

EUROPEAN COMMUNITIES

BULLETIN

7

ECONOMIC AND
S O C I A L
C O M M I T T E E



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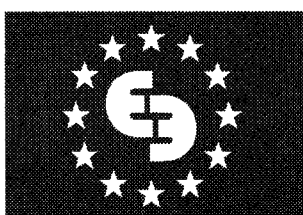
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The complete texts of the Opinions summarized in this brochure can be obtained either in the Official Journal of the European Communities, Office for Official Publications, 2, rue Mercier, L-2985 Luxembourg, or directly from the ESC Public Relations Division (Fax: +32.2.519.98.22)

I. 318th PLENARY SESSION OF 14 AND 15 SEPTEMBER 1994

The 318th Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels on 14 and 15 September 1994. Mrs Susanne Tiemann, Chairman, presided.

During this session, the Economic and Social Committee adopted the following Opinions:

1. EFFECTS OF PRIVATE AND PUBLIC PROJECTS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment (COM(93) 575 final)

(CES 996/94)

Rapporteur: Mr Enzo Beltrami (Italy - Employeurs)

Gist of the Commission Proposal

This proposal arises out of the problems that have been experienced to date in the implementation of the Directive 85/337/EEC. These implementation problems concern the rules in the Directive on its practical scope; information provision on impact studies; and, monitoring.

Legal basis

This proposal is being submitted after the entry into force of the Treaty on European Union and places the emphasis on the Community's environmental obligations with regard to impact assessment and, hence, is covered by Article 130s(1).

The motivations and reasons for the amendments are as follows:

Amendments:

Article 1: clarification of the term "modification of projects" which is now taken to mean "any restructuring of a project which affects it substantially or any substantial change in the conditions of execution or operation of a project".

Article 4: concerning the scope of the Directive. To initiate a **screening** procedure to be applied by the Member States for identifying Annex II (non-obligatory) projects which require assessment.

Article 5: concerning information provision. To introduce the concept of **scoping** so that information collected and submitted by the developers (re: Annex III) is more relevant to the type of project being assessed, and to improve the quality of that information. The developer will have access to the data held by any authority, in accordance with Directive 90/313/EEC (access to environmental information).

Article 6: environmental authorities to be consulted on developer's application and information. Also, consultation of the public before consent for development is granted.

Article 7: concerning the transboundary effects of projects, and the bilateral relations between Member States in conducting joint examination of these effects, which in turn is aimed at ensuring closer co-operation between Member States.

Article 8: the requirement that express account be taken of the opinions given by the environment authority and the public concerned, so that the environment assessment procedure can exert "pro-environmental" pressure on the development. This article in turn aims at creating greater transparency in the competent authority's decisions.

Article 9: so that the public may be aware of the effects of the environment assessment on the decisions taken.

Article 11: Article 11(2) to be deleted due to the new wording of Article 4.

Articles 12 and 13: to be deleted.

Annex I: two new categories of project to be introduced: installations for the reprocessing of irradiated nuclear fuel, and temporary storage of radioactive waste.

Annex II: to amalgamate certain categories of project. Also that the agricultural projects category is restructured to amalgamate uncultivated land projects and reclamation of land from the sea, into a new land use category. "Tourism and Leisure" is also to be introduced to encompass such things as the construction of ski-runs, ski-lifts etc.

Gist of the Opinion

The Committee approves the proposal to amend Directive 85/337/EEC as addressing the main shortcomings highlighted in the Commission Report (COM(93) 28 final of 2 April 1993) on the implementation of the Directive.

The Committee is pleased that the Commission intends the new proposal to be compatible with the fifth environmental action programme¹ and the White Paper on growth, competitiveness and employment². The programme acknowledges the central role of the environmental impact assessment in decision-making on individual projects and underlying development strategies.

The Committee is pleased that the Commission's proposal for a Directive has codified a hitherto informal interpretation in a precise and clear manner, especially as regards:

- a) the information to be supplied by the developer;
- b) the right of the developer - including those involved in project planning and implementation - to access relevant information held by the authorities.

The proposal also has the merit of ensuring:

- a) better control over the quality of impact assessments and the conclusions drawn from them;
- b) closer attention to attenuation measures;
- c) fewer assessments of very small projects (where they are unlikely to have any environmental impact).

The Committee notes the new provisions for consulting and involving the authorities of another Member State in environmental assessments of projects with a transboundary impact. In particular, it notes that Article 7 has been reworded to reflect the objectives of the Espoo Convention signed in Finland on 25 February 1991, including the provisions on the monitoring of the transboundary environmental effects of the project (Article 7(2)(iv)).

The Committee is pleased that the Commission intends to study the costs and benefits of a possible extension of the monitoring mechanism to cover non-transboundary aspects, and the compatibility of such an extension with the subsidiarity principle, before submitting specific proposals on the subject.

In accordance with the subsidiarity principle, the new wording of Articles 4 and 5 leaves Member States considerable discretion on the designation of special protection areas and thresholds. This could lead to distortions of competition. The Committee asks the Commission to pay special attention to this aspect, and to draw up harmonization proposals if appropriate.

¹ COM(92) 23 final of 12 June 1992, pages 26-27.

² COM(93) 700 final of 5 December 1993.

2. BATHING WATER

Opinion of the Economic and Social Committee on the *Proposal for a Council Directive concerning the quality of bathing water*
(COM(94) 36 final)

(CES 997/94)

Rapporteur: Mr Gordon Pearson (Ireland - Employers)

Gist of the Commission proposal

The object of the present proposal is to simplify and update Directive 76/160 EEC on the quality of Bathing Water, with particular reference to the concept of subsidiarity and the 5th environmental action programme.

Gist of the Opinion

The Committee welcomes the principles outlined in the proposals but points out matters of practical concern and doubts whether the desired results can be achieved.

Thus, it is regrettable that the proposed new framework Directive on the ecological quality of water, into which the present proposal should fit, has not been ready for examination in parallel with it.

The Committee made a number of technical observations concerning the disease Salmonella, the bacteria faecal streptococci, on the monitoring of the micro-organisms known as enteroviruses, on non-biodegradable plastics in sewage, and on the concept of "excellent quality" for water.

The Committee also commented on possibly greater costs than anticipated, the necessity of information for tourists and the impracticality of the deadlines set.

3. ACTION PLAN-CANCER 1995-1999

Opinion of the Economic and Social Committee on the *Proposal for a European Parliament and Council Decision adopting an action plan 1995-1999 to combat cancer within the framework for action in the field of public health*
(COM(94) 83 final)

(CES 998/94)

Rapporteur: Mr Sergio Colombo (Italy - Workers)

Gist of the Commission proposal

The action plan complements various Community initiatives, including the protection of workers and consumers. Its main aim is to increase knowledge of the causes of cancer and possible methods of prevention. By ensuring wider dissemination of knowledge of the causes and prevention of cancer and by encouraging improved comparability of information on the subject, it will contribute to the achievement of Community objectives and stimulate measures at national level.

To this end, it contains recommendations for the implementation of 20 measures in the major fields: collection of data, information, health education, cancer training for health-care workers, early detection and screening, studies and measures relating to the quality of care and, finally, research.

In accordance with the principle of subsidiarity, Community action is designed in such a way as to assist Member States in the fulfilment of their objectives in combating cancer, and it will be implemented in such a way as to maximize the Community added value.

This proposal takes account of the opinion expressed by the European Parliament and by the Member States, particularly in the light of the recent evaluation report. It reflects the experience accumulated by the Commission

during the first two action plans during which it has been ably assisted in its work by the high level committee of cancer experts drawn from the Member States.

The proposal takes account of the principle of subsidiarity, recognizes that situations differ in the Member States and establishes appropriate consultation and assessment procedures for the proposed activities.

Gist of the Opinion

The Committee approves the proposal to adopt a new programme which falls within the wider dimension of Community public health policy, and also takes account of the track record of the preceding programmes (1987-89 and 1990-94).

As in the past, but all the more so in the light of Article 129, the Committee is concerned at the limited financial resources earmarked for the action plan (MECU 64).

Under Article 5 of the proposal, the Commission is to be assisted by an advisory committee. Point 93 of the accompanying Communication states that this is to consist of representatives of the Member States, health professionals and non-governmental organizations in the field. The Committee recommends that there should also be adequate representation of socio-economic, consumer and environmental organizations, as these have already shown that they can make an important contribution to information and prevention campaigns.

The Committee is pleased to see the Commission's undertaking (Article 7) to send it the annual report on the progress of the action plan and on the financing of the various fields of action. As well as helping to make matters more open, this will provide an opportunity to assess the results and added value obtained, and to steadily sharpen the focus and hence effectiveness.

4. INTERNAL MARKET

Opinion of the Economic and Social Committee on *The Community Internal Market - 1993 Report*
(COM(94) 55 final)

(CES 999/94)

Rapporteur: Mr Liam Connellan (Ireland - Employers)

Gist of the Commission document

This first Annual Report on the operation of the internal market is a response to a request first formulated in the Sutherland Report on "The internal market after 1992, Meeting the challenge", and later echoed in the Commission communication of December 1992 on the operation of the Community's internal market after 1992 (follow-up to the Sutherland Report)³.

The key observation in the Report is that "the internal market is working - but it can and must be improved if it is to fulfil its promise".

The community has made considerable progress in terms of the free circulation of goods, services and capital, although important political decisions are still needed to secure the free movements of persons.

The first part of the Report comprises an overall survey of existing legislation and examines the most important issues relating to the management of the internal market as set out in the Commission's Strategic Programme⁴ of November 1993.

The second part of the Report assesses how every area of activity of the internal market operated in 1993.

³ See Document SEC(92) 2277 final of 2 December 1992 and ESC Opinion (OJ No. C 201 of 26 July 1993, p. 59).

⁴ COM(93) 632 final of 22 December 1993 "Making the most of the internal market" Strategic Programme.

Finally, the annexes review:

- a) Proposals concerning the internal market put forward by the Commission and currently before the Council;
- b) Internal market measures adopted by the Council or Commission - state of transposition into national law;
- c) Court of Justice decisions not implemented by Member States and pending infringement procedures, and
- d) the state of ratification of intergovernmental conventions.

In future the Annex and Report will provide the basis for a regular assessment of the extent to which the EC has achieved its objectives and for the establishment of priorities.

Gist of the Opinion

In a Resolution on the 1992 Internal Market Programme the European Parliament recommended to the Council that the Economic and Social Committee should constitute a forum for the future development of a Community action plan and should periodically analyze and study its progress and implications for the various categories of economic activity represented by the Committee.

The Commission supported this view in its Working Document on a Strategic Programme on the Internal Market. It stated that in relation to supervising the operation of the Internal Market and evaluating the effectiveness of Community rules that the Commission "was prepared to work through the Economic and Social Committee which consists of representatives of all these groups and thus combines technical knowledge with the political sensitivity for an assessment of this kind".

In its Opinions of 27 May 1993⁵ and 22 September 1993⁶ the Committee accepted that it should be more involved in the process of ensuring greater transparency in the implementation of Community law. It would hold ESC hearings to which recognized interest groups representing consumers and the various categories of economic and social activities throughout the Union would be invited to present their experiences in the operation of Internal Market legislation to date.

The Committee also undertook to comment periodically on the operation of the internal market to ensure that the objectives are being achieved.

The first annual report on the operation of the Internal Market in March 1994 provides an initial opportunity for the Committee to comment on the application of Community law regarding the Internal Market.

The Committee considers that the full operation of the Internal Market is crucial to economic and social development within the European Union. The Hearing and responses to the questionnaire demonstrate clearly that many obstacles to the free movement of goods, services, people and capital remain. The Committee recommends the adoption of a vigorous programme to eliminate all remaining obstacles.

There is need to achieve an appropriate balance between EU and national regulation. The implementation and control of existing regulations must be supervised rigorously. The Committee repeats its recommendation that the use of Regulations rather than Directives is more appropriate to strictly technical provisions.

The Committee recommends the systematic development of a Europe-wide inventory of trade barriers in the European Union and EEA.

The Committee recommends that easily understandable information about the legal rights of the various economic and social interests should be disseminated.

The Committee recommends that the Commission should publish annually a list of all complaints received about the inadequate functioning of the Internal Market, should comment thereon and state the action which has been taken or is proposed.

⁵ OJ No. C 201 of 26 July 1993.

⁶ OJ No. C 304 of 10 November 1993.

The Committee recommends a greater harmonization of environmental standards even at a higher level to ensure balance and compatibility between the objectives of improved environmental requirements, and the operation of the Internal Market.

The Committee recommends that measures be taken when introducing the definitive VAT system throughout the Union to achieve the maximum clarity, simplicity and consistency so that all obstacles to intra-Union trade are eliminated.

The Committee recommends that the taxation treatment of house mortgage interest payments, and insurance premiums should be the same whether sourced in another Member State or in the home state of the user.

The Committee recommends the adoption of the proposed Directive concerning "the posting of workers" as a step towards avoiding distortion of competition linked to cross border employment.

The Committee recommends the development of an intensive programme to establish objective educational and training equivalence for all "non-regulated" professions.

The Committee recommends the adoption of measures where practicable to prevent the loss of certain social welfare benefits and state pension entitlement when citizens change residence to another Member State.

The Committee recommends an urgent examination of public purchasing procedures in Member States to ensure that administrative requirements are not imposed on firms from other Member States which effectively act as barriers to trade.

5. GREEN PAPER ON THE AUDIOVISUAL POLICY

Opinion of the Economic and Social Committee on the *Strategy options to strengthen the European Programme Industry in the context of the Audiovisual Policy of the European Union - Green Paper*
(COM(94) 96 final)

(CES 1000/94)

Rapporteur: Mr Paul Flum (Germany - Workers)

Gist of the Commission document

The Green Paper is based on the following analysis:

- the European audiovisual sector has been through 30 years of decline without any sign of recovering;
- new technologies such as multi-media are emerging, but the European programme industry is not prepared to deal with these technologies;
- the economic importance of the sector is growing and the second important export good from the US to Europe is actually audiovisual products;
- in terms of jobs the Commission's White Paper sets out the potential role of the sector in creating jobs: up to 4 million jobs could be created in this sector in the medium term;
- although these economic considerations became a predominant issue during the GATT negotiations, the Commission underlines that the cultural dimension of the audiovisual sector is equally important.

The television without frontiers Directive and the MEDIA programme constitute a Community "acquis" on the basis of which the European Union must build in its approach to the sector.

With a view to progressively identifying common interests in the area of national support systems, it would be appropriate to put forward suggestions as to a framework for exchanges of views and reflections and to propose priority issues for discussion.

Beyond the development of local and national markets, further efforts need to be made to encourage the creation and development of a real European market for European programme works. In this context, it is necessary to encourage the dissemination of European cultures by favouring the distribution and diffusion of works from other countries of the EU in each Member State.

Community mechanisms for the promotion of European programmes should contribute more effectively to the circulation of European works within Europe.

In the field of financial incentives, complementarity between initiatives at national and EU level must be improved. The EU must concentrate its efforts on certain sectors of the programmes industry (development, distribution, training, etc.). The follow up to the MEDIA programme after 1995 must take those principles into account.

The audiovisual sector in Europe as a whole, is also a sector of political culture and democracy. As such, its promotion should be considered a vehicle for development and revitalization of democracy.

Gist of the Opinion

In its remarks, the Committee pinpoints the fact that the Green Paper deliberately abstains from describing the consequences of frenetic competition in the audiovisual sector in terms of socioeconomic policy. It cannot, however, be denied that cinema, television and radio programmes cannot be put on the same footing as other services, for the simple reason that they represent an essential part of the cultural identity of European countries. Unbounded competition in this field would, doubtless lead to the domination of the European market by a few media groups, more often than not from outside Europe, and this would be a threat for European cultural identity.

The Committee stresses that concentration processes in the media are accelerating also and call for urgent regulation. This aspect cannot, however, be overlooked between now and the adoption by the Commission of concrete measures in response to the Opinions of the European Parliament, the ESC and other institutions on the "Pluralism and Media Concentration" Green Paper.

Furthermore, neither the experience gained since the adoption of the Television without frontiers Directive of October 1989, nor the recent political developments have stopped the Commission from concentrating its attention on industrial policy. The quota arrangements advocated in the television Directive in favour of European programmes have been transgressed by some commercial television companies. These events should, according to the ESC, be perceived as alarm signals for the European Union audiovisual policy and should give rise to measures against media concentration in Europe, as the Committee has already several times suggested.

In its answers to issues raised in the Green Paper, the Committee specifies *inter alia*, that:

- The adoption of common definitions would be pertinent and necessary in several respects: for defining the limitation of media concentration processes and for determining promotional conditions. Finally, incentives for investment in the production of programmes should deal mainly with promoting the production of programmes with a cultural weight or buying up the rights.
- As regards media time-scales, in view of the wide range of interests present in film production and of the relations of dependence within the industry, as well as the forthcoming proliferation of programme channels due to digitalization, an in-depth reassessment of existing measures is paramount.
- The best way to stimulate Pan-European distribution of programmes would be to offer abundant information on the products in the main European languages and, if possible, in all. The translation pool that this involves would be one of the most important investments and could, at the same time, allow the achievement of high quality dubbing.

This set of measures could, for instance, be financed by deductions made on the income from television advertising ("advertising levy"), especially as such deductions would, in turn, benefit all the operators.

- The idea according to which promotion of companies, taking the whole range of their activities into account contributes to a growth strategy could be a dangerous short-cut. Economic history shows us many examples of the fact that indiscriminate promotion, is much less effective than a more concrete approach giving financial incentives project by project.

- The ESC is categorically favourable, for the reasons given above, to the setting-up of a cooperative exchange and assessment framework for promoting the convergence of national systems of support. This framework should be centred on a Pan-European levy system, as outlined in paragraph 5.3.2. of the Green Paper, and particularly in item (ii);

This assessment should aim at the adoption, at Community level and beyond, of concrete measures of financial support of audiovisual programmes representative of European countries. The time has come to act.

6. NOVATION AND NETTING AGREEMENTS

Opinion of the Economic and Social Committee on the *Proposal for a European Parliament and Council Directive amending Council Directive 89/647/EEC with respect to the supervisory recognition of contracts for novation and netting agreements*
(COM(94) 105 final - 94/0099 (COD))

(CES 1001/94)

Rapporteur: Mr Robert Pelletier (France - Employers)

Gist of the Commission document

The aim of this Directive is a modification of Annex II of the Solvency Ratio Directive (89/647/EEC). This Annex deals with the treatment of off-balance-sheet items concerning interest- and foreign-exchange rates. The intention is to open the possibility for a broader supervisory recognition of the risk reducing effect of bilateral netting than at present. The present text of the Solvency Ratio Directive recognizes only bilateral netting by novation as a risk reducing factor. According to the proposal, the national supervisory authorities will have the possibility of recognizing the risk reducing effect of further types of bilateral netting and, in particular, of bilateral close-out netting, provided that the legal validity of the contractual netting is proven. The Directive mirrors the work of another international supervisory forum on the issue of bilateral netting. Therefore, the desirable consistency between important international supervisory frameworks is ensured.

As Council Directive 93/6/EEC of 15 March 1993 on the capital adequacy of investment firms and credit institutions and 92/121/EEC of 21 December 1992 on the monitoring and control of large exposures of credit institutions refer to those provisions of Directive 89/647/EEC which are amended by the Directive, the amendments made in this Directive will apply in the framework of Directives 93/6/EEC and 92/121/EEC as well.

As the Solvency Ratio Directive is contained in the Annex to the EEA agreement (see Annex X, II No. 18) and applies to all countries of the EEA, the proposed Directive, which amends the Solvency Ratio Directive, is to be extended to the EEA. Therefore, this Directive shall be inserted in the Annex IX of the EEA agreement under II No. 19a.

Gist of the Opinion

The Committee recommends that the proposed directive be adopted as rapidly as possible, although it would suggest certain changes which it thinks are necessary if the directive is to be applied properly in the different Member States.

These concern the following areas:

It is desirable to increase the legal security of such contracts throughout the European Union.

In addition to amending the Solvency Ratio, Own Funds and Large Risks Directives, it might well be a good idea for the Commission to put forward some form of binding Community act so that Member States which have no legislation on the validity of contracts for novation or netting agreements take the appropriate steps by 1 January 1996 at the latest.

In the same spirit, the Committee also thinks it is necessary to adopt rapidly the 1985 draft directive on the winding-up of credit institutions, amended in 1988.

The privileged status of netting by novation in the proposed directive seems excessively influenced by common law and favours the prudential treatment of this type of netting.

Conclusions

The Commission should define netting by novation in terms which mean something in different legal systems.

It would seem logical for the proposal to grant other forms of netting the same privileged treatment as that given to netting by novation.

One wonders why the proposal should refuse to put payments made under these legislations on an equal footing, as regards prudential treatment, with netting by novation by allowing the amalgamation of interbank payments under certain conditions.

Application of the proposed directive in practice

The proposal stipulates that the credit institution should have furnished to the supervisory authorities "written and reasoned legal opinions...". This obligation goes beyond the requirements set out by the Basle Committee and necessitates major transfers of documents which are not indispensable. It would suffice to require that the institution should keep its documents at the disposal of the supervisory authorities.

Calculation of weightings

The draft directive proposes that the weightings applied for potential future contract risks should be based on the notional total of each contract. Such a method is too strict. Weightings should be based solely on the amalgamated amounts of contracts.

Multilateral amalgamation

Multilateral amalgamation schemes such as ECHO and NACHO-MULTINET are being developed. The proposed directive should be amplified on this point, and indeed the Basle Committee has already given some thought to the matter.

It seems sufficient to impose a weighting of 20% on the clearing system.

7. PARTNERSHIP (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on the role of the public authorities in the partnership (Article 4 of the Framework Regulation)

(CES 1002/94)

Rapporteur: Mr Ettore Masucci (Italy - Workers), Co-Rapporteur: Dame Jocelyn Barrow (United Kingdom - Various interests)

Purpose of the Own-initiative Opinion

At its January 1994 Plenary Session, the Committee adopted an Own-initiative Opinion on the involvement of the economic and social partners in Community regional policy. The Opinion examined the role of the socio-economic organizations and scrutinized Article 4 of the Framework Regulation governing the Structural Funds in the light of experience hitherto. It concluded that the Committee should keep an eye on the implementation of Article 4, to see that its spirit is respected, with a view to drawing conclusions at the end of the 1994-1999 programming period.

The manner in which the partnership is defined in the new Article 4 is the most significant innovation in the new Structural Fund Regulations, because it alters the basic philosophy underpinning Community intervention.

The change marks a move from administration-based intervention to consultation-based intervention. The thinking behind this is that it is easier to trigger an effective and lasting development process if there is the synergic support of all the main social interest groups.

In this context, it is important to understand the attitude of the relevant authorities (national, regional and local) on whom the success of the partnership depends.

The Opinion will address the following questions:

- how do the relevant authorities view the idea of consultations which lies at the heart of the new partnership?
- what exactly is meant by "close consultations"?
- how are the "economic and social partners" to be chosen?
- what is the purpose of the consultations at the various levels?
- what will be the forums for consultations?
- how do the public authorities intend to equip themselves to implement Article 4?

Gist of the Own-initiative Opinion

Following the adoption of the Structural Funds' new Framework Regulation, the "partnership" is to include the economic and social partners, with the parties acting "in pursuit of a common goal" through "close consultations" (Art. 4(1)).

A recent ESC Own-initiative Opinion⁷ dwelt on the identity and role of the partners, the levels and forms taken by the partnership, and the instruments of participation. However, these points were only considered in connection with the economic and social partners.

The present Opinion, in contrast, is based on the premise that the partnership and the close consultations - and hence the development philosophy which underpins them - can only work if the relevant public authorities at national, regional and local level are sympathetic and supportive, in both practical and formal terms.

After having described a number of national experiences and spelt out the objectives to be achieved, which are to maximize employment and carry out "close consultations", the Opinion looks at the factors which it considers to be necessary for an effective application of Article 4. These are required of all tiers of the public authorities and concern: the political will to implement the Article; the existence of a culture of participation and social dialogue; the allocation of responsibilities and resources at all administrative levels; and the technical ability to organize participation.

Finally, the Opinion stresses that the Commission and national authorities need to provide the local authorities with information on the application of Article 4 and reaffirms the Committee's will to keep a close eye on the implementation of Article 4 by regularly monitoring the steps taken by the authorities and the progress made.

8. ATLANTIC ARC (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on regional planning and development strategies for the Atlantic coastal regions

(CES 1003/94)

Rapporteur: Mr Graham Speirs (United Kingdom - Various interests)

Reasons for preparing an Own-initiative Opinion

Since the European Council has given a fresh impetus to the implementation of the EUROPE 2000 Programme and has made funding available for transnational and inter-regional cooperation projects, and since preliminary studies have been carried out on the Atlantic coastal regions in particular by CEDRE on the "Atlantic Arc", it is essential that the views of the economic and social partners be taken into account at the project planning stage so that they can both contribute and benefit.

⁷ Own-initiative Opinion of the Economic and Social Committee of 28 January 1994 on the involvement of the economic and social partners in Community regional policy (OJ No. C 127 of 7 May 1994).

Transnational and inter-regional cooperation will form a prominent part of EU policies and programmes in the future, and the Economic and Social Committee is ideally qualified and structured to bring forward initiatives in an inter-regional framework.

It is therefore proposed in the context of an Own-initiative Opinion on the Atlantic regions to:

- outline the economic and social situation in the Atlantic regions, refer to the historic and economic factors which contributed to the relative decline of these regions, e.g. centralization of political power and economic activity which followed on the growth of modern transport (unlike the United States, where the coastal regions are extremely rich and well-developed);
- outline the strengths, weaknesses and potentials of the Atlantic coastal regions;
- propose practical strategies and planning for development, especially as regards inter-regional commerce, fishing, tourism and the development of islands.

Of special interest to the social partners could be the Atlantic Arc tradition of enterprise, based on skills and seafaring tradition. Can this resource be revitalized?

Gist of the Own-initiative Opinion

The Opinion lends its support to all existing cooperation programmes in the Atlantic region, but believes that development objectives could be more easily attained if they were included in a specific Community programme, such as a Community initiative. Furthermore, it emphasizes the need for the private sector to exploit the area's hitherto untapped potential for development, the need for risk capital to be made available, and the importance of setting up a well thought-out partnership model, including local, community-based development associations.

A Community Programme would also be the best way of ensuring interregional solidarity in areas which sometimes tend to foster their differences, in a spirit of competition.

9. SHIPPING USING COMMUNITY PORTS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive concerning the enforcement, in respect of shipping using Community ports and sailing in the waters under the jurisdiction of the Member States, of international standards for ship safety, pollution prevention and shipboard living and working conditions

(COM(94) 713 final)

(CES 1004/94)

Rapporteur: Mr Francis J. Whitworth (United Kingdom - Employeurs)

Gist of the Commission document

In its Communication "A Common Policy on Safe Seas" of 24 February 1993, the Commission identified besides the need to promote a modern, coherent and harmonized development of maritime infrastructure, two types of measures which would contribute to a substantial reduction of substandard shipping in Community waters:

- a) requirements on a convergent implementation of existing international rules, strengthening the flag state responsibility and the development of new appropriate rules within international organizations; and
- b) measures for a more effective enforcement of the international rules to vessels of all flags, strengthening the level of intervention of the port and coastal states.

The first type of measures affects primarily those ships and crews operating under flags of Member States. The second train of measures affects directly all vessels operating in Community waters, irrespective of the flag they fly. With regard to the latter, the Council stressed the need for Community action to strengthen inspections carried out by the states of the port to assure compliance of ships to construction and operation standards as well as crews standards and to take measures designed to remove all substandard ships from Community waters.

The main elements of the proposal are:

- i) to establish a common set of criteria for the intensification of inspections of ships;
- ii) to harmonize inspection and detention criteria;
- iii) to establish adequate national inspection structures and qualification requirements for inspectors;
- iv) to set up an effective mechanism to control and evaluate the effectiveness of these measures;
- v) to introduce more transparency in the results of the inspections;

on a mandatory base within the Community.

The rules set out in the Directive establish the main provisions necessary to ensure a more harmonized and effective control of shipping by the state of the port. The execution of the measures, for example the choice of the appropriate maritime administration and establishment of certain detailed procedures, is left to the Member States.

Gist of the Opinion

The Committee welcomes the draft Directive and endorses the objectives which it seeks to meet.

While recognizing the considerable achievements of the MOU regime in the twelve years of its existence it acknowledges that port state control inspection requirements should have the force of Community law and be applied in a uniform manner.

It reiterates the views expressed in its previous Opinions that Community requirements should be based on international instruments adopted by the IMO and the ILO and welcomes the fact that this situation generally underlies the requirements of the present Directive.

It is important that the port state control regime should be sufficiently rigorous to ensure the effective application of internationally agreed standards in all vessels calling at Community ports, without at the same time penalizing those ships which are properly operated and maintained. Generally speaking the draft Directive achieves a proper balance in this respect.

The Committee is concerned that full advantage should be taken of the proven expertise which the MOU has built up. An effective means must be found for the Community and the MOU regimes to co-exist: the requirements of each should be brought into line with the other and unnecessary duplication of functions avoided.

The Commission should examine the suggestions in regard to port state control made in the recent UK Report of the Inquiry into the prevention of pollution from merchant shipping before finalizing the present draft Directive.

10. RAILWAYS - LICENCES AND INFRASTRUCTURE

Opinion of the Economic and Social Committee on the Proposal for a Council Directive on the licensing of railway undertakings and the Proposal for a Council Directive on the allocation of railway-infrastructure capacity and the charging of infrastructure fees
(COM(93) 678 final - SYN 488/490)

(CES 1005/94)

Rapporteur: Mr Joël Decaillon (France - Workers)

Gist of the Commission proposal

Council Directive 91/440 on the development of Community railways, on which the Committee gave an Opinion in July 1990, creates new possibilities to develop railway services by granting certain access rights to railway infrastructure. International groupings of railway undertakings are permitted to provide passenger and freight services between their countries of establishment (with transit rights through other Member States) and undertakings are allowed to

operate international combined goods transport. This creates a new situation: railway infrastructure can be used by trains managed separately from the infrastructure and different railway undertakings can use the same infrastructure. Complementary legislation is now needed to ensure that Member States grant such rights in a way that is equitable, non-discriminatory and economically efficient, while ensuring safety and adequate public services. In the absence of broad Community rules, disparate national systems could develop which would impede the realization of Community objectives.

The Commission therefore presents proposals for two directives: one on the licensing of railway undertakings and the other on the allocation of infrastructure capacity and the charging of infrastructure fees.

The first proposal concerns a directive on the licensing of railway undertakings. Licensing is required in the interest of safety, to ensure that operators are professionally competent, financially fit and of good repute, while allowing new entrants. The directive lays down the broad lines of a Community licensing system, covering criteria and procedures for licences, while leaving Member States responsible for practical implementation.

The second proposal concerns a directive covering the allocation of railway infrastructure capacity and the charging of infrastructure fees. As there may be different users of the same infrastructure, and as this may be used by operators managed separately from the undertakings owning it, a Community system is needed to ensure that infrastructure is allocated and fees are charged in a manner that is non-discriminatory and uniform and follows market principles. The directive sets out principles and procedures for this, leaving the detailed implementation to the Member States.

Gist of the Opinion

The two proposals under discussion overlap with Directive 91/440, which was the subject of an ESC Opinion (4 July 1990, Rapporteur: Mr Haas (OJ No. C 225 of 10 September 1990)). The interpretation of the basic text poses difficulties, as the drafts under discussion in the various Member States for transposing it into national law demonstrate. These difficulties are compounded by those caused by the proposals now under discussion. Since these two proposals are not based adequately on the reality of the situation and on the work of the international bodies empowered to deal with all matters to do with interoperability, their application is under threat.

In the general interest of rail transport development and, consequently, the environment, these problems of transposition and application must therefore be solved beforehand.

The railways must be integrated into a competitive market by taking into account the specific aspects of this mode of transport and by adopting an intermodal approach which takes account of all internal and external costs and benefits.

The Committee calls for criteria to be more clearly defined, steps to be less rushed and certain texts to be revised in the light of the arguments put forward in this Opinion.

11. INLAND WATERWAY TRANSPORT (Own-initiative Opinion)

Own-Initiative Opinion of the Economic and Social Committee on *Inland waterway transport*

(CES 1006/94)

Rapporteur: Mr Gerhard von Haus (Germany - Employers)

Subject of the Own-Initiative Opinion

Inland waterway transport meets most of the specifications for a modern, forward-looking mode of transport. It is cheaper, safer and more environmentally friendly than its rail and road competitors.

In addition, inland waterway transport is the only mode of transport with substantial free capacity. This is highly significant bearing in mind the forecast growth in goods transport in the wake of the internal market, the opening-up of the borders of the central and eastern European countries and the increasing division of labour in the economy.

This applies in particular to combined transport (multimodal). In this respect it bodes well for the efforts of the Commission and all the Member State governments to promote an environmentally benign and socially acceptable transport system by exploiting free capacity and the inherent advantages of each mode.

The persistent decline in freights since 1992 has led to a steady deterioration in the economic situation of inland waterway shipping in Germany, France and the Benelux. This decline is due to overcapacity, the fall in cargoes and stiff competition from other forms of transport.

Gist of the Own-initiative Opinion

The Committee recommends that a new scrapping scheme should be introduced aimed at removing 15% of the equivalent dry cargo tonnage including pusher craft and 20% of the equivalent tanker tonnage. The funding for this scheme should come from the governments of the Member States and/or the EU.

The Committee also recommends that, as part of the master plan for European inland shipping, measures should be taken to align the conditions of competition, to create a common market organization and to generate ideas on developing and financing a trans-European inland waterway network.

Rapid abolition of the *tour de role* system is a prerequisite for a harmonized market with equal conditions of competition for all participants. To offset this, selective transport policy measures should be encouraged to improve the integration of inland waterways into combined transport operations within the EU.

Finally, the Committee welcomes the Council Resolution of 29 October 1993 on the development of a trans-European inland waterway network which takes account of the desired technical compatibility of the waterways and lays down the measures to be carried out as a matter of priority.

It is in the Community's interest to carry out the costly development measures under this programme rapidly. Co-financing from the EU budget to top up national financing is called for.

12. GREEN PAPER MOBILE AND PERSONAL COMMUNICATIONS

Opinion of the Economic and Social Committee on the *Green Paper on a common approach in the field of mobile and personal communications in the European Union*
(COM(94) 145 final)

(CES 1007/94)

Rapporteur: Mr Michael Mobbs (United Kingdom - Employers)

Gist of the Commission document

Mobile communications is currently the fastest growing area within the telecommunications sector and has a huge potential for growth: a cumulative investment in mobile infrastructure of between BECU 27 and 45 is projected to the year 2000.

The current Green Paper aims at removing the barriers to the further development of the sector by defining a coherent policy framework.

The global aims of the Green Paper are:

- to permit the development of a Union-wide market for mobile services, equipment and terminals;
- to identify common principles, where required, for achieving this objective, in relation to the provision of mobile infrastructure, the development of mobile networks and services, and the supply and operation of mobile terminals;
- to promote the evolution of the mobile communications market into mass personal communications services, with particular emphasis on pan-European services;
- to facilitate and promote the emergence of trans-European networks and services in the sector, and to ensure that the sector's development is achieved in a manner consistent with the public interest.

The key proposals in the Green Paper are:

- 1) Abolishing remaining exclusive and special rights in the sector, subject where required to appropriate licensing conditions.
- 2) Removal of all restrictions on the provision of mobile services either by independent Service Providers or through direct service provision by mobile network operators.

Service providers should be allowed to combine different services provided under different licences, as well as allowing the provision of services in different Member States.

- 3) Full freedom for mobile network operators to operate and develop their own networks, including a right to self-provide or use third party infrastructure to operate their mobile network, and the removal of restrictions on sharing infrastructure.
- 4) Unrestricted combined offering of services via the fixed and mobile networks, within the overall time schedule set by the Council Resolution of 22 July 1993 for the full liberalization of public voice services via the fixed network.
- 5) Facilitating pan-European operation and service provision. This should include further development of mutual recognition of type approval of mobile terminal equipment, as well as coordination of licensing and award procedures, where appropriate to facilitate development of trans-European networks.

Gist of the Opinion

The Committee supports the Green Paper whilst recognizing that it contains important proposals, a number of which may require considerable changes in some Member States in the way in which new services are offered to the public. Therefore, whilst giving its support, the Committee has some reservations, especially about the ability to see all proposals implemented as suggested.

The Committee considers the Commission will need to give further consideration to the following before a White Paper or concrete proposals for further actions are drafted:

Licensing procedures

Transparency and non-discriminatory behaviour should be ensured.

Service Provision

The Committee considers that the suggested Code of Conduct for Service Providers should spell out essential requirements and commitments on availability and quality of service and contain more binding requirements on participants with regard to infrastructure services. The Committee considers that any code of conduct should be adapted to national traditions and practices.

Interconnection

It is critical that interconnection should be facilitated, which heightens the need for proper and effective National Regulatory Authorities (NRAs). In this regard, the work of the Council already exemplified in Council Directive 92/44 on the application of the open network provision to leased lines is relevant.

Infrastructure

The ability for new operators to establish their own is very important. Whether it makes economic sense for a new operator to build his own infrastructure is a matter that should be left to the operator, the economic choice should not be hampered by continuing monopoly ownership.

Radio frequencies

Access to radio frequency spectrum on a fair and equitable basis by all mobile operators is critical. The planning and allocation of radio frequency spectrum must therefore be dealt with impartially and independently of any particular Telecommunications Operator (TO). It is therefore important that such matters be administered by the NRA or by a separate independent body in each Member State.

Numbering

The same access numbers for networks and services could considerably simplify use of the various services in Europe and lead to increased traffic. There can therefore be no objection, in principle, to new uniform numbering arrangements. But the Commission must at the same time draw up a financing plan in collaboration with various network operators. It is not clear who is to carry the cost of the reorganization of numbers.

Furthermore, administration of numbering plans should not be left to any TO. It is a regulatory function which should be separate.

Launching the evolution to personal communications services

Despite the reference to removal of restrictions on the combination of the operation of fixed and mobile networks contained in the review of the situation in the Telecommunications Sector in 1992, the Council's position is that on decision on the network monopoly must be linked to a broad public consultation to which the forthcoming Commission Green Paper on infrastructure will contribute.

Fair competition

More should have been in the Green Paper of the need for separation of business of TOs. This is necessary to avoid the risks and likelihood of cross-subsidies, hidden cost and undue preferences between these respective businesses.

With regard to tariffing it is important to develop the market to ensure cost oriented tariffing. Transparent and non-discriminatory charging principles should be clearly established.

Access to third markets

The Committee, whilst noting the Commission comments, has grave doubts about the prospects for the success envisaged. Legislative restrictions, in particular in the USA hold out few prospects for the EU making any significant inroads in the USA. Therefore the Committee thinks that much more positive action, maybe at a political level, will be needed for any degree of world-wide level playing fields to be achieved in the foreseeable future.

Economic and social issues

Various Union telecommunication decisions and the effect of harmonization and liberalization of mobile communications, which is seen as a market of the future and the resulting proliferation of competitors are having, and will undoubtedly continue to have, an impact on existing jobs. This tendency is reinforced by technological development within the fixed networks. Depending on growth in the telecommunication sector as a whole, a negative impact on jobs is possible. Thus employees of existing fixed networks are concerned about the security of their jobs.

In this context, questions of training and retraining are of great importance. Initiatives by the Council and the Commission aimed, not only at harmonizing and liberalizing service, but also at studying the economic impact and consequences of these decisions would be greatly welcomed. Employees' fears could perhaps be substantially allayed if this problem were to be accorded high priority.

A necessary prerequisite for these initiatives is an in-depth study of the economic and social consequences for the telecommunication sector as a whole.

13. IMMIGRATION AND ASYLUM POLICIES

Opinion of the Economic and Social Committee on the *Communication from the Commission to the Council and the European Parliament on immigration and asylum policies*
(COM(94) 23 final)

(CES 1008/94))

Rapporteur: Mr Paul Flum (Germany - Workers)

Gist of the Commission Communication

The Communication aims to provoke a wide-ranging debate with the Council and the Parliament so that a consensus can be reached on the long-term action required to meet the challenges facing the Twelve on matters of immigration and asylum. The Communication sets out a framework, based on three key elements, which is intended to enable the Twelve to reach a comprehensive solution. The elements are as follows:

- action on migration pressure, particularly through cooperation with the main countries of would-be emigration to Europe;
- action on controlling immigration in order to keep it within manageable structures;
- action to strengthen policies for legal immigrants.

Thus:

- a) With regard to the action to be taken on the **causes** of migration pressure, it will be necessary to ensure that immigration and asylum policies are **fully integrated into the Union's external policies**, and that the various external policy instruments available to the Union are used to address the root causes of those pressures. That could involve action at a number of different levels such as in the areas of trade, development and cooperation policies, humanitarian assistance and human rights policies.

Effective action in this area also means that accurate information must be available on current migration patterns and likely future trends.

- b) The control of migration flows entails, in particular, the definition and implementation of common approaches to admission policies as regards admission of **workers, self-employed persons and students** and the approximation of admission policies for humanitarian reasons. It calls for policies to deal more effectively with the problem of **illegal immigration by way of preventive measures** and measures to address the issue of persons illegally resident in the Community, with a particular focus on combatting illegal employment.

The focus for the purpose of asylum policies should be on ensuring that the examination of **asylum applications** can continue to operate in a fair and efficient manner. The Communication also deals with new issues thrown up by the war in **ex-Yugoslavia** by way of the development of schemes for temporary protection. It suggests that a Union committed to cooperative action could examine how best to show solidarity to help Member States caught in a front-line position in responding to such situations.

- c) With regard to the action intended to **strengthen integration policies for legal immigrants**, the Communication stresses that it will be necessary to move towards assimilating their rights with those of citizens of the Member States of the Union. Steps will also have to be taken in the fields of employment, education and information, and as part of the attempt to combat racial discrimination and all forms of racism and xenophobia.

Gist of the Opinion

The Commission has the backing of the Economic and Social Committee in declaring itself to be an "honest broker" in efforts to gradually put together European policies on immigration and asylum.

Asylum and immigration policies in many ways overlap since in reality it is not always possible to differentiate between the various reasons why an individual refugee leaves his country. Significant differences of opinion nevertheless emerge regarding the measures needed to tackle the cause of flight and migration and the possible help available to those concerned. In this connection the Committee reaffirms its call for a political blueprint on EU immigration and reiterates its proposals on combatting the evils which force people to become refugees⁸.

It is regrettable that the progress made in putting in place European asylum and immigration policies - however praiseworthy - is essentially confined to "defensive" aspects.

The fixing of quotas for the admission of asylum-seekers and refugees should be categorically rejected. Family reunification whereby family members join non-EU immigrants legally resident in a Member State of the EU should

⁸ ESC Opinion on Immigration Policy (OJ No. C 40 of 17 February 1992, page 104).

also be authorized without restrictions, provided the conditions and definitions laid down in EC instruments on the free movement of persons are complied with.

Persons seeking refuge in the European Union must be protected against exploitation and inhumane treatment from human smugglers and their organizations. Such organizations and their middlemen should be tackled with all the legal means available.

Where a person is expelled, reasons must be given for the expulsion order and the person concerned must be informed about his rights.

The fight against illegal employment must not be limited to disciplinary and repressive measures. Policies must also be developed which ensure that illegal employment disappears.

The Economic and Social Committee considers it essential that all measures taken under asylum and refugee policies should identify people suffering from hardship and offer them help.

In the formulation of entry criteria, and the drawing-up of a differentiated but coordinated policy to tackle the causes of migration, consideration should be given to all the various factors which cause people to leave their home, either because they are seeking asylum, or need protection as refugees, or wish as migrants to overcome hunger and economic hardship.

Overcoming discrimination and racism

Fighting xenophobia and racism, and protecting the basic human rights of all people living in the European Union, are at the very heart of the philosophy of the new Europe⁹.

Existing legal instruments on the protection of ethnic minorities should be implemented throughout the Union and, if necessary, further strengthened. They should also be harmonized under a European Convention on the protection of ethnic minorities.

Common legal criteria for entry into the European Union should be free of discrimination and compatible with the UN Convention on the elimination of all forms of racial discrimination.

Asylum policy

A harmonized European asylum policy should be based on international laws such as the Geneva Convention on Refugees and should be in tune with the finest traditions of European countries. Harmonization also implies the adoption of uniform admission criteria.

Asylum-seekers should, as a matter of principle, be entitled to enter the host country and stay there temporarily whilst the entry dossier is being processed, without being returned to the external frontiers of the EU or to the country where their rights have been violated.

Different national asylum procedures need to be harmonized and asylum-seekers must have access to legal advice even at the stage where their application is first being filed. Decisions should be reached within a few weeks of the asylum application being filed. In the event of the application being turned down, the applicant must have the right to have his case reviewed by an independent court of appeal.

Uniform asylum procedures and the harmonization of admission criteria will to a large extent ensure that any decisions on asylum are accepted by both parties. Access to the Court of Justice of the European Union offers a guarantee that the law in question will be applied uniformly.

Refugee policy

Special refugee status should be accorded to de facto refugees such as war (including civil war) refugees, as well as to those who cannot be sent back to their country of origin for humanitarian reasons (refugee status B). Persons with refugee status B should be given the same rights as refugees under the Geneva Convention. Arrangements must be in place so that long stays can be prolonged indefinitely.

⁹ ESC Opinion on Racism and Xenophobia (OJ No. C 23 of 30 January 1989, page 33).

Procedures however should not lose sight of humanitarian considerations, and especially the basic principle of not splitting up families.

Immigration policy

An integrated immigration policy, and the harmonized European legislation associated therewith, would help to ensure that the process is both controlled and socially acceptable, whilst the many existing agreements would also have to be respected. This would make it possible to move away from a de facto "society" of immigration to a "country" of immigration.

If an immigration policy is to be realistic, carefully-targeted and economical with resources, it needs to rely on specific data bases which will make it possible to monitor the causes of immigration and, more especially, identify the conditions necessary for successful integration in the European Union.

A European immigration policy can only be successful and thus of real help to the people concerned if the competent national and international authorities involve social, religious and human-rights groups in this humanitarian work.

Apart from the need to coordinate national immigration policies within the European Union, it is particularly important that the European Union and countries of origin should work together.

Integration policy

The Economic and Social Committee regards integration as a two-way process. A comprehensive integration policy should therefore be targeted not only at the immigrant population, but should also involve the population of the host country, so that measures which promote integration among young people, in schools and in the workplace can attain their true objective of improving mutual understanding.

Granting migrant workers equal rights, equal treatment, and hence equal opportunities, as the Economic and Social Committee has advocated in its Opinion on the "Status of Migrant Workers from Third Countries" is an important platform for integration.

Other considerations

The Economic and Social Committee is of the opinion that Community-wide admission criteria flow logically and inevitably from the policy of granting rights to legal immigrants. Another important and logical consequence of this policy is that immigrants should be entitled to live under the same social conditions right across the Community.

Serious efforts should be made to harmonize naturalization provisions for long-stay immigrants and for immigrants' children who are born or brought up in an EU Member State. Naturalizations should also be made easier by allowing applicants to hold more than one nationality.

In the view of the Committee, particular importance should also be paid to the question of seasonal workers. The Committee is therefore in favour of a uniform framework of Community provisions in this area.

The ESC calls upon the Council of Ministers to introduce a Community instrument on a European immigration and asylum policy; such an instrument would also take account of the views and ideas of the Committee.

The ESC has taken note of the Council Resolution of 20 June 1994 on Limitations on Admission of Third-Country Nationals to the Member States for Employment.

The Economic and Social Committee considers that the main thrust of this Resolution is unhelpful since it is at odds with the fundamental demands made by the ESC itself.

14. SOCIAL SECURITY SCHEMES FOR EMPLOYED PERSONS, SELF-EMPLOYED PERSONS AND MEMBERS OF THEIR FAMILIES

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) amending Regulation (EEC) No. 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community, Regulation (EEC) No. 574/72 laying down the procedure for implementing Regulation (EEC) No. 1408/71, Regulation (EEC) No. 1247/92 amending Regulation (EEC) No. 1408/71 and Regulation (EEC) No. 1945/93 amending Regulation (EEC) No. 1247/92 (COM(94) 135 final)*

(CES 1009/94)

Rapporteur: Mr Gordon Pearson (Ireland - Employers), Co-Rapporteurs: Mr André Laur (France - Various interests) and Mr Jan Jacob van Dijk (The Netherlands - Workers)

Gist of the Commission document

The proposal seeks to update the Community Regulations in the light of a number of changes to form, substance and administration made by national law-makers in the intervening period; this is necessary to take account of the bilateral agreements concluded between the Member States and to improve coordination.

Gist of the Opinion

The Committee welcomes these necessary amendments in that they create a greater administrative reality and constitute a further step in coordination of social security and health systems with the EU.

The "Compendium of Social Security" is currently being revised (last update 1989). There is a greater need for this document to be updated and made available than ever before, and the Committee anticipates receipt of the new document at an early date. A Data Base containing all the information should also be developed so that accurate, reliable and up-to-date facts can be readily accessed.

The Committee agrees this Regulation should enter into force on the first day of the month following its publication in the Official Journal of the European Communities, recognizing that this Regulation shall be binding in its entirety and directly applicable in all Member States.

15. THERMIE II

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) concerning a Community programme providing financial support for the promotion of European energy technology 1995-1998 (THERMIE-II) (COM(94) 59 final)*

(CES 1010/94)

Rapporteur: Mr Neville Beale (United Kingdom - Employers)

Gist of the Commission proposal

The purpose of the Commission proposal is to safeguard the **continuity** of measures undertaken under Regulations (EEC) No. 2008/90 (OJ L 185 of 17 July 1990, page 1), No. 3640/85 and No. 3639/85 (THERMIE programme).

The THERMIE programme supports projects on the **economic** viability of new technologies, going beyond pure technical feasibility. The promotion of European Energy Technologies by demonstrating their economic viability, as well as the promotion of the results of similar projects financed by Member States' programmes or by industry alone, and assistance in their penetration of third country markets through industrial cooperation, cannot be included in the 4th framework programme and are therefore covered by the present proposal.

The Commission document **consists of:**

- an explanatory memorandum;
- a draft Regulation;
- an Annex I listing possible fields of application for projects, in accordance with Article 3 of the proposal;
- an Annex II defining the type of promotional actions referred to in Article 4;
- a financial statement;
- a statement of impact on SMEs and employment.

The **legal basis** for the proposal is Treaty Article 235.

The **objectives** of the proposal are the main objectives of energy policy:

- security of the Community's long-term energy supply;
- rational management of energy resources;
- clean use of coal and other fossil fuels;
- diversification of energy supply;
- development of regional energy resources.

Furthermore, the programme will contribute to other major Community policy objectives stemming from the completion of the internal market and to improving living conditions in cities and rural areas, strengthening economic and social cohesion, and cooperation with third countries, in line with the priorities laid down in the Treaty on European Union and in the 4th Framework Programme concerning increasing the competitiveness of European industry.

These **qualitative objectives** could be illustrated by some **quantitative targets** which THERMIE-II would seek to achieve. For example: a decrease of 2% in the Community's energy imports, thus increasing the security of energy supply; a further increase in energy savings of 20Mt/y; a reduction of 2% in Community CO₂ emissions, etc. These objectives would need to be defined in more detail and measurement criteria must be developed in parallel with the implementation of this new programme.

Responsibility for the actions will be shared with the Member States in accordance with the principle of subsidiarity. The Commission will utilize the OPET network.

The sectoral approach of THERMIE-II:

- rational use of energy;
- renewable energy sources;
- fossil fuels (solid fuels and hydrocarbons)

will be completed by:

- the use of a technology to adjust to energy policy - related market problems.

The **content of the new programme** would work across sectors and would promote **technologies by demonstration and dissemination for a specific end-use**. Actions eligible for support would be located in one or more of the following areas:

- **industry** (RUE and final consumption of fuels or energy sources, for heat, power, lighting, etc.);

- **energy industry** (production/transformation of fuels or energy sources, including exploration and demand-side management action on efficient electricity production and utilization);
- **tertiary sector** : buildings and domestic sector (including services - and administration; RUE, solar thermal, electricity, etc.), transport sector (RUE, bio-fuels, electricity, solar PV, etc.), urban energy systems (CHP, district heating, traditional energy sources combined with new ones - geothermal, biomass, wind, clean use of coal, gas, etc.);
- **rural energy systems** (biomass plantations), isolated areas (islands, mountains and peripheral regions: renewable energy sources).

The proposed programme is intended to provide continuing support to SMEs, and would support **small projects** with good replication potential in the Community.

The **type of support** would be granted according to the need for public action:

- **support for demonstration projects**: to cover the risk of economic viability for the demonstration of a first commercial size project in a country or region or of a technology which has not yet been introduced on the market under the same economic conditions; **dissemination through projects promoting energy technologies with a view to their broader utilization**;
- **measures** for energy technology promotion (dissemination, technology transfer, market assessment, information, advice, etc.) in particular of results of Community or Member States' support programmes or of similar technologies developed by industry without public support and on the same state of insufficient market penetration;
- energy technology transfer and industrial **cooperation with Third Countries** and international organizations;
- **horizontal support measures** : coordination of policies, evaluation of programmes and administrative support.

Project support is limited to 35% of the eligible costs (at all events total public aid cannot exceed 49% of the total cost of the project).

The **eligibility criteria** for projects would be:

- existence of financial risks in demonstrating viability of energy technology;
- no possibility of sufficient Member State financing and support;
- increase in security of long term energy supply of the Community;
- preservation of energy resources and of the environment;
- improved competitiveness of European industry.

Additional criteria would include:

- the "Community dimension"
- the size of undertakings
- projects from regions whose development is lagging behind.

There must be a careful examination of the **complementarity** of THERMIE II with other Community financial instruments.

The practical arrangements for the programme will be undertaken through the **THERMIE Committee** with the assistance of the Member States.

It is proposed that an **Advisory Committee** be set up, composed of national representatives, to assist the Commission in:

- defining the programme
- establishing priorities
- deciding whether to grant financial support
- evaluating results.

The funding for THERMIE II, falling under Heading 3 of the budget, is **ECU 30 million for 1995**. The amounts not yet allocated, to cover the remaining three years of the programme, will depend on available budgetary resources in those years.

Administrative and staffing expenditure for 1995 is estimated at ECU 150,000.

The proposed Regulation is to come into force on 1 January 1995.

In its Opinion on the current THERMIE programme, adopted at its Plenary Session on 12 July 1989, the **Economic and Social Committee** suggested various points which are largely reflected in the new proposal, including:

- explicit authorization of financial support for innovative programmes where the research/development phase was not yet completed;
- the inclusion of the concept of "risk" in the **technical and financial aspects**;
- the necessary coordination with national programmes.

Gist of the Opinion

The Committee **welcomes** the Draft Regulation. It is desirable that the actions under the THERMIE programme continue for another four years in order that the research results are brought to commercialization.

However, the Committee makes several **comments** in which, inter alia, it:

- criticizes the delay in informing the ESC about the implementation of the first THERMIE programme;
- notes its concern that, as a result of (i) the demonstration part of THERMIE having been transferred to the renewables programme of the 4th RTD programme and (ii) the entry into force of the Maastricht Treaty, the specific non-nuclear energy research programme and the THERMIE II programme are to be conducted under different Treaty Articles (Articles 130 and 235) and supervised by separate Directorates-General (XII and XVII respectively);
- also notes with concern that THERMIE II will have less money allocated to it;
- with regard to the reduction in the proportion of funds allocated to renewables viability projects compared with the previous programme, stresses the importance of such sources for energy supply in the longer term;
- emphasizes the importance of closer coordination between the Community programme and national schemes;
- calls for simplification of the necessary formalities with a view to encouraging SMEs to participate in THERMIE II;
- requests that the ESC receive all relevant reports at the same time as the Parliament and the Council, as indicated in the proposal.

16. EAGGF-FRAUD

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) on measures to be taken in dealing with certain beneficiaries of operations financed by the Guarantee Section of the EAGGF* (COM(94) 122 final)

(CES 1011/94)

Rapporteur: Mr Jean-Paul Bastian (France - Various interests)

Gist of the Commission document

With a view to combatting fraud affecting the Guarantee Section of the EAGGF effectively, a Community system has to be established which will enable the competent national authorities to identify those operators who have deliberately or as a result of serious negligence committed an irregularity prejudicial to Community funds.

What is involved is in fact the implementation of one of the specific measures contained in:

- the action programme of the UCLAF report for 1993;
- the conclusions of the ECOFIN Council of 7 June 1993 on that report;
- the conclusions of the European Council in Copenhagen on 21 and 22 June 1993.

Gist of the Opinion

The Committee endorses the proposed Regulation.

It deplores the fact that in the field of measures to curb fraud, a field in which discreet action is required, informal cooperation between the Member States is not enough to bring about a sizeable reduction in the number of cases of fraud attributed to operators.

The Committee trusts that the more binding regulatory framework proposed by the Commission will measure up to the task of curbing this type of fraud.

It recommends, in particular, that the Member States' fraud departments launch an intensive campaign of preventive measures.

17. CHARACTERISTICS OF FISHING VESSELS

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) amending Regulation (EEC) No. 2930/86 defining the characteristics of fishing vessels* (COM(94) 182 final)

(CES 1012/94)

Rapporteur: Mr Gerard McGarry (Ireland - Employers)

Gist of the Commission proposal

The tonnage assignment of a vessel is used to apply the provisions of treaties, laws and regulations, and as a base for assessing charges, fees and rules.

The tonnages of Member State fishing vessels are currently measured by a number of different methods depending on vessel size and the country where the vessel is currently registered.

This causes great difficulties for the implementation of Community Regulations which refer to tonnage.

There is therefore a need for a standardized system of tonnage measurement.

Accordingly the Commission proposes that:

- the gross tonnage of all new and existing large fishing vessels (over 24 metres) is defined and measured according to annex 1 to the 1969 International Tonnage Convention;
- the gross tonnage of new medium-sized fishing vessels (10-24 metres) must be measured according to annex 1 to the 1969 Convention. For existing medium-sized vessels, the proposed amendment extends the deadline for measurement according to the 1969 Convention to the year 1996, but in the meantime the gross tonnage of these vessels must be estimated by a simple formula;
- the gross tonnage of small fishing vessels (< 10 metres) is both defined and measured by a formula which uses simple and readily available vessel dimensions.

To define the gross tonnage of small vessels and to estimate the gross tonnage of existing large vessels, a simple formula is proposed which includes only the overall length, breadth and depth of the vessel.

Gist of the Opinion

The Committee supports the proposal to standardize the calculation of tonnage of fishing vessels.

It is, however, concerned that the basic intention of the proposed Regulation, which is to measure the enclosed volume of vessels, will be frustrated if the 10 metre threshold is raised.

As the necessity to remeasure is an additional obligation imposed by an EU Regulation the cost should be met by the Member State and/or the EU and no cost, direct or indirect, should fall on vessel owners.

18. CONTRACT AGRICULTURE/SOCIETY (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on the *Contract between Agriculture and Society*
(CES 1013/94)

Rapporteur: Mr Etienne de Paul de Barchifontaine (Belgium - Various interests)

Gist of the Own-initiative Opinion

In recent years, the agricultural environment has been transformed with consequences which are still unclear. This transformation is connected with:

- the reform of the Common Agricultural Policy adopted on 22 May 1992, and the emergence of a European rural development policy;
- the conclusion on 15 December 1993 of the Uruguay Round of multilateral trade negotiations, which will affect the operation and even the approach of the CAP;
- the collapse of Communist regimes in Central and Eastern Europe, followed by the Soviet Union itself;
- the forthcoming enlargement of the European Union to include Austria and several Nordic countries, already members of the European Economic Area.

Attention also needs to be given to likely trends on world agricultural and foodstuffs markets, which have been disrupted by a surplus of supply over solvent demand and by competition among exporting countries.

In a world in the throes of radical change, this Opinion is intended, in the spirit of the "Granada Document", to clarify agriculture's place and multi-faceted role in society.

It attempts to bring together aspects of a "contract" between agriculture, the rural world and society in the European Union. To that end, it stresses the complementarity of rural activities and between town and country, the need for effective guidance of agricultural production, and action to benefit the individual, the family and society, to improve mutual understanding between farmers and other citizens.

The Opinion concludes with an appeal for a European Union rooted in greater solidarity and openness than hitherto.

19. CONSERVATION OF WILD BIRDS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending Directive 79/409/EEC on the conservation of wild birds
(COM(94) 39 final)

(CES 1014/94)

Rapporteur: Mr Hans-Jürgen Wick (Germany - Employers)

Gist of the Commission proposal

Directive 79/409/EEC lays down general rules for the conservation of all species of wild birds in the European territory of the Member States and specifies the conditions under which they may be hunted and captured.

The interpretation of Article 7(4) of this Directive, which prohibits the hunting of migratory species during their return to their rearing grounds, has given rise to problems.

In order to settle the disputes as to interpretation, the Commission proposes to add to the Directive an annex setting out the criteria Member States must apply in fixing the end of the hunting season for migratory species.

It is felt that these criteria will enable better account to be taken of regional or other factors specific to the various species, in accordance with the subsidiarity principle.

Gist of the Opinion

In its draft Directive, the Commission is seeking to clarify the legal situation by defining Member States' discretionary power, whilst linking it to criteria guaranteeing full observance of the principle of wise use. The Committee endorses the Draft Council Directive, subject to some observations.

However, while the Commission proposal suggests different opening and closing dates for different species, which mean that hunting can continue until the end of February, a majority in the Committee voted in favour of setting a single closing date, namely 31 January, which reflects the current situation in most Member States.

The Committee also considered that the Directive should provide for increased funds for bird-habitation preservation and conservation, which is necessary to restore stocks.

The Committee notes the Commission's declaration that the provisions set out in the Draft Directive are based on the results of the abovementioned work. It does, however, deplore the fact that it did not have access to these results at an early enough point in time. The Committee also proposes that the findings be made available to all interested parties on request.

The Committee expects that the Member States will not only pass the necessary laws, regulations and administrative provisions but that they will also check that they are properly implemented. This task will also involve ensuring that normal hunting practices do not lead to species with an unfavourable conservation status (a) being confused with other species and (b) being subjected to an intolerable level of disturbance.

20. COMMUNITY ENERGY POLICY (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on Community Energy Policy

(CES 1016/94)

Rapporteur: Mr José Ignacio Gafo Fernandez (Spain - Employers); Co-Rapporteurs: Mr Guiseppe Frandi (Italy - Workers) and Mr Klaus-Benedict von der Decken (Germany - Various interests)

Objective of the Own-initiative Opinion

During 1992 the Committee put a lot of effort into the preparation of Opinions on the following important energy topics in the Community:

- measures in the event of energy supply difficulties;
- renewable energy sources (ALTENER);
- hydrocarbon exploration;
- common rules for the internal markets in electricity and natural gas;
- nuclear safety.

In the course of its analyses and deliberations, which also involved the organization of public hearings, the Committee was constantly confronted with the problems caused by the on-existence of an overall Community energy policy capable of moulding the different initiatives proposed in different sectors into a comprehensive and coherent whole.

This is due in part to the Maastricht Summit's decision not to accept the proposed inclusion in the Treaty of a chapter on the form and content of a general Community energy policy which fits in with Member States' specific requirements.

In the absence of clear institutional guidelines, the Commission attempted to include energy issues in the Internal Market programme, but it encountered considerable difficulties and opposition which hampered the proposed measures' adoption.

Some progress has been made, but a lot still remains to be done and the situation is far from satisfactory.

The fact remains that: Member States have distinct energy markets with few interconnections and engage in hardly any trade at all in electricity and natural gas; the factors determining the security of supply and availability of energy differ from one part of the Community to another; and the price differentials for the various energy sources are often high for both private and industrial consumers (with competition obviously being distorted as a result).

The Committee has noted that because there is no clear set of priorities, initiatives taken by different Commission Directorates have overlapped.

There are also more and more cases of specific energy actions or proposals being dependent on the pursuit of other policy objectives. Examples of this include environmental policy (the fight against pollution and the greenhouse effect), the policies on support for crisis-ridden sectors (coal, farming) and tax regulations. Initiatives are taken, too, in other areas (such as research or the safeguarding of competition) without considering all the factors.

In addition, in the absence of overall guidelines, the aforementioned differences and gaps are accentuated even further by individual national initiatives.

Hence the continuing disregard for what should be the **main objective of Community energy policy** - namely, to establish a structure for energy production and consumption which (a) provides the best possible guarantee of secure and continuous supplies while at the same time causing minimum environmental pollution, (b) takes account of the economic and social needs of regions in difficulty, and above all (c) guarantees a balance between prices and costs in the Community as a whole, thereby ensuring maximum possible application of the competition rules to producers and making them more competitive internationally.

Account should also be taken of the fact that the worldwide situation with regard to the security of energy supplies increases the need for the Community to present a strong united front not only vis-à-vis traditional oil supplying areas but also vis-à-vis the countries of Eastern Europe (especially the CIS) whose share of the Community market could be greatly increased in the near future (cf. the European Energy Charter).

Nuclear energy needs to be discussed separately because of its importance in volume terms and the uncertainty hanging over its future. The Commission's silence on this matter is difficult to justify. At the same time it does not seem that the safety problems and the serious threats posed by Central and Eastern European nuclear plants are being tackled adequately.

Consequently, the Committee warns of the urgent need to give detailed consideration to Community energy policy. This policy, which does not exist on paper, consists in practice of a disjointed assortment of actions and initiatives lacking coherence and a global vision.

It is not the purpose of this Opinion to propose a Community energy policy, but to highlight the gaps in this field, their implications for the Community, and the case for closer coordination of Member States' energy policies.

The Opinion would also give the Committee a chance to contribute to the definition of a coherent framework for a better coordinated energy policy, in terms of both its objectives and main constituent parts. It should also specify the respective responsibilities of the Community and the Member States in the light of the subsidiarity principle.

The drafting of this Opinion would fit into the wider context of the 1996 review of the Maastricht Treaty; the Committee has on several occasions called for the inclusion of a specific charter on energy in the Treaties. The Opinion should therefore be seen as an ESC contribution to this review, in an area of Community activity which is still largely under the control of the individual Member States.

Gist of the Own-initiative Opinion

For all these reasons the Economic and Social Committee felt that it would be useful to address to the other Community Institutions, Member State governments and different economic and social interests this Opinion, which includes a model of a draft Energy Chapter, with the aim of launching an in-depth discussion of the scope and timeliness of a Common Energy Policy for the European Union.

So that the Opinion would reflect the diversity of views existing in the EU on energy issues, the Committee held two public hearings to gather the opinions both of independent experts and of the main socio-economic organizations involved in the energy sector. Many of the opinions expressed at these hearings have been crucial to the preparation of this Opinion.

The Opinion makes a number of points with regard to the relationship between energy and:

- other macro-economic policies;
- security of supply;
- the internal energy market;
- economic and fiscal instruments;
- research;
- the environment;
- economic and social cohesion;
- the principle of subsidiarity;
- its international dimension.

The Opinion continues by reviewing the features referred to above sector by sector, with particular emphasis on rational energy use.

The Opinion then goes on to suggest the **elements** to be included in a **Community energy policy**:

- the definition of certain common objectives of an indicative nature;
- the establishment of elements relating to:
 - security of supply;
 - definition of the scope of public service obligations in the energy sector;
 - economic and social cohesion;
 - the sector's relationship with EU policies, particularly in the fields of the environment, competition and research.

It also defines the **elements to be harmonized** in the energy sector as those needed for the completion of the internal market or for the common energy policy defined.

Community harmonization would be established on the basis of a minimum threshold for the achievement of the common objectives, which the Member States would be free to go beyond.

The elements to be harmonized include environmental protection and those relating to compliance with public service obligations.

21. GROUND HANDLING SERVICES

Opinion on the Economic and Social Committee on *Ground handling services* (consultation paper) (SEC(93) 1896 final)

(CES 1017/94)

Rapporteur: Graf A.M. von Schwerin (Germany - Workers)

Gist of the Commission document

Ground handling covers all services supplied at an airport for the aircraft itself, the passengers and the cargo. They are very varied and do not form a homogenous whole (ground administration and supervision, passenger handling, baggage handling, cargo and mail handling, ramp services, cleaning, etc.).

Ground handling in a number of Community airports is not open to competition:

- in many cases the airport, or the national carrier, operates a monopoly or duopoly;
- in addition, carriers are not always allowed to provide their own handling services.

The document submitted by the Commission for consultation proposes the following measures:

- full liberalization of all services subject to only minor constraints (security, space, etc.);
- requirement for a minimum number of service suppliers at each airport (the number to be determined in the light of the outcome of the consultations), one supplier at least being independent of the airport and of the dominant carrier;
- in any event, removal of restrictions on own-handling;
- transitional periods and derogations will be established to take account of the problems at certain airports;
- framework measures.

These measures would apply to airports and airport systems recording no less than 2 million passenger movements or 50,000 tonnes of cargo a year.

Formal proposals will be presented to the Commission in the light of the results of the consultation.

Gist of the Opinion

The Commission also pinpoints restrictions which would have to be borne in mind in any reorganization of ground handling services:

- lack of space;
- pressure on safety and security requirements;
- technical complexity;
- investment in infrastructure;
- speed of handling.

On these points the Committee is largely in agreement with the Commission. This makes it all the more important to undertake a realistic assessment of the potential consequences before any decision is taken. The whole matter

is very complex. The objective of improved performance for passengers, companies and employees must not be sacrificed to any particular economic ideology.

Whilst waiting for the Commission to publish a draft Directive, the Committee - after in-depth consultations and with reference to point 13 of the first consultation paper on Ground handling services at airports ("unbundling") - proposes that consideration be given to the possibility of using Article 87 to oblige airports to differentiate in the cost accounting between airport management activities and the various ground handling services.

22. SAVINGS (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on *Savings : lines of approach for an EU policy*

(CES 1018/94)

Rapporteur: Mr François Perrin-Pelletier (France - Employers)

Gist of the Own-initiative Opinion

The Committee notes that, despite major differences in the situation in the various Member States, the average rate of savings in the European Union is decreasing and savings are mostly of a precautionary nature rather than being made by choice.

There is a lack of knowledge about patterns of private savings. The Commission should endeavour to remedy this situation.

In view of the structural importance of savings in promoting employment and growth and the counter-cyclical role played by savings - assuming that optimal use is made of the sums involved - the Committee calls for the establishment of an EU savings policy.

A common approach to savings would help to achieve economic convergence and greater mobility of capital within the Single Market. Approximation of the taxation of savings and, in particular, the establishment of a generally applicable system of withholding tax, compatible with the principle of subsidiarity would make it possible to remove double taxation and do away with the complex mass of interlinked rules and regulations.

The introduction of such a policy should promote the channelling of savings into long-term investments and towards productive industry, whilst at the same time pursuing the goals of protecting small savers and bringing about neutral taxation which is vital if capital movements are to be stabilized.

In the Committee's view priority should be given to promoting saving for the purpose of house purchase and retirement, inter alia through the establishment of pension funds benefitting from investment security guarantees, in addition to existing pension schemes. "Popular" savings schemes should be encouraged, for example by introducing portfolios taking in all forms of investment ("mini tax havens"), including shares, which would be tax-free below certain ceilings.

23. IMPLEMENTATION OF THE FOURTH RTD FRAMEWORK PROGRAMME

Opinion of the Economic and Social Committee on the *Proposals for Council Decisions concerning the specific programmes for implementing the fourth European Community framework programme for research, technological development and demonstration activities (1994-1998)*

Proposals for Council Decisions concerning the specific programmes for implementing the European Community framework programme for Community research and training activities for the European Atomic Energy Community (1994-1998)

(COM(94) 68 final and COM(94) 70 final)

(CES 1019/94)

Rapporteur: Mr Klaus Benedict von der Decken (Allemagne - Various interests)

Gist of the Commission documents

The fourth RTD framework programme was finally adopted on 26 April 1994 in the form of two Decisions: the first concerns the fourth European Community framework programme for research, technological development and demonstration activities (1994-1998)¹⁰, the second the framework programme for Community research and training activities for the European Atomic Energy Community (1994-1998)¹¹.

In accordance with Article 130g of the Treaty on European Union the framework programme provides for four areas of activity:

- implementation of research, technological development and demonstration programmes, by promoting cooperation with and between undertakings, research centres and universities;
- promotion of cooperation in the field of Community research, technological development and demonstration with third countries and international organizations;
- dissemination and optimization of the results of activities in Community research, technological development and demonstration;
- stimulation of the training and mobility of researchers in the Community.

The Commission has put forward twenty proposals, seventeen on the first action alone, which covers the majority of Community research activities and accounts for the bulk of the appropriations allocated to the fourth framework programme.

Gist of the Opinion

This Opinion deals with sixteen of these twenty proposals, the Committee having had to give its views on four of the proposed specific programmes - three as on 2 June 1994 and the fourth on 5 July 1994 - as a matter of urgency.

24. ENERGY AND ECONOMIC AND SOCIAL COHESION

Opinion of the Economic and Social Committee on the *Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee, on energy and economic and social cohesion* (COM(93) 645 final)

(CES 1020/94)

Rapporteur: Mr Giovanni Barbagli (Italy - Various interests)

Gist of the Commission document

The Communication is a discussion and information document intended to fuel debate and to prepare for the decisions which the Community and the Member States will eventually have to take on policies and programmes relating to energy and regional development, and on the use of the Structural Funds.

The Commission announces its intention to:

- ensure that the objective of greater economic and social cohesion is taken into account in the Community's energy policy measures;
- ensure that the potential contribution of energy to cohesion is integrated into other Community policies;

¹⁰ OJ L 126 of 18.5.1994, page 1.

¹¹ OJ L 115 of 6.5.1994, page 31.

- include energy-related elements in the new Community initiatives financed from the Structural Funds and set out in the relevant Green Paper (COM(93) 282 final).

The Commission also calls on the Member States to include energy considerations in their regional development plans and programmes. Such considerations should embrace: cross-border energy; energy and the countryside, islands and outermost regions; and energy and the urban environment.

The Communication endeavours to bring together all the references made in Commission documents, over the last two years, to the intermeshing of energy with the goal of economic and social cohesion. The list of contents and footnotes give copious evidence of this.

The Communication puts forward a number of measures designed to complement the specific initiatives already being taken under the structural policies and energy policy.

These supporting measures are justified by the inadequate progress made towards cohesion hitherto. Such measures must be more closely geared to the specific needs of the less favoured regions.

With due respect for the subsidiarity principle, the Communication lists the respective responsibilities of the Community and the Member States, noting that both parties must recognize the priority nature of the problem.

The Communication puts forward a number of supporting measures (Box No.2) in the fields of energy infrastructure, energy efficiency and the exploitation of regional energy potential.

These supporting measures are designed to (i) integrate the objective of cohesion into energy policy, and (ii) use energy to help strengthen cohesion in other policies.

The Communication ends with a series of tables and annexes containing details of:

- the impact of the objectives of energy policy and the proposed supporting measures on the less-developed regions (Box No.1);
- per capita energy consumption, dependence on imported energy and energy intensity of the Member States (Table 1, Annex 1);
- employment in the energy industries, 1980 to 1991 (Table 1a, Annex 1);
- proportions of primary energy consumption accounted for by oil, coal and natural gas, and estimated proportion accounted for by renewable energy resources, in the Member States (Table 2, Annex 1);
- per capita CO₂ emissions, and emissions of CO₂ as a function of Member States' GDP (Table 3, Annex 1);
- relative distribution of energy infrastructure in the Member States (Table 4, Annex 1);
- information sheets on existing integrated programmes embracing energy, R&D and regional policies (Annex 2).

The Communication is being submitted to the Council, the European Parliament, the Economic and Social Committee, and the Committee of the Regions.

The Committee's Opinions on existing programmes have always been at pains to stress how important it is that each programme should help reinforce economic and social cohesion.

The present Communication is a step in this direction.

Gist of the Opinion

The Economic and Social Committee **agrees** with the Commission's Communication on integrating the goal of economic and social cohesion into Community and national energy policies.

It also considers that the main objectives of a Community energy policy, concerted at both Community and national or regional level, are to ensure security of supply (which also includes a high-quality service at economically acceptable costs) and to promote energy efficiency.

The ESC further agrees that the main objectives of Community energy policy are to improve the competitiveness of the Community economy and enhance the quality of life of its citizens. To this end, the aim shall be to supply energy on the best possible economic terms, with satisfactory security of supply and environmental protection conditions, within the framework of free market principles but without forgetting the need for economic and social cohesion. However, improving economic and social cohesion requires, in addition: linkage between energy and development, energy and environment, and energy and national, regional and social policies.

The general approach within the document fails to take sufficient account of conflicts which can sometimes arise between the objectives of social cohesion and energy policy. Efficiency, environmental or even technical considerations can, at times, conflict with cohesion requirements. It is proposed by the Committee that, where proposals for energy policy or legislation give rise to potential conflicts with cohesion objectives, the Commission should be required to assess the likely detrimental effects on cohesion and to recommend appropriate action, e.g. through Community initiatives, under the Structural Funds or by means of other policies.

In any case, the Committee believes that cohesion should be boosted by developing transregional or regional energy networks; stepping up energy diversification; providing support for industrialization in less developed regions, linking this where possible to the use of local energy resources, thereby allowing local SMEs to supply the technology for this purpose, contributing significantly to employment and environmental protection, and supporting the organization of regional energy interest groups.

However, the Committee makes a number of **comments** concerning:

Community programmes. The Committee considers it necessary to:

- reduce the number of current programmes by amalgamating them;
- facilitate access to them (simplifying and standardizing application forms);
- give priority to programmes for boosting energy efficiency and developing endogenous energy sources in the less developed regions;
- allocate adequate financial resources;

inconsistencies between the role of Community energy policy and the need for cohesion;

insufficient analysis and data for pinpointing appropriate programmes and projects;

insufficient present funding and planned accompanying measures;

greater emphasis on **R&D** projects with the following aims:

- market orientation in applying the results of R&D to produce more appropriate technologies;
- demonstration and dissemination projects;
- alignment of Member States' legislative and fiscal instruments, together with projects in the disadvantaged areas for making optimum use of local energy resources for local consumption.

The Opinion ends by making a number of specific comments on the THERMIE and ALTENER programmes, and on the section of the Commission document on "Energy and the Countryside, Islands and the Outermost Regions".

25. **TOURISM** (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on *Tourism*

(CES 1021/94)

Rapporteur: Mr C.W.M. Lustenhouwer (The Netherlands - Various interests)

Application for an Own-initiative Opinion: subject and reasons

Three years have passed since 1991 when the ESC produced an Opinion on Tourism (Rapporteur: Mr Cuñha) in response to the Commission's Action Programme on Tourism. Notwithstanding the fact that the Maastricht Treaty has since come into force, tourism still has not secured the recognition it deserves, though this may change at the next intergovernmental conference.

In November 1993, the European Parliament adopted a report (Rapporteur: Mr Cornelissen (EPP-NL)) which noted that tourism was Europe's largest industry, directly contributing 6.5% of the Community's gross domestic product. In addition, this sector, in which eight million people were employed, also accounted for some 17% of total consumer expenditure.

Now that the European Parliament has expressed its views on the matter, the ESC would like to review the impact of its 1991 Opinion and to analyze the situation in the tourism sector in the light of (a) action taken over the past two years and (b) future policy objectives.

Gist of the Own-initiative Opinion

The Opinion aims at contributing straight away to the debate on the place to be held by tourism policy in the European Treaties (now and when they are reviewed), to influence the Green Paper on common tourism policy recently announced by Commissioner Vanni d'Archirafi and to the pursuit of tourism policy after the expiry of the present Action Plan at the end of 1995.

After reviewing the past, the Opinion examines the task and the role of the European Commission and its staff in the drafting and running of European tourism policy. It then reviews Community action under the multiannual Tourism 1993-1995 plan. The following aspects are dealt with in detail; improved knowledge of the tourism sector, staggering of holidays, transnational actions including support for interregional cooperation, the tourist as a consumer, cultural tourism, social tourism and tourism for young people, tourism and the environment. It also looks at rural tourism, training, and promotion in third countries. Taking up the case of integrating the tourism sector in the other actions of the European Union, it considers that the passage from a specific horizontal tourism policy towards a specific legal basis in the Treaty is of paramount importance for achieving the objectives set.

26. CONSERVATION OF FISHERY RESOURCES

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) amending for the sixteenth time Regulation (EEC) No. 3094/86 laying down certain technical measures for the conservation of fishery resources
(COM(94) 131 final)

(CES 1022/94)

Rapporteur: Mr Jesús Muñiz Guardado (Spain - Various interests)

Gist of the Commission proposal

The proposal provides for the eventual cessation of all fishing activities using drift-nets and the immediate application of special control measures. For economic and social reasons, however, transitional phases are necessary. It is proposed that vessels which operated in 1992 and 1993 with nets of more than 2.5 km long be permitted to continue their activities, both in the North-East Atlantic and in the Baltic Sea, throughout 1994. For all nets, it is proposed that activities be gradually reduced with a total cessation of activities by 31 December 1997 at the latest. The proposed control measures will ensure that the transition is made in accordance with ecological requirements.

Gist of the Opinion

The Opinion deals with a problematic form of fishing which, according to technical experts and biologists, is harmful; for this reason the United Nations and other major bodies recommend that it be outlawed.

The problem mainly concerns the North-East Atlantic, from the 30° W meridian to the Bay of Biscay. The situation is rather different in the Baltic and requires separate study.

The Committee proposed that a study be carried out on drift-netting with a view to its possible prohibition or abolition on the grounds of its effects:

- disrupting the eco-system;
- on problems for shipping;
- in increasing the fishing effort;
- in cutting jobs on vessels;
- in the field of compatibility with the Community's international obligations.

Meanwhile, the Committee urges that existing regulations be applied strictly.

The use of large drift-nets has been a subject of discussion in Europe for more than five years now because of (i) the impact of this technique on fishing grounds and confrontation between those fleets which use it and those which do not, and (ii) the ecological consequences of by-catches, most obviously marine mammals, as well as navigation problems affecting all types of vessel.

At a time when the imbalance between fishery resources and effort is leading the EU to reduce its fishing effort, the Committee considers that a destructive method such as drift-netting, which only employs a limited number of fishermen, should be outlawed; at most, it should only be permitted with nets less than 2.5 km long, within the 12-mile limit of each Member State.

27. VETERINARY/SOMATOTROPIN (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on the use of Bovine Somatotropin in the European Union

(CES 1023/94)

Rapporteur: Mr Augusto Gil Bensabat Ferraz da Silva (Portugal - Workers)

Gist of the Own-initiative Opinion

The Committee feels that if BST were to be used, it would not constitute a positive input for either the primary or secondary sectors. Likewise it does not constitute a significant revolution in milk production methods since growth in milk production can be successfully obtained by means of genetic selection, without any major drawbacks for animal welfare or health.

The Committee therefore recommends that the European Union lend more support to research being carried out in various Member States into methods for detecting BST.

This could open the way for a solution allowing Community consumers a genuine choice in matters of labelling which is, moreover, in accordance with European cultural tradition and with Community legislation on labelling. This could be a first step towards an international agreement on BST.

Thus, in view of the sector's current situation, measures adopted under the CAP, the EU's international commitments and the need to develop current research on this hormone, the Committee recommends maintaining the ban on the marketing of BST and its administration to dairy cows in the Community.

28. FISHERIES MANAGEMENT STRATEGIES

Opinion of the Economic and Social Committee on the *Proposal for a Council Regulation (EC) fixing management objectives and strategies for certain fisheries or groups of fisheries for the period 1994 to 1997*
(COM(93) 663 final)

(CES 1024/94)

Rapporteur: Mr Augusto Gil Bensabat Ferraz da Silva (Portugal - Workers)

Gist of the Commission proposal

The Commission proposal fixes management objectives and strategies for certain fisheries or groups of fisheries for the period 1994 to 1997. This falls exclusively within the competence of the Community, and arises from obligations set out in Article 8(3) of Council Regulation (EEC) No. 3760/92 of 20 December 1992.

Further, the proposal recognizes the need for measures to be phased in gradually, so as to ease the burden on the fishing industry and give it time to adjust to the new situation.

The Commission also recommends introducing a follow-up system so that progress can be monitored, and strategies adapted as necessary in order to achieve the declared objectives.

Gist of the Opinion

The Committee reiterates the view, expressed time and time again in earlier Opinions, that the maintenance and development of the fishing industry must be based on an appropriate, dynamic policy for the integrated conservation and management of resources. This depends inter alia on the Community having an advanced scientific data base providing more detailed information about the state of fish stocks than is presently the case. Such a policy also calls for full acceptance of the socio-economic implications of the proposed objectives. Since these conditions are not met in the current document, the Committee calls on the Commission to revise the proposal.

29. RIGHT TO VOTE (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on the *Proposal for a Directive laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in municipal elections by citizens of the Union residing in a Member State of which they are not nationals*
(COM(94) 38 final)

(CES 1026/94)

Rapporteur: Mr Augusto Gil Bensabat Ferraz da Silva (Portugal - Travailleurs)

Gist of the proposal

The European Commission's proposal aims to realize the provision in the Maastricht Treaty whereby "every citizen of the Union resident in a Member State of which he is not a national has the right to vote and to stand for election in municipal elections in the Member State in which he resides" (Article 8B).

The Commission proposes that Member States incorporate this right into national legislation during 1995 and that it should apply from the beginning of 1996.

The Commission's programme is greatly simplified by comparison with that of 1988, avoiding all bureaucratization and with only one partial and provisional exemption for Luxembourg.

The position of mayor (or deputy) may be excluded from the right of eligibility, as in certain Member States these posts involve taking part in the exercise of official authority.

The Commission has made no provision concerning immigrants from non-member countries since this is a separate matter for which there is no provision in the Maastricht Treaty.

Gist of the Own-initiative Opinion

The Committee welcomes the flexibility introduced by this proposal and the fact that it does not aim to align the right to vote and to stand for elections, electoral systems or disqualification rules in Member States, thus respecting the diversity of cultures, political practices and traditions. It nevertheless considers that this is only a preliminary step towards the aim of extending universal suffrage relating to local powers, a practice already applied in some Member States, even for non-Community nationals.

Given the specific context in which local authorities operate, and their closeness to citizens, the Committee hopes that the practical exercise of the rights derived from the Directive will enable those aspects of the proposal, which give rise to reservations - such as European Union citizens, under certain circumstances, not being accorded equal treatment - to be resolved.

It is not acceptable that any restrictions based on nationality should be placed on the full exercise of the political rights of any citizens of the European Union legally registered on an electoral list and as such seeking the confidence of the electorate and entitled to stand as a candidate by virtue of universal suffrage.

Without underestimating the nature and specific features of the problems in any one Member State which underlie certain adjustments and derogations provided for in this proposal, the ESC feels that it is especially important to safeguard the principle of non-discrimination on the grounds of nationality between Community citizens, as enshrined in the Treaty and confirmed by current jurisprudence. To this end, the ESC feels that the derogations provided for in this Directive should be temporary and not continue beyond the year 2000. This question could be re-examined by the Council if the situation justifying a derogation should persist.

Once adopted, Member States should transpose the Directive into national law quickly so that it can be applied in the first local elections after its entry into force.

30. REGIONAL STRUCTURE OF WORLD TRADE (Own-initiative Opinion)

Opinion of the Economic and Social Committee on the *Regional Structure of World Trade*

(CES 1027/94)

Rapporteur: Mrs Giacomina Cassina (Italy - Workers)

Reasons for the Own-initiative Opinion

The world economy is increasingly revolving around three poles or regions: Europe, America and Asia. This development has recently been boosted by the ratification of the Treaty on European Union, the approval by the US Congress of the North American Free Trade Agreement (NAFTA) and the commitment entered into by the Heads of State and Government of fourteen Asian and Pacific States to establish an Asia-Pacific economic community.

The European Community, which comprises States having similar economic and social structures, has established a single market - which will shortly embrace certain other Member States of the European Economic Area - and has set out on the path leading to economic and monetary union and political union. The EC already has a common trade policy and coordinated economic policies, and has made a start on fiscal harmonization. A growing number of countries in Central and Eastern Europe have forged linked with the Economic Union either by expanding trade and investment flows or by signing free trade agreements.

The North American Free Trade Agreement (NAFTA) is less ambitious and follows on from the free trade treaty between Canada and the United States. The aim of NAFTA is to establish a free trade area embracing Canada, the United States and Mexico by the gradual elimination over fifteen years of tariff and non-tariff barriers to trade. These three States differ considerably not only in size but also as regards their level of economic development. Other countries, such as Chile, will certainly join NAFTA in the near future.

A process of regional economic integration - which this time is not backed up by institutional support - is also taking place in Asia and more specifically in East and South-East Asia. In this area, centred on Japan and comprising newly industrialized countries (South Korea, Taiwan, Hong Kong) and countries belonging to the Association of South-East Asian Nations (ASEAN) (mainly Singapore, Thailand, Indonesia and Malaysia), very rapid increases are taking place in flows of internal investment and trade, thereby helping to bring about a growing inter-dependence. A number

of questions arise in this part of the world, both with regard to the future economic role of China and Asia and the manner in which these countries could organize their trade in the long term.

Alongside these three growth points, a large proportion of the world population remains effectively excluded from international trade. Africa's position is particularly worrying in this respect.

Against a background of the globalization of markets, which has itself been brought about by technological innovation and the action of large multinationals, States are reacting and endeavouring to promote growth by helping to establish regional economic groupings. Co-existence between these groupings in a multilateral framework for the organization of world trade could prompt a number of questions and give rise to some concerns.

Gist of the Own-initiative Opinion

In its Opinion, the Committee notes that the regionalization of world trade is a trend of several decades' standing which is compatible with increasing multilateral trade liberalization.

Furthermore, analysis shows that regional integration achieves the best results in terms of "welfare" when:

- development levels, technology and production of the partners are similar;
- integration takes place against a background of liberalization, both within and outside the area;
- the parties have strong economic and political motivation, or an agreed comprehensive plan which they follow through in consistent manner;
- there is substantial scope for economies of scale.

However, the Committee stresses that the development of world trade is not the only factor contributing to global welfare. The latter is also the result of political decisions (or indecision) about the international economy.

The European Union is undoubtedly the most advanced and successful example of integration. It seems moreover, that with the exception of the Common Agricultural Policy, it has had benefits not only for its Member States but also for the rest of the world.

Lessons can be learned from the European experience of the integration process and the respect of certain social policy principles. This experience should also lead the Union to open a credible debate on policy towards the CEEC and to adopt a coherent trade policy in that region. Similarly, the EU should accept its responsibility to the ACP States and less developed countries in general, with particular attention to Africa, and ensure closer linkage of trade and cooperation policy.

The Committee recommends strengthening ties with other regions of the world, such as Latin America and Asia. It stresses the need for a clear, constructive dialogue with ASEAN and the establishment of a coherent foreign policy towards China. Furthermore the ESC encourages closer relations with the USA and NAFTA as a whole, and declares itself ready to play a constructive part in the process.

Finally, the Committee makes a certain number of recommendations aimed at making trade policy more transparent, promoting the role of the social partners in dialogue with other areas, and securing sufficient budgetary resources for external relations and cooperation policies.

31. EFFECTS OF THE URUGUAY ROUND AGREEMENTS (Additional Opinion)

Additional Opinion of the Economic and Social Committee on the *effects of the Uruguay Round Agreements*

(CES 1028/94)

Rapporteur: Mr Helmut Giesecke (Germany - Employers); Co-Rapporteur: Mr Charles Pelletier (France - Various interests)

Basis of additional Opinion

The Opinion will follow up the previous Opinions and Reports of the ESC on the Uruguay Round. It assesses the outcome in general terms and looks in more detail at issues which have been described as critical and at the matters still to be finalized after the agreement of 15 December last. In the light of the premise that the agenda of the Uruguay Round was set in the first half of the eighties, the Opinion addresses the new questions which are emerging, such as the link to be established between trade and the environment and trade and competition, and the possible inclusion of a social clause.

Gist of the Additional Opinion

The signature of the Uruguay Round agreements undoubtedly represents a very important step in the history of trade policy. Even if the result of the negotiations is not entirely satisfactory, the Economic and Social Committee welcomes the positive conclusion of the agreements and takes the view that their implementation should encourage prospects for growth and economic recovery. In this connection, the Committee stresses the importance of rapid ratification of the agreements and the need for the "standstill" on trade policy measures to be respected until the agreements are implemented.

The Committee welcomes the setting-up of the World Trade Organization, the greater institutional weight of which in comparison with the former GATT should make possible more transparency and effectiveness in administrative management and in the practical application of the Treaties. The ESC trusts that the secretariat of this new organization will be provided with adequate resources to perform the important tasks awaiting it.

In the Committee's view, the new rules adopted for the settlement of disputes should improve the operation of the world trading system and give all the partners concerned greater certainty and predictability. However, the effectiveness of the new procedure continues to depend on the readiness of the most influential trading nations to comply with the decisions relating to them.

While fully understanding American demands for the opening of the Japanese market, the Committee is disturbed by the USA's unilateral action. The Committee goes on to recommend that close attention be paid to the way in which the American Congress will bring its national legislation into line with its commitments to the WTO, and particularly to what will become of Sections 301 and "Super 301".

The agreement achieved for the farm sector in the context of the Uruguay Round aims to increase access to markets and to reduce internal support measures and export subsidies. The Committee calls upon the Commission to ensure that respect for these commitments does not cause a new imbalance on the European agricultural markets.

On trade and competition, the Committee takes the view that the agreements reached in the Uruguay Round on eliminating national restrictions on trade should be supplemented by rules to prevent restrictions on competition by companies. Likewise, the Committee advocates that a set of precise rules on direct investment be enshrined in a comprehensive multilateral system of rules.

The Committee urges that a "social clause" be included in the working programme of the World Trade Organization, which must take as a basis the Conventions of the International Labour Organization to which nearly all of the world's countries belong. It trusts that the Commission will make a positive contribution to this. The ESC also takes the view that economic cooperation leads to more lasting successes than political pressures. Nevertheless, if enforcement mechanisms had to be adopted, they should still be in a multilateral framework.

The Committee welcomes the fact that environmental protection is expressly mentioned as an objective in the preamble to the WTO agreement. It recommends that the EU support the planned work in the appropriate fora with the aim of drawing up, worldwide, environment guidelines which are binding on national legislators and directed towards upward harmonization. It is opposed to the idea of individual states exercising unilateral trade policy pressures in order to impose their own environmental standards. However, multilateral action should be possible against individual states which do not comply with agreed levels.

The Committee draws attention to the consequences of the fact that the WTO is to be entrusted with aims other than eliminating barriers to market access. It therefore feels that special efforts to achieve a political consensus are necessary.

The Committee also gives its views on subsidies, financial services, audiovisual services, movement of persons and public procurement.

32. MONETARY POLICY (Own-initiative Opinion)

Own-initiative Opinion of the Economic and Social Committee on *Monetary policy*

(CES 1029/94)

Rapporteur: Mr Klaus Meyer-Horn (Germany - Employers)

Gist of the Own-initiative Opinion

The Opinion issued by the Committee in October 1993 on the policies to be pursued in the Community during the transitional stage of EMU stated that the depth of the recession and the worsening situation on the labour market had given rise to new doubts about the feasibility of Monetary Union.

In its present Opinion, the Committee notes that the convergence policy which is to prepare the way for EMU does not necessarily clash with economic policies which have been adjusted to respond to the crisis: an effort should be made to reconcile both sets of policies by closely coordinating economic and monetary policies in the Community, observing the common guidelines and strengthening multilateral surveillance.

The Committee welcomes the link made by the Commission in its convergence report between the improvement of economic convergence and the return to narrow bands. It considers that the "normal fluctuation margins" referred to in Article 109j of the EU Treaty do not yet need to be quantified.

As far as the institutions are concerned, the European Monetary Institute should act during the second stage of EMU to gain recognition - via its opinions and recommendations - as a body for laying down common guidelines, promoting cooperation between national central banks and coordinating monetary and exchange rate policies.

During the second stage of EMU and with a view to strengthening the credibility of a common currency within the Union, the EMI Council should:

- recommend an ambitious monetary policy stability target;
- consider, in the context of exchange rate policy, a coordinated initiative designed to bring derivatives within the scope of banking supervision and thus reduce the scale of speculative monetary movements;
- work in the context of the internal market's completion for approximation of monetary policy instruments and procedures, especially with regard to discount, open market and minimum reserve policy;
- make proposals for a common definition of money supply and its uniform statistical calculation;
- endeavour to establish an agreement between central banks on the observance of money supply targets.

Public opinion in the Member States must be widely briefed on the EMI's tasks with regard to the establishment of a single currency, and if the design of the new ecu banknotes is to be standardized, a wide-ranging debate will have to be held.

Finally the Committee again deplores the fact that consultation of the socio-economic groups represented on the Committee is no longer obligatory under Article 103 of the EC Treaty, even though it is particularly important to consult the Committee on the issues dealt with in the Annual Economic Report and the broad economic policy guidelines.

33. INTEGRATED PROGRAMME IN FAVOUR OF SMEs AND THE CRAFT SECTOR

Opinion of the Economic and Social Committee on the *Integrated Programme in favour of SMEs and the Craft Sector*

(COM(94) 207 final)

(CES 1030/94)

Rapporteur-General: Mr C.W.M. Lustenhouwer (The Netherlands - Various interests)

Gist of the Commission document

The Integrated Programme for SMEs and the craft sector puts into concrete form the objectives outlined in the White Paper both in the short term (identifying and alleviating the constraints of a tax, social security, administrative, financial or other nature that hamper the establishment or continued operation of SMEs), and in the medium term (supporting cooperation between enterprises, improving the quality of management, supporting the development of firms with a high growth potential, and supporting the growth of employment in service SMEs). The Programme will assemble these various initiatives, existing and new, into a global framework to ensure their coherence and visibility. It proposes a closer partnership between all parties concerned with the development of SMEs - at Community, national and regional levels - with a view to enhancing the convergence of these measures.

The Integrated Programme provides for two different types of measures:

- a) measures to **promote mutual consultation between Member States and joint coordination** wherever necessary in order to:
 - improve the enterprise environment through administrative simplification so as to relieve the burdens on enterprises and free their job-creation potential;
 - stimulate the enterprise support measures which exist at national or regional level;
- b) identification of the **contributions which the Community plans to make** towards the development of enterprises, both in their legal and fiscal environment and in more direct support measures through the policies it conducts under various provisions of the Treaty.

Gist of the Opinion

In the Committee's view, one of the strengths of the Integrated Programme is that at long last a clear picture is presented of the EU actions and projects to assist SMEs. This is particularly apparent in those sections dealing with support measures.

A thorough evaluation of these activities does, however, need to be carried out in future.

The Committee firmly believes that the results of these measures must be critically monitored as lessons may be drawn for the future from this exercise. This assessment should form part of the annual reports on the progress in implementing the Integrated Programme.

The Committee has no difficulty in endorsing the programme. It is, however, unable to summon up any real enthusiasm for the proposal. The main reason is that no guarantee is given that all the various elements of the programme will be effectively coordinated (could such a guarantee be given?). The Committee notes that responsibility for the activities involved is spread over a number of DGs and these activities fall within the remit of various Commission members.

Therefore, the remit of the Commissioner responsible for SMEs must have considerable political weight and there has to be a political commitment by the Council; the proposed programme provides both the wherewithal and the justification for such steps.

34. AUTOMOBILE INDUSTRY

Opinion of the Economic and Social Committee on the *Communication from the Commission to the Council and the European Parliament on the European Union Automobile Industry*
(COM(94) 49 final)

(CES 1071/94)

Rapporteur: Mr Edoardo Bagliano (Italy - Employers)

Gist of the Commission Proposal

The Commission Communication comprises a detailed analysis of this important industry which directly employs more than 1.8 million workers and the same number indirectly.

The EU's automobile market is beset with difficulties and labour-shredding is widespread.

The objective must be to re-establish world-class products which are capable of competing with their rivals in the two other major trading blocks - the USA and Japan and which will enable European manufacturers to maintain and improve their shares on third country markets.

This involves the development of clean lean-produced, intelligent top quality products which offer good value for money.

The European industry's future is largely contingent on its ability to restructure at the level of manufacturers and component suppliers. The industry is of course primarily responsible for implementing the restructuring programme

It is up to the authorities to provide a back-up environment - open competitive markets - which encourage car manufacturers to become more competitive.

The Commission believes that by taking the following measures, the EU could play a key role in restructuring the automobile industry and boosting its international competitiveness:

- using structural policy instruments to facilitate adaptation of enterprises and their workforces to new production systems and to industrial changes;
- taking advantage of joint research and development programmes under the Fourth Framework Programme aimed at undertaking the basic research underpinning future technologies;
- employing renewed efforts to improve the smooth functioning of the internal market;
- removing market access barriers in principal markets and markets with high growth potential worldwide.

Gist of the Opinion

Numerous documents on the European Union's automobile industry have been drawn up by the Commission, European Parliament and Council.

The need to refer to these documents remains valid despite the fact that the onset of recession in the sector and the wider economy has modified scenarios and strategies and has accelerated the structural and technological changes already planned and in part aspired to over recent years.

The latest discussions of the problems of the European automobile industry, sparked by the Commission's most recent document, must therefore be wide-reaching so as to rectify any outdated features and to harness existing knowledge to generate more new ideas and approaches and to bolster the drive for more practical and effective action.

The Committee agrees with the Council and the European Parliament that the Commission must be asked to carefully monitor the situation in the automobile industry which is an important sector of the economy. The Commission Communication describes the state of the sector thoroughly, with abundant statistical and factual data. The Commission's views should nevertheless be set out in a shorter, more functional document, with fewer descriptions and more proposals, even if the document is obviously expected to set out the key points to emerge from the most up-to-date analyses possible.

That the automobile industry is a key sector of the economy is a conviction expressed by institutions and experts alike in all quarters and on all occasions - typically it is an indicator of any modern society's vitality and potential for growth and progress. The Commission should reflect this conviction by adopting more carefully-targeted measures within the framework of the Structural Funds or more specifically-tailored initiatives.

The restructuring process currently taking place in industry, and the technological changes - now affecting all economic sectors - nevertheless need to be seen as being part of a wider scenario of new and significant

developments in (a) society in general, (b) national and regional socio-economic systems, (c) major trade and financial flows, (d) cultures and cultural exchanges.

The employment problem demands constant vigilance. No effort should be spared in safeguarding jobs wherever possible. It is particularly important that the scope for pursuing on-going dialogue - "based on mutual trust, at the appropriate level, and according to national practices" as the Council states - between the social partners and all interested parties goes hand in hand with greater flexibility and willingness to change on the part of everyone.

Greater financial resources should be channelled to training and retraining, in order to face up to the major challenge of restructuring.

In addition tax harmonization must be resolutely pursued and the harmonization of technical standards should be continued "in a stable and predictable regulatory policy environment".

The Committee agrees with the Council on the need for the automobile industry to "continue to adapt its products to meet societal demands for clean, safe, efficient, quality and value cars".

In particular the environment/automobile industry relationship needs to be enhanced constantly. All scientific resources should be brought to bear in order to make cars more acceptable and compatible with the environment and society as a whole.

In this connection the Committee would, however, call for a harmonized Community-level policy to promote coherent recycling initiatives, compatible with current and future environmental and ecological policy.

Against the background of international competition the Community market has now achieved a "high level" of openness, which is reflected in great sensitivity to changes in trade with other countries, particularly the USA, South Korea and Japan. Hence the increasingly urgent need for substantial reciprocity in relations with non-Community parts of the world. The continuing, and totally unacceptable, barriers to trade - sometimes in the form of tax discrimination - cannot be overlooked.

There is, however, no mention of the extensive new markets, of immense potential in Russia and China.

The Committee therefore urges the Commission to devote particular attention to this vast potential automobile market, which might be a natural outlet for future Community automobile production.

Against this background steps must be taken immediately to create the necessary conditions, examine the specific features, forecast trends and foster compatible developments.

35. **AGRICULTURAL PROVIDENT SCHEMES** (Information Report)

Information Report by the Section for Agriculture and Fisheries on *agricultural provident schemes within the Community*

(doc. CES 1153/93 fin)

Rapporteur: Mr Giovanni Mantovani (Italy - Various interests)

Gist of the Information Report

The goal of provident schemes protecting European citizens in all occupational categories - agriculture in particular - is also vital given their present or future role as consumers.

In countries which have adopted occupation-based provident schemes, extension of social insurance to farmers has occurred later than elsewhere, at a time when their numbers have fallen considerably following the rural exodus of recent decades. As a result, these schemes have immediately been confronted with serious budgetary problems, caused by the deteriorating ratios between the numbers of contributors to, and recipients of, benefits. At the same time, it should be acknowledged that as a consequence of demographic trends and employment market changes (ageing population, smaller labour force), a structural financial imbalance is no longer typical of agricultural provident schemes alone, but is a problem shared by all social insurance schemes.

Unequal treatment in social security terms between farm and non-farm sectors persists in almost all EU countries. While farm workers usually receive the same benefits as other workers, in most cases - with the exception of those countries which have adopted universal social security schemes - farmers receive lower pensions than other citizens. A further significant difference lies in the fact that some types of insurance are compulsory for wage-earners but optional for the self-employed and for farmers in particular.

Meaningful inequalities of treatment between men and women have not been identified. Women can sometimes retire earlier than men. Some types of insurance do not cover farmers' spouses.

In a number of countries where social insurance is funded by contributions, farm sector contributions are lower than from others. This is the case, for example, in France and Italy; however, over the last few years, these two countries have introduced policies aimed at gradually closing the gap in this respect between the farming and non-farming sectors. This has led to significantly higher costs for farmers, whose contribution rates have grown faster than their incomes. Even in those countries where contributions have remained stable, the financial burden borne by farmers has been exacerbated by falling incomes.

It should be borne in mind that the agricultural sector's financial capacity, which includes the capacity to fund social provident schemes, is currently shrinking, partly due to the production limits imposed by the CAP and cuts in Community aid and support.

Agricultural unemployment, meaning giving up a farming business, brings about additional, and sometimes serious, social problems.

In contrast to the urban work scene, those having to give up farming are often also obliged to leave their family accommodation. The effects are therefore felt not only by the men concerned, but also by their spouses, whether they are involved in farming or not, and by any children they may have.

II. FUTURE WORK

Economic Questions Section

- Harmonization of excise duty structures and alignment of excise duties on mineral oils
COM(94) 179 final - 94/0155
October Session
- Exemption from VAT
COM(94) 370 final
January Session

Environment Section

- Ecological quality of water
COM(93) 680 final - 94/0152 (SYN)
November Session
- Convention on the protection of the Alps
COM(94) 336 final
December Session
- Measuring networks - ambient air pollution
COM(94) 345 final
December/January Session
- Ambient air quality assessment and management
COM(94) 109 final - 94/0106 (SYN)
December/January Session

Industry Section

- Second Report - SME observatory
COM(94) 352 final
December Session
- Europe's way to the information society: an action plan
COM(94) 347 final
February/March Session

Social Affairs Section

- Third Community action programme to assist disabled people (HELIOS II 1993-1996)
COM(94) 303 final
November/December Session
- White Paper on European social policy
COM(94) 333 final
Session to be decided

Agriculture Section

- Rules for access to certain Community fishing areas and resources
COM(94) 308 final - 94/0172 (CNS)
November Session
- Control system applicable to the common fisheries policy
COM(94) 309 final - 94/0173 (CNS)
November Session
- Circulation of feed materials
COM(94) 313 final - 94/0180 (CNS)
November Session
- Health conditions for the production and marketing of fresh meat
COM(94) 315 final - 94/0176 (CNS)
November Session
- Marketing of compound feedingstuffs
COM(94) 279 final - 94/0174 (CNS)
November Session
- Reform of the common organization of the market in wine
COM(94) 117 final - 94/0107
December Session
- Cotton aid regime - fourth adaptation
COM(94) 377 final
Session to be decided

Transport Section

- Harmonization of boatmasters' certificates
COM(94) 359 final
Session to be decided
- Recording equipment in road transport
COM(94) 323 final - 94/0187 (SYN)
January Session

Information Reports

External Relations Section

- EU/USA relations
Session in first quarter of 1995
- Assessment of the PHARE programme
Session in the first quarter of 1995

III. PRESENCE AND INFLUENCE OF THE ECONOMIC AND SOCIAL COMMITTEE

Chairman's activities

On 11 August 1994, in Brussels, meeting with Mr Pletsch, Director of the liaison office of the State of Saxony-Anhalt.

On 12 September 1994, in Brussels, talk to a visitors' group from the "Freier Wirtschaftsverband Österreich".

On 14 September 1994, in Brussels, talk with Mrs Tone Rand, EFTA Consultative Committee.

On 14 September 1994, in Brussels, attended the reception held by the Brussels-Capital government in conjunction with the installation of the new European Parliament.

On 14 September 1994, in Brussels, attended the reception arranged to celebrate the 184th Anniversary of the Proclamation of Mexico's Independence.

Other activities of the Committee and its constituent bodies

On 14 July 1994, in Brussels, discussions between Mr Antonio Ruberti, Commissioner responsible for research policy, and the members of the Section for Energy, Nuclear Questions and Research.

On 28 July 1994, in Brussels, the Section for Industry, Commerce, Crafts and Services heard statements on the improvement of the fiscal environment of small and medium-sized enterprises and the integrated programme in favour of SMEs and the craft sector and on the 2nd Report of the European Observatory for SMEs from Mrs Christiane Scrivener, member of the European Commission, and Mr Heinrich von Moltke, Director-General, DG XXIII, respectively.

On 30 August 1994, in Brussels, the Section for Regional Development and Town and Country Planning listened to a statement by Mr Welf Selke, German Federal Ministry for Regional Planning, Town Planning and Construction on preparations for the informal meeting of the Regional Planning Council to be held in Leipzig on 21 and 22 September.

On 31 August 1994, in Brussels, Mr José Luis Cruz Vilaça, President of the EU court of first instance, took part in the 200th meeting of the Section for Industry, Commerce, Crafts and Services.

On 6 September 1994, in Brussels, Mr Lamfalussy, President of the European Monetary Institute, attended the 164th meeting of the Section for Economic, Financial and Monetary Questions.

On 7 September 1994, in Brussels, Mr Wilhelm Knittel, German Federal Secretary of State for Transport, made a statement at the 235th meeting of the Section for Transport and Communications on the German Presidency's programme.

On 1 and 2 September 1994, in Brussels, participation in the seminar on the profession of tourist guide, organized by the European Federation of Tourist Guide Associations and the European Commission.

On 15 September 1994, in Brussels, working lunch in conjunction with a European affairs training session for the directors-general of Regional Chambers of Commerce and Industry, organized by the Assembly of French Chambers of Commerce and Industry.

IV. NEWS CONCERNING ESC MEMBERS AND STAFF

Mr Ph. H. Noordwal has been made a Commander of the Finnish Order of the Lion. This honour was presented by Mr Matti Vuorio, Secretary-General in the Finnish Ministry for Trade and Industry.

Following their election to the European Parliament:

- resignation of **Mr Ionnis Theonas** (Greece - Workers), ESC member since 1990;
- **Mr Konrad Schwaiger**, Director in the ESC, has taken personal leave.

V. INFORMATION VISITS

During the reference period, the following groups visited the ESC:

- 2 September 1994 Elected representatives from Aveyron (France)
- 6 September 1994 Academy for the development of a democratic environment, Malta
- 12 September 1994 Austrian Chamber of Commerce, Brussels
- 15 September 1994 Shrewsbury College (United Kingdom)
- 15 September 1994 Assembly of French Chambers of Commerce and Industry, Brussels
- 15 September 1994 Hanse-Office - Joint Office of the States of Hamburg and Schleswig-Holstein, Brussels
- 15 September 1994 The Industry and Parliament Trust (United Kingdom)
- 21 September 1994 Deutsche Gesellschaft e.V. (Registered Association for the promotion of political, cultural and social relations in Europe, Berlin (Germany))
- 22 September 1994 University of Tampere, Institute for Extension Studies (Delegation of Finnish Journalists) (Finland)
- 22 September 1994 Karl-Arnold-Stiftung - Institute for Political Studies, Bonn (Germany)
- 22 September 1994 Eksport Akademiet - Roskilde Business School (Denmark)
- 23 September 1994 Wetteraukreis, Friedberg (Germany)
- 27 September 1994 OLGA - Organization of Local Government Auditing
- 27 September 1994 Sainte-Thérèse private technical secondary school, Rennes (France)
- 29 September 1994 The American University, Washington D.C. (United States)

