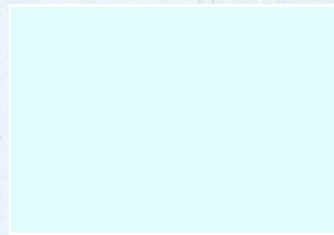


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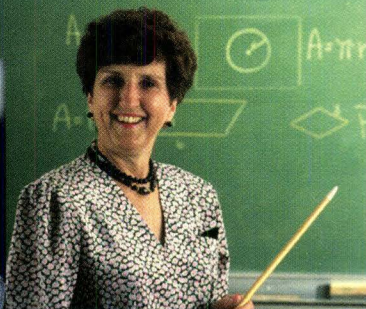
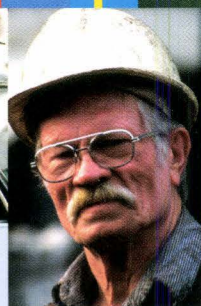
Economic and Social Committee

European Communities



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CES: 1

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Facts and figures - November 1997

Presidency

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), the Maastricht Treaty (1992) and the Amsterdam Treaty (1997) have reinforced the ESC's role.

Membership

The 222 members 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 task of members is to issue opinions on matters referred to the ESC by the Commission and the Council, as well as the European Parliament pursuant to the Amsterdam Treaty.

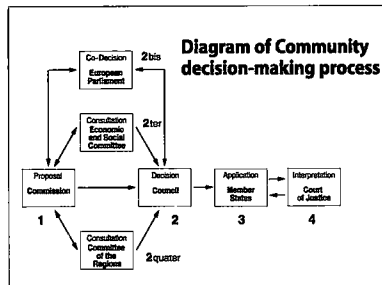
The ESC is the only socio-occupational advisory body that can be consulted by the EU Council of Ministers.

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), the Maastricht Treaty (7.2.92) and the Treaty of Amsterdam (signed on 2.10.97) extended the range of issues which must be referred to the Committee: regional policy, environmental policy, employment policy, broad guidelines for economic policies, combating social exclusion, etc. The ESC produces 170 advisory documents and opinions 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 Official Journal of the European Communities.

Information and integration role

Over the last few years the ESC has stepped up its role in the European Union and has transcended the straightforward 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. 546.92.86
(president: Göke Frerichs
Group I - Germany)
- External Relations, Trade and Development
Policy - secretariat tel. 546.93.27
(president: Thomas Etty
Group II - Netherlands)
- Social, Family, Educational and Cultural Affairs
secretariat tel. 546.95.12
(president: John F. Carroll
Group II - Ireland)
- Protection of the Environment, Public Health
and Consumer Affairs
secretariat tel. 546.94.06
(president: Manuel Ataíde Ferreira
Group III - Portugal)
- Agriculture and Fisheries
secretariat tel. 546.96.87
(president: Pere Margalef i Masià
Group III - Spain)
- Regional Development and Town and Country
Planning
secretariat tel. 546.96.11
(president: Robert Moreland
Group III - United Kingdom)
- Industry, Commerce, Crafts and Services
secretariat tel. 546.95.98
(president: John Little
Group I - United Kingdom)
- Transport and Communications
secretariat tel. 546.93.60
(president: Elke Eulen
Group II - Germany)
- Energy, Nuclear Questions and Research
secretariat tel. 546.98.19
(president: José Ignacio Gafo-Fernandez
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 (normally four).

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.

External Relations

1. 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 worldwide with other economic and social councils at the "International Meetings" held every two years.

2. 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 member delegations headed by the president or a vice-president. It is expected that some meetings involving the countries of central and eastern Europe will be institutionalized under the Europe Agreements, as is currently the case with Hungary and Turkey.

Publications

The ESC regularly distributes a number of publications, including its main opinions in brochure format, a monthly newsletter entitled ESC INFO and its Annual Report.

Secretariat-General

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

135 staff work exclusively for the Economic and Social Committee. Since 1 January 1995, the Economic and Social Committee and the Committee of the Regions have shared a common core of departments whose staff, numbering 519, are mostly members of the ESC secretariat.



BULLETIN

Economic and Social Committee

European Communities

92

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CEC: 1

This Bulletin reports on the activities of the Economic and Social Committee, a European consultative assembly. It is published after plenary sessions in French, English and German. Versions in the eleven official languages of the European Union are available on the ESC Internet site (<http://www.esc.eu.int>).

The complete texts of ESC opinions are available:

- *in the Official Journal of the European Communities,*
- *on the CELEX database,*
- *at the ESC Internet site,*
- *on written request from the ESC General Secretariat.*

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CONTENTS

I.	356th PLENARY SESSION ON 1 AND 2 JULY 1998	
1.	COUNTERFEIT AND PIRATED GOODS2 <i>(adopted by 136 votes to 2)</i>	
2.	GLOBALIZATION AND THE INFORMATION SOCIETY3 <i>(adopted by 143 votes with 2 abstentions)</i>	
3.	MONITORING OF STATE AID4 <i>(adopted by 135 votes to 1 with 3 abstentions)</i>	
4.	DEFENCE-RELATED INDUSTRIES5 <i>(adopted by 68 votes to 20 with 17 abstentions)</i>	
5.	REGISTRATION AND USE OF SUBSONIC JET AEROPLANES7 <i>(adopted by 125 votes to 3 with 1 abstention)</i>	
6.	DENIED-BOARDING COMPENSATION8 <i>(adopted by 139 votes to 5 with 4 abstentions)</i>	
7.	WAYS AND MEANS OF STRENGTHENING THE NETWORKS FOR THE PROVISION OF INFORMATION ON AND EXPLOITATION OF APPLIED R&TD PROGRAMMES IN EUROPE (<i>Own-initiative</i>)9 <i>(adopted unanimously)</i>	
8.	THE COSTS OF POVERTY AND SOCIAL EXCLUSION IN EUROPE (<i>Own-initiative</i>)10 <i>(adopted by 130 votes to 6 with 14 abstentions)</i>	
9.	PROTECTION OF WORKERS FROM RISKS RELATED TO CARCINOGEN EXPOSURE AT WORK12 <i>(adopted by 72 votes to 20 with 5 abstentions)</i>	
10.	GMO - CONSEQUENCES FOR THE CAP (<i>Own-initiative</i>)14 <i>(adopted by 145 votes to 2 with 6 abstentions)</i>	
11.	REFORM OF THE COM / COP (Agenda 2000)15 <i>(adopted by 98 votes to 33 with 15 abstentions)</i>	
12.	PROMOTION OF LOCAL SPECIALITY AGRICULTURAL PRODUCTS (<i>Own-initiative</i>)16 <i>(adopted unanimously)</i>	
13.	ADDITIVES IN FEEDINGSTUFFS17 <i>(adopted by 42 votes to 7 with 15 abstentions)</i>	
14.	COMMON SYSTEM OF TAXATION - INTEREST AND ROYALTY PAYMENTS17 <i>(adopted by 136 votes to 7 with 4 abstentions)</i>	
15.	AMENDED FINANCIAL REGULATION.....18 <i>(adopted by 139 votes with 6 abstentions)</i>	
16.	EUROPE AS AN ECONOMIC ENTITY (<i>Own-initiative</i>)19 <i>(adopted by 87 votes to 1 with 3 abstentions)</i>	

17.	EC INSTRUMENTS FOR INVESTMENT SUPPORT IN THIRD COUNTRIES (<i>Own-initiative</i>)21 (<i>adopted unanimously</i>)
18.	EXPLOITATION OF CHILDREN AND SEX TOURISM (<i>Own-initiative</i>).....23 (<i>adopted by 72 votes with 3 abstentions</i>)
II.	FUTURE WORK.....25
III.	PRESENCE AND INFLUENCE OF THE ECONOMIC AND SOCIAL COMMITTEE26
IV.	IN MEMORIAM28
V.	INFORMATION VISITS.....28

I. 356th PLENARY SESSION ON 1 AND 2 JULY 1998

The Economic and Social Committee held its 356th plenary session in Brussels on 1 and 2 July 1998. The Committee president, Mr Tom Jenkins, was in the chair.

The session was attended by Lord Whitty, minister with special responsibility for questions relating to the UK presidency.

Lord Whitty began by congratulating the ESC on its recent fortieth anniversary. He added that the United Kingdom recognized the important contribution that the Committee had made and would continue to make in the future. He then spoke about the practical results and achievements of the UK presidency.

Progress in the area of EMU and the single currency was a tribute to the efforts which had been made by all Member States to follow sound macro-economic policies. There was now widespread agreement that these policies, which had brought stability in the run-up to EMU, had to be accompanied by supply-side policies which promoted growth, competitiveness and jobs.

The Cardiff Summit had produced an agenda for economic reform covering four areas: firstly, a commitment by all Member States to pursue structural economic reforms at national level; secondly, agreement to accelerate implementation of the remaining single market measures; thirdly, a particular focus on small businesses; and - finally - a new approach to employment founded on life-long learning, improving equal opportunities, revising tax and benefit systems to improve the incentive to work, and developing a culture of entrepreneurship. Member States had recognized that in a world of global competition they could not spend their way out of unemployment. Instead they had to encourage competitive enterprises to create productive jobs.

Enlargement, meanwhile, was one of the key challenges facing the Union over the coming years. The UK presidency had got the process off to a good start with the opening of the European Conference. Substantive negotiations would begin soon. The EU would seek closer cooperation with all candidate countries, in particular a new and productive chapter in relations between the Union and Turkey.

Lord Whitty also made mention of Agenda 2000. Negotiations on future financing and on the reform of the Structural Funds would not be easy for any of the Member States, but the Union had a responsibility to resolve these issues so as not to hold up enlargement.

Progress had also been made in the area of the environment, with agreement within the Council on how to implement the Kyoto commitments on greenhouse gases. As far as the fight against crime was concerned, a pact had been concluded with the applicant countries, and the core elements of a post-1999 drugs strategy was in place.

Lord Whitty took the view that the EU had moved forward significantly in making the Union more accessible to its citizens. In this connection, the EU's institutions needed to work better if they were to command the support of all of Europe's people.

In the course of the session the Economic and Social Committee adopted the following opinions:

Section for Industry, Commerce, Crafts and Services
Joao Pereira dos Santos, Head of Division - ☎ (32-2) 546 9245

1. COUNTERFEIT AND PIRATED GOODS

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) amending Regulation (EC) No. 3295/94 laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods (COM(98) 25 final - 98/0018 ACC)

(CES 961/98 - 98/0018 ACC)

Rapporteur: Helmut GIESECKE (Germany - Employers)

Gist of the Commission document

Council Regulation (EC) No. 3295/94 of 22 December 1994, which has applied since 1 July 1995, laid down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods, and took account of the Agreement establishing the World Trade Organization signed in Marrakesh on 15 April 1994, the annexes to which include the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

This present communication accompanies a report drawn up by the Commission on the operation of the system, takes stock of the first two years of application and proposes a list of measures likely not only to strengthen the part played by the Regulation in countering counterfeiting and pirating but to streamline the administrative procedures necessary for its implementation, thereby benefiting holders of certain intellectual property rights.

The Commission proposes introducing amendments in relation to the following aspects:

- extension of the scope of the Regulation to cover a new intellectual property right, i.e. some patents;
- extension of the customs authorities' scope for action to cover free zones and free warehouses,

and all suspect goods from the moment that they come under customs supervision whatever their customs status;

- updating (simplifying) the Regulation to take account of the Community trade mark (fully operational since 1 April 1996) through the introduction, for the benefit of holders of such marks, of a single system for applying for "customs protection" which is valid in a number of Member States.

Gist of the opinion

The Committee feels, however, that transposition of the proposed amendments may be limited by the fact that, particularly where the various different kinds of patents are concerned, the customs authorities may not always be able to spot violations. One should not, therefore, overestimate the impact of extending the scope of the regulation.

One particular difficulty with the system is that EU-level arrangements are necessarily limited in scope since procedures are determined under national law. Industry would like to see harmonization in this field so as to ensure optimum implementation of the most important provisions.

The fact that intervention varies tremendously from one Member States to another may reflect both differences in the scale of protection rights and different ways of handling operations. As part of consultations on the green paper, the Commission is asked to calculate the ratio between the number of applications for protection and the number of violations detected in the Member States.

The Commission should convey to national governments the urgent need for a lean procedure, as called for in part III of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The Committee sees a major link

between procedural practicalities and the motivation of customs officials on the ground.

It is essential that there should be direct contact between right holders (i.e. companies) as this would also enhance motivation on the part of customs officers.

The Committee takes the view that the basic idea of a Community trade mark is incompatible with a situation such as this in which frontier seizure applications may be limited to certain EU countries. As the Community trade mark is a uniform mark, with a uniform legal basis applicable to the Community as a whole, the only sensible option in the long term is to have a uniform frontier seizure application procedure effective in all EC Member States.

2. GLOBALIZATION AND THE INFORMATION SOCIETY

Opinion of the Economic and Social Committee on the *Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: Globalization and the information society - The need for strengthened international coordination*

(COM(1998) 50 final)

(CES 962/98)

Rapporteur: Umberto BURANI (Italy - Employers)

Gist of the Commission document

The European Union has made substantial progress in putting in place the necessary framework conditions for the development of the Information Society with a view to unleashing its growth and employment potential bringing benefits to all.

The Commission has recently launched a broad consultation to explore the nature and regulatory implications of convergence between the telecommunications, media and information technology sectors.

The present Communication responds to the need for strengthened international coordination in order to create an enabling framework for the global electronic marketplace ("on-line" economy)

which is a fundamental element of the Information Society.

This Communication sets out:

- the need for an international enabling framework for the emerging global electronic marketplace;
- a preliminary analysis of emerging obstacles to this framework covering technical, commercial and legal areas;
- a proposal for immediate action to coordinate views on the key obstacles and the most effective means to remove them - building on stronger private sector (including consumer groups) involvement;
- a proposal for an International Charter through which parties would agree on a method of coordination between all relevant parties.

This Communication does not attempt to propose solutions to the specific issues identified nor does it set out to define the respective roles of the relevant international fora. It outlines how improved multilateral coordination could be developed. The next steps will therefore depend upon the responses the European Commission will receive to its proposals.

Gist of the opinion

The Committee would point out that a multitude of earlier communications, recent or otherwise, have long highlighted the need for international cooperation and urgent European-level coordination.

In the technological field, *spontaneous regulation* is growing, as in the case of Internet, which has given birth to its own community with its own rules and bodies.

The Committee notes that vigilance will be required to ensure that self-regulation is not accompanied by social discrimination or exclusion to the detriment of certain categories of user.

Technical progress cannot be bound by detailed rules, which are necessarily based on the past: a small number of fixed points supported by general principles, together with effective control of diverging practices, is enough. International

agreements to this end should not be too difficult to reach in terms of content and timing.

The Commission mentions a major obstacle to *market access*: high telecommunications costs, although it acknowledges that there have already been "significant price reductions" as a result of falling costs and increased competition.

The Committee is well aware that it is not the authorities' function to regulate prices, which must be open to free competition; one of their tasks is however to ensure compliance with the principles of transparency (which, among other things, entails the possibility of comparing costs and services provided) and standards for competition and dominant positions.

The legal framework for electronic communication as a whole is very broad, covering a variety of aspects such as application of VAT, jurisdictional conflicts, labour law, copyright, data and trade mark protection, consumers' rights, validity of contracts, safeguards against fraud and organized crime, the content of communications, particularly where the protection of minors is concerned, etc.

The desirability of *Europe-wide* regulation arises from the fact that 90% of trade takes place *within* the Community. The European legal framework must be prepared on a realistic basis: the more detailed it is, the less it is likely to be recognized outside the Community. In other words, these rules should be restricted to establishing universally acceptable fundamental principles.

It is proposed to reach an agreement between the parties on "how best to develop common approaches" and on the development of procedures for the coordination of public and private interests. Such an agreement, or "charter", would be non-binding, would recognize the value of present work, and would contribute to greater regulatory "transparency".

The Committee expresses uncertainty not about the proposal itself, but about its chances of success in the short term.

The Committee appreciates the Commission's programme for the immediate future, and urges it to continue its efforts to get to grips with this complex subject reasonably soon. Procedural streamlining must be included in the review which

international and EU bodies should take on as their primary duty to the community as a whole.

3. MONITORING OF STATE AID

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) laying down detailed rules for the application of Article 93 of the EC Treaty
(COM(98) 73 final - 98/0060 CNS)

(CES 963/98 - 98/0060 CNS)

Rapporteur: Mario SEPI (Italy - Workers)

Gist of the Commission proposal

In 1996 the Commission launched an initiative designed to improve the monitoring of state aid by means of a more transparent, more coherent and more effective policy using regulations based on Article 94 of the Treaty.

On 15 July 1997 the Commission adopted an initial proposal for a regulation intended to focus its efforts on more rigorous scrutiny of major state aid cases. This regulation will enable the Commission to exempt from the notification requirement certain categories of aid that meet clearly defined criteria designed to limit their impact on competition (aid for small and medium-sized enterprises, R&D, environmental protection, employment and training, and regional aid).

The present proposal for a procedural regulation constitutes the second stage in the Commission's initiative under Treaty Article 94.

It sets out to improve transparency and legal certainty by codifying and clarifying in a single text the procedural rules applicable to state aid. At present, the state-aid monitoring system is based on a set of rules which are fragmented and not sufficiently transparent.

The proposal reaffirms the rule that aid must be notified in advance to the Commission and that Member States must not implement any aid which the Commission has not authorized. The proposal reinforces the rules on those points where a more effective monitoring system is clearly needed, notably as regards the follow-up of Commission decisions and the requirement that any aid deemed

incompatible with the common market must be repaid. The new arrangements will give Member States and businesses greater legal certainty, while at the same time making Commission policy more transparent and more effective.

Gist of the opinion

The Committee highlights the importance of this regulation, which integrates and rationalizes a series of practices and principles expressed in the judgements of the Court of Justice, giving them an organized structure.

The Committee considers, however, that this legislative streamlining of Community action in respect of competition should be further strengthened in order to have, in a few years, greater legal certainty on the subject.

The Committee believes that once the Fiscal Code of Conduct has been introduced, the scope of this regulation should also cover fiscal measures which distort competition between Member States.

The Committee asks the Commission to assess whether it would be useful to make Member States' notifications on new aid available to the public, even in summary form.

As to third party rights in general, the proposal lacks a provision empowering the Commission to publish the fact that individual aid has been notified and basic information about the aid granted. The lack of such a provision harms transparency and is prejudicial to third party rights.

The Committee supports the Commission's efforts to make the recovery of unlawful aid more effective, namely by means of the injunction to suspend or provisionally recover aid (Article 11) and by stipulating that "remedies under national law shall not have suspensive effect" (Article 14(3)). The regulation does not say what will happen if national judicial procedures do not allow the immediate and effective execution of the Commission's decision. Given the elementary principle that there should be a level playing field, Member States should take steps to make immediate recovery possible, and the Commission should ensure that dilatory procedures are not introduced. The Committee considers that aid which has been misused should be recovered as soon as it becomes incompatible with Community

rules and therefore becomes fundamentally unlawful.

The proposal does not explain when the notification of aid is complete, and when the two-month period for the preliminary examination therefore begins. The Committee would welcome a provision to give legal certainty on this point.

The Commission will have to make sure that procedures are rapid and transparent, and that legal certainty and the normal operation of companies cannot be jeopardized under any circumstances.

4. DEFENCE-RELATED INDUSTRIES

Opinion of the Economic and Social Committee on the "Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions: Implementing European Union strategy on defence-related industries"

(COM(97) 583 final)

(CES 978/98)

Rapporteur: Michael MOBBS (United Kingdom - Employers)

Gist of the Commission document

The need to implement an EU strategy to keep up with the major changes in the European defence-related industries is becoming more pressing every day. The industrial and technological base of defence is both precious in terms of economic development and indispensable for weapons capabilities. Despite the urgent warning and call for action issued by the Commission in its communication of January 1996 on the defence-related industry, the situation in the sector has continued to deteriorate. Employment in the industry fell by 13% between 1993 and 1995. In 1995 the value of EU imports of defence-related products from the United States was six times the value of its exports of the same category, whereas in 1990 the ratio was five to one, and in 1985, four to one. In 1996 it took eight European defence undertakings to achieve sales worth US\$ 60 billion, while the three biggest American undertakings alone achieved sales of US\$90

billion. This trend is even more worrying when one considers how it compromises the political objectives formally enshrined in the Treaty on European Union concerning the "eventual framing of a common defence policy". The essential responsibility for restructuring the defence industry lies with the Member States. However, their cooperation within the framework of the Union is important, and the purpose of the Commission's initiatives is to facilitate the development of such cooperation.

An integrated European market for defence products must be set up using a combination of all the instruments at the Union's disposal: Community and common foreign and security policy legislative and non-legislative instruments. The Commission proposes a global approach to implementing this strategy:

- a proposal for a common position on drawing up a European armaments policy. The Commission calls on the Council to adopt the proposed CFSP common position in order to open up the debate on the major issues relating to such a policy and promote the Member States' commitment to its establishment. The areas specifically covered by the proposal are intra-Community transfers, public procurement and common customs arrangements;
- an action plan for the defence-related industries. The plan put forward by the Commission describes the areas in which immediate EU action seems necessary. The Commission will take appropriate steps to develop more detailed versions of the measures outlined in the plan.

The speed and scale of current change make it imperative for the Union to initiate practical action on this matter in 1998.

Gist of the Opinion

There is an essential requirement for the expression of a European political will for a Common Foreign and Security Policy (CFSP) and for the recognition of the European Defence Industry as a vital component of such a policy.

The harmonisation of Operational Requirements is a cornerstone of future progress towards a European Defence Equipment Market. In parallel,

harmonisation of acquisition procedures, regulations and standards for defence equipment is required. The formation of a European Armaments Agency to manage common activities would obviously also have advantages.

To sustain an effective operational capability, European Armed Forces require high technology, cost effective equipment at a price that nations can afford. Europe should not become dependent on third countries in the area of defence equipment, for political, technical and economic reasons. It is therefore essential to maintain a modern, efficient and competitive Defence Industry in Europe as a vital component of its security provisions.

To sustain the European Defence Industries' ability to support a future European CFSP, a European Defence Equipment Market must be established. This will be the foundation upon which the European Defence Industries can embrace trans-national rationalisation to sustain their global competitiveness.

The operation of a European Defence Equipment Market will require the acceptance of industrial/technological interdependence and security of supply between nations.

In the long term, the sustaining of the European Defence Industrial Technological Base will require the identification of the critical "leading edge" technologies necessary for this purpose. A centrally administered and funded collaborative R and T process across Europe will also be needed in support. The recently completed first phase of a Western European Armaments Group Science and Technology Study is an example of what work needs to be undertaken.

The Governments of the Member States must take positive action now to state the political will for Europe to develop a CFSP, to set objectives, and to allow for the restructuring and rationalisation of the European defence industry. If they are neither prepared nor able to do so, then they must accept full responsibility for the continuing decline of the industry and the increasing reliance by Europe on alternative sources of supply for defence equipment. There are welcomed signs that a number of governments recognise the defence industry problems and are starting to take positive action to assist European industrial restructuring.

Section for Protection of the Environment, Public Health and Consumer Affairs
Sylvia Calamandrei, Principal Administrator - ☎ (32-2) 546 9657

5. REGISTRATION AND USE OF SUBSONIC JET AEROPLANES

Opinion of the Economic and Social Committee on the Proposal for a Council Directive on the registration and use within the Community of certain types of civil subsonic jet aeroplanes which have been modified and recertificated as meeting the standards of Volume I, Part II, Chapter 3 of Annex 16 to the Convention on International Civil Aviation, third edition (July 1993)

(COM(98) 98 final - 98/0070 SYN)

(CES 960/98 - 98/0070 SYN)

Rapporteur: José Ignacio GAFO FERNÁNDEZ
(Spain - Employers)

Co-rapporteurs:

Klaus BOISSEREE (Germany - Various Interests)

Mario SEPI (Italy - Workers)

Gist of the Commission proposal

With a view to reducing the noise produced by aircraft, the proposal, which is based on art. 84(2) of the Treaty, seeks to ensure that civil subsonic jet aeroplanes equipped with so-called "hushkits"¹:

- cannot be added to the registers of the Member States as from 1 April 1999 (*non-addition rule*);
- cannot - as far as hushkitted aircraft registered in third countries are concerned - be operated at airports in the Member States as from 1 April 2002 (*non-operation rule*), unless they were on the register of that third country before 1 April 1999 and prior to that date have been operated into the EU.

Using hushkits allows aircraft to be upgraded to the most stringent international noise standards ("Chapter 3 Standards") of the International Civil Aviation Organization (ICAO). In reality, however, hushkitted aeroplanes produce much more noise than "genuine" Chapter 3 aircraft,

thereby increasing the noise nuisance around airports.

The main reason for the Commission initiative is the fear that in particular after the year 2000 a large number of hushkitted aircraft will be on the US register and could then easily be transferred to EU registers or operate to and from the European Union. This expected development is mainly due to the anticipated implementation by the US of international arrangements to phase out the noisiest type of aircraft (Chapter 2 aircraft). The Commission justifies the unilateral nature of the proposal by pointing out that it has so far not been possible to agree on such measures within ICAO.

Gist of the opinion

The Economic and Social Committee supports the current draft directive's aim of improving the protection of the environment and air transport safety while safeguarding existing plans for the renewal of the air fleet owned by EU carriers in keeping with the provisions of Directive 92/14 EEC. However, the Committee wishes to oppose the exemption granted under Article 4.2 to civil aircraft used exclusively outside the territory of the Community and in the French overseas departments.

The ESC wishes to stress that, given the international nature of air transport, EU measures should serve as an immediate reference framework for adoption at international level within the ICAO² so that European air carriers are not forced into a situation of competitive disadvantage.

The ESC would also like to highlight the fact that the adoption of the draft directive in conjunction with Directive 92/14/EEC should avoid any across-the-board and insufficiently justified operating restrictions in certain airports, which could endanger the single market in air transport.

1

A kind of muffler which helps to reduce aircraft noise.

2

International Civil Aviation Organization

The ESC has become aware of the major effort which the draft directive will entail for air freight carriers, due to the fact that the aeroplanes used for this purpose are relatively older and mainly use airports during night hours. The ESC calls upon the Commission to study ways of preventing the possible emergence of flags of convenience under the protection of the temporary exemption provided for under Article 3(3), which would result in unfair competition for EU carriers.

Lastly, the ESC stresses that the European Union should play a pro-active leadership role, within Europe itself above all and also within the ICAO, to ensure that these standards are adopted at international level. This is the only way to guarantee effective and universal protection of the environment and a parallel increase in air transport safety.

Section for Transport and Communications
Luigi Del Bino, Head of Division - ☎ (32-2) 546 9353

6. DENIED-BOARDING COMPENSATION

Opinion of the Economic and Social Committee on the *proposal for a Council Regulation (EC) amending Regulation (EEC) No. 295/91 establishing common rules for a denied-boarding compensation system in scheduled air transport* (COM(98) 41 final - 98/022 SYN)

(CES 964/98 - 98/022 SYN)

Rapporteur: Robert J. MORELAND (United Kingdom - Various Interests)

Gist of the Commission proposal

The third package of liberalization measures created an internal market for aviation, largely harmonizing the rules for operating both domestic and international air services. The rules laid down by Regulation (EEC) No 295/91 for a denied-boarding compensation system are a significant factor in protecting passengers' interests.

However, application of the Regulation over the last five years coupled with recent developments in the sector (development of various commercial agreements, replacing paper tickets with electronic tickets, blurring of the borderline between scheduled and non-scheduled air services) have revealed a need to make a number of adjustments to the Community rules on this subject.

The proposed revision of the Regulation thus aims to ensure that air transport users are effectively given fair conditions of carriage, while keeping the situation acceptable for the air transport sector.

The proposal provides, in particular, for:

- ending the distinction between scheduled and non-scheduled flights in the Regulation (Article 1);
- improving information for passengers (Article 3);
- adapting the Regulation to the development of new forms of ticketing (Article 2);
- raising the compensation thresholds on the basis of inflation rates since 1991 (Article 4); making it clear that the air carrier denying boarding must pay the compensation to the passenger, irrespective of whether or not it sold the passenger the ticket and confirmed the reservation (Article 4).

The Community also intends to begin an information campaign with the object of familiarizing the public at large with its right to denied-boarding compensation of the same type which is already provided for by the Citizen of Europe campaign.

Gist of the opinion

The Committee agrees that on the one hand, there is still a need for a negotiation to deal with this issue and on the other, the existing regulation must be revised to take account of problems which have arisen since the first version was adopted.

The following points should be taken into account when revising the regulation:

- Article 2(a) should be redrafted to say that passengers should present themselves for

- check-in at least 30 minutes before departure or more when told in advance in writing to do so by the airline or its agent. "Presented for check-in" should be defined as the time a passenger joins a check-in line. In this connection, the Commission should make a proposal on compensation for cancellations for commercial reasons;
- the definition of "ticket" should be extended to include tickets sold by tour operators;
 - a passenger booked into a lower class should not be denied boarding solely in order to carry a passenger booked into a higher class who would otherwise be denied boarding;
 - the Commission should propose a clear formula for increasing DBC payments, together with a procedure for consulting Member States

and interested parties before increases are adopted;

- compensation payments should be reduced in certain well-defined circumstances;
- the passenger should not be required to accept travel vouchers and/or other services offered by the airline as an alternative to cash payments.

Moreover, the Commission should report every three years on the effectiveness of the Regulation, on the basis of reports made by Member States.

With a view to future revisions, the Commission should carry out a full assessment of the Regulation's costs and benefits, in consultation with interested parties, and should undertake a comparative analysis of American and European denied-boarding compensation payment rules.

Section for Energy, Nuclear Questions and Research
Nemesio Martinez, Principal Administrator - ☎ (32-2) 546 9794

7. WAYS AND MEANS OF STRENGTHENING THE NETWORKS FOR THE PROVISION OF INFORMATION ON AND EXPLOITATION OF APPLIED R&TD PROGRAMMES IN EUROPE (*Own-initiative*)

Opinion of the Economic and Social Committee
on ways and means of strengthening the networks for the provision of information on and exploitation of applied RTD programmes in Europe

(CES 965/98)

Rapporteur: Henri MALOSSE (France - Employers)

Terms of reference

This initiative follows on directly from the opinions on the Fifth Framework Programme. These opinions showed that one of the major weaknesses of Community research is the low impact it has on enterprises and especially SMEs.

Gist of the opinion

The Committee calls upon the European Commission to present a communication laying down an overall strategy for networks providing information, exploitation and back-up in RTD and innovation. Such a strategy should embrace the rationalization of existing mechanisms and incorporate the different European policies concerned.

The Economic and Social Committee recommends that existing mechanisms (5th RTDFP, Structural Funds, educational and training programmes, SME programme.....) be used to help specialized support networks in promoting the principle of "mediation" so that such mediation networks can promote strategies for linkages between enterprises, further interaction between enterprises, research and universities, encourage the monitoring of technological developments, advance economic intelligence and promote project management (legal, financial).

The Committee considers that the third horizontal action of the future 5th RTDFP (promoting innovation and encouraging the participation of

SMEs) should be largely given over to achieving this objective.

The Committee urges the European Commission to take steps to improve the coordination between Community information/back-up networks and networks for the exploitation of RTD findings. In so doing it should also seek to achieve the vital goal of ensuring that the two types of networks remain complementary.

The Commission must bring these networks within a larger mechanism of support for "mediation" and must gear them exclusively to meeting the needs of users. Networks must not be allowed to further their own policy objectives.

The Committee proposes the setting-up of a "Users' Group" for Community networks. Represented on the Group would be a variety of users who could carry out monitoring, evaluation and observation work in conjunction with the ESC.

With the aim of ensuring genuine consistency, the Committee proposes the organization, via telematics, of a conference of Community, national and intergovernmental networks to which would

be invited the "innovation units" of specific programmes forming part of the 5th RTDFP. A vademecum of national, Community and intergovernmental activities would also be prepared for this purpose.

The Committee proposes that Euro-info-centres be allotted the task of guiding the activities of specialized networks, including Community networks, initially steering users towards the most appropriate network.

The Committee would recommend that the strategy proposed today be extended to all applicant countries as part of the EU's pre-accession policy. The Committee also understands the case for a strategy of preferential partnership with the Euro-Mediterranean area, other European countries and the signatories to the Lomé Convention. Appropriate instruments would have to be brought into play to achieve this objective. The Committee would finally recommend that Europe work together with its developed international partners to achieve mutually beneficial synergistic effects.

Section for Social, Family, Educational and Cultural Affairs
Alan Hick, Head of Division ad interim - ☎ (32-2) 546 9302

8. THE COSTS OF POVERTY AND SOCIAL EXCLUSION IN EUROPE (*Own-initiative*)

Opinion of the Economic and Social Committee
on the *Costs of poverty and social exclusion in Europe*

(CES 966/98)

Rapporteur: Roger BURNEL (France - Various Interests)

Subject of the opinion

This opinion would be the logical follow-up to the own-initiative work on poverty undertaken some years ago and would be wholly consistent with the ESC's drive to establish real European citizenship. The right to European citizenship must not be

restricted: it must be fully available to all EU citizens, without exception.

The aim would be to assess the effects of poverty - and the exclusion it causes - in terms of the cost to society: human and social costs; health expenditure; impact on crime, etc. The opinion might also take into consideration the key role which volunteering has to play in developing social cohesion and active citizenship. In the 1994 survey "The perception of poverty and social exclusion in Europe", 70% of respondents considered that in order to have a decent life, it was absolutely necessary to be useful to others and to be recognized by society. More than in the past (67% today as against 59% in 1989) Europeans are prepared to give more of their time to help disadvantaged people, although 47% of them have never done so.

The opinion might also include a reference to children in care, with a view to considering how European orphanages and similar institutions might change from places of social exclusion into places of nurture and the education of dedicated citizens who would be particularly useful to society.

Gist of the opinion

There are significant differences in the level of poverty between the individual EU states. *If we are to achieve a higher level of solidarity between the peoples of the EU, the requisite Community measures will have to be consolidated.*

If this goal is to be achieved, there will have to be a stronger political will amongst the citizens of each of the Member States to transcend the narrow, secure area of our own immediate personal and group interests in order to embrace solidarity rather than self-interest.

Firm action needs to be taken everywhere without delay against both the manifestations of poverty and social exclusion and also against the causes of these phenomena. Any procrastination would be harmful to the victims of poverty; it would also damage the image and cohesion of the EU. Who would be prepared to take such risks?

The Committee endorses the desire expressed by the European Council in the appendices to the Treaties of Maastricht and Amsterdam to make *measures to combat social exclusion one of the goals of EU social policy.*

The Committee would welcome the introduction of procedures which would enable us to gain an accurate picture of both poverty and social exclusion.

This necessary improvement in the understanding of the situation should be backed up by an *interactive drive to educate all those involved in providing social assistance.* To this end action needs to be stepped up in the following areas:

- the "poverty and social exclusion dimension" should be brought into all debates and policy statements, at both national and EU level;
- *the development of courses in civics and an understanding of ethical values, with a view to*

increasing respect for all people and social groups, particularly the most vulnerable and all those whom misfortune, fate or circumstances have been made different from their fellow citizens;

- *training should be provided for social workers, teachers, healthcare workers, magistrates, members of police forces, etc. in how to make contact with, receive and help people belonging to poor and vulnerable social groups;*
- the exchange of experience between Member States and bodies engaged in combating poverty;
- emphasizing the role of "social dialogue" as a highly pro-active means of ensuring respect for human dignity and promoting human dignity;
- proper recognition and real help needs to be given to charitable associations and all organizations engaged in combating poverty;
- victims of social exclusion should be given a collective voice;

In addition to pursuing measures designed to improve the living conditions of poor people and victims of social exclusions, there is a need, at the same time, to step up work in the field of the prevention of poverty.

Measures to combat unemployment are of prime importance to the prevention and treatment of poverty.

Upstream measures are necessary to prevent poverty; such measures need to be taken in the fields of education and training.

Help with the parental roles of educating and looking after young people are also key factors in promoting social integration and the teaching of responsibility, thereby helping to prevent marginalization.

Measures to strengthen housing policy - in particular social housing policy - and to monitor the health of the most vulnerable members of society are very important factors in preventing poverty and social exclusion.

The role played by the EU institutions is more significant than would at first sight appear to be the case. They are for example involved in specific measures to combat poverty and social exclusion and other contributory measures enacted in the fields of employment, housing, education, public health, family life, young people, etc.

The drive to combat poverty and social exclusion justifiably hinges on *solidarity*. Is it not the case that, at times, the progress of developed societies - and consequently the progress of society in the EU - over the last 15 years has, to a greater or lesser extent, been marked by *promotion of the interests of the strongest members of society*, which has sometimes led to a *deterioration in the situation of the less well-off and the disregard for the weakest members of society*? As a result the rich are getting richer and the poor are becoming both poorer and more numerous.

Is it not also a fact that a number of political decisions and decisions in other fields are tending increasingly to lead, inter alia, to a *gradual reduction in the level of social expenditure*, whilst at the same time passing on to *private solidarity bodies* responsibilities formerly met by *community solidarity*? The pretext sometimes given for such decisions is that they seek to give maximum leeway to market forces believing, no doubt in good faith, that this is the best way to safeguard business competitiveness, which is a necessary factor for combating unemployment and, by extension, a decisive factor in preventing poverty. Can we, however, develop a society which gives real freedom to everybody in a "universe" in which a large number of people suffer insecurity and injustice? The answer is clearly no.

The challenges posed to all decision-makers and members of the public by the increase in poverty and social exclusion do, however, call for a response based on something more than merely a policy of providing assistance. Such measures represent just one part - which should be of only a temporary nature - of an overall policy aimed at achieving economic and social progress.

If we are to provide effective assistance to those people who are currently poor and victims of social exclusion and if we are to prevent their numbers from increasing in future, we will need resolutely to pursue *an economic policy of promoting internal growth*. This policy should take account of the need to find the optimum way of meeting the

needs of households whose requirements have been the least well met in the past, namely social groups on low or average incomes. This objective is ultimately in the interests of everyone, including those who belong to prosperous social groups.

Highlighting the vital importance of growth does not by any means imply a failure to recognize the need for social support in all its various forms. These two measures go hand in hand.

All public and private bodies need to combine their efforts, otherwise the gap between rich and poor is very likely to increase. Society in the EU would thus move faster towards a form of dualism which would increase tensions within individual EU Member States, within the EU itself and in the world at large. Everyone has to be taught to realize that they have an ongoing responsibility for the construction of a fair and harmonious society.

The Committee therefore refuses to accept that poverty is an inescapable phenomenon, representing a consequence of, if not to say a precondition for, a "future society" no longer capable of reconciling its tremendous capacity for scientific and technological progress with a respect for the ethical values which it so ardently espouses. Poor people must not *always have to pay the price* for economic progress which benefits only a fraction of society.

9. PROTECTION OF WORKERS FROM RISKS RELATED TO CARCINOGEN EXPOSURE AT WORK

Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending for the second time Directive 90/394/EEC on the protection of workers from the risks related to exposure to carcinogens at work.
(COM(98) 170 final - 98/0093 SYN)

(CES 977/98 - 98/0093 SYN)

Rapporteur: Christoph FUCHS (Germany - Various Interests)

Gist of the Commission proposal

When adopting its common position 3/97/EC with a view to adopting the Council Directive amending, for the first time, Directive 90/394/EEC

on the protection of workers from the risks related to exposure to carcinogens at work (which was adopted as Council Directive 97/42/EC on 27 June 1997), the Council invited the Commission to submit a proposal to further amend the existing Directive 90/394/EEC.

This was in order to:

- provide appropriate standards against the risk from mutagenic substances not already covered by that directive, but which were likely to show carcinogenic effects;
- bring forward measures addressing the question of carcinogenicity of wood dusts with a view to their inclusion in that directive and to clarify how the provisions of Directive 90/394/EEC could be applied to wood dust;
- consolidate in the directive the existing directives on carcinogens at the workplace, in particular vinyl chloride monomer and asbestos.

The purpose of the proposed second amendment to Directive 90/394/EEC is to respond to the Council's request.

The proposal does not breach the principle of subsidiarity, Community action alone can ensure a minimum level of protection for workers from the risks related to exposure to carcinogens for all Member States. This action will also avoid any distortion of competition by preventing discrepancies in the application of minimum standards for worker protection between the Member States.

Moreover this proposal will encourage greater flexibility in cross-border employment because workers can be reassured that they will find at least the minimum level of protection of their health and safety in all Member States. Employers too will be reassured that production costs will not be unduly distorted as a result of differences in the levels of protection of health and safety at work.

Summary of the opinion

In general terms, the Committee feels that the Commission proposal marks a significant advance in worker protection and improves legal arrangements in this regard.

Mutagens

The Committee recalls that, under Council Directive 67/548/EEC on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances, mutagens are divided into three categories. The Committee confirms that only categories 1 and 2 are relevant for the present amendment.

The Committee notes that Category 1 relates only to substances known to be directly mutagenic to humans. The ESC is aware that, in practice, this is extremely difficult to prove. For this reason, practical importance focuses on Category 2 substances. These are substances for which there is evidence of "heritable genetic damage" on the basis of "appropriate animal studies" and "other relevant information". The draft directive rightly points to the general consensus that, as a precaution, mutagens of this type should be treated as carcinogens for the purpose of this directive.

Wood dusts

The Committee notes that, to date, there is evidence only that the dusts of oak and beechwood are carcinogenic, and, in humans, may in particular cause adenocarcinoma of the nose and the nasal mucous membranes.

On the other hand, the Scientific Committee for Occupational Exposure Limits to Chemical Agents has stated that, clearly, other wood types are also under suspicion. That being the case, the Economic and Social Committee, while endorsing the proposal, has certain reservations about the fact that the amendment brings only oak and beechwood dust into the scope of the directive. This can only be a first step. The ESC would therefore urge that protection at the workplace be expanded to include other wood dusts in the near future.

The Economic and Social Committee notes that, up to now, limit values for oak and beechwood dust - and, in some cases, for wood dust in general - have varied from one Member State to another. The limit values range from 2 to 10 mg/m³. The ESC feels that, for occupational exposure, a practicable compromise would be to incorporate a limit value of 5 mg/m³ into the directive initially, and to review this figure within five years on the basis of scientific findings.

Consolidation in Directive 90/394/EEC of existing Council directives on the protection of workers against specific carcinogens

With regard to vinyl chloride monomer, the Economic and Social Committee would point out that this product is used in only a handful of chemical installations in the Community. In these installations, mainly in the large-scale chemical industry, available information indicates that the values put forward by the Commission have long

since been met. In the ESC's view, therefore, more radical cuts in the vinyl chloride monomer limit value will be possible in the future. For this reason, it endorses the Commission's announcement that it will review these values within the next five years on the basis of scientific data relating to health and safety at work, in order to determine whether a further reduction is required.

Section for Agriculture and Fisheries

Francisco Vallejo, Head of Division - ☎ (32-2) 546 9396

10. GMO - CONSEQUENCES FOR THE CAP (Own-initiative)

Opinion of the Economic and Social Committee on *Genetically modified organisms in agriculture: consequences for the common agricultural policy*

(CES 967/98)

Rapporteur: María Candelas SÁNCHEZ MIGUEL (Spain - Workers)

Reasoning

The use of genetically modified organisms in agriculture is spreading rapidly, especially in the United States where transgenic plants, only two years after permits were granted for their cultivation, are occupying 6% of surface area under maize, 12% of the area under soya and 15% of the area under cotton. Despite the resistance of European governments to the new wave of technology, transgenic plant varieties are undoubtedly the future for the most important crops, and primarily for cereals.

If the first wave of transgenic products are concerned almost exclusively with resistance to herbicides or insects (with resulting sizeable falls in production costs), "second generation" transgenic cereals will probably be concerned with adaptation to industrial needs and improving the bread-making characteristics of wheat (this time resulting in a sizeable increase in productivity).

The section therefore intends this own-initiative opinion to assess the political, financial and social consequences which the use of GMOs would have in the CAP context, at a time when Agenda 2000 is proposing CAP reform to take account of the new international circumstances.

Gist of the opinion

After providing a definition of genetically modified organisms (GMOs) the opinion goes on to list the benefits that are likely to accrue for agricultural production, the environment, food quality, product adjustment to new market requirements and the self-sufficiency of developing countries in food.

The following possible or probable risks arising from the use of GMOs are explained in greater detail: cross-breeding with nearby adventitious plants, human health risks, increasing uniformization of the agro-ecosystem and dependence of farmers on multinationals.

The Committee recognizes a resultant two-fold need: strict, harmonized and credible controls on marketed GMOs upstream of the market and subsequent "biomonitoring" of products. Consumer protection and information (labelling) is of crucial importance in this context.

The consequences of greater use of GMOs for the ongoing Agenda 2000 CAP reform are also assessed, and a brief account given of the interactions between the use of GMOs and the CAP objectives proposed by the Commission

(especially the improvement of competitiveness, the safety and quality of agri-food products, environmental protection, the stabilisation of farm incomes and the creation of supplementary income and employment opportunities). The social consequences of the use of GMOs are appraised, too. Thus, it is likely that there will be an increase in employment in agriculture.

The Committee notes in its conclusions that GMOs are necessary for the development of agriculture. Communication must be improved and made more understandable so as to make GMOs more acceptable. The pre-authorization trials must be strict but should not constitute an insurmountable barrier. Product performance monitoring must be carried out by a biomonitoring organization. Full and transparent communication is a sine qua non for the restoration of consumer confidence. Labelling and the separation of production processes lie at the heart of the debate.

11. REFORM OF THE COM / COP (Agenda 2000)

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC) No. ... of ... amending Regulation (EEC) No. 1766/92 on the common organization of the market in cereals and repealing Regulation (EEC) No. 2731/75 fixing standard qualities for common wheat, rye, barley, maize and durum wheat and the Proposal for a Council Regulation (EC) No. ... of ... establishing a support system for producers of certain arable crops
(COM(1998) 158 final - 98/0107 CNS and 98/0108 CNS)

(CES 971/98 - 98/0107 CNS and 98/0108 CNS)

Rapporteur: Jean-Paul BASTIAN (France - Various Interest)

Gist of the Commission proposal

The Commission proposes to reduce the intervention price for cereals by 20% in a single step on 1 July 2000. This will be offset by increasing direct aid from ECU 54.34 per tonne to ECU 66 per tonne. Area payments will be differentiated according to regional yield, and will be made for cereals (including silage maize), oilseeds, linseed and voluntary set-aside. Aid of

ECU 72.5 per tonne will be paid for protein crops. A supplementary payment will continue to be made to wheat producers in "traditional" and "non-traditional" zones.

The set-aside obligation will be 0% rather than 17.5%. Small producers (less than 92 tonnes) will remain exempt. Financial penalties will be applied if the base area is exceeded. Special set-aside will be abolished, as will the system of concentrating sanctions on responsible sub-areas. Voluntary set-aside (for up to five years) should be available at a minimum level of 10% of the arable area across the Community, and Member States may fix their own maximum percentage above this level if they wish. The current provisions regarding non-food crops and the granting of additional national aid for multiannual crops for biomass production on set-aside land will be retained. The monthly increments for cereals will be abolished.

Gist of the opinion

The Committee welcomes a further reform of the common organization of the cereals market and a change in systems of support for producers of certain arable crops.

The ESC considers that the European Union should promote its own model of agricultural development and defend it during forthcoming international trade negotiations.

In the meantime the reform must be used by the Union as a basis for negotiating international commitments so as not to have to pay a second time. The essence of the European agricultural model is as follows:

- the maintenance of active common market régimes;
- the maintenance of balance between different types of crop production, which implies appropriate support for deficit crops;
- respect for the environment;
- preservation of producers' incomes.

Gist of the comments on individual sectors:

Cereals: The Committee is of the view that a reduction of the order of 10%, instead of the 20%

proposed by the Commission, is adequate. The proposal on maize is rejected by the Committee.

Oilseeds: The ESC rejects the proposal (30% reduction compared with the current level of support) since this would adversely affect the competitiveness of this type of crop.

The situation vis-à-vis the United States would also worsen since the USA has its own system of support. The sector will also be under much greater pressure with eastward enlargement and the Committee recommends that the Union should only align support for oilseeds on support for cereals after a transitional period. During this period a supplementary payment for oilseeds is proposed.

Protein crops: The Commission's proposed supplement is inadequate to maintain the competitiveness of protein crops vis-à-vis cereals.

Durum wheat: The ESC rejects a reduction in the intervention price for durum wheat.

Potato starch: The ESC is of the view that full compensation should be paid when prices fall.

In its other comments the Committee deals first with set-aside. It approves the proposals on obligatory and voluntary set-aside but considers that the 10% rate proposed by the Commission in the case of voluntary set-aside is too high.

As far as the abolition of monthly increments and the postponement of payment periods is concerned, the ESC considers that these together will lead to a greater price reduction than that announced by the Commission. The ESC therefore strongly opposes these two proposals.

Finally, the Committee criticizes the fact that the Commission does not come up with any proposals on the use of agricultural products not intended for food purposes. It accordingly calls for the drawing up of a specific programme for crops intended for non-food purposes.

12. PROMOTION OF LOCAL SPECIALITY AGRICULTURAL PRODUCTS (*Own-initiative*)

Opinion of the Economic and Social Committee on the *promotion of local speciality agricultural products as a development instrument under the new CAP*

(CES 972/98)

Rapporteur: Maria Luísa SANTIAGO (Portugal - Employers)

Reason for drawing up an own-initiative opinion

This topic was proposed at the section's meeting in the Douro region of Portugal on 18 and 19 September.

At the meeting, the section was able to see how, thanks to judicious support, the local wine-growing sector has underpinned the rural fabric of the whole Douro region for several decades - a fabric which otherwise might have been lost.

The section unanimously feels that this type of agricultural system - i.e. a business system which, as well as being an irreplaceable supplier of high-quality products, provides a locomotive for the regeneration of rural culture - should be studied and put forward as a model for rural society in the EU.

Gist of the opinion

The Committee stresses that local speciality products are manufactured using original methods and high-quality raw materials. Their special properties and distinctive taste make them more attractive than other similar products, and these properties are always associated with a particular region.

The majority of such products come from less-favoured upland areas. More effective promotion of these products would help to stabilize the local economy, providing fulfilling employment for rural communities and therefore encouraging them to remain on the land.

Against the background of a new CAP, and at a time when Agenda 2000 promises another period of great change for European farmers, the Committee calls on the Commission to put into practice effective measures and methods to promote quality local products which are an integral part of the Community's historical and cultural heritage. The use of designations of origin for imitation products made outside the official place of origin must not be allowed. No country or region, either within or outside the EU, has the right to usurp something which has been built up by manufacturers of quality local products.

13. ADDITIVES IN FEEDINGSTUFFS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive amending Directive 70/524/EEC concerning additives in feedingstuffs and Directive 95/69/EC laying down the conditions and the arrangements for approving and registering certain establishments and intermediaries operating in the animal feed sector and amending Directives 70/524/EEC, 74/63/EEC, 79/373/EEC and 82/471/EEC (COM(1998) 216 final - 98/0131 CNS)

(CES 975/98 - 98/0131 CNS)

Rapporteur: Kenneth J. GARDNER (United Kingdom - Employers)

Gist of the Commission proposal

In the field of additives in feedingstuffs, the Council, acting on a proposal from the Commission, fixes the level of the fees to be charged for approving additives and establishments. However, views among the Member States diverge considerably on the method for calculating these fees. To simplify matters, it is therefore proposed that the relevant directives be amended to the effect that the Council simply lays down the rules for calculating the fees without setting the amounts.

Gist of the opinion

The Committee thinks that there is a need to establish methods and instruments to minimize the risk of any distortion of competition arising from fee levels which vary from country to country. For this purpose it proposes a transitional period during which countries would remain free to set the amount of the fees. Thereafter fees should be set which are equally applicable in all EU Member States. The Committee therefore calls on the Commission to adjust its proposals accordingly and to amend the deadlines set.

Section for Economic, Financial and Monetary Questions

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14. COMMON SYSTEM OF TAXATION - INTEREST AND ROYALTY PAYMENTS

Opinion of the Economic and Social Committee on the Proposal for a Council Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States (COM(1998) 67 final - 98/0087 CNS)

(CES 969/98 - 98/0087 CNS)

Rapporteur: Robert PELLETIER (France - Employers)

Gist of the Commission proposal

The purpose of the *draft* directive is to exempt interest and royalty payments made by a company of one Member State to an *associated company* (in which the first company has directly or indirectly a minimum holding of 25% of another Member State from any withholding tax in the Member State from which the payments are made. Hence tax on revenue deriving from such payments shall be levied solely by the Member State in which the beneficial owner is located.

From the financial angle, the aim is to avoid double taxation - which is undesirable *per se* - or, at best, cashflow problems resulting from the

inevitable delays sustained by the final beneficiary in recuperating the amounts withheld.

Gist of the opinion

The Commission reserves the right to propose at a later stage, as work progresses on the single market, an extension of this exemption to royalty and interest payments between non-associated companies.

The Committee does not grasp the logic of this restriction, which is designed to alleviate the proposal's financial impact on Member States that are net importers of capital and technology, when it is proposed in the case of the countries concerned (Greece and Portugal) to introduce a five-year transitional period over which the tax rate will be gradually scaled down. The general principle is that interest and royalty payments eligible for exemption from withholding tax must be "arm's length" payments made between independent companies. When payments are made between associated companies, application of the "arm's length" principle results in any surplus component being regarded as a distribution of profits eligible to benefit under Directive 90/435/EEC.

The general rule is therefore that interest and royalty payments are made between independent parties; in such circumstances, there are no particular grounds, as in the case of intra-group dividends (where the aim is to ensure tax neutrality, so as to avoid penalising offices set up within the EU in the form of subsidiaries or controlled companies compared with permanent establishments), by restricting the scope of exemption from withholding tax solely to interest and royalty payments made between associated companies. On the contrary, it is vital to extend such exemption to all payments made between independent undertakings so as to avoid distorting terms of competition in such a way that national suppliers enjoy an unfair advantage.

As the Commission points out in the explanatory memorandum accompanying the draft directive, the Ecofin Council of 1 December 1997 gave its agreement to the framing of a code of conduct on company taxation, to provide for the freezing and dismantling of detrimental tax measures on the part of states. Zero taxation, or substantially lower tax rates than those normally applied in the

Member State concerned, come into the above category.

The Committee would point to the importance of ensuring consistency between the common action envisaged under the code and the derogation provided for in Article 7 of the draft directive, viz. not to apply exemption from withholding tax when interest or royalty payments in the state where the beneficiary company is established are not normally taxed and hence are covered by the above code. Member States may not be authorized to take unilaterally new steps such as levying withholding tax on interest and royalty payments in retaliation against prejudicial tax measures subject to the code of conduct without compromising the consensus on which this code is founded and thereby seriously undermining it.

15. AMENDED FINANCIAL REGULATION

Opinion of the Economic and Social Committee on the Proposal for a Council Regulation (EC, ECSC, Euratom) amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (COM(1998) 206 final - 98/0130 CNS)

(CES 970/98 - 98/0130 CNS)

Rapporteur working without a study group: Roy DONOVAN (Ireland - Employers)

Gist of the Commission document

The Commission proposes to replace any reference to the ecu in the Financial Regulation by a reference to the euro and to provide for the rights and obligations of the Union to be expressed and executed in euros and to adapt all references to national currencies as those of the Member States which are not participating in the euro. Since certain measures (the non-interest-bearing deposit, fine) foreseen under the "stability and growth pact" will have to pass through the budget, the Commission proposes an amendment to describe an exact technique of accounting for these sums.

In regard to the repeal of the Protocol No 16 of the Treaty of Maastricht the Commission proposes to delete all references to the common organisational structure of the Economic and Social Committee

and the Committee of the Regions and to create a budget section for each of these two bodies.

Gist of the opinion

The ESC is pleased by the fact that the euro will be different from the ecu in that it is not only a simple description in the sense of a basket of currencies but also a currency in its own right. The proposal of the Commission for specific amendments is a necessary technical adaptation of the Union's Financial Regulation to stage three of the economic and monetary union.

The decision of the Council to abolish protocol 16 of the Maastricht Treaty which stipulated that "the Economic and Social Committee and the Committee of the Regions shall have a common organisational structure" leads obviously to the liquidation of section VI, part C and the redistribution of the budgetary means presented until now under the heading of this part over the specific budgets for ESC and COR. Since the budget already identifies the origins of the posts of the joint organisational structure the division of posts is relatively simple. The split of appropriations for expenditure not related to posts could be based on the results of the analytical bookkeeping system that has been developed as foreseen by Article 22 of the financial regulations.

The ESC welcomes the Commission's proposal of creating separate budget sections for both consultative bodies. This presentation will create an independent budgetary framework for each committee within which either committee can define its own priorities and may show its autonomous responsibility.

16. EUROPE AS AN ECONOMIC ENTITY *(Own-initiative)*

Opinion of the Economic and Social Committee
on *Europe as an economic entity - a political challenge*

(CES 973/98)

Rapporteur: Lars Allan NYBERG (Sweden - Workers)

Gist of the Committee opinion

The Cannes European Council, meeting in June 1995, decided to order a report on *Europe as an economic entity*. This resulted in an interim report, followed by a final report which was presented at the European Council meeting in December 1996. A follow-up report was compiled for the December 1997 European Council meeting, when it was decided that such reports should be compiled on a regular basis.

The Economic and Social Committee is currently drafting an own-initiative opinion partly because of the EU Institutions' failure to date to draw the economic and political conclusions of the facts contained in the reports; and partly because the Amsterdam Treaty's employment chapter and employment policy guidelines have provided a Community instrument for dealing with employment policy, education policy and other structural policies. Whilst this will have a positive effect on employment, it is not enough. An economic policy to increase demand in the European economy as far as possible but without triggering inflation, is also needed. The present opinion does not address the anticipated challenges of the changing global economy, but focuses on the benefits of a coordinated economic policy, and how we can more fully exploit the EU's inherent demand potential.

If unemployment is to be cut significantly, then the economy must grow. This growth must be sustainable from environmental and other standpoints. Increased growth goes hand in hand with lower unemployment. But how can this be achieved? The political debate has played increased demand off against labour-market flexibility. Instead what is needed is interaction between increased demand and structural changes in the form of an active labour-market policy and education and training initiatives. Policy must not be used to reduce the economic pressure which causes structural changes in the economy. What is needed is cost pressure so as to switch production from non-profitable industry; and profitability, so that industry will be attracted to sunrise sectors.

Labour-market policy, and education and training initiatives put the individual in a stronger labour-

market position. However, growth which is not demand-led does not create new jobs. The opposite is more likely, as a more efficient workforce meets existing demand with fewer workers. The pitfalls in pursuing demand-led growth policy at national level are obvious. However, it is possible to pursue such a policy at EU level, thanks to economic integration. Problems of balance which occur when a country - e.g. France in 1982 - pursues an expansionist economic policy, level out the more countries follow suit. If all countries follow suit, there is maximum gain and minimum inconvenience.

According to some estimates, massive coordinated public investment throughout the EU15 could create some 5 million jobs. Thus the problems which individual countries, which pursue a demand-led expansionist economic policy, have to deal with in terms of budget balance, the balance of trade, and capital outflows can be solved by coordinating policy at EU level. One problem remains, however: inflation.

Inflation and budget balance assessments are carried out first of all by the central banks, which have independent status. The global financial market strengthens this policy. In the short-term, besides bringing about considerably lower pay settlements and keeping inflation down, the policy of austerity has, in practice, generally resulted in even more unemployment. By the same token, a more expansive economic policy reduces unemployment, but there is a risk that it will push up inflation again unless accompanied by other action.

Seen in this light, it is not possible to combat unemployment unless inflation is tackled simultaneously. Therefore, a demand-led sustainable growth policy must be combined with anti-inflation measures. No realistic, reliable analysis can escape this. Politicians must put forward an alternative which makes it possible to combine demand-led growth with anti-inflation measures.

It is sometimes pointed out that inflation no longer poses any real problem. But the important thing is how inflation has been brought under control, i.e. via a policy of low demand, with high unemployment as a side-effect. This is why, given basically the same economic climate, the central banks will not allow inflation and the accompanying rapid rise in employment.

Similarly, a side-effect of a policy reversal to halve unemployment would be high inflation.

It is thus necessary to find other ways of keeping down inflation. The only alternative which would not inflict unacceptable human and social damage on the European social model is to change wage bargaining and settlement arrangements, so that current pay increase rates could be maintained even if unemployment were cut by half.

The social partners thus have a key role to play in the fight against inflation. Labour costs account for the lion's share of production costs, if earlier stages of the production chain are taken into account. This is why wage increases which outstrip productivity gains over a long period of time always lead to higher prices.

This is why the Member States should report consistently - not just in the "Broad Economic Guidelines", but also in the annual employment plans - on what government, the social partners and industry are doing to keep down inflation.

It is, first and foremost, up to the social partners to share responsibility for keeping pay settlements, in the long-term, within the framework provided by low inflation, productivity increases and sufficient demand. The method consists in keeping real wage increases down to low nominal levels in order to increase purchasing power whilst keeping down inflation.

Legislation is needed both to enable the social partners to carry out their wage bargaining responsibilities, and to ensure that wage bargaining can be conducted in the general interest.

The convergence criteria have already led to a high degree of Member State harmonization on wage settlements, inflation and budget deficits. The social partners are thus obliged to step up exchanges of information prior to the negotiations. The ESC therefore calls on them to look into the possibility of setting up, within the framework of the social dialogue, and in addition to existing committees on economics, the labour market, and education and training, a joint committee to discuss wage structures. This should, of course, be done without direct encroachment on negotiations at national level.

Countries which do not manage to achieve stable wage settlements will have to cope with dwindling job security, shrinking unemployment benefits, failure to cut unemployment and, eventually, lower real wages. Reduced competitiveness inevitably impacts on the employment conditions available to the workforce. When devaluation is not an option, governments are forced to concentrate on the real circumstances.

This, however, is not enough. The structural problems inherent in the labour market must also be addressed. The EU labour market is out of synch, as the demand for specialist knowledge and skills is not met by the education system. This is the biggest obstacle to greater labour market flexibility.

When there is an upturn in investment and economic activity, the skilled workforce supply/demand disparity not only hinders growth; it also leads to higher inflation and bottlenecks.

The individual's stronger position vis-à-vis the labour market, thanks to better skills and qualifications, means he/she is ready to risk trying new jobs. Public investment in education has probably decreased during the convergence process, so it is important to start by restoring it to previous levels. It should be increased in the long-term.

The new Treaty provides greater scope for common action in the fight against unemployment. But it is not enough to fight on one front only, viz. via a structural policy with low nominal wage settlements and low inflation. A demand-led, expansionist economic policy is also required. The two approaches can provide an excellent combination. To paraphrase the economists, we could say that a policy of this kind would cut NAIRU, thus enabling the central banks to allow demand to increase without slamming on the brakes. This is providing we can stop regarding the foreign trade total - i.e. 23% - as a policy constraint, and base our actions on the considerably lower limit of 8%.

Everyone has an important part to play here: the social partners and other interest groups, industry, governments and the EU institutions. In this context, tripartite cooperation within the framework of the social dialogue should be extended into a partnership for jobs in which employees, employers and industry face up to their responsibilities, and governments and the EU commit themselves to seizing the opportunity to pursue a more expansive economic policy with a view to boosting employment.

Section for External Relations, Trade and Development Policy
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17. EC INSTRUMENTS FOR INVESTMENT SUPPORT IN THIRD COUNTRIES (*Own-initiative*)

Opinion of the Economic and Social Committee on *EC instruments for investment support in third countries*

(CES 974/98)

Rapporteur: Henri MALOSSE (France - Employers)

Arguments in favour of drafting an initiative opinion on EC instruments for investment support in third countries

In the guidelines for the negotiation of a new cooperation agreement with the African, Caribbean and Pacific countries, the Commission states that one of the three main priorities, support for growth and policies for competitiveness and employment, calls for increased investment and the development of a dynamic private sector, both in the formal and informal sector, essential to

speeding up growth in rural and urban areas alike, broadening the basis of growth and increasing employment. This statement confirms the Committee's view that support for the private sector and for the spirit of enterprise are the deciding factors where wealth creation and improving living standards are concerned.

The aid administered by the Commission to support the improvement of the macroeconomic and legal frameworks, would be complemented by financial and technical aid administered by the European Investment Bank (EIB) and the Centre for the Development of Industry (CDI). The Commission is also proposing to enhance the EU-ACP economic partnership in the form of a more balanced approach, taking account of the parties' mutual interest. The new trading dynamic should thus strengthen Europe's presence in the ACP countries by enabling EU businesses to tap into those countries' comparative advantages.

On a line similar to the CDI, which supports partnerships between EU businesses and ACP businesses, the Commission operates the ECIP and JOBB programme for partnership between north-south businesses.

These programmes are particularly relevant to SMEs.

The Committee supports decentralized cooperation and the involvement of grass-roots partners. In its Opinion on the Green Paper on Relations between the European Union and the ACP countries on the eve of the 21st century, the Committee advocates the introduction of horizontal cooperation instruments, based on the EU's positive experiences gained through its SME support measures, in the form of instruments accessed directly by operators in the countries concerned and the EU Member States.

These various key instruments for partnership involving SMEs will be assessed and recommendations will be made for the future operation of these instruments with ACP and development countries. Particular attention will be

paid to the use of this financial instrument in the context of the Euro-mediterranean partnership.

Gist of the opinion

After having questioned all the administrators from the European Commission and the Centre for Industrial Development (CDI) who run investment programmes in third countries, the Economic and Social Committee has the following proposals to make in its own-initiative opinion:

1. The European Commission needs to make its investment support instruments in third countries part and parcel of an overall strategy that encompasses simultaneously the essential principles of cooperation; social regulations and environmental standards; and the legitimate interests of Europe, notably in respect of reciprocity, employment and competitiveness.
2. This strategy must be the subject of a political Communication by the Commission, accompanied by specific measures to ensure transparency, consistency and coordination.
3. To this effect the Committee proposes that a distinction be made between specialized instruments, with their simple, clearly defined rules, and programmes geared to each of the regions in question.
4. The Committee proposes that the strategy be reinforced in the countries of central and eastern Europe and the Mediterranean basin which should be regarded as preferential areas of cooperation and partnership.
5. The Committee would draw attention to the importance of these Community instruments complementing the actions of the Member States, and makes operational proposals to this effect.
6. The Committee advocates a simplification of the rules governing the management of investment support instruments, notably by

amalgamating the Commission services involved and strengthening assessment and vetting procedures. The Committee also proposes the creation of an Observatory on the

economic and social impact of these instruments and believes that the social partners and ESC should be involved in the work of the Observatory.

SUBCOMMITTEE

18. EXPLOITATION OF CHILDREN AND SEX TOURISM (*Own-initiative*)

Opinion of the Economic and Social Committee
on *Exploitation of children and sex tourism*

(CES 976/98)

Rapporteur: Georgios SKLAVOUNOS (Greece - Various Interests)

Summary of the opinion

The Economic and Social Committee considers that the widespread and alarming problem of child mistreatment, exploitation and abuse requires a fundamental repositioning and mobilization of society. The aim should be to go beyond public condemnation and reaction by "decree", or piecemeal policies based on damage limitation. Society needs to tackle the generating factors of child abuse rather than react to their consequences. The Committee urges a comprehensive, preventive and pro-active approach, putting "children first" in our every-day policy-making, social activity and cultural development.

Responding at an international level to the generating factors of child mistreatment, abuse and exploitation

The EU can lead efforts to help the UN and other international development bodies play an effective role in combating poverty and the most intolerable forms of child abuse and exploitation through a more effective use of their funds, through EU and international legal instruments for actions and by clearly incorporating children's rights in EU external relations policies.

The ESC can take the initiative, through its own structured dialogue and cooperation with its national and international counterparts, to set up

coordinating and its constituent members, to encourage and facilitate the setting up of bodies for pro-active and effective policies relating to children.

Proposals for coordinating an effective policy at European level

The current traditional policies for supporting the family and children, e.g. provision of day care centres, parental leave and child benefit, must be accompanied by, and coordinated with, new, child friendly, policies on town planning and urban regeneration.

The ESC would also urge policies regenerating "the city" as a civic, social and participatory cultural entity. In particular, it proposes a network of **child-friendly cities** encouraging for example : opportunities for older people's skills to be harnessed reintegrating older people into the social mainstream and harnessing their skills through voluntary schemes in collaboration with day care centres, schools, public parks, etc.; opportunities for voluntary groups of older and younger people to cooperate in "joint ventures"; school-workshops where people can be introduced in an enjoyable way to art and technology; a systematic effort to revive "**the neighbourhood**"; transforming ghettos into places of cultural interaction; organizational links between town and country; alternative forms of tourism; public transport systems which reflect children's needs; safe open spaces and public places, stations, parks and squares; recreation areas for children and neighbourhood schools to provide educational and instructive recreation facilities.

The EU should encourage all concerned to consider further the issue of **schools in the 21st century and the opening of schools to society** as a priority. The school of the 21st century can should be the organizational impulse and defining force

behind Europe's cities and social life, inclusion and reintegration in the future. The ESC, in cooperation with its national and regional counterparts, should open can also contribute to and promote the debate about the "school of the future", involving relevant socio-economic actors, academics, parents groups and civic authorities.

Encouraging young people and citizens to become directly involved in civic, social and cultural activities at every level.

Europe-wide action should revive a culture of participation among the younger generation and youth organizations. In collaboration with the competent Directorates-General of the European Commission, the European Parliament, UNICEF, the Committee of the Regions and European youth umbrella organizations, the ESC can organize a **pan-European conference** on the subject of participation among young people in Europe.

A "Youth for Europe 2000+" programme, possibly under a new European Commissioner for youth, could include various types of action and pilot projects, for example: "challenging" participatory activities for young people; permanent transnational fora of thematic and cultural dialogue and interdenominational dialogue; mass media incentives; a permanent centre to disseminate better practice, a **European Cultural Policy for Children** including:

- a "European Children's Library";
- an annual children's entertainment festival;
- a European children's music academy;
- a European youth theatre and cinema festival
- a better application of existing EU directives which protect the physical, intellectual and moral development of young people in programmes and TV commercials;
- EU youth sport events and concerted policies to combat violence and racism in sport;
- positive EU programmes for children with special needs, seeing disability as a potential source of skills and sensitivity;
- cultural tourism for children young people (transnational family exchanges, international youth camps and multicultural children's holiday packages);
- the promotion of children's needs in the programmes of European Cultural Capitals and similar events;

- extension of the Raphael programme to conserve and make the most of the cultural heritage, especially in additional areas such as traditional craft workshops, folklore museums and schools for folk and traditional music;
- programmes to combat political apathy, to encourage participation in political life and to promote tolerance and understanding;
- more dynamic, child-oriented, partnerships between parents, the public authorities, civic organizations, business life, socio-professional activity and schools;
- new Treaty provisions.

General mobilization of society and the ESC's role

At European level, the Economic and Social Committee can take on the task of setting up a **standing committee** that would be responsible for analysing and presenting models, means and methods of rallying society and mobilizing social groups, interest groups and voluntary organisations to combat the alienation and exploitation of children, with the view to promoting a "European New Deal for Children"

Facing the problem of sexual mistreatment of children and child sex tourism

The scale of child abuse recorded today in Europe is not only the result of poverty and destitution; but a sign of social crisis, a materialistic ethos and moral destitution, decay and crisis among large parts of the population. The "erotic culture", prevailing values and moral standards and ethical conduct, the "erotic culture " in Europe are all to some extent concerned and cannot be transformed fast or by fiat. Difficult though it undoubtedly is, devising a policy at regional, national and EU level to put an end to child prostitution and abuse is an essential long term undertaking, clearly involving the mass media, and presupposing a value system which puts first the integrity and sanctity of human nature combined with solidarity understood as a welcome expression of neighbourliness and not as a "political obligation".

Paedophile child sex tourism is an aspect and a symptom of the general situation but one that can be tackled more promptly and more specifically. Codes of conduct must be formulated without delay so that operators in Europe are exposed and the issue included on the agenda of EU

enlargement with the Eastern and Central Europe countries, in the Euro-Mediterranean dialogue and (as was the case at the ASEM Conference in London) in the dialogue with the Far East.

Child labour

The ESC Economic and Social Committee supports the outline proposals of the ILO Amsterdam Conference on Child Labour and the

preparations for a new Convention on the elimination of the most intolerable forms of child labour. The Committee highlights the particular vulnerability of girls and young women in this context. In this, it is imperative to promote concerted action between governments, the social partners and NGOs.

II. FUTURE WORK

FOR INFORMATION

- Speedometers for two- or three-wheel motor vehicles (**IND-DEC**)
COM(1998) 285 final - 98/0163 COD
- Reform of the Structural Funds: structural measures in the fisheries sector (**REG-SEPT**)
COM(1998) 131 final - 98/0116 CNS
- Cohesion, competitiveness and RTD and innovation policies (Communication) (**REG-DEC**)
COM(1998) 275 final
- Roadside inspection of the roadworthiness of commercial vehicles (**TRA-SEPT**)
COM(1998) 117 final - 98/0097 SYN
- Restrictions on heavy goods vehicles involved in international transport on designated roads (**TRA-SEPT**)
COM(1998) 115 final - 98/0096 SYN
- Use of buses and coaches of up to 15m in length (Report) (**TRA-NOT YET DETERMINED**)
COM(97) 499 final
- Control system applicable to the common fisheries policy (**AGR-SEPT**)
COM(1998) 303 final - 98/0170 CNS
- Support for rural development from the European Agricultural Guidance and Guarantee Fund (**EAGGF**) (**AGR-SEPT**)
COM(1998) 158 final - 98/0102 CNS
- Reform of CAP, financing of CAP (**AGR-SEPT**)
COM(1998) 158 final - 98/0112 CNS
- Ceiling for direct income support (CAP reform - Agenda 2000) (**AGR-SEPT**)
COM(1998) 158 final - 98/0113 CNS
- Structural instrument for pre-accession (**EXT.REL-OCT**)
COM(1998) 138 final - 98/0091 CNS
- Accession strategies for environment - Meeting the challenge of enlargement (Communication) (**EXT.REL-DEC**)
COM(1998) 294 final

- Electronic commerce and indirect taxation (**ECOFIN-DEC**)
COM(1998) 374 final

IN ANTICIPATION

- Scheme to monitor CO₂ emissions from new vehicles (**ENV-DEC**)
COM(1998) 348 final - 98/0202 SYN
- Substances which deplete the ozone layer (**ENV-DEC**)
COM(1998) 398 final
- Crude oil supply costs and consumer prices of petroleum products (**ENERG-SEPT**)
COM(1998) 363 final - 98/0205 CNS
- Freedom of movement and right of residence of workers and their families (**SOC-NOT YET DETERMINED**)
COM(1998) 394 final
- Health problems affecting intra-Community trade in bovine animals and swine (**AGR-SEPT**)
COM(1998) 338 final - 98/0194 COD
- Agrimonetary arrangements for the euro (**AGR-SEPT**)
COM(1998) 367 final - 98/0214 CNS - 98/0215 CNS
- VAT deduction scheme (**ECOFIN-DEC**)
COM(1998) 377 final - 98/0209 CNS - 98/0210 CNS
- Recovery of debts in respect of operations funded by the EAGGF (**ECOFIN-DEC**)
COM(1998) 364 final - 98/0206 COD

III. PRESENCE AND INFLUENCE OF THE ECONOMIC AND SOCIAL COMMITTEE

Activities of the ESC president

On 2-3 June Mr Tom Jenkins, the ESC president, attended a meeting of the EEA Consultative Committee in Reykjavik, Iceland, where a work programme was agreed. Shortly after this he took part in a conference entitled People's Europe 1998 at the London School of Economics on 5 June.

Following his participation in the meeting on the reform of the Structural Funds (see below), Mr Jenkins travelled to Madrid to address a conference held at the Carlos III University on 19 June. The theme of this event was the changing nature of work and the future of labour law in Europe.

On 22 June the ESC president spoke at the Children First conference in London alongside Mr Paul Boateng, Parliamentary Under Secretary of State at the UK Department of Health. Mr Jenkins also took part on 25 June in a round table discussion on employment in Europe: a transatlantic perspective - organized by the American European Community Association - and made the closing speech at the Second European Social Policy Forum in Brussels on 26 June.

Activities of ESC sections and members

- Hearings

The ESC organized three hearings during the period covered by this Bulletin. On 23 June the Committee's Single Market Observatory held a hearing in Berlin on the **Impact of enlargement on the Single Market**. Occupational organizations and representatives of Czech civil society, meanwhile, were invited to a hearing in Prague on 25 and 26 June. The purpose of this event was to establish the country's current position, note the aspects that needed to be improved, and to seek the views of the social partners and other groups on the partnership agreement and on the national programme for accession to the EU. The ESC is soon to issue an own-initiative opinion on **strengthening the pre-accession strategy of the Czech Republic**. Earlier, on 8-9 June, the Committee's External Relations Section had held a hearing on the subject of **Slovakia and the pre-accession strategy**, with the aim of bringing together the various occupational organizations from both sides. The event also gave Slovakia's social partners and other groups the opportunity to develop and extend bilateral contacts with the ESC.

- Activities of members

A three-member delegation comprising Mr Whitworth, Mr Chagas and Mr Simpson participated in the Maritime Industries Forum in Lisbon on 3 and 4 June.

Mr Sepi attended a workshop on EU state aids policy in Maastricht on 25-26 June.

Other news and activities

- Major changes to the organization of the ESC

The Committee meeting in plenary session on 2 July adopted several important changes to its Rules of Procedure. These changes concern the number of sections, together with a reduction in the number of Bureau members and new rules on the creation of observatories.

The aim of these changes is to respond to the new responsibilities conferred upon the ESC by the Amsterdam Treaty, as well as to streamline the Committee's working methods and make it more effective.

The Bulletin will detail these changes in full when they have been finalized, closer to the date on which they come into force.

- The Economic and Social Committee welcomes a delegation of representatives of socio-occupational interest groups from Mercosur

As part of the cooperation covered by the formal agreement between the two socio-occupational advisory bodies at the end of 1997, a delegation from Mercosur's Economic and Social Consultative Forum was invited to attend the ESC plenary session on 1-2 July by the Committee president, Mr Tom Jenkins. The Mercosur delegation took part in the meeting and also met a number of key figures in the area of relations with Latin America. These included Mrs Ana Miranda de Lage, the chair of the European Parliament's delegation for relations with South America and the Mercosur, and Mr Manuel Marin, vice-president of the European Commission with responsibility for relations with Latin America.

- Reform of the Structural Funds: key meeting at Expo'98 in Lisbon

18 June was the day set aside for the Economic and Social Committee at the European Union pavilion at Expo'98 in Lisbon. The ESC used this opportunity to hold a wide-ranging debate on the reform of the Structural Funds. The event was held in collaboration with the Portuguese Economic and Social Council in the pavilion's Vasco da Gama conference room. Statements were made by Mr Francisco Manuel Seixas da Costa,

Portuguese Minister for European Affairs, and Mrs Maria José Constâncio, Portugal's Minister for Regional Development, as well as by the President of the Portuguese ESC, Mr José da Silva Lopes. A commemorative brochure produced by the Committee's Department for Information and Visits can be obtained on request.

The reform of the Structural Funds is an extremely important issue at EU level, and is of particular significance to the southern regions of the Union, especially Portugal.

– *6th meeting of the EU-Turkey Joint Consultative Committee, Ankara, 18 June*

Also on 18 June, the EU-Turkey Joint Consultative Committee (JCC) held its sixth meeting under the joint chairmanship of Mr Hüsamettin Kavi, Chairman of the board of directors of the Istanbul Chamber of Industry, and Mr Roger Briesch, president of the ESC Workers' Group. The JCC adopted a joint report on the social impact of the customs union, and noted that the JCC had been and continued to be one of the few channels for real dialogue between Turkey and the European Union, given the deadlock in other EU institutions.

– *Mr Patrick Venturini to become the new secretary-general of the Economic and Social Committee*

At its meeting on 30 June 1998, the Bureau of the Economic and Social Committee named Mr Patrick Venturini - currently adviser to the director-general for employment and social affairs at the European Commission's DGV - the new ESC secretary-general. He will take over from Mr Adriano Graziosi, who has chosen to retire on 1 October this year.

Mr Venturini is 48 and a graduate both of the Ecole des Hautes études commerciales in Paris and of the Sorbonne, at which he obtained a degree in sociology. His post-graduate work was in applied economics; he also holds an advanced diploma in accounting.

He worked as a member of the private office of Mr Jacques Delors from December 1988 to January 1995.

IV. IN MEMORIAM

It was with deep regret that the ESC president announced the death of **Mr Vittorio d'Agostino**, who had died on 28 May 1998. He had been a member of the Committee since 20 September 1994.

The president paid tribute to Mr d'Agostino and asked the Assembly to observe one minute's silence in his memory.

V. INFORMATION VISITS

The following groups visited the ESC during the period in question:

- COFHUAT (France)
- Bisowe des DBB (Germany)
- Syndicat national français de l'extrusion plastique (France)
- Karl-Arnold-Stiftung (Germany)
- Männerarbeit der EKvW (Germany)
- Christliches Jugenddorfwerk (Germany)
- The American University (USA)
- Delegation of Latin American trade unionists (mixed)
- Université de Strasbourg (France)
- ÖGB Gemeinsam Bewegen (Austria)

- Universität Innsbruck (Austria)
 - CANA (France)
 - Lithuanian student delegation (Lithuania)
 - Landeszentrale für Politische Bildung (Germany)
 - PREFOND (France)
 - Delegation from the Chambres d'Agriculture (France)
 - Quaker Council for European Affairs (United Kingdom)
 - Caisse française des dépôts (France)
 - Stadskontoret Malmö (Sweden)
 - Ruskin College (United Kingdom)
 - Federação das Associações Juvenis do distrito de Aveiro (Portugal)
 - Accademia italiana per le Ricerche (Italy)
-

