

EUROPEAN COMMUNITIES

BULLETIN

5

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



CES: 1

EN

Chair

President: Tom JENKINS
(United Kingdom - Workers)

Vice-presidents: Giacomo REGALDO
(Italy - Employers)
Johannes JASCHICK
(Germany - Various Interests)

Secretary-general: Adriano GRAZIOSI

Origins

The ESC was set up by the 1957 Rome Treaties in order to involve economic and social interest groups in the establishment of the common market and to provide institutional machinery for briefing the European Commission and the Council of Ministers on European Union issues.

The Single European Act (1986) and the Maastricht Treaty (1992) reinforced the ESC's role.

Membership

The 222 members (193 men, 29 women) of the ESC are drawn from economic and social interest groups in Europe. Members are nominated by national governments and appointed by the Council of the European Union for a renewable 4-year term of office. They belong to one of three Groups: Employers (Group I - President: Manuel Eugénio Cavaleiro Brandão - Portugal), Workers (Group II - President: Roger Briesch - France), Various Interests (Group III - President: Beatrice Rangoni Machiavelli - Italy). Germany, France, Italy and the United Kingdom have 24 members each, Spain has 21, Belgium, Greece, the Netherlands, Portugal, Austria and Sweden 12, Denmark, Ireland and Finland 9 and Luxembourg 6.

The members' mandate

The main task of members is to issue opinions on matters referred to the ESC by the Commission and the Council.

It should be noted that the ESC is the only body of its type which advises the EU Council of Ministers directly.

Advisory role

Consultation of the ESC by the Commission or the Council is mandatory in certain cases; in others it is optional. The ESC may, however, also adopt opinions on its own initiative. The Single European Act (17.2.86) and the Maastricht Treaty (7.2.92) have extended the range of issues which must be referred to the Committee, in particular the new policies (regional and environment policy). On average the ESC delivers 145 advisory documents a year (of which 15% are issued on its own-initiative). All opinions are forwarded to the Community's decision-making bodies and then published in the EU's Official Journal.

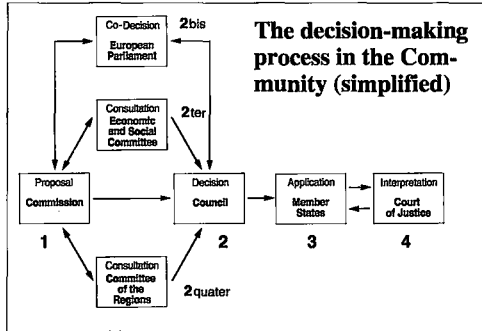
Information and integration role

Over the last few years the ESC has stepped up its role in the European Union and has transcended the straight forward duties flowing from the Treaties. It acts as a forum for the single market and has hosted, with the support of other EU bodies, a series of events aimed at bringing the EU closer to the people.

Internal organization

1. Presidency and bureau

Every two years the ESC elects a bureau made up of 36 members (12 per group), and a president and two vice-presidents chosen from each of the three groups in rotation.



The president is responsible for the orderly conduct of the Committee's business. He is assisted by the vice-presidents, who deputize for him in the event of his absence.

The president represents the ESC in relations with outside bodies.

Joint briefs: relations with EFTA, CEEC, AMU, ACP countries, Latin American and other third countries, and the Citizens' Europe fall within the remit of the ESC bureau and the president.

The bureau's main task is to organize and coordinate the work of the ESC's various bodies and to lay down policy guidelines for this work.

2. Sections

The Committee has nine sections:

- Economic, Financial and Monetary Questions - secretariat tel. 546.92.27
(President: Göke Frerichs - Group I - Germany)
- External Relations, Trade and Development Policy - secretariat tel. 546.93.16
(President: John F. Carroll - Group II - Ireland)
- Social, Family, Educational and Cultural Affairs - secretariat tel. 546.93.02
(President: Mrs H.C.H. van den Burg - Group II - Netherlands)
- Protection of the Environment, Public Health and Consumer Affairs secretariat tel. 546.96.57
(President: Manuel Ataíde Ferreira - Group III - Portugal)
- Agriculture and Fisheries - secretariat tel. 546.93.96
(President: Pere Margalef Masià - Group III - Spain)
- Regional Development and Town and Country Planning secretariat tel. 546.92.57
(President: Robert Moreland - Group III United Kingdom)
- Industry, Commerce, Crafts and Services - secretariat tel. 546.93.85
(President: John Little - Group I - United Kingdom)
- Transport and Communications secretariat tel. 546.93.53
(President: Eike Eulen - Group II - Germany)
- Energy, Nuclear Questions and Research - secretariat tel. 546.97.94
(President: José Ignacio Gafo Fernández - Group I - Spain)

3. Study groups

Section opinions are drafted by study groups. These usually have 12 members, including a rapporteur who may be assisted by experts (usually four with a maximum of six).

4. Sub-committees

The ESC has the right to set up temporary sub-committees, for specific issues. These sub-committees operate on the same lines as the sections.

5. Plenary session

As a rule, the full Committee meets in plenary session ten times a year. At the plenary sessions, opinions are adopted on the basis of section opinions by a simple majority. They are forwarded to the institutions and published in the Official Journal of the European Communities.

6. Relations with economic and social councils

The ESC maintains regular links with regional and national economic and social councils throughout the European Union. These links mainly involve exchanges of information and joint discussions every year on specific issues.

The ESC also liaises world-wide with other economic and social councils at the "International Meetings" held every two years.

7. Relations with economic and social interest groups in third countries

The ESC has links with economic and social interest groups in a number of non-member countries and groups of countries, including Mediterranean countries, the ACP countries, Central and Eastern Europe, Latin America and EFTA. For this purpose the ESC sets up 15-30 man delegations headed by the president. Some meetings involving the countries of central and eastern Europe, will be institutionalized under the Europe Agreements.

Publications

The ESC regularly distributes a number of publications free of charge (order in writing by mail or fax - 546.98.22), including its main opinions in brochure format and a monthly newsletter. Secretariat-General

The Committee is serviced by a secretariat-general, headed by a secretary-general who reports to the president, representing the bureau.

Since 1 January 1995, the Economic and Social Committee and the Committee of the Regions have shared a common core of departments, mainly staffed by members of the ESC secretariat.

1997 Budget

The 1997 ESC budget totals ECU 27,865,858. The budget for the departments servicing both the ESC and the Committee of the Regions stands at ECU 53,775,429.

BULLETIN

97

5

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



This Bulletin reports on the activities of the Economic and Social Committee, a consultative body of the European Communities. It is published by the ESC's General Secretariat (2, rue Ravenstein, B-1000 Brussels) in the official Community languages (10 editions per annum)

ECONOMIC AND SOCIAL COMMITTEE

DIRECTORATE FOR COMMUNICATIONS
Specialized Department for Information and Visits

2, rue Ravenstein, B-1000 Brussels

Tel.: 546 90 11
Fax: 546 98 22

Telegram: ECOSEUR
Telex: 25 983 CESEUR

Catalogue number: ESC-97-011-EN

Brussels: General Secretariat of the Economic and Social Committee, 1997

Reproduction is authorized, except for commercial purposes, provided the source is acknowledged.

Printed in Belgium

CONTENTS

I	346th PLENARY SESSION - 28 and 29 MAY 1997	
1.	ENVIRONMENTAL AGREEMENTS (<i>Own-initiative opinion</i>)	1
	<i>(adopted by 66 votes to 1 with 1 abstention)</i>	
2.	MARKING OF PACKAGING	2
	<i>(adopted by 73 votes to 2 with 4 abstentions)</i>	
3.	EMISSION OF ORGANIC COMPOUNDS	3
	<i>(adopted by 81 votes to 1 with 14 abstentions)</i>	
4.	LABELLING OF FOODSTUFFS	5
	<i>(adopted by 67 votes to 7 with 7 abstentions)</i>	
5.	ENVIRONMENTAL IMPACT ASSESSMENT	6
	<i>(adopted by 49 votes with 4 abstentions)</i>	
6.	COMPETITION RULES/TELECOMMUNICATIONS AGREEMENTS	7
	<i>(adopted by 71 votes to 1 with 2 abstentions)</i>	
7.	PROTECTION OF MINORS IN AUDIOVISUAL SERVICES	8
	<i>(adopted by 90 votes to 2 with 1 abstention)</i>	
8.	GREEN PAPER ON COMMERCE	10
	<i>(adopted by 95 votes to 4 with 19 abstentions)</i>	
9.	SINGLE MARKET ACTION PLAN	13
	<i>(adopted by 59 votes to 2 with 4 abstentions)</i>	
10.	GREEN PAPER PUBLIC PROCUREMENT	14
	<i>(adopted by 61 votes with 2 abstentions)</i>	
11.	NUMBERING/TELECOMMUNICATIONS POLICY	16
	<i>(adopted by 89 votes to 1)</i>	
12.	ADMISSION TO OCCUPATION OF ROAD HAULAGE OPERATOR	18
	<i>(adopted by 90 votes to 1 with 4 abstentions)</i>	
13.	TOBACCO REFORM OPTIONS (<i>Own-initiative opinion</i>)	19
	<i>(adopted by 44 votes to 59 with 6 abstentions)</i>	
14.	OLIVE OIL - COMMON MARKET REFORM (<i>Own-initiative opinion</i>)	20
	<i>(adopted by 52 votes to 5 with 4 abstentions)</i>	
15.	FARM PRICES 1997/1998	22
	<i>(adopted by 79 votes to 9 with 16 abstentions)</i>	
16.	COM/HOPS	23
	<i>(adopted by 67 votes to 7 with 7 abstentions)</i>	
17.	VAT - TELECOMMUNICATIONS SERVICES	24
	<i>(adopted by 92 votes to 2 with 4 abstentions)</i>	
18.	STAGE THREE OF EMU (<i>Own-initiative opinion</i>)	25
	<i>(adopted by 124 votes to 2 with 7 abstentions)</i>	
19.	SOCIAL POLICY AND ECONOMIC PERFORMANCE (<i>Own-initiative opinion</i>)	26
	<i>(adopted by 83 votes to 30 with 11 abstentions)</i>	

20.	AMENDING SOCRATES PROGRAMME	26
	<i>(adopted by 91 votes with 3 abstentions)</i>	
21.	SERVICES OF GENERAL INTEREST IN EUROPE	28
	<i>(adopted by 44 votes to 26 with 18 abstentions)</i>	
22.	DEVELOPMENT AID (Own-initiative opinion)	31
	<i>(adopted by 82 votes to 2)</i>	
II.	FUTURE WORK	33
III.	PARTICIPATION BY THE ESC IN VARIOUS EVENTS, INFLUENCE OF THE ESC	36
IV.	RESIGNATIONS - APPOINTMENTS	38
V.	NEWS FROM THE ASSOCIATION OF FORMER MEMBERS	38
VI.	FACT-FINDING VISITS TO THE ESC	38

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 Directorate for Communications - Specialized Department for Information and Visits (Fax: + 32.2.546.98.22)

On-line Database of Economic and Social Committee Opinions

The Economic and Social Committee (ESC) has recently launched a database containing the full text of the Committee's opinions and bulletins. The database contains opinions, in all working languages, since January 1995. The ESC bulletin is available in English and French. The database may be searched using the CCL, a menu system and "Watch ECHO". It is planned to diffuse key documents on the World Wide Web :

<http://www.echo.lu/ces/ceshome.html>

The ESC database will be available free of charge.

I. 346th PLENARY SESSION - 28 and 29 MAY 1997

The Economic and Social Committee of the European Communities held its 346th plenary session in Brussels on 28/29 May. The ESC president, **Mr Tom Jenkins**, took the chair.

The session was attended by **Mr Christos Papoutsis**, member of the EC Commission, who took part in the debate on the Opinion on the Green Paper on commerce.

At its plenary session the Committee adopted the following opinions:

1. ENVIRONMENTAL AGREEMENTS (*Own-initiative opinion*)

Opinion of the Economic and Social Committee on *Environmental agreements*

(CES 587/97)

Rapporteur working without a study group: Mr Klaus BOISSEREE (Germany - Various Interests)

Aim of the opinion

The opinion refers mainly to the Communication on Environmental agreements issued by the Commission in November 1996 (COM(96) 561 final).

The general purpose of this Communication is to promote and facilitate the use of effective and acceptable Environmental Agreements (EAs) between public authorities and industry as an instrument to complement or implement environmental legislation in the Community. The Communication has to be seen in the light of the strategy set out in the Fifth Action Programme to broaden the range of environmental policy instruments and to put into practice the concept of "shared responsibility". The Commission notes that, compared to other policy instruments, EAs have a number of advantages: they can promote a proactive attitude on the part of industry, provide cost-effective, tailor-made solutions and allow for a quicker achievement of objectives.

In order to avoid (i) stipulating goals that are only vague in nature, (ii) lack of transparency and (iii) possible distortion of competition caused by "freeloaders", the communication contains a number of **criteria** to be taken into account when designing, concluding and implementing EAs at local, national or Community level (consultation of interested circles; contractual form; setting of quantified objectives; phased approach; publication of the agreement; monitoring, verification and reporting of results, etc.).

In addition, the document also tries to clarify specific questions related to the use of EAs for the **implementation of certain provisions of Community directives in the Member States¹** as well as to their use at Community level.

The communication was the subject of a general debate in the Environment Council of 3 March and the Dutch Presidency intends to present a draft resolution on this matter at the Council's June meeting (19 and 20 June).

Gist of the opinion

The Committee endorses the main points of the Commission Communication. It puts a different emphasis on certain points, however, and proposes a number of additional provisions.

On the **possibilities for applying agreements**, the Committee points out *inter alia* that the use of this instrument for *transposing* directives into national law entails a number of problems. The Commission would therefore do well to give close attention to the possibility of *using agreements to implement* directives which

¹

See also on this specific question the Commission Recommendation of 9 December 1996 concerning Environmental Agreements implementing Community Directives - OJ No. L 333/59 of 21.12.96.

have already been transposed into national law (agreements as legislative instrument versus agreements as implementing instrument). Among other things, this means that there is a need to clarify the question whether the Commission Recommendation on Environmental agreements relates to the implementation of transposed law as well as to the transposition of directives.

More generally, the opinion points out that much positive experience has indeed been gained with agreements as an implementing instrument. In the ESC's view only a very limited role is reserved for agreements concluded at EU level; where such agreements are nonetheless concluded, the EU institutions responsible for legislation (including the ESC) should be involved in the process. Finally, the ESC suggests that consideration be given to the use of agreements for implementing *EU regulations* and in relations with operators in non-EU countries.

The opinion also dwells on the **requirements to be taken into account when concluding environmental agreements**. To complement the Commission Communication, the opinion stresses *inter alia* that:

- the rights and obligations which flow from an agreement must be more or less balanced between the two parties;
- account must be taken of EC environmental legislation, and particularly of the objectives and principles laid down in Article 130r of the EC Treaty;
- environmental objectives and limit values must be determined at the political level and cannot therefore be decided in negotiations between government and industry;
- monitoring of the implementation of agreements must be done mainly at the individual enterprise level.

Finally, the opinion includes a number of **other comments**. It points out that an authority can never formally undertake in an agreement to refrain from further legislation. Moreover, the parties to an agreement (e.g. branch organizations) should have been authorized to undertake the legal obligations involved; where this is not the case, agreements must also be signed by individual firms. Mention is also made of the good results achieved in a number of Member States through the involvement of independent "mediators".

2. MARKING OF PACKAGING

Opinion of the Economic and Social Committee on the Proposal for a European Parliament and Council directive on marking of packaging and on the establishment of a conformity assessment procedure for packaging

(COM(96) 191 final - 96/0123 COD)

(CES 588/97 - 96/0123 COD)

Rapporteur: Mrs Ann DAVISON (United Kingdom - Various Interests)

Co-Rapporteurs: Mr Sergio COLOMBO (Italy - Workers)

Mr Paul VERHAEGHE (Belgium - Employers)

Gist of the directive

The proposal stems from the obligation to take action on the marking of packaging and assessment of conformity set out in Directive 94/62/EC on packaging and packaging waste.

The proposed marking is **voluntary** and will indicate the **reusable** or **recyclable** nature of packaging with a symbol; different marks for the same purpose will be prohibited.

Annex 3 sets out the conformity assessment procedure for packaging. It is considered that conformity marking would be superfluous.

No marking system to indicate the existence of a return system is proposed, since there is no Europe-wide system for return and management.

Gist of the opinion

The Economic and Social Committee:

- confirms the need for a programme to minimize the impact of packaging on the environment and for an end to the proliferation of self-validated marks indicating the reusability or recyclability of packaging;
- considers that a European mark to indicate reusability or recyclability should: a) build on existing widely recognized marks, and b) have international recognition;
- recognizes that this may mean some delay in introducing a European mark;
- estimates it more urgent that the Member States put into place sufficient reuse, recycling and, in the right conditions, recovery facilities combined with information to consumers;
- calls on the Commission to encourage faster preparation of the supporting European standards on packaging;
- recommends a streamlined conformity assessment procedure.

The Packaging and Packaging Waste Directive calls upon the Council to decide on the marking of packaging, this does not compel the Council and the European Parliament to adopt a directive immediately. In view of the above shortcomings, the Committee considers that efforts would be better spent in improving the current situation, as well as on reducing unnecessary packaging. A little more time can then be taken to develop an understandable and internationally compatible mark for the EU.

3. EMISSION OF ORGANIC COMPOUNDS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive on the limitation of the emission of organic compounds due to the use of organic solvents in certain processes and industrial installations

(COM(96) 538 final - 96/0276 SYN)

(CES 597/97 - 96/0276 SYN)

Rapporteur: Mr José Ignacio GAFO FERNÁNDEZ (Spain - Employers)

Gist of the Commission proposal

Concern with regard to tropospheric ozone pollution has given rise to a number of initiatives to reduce emissions of the precursors which give rise to ozone formation. The proposed directive, which is based on Article 130s of the Treaty, forms a part of the implementation of the Fifth Action Programme and of a series of measures aimed at an overall reduction of **volatile organic compound (VOC)** emissions in the Union, to extend the reduction of 30% between the years 1990 and 1999 to which the Commission is committed under the framework of the UNECE Convention on Long Range Transboundary Atmospheric Pollution.

In the long run, based on the scientific evidence currently available², significantly large VOC reductions, in the range of 70% to 80%, need to be achieved in order to reduce the severity and frequency of ozone episodes.

²

Auto oil modelling for regional ozone pollution

Some measures to reduce emissions of organic compounds at EU level have already been taken such as the Auto-Oil Programme³, and additional legislative steps on road traffic emissions and the gasoline distribution system⁴ have been put in place. A reduction of the emissions from stationary sources is therefore necessary, although given the large number of sources, requirements have to be laid down for the three main areas (responsible for about 60% of the total emissions) of application: paint application, degreasing and dry cleaning, and chemical products manufacturing or processing.

The proposed Directive is fully in line with the principle of **subsidiarity**, establishing a target for VOC reduction based on the technically and economically feasible reductions in each sector which the Member States are then required to achieve, either by implementing emission limit values or by establishing national plans containing other measures which will achieve the same reduction. Moreover, the proposal allows the achievement of the reduction in the most cost effective way: either by the use of abatement technology, or by substituting high solvent products with low-solvent or solvent-free products.

Gist of the opinion

The Economic and Social Committee supports the proposal for a directive which seeks to reduce emissions of VOC due to the use of organic solvents in certain processes and industrial installations, subject to the provisos set out below, which refer to the need for the European Commission to:

- make an overall assessment of the combined effect of all these measures on air quality, in terms of precursors of tropospheric ozone formation, in the various regions of the European Union. It may be that proposals are being drawn up which are not justified in cost-benefit terms, or else that additional measures are needed;
- develop a uniform reduction methodology for each individual sector in view of the large number of industrial sectors and companies involved and strike a balance, in cost-benefit terms, when setting individual reduction levels for each sector;
- ensure that the directive is correctly implemented throughout the European Union and simplify the criteria for the subsequent monitoring of compliance in view of the draft directive's extremely technical and complex nature;
- provide sufficient detail about the criteria on which the definitions of minimum solvent use thresholds and emission levels for each sector are based;
- take account of the economic cost which will, in some cases, be very high and the considerable risk of losing competitiveness, and possibly jobs;
- show how the cost of the measures will differ from region to region or whether the harmonization criterion are justified by differences in air quality from one region to another;
- application of the option provided for in Article 12 whereby Member States may draw up and implement their own national emission reduction plans instead of applying the reduced limit values set for each sector raises certain questions with regard:
 - excessive use of this principle which could distort competition;
 - the fact that the national plans should take air quality in various parts of a country as a basic criterion for determining the reduction measures needed in each of the affected sectors or firms.

³ COM(96) 248 final

⁴ OJ No. C 73, 15.03.1993

Specific comments include the following:

- increase in capacity should be 25% for microenterprises or, alternatively, at least 20% of a plant's nominal capacity;
- for installations not covered by Directive 96/61/EC the system for authorization or registration should normally enter into force on 30 October 2007;
- Article 5(2) should be reworded to deal with each of the approaches put forward separately;
- Member States should be allowed to determine whether such monitoring is justified in technical and economic terms; care must, however, be taken to ensure that the data are reliable;
- the definition of fugitive emissions in Article 2 should be changed: there should be a general exception for solvents incorporated into the product during manufacture.

4. LABELLING OF FOODSTUFFS

Opinion of the Economic and Social Committee on the proposal for a European Parliament and Council Directive amending Directive 79/112/EEC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs
(COM(97) 20 final - 97/0027 COD)

(CES 598/97 - 97/0027 COD)

Rapporteur: Mr Leopold Erich MAURER (Austria - Employers)

Co-Rapporteurs: Mrs Ada MADDOCKS (United Kingdom - Workers)

Mrs Ann DAVISON (United Kingdom - Various Interests)

Gist of the Commission proposal

Article 6(3) of Directive 79/112/EEC stipulated that in the case of beverages containing more than 1.2% by volume of alcohol, rules should be determined for the labelling of the ingredients within four years of notification.

The Commission submitted proposals to this effect in 1982 and 1992, which, on the whole, met with the Committee's approval. However, these proposals did not obtain Member States' approval at Council level.

The present proposal, which stipulates that the labelling rules shall be adopted within three years of 1 July 1998 and shall enter into force simultaneously for all beverages, is intended to relaunch the debate on the question.

Gist of the opinion

The Committee endorses the proposal for a directive as a valuable contribution. The Committee does, however, propose that the specific labelling rules in respect of alcoholic beverages be adopted by the *Standing Committee on Foodstuffs*, rather than by the *common market organization committees*, as proposed by the Commission.

The Committee highlights the fact that, following the BSE crisis, the European Parliament is advocating greater transparency in food legislation. The same demand was also made in the ESC opinion on the BSE crisis. The European Commission endorses this approach, an integral part of which is judged to be referral to independent committees. The Standing Committee on Foodstuffs is an independent body whose remit it is to assess rules governing foodstuffs. The abovementioned approach also takes account of the need to avoid any discrimination between alcoholic beverages.

5. ENVIRONMENTAL IMPACT ASSESSMENT

Opinion of the Economic and Social Committee on the proposal for a Council Directive on the assessment of the effects of certain plans and programmes on the environment
(COM(96) 511 final - 96/0304 SYN)

(CES 608/97 - 97/0304 COD)

Rapporteur: Mr Giampaolo PELLARINI (Italy - Workers)

Gist of the Commission proposal

Council Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment (the "EIA Directive") requires an environmental impact assessment to be carried out before development consent is given for projects which are likely to have significant effects on the environment. The EIA Directive does not, however, require an assessment to be carried out before the adoption of the plans and programmes which set the framework for such development consent decisions. Thus, for example, there is no requirement under Community law to carry out an environmental assessment prior to the adoption of a regional land use plan. The objective of this proposal is to provide for a high level of protection of the environment by ensuring that an environmental assessment is carried out and the results are taken into account during the preparation and adoption of such environmentally significant plans and programmes. This will complement the environmental assessment of projects under the EIA Directive, which takes place at a later stage in the decision making process.

Gist of the opinion

The Committee welcomes the proposal, since it fits in with the concept of "sustainable development", aiming at better integration of environmental considerations from the land use planning stage onwards.

Other highly important directives on environmental controls, procedures and authorizations have been adopted in recent years or are currently being adopted. The present proposal therefore adds to an already complex picture: the opportunity should be grasped to provide a clearer definition of existing hierarchies and the specific scope of the various directives, so as to prevent overlap, duplication and excessive red tape.

The methodologies are less well-consolidated than suggested; such at least is the general view of both technical specialists and those affected by decisions. Mechanisms for ad-hoc comparison should be provided to make the technical requirements of environmental assessment clearer. The Commission could, in agreement with the Member States, issue non-binding indicative guidelines to assist Member States in taking better coordinated action; it should also encourage exchanges of information and experiences, specifically on methodology, under the terms of Article 11(1).

Lastly, implementation of the directive should be adapted to the national, regional or local decision-making level appropriate to each case and to the Member State in which the plans or programmes are being adopted. The ESC therefore voices strong reservations concerning the reference in the body of the directive to Member States in connection with derogations (Article 4(3) and (4)); such derogations should be decided in conjunction with the competent regional or local authority.

The Committee would make a number of suggestions to extend the directive's scope (Article 2), and is also concerned at the exclusion from its scope of plans submitted to the Commission under the Structural Fund's regulations. The inclusion of strategic environmental impact assessment in this field could do much to ensure that greater attention focuses on integrating environmental considerations into sectoral policies, as envisaged by the Fifth Action Programme. Strategic assessment, including public consultations, should be a prerequisite for accepting programmes. The Committee hopes that this will be taken into consideration in the forthcoming review of the Structural Funds.

Article 6 leaves the practical arrangements for public consultation to the Member States: the Committee calls for greater precision in defining procedures and means of access, in order to ensure that all interested parties are properly consulted and are given time to prepare their comments.

Unlike impact assessment for projects, where a dialogue is established between the private entities involved and the competent authorities, strategic assessment entails decision-making between the public authorities themselves: there might therefore be a case for appointing an authority to "guarantee" that proper information procedures are adhered to, at national level, or adding a second annex stipulating the minimum publication measures to be met by the competent authority.

Lastly, it is important to define - at the assessment stage - which monitoring instruments and methods are to be used to check the efficacy of measures for reducing environmental impact.

6. COMPETITION RULES/TELECOMMUNICATIONS AGREEMENTS

Opinion of the Economic and Social Committee on the Draft Notice from the Commission on the application of the competition rules to access agreements in the telecommunications sector (COM(96) 649 final)

(CES 589/97)

Rapporteur: Mr Carlo Ernesto MERIANO (Italy - Employers)

The purpose of publishing this draft notice is to consult the public. The final version of the notice will not be adopted until the final version of the directive on the application of Open Network Provision (ONP) to interconnections has been formally approved by the Parliament and the Council.

The Commission has published guidelines on the application of the Community's competition rules in the telecommunications sector (OJ No. C 233 of 1991, page 2). The present notice is intended to build on those guidelines, which do not deal explicitly with access issues.

Gist of the notice

Member States are to remove the last barriers to the provision of telecommunications services in a competitive environment by 1 January 1998. In the telecommunications sector, access agreements are vital in that they enable market players to benefit from liberalization.

Interconnection agreements are the most important form of access agreement in the telecommunications sector. A basic framework for interconnection agreements is provided by the rules governing ONP and it is against this background that the application of the rules governing competition must be examined.

In taking action in this sector, the Commission will aim to avoid unnecessary duplication of procedures, in particular competition procedures and national/EU regulatory procedures as defined by the ONP framework.

Gist of the opinion

The Committee is happy with the structure of the draft document. However, it feels obliged to comment on certain points.

The communication on the application of competition rules in the telecommunications sector should hold the status of an interpretative instrument and not attempt to second-guess the future behaviour of the various operators.

Question 9:

What should the priorities be at European level and at international level? In particular, should one give priority to developing solutions at European Union level and then promoting them at international level or should this be done in parallel? What are the most appropriate international fora for international cooperation (G7, OECD, ITU, WTO, UN or bilateral relations)? How should this international cooperation be formalized?

Gist of the Opinion

The new media services offer an unprecedented flow of information and thus considerable social, cultural and education opportunities. Of the total content published and distributed by means of the new media services the proportion of content from which minors and human dignity require protection although relatively small is nevertheless significant. The illegal and harmful content which is published and distributed on the new media services is, however, a particular cause for concern.

The two basic issues which are faced by the new media services are what content is to be permitted and how is this content to be regulated.

Of all the mechanisms available to users of the new media services the rating and labelling systems (i.e. classification/codification) appear to offer the most effective means of content control as they will indicate whether a particular site normally contains illegal and/or harmful content and what sort of illegal and/or harmful content it is. Because of the global nature of the new media services all content (including both illegal and harmful content) will need to be rated/labelled because what constitutes illegal content in one country may not constitute illegal content in another country. Where there is a risk that content which is illegal in a certain country will be received and accessed in that country a mechanism such as or similar to a territory statement would help in minimizing that risk.

As far as the protection of minors and human dignity is concerned the legislative and regulatory framework for illegal and harmful content on the new media services which is published and distributed by means of the "closed" systems such as VOD⁵ should either come under the existing legislative and regulatory principles and a framework of existing media such as television or should be based heavily on such legislative and regulatory principles and framework. Illegal and harmful content on the new media services which is published and distributed by means of the "open" systems such as the Internet should be subject to specific legislation, regulation and sanctions.

There will need to be improved international collaboration in the development, coordination and enforcement of legislation, regulation and sanctions. Harmful content is to be dealt with both by improving parents/educators awareness of content and by introducing technologies to exercise control.

There should be an agreed methodology in the approach to be taken at a national, European and ultimately at an international level in respect of the legislative and regulatory framework.

A committee or group of experts comprising representatives from national regulatory bodies, government and interested parties should be established to monitor, improve coordination and information at a European level.

8. GREEN PAPER ON COMMERCE

Opinion of the Economic and Social Committee on the *Green Paper on commerce*
(COM(96) 530 final)

(CES 595/97)

Rapporteur: Mr Christos FOLIAS (Greece - Employers)

⁵ VOD = Video on Demand

Gist of the Commission document

The commerce sector, the second largest in the Community, approaches the millennium facing several challenges which must be addressed immediately if it is to maintain its contribution to the economic and social well-being of our citizens.

These challenges include the increased competition arising from opportunities to trade across the whole territory of the single market; the constraints on developing the full potential of the single market from heterogeneous regulations on a national, regional or local level; the introduction of a single currency which will provide immediate advantages, but offer also several practical challenges specific to the sector; the evolving relationship between consumers and suppliers; the continuing restructuring of the sector in order to adjust to the competitive environment and its effect on communities dependent on or served by the existing structures; the need to provide an environment in which enterprises can flourish; the rapid expansion of the use of existing technology and the exploitation of new technology to streamline service and facilitate new forms of direct trading; the need to maintain a competitive European industry in the light of globalization of commerce via the information society revolution (electronic commerce).

The commerce sector dealt with in this paper covers all trading activity from the purchase of goods from the producer to the delivery of these goods to the final consumer. The paper does not deal specifically with the trade in services, although mention is made of some services which are directly concerned with traded products, e.g. tourism/crafts.

The aim of this Green Paper on commerce is to stimulate considered discussion on the importance of this sector of the economy and the challenges that face it on the eve of the 21st century:

- it examines the structure and development of commerce;
- it describes the actions of Member States and the EU and their respective roles;
- it identifies the challenges facing the sector and raises issues which require public consultation.

The discussion arising from the green paper should lead to the identification of actions by the enterprises themselves, by public administrations in the Member States or by the EU which will assist the sector to meet the challenges while remaining competitive and contributing to employment and social cohesion.

Gist of the opinion

The ESC welcomes the Green Paper on Commerce and hopes that it will be the start of a fruitful dialogue and study of the question.

The ESC calls upon the Commission to intensify fact-finding missions to ascertain the possibilities for trade and partnership with the countries of the CIS through the Committee on Commerce and Distribution (CCD), as it did earlier for Russia, Ukraine and Hungary.

The Committee calls for the creation of a European body composed of high level representatives of the Commission and the national administrations, to examine any factors frustrating the development of an integrated Single Market within the European Union for commercial activities.

The application of specific programmes within strict parameters dealing exclusively with commercial firms and agencies is an urgent necessity, and there should be no more delay in meeting it.

The ESC would welcome the adoption by the Commission of initiatives to harmonize not only indirect but also direct taxation among the EU's Member States.

The ESC proposes:

- the creation of a permanent consultative committee of traders and consumers, sponsored by DGs XXIII-XXIV;
- the presence of consumer and trader representatives at meetings of the CCD and of the Consumers' Consultative Committee when matters of mutual interest are discussed;
- regular consultation of commercial and consumer representative bodies (Eurocommerce, CCD, European consumer unions, etc.).

If the euro is to be brought onto the market as smoothly as possible, the following are required:

- a programme of training for traders and employees;
- a programme to support SMEs in the transition process;
- the information campaign now launched by DGs II and X must take account also of the potential of commerce for promoting the euro among the public;
- implementation of specific information programmes for the primary and secondary education sectors.

The ESC hopes that actions under the SLIM initiatives will indeed have the anticipated effect of enabling SMEs to devote their efforts to production rather than to red tape.

The ESC proposes:

- the establishment of business technical schools with a common basic syllabus for all countries to train private sector clerical and managerial staff;
- the funding of special training programmes for commercial employers;
- the involvement of the social partners on vocational training boards;
- transnational education and training of employers and employees in the commercial sector which could start new initiatives, new jobs and new activities and enterprises.

The Committee proposes that a "Statistical Observatory on Commerce" be established that will gather, correlate and publish information on, among others:

- data both on the supply and the demand side (market share by distribution channel, price levels, volume levels, etc.);
- data by business sector and by region.

The EU should support SMEs (in rural centres) with specific policies, where its presence is deemed essential to the support and development of small communities.

The ESC proposes that research be carried out on representative urban centres with a view to measures which could bring about a revival in their fortunes.

The green paper fails to describe the main characteristics of the information society and its basic defining features, which include electronic commerce. A more systematic and detailed assessment is required of the impact of the information society on existing forms of commercial activity.

The World Trade Organization should initiate a worldwide debate on the electronic media with a view to codifying the rules governing their use and consolidating their internal practices with the necessary safety valves and reliability.

The Member States should respond directly to the new conditions prevailing in the information society and take urgent legislative measures to cater for the new requirements of businesses and consumers.

The ESC proposes that reference be made to commercial activity in one article of the revised treaty which will emerge from the IGC.

The ongoing pan-European dialogue on commerce, launched with the publication of the Green Paper on commerce, must lead to the drawing up of an action plan that will cover all the Community policies on commerce.

9. SINGLE MARKET ACTION PLAN

Opinion of the Economic and Social Committee on a *Communication from the Commission to the European Parliament and the Council on a draft Action Plan for the single market*
(COM(97) 184 final)

(CES 606/97)

Rapporteur-general: Mr Flavio PASOTTI (Italy - Various Interests)

Gist of the Commission document

On Wednesday 30 April, the Commission adopted a draft Action Plan for the single market, to be presented to the Amsterdam Summit in June. It is a direct follow-up to the Commission's Report from October 1996, impact and effectiveness of the single market⁶, the underlying studies and the results of the various consultations undertaken since October 1996⁷.

The draft Action Plan sets priorities to allow a clear and strategic vision of what is now needed. At this stage, four *Strategic Targets* have been identified, that will be pursued in parallel:

Making the rules more effective:

The single market must be based on confidence. Proper enforcement of common rules is the only way to achieve this goal. Simplification of rules at Community and national level is also essential to reduce the burden on business and create more jobs.

Dealing with key market distortions:

There is general agreement that tax barriers and anticompetitive behaviour constitute distortions that need to be tackled.

Removing sectoral obstacles to market integration:

The single market will only deliver its full potential if remaining barriers - and, of course, new ones - are removed. This may require legislative action to fill gaps in the single market framework, but also calls for a significant change in national administrations' attitudes towards the single market.

⁶ COM(96) 520 final

⁷ CES 467/97

Delivering a single market for the benefit of all citizens:

The single market generates employment, increases personal freedom and benefits consumers, while ensuring high levels of both health and safety and environmental protection. But further steps are needed. And to enjoy their single market rights to the full, citizens must be aware of these rights and be able to obtain redress.

Within each strategic target, the Commission has identified a limited number of specific *actions to be achieved by 1 January 1999* (a list is given in the Communication's Annex). Furthermore, the Communication addresses the international dimension of the single market as regards on the one hand preparing for enlargement and on the other hand the role of the Union in various international fora.

Gist of the opinion

The Committee congratulates the Commission on presenting the broad lines of its Action Plan for the single market just a few months after the preliminary observations in its communication of October 1996 on the single market.

This prompt action is the most reassuring indication of the growing consensus on questions concerning the single market.

The Committee therefore trusts that the Member States will renew their commitment to interpret the Commission's proposal as scrupulously as possible, and on that basis take the decisions needed to complete the single market swiftly and effectively.

As it has already said in its opinion on the Commission's communication of October 1996, the Committee also appreciates the effort made to analyse in detail the impact and efficacy of the single market programme, on which the Commission based the preparation of the present draft Action Plan.

The Committee endorses the strategic targets identified in the Action Plan. The four areas of intervention emerge clearly from the analyses summarized in last October's communication on the impact and effectiveness of the single market, and they also strongly echo the views expressed by interest groups during the hearing organized by the Committee on the subject last March.

Turning to the measures envisaged to put the rules into effect, the Committee welcomes the emphasis placed by the Commission on the active role which national governments will play in completing the legal framework to ensure better application of the rules, more rapid problem-solving and a faster response to infringements.

Of particular interest is the proposal to introduce an appraisal form for each Member State which will provide a regular update on the progress of implementation of the single market. This will represent an important step towards establishing transparency in relations between the European partners, helping to underscore the consensus that each has managed to achieve in this area.

10. GREEN PAPER PUBLIC PROCUREMENT

Economic and Social Committee opinion on the Green Paper entitled "*Public Procurement in the European Union: Exploring the Way Forward*"
(COM(96) 583 final)

(CES 607/97)

Rapporteur: Mr Henri MALOSSE (France - Employers)

Introduction

Every year, the European Union's public authorities spend about ECU 720 billion buying goods and services: this represents 11% of EU Gross Domestic Product.

With the completion of the Community's legal framework for public procurement, it is essential to launch thinking and discussions on how best to achieve its full potential.

This green paper is intended to provide a framework for a wide-ranging debate. The chapters that follow set out the background against which the Commission is developing its initial thinking on a number of issues central to the Community's present and future public procurement policy.

These issues include:

- the incorporation into national law and effective application of EU legislation;
- how market access can be facilitated by information and training and by the development of electronic procurement; and
- how the correct application of public procurement law can be pursued while implementing other Community policies, in particular with regard to policy on small and medium-sized enterprises (SMEs), Trans-European Networks (TENs), standardization, the Cohesion and Structural Funds, contracts awarded by the European institutions or using Community resources, social, consumer and environment policy and, finally, on access to other countries' procurement markets.

Public procurement policy has positive spin-off effects on other Community policies. Although SMEs still face a number of difficulties winning contracts, more transparent market access, for example, allows these firms to unlock new potential markets.

In the field of standards, the Commission intends to step up efforts, in agreement with business, to ensure that the standards institutions draw up European standards for use in contract documents.

The massive capital commitment required for Trans-European Networks is encouraged with contract award procedures laid down by the directives that guarantee an acceptable return for investors.

Correct application of the Community rules also helps to allocate Community resources from the Structural and Regional Funds in the most efficient way.

The Commission will draw up a special communication on public procurement on the basis of the contributions to the green paper and the analysis and reflection stimulated by the communication on the impact and effectiveness of the internal market. That communication, which will include a plan of action, should set out what needs to be done to bolster the effectiveness of the legal framework and more fully achieve the objectives of the Community's public procurement policy.

Gist of the opinion

The green paper initiative is all the more laudable because it enables an overall and long-term assessment to be made of what should be the true objectives of a European public procurement policy. Such an assessment must therefore be very open and unrestricted. It is indeed a welcome initiative.

The Committee stresses that, as regards incorporating the directives on public procurement into national law, two factors play an important role: (i) the general conditions surrounding market access, with the survival of many obstacles and barriers, and (ii) the difficulties of gaining access to information, where small and medium-sized firms in particular are at a disadvantage.

The Committee calls upon the contracting authorities to take more account of the quality of the bids submitted to them in terms of economic advantages, of which price may only be one factor among others. Other factors may be involved: quality, respect for deadlines, environmental protection, workability, safety, in short the overall cost of operations in the long term. A European policy on public works contracts should consolidate this concept of the "best bidder" by laying down concrete rules to be included by contracting authorities in their tender specifications, so as to encourage them to give precedence to the formula of "the most economically advantageous bid", as opposed to the cheapest bid.

The Committee suggests that work be started on simplifying and clarifying the present texts at both Community and national level and that particular consideration be given to the eventual drafting of a single legal framework, which could best be achieved through a regulation.

The ESC submits the idea of an approximation of laws and exchange of best practices in the field of legal appeals procedures, within the framework of the Third Pillar of the European Union.

The ESC suggests that the European Commission make the different appeals procedures more visible and more consistent with one another.

The ESC proposes that the Commission encourage the promotion of new contractual arrangements based on private investment in public infrastructures.

The Committee stresses the importance of increasing smaller firms' involvement in public procurement in Europe and recommends that the thresholds be lowered and that appropriate accompanying measures be introduced. The Commission should encourage EU contracting authorities to promote bidding from smaller firms.

The Committee proposes that machinery for observing the impact and effects of opening up public procurement be set up in liaison with the ESC's Single Market Observatory.

The ESC recognizes the importance of opening up public procurement on an international scale under the World Trade Organization. The Committee recommends that the European Union concern itself as a priority with the conditions for access by EU firms to public procurement contracts in non-EU countries.

11. NUMBERING/TELECOMMUNICATIONS POLICY

Opinion of the Economic and Social Committee on: *Towards a European numbering environment: Green Paper on a numbering policy for telecommunications services in Europe*
(COM(96) 590 final)

(CES 591/97)

Rapporteur: Mr Michael MOBBS (United Kingdom - Employers)

Gist of the Commission document

With the emergence of a liberalized telecommunications market within the European Union, a European numbering policy has become a must. The availability of adequate numbers, allocated on a fair, transparent and non-discriminatory basis, is a prerequisite for effective competition, innovation and consumer choice.

In order to meet the future requirements of the market and the user, the green paper proposes the following targets:

Studying the role of numbering in ensuring effective competition, and in particular:

- carrier selection
- local loop number portability
- the restructuring of national numbering plans to foster competition and the role of national regulatory authorities in ensuring that adequate numbers are available;

Facilitating the single market and in particular:

- the creation of a European Telephony Numbering Space
- the establishment of a common framework for the regulation and administration of a common European numbering scheme;

Adapting Europe's numbering environment to the needs of the information society, and in particular:

- the creation of a long-term numbering plan for Europe
- examining questions related to naming and addressing in the Internet and other emerging multimedia and on-line services.

Finally the green paper recommends in-depth study of the development of numbering in order to ensure that the future European numbering environment meets the needs of European businesses and citizens in the information society.

Gist of the opinion

The Committee welcomes the green paper and recognizes that it is an important part of the necessary follow-on to full liberalization. A scarce resource, such as numbering, cannot be another "barrier to entry" or otherwise an impediment to the full development of the necessary open and competitive market place in telecommunications services.

However, in considering which proposals to adopt as concrete measures the Commission should not preclude possible alternative solutions which may offer better "value for money" (for both consumers and operators) to those contained in the green paper.

A number of studies on the costing of the various measures proposed by the Commission are being undertaken and the Committee considers that additional studies may be necessary.

Numbers are a scarce resource and therefore restrictions on the use of numbers imposed by Member States, their national regulatory authorities or public operators can distort competition and have an adverse effect on the telecommunications market place. This will be a matter to be kept under review by those charged with enforcing the Union's competition law.

On which concerns the different areas dealt with by the Commission's green paper, the Committee:

- feels that harmonization/synchronisation of the introduction of selection and pre-selection should be given serious consideration;
- strongly supports the introduction of number portability relating to location within the local area, similar service and service provider portability (including service number portability), at the earliest possible date after 1 January 1998 subject to technical feasibility;

- considers that the reform of national numbering plans should be done properly, be coordinated and be "once and for all", insofar as this is possible and practicable;
- is of the opinion that ETNS should be adopted as soon as possible subject to a constant review of its economic and social benefits;
- requires more information on the nature and role of the proposed new European numbering body.

Finally, the Committee would urge the Commission to explore a pro-active European role within international fora, and in particular those dealing with naming and addressing in the Internet.

12. ADMISSION TO OCCUPATION OF ROAD HAULAGE OPERATOR

Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending Directive 96/26/EC on admission to the occupation of road haulage operator and road passenger transport operator and mutual recognition of diplomas, certificates and other evidence of formal qualifications intended to facilitate for these operators the right to freedom of establishment in national and international transport operations
(COM(97) 25 final - 97/029 SYN)

(CES 592/97 - 97/029 SYN)

Rapporteur: Mr George WRIGHT (United Kingdom - Workers)

Gist of the Commission document

With Directives 74/561/EEC⁸, 74/562/EEC⁹ and 77/796/EEC¹⁰, the Council adopted measures aimed at harmonizing the conditions of admission to the occupation and facilitating the freedom of establishment of the operators concerned. On 29 April 1996 the Council adopted Directive 96/26/EC¹¹ intended to facilitate for these operators the right to freedom of establishment in national and international transport operations, codifying and abrogating the above-mentioned directives and their successive modifications. Since it concerns an official codification, Directive 96/26/EC is limited to consolidating into one single text said directives without modifying their substance.

Despite the requirements foreseen in these directives, divergences still exist between Member States which create imbalances and could distort competition; moreover, the levels of professional skills reached so far are not adequate to fulfil the role for which they were intended.

The aim of this proposal, therefore, is to pursue the process of harmonizing access to the occupation of road haulage operator and to strengthen the road haulage market. To this end, it is proposed:

- to enlarge the scope of the directive to cover vehicles with a permissible payload of less than 3.5 tonnes or with a total laden capacity of less than six tonnes;
- for the financial standing, to increase the sum of available minimum capital and reserves;

⁸ OJ C 49 of 17.05.1968, p. 2

⁹ OJ C 26 of 28.02.1969, p. 8.

¹⁰ OJ C 197 of 23.08.1976, p. 35.

¹¹ OJ C 339 of 31.12.1991, p. 5 and OJ C 295 of 22.11.1994, p. 30.

- for professional competence, to reinforce the requirements necessary to manage a transport undertaking so as to ensure that the value of certificates is as uniform as possible.

Finally, the proposed amendment introduces transitional measures for the implementation of the directive in Austria, Finland and Sweden.

Gist of the opinion

The Committee welcomes the Commission proposal and supports its main objectives.

With regard to the proposed amendments to Article 3, sub-paragraph (c), the Committee takes the view that the financial thresholds set out which are intended as a test of financial standing should be further increased. It also proposes that these requirements should in future be subjected to regular review, certainly not less than every 5 years, in order to ensure at least that the real value of these thresholds can be maintained.

The Committee welcomes the fact that the Commission is giving greater emphasis to commercial competence and knowledge in the proposed written test as set out in Annexes (parts I and II). Nevertheless, it proposes that transport operators should be assessed by the competent authorities to ensure that they have properly implemented the requirements as set out in Article 3 sub-paragraph 1.

The Committee finally would draw attention to the increasing involvement of transport operators in bilateral trade involving goods and/or passengers between Member States and countries from central and eastern Europe. In the spirit of harmonization which is still being pursued within the European Union and with the intention of avoiding competition distorting practices and promoting a "level playing field", the Committee calls upon the Commission and Council to give urgent consideration to the extension of the influence of the proposed amended directive to transport operators located in countries of central and eastern Europe who are involved in bilateral trade with Member States.

13. TOBACCO REFORM OPTIONS (*Own-initiative opinion*)

Opinion of the Economic and Social Committee on the Report from the Commission to the Council on the common organization of the market in raw tobacco
(COM(96) 554 final)

(CES 599/97)

Rapporteur: Mr Giuseppe PRICOLO (Italy - Employers)

Gist of the Commission report

The Commission report studies two basic options for the future of the Community's tobacco sector and concludes that aid to tobacco growers should not be abandoned in the medium term, but that a wholesale reform of the aid regime should be undertaken. The proposed reforms involve a sliding scale of premiums aiming to encourage the production of higher quality tobacco with low tar levels, alongside a repurchasing system for quotas which would enable farmers to cease production, thus decreasing total Community tobacco production. The report further proposes a doubling of the contribution to the Tobacco Research and Information Fund, raising it to 2% of the total premiums paid.

Whilst recognizing the apparent contradiction between Community policy on reducing tobacco consumption whilst subsidies are paid to raw tobacco producers, the report notes that abandoning aid to tobacco producers would spell the end of tobacco production in the EU, with serious consequences for 200,000 jobs in the sectors of production (170,000) and processing (30,000). Furthermore, 80% of the income of European tobacco producers – 70,000 (52%) of whom operate in Greece and fewer than 40,000 in Italy – is funded by the Community.

The sun-cured variety (noted in the report as being on the whole of excellent quality) accounts for around 26% of Community production. Other varieties (fire-cured, flue-cured, light air-cured and dark air-cured) are less competitive and are sometimes grown purely for the subsidies payable, an insidious practice. Under the proposed reform, 35% of the total aid would be paid to producers of the highest quality tobacco, whilst farmers who grew the lower quality varieties would receive payments at "less than half" of the high-quality rate.

The report rejects any correlation between EU aid to tobacco production and smoking-related health problems, noting that some 77% of tobacco consumed in the EU is imported; if the aid system were dismantled, imports would simply cover 100% of demand, while EU export markets would be supplied with tobacco produced outside the Community.

Gist of the opinion

The ESC endorses the Commission's initial point that a policy aiming to cut Community production would push up the level of imports, trigger an irreversible social and economic crisis in seriously underdeveloped areas, and increase EU unemployment figures.

The ESC is pleased that the Commission has - quite rightly - opted to retain the present system of quotas and producer premiums, albeit graduating these according to quality.

The ESC cannot entirely support the proposal to modulate Community aid according to the purchase price of tobacco on the grounds that this is the only objective indicator of product quality. The Committee feels that price is not an accurate reflection of quality.

The ESC recommends that any withdrawal measures be accompanied by a precise indication of the alternative crops which tobacco growers could switch to, or that conditions should be created for the consolidation of non-farm activities, as part of a gradual, balanced development of rural areas.

The ESC endorses the Commission's proposals concerning the tobacco research and information fund, environmental protection, supervision and administrative simplification. The Committee thinks, however, that the fund's financial appropriation should be higher than is proposed by the Commission, so that the relevant institutional activities can be carried out effectively.

14. OLIVE OIL - COMMON MARKET REFORM (*Own-initiative opinion*)

Opinion of the Economic and Social Committee on the note to the Council of Ministers and to the European Parliament on the olive and olive oil sector (including economic, cultural, regional, social and environmental aspects), the current common market organization, the need for a reform and the alternatives envisaged.

(COM(97) 57 final)

(CES 600/97)

Rapporteur: Mr Leopoldo QUEVEDO ROJO (Spain - Various Interests)

Gist of the Commission document

The Commission envisages two broad options for reforming the common market organization:

Retention of the existing system (with new provisions to reduce the risk of fraud):

- one type of production aid for all producers on the basis of real production. The stimulus to produce would be maintained, and producers would be rewarded for their efforts. Current employment levels should be maintained, and producer organizations and cooperatives would continue to play a clear role;

- establishment of national production limits; overshoots would trigger a drop in aid to producers in the Member State concerned;
- consumption aid would either be increased or abolished;
- intervention (with quantitative or qualitative limits);
- promotion and quality programmes;
- import/export regime;
- canning refund.

In the Commission's view, the advantage of changing the market organization as little as possible is that the existing mechanisms have been tested over the years and, provided the inherent weaknesses are resolved, there would be greater continuity for producers.

The major disadvantage of retaining a market organization similar to the current system is that the inherent defects of the large producers' aid system would continue uncorrected. The opportunity for mills and producers to inflate production figures would remain, as would the virtual impossibility of bringing any offenders to book. Furthermore, retaining the system would also maintain the present degree of stimulus to production. The mechanisms which are essentially linked to real production and commercialization of the oil might be more difficult to defend at future international trade negotiations.

A "tree aid" option, based on the number of trees. Member States would be free to vary the aid in order to take account of such considerations as productivity, environmental protection, or employment in the regions concerned.

The Commission feels that the tree aid option presents a number of advantages. All Community farmers would be targeted directly. This would mean greater transparency and more efficient use of public funds.

A potential disadvantage of the tree aid system is that owners of olive groves might decide not to harvest their olives, preferring to pocket the aid and save the cultivation and labour costs. Others might even plant trees with the sole purpose of harvesting the aid. However, the Commission thinks that the Council could avoid this potential problem by introducing strict conditions upon which the granting of aid would depend, such as a requirement for processing of the individual producer's entire production.

Most of the other potential disadvantages of the tree aid system arise under a scenario in which owners do not harvest the olives. These include possible rural unemployment and lack of supply to the mills and cooperatives.

Gist of the opinion

In the Committee's view, the Note does not improve upon the existing CMO for the reasons set out below.

From the political point of view, it does not promote the development of the traditional olive-growing regions of the Community. From the economic point of view, it provides no incentive for competitiveness in the European olive oil sector. In practice, the tree aid option entails giving up future sustainable olive cultivation, which is essential if Europe's leading position is to be maintained. From the environmental point of view, the abandonment of cultivation which tree aid would bring about would increase the danger of environmental damage. From the social point of view, production aid guarantees current levels of employment and protects against rural exodus. If the tree aid option were to be adopted a number of different olive cultivation systems would virtually disappear, although some of them are of crucial importance to both small producers and workers.

The ESC believes that from the market point of view, the Commission document confirms the non-existence of structural surpluses. From the consumption point of view, the promotion campaigns designed to boost demand

on the internal and external markets should be funded by the CMO budget. The Committee would also propose that such campaigns be sustained over time and tailored to the local conditions of each country. From the development point of view, it is also clear that the current CMO has underpinned levels of activity, investment and innovation: whether they would continue if changes are made is doubtful. The Committee is convinced that it is essential to maintain intervention and lengthen the intervention storage period, making use of private storage if necessary, in order to maintain producers' incomes.

From the quality point of view, the Commission should take the initiative and put forward rules to the Council to guarantee olive oil authenticity with a labelling system which would inform consumers and guard against possible confusion arising from blends. Effective control instruments should be built into the present CMO to prevent fraud.

The Committee does not consider the Commission Note to be an adequate basis for amending the CMO for olive oil. The description given of the sector (claiming to cover economic, cultural, regional, social and environmental aspects) completely fails to reflect what is a plural and diverse picture in either its production and processing aspects, or in the most important aspect of all: its cultural, social and economic impact on the areas in question.

The Committee consequently urges that, before any action is taken, the need for reform be demonstrated by means of detailed and rigorous studies. This CMO, which has shown its worth over 31 years, should not be modified without prior assessment of the effects of such changes.

15. FARM PRICES 1997/1998

Opinion of the Economic and Social Committee on the Commission proposals on the prices for agricultural products and on related measures (1997/1998)

(COM(97) 89 final - 97/0087 CNS à 97/0089 CNS - 97/0091 CNS à 97/0094 CNS - 97/0096 CNS à 97/0102 CNS)

(CES 601/97 - 97/0087 CNS à 97/0089 CNS - 97/0091 CNS à 97/0094 CNS - 97/0096 CNS à 97/0102 CNS)

Rapporteur: Mr Staffan Mats Wilhelm NILSSON (Sweden - Various Interests)

Gist of the Commission proposal

The Commission proposals maintain current prices and market arrangements, continuing the policy of stability, applied since the 1992 reforms. Minor adjustments include:

- reducing the monthly increments which apply to intervention prices for cereals and rice, and the storage refunds for sugar, in order to take account of the decline in interest rates;
- setting the rate of aid withheld for the promotion of flax at zero to take account of the fact that more money than is necessary for promotion is being placed in the fund, and reducing overall aid per hectare by the same amount;
- finally, reducing per hectare aid for hemp by 7.5% to prevent hemp from becoming more attractive than flax now that the aid for flax has been reduced.

The budgetary impact of all these proposals is a saving of ECU 82 million for 1998. It should be noted that the Commission has already proposed a reduction in arable aid which would release ECU 1.4 billion for the funding of the beef emergency package in 1998 and should be considered in conjunction with the price package.

It is worth pointing out that a number of reports and proposals which would normally be dealt with in the price package are already before the Council and the European Parliament, i.e. the reports on tobacco and olive oil, the changes for durum wheat, measures for honey, adjustments to the linseed regime, the reform of the wine regime, adjustments to the banana regime and measures for the potato sector.

Gist of the opinion

The ESC feels that the monthly increases under the intervention system should be frozen at current levels, rather than decreased.

It firmly rejects the proposal to use the Guarantee Fund to finance BSE measures.

The ESC considers the reasoning behind the reductions in the flax and hemp sector to be irrelevant, and thus rejects the reductions.

The Committee highlights the serious crisis in the rice sector, and calls for the monthly increases to be left unchanged.

It calls on the Commission to provide an analysis of the impact of current and future price packages on consumer prices, food quality, health, the environment and rural communities.

The ESC calls for an analysis of the employment impact of income trends and of future proposals.

16. COM/HOPS

Opinion of the Economic and Social Committee on the proposal for a Council Regulation (EC) amending Regulation (EEC) No. 1696/71 on the common organization of the market in hops (COM(97) 98 final - 97/0066 CNS)

(CES 602/97)

Main rapporteur: Mr Adalbert KIENLE (Germany - Employers)

Gist of the Commission proposal

The proposed amendments to the current regulations, whose main aim is to facilitate the sector's adjustment to market requirements by strengthening the role of the producer groups, may be summed up under four major points:

- The granting of flat-rate annual aid per hectare based on historical averages, with no distinction between the various groups of varieties and with payment being made as soon as possible after the harvest. The aid comprises two amounts existing under the previous scheme, i.e. aid to producers and aid for varietal conversion, totalling ECU 450/hectare. The producer group can decide, after deduction of 5% (to be withheld compulsorily for varietal conversion), whether to pay all the aid to its members in proportion to the area cultivated or only a percentage of between 80% and 95% thereof, depending on whether there are still applications pending in respect of varietal conversion or, possibly, other measures to be implemented.
- The possibility for members of recognized producer groups, in the event that they are so authorized by the group, to market all or part of their produce themselves, without any reduction in the aid resulting by way of a penalty. The group has the right to monitor prices negotiated between producers and traders and can grant or refuse approval for the conclusion of contracts. In the event of disagreement on proposed prices, the producer group is under an obligation to take over the hops at a higher price and to find another purchaser.

- The possibility of varietal conversion on a permanent basis, i.e. with no limit in area or time, payment being covered by the flat-rate aid per hectare mentioned above. The funds allocated to that end will be decided by the producer group in line with its requirements and subject to certain limits.
- The possibility of withholding up to 20% (100% under the present system) of the aid to producers to implement special measures. These comprise measures relating to the rationalization and mechanization of cultivation and harvesting, the adoption of common rules on production (cultivation techniques, fertilizers, varieties, etc.), varietal conversion, promotion, measures to determine and improve quality, research and intervention. The aim here is to ensure the producer group has some latitude in managing the aid for the purpose of varietal conversion.

Should producer groups not market their members' whole output, this possibility becomes an obligation, with the percentage in that case continuing to stand at 20%.

During the fifth year following the entry into force of the Regulation, there is provision for an assessment of the measures applied and of their impact on the sector's economic situation.

Gist of the opinion

The Committee broadly welcomes the proposal to amend the market organization in hops; this proposal retains the principles of market organization followed in the past and is aimed at income and market stability. However, the Committee would also urge that temporary set-aside arrangements be introduced for hop-growing areas. This would play a vital part in ensuring a more flexible adaptation to changing market conditions and in securing European farmers' market share.

The Committee feels that, given poor market conditions at the moment, and with forecasts for the next few years less than favourable, a considerable increase in aid levels is essential if producers' income is to be stabilized.

17. VAT - TELECOMMUNICATIONS SERVICES

Opinion of the Economic and Social Committee on the proposal for a Council Regulation amending Directive 77/388/EEC as regards the value added tax arrangements applicable to telecommunications services
(COM(97) 4 final - 97/0030 CNS)

(CES 594/97 - 97/0030 CNS)

Rapporteur working without a study group: Mr Kenneth WALKER (United Kingdom - Employers)

Gist of the proposal for a directive

The aim of this proposal is to amend the VAT rules applicable to telecommunications services. The amendments are necessary in order to prevent distortions of competition resulting from the current legislation.

The fiscal rules currently in force do not take account of technological progress in telecommunications, with it now being possible to provide services from anywhere in the European Union or the rest of the world. Community legislation should therefore be adapted to this new situation in order to restore the neutrality of the tax.

Gist of the opinion

The ESC considers that the proposed directive offers a sufficient advantage over the existing situation to constitute a worthwhile improvement and it therefore gives its approval to this proposition.

18. STAGE THREE OF EMU (*Own-initiative opinion*)

Opinion of the Economic and Social Committee on Arrangements for stage three of economic and monetary union: stability pact for ensuring budgetary discipline, reinforced convergence procedures, a new exchange-rate mechanism

(CES 603/97)

Rapporteur: Mr Umberto BURANI (Italy - Employers)

Gist of the opinion

As the Treaty deadlines for the implementation of EMU draw near, the Commission - in partnership with the EMI - has drawn up proposals for the legislation and regulations which the Council will have to adopt.

The "stability pact for ensuring budgetary discipline in stage three of EMU" contains **two distinct proposals for Council regulations**:

- on the strengthening of the surveillance and coordination of budgetary positions;
- on speeding up and clarifying the implementation of the excessive deficit procedure.

The proposal for a regulation on the strengthening of the surveillance and coordination of budgetary positions seeks to set up an organic system of "**multilateral surveillance**" of **budgetary discipline in each of the Member States participating in EMU**. From 1 January 1999, each participating country is to submit an annual "**stability programme**".

The proposal for a regulation on speeding up and clarifying the implementation of the excessive deficit procedure concerns the procedures for deciding whether an excessive deficit exists (Article 104c(6)) and the **sanctions to be applied** (Article 104c(11)).

The Committee wonders if the **employment forecast** should not be included in the stability programmes. The employment rate would thus provide a kind of **counterproof for the validity of the programmes**.

In addition, it thinks that a fine is the best deterrent against continuing excessively lax public finance policies. Nevertheless the size of the fine is likely to **deal a heavy blow** in situations where public finances are already in disarray.

The Council must consider the consequences of applying the Commission's proposed criteria with **great caution and objectivity**.

As regards the reinforced convergence procedure and a new exchange-rate mechanism in stage three of EMU, the Economic and Social Committee is of the view that the mechanism as described is valid and should be adopted; the exchange-rate stability of **all European Union currencies** is vital.

The Committee notes, however, that, unlike the stability pact, the convergence programmes lack the basic **deterrent of penalties**.

Basically, the Economic and Social Committee is in agreement with the Commission communication, but **would draw the attention of the Council to the various points and reservations** made in this opinion which, if not proposing a different approach, might be helpful in carrying forward the study of the Commission's proposal.

19. SOCIAL POLICY AND ECONOMIC PERFORMANCE (*Own-initiative opinion*)

Opinion of the Economic and Social Committee on social policy and economic performance

(CES 604/97)

Rapporteur: Mrs Ursula KONITZER (Germany - Workers)

Gist of the opinion

This own-initiative opinion is based on the results of the conference on social policy and economic performance held under the Dutch presidency in Amsterdam from 23 to 25 January 1997. The conference undertook an in-depth analysis of the extent to which there can be a positive interplay between social policy and economic performance. The Economic and Social Committee feels the time has come to use this analysis as the basis for an agenda of specific reforms. The opinion is designed as a basis for structured dialogue.

Social policy and economic performance are interdependent. Social security, founded on solidarity, spreads risks, making life less hazardous for the individual. Overall risk is less than the sum of its parts. Sound social security schemes are thus a sine qua non of dynamic economic development. Social security also engenders a high level of social cohesion, equal opportunities and tolerance. This too has an impact on growth. Thus, social cohesion has a positive external effect on labour productivity.

A high level of economic performance releases adequate financial resources for social security and gives the bodies which administer it a secure future on which to build. The improvement of economic performance not only secures the financial basis for social policy, but also means that fewer people will find themselves in need of social assistance in the first place. High growth rates based on sustainable development have a direct and positive impact on employment and are thus able, indirectly, to help iron out problems in the redistribution of primary income, which is at the heart of social security. A high level of economic performance, coupled with high labour productivity, is also a fundamental element in ensuring, that as far as possible, the possible negative impact of social security on incentive is low.

The Economic and Social Committee believes that the time has now come to use this analysis as the basis for an agenda of specific reform projects. Given the radical changes now taking place in the way people live together in society, and against the backdrop of steadily rising unemployment, the Committee recognizes the urgent need to give fresh impetus to the ongoing development of the European social model. With the crisis on the jobs front showing no sign of abating, essential institutional changes should focus on the promotion of employment as a priority objective, with job creation incorporated consistently into all policy areas. There should be more interinstitutional coordination and cooperation, especially in respect of macroeconomic and social policies.

The Economic and Social Committee sees its role as a forum in which strategies for policy development and institutional reform can be drawn up, coordinated and appraised. The Economic and Social Committee is the one European body which, since the signing of the Treaties of Rome, has had experience in conducting and organizing economic and social dialogue at European level. The Economic and Social Committee is to set up a multi-sectional permanent working group in order to reflect this new scope for dialogue and meet the challenges outlined above.

20. AMENDING SOCRATES PROGRAMME

Opinion of the Economic and Social Committee on Socrates: *The Community Action Programme in the field of Education - Report on the results achieved in 1995 and 1996*
(COM(97) 99 final - 97/0103 COD)

(CES 593/97 - 97/0103 COD)

Rapporteur: José Isaiás RODRÍGUEZ GARCÍA CARO (Spain - Employers)

Gist of the Commission proposal

The Socrates Community action programme was established by Decision 819/95/EC of the European Parliament and the Council. Its aim is to develop high-quality education and an open European area that will facilitate cooperation in the education field.

The programme includes three basic action lines:

- Higher education: Erasmus subprogramme
- School education: Comenius subprogramme
- Horizontal measures in the following fields:
 - . Language learning: Lingua subprogramme
 - . Open and distance learning
 - . Adult education
 - . Exchange of information and experience.

The main objective of the Socrates programme is to foster cooperation between Member States in the education field. Cooperation between education institutions in Europe is to be promoted by boosting student and staff mobility and thus encouraging the exchange of knowledge and experience.

The programme is scheduled to run for a five-year period from 1 January 1995 to 31 December 1999.

The present proposal to amend the decision establishing the Socrates programme stems from an agreement adopted by the Parliament, the Council and the Commission at the end of the conciliation procedure which formed part of the negotiations for the programme.

Under the agreement, the Parliament and the Council were to assess the results of the programme two years after its launch, on the basis of a report from the Commission which would include appropriate proposals for measures to be adopted by the Parliament and the Council.

Assessment of the results of Socrates

The Commission document (COM(97) 99 final) now referred to the Committee assesses the first two years of the Socrates programme. It contains a detailed description of the results of the overall programme and of the various subprogrammes.

The report shows that SOCRATES has begun to make a significant contribution to preparing the young people of today for life and work in the Europe of tomorrow. However, the analysis has also shown that the programme will not be able to sustain, consolidate and build on these promising early results without additional funds.

The proposed decision

The proposal to amend Decision 819/95/EC seeks essentially to increase the financial framework for the programme by ECU 50 million, or by 5.9%. The Commission considers that this is justified in order:

To maintain a critical mass of good quality projects without having to turn down more projects because of lack of funding.

To meet, as far as possible, the requests for funding of the large number of projects and applications submitted.

To safeguard the development of Erasmus as a subprogramme of Socrates, so that the student mobility levels achieved are not threatened by inadequate funding.

To safeguard the future of the Comenius subprogramme, by guaranteeing adequate funding for schools participating in the multilateral school partnerships.

To ensure that the national agencies continue to disseminate information on the programme.

To ensure that the less advantaged have access to the programme, in keeping with the principle of equal opportunities.

To cushion the budgetary impact of extending Socrates to the associated countries.

Gist of the opinion

In covering the whole of the education sector, the programme successfully fosters the spirit of EU integration and cooperation. The Committee considers it vitally important that cooperation links between education institutions be steadily extended. The inclusion of open and distance learning is of vital importance.

The Committee welcomes the proposal insofar as it seeks to increase the programme's budget. However, the Committee would reiterate its view that the proposed budget is insufficient for the ambitious and important objectives and measures pursued.

The development of human resources plays an important role in helping to contain unemployment - a problem affecting all Member States. By helping to boost the capacity of these resources, the programme can play an important role in the EU's economic development. The Committee therefore reiterates its view that the programme deserves a larger financial allocation than is proposed.

The Committee asks the Commission to step up checks against fraud so as to avoid any possible diversion of funds.

When granting aid, it would be helpful to establish a fine-tuning mechanism for distributing funds according to the real needs of the recipients, so that those with fewer resources receive more aid. This would be the best way to guarantee the principle of fair access to Community funds.

The Committee thinks that Community aid must be allocated in the most transparent manner possible. It therefore calls on the Commission and the Member States to introduce the requisite mechanisms to guarantee equal access opportunities for all persons interested in taking part in the programme, and to ensure that the programme reaches the maximum number of students, teachers and institutions and that aid does not remain the preserve of certain persons or institutions.

The Committee would highlight its support for measures to promote and disseminate the languages of the Member States, and particularly those languages which are less widely known.

21. SERVICES OF GENERAL INTEREST IN EUROPE

Opinion of the Economic and Social Committee on the *Communication from the Commission on services of general interest in Europe*
(COM(96) 443 final)

(CES 605/97)

Rapporteur: Mr Jan Jacob van DIJK (Netherlands - Workers)

Gist of the Commission document

The aim of the communication is twofold: firstly, to recall the principles underpinning the Commission policy on services of general interest¹², and secondly, to formulate a number of objectives for the future development of these services.

In line with the conclusions of the Cannes European Council of 26/27 June 1995 and with the Commission opinion on the reform of the Treaties¹³, Commission policy on services of general interest is based on the acknowledgement that public access to universal services or to services of general interest is included in a set of values, shared by all European societies. By helping to achieve the EU's core objectives - solidarity, cohesion and equal treatment - general interest services are at the heart of the European social model.

The Commission is therefore endeavouring to resituate services of general interest in Europe, taking into account the concerns surrounding their future in an open and dynamic market economy and a rapidly changing socio-economic environment.

The Commission refutes any inconsistency between competition policy and the demands of an efficient internal market on the one hand, and promotion of the general interests of European citizens and support for services of general interest on the other. It maintains that such services must find a role within the European venture that is in keeping both with their place among the shared values on which European societies are based and with their considerable economic importance.

Against this background, it is absolutely essential that services of general interest be modernized and developed. The Commission feels that the creation of the single market and increased competition allow general interest service providers to meet the challenge of current developments, particularly in the economic and technological fields, and to turn those developments to good account by improving the range and quality of their services, while at the same time cutting their prices and meeting new consumer demands.

The EU's action takes place against the backdrop of i) an open economy, based on solidarity, social cohesion and market forces, and ii) respect for Member States' freedom to define and organize general interest services, pursuant to Article 90 of the Treaty. In this connection, Article 222 of the Treaty ensures that the Community remains neutral toward general interest companies, be they public or private.

The Commission argues that its role is to strike a balance between market and general interest objectives. It feels that "the real challenge is to ensure smooth interplay between the requirements of the single European market and free competition in terms of free movement, economic performance and dynamism on the one hand, and the general interest objectives on the other". It also thinks that progress towards achieving this interaction has, by and large, been good.

Two things have made this possible: firstly, the EU's differentiated, step by step approach to coordinating the telecommunications, postal service, transport, electricity, and radio and television markets throughout Europe - an approach reconciling the opening up of the markets with European and national requirements for general interest services; and secondly, the measures taken under the various Community policies designed to improve the economic performance of the general interest service sector and promote consumers' interests, at the same time bearing in mind the need for a sound, sustainable environment.

These measures have included the establishment of rules, the framing of guidelines for the major European infrastructure networks, support for investment projects under the economic and social cohesion policy, research and development in general interest service sectors, and the exchange of best practices and of experiences between legislators, regulators and operators.

12 For the Commission this term covers market and non-market services which the public authorities class as being of general interest and subject to specific public service obligations.

13 COM(96) 90 final of 28 June 1996.

The Commission's future aim is to promote general interest services in Europe along the following three lines:

Making the most of measures to boost European competitiveness

In pursuit of its policy of opening up the economic services market and, at the same time, introducing universal service obligations, the Commission intends to:

- introduce tools to assess the operation, performance and competitiveness of general interest services;
- adopt a step by step approach based on consultation with the various parties concerned, including consumers;
- promote a more open approach, based on a communication on the application of Article 90 procedures.

Strengthening European coordination and solidarity in sectors whose scope extends beyond national borders or whose fortunes are bound up with issues of interest to Europe as a whole (such as spatial planning and environmental protection)

Here, the Commission might envisage measures:

- to promote the coordination of national bodies of general economic interest in matters such as public financing arrangements and control systems. The development of the concept of universal service or public service obligations, especially in terms of quality of service and users' rights, could also be well worth exploring;
- to encourage closer study of ways and means to better coordinate EU-level monitoring of the activities of these sectors' regulators and operators.

Deploying Community instruments

The Commission intends to push ahead with the implementation of policies designed to develop, promote and improve the efficiency of general interest services (economic and social cohesion, spatial planning, trans-European networks, environmental, and research and technological development policies).

Although the Commission feels that provision of general interest services to meet basic requirements such as health, welfare, education, water and housing is a matter for the national or regional authorities, it anticipates wider use of EU instruments (cooperation, coordination and financial support) to support them.

The Commission thinks that the role of general interest services should be in keeping with the place they occupy among the shared values which underpin European societies.

Furthermore, the means available for developing general interest services should be deployed in a coherent manner.

The Commission considers that as Article 90 has proved its worth by fully guaranteeing the beneficial interaction between liberalization and general interest, it is best left untouched. However, the Commission has proposed that, at the Intergovernmental Conference, a new subparagraph (u) be added to article 3, worded as follows: "*a contribution to the promotion of services of general interest*".

This would confirm that general interest services are a subject which the Community should take into account when planning its activities and drawing up its policies.

Gist of the opinion

The Committee questions the relevance of the distinction which the Commission communication makes between "services of general interest" and "universal service", and thinks that the definitions given are confusing. In its view, the concept of "universal service" mainly concerns quality, and should apply to more sectors than those considered by the Commission.

To avoid any confusion, the Committee recommends that only the term "services of general interest" be used in future; such services are regarded as an important element in the European social model, and the Committee defines them as follows: " services which the public authorities class as being of general interest, are accessible to everyone in the EU, satisfy high quality requirements and are available at affordable prices, irrespective of the question who the owner is of the service provider."

The Committee therefore thinks that Member States should be able to treat other sectors, such as health care and education, as being of general interest. However, it considers that a framework must be laid down at EU level to help Member States determine which services are deemed of general interest, in order to ensure that their interpretation complies with Community law. Interested groups, such as the social partners and consumer organizations, should be consulted on this.

The Committee also emphasizes that although the introduction of competition in general interest service sectors may result in more effective and efficient service provision, the quest for profitability may mean that services for certain regions or groups are threatened, as is clear from developments in some sectors. Regulatory measures are needed to remedy this.

The Committee does not endorse the view that Article 90(2) of the Treaty offers sufficient guarantees for appropriate measures to be taken at national level. Rather, it thinks that measures must be taken at EU level, as it is at this level that measures likely to jeopardize services of general interest are adopted.

The Committee therefore calls for a specific reference to services of general interest in the Treaty, and asks the Commission to use the definition given in the opinion.

22. DEVELOPMENT AID (*Own-initiative opinion*)

Opinion of the Economic and Social Committee on *development aid, good governance and the role of the socio-economic interest groups.*

(CES 596/97)

Rapporteur: Mr Michael STRAUSS (United Kingdom - Various Interests)

Co-Rapporteur: Mr Ettore MASUCCI (Italy - Workers)

Reasons for drawing up an Own-initiative Opinion on development aid, good governance and the role of the socio-economic interest groups

Economic development in many of the Less Developed Countries (LSD), particularly in Africa, has frequently been held back by inappropriate governance. The proposed Opinion could examine how the European Union and Member States could further encourage good governance.

Good governance manifests itself through a civil service that can manage the affairs of state, an administration that can run the states' finances and is not corrupt, a legal system that is efficient and impartial and a government that can exercise political power in an acceptable way. Important, too, is that civil society is enabled and encouraged to participate in the affairs of state. The opinion could focus on this aspect: the Economic and Social Committee is uniquely placed to do so.

Some points to be covered by the opinion are:

- central to the Lomé Convention and the proposed Mediterranean agreements is the concept of partnership between the EU and the government in receipt of cooperation aid. Most aid is channelled direct through governments and all aid, before it can be disbursed, has to be approved by them. Should this aspect of partnership be modified? Should conditionality be extended to cover more aspects of good governance than human rights?
- African governments are reluctant to switch to market driven economies. In part this reflects the attitude of ruling bodies that they know best how scarce resources should be deployed. What can be done to change this attitude when massive investment mistakes by governments have led to the squandering of already scarce aid provisions?
- do the new provisions of Lomé IV and the proposed Mediterranean partnership agreement go far enough to encourage good governance?
- to ensure the adoption of sustainable development plans the representative of the APC/EU economic interest groups have at successive annual meetings asked to be consulted in the preparation of national indicative development plans and to play a role in framing sectoral development programmes. These requests appear to have largely fallen on deaf ears. How can governments be persuaded to draw the socio-economic interest groups more into the affairs of state?
- What can be done to convince governments that by taking these groups more into their confidence at the early planning stage economic development will be promoted and the administration's position will be strengthened?

Gist of the Opinion

Good governance is central to sustainable development and a necessary prerequisite if aid channelled through governments is to be used effectively. It should therefore become a criterion in determining the amount of funds allocated to each country. Good governance should itself be a major aim of cooperation aid and it should also become an "essential element".

Greater support should be given to democracy-building institutes

A critical component of good governance is citizens' participation in the affairs of state. The EU's ability to encourage this would be facilitated if at least certain aspects of the partnership principle were to continue.

Much greater efforts are required by the partners to improve the organizational capacity of the social interest groups. More funds should become available from the EU budget to strengthen civil society.

Delegations should make information on decentralized cooperation aid more generally available. To promote this aid, delegates should bring together representatives from ACP administrations and socio-economic interest group.

Indicative programmes should only be agreed if the decentralized cooperation content conforms with the intention of the revised Convention. Payment of the second tranche of funds should be conditional on good progress having been made on such aid projects. In future, funds should be specifically earmarked for decentralized cooperation.

Decentralized cooperation will only succeed if there is a radical reform of grant administration whereby the authorities are put in a position to process and monitor a multitude of small applications. The application procedures need to be simplified.

There is a close link between the quality of governance and corruption. Member States need urgently to implement the OECD recommendations on bribery in international business transactions. To reduce the incidence of corruption the Commission should play a more prominent role in the choice of development

programme, the design and management of projects and simplify the tender procedures. Where corruption is confirmed and no action is taken against officials **involved**, EU funding should be reviewed; where contracts have been obtained corruptly they should be cancelled and any grant money repaid.

II. FUTURE WORK

Environment Section

- Framework for Community action in the field of water policy
COM(97) 49 final - 97/0067 SYN
Deadline: October
- General principles of food law in the European Union (green paper)
COM(97) 176 final
Deadline: October
- Consumer health and food safety (communication)
COM(97) 183 final
Deadline: October

Industry Section

- Competitiveness in the European industry (communication)
COM(97) 153 final
Deadline: July
- Competitiveness of the European information and communication technologies (ICT) industries (communication)
COM(97) 152 final
Deadline:
- XXVIth report on competition policy
SEC(97) 628 final
Deadline: October
- European capital markets for SMEs
COM(97) 187 final
Deadline: October
- A European initiative in electronic commerce (communication)
COM(97) 157 final
Deadline: to be decided

Transport Section

- Relations between Member States and third countries in shipping matters
COM(96) 707 final - 97/0012 SYN
Deadline: October
- Numbering policy for European telecommunications services
COM(97) 203 final
Deadline: October

- Connecting the Union's transport infrastructure network to its neighbours (communication)
COM(97) 172 final
Deadline: December

Energy Section

- Fifth framework programme (EC/EURATOM)
COM(97) 142 final - 97/0119 COD - 97/0120 CNS
Deadline: October
- Overall view of energy policy and actions (communication)
COM(97) 167 final
Deadline: to be decided

Social Affairs Section

- Access to continuing training in the Union (report)
COM(97) 180 final
Deadline: October
- Green Paper: partnership for a new organization of work
COM(97) 128 final
Deadline: December

Regional Development Section

- Towards an urban agenda in the European Union (communication)
COM(97) 197 final
Deadline: October

Section for Economic Questions

- External aspects of Economic and Monetary Union
SEC(97) 803 final
Deadline: October

IN ANTICIPATION

Environment Section

- Injury prevention as part of action in the public health field
COM(97) 178 final - 97/0132 COD
Deadline: October
- Action programme on rare illnesses (1999-2003)
COM(97) 225 final
Deadline: October

- Labelling of products containing by-products of genetically altered organisms
COM(97) 245 final
Deadline: October

Industry Section

- Registration documents for motor vehicles and their trailers
COM(97) 248 final
Deadline: July/October
- Connected telecommunications equipment and mutual recognition of their conformity
COM(97) 257 final
Deadline: to be decided

Transport Section

- Intermodality in freight transport
COM(97) 243 final
Deadline: October
- Competition rules applicable to air transport enterprises
COM(97) 218 final
Deadline: December
- Trans-European corridors for the transport of freight by rail (communication)
COM(97) 242 final
Deadline: December
- Future development of mobile communications in Europe
COM(97) 217 final
Deadline: to be decided
- Code of conduct for the use of computerized reservation systems
COM(97) 246 final
Deadline: To be decided

Energy Section

- Energy dimension of climatic change
COM(97) 196 final
Deadline: to be decided

Social Affairs Section

- Quality assurance in higher education
COM(97) 159 final - 97/0121 SYN
Deadline: October
- Teaching and learning - towards the learning society (communication)
COM(97) 256 final
Deadline: To be decided

External Relations Section

- Establishment of a European Training Foundation
COM(97) 177 final - 97/0126 CNS
Deadline: July/October

Section for Economic Questions

- Trade statistics between the Member States
COM(97) 252 final
Deadline: to be decided

III. PARTICIPATION BY THE ESC IN VARIOUS EVENTS, INFLUENCE OF THE ESC

Activities of the ESC president

On 28 April 1997 the ESC president, **Mr Tom Jenkins**, addressed the opening meeting of the European Forum on Cohesion, organized by the EC Commission. **Mr Jenkins** pointed out that: "*The organization of the funds as well as the way they are managed are not up to the measure of the objectives which the Union has set in successive reforms*".

Mr Jenkins called for a radical approach in order to meet three aims: simplification, wider participation and greater transparency. He suggested that the current systems should be simplified to two broad objectives: strengthening economic cohesion and social cohesion. Consequently, the existing funds could be reduced to two, one for each new objective.

Mr Jenkins emphasized the need to include socio-economic players at both the national and European level.

He insisted that partnership in its widest sense had to be used to tap the potential and dynamism that existed at local level when implementing local development and employment initiatives. In this context, the Committee would be glad to assist in the implementation of the Territorial Pacts, as requested by **President Santer**, by providing back-up and promoting the idea at the appropriate level, through organizations representing economic and social interest groups. The Committee would also take part in the Institutional Forum on the pacts that the Commission was to organize in conjunction with the European Parliament and the Committee of the Regions.

On 27 May 1997 **Mr Jenkins** held talks with **Mr Michiel Patijn**, Netherlands secretary of state for foreign affairs, president of the Council.

Activities of the ESC sections and members

On 28/30 April 1997 the EC Commission organized a European forum on cohesion in Brussels. The forum was attended by a 15-member delegation from the Regional Development Section. In his capacity as representative of the Portuguese General Confederation of Labour and rapporteur for the ESC's 1996 Opinion on economic and social cohesion, **Mr Cal** took part in the workshop on support for regions lagging behind in terms of development and on the reduction of discrepancies in competitiveness.

On 28/29 April 1997 the Netherlands Economic and Social Council organized a forum on the future of social dialogue at European level. The forum, held in The Hague, was attended by **Mrs van den Burg**, president of the Section for Social, Family, Educational and Cultural Affairs, and **Mrs Regnell**, **Mr van Dijk** and **Mr Lustenhouwer**, members of the section.

On 14/16 May 1997, **Mr Gardner, Mr Jaschick and Mrs Drijfhout**, members of the Section for Protection of the Environment, Public Health and Consumer Affairs, attended the conference on European food policy in The Hague.

On 22/23 May 1997 the Council of Europe held a seminar in Helsinki on the challenges facing European society on the eve of the 21st century: sustainable development policies for the states of Northern Europe. The seminar was attended by **Mr Hamro Drotz**, member of the Regional Development Section.

On 28/30 May 1997, **Mr De Norre, Mr Chevalier and Mr Ety**, members of the Section for Social, Family, Educational and Cultural Affairs, took part in the European conference on the costs and benefits of safety and health protection at the workplace.

On 29/30 May 1997, **Mr Koopman**, member of the Section for Protection of the Environment, Public Health and Consumer Affairs and rapporteur for the Opinion on the award of eco-labels, attended a meeting in The Hague between government experts and the relevant authorities on the revision of the Regulation 880/90 on the eco-label.

Other activities

Open Day - 10 May 1997

The open day, which was organized at interinstitutional level with the ESC's active participation from the beginning of the project, proved to be a success considering the number of visitors, despite a long weekend. The initiative owed its success to the officials from all divisions of the ESC and the Committee member, **Mr de Paul de Barchifontaine**, who made themselves available for the open day despite the rather inconvenient date. We have been informed by the Commission (DG X) that the number of visitors exceeded last year's level.

The ESC's first open day was an unqualified success. The programme focused on the following:

- opening of the main building to the general public;
 - visitors were addressed in small groups by speakers able to offer introductions in various languages;
 - video entitled "The Euro - its child's play";
 - exclusive exhibition of the children's drawings used in making the video;
 - the ESC's "virtual visit" (multimedia);
- stand at the Council's Justus Lipsius building; and
- stand at the Schuman roundabout.

Some 1,500 people visited the Committee building and were shown around the premises in groups, visiting, for example, the Europe Room and the president's office. In addition, they were able to see a video entitled "The Euro - its child's play", obtain material on ESC activities and hear talks on the work and membership of the Committee. Some 5,700 people visited the ESC stand at the Council building and a few thousand visited the stand at the Schuman roundabout. In general, the public displayed both a keen interest in the ESC's function as a forum for consultation between the economic and social partners and an awareness of the role played by the latter in building Europe.

It is clear that the interinstitutional initiative meets a need for information and contact. The celebration of the institutions' 40th anniversary can only encourage us to join with the other institutions again next year. Moreover, an interinstitutional meeting is to be held at the end of May with a view to considering how the lessons learned can be put to good use next year.

On 5 and 6 May 1997, **Mr Carroll, Mr Pelletier, Mrs Davison and Mr van Dijk**, members of the ESC, took part in the transatlantic conference - bridging the Atlantic: people-to-people links. The conference, organized by the US department of state and the US information agency (USIA), in cooperation with the European Commission and the EU presidency, aimed at reinforcing the links between citizens on both sides of the Atlantic by bringing together many segments of society to draw on each others' experience and to promote new models of cooperation better adapted to the challenges of a changing world.

On 15 and 16 May 1997, **Mr Regaldo**, ESC vice-president, took part in the European Summit of the Regions and Cities, organized by the Committee of the Regions in Amsterdam.

IV. RESIGNATIONS - APPOINTMENTS

The president informed members of the Committee of the resignation, with effect from 31 August 1997, of **Mr Jens-Peter Petersen**, a member of Group I (Germany) who had been a member of the Committee since 21 August 1986 and a member of the ESC bureau since 17 October 1990.

The Council had appointed **Mr Harald Glatz** (Austria) to replace **Mr Harald Ettl**, a member of Group III, who had resigned.

V. NEWS FROM THE ASSOCIATION OF FORMER MEMBERS

The Association of Former Members of the Economic and Social Committee held its annual general meeting on 7 April. The meeting was chaired by **Mr Alfons Margot** who was reelected president, by acclamation, for the following year.

- Regarding the bureau members, the following changes were made:
 - **Mr Vercellino** is now treasurer and has been replaced in the bureau by **Mr Kirschen**;
 - **Mr Silva** has replaced **Mr Rolão Gonçalves** for Portugal;
 - **Mr Saïtis** has replaced **Mr Vassilaras** for Greece;
 - **Mr Velasco Mancebo** has replaced **Mr Laka Martin** for Spain.
- In the secretariat for former members, **Mrs Vera Parr** has taken over from **Mr Claude Laval**.

At the meeting of former members, **Mr Adriano Graziosi**, the new secretary-general, gave a presentation on the situation and prospects of the ESC in the run-up to the Intergovernmental Conference.

The next meeting of former members will take place in Luxembourg from 10 to 13 September, at the kind invitation of **Mr F. Schweitzer**.

VI. FACT-FINDING VISITS TO THE ESC

- | | |
|----------------|--|
| 29 April 1997: | Arbeitsgemeinschaft Staat und Gesellschaft E.V. - Germany |
| 30 April 1997: | Funktionærernes og Tjenestemændenes Fællesråd (FTF) - København- Denmark |
| 13 May 1997: | Maison de l'Europe Toulouse Midi-Pyrénées - France
Delegation of teachers from Metz - Saint Vincent - France |
| 15 May 1997: | Landeszentrale für Politische Bildung - Germany
Key Finland - Finland
Delegation of Finnish journalists
Provinsens Postforening - Denmark |

- 20 May 1997: Irecoop Veneto e Sardegna - Italy
- 23 May 1997: Delegation of Finnish teachers from Mellersta Nylands Yrkesskola
Karl-Arnold-Stiftung - Germany
- 27 May 1997: FTF Denmark - Denmark
Kreuzberg Bonn Bildungszentrum - Germany
Délégation régionale du PSOE/Canaries - Spain
- 28 May 1997: Institut européen d'Administration Publique - Germany
Virtain Yritysoalvelu Oy - Finland
- 29 May 1997: Finnish teachers
Center for International Affairs, Harvard University - UK
- 30 May 1997: Männerarbeit (Evangelische Kirche von Westfalen) - Germany
-

