

ECONOMIC AND SOCIAL COMMITTEE
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I

146th PLENARY SESSION

The Economic and Social Committee of the European Communities held its 146th Plenary Session in Brussels on 23 and 24 February 1977. The Committee Chairman, Mr Basil de FERRANTI, presided.

Adoption of Opinions

1. Farm Prices

Commission Proposals on the Fixing of Prices for Certain Agricultural Products and on Certain Related Measures.

Gist of the Commission's Document

The Commission is proposing an average increase of 3% in farm prices for the 1977/1978 marketing year. This will raise the cost of living in the Community by 0.3% at the most. The Commission feels that the need to fight inflation and reduce the continuing surpluses, especially in the dairy sector, calls for a prudent price policy. As in previous years, the Commission is proposing that a renewed effort be made to restore a unified market by adapting the "green rates" and reducing MCAs as a result. It stresses the need for a number of measures to put the dairy sector back on a healthy footing : in this respect, it abides more or less by its milk action programme which it submitted to the Council in July 1976. Before July 1977, the Commission will also be tabling proposals for improving the market organization for some products, in particular olive oil,

starch and beef and veal. Measures to improve structural policy, mainly for the benefit of the most backward regions, will also be proposed.

Gist of the Opinion

The Economic and Social Committee adopted by 66 votes to 17 with 16 abstentions, its Opinion on this proposal.

The Committee prefaces its Opinion with the comment that the retail price of a given product can vary considerably from one Member State to another. The price paid to producers is only one component of the price paid by the consumer. It is in the interest of both producers and consumers to ensure that prices are not excessively increased by the various post-production operations. Producers should not have to bear all the burden entailed in limiting price increases. The Committee therefore asks the Commission and the Council to examine without delay the various components of food prices and the reasons for the divergences noted.

The Committee observes that the 1977-78 farm prices proposals have been made against a particularly difficult economic and social background, overshadowed by the need to improve the employment situation and to damp inflation in the Member States.

Farming has been asked to make a contribution to the drive against inflation which must be considered to be great even if allowance is made for economic necessities. Inflation can be fought effectively only if all sectors make a joint effort. Care should be taken to ensure that the efforts being asked of farmers are not frustrated by failure to take measures to the same end in the other economic and social sectors. Since the Commission does not have the power over these sectors that it has over farming, the Member States should undertake to take the requisite action.

The Committee advances the view that prices should be reviewed if 1977 sees a greater increase in production costs than is currently expected.

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On the subject of agro-monetary measures, the Committee welcomes the Commission's continuing determination to re-establish Community-wide markets.

Nevertheless, as far as most Member States are concerned, the proposed reductions in the MCA's are an inadequate step towards this objective. Given the need to re-establish normal terms of competition in production and trade, and to avoid placing an excessive financial burden on the EAGGF, the MCA's should be reduced by a greater amount and the "green rates" adjusted accordingly. But it has to be asked whether this adjustment can be made in all the Member States simply through the medium of price proposals. Furthermore, specific measures would have to be taken to allow for relative changes in the value of national currencies.

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The Committee intends to return to the measures for the various products in detail at a later stage. For the time being, it merely makes the following comments :

The changes in milk-sector prices only partly follow the recommendations of the Committee's Opinions on the action programme and associated measures.

Deferring the presentation of new beef and veal provisions until July will create an uncertainty which will not make for an increase in beef and veal production. This is contrary to what the Commission recommended in its programme for the milk sector.

As regards sugar, the Committee notes the Commission's wish to limit production. The Committee is concerned about the consequences for producers, processors and workers in the sugar trade of reducing quotas in various beet-growing regions.

Lastly, the Committee stresses that as a result of divergences in economic performance, the Commission has not been able to attune its proposals correctly to the situation in each of the Member States. Distortions in production and marketing conditions have been seriously magnified this year by monetary upheavals.

The agro-monetary measures proposed are a move in the direction of restoring a single Community-wide market; the Committee therefore supports the Commission proposals, subject to the foregoing observations and reservations.

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.

2. Illegal Migration

Proposal for a Council Directive on the Harmonization of the Laws in the Member States to Combat Illegal Migration.

Gist of the Commission's proposal

According to estimates made by the ILO, the number of illegal immigrants in the Community (excluding families) is roughly 600,000 or one-tenth of the number of legal migrant workers.

The Commission concludes that "if illegal immigration is allowed to go unchecked, there is a serious risk of failure in the efforts to improve the social situation of the rest of the immigrant population".

The Commission's proposal is based on Article 100 of the EEC Treaty (approximation of Member States' Laws); it follows up the Commission's Action Programme for Migrant Workers and the Council's Resolution of 9 February 1976 on this Action Programme.

The proposal also takes into account the European Parliament's Resolution and the Economic and Social Committee's Opinion on this subject as well as work performed by the Council of Europe and the ILO. The purpose of the proposal is to approximate Member States' laws with respect to :

- a) The prevention and punishment of illegal migration and illegal employment.

On the prevention side will be included the briefing of migrants and the countering of misleading information as well as the organization of controls at points of entry into countries, at places of work and with regard to temporary employment agencies.

On the punishment side will be included the introduction of severe penalties (including imprisonment) for persons who knowingly organize or participate in activities concerned, either intentionally or otherwise, with illegal migration or illegal employment.

- b) The mitigation of wrongs suffered by illegal migrant workers.

To this end, the proposal makes it possible to appeal against deportation orders (which are suspended pending such appeals) and stipulates that repatriation costs are to be borne by those who have organized or participated in activities concerned, either intentionally or otherwise, with illegal migration or illegal employment.

- c) The strengthening of cooperation between Member States, with the assistance of the Commission.

Two years after the entry into force of this proposal, the Member States will supply the Commission with all the data it needs to present the Council with a report on the application of the Directive.

Gist of the Opinion

The Economic and Social Committee adopted with no votes against and 2 abstentions its Opinion on this proposal.

The Committee approves the choice of a Directive as the legal instrument for approximating Member States' laws relating to the combatting of illegal migration and illegal employment.

The Committee runs through the main features of illegal migration and ESC work in this field before examining the substance of the proposal in terms of whether it may help to provide a just and equitable solution.

Firstly, the Committee states that the Directive must be designed and applied as a major means of amending Member States' laws and regulations on lines which will favour ratification of International Labour Convention No. 143 on illegal migration. The Committee attributes particular importance to ratification of this Convention.

The Committee goes on to state what it considers ought to be the chief objects of the Directive :

- Prevention of illegal migration;
- Penalization of those who profit from this fringe labour market, i.e. those who knowingly organize illegal migration or employ workers illegally;

- Protection for migrant workers who are the victims of such practices.

The Committee observes that in its present form the proposed Directive would not achieve in full the above objects. It goes on to formulate comments and suggestions (with particular reference to ILO Convention No. 143), viz. :

- The proposed Directive's scope should be more clearly defined (express cover for illegal workers "in transit" through a Member State's territory);
- Prevention should be stepped up, especially in terms of information and controls (the two sides of industry to be consulted on such controls);
- The nature and extent of action to repress trafficking should be clearly specified so that the real guilty ones are clearly identified and properly punished in every Member State where they are active;
- The protection afforded migrant workers should be substantially improved, particularly as regards appeals against expulsion orders, safeguards for the rights they have acquired by virtue of periods in employment and, where necessary, pay social security cover and other social benefits to be regularized for periods for which migrants have been in de facto employment;
- Inter-Member State collaboration in the field of criminal law to be encouraged with a view to eventual approximation at the Community level.

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.

3. Group Accounts

Proposal for a Seventh Directive pursuant to Article 54(3)(g) of the EEC Treaty concerning Group Accounts.

Gist of the Proposed Directive

The proposal is a supplement to a fourth directive, concerning companies' annual accounts. It lays down definitions for the different types of company groups and the lines of dependence between the companies making up the group, together with the provisions necessary for ensuring that the group's annual accounts (i.e. consolidated balance sheet, profit and loss accounts and the notes to the accounts) give a true and fair picture of the group's assets, financial position and results. Common evaluation methods are also laid down.

The Commission thus intends to make groups' consolidated balance sheets comparable at Community level and protect the interests of members, workers and third parties, with a view to facilitating freedom of establishment throughout the Member States. The proposed directive will also contribute towards bringing a European capital market into cooperation and enable distortions of competition to be avoided.

At the same time, the Commission is pursuing the aim of supplementary Community legislation designed to keep a better check on the operations and influence of multinational companies within the Community.

Gist of the Opinion

The Economic and Social Committee adopted by a large majority with 1 vote against and 6 abstentions, its Opinion on this proposal.

The Committee points out that consolidated accounts must provide a true view of a group's position. This means that all companies forming part of the group, regardless of their legal form, must be included in the group accounts and that the existence of a single economic unit and unified management must be the basic criterion for determining whether companies can be considered to belong to a "group".

Numerous international organizations have been considering the question of group accounts for a number of years. The Committee trusts that the Commission will endeavour to ensure maximum conformity between international and European standards.

The Committee also proposes that group accounts should be supplemented by a breakdown of capital allocation, providing particulars of the origin and allocation of resources and thus showing where capital is located within the group.

The Committee considers it inappropriate for group accounts to be published in their entirety in the national official gazette and asks the Commission to simplify the formalities regarding the publication of accounts as far as possible, given that firms will be obliged to send a copy of the full group accounts to all interested parties on application.

The Committee feels that the publication of the net amount of the group's turnover broken down by category of product and activity and by geographical market could be prejudicial to the competitive position of small groups. It therefore asks the Commission to reconsider the article in question.

The Committee based its Opinion on material supplied by its Section for Industry, Commerce, Crafts and Services under the chairmanship of Mr HEMMER - Luxembourg - Employers. The Rapporteur was Mr FRIEDRICHS - Germany - Workers.

4. Unit Trusts

Proposal for a Council Directive for the Coordination of Laws, Regulations and Administrative Provisions regarding Collective Investment Undertakings for Transferable Securities.

Gist of the Commission's Proposal

The proposal relates to collective investment undertakings for transferable securities other than those of the closed-end type, that is to say (non-corporate) unit trusts and (corporate) investment companies,

- whose object is the collective investment in transferable securities or retention as liquid assets of at least 80% of the capital they collect;
- which raise this capital by means of offers to the public;
- whose operations are based on the principle of risk spreading; and
- whose shares or units are or have been issued continuously or in blocks at short intervals and/or are directly or indirectly repurchased or redeemed, at the request of the holder using the assets of such undertakings.

Under the proposal, a single set of rules will be introduced for these undertakings, irrespective of whether they operate only at national level or at Community level as well. Similarly, the authorization of these undertakings and the supervision of their activities will be governed by common provisions.

The proposal lays down a number of common rules relating to :

- the structure of unit trusts and investment companies;
- their investment policy;
- the information they must disclose;
- certain general obligations which they must fulfil, especially when they market their shares or units in a Member State other than that in which they are situated;
- the authorities responsible for licensing and supervizing them;
- certain special types of collective investment undertakings for transferable securities;
- the setting up of a Contact Committee.

If the planned coordination is to be fully effective, parallel measures are needed in the capital movements field to ensure freedom of movement for the shares and units issued by collective investment undertakings. The Commission intends after consulting the Monetary Committee to submit a further draft directive to cover this aspect.

Gist of the Opinion

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

Though it regarded the draft Directive as a step forward towards the coordination of the current laws in the Community, the Committee regretted that the draft did not fully match up to the objectives assigned to it in the explanatory memorandum, viz. improvement of the terms of competition, the maximum possible standardization of the rules governing the undertakings in question, removal of restrictions on the movement of units, and greater interpenetration of capital markets.

These objectives would scarcely be achieved, the main obstacles being :

- a) the rule in Article 1(3) whereby national authorities could if they wished impose stricter requirements on undertakings situated on their territory.
- b) the clauses which allowed national authorities to relax the basic rules (e.g. Articles 25-30).

The Committee also felt that :

- a) the **restrictions** on the movement of units would be removed to a large extent, provided other barriers, e.g. in the monetary field, were also removed;

- b) the Directive did not provide a fully satisfactory basis for standardization of the rules governing the undertakings.

The Committee would nevertheless like the Directive to be brought into force as rapidly as possible, and suggested that it might later be revised in the light of experience so that it achieved the maximum possible degree of integration in the field.

The Committee based its Opinion on material prepared by its Section for Industry, Commerce, Crafts and Services under the chairmanship of Mr HEMMER - Luxembourg - Employers. The Rapporteur was Mr DE BRUYN - Belgium - Various Interests.

5. Toxic Waste

Proposal for a Council Directive on Toxic and Dangerous Waste

Gist of the Commission's Proposal

The aim of the proposal is that the Member States should apply a system of checks and safeguards to ensure that toxic and dangerous wastes are disposed of without harming human health or the environment. The proposal's main points are as follows :

- disposal operations : it is proposed that Member States ensure that these operations do not endanger human health or pose a threat to the environment;

- recycling and processing of toxic waste : Member States should encourage the recycling and processing of toxic waste and the extraction of raw materials and possibly energy from such waste;
- prior authorization : the proposal states that toxic and dangerous wastes are to be disposed of only by installations, establishments or enterprises authorized for this purpose by the competent national authorities; it also lays down that the holder of any toxic waste who has not received such an authorization is obliged to place this waste at the disposal of a duly authorized installation, establishment or enterprise;
- adaptation to technical progress : it is planned that an ad hoc committee composed of representatives of the Member States and chaired by a Commission representative, should update the list of toxic substances appended to the proposal in the light of technical progress.

Gist of the Opinion

The Economic and Social Committee adopted with no dissenting votes and one abstention its Opinion on this proposal.

The Committee approves the Commission's proposal and particularly welcomes the solution proposed, namely that the quality of waste, and not just limit values, should be taken into consideration when looking at the question of toxicity. Great damage may be caused by a very large quantity of waste containing traces of toxic substances.

The Committee stresses that the proper application of the directive depends on the establishment of suitable sites for the processing and storage of waste, and that waste disposal processes should be selected not on the basis of their cost or economic viability only, but in the light of overall social costs.

The Committee regrets that it has still not been possible to find a uniform solution to the problems of civil liability in respect of eliminating waste. It notes a certain move in legislation towards "strict liability" in fields where similar or less serious risks are involved. However, the strict-liability provisions in the preliminary draft have been deleted from the draft adopted by the Commission without the latter having clearly stated the substantive reasons for this deletion.

The Committee regrets that the Commission has not yet created machinery for involving all interested parties in the discussions on the preliminary draft versions of Directives and in the adaptation of these Directives to technical progress. Accordingly, only certain parties were asked for their views on the preliminary draft in this particular instance. The Committee would urge the Commission to work out a general solution to this problem, which is all the more necessary in the present case since numerous measures will have to be taken to apply this Directive.

The Committee based its Opinion on 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 Mr DE GRAVE - Belgium - Workers.

6. Freshwater suitable for Fish

Proposal for a Council Directive on the Quality Requirements for Waters Capable of Supporting Fish.

Gist of the Commission's proposal

As part of the Community's programme on the environment, the Commission is proposing to lay down, in the proposed Directive, physical and chemical standards for fresh water so as to ensure good conditions for fish. Compliance with the standards will be checked by taking regular samples, which will be analyzed using the methods laid down in the appendix to the proposal.

However, the standards may be waived in the event of exceptional meteorological or geographical conditions or when water "undergoes natural enrichment in certain substances", i.e. not induced by man.

Member States are given 2 years within which to take the steps necessary to comply with the Directive. This period dates from the notification of the final version of the Directive.

Gist of the Opinion

The Economic and Social Committee adopted unanimously by a large majority with 4 votes against and 14 abstentions its Opinion on this proposal.

The Committee supported the aim of the Directive and welcomed the approach of using water quality objectives rather than fixed emission standards.

The Committee likewise welcomed the fact that the Directive also applied to rivers receiving industrial waste waters, because fish are present in some such rivers in the Community.

Since the values proposed were to be mandatory, the Committee suggested that in order that realistic updated standards should be defined as soon as possible, the Commission should take immediate steps to initiate and coordinate the necessary collation of information on fish populations and monitoring of water quality, together with the critical appraisal and publication of the results obtained.

Finally, the Section drew the Commission's attention to the fact that some Member States would have a special problem in relation to their territories bordering on non-member countries.

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 Sir John PEEL - United Kingdom - Various Interests.

7. Underprivileged Areas

Proposal for a Directive of the Council amending Directive 75/271/EEC concerning the Community List of Less-Favoured Farming Areas Within the Meaning of Directive 75/268/EEC (France)

Gist of the Commission proposal

The Commission proposes amending the Appendix to Directive 75/271/EEC of 28 April 1975 concerning the Community List of Less-Favoured Farming Areas within the Meaning of Directive 75/268/EEC by the addition of 31 less-favoured areas in France.

Gist of the Opinion

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

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 CLAVEL - France - Various Interests.

EXTERNAL RELATIONS

1. Contacts with the Commission

In the period under review Mr Basil de FERRANTI, Committee Chairman, had a series of meetings with Commissioners.

- with the Vice-President, Mr ORTOLI, he discussed issues in connection with the achievement of economic convergence within the Community and the involvement of the two sides of industry in Community policy-making;
- with Vice-President VREDELING, he talked over the question of the Commission's timetable for work on the Regulations on the European Social Fund and raised the matter of taking account of the relevant Committee Opinion;
- with Viscount DAVIGNON, he discussed the various issues confronting the EEC in the field of industrial policy;
- with Mr BRUNNER, the subject was possible cooperation between the Commission and the Economic and Social Committee in the sphere of energy policy;
- coordination of the activities of the various Community Funds and the future of EEC regional policy were the topics dwelt on with Mr GIOLITTI.

All the above and Vice-President NATALI said that they were willing to take part in ESC Plenary Sessions some time in the near future.

2. Meeting with Mr STORTI

Mr STORTI, President of the Consiglio Nazionale dell' Economia e del Lavoro (CNEL), visited Brussels in February. He attended a meeting with the Chairman of the ESC.

NEW REQUESTS FOR OPINIONS

Forthcoming requests for Opinions

1. European Social Fund

According to information from Mr VREDELING, the Commissioner responsible, the Commission is due to issue a proposal laying down new rules for the European Social Fund. The Council is due to adopt it in June. This would mean the ESC's having to deliver its Opinion at the April Plenary Session.

2. New Regional Fund

At its meeting on 14 January 1977, the Section for Regional Development was notified that the Committee would shortly be receiving a request for an Opinion on the new legal instruments which are to govern the Regional Fund as from 1 January 1978.

Right of initiative

Second Report on the Regional Fund

At its meeting on 14 January 1977 the Section for Regional Development agreed to apply for authorization from the Bureau and the Plenary Session to draw up an own-initiative Opinion on the 1976 Report on the Regional Fund.

PROVISIONAL PROGRAMME OF FUTURE WORK

Plenary Session of March 1977

Opinions produced by request

- Competition in Transport
- Technical Barriers - Cars
- Type Approval of Motor Vehicles
- Siting of Generating Stations
- Use of Coal-Fired Generating Stations
- Dangerous Substances
- Plant Protection Products
- Vinyl Chloride in Packaging
- Protection of Workers exposed to Vinyl Chloride
- Equal Treatment - Social Security
- Tax Exemption for Travellers
- Export Declaration Form
- Quality of Water for Rearing Shellfish
- Food Sugars

Study

- Job Prospects in the Farming Sector

Plenary Session of April/May 1977

Opinions produced by request

- Treatment of Sewage Sludges
- Protection of Birds
- Door-to-door Selling
- Pleasure Boats
- Double Taxation
- Pre-packaged Products
- Social Situation
- Economic Situation

Own initiative

- Regional Policy/Unemployment and Inflation
- Small and Medium-Sized Businesses
- Industrial Change
- GATT Negotiations (additional Opinion)
- Consumer Action Programme (additional Opinion)

Study

- Nuclear Safety
- Relations with Portugal
- Relations between Industrialized and Developing Countries

Plenary Session of June 1977

Opinions produced by request

- Alcohol
- Data Processing
- Commercial Agents
- Defective Products

Study

- Agreements between EEC and Countries in Southern and Eastern Mediterranean

Later Plenary Sessions

Opinions produced by request

- Green Paper on Employee Participation

Own initiative

- East-West Transport (first part)

Study

- Alignment of Taxation

MEMBERS' NEWS

1. Appointments

On 8 February 1977, the Council of the European Communities appointed the following members of the Economic and Social Committee until 16 September 1978 :

- Mr Pierre BOURGEOU, Chairman of the Economic and Social Committee of Franche-Comté, in place of the late Mr NODDINGS;
- Mr Charles MASSABIEAUX of the Bureau of the Confédération générale du Travail (CGT), in place of Mr GALLAND, who has resigned.

2. Resignations

The following members resigned in February 1977 :

- Miss Anne MACKIE : Manager in the Employer Relations Section of Unilever;
- Mr Brendan HARKIN : Chairman of the Northern Ireland Labour Relations Agency;
- Mr Thomas NIELSEN : President of the Danish Trade Union Confederation (LO);
- Mr Michael T. WALSH : Assistant Secretary to the International Department of the TUC.

3. Death

Mr A.F.H.C. SCHRIJVERS, Chairman of the Council for Small- and Medium-Sized Enterprises, The Hague, Extraordinary Professor at the Catholic University of Tilburg and member of the Economic and Social Committee since 18 September 1964, died on 30 January 1977.

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

- Research and Development (November 1976)
(Study) 35 p.
- 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.