously, the Committee makes the following comments:

- (i) Both the introduction to the proposal and the amending Regulation itself use the term 'migrant workers' when they in fact mean citizens of a Member State moving within the Community. This should be corrected.

¹ CES 1255/89.

- (ii) Whilst the ESC sees this latest updating as a step towards more effective regulation, it would again highlight the delays and red tape which EC citizens moving within the Community encounter when they claim social security benefits to which they are entitled.
- (iii) Although the definition of a legal status for the family unit is not relevant here, the ESC would point out the problems created by the legal provisions which employ a Community definition in connection with the right of free movement and residence, and national rules in connection with social security.

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).

13. HANDYNET

Proposal for a Council Decision concerning the further development of the Handynet system in the context of the Helios programme
[COM(89) 450 final]

Gist of the Commission's proposal

The principal objective of the second Community action programme for disabled people (Helios programme of 18 April 1988) is to develop, in the fields of vocational training and rehabilitation, economic integration, social integration and an independent way of life for disabled people, a Community approach based on the best innovatory experience in the Member States. One of the general measures intended to achieve that objective consists in developing the European Community computerized information system on disability questions in the official languages of the Community, referred to as Handynet, using new information technologies for the collection, updating and exchange of information.

By virtue of the Council Decision establishing the Helios programme (running from 1 January 1988 to 31 December 1991), the Commission is required to submit to the Council by 1 July 1989 a report on the establishment of the Handynet system in order to enable the Council to take a decision by 1 January 1990, acting on

a proposal from the Commission, on the conditions for the continuation of the system after that date.

The purpose of the proposed decision is to continue the Handynet system for the period 1 January 1990 to 31 December 1991.

The Commission proposes that priority be given to the following activities:

- (i) completion and putting into operation of the Handy aids module on technical aids intended for persons affected by impaired motor, visual, hearing, mental or communication faculties;
- (ii) development of a new module relating to the employment of the disabled in the free economy or in protected jobs on the basis of databases existing in the Member States.

Gist of the Committee's Opinion ¹

In an Opinion, adopted unanimously, the Committee drew attention to the fact that there are more than 30 million severely disabled people (physical or mental) in the European Community.

The Handynet system accounts for a substantial proportion of the Helios programme funds and also is of key interest to supportive neighbouring and third countries. The system is likely to be cost effective and also links up with multilingual programmes currently promoted by the EC.

The ESC would urge Member States to integrate Handynet facilities when submitting programmes in the context of the structural Funds.

The Committee considers the proposal as an intermediary step which must be carefully monitored. The next step should be the development of comparable norms and standards of equipment for the disabled throughout the Community, together with appropriate testing and quality control, plus more open access to available equipment.

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 Mrs Williams (United Kingdom — Various Interests).

¹ CES 1254/89.

14. DIRECT INSURANCE — SWISS AGREEMENT

Proposal for a Council Decision on the conclusion of the Agreement between the Swiss Confederation and the European Economic Community concerning direct insurance other than life assurance

Proposal for a Council Directive on the implementation of the Agreement between the Swiss Confederation and the European Economic Community concerning direct insurance other than life assurance

Proposal for a Council Regulation (EEC) laying down particular provisions for the application of Articles 36 and 37a of the Agreement between the European Economic Community and the Swiss Confederation on direct insurance other than life assurance
[COM(89) 436 final]

Gist of the Commission's document

Under the current proposed Agreement, insurance companies whose registered office is located in one of the contracting parties may set up agencies or branches on the territory of the other party under standardized, non-discretionary conditions. Furthermore, these agencies or branches will no longer be obliged to maintain a separate solvency margin, thus freeing substantial amounts of capital. The proposed Agreement is confined to freedom of establishment and does not cover freedom to provide cross-border services.

Since EC insurance companies already operate in Switzerland and vice versa, the Agreement is unlikely to have a major economic impact in terms of increased competition. It is, however, a political milestone in the Community's external relations. As the Community's first international agreement on services, it marks a breakthrough in EC-EFTA relations.

Gist of the Committee's Opinion ¹

The Committee has been asked to give its Opinion on draft EC instruments which are already at a very advanced stage of adoption, since the Council and representatives of the Swiss Confederation

¹ CES 1248/89.

recently signed the definitive version of the Agreement. The Committee deplores the fact that it has been involved at such a late stage in the consultation procedure.

In an Opinion (adopted unanimously, with one abstention) the Committee states that 'reciprocity' does offer a number of advantages. The EC should, none the less, avoid accepting reciprocity agreements which bring into being a system of Europe 'à la carte', enabling a number of third countries to opt only for those areas of economic activity in which they expected to obtain benefits, whilst not having to contribute to the general costs of the Community.

In future the Commission should carry out a clear cost-benefit analysis before entering into such agreements. All subsequent agreements with third countries should be subject to this requirement.

In this context the Committee would point out that the concept of reciprocity must be taken to mean, at the very least, equivalent benefits and obligations for both parties. The Agreement under consideration does not meet these criteria of equivalence as it provides considerable benefits for Swiss insurance companies without offering equivalent benefits to EC insurers.

Attention should be drawn to the existence in many of the Swiss cantons of *de jure* monopolies in the field of fire insurance, a very important sector of the market in insurance other than life assurance.

There is also a need to highlight the fact that, given the financial security provided by Switzerland, Swiss undertakings could, following the introduction of the Agreement, transfer large capital sums thereby increasing their room for manoeuvre.

For reasons related to the structure of the markets the Agreement thus does not appear to guarantee in practice the balance referred to in its provisions. The Committee would therefore express serious doubts as to the advisability of such an agreement and would refer in this context to its Opinion of 26 October 1983 in which it described such an agreement as premature.

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 Ramaekers (Belgium — Various Interests).

15. MARITIME TRANSPORT — POSITIVE MEASURES

Proposal for a Council Regulation establishing a Community ship register and providing for the flying of the Community flag by sea-going vessels

Proposal for a Council Regulation on a common definition of a Community shipowner

Proposal for a Council Regulation applying the principle of freedom to provide services to maritime transport within Member States
[COM(89) 266 final]

Gist of the Commission's document

The Commission proposal comprises measures intended to improve the operating conditions and competitiveness of maritime transport in the Community. It has two main aspects:

- (i) the establishment of a Community register (parallel to national registers), the ships registered on which would fly a Community flag and could benefit from a number of specific advantages which would lower their operating costs;
- (ii) measures designed to reduce the operating costs of Community ships and increase their competitiveness.

Taking account of the widespread tendency in the shipping world to choose flags of convenience and second registers in order to compete better, the Commission proposes a series of individual measures intended to prepare the Community's merchant fleets for increasingly intense international competition. The accompanying measures concern:

taxation and social security;

research and development;

procedures for transferring ownership of vessels between Community countries;

measures to promote the transport of food aid under a Community flag;

technical standards and monitoring arrangements in Community ports.

The Community shipping flag

The Community register, known as Euros, will be parallel to national registers.

It will have the following features:

- (i) the owner of the vessel must be a Community citizen;
- (ii) vessels must meet stringent technical and safety standards;
- (iii) there will be a minimum requirement for the crew — that all the officers and half the remaining crew must be Community citizens;
- (iv) access to cabotage will be reserved for ships flying the Community flag (cabotage, i.e. internal transport from the territorial waters of a Member State or a Member State port to a port in the same Member State, represents a substantial market).

The present Commission proposal is an important first step towards the achievement of the internal shipping market, with the opening of cabotage to vessels of less than 6 000 grt (gross registered tonnes) flying the Community flag. The Commission proposes that these arrangements be reviewed before 1 January 1993.

Positive measures to improve the competitiveness of Community shipping

In this context, the Commission proposal comprises a number of guidelines. The aims are to reduce the operating costs of Community vessels and to improve the competitive environment in which shipowners operate.

Thus compliance with technical and social safety standards will be ensured by strengthening checks carried out in ports, in order to prevent vessels which do not comply with these standards from operating in conditions of unfair competition.

Also in the area of competition, the Commission will seriously examine the possibility of granting group exemptions to consortia, provided that the beneficiaries provide the necessary information.

The Commission also proposes measures to improve the training of crews by stressing access to new technologies, as well as a scheme to coordinate State aids in the maritime transport sector, in order to ensure that they are consistent and make them more transparent.

Other measures are also envisaged, such as restricting access to EEC food aid transport to vessels flying a Community or Member State flag, and measures to facilitate the transfer of vessels within the Community register.

The Commission feels that rapid adoption of these measures can halt the current trend of constant reduction of Member States' fleets, and reverse it eventually.

Gist of the Committee's Opinion ¹

In its Opinion, adopted by 43 votes for, 7 against and 7 abstentions the Committee is disappointed that the overall impact of the specific measures proposed will fall far short of what the Commission's own analysis and objectives require.

While the ESC agrees in general with the Commission's perception of the problems and welcomes its recognition that action is required in a number of areas, it believes that without positive measures designed to achieve significant reductions in operating costs and the alleviation of fiscal burdens, to be applied on a consistent basis in all Member States, the competitive disadvantages of EC shipping will not be redressed. Thus, if further decline in the EC fleets and maritime labour force (with all the adverse consequences which the ESC and the Commission have identified in common) is to be avoided, urgent reconsideration should be given to the proposals in the light of the Committee recommendations concerning employment costs and personal taxation as well as fiscal measures and company taxation. It is also important that the application of social measures be given a high priority. On this last point the Committee wishes to emphasize that the social aspects of the development of the Community's shipping policy are far wider and more important than those contained in the Commission's document.

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 Whitworth (United Kingdom — Employers).

¹ CES 1257/89.

16. IMPROVING THE PROCESSING AND MARKETING OF AGRICULTURAL AND FORESTRY PRODUCTS

Proposal for a Council Regulation (EEC) on improving the processing and marketing of agricultural and forestry products

Proposal for a Council Regulation (EEC) amending Regulations (EEC) No 797/85, No 1096/88, No 1360/78, No 389/82 and No 1696/71 with a view to speeding up the adjustment of agricultural production structures [COM(89) 91 final]

Gist of the Commission proposals

Under the terms of the Single European Act the Council set itself the goal of doing more to increase economic and social cohesion and, more specifically, to narrow the gaps between Community regions, particularly by the promotion of rural development. To this end the EAGGF Guidance Section was assigned the task of (a) introducing regional measures to further agricultural development in the areas referred to under objectives 1 and 5(b) in Article 1 of Council Regulation (EEC) No 2052/88 on the tasks of the structural Funds and (b) speeding up the adjustment of agricultural structures by means of horizontal measures applicable throughout the Community [objective 5(a)], with more favourable conditions being applicable in the aforementioned areas.

As regards the measures to be provided for in connection with the later objective — common measures of 'horizontal' application — the Council will have to come to a decision by 31 December 1989, on a proposal from the Commission, under Article 43 of the Treaty, as provided for in Article 1(3) of Council Regulation (EEC) No 4256/88 on the EAGGF, Guidance Section.

The existing 'horizontal' measures comprise a series of provisions governing aid for investment in agricultural holdings (including the organization of national aid), start-up aid for young farmers, compensatory payments for upland and other less-favoured areas, start-up aid for producer groups, the encouragement of early retirement and aid for product processing and marketing. While the basic structure of some of the measures, e.g. investment aid and allowances for less-favoured areas, has been in place for several years, major adjustments were made in 1985. These concerned changes to the investment aid provisions to take account of the market situa-

tion and the need to improve living and working conditions in agriculture. Other important innovations at the time related to special aid for young farmers, environmentally sensitive areas, and forestry measures on farms. In 1988 important measures were adopted to encourage the adjustment of production potential in agriculture, such as the set-aside of arable land, extensification and the switchover to new products.

Most of these measures are optional, apart from the aid for investment in holdings and the measures to adjust production potential.

These horizontal measures are to be adjusted to reflect the reform of the structural Funds. One of the most important effects of this is the increase in the rate of assistance from the EAGGF Guidance Section in accordance with the policy of concentrating financial resources on the less-developed regions of the Community. Major changes are proposed with regard to investments on farms, the start-up of young farmers and the environment. Aid will be available in future to encourage income diversification in rural areas (tourism, craft trades) and to improve standards of hygiene. Part-time farmers will also be eligible for some forms of aid. On the other hand, some products (eggs, chickens, pork, beef) will continue to be ineligible for aid either in full or in part.

There will be a considerable increase in the aid given to young farmers (from ECU 7 500 to 10 000) and the conditions governing the granting of aid to upland areas will be changed. The ceiling on aid for the environment is to rise to ECU 150 per hectare. The emphasis with regard to processing and marketing aid will be on coordinated action rather than individual measures.

The proposed changes bear in mind the need to:

- (a) be consistent with the approach adopted under the other objectives;
- (b) concentrate aid and provide additional assistance to regions identified as requiring particular attention and to farmers in the least-favoured areas;
- (c) be consistent with the markets policy by discouraging further production of surplus products;
- (d) encourage alternative means of increasing farmers' incomes and accelerate the taking-over of farms by young farmers capable of adapting to change;
- (e) take account of environmental requirements.

Gist of the Committee's Opinion ¹

The Committee adopted its Opinion unanimously. In its view, the hoped-for speeding up of the adjustment of agricultural structures in preparation for the reform of the CAP prompts a number of questions and some concern. It is worth asking ourselves whether the aim of CAP reform continues to be the lasting, consolidated reduction of agricultural production in key sectors even at a time when world market and stock trends over the past two years could disprove previous forecasts. There is a risk that priority will be given to structural aid measures in favour of 'non-productive' agriculture.

Aid to part-time farmers and additional measures, early retirement incentives, set-aside schemes and extensification of production are only some of the proposed measures and vital in certain regions and situations. They should not compromise agricultural production measures (in particular, switching of production, product and processing innovation and quality improvement).

On this point the Committee would urge that a substantial proportion of the considerable savings effected under the EAGGF Guarantee Section in relation to the expenditure ceilings decided by the Heads of State or Government in February 1988 be allocated to the Guidance Section. These savings were achieved as a result of considerable sacrifice on the part of farmers.

With regard to the processing and marketing of agricultural and forestry products the Committee notes with concern that the financial estimates for the draft Regulation merely maintain the current level of appropriations (namely a reduction in real terms) and fail to take account of its extension to encompass new sectors, in particular sylviculture. The Committee urges that additional funding be made available for implementation of the stated objectives.

The Committee fears that the proposed new provisions regarding Community intervention (replacing direct Commission aid by an indirect procedure reimbursing Member States' expenditure) could impede the new Regulation's operation and objectives.

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 1252/89.

17. PROTECTION OF ANIMALS DURING TRANSPORT

**Proposal for a Council Regulation (EEC) on the
protection of animals during transport**
[COM(89) 322 final]

Gist of the Commission proposal

The Commission proposal sets out requirements which will apply to all transport of animals within, to and from Member States. Frontier checks will take place only at the external frontiers of the Community. The proposed rules follow closely the existing text, with a new system of control added to replace internal frontier checks.

Provision is made for the exchange of information between Member States and for Commission checks where necessary. Detailed rules of application will be laid down by an advisory committee procedure: pending the adoption of such rules Member States will be obliged to accept each other's present standards.

Gist of the Committee's Opinion ¹

In its Opinion, adopted unanimously less one abstention, the Committee stated that a high standard of protection of animals during transportation makes good economic sense and that the Committee is strongly of the opinion that checks on the welfare of animals which are introduced as a substitute for checks at internal frontiers must be properly implemented and enforced in order to avoid distortions of trade.

The Committee notes that these Commission proposals have been put forward as a Regulation and not a Directive. Whilst a Regulation leads to more certainty in the law in that there are no national implementing decisions required, it could cause problems for those Member States which have detailed subordinate legislation relating to national transport. This would have to be revoked even though it may be more detailed and have provided good legal protection for animals over many years.

The Committee feels that the role of the driver in road transport is of vital importance in ensuring the well-being of the animals. Such drivers should possess knowledge of the needs of animals in

¹ CES 1249/89.

their care. A certificate to this effect is necessary particularly for long journeys.

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 Storie-Pugh (United Kingdom — Various Interests).

18. TOBACCO

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 727/70 on the common organization of the market in raw tobacco
[COM(89) 424 final]

Gist of the Commission's proposal

The aim of this draft Regulation is to clarify, for the sake of legal certainty, certain aspects of Article 12a (1a) of Regulation (EEC) No 727/70 on the common organization of the market in raw tobacco.

Gist of the Committee's Opinion ¹

The Committee unanimously adopted an Opinion approving the Commission's proposal.

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 Bazianas (Greece — Various Interests).

¹ CES 1243/89.

19. BOVINE SOMATOTROPHIN

Proposal for a Council Decision concerning the administration of bovine somatotrophin (BST)
[COM(89) 379 final]

Gist of the Commission's proposal

In the Commission's view it would be inappropriate to decide on the use of BST until all the necessary studies and assessments have been completed.

Accordingly it is proposed to the Council to adopt a Decision establishing an evaluation period until 31 December 1990 as regards the administration of BST.

The Commission is to submit the necessary proposals to the Council before 1 October 1990.

Gist of the Committee's Opinion ¹

In an Opinion adopted unanimously with 3 abstentions, the Committee approves the Commission proposal. However, it deplores the fact that during the evaluation period the Commission does not intend to ban the import of BST or products derived from BST-treated animals.

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 Silva (Portugal — Workers).

¹ CES 1247/89.

External relations

The ESC in Paris

On 27 October a Committee Study Group, chaired by Roger Burnel (France — Various Interests), met in Paris to draw up an Opinion on the Commission's Annual Economic Report 1989-90 [Rapporteur: Michael Geuenich (Germany — Workers)]. A report on the economic and social situation in France was appended to the Committee Opinion. The meeting was attended by both sides of French industry and addressed by the French Economy Minister, Pierre Bérégovoy. A press conference was held at the end of the morning.

On 9 and 10 November a Committee delegation comprising the Chairman, Mr Masprone, the Vice-Chairmen, Mr Jenkins and Mr Hovgaard Jakobsen, together with the Secretary-General, Mr Moreau, paid an official visit to Paris, where it met representatives of trade unions and professional organizations. On 20 and 21 September the same delegation had already paid an official visit to the President of the French Republic, the Prime Minister and Members of the Cabinet, but this time social matters were on the agenda. The delegation held a press conference on 10 November 1989.

ACP/EEC meeting

The 13th meeting of representatives of economic and social interest groups in the African, Caribbean and Pacific (ACP) States and the countries of the European Community was held at the headquarters of the Economic and Social Committee in Brussels, from 6 to 8 November.

Thirty representatives of employers' organizations, trade unions and various other interests (farmers, cooperatives, consumers, small businesses, etc.) in the ACP and EEC countries took part.

During the session a resolution was adopted on the two items on the agenda: vocational training (especially for farmers) and the deterioration of the terms of trade.

The meeting ended with a press luncheon.

New consultations

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

Completion of the internal market and approximation of indirect taxes

[COM(89) 260 final]

Proposal for a Council Decision on the introduction of a standard Europe-wide emergency call number

[COM(89) 452 final — SYN 223]

Proposal for a Council Directive on the transit of electricity through transmission grids

[COM(89) 336 final — SYN 287]

Draft Council Resolution on improving the prevention and treatment of acute human poisoning

[COM(89) 505 final]

Proposal for a Council Decision concerning the conclusion of an agreement between the European Economic Community and the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on trade electronic data interchange using the communications networks (Tedis)

[COM(89) 482 final]

Proposal for a Council Regulation (EEC) on Community transit

[COM(89) 480 final — SYN 225]

Provisional future work programme

December Plenary Session

OPINIONS

Completion of the internal market and approximation of indirect taxes

[COM(89) 260 final]

European cultural area (Additional Opinion)

Standard Europe-wide emergency number

[COM(89) 452 final]

Tobacco advertising

[COM(89) 163 final]

Trade electronic data interchange (Tedis) EC-EFTA Agreement

[COM(89) 482 final]

18th Competition Report [SEC(89) 873 final]

Spray suppression devices

[COM(89) 377 final — SYN 210]

Free circulation of goods

[COM(89) 385 final]

Transparency of energy prices

[COM(89) 332 final]

Transit of natural gas in the Community

[COM(89) 334 final]

Investment schemes of interest to the Community in the oil, natural gas and electricity sectors

[COM(89) 335 final]

Increase in Community trade in electricity

[COM(89) 336 final]

Illustrative nuclear programme (PINC)

[COM(89) 347 final]

Common organization of the market in cereals

[COM(89) 449 final]

Protection of calves in intensive farming systems
[COM(89) 114 final]

Protection of pigs in intensive farming systems
[COM(89) 115 final]

Eradication of African swine fever in Sardinia
[COM(89) 499 final]

Community measures for control of foot-and-mouth disease
[COM(89) 512 final]

Deep-frozen semen of domestic animals of the bovine species
[COM(89) 495 final]

Melted animal fat, greaves and rendering by-products
[COM(89) 490 final]

Health rules on rodent marketing
[COM(89) 500 final]

Eradication of brucellosis in sheep and goats
[COM(89) 498 final]

Equidae
[COM(89) 503 final]

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Declining industrial zones

Subsequent Plenary Sessions

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General system for recognition of vocational qualifications
[COM(89) 372 final — SYN 209]

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[COM(89) 198 final]

General safety of products
[COM(89) 162 final — SYN 192]

Civil responsibility for damage caused by waste
[COM(89) 282 final — SYN 217]

Tourism — 5-year programme
[COM(88) 363 final]

Environmental protection (Medspa)
[COM(89) 262 final]

Protection of natural habitats
[COM(88) 381 final]

Tourism — harmonization and collection of statistical data
[COM(88) 652 final]

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Transport Section

Use of self-drive vehicles
[COM(89) 430 final]

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[COM(89) 373 final]

Rules of competition — air transport sector
[COM(89) 417 final]

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[COM(89) 472 final]

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[COM(88) 842 final]

Industry Section

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[COM(89) 436 final — SYN 221-222]

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[COM(89) 268 final — SYN 218-219]

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[COM(89) 209 final — SYN 208]

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