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141st PLENARY SESSION

The 141st Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels on 29 and 30 September 1976. Mr Henri CANONGE, Chairman of the Committee, presided.

A. Speech by Mr CANONGE to mark the end of his term-of-office

Mr CANONGE, outgoing Chairman, made a statement reviewing the work done by the Committee over the previous two years.

Mr CANONGE referred to the closer links established with the Community institutions, in particular the European Parliament.

The first practical result of cooperation with the Parliament was an invitation for one of our Rapporteurs to address a Parliamentary Committee. There was accordingly every reason to think that a new step has been taken in the direction the Committee wanted. The aim was to assist the Parliament, but without interfering with its fundamental prerogatives.

Although democracy was essentially a matter for politicians, it needed (and today more than ever) to find an echo on the economic and social level.

Turning to the development of the Community and its international environment, Mr CANONGE said it had been agreed at the Summit Conference of December 1974 to hold direct elections to the European Parliament. Some progress had been made towards defining a European Union and a number of economic, financial, energy and regional measures had been agreed on (creation of the European Regional Development Fund, etc.). But the general impression to emerge was that the nine countries were unable to take a joint political stand on international economic, social and political developments. The major economic and social issues had been identified - they were inflation, the energy crisis, unemployment and the new world economic order.

The Community had a remarkable influence on the rest of the world. This influence had seemed to be an important asset which would allow the EEC, which is the biggest trading partner in the world, to play a major role in the development of world trade. In the period of crisis that influence had, however, virtually become a source of weakness for the Community. The efforts to strengthen the Community had run into increasing difficulties. This had undermined the previous progress towards integration and revealed a Europe which had no creative, joint response to international developments or the economic crisis.

The Community could be proud of having prepared and signed the Lomé Convention but that was only a start. The way in which the Convention was applied would determine whether the other industrialized countries, including the super powers, would follow a similar policy. Underlying all this was the need to work out a new economic and social development model.

By way of conclusion, Mr CANONGE made some comments on the functioning and future of the Committee.

The ESC provisions of the Treaty reflected a compromise. The ESC was a hybrid body - neither a panel of experts set up to assist the executive, nor an economic and social assembly. Hence the inconsistent developments of the recent past, namely the grant of the "right of initiative" followed by the organization of fully-fledged tripartite conference outside the Community.

The Committee had not fully lived up to expectations, but the tripartite conferences had not produced very concrete results either. The conferences had entrusted the implementation of proposed action to the Commission, and instructed it to consult the two sides of industry directly. Did this not signify a disturbing weakening of the ESC ?

The Summit Conference of 1972 had clearly and unequivocally marked the transition of the ESC from a consultative committee to an economic and social assembly capable of dealing with the major economic and social issues. If the policy of by-passing the ESC continued, a body set up by the Treaties would simply tick over without being fully used, and further important work would be dealt with elsewhere. What the two sides of industry needed most was a vehicle for negotiation and decision-making. The ESC, thanks to the flexibility of its machinery, could help the two sides of industry to develop another method of counting and reasoning, so that once the options were clarified - and only then - they would be submitted to those who were empowered to take decisions.

Two years remained in which to adapt the Committee to the changes in the Community, in social and economic life, and in the political background to that life. It was essential to ensure that the Committee became a pre-eminent meeting-place where economic and social groupings would wish to come together to compare ideas, exchange information and defend their legitimate interests - and thus ensure that the Institutions could take informed decisions. At the same time these groupings had to shoulder their responsibilities and make clear-cut proposals to the Community decision-making bodies.

Mr SCARASCIA MUGNOZZA, Vice-President of the Commission, was present at the discussions on items 1 and 2 and Mr IARDINOIS, Member of the Commission, at those on items 3 and 4.

B. Adoption of Opinions

1. Common Rules - Road Haulage

Proposal for a Council Directive on the Establishment of Common Rules for Certain Types of Carriage of Goods by Road between Member States

Gist of the Commission Document

The Commission has forwarded to the Council a series of eight draft Regulations and Directives concerning the operation of the markets in surface goods transport within the Community. These proposals form part of the Commission's programme for establishing a Common Transport Policy.

The Proposal for a Directive on the Establishment of Common Rules for Certain Types of Carriage of Goods by Road, is the first of the eight proposals. The proposal is intended as a step towards liberalizing international road transport by gradually relaxing restrictions imposed to regulate capacity.

The proposed areas for liberalization are as follows :

a) Types of carriage to be exempted from any quota or authorization system

- traffic in areas which straddle frontiers;
- occasional carriage of goods to and from airports;
- carriage of accompanied luggage and carriage of luggage to and from airports;
- carriage of mail;
- carriage of damaged vehicles;
- carriage of refuse and sewage;
- carriage of animal carcasses for disposal;
- carriage of bees and fish fry;
- funeral transport;

- carriage of goods in motor vehicles with a maximum permissible laden weight (including trailer) of 6 metric tons, or in motor vehicles with a maximum permissible payload (trailer included) of 3.5 metric tons;
- carriage of emergency medical supplies;
- carriage of valuable goods (accompanied by security guards);
- carriage of perishable goods in temperature-controlled vehicles;
- own-account transport.

b) Types of carriage to be exempted from any quota system but which may remain subject to authorization

- carriage of goods from one Member State into the frontier zone of an adjacent Member State and vice-versa;
- carriage of objets d'art and works of art;
- occasional carriage of articles and material intended solely for publicity or information purposes;
- carriage of equipment, props and animals to and from theatrical and musical performances, sporting events, etc.;
- carriage of spare parts and supplies for sea-going vessels;

- carriage of live animals in special vehicles;
- removals carried out by specialist firms;
- carriage of goods in transit in certain types of motor vehicles (vehicles with a maximum permissible laden weight, including trailer, of 10 metric tons, or vehicles with a maximum permissible payload, trailer included, of 6 metric tons).

Gist of the Opinion

The Economic and Social Committee adopted, by 60 votes in favour, 29 against and 8 abstentions its Opinion on this proposal.

The Committee is unable to endorse the Commission's proposal for the reasons set out below :

- Until further progress has been made towards aligning terms of competition and introducing relevant Community arrangements, further liberalization of cross-frontier haulage will create imbalances on transport markets and put some regions and Member States at a disadvantage. This also applies to competition between (a) carriers operating for hire and reward and (b) carriers operating on own account. The incorporation of own-account carriers into the market arrangements is a particular problem for transport policy.
- The common transport market should not be arbitrarily split up into sub-markets which are not only separate but which may also be regulated by different unilateral instruments. This is nevertheless the approach adopted by the Commission, which is proposing the abolition of specified restrictions in certain markets (quotas and authorization procedures for the carriage of perishables in

temperature-controlled vehicles, quotas for the carriage of live animals in special vehicles). It must be remembered that these markets are of considerable importance to carriers in various Member States.

- The Committee fears that "frontier areas" will be determined differently by the individual Member States. This could create new distortions.
- In the Committee's view, the abolition of quotas and authorization requirements for certain hauls within enlarged frontier areas will release an indeterminate number of authorizations, and transport capacity may increase as a result. This may generate distortions in regional economies and the transport industry.
- Finally, the Committee notes that the abolition of quota and authorization requirements will make it more difficult to keep a check on capacity.

The Economic and Social Committee based its Opinion on material prepared by its Section for Transport and Communications under the chairmanship of Mr HOFFMANN - Germany - Workers. The Rapporteur was Mr HEIMES - Germany - Employers.

2. Markets in Surface Goods Transport

Proposal for a Council Regulation (EEC) Concerning a System for Observing the Markets for the Carriage of Goods by Rail, Road and Inland Waterway between the Member States

Proposal for a Council Regulation for a System of Reference Tariffs for the Carriage of Goods by Road between Member States

Proposal for a Council Regulation (EEC) on a System of Reference Tariffs for the Carriage of Goods by Inland Waterway between Member States

Proposal for a Council Regulation Concerning the Fixing of Rates for International Goods Transport by Rail.

Gist of the Commission's proposals

As part of its aim to set up a common transport policy, the Commission has forwarded to the Council four draft regulations concerning the operation of the markets in surface goods transport within the Community.

The four proposals are concerned with :

- the system for observing the markets;
- rail transport rates;
- road haulage reference tariffs;
- reference tariffs in inland waterway transport.

In its accompanying Communication, the Commission defines the market economy principles upon which future, definitive rules for the transport market are to be based. These principles may be summarized as follows :

- transport undertakings must be free to manage their own affairs. This implies the right to decide their own investments and fix their own prices;
- cost must be covered by earnings;
- public authorities may intervene only in the event of persistent market disturbance or where action is necessary in the public interest to meet requirements not catered for by the private sector;
- a permanent Community market monitoring system will have to be set up to guide private firms and public authorities in their decision-making. Commission advisory bodies comprising representatives of all the business interests concerned, the trade unions and the governments should form part of this system.

In the Commission's view, these proposals are an integral part of an overall plan to establish a competitive transport market.

The Commission thinks that if these markets are to function smoothly, they must be permanently monitored. The purpose of this monitoring is to collect and process all the data available on the markets and to forecast the short- and ~~medium-term~~ trends in transport supply and demand.

The system is to be managed by the Commission with the assistance of two advisory committees. One of these committees will be composed of representatives of transport undertakings, users, providers of services ancillary to transport and transport workers' unions; the other will be composed of representatives of the Member States.

The Commission believes that the functions which transport rates must ultimately perform in road, rail and inland waterway transport cannot be fulfilled by tariffs imposed on transport undertakings. The relevant decisions must be taken by the undertakings themselves.

In order to avoid too sudden a break with existing schemes insofar as the railways are concerned, the Commission proposes that the new system for the fixing of rates be introduced in several stages. For the time being, the abolition of the existing constraints on the freedom to fix rates is to be confined to international transport.

The national markets are not to be brought into this system until a later stage in the development of the common transport policy. One of the aims of the proposal is to adapt national laws and administrative provisions, which still allow governments to interfere in railway undertakings' rate-fixing policies.

The regulation on road haulage reference tariffs deals with the fixing of rates for the international carriage of goods by road within the Community. It applies to all road haulage operations,

including the transport of goods covered by the Treaty establishing the European Coal and Steel Community.

The regulation also embraces international road transport operations in which vehicles are carried by sea.

The regulation on reference tariffs in inland waterway transport deals with the carriage of goods between the Member States. The same basic concepts that are to be found in the proposals on road and rail transport apply here too, namely that decisions on transport rates must be taken by transporters' associations after consulting the economic and social interest groups concerned. The application of reference tariffs is a recommendation to individual firms.

The Commission believes that the publication of non-compulsory reference tariffs may have a stabilizing effect on free markets, inasmuch as they would give an idea of market conditions and costs which contracting parties could accept as a reasonable basis on which to negotiate transport prices.

Gist of the Proposal

The Economic and Social Committee adopted by 70 votes in favour, 28 against and 11 abstentions, its Opinion on these proposals.

The Committee regrets that it is unable to endorse the Commission's proposals in their present form. It thinks that these proposals must be reviewed to see whether account cannot be taken of the Section's reservations.

The Committee indeed doubts whether a liberalized transport market as envisaged by the Commission can be self-adjusting without a regulative framework. This is a view which the Committee has expressed on many occasions in the past to both the Council and the Commission. Its view has been based on consideration of overall economic aims.

In the eyes of the Committee the Commission's concept is not in accordance with the real facts and requirements. Various points in the proposals need to be supplemented and amended in order to bring them into line with the actual situation in the transport industry and in order to ensure that the high requirements inherent in workable competition in the Community's transport industry can be met.

Above all, the Committee thinks that the system planned by the Commission for observing the goods transport markets is no substitute for effective crisis management.

It objects to this system because practical experience has invariably shown that in a time of crisis a complicated information and communications network generally produces decisions too late; such decisions are only able to mitigate undesirable developments at disproportionately great expense - they cannot eradicate them completely.

In the same context, the Committee is generally very critical of the setting-up of new advisory or standing committees. It holds the view that the powers of existing committees and advisory bodies (Economic and Social Committee, ESC's Section for Transport and Communications, Committee set up under Article 83 of the EEC Treaty) will be restricted more and more by such moves and that disputes will arise about who is responsible for what.

The Committee approves - subject to a number of amendments - the principle that railway undertakings themselves should have greater powers to determine rates. It would, however, point out that, if a reference tariff system is to be introduced for international goods transport by rail, then in times of crisis the Member States involved should be able - after consulting the Commission - to temporarily fix compulsory minimum tariffs with a view to overcoming the crisis.

With regard to the question of reference tariffs for road haulage, the Committee believes that the systems of compulsory bracket tariffs currently in force has not lived up to expectations because it has not been applied consistently.

However, the new system proposed by the Commission is going to create a vast bureaucratic machine that will not have any positive effect on the actual determination of rates or the attainment of the stated objectives. It will merely serve to establish non-compulsory tariffs without supervising their application or correctness. In other words this is simply legislation for its own sake, something that will merely generate costs without being of any benefit.

When assessing the Commission's proposal, the Committee thinks for reference tariffs in inland waterway transport, account must be taken of the fact that, in Member States where inland shipping is of major importance, there are compulsory tariff systems for domestic goods transport.

Between 80 and 90% of international goods traffic on the Rhine consists of bulk cargo, and most of this is covered by long-term contracts with indexed freight rates.

In view of this situation, there must be doubts as to whether introducing reference tariffs for such transport would have any appreciable influence on the tariffs applied in practice.

The Committee based its Opinion on material prepared by its Section for Transport and Communications under the chairmanship of Mr HOFFMANN - Germany - Workers. The Rapporteurs were Mr HEIMES - Germany - Employers, Mr HENNIG - Germany - Various Interests and Mr de VRIES REILINGH - the Netherlands - Workers.

Statement by Mr SCARASCIA MUGNOZZA, Vice-President of the Commission

Replying to the introductory statements from the Section Chairman and the Rapporteur, Commission Vice-President SCARASCIA MUGNOZZA, presented the broad outlines of the Common Transport Policy. He said that :

"In October 1975, the Commission had submitted to the Council a paper on the markets in goods transport by land together with eight proposals. These made up the first phase of the Commission's action in this field. The five proposals before the EEC were part of this package.

In its proposals, the Commission had tried to encourage change in the way the market was organized at present. The market should be adapted to current social needs, provide efficient services at an economic price, comply with the requirements of EEC integration and make maximum use of available resources.

The Commission had implemented only a part of the scheme set out in its paper of October 1973. Other measures were still being taken.

Three years previously, the Commission had tried to get the transport policy moving again, after it had got bogged down in the wrangling between supporters of "liberalization" and those of "harmonization".

The need for progress towards a common transport policy induced us to attempt to broaden discussion by proposing frameworks for Community-level action in regard to infrastructures and hauliers' operating conditions. The economic agents who were operating within systems which were inevitably rigid, should enjoy maximum liberty. In short, instead of wrangling about possible compromises between "liberalization" and "harmonization", the Commission sought to condense the main issues by introducing Community-level rules for transport operations within a Community system of networks.

This was the spirit in which the Commission submitted proposals on the coordination of investments, roughing out the scope for (partial) Community financing. This was the spirit in which it tried to speed up work on "weights and dimensions" and "tax structures" with reasonable confidence that the Council would take a stand on these matters. This was the reason for the Commission's success in obtaining the decision of 20 May 1975 on railways.

The Commission adopted a global approach to the problems of transport market operations and put forward new and original proposals. The principal features were measures (i) to create a modern market-monitoring system, (ii) to ensure that hauliers, users and workers lived up to their responsibilities in operating the system, (iii) to maintain healthy competition, (iv) to align the conditions under which the various modes of transport operated.

With reference to the Economic and Social Committee's work, Mr SCARASCIA MUGNOZZA did not consider that the debate had been a re-run of the traditional controversy between protagonists of liberalization and protagonists of alignment.

Stands had become more entrenched. Sectoral and corporative interests met head on. This impeded the quest for balanced solutions.

The question on which everything hinged might be couched in the following terms, namely, which were to prevail in the day-to-day running of surface goods transport.

- bureaucratic rules (irrespective of whether they originated in Brussels or national capitals),
- freedom of decision for everybody directly involved in transport whether as operators or as users?

As far as the Commission was concerned, the choice was clear-cut. But liberalization had to go hand in hand with better information on the markets and more market transparency.

A "safety net" was also needed in the shape of machinery to offset serious and persistent imbalance and to cope with extreme cases of cut-throat competition.

In conclusion, Mr SCARASCIA MUGNOZZA stated that the Common Transport Policy should be got out of its present impasse and progress made in every area. Opportunities for advance should be seized as they arose.

The present proposals were only a beginning. To a large degree, the proposals were transitional (for instance, as far as rates and capacity were concerned) and did not put a lien on the future. Accordingly, for the present at any rate, there was no need to get locked in doctrinal controversies about final objectives. The main justification for the Commission's proposals was their pragmatism. Even if later on a choice would have to be made between divergent solutions, no such choice had to be made at present. It

was perfectly possible to follow the measures proposed by the Commission and yet, at the same time, leave one's options open for the future. In sum, divergencies that might only crystallize in the 1980's ought not to stand in the way of progress that was capable of being achieved by all sides acting together now."

3. Action Programme for the Dairy Sector

Action programme (1977-1980) for the Progressive Achievement of Balance in the Milk Market.

Gist of the Commission's proposal

The Commission is proposing the Action Programme because of the serious imbalance on the milk market.

Openings for direct action by manipulating prices are limited, and the Commission therefore proposes other ways whereby a global approach might be adapted to the supply and demand of dairy products.

The Commission announces its intention of proposing at an appropriate time :

- the reduction of the dairy herd by dint of a Community system for the non-marketing of milk and for encouraging a shift away from dairy farming;
- the suspension of national and EEC aids to the dairy sector for three years;
- the introduction of a co-responsibility levy;

- the enlargement of the Community's markets;
- measures to reduce imbalance.

Gist of the Opinion

The Economic and Social Committee adopted, by a large majority, with 43 votes in favour, 12 against and 16 abstentions its Opinion on this programme.

The Committee notes that this Action Programme, which is to cover the years 1977-1980, has been submitted at a time when the initial effects - varying from region to region - of an exceptional period of drought, are being felt.

The Committee feels that the Action Programme's implementing date should take account of this situation and of the way it develops.

The Committee points out that the Action Programme constitutes a praiseworthy endeavour to adopt an overall approach to livestock farming and to the fats sector.

With regard to the Commission's forecasts, the Committee points out that the Commission's figures, and consequently the implementing proposals which would normally stem therefrom, will have to be brought up-to-date as soon as the effects of the drought are properly known.

The Committee also notes that certain aspects of the situation in the milk sector could have been included in the analysis of current data taken into account in the Commission document. This concerns in particular :

- Community undertakings with regard to the policy on agricultural trade with non-member countries;
- the adaptation of Community management methods to market conditions.

The Suspension of National and Community Aids

The Committee stresses that the Commission proposal, by failing to differentiate in any way whatsoever between (a) investment in new dairy herds or in new dairies and (b) investment to modernize or rationalize existing units so as to improve their competitiveness, is liable to perpetuate situations which should be changed.

The indiscriminate suspension of all aids will reduce the competitiveness of the milk sector and, in particular, will hamper attempts to raise standards. The Committee also is fearful that such a suspension of aids will have an adverse effect on employment.

The Committee considers that farms, and particularly those in grassland areas, should not be deprived of benefit from Directive 72/159/EEC. In any event, it is doubtful about the figure of 80% that the Commission is proposing as the minimum level of fodder production which must obtain on completion of the modernization plan in order to qualify for the relevant aids.

Introduction of a Scheme to make Dairy Farmers Share in the Cost of the Milk Surplus

The Committee draws the attention of the Commission to the inexpediency of such a measure in present circumstances. Apart from any other consideration, it was proposed before the Commission could make an accurate appraisal of the impact of the drought.

The Committee points out that in earlier Opinions on farm price proposals, it has always declared its support for the use of objective criteria based on trends in production costs and in non-agricultural earnings.

Consequently, the Committee considers that farmers could only accept introduction of a co-responsibility levy if they were given an assurance that the prices fixed for milk products would enable their incomes to keep up.

As regards the proposal not to apply the levy in hill and mountain areas (Directive 75/268/EEC), the Committee draws the Commission's attention to the matters of principle this raises.

The Committee thinks that proceeds from the co-responsibility levy should be administered on a basis of genuine co-responsibility and with a view to obtaining additional markets or, possibly, cutting back production.

The Committee disagreed with the Commission's position that there should be an overall policy for the fats sector and that

introduction of a co-responsibility levy should be linked to introduction of a tax on imported and home-produced fat and oils.

Enlargement of Community Markets

The Committee agrees with the Commission's view that new markets must be found and won for the milk sector. But, it regrets that the Commission has failed explicitly to stress improvement of quality.

As regards the exclusive use of dairy products in the manufacture of certain food products, the Committee points out that the name "milk products" should be reserved for products made entirely out of milk.

Whilst food aid programmes should not be undertaken solely with a view to expanding markets, the Committee considers that if a structural surplus of dairy products exists, the Community is justified in giving away larger tonnage of dairy products as food aid, under an amended programme.

Measures to reduce Imbalances

The Committee rejected by a small majority (40 votes to 36, with 4 abstentions) the Commission's proposal that a tax should be levied on vegetable fats and oils.

The Economic and Social Committee based its Opinion on material prepared by its Section for Agriculture under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr de CATTARELLI - France - Various Interests.

Statement by Mr LARDINOIS, Member of the Commission

Mr LARDINOIS, Member of the Commission responsible for agriculture, spoke in the debate on the action programme for the progressive achievement of balance in the milk market. He said there were no major differences of view between the Commission and the Economic and Social Committee on the subject. It was agreed that there was a structural surplus of the order of 10% but the Commission did not think that to reduce production by that amount was the only remedy. If such a step were to be taken, it would lead to a long crisis in this sensitive sector. He proposed two measures, namely, to reduce overall production by 5% and at the same time, establish a programme for the disposal of the remaining 5% over a three-year period. Referring to the effect of drought on the production potential, Mr LARDINOIS said it was too early to say whether drought had ended or not. Even if it were so, its effects would be felt at the end of the winter. The overall damage could only be decided by spring. He agreed that on certain points where the Commission had proposed co-responsibility, difficulties might arise. He pointed out that it would be difficult, in respect of aid measures, for some to imagine the end of modernization, even without subsidy schemes. The Committee's Opinion stresses the quality aspect in the modernization of dairy industries. It emphasizes that both the consumer aspect and the market outlet would be favoured if the quality of the product were improved. These are points which the Commission will examine very seriously. It was clear, however, that it could not for ever finance to this extent a sector which was in surplus. What had to be examined were the possibilities of allowing derogations for improving the quality of the product without increasing the quantity.

Turning to the problem of dairy farming in hill and mountain areas, Mr LARDINOIS said that it would be politically inconceivable for farmers suffering at present from hard conditions to have to pay tax on milk. These levies would not be applied before the spring of 1977. In any case, it was expected that milk-production in the winter would be lower than average. Co-responsibility would not be implemented before next crop year. Referring to the question of food-aid, Mr LARDINOIS said its aim was not to create further outlets, but to help developing countries, both through the Lomé Convention and by providing aid through international organizations. Food-aid should not be an obstacle to the development of agriculture in the developing countries, nor should it be given in a haphazard fashion, simply because we in Europe have too much. A specific aid programme for the medium term - a three-year period - is proposed.

On the question of vegetable-oils and their taxation, he pointed out that Member States should apply these taxes equally to imported and to home-produced vegetable-oils and fats. This would render competition between butter and margarine more fair and avoid further distortion. Such a tax was not intended for Community funds but for national treasuries. The principle of imposing taxes in the fats sector was a very fundamental one. If one considered policies pursued in relation to olive-oil in Mediterranean countries, including those of Greece and other countries not yet in the Community, the implications of the principle would be more fully realized. The problem had to be considered as a north/south problem, even within the Community. If the Commission's proposal on the subject were rejected - and it has

been blocked in the Council of Ministers - the problem will not go away, but it will continue to grow. The proposals do not suggest that more butter should be sold as against olive-oil but merely intend to neutralize the present disadvantages faced by butter. While certain products like wheat are protected, margarine raw material comes in quite freely and causes imbalance. What the Commission proposes is to correct something that has gone wrong.

4. Premiums for the Non-Marketing of Milk

Proposal for a Council Regulation (EEC) Introducing a Premium System for the Non-Marketing of Milk and Milk Products and for the Conversion of Dairy Cow Herds.

Gist of the Commission document

This is the first of the proposals announced in the Action Programme.

The Commission is proposing a premium for the non-marketing of milk which is to be granted to producers who undertake not to deliver milk to dairies for five years. This undertaking would also cover, for instance, the hire and sale of dairy cattle for any purpose other than slaughter.

The premium is to amount to 90% of the guide price in the case of the first 50,000 kg of milk and 75% in the case of additional quantities, up to a maximum of 150,000 kg. The premium is to be paid by tranches : 50% in the first year, 25% in the third year and 25% in the fifth.

The Commission is also proposing a premium to encourage farmers to switch to meat production. The basic conditions on which the grant of this premium is contingent are similar to those

for the grant of the non-marketing premium, viz. milk deliveries to cease and milking equipment to be sold off. Producers would also have to undertake to arrange for 80% of their herd to be comprised of beef cattle within three years.

The premium is also to amount to 90% of the guide price for quantities of milk not exceeding 150,000 kg. The first tranche of 60% would be payable immediately, with two further tranches of 20% being payable in the third and fourth years.

Gist of the Opinion

The Economic and Social Committee adopted unanimously its Opinion on this proposal.

The Commission has lost no time in submitting the scheme, and has gone to considerable lengths to make it attractive. It may have beneficial results. However, the Committee points out that small producers will be penalized since they will not produce the minimum amount (50,000 litres per year) needed to qualify for the premium.

The Committee broadly endorses the proposal. In view of the unusual conditions created by the drought, the number of applications for premiums may be higher than anticipated. This could create difficulties for dairies and the Committee therefore urges that additional arrangements be made to include dairies in the Community's general scheme.

The Committee based its Opinion on material prepared by its Section for Agriculture, under the chairmanship of Mr EMO CAPODILISTA - Italy - Various Interests. The Rapporteur was Mr de CAFFARELLI - France - Various Interests.

5. Convention on the Protection of Mediterranean

Commission Communication to the Council on the Results of the Negotiations for the Conclusion of the Convention on the Protection of the Mediterranean Sea against Pollution and of a Protocol on the Prevention of the Pollution of the Mediterranean Sea by Dumping from Ships and Aircraft.

Proposal for a Council Decision on the Conclusion of a Convention on the Protection of the Mediterranean Sea against Pollution and a Protocol on the Prevention of the Pollution of the Mediterranean Sea by Dumping from Ships and Aircraft

Gist of the Proposal

The Commission took part in the negotiations of the Barcelona Convention and the Protocol thereto. It is now recommending that the Council endorses the two instruments forthwith and appoint plenipotentiaries to sign them on the Community's behalf.

Twelve Mediterranean nations, including France and Italy, have already signed and the Community should follow suit in view of its commitment to combat marine pollution. (Cf. the Environmental Action Programme and the Directive on the Dumping of Wastes at Sea).

Gist of the Opinion

The Economic and Social Committee unanimously adopted this proposal.

The Committee broadly endorses the proposal. It urges the Commission to examine ways of arming the Community with additional instruments which will enable it to combat marine pollution more effectively.

The Committee based its Opinion on material prepared by its Section for Protection of the Environment, Public Health and Consumer Affairs under the chairmanship of Mr ROSEINGRAVE - Ireland - Various Interests. The Rapporteur was Mr DE GRIVE - Belgium - Various Interests.

6. Surface Freshwater

Proposal for a Council Decision establishing a Uniform Procedure for the Exchange of Information on the Quality of Surface Fresh Water in the Community.

Gist of the Proposal

In implementation of the Action Programme on the Environment, the Commission wishes to establish a system for centralizing and re-circulating information from the surveillance and monitoring networks for surface fresh water pollution. The information will be used to establish and analyse pollution levels, and assess the impact of water pollution control regulations. The system could eventually form part of a worldwide monitoring system provided for in the United Nations environment programme.

A central agency in each Member State is to collect the water purity data from the measuring stations and send them to the Commission. The Commission will analyze the data received from the network, and draw up an annual consolidated report on the situation.

Gist of the Opinion

The Economic and Social Committee adopted unanimously this proposal.

The Committee approves the proposal for a Decision, but would like to see new sampling and measuring stations set up as quickly as possible, so as to increase our knowledge of water quality. If necessary, Community help should be provided.

More specifically, the Committee considers that adaptations of the Decision to technical progress should also cover standardization of methods. Furthermore, the Committee set up for this purpose should meet regularly - at all events, at least once a year.

While being aware of the difficulties involved, the Committee suggests that hexavalent chromium and sulphates be included among the chemical parameters on which data must be exchanged (see Annexes to the Decision).

The Committee based its Opinion on material prepared by its Section for Protection of the Environment, Public Health and Consumer Affairs under the chairmanship of Mr ROSEINGRAVE - Ireland - Various Interests. The Rapporteur was Mr EBOLI - Italy - Various Interests.

7. Company taxation

Proposal for a Council Directive concerning the harmonization of systems of Company Taxation and of withholding Taxes on Dividends.

Gist of the Proposal

The background to this proposal is the Council Resolution of 22 March 1971 establishing the bases on which economic and monetary union will be achieved. The union cannot be attained without a certain amount of fiscal harmonization. The Council gave a prominent place at that time to fiscal harmonization, reaffirming the importance of the measures to be adopted in its Resolution of 21 March 1972. Since that time, the Council has adopted several Directives on the harmonization of legislation of Member States concerning turnover taxes, and a Directive concerning excise duties on manufactured tobacco. A sixth Directive on the establishment of a uniform basis of assessment for VAT was submitted to the Council in June 1973, and the Commission put forward in 1975 an action programme for taxation in general.

The need to harmonize systems of company taxation and withholding of taxes on dividends are said to be considerable in so far as the differences between existing national legislation in this field represent a constraint on the free movement of capital and, further, represent an impediment to competition throughout the Community as a whole. In stressing the need, however, the Commission is well aware of the difficulties involved due to Governments using the fiscal system as an important instrument for achieving economic and social objectives.

The Commission, having looked at the three major types of company taxation currently operating within the Member States has come out in favour of a common imputation system, which largely removes the double taxation of company profits and distributive dividends.

The proposal clearly lays out the disadvantages of the alternative systems and lists among the advantages of the imputation system greater freedom to distribute profits and the placing of loan and equity financing on a more equal footing. The proposal deals with the tax situation of one-man businesses in the Member States, believing that the imputation system will treat such businesses more fairly. A further advantage of the system is that tax avoidance by persons with large tax liabilities should be greatly reduced.

The new system, however, involves the granting to company's shareholders of tax credits in relation to their companies' dividends. The transference of tax credit across frontiers will almost certainly provoke technical difficulties, but the advantages are thought to outweigh the disadvantages.

Finally, the tax credit granted to the recipient of dividends under the imputation system has the effect of a withholding tax. In the Commission's view, a withholding tax is essential to discourage tax evasion. The proposals are illustrated by several numerical examples.

Gist of the Opinion

The Economic and Social Committee adopted by 64 votes to 25 with 12 abstentions its Opinion on this proposal.

The Committee's Opinion says that the proposed Directive does indeed represent one more step towards the free movement of capital in the Community, but that its contribution will be insignificant without a common approach in tackling the monetary instability, and in the liberalization of movements of capital.

The Committee generally supports the Commission's proposal for a Directive subject to the following specific reservations :

- the main objectives of the proposed Directive must be more clearly exposed. These are the alignment of structures and rates of :
 - a) taxes on the profits of joint-stock companies and
 - b) withholding taxes on dividends - as well as the encouragement to invest in shares by relaxing the double economic taxation of distributed profits;
- because of the highly technical nature of the provisions of the draft Directive, very clear instructions must be made available to shareholders and to tax authorities alike. The multiplicity of possible circumstances and the fact that the transactions take place between States give plenty of scope for distortions;
- since the draft Directive specifically excludes investment companies, the Committee urges the Council to adopt two further directives covering respectively unit trusts and investment companies;
- the alignment of corporation taxes should be completed by aligned definitions of the taxable element of company profits.

The Economic and Social Committee based its Opinion on material prepared by its Section for Economic and Financial Questions under the chairmanship of Mr CHARBO - Netherlands - Various Interests. The Rapporteur was Mr PEYROMAURE-DEBORD-BROCA - France - Employers.

8. Manufactured tobacco - sixth Directive

Proposal for a Council Directive amending Directive 72/464/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco.

Gist of the Commission's Proposal

The Commission proposal for a directive is the latest in a series concerning the harmonization of indirect taxes on tobacco products.

The effect of this "sixth" directive would be to postpone for a further six months the introduction of the second stage of a 3-stage tax harmonization programme which began in July 1973.

The Council has already twice postponed the introduction of the second stage for 12 months.

Gist of the Opinion

The Economic and Social Committee adopted unanimously its Opinion on this proposal.

In this Opinion it is stated unequivocally that unless the Council reaches a definite decision before 31 December 1976 regarding the criteria proposed for the second stage of the harmonization of these tobacco taxes (on cigarettes), the question must

finally be asked whether the political will really exists within the Community for this or other like tax harmonization programmes.

The Committee has repeatedly expressed the importance it attaches to this tobacco tax harmonization programme. It has given Opinions on a proposal for a tobacco product "definitions" Council Directive, as well as on the proposals for the second stage of the tax harmonization.

The Opinion insists a Council Decision be taken before 31 December this year, on the proposals covering the second stage.

The Committee based its Opinion on material prepared by its Section for Economic and Financial Questions under the chairmanship of Mr CHARBO - Netherlands - Various Interests. The Rapporteur was Mr O'CEALLAIGH - Ireland - Employers.

9. International Carriage of Perishable Foodstuffs (ATP)

Proposal for a Council Decision concerning the Entry into Force of the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be Used for such Carriage (ATP).

Gist of the Commission's document

On 1 September 1970, the United Nations' Economic Commission for Europe published the Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be used for such Carriage (ATP).

The Agreement was opened for signature on 31 May 1971 and, since enough countries have now signed the Agreement, it will enter into force on 21 November 1976.

The nine Member States of the Community contributed to the drafting of the ATP Agreement and at the present time France and the Federal Republic of Germany have already ratified it.

The ATP Agreement lays down that the carriage of chilled or deep-frozen foodstuffs and milk products, meat, fish and game between signatory States by rail and road or a combination of the two, must be carried out using as appropriate insulated or refrigerated equipment which complies with specific standards and conditions.

The Commission attaches great importance to the entry into force of the ATP Agreement, which it regards as an essential prerequisite for the establishment of uniform regulations for the carriage of perishable foodstuffs applicable to an area larger than the territory of the nine Member States. Implementation of this Agreement will unquestionably be conducive to better preservation of the quality of perishable foodstuffs during transport, especially between the EEC and non-EEC countries; improving the conditions under which perishable foodstuffs are kept during transport is likely to lead to an increase in trade in such foodstuffs between the EEC and non-EEC countries.

Within the Community the public health requirements governing shipments of certain perishable foodstuffs between Member States are laid down in Community regulations.

There are no contradictions between these Community provisions and the standards laid down in the ATP.

The rules prescribed by the ATP for the carriage of perishable foodstuffs are also of major significance for the Common Transport Policy.

Indeed, it would severely prejudice the alignment of the conditions of competition and the smooth functioning of the transport market if the carriers specializing in these categories of foodstuffs were subject to different rules, as would be the case if all the Member States did not apply the ATP provisions.

The Commission proposes that the Member States, acting together in the interest of the Community and on its behalf, should jointly deposit their instruments of ratification or accession to the Agreement on a date as close as possible to 21 November 1976.

This joint action is to be given an official Community character by having the Member States' instruments deposited by a single authorized representative from the Member State holding the presidency of the Council.

The French and German Governments, which have already deposited their instruments of accession to the Agreement, are to associate themselves with the Community action by informing the Secretariat of the United Nations in writing that they acceded as members of the Community.

Gist of the Opinion

The Economic and Social Committee adopted unanimously its Opinion on this proposal.

The Committee based its Opinion on material prepared by its Section for Transport and Communications under the chairmanship of Mr HOFFMANN - Germany - Workers' Group. The Rapporteur was Mr RENAUD - France - Employers' Group.

10. Generalized Tariff Preferences

Generalized Tariff Preferences Scheme for 1977.

Gist of the Commission's GSP Proposals

The new proposals are almost identical to those for 1976. The main changes are : (i) the number of processed agricultural products covered by the GSP is to be increased by 46; (ii) ceilings and quotas for industrial products are to be raised by some 50% under a new method for calculating ceilings; (iii) textile quotas are up some 50% and (iv) the distribution of these quotas is to be adapted to the needs of beneficiary countries. The Community has been applying the GSP to imports from certain developing countries and territories since 1971, and proposals are submitted every year by the Commission to the Council.

Gist of the Opinion

The Economic and Social Committee adopted unanimously (with 7 abstentions) its Opinion on this scheme.

Following the EEC's unilateral offer to UNCTAD of 1969, the Commission, since 1971, has submitted proposals every year to the Council on generalized tariff preferences to be applied to imports from developing countries.

The proposed scheme for 1977 is to cover far more processed agricultural products than hitherto. Quotas and ceilings are to be raised even more, by an average of 50%, for industrial products other than textiles, where the increases are less.

In its Opinion, the Committee reaffirms its support for the idea of a generalized tariff preferences scheme (GSP) but severely criticises the Commission's new proposals.

- The statistics used by the Commission, says the Committee, are inadequate since they date from 1974;
- The Commission seems to have ignored completely the employment situation in the Community in drawing up its proposals;
- The EEC's increasingly open external policy contrasts sharply with its complete failure to set its own house in order and organize its internal policies;

- The Committee also notes the lack of any link between Community medium-term forecasts for industrial development and agriculture and the acts of external policy.

The Committee suspects that the Commission was prompted above all by political motives when drafting its proposals, and merely wanted to demonstrate as clearly as possible the Community's open-handedness towards the developing countries.

The Committee feels that the Commission has done hardly anything to see that the GSP benefits the most needy developing countries. The Commission should not hesitate to exclude from the scheme developing countries that have attained a certain degree of competitiveness.

The Committee prepared its Opinion on the basis of material supplied by its Section for External Relations under the chairmanship of Mr CARSTENS - Denmark - Employers. The Rapporteur was Mr EVAIN - France - Employers.

11. Multiannual JRC Programme

Proposal for a Multiannual Research Programme of the Joint Research Centre 1977 - 1980.

Gist of the Proposal

The new programme will run for four years (1 January 1977 - 31 December 1980). It represents the detailed formulation of the

Overall Concept which was presented by the Commission in October 1975 and discussed in the Committee's Study of 25 May 1976 on R & D Policy.

The draft programme has been reworded in line with the policy of orienting research work towards the most urgent needs of the Community. It concentrates heavily on the two sectors of energy and the environment. These alone will account for 70% of the JRC's future activity. The remaining 30% will be mainly devoted to what are broadly termed "public service activities". Half of the energy research will deal with nuclear safety. The programme has also been severely pruned. Of the 22 former research objectives, only ten now remain.

There are a number of new features in the administration of the programme. New staff regulations are intended to ensure greater staff mobility, reduce the average age of research teams and solve the problem of social disparities. Revision of the programme after three years will lead to a "rolling programme" system designed to ensure greater continuity of the research. Finally, by expressing the financial resources in constant values as at 1 January 1977, it is hoped to streamline budgetary approval procedures.

BREAKDOWN OF FUNDS AND STAFF

PROGRAMMES	COMMITMENT FOR EXPENDITURE (in million u.a.) (1)	STAFF (2) (3)	
		TOTAL	of which research staff
I. REACTOR SAFETY	92,130	440	239
II. PLUTONIUM FUELS AND ACTINIDE RESEARCH	41,480	209	121
III. NUCLEAR MATERIALS AND RADIOACTIVE WASTE MANAGEMENT	34,380	161	97
IV. SOLAR ENERGY	17,270	57	35
V. HYDROGEN	16,460	78	50
VI. CONCEPTUAL STUDIES ON THERMONUCLEAR FUSION REACTORS	2,550	14	8
VII. HIGH-TEMPERATURE MATERIALS	9,190	51	36
VIII. ENVIRONMENT AND RESOURCES	41,330	188	115
IX. MEASUREMENTS, STANDARDS AND REFERENCE TECHNIQUES (METRE)	59,690	286	181
X. SERVICE AND SUPPORT ACTIVITIES	59,910	221	116
TOTAL	374,390	1,705	998

(1) Expressed in constant values as at 1 January 1977

(2) Excluding 183 officials made available under Article 6(c)
(ESSOR project)

(3) Excluding 471 local staff.

Gist of the Proposal

The Economic and Social Committee adopted unanimously its Opinion on this proposal.

The Committee approves the new programme which will run for four years from 1 January 1977 with a total budget for the period of 374.4 million u.a.

It believes the JRC's work must take on a focal character. But, so long as only 0.5% of total public expenditure on R & D in the Community is devoted to direct Community research, it considers that the JRC can merely play a complementary role. The Committee therefore believes that the Member States should increasingly transfer their responsibilities and appropriate funds to the Community particularly in the case of large, expensive projects.

The JRC must also play a greater - if not central role - in coordinating research projects involving inter-Member-State collaboration.

The Committee endorses each of the ten individual research programmes contained in the multiannual programme. These cover :

- 1) reactor safety;
- 2) plutonium fuels and actinide research;
- 3) nuclear materials and radioactive waste management;
- 4) solar energy;
- 5) hydrogen;
- 6) conceptual studies on thermonuclear fusion reactors;

- 7) high temperature materials;
- 8) environment and resources;
- 9) measurements, standards and reference techniques (METRE)
- 10) service and support activities.

Specifically, it would like to see further intensification of effort in the field of plutonium fuels and actinide research. It believes the funds committed to research on nuclear materials and radioactive waste management to be still inadequate. The solar energy programme should be subject to future re-examination with a view to achieving greater selectivity.

The Committee welcomes the degree of streamlining achieved by replacing the 22 actions of the previous multiannual programme by these ten programmes. At the same time, it believes that future multiannual programmes must move in the direction of further concentration.

Finally, the Committee also calls for closer links between those responsible for the programmes and the potential users of the results obtained. It sees the new budgeting and "rolling programme" arrangements as features designed to improve the continuity of the JRC's work. It believes that the Council's decision-making procedures must allow it to make adjustments for inflation in a clear and straightforward manner.

The Economic and Social Committee based its Opinion on material prepared by its Section for Energy and Nuclear Questions under the chairmanship of Mr MILLER - United Kingdom - Employers. The Rapporteur was Mr SCHLITT - Germany - Various Interests.

12. Safety information at the workplace

Proposal for a Council Directive on the Harmonization of the Legal and Administrative Regulations of the Member States on the Provision of Safety Information at the Workplace.

Gist of the Commission's proposal

The proposal is part of the Social Action Programme and is intended to improve safety at work by setting up a Community system of warning signs. It is also designed to remove barriers to the free movement of persons and services which result from the different languages and warning signs used in the Member States.

To accomplish these goals, the Commission is invoking Article 100 of the EEC Treaty to propose a complete alignment of rules on the mandatory introduction of warning signs at work.

As regards the field of application, the Section notes that the purpose of the proposal is to indicate the type of sign to be used (or how safety information is to be provided) in cases where Member States' national provisions make signs compulsory. On the other hand, questions regarding the location and advisability of signs are not covered by the proposal and are the responsibility of the Member States.

A committee made up of representatives from the Member States and chaired by a representative of the Commission is to see that signs are adapted rapidly to technical progress and to international methods of indicating information. It is to do this according to a procedure set out in Article 6 of the proposal.

The appendix to the proposed directive contains a list of basic signs and describes the principles to be followed, i.e. simple, striking symbols with the use of written text limited to a minimum.

Gist of the Opinion

The Economic and Social Committee adopted unanimously its Opinion on this proposal.

The Committee approves the proposed directive but points out that the measures proposed represent only one aspect of the comprehensive action that should be taken to improve safety and health at work.

After stressing the importance of warning signs and information designed to prevent accidents, the Committee makes various remarks on the specific task and composition of the Committee provided for in Article 5 of the proposal and on the procedures for implementing the measures proposed.

The Committee based its Opinion on material prepared by its Section for Social Questions under the chairmanship of Mr HOUTHUYS - Belgium - Workers. The Rapporteur was Mr KIRSCHEN - Italy - Workers.

13. Wine

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No. 817/70 Laying Down Special Provisions relating to Quality Wines Produced in Specified Regions.

Gist of the Commission's proposal

Article 10 of the basic Regulation (No. 817/70) includes provisions to deal with the problem of excess yields per hectare. As this Article has been interpreted in various ways, the Commission proposes that the Article be amended. The new version of Article 10 sets out three alternative ways of using grapes or wine produced over and above the fixed yield per hectare.

The Commission considers that the terms of the proposal are such that, in the event of excess yield, the production of table wine would be less profitable than the production of quality wines and thus producers will take care not to exceed the yield. The new proposal is therefore unlikely to lead to an increase in the quantity of table wine eligible for intervention.

Gist of the Opinion

The Economic and Social Committee adopted by a large majority, with 6 votes against and 7 abstentions, its Opinion on this proposal.

The Committee generally approved the Commission's proposal, which is intended to introduce a minimum degree of standardization in Community rules regarding excess yields per hectare of grapes used for making quality wines.

But the Committee also thought that certain specific points in the proposal should be changed so as to take more account of natural production conditions and traditions in producer countries in the Community.

The Committee prepared its Opinion on the basis of material supplied by its Section for Agriculture under the chairmanship of Mr FMO CAPOBILISTA - Italy - Various Interests. The Rapporteur was Mr GUILLAUME - France - Various Interests.

14. Second Environmental Programme

Continuation and Implementation of a European Community Policy and Action Programme on the Environment (Draft Resolution of the Council presented by the Commission).

Gist of the Draft Programme

The presentation of this draft sets the seal on the first programme adopted by the Council in November 1973.

At its meeting on 16 October 1975, the Council of Ministers set certain guidelines on the basis of the initial ideas of the Commission on the second programme. These guidelines were :

- the work started by the Community in the first action programme was to be continued;
- measures to upgrade the environment and combat pollution were to be stepped up, with the accent being placed more on prevention;

- Steps should be taken to stop waste of energy and raw materials;
- Environmental aspects were to be taken into consideration in the policy of co-operation with developing countries.

There are five chapters in the new programme. The first is a re-statement of the objectives and principles adopted by the Council at its November 1973 meeting, particularly the "polluter pays" principle, the need for preventive action and the principle that for each category of pollution there should be an attempt to find the solution best adapted to that category and to the geographical area to be protected.

The second chapter deals with reducing pollution. Priority has been given here to reducing water pollution in the various sectors of use, due regard being given to (i) the already serious deterioration in the quality of water in many regions, (ii) the long-term effects of water pollution, (iii) the problems of marine pollution, and (iv) vital biological and ecological balances.

Noise and atmospheric pollution are also covered. It is proposed that quality standards be drawn up for residential areas, industrial estates, and means of transport, and that noise measurement methods, etc., be standardized.

The third chapter covers an important field, namely the non-destructive use and rational management of space, the environment and natural resources. Particular attention has been given to protecting the countryside and certain particularly vulnerable

regions. In the next few years, the Community should develop a system of maps on which data on the natural environment are indicated. The aim of this system is to help optimize environmental planning. In rural areas work will be concerned mainly with pesticides, intensive farming, mineral fertilizers and modern methods of cultivation.

An international conference on urban areas, in which the Council of European Municipalities and the International Union of Local Authorities are to participate, is planned for 1977. The main topic will be the environmental problems caused by urban growth and decline. Other measures in this section concern the preservation of historical buildings and coastal regions, the protection of land and marine wildlife, the coordination of national laws on hunting, the protection of flora and the conservation of genetic resources (animal and plant gene banks). Particular attention is given to protecting water resources.

The fourth chapter deals with more general issues relating to the economic aspects of the planned environmental measures, the dissemination of information, research and education of the public. Stress is laid on the need for preventive action, not only in the fight against pollution but also in planning and developing the rational use of natural resources.

The last chapter deals with Community action at international level, especially its policy towards developing countries.

The second environmental action programme will cover a period of five years. It will follow on from the first programme at the beginning of 1977 and run until the end of 1981.

Gist of the Opinion

The Economic and Social Committee adopted unanimously its Opinion on this draft programme.

The Committee considers that the Member States' and the Commission's environmental need to be coordinated and urges the Commission to adopt an increasingly forceful approach in its administration of the information agreement, with a view to developing a comprehensive policy.

The Commission emphasizes that nowadays industrial development is hampered by the shortage of natural resources and the rejection of the consumer society ethic by growing sections of the population. But the answers the Commission suggests - harmonious development of the economy and linking the Community's environment policy to economic and social development - are not sufficient.

The Committee also deplores the slow start that has been made in implementing the first action programme. To date, the Council has adopted twenty-two directives, decisions, recommendations

and resolutions, but still has to discuss an even greater number of proposals. It will probably be 1977 before the Member States have passed any legislation to implement the first programme.

The results of past measures are important when deciding what the future priorities should be, because their study shows how effective particular methods have been and indicates the best ways of matching available resources to the ends in view. A table of priorities, with a timetable, needs to be drawn up in order to enable more control to be exercised over the use of the limited resources available and ensure that the programme is carried out realistically.

The Committee deals with the following questions one-by-one :

- Cost analysis of environmental protection, where the problem is to introduce qualitative elements into the calculation of economic growth (i.e. the traditional method of calculation must be supplemented with new qualitative indicators, especially in the social field). Obviously, there are many snags to be overcome before common criteria can be established for such qualitative elements. However, it is necessary to work out a method of calculating national economic performance in which qualitative objectives are included, and the notions of cost and benefit are modified to take account of such qualitative objectives;
- The prevention and reduction of pollution and nuisances, a sector where environmental action must be spelt out clearly if the programmes are to receive public support and if the public is to

understand and accept the resultant changes in income structures;

- Education of the public. The Committee calls for a programme involving (a) the traditional centres of education, the home and schools (in developing an awareness of environmental problems among the members of the younger generation), (b) all the mass media (where suitable methods must be found for diffusing information in an easily digestible form and arousing the active interest of car drivers, farmers, tourists and other members of the public) and (c) the addition to higher education syllabuses of general environment courses and special courses for environmental technicians and for other jobs connected with the environment;
- Community action against water pollution. The Committee wages that international conventions on marine pollution be applied uniformly throughout the Community and become incorporated into Community law where the Community has concluded such conventions as a single party under international law;
- Air and soil pollution, with special reference to pollution at the workplace, which gradually spreads to the outside environment in most cases;
- Community action in relation to energy production. The Committee stresses the public fears and concern aroused by the building of all types of power stations, but especially nuclear installations.

One of the major problems is the siting of power stations, and more particularly the clustering of power stations in small areas. There should be close contacts between Member States over the siting of power stations, particularly in border areas. These contacts should centre on the exchange of information (on construction projects and on the criteria used to determine whether and where to build power stations) with a view to protecting the environment.

A Community directive establishing common criteria, for the siting of future power stations would be highly desirable. With such criteria and a classification of land according to ecological features, power stations, could be sited better and the concentration of power stations, particularly in border areas, could be avoided.

- Community action on particular products and the drive against waste. In this connection, the Committee urges that moves to set up scrap markets and coordinate the activities of these markets at EEC level be encouraged.

- Environmental impact assessment. The Committee approves the Commission's proposal that the Community develop a procedure for assessing environmental impact. Since some Member States have already introduced such assessments, or are studying the question, the Committee considers it extremely important that the Community's work should include an alignment of existing procedures and should build on the experience gained so far.

Initially, the purpose of such a procedure should be to predict and possibly measure the effects of proposed decisions or measures which are thought likely to have an influence on the environment. This will make it possible to prevent or minimize pollution or other damage to the environment caused by the proposed measures.

The Committee based its Opinion on material prepared by its Section for Protection of the Environment, Public Health and Consumer Affairs under the chairmanship of Mr ROSEINGRAVE -- Ireland -- Various Interests. The Rapporteur was Mr MERLI BRANDINI -- Italy -- Workers.

15. Labelling of Foodstuffs

Proposal for a Council Directive on the Approximation of the Laws of the Member States relating to the Labelling, Presentation and Advertizing of Foodstuffs for Sale to the Ultimate Consumer.

Gist of the Proposal for a Directive

This proposal covers the labelling of foodstuffs which are to be sold to the final consumer without being further processed, as well as certain aspects of presentation and advertizing. It seeks to protect the consumer by prohibiting fraud and fraudulent claims. Under the proposal producers will have to indicate certain items of information on food labels, viz. the name under which the product is sold, the ingredients, the net quantity (in the case of pre-packed products), the "date of minimum durability", the conditions of storage and use, the name/business name and address of the manufacturer, the packer or a seller established within the EEC, the place of origin or

provenance, and the instructions for use. Certain terms have been defined in order to make them as clear as possible. However, the proposed Directive is relatively flexible. Thus, in the case of certain foodstuffs, it will be possible under EEC or - in their absence - national rules to require that information in addition to that laid down in Article 3 be indicated or to waive the obligation to indicate certain items of information.

Gist of the Opinion

The Economic and Social Committee adopted unanimously, less 1 abstention, its Opinion on this proposal.

The Committee noted that the food labelling requirements which the proposed Directive sought to introduce into Community law and therefore into national legislation constituted an important step forward in consumer information and towards more transparent competition between producers and between distributors.

Consumers needed to be given a better basis on which to choose between the enormous number of products on sale nowadays and to withstand the increased pressure of advertizing and sales-promotion techniques. Better product labelling would help.

The proposed Directive was to apply to pre-packed products and products sold loose to the final consumer, but not to intermediate products (supplied to manufacturers and processors).

The Committee approved this approach, but wanted measures to be taken at either Community or national level so that food manufacturers and processors, too, had to be given information about the composition of the intermediate products they bought, so that they could comply with the Directive.

The Committee observed that there could be difficulties in applying the Directive in the case of small packages. It favoured a more flexible approach where the specific requirements of Article (10)³ could not be applied correctly, subject, however, to a uniform Community procedure and without affecting the obligation to supply consumers with the information specified in the Directive.

The success of the Directive on food labelling could be greatly enhanced by new specific Directives under the Programme for Eliminating Technical Barriers to Trade. The Community should therefore press ahead with the adoption of these Directives as fast as possible.

In its comments on specific aspects of the Directive, the Committee deplored the failure to define the term "ultimate consumer", which had different meanings in different Member States. This could cause difficulties regarding big pre-packages which are generally sold to groups of consumers such as schools, hospitals, prisons, etc.

The Commission has proposed a list of terms expressing claims for the product whose use should be banned or restricted. The Committee called for safeguards to prevent terms very similar to those on the list being used.

.../...

The Commission's representative at meetings the Committee has had on this proposal has indicated that the use of the name, or part of the name, of a foodstuff (e.g. butter, milk, chocolate, fruit) in the designation or brand name of another foodstuff, which might mislead the consumer into believing that the latter was present as an ingredient, should be prohibited.

The Committee also recommended that labels should also give the name and address of an accountable party (manufacturer, packer, seller) based in the Community.

The Commission had included safeguards regarding carry-over (accidental presence of pesticide residues). The term "carry-over" should be defined more precisely in the proposal, and the names of substances with which the surface of fruit and vegetables had been treated after being picked or harvested should be given on the label. The Committee also called for a Community list of products for treating fruit and vegetables : not all these substances were already on the Community lists of food additives.

Regarding shelf-life dates, bearing in mind the different situations existing, the Committee :

- endorsed the principle of date-marking;
- considered that the proposed Directive should stipulate that foodstuffs must be marked with a date of "minimum durability", and that
- in many cases it might be necessary to apply other procedures in line with Article 4, viz :

- the indication of a different date;
 - the indication of two dates (e.g. date of manufacture and durability date);
 - dispensing with date-marking;
- called upon the Commission to gather opinions and recommendations on this matter and draw up, for submission to the Advisory Committee on Foodstuffs and subsequently to the Economic and Social Committee, proposals for making all the relevant facts concerning prepacked foodstuffs clear, so that consumers are better informed.

The Committee considered that detailed rules should also be laid down on non-prepacked foodstuffs in an EEC Directive, so that all the Member States had uniform provisions.

Finally, the Committee commented on the annexes regarding indication of ingredients, notably on fats, the need to distinguish between natural and synthetic colouring matters (now under the same name, e.g. caramel) and the inclusion of propellant gas.

The Committee based its Opinion on material prepared by its Section for Protection of the Environment, Public Health and Consumer Affairs under the chairmanship of Mr ROSEINGRAVE - Ireland - Various Interests. The Rapporteur was Mr DE GRAVE - Belgium - Workers.

16. Amendment to Regulation concerning European Foundation

Proposal for a Council Regulation amending Regulation (EEC) No. 1365/75 on the Creation of a European Foundation for the Improvement of Living and Working Conditions.

Gist of the Commission proposal

The Commission proposes creating a second post of Deputy Director, to maintain a balance between the two aspects of the Foundation's work.

Gist of the Opinion

The Economic and Social Committee adopted unanimously, with 7 abstentions, its Opinion on this proposal.

The Committee prepared its Opinion on the basis of material supplied by its Section for Protection of the Environment, Public Health and Consumer Affairs under the chairmanship of Mr ROSEINGRAVE - Ireland - Various Interests. The Rapporteur was Mrs EVANS - United Kingdom - Various Interests.

II

EXTERNAL RELATIONS

Section for Protection of the Environment, Public Health and Consumer Affairs Meeting in Munich

At its meeting in Munich on 16 and 17 September 1976, chaired by Mr ROSENGRAVE, the Section prepared its Opinion on the Second Environment Programme (Rapporteur : Mr MERLI BRANDINI) and the Labelling of Foodstuffs (Rapporteur : Mr DE GRAVE).

III

NEW REQUESTS

For Opinions during August and September, the Council :

1. Proposal for a Council Directive amending Directives 64/432 of 26 June 1964, 72/461 of 12 December 1972 and 72/462 of 12 December 1972 on health and veterinary problems.
2. Proposal for a Council Regulation (EEC) supplementing Regulation (EEC) No. 100/76 with regard to arrangements for importing prepared and preserved sardines.
3. Proposal for a four-year period programme 1977/1980 in the field of scientific and technical education.
4. Proposal for a Council Decision adopting a technological research programme for the footwear sector.
5. Proposal for a Council Directive on the approximation of the taxes of the Member States relating to the ranges of nominal quantities permitted for certain prepackaged products.
6. Proposal for a Directive on the approximation of the laws of the Member States relating to boats and their fittings.
7. Proposal for a Council Directive relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products.

8. Proposal for a Council Directive on the scrutiny, by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund.
9. Communication from the Commission to the Council on action in the field of transport infrastructure

Proposal for a Council Decision instituting a consultation procedure and creating a Committee in the field of transport infrastructure

Proposal for a Council Regulation concerning aid to projects of Community interest in the field of transport infrastructure.
10. Proposal for a Council Directive prohibiting the placing on the market and the use of plant protection products containing certain active substances
11. Proposal for a Council Directive concerning the placing of EEC-accepted plant protection products on the market.
12. Proposal for a Council Directive on the quality requirements for waters capable of supporting freshwater fish.
13. Proposed Council Directive on toxic and dangerous waste.
14. Proposal for a Council Directive supplementing, with regard to the chilling process, amended Directive 71/118/EEC on health problems affecting trade in fresh poultrymeat.
15. Proposal for a Regulation (EEC) of the Council concluding the Agreement establishing a European laying-up fund for inland waterway vessels, and adopting the provisions for its implementation.

PROVISIONAL PROGRAMME OF FUTURE WORK

142nd Plenary Session - October 1976

- Veterinary Medicines
- Veterinary Regulations affecting Meat Trade (New Member States)
- The CAP in the World Context (own initiative)
- Sardines
- Scientific and Technical Education Programme
- Nuclear Safety (Study)
- IAEA Nuclear Inspections
- Working Conditions Road Transport (2nd Opinion)
- Agreement on Laying-Up Fund for Inland Waterway Vessels
- Articles of Precious Metals
- Customs Debt
- Taxation of Security Transactions
- International Cooperation against Tax Evasion
- Annual Report on Economic Situation in the Community
- Specific Measures to Relieve Unemployment
- Aircraft Noise

143rd Plenary Session - November 1976

- EAGGF Checks
- Review of Energy R & D Programme
- Transport Infrastructure
- Transport between EEC and Eastern Bloc (own initiative)
- Accounts of Public Companies (Seventh Company Law Directive)
- Investment Companies and Unit Trust
- Research in Shoe Industry

- Working Conditions in Inland Waterway Goods Transport
- Fourth Medium-Term Economic Policy Programme
- Operation of the Regional Fund (own initiative)
- Consumer Action Programme
- Toxic and Dangerous Wastes
- Quality Standards for Fresh Water able to Support Fish
- Amendment European Foundation for Improvement of Living and Working Conditions
- Green Paper on Employee Participation

144th Plenary Session - December 1976

- Illegal Immigration
- Extension of Social Security Cover of Particular Groups
- Job Preparation for Unemployed Young People
- Prepacked Products
- Industrial Change and Employment
- Pleasure Craft Type Approval
- Community Relations with Portugal (Study)

145th Plenary Session - January 1977

- Small- and Medium-Sized Businesses (own initiative)
- Regional Policy, Unemployment and Inflation (own initiative)
- Employment in Agriculture (own initiative)
- GATT Negotiations (additional Opinion)

146th Plenary Session - February 1977

- Agreements between the Community and Countries of the East and South Mediterranean
- Relations between Industrialized and Developing Countries
- Alignment of Taxes (study)

147th Plenary Session - March 1977

- Fresh Poultry Meat
- Defective Products
- Plant Protection Products
- Prohibition of Certain Plant Protection Products

MEMBERS' NOTES

1. Resignations

On 1 October 1976, Mr J.J.A. CHARBO, former Chairman of the Centrale der Nederlandse Verbruiksecöoperaties, and Mr Alfons LAPPAS, member of the Federal Governing Board of the Deutscher Gewerkschaftsbund, resigned as members of the Committee. Mr CHARBO and Mr LAPPAS had been on the Committee since 30 June 1969 and 23 August 1970 respectively.

Mr Arne BYSKOV, member of the Danish Industrirådet and Committee member since 1 January 1973, has announced that he will be resigning from the Committee as of 1 January 1977.

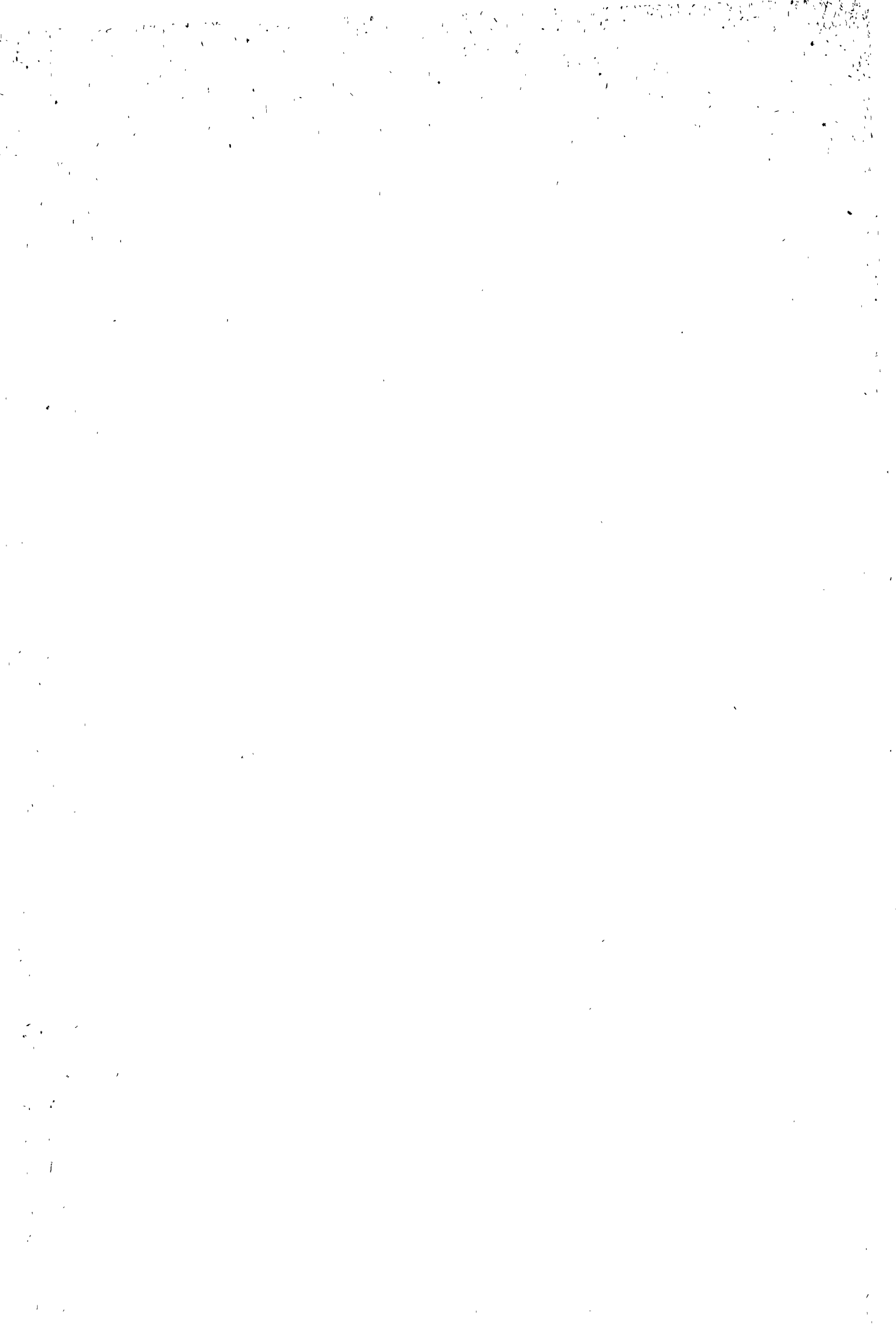
2. Appointments

The Council of the European Communities has appointed the following new Committee members :

Mr Michael T. WALSH to replace Lord BRIGINSHAW

Mr Augusto BARGONI to replace Mr Mario TRANQUILLI LEALI

Mr Dietmar CREMER to replace Mr Alfons LAPPAS.



**PUBLICATIONS OBTAINABLE FROM THE ECONOMIC
AND SOCIAL COMMITTEE**

Periodical

- Bulletin (monthly publication)

General Documentation

- The Economic and Social Committee (leaflet) (January 1975)
- The Economic and Social Committee (April 1975)
(A descriptive brochure) 16 p.
- Annual Report (1975) 62 p. (1974) 60 p. (1973) 64 p.
- Directory (November 1975)
(List of members) 32 p.

Opinions and Studies

- Systems of education and vocational training
(August 1976) (Study) 114 p.
- Regional Policy (March 1976)
(Opinion) 11 p.
- European Union (July 1975)
(Opinion) 33 p.
- Progress Report on the Common Agricultural Policy
(February 1975) (Study) 52 p.
- The Situation of Small and Medium-sized Undertakings in the
European Community (March 1975) (Study) 69 p.