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153rd PLENARY SESSION

The 153rd Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels on 23 and 24 November 1977. The Session was presided over by the Committee Chairman, Mr Basil de FERRANTI.

The debate on East-West transport was attended by Mr Jos CHABERT, Belgian Minister for Communications and President-in-Office of the Council.

Adoption of Opinions

1. East-West Transport

The Economic and Social Committee adopted with no votes against and 4 abstentions its Opinion on Transport Problems in Relations with Eastern Bloc Countries. In this own-initiative Opinion the Economic and Social Committee made inter alia the following points :

The steadily mounting competition from the Eastern Bloc has been a source of concern to politicians and representatives of the two sides of industry in the European Communities for some considerable time now on account of the conditions under which it is flourishing. By virtue of their centrally controlled economies, Eastern Bloc countries are to an increasing degree succeeding in changing the pattern of East-West goods traffic in their own favour.

For a number of reasons (systematic expansion of fleets, chronic shortage of foreign exchange, etc.), the Eastern Bloc is

doing its utmost to have its imports and exports carried fob/cif by Eastern Bloc operators. Eastern Bloc partners normally succeed in having fob and cif clauses inserted in trade agreements and supply contracts, especially as the countries of the Community have so far shown more interest in increasing their volume of foreign trade than in acquiring a larger share of traffic.

In some transport sectors Eastern Bloc countries can be seen to be pursuing a policy of low freight rates which does not accord with customary practice in the West.

Even though definite threats are already looming large over sea transport, inland waterway shipping and road haulage, Eastern Bloc countries are still proceeding to establish or expand their own networks of representatives and cargo-handling agencies and are causing growing concern amongst transport users and port services as a result.

Intent on acquiring regular cargoes, Eastern Bloc shipping lines, and especially those from the Soviet Union, are offering freight rates that are not in keeping with normal commercial principles. Fleet expansion plans have also developed a momentum of their own not dictated by economic or commercial considerations. Once the new container tonnage appears on the market, competition in sea transport will most likely be stepped up further and could very soon threaten the existence of Western liner companies.

To a large extent, Eastern Bloc transport organizations have already gained a stranglehold on road haulage between the Community and Eastern Europe. In this sector, just as in sea

transport, competition problems are being posed by the sustained expansion of Eastern Bloc transport capacity in bilateral traffic between Eastern Bloc and Community countries and in third-country traffic.

Similar problems exist in inland waterway shipping. On the waterways covered by the Act of Mannheim (Rhine Shipping Act), passenger and cargo vessels have complete freedom regardless of the flags they fly. In cross-frontier traffic there are neither Government regulations on rates nor restrictions on access. Thus, shipping lines from COMECON countries are still allowed by the Rhine riparian States' free market economies to freely canvass for cargoes and push their way into traffic with the Rhine riparian States. Once the Main-Danube Canal has been completed, this problem will grow worse, since Eastern Bloc vessels which have so far operated only on the Danube, will then be able to penetrate West European markets unimpeded unless measures are taken in good time.

Another disquieting aspect is the fact that Eastern Bloc firms are freely able to set up offices in the Community and, in the field of maritime shipping, fly the flags of the Member States of the Community under the guise of Western based companies.

Finally, employment in transport may be threatened by Eastern Bloc operators' penetration of the markets - a factor which is already causing workers' representatives some concern.

In the long run the events described above will probably have serious drawbacks for industry in the Community as a whole, at the very latest when the Eastern Bloc has succeeded through a deliberate market policy and a certain amount of negligence on the part of the West in building up monopolies in the various transport sectors. This not only may mean total economic dependence but also seems undesirable on general political grounds.

The Economic and Social Committee calls on all the competent institutions to tackle this matter with the utmost vigour in order to ward off developments that would be disastrous for the economy and have grave social consequences.

The Committee based its Opinion on material prepared by its Section for Transport and Communications under the chairmanship of Mr HOFFMANN. The Rapporteur was Mr HENNIG.

Speech by Mr CHABERT, President-in-Office of the Council

Speaking to the Economic and Social Committee, the President-in-Office of the Council, Mr Jos CHABERT, the Belgian Minister of Transport, first of all congratulated the Committee on its excellent Opinion on competition from state-trading countries. It was the first time, he said, that such a detailed report had been produced on the difficulties which the Community encountered in this field. These difficulties occurred in all fields of transport : sea transport, road transport, railways, air transport and port operations.



Basically, there were three sides to the problem. Firstly, there was the protectionism of the state-trading countries in bilateral trade, which manifested itself in the policy of delivering cif and buying fob followed by their procurement centres. Secondly, the Community's prices for carrying goods were being undercut. Thirdly, the state-trading countries were allowed the greatest freedom in setting up business. All these three things together were part of an attempt to attain bigger commercial and political objectives.

On the Western European side transport was very important from the point of view of jobs and prosperity. Transport firms in general ensured that industry and the consumer had secure supplies. When considering the different safeguard measures to be taken in the present situation, attention should therefore be paid to the interests of the Community's exports, trade and industry.

The Council had concerned itself above all with sea transport, where the problems were most urgent. On 10 and 11 November 1975, it had decided to look at the possibility of taking action in this field. Right from the beginning of the Council's work, the problem of competition from state-trading countries had been one of the main issues earmarked for closer study. The Commission had just submitted a working paper to the Council which described the situation and the pros and cons of possible remedies most clearly.

At its meeting on 27 October the Council, recognizing the need to organize measures at Community level, had instructed the Committee of Permanent Representatives to consider the paper and draw up a list of urgent measures. The Commission would be able to refer to the list before deciding what proposals should be made to the Council at an early date.

As far as inland waterway transport was concerned, steps would clearly have to be taken before the Rhine-Main-Danube canal was opened.

It should be pointed out that the question of competition with state-trading countries had also been referred to the Consultative Committee set up under Article 83 of the Treaty.

In conclusion, Mr CHABERT pointed out that the issue was very delicate, since it involved the whole balance between East and West. Thanks to the Economic and Social Committee, the Community institutions would be able to reach decisions more quickly on the steps to be taken to protect the legitimate interests of carriers, shippers, ports and transport workers.

## 2. Producer groups

Amended Proposal for a Council Regulation concerning  
Producer Groups and Associations thereof.

### Gist of the Proposal

The proposal mainly concerns Italy which has a large number of small and inadequately organized holdings. Other areas of the Community where a similar situation applies could also benefit from the proposed measures.

The proposal contains the following provisions. The Member States concerned will recognize producer groups and associations which organize production and marketing satisfactorily and offer adequate guarantees as regards the duration and effectiveness of their work. Over a period of three years such groups and associations are to receive grants to enable them to become established and to operate. The proposal sets the maximum and minimum levels of grants; for the first year it has to be between 1.5% and 3% of the value of the recognized products marketed by the group or association, for the second year between 1% and 2%, and for the third year between 0.5% and 1%. Certain ceilings are also set. 25% of the finance is to be provided by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF). In the case of certain areas, such as mountain areas and those suffering from other handicaps, up to 65% of the financing may be provided by the Community. The cost to the EAGGF of the proposed measures, which are expected to apply for a period of five years, is estimated at 20 million u.a.

The proposal has been amended in a number of other respects. It now covers alcohol but excludes butter and products such as hops, fishery products, fruit and vegetables, in respect of which producer groups have already been provided for in the common organization of the markets. The proposal also no longer provides for investment aid as this may be granted under the Regulation on measures to improve the conditions under which agricultural products are processed and marketed.

#### Gist of the Opinion

The Economic and Social Committee adopted its Opinion by a large majority, with 5 votes against and 2 abstentions.

While it deplores the dilatoriness of the Council in this field (more than ten years have elapsed since the first Commission proposal), the Committee still approves and supports measures designed to promote and develop the formation of producer groups in agriculture. The Committee observes that the amended Commission proposal is innovatory in that it considers producer groups from a structural/regional point of view rather than from the angle of improving the machinery for marketing agricultural produce. It points out that in the Opinion of 24-25 March 1971 on the same subject it came out in favour of putting a regional differentiation into the measures, provided that this does not conflict with the principle of encouraging producer groups throughout the Community.

The Committee urges that the proposed Regulation be applicable to the whole Community, albeit with a marked bias towards those regions with the most serious structural difficulties. Consequently, it expresses reservations about the definition of the territorial scope of the Regulation as laid down in Article 1. The Committee also considers that the Regulation should, in any event, apply directly and immediately to the whole of Italy.

The Committee agrees that products for which producer groups have been provided within the framework of the common organization of the markets should be excluded, but considers that potatoes should fall within the Regulation until such time as there is a common organization of the market in potatoes.

It should be made clear that the clause allowing persons other than producers to belong to producer groups is optional and only applies if there are no provisions to the contrary in national law.

Lastly, the Committee comes out in favour of increasing the funds earmarked for implementing the proposed measures, and raising the ceiling for reimbursement of expenditure chargeable by the Member States to the Guidance Section of the EAGGF.

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 CAPRIO - Italy - Employers.

### 3. Small and Medium-Sized Enterprises

The Economic and Social Committee adopted its Opinion by a large majority, with 2 votes against and 5 abstentions.

Small- and Medium-Sized Enterprises in the Community Context.

The Opinion which the Committee drew up on its own initiative refers, in particular, to the Commission's Observations on the Committee's Study of 1974 entitled "The Situation of Small- and Medium-Sized Undertakings in the European Community". The Committee points out that a large economic unit like the European Community needs a concrete, coherent blueprint for small and medium-sized enterprises (SMEs). No such blueprint exists. Indeed, little is being done in this field.

The Committee therefore calls for a programme of action to promote these businesses, and sets out the aims and the guidelines to be followed. It is necessary to encourage and facilitate the establishment, acquisition, continued operation, rationalization and expansion of SMEs by :

- a) financial assistance in the form of guarantees, and, in special cases, of low-interest loans and interest subsidies, within the framework of existing Member State subsidy schemes;
- b) participation in trade fairs and exhibitions, both within and outside the Community;
- c) promoting market research and steps to open up markets;
- d) promoting the supply of information on foreign markets, participating in international calls for tender, exporter groupings, advisory services for exporters (e.g. greater assistance from foreign missions);
- e) promoting further training for managers.

It is fair to say that SMEs are not genuinely helped by common policies which fail to take account of their special circumstances and importance.

The Commission should, therefore, at least set up an adequately-manned directorate. This would be able to examine the situation of SMEs effectively. But it should primarily be a

coordinating unit which would collect information on this type of business and see that it is brought to the attention of those responsible for policy making.

The Member States regularly adopt structural measures applying to individual industries or specific regions. In the majority of cases, however, there are no measures specifically relating to firms of a particular size, e.g. to SMEs. Yet such measures are of considerable importance to these businesses. SMEs can be a major force for growth and job creation in a service economy which is seeking to conserve raw materials and energy. Community economic policy should take this into account.

The global loans of the EIB (European Investment Bank) have proved their value as a source of finance for SME projects. To make these loans more effective consideration should be given to increasing the funds earmarked for the purpose and to improving the conditions governing the granting of loans. In order to speed up the procedure for granting loans the paperwork should be done by Member State institutions and the EIB should merely be responsible for overall supervision.

Turning to the regional policy aspect, the Committee regrets that no change has yet been made in the job creation condition (at least ten jobs have to be created), so as to make it easier for SMEs to benefit from the Regional Fund. It is, however, hoped that the Commission will at least allow a number of smaller

firms to be grouped together so that they meet the jobs condition for Regional Fund assistance.

The economic position of smaller firms in the European Community has deteriorated in recent years. The growing burden of company taxation, employers' social insurance contributions and other public financial charges has squeezed their profits and thus reduced their ability to invest.

In view of this, it will be necessary to encourage firms' propensity and ability to invest (by tax incentives, etc.). Alongside the possible forms of tax relief, one particularly suitable way of taking some of the strain off firms would be tax deferment for investment reserves.

One of the fundamental demands of the self-employed is that they should have social security coverage (sickness insurance, pension insurance, accident insurance and unemployment insurance). In the long run smaller firms will be able to fulfil their economic role only if their owners are insured in the same way as employees against the main economic and social risks (e.g. sickness, accident and pension insurance, and other social welfare schemes, such as supplementary benefits and family allowances).

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 KOLBENSCHLAG - Germany - Various Interests.



#### 4. Aeronautical Research

Communication from the Commission to the Council entitled  
'Action Programme for Aeronautical Research'

##### Gist of the Commission's Communication

The Council of Ministers of the European Communities, in its declaration of 14/3/1977, fixed certain industrial policy objectives in the aeronautical sector, amongst which was that of exploring the opportunities and procedures for a joint effort (in technological research) particularly with a view to developing the know-how required for the future generation of aircraft.

The Commission has investigated which activities would lend themselves to a collaborative aeronautical research programme, with the help of the different sectors of the aircraft industry (airframes, engines, equipment and helicopters), national research establishments and government officials. This work was naturally made easier by the decision of the budgetary authorities to insert under chapter 100 of the 1977 Community budget an amount of 8 MUA for aeronautical research.

Contacts with industry, national research establishments and governmental authorities have enabled a number of concrete projects to be identified.

Work done to date enables the Commission to put forward immediately research proposals for two sectors, namely helicopters and airframes. It should be possible to do the same in a second phase for the engine and equipment sectors, as well as in the field of research infrastructure. The Commission envisages a contribution by the industry of 20% of the total cost of each programme.

The following research objectives are proposed :

a) Helicopters :

- fuel economy through improvements in aerodynamic efficiency of, on the one hand, the main rotor, and on the other hand, the fuselage, most importantly through drag reduction;
- improvement of environmental aspects by research on external noise produced by helicopters;
- improvements in crash survivability by studies on materials and structure behaviour;
- widening the operational scope for helicopters by reduction in internal noise and vibration, development of IFR operational capability and research into high speed VTOL ("convertible" aircraft).

b) Airframes :

- increasing structural life and reducing maintenance costs;
- improving non-destructive testing methods for :
  - metal structures,
  - composite structures.

Gist of the Opinion

The Economic and Social Committee unanimously adopted this Opinion.

Although it considers that a more ambitious programme is essential if the European aircraft industry is to be able to face effectively world competition, the Committee nevertheless notes with satisfaction that the Commission regards the action programme as a prime element of its overall strategy for the aeronautical sector and that it intends actively to pursue this strategy.

It notes that the programme incorporates those proposals made by the industry that were found by the Commission to be the best thought-out, the most capable of immediate implementation and the most compatible with the available funds. The proposals of the engine and equipment manufacturers, which the Commission did not consider to be of the same standard as those of the airframe and helicopter manufacturers, were accordingly held over. The construction of a large wind tunnel, a rather costly project which in addition poses problems of geographical location was also deferred. The Committee notes the choice made and urges that the proposals that cannot be adopted at the present time be implemented subsequently.

Experience has shown that the development of a Community aeronautical policy is attended with special difficulties connected in particular with the possible military implications of such a policy. (Most research work can be utilized for both civil and military applications.) The Committee draws attention to the practical difficulties that may be involved in the operation of the consultative committee for the management of research programmes in the aircraft industry.

One must not overlook the practical difficulties that may arise in choosing representatives in certain countries where technical

staff is to be found solely in State laboratories. Representatives drawn from that source would be considered to be acting as judges in their own cause. Care must be taken that nothing can jeopardize the objectivity of the Committee's decisions.

As regards inventions, the prior authorization of the Commission is required for the granting of licences to parties in third countries if such licences will enable products to be exported to the Community.

Since the aircraft industry is highly export-oriented the Committee considers that this clause must be applied with all the requisite flexibility.

The Committee based its Opinion on material prepared by its Section for Industry, Commerce, Crafts and Services under the Chairmanship of Mr HEMTER - Luxembourg - Employers. The Rapporteur was Mr EVAIN - France - Employers.

#### 5. Common Policy in the Field of Science and Technology

##### Common Policy in the Field of Science and Technology

##### Gist of the Communication

The document reviews the evolution of Community R & D policy in recent years. Experience has encouraged the Commission to step up its efforts to broaden Community R & D from its original nuclear base to bring it closer to the short and long-term needs of its citizens. Accordingly, in setting out guidelines for Community policy for the period 1977-1980, the Commission suggests that R & D work should concentrate on four priority areas :

- resources, energy, agriculture, raw materials;
- environment;
- economic and industrial development;
- life in society.

The Commission also sets out three different levels of reference criteria which should be used to decide whether a given research project should be carried out on a Community basis. These would ensure that individual actions fitted into a comprehensive policy framework and that there was no over-dispersion of Community efforts.

The Communication also places strong emphasis on the following points :

- coordination of national research and technology policies is a centrepiece of the common research policy;
- Community research should be complemented by international co-operation with other European countries, developing countries, non-European industrial countries and international organizations;
- R & D can only be of practical use where there is efficient management of results (dissemination of information, utilization of results, evaluation of efficiency of R & D);
- given the lead time required to tackle the broader future problems, a common policy in the field of science and technology must have long-term objectives and priorities.

The Communication is accompanied by draft Council decisions :

1. to promote industrial research projects by granting financial assistance to a small number of well-defined projects with innovation potential put forward by individuals and small or medium-sized undertakings. These must involve Community cooperation and meet at least one of a series of specified criteria. The scheme would cost an estimated 13 m.EUA over a three-year period.
2. To undertake a Community research programme on forecasting an assessment in the field of science and technology. Rather than create a Community forecasting Institute as recommended in the preliminary study "Europe + 30", the Commission prefers to gain further experience over an experimental phase. The programme would run for five years starting 1 January 1978. It would involve 10 staff and cost some 4.4 m.EUA.

#### Gist of the Opinion

The Economic and Social Committee adopted its Opinion unanimously with 3 abstentions.

The Committee endorses the Commission's paper which sets out guidelines for Community policy for the period 1977-1980 and which proposes concrete decisions on industrial research projects and forecasting and assessment work.

The Committee believes that the Community has a considerable R & D potential whose efficiency could be appreciably enhanced if a greater proportion of national R & D work and projects, including their respective funds were switched to the Community. The Community should adopt a pragmatic approach, concentrating on coordination measures and indirect action projects in areas which lend themselves particularly to Community action.

The Committee calls for the development of a long-term concept for the Community's Joint Research Centre (JRC) before completion of its current multiannual programme, to determine whether its activities should be expanded.

Special emphasis is placed on the dissemination and utilization of R & D results. The Committee also believes there should be periodic, systematic evaluations of R & D : work which is leading nowhere should be dropped.

The Committee endorses the proposal for pilot industrial research projects. The Committee doubts, however, whether the criteria laid down under Article 1 of the draft Decision, providing financial assistance only for undertakings which "wish to cooperate with each other on a Community basis" or "already have cooperative links", can be effective. Less importance should be attached to cross-frontier cooperation between undertakings and more emphasis be placed on the results of the research projects being made available under certain conditions to all undertakings in the Community. At the same time, the Commission should set a pre-determined financial ceiling to make it easier for firms to submit realistic applications for assistance.

The proposal for a research programme on forecasting and assessment in the field of science and technology, at a total cost of 4.4. million EUA, is also approved by the Committee. While it believes that the Community needs an institute for long-term planning, the Committee agrees that it would be premature at present to set up such a body as recommended in the Europe + 30 Report.

The 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.

## 6. Research and Development

Proposal for a Council Decision adopting a Programme of Research and Development for the European Atomic Energy Community on Uranium Exploration and Uranium Extraction".

### Gist of the Proposal

The Commission proposes a three-year research and development programme (Indirect Action) to run from 1 January 1978. It would cost a total of 4.65 EUA on the Community budget and require three staff. The work would cover :

#### a) Uranium exploration techniques

- discovery of uranium provinces;
- discovery of specific uranium targets;
- calibration of instrumentation.



b) Uranium ore-processing and extraction

- development of extraction techniques;
- processing of low-grade ores and wastes;
- recovery from low-grade resources.

An advisory committee on Programme Management on Natural Uranium R & D will be set up to assist the Commission in running the programme.

Gist of the Opinion

The Economic and Social Committee adopted its Opinion unanimously.

The Committee approves the expenditure of 4.65 MUA on the Community budget for an indirect action programme to run for an initial period of 3 years (1978-1980).

Given that the geological conditions of the main potential uranium areas in the Community require the use of sophisticated detection techniques, and given that new extraction technology would probably be needed to exploit any finds, the Committee believes it is logical that the Community should concentrate its R & D effort on these areas. Thus, while it is not in a position to pass judgement on the detailed technical aspects of the programme, it endorses the Commission's thinking from an overall policy viewpoint.

The Committee supports the creation of an advisory Committee on programme management, but points to the need for close coordination with the financial assistance already being granted by the Commission for uranium exploration work under another Regulation.

The Committee calls on the Commission to review the operation of the programme towards the end of the three-year period, with a view to strengthening Community activity in this field.

The 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 P. NIELSEN - Denmark - Workers.

#### 7. Commercial Agents (Self Employed)

Proposal for a Council Directive to Coordinate the Laws of the Member States relating to (Self-Employed) Commercial Agents.

#### Gist of the Commission's proposal

The purpose is to coordinate the Member States' laws relating to commercial agents who carry on business as self-employed persons.

A later proposal will deal with the coordination of the law relating to commercial travellers.

Commercial agents play an important part in the inter-penetration of markets, and thus in the growth of intra-Community trade.

Steps should therefore be taken to avoid differences between one legal system and another impeding to any significant extent the making and operation of contracts between principals and commercial agents established in different Member States.

Basically, the proposal has two objectives. The first is to remove the differences in law which are detrimental to the proper functioning of the common market. This applies, for example, to the goodwill indemnity, which is known in some Member States but not in others. The second objective is to protect commercial agents. Although they are self-employed, most commercial agents are economically in a weaker position than their principals.

In particular, the proposal determines :

- the legal definition of "commercial agent",
- the rights and duties of the parties,
- the remuneration of commercial agents,
- agreements restricting competition, and
- termination of contract.

#### Gist of the Opinion

The Economic and Social Committee adopted its Opinion by a large majority with 16 votes against and 4 abstentions.

The Committee recognizes that the approximation of the law of commercial agents is a vital adjunct to the right of establishment. The right of establishment itself is governed by Council Directive No. 64/224/EEC of 25 February 1964.

Approximation would appear to be not only useful but also necessary for the legal protection of the commercial agent. The latter is autonomous and carries out his activities independently, but he can find himself in a weak position (in economic and other respects), vis-à-vis the principal.

Mandatory rules should be drawn up in order to provide commercial agents in the EEC with a minimum level of uniform protection. These mandatory rules should cover the substantive elements of the agency relationship and be applicable to both principal and agent. But agents and principals should be at liberty, in respect of other, non-essential aspects, to regulate their mutual relationship as they see fit.

As far as the scope of the Directive is concerned, the Committee requests that the definition of the commercial agent in Article 2 should specify that the agent must operate in a specific region or area.

The Committee considers that a "register" or "roll" or "list" of commercial agents should be drawn up. Registration should be compulsory.

The Committee then objected to the provision designed to protect the commercial agent where bankruptcy or winding-up procedures have been opened in respect of the principal, or where there is an arrangement, composition or other similar procedure in progress with the principal's creditors. The provision confers on commercial agents the same privileges as are enjoyed by employees in the matter of claims on the principal's assets. Creating a new category of persons receiving preferential treatment would, however, pose serious problems to national legislative bodies if there was no corresponding reduction of the rights of those categories currently in a privileged position.

The Committee proposes that commercial agency contracts should normally be in writing; where this is not the case each party should be entitled to receive from the other a signed document setting out the terms of the document and any terms subsequently agreed.

Having dealt with the content of the Directive the Committee briefly examines the question of social security for commercial agents.

The Committee urges the Commission and the Council to consider coordinating the Member States' laws on social security for the self-employed, and particularly commercial agents.

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 PURPURA - Italy - Various Interests.

#### 8. Standard Exchange

Proposal for a Council Directive on the Harmonization of Provisions laid down by Law, Regulation or Administrative Action in respect of Standard Exchange of Goods Exported for Repair.

#### Gist of the Commission Proposal

The present proposal for a Directive provides for the importation, with total or partial relief from import duties, of replacement products taking the place of goods exported outside the Community's customs territory for repair, including being restored to their original condition and being put in working order. However, the benefit of these arrangements cannot be granted when the exported goods are not in one of the situations provided for in Article 9, paragraph 2 of the Treaty, nor to goods subject to the Common Agricultural Policy or to the specific arrangements applicable to certain goods resulting from the processing of agricultural products.

The arrangements for standard exchange are subject to rules identical to those laid down by Council Directive 76/119/EEC on the Harmonization of Laws, Regulations and Administrative Action relating to Outward Processing Arrangements.

### Gist of the Opinion

The Economic and Social Committee adopted its Opinion unanimously.

The Committee welcomes this draft Directive, which extends the customs treatment accorded under Directive No. 76/119/EEC to standard exchange of goods exported for repair. Most of the Member States' regulations still require the exported and imported goods to be identical and the Committee considers the proposed application of the equivalence principle to be a step forward.

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 MARVIER - France - Various Interests.

### 9. Post-Clearance Collection of Duties

Proposal for a Council Regulation Laying Down Conditions for the Post-Clearance Collection of Import Duties or Export Duties which have been Underpaid on Goods entered for a Customs Procedure Involving the Obligation to Pay Such Duties.

Gist of the Commission Proposal

This proposal provides, in particular, for the correction of errors committed by the competent authorities in establishing the amount of duties payable by persons liable for payment, in such a way that they are required to pay only what is legally due. If the amount of import duties or export duties calculated by the authorities may prove to be higher than the amount legally due, the converse situation may also arise. It is often several months after goods have been cleared for free circulation or for export from the Community that verification made by the authorities shows that the amount of import duties or export duties claimed from the person liable for payment was less than was legally due.

The authorities must therefore be allowed to carry out the post clearance collection of import duties or export duties which, for whatever reasons, were not claimed from the person liable for payment.

This Regulation will have the effect of :

- eliminating any distortion in treatment among importers of products from non-member countries (and among Community exporters of products of these countries) and;
- defining precisely the conditions in which Member States may revise entitlements established regarding the Communities' own resources pursuant to Article 2 of Council Regulation (EEC/Euratom/ECSC) No. 2/71 of 2 January 1971, thereby providing better control over own resources.

Gist of the Opinion

The Economic and Social Committee adopted its Opinion unanimously.

The Committee observes that it is right that customs duties, which are part of the Community's own resources, should be collected in full. This means that on occasions, the post-clearance collection of duties is necessary, if mistakes or omissions are discovered.

On the other hand, in the business world it is of unquestionable importance to know the final cost of a product one imports or exports. Customs duties and similar charges are a cost component, and to run a business properly it is important that the amount of duty charged when the goods are declared should in principle not be revised after one has resold the goods or at least taken a final decision on their price.

The Committee makes two further points :

- the draft Regulation expressly states in Article 3 that it applies solely to non-fraudulent cases. It is therefore dealing exclusively with honest declarants who have not done anything wrong. Greater account should be taken of this fact in the Regulation;
- the Commission admits in the commentary that the proposed provisions are often more stringent than those in force in the Member States.



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 MARVIER - France - Various Interests.

#### 10. Medical Research Programme

First Programme in the Sector of Medical and Public Health Research.

##### Outline of the Programme

The programme has been drawn up by the Committee on Medical Research and Public Health. With the blessing of its parent body, the Scientific and Technical Research Committee (CREST), the MRC has selected for the programme three areas of medical research of top priority : registration of congenital abnormalities, cellular ageing and decreased functional capacity of organs, and extracorporeal oxygenation.

For each part a "concerted action committee" composed of one full and one alternate member each from the Member States and the Commission is to be set up.

The MRC will be in charge of implementing the programme and the Commission will be responsible for overall coordination.

The three parts will cost 0.85 million u.a. over 3 years, 4 million u.a. over 4 years and 4.1 million u.a. over 4 years respectively.

The Commission may submit a second programme in 1978.

Gist of the Opinion

The Economic and Social Committee adopted its Opinion unanimously.

The Committee welcomes the proposals, and recognizes the need for concerted action in medical, as in other fields of research. However, the Committee regrets that the funds available for research in the field of medicine and public health are at present so very inadequate and hopes that more ambitious programmes will be introduced in the near future.

Any concerted research action programme will need to be very carefully scrutinized for its scientific authenticity, and for the benefit likely to accrue for the Community as a whole.

The Committee is pleased to note that in deciding upon the subjects for the first programme account was taken of the activities of other international organizations such as WHO, the European Medical Research Council and the European Science Foundation.

The Committee recognizes that in choosing the initial three subjects for concerted action many other subjects of equal importance will have been inevitably left out, but is pleased that a second programme is likely to be presented in 1978.

Finally, the Committee hopes that in future programmes it may be possible to include non-Member States, if the subject is likely to be appropriate for research in a still wider context. This principle has been accepted by CREST in relation to other research programmes (non-medical).

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.

#### 11. Emulsifiers

Proposal for a Council Directive Amending, for the First Time, Directive 74/329/EEC on the Approximation of the Laws of the Member States relating to Emulsifiers, Stabilizers, Thickeners and Gelling Agents for Use in Foodstuffs.

#### Gist of the Commission's Proposal

The Commission has published this proposal partly because it wants to word some of the provisions in Annex I more clearly and partly so as to take into consideration the advice of the Scientific Committee for Food with regard to the classification of amidated and non-amidated pectins (E 440) and other substances.

In addition, the Commission has taken into account the recent use of other substances in the preparation of foodstuffs.

Finally, it has proposed amending the Annex so as to make it clear that Article 8, taken in conjunction with Annex I, does not imply that every synonym has to be listed on all packages.

Gist of the Opinion

The Economic and Social Committee adopted its Opinion unanimously.

As it has stressed on several occasions in the past, the Committee thinks that the free movement of goods cannot and must not be the sole aim of food directives.

The Committee, while approving the proposal, therefore urges the Commission to view the lists of the additives which have not been subject to thorough toxicological tests and may therefore be a health hazard.

In addition, the Committee states that the authorized additives should be necessary and useful substances and should not be likely to lower the quality of food by reducing its nutritive value or increasing the water content.

The Committee finally suggests that the basic Directive should specify that labels on additives sold to the food industry must indicate their active-substance content.

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.

II

EXTERNAL RELATIONS

Official visits of the Chairman of the Economic and Social Committee

1. In November 1977 the Chairman of the Committee, Mr Basil de FERRANTI, had meetings with :

- Mr THORN, Prime Minister and Minister of Foreign Affairs of the Grand Duchy of Luxembourg;
- Mr TINDEMANS, Prime Minister of Belgium;
- Mr JENKINS, President of the Commission of the European Communities;
- Mr SCHLECHT, Secretary of State in the German Ministry for Economic Affairs.

Discussions at these meetings centred round the question of the consolidation of the role of the Economic and Social Committee within the institutional framework of the Communities.

2. Official visit to Denmark

Mr Basil de FERRANTI, Chairman of the Economic and Social Committee, made an official visit to Denmark on 14 and 15 November. He had talks with the Danish Foreign Minister, Mr K.B. ANDERSEN, and the Danish Minister of Labour, Mr Svend AUKEN.

Mr de FERRANTI also met the Sub-Committee for Community Affairs of the Danish Parliament.

Finally, there were discussions with representatives of major trade associations and unions, including :

- the employers' confederation, the federation of industries, the chambers of commerce;
  - the Danish Federation of Trade Unions (LO), the federation of civil servants and salaried employees' organizations (FTF);
  - the agricultural council,
- and the consumers' council.

Mr de FERRANTI was accompanied by his Vice-Chairman, Mr BERNIS, and by the Committee's Secretary-General, Mr DELFINI.

III

NEW REQUESTS FOR OPINIONS

1. According to information reaching us from the Commission, the Committee is shortly to be consulted on three draft Directives concerning :

- colouring matters used in food,
- their licensing,
- anti-oxydants used in food. These are amendments to the existing Directives.

2. The Council has asked for the Committee's Opinion on the

- a) Proposal for a Council Directive on the Approximation of the Laws of the Member States relating to Hot Water Meters.
- b) Proposal for a Council Directive on Aid to Shipbuilding.
- c) Proposal for a Council Regulation on the Exchange Rate to be used in the Structural Policy for Agriculture.
- d) Proposal for a Council Regulation laying down representative conversion ratios in the agricultural sector.
- e) and on several draft Regulations on fisheries.

Subjects on which requests for Committee's Opinion is expected

- f) The Economic Situation in the Community.

The Committee decided at its 153rd Plenary Session to draw up a Study on

The Judicial and Quasi-Judicial Means of Consumer Protection.



IV

PROVISIONAL PROGRAMME OF FUTURE WORK

December 1977 Plenary Session

- Paper and Board Research
- Physical Properties of Foodstuffs
- Urban Agglomerations
- Colouring Matters in Foodstuffs
- Use of Colouring Matters
- Antioxidants in Foods
- Shipbuilding Aids
- Beef and Veal
- Agricultural Policy Exchange Rates
- Conversion Rates
- Statement of the President of the Commission on Monetary Union

January 1978 Plenary Session

Requested Opinions

- Animal Feedstuffs
- Alcohol
- Energy Objectives 1985
- Tractor Seats
- Green Paper
- Defective Products

Own-initiative Opinions

- Starch

February 1978 Plenary Session

Requested Opinions

- Nuclear Fuel Reprocessing
- Fast Breeders
- Radioactive Waste
- Fluorocarbons
- Home-Study Courses

Own-Initiative Opinions

- Export Credits
- Education and Training of Young People

Study

- Fiscal Harmonization

Subsequent Plenary Sessions

Requested Opinions

- Prepackaged Liquids

Own-initiative Opinions

- Mediterranean agriculture
- Forestry
- Customs Union
- Part-Time Work
- Use of Medicine
- Frontier Workers
- Lomé Convention
- Influence of the Committee

Studies

- Community/Greece Relations
- Community/State-Trading Relations
- Community/Spain Relations
- Asbestos

MEMBERS' NEWS

Death

Mr Maurice BOULADOUX, Member of the Committee from 25 April 1958 to 25 May 1973 and Vice-Chairman from 1970 to 1972, died on Tuesday 8 November.

Appointment

Mrs BENNEDSEN, member of the Economic and Social Committee, has been elected Vice-Chairman of the Danish Social Democrat Party.

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

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### **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 (1976) 80 p. (1975) 62 p. (1974) 60 p. (1973) 64 p.
- Directory (January 1977)  
(List of members) 42 p.

### **Opinions and Studies**

- Community Nuclear Safety Code (July 1977)  
(Study) 50 p.
- Regional Development - Unemployment and Inflation (June 1977)  
(Opinion) 130 p.
- 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.