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278th Plenary Session of 4 and 5 July 1990

The 278th Plenary Session of the Economic and Social Committee of the European Communities was held in Brussels on 4 and 5 July 1990. Mr Alberto Masprone, Committee Chairman, took the chair.

The following Opinions were on the agenda:

ADOPTION OF OPINIONS

CENTRAL AND EASTERN EUROPEAN COUNTRIES
 (Information Report)

Gist of the Information Report 1

This report on the economic and social situation in the countries of Central and Eastern Europe is in effect a general introduction to eight separate reports, each drawn up, in the first instance, by a different co-rapporteur. The eight countries in question are: Bulgaria, Hungary, Poland, GDR, Romania, Czechoslovakia, Soviet Union and Yugoslavia.

Back in March the Committee adopted an Opinion on the economic and social situation in Central and Eastern Europe. Before the end of the year it is to draw up an Opinion on possible solutions to the most urgent problems identified in the report to be submitted at the July Plenary Session.

From the outset one thing is clear: 'the enormous gulf between political propaganda and political/socio-economic realities'.

¹ CES 492/90 fin.

As the report stresses, this requires that 'truly representative trade union and employers' organizations be set up as soon as possible, to allow a start to be made on negotiating a social compact with the governments. In this connection it is important that the governments of these countries provide as soon as possible a suitable legal framework which ensures that the new trade union and employers' organizations, together with the other social groups, are able to carry out the tasks required by a market economy.'

The creation of the European Bank for Reconstruction and Development is hailed as 'an important instrument for encouraging Western European businessmen to work together with local industrial groups in Eastern Europe.'

Lastly, the report highlights the importance of training: 'In this, as in other areas of training, the support of the Community countries in training management and executive staff for the new firms and in teacher training in general is a key short-term priority.'

It was decided unanimously (less three abstentions) to forward the Information Report to the Council and the Commission.

This Information Report was drawn up in the light of the paper produced by the Section for External Relations, Trade and Development Policy, chaired by Mr Neto da Silva (Portugal — Employers). The rapporteur was Mr Garcia Morales (Spain — Employers).

CONTROL OF CONCENTRATIONS BETWEEN UNDERTAKINGS (Additional Opinion)

Draft Commission Regulation (EEC) No .../90 of ... July 1990 on the notifications, time-limits and hearings provided for in Council Regulation (EEC) No 4064/89 on the control of concentrations between undertakings

Gist of the Commission document

In its draft Regulation, which is based on Article 23 of the Council Regulation of 21 December 1989, the Commission sets out the procedure for notifying a concentration before it is put into effect, in particular:

- (i) the standard form (Annex I) and its content,
- (ii) the conditions to be met for a notification to be valid,

- (iii) the time-limits for initiating proceedings and for decisions,
- (iv) the exclusion of holidays (Annex II),
- (v) hearings of interested parties,
- (vi) the transmission of documents.

The notification form lists the information required concerning:

- (i) the identity of the parties to the concentration,
- (ii) the nature of the concentration (merger, joint venture, acquisition, etc.),
- (iii) the situation regarding ownership and control,
- (iv) data (turnover, profits, employees),
- (v) the situation on the markets affected.

The two additional drafts comprise:

- a Commission Notice on the definition of concentration and cooperation under Council Regulation (EEC) No 4064/89 of 21 December 1989 on the control of concentrations between undertakings ('the Regulation'),
- (ii) a draft Commission Notice Guidelines relative to ancillary restrictions to concentrations.

Gist of the Committee's Opinion 1

The Committee feels that the package of implementing regulations and statements so far discussed by the Commission is at least as important as the basic Regulation itself. The package covers too wide a field in view of the limited time available. The Committee is therefore pleased to note that clear priority has been given to the Regulation; these are, after all, essential if the basic Regulation is to enter into force on 21 September this year.

Despite clear improvements to the Regulation compared with earlier drafts the Committee still has a number of reservations. Appropriate account should be taken of these in drawing up the final version of the implementing provisions.

The Committee is critical of the contents of the questionnaire in the draft Regulation which is to be used for reporting a merger.

The need to prevent the investigation procedure dragging on until it is no longer relevant is reason enough for limiting the number of

¹ CES 835/90.

questions. Industry needs quick decisions from the Brussels authorities if it is to plan ahead. In view of the considerable costs involved in planning a merger, and the consequent risks, companies need a high degree of legal certainty and calculability. The legal provisions should take account of this need.

The Committee welcomes the Commission's plan to treat companies the same as itself with regard to the submission of documents and, in particular, with regard to the observance of time-limits.

However, the revised version of the Regulation still fails to achieve this objective.

The draft Notice on concentration and cooperation uses the definition contained in the Merger Control Regulation for joint ventures which are to be seen as concentrations within the meaning of the Regulation.

The aim of the draft Notice is to give the firms involved the degree of legal certainty they need when assessing this question.

In contrast to the concentration form of joint ventures, the treatment of the cooperative form is legally unsatisfactory, since it is not covered by the Group Exemption Regulations that have already been adopted. Also, the Merger Control Regulation covers joint ventures only to a small extent. This is one of the weaknesses of the basic Regulation, which will be remedied only in part by a Commission notice. It is therefore all the more important, the Committee thinks, to lay down at least procedural rules for all joint ventures which will provide the companies in question with a minimum degree of legal certainty so that they can calculate the consequences of their conduct. This includes first and foremost the introduction of examination deadlines which could be based on the deadlines for the Community control of concentrations. Companies would thus be informed within a reasonable period of how their plans were affected by competition law.

The draft Notice on guidelines relative to ancillary restrictions to concentrations tries to indicate to those concerned what line the Commission will take in practice when examining a merger.

The Commission's draft Notice limits the geographic scope of the non-competition clause to the area where the vendor has established the products or services before the transfer. Such a strict attitude seems to the Committee at the very least unfair if the merger occurs at an early stage in the market's development or the vendor for other reasons has not yet had the possibility of opening

up and developing the relevant markets completely. As well as the time factor, lack of financing or the difficulties in calculating the risks involved in marketing a completely new product or service may be reasons for taking a step-by-step approach.

In view of the importance to economic and competition policy of the present drafts and the multitude of points remaining for sparking off suggestions and discussions, the Committee regrets that the implementing provisions for a European Merger Control Regulation have had to be dealt with under considerable time pressure. The Committee would have liked the preparatory work on the relevant regulations and notices to have been done in parallel with the drafting of the Merger Control Regulation itself.

This Opinion, adopted unanimously (with one abstention) was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services chaired by Mr Kazazis (Greece — Employers). The rapporteur-general was Mr Petersen (Germany — Employers).

ECONOMIC SITUATION OF THE COMMUNITY IN MID-1990 (Own-initiative Opinion)

Gist of the Committee's Opinion 1

After a survey of the world economy in 1990, the Committee underlines firstly that the Community is entering the new decade with continuous progression in its main economic indicators. This reflects an increasing awareness among the Member States of the importance of economic policy for successful economic, financial, monetary and social integration. Secondly, moves to achieve such integration come at a crucial period in the Community's development; such integration is the most effective way to help Europe regain its pivotal role in the world economy as it moves into the 21st century.

On the major economic parameters of the European economy, the Commission's 1989/90 annual economic report stated that economic policy in the Community must enable it to meet two major challenges: consolidation of economic growth factors and greater convergence of economic and budgetary policies between Member

¹ CES 829/90.

States to increase stability and employment. The Committee believes that to achieve these objectives, firm measures are required to counter the risk that the unfavourable economic parameters of the past years might persist or deteriorate even further. Action is needed in some Member States to bring down high unemployment levels and to ensure that the resurgence of inflationary expectations does not jeopardize current growth, and in other Member States to reduce substantial divergences in inflation, current-account balances and net budgetary positions.

On the impact of changes in Eastern Europe, the Committee thinks that the integration of East Germany into the Community presents opportunities to investors from all member countries.

On economic and social cohesion, it should be noted that, although two problems (regional discrepancies and the possibility of more pronounced imbalances to come) are immediately obvious, the situation is particularly critical in the outlying regions of the Community located far from the main economic and political centres; consequently, transportation costs are higher and resources are allocated wastefully. Further on, Community solidarity with the changes in Eastern Europe will most certainly require the Community to shoulder new responsibilities. In a field where funds were always scarce and compromise not always easy, the necessary setting of priorities once again calls for careful thought and strategic planning.

On the technological dimension, coordination of expenditure is vital to avoid dispersion in the pursuit of national prestige. European performance in technical innovation does not compare favourably to that of Japan even though the total R&D expenditure of the Twelve surpasses Japanese investments.

On environmental questions, although Community environmental measures are only in their infancy, EC policy in this sphere is developing in the right direction. It will become even more effective when (a) the European Environment Agency and its monitoring network become operative, (b) both the alignment of national measures and the introduction of Community standards are addressed, and (c) environmental protection actions are stepped up. In this connection, serious consideration should be given to issues such as enforcement of the 'polluter pays' principle and compensation in the event of disasters or catastrophes.

The Committee feels that the completion of economic and monetary union (EMU) is already one of the keystones of the European edifice. With this in mind, it urges that the utmost com-

mitment be given to the various aspects of the first stage of economic and monetary union, soon to enter into force. The multi-lateral surveillance mechanism for economic policies, recently set up by the Council, is one initiative which merits special attention, given the need for sustained progress towards convergence of Member States' economic performance.

The Community employment rate seems to have settled into steady growth (1989 was the third consecutive year in which employment rose, by 1.5% on average) and this was reflected in the unemployment figures (down from 10% in 1988 to 9% in 1989).

It is a major cause for concern that growth in employment has not been matched by a corresponding drop in unemployment; moreover, in 1991, unemployment levels will fall more slowly than in the previous two years (see the Commission document on the budget, 1990-91, p. 1). With this in mind, the Committee reiterates its view expressed in the past that the employment growth rate should also be boosted by using suitable supply policies to bring supply into line with demand. Measures to reorganize and reduce working hours taking account of productivity must also be used to improve the employment situation.

In conjunction with the report on the economic situation in the Community, the Committee drafts a report on the economic situation in the Member State holding the Council Presidency for the first half of the year in question. In this case this is Ireland.

This Opinion, adopted by a very large majority (with 2 votes against and 8 abstentions), was drawn up in the light of the paper produced by the Section for Economic, Financial and Monetary Questions, chaired by Mr Margot (Belgium — Various Interests). The rapporteur was Mr Kaaris (Denmark — Employers).

4. EXCISE-DUTY RATES (4 Opinions)

Communication to the Council: new Commission approach to excise-duty rates [COM(89) 551 final]

Amended proposal for a Council Directive on the approximation of taxes on cigarettes

Amended proposal for a Council Directive on the approximation of taxes on manufactured tobacco other than cigarettes

[COM(89) 525 final]

Amended proposal for a Council Directive on the approximation of the rates of excise duty on mineral oils

[COM(89) 526 final]

Amended proposal for a Council Directive on the approximation of the rates of excise duty on alcoholic beverages and on the alcohol contained in other products

[COM(89) 527 final]

Gist of the Commission document

The Commission has adopted proposals for Council Directives amending the August 1987 drafts on the approximation of taxes on alcohol, tobacco and mineral oils. The 1987 proposals called for single rates for each product throughout the Community but the differences in the rates applied in the different Member States were too large for agreement to be reached. It was acknowledged that a flexible approach was essential.

The new line on indirect taxation [COM(89) 260 final, 14 June 1989] advocates a more flexible approach to excise duties which would be entirely compatible with the basic aim of removing tax frontiers. The new approach involves the introduction of minimum rates for all products subject to excise duty apart from certain petroleum products, where rate bands are essential to avoid distortions of competition. The minimum rates or rate bands would have to be complied with by all the Member States from 1 January 1993.

Looking to the medium and long term, the Commission has also laid down reference 'target rates'. These constitute the aim for long-term convergence among the Member States and take account of common policies on health, energy, transport and the environment. The requirements of these policies were also taken into account in setting the minimum rates. A striking example in the field of environmental policy is the difference between the rates proposed for leaded and unleaded petrol. The rate bands proposed for gas oil, heavy industrial fuel oil and domestic heating oil reflect the harmonization objectives dictated by the common policies on industry and transport. In an attempt to introduce flexibility in the field of alcohol and tobacco, the 1987 single rates have been replaced by minimum rates at a lower lever and higher 'target rates' designed to meet health protection needs. With its eye still on the medium term, the Commission has proposed arrangements for revising the minimum rates and 'target rates' in response to changes in policies on taxation, health, energy, transport and the environment from 1993 onwards.

Under the Commission's proposals, the rates in all the Member States would have to be either higher than the minimum rates or within the rate bands from 1 January 1993. After that date, any changes introduced by the Member States would have to bring the rates applied closer to the 'target rates'.

These Opinions were drawn up in the light of the paper produced by the Section for Economic, Financial and Monetary Questions chaired by Mr Margot (Belgium — Various Interests). The rapporteur was Mr Della Croce (Italy — Workers).

New approach to excise-duty rates (CES 831/90)

The Committee reaffirms the validity of the Opinions on excise duties delivered in 1988 whilst accepting that adjustments will have to be made because of the present situation. The Commission's present communication requires substantial modifications before it can be approved. To be able to make an accurate and thorough assessment of the excise-duty proposals, we would also need to be familiar with the proposals on the collection of duties, the movement of goods, controls, bonded warehouse regulations, the marking of individual products and all other relevant aspects. Minimum and maximum rates need to be fixed for all categories of goods subject to excise duties, confining the rates within mandatory bands. Since significant changes in existing rates might cause problems for some Member States, convergence towards the new bands should be allowed to continue after the introduction of the single European market. In general, the minimum and target rates proposed by the Commission are too high. The bands mentioned in the present Opinion should be consolidated at a lower level, especially in the case of certain products. The Committee Opinions on

the individual proposals will provide more detailed and specific information.

This Opinion was adopted by a very large majority with 7 votes against and 4 abstentions.

Cigarettes and tobacco (CES 834/90)

The Committee draws attention to its Opinion (OJ C 237, 12.9.1988) on the original Commission proposal. Its comments on the need to know how the taxes are to be collected, controls, and the possible customs warehouse arrangements, all remain particularly relevant. The Committee remains especially concerned about the lack of documentation regarding the effects of the proposal on the structure of the tobacco industry, employment, agriculture, government revenue, and consumer spending.

The Community clearly lacks a coherent overall policy on tobacco. While some intervention instruments seek to help producers, taxation policy tends to reduce consumption of Community tobacco without giving similar disincentives for the consumption of imported tobacco. The Commission proposal allows all rates above the minimum to remain unaltered indefinitely, while it requires major changes to be made in cases where the rates are currently low. This in no way achieves the desired flexibility, and jeopardizes the goal of harmonization. The concern for consumer health which has led the Commission to propose considerably higher target rates than in 1987 seems too generic, and does not form part of a general health policy. The Commission proposals penalize cheaper products. This is unacceptable, not least because it would adversely affect Community tobacco-growing. In the light of the above considerations. the Committee's overall opinion of the Commission proposal cannot be a positive one.

This Opinion was adopted by a very large majority with 5 votes against.

Mineral oils (CES 833/90)

The Committee recalls the main points of the Opinion on the earlier proposal (OJ C 237, 12.9.1988, rapporteur: Mr Broicher):

There would seem to be a case for harmonizing excise duties on mineral oils at the lowest possible level, bearing in mind Member States' budgetary requirements. It would be advisable to abolish all excise duties on heavy fuel oils used purely for production purposes. It is questionable whether a specific tax on heating oil is acceptable and whether all energy sources should not be treated

equally. Tax advantages already granted by Member States for some economic sectors of specific uses should be harmonized. The taxation of vehicle fuels cannot be dealt with in isolation. Road tax and other charges relating to the possession and use of vehicles must also be taken into consideration.

The present proposal's aim — but not its means — can be endorsed. The bands should be adopted for all products, with the compulsory maxima and minima being quite close to each other. Some derogations — albeit limited in time — could be provided for countries which run into serious difficulties because of their budgets or differences in the systems.

The rates should be as low as possible, while making due allowance for general and ecological requirements. The inflationary effect of price variations is a point to be borne in mind here.

This Opinion was adopted by a very large majority with 7 votes against and 2 abstentions.

Alcoholic beverages and alcohol (CES 832/90)

It would seem reasonable to propose that excise duty on beer be phased out altogether as soon as possible. Wine should not be subject to excise duty as it is an item of everyday consumption.

The proposals merely to fix minimum rates and recommend target rates, without any obligation to converge, are not commensurate with the aim of harmonization. All the points raised in the earlier Committee Opinion ¹ hold true for this Opinion. The explanatory memorandum is inadequate, particularly as it fails to consider the implications for Member State budgets, consumption and inflation.

This Opinion was adopted by a very large majority with 6 votes against and 3 abstentions.

5. SOCIAL DEVELOPMENTS IN 1989

Gist of the Commission document

As in previous years the Commission should ask the Committee to issue an Opinion on social developments in the Community over the past year, taking as its basis the Commission's report on social developments in 1989.

¹ OJ C 237, 12.9.1988.

Gist of the Committee's Opinion 1

In 1989 the Community economy registered growth of around 3.5%. Inflation rose to an average of 5%. Productivity continued to rise by 2.1%. Wages on the whole remained relatively stable, and real unit labour costs fell by around 0.7%. Employment in the EC rose by 1.5% compared to the 1988 figure. Although unemployment has fallen from 10% to 9%, the situation is still aggravated by long-term unemployment and precarious employment.

1989 was, of course, the year of the Community Charter of Fundamental Social Rights. The Committee rejected the concept of a Charter, and argued that the instruments and procedures specified in the Treaty should be deployed to ensure such basic social rights throughout the Community.

The social action programme for the implementation of the Charter must at least succeed in concrete form and be enlarged upon.

As regards implementation, the legal basis for most of these proposals needs to be clarified.

As regards enlarging the process, in parallel to the social action programme, the Committee would urge the drawing-up of an EC legal framework guaranteeing basic rights in the consumer, cooperative, self-employed and environmental fields.

In addition, in order to make a success of the single market and 'ensure balanced progress in all the sectors concerned' (Article 8b of the Treaty), specific cross-border labour market problems which if left could result in unfair competition and market distortion, need to be tackled. This is why, in order to avoid such distortions, the Committee has repeatedly stressed the urgent need to adopt EC instruments concerning:

- '(i) dismissal of cross-frontier workers and unfair exploitation of their non-typical terms of employment,
- (ii) the right to information and consultation in the event of the restructuring or merger of firms,
- (iii) the application of existing social legislation and collective bargaining agreements when awarding public contracts.'

The European Community has undoubtedly acted as a political magnet and a reference point for Eastern Europe in the recent and often dramatic social, civic and democratic events. With its long-

¹ CES 830/90.

established machinery for social dialogue, the hallmark of democratic systems, it has acted as a 'social market' model.

In the same way, the Community has also acted as a magnet as a 'people's Europe', in which civil standards and democratic behaviour are guaranteed by the rule of law, by individual awareness and by social responsibilities.

1990 is clearly a key year as regards the deepening and widening processes of the European Community as a whole. It is vital that 'social Europe' does not miss this opportunity.

The deepening and widening processes must be complementary, not conflictual. The social market model and 'people's Europe' ethic, which are central to the progress towards closer union, are also a prime source of the Community's attractiveness for the emerging democracies in Eastern Europe and a firm anchorage point for developing relations with the EFTA countries. Likewise, the embryonic cultural renaissance of Eastern Europe and its quest for protective democratic ties and renewed cultural and societal links with Western Europe, especially the European Community, should be a source of enrichment and of motivation for the deepening process which the Community should develop in order to consolidate the social and democratic unity so necessary at this historic juncture.

EC social policy has a crucial role to play here. It must be allowed to do so on a firmer and clearer footing than hitherto. The intergovernmental conferences on the adaptation of the Treaties, scheduled to start under the Italian Presidency, must take this into account, especially in view of the unanimous policy approach established at the Madrid Summit that 'in the course of the construction of the single European market, social aspects should be given the same importance as the economic aspects and should accordingly be developed in a balanced fashion'. In this light, the Committee would again propose:

- (i) Article 100a could indeed be used to tackle the cross-border labour market impediments to the proper functioning of the single market;
- (ii) the use of Article 118a be further clarified in line with the Madrid European Council conclusions;
- (iii) an intergovernmental conference should tackle the revision of the Treaty and the need for balance and parity between the social aspects and the economic aspects.

An authentic people's Europe, similarly, must be accorded more concrete form in parallel to the widening Community horizon taking shape, including:

- (i) the early adoption of the draft Directive on local voting rights for Community nationals resident in another Member State;
- (ii) a common legal framework agreed by the Member States as regards the free movement of third-country residents throughout the EC;
- (iii) a transnational display of the Community's firm attachment to basic civic and democratic rights, for example EC accession to the European Convention for the Protection of Human Rights and Fundamental Freedoms — a fitting condition and protective rallying point for future membership;
- (iv) the ratification by all Member States of the ILO Conventions and recommendations.

In all this, the role of the social patners, and of the multifold socioeconomic groups represented in the Committee, must be highlighted.

This Opinion was adopted unanimously with 4 abstentions.

This Opinion was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs chaired by Mr Carroll (Ireland — Workers). The rapporteur was Mr Liverani (Italy — Workers).

6. THE ELDERLY

Proposal for a Council Decision on Community actions for the elderly [COM(90) 80 final]

Gist of the Commission's proposal

The Commission proposes to promote a Community action programme for the elderly in the period 1991-93, based upon:

- (i) awareness-raising and informational activities;
- (ii) conduct of studies and establishment of a database;
- (iii) exploration of the usefulness and the feasibility of setting up a European network on innovative experiences.

These actions shall have the following objectives:

- to contribute to the development of preventive strategies to meet the economic and social challenges of an ageing population;
- (ii) to identify innovative approaches to strengthening solidarity between the generations and integration of the elderly population involving all economic and social agents, in rural as well as in urban contexts;
- (iii) to develop and highlight the positive potential of elderly citizens in contributing to the Community.

It is also proposed that the year 1993 be designated as 'European Year of the Elderly and Solidarity between Generations'.

Gist of the Committee's Opinion 1

The Committee welcomes the proposal in that it represents the first official if limited EC initiative to be taken in support of older people.

It would urge the Commission to carry through its own stated thinking on the subject, in favour of a proposal more ambitious in scope and content, more rigorous in terms of political commitment and timescale, and more demonstrative of the 'importance' which it attaches to the situation of older people.

Growing old is normally inevitable and desirable. The proposal should therefore concentrate on the objective of supportive strategies for older people rather than on 'preventive' strategies on the challenges of ageing.

The Committee urges a clearer and firmer commitment to set up an effective European network of innovative experiences based on the 'clearing house' model.

Such a network or clearing house would require the awareness-raising activities and studies outlined, but would clearly have to be supplemented by real 'action' in the field through the promotion and comparison of properly financed pilot projects which should con-

¹ CES 821/90.

centrate on supportive actions for the elderly and include for example:

- (i) the training and retraining of elderly workers;
- (ii) retirement planning and pre-retirement education;
- (iii) priority help for informal carers;
- (iv) the role of, and participation in, voluntary community services for elderly people;
- (v) innovative and instructive experiences in the mental, as well as physical, health-care field;
- (vi) step-by-step transition towards frailty and dependence;
- (vii) new, innovative projects as regards access to and design of buildings, accommodation for the elderly, transport services and the development of products intended to make life easier;
- (viii) active participation of older people in cultural, educational, recreational, spiritual and sporting activities leading to better integration and self-fulfilment.

'Action research' around pilot projects would clearly necessitate a reorientation of and a substantial boost to the preliminary draft budget.

This Opinion was adopted by a large majority, with 2 votes against and 1 abstention and was drawn up in the light of the paper produced by the Section for Social, Family, Educational and Cultural Affairs chaired by Mr Carroll (Ireland — Workers). The rapporteur was Mrs Williams (United Kingdom — Various Interests).

7. POLLUTION OF THE AQUATIC ENVIRONMENT

Proposal for a Council Directive amending Directive 76/464/EEC on pollution caused by certain dangerous substances discharged into the aquatic environment of the Community [COM(90) 9 final]

Gist of the Commission proposal

The basic object of this proposal is to introduce an accelerated procedure for the adoption of limit values and quality objectives for dangerous substances discharged into the aquatic environment, included in List I (the Black List) attached to the original framework Directive 76/464. This is being done by means of an

amendment to Directive 76/464 under Article 130s of the Treaty permitting the use of the qualified majority vote.

The proposal lists a number of specific substances, mainly used as plant-protection products which will be examined on a priority basis under the amended procedure.

Gist of the Committee's Opinion 1

The Committee approves the proposal but makes the following points:

- (i) a system to monitor the use of the listed products should be introduced; monitoring is better than selection;
- (ii) as plant-protection products will still be needed, the listed substances will have to be replaced by substitutes which might also be dangerous and indeed more costly;
- (iii) therefore a twofold action is required: to fix limit values for as wide a range of substances as possible; to promote techniques to reduce the quantities of substances liable to be discharged;
- (iv) in order to act rapidly in emergencies, the Community should use Regulations rather than Directives when it comes to environmental matters.

This Opinion adopted by a majority, with 5 abstentions, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mr Mantovani (Italy — Various Interests).

¹ CES 828/90.

8. MEDICINAL PRODUCTS FOR HUMAN USE (3 Opinions)

Legal status for supply

Proposal for a Council Directive concerning the legal status for supply of medicinal products for human use [COM(89) 607 final — SYN 230]

Gist of the Commission proposal

The aim of the draft Directive, which is based on Article 100a, is to harmonize the criteria to be used in future to classify medicines as prescription only (legal status for the supply of medicinal products). The proposals are based on principles laid down by the Council of Europe and UN work on the harmonization of provisions governing narcotic and psychotropic drugs.

It is proposed that the following criteria be used for classification: the nature of the product (toxicity, indications, precautions, etc.); the need for clinical diagnosis; the need for special instructions for the patient; parental use; whether or not the product is new.

Gist of the Committee's Opinion 1

In the Committee's view, the proposed Directive can be endorsed. In establishing harmonized conditions for the issue of medicinal products to patients, it a is further step towards completion of the Community-wide single market and provides useful clarification for national authorities which authorize drugs for marketing.

However, it must be seen as part of a comprehensive drive to frame Community rules on medicinal products, where serious shortcomings can still be observed.

For instance, the frequent references in the proposal to decisions to be taken by 'competent authorities' at Community level are bound to cause concern since no definition is given of these authorities.

Further, the differing situations in the Member States as regards the right to prescribe medicinal products could create problems. So could the current wording of Article 4 which could be interpreted differently by the individual Member States. The Committee there-

¹ CES 824/90.

fore calls for efforts to be made, with reasonable speed, to clarify and harmonize such rights.

This Opinion, adopted by 96 votes with 12 votes against and 9 abstentions, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mr Frandi (Italy — Workers).

Labelling and package leaflets

Proposal for a Council Directive on the labelling of medicinal products for human use and on package leaflets
[COM(89) 607 final — SYN 231]

Gist of the Commission proposal

It is proposed to bring together in a single instrument the various provisions covering the labelling of medicinal products for human use and package leaflets. The draft Directive supplements the list of particulars to be given on the immediate packaging and the outer packaging and in the package insert leaflets of such products and sets out detailed provisions (see Directive 89/341/EEC).

The Commission has concluded that, as a general principle, the information provided on or in the packaging of a medicinal product in its final sales presentation should be exclusively addressed to the user of the product. The Commission has consulted on this matter a working party comprising representatives of the industry, consumer groups and the pharmaceutical and medical professions.

The Commission has set out general requirements as regards the package leaflets. It will later issue further guidelines on the detailed preparation of such leaflets, possibly distinguishing between prescription-only medicines and over-the-counter products (OTCs).

Gist of the Committee's Opinion 1

The Committee approves the proposal, which fits in with the objectives of completing the internal market, takes account of the high level of protection required by Article 100a(3), and is the result of

¹ CES 825/90.

intensive consultations with all interested parties, including consumers.

The Committee recommends that the Commission continue with the consultation method for all proposals under consideration in the sensitive field of medicinal products, and welcomes the level of consensus reached.

It also recommends that guidelines be laid down for the wording of leaflets, widening the guidelines referred to in Article 13 of the proposed Directive; it urges the Commission to ensure that consumer representatives are involved in drafting the guidelines, and that they can take action if a leaflet is found to be unsatisfactory.

It urges the Commission to examine the feasibility of using pictograms as a means of informing consumers, and to include an obligation to provide them with data on prices.

Finally, it calls for correct application of the Directive to be enforced by imposing adequate penalties.

This Opinion, adopted by a very large majority (with 12 votes against and 10 abstentions), was drawn up in the light of the paper prepared by the Section for Protection of the Environment, Public Health and Consumer Affairs chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mr Hilkens (The Netherlands — Various Interests).

Wholesale distribution

Proposal for a Council Directive on the wholesale distribution of medicinal products for human use [COM(89) 607 final — SYN 229]

Gist of the Commission proposal

The Commission has submitted three proposals on the rational use of medicinal products. The present proposal for a Council Directive on the wholesale distribution of medicinal products for human use is the Industry Section's responsibility. The other two proposals, for a Council Directive concerning the legal status for the supply of medicinal products for human use, and for a Council Directive on the labelling of medicinal products for human use and on package leaflets, are being dealt with by the Environment Section.

Traditionally, the distribution systems for pharmaceuticals within Member States have been organized along national lines with relatively simple structures: manufacturers, wholesalers, retailers.

Cross-frontier distribution systems have been rare. As the Community further progresses towards the realization of the internal market, this situation is likely to change; indeed it is already beginning to do so. First there is the phenomenon of parallel imports. Secondly, it is possible that after 1992, transfrontier distribution systems will emerge. In its judgment of 27 May 1986, the Court of Justice ruled that a Member State may not prevent a wholesaler established in another Member State from directly supplying pharmacies in its territory.

The development of such arrangements may present several problems for the Member States. First, they will inevitably make the operation of the traditional supervision of the distribution system and the operation of the batch recall system more difficult. Second, it may be difficult for the authorities, or customers, to check on the status of suppliers from other Member States. Third, such new arrangements may threaten security of supply and the capacity of the distribution system to supply medicinal products rapidly to patients.

Accordingly, the Commission proposes that there should be only three types of person involved in the distribution of medicinal products: manufacturers, wholesalers and retailers. Any person who deals in a medicinal product within the territory of the Community, but does not manufacture it and who is not permitted to sell it to the public should be treated as a wholesaler. This would cover parallel importers, and other intermediate dealers, including persons holding medicinal products in stock for export.

A specific authorization for wholesalers ('marketing authorization') should be introduced into legislation, to be required in each Member State in which the wholesaler has storage facilities. The granting of such an authorization should be dependent upon the wholesaler (i) having suitable premises, to be verified by inspection, (ii) having available the services of a qualified person and (iii) maintaining adequate distribution records.

Gist of the Committee's Opinion 1

The Committee endorses the aims of the Commission proposal, which stipulates that:

 wholesalers must be registered, and must adhere to certain administrative requirements;

¹ CES 823/90.

- (ii) wholesalers must follow certain rules in their work and must have suitable storage premises manned by qualified staff;
- (iii) wholesalers must keep detailed records of their transactions and stocks, conduct checks on these records and make them available to the competent authorities.

However, the Committee considers it essential to avoid red tape which would generate additional structural expenditure, affecting costs and thus limiting the scope for reducing retail prices.

The need to speed up stock rotation has led to rapid computerization of the wholesale sector. However, computerization is not yet widespread, particularly among smaller firms in the most disadvantaged Member States. The Committee asks for this to be borne in mind, and for the new administrative rules (especially the keeping of records) to be phased in gradually, with the backing of financial programmes (Tedis).

It also draws the Commission's attention to the need for Member States to set up monitoring mechanisms to ensure that procedures are followed uniformly.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services chaired by Mr Kazazis (Greece — Employers). The rapporteur was Mr Rolão Gonçalves (Portugal — Employers).

9. MINCED MEAT AND MEAT PREPARATIONS

Proposal for a Council Regulation (EEC) laying down the health rules for the production and placing on the market of minced meat, meat preparations and comminuted meat for industrial use [COM(89) 671 final]

Gist of the Commission proposal

The objective of the present proposal is to harmonize the public health rules applying to minced meat, meat preparations and other comminuted meat by (i) extending the application of existing legislation, and (ii) making certain technical amendments.

Gist of the Committee's Opinion 1

The Committee agrees with the proposal subject to a number of technical comments and in particular the following:

- (i) the time-limit for the use of fresh meat (beef) for the production of minced meat must be extended from 6 days to 9 days;
- (ii) the temperature requirement for cooling minced meat is too strict at +2°C; +4°C should be sufficient;
- (iii) to prevent abuses, requests for derogations should be made public;
- (iv) detailed directives should be prepared on the inspection and supervision of meat processing plants and on staff training;
- (v) as a general principle, health regulations should be the same whether the products are for direct consumption or for processing.

This Opinion, adopted unanimously with 2 abstentions, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mr Wick (Germany — Employers).

10. RAPID EXCHANGE OF INFORMATION

Proposal for a Council Decision amending Decision 89/45/EEC on a Community system for the rapid exchange of information on dangers arising from the use of consumer products [COM(90) 172 final]

Gist of the Commission proposal

The main objective of this proposal is to amend the Decision on the system for the rapid exchange of information on consumer products by the establishment of an advisory committee.

Gist of the Committee's Opinion ²

The Committee approves the Commission's proposal but adds a number of observations of a technical nature.

¹ CES 815/90.

² CES 816/90.

This Opinion, adopted by a large majority, with 1 vote against and 1 abstention, was drawn up in the light of the paper produced by the Section for Protection of the Environment, Public Health and Consumer Affairs chaired by Mr Jaschick (Germany — Various Interests). The rapporteur was Mrs Williams (United Kingdom — Various Interests).

11. FOURTEENTH ERDF REPORT

Fourteenth annual report (1988) from the Commission on the European Regional Development Fund (ERDF) [COM(90) 136 final]

Gist of the Commission document

1988 was a year of intense activity for the reform of the structural Funds, culminating in the adoption of the new regulations which came into force on 1 January 1989. The reforms are part of the follow-up to the Single Act, and seek both to increase the budgetary resources available and to improve coordination and multiannual planning.

In accordance with Article 46 of Council Regulation No 1784/84 of 19 June 1984 concerning the ERDF, the Commission has now presented its 14th annual report on ERDF activity, covering the year 1988. As this is the last report under the old legislation, the Commission has included a review of ERDF activity since the Fund was first set up in 1975.

ERDF assistance in 1988 was channelled through two budget chapters:

- (i) Chapter 50, which covers ERDF aid through the financing of Community programmes, national programmes of Community interest, projects and studies. ERDF resources are used on the basis of ranges which lay down the upper and lower limits of assistance that each Member State may receive over a three-year period.
- (ii) Chapter 51, which covers financing of specific Community measures, formerly known as non-quota measures, instituted by the Council before 1 January 1985.

ERDF assistance in 1988 (excluding support for specific regional development measures) was equivalent to 0.092% of Community GDP, and to 0.46% of EC gross fixed capital formation. The impact of the Fund was greatest in six Member States (Greece, Ireland,

Italy, Portugal, Spain, United Kingdom). These countries received 86.7% of all ERDF aid. A total of ECU 3 667 million was committed under the various ERDF schemes (programmes, projects and studies) in 1988.

Community programmes: On 2 February and 26 July 1988 respectively, the Council adopted Regulations instituting a Community programme to assist the conversion of steel areas (Resider) and a Community programme to assist the conversion of shipbuilding areas (Renaval). The programmes cover a period of five years. The ERDF's contributions are estimated at ECU 300 million for Resider and ECU 200 million for Renaval. The first decisions implementing the Resider programme were adopted in 1988.

The STAR and Valoren programmes were implemented in 1988 in the Member States.

Work also continued in 1988 on the preparation of the new Commission initiatives, Stride and Envireg.

National programmes of Community interest (NPCIs): 1988 saw considerable expansion of the NPCIs in terms of decisions taken and commitments made. The cost of NPCIs adopted in 1988 totalled ECU 6 461.3 million, including ECU 2 672.9 million from the ERDF. Further progress was made on the programmes approved in earlier years.

The ERDF also participated in integrated development operations.

During 1988, Member States submitted grant applications for 7 976 investment projects (compared to 4 707 in 1987); the amount of assistance requested totalled ECU 6 201 million. Over the same period, 3 910 projects were approved, with commitments totalling ECU 2 860 million.

Industry: 487 projects (ECU 179.08 million).

Infrastructure: 3 354 projects (ECU 2 666.74 million).

Indigenous potential: 69 projects (ECU 14.57 million).

It is estimated that 44 554 jobs were created or maintained by these projects in 1988.

The increased use of studies in 1988 is a welcome development. A total of 27 studies were approved, and the Commission undertook four on its own initiative. Eleven of the studies approved had been submitted during the year. Total commitments amounted to ECU 3.02 million.

The funds available for commitment in 1988 to finance ERDF operations, excluding specific Community measures, totalled ECU 3 673.59 million. This compares with ECU 3 536.36 million in 1987. Total payment appropriations available amounted to ECU 2 905.6 million, while payments actually made totalled ECU 2 903.18 million. Payments were 18.7% up on the previous year.

ERDF assistance focused on 10 regions. Prominent among these were Campania (10.4%), Ireland (4%), Scotland (3.9%), Castillala-Mancha (3.6%), and Lisbon and the Tagus Valley (3.6%).

The 14th report includes a chapter reviewing 14 years of ERDF activity. Since it was set up in 1975, the ERDF has committed ECU 24.4 billion to the financing of 41 051 projects, 80 NPCIs, 17 Community programmes and 197 studies. All this has made it possible to launch or maintain a large number of economic activities and, ultimately, to create or safeguard around 900 000 jobs directly and a similar number indirectly.

Gist of the Committee's Opinion 1

The Committee recalls the Court of Auditors' statement regarding the ERDF's limited impact on employment. In the Court's view, 'improving the selection criteria is not enough'; the projects aided have had little incentive effect on regional economic activity.

Turning to programmes, the Committee notes that the national programmes of Community interest (NPCIs) have not had the desired effect of speeding up the convergence of national economies and reducing regional disparities.

The target figure of 30% of ERDF funds for spending on productive investment in industry has not been achieved.

The Opinion urges that priorities be revised, given the predominance of infrastructure investment over productive investment.

A proper assessment of the Fund's effects on employment is considered impossible in the absence of ex-ante and ex-post monitoring.

The Committee feels that greater attention should be paid to the development of indigenous potential, and proposes that the Commission take steps to disseminate the results of studies.

¹ CES 817/90.

The Committee notes that the imbalances between the most and least developed regions are increasing, to the clear benefit of the former. In terms of indigenous potential, the relationship between programmes and projects, job creation, and monitoring, the Committee concludes that the results for 1988 remain below expectations.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Regional Development, Town and Country Planning chaired by Mr Vasco Cal (Portugal — Workers). The rapporteur was Mr Serra Caracciolo (Italy — Various Interests).

12. AIR POLLUTION FROM MOTOR-VEHICLE EMISSIONS

Proposal for a Council Directive amending Directive 70/220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution by emissions from motor vehicles [COM(89) 662 final — SYN 240]

Gist of the Commission document

Directive 89/458 of 28 July 1989 amending Directive 70/220 on the approximation of the laws of the Member States relating to measures to be taken against air pollution by emissions from motor vehicles introduced more stringent European standards for cars with an engine capacity below 1 400 cm³. The Council considered these standards to be at least as severe as those of the United States of America.

Hence, Article 5 of the abovementioned Directive commits the Community to align the emission standards for cars having an engine capacity equal to or more than 1 400 cm³, as laid down by amending Directive 88/76 of 3 December 1987, to those for cars below 1 400 cm³. These standards are to apply from the same dates, i.e. 1 July 1992 for new types and 31 December 1992 to the first registration of all new cars. Furthermore, these standards are to be adapted, for all car categories, to the improved European test procedure, which includes an extra-urban driving sequence.

The new European emission test procedure

The future European emission test procedure consists of the existing test cycle which was established by Directive 70/220 and represents driving conditions in congested urban areas, plus a new

cycle representing driving conditions on extra-urban roads and motorways.

Emission of gaseous pollutants

In accordance with Article 5 of Directive 89/458 future European emission standards are to be adapted to the new test procedure. This means that the limit values laid down in this Directive, i.e. the 19 g/test for CO and 5 g/test for $HC+NO_x$ based on the present urban cycle, are to be expressed in terms of the new complete test procedure.

Emissions of diesel particulates

Directive 88/436 which established the first European standards for particulate emissions from diesel-powered passenger cars requires, in its Article 4, the introduction of a second stage for these standards by the end of 1989. These standards are to be based on an improved sampling method for diesel particulates and take into account the objective set by the European Parliament, i.e. 0.8 g/test for type-approval and 1.0 g/test for the control of production conformity.

The Commission is now proposing to introduce these standards and the necessary amendments to the sampling method together with the new standards for gaseous emissions and the future test procedure to which they relate.

The proposed limit values for the new European test procedure

On the basis of the above, the following standards are proposed:

Type-approval: CO: 2.72 g/km; HC + NO_x : 0.97 g/km; particulates: 0.19 g/km.

Control of conformity of production: CO: 3.16 g/km; HC + NO_x: 1.13 g/km; particulates: 0.24 g/km.

It should be noted that, in accordance with international practice, these standards are now expressed in grams per kilometre in the new test procedure.

Durability of anti-pollution devices

The Commission proposes to introduce into future European emission standards the following regulatory alternatives:

 the present US durability test, which requires the accumulation of 80 000 km, for the sake of those European manufacturers which export to the USA;

- (ii) a European durability test which is limited to the accumulation of 30 000 km but under more severe conditions in order to assure equivalence to the US test and which is addressed to manufacturers of cars intended mainly for the EC market;
- (iii) a set of deterioration factors which will be applicable to those manufacturers which do not want to carry out durability tests.

Evaporative emissions from the fuel system

These emissions are considered to represent an appreciable contribution (7 to 10%) to the total man-made emissions of volatile organic compounds (VOC).

Consultation of experts on this subject resulted in the recommendation to incorporate in the Directive the existing US test procedure, the so-called SHED test ('sealed house evaporation determination') which aims at the control of fuel evaporation from cars parked after use.

As a parallel measure the Commission will elaborate as soon as possible a proposal for a Directive aimed at reducing evaporation losses from the distribution and storage of petrol.

Alternative test procedure according to Annex IIIA of Directive 88/76

The objective of this Annex as defined in the penultimate recital of Directive 88/76 is to allow, during the period between the adoption of the European standards established by this Directive and the implementation of the revised European test cycle, that cars complying with US emission regulations can be granted an EEC type-approval on the basis of the test procedure laid down in these regulations ('FTP 75').

The Commission deems that the proposed severe standards in conjunction with the new complete test procedure take better account of European conditions than the US standards.

Light commercial vehicles

These vehicles, up to the maximum total mass of 3.5 tonnes (international category N1) as well as all other non-passenger vehicles covered by Directive 70/220 are at present governed by the transitional provisions of amending Directive 88/76. As a consequence, they remain subject to the limit values of amending Directive 83/351.

The Commission proposes to maintain the status quo for these vehicles for the time being and to draw up a separate new Directive

which will deal with their specific emission problems. A proposal for such a Directive could be ready by the end of 1990.

Gist of the Committee's Opinion 1

The Committee approves the Commission proposal, subject to the following comments:

- (i) the Community should continue with its efforts to achieve further reductions in exhaust-gas emissions;
- the quality of fuels is extremely important; petrol specifications should be more precise, and fuels conforming to the specifications should be available throughout the Community;
- (iii) the maximum level set out for the emissions of diesel particulate pollutants (0.19 g/km) is currently acceptable, but the Community should commit itself to lowering this maximum level as a matter of urgency;
- (iv) although it is intended at present to control noxious emissions through the use of catalytic converters, the Committee stresses the importance of continuing to develop the leanburn engine and electric vehicles under a future programme to limit pollution.

The Committee reiterates its earlier recommendation that there should be regular checks in all the Member States to ensure the efficient operation of catalytic converters installed in vehicles in use.

This Opinion, adopted unanimously less 3 abstentions, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services chaired by Mr Kazazis (Greece — Employers). The rapporteur was Mr Pearson (Ireland — Employers).

¹ CES 818/90.

13. MOTOR-VEHICLE GLAZING, DIMENSIONS AND TYRES

Proposal for a Council Directive on safety glazing and glazing materials on motor vehicles and their trailers

Proposal for a Council Directive on the masses and dimensions of motor vehicles of category M_1

Proposal for a Council Directive on pneumatic tyres for motor vehicles and their trailers [COM(89) 653 final — SYN 236, 237 and 238]

Gist of the Commission document

In order to implement the EEC type-approval procedure laid down in Council Directive 70/156/EEC of 6 February 1970 for motor vehicles and their trailers it was planned, in particular, to adopt Community rules on windscreens and other glazing, weights and dimensions and tyres.

In 1972 and 1976 the Commission sent the Council proposals which it has still not been possible to adopt, thereby preventing full implementation of the EEC type-approval procedure for every type of vehicle.

Safety glazing

Three types of materialare acceptable as windscreen panes:

- (i) ordinary laminated glass, the internal surface of which is either coated with plastic material or not;
- (ii) treated laminated glass, also coated or not;
- (iii) plastic glazing.

These types of glazing afford a greater degree of safety than toughened glass, which therefore must no longer be used in the manufacture of windscreens.

Various types of material, including toughened glass, may be used for other glazing, i.e. side windows and rear windows, as the manufacturer chooses.

Weights and dimensions

The scope of this proposal for a Directive is restricted to category M_1 motor vehicles.

The technical annex lays down the permissible maximum dimensions (length, width and height) for the vehicles in question. In addition it contains rules for determining the technically permissible maximum laden weight and for the distribution of this weight among the vehicle's axles in order to ensure that it handles sufficiently well even in the worst possible loading conditions.

The proposal also contains requirements for the maximum permissible towed weight of motor vehicles.

Tyres

The proposal concerns the technical requirements for the construction and testing of tyres for passenger cars and their trailers and the requirements for the fitting of tyres to the vehicle.

The Directive is applicable to both original equipment tyres and replacement tyres for category M_1 motor vehicles and their trailers. It does not apply to studded or remould tyres, but does include specifications for temporary-use spare tyres.

Gist of the Committee's Opinion 1

The Committee approves the Commission proposals subject to the following comments:

- (i) Community type-approval should be implemented under optimum conditions without adverse consequences for employment.
- (ii) With regard to the creation of an advisory committee to help the Commission to adapt directives to technical progress, the Committee reiterates that it cannot approve the introduction of a new procedure which in the end will reduce the role of the Committee on Adaptation to Technical Progress to a purely consultative one.
- (iii) The Committee recommends that the Commission take special care with the directives' transitional provisions so as to avoid, as far as possible, the extra costs resulting from a twofold approval of EEC and ECE regulations.

Safety glazing

The Committee recommends that non-laminated windscreens be permitted on vehicles in which the position of the windscreen can

¹ CES 819/90.

be adjusted in relation to the driver's cab, and as replacements on older vehicles (and especially those of historical interest) already in circulation; the fitting of 100% plastic windows should also be permitted.

Weights and dimensions

To enable users to make safe use of their vehicle's towing capacity, the manufacturer's instruction manual should indicate any restrictions to the rear-axle load as a result of the verticle load exerted by the trailer on the coupling device.

Tyres

As far as possible, mention should be made of the conditions under which tyres produced, approved and marked in accordance with the corresponding ECE regulations will be accepted within the Community without the need for a special EEC marking.

There should also be a reference to tyres with a maximum speed rating above 240 km/h.

This Opinion, adopted unanimously with 1 abstention, was drawn up in the light of the paper produced by the Section for Industry, Commerce, Crafts and Services chaired by Mr Kazazis (Greece — Employers). The rapporteur was Mr Perrin-Pelletier (France — Employers).

14. COMMON RAIL POLICY

Communication on a common rail policy, accompanied by the following proposals:

Council Directive on the development of railways in the Community

Council Regulation amending Regulation 1191/69/ EEC on action by the Member States in connection with public service obligations in the field of transport by rail, road and inland waterway

Council Decision on the establishment of a European high-speed rail network

Council Directive amending Directive 75/130/EEC on the establishment of common rules for certain combined rail/road goods traffic between Member States

[COM(89) 564 final]

Gist of the Commission proposal

In its Communication, accompanied by four proposals, the Commission proposes a package of measures which together constitute a European rail policy on the scale of the single market and designed to bring about gradual integration of the networks and dismantling of monopolies; the aim would be a single market in rail transport services.

More particularly, the proposed measures are intended to:

- (i) establish a general framework for railways, making a distinction between infrastructure-related activities and the provision of rail transport services, and to ensure real operating autonomy for railway companies and transparency in their financial relations with the Member States (Annex I);
- (ii) guarantee the commercial activity of railway companies by introducing public service contracts between them and the relevant authorities (Annex II);
- (iii) encourage the development of growth areas in rail transport, namely the high-speed train (Annex III) and combined transport (Annex IV).

The Council Directive on the development of railways in the Community comprises a series of measures with the aim of:

- establishing a distinction between operating transport services and using infrastructure (separate management and accounting for the two activities);
- (ii) obliging each Member State for reasons of transparency to establish and make public the conditions for railway companies' establishment and operation on its territory, the rules governing their right of access to its national infrastructure and those governing payment for the use of rail infrastructure;
- (iii) allowing railway companies established in different Member States to set up groupings in order to facilitate transport between Member States;
- (iv) legal autonomy and managerial independence for railway companies;
- (v) operation of these companies along commercial lines;
- (vi) obliging Member States to ensure that transport companies with public capital have a healthy financial structure.

The Directive lays down that Member States must take the legislative, regulatory or administrative measures to implement it by 1 January 1993 at the latest.

The 'public service contracts' proposed in the draft Council Regulation amending Regulation (EEC) No 1191/69 (Annex II) are contracts negotiated and concluded between the Member States and transport undertakings with a view to providing the public with an adequate urban, suburban or regional service, while respecting the autonomy and the commercial interests of transport undertakings. Through a contract of this kind, the Member State can in particular guarantee:

- (i) the provision of transport services which meet fixed standards of continuity, regularity, capacity and quality;
- (ii) the operation of complementary services;
- (iii) transport at fixed prices and under fixed conditions, particularly for certain categories of passenger or for certain lines.

The Council Decision on the establishment of a European highspeed train network (Annex III) provides for the adoption by the Council by 31 December 1990 of:

- (i) a master plan for the future European HST network;
- (ii) a 15-year schedule for completion of the priority routes;
- (iii) a decision to create a legal framework to ensure coherent priorities and consistency among national projects as well as technical compatibility among the different systems.

The Council Directive amending Directive 75/130/EEC on combined transport (Annex IV) has the aim of making this mode of transport more competitive and attractive. The Commission takes the view that the growing problems connected with saturation of the road network, the environment and road safety call for further development of combined transport in the public interest. The Commission therefore proposes that there should be no restrictions on access to road transport activities carried out as part of intra-Community combined transport. The Directive also lays down that taxes on road vehicles (lorries, tractors, trailers or semi-trailers), when these are used for combined transport, should be reduced or refunded either on a flat-rate basis or in proportion to the journeys made by these vehicles on trains or inland waterways.

Gist of the Committee's Opinion 1

The ESC broadly approves the Commission's proposals. However, it is highly critical of certain aspects of the draft Directive on the development of railways in the Community: too many measures are left to the discretion of the governments of the Member States. The provisions' excessive vagueness could well prevent the emergence of harmonized Community networks. The Community does not state clearly what the future role of the railways is to be. Yet, in the Committee's view, they can be expected to play a key role in the single market as a recognized environment-friendly mode of transport.

While pressing ahead with a high-speed network, efforts to modernize the conventional rail system should continue.

Lastly, the ESC feels that it will prove impossible in all Member States to divide infrastructure management and operational activities between two separate companies or public bodies. While

¹ CES 826/90.

it is necessary to draw a strict accounting distinction between infrastructure and operation, the financial responsibility for infrastructure must be assumed by the State.

The ESC is very cautious on the admission of new track users to the network (safety problems, equal treatment, etc.).

On social questions, when structural changes would have significant consequences for workers, they should be studied in consultation with staff representatives with a view to drawing up appropriate social programmes.

Should new track users be admitted to the network, workers must benefit from the same social provisions as those enjoyed by workers in existing railway companies.

This Opinion, adopted unanimously with 1 abstention, was drawn up in the light of the paper produced by the Section for Transport and Communications chaired by Mr L. J. Smith (United Kingdom — Workers). The rapporteur was Mr Haas (Germany — Various Interests).

15. COMMON ORGANIZATION OF MARKETS: CHEESE

Proposal for a Council Regulation (EEC) laying down additional general rules on the common organization of the market in milk and milk products as regards cheese [COM(90) 209 final]

Gist of the Commission proposal

The basic Regulation on the common organization of the market in milk and milk products provides for the granting of aid for skimmed milk produced in the Community and processed with a view to the manufacture of casein and caseinates.

This guarantees Community producers a market position identical to that of producers of non-Community casein and caseinates, the products of which, following a binding of customs duties, are available on the Community market at world market prices.

Technical progress has had the result of developing the use of casein and caseinates in products for which the primary objective of the aid did not intend them. Hence the Commission considers it necessary to take measures to ensure that the granting of aid

does not disturb the balance of the milk market and that casein and caseinates of Community and non-Community origin receive the same treatment. To this end the Commission proposes that the use of casein and caseinates in the manufacture of cheese be subject to prior authorization on the basis of objective criteria laid down in accordance with technical requirements. The Member States must introduce administrative and physical controls comprising measures laid down by the Community.

Gist of the Committee's Opinion 1

The Committee welcomes equal treatment for EEC and imported caseins. The Committee also fully endorses the aim of the Commission of restoring compliance with national legislation and stopping any illicit use of casein in natural cheese.

The Committee therefore urges the Commission to revise the proposal to make it clear that only natural cheese is covered.

This Opinion was adopted unanimously with Mr Gardner (United Kingdom — Employers) as rapporteur-general.

16. RESTRUCTURING OF THE SYSTEM OF AGRICULTURAL SURVEYS IN GREECE

Proposal for a Council Decision amending Decision 85/360/EEC on the restructuring of the system of agricultural surveys in Greece [COM(90) 192 final]

Gist of the Commission proposal

The Commission proposes to extend by three years the timetable laid down in Decision 85/360/EEC and increase the Community's contribution from one-third to two-thirds. The maximum sum remains unchanged at ECU 20 million.

Gist of the Committee's Opinion ²

The Committee endorses the proposal.

¹ CES 822/90.

² CES 820/90.

This Opinion, adopted unanimously, was drawn up in the light of the paper produced by the Section for Agriculture and Fisheries chaired by Mr Laur (France — Various Interests). The rapporteur was Mr Dassis (Greece — Workers).

17. HOPS

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1696/71 on the common organization of the market in hops [COM(90) 210 final]

Gist of the Commission proposal

The Commission proposes granting aid to hop producers for areas planted with experimental varieties.

Gist of the Committee's Opinion 1

The Committee approves the Commission proposal.

This Opinion was adopted unanimously with Mr Proumens (Belgium — Employers) as rapporteur-general.

¹ CES 827/90.

The ESC's external impact

Fact-finding visit to the German Democratic Republic (GDR) from 27 to 29 June 1990

A Committee delegation comprising the Chairman, Mr Alberto Masprone, Vice-Chairmen Mr Tom Jenkins and Mr Erik Hovgaard Jakobsen, Mr P. H. Noordwal (Employers Group Chairman), Mr François Staedelin (Workers Group Chairman), Mr Nikolaos Vassilaras (Various Interests Group Chairman), Mrs Susanne Tiemann, Mr Jens Peter Petersen and Mr Michael Geuenich, ESC members, Mr Jacques Moreau, ESC Secretary-General, Mr Konrad Schwaiger, Director, Mrs Anna McClelland, Head of Chairman's private office, and Mr Wolfgang Jungk, ESC Secretariat, visited the German Democratic Republic from 27 to 29 June 1990.

On 28 June the delegation was received by the Mayor of West Berlin, Mrs Stahmer and the Senator for Economic Affairs, Mr Mitzscherlich, in Schöneberg Town Hall.

In the afternoon the delegation met representatives of the various trade unions in the German Democratic Republic, Business Forum, the Federation of Businesses, the Federation of Self-Employed Persons, representatives of agriculture and the Federation for Consumer Protection.

On 29 June 1990 the delegation held talks with Mr Klaus Reichenbach, Minister of State in the Prime Minister's office, Mr Marcus Meckel, Minister for Foreign Affairs, Mrs Regine Hildebrandt, Minister for Labour and Social Affairs, Mr Gerhard Pohl, Minister for Economic Affairs and Mr Jürgen Kleditzsch, Minister for Health.

The activities of the Committee Secretary-General and Chairman

1 June: meeting with Mr Vladimir Chemiatenkov, Ambassador Extraordinary and Head of the Soviet mission to the EC.

6 June: talks with an EFTA delegation.

- 6 June: meeting with Mr Enrique Barón Crespo, President of the European Parliament.
- 6 June: opening of the general delegation of the Rhône-Alpes region in Brussels.
- 8 June: meeting in Paris with Prime Minister Rocard, Mr Huchon, Head of the Prime Minister's private office, Mr Scheer, Secretary-General at the Quai d'Orsay, Mr Fournier, President of the European Centre of Public Enterprise and Managing Director of the French Railways (SNCF).
- 12 June: attendance at the joint meeting between the Consultative Committee of the European Free Trade Association (EFTA) and the EC Economic and Social Committee, jointly chaired by Mr Masprone and Mr O. Davidsson in Göteborg (Sweden). The following topics were discussed: the development of the European social area and basic social rights, the specific role of the advisory committee and the Economic and Social Committee in respect of the development of EC/EFTA links in the context of a European economic area and links between Eastern and Western Europe.
- 14 June: Mr Molloy, Irish Minister for Energy, attended a meeting of the Energy Section.
- 19 June: Mr Moreau addressed the regional association for ongoing education in Aquitaine, Bordeaux, on the topic of ongoing education as a key factor for competitiveness and social cohesion in Europe.
- 21 June: speech by Mr Moreau to the Diplomatic College in Madrid as part of the 39th course on the European Communities on the topic of 'Progress in completing the internal market, the future of the "social Europe", the transition from a European Community to a union of peoples and nations of Europe'.
- 22 June: meeting with the Portuguese Prime Minister, Mr Cavaco Silva, in Lisbon.
- 23 June: meeting with the President of Portugal, Dr Mario Soares.
- 26 June: Mr Moreau addressed the members of the Institute for International Social Cooperation on the role and responsibilities of the Economic and Social Committee.

18 June

Fact-finding trips

During the reference period the following groups visited the Economic and Social Committee:

1 June University of Valenciennes (France) Bavarian Ministry for Federal and European Matters, 6 June (local authority representatives from Augsburg) 7 June University of Marmara, Institute for European Community Affairs (Turkey) 7.June School of Trainee Lawyers (vocational training centre for lawyers at the Douai Court of Appeal) (France) 7 June The Leisure University (France) 8 June CISL, Rome (Italian Confederation of Trade Unions) (Italy) 8 June Renault delegation (France) Europa-Union Deutschland (Young Europeans, Bonn) 8 June (Germany) 12 June CISL, Rome (Italian Confederation of Trade Unions) (Italy) 12 June Deutscher Frauenring, Hessen (Germany) Transatlantic Seminar of Miami University (Luxem-13 June bourg) Permanent Assembly of Chambers of Commerce (Train-14 June ing and further training centre of the Chambers of Agriculture of Sérifontaine) (France) Protestant Church of Westphalia (Germany) 15 June FEACCU (Spanish Federation of Associations of 15 June Housewives, Consumers and Users, Madrid) (Spain) 16 June Navarra businessmen (Spain)

Staffordshire Polytechnic (law students) (UK)

18 June	Cedag (European Committee of General Interest Associations) (France)				
18 June	Industrial Council of Horsens (Denmark)				
18 June	Confederation of Portuguese Commerce (Portugal)				
19 June	Trainee lawyers at the Bonn District Court (Germany)				
19 June	CDU-Stadtverband — Bocholt (Germany)				
20 June	Latin American trade unionists (Friedrich-Ebert-Foundation — Brussels)				
21 June	Paris Economic and Social Council (France)				
21 June	German Association of Engineers (Germany)				
25/26 June	Hans-Böckler Foundation of the German Confederation of Trade Unions (DGB) (Germany)				
25 June	Quaker Council for European Affairs (Brussels)				
26 June	Icosi (Institute for International Social Cooperation) (France)				
26 June	Working group of trainee lawyers at the Munich District Court (Germany)				
26 June	Picardy Economic and Social Committee (France)				
27 June	European Academy, Bavaria (Germany)				
27 June	Asian and African trade unionists (Friedrich-Ebert Foundation — Brussels)				
27 June	Bergerac Chamber of Commerce and Industry (France)				
28 June	Norsk Kommuneforbund (Norway)				
28 June	Senioren des CDU-Stadtverbandes Neuss (Germany)				
28 June	Senioren der Staatspolitischen Gesellschaft Hamburg (Germany)				

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General documentation

The other European Assembly (CES 89-003) Leaflet on the ESC

Opinions and studies

Europe and the new technologies (1986) (ESC 89-004)

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Basic Community social rights (Opinion) (February 1989)

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Community Advisory Committee for the Representation of Socio-Economic Interests (UKL 8.50)

European interest groups and their relationship to the Economic and Social Committee (UKL 25)

Available from Delta Publications, rue Scailquin 55, 1030 Brussels

The economic and social interest groups of Portugal (BFR 350)

Action by the European Community through its financial instruments (Brussels, 1979) (BFR 425)

The economic and social interest groups of Greece (BFR 350)

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Available from Kogan Page Ltd, 120 Pentonville Road, London N1

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Bulletin (monthly) (per issue: ECU 4.25; annual subscription: ECU 30.50) Annual Report 1988 (ECU 8.50)

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