

ECONOMIC AND SOCIAL CONSULTATIVE ASSEMBLY

# ANNUAL REPORT 1989



EUROPEAN COMMUNITIES  
ECONOMIC AND SOCIAL COMMITTEE

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**ECONOMIC AND SOCIAL COMMITTEE**  
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ECONOMIC AND SOCIAL  
CONSULTATIVE ASSEMBLY

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## **Preface**

In many respects 1989 will be remembered as an exceptional year by Europeans everywhere.

It was the year when the concept of a Europe stretching beyond the confines of a Community of Twelve enabled a number of Eastern European countries to win their struggle for freedom and democracy. The events of 1989 also presented the Community and its institutions with new challenges and new responsibilities.

The Economic and Social Committee was also active in this area and in early 1990 will be in a position to forward to the Community institutions the views of EEC socio-economic organizations on relations with Eastern European countries.

1989 also saw an irreversible commitment to the achievement of a single economic and social space, with the Committee itself making a significant contribution by delivering 171 Opinions in the course of the year.

Through its Opinion on the Charter of Basic Social Rights, adopted at the beginning of 1989, the Committee was able to feel for the first time that it had had a decisive influence on the preparation and implementation of a common policy.

This Opinion was drawn on by the Commission when presenting its Charter of Fundamental Social Rights a few months later (a Charter adopted at the Strasbourg Summit in December) and when subsequently submitting its social action programme for the next few years.

On the initiative of Commissioner Cardoso e Cunha, the Committee is pleased to be currently engaged in a wide-ranging debate on the future of the cooperative, mutual and non-profit sector, following a procedure modelled on that used to examine the Social Charter.

Elsewhere it is thanks to the action of the Commission and in particular the efforts of President Delors and Ms Papandreu (the Commissioner with special responsibility for relations with the Economic and Social Committee) that major progress has been made in bringing the Economic and Social Committee more into the heart of the Community's decision-making process.

For its part the Committee drew up in June 1989 a memorandum on upgrading its role in the run-up to 1992. Because of the extension of Community powers and the need to strengthen the democratization of the Community's decision-making process, a clearer definition is needed of the Committee's role and consultative function.

Since the Committee represents different categories of economic and social activity in the Community, it is able, when drawing up Opinions on the full range of subjects falling within the jurisdiction of the Community, to reconcile widely differing detailed points of view and so win the backing of the majority of economic and social interests.

The Committee should therefore be the pre-eminent partner of the European Parliament, Council and Commission so that these institutions can take account in their decision-making of the views and experiences of socio-economic circles.

Although it is generally agreed that expansion of the Community's activities must go hand-in-hand with an increase in the European Parliament's powers, this process must be accompanied by a consolidation of the role of economic and social representatives—an objective to be achieved by ensuring the more effective participation of the Committee in the Community's legislative work. This of course does not mean that the Committee should abandon its central role as a consultative organ.

The Committee believes that by making a firm political gesture the Council could demonstrate the institutions' interest in, and recognition of, the Committee's work since 1958. Indeed, the time has now come to recognize the Committee as an institution in its own right within the institutional context of economic and monetary union.

Immediately after the Strasbourg Summit in December, the Committee expressed the hope that wide-ranging discussions would be held before and during the intergovernmental conference on ways of strengthening the ESC's role in the Community's decision-making machinery. These discussions, in which the Committee itself must participate, should settle the key issues involved in upgrading the ESC's role as an institution responsible for representing all categories of economic and social activity in the Community.



In the course of 1989 a major step was taken towards enhancing the role and place of the Committee. Let us hope that 1990 will see the successful conclusion of a process which is necessary and accords in full with the democratic principles underlying the 12 Member States of the European Community.

Alberto Masprone  
Chairman 1988-90

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## CHAPTER I

# The Economic and Social Committee's external representation and influence<sup>1</sup>

### 1. THE CONSULTATIVE FUNCTION OF THE ECONOMIC AND SOCIAL COMMITTEE

During the reference period the Economic and Social Committee produced a total of 171 consultative documents as follows: 154 Opinions requested by the Commission or the Council, 13 Own-initiative Opinions and 4 information reports.

The Committee has thus hastened progress towards the objectives of the Single Act and the completion of the internal market.

A detailed, sector-by-sector breakdown of this consultative work is set out below.

The following Opinions had a particular external impact:

- (i) *Basic Community social rights* (adopted on 8 February 1989, Rapporteur: Mr Staedelin, Group II, France) (see p. 33).

The Opinion, which was adopted by 135 votes to 22 with 8 abstentions, is a major contribution to the creation of a European social area.

- (ii) *Poverty*, an information report followed by an Own-initiative Opinion, unanimously adopted on 12 July 1989, Rapporteur Mr Burnel, Group III, France (see p. 36).

These documents demonstrate the Committee's institutional competence to address major social issues in economic, social and cultural terms.

- (iii) *Economic and monetary union* (Delors Report), Opinion of 19 October 1989, adopted by 111 votes to 6 with 4 abstentions. Rapporteur: Mr Meyer-Horn, Group I, Federal Republic of Germany (see p. 54).

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<sup>1</sup> A list of the Chairman's main meetings with prominent persons is attached (Annex A).

The Opinion was supplemented in November 1989 by an Opinion on the attainment of progressive convergence of economic performance during stage one of economic and monetary union and cooperation between the central banks of the Member States of the European Economic Community.

- (iv) *1992 and the Community's external trade*, an Own-initiative Opinion adopted *nem. con.* with 2 abstentions in July 1989. Rapporteur Mr Beltrami, Group I, Italy (see p. 80).
- (v) *The future of rural society and Environment and agriculture*, Opinions unanimously adopted in September 1989. Rapporteurs Mr R. Schnieders, Group I, Federal Republic of Germany (see Chapter II, 1. Agriculture) and Mr R. Burnel, Group III, France.

## 2. MEMORANDUM ON THE FUTURE OF THE ECONOMIC AND SOCIAL COMMITTEE

On 20 June 1989 the Committee sent the Community decision-making bodies a memorandum on upgrading the role of the Economic and Social Committee in the run-up to 1992.

This document discusses the Committee's short and medium-term future. Thus, in order to ensure that its consultative function is fully developed, the Committee must be able to make the adjustments needed to ensure that its resources are better commensurate with its objectives.

To this end the Committee suggested a number of improvements designed further to enhance the impact of its work. These improvements, which do not require amendment of the Treaties, concern:

- (a) *Action taken on Opinions*: the Council and the Commission should be required to report periodically on the follow-up to Committee Opinions.<sup>1</sup>
- (b) *The drawing-up and amendment of the Rules of Procedure*: the Committee must be master of its own Rules of Procedure, particularly with regard to the organization of work.
- (c) *The drawing-up and implementation of the budget*: whilst respecting the Treaties and the Rules of Procedure, the Committee should be placed on an equal footing with the other Community institutions as regards application of the financial regulation.

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<sup>1</sup> The Commission has already followed up this request — see Annex B (summary of action taken by the Commission on Committee Opinions between May and September 1989).

- (d) *Allowances for members*: Members must be given the opportunity of effectively carrying out work which is constantly changing.
- (e) *Appointment of senior staff*: the Committee would like to have the same autonomy as the other institutions in appointing its senior officials.

### 3. RELATIONS WITH THE COUNCIL

In January 1989 the new arrangements adopted by the Council on 19 December 1988 on improving cooperation with the Economic and Social Committee were implemented.

These require:

- (i) the Council Secretariat to ensure, in accordance with the directives in force, that the delegations receive EP and ESC Opinions as soon as these are issued.
- (ii) the Chairman of the Study Group to ensure that due account is taken in discussions of EP and ESC Opinions so that the secretariat can report to the Committee of Permanent Representatives and draft the explanatory memorandum on the common positions of the Council more appropriately.

#### **Spanish Presidency**

Spain held the Presidency of the Council of Ministers for the first half of 1989. The main contacts with the Council Presidency during this period were as follows:

- (i) *January 1989 Plenary Session*: the Session was attended by Mr Pedro Solbes Mira, Spanish State Secretary for Community Affairs who presented the programme of the Spanish Presidency to the Plenary Session. Referring to the Committee's work on the Social Charter, he said: 'Through this commitment, which confronts us with one of the most arduous tasks facing the Community, the Committee has confirmed its status as an institution with specific and concrete functions to which one can turn with confidence when its help is needed.'
- (ii) *March 1989 Plenary Session*: the Session was attended by Mr Chavez Gonzalez, Spanish Minister for Labour and Social Security. Mr Chavez Gonzalez spoke on the implementation of the Charter of Basic Social Rights and on the Committee's Opinion.

(iii) *March 1989*: Official visit to Madrid

On 1 and 2 March the Committee Chair (Chairman, Vice-Chairmen and Secretary-General) paid an official visit to the Spanish Government. In addition to numerous meetings with eminent representatives of the Spanish economic and social interest groups and with the Ministers for the Economy and Finance, Labour and Social Security, and Transport, the Committee delegation was also received by the Prime Minister, Mr Gonzalez.

### **French Presidency**

During the second half of 1989 the Council Presidency was held by France. The main contacts with the Council during this period were as follows:

- (i) *20 and 21 September 1989 and November 1989*: The Committee Chair made an official visit to Paris. The official visit to France in the second half of the year was carried out in two parts. On 20 and 21 September 1989 a Committee duty delegation had talks with the Prime Minister and the Ministers for Foreign Affairs, European Affairs, Labour Research and Social Welfare. The delegation was also received by President Mitterand.

On 9 and 10 November 1989 the Chair met the main representatives of the French economic and social interest groups.

- (ii) *September 1989 Plenary Session*: Mrs Edith Cresson, French Minister for European Affairs outlined the French Presidency programme to Committee members.
- (iii) *October 1989 Plenary Session*: Mr Soisson, Minister for Labour, made a statement which was followed by a discussion on the Council's current work on social issues.
- (iv) *December 1989 Plenary Session*: Mrs Cresson, Minister for European Affairs, presented the conclusions of the European Council held in Strasbourg in December.

### **Official visit to London**

Between 26 and 28 July the Chairman, Mr Masprone, accompanied by Mr E. Hovgaard Jakobsen and the Secretary-General, Mr J. Moreau, paid an official visit to London. They met government ministers, MPs and figures from the worlds of business, commerce and industry and representatives of the professions and consumers.

The main common objective was to highlight the importance of the Committee and its role in the Community decision-making process.

#### 4. RELATIONS WITH THE COMMISSION

In 1989, as in previous years, excellent working relations and cooperation were maintained with the Commission. The Committee was pleased to note a distinct improvement in its relations with the Commission. These were most clearly reflected in the adoption by the Commission in May 1989, on the initiative of Ms V. Papandreou, of a major Communication on the Commission's relations with the Economic and Social Committee. The Communication states, *inter alia*, that:

- (i) the Economic and Social Committee participates in the Community decision-making process;
- (ii) the ESC often achieves a consensus on Commission proposals reflecting the positions of the various economic and social interest groups;
- (iii) it is in the Commission's interests to cooperate with the Committee in order to help it draw up its Opinions under optimum working conditions.

The proposals for achieving this include:

- (i) strengthening relations between the Commission and the ESC by stepping up attendance at ESC meetings by Commissioners and Commission officials;<sup>1</sup>
- (ii) ensuring, within the limit of its powers, that greater attention is paid to following up the Committee's Opinions and initiatives;
- (iii) carefully monitoring any initiatives designed to boost the resources available to the Committee and its members for carrying out the members' mandate.

#### **Commissioners' attendance at Plenary Sessions**

During the period in question the following Commissioners attended Committee Plenary Sessions:

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<sup>1</sup> The Commission immediately implemented this provision. See annex for summary of action taken by the Commission on Opinions adopted by the Committee between May and September 1989.

- (i) *January 1989*: Ms V. Papandreou, who presented the new Commission's programme of work.
- (ii) *April 1989*: Mrs C. Scrivener, who spoke on liberalization of capital movements and tax harmonization.
- (iii) *May 1989*: Mr A. Cardoso e Cunha, who outlined Community energy policy.
- (iv) *June 1989*: Mr H. Christopherson, who spoke on the economic situation in mid-1989 and social trends in the Community in 1988.
- (v) *July 1989*: Mr Andriessen, who spoke on 1992 and the Community's external trade.
- (vi) *September 1989*: Mr M. Marin, who presented Lomé Convention IV.
- (vii) *October 1989*: Mr F. Pandolfi, who spoke in connection with the Committee's Opinion on the revision of the framework programme of Community activities in the field of research and technological development 1990-94.

## 5. RELATIONS WITH THE EUROPEAN PARLIAMENT

ESC-EP relations were not formalized by the Treaties. The Resolution adopted by the European Parliament on 9 July 1981 (OJ C 234, 14.9.1981) continues to provide the framework for closer links between the two institutions. There has been a steady increase in contacts and exchanges of information between the chairmen and rapporteurs of the Parliament's committees and the ESC's sections.

The Parliament has taken account of many Committee Opinions, particularly technical ones. The distinct improvement in relations between the respective general secretariats, which began in 1988, continued in 1989.

The Parliament has agreed to reserve seats for ESC representatives at all Parliamentary committee meetings. The Committee Chairman and the President of the Parliament have on several occasions conferred on matters of importance, e.g. institutional reform.

The Committee is now a full member of the interinstitutional working party on implementation of the Single Act set up by the Parliament, the Commission and the Council.

The Director of the Registry Division is a member of the Single Act group and attends meetings of the European Parliament's enlarged Bureau, along with representatives of the Council and the Commission.



These decisions have made it possible to synchronize the Committee's work programme more closely with those of the other institutions. The Committee's influence has also been enhanced by its Bureau's decision that work should systematically be completed before the Parliament's.

Thanks to the European Parliament's intervention, a number of the ESC's 1989 budget needs were met, in particular with regard to staff policy, the revision of Members' allowances and the financing of its computerization programme.

## 6. CONFERENCES, MEETINGS AND RELATIONS WITH OTHER BODIES

### **Relations with EFTA** (see also p. 80)

- (a) 18th joint meeting of the ESC and the EFTA Consultative Committee at Kristiansand (Norway) on 12 June 1989, held at the initiative of the EFTA Consultative Committee.

Subjects:

EC/EFTA cooperation on transport;  
EC/EFTA cooperation on financial services.

- (b) 19th joint meeting of the ESC and the EFTA Consultative Committee held in Paris on 27 and 28 November 1989 at the initiative of the ESC.

Subjects:

the European social area and basic social rights: the situation in the European Community and in EFTA;

the development of EC/EFTA relations and the specific roles of the EFTA Consultative Committee and the EC Economic and Social Committee.

### **Relations with the ACP countries** (see also p. 80)

- (a) 13th annual meeting of the ACP/EEC economic and social interest groups held in Brussels on 6 to 8 November 1989, organized by the ESC and held under the aegis of the ACP/EEC Joint Assembly.

Subjects:

training of ACP/EEC economic and social operators with special reference to vocational training and farmers' training;

the deterioration of terms of trade and its implications for ACP nationals in the run-up to the fourth ACP/EEC Convention.

## **Relations with certain economic and social bodies**

- (a) A meeting of the secretaries-general of the economic and social councils of the Member States and the Economic and Social Committee of the European Communities was held in The Hague on 2 June 1989. The main subject for discussion was the social dimension of 1992. The discussion continued at the meeting of the Chairmen and the secretaries-general of the national economic and social councils and the Committee, also held in The Hague, on 1 December 1989.
- (b) On 1 and 15 February 1989 the secretaries-general of the French regional economic and social councils took part in a fact-finding visit to the Community institutions, held at the Committee building, Brussels.
- (c) On the initiative of the Chairman of the French Economic and Social Council, Mr Matteoli, the Committee (Chairman and Secretary-General) attended a meeting in Paris to coincide with the celebrations on the occasion of the bicentenary of the French Revolution. Economic and social councils and similar bodies from more than 20 countries were also represented.

At the end of the meeting a joint text was drawn up, part of which read as follows:

'The usefulness of meeting regularly was recognized, so as to exchange information, establish relationships and, on the basis of shared experience, promote discussion and dialogue between representatives of economic and social activity. Representatives of countries intending to set up economic and social councils should be associated, so that by contacts and mutual encouragement they can be confirmed in their determination to establish a true democratic dialogue between the economic and social groups. In some countries and groups of countries dialogue between representatives of economic and social life has been formalized by the setting up of economic and social councils or similar bodies. In several other countries a similar process is underway.

The participants have agreed that they should consolidate their relations and pave the way for periodic meetings, designed to encourage initiatives to develop economic and social citizenship and the democratic organization of a dialogue between representatives of the economic and social groups, whilst respecting individual independence.

These meetings which will be called international meetings of the economic and social councils should be held annually so as to ensure

continuity of relations between the councils. The chairmen of the councils and similar organizations will take turns in convening and chairing the meetings, and the secretaries-general will issue invitations and take responsibility for preparation and follow-up in rotation'.

### **Meetings with representatives of the fisheries sector**

In order to publicize the Community's achievements in the fisheries sector and the ESC's own work, the Committee held a series of meeting in 1989 with representatives of the fisheries sector in several Member States.

These meetings were essentially based on the following Committee Opinions:

- (a) The market for sardines in the Community: situation and outlook — Rapporteur: Mr A. Silva (Group II, Portugal)
- (b) Social aspects of sea fishing — Rapporteur: Mr Muniz Guardado (Group III, Spain)
- (c) Situation of the herring market — Rapporteur: Mr Hancock (Group I, United Kingdom).

Extremely fruitful discussions were held on the subjects chosen with all the major professional organizations in the countries visited.

The following visits took place:

28 April 1989, Bergen (Netherlands), chaired by Mr Noordwal (Group I, Netherlands).

7 June 1989, Lisbon (Portugal), in the presence of State Secretary G. Godhino and senior Portuguese civil servants, chaired by Mr T. Jenkins (Group II, United Kingdom).

5 July 1989, Europêche/Cogeca, Brussels, chaired by Mr Jacques Moreau, Secretary-General.

14 and 15 September 1989, Saint-Quay-Portrieux et Lorient (France) to coincide with the international fisheries exhibition, chaired by Mr J. C. Clavel (Group III, France).

11 October 1989, Cuxhaven (Germany) in the presence of Dr W. von Geldern, State Secretary, to coincide with 'Fishtec 89', chaired by Mr H. J. Wick (Group I, Federal Republic of Germany). Mr Jaschick (Group III, Federal Republic of Germany) also attended the meeting.

### **300th agricultural meeting** (see also p. 21)

The Committee celebrated the 300th meeting of its Agriculture and Fisheries Section (Chairman: Mr A. Laur, France, Group III) on 19 and 20 April in Stresa (Italy).

The working meeting was preceded by a ceremony attended by senior representatives of the Italian Government and civil service and a large number of representatives of the European agro-food industry.

### **EDI Conference**

In the field of new technologies, a major conference on 'EDI, 1992 and beyond' was organized by the Committee together with IDEA (International Data Exchange Association). Held on 20 and 21 September and attended by over 200 participants, the conference was addressed by some 20 distinguished speakers including Viscount Davignon and Commissioner Pandolfi.

Its aim was to raise the level of awareness of the significant contribution which EDI (where computer talks to computer) can bring to greater efficiency in general and to the achievement of the single market in particular. Stress was laid on the great speed of current technological changes concerning EDI and the difficulties of ensuring the essential degree of standardization in such a fast-moving field. The debates also emphasized the risk of some areas, especially less-developed regions and countries, being unable to sustain the fast pace of introducing the new techniques. The attitude of individuals and society to EDI was underlined as the most essential factor in attaining its wide diffusion and effective use.

The conference debates were reproduced in a brochure published in English by the Committee in January 1990.

### **Public hearings**

On the initiative of its Energy and Research Section, chaired by Mr A. Romoli (Group I, Italy), on 19 January and 27 and 28 June the Committee held a series of public hearings on the subject: Increasing the use of agricultural and forestry resources in the non-food industrial and energy sectors: Prospects opened up by research and technological innovation.

These meetings were attended by representatives of the Community institutions, the Council of Europe, the US Administration and a large number of the European trade organizations concerned.

## 7. GROUPS OF VISITORS AND PUBLIC EVENTS OF RELEVANCE TO EUROPE

In 1989 the Committee was pleased to note a distinct increase in the number of groups of visitors. This was probably in part a consequence of the European Parliament elections in June 1989 and the impact on public opinion of the publicity given to the Single Act and 1992. Nevertheless the Committee's own efforts via the specialized unit set up within the Secretariat<sup>1</sup> were undoubtedly a factor too.

Whilst 150 groups were received in 1988, 198 groups of visitors were received in 1989 from the Twelve plus a number of non-Community countries.

To the Committee's great regret inadequate resources made it necessary to turn down or defer a number of requests.

Groups averaged 37 participants, which means that the Committee welcomed more than 7 000 persons to its premises in 1989.

As in previous years the main demand came from the Community's major socio-professional organizations.

But there was also a clear increase in the number of requests received from national and regional administrative bodies and universities.

As a rule a visit starts with an explanatory talk on the role of the Economic and Social Committee in the Community institutional system, followed by a discussion on topical Community issues which are generally introduced by Committee members or officials.

As for public events of relevance to Europe with which the Committee would like to be involved more often in future, alongside the other Community institutions, the Committee was represented at three main events (where it had a stand with general information on the Committee's role and consultative work), namely:

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<sup>1</sup> Public Relations, Information and Publications Division.

- (i) The ETUC rally in the Cinquantenaire Park, Brussels, on 18 October. There were 15 000 visitors (trade union delegates from industry).
- (ii) The European education exhibition, Scola 89, in Rennes, France, from 2 to 7 November 1989, which was attended by Mr Proumens (Group I, Belgium), Mr Kitsios (Group II, Greece) and Ms Williams (Group III, United Kingdom). 15 countries were represented. The exhibition was visited by 45 000 people.
- (iii) 'Rencontres d'options' held in Paris on 14 December 1989 by the General Union of Engineers, Managerial Staff and Technicians and the General Labour Confederation (CGT). This event brought together 1 500 members of French managerial unions to discuss Europe and the Single Act.

## 8. PUBLICATIONS

The Committee published a new edition of its brochure entitled *The other European Assembly*, the *Vade-mecum*, a list of the 189 Committee members with their photos, the *Annual Report* for 1988, the proceedings of the ACP/ESC conference of October 1988 (English and French only) and brochures on *Basic Community social rights*, *Poverty*, *Social aspects of the internal market*, and *A policy for upland areas*. As usual the 10 issues of the Committee's *Bulletin* appeared in the course of the year.

## CHAPTER II

### Work of the Committee

#### 1. AGRICULTURE, FORESTRY, RURAL DEVELOPMENT AND FISHERIES

On 19 April 1989 the 300th meeting of the Section for Agriculture and Fisheries was held in Stresa. The decision to celebrate this milestone in Stresa was of symbolic, historical and political importance for the Committee's work since the policies which sprang from the 1958 Stresa Conference are now being implemented throughout the rural world.

The Commission's and Council's changes to the common agricultural policy, capped in 1988 by the introduction of set-asides and the adoption of stabilizers in almost all market regimes, not forgetting the now famous milk production quotas, the 1984 restrictions on wine production and the 1986 and 1987 restrictions on cereals intervention, forced the Committee to ask on this important and significant occasion how far the CAP could continue to pursue the objective laid down in Article 39 of the Treaty, i.e. 'to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture'.

This concern is quite understandable bearing in mind that from 1988 to 1992 expenditure under the Guarantee Section of the EAGGF may not in any particular year exceed real expenditure in 1987, i.e. the expenditure can rise by a maximum of 1.9% per year, instead of the 7.5% increase recorded every year from 1975.

Aware of what is required to achieve a single market in 1993 and knowing that many important problems on the agricultural front are still unsolved, the Committee has come to the conclusion that the changes to European agriculture along lines set out in the 1989-90 farm price proposals can only be judged within the context of the ideas expressed by the Commission in its communication to the Council on the future of rural society.

The Committee agreed with the statement that rural society in the EC is undergoing radical changes, causing upheavals in both agricultural life and the social fabric. Over the last 25 years, for example, the percentage of those engaged in agriculture has fallen from 17% to 6% in the Nine and from 46% to 20% in the three new Member States.

Despite this fall in employment (which has a proportionate impact on the formation of GDP), agriculture will need to go on playing its role as a central and fundamental pillar of rural society performing its twin function of: (a) protecting the environment and the natural heritage, and (b) satisfying the basic quantitative and qualitative needs of the population.

At a time when rural areas are becoming increasingly attractive for new economic activities, the Committee believed that new industries should be introduced in a balanced way, fully respecting natural resources and the specific features of the area in question. In other words the development of economic activities (agriculture, industry, tourism or the service industries) should be compatible with the social structure of the rural community and with the specific features of the area in question, particularly agriculture.

In this context the Committee pointed out that:

- (i) the doubling of the resources of the Community's structural Funds decided by the heads of government should serve to remedy the problems arising in the less-favoured areas as a result of completion of the internal market;
- (ii) the savings made so far in agricultural expenditure should be paid back to the Member States and earmarked for a specific purpose (for example, support for rural areas);
- (iii) to ensure stabilization of the Community, rural areas and agriculture, and in the interests of regional balance, it is more than ever necessary to speed up European integration in other policy areas as well, for example through the implementation of an integrated economic and monetary policy and a much more far-reaching alignment of foreign policy, economic policy, social policy, environmental policy, structural policy, and transport policy;
- (iv) the need for agricultural structure programmes depends also to a large extent on measures in the area of price and market policy; the need will increase if there is sustained pressure on prices and incomes;
- (v) the Commission should propose specific measures and strategies for safeguarding the existence of full-time and part-time family farms; for social and cultural reasons the landscape should continue to preserve the largest possible number of viable small and medium-sized farms.



On this last issue the Committee pointed out that, in many areas of the Community, part-time farming is very important for safeguarding family incomes, population density and infrastructure, as well as for conserving the cultural landscape with its compensating functions. The importance of part-time farming will increase further. In this connection job creation is not the only precondition for part-time farming. Equally important is an agricultural policy that enables the majority of part-time farms, which are generally fairly small to earn an income. In this connection it is necessary to determine in particular how important compensatory measures (direct income support) are for keeping enough people on the land.

These general principles were first put to the test in the Committee's Opinions on the Commission's forestry strategy and its policy on the adjustment of agricultural structures. The Committee unanimously adopted proposals implementing detailed points of the communication's programme. The Opinion on the future of rural society was also adopted unanimously.

With regard to the various regulations on forestry strategy, the Committee stated that certain criteria must be borne in mind when assessing Community support for the different projects and programmes. As far as possible, the following factors should be taken into consideration:

- (a) the links between agriculture, forestry and animal husbandry;
- (b) priority for prospects which are economically viable in size;
- (c) the importance of forestry as an adjunct to agriculture in so far as it helps:

to raise the income of agricultural producers so that they do not have to cease farming and move away from rural areas;

to save existing jobs and create new ones where at all possible, both where forestry is the main occupation and where it is of vital importance to the overall economic development of rural areas;

to pursue a development strategy and to channel agricultural and forestry expenditure into the restructuring of backward regions, the aim being to develop rural areas and speed up agricultural restructuring;

- (d) the need to devise fiscal and land reform strategies, particularly in regions where farms are already too small for agriculture and will, *a fortiori*, be too small for forestry;
- (e) to establish general implementing conditions for existing legislative and/or administrative provisions, and to align such provisions in order to ensure that (i) economic operators from different regions of

the EEC are able to exploit commercially forestry activities and products on equal terms; and (ii) forestry activities pursued for environmental and recreational purposes are afforded the same level of protection.

Given these requirements, the Committee felt that the existing instruments are basically designed for agricultural activities and are insufficient for the purposes of financing forestry projects and programmes forming part of the overall development of rural areas and transcending agricultural activities proper. The introduction of Community support frameworks would be simplified by the creation of machinery for awarding global grants, to be entered under a special budget heading. Assistance could then be tailored more closely to the specific problems of forestry, with measures to develop backward and rural areas and to improve processing and marketing structures.

The funding (albeit provisional) of the activities set out in the Commission proposals on forestry are therefore inadequate. The protection and preservation of existing woods and forests should be given priority over new afforestation schemes in rural areas.

Both the financial instruments and their appropriations should be reviewed in the light of the need to ensure that all the activities listed in the Commission's four-year programme are properly funded. The sums earmarked are in fact far less than the fund spent on various forestry activities over the last five years (ECU 500 million), a considerable sum which the Commission nevertheless regards as having been 'restricted in geographical scope and often specific and intermittent in nature'.

The Committee expressed similar reservations about the proposals on the adjustment of agricultural production structures within the meanings of objectives 5(a) and 5(b) of EEC Regulation No 2052/88.

The Council's decisions on reform of the structural Funds clearly necessitate adjustments to the measures financed under the EAGGF Guidance Section as regards both the substance of agricultural policy and the new procedural and operational methods.

However, the hoped-for speeding-up of the adjustment of agricultural structures proposed in preparation for the reform of the CAP prompts a number of questions and some concern. It is worth asking ourselves whether the aim of CAP reform continues to be the lasting, consolidated reduction of agricultural production in key sectors even at a time when world market and stock trends over the past two years could disprove previous forecasts.

There is a risk that priority will be given to structural aid measures in favour of 'non-productive' agriculture.

Aid to part-time farmers and additional measures, early retirement incentives, set-aside schemes and extensification of production are only some of the proposed measures which are vital in certain regions and situations. They should not, however, compromise agricultural production measures (in particular, switching of production, product and processing innovation and quality improvement).

In this connection, the Committee could not gloss over the disturbingly inadequate level of funding for offsetting the impact of the proposed amendments to Regulation No 797/85. In relation to the existing Regulation, it is planned to cut spending by ECU 33 million in 1991, ECU 23 million in 1992 and ECU 13 million in 1993, even without taking account of the adjustment of co-financing rates. The Committee held that adequate funding is needed to back extension of the scope of the Regulation.

On this point the Committee urged that a substantial proportion of the considerable savings effected under the EAGGF Guarantee Section in relation to the expenditure ceilings decided by the Heads of State or Government in February 1988 be allocated to the Guidance Section. These savings were achieved as a result of considerable sacrifice on the part of the farmers.

Otherwise spending on market support would fall without any increase in expenditure on adjustment of agricultural structures. The Committee could not endorse underfunding of the measures concerned, in contrast with the clearly stated broader objectives recognizing the EAGGF Guidance Section as the key instrument in funding structural change during this transition period when farmers are striving to find new ways of balancing production.

With regard to the proposal on improving the processing and marketing of agricultural and forestry products, the Committee welcomed the new Commission initiative but was likewise concerned that the financial estimates for the draft regulation merely maintain the current level of appropriations (namely a reduction in real terms) and fail to take account of its extension to encompass new sectors, particularly silviculture.

It is particularly necessary to process and market agricultural products more efficiently, since the Community's agriculture support policy is being scaled down and farmers' incomes will increasingly depend on market earnings.

In addition to the repercussions of the current restrictive agricultural policy, other factors cannot be ignored if the CAP is to have an effective market structures policy. These factors include: (a) the completion of the single market by 1992; (b) the process of concentration at Community and international level that can clearly be observed in the food industry, trade and distribution; and (c) the dangerous shift of decision-making centres away from the Community itself.

The Committee also expressed fear that the proposed new provisions regarding Community intervention (replacing direct Commission aid by an indirect procedure reimbursing Member States' expenditure) could impede the new regulation's operations and objectives.

The Committee also observed that, despite the disappointing results recorded during the initial stage of implementation of the Regulation on set-aside, the Commission failed to propose significant amendments to make it genuinely possible to attain the stated objectives of this measure.

The Committee also noted the distorted results of the measure; these were foreseen when it was first introduced. Contrary to what the Commission and Council intended, the offer was taken up primarily in disadvantaged areas, leading to a fall in production, an increased risk of desertification and a water imbalance.

This is therefore an economic and social problem. But it is also an environmental problem, as explained in detail in the Opinion also adopted unanimously on the environment and agriculture.

In this document the Committee assumed that everyone, and not just farmers, bears responsibility for the destabilization and deterioration of the natural environment.

The problem is seen in terms of individual and collective responsibility, respect for others, justice and solidarity.

As always when environmental protection is under discussion, three questions arise:

- (i) the role of man as producer and consumer;
- (ii) the value which one attaches to life and consequently the price one is prepared to pay to work together to protect and improve it;
- (iii) the meaning of freedom which is limited by the rights of other people and individual liability for redressing harm.

One particular solution to environmental problems is of key importance in the eyes of the Committee, namely education and information.

In some cases farming can lead to a deterioration of the environment, in others it can help protect the environment.

The proposed measures have to be tailored to these diverse situations and aimed at:

- (i) controlling the effects of farming: the Committee supported incentives and policies aimed at correcting or curbing production methods which can damage the environment and people;
- (ii) evaluating the environmental impact of rationalization measures;
- (iii) limiting the adverse effects of the use of plant-health products: the measures proposed by the Commission are a step in the right direction. The Committee called however for better information for the farmer. Three further complementary measures were needed: increased research, the planning of publicity and development campaigns supported by farmers, additional training and farmers;
- (iv) reducing the excessive use of mineral fertilizers: the Committee endorsed the recommendation that farmers take a voluntary action to reduce nitrate use, rather than have mandatory measures imposed on them;
- (v) controlling concentrations of factory farms; the 'polluter pays' principle should also be applied;
- (vi) combating desertification: such a policy has to include measures to contain the natural drift away from farming in disadvantaged areas. The Committee called for a quality policy for the products of disadvantaged rural areas. It therefore wished to see biological farming encouraged and urged the Commission to propose a regulatory framework;
- (vii) protecting vulnerable zones: the Committee emphasized the enormous benefits of compensating farmers for protecting and making the most of the environment in the common good;
- (viii) developing the concept of a land maintenance contract between farmers and society: such contracts between farmers and local authorities should link the right to farm with quality and nature conservation clauses.

More specifically, the Committee approved in 1989 the Commission proposal on a specific measure for certain grain legumes, production aid

over a three-year period to encourage the growing of high quality flint maize, and, though with certain reservations, the introduction of a system of premiums for the use of cereals in animal feed.

About half of the 38 Opinions adopted by the Committee in 1989 in the agricultural, forestry, rural development and fisheries sector dealt with veterinary and health matters. This shows the Committee's permanent interest in a sector which poses more complex problems than other sectors from the point of view of achieving a single market in 1993. Generally speaking, the Committee supported the Commission's efforts to overcome existing divergences between Member States in veterinary and health matters so that harmonized regulations could permit the liberalization of Community trade according to the schedule laid down by the 1985 White Paper.

In the fisheries sector the Committee approved the proposal on a Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring respect of the Community system for the conservation and management of fishery resources. The Committee also welcomed the proposal for a specific regulation on the improvement of the conditions under which fishery and aquaculture products are processed and marketed.

Nevertheless, the Committee was concerned that the historic underfunding of this sector was being continued and that inadequate allowance had been made for inflation. It was surely unrealistic to bring forward a regulation when the available funding would clearly be insufficient to meet the applications for all suitable projects.

In some southern Member States processing facilities required substantial investment to bring them into line with hygiene regulations and those relating to health and safety in the workplace. An additional problem with separate regulations for agriculture and fisheries was that some of them processed both types of product.

In view of the fact that the breeding, reproduction and raising of fish and other seafoods by means of aquaculture, in fresh and brackish waters, was an expanding activity, the Committee considered that it would be illogical if production facilities making use of raw material from these sources were not accorded equal treatment with facilities making use of raw materials from seawater installations.

## 2. TRANSPORT POLICY AND TELECOMMUNICATIONS

### **Survey of the year's work**

The Committee agreed from the outset that the single market had to include the transport sector. It therefore views liberalization of the transport market as a positive, irreversible trend. Liberalization, however, cannot be divorced from the need to harmonize social, fiscal and technical measures as well as increase transport safety. Most of the Committee's work in 1989 revolved round these latter areas, and maritime transport.

A major Opinion was also issued on the liberalization of telecommunication services.

### **Road safety**

In 1989 a number of Opinions were adopted on the introduction of common rules in five different areas of road transport. The Opinions, which had a very considerable impact on road safety, concerned:

#### *(a) Driving licences*

The Committee urged the mutual recognition of driving licences in the Member States and emphasized the positive technical and psychological repercussions for a people's Europe. The Committee also felt that, in the interests of road safety, certain minimum conditions needed to be met before driving licences were issued.

#### *(b) Seat belts*

The Committee endorsed the Commission proposal on Community-wide compulsory use of seat belts in vehicles with a maximum weight of not more than 3.5 tonnes, since experience had shown that the compulsory use of seat belts had reduced the number of deaths and serious injuries in road accidents. The Committee Opinion recommended restraint systems for children under 12 and stressed the need for wide publicity on the importance of using seat belts in general.

#### *(c) Maximum blood alcohol levels for drivers*

Whilst approving the Commission proposal's objective and recognizing its direct relevance for road safety, the Committee considered that the

maximum alcohol level should be set not at 0.5 mg/ml (as the Commission was proposing) but at 0.8 mg/ml since this would be sufficient to curb one of the major causes of road accidents. The Committee also called for suitable, uniform checks as well as preventive measures designed to heighten people's awareness of the problem.

(d) *Speed limits*

The Committee endorsed the draft directive's aim of introducing standardized speed limits throughout the Member States even though these would vary according to the category of vehicles in question. The Committee nevertheless asked the Commission to complete its work in this area as soon as possible by drafting a Community highway code.

(e) *Test standards*

The Committee endorsed the Commission's proposal to adjust test standards to technical progress, to align them and to monitor their application.

## **Weights and dimensions**

Two Opinions were adopted on this subject which comes within the field of technical harmonization :

*Maximum length of commercial road vehicles*

The Commission had proposed to increase the maximum total length of articulated vehicles from 15.5 metres to 16.5 metres and the maximum total length of semi-trailers to 12 metres. The Committee Opinion felt that this was inadequate. The Commission did not specify minimum dimensions for cabins and, above all, did not consider the physical and psychological damage which this proposal would cause by promoting road haulage to the detriment of other modes of transport. The Committee felt that insufficient attention was also paid to ergonomic and safety imperatives.

*Exemption of Ireland and the United Kingdom from certain provisions on maximum permissible weights*

The Committee rejected the Commission proposals to grant the United Kingdom and Ireland exemptions in respect of the weights and dimensions of



certain commercial vehicles until 31 December 1996. The Committee Opinion concluded that the strength of bridges was comparable throughout the Member States, pointing out that similar situations should be treated in similar ways. This was a principle by which it set great store. The Committee also emphasized that the exemption was a disincentive to action and perpetuated a distortion of competition.

The Council Decision of June 1989 ignored the Committee's Opinion. It even went further than the Commission proposal, fixing 31 December 1998 as the date of expiry of the exemption.

The Council also ignored the Committee's Opinion on the maximum length of vehicles by fixing the total length of an articulated vehicle at 16.5 metres.

### **Congestion of airports and airspace**

The Committee adopted an Opinion in May 1989 on this highly topical subject directly related to safe air transport. The Opinion proposed a number of measures to eliminate bottlenecks in air traffic, *inter alia*: the creation of a European-wide integrated air traffic flow management system; the coordination of an infrastructure policy in the field of transport; the reorganization of airspace in favour of civil aviation.

The Committee hopes to express its views on the Commission's recent proposals on the second liberalization phase in early 1990. The proposal would place air transport in the forefront of Community transport policy.

### **Other Opinions on transport**

In 1989 the Committee delivered Opinions on other important dossiers, such as:

- (i) the abolition of controls at national frontiers in road and inland waterway transport;
- (ii) the extension by one year of the monitoring system enabling all Member States to compile information on the activities of the merchant fleets of third countries engaged in practices detrimental to the shipping interests of Member States;
- (iii) haulage rates.

The Committee advocated a more cautious approach. The new arrangements should be phased in, the transition period lasting till 31 December 1992 rather than 1 January 1990, as suggested by the Commission.

### **Opinion on positive measures for maritime transport**

The Commission had been slow to act in this field and the Committee's Section for Transport and Communications decided to set the ball rolling again by issuing an Own-initiative Opinion on positive measures. This initiative was not in vain since the Commission formally adopted proposals on 31 May 1989.

The Committee broadly endorsed the Commission's perception of the problems and welcomed its view that action was required in a number of areas. But it believed that the competitive disadvantages of EC shipping would not be redressed unless positive measures to be applied on a consistent basis throughout the Community were taken to achieve significant reductions in operating costs and taxation. If a further contraction of the EC fleets and maritime labour force (with all the adverse consequences which the Section and the Commission had identified) was to be avoided, the proposals should be urgently reconsidered in the light of Committee recommendations on employment costs and personal taxation as well as fiscal measures and company taxation. On the latter point, the Committee emphasized that the social aspects of the development of the Community's shipping policy were much wider and more important than those contained in the Commission's document.

This Committee Opinion adopted on 16 November 1989 played a major role in the Council discussions held a few days later, and made a crucial contribution to the progress made on maritime issues. The quality of the Committee Opinion, and its impact on Council discussions, were recognized by the Council President-in-office, Mr Delebarre, in his statement to the Transport Section on 11 December.

In addition to the Opinion on positive measures, the Committee took a stand on the Commission proposal for a directive on minimum requirements for vessels carrying dangerous or polluting goods. The Committee endorsed the Commission's objective but had reservations about the way it was handling the issue. The Committee suspected that the Commission had a bias towards introducing special Community standards and requirements differing from those applied internationally. Given that protection of the marine environment was a highly internationalized field, the draft directive should be aligned more closely on international standards.

## **Telecommunications — Opinion on the open-network provision (ONP)**

In this area, which also fell within the remit of the Section for Transport and Communications, the Committee came out in support of the Commission proposal laying down the guiding principles and structural framework for the development of open access to the public network for suppliers of telecommunications services. Nevertheless, the Committee stressed that telecommunication administrations should be given the requisite funds, and that distortions of competition should be avoided, when ONP conditions were being defined.

The Committee was faced with a *fait accompli* in that the Commission had already adopted the directive on competition in the telecommunication services markets, based on Treaty Article 90(3). The Committee was therefore unfortunately unable to take a stand on this important dossier which is of prime concern to European economic and social interest groups.

## **3. SOCIAL, FAMILY, EDUCATIONAL AND CULTURAL AFFAIRS**

### **Basic Community social rights**

In a letter dated 9 November 1988 from Mr Delors and Mr Marin, the Commission requested the Economic and Social Committee to undertake a general appraisal of the possible components of a Community Charter of Basic Social Rights.

After setting up a sub-committee chaired by Mr Ceyrac (Rapporteur: Mr Staedelin; Co-Rapporteur: Mr Vassilaras), on 22 February 1989 the Committee adopted, by a very large majority, an Opinion which the Commission described as an interesting and high-quality document that would provide an important and solid foundation for the work of itself, the EP and the Council. The main points in the Opinion were as follows.

#### *A. Pillars of a social Europe*

The Opinion first reiterated the ESC's support for the creation of a large, single market which, besides strengthening the economy, trade, industry, crafts and services, had to establish a common platform for increasing the well-being of all Europeans and bring down high unemployment.

Under a broad social policy sweep, basic social rights affected not only:

- (i) the various components of society;
- (ii) all social and occupational categories;
- (iii) all areas of activity; and
- (iv) the various kinds of business enterprise;

but also the consumer, environment and collective sectors.

#### B. 1992: *Guarantee of basic social rights*

In supporting the attainment of a single market, the Committee, on account of the need for coordination between economic and social policies, has constantly pressed for measures envisaged in the industrial, trade, agricultural, financial and tax sectors to go hand-in-hand with the concurrent adoption of social measures. The ESC believes that the single market cannot stop short at being a free-trade area; the recommended outline plan for European integration will be devoid of meaning or purpose unless the living and working conditions of all sections of the population are enhanced.

The Opinion observes that governments and the two sides of industry have reached consensus on the definition of basic social rights within a number of international organizations (United Nations, ILO, Council of Europe and OECD). Looking ahead to the single market, it is particularly urgent for certain social rights to be laid down in the Member States so as to incorporate a coherent, interdependent set of rules into the Member States' common heritage.

The aim is therefore not to devise new rules but, first and foremost, to take account of established rules already approved at other levels. The next stage is to define these rules via principles taking heed of the new requirements generated by implementation of the single market and conducive to its smooth operation.

Although the ESC did not feel that all areas of social policy had to be regulated by Community legislation, it stressed the need to adopt basic social rights founded on a common heritage of experience, taking due account of national differences. The Opinion then listed certain features of a European social model which were broadly similar in all Member States.

### *C. Attainment of the European social model*

#### (a) Guarantee of basic principles in terms of social rights within the Community legal system

Since the ESC's Opinion had to be delivered early in 1989, the Committee felt that the most constructive approach was to compile a list of basic social principles and rights which should be guaranteed by all Member States.

The Opinion then listed a series of rights, distinguishing between:

- (i) generally applicable standards; and
- (ii) standards governing industrial relations, the labour market and working conditions.

#### (b) Social dimension of the internal market

This chapter argued that Community legal instruments, which took due account of the need for flexibility, cooperation and decentralization, would have to be framed in order to enshrine social guarantees vital for smooth implementation of the single market. The aim will have to be: (a) to avoid the pitfalls of unfair competition; and (b) — with a view to improving economic and social cohesion in the Community — to align, stage by stage, conditions of employment and direct and indirect social charges in sectors affected by the future Community-wide market.

#### (c) Community social dialogue

The role of Community social dialogue is to express the above two aims in a rapidly changing industrial and economic society: respect for national differences and adoption of Community rules. The Opinion reiterated the importance which the ESC attached to Community social dialogue, which should be developed on a sectoral basis, including public services, and called on the Commission to press ahead with the implementation of Article 118 b of the Treaty.

### *D. Comments on the implementation of basic social rights*

The Committee felt that it was important not to classify the legal status of the instruments enshrining the basic social guarantees to be enjoyed by Europeans by using traditional international social law terms. The instru-

ments and procedures specified in the Treaty were the ones to be deployed to: (a) ensure that basic social rights are protected under the Member States' legal systems, and (b) facilitate implementation of those social measures which were a *sine qua non* for the internal market to operate smoothly. Such action should be conducted in close liaison with the representatives of the two sides of industry. The instrument guaranteeing protection of basic social rights would have to be adopted by the end of 1989 and the social measures which were crucial to smooth operation of the single market would have to observe a fixed timetable geared to the deadlines set for completion of the Community-wide market.

## **Poverty**

The fight against poverty was another particularly important theme in the ESC's work in the social field in 1989.

The Section first drew up an information report, which basically looked at existing forms of severe poverty, reviewing some previous positions of the Economic and Social Committee, and examined various questions concerning the definition of poverty, the nature and origins of severe poverty, an assessment of the numbers involved, and the way to combat severe poverty.

The information report pointed out that in 15 years, there has been a marked increase in the number of people living in the Community whose income was less than half the average income per unit of consumption in their own country (a rise of 6 million more people living in poverty, i.e. 2% of the total Community population).

This increase in inequality, which varied from Member State to Member State and from category to category within the Community of Twelve, had come about despite the fact that measures had been taken to close the income gap and tackle the problems of those at risk of poverty. The Section therefore wondered whether such measures had been effective.

The Section then identified and made detailed comments on three key factors in preventing and tackling severe poverty i.e.:

- (i) the right to education and training;
- (ii) the right to information and communication;
- (iii) a minimum guaranteed income with a view to reintegration in society and working life.

In connection with this last point the information report discussed the proposal for a basic income system and a negative income tax, but came out in favour of a minimum social reintegration income. It then examined the conditions which would have to be met by the poor to be eligible for the minimum social reintegration income.

In its conclusions the Section pointed out that in 1985 6 to 10 million people were living in conditions of severe poverty in the Community of Twelve. It then made a number of recommendations.

By way of conclusion the Section considered that action to combat poverty had to be part of an overall policy which, to be effective, required the cooperation of everyone active in economic, social and cultural spheres.

The ESC followed up this information report with an Own-initiative Opinion, in which it proposed three types of action to tackle the causes and consequences of poverty: action designed to influence behaviour; permanent action; and priority action.

Under the latter heading the ESC, following the line taken in the information report, advocated that preference be given to three areas of action: education and training; communication and information; and a minimum social reintegration income.

In its conclusions the ESC stressed that freedom as well as political and social democracy were incompatible with widespread poverty. Helping the extremely poor members of society to free themselves from dependence on social assistance should be the goal. This was to be done by harnessing individual capacities in such a way that the very poor could themselves be instrumental in rediscovering their freedom and their personal, social and family responsibilities.

Finally, in an Opinion on the proposal for a Council decision establishing a medium-term Community action programme to foster the economic and social integration of the least privileged groups the ESC expressed the view that the draft programme presented by the Commission, although better funded than its predecessors, was still inadequate when weighed against the scale and urgency of the problems to be tackled.

While approving the proposal, the ESC regretted that it did not draw more on the lessons of the previous programmes. The prototype schemes should serve as models from which all those concerned at national, regional and local level could draw lessons in their fight against poverty.

The Opinion also stressed the vital importance of preventive measures and of measures to tackle the underlying causes of poverty.

### **Social developments in 1988**

In its Opinion on social developments in 1988, the ESC noted that of the 1.6 million new jobs created, 75% took the form of part-time employment, and that unemployment had decreased by only 0.3% from the 1987 figure. Employment was also increasingly precarious.

Disparities, both in terms of unemployment and income, did not substantially narrow in 1988. Poverty throughout the Community as a whole, particularly in its new forms, touching much broader strata of the population, had not been arrested. In the face of the overall increase in demand for social protection, certain forms of social assistance had been eroded.

The immediate social challenge facing the Community was to ensure that the expected growth was geared towards proper employment promotion, that priority was given to improving the level and quality of employment, and that a net increase in the volume of work and real jobs was achieved and sustained, rather than a mere shake-out, displacement or substitution of existing employment.

The European social challenge towards and beyond 1992 should be about a determined policy-mix, with a view to promoting employment responsive to and integrated with, but not merely a variable of, fluctuating market demands. In other words:

- (i) the flexible advantages and economic performance of the market needed to be sustained by adaptable working methods and proper training conducive to maximizing employment potential;
- (ii) market prospects too should be complemented by concerted employment programmes focused on societal needs such as housing, social and civic services, improving the quality of life, protecting and upgrading the environment and natural resources, preserving and renewing our cultural heritage—needs vital to the social fabric of European democracy, upon which the free market depends, and which foreign producers or competitors could never satisfy.

In the first instance, sustainable economic growth conducive to a higher employment content in industrial investment, would require consistent progress in manpower/supply-side conditions, developing, through good labour relations and collective agreements, the ability of workers to



change jobs within a given or rapidly changing organizational structure, thus enhancing worker adaptability.

Intrinsically linked to this latter approach of functional adaptability, and vital to the objective of increasing the employment content of industrial investment, was the need to maximize the operating hours of capital equipment and thereby allow the employment of more labour per unit of capital as well as under certain circumstances, to match the cost reductions resulting from longer operating hours of equipment with reductions of individual working time and the creation of more jobs.

In all this, collective negotiations between the social partners at all agreed levels would appear to be the most appropriate channel to pursue, complemented by national and European legal frameworks guaranteeing basic social and occupational rights.

### **Free movement and the people's Europe**

The ESC welcomed the revisions proposed concerning freedom of movement for workers in the EEC. It noted the intention to extend the categories protected by Community legal provisions to include the family unit and was pleased to see that the rights of a 'non-Community spouse' would be adjusted so that in the case of death or divorce he/she could retain the right to employment and residence and would no longer be put at a great disadvantage. It also seemed sensible to ensure that EC nationals performing their contractual duties on secondment in another Member State or third country for employers based in the EC would be covered, and so the ESC welcomed the proposal to include aid and assistance to promote mobility for such workers. The terms of the proposal for the introduction of a European Community residence card (as opposed to the current EC residence permit) were also welcomed.

The Committee endorsed the Commission's proposal to simplify the payment of workers' pensions under different social security schemes (Regulation (EEC) No 1408/71).

The Committee further approved the draft directives on the right of residence in other Member States of students, pensioners and other persons who were economically inactive. The ESC felt that the anxiety of some potential host Member States had been reduced by the declaration that the right of residence should be granted provided the beneficiaries had proper sickness insurance and did not require social security cover in the host country. When finalizing the directive, proper attention would also have to be paid to the position of widows, divorcees, non-Community spouses and their dependents, and orphans.

The ESC welcomed the proposal concerning the Lingua programme.

It thought the programme should highlight more clearly the organizational and technical rather than pedagogic challenges involved in promoting quantitative and qualitative improvements in the teaching and learning of Community languages. Likewise, a clearer concept of the Lingua programme might have emerged had the proposal indicated more fully the results of preparatory analyses by the Commission. The ESC considered the allocation of annual block grants to each Member State to be fraught with risks of these sums not ending up being complementary or additional. A tighter scrutiny and implementation procedure was necessary. At the same time, more mention should be made of possible economies of scale which Lingua could help promote. None the less, Lingua rightly focused on human resources, in terms of sufficient teachers, trainers, students and trainees. The ESC supported Lingua's initial thrust towards improvements in the training field. However, more emphasis needed to be given to a programme of learning Community languages at primary school level, and to the objective of promoting language learning facilities for the present and future workforce.

In its Opinion on the proposal for a directive on voting rights for Community nationals in local elections in their Member State of residence, the ESC approved the Commission's proposal but made various comments and recommendations with the aim of facilitating its adoption and introduction in the light of experience gained in this field by some countries and in anticipation of the difficulties some Member States might encounter in applying it.

After stressing that the issue was both topical and important, the Opinion pointed out that the Commission proposal represented a significant attempt to overcome remaining obstacles to the free movement of people and create a European area with no internal frontiers; complete the single market by 1992 and build a people's Europe; promote the respect and full exercise of the democratic rights which the Member States pledged to uphold in the Single Act; and more generally, make for wider participation by citizens and nations in a swifter and more balanced process of economic, social, democratic and cultural growth in the Community and Member States.

The Opinion also described the positive and encouraging situation in Member States (the Netherlands, Denmark and Ireland) which had already granted the rights to vote in local elections to nationals of other Member States and even to citizens of non-EEC countries.

In its final considerations, the Opinion also touched on the questions of achieving a people's Europe and of having a special set of rules for family members, refugees and stateless persons and citizens of non-EEC countries.

The Committee endorsed the Community action programme in the field of vocational training and technological change—Eurotecnet II—stating that technological change required even greater efforts to improve workers' skills in all fields of activity and at all levels. The move towards a single market represented an additional challenge in that workers were now required to be more professionally and geographically mobile than before and ready to work abroad. Eurotecnet II could help to improve the transparency of basic and further training in the Community and could further the exchange of experiences.

In its Opinion on the proposal amending certain provisions of the Erasmus programme, the Committee approved the Commission's changes in the light of the lessons learned from the process of evaluating the initial two years of the programme. It also pointed out that in the run-up to the internal market there was an urgent need for more graduates with direct experience of working in other EC Member States, in order to secure progress in vital economic and social cooperation within the Community.

The Committee welcomed the proposal concerning the further development of the Handynet system. It urged Member States to integrate Handynet facilities when submitting programmes in the context of the structural Funds. The proposal should be seen as an intermediate step. The next step should be the development of comparable norms and standards of equipment for the disabled throughout the Community, together with appropriate testing and quality control, plus more open access to available equipment.

In an additional Opinion, on cultural action and the social consequences of technological developments in the television and audiovisual sectors, the Committee stressed that the European cultural model was not a melting pot, but rather a multi-various, multi-ethnic pluralism of culture, the sum total of which enriched each individual culture. In order to help work towards a socially responsible modern European audiovisual industry, the Committee highlighted the following points:

- (i) the European Convention on transfrontier television should be ratified by all EC Member States as early as possible;
- (ii) regulatory bodies needed to involve the public more;

- (iii) press freedom, freedom of expression and more open access to information were of vital importance;
- (iv) a percentage European airtime, based on quota systems, viewer-led quality grading techniques and fiscal incentives had to be applied in order to offer positive support for the rich diversity of indigenous European programmes;
- (v) an EC-wide effort had to be made in order to ensure adequate threshold limits for advertisements;
- (vi) local broadcasting stations and productions catering for the needs and cultures of ethnic minorities living in the EC should also be promoted;
- (vii) extra aid was needed for gearing programmes to specific language areas;
- (viii) appropriate measures were needed to prevent media monopolies and to control media mergers. The Commission ought to set out more clearly the limits to cross-ownership and media monopolization, notably through measures requiring transparency of financial transactions and disclosure of holdings;
- (ix) a European media observatory could be set up to monitor and help restrain such economic concentrations, and to help promote freedom of information, cultural pluralism and equal opportunities as regards training and employment;
- (x) accompanying EC measures were also vital to guarantee minimum protection for professional standards, ethics, editorial autonomy; freedom of conscience for all journalists and employees involved in the media were also vital;
- (xi) likewise, EC instruments were also needed in order to ensure basic collective contractual rights and social insurance cover for employees involved in the media, and to encourage transnational corporations to respect existing acquired rights and relevant international labour conventions;
- (xii) it was essential to involve employees and their union representatives in determining the contents of new media training programmes;
- (xiii) the social dialogue needed to be extended to the cultural and media sectors, both at European and other appropriate levels, involving employees and the public;
- (xiv) the Commission should provide EC-wide employment statistics concerning the cultural audiovisual sector.

### **Social consequences of cross-frontier concentrations between undertakings**

The Committee's Own-initiative Opinion recognized that cross-frontier concentrations between undertakings were often necessary, if only to strengthen the competitiveness of the European industry. As measures to safeguard and create jobs they were also in employees' interests, although they could also have adverse effects on employees, particularly through:

- (i) the transfer of production from one establishment to another in a group of companies;
- (ii) the shifting of focal points of investment to other parts of a group;
- (iii) rationalization measures;
- (iv) shutdown of certain parts of a group;
- (v) transfer of the head office to another EC country;
- (vi) changes in the organization of work and working time;
- (vii) cross-frontier transfer of staff.

The Committee considered that it was vital to establish information and participation rights for employees' representatives in connection with cross-frontier concentrations between undertakings. A Community framework should be devised for this. The framework ought to be based on national arrangements for employee representation, and provide for regular information and consultation of employees' representatives at European level.

Past experience held out little hope that satisfactory arrangements could be arrived at on a voluntary basis between employees' representatives and the decision-making bodies of undertakings. There was an urgent need for a Community legal basis in order to make substantial progress in this field possible.

In view of the increase in cross-frontier concentrations between undertakings in the Community, the Committee proposed that a European advisory committee of employee representatives be set up alongside the group/undertaking management. The following points should be covered in a directive:

- (i) the membership of the European advisory committee (election by the labour force in accordance with national traditions or through existing employees' representative bodies/representative trade unions);

- (ii) the distribution of seats in proportion to the status and number of employees (employment structure) in each country;
- (iii) the laying down of clearly defined information and consultation rights;
- (iv) a procedure in the event of disagreement, with the possibility of deferring the implementation of measures which affected the interests of employees in more than one country;
- (v) the right to call in experts;
- (vi) regular meetings (at least once a year);
- (vii) an obligation on the undertaking or concentration of undertakings to bear the cost.

The Committee also began work, together with the EFTA Consultative Committee, on the European social area and basic social rights.

The Committee considered that at a time when the Community was moving towards the completion of the internal market, and cooperation between the EFTA countries and the EC regarding the construction of the European economic space (EES) was intensifying, it was vital to have close cooperation in the social sphere, *inter alia* to:

- (i) safeguard the European social model by enabling it to become more homogenous, dynamic and effective;
- (ii) promote concerted strategies for growth, employment and mobility throughout a European social area;
- (iii) develop joint actions in order to increase the competitiveness and skills of human resources;
- (iv) prevent unfair competition in the area of social rights becoming common practice in the market economy;
- (v) tackle questions of inequalities and of increasing poverty amidst increasing affluence.

#### 4. ECONOMIC, FINANCIAL AND MONETARY POLICY

##### **The economic situation mid-1989**

It is standard practice for the Committee to issue two Opinions every year on the economic situation in the Community.

The first is an Own-initiative Opinion, whilst the second is issued in the wake of a Council referral and is based on the Commission's *Annual Economic Report* which is published towards the end of October.

The ESC's Section for Economic, Financial and Monetary Questions feels that the Own-initiative Opinion ought to reflect the Committee's views about developments in Community economic policy.

The Opinion on the first half of 1989 sought:

- (i) to brief the Council on economic and budgetary policy measures advocated by representatives of economic and social interest groups in the Community. By issuing its Opinion in the middle of the year, the Committee puts its views on economic policy to the Economic Policy Committee and the Coordination Group in time for them to be taken into account in final discussions on the preliminary budget;
- (ii) to alert the Commission to the social partners' views on economic issues at the time when the *Annual Economic Report* is being drafted;
- (iii) to brief economic and social councils and trade organizations in each Member State, via their representatives on the Committee, as to the Committee's views on economic developments throughout the Community. Sending the Committee Opinion to national consultative bodies will hopefully enable them to take account of this European economic policy statement and possibly incorporate it into their budget submissions to their respective governments.

In conjunction with the report on the economic situation in the Community, the Section drafts a report on the economic situation in the Member State holding the Council Presidency for the first half of the year in question. At the time of writing Spain held the Presidency.

The Committee took the view that prospects for economic growth in the Community remain generally good, and suggest that the long period of sustained but moderate expansion is to continue. The Opinion continued as follows:

'It should be borne in mind, however, that the Community's economy interlocks with the world economy. Although the latter is still achieving fundamentally sound growth, a number of unsolved problems have made it vulnerable. For example, the enormous indebtedness of developing countries, the US budget and current-account deficits and the fluctuations in the US dollar continue to spell danger.

The less favourable world economic situation, coupled with the slower increase in private consumption and tight monetary and/or budgetary policies in some Member States, point to a Community growth rate of around 3.25%. At the same time a further supply-side improvement is likely. In some Member States, such as Italy, Spain, Portugal and the UK,

economic growth is likely to fall below its current high levels. The impetus received by other partners will probably give them a more expansionary role.

In 1989 the upturn in investment was the major growth factor in almost all EC States. Given the considerable improvement in returns on capital and the fact that industry is now working to full capacity, capital formation is likely to increase and there is likely to be a shift from labour-saving investments to investments in new plant. In addition, investment will probably benefit from industry's preparations for the single European market.

Although the growth in employment has picked up in recent years, more than 10% of the workforce are still out of work, i.e. there are approximately 15 million registered unemployed. Long-term joblessness is still rising and already accounts for more than half of total unemployment. Youth unemployment still averages more than 20% throughout the Community. Growth in the employed labour force is not reflected in a fall in joblessness, since more of the vacancies are filled by non-registered unemployed and the participation rate is on the increase. Furthermore, growth in employment is forecast to fall slightly to just over 1% in 1989 and a considerable number of the new jobs are part-time. If the slight fall in unemployment cannot be speeded up, the unemployment rate in the Community in 1992 will only be slightly less than 10% of the workforce.

Inflation in the Community will, on average, rise only slightly above the present rate and thus remain in check (a 4.8% increase in the private-consumption deflator is forecast for 1989). However, the individual Member States must be extremely vigilant (some more so than others), since the factors which hold down prices are flagging. Thus, for instance, a further improvement in the terms of trade is unlikely. Furthermore, prices are under pressure from domestic demand and costs, especially in Member States where capacity utilization has been high for some time (e.g. UK, Italy and Spain). However, average unit labour costs in the Community are set to rise by a moderate 3.3% in 1989 (compared with 4.5% in the USA and 1.6% in Japan). On the monetary front, the growth in money supply is likely to slow down.

The strengthening and stabilization of monetary cohesion within the Community has been helped by the convergence of inflation rates, especially between EMS countries. However, there are still great differences between Member States' budgetary situations and their external balances are also beginning to diverge. This may destabilize exchange rate patterns', the Committee concluded.



The Opinion also addressed current economic policy requirements, namely:

- (i) coordination of economic policy in the EC;
- (ii) exchange-rate and monetary policy;
- (iii) budgetary policy;
- (iv) wages policy;
- (v) the internal market and the requisite policies (general employment policy, regional policy, sectoral policy, European infrastructure policy, competition policy, consumer policy, active environmental protection for an efficient economy, employment and labour-market policy, fiscal policy, exchange-rate and monetary policy).

### **The Commission's Annual Economic Report 1989-90**

The Committee shared the Commission's view that the economic situation, featuring strong growth poses at least two major challenges. The Opinion took the following line: 'First, the basic components of healthy growth must be strengthened so as to accelerate the process of reducing unemployment, help the less-developed regions to catch up and exploit to the full the expected improvements in the standard of living generated by the internal market. The structural policies must also be maintained and strengthened.

The second major challenge is the continuing step-by-step reduction of divergences in the financing of public sector budgets, in balance-of-payments situations, social conditions, and inflation rates which are, to some extent, the result of the different policies pursued in the various Member States. This is a precondition for progress towards economic and monetary union and for the continuation of growth with stability beyond the short term.'

The Committee stressed the need for greater environmental protection. 'It is essential that economic development should be structured for qualitative growth to allow real per capita incomes to continue to rise whilst ensuring balanced use of natural resources and funding of environmental protection. Above all, EC environmental policy must be expanded by setting up a European environment agency and supporting national environmental efforts.'

The Opinion continued: 'The most important task is completion of the internal market. It can be assumed that, together with increased profitability and capacity utilization, this programme has accelerated investment

in Europe. The Commission should attempt to quantify this effect so as to show national politicians the vital importance of the harmonization and liberalization measures which remain to be adopted.

In tandem with economic integration, it is essential that our proposals for economic cohesion and for giving the internal market a social dimension be implemented.' With regard to additional back-up policies required for completion of the internal market, the Committee referred to its Opinion (CES 752/89) adopted during the first half of last year.

The Committee commented specifically on monetary, budgetary, wages and collective-bargaining policies, and on the competitiveness of Community firms.

'The labour-market situation remains the Community's most pressing problem. Macro-economic strategies to secure economic growth and job creation must therefore be backed up by measures to ensure job-intensive growth. A cut-back on overtime, part-time work only for those who want it, coupled with adequate social security provisions, shorter working hours and more sabbaticals can all play a part here. A drive to enhance qualifications and promote retraining is important, making it possible to prepare workers for new employment opportunities and to counter shortages in specific segments of the labour market. Lack of skills among workers, training staff and even management is a major problem, particularly in those industries and service sectors which rely heavily on new technologies. Both business and public educational establishments have a role to play in solving the problem. The action programme for the long-term unemployed should be borne in mind, as should national efforts to combat long-term and youth unemployment. If unemployment continues to fall, firms should be asked to provide new workers with more on-the-job training and further training.'

### **New Community instrument to promote investment**

The NCI's general focus will again be on SMEs. For several years one of the Community's priority objectives has been to encourage the creation and development of small firms and to improve their financial environment. The development of these firms will help to spread the entrepreneurial spirit and encourage job-creating investment.

Providing SMEs with 'soft' Community-type loans will help them to overcome problems which they have in raising funds compared with large firms. It will also enable them to build up their equity capital. NCI IV was allocated entirely to SMEs for this very reason.

Safeguarding rural areas is the first specific objective which the Commission intends to pursue. This priority is part of an overall Community approach, for the regulation on the reform of the structural Funds (Council Regulation EEC 2052/88) also embraces the development of rural areas.

Community action is therefore necessary in order to:

- (i) promote the diversification of rural economies; and
- (ii) progress with environmental protection.

High technology and innovation is the second specific objective, and it is planned to give NCI assistance to SMEs wherever new technologies and material are incorporated and applied in their investment projects, regardless of the location. These technologies would cover a wide range of materials and products. Specific applications of research findings would also be eligible.

Educational and training costs would be treated as intangible investments.

In endorsing the proposal, the Committee noted that the new decision incorporates certain key principles and objectives proposed in earlier Opinions on the new Community instrument.

The Committee endorsed the extension of the NCI to cover rural areas and help small firms with innovation and new technologies.

The need to safeguard rural areas should be met by supporting all activities which, by diversifying rural economies throughout the Community, boost employment and regional production in a manner beneficial to environmental protection.

Support should thus be extended to individual entrepreneurs, cooperatives, and associations of small firms (including craftsmen) engaged in agriculture and its various sub-sectors (including tourism), as well as to economic initiatives by workers made redundant owing to industrial reconversion or restructuring.

The Committee also approves the fact that NCI financing for technology and innovation will include loans for a wide range of materials and products, as well as the financing of specific applications of research findings.

The assistance complements aid granted under individual Community programmes over an extended period, and justifies the decision to treat educational and training costs as intangible investments.

The Committee supports the change of method, making the NCI a revolving fund empowered to borrow and lend up to a ceiling equivalent to the amount of debt outstanding.

### **Trade statistics**

At present intra-Community trade statistics are compiled from the relevant formalities, documents and checks. These formalities, etc., will disappear once physical frontiers are abolished as demanded in the White Paper. Post-1992 intra-Community trade statistics will thus require a new basis.

The Commission proposal sought: (a) to define a general framework for all statistics on trade between Member States which will be justified at Community or national level after 1992; and (b) to develop compilation arrangements with the widest possible scope. In order to respond to the White Paper's aim of ensuring free movement of goods on equal terms throughout the Community, the proposal sought to extend Community rules to practically all goods movements between Member States. This would make it necessary not only to define trade statistics between Member States (special trade) but also determine the rules for transit and warehousing statistics.

While acknowledging that the proposal was a first step towards a possible solution to the problem of statistics on intra-Community trade in goods, the Committee noted that it cannot be divorced from the question of harmonizing indirect taxation, on which several Opinions were adopted at the ESC's Plenary Session of 7 July 1988. The Committee therefore endorsed the proposal subject to a number of remarks on substantive issues made at the time and certain fundamental and technical reservations expressed in the Opinion.

So while congratulating the drafters of the proposal on formulating a possible solution to the statistics problem after fiscal barriers are abolished, the Committee felt it unnecessary to spell out that before taking any decision on statistics it would be wiser to ascertain what exactly the abolition of frontiers as regards indirect taxation would finally entail. The Committee also referred to the approach which has emerged in certain Member States in the meantime, involving different proposals.

Finally, the Committee felt that, until the new system had been tested, caution should be exercised with regard to the applicability and effectiveness of the system, given its appetite for statistical information. It would be useful, the Committee said, to schedule a trial period while the current system was still in operation, with the voluntary collaboration of selected

major taxpayers. Such a trial itself required rapid publication of the essential implementing provisions.

## **Tax harmonization**

### *VAT on second-hand goods and works of art*

In 1989 the Commission put forward proposals for a special VAT regime for second-hand goods, works of art, antiques and other collectors' items. The new proposals were designed to abolish double taxation of these goods which heavily penalizes dealers and consumers in many Member States. The proposals also contributed to the completion of the VAT tax base, an essential part of the programme to complete the internal market.

Most second-hand goods have already attracted tax when sold for the first time. To tax them again on their full value when they re-enter the commercial circuit constitutes double taxation. Earlier attempts to adopt a VAT regime avoiding double taxation proved unsuccessful. The sixth VAT Directive of 1977 left the treatment of second-hand goods to a separate directive, allowing Member States to retain their existing arrangements in the meantime. A draft seventh VAT Directive was tabled in 1978 but the Council failed to adopt it despite 10 years of discussion. In 1987, faced with the prospect of its original proposal being diluted, the Commission withdrew it.

At that time, Commission Vice-President, Lord Cockfield, promised a fresh proposal which would take account: (a) of the particular nature of the second-hand market, and (b) of the proposals for the abolition of fiscal frontiers which are an integral part of the programme to complete the internal market. The new proposals fulfil that commitment.

The Committee felt that a common VAT system for these goods appeared useful. The Opinion continued: 'It is appropriate to implement the common system required in Article 32 of the sixth Directive, making it consistent with the judgments of the Court of Justice and helping to further the internal market.

The aims pursued by the proposal are thus acceptable, and can be supported.

This is however a very complex subject, and the introduction of a common system is complicated by the differing situations in the Member States.

The principle underlying the proposal is laudable. However, we have some misgivings about the actual provisions and various technical aspects.

The Commission draft does not completely resolve the double taxation problem raised by the Court of Justice. The principle that VAT cannot be charged twice on the same item must be implemented fully.

The principle that the tax should be based on the profit made by the dealer when reselling the item may in some respects appear a simple solution, but in other respects it distinguishes the tax from traditional VAT. The special arrangements would tax the dealer's profit (as defined by the Commission, i.e. the difference between the purchase price, inclusive of tax, and the selling price, exclusive of tax) rather than the value of the item.'

The proposal specifies that Member States may take as the taxable amount the overall profit made over each tax period. The Committee felt that this would alter the nature of the tax still further. It would remove any real link with the value of the individual items sold, and the final consumer would have no idea about the tax being levied on him, the Committee concluded.

#### *Withholding tax on interest*

The two draft directives on this are provided for:

The introduction by all Member States of a withholding tax of not less than 15% on interest paid to Community residents. This moderate rate is close to the Community average (0% to 35%) and is likely to be approved by the Member States.

A moderate rate is advisable in order to avoid:

- (i) driving savings outside the Community for tax reasons;
- (ii) pushing up interest rates.

Certain exemptions, to be implemented at the discretion of the Member State are provided for:

- (i) small savings exempt from income tax in the Member States;
- (ii) Eurobonds, which are issued mainly on the European market;
- (iii) residents of non-member countries—as is already the case in most Member States;

- (iv) Member States whose banks automatically declare interest payments to the tax authorities would not be required to deduct withholding tax from interest paid to their residents;
- (v) transactions between firms and interest paid by a private individual.

A non-definitive<sup>1</sup> withholding tax on all Community residents entails the new concept of a Community resident, a further step towards the creation of a European financial area.

The second Directive amends Directive 77/799/EEC of 19 December 1977 on mutual assistance between tax authorities and is intended to assist the exchange of information between tax administrations, where there is definite evidence of fraud, by removing administrative barriers.

It is not intended to affect the laws on banking secrecy.

The Opinion endorses the proposal to introduce a Community-wide withholding tax on interest subject to a number of comments. The proposal to extend mutual assistance is welcomed.

The Opinion continues: 'The ESC agrees that the withholding tax is an appropriate form of taxation from various points of view, including the principle of equity. Interest payments are taxed immediately, thereby providing a secure source of income in the Member States. By being levied at source, the withholding tax on interest income bears some resemblance to normal income tax deducted at source, as is the case in most Member States.

Most Member States already apply withholding taxes. The impending liberalization of the capital market therefore calls for Community regulations to forestall the diversion of capital resources from investments being attracted to areas with the most favourable tax systems.

The higher the rate of the withholding tax, the greater the attractiveness of tax avoidance. A rate of around 10% would therefore be desirable. A lower rate would also considerably facilitate adoption by the Council, where a unanimous vote is required.

One of the main reservations about the draft directive is that even Community regulations will not prevent capital from being invested in tax-free bonds.

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<sup>1</sup> A withholding tax is described as non-definitive if it does not fully discharge the taxpayer's tax liability, and he is therefore still required to declare the amounts received for purposes of income tax.

Similarly it will still be possible to invest capital in non-member countries which do not apply withholding taxes.

Implementation of the directive should perhaps be dependent on a commitment by the Community's major trading partners to operate a parallel scheme themselves.'

### **Indirect taxation**

Examining a Commission communication, the Committee took the view 'that the overall Commission approach is highly pragmatic, and takes account of the difficulties which various proposals have encountered in the past and will most likely encounter in the future. However, the Commission communication can be regarded as a declaration of intent and, as such, is too broad. A more detailed general appraisal will not be possible until the provisions of the proposed directives are published.'

The most significant change, compared with the previous proposal, is the indication merely of a minimum standard VAT rate, leaving Member States at liberty to exceed this level.

However, there is a risk that differing rates will persist indefinitely and cause disruption, unless market and competition forces prove more effective than regulations in speeding up alignment.

In addition, the Committee is fully aware of the progress of discussions within the Community institutions, in particular the conclusions of the Ecofin Council meetings on 9 October and 13 November 1989.

It therefore points out that 31 December 1992 is too tight a deadline for the introduction of a general system of taxation in the country of origin. A transitional arrangement, running from 1 January 1993 for as short a period as possible, whereby transactions carried out by interested parties will be taxed in the country of destination, should therefore be introduced.

Under the new rules border checks will in any case have to be scrapped in favour of tax control within the Member States, backed by suitable forms of cooperation and exchange of information between the tax authorities.

### **Economic and monetary union**

The Committee issued an Own-initiative Opinion on the Delors Report on economic and monetary union, and an Opinion on the first stage of that process.



In the first Opinion, the Committee pointed out that economic and monetary union is described as a realistic target in the report presented on 12 April 1989 by the committee of central bank governors and economists chaired by Commission President, Jacques Delors, in accordance with the terms of reference laid down by the European Council in Hanover on 27 and 28 June 1988.

The conditions for the achievement of economic and monetary union are better now than they were at the time of the Werner plan (Council Decision of 22 March 1971) or of the establishment of the European monetary system (Council Resolution of 13 March 1979), which has not yet moved on to stage two:

- (i) economic and monetary union will supplement the international market which is to be established by 1 January 1993 under the terms of the Single European Act. The advantages of the internal market will be felt in the monetary sector, too; indeed, monetary union is even a key feature of a Community-wide internal market;
- (ii) a single monetary area would also be a logical sequel to the plan for liberalizing capital movements by 1 July 1990 (even if transitional rules are to apply until 1993 for Ireland and Greece and until 1992 for Spain and Portugal), and to the lifting of all restrictions on banking under the terms of the second Directive on the coordination of banking legislation;
- (iii) the prerequisites for economic and monetary union have improved because the gaps between inflation rates have narrowed and economic policies have converged more, thanks to the closer cooperation between central bank governors and economic and finance ministers.

Given the objectives listed in Article 2 of the EEC Treaty and the fact that the arguments put forward in the first chapter of the Delors Report are to be endorsed, it would seem advisable and realistic to move towards economic and monetary union. In so doing it will be possible to build on the good record of cooperation within the European monetary system. Approval is given to the view (in point 5) that the EMS has succeeded with regard to relative price and exchange-rate stability, though this success has also been due to the particularly favourable economic and monetary climate in recent years.

In the Committee's view, 'the key to progress towards economic and monetary union will be political will and readiness to make the requisite

institutional arrangements. The Madrid European Council's decision of 27 June to launch the first phase of EMU on 1 June 1990 as proposed in point 43 of the report is obviously not yet regarded in all Member States as a clear political commitment to a fully-fledged monetary union, i.e. as a "decision to embark on the entire process" as the Delors Report states in point 39. On the other hand, some progress will be made in the monetary sector in the run-up to 1992 thanks to the liberalization of capital movements and financial services and the coordination of banking supervision.

However, the question of how the transfer of economic and monetary powers to the Community is viewed is still all-important for the broad political approval needed by EMU. One difficulty here is that the Community bodies have not yet discussed to what extent fixed exchange rates or even a single Community currency will be contingent on powers and decision-making being transferred to the Community. The extent of this transfer to Community bodies (such as the Council of Ministers and the European system of central banks) is crucial for the political endorsement of economic and monetary union and should therefore be agreed on before a binding decision is taken on the final stage of EMU. The discussions should also cover the alternatives to the Delors Report which have been given a public airing in the meantime but which were not covered by the Committee Opinion.

The willingness of policymakers at all levels to bow to economic constraints and approve the surrender of sovereignty needed for economic and monetary union will not fit in easily with a three-stage plan, even if no deadlines are fixed for these stages. However, a target date, such as the year 2000, might help to generate political will and facilitate decision-making. The fact that the 1992 deadline for the internal market is working well is evidence of this. In addition, the hitherto mainly academic discussion should be extended and action taken generally to promote the political willingness to accept EMU. Above all, the public should be alerted to the need for EMU, with all its benefits and consequences.

An early date, if possible in the second half of 1990, should be set for the intergovernmental conference for drafting an EMU Treaty which was proposed in the Delors Report and accepted at the Madrid Summit. This conference should not be held in full secrecy throughout; a suitable way of briefing parliaments—European, national and regional—should be found. These briefings and discussions should include economic and social groups, as represented in particular on the Economic and Social Committee, which should be consulted regularly on further developments. Economic and monetary union extends far beyond the internal market and has far-reaching consequences for the economy and the social fabric and thus

for the public in general. The implications of EMU must be broadly known when the final vote is taken, because such a vote will be tantamount to a Community-wide referendum.

Because of the desire to seek broad political approval for EMU, it would be advisable to agree on its consequences as soon possible and consolidate all the main decisions required for the completion of EMU in a single Treaty. In addition, the path towards EMU described in the Delors Report could be underpinned by an action programme—basic social rights, tax harmonization, regional policy—to be proposed by the Commission (as in the 1985 White Paper on the internal market).’

The Committee noted that ‘the old dispute between “monetarists” and “economists” on whether economic union is an inevitable consequence of monetary union or merely its culmination has not been fully laid to rest in the Delors Report. The parallel implementation of economic union and monetary union is advocated in point 21. However, the report rightly admits in point 42 that “temporary deviations from parallelism” cannot be avoided and are indeed “part of the dynamic process of the Community”.’ Be this as it may, the Committee agrees with the Delors Report that parallelism means that the principal features of economic union are influenced by the agreed monetary arrangements and constraints, but equally that monetary union is only conceivable if it goes hand-in-hand with a high degree of economic convergence.

Monetary integration must and can be to the fore if it is decided to set up a European system of central banks—ESCB—(point 32) with a mandate for a common monetary policy (point 24). On the other hand, individual Member States should rightly be entitled to retain a certain degree of autonomy in their economic decision-making. This degree of autonomy, which still has to be agreed on, would satisfy the principle of subsidiarity and would ensure that Member States retain their identity and plurality (economic, social, cultural, political—point 17) as they should. Basically it is more a question of enhancing the political will to act jointly than of creating new institutions as soon as possible.

In the monetary union, a Community-wide body—the ESCB—will be responsible for monetary policy, but in the absence of a democratically appointed Community government, economic union will have no comparable body to lay down common policy guidelines.

It would be feasible—without changing the role of the EC Commission and pending an increase in the European Parliament’s powers—for the Council of Economic and Finance Ministers to be given temporary economic policy-making powers on the basis of Articles 102a, and 105 of the EEC Treaty.

Economic and monetary union would give the Community greater clout internationally. The ecu would be able to compete better with the dollar and the yen, as an investment and reserve currency, than any European currency. A Community speaking with one voice could play a greater role (and a role that really befits Europe) in the world monetary system, in international organizations such as the World Bank and the International Monetary Fund and in other groups such as the G7 (and a future G4?).

The tasks described in Chapter 2 (final stage) would be taken over in one go by the economic and monetary union to be implemented by a special treaty. On establishment, the ESCB would immediately take over all powers, in particular the responsibility for the common monetary policy and for the administration of the pooled currency reserves. For the participating currencies which by definition would be linked by irrevocably fixed parities, the ESCB would prepare the transition to a uniform European currency (ecu).

In the second Opinion, the Economic and Social Committee welcomes the proposal for a Council decision on the attainment of progressive convergence of economic performance during stage one of economic and monetary union.

The Committee says : 'The first stage of economic and monetary union will only be successful if greater compatibility of economic performance and closer coordination of economic policy are achieved. To this end the draft decision proposes that the Council undertake multilateral surveillance by means of indicators, country reports and annual economic reports, and issue policy recommendations on the basis of this surveillance; this is a step in the right direction. Regrettably no provision is made, however, in this procedure for the involvement of the College of Commissioners in the preparation of the multilateral surveillance.

The multilateral surveillance is to be undertaken by the Council of Economic and Finance Ministers on the basis of reports and analyses submitted by the Commission. Article 3 of the decision states that these are to include trend reports (presumably quarterly), country reports and an annual economic report. Article 4 specifically states that the annual economic report is to be adopted by the Council on a proposal from the Commission and after consultation of the European Parliament and Economic and Social Committee. In this connection an effort should be made through the annual economic report, with respect to the major indicators, to provide guidelines which could form a practical basis for the current multilateral surveillance.

The country-by-country reports could serve as a basis at national level too for the dialogue between social and economic interest groups provided for in the Single European Act. As the ESC has already been doing this for years on its own initiative, the procedure could be improved if the country reports drawn up by the Commission were, just like the annual economic report, forwarded to the ESC for its Opinion before being referred to the Council. In the case of the country reports, particular consideration should be given to the problems of regional and structural adjustment.

In this connection the Committee regrets that the repeal of Directive 75/121/EEC of 18 February 1974 means that its Article 3 is also revoked; this provided for consultation with the representatives of the most important economic and social groups on basic economic policy. This provision should be reinstated.

The Committee also welcomes the recommendation for a Council decision amending the Decision of 8 May 1964 on cooperation between the central banks of the Member States. This amendment would seem opportune as the first stage of economic and monetary union is due to start on 1 July 1990, calling for greater convergence of economic performance towards non-inflationary growth and towards economic and social cohesion between the Member States. The ESC agrees (a) that greater convergence should be promoted with a view to achieving domestic price stability, which is at the same time a necessary condition for stable exchange rates, and (b) that the formulation of monetary policy in an economic and monetary union should provide for commitment to price stability, which is essential to the success of that union.

The Opinion highlights the fourth recital of the draft decision, which states that the central banks should be given more autonomy. This is advisable in that it would give all the central bank chairmen equal standing in the negotiations and joint decisions. Such equality would facilitate the preparations for the setting-up of a European system of central banks which would, under the proposals contained in the Delors Report (point 32), be independent.'

### **Takeover and other general bids**

In the field of company law, the Committee's Opinion states that 'the proposal for a 13th Council Directive on company law, adopted under Article 54(3)(g) of the Treaty, concerning takeover and other general bids for public companies limited by shares, reflects a genuine need for market transparency, correct information, equivalent protection for companies, shareholders and other interested parties, and for equal treatment within the various categories mentioned.

At present, in view of the economic and legal background in some Member States, there are *de facto* and legal obstacles to implementing the directive.

The Committee concedes that the Commission is examining these very real obstacles.

With the impending completion of the internal market and integration of financial markets, public issues of securities will have to be governed by rules upholding the rights and interests of all parties if there is to be freedom and mobility in the takeover market—a vital ingredient for a healthy economy.

Takeover bids could be a useful way of stimulating productivity, provided industrial policy does not treat the productive and financial aspects of the economy as separate entities. Rules on takeover bids should therefore be part of a legislative framework which can be adapted to new situations as and when necessary.

The formation of groups within the Community which can meet the challenge of international competition will help boost the standing of the European financial market and the productive economy in general.

As things stand at present, it is easy for non-EC operators with high financial profits and a substantial debt capacity to take over strategically important Community companies.

Moreover, given the legal and economic background in some Member States, existing imbalances and the absence of comparable conditions could prove to be the main stumbling blocks to effective implementation of the directive. The Committee trusts that these *de facto* inequalities between the situation of the Member States as regards the takeovers Directive will be the subject of a thorough examination and, possibly, of corrective measures.

Similarly, it is clearly unfair that non-EC companies should be able to take over Community firms without the reverse being possible.

The Committee calls on the Commission to examine positive measures to compensate for the lack of a principle of reciprocity (which would in fact be fully justified at the present time).

It wonders particularly about the Exon-Florio amendment to the Trade Act, which would justify the general implementation of similar measures in the Community in the event of widespread application.

In view of recent stock market trends and the financial techniques used for mounting and fending off takeover bids, and looking at those countries which have introduced rules on takeovers, the Committee stressed the need for companies to operate within a clear and precise legal framework.

Nevertheless in view of the manner in which tactics and techniques develop so rapidly in the field of takeovers there is a need for national regulatory authorities to be provided with powers that allow some measure of flexibility, albeit within clearly defined parameters.'

Finally, after several technical comments intended to clarify takeover procedures, the Committee states 'that in the event of a takeover bid all relevant information should be supplied to workers' representatives and all employees of the offeree company, alongside the information given to shareholders. The boards of the companies concerned should update information before final agreements are reached and, in the event of a hostile bid, information should be made available before the takeover bid is publicly announced. All aspects of takeovers should be discussed with workers' representatives.'

### **Stock-exchange listing particulars**

On 17 April 1989 the Council adopted a directive 'coordinating the requirements for the drawing-up, scrutiny and distribution of the prospectus to be published when transferable securities are offered to the public'.

If the offer concerns securities which are to be officially listed on a stock exchange, the information must comply with the requirements of Directive 80/390/EEC as amended by Directive 87/345/EEC.

Under the present proposal, the public offer prospectus (89/298/EEC) whose information complies with the requirements of Directive 80/390/EEC as amended by Directive 87/345/EEC may be used for a stock-exchange listing in any Member State if it has been approved in the preceding three months by the authority responsible for approving public offer prospectuses.

The Committee takes the view that 'the enlargement of the economic area in which firms operate to the dimensions of the Community involves a parallel enlargement of firms' needs for finance and of the capital markets to which they must turn to satisfy these needs.

On the eve of the liberalization of capital movements on 1 July 1990 and the completion of the single market scheduled for 1 January 1993, it is important for the Council to adopt a measure like the present proposal which is designed to help bring the single market into being.'

## 5. REGIONAL DEVELOPMENT AND TOWN AND COUNTRY PLANNING POLICY

During the first eight months of 1989 the Economic and Social Committee drew up a report and an Opinion on two interesting aspects of regional development. The report examined the implementation and follow-up to the integrated Mediterranean programmes (IMPs), while the Opinion considered the contribution of the cooperative sector to regional development.

The IMPs report is of interest for its wealth of detail and its criticism of the programmes implemented in Crete, parts of Italy and the South of France. In each case the Commission, the local authorities or the Member States, come in for criticism, mainly because of administrative shortcomings. The report's conclusions are equally valid for other similar initiatives. The Committee has issued the report in brochure form.

The Opinion on cooperatives comes at a particularly appropriate moment in the run-up to 1992 and European integration, as 1989 has also seen :

- (i) the creation of a special Commission Directorate-General (DG XXIII) to devise measures for promoting the cooperative and non-profit sector ; and
- (ii) the organization of an international conference in Paris on the cooperative movement.

Cooperatives have the advantages for regional development of requiring relatively little capital investment and of being able to galvanize the local workforce.

## 6. INDUSTRIAL POLICY

### **Public contracts**

The Committee is pleased that the Commission, after a prolonged period of reflection and consultation with the sectors concerned, has finally tabled its definitive proposals to extend Community regulations to public



purchases of all commodities outside the defence area. The potential savings effect of opening up public contracts is significant but difficult to quantify. What is certain, however, is that the static direct trade effects resulting from increased import penetration (based on the assumption that public import penetration reaches the same level as in the private sector) are less significant than the competition effects (reorganization to eliminate inefficiencies) and the restructuring effects (increasing rates of utilization of production capacity, mergers, etc.). The goal of the Commission's proposals is to bring about increased competition in this area by creating transparency and laying down publishing and information rules as an indispensable framework within which economic market forces are set free to act.

The Committee approves the Commission's choice of a market-oriented approach. Whereas the legal status of purchasing entities may vary from country to country, the relevant criteria for a Community regulation must be whether the purchasing entity is public or is enjoying special or exclusive rights.

Firm Community rules, vigorously enforced and excluding preferences, are the only possible way of ensuring that economic considerations are decisive for purchasing decisions.

The Commission, as in the earlier supplies and public works directives, requires purchasing agencies to base the award of contracts on the criteria of most economically advantageous tender or lowest price only. The Committee agrees with this principle. But equally, limiting the use of the negotiated (i.e. non-competitive) tendering procedure has always been one of the Commission's main goals in combating the circumvention of the EEC's procurement rules. The Committee wonders if this principle should not also be applied to the hitherto excluded sectors and questions the Commission's justification for allowing a free choice of tendering procedures, namely that special flexibility is required for the hitherto excluded sectors because of their particular character in that they 'differ from the essentially administrative organizations typically covered by the existing directives in having economic or industrial purposes'. This is a key argument behind the Commission proposal because it serves as the justification for its flexible approach. The main difference between the hitherto excluded sectors and the others and the reason they were originally excluded from the public procurement directives is a political one, namely, that in the Member States' view they were of considerably greater economic and industrial importance. The pretext for not having opened them up, as the Commission itself states—was a legal one, i.e. 'that a particular activity may be allocated to a public entity in some States, to a private entity in others or indeed to both.'

The Committee also urges that the Community Directive, currently before the Council, on the enforcement of Community public procurement regulations should encompass the directives on water, energy, transport and telecommunications as soon as possible. The establishment of Community regulations will remain an irrelevant paper exercise if there are no ways to enforce their application.

The Committee invites the Commission to limit to a minimum the number of derogations from the directive. Exemptions should be the absolute exception to the rule for the simple reason that once the Commission gives in to the pressure of one sector, others will (quite justifiably) follow suit. And this, as experience has shown with the former directives, will mean that the directive loses every hope of becoming efficient.

In the Committee's view, the arguments cited for the proposed exemptions are not always coherent with the general principles for the application of the proposals.

Sea-ferry services, for example, are excluded because 'in general, sea transport is an area in which most, but not all, companies are private'.

Airlines are excluded though operating in a highly regulated environment with limited access to routes and depending on State authorization because they are 'often in direct, if qualified, competition with one another'.

Such criteria are clearly too vague and imprecise to be useful and the Committee therefore, to avoid arbitrary exemptions, invites the Commission to apply rigorously its own stated criteria for defining which activities are covered by the directive, i.e. activities of contracting entities which are public or operate on the basis of special or exclusive rights.

## **Services: Banks — insurance**

### *Banks*

Following the adoption in 1988 of its Opinion on the second Banking Directive (single banking authorization in the EC) the Committee stated its views on a proposal for a parallel directive designed to facilitate access to investment activities and the exercising of these activities, either by established or unestablished firms, on the basis of a single authorization granted by the supervisory authority of the home Member State.

The proposed directive basically seeks to harmonize the rules for supervising economic agents operating in this area so as to enable the right of establishment and of the free provision of services in the common market to be exercised, and thus create a single financial area subject to free competition on the basis of a certain number of common rules.

The Committee fully approves this aim.

However, as the text stands at present, the Committee considers that the harmonization proposed is not sufficient 'to secure mutual recognition of authorization and of supervisory systems, thus enabling the application of the principle of home country control and the granting of a single authorization recognized throughout the Community'.

This is true, for instance, as regards:

- (i) the financial resources required: not all the investment activities covered by the proposal present the same degree of risk for the public, and so do not need to comply with the same requirements as regards financial resources, organization, etc. Provision should therefore be made for several classes or categories of authorization depending on the nature of the activities to be carried out. The proposed directive, or another directive which should enter into force at the same time, should lay down the minimum initial financial resources for each class of authorization requested, depending on the nature of the activities to be carried out;
- (ii) compensation schemes: nothing is known about how these operate or even if they exist in all the Member States. The question therefore arises as to whether branches of both credit institutions and investment firms situated in a Member State other than that of the headquarters should not be able in the future to offer the compensation scheme in force in their home Member State. In the longer term, the Commission should study the possibility of standardizing compensation schemes. Such a solution would have the advantage of allowing a greater spreading of risks, more in line with insurance techniques;
- (iii) assessment of an investment firm's financial soundness in the light of the risks involved, especially the risks of the market: the level of own funds required to cover market risks is a special problem, which the Commission should consider when framing a directive on this matter. Full account should be taken of the various positions of credit institutions so as to fix a ratio encompassing all their activities, including the market;

(iv) prudential rules and conduct of business rules pertaining to the activity under consideration. Strict prudential rules and conduct of business rules should be laid down, and the boundary between the two set out very clearly. This is especially necessary as the responsibility for the enactment of the former, and for monitoring compliance with them, lies with the competent authority in the home Member State, while for the latter these duties are incumbent upon the host Member State. Obviously, such rules must be harmonized more fully, so as to prevent anyone using them as a means of arbitrary discrimination or hidden restriction in order to protect a given market.

There is complete confusion as regards the situation, with respect to the host country's authorities, of an investment firm which wishes to carry out activities in the host country which it is permitted to carry out in its home country but which are not listed in the Annex to the proposed directive.

In addition, the powers of the host Member States as regards investment firms from other Member States which provide services or set up branches are not clearly determined.

### *Insurance*

The adoption by the Council on 24 June 1988 of a directive freeing capital movements within the Community area from July 1990 onwards will have the effect of eliminating any measure which limits the possibility of concluding underlying transactions, i.e. operations involving a capital movement between residents of different Member States, such as life-assurance operations. The Committee therefore welcomes the Commission proposal concerning the life assurance sector.

Moreover, the establishment of the internal insurance market, which is a key aspect of the European financial area, presupposes that it will be made easier for insurance firms with their headquarters in the Community to provide services, so that clients can avail themselves of the services not only of insurers established in their own country but also of insurers based in other Member States who have their registered office in the Community.

However, in its present version the draft directive covers only a limited area of life assurance—individual contracts not related to an occupation—and hence excludes all other types of assurance, particularly group assurance. The Committee takes the view that this limited field of

application compromises the unity of the arrangements covering the free provision of services in life assurance, and consequently the protection to be provided by the law whatever the form of contract (collective or individual) or the conditions governing the contract.

The Committee notes that the directive takes only limited steps in liberalizing the market and in consumer choice. Further steps may be necessary in terms of the role of brokers *vis-à-vis* agents and on advertising limitations to ensure the consumer is fully aware of insurance options available. The Committee therefore feels that the arrangements common to all life-assurance operations—individual and group assurance—must be dealt with in a single directive before the date planned for liberalization of capital movements (July 1990), or at least in two texts to be examined together.

The inclusion of collective contracts in the field of the proposed directive, under the same conditions as individual contracts, would have the advantage of applying to direct or indirect beneficiaries of collective contracts the protective provisions which apply to individual contracts.

In the field of application confined to individual contracts, the draft directive makes a distinction between contracts drawn up as a result of the active intervention of an insurance company and contracts entered into by persons who have taken the initiative of approaching an insurer based in another Member State. This analysis of the policyholder's wishes, based according to the Commission on a practice followed in certain States, leads to solutions whose practical application would, in the Committee's view, be difficult or even artificial and illusory.

In addition, the Committee has welcomed the Commission's proposals in the motor vehicle sector as a modest step towards liberalizing the market in motor vehicle insurance; they introduce greater competition between insurance companies while trying to avoid any difficulties which may result from the freedom to provide services for those who are involved in accidents caused by a motor vehicle which is insured by a company established outside their own Member State.

Since liberalization of the market in motor vehicle insurance based on home country control is to be limited to large risks, the proposals' impact may well be limited.

This is therefore no more than a first step towards opening up the market, the ultimate objective of which should be to have a completely free market when Community law has been harmonized to the extent necessary to ensure adequate protection for policyholders both large and small.

Consequently, the Committee urges the Commission, as a matter of urgency, to introduce proposals for sufficient harmonization of the provisions relating to financial guarantees (especially technical reserves) to permit implementation of the principle of country of origin and the granting of a single authorization valid throughout the Community. This legislation should preferably be implemented simultaneously with the present directive.

### **Company law**

Community harmonization of company law should be seen in the context of the freedom of establishment rules. The object is to ensure that firms from different Member States—in particular when operating outside their home country—provide both third parties and shareholders with equivalent safeguards. Community legislation thus (a) prevents distortions of competitions between firms from different Member States and (b) ensures that protection of third parties and shareholders does not impede freedom of establishment or freedom to provide services.

These principles underpin the fourth Company Law Directive, which, though adopted in 1978 and modified in 1984, is in its very first year of its practical implementation in several Member States of the Community. In fact it has not yet been implemented in three Member States. Consequently, the present proposal which amounts to a change in certain of the basic principles of the fourth Directive, is introduced even before the directive has been put to the test of time and practicability.

The Commission bases its proposed modification on the following main reasons: (a) reduction of administrative burden for SMEs is called for; (b) the optionality of certain exemptions is made compulsory in view of the widely varying use of the possibilities of exemptions causing distortions of competition (in short more harmonization and simplification is called for); and (c) small closely held companies are exempted from most Community rules because they are unlikely to engage in intra-Community trade.

The Committee finds it difficult to accept the Commission's arguments. The present proposal is not beneficial to SMEs. The Committee feels that SMEs need the discipline of management account and independent official auditing. The publication and filing of accounts have not hitherto been regarded as burdens on companies in those Member States where this has been mandatory but rather as the fulfilment of a natural obligation which companies have towards those with whom they have dealings. The Committee is therefore in favour of maintaining the system of registration.

The Committee regards the Commission's proposal as a derogation from the paramount importance of the principle of the fourth Directive concerning the protection of third parties. Thus as far as creditors are concerned the proposals could raise serious problems in such respects as valuation of assets and liabilities which, if left to managers, would in the Committee's opinion be left wide open to varying interpretations.

The Commission's argument that the proposal is necessary as a means of achieving greater harmonization of Community legislation is further eroded by the fact that Member States may increase or reduce by 50% the size criteria used for defining small companies.

There is therefore a genuine danger that companies of the same size will be classified as small in one Member State and medium-sized in other, resulting in unequal legal obligations and publication requirements and hence unequal competition.

### **Economic and Social Committee work on the media and the future shape of television broadcasting**

After adopting on 1 July 1987 its Opinion on the proposal for a Council directive on the coordination of certain provisions laid down by law, regulation or administrative action in the Member States concerning the pursuit of broadcasting activities, the Committee was keen to follow up this work by an additional Opinion. In so doing, just when the Council had adopted its common position, the ESC has been able to make its views heard during the second reading and to reiterate its previous standpoints.

The Opinion highlights the close link between the future directive—which will only cover television broadcasting and not sound broadcasting—and the Council of Europe's draft convention. It also stresses the link between the Television Without Frontiers Directive and the introduction of European standards for high-definition television (which has also received the ESC's approval).

The Committee draws attention to the main amendments outlined in the previous Opinion, which were finally taken on board by the Council:

- (i) the promotion of European television programmes no longer involves the imposition of strict quotas; more flexible and adaptable arrangements are proposed which take into account the specific situations in each of the Member States;

- (ii) any natural or legal person whose legitimate interests are damaged by an assertion of incorrect facts in a television programme will now have a right of reply. The Committee's earlier Opinions had advocated the introduction of this right, although the Commission proposal did not initially provide for this;
- (iii) the common position no longer contains any provisions relating to copyright; consequently, relations between copyright holders and cable operators are governed by the law of contract. The Committee's previous Opinion rejected a partial solution of limited scope as constituting an irrational approach, and called for comprehensive regulation of copyright under a separate Community instrument for general application.

The draft Opinion highlights several areas of common ground between the Committee Opinion and the common position as regards television advertising. However, the Committee deplores the fact that the daily quota for advertising, which is felt should have been limited to 10%, has been set at 15%, and possibly even higher under certain circumstances.

The Council directive on the matter, adopted on 3 October 1989, is largely consistent with the guidelines advocated by the Committee.

In addition, the Committee is specifically assigned a role in the directive's implementation since it is to receive, along with the European Parliament and the Council, the progress report to be drawn up by the Commission.

### **Intellectual property**

The Committee issued three important Opinions:

- (i) Green Paper on copyright—copyright issues requiring immediate attention;
- (ii) legal protection of computer programs;
- (iii) legal protection of biotechnological inventions.

#### *Commission's Green Paper*

This deals at length with the copyright issues considered to be the most urgent:



piracy;  
home copying of sound and audiovisual works;  
distribution and rental rights for sound and video recordings;  
legal protection of computer programs;  
legal problems relating to the operation of databases;  
external aspects of copyright protection.

The Commission addresses issues only of direct relevance to the functioning of the internal market, to the development of key industrial interests and to the development and protection of the Community's commercial interests abroad. Many copyright issues will remain firmly national.

The Committee accepts the importance of the copyright problem, and welcomes the Commission's initiative. At the same time, it makes a number of specific comments on the Green Paper.

The Committee argues that the Commission should give more detailed attention to the following: moral rights; the collective administration of rights by copyright owners; the protection of new forms of creativity; the inadequate protection of performers' rights; and the lack of uniformity in licensing arrangements for the recording of musical works.

### *Legal protection of computer programs*

This is the subject matter of the first sectoral directive proposed pursuant to the Green Paper.

Computer programs are at present not clearly protected in all Member States by existing legislation and such protection, where it exists, has different attributes.

Certain existing differences in the legal protection of computer programs have direct and negative effects on the functioning of the common market. Those differences need to be removed and new ones prevented from arising.

The Community's legal framework on the protection of computer programs can be limited to establishing that Member States should accord protection to computer programs under copyright law as literary works, and who and what should be protected, the exclusive rights and for how long the protection should apply.

The Committee welcomes the Commission's proposal as a means of ensuring appropriate copyright protection for the Community's computer and software industry and in eliminating barriers to trade in the Community.

The Committee stresses the importance of being as close to the Berne Convention as possible.

The Commission does not define originality. As the interpretation of this word in law differs from Member State to Member State, the continued existence of different degrees of originality in different Member States could act as a barrier to trade in computer programs between Member States.

The whole question of parallel importing of computer programs from outside the Community deserves further study by the Commission.

The Commission should consider including the right to make back-up copies of a program as one of the general rights of the user.

#### *Legal protection of biotechnological inventions*

Progress in the field of biotechnology has outstripped the provisions of the international conventions on intellectual property (Paris 1961; Strasbourg 1963). Because of this, the interpretation which national authorities give to the provisions of the international conventions as regards new processes varies considerably. The legal uncertainty which this creates, and the inadequate legal protection in Europe at present, thus need to be remedied.

The Community's competitors in the United States and Japan have better legal protection for the intellectual ownership of biotechnological inventions, and encourage research and innovation in this field.

The adoption of a Community directive will help the creation of a single internal market by eliminating national differences in legal protection of biotechnological inventions. At the same time, the possibility of patenting these inventions will encourage research and allow Community industry to be more competitive in world markets.

The Committee approves the proposal, but feels that it does not face up to all the problems associated with the legal protection of biotechnological inventions. The Committee therefore suggests that it be redrafted.

Agriculture is one of the sectors most directly concerned, being a principal consumer of the products of biotechnology. Consequently, the Section regrets that it was not possible to adopt an overall approach covering both the legal protection of biotechnological inventions and Community plant breeders' rights. Such an approach would have been more likely to avoid the risks inherent in double protection, which would be detrimental to both farmers and consumers.

The Committee also has misgivings about the possible combined effect of the two rules: the patentability of living matter and the extension of patentability.

One of the directive's main aims is to put Europe on an equal footing with Japan and the USA in obtaining patents. In the Section's view, this can only be achieved if researchers are better motivated. Such motivation hinges on the emergence of a genuine inventors' charter, and this is something which the directive does not address. The Commission is asked to give urgent consideration to this.

### **Community programme for helping small businesses**

- (a) A Committee Opinion was issued on the proposal for a Council recommendation relating to the implementation of a policy of administrative simplification in favour of small and medium-sized enterprises in the Member States.

The Committee supports the recommendation. Studies have clearly proved that legislative requirements and administrative burdens bear relatively more heavily on the smaller enterprise.

To many SMEs the greatest benefit government can confer upon them is to pursue a policy that is of a more stimulatory and less regulatory nature.

Whilst governmental authorities must do all they can to ensure that their activities place as small a burden on industry as possible, they must always remember their primary duty to protect both consumers and workers. In particular, existing standards of protection and the enforcement, together with appropriate methods of consultation, must be maintained.

Considerable efforts have already been made in a number of Member States to examine new and existing legislation in the light of the burdens it may impose on the business sector and to involve businessmen in an advisory role. The outstanding problems are listed by the Committee.

- (b) An additional Committee Opinion was issued on the proposal for a Council decision relating to the improvement of the business environment and the promotion of the development of enterprises, in particular of small and medium-sized enterprises in the Community.

The draft decision has three main aims :

- (i) to remove undue administrative, financial and legal constraints which hold back the development and creation of small and medium-sized enterprises;
- (ii) to inform and assist enterprises, and in particular SMEs, on national and Community policies, regulations and activities which concern them or are likely to concern them;
- (iii) to encourage cooperation and partnership between enterprises, in particular between enterprises from different regions of the Community.

The Commission considers that an overall budget of ECU 135 million would be needed for the period 1990-93.

The Committee has endorsed the Commission's plans for the coming years and the requisite budget.

The EC's SME integration policy must be a practical expression of the idea that all Community policies must make allowance for their effects on SMEs.

The Committee notes that the same point is made time and again in discussions: the management qualities needed for SMEs are still under-developed. The Community has an important task to perform here, namely to develop training modules for improving the management qualities of small businessmen. The courses must be practical and tailor-made in order to prevent participants from being disappointed.

The ESC takes a very positive view of the activities which the Community is developing in the form of experimental training schemes to prepare small businessmen for the changes wrought by the advent of the internal market.

The Community impact assessment statements are a good start in the right direction.

## **Technical barriers — internal market — industry**

The Committee issued Opinions on draft directives eliminating technical barriers to the free movement of goods (measurement units, prepackaged liquids, fertilizers, gas appliances, weighing instruments, etc.).

Opinions were also issued on protective devices for tractors.

Food conservation by ionization proved to be a controversial issue. In the end the Committee adopted, by a majority vote, an Opinion declining to approve the draft directive on the matter till the Commission furnished clear proof that ionization was harmless and technologically necessary.

## **Standards**

The Commission drew up a report on the operation of Directive 83/189/EEC, which has laid down a procedure for the provision of information in the field of technical standards and regulations (1984-87). This directive, whose field of application was extended to all industrial and agricultural products by Council Directive 88/182/EEC of 22 March 1988, is vital for completion of the single market since its aim is to avoid the creation of new technical barriers to trade within the Community.

The Committee stated that the directive had operated effectively; it had prevented the emergence of new technical barriers by instituting machinery for the collective scrutiny of draft technical legislation at national level, and by setting up an institutional and procedural framework for facilitating and accelerating the establishment of Community-wide standards.

The Committee pointed out that Community standardization policy was to be complemented by proposals for a Community framework for certification and testing. The Council referred these proposals to the Committee in the October of the year under review.

## **High-definition television**

In its proposal for a Council decision, the Commission roughed out a future Community strategy for high-definition television, an issue which is of great importance to Community industry. The Commission proposes five major aims:

- (i) to ensure that the European industry develops in time all the necessary technology, components and equipment required for the progressive launching of HDTV services throughout the 1990s;

- (ii) to ensure that the European proposal (1250 lines, 50 frames per second progressive scanning) is adopted as the single world standard;
- (iii) to ensure that broadcast standards obey the rules recommended by the International Radio Consultative Committee and are thus easily convertible into each other;
- (iv) to ensure the widest use of the European HDTV system throughout the world;
- (v) to ensure the development of a strategy and action plan for the progressive launch of HDTV services in Europe throughout the 1990s.

The Media programme can play an important role in increased use of HDTV by European film makers and TV programme makers. The Committee wholeheartedly endorsed the proposal to involve the EC in the funding of HDTV and assist its development.

The Community should continue to contribute to the funding of pilot projects, programme production, etc. and every effort should be made to prevent substantial production being transferred to areas outside the Community and EFTA countries. All Member States, the EC institutions, public and private broadcasting networks and all other relevant interested parties should be actively involved in the promotion of European industry and standards in this field.

The Committee urges that the action plan include a specific programme of professional training.

### **Competition policy**

In its Opinion on this subject, the ESC stresses that Community competition policy is at a crossroads. The economic upturn has led economic operators to incorporate increasingly in their planning the need to adapt to the new market conditions expected for 1993. Strategic planning by firms enables them to overcome the Community's internal economic barriers by conducting a variety of transnational operations.

In its general comments on a regulation on the control of mergers, acquisitions and joint ventures, the Committee emphasizes that Chapter I of the fourth part of the 18th Report makes an instructive assessment of the progress in links between firms. It points out however that these data are not exhaustive, and are not based on official, systematic statistics, but on general information.

However, the data enable the Commission to distinguish operations which foster the harmonious development of competition from those which distort practice and structure. In this connection the Committee points out that, in the absence of a specific provision under Article 86 of the Treaty, the Commission has no legal power to grant exemptions approving or encouraging concentrations which favour competition. Moreover, the *Continental Can* judgment of 21 February 1973 states that abuse of a dominant position in the common market or in a substantial part thereof jeopardizes an effective competition structure. Accordingly the Committee proposes that when the Treaty is next amended an additional provision should be incorporated into Article 86, similar in spirit to Article 85(3), enabling the Commission to grant exemptions for concentration operations regarded as compatible with the aims of improving production or distribution, or likely to promote technical or economic progress provided that they are ultimately beneficial to consumers.

The Committee then addresses the direct and indirect causes of inequality of treatment of enterprises and holdings.

In the Committee's view the inequality results primarily from the notification conditions required sometimes in advance and sometimes retrospectively.

Some factors of inequality spring from the fact that the Commission exercises control retrospectively by defining the Community dimension of a concentration operation mainly on the basis of a threshold based on a high turnover figure, but also:

- (i) because the only enterprises concerned are those engaged in trade between Member States or with third countries;
- (ii) because Community case law has introduced the concept of collective dominant position.

On the other hand, on those sectors exempted from Article 85 for which rules have been drawn up, prior notifications are controlled without a lower limit. This applies to know-how licensing, franchising and research and development agreements.

In a section on the activism of case law, the Committee points out that there is a hallowed tradition that, when Community legislation is marking time, the Courts move things along via case law, which emphasizes the spirit of Community law.

It quotes the *Van Eycke v Aspa* judgment which confirms that Member States are prohibited from enacting or maintaining measures likely to

render Articles 85 and 86 inoperative. It also quotes other judgments relating to the concept of delegated monopolies which hinge on 'whether the unconnected parallel conduct of several economically independent firms might be caught by Article 86 as constituting abuse of a collective dominant position' which confirm the Commission's conclusions in this respect.

Finally, the Opinion draws attention to judgments handed down by certain national courts (e.g. in the Federal Republic of Germany) which 'directly apply European competition law'.

Referring to the inadequacy of DG IV's resources, the Committee notes that the Annual Report is published far too late, and that there is a significant delay in decision-making on issues subject to the decision procedure.

This raises the question of whether an instrument to monitor concentrations with a Community dimension will have the resources necessary for its operation.

In purely practical terms, the Committee suggests continuing public relations measures in order to ensure that all economic operators in whatever sector, and all consumers, are always kept informed of their rights and duties with regard to competition policy. As the Commission has announced the publication of an additional White Paper for the single market, the Committee proposes that particular attention be given to setting out the economic and social significance of competition as a basis for a democratic society.

On competition policy and intervention by public authorities in favour of enterprises, the Committee is pleased to note that the Commission's first report on State aid in the European Community, published at the beginning of 1989, seeks to shed some light on the jungle of European subsidies, and ultimately to exercise tighter control on national aid granted by Member States.

The concept of aid distinct from capital input, on which this study is based, covers the widest possible field, including subsidies to public enterprises (particularly national concerns). Taking its cue from Articles 92 and 93 of the EEC Treaty, the report regards measures to encourage certain enterprises or forms of production as subsidies which distort or threaten to distort competition and which affect trade among Member States.

A survey of all Member States shows that the bulk of the aid goes to railways, agriculture, coal and regional development. In France and



Ireland, however, the emphasis is more on promoting trade and exports. In the Federal Republic of Germany regional aid frequently has a higher priority, which is due in part to the country's federal structure.

## 7. EXTERNAL RELATIONS, TRADE AND DEVELOPMENT POLICY

1989 saw a deepening of the Committee's interest in certain regions of the world, an extension of this interest to new regions, and the study of various aspects of international economic relations.

The Committee made a further assessment of the GATT Uruguay Round negotiations in the wake of the December 1988 Montreal conference. The conference had conducted a mid-term review of the negotiations, and it was important to establish exactly what progress had been made in Geneva over the previous two years and what remained to be done. The ESC information report assesses the various negotiating areas, focusing on those which remained deadlocked in April 1989: textiles, safeguards, agriculture and intellectual property. The report also examines observance of GATT rules, for example by the seriously indebted developing nations and, more particularly, certain newly industrializing countries.

These South-East Asian countries were also dealt with in a Committee Own-initiative Opinion voicing concern at rapid growth achieved by questionable methods. The targeting of Community industries, artificial currency depreciation coupled with a consistent balance of payments surplus and 'social dumping' all call for defensive and even retaliatory measures wherever the spirit or letter of GATT is flouted. However, cooperation with these countries is both possible and desirable on the basis of fair competition. The Community should equip itself with the resources enabling it to move towards more balanced economic relations.

The quest for balance is also the cornerstone of the Committee Opinion on the Community's Mediterranean policy—a policy which has failed to achieve its objectives. The importance of this region for the Community means that a new strategy is required, based on joint development of the entire Mediterranean area. The Committee calls for reorganization of EC and Mediterranean production to make the two more complementary, and a review of Community policies designed to improve the geographical and sectorial distribution of production. A four-stage plan is proposed to usher in this new approach.

The Committee's concern to undertake a practical assessment of the future prospects for the EC's external relations also underlies its Own-

initiative Opinion on 1992 and the Community's foreign trade. The Opinion looks at the impact of the internal market on trade with the EC's partners, and considers the advantages for EC citizens of a policy of openness to other blocs. However, this will require Community-level management of trade instruments, including some still administered by Member States. The Opinion stresses that the external impact of 1992 must be measured against the yardsticks of multilateralism and non-discrimination, two of the key principles of GATT.

1992 and the GATT Uruguay Round were also the focus of a meeting between the Committee's External Relations Section and the European Parliament's External Relations Committee.

### **Contacts with socio-economic organizations in third countries**

The fourth Lomé Convention has galvanized the attention of the ACP-EEC socio-economic organizations. Their 12th conference, held in December 1988, had already proposed ways to step up the organizations' involvement in the machinery and implementation of the new Convention. The joint contact group, responsible for organizing and following up the annual conferences, met in Barbados in January 1989. Following talks with the contact group, the ACP-EEC Joint Assembly—also meeting there—selected the topics for the 13th consultation meeting of the socio-economic organizations which is scheduled for the end of the year; these are:

- (i) the deterioration in the terms of trade, and its implications for ACP citizens;
- (ii) the training of ACP-EEC socio-economic operators, with particular emphasis on vocational training and training for the agricultural labour force.

The final declaration that emanated from this 13th meeting addressed both the problems faced by ACP countries troubled by a serious deterioration in their terms of trade, and the problem the same countries often have in attracting new investments and providing themselves with the skills which come from widespread and intensively organized training programmes.

### **EFTA**

The Community and the six EFTA countries have, since the 1984 EC-EFTA Ministerial Declaration in Luxembourg, been cooperating in the creation of a dynamic European economic space. Whilst obviously not synonymous

with the Community's own internal market, being an as yet undefined entity of its own, the EES was to come about through EC/EFTA countries' cooperation in some 20-odd areas, and the EFTA countries introducing, over time and in appropriate cases, parallel legislation of their own.

Commission President Delors' statement before the European Parliament in January, and Austria's mid-year application to become a member of the Community, introduced two new important elements into EC-EFTA relations.

In presenting the Commission's programme for 1989, President Delors proposed that a more structured relationship replace the pragmatic cooperation which has so far characterized the post-Luxembourg period.

Members of the Economic and Social Committee have since 1975 been holding periodic informal meetings with members of the EFTA Consultative Committee. However, in the light of proposals that could eventually create a two-pillar EC/EFTA relationship, the ESC and the EFTA Consultative Committee decided to organize their periodic meetings along more structured lines.

Between the 17th joint ESC-EFTA meeting in Berlin in October 1988, and the 18th joint meeting in Kristiansand, Norway, in June 1989, joint ESC and EFTA Consultative Committee working groups drew up reports on EC-EFTA cooperation in the fields of financial services, and of transport, respectively. At the Kristiansand meeting, members of both bodies gave their formal approval to the reports' conclusions, and a series of recommendations were, as a result, addressed to the respective institutions and governments.

In the second half of 1989, culminating in the 19th joint meeting held in Paris in November, the ESC and EFTA Consultative Committee delegations have focused their attention, jointly, on the problems that would be encountered in introducing a social dimension to the European economic space, to parallel what is being done by the Community in this respect in connection with the completion of its own internal market.

In addition to this, the two delegations have had preliminary discussions on the issues that have been raised in the exploratory talks now going on between the Community and EFTA countries, and on the implications such developments might have for the now well-established working relationship.

## 8. ENERGY POLICY, NUCLEAR QUESTIONS AND RESEARCH

From 1987 to 1988, the Section more than doubled its activities; a high level of activity was also maintained in 1989.

These activities fall under three main headings, which are examined in more detail below:

- (i) continued implementation of the framework programme of Community activities in the field of research and development technology (1987-91);
- (ii) study of the framework for Community action on research and technological development in the 1990s;
- (iii) implementation of the Commission working document on the internal energy market.

In 1989, work on nuclear issues fell in contrast to the previous two years during which several major proposals were referred to the Committee; (see previous annual reports).

In fact, only one proposal was submitted by the Commission in 1989. In accordance with Article 31 of the Euratom Treaty, the Committee was consulted on that proposal before it was forwarded to the EC Council of Ministers; the proposal dealt with the operational protection of outside workers exposed to ionizing radiation.

The Committee adopted its Opinion on 15 and 16 November 1989; the draft directive was approved unanimously. The Committee felt that there was a need for such a measure because existing directives on radiation protection did not provide sufficient guarantees for health protection of outside workers exposed to ionizing radiation, i.e. workers who: (1) are not employed directly by plant operators requiring an operations licence, and (2) work in various plants in the course of one year.

The Committee made several comments and suggestions for strengthening the directive's operational dimension. It also reiterated its conviction that adequate training and information are essential for these workers if they are to discharge their responsibilities: (1) as regards their own safety and health protection, and (2) as laid down in Directive 89/391/EEC on general worker safety.

### **Research and development technology policy**

In July 1989, the Commission submitted a proposal for a new framework programme for Community action in research and development

technology (1990-94); this was a milestone in a year hallmarked by discussions on: (1) the main guidelines for future Community action designed to enable Europe to meet the challenges of the next few years, and (2) the guiding principles for this action.

These challenges were analysed in two Commission documents: the first, an initial report on the state of science and technology in Europe, was published in December 1988 and the second, a communication on a framework for Community action for R&TD in the 1990s, appeared in June 1989. These provide an important basis for thought and discussion for all Community institutions, including, of course, the ESC, which issued its Opinion on the new draft framework programme on 15 November; a brief outline is given below.

The Research Council met five times in 1989; at the last meeting on 15 December, a political agreement on the new framework programme was reached, thus interrupting a process initiated by the Council Decision of 28 September 1987 on the framework programme for Community action in research and technological development. Article 4 requires the Commission to carry out a mid-term review of implementation of the framework programme and to assess primarily whether the original objectives, priorities, activities and funding levels are still appropriate in the light of interim developments.

Neither the Commission nor the Council were of this view. On the contrary, they felt that the strategic adjustments essential for Community action in this area warranted more than a mere revision of the current framework programme restricted to the 1990-91 period alone, and called for the adoption of a new framework programme.

The current programme was, however, not stopped but in fact speeded up. While the Council was adopting a series of specific research programmes on which the Committee had issued Opinions in 1988, several proposals for new programmes had been referred to the Committee. By the end of 1989, almost all of the 37 specific research programmes had been referred to the Committee by the Commission in accordance with Article 130k of the EEC Treaty; the legislative procedures were then also completed for the majority of these.

(i) *Continued implementation of the framework programme of Community activities in the field of research and development technology (1987-91)*

The ESC has issued several Opinions on specific research programmes coming within the scope of the Euratom Treaty; their common aim is to

strengthen the scientific and technical foundations of the Community in order to improve safety in plants and nuclear operations and ensure better protection of man and the environment against ionizing radiation hazards.

The Committee unanimously endorsed three research programmes on: (1) the decommissioning of nuclear power stations, (2) remote handling of materials in dangerous and unstable nuclear environments, and (3) management and storage of radioactive waste.

Over and above the controversies and disagreements on the future of nuclear energy, this sector does in fact make a major contribution to Community energy supplies. Irrespective of our attitude to the development of nuclear energy, the Community is now, and will be for some time to come, facing problems associated with the management of nuclear waste, the decommissioning of nuclear plants and the need to have the right advanced technology available: (1) to ensure improved safety and security conditions in nuclear plants, and (2) to cope with the consequences of technical and other failures.

In the above three Opinions, the Committee gave its support to a major, sustained research drive in these areas.

At the same time, the Committee listed several matters for concern, *inter alia*, it felt it was essential to keep the public adequately informed of all aspects of the nuclear issue and to establish genuine political dialogue in order to secure a broad consensus in all spheres covered by these programmes; this consensus should be based on a real awareness of how necessary and apt the approach is, in each of the areas concerned.

The Committee welcomed the above three programmes, but was critical of the programme for research and training in radiation protection.

The meagre funds earmarked for the radiation protection programme led the Committee to sound the alarm in the face of a situation quite obviously incompatible with the requirement for better operational protection of the general public and workers against ionizing radiation.

The Chernobyl disaster, in particular, brought to light new requirements for radiation protection, especially the need to assess the impact of radioactive substances which have entered food chains. This (fourth) programme, cannot meet these needs. The Committee thought that this deserved top priority, in view of the Community's long-term requirements and the need to secure for the future in-depth knowledge in the field of

radiation protection. It is essential that the Community maintain and enhance its level of expertise in this area, so as to provide increasingly effective protection for man and the environment.

The Committee Opinion defined a number of priority areas for Community research. Attention was also drawn to:

- (a) the importance of finding a solution for problems associated with exposure to radiation at work;
- (b) moves to alert the public to: (1) problems associated with radiation, and (2) possible solutions for these.

The Commission referred three other draft research and technological development programmes to the Committee during 1989: MAST (Marine science and technology), Raw materials and recycling and Bridge (biotechnology).

In approving the MAST programme, the Committee remarked that the programme could as a catalyst, help fill the gaps identified by the Commission in marine and oceanographic research; it could also play a role in the dissemination of information and improved production.

Particularly in view of the diverse nature of the projects under this scheme and the limited finance available, the Committee did, however, express concern about the risk of wasting or duplicating work; this could occur as a result of the lack of (1) an inventory of research work being carried out, (2) a clear definition of the specific criteria for selecting projects and (3) coordination, both within the Commission and between it and other international bodies involved.

The Committee approved the general lines of the objectives and content of the raw materials and recycling programme. It nevertheless expressed certain reservations about the distribution of funds and its failure to reflect the order of priorities and relative importance of the various sub-programmes, given the urgent need to tackle acute environmental protection problems.

The Committee therefore called for cuts in funding for the primary raw material sub-programme (which accounts for about half of the programme's total budget). The Committee advocated that the funds released thereby be allocated to the three other sub-programmes: (1) recycling non-ferrous metals and strategic metals, (2) renewable raw materials, forestry and wood products, and (3) recycling waste; the Committee fully endorsed these programmes.

The programme seemed to the Committee to be rather ambitious given the funds allocated; it therefore asked that priorities be pinpointed and precise criteria established for the selection of projects, so as (1) to maximize economic impact and (2) to avoid dissipating efforts and duplicating work carried out by national and other Community programmes. The Opinion contained several suggestions as to steps to take.

The Committee's Opinion on the Bridge programme expressed the ESC's satisfaction with the achievements of the biotechnology research programme since it was launched in 1982; it also voiced the Committee's concern about a number of points, *inter alia* the risks associated with recent developments in modern biotechnology.

The Committee reiterated that, leaving aside commercial, political and economic considerations, there was a need to strike an overall balance between (1) the long-term value of current or future research, and (2) the ethical aspects. While noting Commission action, the Committee reiterated its call for the establishment of a genuinely representative ethics committee comprising delegates from the social groups concerned; this committee's task would be to draw up a code of reference setting out the ethical and moral limits for biotechnology programmes.

The Committee also highlighted other aspects which were more directly linked to the implementation of the Bridge programme: the assessment of (1) potential risks involved in the deliberate release of genetically engineered organisms into the environment, (2) the social impact of biotechnology, (3) the involvement of industry in the programme, (4) the contribution which training can make to improving economic and social cohesion in the sphere of biotechnology.

On the international front, the Commission continued its efforts to ensure greater cooperation, particularly with the EFTA countries. In this connection, the Committee warmly welcomed the proposal for a Council decision on the conclusion of a framework agreement for scientific and technical cooperation between the European Communities and Iceland, the latest in a series of such agreements signed by the Community and the other EFTA countries in 1986.

These agreements have created a framework which in particular enables organizations and enterprises from the EFTA countries to participate in individual research programmes.

In the same context the Committee was asked to comment on five draft decisions on the conclusion of cooperation agreements with Austria, Norway, Switzerland, Finland and Sweden, with a view to their involve-



ment in the programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science), which had been adopted by the Council in June 1988.

The Committee approved these five proposals, stressing the importance of such agreements for the enhancement and broadening of scientific knowledge.

(ii) *Framework programme of Community activities in the field of research and technological development (1990-94)*

The Opinion adopted by the Committee on 15 November completed the process of examination and discussion in which the Energy Section had been engaged for most of the year.

Authorization for the Section to begin its work well in advance of the presentation of the formal Commission proposal permitted close collaboration with the latter and enabled the Committee to contribute ideas from the evaluation and drafting stages. Even so, whilst recommending adoption of the Commission proposals by the Council, the Opinion levelled certain criticisms.

As emphasized by several speakers at the Plenary Session attended by Commission Vice-President Pandolfi, the Committee's observations and recommendations were the product of a consensus on research and technological development hammered out over the last six or seven years. Thus, the Opinion also provided a genuine summary of the Committee's thinking on this subject and, as such, contributed to the basic discussion which, although often apparently dominated by budgetary considerations, must also address such questions as the type of research required by the Community, the contribution which this could and must make to the attainment of its policy objectives and the improvement of all aspects of the quality of life, including job creation.

Among the numerous recommendations set out in the Opinion, which obviously cannot be fully covered here, reference can be made to calls for the creation of a European science and technology area, the more effective integration of R&TD programmes and their implementing strategies within the overall framework of Community policy, the definition of a major project establishing effective machinery for the dissemination of technology and measures to boost public awareness of the value and results of Community action in the R&TD field.

## **Energy policy**

Whilst the Commission was largely engaged in implementing the provisions of its working document of May 1988 on the Internal energy market, the Committee was called upon to deliver Opinions on two proposals in March and July respectively.

The first of these, on a Community action programme for improving the efficiency of electricity use, falls under a series of measures designed to achieve the 1995 energy objectives laid down by the Council in September 1986, one of which concerns the achievement of at least a 20% improvement in the efficiency of final energy demand.

Whilst endorsing the objectives of the proposal, which seemed likely to promote a reduction in the growth of energy consumption, the Committee felt that it should be set in the context of general energy-saving policy.

It also thought that the Commission proposals as a whole took insufficient account of the comparative indifference of most users to the efficiency of appliances and equipment compared with other running costs, unless significant savings were involved.

The Committee made several suggestions for improving the efficiency of electricity use, ranging from better maintenance of appliances to the development of such new technologies as superconductors which could cut the losses involved in large-scale electricity transmission.

It also called for a separate approach through different channels, to the two main user groups, namely domestic consumers and industry.

As regards the respective roles of the national authorities and the Commission, the Committee thought that, whilst the former should encourage electrical equipment producers to carry out R&D on efficient use, the latter should be responsible for stimulation, coordination and the dissemination of information and for promoting the introduction of electrical efficiency standards.

Energy technology had a crucial role to play in improving the Community's energy situation, enhancing its security of supply and reducing costs, thereby contributing to the attainment of the abovementioned energy objectives.

This was the background to the Thermie programme for the promotion of energy technology which was intended to continue and supplement measures already taken under demonstration projects and the support

programme for technological development in the hydrocarbons sector and to build on what had been achieved to date.

The Committee strongly supports this programme welcoming, in particular, the incorporation in a single framework of all the activities designed to promote energy technology, which could be interpreted as a rationalization of the efforts undertaken in this field. At the same time, it called for account to be taken of existing national programmes which should be coordinated with corresponding Community projects, if action by the latter was to become more effective.

The Committee did, however, note a major shortcoming in the proposed programme which, unlike its predecessors, excluded Community financial support for technological development projects, particularly in the hydrocarbons sector; this clashed with the need for sustained efforts to develop technologies which would contribute to the discovery of new deposits and improved yields from known sources.

The Committee also made comments and recommendations with regard to: (i) the funding of projects which hold out no prospects of short-term profitability and therefore fail to attract industrial investment; (ii) the membership of the advisory committee responsible for assisting the Commission in implementing the programme and programme selection, approval and management procedures.

In addition, it expressed concern at the absence of proposals for Community-wide standardization and the definition of stringent environmental protection requirements in the energy sectors in question.

The cost of a non-unified Europe to the energy sector, excluding public contracts, was estimated at between 0.5% and 1% of Community GDP, or 5-10% of its total cost to the Community economy. The establishment of a genuine internal energy market therefore represented a major challenge, as indicated in the Commission working document of May 1988 which, after exhaustively listing the obstacles to success, described the measures the Commission intended to take with a view to achieving a greater integration of energy markets.

Among the many advantages expected from this action, the most important was likely to be a reduction in energy-access costs which should directly benefit both individual consumers and industry, where energy frequently accounts for a very high proportion of production costs. This should enhance industrial competitiveness with the prospect for long-term improvements in employment.

The Commission also expected the single energy market to have a favourable impact on the structure of the Community energy industry and promote intra-Community trade whilst at the same time constituting an additional, important source of supply for the Member States.

In accordance with the priorities for action set out in its working document, and with the agreement of the Council which had discussed the issues at its meeting on 9 June and 8 November 1988, the Commission submitted four proposals in 1989, three of which were designed to promote competition between the gas and electricity sectors on the basis of greater price transparency and increased intra-Community trade. The fourth concerned the establishment of a certain form of cooperation between the Member States with a view to ensuring the optimum coordination of energy-investment projects.

In this connection, it should be remembered that, in the Commission's view, the completion of the internal energy market required, in particular, future investment to contribute to the optimum allocation of available resources in a Community context and so benefit consumers.

Since the Committee was not scheduled to deliver Opinions on these proposals until its January 1990 Session, their content could be assessed in advance. As regards the detailed preparatory work conducted by the competent Section and, in particular, the four Opinions adopted at its meeting of 30 November and 1 December, particular reference can be made to the emphasis on a gradual approach to the completion of the internal energy market which takes full account of its special features, the hallmarks of the individual national markets and the particular constraints imposed on this sector by the need to safeguard supplies and its strategic importance.

In taking this line, the Section reiterated the concern which was one of the main features of the information report adopted in July 1988 on Community energy policy and the completion of the internal market.

A final point of note with regard to the internal energy market concerns the partial updating of the Illustrative nuclear programme for the Community (PINC) published in 1985 on the nuclear power station design and construction industry and completion of the European single market.

The Commission proposals essentially cover specific measures—largely involving standardization and compliance with relevant safety requirements—for the creation of an internal market for equipment and components in the electro-nuclear sector: this is deemed necessary to reduce costs and improve the competitiveness of the industry.

In response to the Commission's request for an Opinion pursuant to Article 40 of the Euratom Treaty, the Committee signified its overall approval of the analysis set out in the document and the conclusions drawn by the Commission.

The Committee felt that, because of the existence of various codes and standards for the design and construction of nuclear power stations—especially within the Community—the establishment of Community standards and a single market for supplies and construction work in this field would increase competitiveness between Community contractors in a limited market.

By contrast with the Commission, which seemed to think that such harmonization could and should take place by 1992, the Committee regarded the introduction of acceptable common standards in all the Member States as a lengthy and expensive process which could not be completed until much later. It therefore called for greater consideration to be given to requirements and needs which might emerge after the year 2000, although these could not be pinpointed until after the 1995 energy objectives had been reviewed in 1990.

Consequently and bearing in mind that the PINC was due to be thoroughly reviewed in 1992, the Committee expressed misgivings with regard to the appropriateness of the Commission document and drew attention to a number of omissions.

## 9. PROTECTION OF THE ENVIRONMENT, PUBLIC HEALTH AND CONSUMER AFFAIRS

The run-up to the internal market and the increased emphasis which the harmonization provisions place on protection of the environment and human health (Article 100A (3) of the EC Treaty) have led the Committee to step up its work on the environment, public health and consumer affairs. Consultation of the Committee is mandatory for all proposals based on Article 100A and Article 130R/S (environment). Other Community policies are also focusing more on health and environmental protection. Thus it is not only the Environment Section Opinions which contain major statements on these issues, but also those on the economic situation, social trends, and agricultural and industrial policy. Significantly the Committee's blueprint for a social charter listed environmental protection as a basic social right.

## **Environment**

The need for deeper consideration of the link between the environment and socio-economic development, using the completion of the internal market as an opportunity to frame a top-level environmental policy, also underpinned the decision to draw up an Own-initiative Opinion on environmental policy as a fundamental aspect of economic and social balance.

The Opinion calls for an end to the dichotomy between (a) the central importance which the environment has assumed in the public perception, and (b) the tight budgetary constraints which face government authorities.

The serious deterioration in real prosperity represented by the economic costs of the non-environment policy calls for a policy focusing on longer term productivity and reconciling economic efficiency with environmental compatibility.

More and more people are realizing the limits of our present model of development and consumption. There is a growing belief that production with a more ecological bent could stimulate new growth far more effectively than preservation of the status quo.

An active environmental policy cannot overlook the constraints of the budget, but a shift in economic, social, political and institutional conditions could give a new slant to the compatibility framework.

At Community level, careful thought must be given to institutional adjustments, redirection of own resources, and the provision of enough resources to encourage action consistent with the changes being sought.

The integration of environment policy with other Community policies requires sufficient funding to pay for initiatives which might not be considered a priority in terms of short-term productivity. The European Parliament's call for a new budget heading entitled Environment 95 thus deserves careful consideration.

On the subject of environmental rights, mention should be made of the Committee Opinion on freedom of access to information on the environment.

The proposal aims to give the public automatic access to environmental information held by national, regional and local administrations. The Committee feels that applications for information must list precise rea-

sons, in order to avoid abuse. The commitment to an active public information policy is just as important as the public's right to such information. The Committee here recalls the provisions governing the obligatory disclosure of information laid down *inter alia* in the Seveso Directive, and trusts that local and regional authorities will publish regular reports on the state of the environment in their area. The nature of the information which must be disclosed should be specified in greater detail and in more practical terms, so as to ensure that the content of the information to which access is granted is comparable in all Member States.

This brings us to the proposal to set up a European Environment Agency. The Committee warmly welcomed this, as it has long stressed the need for a European information network aligning national instruments and methods. The Committee is concerned about delays in the setting-up of this coordinating body (which represents a quantum leap for the Community), and will keep a close eye on its progress. The Opinion calls for closer involvement of the socio-economic bodies and other representative groups, and feels that the proposed scientific committee should include experts appointed by the European Parliament and the ESC.

An important duty of the Agency will be to strengthen international cooperation in the field of data collection and risk surveillance. Such cooperation should increasingly be extended to non-EC European countries and the Third World, especially the most vulnerable nations and those hit by environmental disasters and emergencies.

One of the Agency's other tasks will be the further development of the Corine programme (Coordination of information on the environment). The Committee issued a separate Opinion approving an extension of this programme for a further two years for compiling and coordinating information on the state of environment and natural resources. The Committee was adamant that this extension should be devoted solely to the overriding aim of setting up the new Agency.

The development of basic and applied research is essential for more accurate assessment and monitoring of environmental hazards. The Committee therefore congratulated the Commission on the STEP and Epoch programmes, covering environmental protection and climatic changes/hazards respectively. However, the Committee deplored the modest funding made available and urged that funding be increased when the framework R&D programme is reviewed.

Several other Opinions have clear implications for agricultural policy.

The considerable work on pesticides is a case in point. In endorsing a proposal on maximum levels for pesticide residues in fruit and vegetables, the Committee suggested that Community pesticide legislation should be widened to cover a more extensive range of products including processed foods. It also advocated extension of applicability to products exported to the Third World and the introduction of 'P' numbers for pesticides similar to the 'E' numbers for foodstuffs.

Another Committee Opinion on plant-protection products—mainly herbicides and insecticides went into considerable detail on the technical and procedural aspects of this highly complex subject and endorsed the proposal with a number of recommendations.

Nitrate pollution can lead to eutrophication of inland and coastal waters. The Committee therefore shared the Commission's concern for a procedure to control nitrate discharges, requiring Member States to identify 'sensitive' areas where measures should be imposed. The Committee stressed that the definition/demarcation of vulnerable areas could have a considerable impact on farmers' incomes in such areas. The Committee called for recommendations to Member States on the use of programmes to inform, advise and assist both producers and users of manure and fertilizers.

Sewage sludge from water-treatment plants contains organic matter and nutrients which are good for the soil. It can be spread on agricultural land.

However, it also contains heavy metal concentrations which may be detrimental to the soil (e.g. cadmium, copper, nickel) which have been covered by previous EEC legislation.

In a proposal to extend the list to include chromium, the Committee pointed out that it should not be used over a long period and that Member States should take steps to control chromium emissions by industry.

In an Opinion on the environmental aspects of forestry protection (prepared by the Environmental Section in collaboration with the Agriculture Section), the Committee made a strong plea for more, swifter action to combat atmospheric pollution and fire before it is too late. It also called for fuller cooperation in this field with EFTA and Eastern Europe.

Another important aspect of environmental protection is waste management, a sector in which a number of specific measures are being adopted.



The Committee supports the introduction of deposit and return systems to prevent batteries and accumulators being disposed of with other household refuse. The Committee unanimously stressed the need to combine this with a consumer information/education campaign, particularly in schools.

The directive could be difficult to apply in Member States which do not have adequate collection, recycling and storage facilities. The Committee therefore called on these countries to incorporate the directive into national legislation. Strict monitoring would also be needed to ensure that storage and transport conditions complied with the relevant directives, the Committee said.

Lastly, the Committee stressed that every possible step must be taken to protect the health of people working in approved units for the special collection or recycling of spent batteries and accumulators.

Also under the heading of waste management, the Committee approved a proposal on the disposal of PCBs.

PCBs are chemical substances used nowadays in certain electric equipment (transformers and condensers) and in hydraulic mining equipment. These substances have been shown to be toxic and dangerous, particularly in the event of accident or contamination.

The Community has recently banned the marketing of PCBs, but existing equipment containing PCBs will have to be gradually phased out.

The proposal sought to harmonize the national legislation on the controlled disposal of PCBs and equipment and objects contaminated by PCBs in order to reduce and prevent pollution.

The Committee went into some detail on the problems associated with the location of PCB destruction plants, investment costs in new plants, and the transfrontier shipment of PCBs.

Finally, within the framework of the fourth Environment action programme, the Committee examined a proposal to reduce civil aircraft noise, but ensuring that harmonized noise regulations are enforced as from 1990, in accordance with the highest modern standards, and that older aircraft are gradually phased out.

While the Committee approved the proposal on environmental grounds, it drew attention to disagreements and problems of a technical and/or administrative nature.

## **Public health**

In the health field, further measures were taken under the Europe against cancer programme. The Committee was consulted on proposals to ban smoking in public places and tobacco advertising, and on the renewal of the cancer programme. In endorsing the second action plan against cancer, the Committee stressed that the time had come to go beyond pilot schemes and to improve public attitudes towards preventive and screening programmes, while also increasing the awareness and skills of the health professionals. The European cancer code should be brought home to the general public and given greater attention by governments, national bodies, employers and trade unions.

The Committee endorsed the aims of the Commission's anti-smoking proposals. However, the difficulty of establishing a legal basis for a common health policy in the EC Treaties raises concern about the instruments chosen. For the proposal to ban smoking in public places, the Commission used the totally inadequate instrument of a recommendation. For the proposal on tobacco advertising, it opted for harmonization based on Article 100A(3) which refers to a high level of health protection.

Paradoxically, the proposal to harmonize tobacco advertising on the basis of the Irish model represents a step backwards for countries which already operate a total ban on direct advertising. The blanket ban on indirect advertising could hit companies which have diversified their products and wish to continue to use the same trademark.

The Committee also examined a proposal on electromedical implants, i.e. active electromedical equipment permanently implanted in the human body by surgical operation, e.g. the cardiac stimulator (pacemaker).

The proposal had two objectives:

- (i) the introduction of Community regulations on patient safety;
- (ii) the removal of barriers to trade caused by differences between national regulations.

The Committee approved the proposal subject to a number of technical comments.

The proposals to harmonize national legislation on veterinary medicines highlight the balance between the goal of free movement and the protection of human and animal health. The Opinion ran as follows: 'The balance between these different considerations is very delicate. There is increasing public concern about the unauthorized use of veterinary

medicinal products, and tighter controls should be placed on their marketing, distribution and use. The simplified system of mutual recognition can only be accepted if the assessment and decision-making procedures of the authorities in the Member States are harmonized on the basis of scientific criteria stringent enough to ensure the safe and efficient use of the products concerned.'

## **Consumer affairs**

In the field of health and consumer protection, the proposals on nutrition labelling triggered considerable discussion and were significantly altered in the light of the Committee's recommendations.

Given the importance of nutrition labelling, the Committee felt that it was essential to have a harmonized format which would be as widely used as possible. Accordingly, it asked the Commission to simplify and iron out a few technical problems. The Committee stressed that labelling can only serve its purpose if backed by systematic, ongoing consumer education. The Committee proposed some specific amendments aimed at achieving greater flexibility in the nutrients to be identified in optional labelling, while calling for full identification in cases where labelling is compulsory. The European Parliament endorsed these recommendations, and the Commission subsequently amended its proposal.

The completion of the internal market entails more than free movement of goods, persons, capital and services. Guarantees of health and safety for the consumer are also needed.

In order to show consumers that their interests can be adequately protected by supplementary efforts on their behalf by the Community, the Committee drew up an Own-initiative Opinion which reached the following main conclusions:

- (i) a general EC labelling directive is needed;
- (ii) while making full use of existing material and facilities, the Commission should encourage and support the development at Community level of:
  - (a) product-information systems;
  - (b) a network of information centres and advice centres;
  - (c) consumer education;
  - (d) institutes for testing goods.

Also in the field of consumer information, the Committee approved the extension and financing of the so-called Ehlass system (European home and leisure accident surveillance system) up to the end of 1990-91, with a number of recommendations regarding its future operation, notably to integrate the Ehlass programme into an umbrella information system for consumer use.

In the specialist field of tourism, the Committee approved a draft Council directive on package holidays, the objective of which is to protect the tourist/consumer by requiring tour operators to conform to certain standards on travel information, advertising, replacement services in case of cancellation, refunds, etc.

The Committee recognized that the proposal was deliberately restricted to consumer protection in the context of package travel, but drew attention to the need for more thorough examination of related problems when drawing up Opinions on future referrals.

The Committee listed a number of points—both general and specific—requiring further examination, mainly in the context of the need to dispense justice expeditiously to the consumer/tourist on the one hand, and the organizer/retailer on the other, and indeed to the parties to disputes within the travel trade itself. These points include certain definitions, the scope of the directive, price increases, conditions of cancellation, ultimate liability and insurance.

Finally, Opinions were issued on the following subjects which endorsed Commission proposals without any significant comment:

1. The conclusion of cooperation agreements in the field of medical and health research with five EFTA countries: Austria, Switzerland, Norway, Sweden and Finland.
2. EC accession to the Convention for the protection of animals used for experimental and scientific purposes.
3. The introduction of a standard Europe-wide emergency telephone number (1121).
4. Ratification by the EEC of a Convention on cooperation on the management of water resources in the Danube Basin.
5. An amendment to improve the implementation of environmental legislation by establishing a uniform and rapid procedure for adapting the technical progress to annexes of existing directives on drinking water, bathing water and surface water.

## CHAPTER III

### **Relations with the media**

As the date for completing the single market comes ever closer, the growing public interest in the European Community is being met by the media giving its activities greater space than before in relation to the amount devoted to national news.

Even the Economic and Social Committee, hitherto often neglected by the press, has benefited by the fact that chief editors are now prepared to give it some of their attention. There is no doubt that a major factor in this change of attitudes has been the role played by the Committee as prime mover of the Community's Social Charter.

Allotted this task by the President of the Commission, Jacques Delors, and the then Commissioner of Social Affairs, Vice-President Marin, in November 1988, the Committee delivered its opinion on the subject on 22 February 1989. Thus the Commission's decision to give the primacy to the Economic and Social Committee as the forum of the very categories of society most affected by this political problem, also directed press attention to its activities.

As a result, the number of press clippings mentioning the Committee showed a startling increase: from 783 received in 1987 and 947 in 1988, it rose to 1753 in 1989. These figures, which only apply to the press clippings received in the Secretariat, can only be taken as indicative of the overall press echo.

As the debate on the Social Charter continued throughout the year, the Committee's opinion on the subject maintained its place in the media. Extremely wide interest was shown for it also by the public in general and by hundreds of organizations and academic institutes. In reply to new demands, some 25 000 copies of the Opinion (in all Community languages) were distributed in the course of the year. A successful press echo was granted to an opinion on the social consequences of cross-border mergers, largely for its originality and the controversy which it aroused. Another Opinion on the control of takeover bids was also received with interest by the press.

Thoughtful comment on a fundamental policy of the European Community, namely progress towards economic and monetary union, proved a good selling point for the Committee's opinion on that issue. Adopted and made public in mid-October before that of the European Parliament and providing some original contributions to the debate, the Committee's opinion obtained a good press coverage.

The Committee's report on the economic situation in Spain, released at a press conference in Madrid, provoked a wide press coverage in that country because of its political repercussions. A wider interest was shown in its Opinion on the Community's economic situation in mid-year, as well as its views on the European company statute and on taxation.

As usual, the press reported the Committee's comments and advice on the issue of farm prices but gave particular attention to its original contribution on the future of the countryside (in translation, use *monde rural*). Transport issues and a series of Opinions affecting competition in various fields, small and medium-sized enterprises and the protection of the environment were well covered. A well-researched report on poverty in the Community also received wide distribution and gained press attention in several countries. There was also a good press-echo for a number of special events organized jointly by the Committee with other organizations or institutions such as a conference on electronic data interchange (EDI) in Brussels, two joint sessions with the EFTA Consultative Committee, one in Kristiansand, Norway, and the other in Paris, and a conference with the economic and social representatives of the ACP countries.

Press conferences and briefings held outside Brussels, namely in Paris, London, Madrid, Bonn and Rome, notably in connection with the President's official visits to Spain, Great Britain and France, obtained good results.

Most clippings came from Spain, Germany and Italy. Then followed Belgium, Luxembourg, France, Greece, United Kingdom and Denmark. Few clippings were received from the Netherlands, Portugal and Ireland.

Viewed overall, there is little doubt that the public perception of the Committee is beginning to grow in some of the Member States. In the final analysis, however, an assembly of this kind can only make an impact on the media and therefore on the public by the influence it can exert on the policies of the European Communities.

## CHAPTER IV

# The Groups

### GROUP I — EMPLOYERS

Group I members represent private and public industries, chambers of commerce, transport undertakings and customers, banking and insurance activities, wholesale and retail trade, agriculture and tourism.

They played an active part in Committee work on the Community's programme to achieve a single market by the end of 1992 and on steps to enhance the Committee's role in the run-up to 1992. The importance of full involvement of economic and social interest groups was underlined in the Opinion on economic and monetary union adopted unanimously by the ESC. This point was on the agenda of the Strasbourg Summit held on 8 and 9 December.

In 1989 a member of the Various Interests' Group joined the Employers Group bringing its strength to 58 members, compared with 66 for the Various Interests' Group (Group III) and 65 for the Workers' Group (Group II).

In the course of the year 11 Group meetings were held to prepare discussion of Opinions on the Plenary Session agenda and to propose members for new Study Groups. The Group also held a special meeting to investigate ways of strengthening internal cohesion and hammer out a strategy for pushing through its positions in Opinions which the Committee was anxious to adopt with the largest possible majority.

Special attention was paid to relations with Group II and Group III. Thanks to improved cooperation between the Groups, the Committee adopted its Opinion on basic Community social rights by a very large majority, with only British and a number of Spanish and Portuguese members voting against.

The Group's cohesion enabled it to make two minority declarations, one setting out its opposition to the conclusions of the Own-initiative Opinion on the social consequences of transfrontier mergers/concentrations. The

other, in an appendix to the Opinion on the economic situation in mid-1989, stated that whilst approving previous Opinions, the Group could make no more concessions on working hours. This same cohesion, coupled with cooperation with Group II, overcame various differences of opinion and led to the 1989-90 Annual Economic Report being adopted with only one vote against and six abstentions.

Of the 59 Opinions drawn up by Group I rapporteurs, 43 were adopted unanimously or *nem. con.* Major Opinions drafted by Group I rapporteurs included those on economic and monetary union (Delors Report), positive measures in favour of maritime transport, the framework programme for research and technological development, procurement procedures in excluded sectors, the social situation, insurance, plant-protection products, the future of rural society, and farm prices. On the external relations front, three Own-initiative Opinions drawn up by Group I rapporteurs: 1992 and foreign trade, relations between the EC and the newly industrializing countries of South-East Asia, and GATT after the Montreal Conference received wide coverage.

Members of the Group actively promoted Committee Opinions by visiting Member States, attending conferences of the interest groups concerned, and giving interviews. At Committee headquarters the Group Chairman and several members received top representatives of trade organizations and national employers' and industrialists' federations.

Several members contributed to the preparation and success of the meetings between delegations from the EEC and the EFTA Consultative Committee in Kristiansand and Paris.

The annual meeting of ACP and EEC economic and social groups held on 7 and 8 November was preceded by a meeting between ACP and EEC employers. They discussed the various documents and agreed on certain points they wished to incorporate in the final declaration.

Links with the many socio-occupational organizations at European national and sectoral level provide valuable assistance for rapporteurs and Group members when drawing up Opinions. Cooperation between Group members and officials of these organizations is enhanced by an annual reception at which interesting contacts are established.



## GROUP II — WORKERS

Throughout the whole of 1989 the members of Group II, the Workers' Group, had endeavoured to make their contribution towards the construction of a more effective and more credible European Community.

In a climate in which national interests considerably outweighed Community interests the trade union representatives had always advocated solutions which, if they were accepted, would make it possible to reconcile the interests of the people of the various Member States whilst, at the same time, promoting the adoption of EC policies. That consistent approach on the part of Group II had enabled the Committee to draw up Opinions and reports which, with a few exceptions, had been supported by a good majority of Committee members.

Attention should, however, be drawn once again to the many problems which had conspired to make the work of Committee members more difficult.

### **Organization of the Committee's work**

Throughout the whole of 1988 the organization of the Committee's work had been impeded by financial problems caused by the Committee's inadequate budget. An excessive number of meetings had either to be cancelled or curtailed because of a shortage of funds. That had the effect of increasing the workload of Committee members to a considerable extent since they had to make up for the lost meetings by holding bilateral discussions.

A further problem which also arose as a result of budgetary constraints, combined with a lack of qualified interpreters, was a shortfall in interpreting facilities which meant that some members had been unable to address meetings in their own languages or to receive documentation in a language which they understood perfectly.

Section secretariats were also underequipped. The net result of all those difficulties was that the quality of the Committee's Opinions, and the Committee's ability to adopt its Opinions within the deadlines which enabled them to bring an influence to bear on EC decision-making, had depended to a considerable degree on the time given by the Committee's members and their political conscientiousness and commitment.

It had also to be borne in mind that Committee members received no allowances other than travel and subsistence expenses, all other costs

having to be met by members' own organizations. In view of that, it was hardly surprising that Group II members had done all in their power to facilitate the Committee's work.

For the reasons set out above Group II had played its full part in the drafting of the memorandum on improving the working methods of the Committee. It had also sought to have action taken by the political decision-making bodies.

Group II members had also pressed for the introduction of an effective establishment plan and for budgetary estimates which took account of political priorities.

### **Political indecisiveness**

All official statements on the construction of Europe stressed the importance of economic and social cohesion. When it came to taking action, however, indecisiveness and opposing views formed a real barrier to the formulation of an EC social policy.

The tendency to place the need for competitiveness above other considerations gave rise to problems which were recognized by members of Group II. They had therefore worked unstintingly to secure the introduction in the Community, on a legal basis, of inalienable basic rights with the aim of preventing unfair competition within the single market. In the Opinion which it adopted, by a very large majority, on 22 February 1988 the Committee underlined its commitment to such a policy. The Committee's Opinion did not deal only with workers' rights—it also called for guarantees in respect of the environment, consumers, culture and cooperatives and non-profit organizations.

### **The undue emphasis on competition advocated by the employers**

In the case of most of the Opinions issued by the Committee—be they Opinions requested by the institutions or Own-initiative Opinions—democratic debates between Committee members had brought about a consensus, which was essential if the Committee's views were to influence the decision-making bodies. In other vital areas, however, it had not been possible to achieve a consensus. The two examples set out below demonstrate the problems encountered.

#### *(a) Employment*

Group II had always held the view that one way to bring about a reduction in the number of people unemployed was to negotiate a reduction in

working hours financed by productivity gains. That view had been supported by the majority of the members of Group I (the Employers' Group) for several years. That support was, however, no longer forthcoming and, in a minority Opinion, Group I had indicated its opposition to such a policy.

*(b) Informing and consulting workers*

Provisions existed in all Member States—embodied either in law or in collective agreements—for information, consultation or negotiation procedures. No such provisions existed at EC level, however. In order to make good that shortcoming an Opinion was drawn up on the initiative of Group II on the social dimension of cross-frontier mergers in the single market. Group II had called for the establishment of a central body to represent employees which would receive information and organize consultations. Despite its declarations of support for the principle of informing and consulting employees, Group I once again issued a minority Opinion rejecting the idea of establishing a cross-frontier body to represent employees.

**Future action**

Despite the problems which had occurred and the difficult conditions under which Committee members had to work, Group II was more firmly resolved than ever to play its part in the construction of Europe. At a time when other European countries were endeavouring to find the right model for their society it was particularly important that the European Community provide a point of reference. With that aim in view, Group II would put forward new proposals to reduce unemployment, eradicate poverty, establish industrial democracy, improve the environment and protect consumers in order to enable the people of the Member States to obtain the maximum benefit from the single market. Group II would also continue to seek the enhancement of the role of the Economic and Social Committee as a channel of expression for the representatives of all sides of industry and seek to ensure that the resources which were essential to the effective working of the Committee would shortly be made available.

**GROUP III — VARIOUS INTERESTS**

With its 67 members, the Various Interests' Group (also known as Group III) is the largest of the Economic and Social Committee's three Groups. Its members are drawn from agriculture, small business, the

cooperative movement, consumer and family organizations, the environmental lobby, and the professions.

Other Group III members come from the academic world and the local and regional authorities.

The Group's wide membership accurately reflects Europe's rapidly changing society. One detail worth mentioning: seven of the Committee's 10 female members belong to Group III.

In 1989, Group III members again acted as rapporteurs for many of the Committee's Opinions; these included the Opinions on free access to information on the environment, the environment and agriculture, copyright and the new technologies, competition policy, the 'Europe against cancer' action plan, package holidays, the specific research and technological development programme in the field of biotechnology, the decommissioning of nuclear power stations, company law, and takeover bids. Group III rapporteurs also drafted the Opinion on the improvement of the business environment and the promotion of the development of enterprises, in particular small and medium-sized enterprises, and the Opinion on the adjustment of agricultural production structures.

Group III members also drafted some of the main Own-initiative Opinions produced by the Committee in 1989, such as those on poverty and a fresh boost for culture in the European Community. The Group also sponsored the application for an Own-initiative Opinion on the contribution of the cooperative sector to regional development. The Committee approved the application and duly appointed a Group III member as rapporteur.

Group III also played a valuable part in the Committee's work on basic Community social rights. The Group's contribution was incorporated into the Committee Opinion, which calls for social rights to include the basic social rights of today's highly complex society.

The Opinion stressed the need for an overall approach to social policy. It noted that the internal market would have to take account of consumer policy, environmental protection, and the right of all sections of the population to health protection. The Opinion went on: 'It is necessary to guarantee all components of the social fabric, in particular consumer, mutual and cooperative associations—in such a way as to involve representatives of the key socio-economic groups in appropriate fora—suitable scope to allow them to negotiate and, more broadly, exercise their functions'.

At a special meeting in October, the Group undertook a detailed examination of the Committee's Rules of Procedure and the Bureau's Standing Orders. This ties in with the Committee's revision of its regulatory framework with a view to submitting proposals to the Council, which is responsible for decisions in this area.

The special meeting also considered the Group's relations with its representative European socio-economic organizations.

Thanks to the presence of the general secretaries of these organizations, who had been specially invited, the talks were unanimously judged most beneficial.

The meeting identified four ways of improving relations between the Group and its organizations:

- (i) the Group's members should be better briefed on the positions taken by the organizations;
- (ii) experts from the organizations should play a greater role in study group work;
- (iii) the Group chair should hold regular meetings with officials from the organizations;
- (iv) the much appreciated information bulletin *Europe III* should be expanded. The bulletin is compiled and distributed by the Group secretariat after each Plenary Session, and 1989 saw a further rise in its circulation figures.

Other Group activities included the meeting which preceded the 13th annual conference of representatives of EC-ACP socio-economic organizations. In the run-up to the conference, the Group III delegation met their opposite numbers from the ACP States. The meeting was a valuable component of the annual conference, giving participants a chance not only to discuss key subjects of joint interest, but also to get to know each other better.



## CHAPTER V

# Internal affairs of the General Secretariat

### 1. STAFF

In 1989 the General Secretariat had 494 established posts, an increase of 9 posts, or 1.86 %, over 1988.

### 2. BUDGET

Appropriations for 1989 totalled ECU 42 944 358, 7.92 % up on the 1988 figure of ECU 39 791 790.

### 3. MEETINGS

There were 11 Plenary Sessions and 15 Bureau meetings in 1989.

Other meetings were as follows :

Sections	71
Study Groups	301
Groups I, II and III	96
Other	176
Meetings of sub-groups sponsored by Groups I, II and III	174
Visitors' parties	198

### 4. STRUCTURE OF THE GENERAL SECRETARIAT FOR 1989

#### I. Chairman

Private office  
Group secretariats  
Financial control division

## **II. Secretary-General**

Secretariat

- MIS
- Conferences and delegations

Division for studies and documentation

- Mail/archives/library/documentation

Press Division

Division for public relations, information and publications

## **Directorate for the Registry of the Assembly and the Bureau and Planning**

### **Directorate for Personnel and Finance**

Division for recruitment and personal management

Specialized financial department

## **III. Directorate A — Consultative work**

Division for economic, financial and monetary questions

Specialized department for social, family, educational and cultural affairs

Division for protection of the environment, public health and consumer affairs

## **IV. Directorate B — Consultative work**

Division for industry, commerce, crafts and services

Specialized department for regional development and town and country planning

Division for transport and communications



**V. Directorate C — Consultative work**

Division for agriculture and fisheries

Specialized department for energy, nuclear questions and research  
division for external relations, trade and development policy

**VI. Directorate-General for Coordination, Translation and General Affairs**

Specialized department for informatics, office automation and telecommunications

Medical and welfare unit

Security unit

**Directorate for Coordination, Translation, Document Production and Internal Affairs**

Coordination unit

Translation

Specialized department for document transcription, printing and despatch

Specialized department for internal affairs



*ANNEX A*

**The Economic and  
Social Committee's external representation  
and influence**

## MEETINGS WITH LEADING FIGURES IN 1989

### 1. Representatives of Member and non-member States

11 January	Mr Rachid Sfar, Head of Tunisian Representation to the EC, Ambassador Extraordinary
23 January	Mrs Neiertz, Secretary of State for Consumer Affairs, France
31 January	Mr Bénédict de Tscherner, Head of the Swiss Confederation's Mission to the EC, Ambassador Extraordinary
7 February	Mr Philippe de Schoutheete de Tervarent, Permanent Representative of Belgium, Ambassador Extraordinary
7 February	Mr Leonardo Mathias, Permanent Representative of Portugal, Ambassador Extraordinary
7 February	Mr John H. F. Campbell, Permanent Representative of Ireland, Ambassador Extraordinary
13 February	Mr Augusto Correia, Minister to the EC, Macao
17 February	Mr La Pergola, Minister for Community Affairs, Italy
18 February	Mr Formica, Minister of Labour, Italy
20 February	Mr Abdel Hamed Echeikh, Tunisian Minister for Foreign Affairs and Mr Rachid Sfar of the Tunisian Representation to the EC, Ambassador Extraordinary
22 February	Mr Joseph Weyland, Permanent Representative of Luxembourg, Ambassador Extraordinary
22 February	Mr Jakob Esper Larsen, Permanent Representative of Denmark, Ambassador Extraordinary
8 March	Mr Constantinos Lyberopoulos, Permanent Representative of Greece, Ambassador Extraordinary
21 March	Rt. Hon. Lynda Chalker, MP, British Minister for Overseas Development, Foreign and Commonwealth Office
21 March	Mr Vladimir Chemiatenkov, Head of Soviet Mission to the EC, Ambassador Extraordinary

30 March	Mr Chaves Gonzales, Minister for Labour and Social Security, Spain
10 April	Mr Jakob Esper Larsen, Permanent Representative of Denmark, Ambassador Extraordinary
12 April	Mr Barrionuevo Pena, Minister for Transport, Tourism and Communications, Spain
10 May	Mr Yennimatas, Minister for Labour, Greece
10 May	Mr Pangalos, Minister for European Affairs, Greece
6 June	Mr Philippe Louet, Permanent Representative of France, Ambassador Extraordinary
6 June	Mr Werner Ungerer, Permanent Representative of the Federal Republic of Germany, Ambassador Extraordinary
10 June	Sir David H. A. Hannay, Permanent Representative of the United Kingdom, Ambassador
14 June	Mr Vladimir Chemiatenkov, Head of the Soviet Mission to the EC, Ambassador Extraordinary
15 June	Mr Leonardo Mathias, Permanent Representative of Portugal, Ambassador Extraordinary
16 June	Mr P. C. Nieman, Permanent Representative of the Netherlands, Ambassador Extraordinary
20 June	Mr Bénédict de Tscharnier, Head of the Swiss Confederation's Mission to the EC, Ambassador Extraordinary
19 July	Mr Vidal, Permanent Representative of France, Ambassador Extraordinary
5 September	Mr John H. F. Campbell, Permanent Representative of Ireland, Ambassador Extraordinary
27 September	Mrs Edith Cresson, Minister for European Affairs, France
28 September	Mr Simoes Coelho, Permanent Representative of Portugal, Ambassador Extraordinary

13 October	Mr Carlos Westendorp y Cabeza, Permanent Representative of Spain, Ambassador Extraordinary
18 October	Sir David H. A. Hannay, Permanent Representative of the United Kingdom, Ambassador
18 October	Mr Jakob Esper Larsen, Permanent Representative of Denmark, Ambassador Extraordinary
18 October	Mr Soisson, Minister for Labour, Employment and Vocation Training, France
19 October	Mr Vladimir Chemiatenkov, Head of the Soviet Mission to the EC, Ambassador Extraordinary
20 October	Mr Pietro Calamia, Permanent Representative of Italy, Ambassador Extraordinary
31 October	Mr Kirkegaard, Minister for Labour and Mr Ostrom Moller, Secretary of State for Foreign Affairs, Denmark
8 November	Mr Kaliopate Tavolo, Head of the Fiji Mission to the EC, Ambassador
21 November	Mr Stavenhagen, Minister of State at the Chancellery, FR of Germany
22 November	Mr Giulio Andreotti, President of the Council, Italy
23 November	Mr Jacques Poos, Minister for Foreign Affairs, Luxembourg
24 November	Mr Constantinos Lyberopoulos, Permanent Representative of Greece, Ambassador Extraordinary
29 November	Mr Paul De Keersmaeker, Secretary of State for European Affairs and Agriculture, Belgium
29 November	Mr Haughey, Irish Prime Minister and Mr John H. F. Campbell, Permanent Representative of Ireland

## **2. European Parliament**

11 January	Mr Klepsch, Chairman, Group of the European People's Party
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12 January	Mr Arndt, Chairman, Socialist Group
17 January	Mrs Veil, Chairman, Liberal, Democratic and Reformist Group
17 January	Mr de la Malène, Chairman, Group of the European Democratic Alliance
17 January	Mr Vinci, Secretary-General
10 March	Mr Cervetti, Chairman, Communist Group
13 September	Mr Prout, Chairman, European Democratic Group
13 September	Mr Colajanni, Chairman, Group for the European Unitarian Left
13 September	Mr de la Malène, Chairman, Group of the European Democratic Alliance
13 September	Mr Klepsch, Chairman, Group of the European People's Party
13 September	Mr Cot, Chairman, Socialist Group
13 September	Mr Giscard d'Estaing, Chairman, Liberal, Democratic and Reformist Group
13 September	Mr Price, Rapporteur, Committee on Budgetary Control
16 November	Mr Barón Crespo, President

### **3. Commission**

20 January	Ms Papandreou, Member
23 January	President Delors
7 February	Mr Van Miert, Member
14 February	Mr Millan, Member
28 February	Mr Ripa di Meana, Member
10 March	Mr Cardoso e Cunha, Member
28 April	Mrs Scrivener, Member

16 May	Sir Leon Brittan, Vice-President
19 May	Mr Matutes, Member
30 May	Sir Leon Brittan, Vice-President
1 June	Mr Cardoso e Cunha, Member
7 June	Mr Schmidhuber, Member
20 June	Mr Schmidhuber, Member
20 June	Mr Schmidhuber, Member
20 June	Mr Andriessen, Vice-President
22 June	Mr Christophersen, Vice-President
13 July	Mr Andriessen, Vice-President
19 July	Ms Papandreou, Member
20 July	Mr Dondelinger, Member
5 September	Ms Papandreou, Member
28 September	Mr Marin, Vice-President
12 October	Mr Pandolfi, Vice-President
13 October	Mr Matutes, Member
7 November	Mr Mac Sharry, Member
24 November	Mr Andriessen, Vice-President
18 December	Ms Papandreou, Member

#### **4. Official visits**

##### **1-2 March: Madrid**

Congress/Senate Joint Committee for the European Communities  
Chairman : Mr Leopoldo Torres

Minister for Transport, Tourism and Communications  
Mr Barrionuevo Pena

Minister for Economic and Financial Affairs  
Mr Solchaga Catalán



General Workers' Union (UGT)  
Workers' Committees (CCOO)  
Spanish Confederation of Employers' Organizations (CEOE)  
General Association of Consumers (Asgeco)  
Minister for Labour and Social Security  
Mr Chaves González  
Prime Minister  
Mr González Márquez  
Secretary of State for Relations with the European Communities  
Mr Solbes

**26-29 July: London**

Commission office  
Local Government International Bureau  
Lords and Commons Select Committees on European Legislation  
Minister of State for Foreign and Commonwealth Affairs,  
Hon. Francis Maude, MP  
Trades Union Congress (TUC)  
Minister of State for Employment,  
Mr Tim Eggar, MP  
UK Interprofessional Group  
Parliamentary Under-Secretary of State for Corporate Affairs,  
Mr John Redwood, MP  
Consumers in the European Community Group  
Confederation of British Industry  
British Bankers' Association  
The Governor of the Bank of England,  
Mr Leigh Pemberton  
Institute of Directors

**20-21 September: Paris**

Minister for Labour, Employment and Vocational Training  
Mr Soisson

President of the French Republic  
Mr Mitterrand

Minister for Research and Technology  
Mr Curien

President of the Economic and Social Council,  
Mr Matteoli

Minister for European Affairs,  
Mrs Cresson

Minister for Solidarity, Health and Social Protection  
Mr Evin

Prime Minister,  
Mr Rocard

Minister of State, Minister for Foreign Affairs,  
Mr Dumas

**9-10 November: Paris**

National Confederation of Crafts and Trades (CNAM)

Chamber of Agriculture

French Confederation of Christian Workers (CFTC)

General Confederation of Labour — Force ouvrière (CGT-FO)

General Confederation of Small and Medium-sized Enterprises (CGPME)

National Union of Associations of the Liberal Professions (UNAPL)

General Confederation of Labour (CGT)

Economic and Social Council

Paris Chamber of Commerce and Industry

French Association of Credit Institutions

French Democratic Confederation of Labour (CFDT)

National Union of Family Associations (UNAF)

National Confederation of French Employers (CNPF)

French Confederation of Managerial Staff (CGC)

*ANNEX B*

**Action taken by  
the Commission on ESC Opinions  
adopted between May and September 1989**

## PLENARY SESSION OF 31 MAY AND 1 JUNE 1989

### 1. Consultations

Subject	Follow-up by the Commission
Foods and food ingredients treated with ionizing radiation (COM(88) 654 final, 2.12.1989) ESC Opinion: 678/89	The Commission upholds its proposal in its entirety.
Non-automatic weighing instruments (COM(88) 780 final, 22.12.1988) ESC Opinion: 673/89	Following the adoption by the ESC of its Opinion, and the adoption by the EP, in first reading, of its resolution the Commission has presented a modified proposal to the Council in application of Art. 149, § 3, of the EEC Treaty.
Appliances burning gaseous fuels (COM(88) 786 final, 20.12.1988) ESC Opinion: 679/89	The Commission has taken account of the modifications proposed by the ESC along the same lines as those proposed by the EP.
Control and eradication of rabies (COM(88) 836 final, 21.12.1989) ESC Opinion: 680/89	The Opinion strengthens the Commission's proposals (some technical remarks on the coordination of the control and eradication in frontier areas are very appropriate).
Animal health conditions governing intra-Community trade in ovine and caprine animals (COM(88) 742 final, 21.12.1988) ESC Opinion: 676/89	Very technical Opinion. Useful to the Commission staff in their exchange of views with the Council working parties.
Animal health conditions governing intra-Community trade in poultry and hatching eggs (COM(89) 9 final, 20.2.1989) ESC Opinion: 677/89	Very technical Opinion constituting part of the dossier for exchanges with the Council working parties.
Elimination of controls performed at the frontiers of Member States (COM(88) 800 final, 22.12.1988) ESC Opinion: 682/89	The Commission has noted the favourable Opinion.

Subject	Follow-up by the Commission
Weights and dimensions: derogations (COM(88) 759 final, 12.1.1989) ESC Opinion: 683/89	The ESC Opinion does not take account of the fact that these are exemptions <i>already</i> granted and that their expiry date should be fixed taking account of the special situation of both countries.
Air traffic system capacity (COM(88) 577 final, 8.12.1988) ESC Opinion: 675/89	The Commission has noted the favourable Opinion.
Batteries and accumulators containing dangerous substances (COM(88) 672 final, 1.12.1988) ESC Opinion: 681/89	Article 3 of the proposal for a directive has been amended to take account of the industry reduction programme being carried out, by incorporating a reference to the Committee on adaptation to technical progress.
Motor vehicle liability insurance and direct insurance other than life assurance (COM(88) 791 final, 19.12.1988) ESC Opinion: 674/89	The Commission departments, while not able to accept the ESC's amendments as formulated, have taken note of certain observations made by the ESC, to which they will pay particular attention in future negotiations.

## 2. Own-initiative Opinion

None.

PLENARY SESSION OF 21 AND 22 JUNE 1989

## 1. Consultations

Subject	Follow-up by the Commission
Veterinary medicinal products (COM(88) 779 final, 9.2.1989) ESC Opinion: 749/89	The Commission noted the favourable Opinion.

Subject	Follow-up by the Commission
Stock exchange listing particulars (COM(89) 133 final, 22.3.1989) ESC Opinion: 750/89	The Commission noted the favourable Opinion.
System of value-added tax applicable to second-hand goods (COM(88) 846 final, 3.2.1989) ESC Opinion: 751/89	<p data-bbox="524 403 997 555"><i>System covering all the situations:</i> Given the multitude of situations which can arise with regard to second-hand goods, it would not be reasonable to have such a system. Insurmountable technical difficulties would be encountered.</p> <p data-bbox="524 579 997 754"><i>Tax to be based on the profit:</i> It is possible to adopt the difference between the selling price and the purchase price, which may be substantially different from the profit, and which indeed corresponds to the notion of added value by the dealer subject to taxation.</p> <p data-bbox="524 778 997 930"><i>About possible fraud:</i> The Committee's concern is shared: for this reason the Commission has introduced under Art. 32(b) of the proposal for a Council directive a provision intended to prevent fraud.</p> <p data-bbox="524 954 997 1058"><i>Scope of the specific schema:</i> Any additional details would require the introduction of a system of taxation too complicated to be operated.</p> <p data-bbox="524 1082 997 1281"><i>Application of 50 % threshold for precious objects:</i> The Commission shares the ESC's concern but is not able at present to find more relevant criteria. It has entered into deliberations on this topic and will, as far as possible introduce amendments to its text in keeping with the ESC's wishes.</p> <p data-bbox="524 1305 997 1385"><i>Annex H more precise:</i> The Commission underlined the temporary character of Annex H.</p>

## 2. Own-initiative Opinion

Subject	Follow-up by the Commission
Economic situation in the Community — mid-1989 ESC Opinion: 752/89	The Opinions expressed by the ESC were taken into consideration in the Commission's communication on the economic situation (COM(89) 333 final) which was examined by the Economic, Financial and Monetary Council at its meeting on 10.7.1989.
Social developments in the Community in 1988 ESC Opinion: 753/89	In this connection the Commission has recently adopted the following:  the report on employment which has already been forwarded to the ESC Section on Social Questions;  the draft Community Charter of Fundamental Social Rights, the text of which has been forwarded to the ESC for its observations and which will be presented to the European Council in Strasbourg. It represents a solemn declaration on the part of the Heads of State or Government;  the Commission has adopted an action programme to accompany the Social Charter, based on employment needs and industry relations.

## PLENARY SESSION OF 12 AND 13 JULY 1989

### 1. Consultations

Subject	Follow-up by the Commission
Limitation of noise emission from civil subsonic jet aeroplanes (COM(88) 662 final, 13.12.1988) ESC Opinion: 831/89	The Commission has taken note of the Opinion. The departments concerned are in contact with the ECAC with a view to arriving at an agreement on this subject. The ICAO has drawn up a study on the economic and social impact. The relevant Commission department will take account of it.

Subject	Follow-up by the Commission
<p>Liberalization of capital movements (withholding at sources) (COM(89) 60 final, 8.2.1989) ESC Opinion: 836/89</p>	<p><i>10% rate of withholding tax:</i> This amendment, proposed also by the EP Committee on Economic and Monetary Affairs, may be accepted by the Commission when the time is right.</p> <p><i>Bilateral agreements could take precedence over the directive:</i> The Commission sees no reason to refuse a creditor by means of the directive the advantage offered by a bilateral agreement since the aim—to avoid tax evasion—has been achieved since the advantage depends on a declaration being made by the taxpayer to the tax authorities of his country of residence.</p> <p><i>Exemption from tax interest accruing from negligible sources:</i> By proposing harmonizing measures relating to tax on savings, it would at no time be the Commission's intention to harmonize taxation on savings in its entirety, nor to interfere with the income tax scheme.</p> <p>This is why the Commission has opted for the optional nature of exemptions where the decision is left up to the Member States. A special arrangement is made in Article 5(d) for savings accounts.</p>
<p>ERDF 13th Annual Report (COM(88) 728 final, 10.1.1989) ESC Opinion: 832/89</p>	<p><i>Comparison of provision and financing of infrastructure:</i> This type of analysis does not fall within the scope of the ERDF report but rather of the periodic report on the social and economic situation and development in the regions of the Community.</p> <p><i>Assessment of the regional implications of other policies:</i> Pursuant to Article 46 of Reg. EEC No 1787/84, the 13th Annual Report refers to the financial management of ERDF operations. It is therefore not within its scope to draw up the assessment requested by the ESC. However, a special chapter entitled 'Other forms of Community assistance in the regions' is generally included.</p>



Subject	Follow-up by the Commission
ERDF 13th Annual Report (COM(88) 728 final, 10.1.1989) ESC Opinion: 832/89	<i>Participation of social and economic organizations:</i> Pursuant to Article 31.2 of the Coordination Regulation which came into force on 1 January 1989, their participation will be mentioned in the next report for 1989.
Thermie programme (COM(89) 121, 22.3.1989) ESC Opinion: 833/89	The Commission departments took note of certain observations made by the ESC in order to notify the Council working party on energy.

## 2. Own-initiative Opinion

Subject	Follow-up by the Commission
Mediterranean policy of the European Community ESC Opinion: 835/89	The Commission feels that the ESC's proposals provide a useful contribution to its own deliberations on the future development of Mediterranean policy.
1992 and the Community's external trade ESC Opinion: 837/89	By and large the ESC conclusions agree with the policy guidelines adopted by the Commission.
Poverty ESC Opinion: 843/89	The right to a minimum income is one of the Commission's current concerns. It is incorporated in the draft Community Charter for Fundamental Social Rights. The Commission therefore intends examining this point in great detail in the deliberations and negotiations with the Member States. In particular, a seminar organized at the request of the Commission has brought together scientific and administrative experts on 16 and 17 November last in London.

PLENARY SESSION OF 27 AND 28 SEPTEMBER 1989

**1. Consultations**

Subject	Follow-up by the Commission
GSP 90 (COM(89) 242 final, 17.5.1989) ESC Opinion: 1028/89	The Commission will consider the action to be taken in the light of the ESC's suggestions on the drafting of proposals on the subject.
Technical standards and regulations (COM(89) 722 final, 8.12.1988) ESC Opinion: 1020/89	<p data-bbox="519 496 1000 544"><i>Participation by consultative bodies on the Standing Committee 83/189:</i></p> <p data-bbox="519 545 1000 699">The Commission does not consider it will be able to accede to this request since the representatives may intervene in the European standardization procedure through their national standardization bodies.</p> <p data-bbox="519 716 1000 788"><i>Consultation of the Advisory Committee on Safety, Hygiene and Health protection:</i></p> <p data-bbox="519 790 1000 863">The Commission is examining the consultation procedure with the Committee in question.</p> <p data-bbox="519 880 1000 928"><i>Better planning of European standardization:</i></p> <p data-bbox="519 930 1000 1005">The ESC's wishes are acceptable. Account will be taken of them when the directive is next amended.</p> <p data-bbox="519 1023 1000 1070"><i>Negotiations with EFTA countries with a view to an exchange scheme:</i></p> <p data-bbox="519 1072 1000 1123">A draft agreement was signed on 14 July 1989.</p>
Eradication of African swine fever in Portugal (COM(89) 342 final, 12.7.1989) ESC Opinion: 1022/89	The Commission has noted the favourable Opinion.
Roadworthiness tests for motor vehicles (COM(89) 6 final, 13.2.1989) ESC Opinion: 1024/89	The Commission upholds its proposal in its entirety.

Subject	Follow-up by the Commission
Cooperation on the management of water resources in the Danube basin (COM(89) 28 final, 10.3.1989) ESC Opinion: 1017/89	The department concerned in the Commission has taken note of the favourable Opinion.
(Science), Cooperation Agreement between the EEC and Austria/Norway/Switzerland/Finland/Sweden (COM(89) 264, 265 final, 24.5.1989 and COM(89) 83, 309 and 310 final, 23.6.1989) ESC Opinion: 1025/89	Art. 6 of the Science programme plan stipulates that reports should be addressed to the Council and the European Parliament. However, the relevant Commission departments consider that the ESC observations may be of use at the time of the examination of the dossier by the Council working parties.
Pan-European land-based public radio paging in the Community (COM(89) 166 final, 5.6.1989) ESC Opinion: 1023/89	The Commission has taken note that the ESC Opinion endorses the Commission proposal.
Direct life assurance (COM(88) 729 final, 2.1.1989) ESC Opinion: 1018/89	<i>Request for an extension of the directive to group assurance:</i> The legal arrangements proposed by the ESC for group assurance are not acceptable because they exclude home country control and are therefore too restrictive.  The other requests correspond very closely to those on which the Council working party on economic questions has already taken a decision.
Investment services in the securities field (COM(88) 778 final, 16.12.1988) ESC Opinion: 1019/89	The Commission has not yet adopted a position on the desirability of the ESC's amendments
Takeover and general bids (OPA and OPE) (COM(88) 823 final, 16.2.1989) ESC Opinion: 1031/89	The amendments proposed by the ESC will be examined together with those from the European Parliament
Determining the persons liable for payment of a customs debt (COM(89) 214 final, 11.5.1989) ESC Opinion: 1021/89	The Commission has noted the favourable Opinion

Subject	Follow-up by the Commission
A policy of administrative simplification in the Member States (COM(89) 259 final, 28.6.1989) ESC Opinion: 1030/89	The Commission has noted the favourable Opinion

## 2. Own-initiative Opinion

Subject	Follow-up by the Commission
The future of rural society/ environment and agriculture (COM(88) 501 final, 28.7.1988 and COM(88) 338 final, 8.6.1988) ESC Opinion: 1027/89	The Commission has taken note of the ESC Opinion, whose general points repeat part of what has already been said in several previous Opinions
Contribution of cooperatives to regional development ESC Opinion: 1032/89	The Commission has taken note of the ESC Opinion.
Consumer information centre ESC Opinion: 1029/89, 18.9.1989	The ESC Own-initiative Opinion is a timely action which meets the challenge of the completion of the internal market for the European consumer with regard to information.  It constitutes a set of recommendations to the Commission. The latter is currently studying their content in the context of preparing the communication on Community policy with regard to consumer information which the Commission is shortly to forward to the Council.

*ANNEX C*

**List of Opinions,  
studies and information reports  
issued during 1989**

## 262nd PLENARY SESSION OF 25 AND 26 JANUARY 1989

Green Paper on copyright and the challenge of technology  
(Rapporteur: Mr Robert J. Moreland) (ESC 74/89)

Weights and dimensions of certain road vehicles  
(amending Directive 85/3/EEC)  
(Rapporteur: Mr Gian Battista Cavazutti) (ESC 75/89)

Voting rights for Community nationals in local elections in their Member State of residence  
(Rapporteur: Mr Enrico Vercellino) (ESC 73/89)

Extensification of production  
(amending Regulation (EEC) No 797/85)  
(Rapporteur-General: Mr Walter Luchetti) (ESC 72/89)

17th Report on competition policy  
(Rapporteur: Mr Roger Ramaekers) (ESC 77/89)

Electromagnetic compatibility  
(Additional Opinion)  
(Rapporteur-General: Mr Philip H. Noordwal) (ESC 76/89)

Collection of information concerning the activities of carriers participating in cargo-liner traffic  
(Rapporteur working alone: Mr Francis J. Whitworth) (ESC 78/89)

Derogation granted to the Kingdom of Denmark relating to the rules governing travellers' allowances on imports  
(amending Directive 69/169/EEC)  
(Rapporteur working alone: Mr Philip H. Noordwal) (ESC 71/89)

Grain legumes  
(Rapporteur-General: Mr Pere Margalef Masia) (ESC 79/89)

## 263rd PLENARY SESSION OF 22 AND 23 FEBRUARY 1989

Community Charter of Basic Social Rights  
(Rapporteur: Mr François Staedelin) (ESC 270/89)

Borrowing under the new Community instrument for the purpose of promoting investment within the Community  
(Rapporteur: Mr Francesco Drago) (ESC 255/89)

Package travel

(Rapporteur: Mr Nikolaos Vassilaras) (ESC 274/89)

Protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture

(amending Directive 86/278/EEC)

(Rapporteur: Mr Georges Proumens) (ESC 256/89)

Roll-over protection structures mounted in front of the driver's seat on narrow-track wheeled agricultural and forestry tractors

(amending Directive 87/402/EEC)

(Rapporteur working alone: Mr Hans-Jürgen Wick) (ESC 258/89)

Roll-over protection structures of wheeled agricultural or forestry tractors

(amending Directive 77/536/EEC)

(Rapporteur working alone: Mr Hans-Jürgen Wick) (ESC 259/89)

Rear-mounted roll-over protection structures for narrow-track wheeled agricultural and forestry tractors

(amending Directive 86/298/EEC)

(Rapporteur working alone: Mr Hans-Jürgen Wick) (ESC 257/89)

Trace elements boron, cobalt, copper, iron, manganese, molybdenum and zinc contained in fertilizers

(Rapporteur: Mr Georges Proumens) (ESC 260/89)

Movement within the Community of goods sent from one Member State for temporary use in one or more other Member States

(amending Regulation (EEC) No 3/84)

(Rapporteur: Mr Paul Broicher) (ESC 261/89)

Programme of strategic research and technology in the field of aeronautics — Pilot phase (1989-90)

(Communication from the Commission) (Additional Opinion)

(Rapporteur working alone: Mr Paul Flum) (ESC 262/89)

Decommissioning of nuclear installations

(Rapporteur: Mr Klaus Benedict von der Decken) (ESC 269/89)

Remove handling in nuclear hazardous and disordered environments (1989-93) (Teleman)

(Rapporteur: Mr Ian M. Campbell) (ESC 263/89)

Conclusion and approval of the framework agreement for scientific and technical cooperation between the European Communities and the Republic of Iceland

(Rapporteur: Mr Preben Nielsen) (ESC 264/89)

Specific research and technological development programme in the field of marine science and technology (MAST)

(Rapporteur: Mr Ian M. Campbell) (ESC 265/89)

Common organization of the market in cereals

(amending Regulation (EEC) No 2727/75)

(Rapporteur: Mr Maurice Droulin) (ESC 272/89)

Agricultural products and certain goods resulting from the processing of agricultural products originating in the ACP States or in the overseas countries and territories

(amending Regulation (EEC) No 486/85)

(Rapporteur-General: Mr Jean-Claude Clavel) (ESC 275/89)

Community financial measures for the eradication of contagious bovine pleuropneumonia (CBPP) in Portugal

(Rapporteur-General: Mr Peter Storie-Pugh) (ESC 267/89)

Adjustment of the price applicable to table wines delivered for compulsory distillation in Spain

(Rapporteur-General: Mr Federico Riera-Marsa) (ESC 266/89)

Cessation of serological testing for brucellosis in certain types of swine (amending Directive 64/432/EEC)

(Rapporteur-General: Mr Peter Storie-Pugh) (ESC 268/89)

Assessment and follow-up of the IMPs (integrated Mediterranean programmes) (Information Report)

(Rapporteur: Mr Michel Saïu) (ESC 498/89 fin)

Employment and training of research staff (scientists and technologists) (Information Report)

(Rapporteur: Mr Robert J. Moreland) (ESC 388/88 fin)

## 264th PLENARY SESSION OF 30 AND 31 MARCH 1989

Prices for agricultural products (1989/90)

(Rapporteur: Mr Rudolf Schnieders) (ESC 436/89)



Relations between the European Community and the newly industrializing countries (NICs) of South-East Asia  
(Own-initiative Opinion)  
(Rapporteur: Mr Michel Collas) (ESC 439/89)

Procurement procedures of entities providing water, energy and transport services  
(Rapporteur: Mr Paul Kaaris) (ESC 433/89)

Procurement procedures of entities operating in the telecommunications sector  
(Rapporteur: Mr Klaus Schmitz) (ESC 434/89)

Community financial contribution towards expenditure incurred by Member States for the purpose of ensuring respect of the Community system for the conservation and management of fishery resources  
(Rapporteur: Mr Jesus Muñiz Guardado) (ESC 435/89)

Annual and consolidated accounts—exemptions for small and medium-sized companies and to the drawing up and publication of accounts in ecus  
(amending Directives 78/660/EEC and 83/349/EEC)  
(Rapporteur: Mr Graham Speirs) (ESC 437/89)

Freedom of access to information on the environment  
(Rapporteur: Mr Klaus Boisseree) (ESC 438/89)

Health conditions governing intra-Community trade in and importation from third countries of embryos of domestic animals of the bovine species  
(Rapporteur-General: Mr Peter Storie-Pugh) (ESC 440/89)

Disposal of polychlorinated biphenyls and polychlorinated terphenyls  
(Rapporteur: Mr Nikolaos Vassilaras) (ESC 426/89)

Two specific research and technological development programmes in the field of the environment: STEP (Science and technology for environmental protection) and Epoch (European programme on climatology and natural hazards 1989-92)  
(Rapporteur: Mr Enrico Vercellino) (ESC 427/89)

Making-up by volume of certain prepackaged liquids  
(amending Directive 75/106/EEC)  
(Rapporteur: Mr J. Kenneth Gardner) (ESC 428/89)

Community action programme for improving the efficiency of electricity use  
(Rapporteur: Mr Gerrit C. van Dam) (ESC 429/89)

Lingua programme to promote training in foreign languages and for the promotion of the teaching and learning of foreign languages in the European Community as part of the Lingua programme  
(two proposals for a decision)  
(Rapporteur: Mrs Beatrice Rangoni-Machiavelli) (ESC 430/89)

Protection of the Community's forests against atmospheric pollution (amending Regulation (EEC) No 3528/86); protection of the Community's forests against fire (amending Regulation (EC) No 3529/86)  
(two proposals for regulations)  
(Rapporteur: Mr Rudolf Schnieders) (ESC 431/89)

Improving the efficiency of agricultural structures, as regards the afforestation of agricultural land (amending Regulation (EEC) No 797/85); scheme to develop and optimally utilize woodlands in rural areas in the Community; common measures to improve the conditions under which agricultural and fishery products are processed and marketed (amending Regulation (EEC) No 355/77); setting up a Standing Forestry Committee and establishing a European forestry information and communication system (EFICS)  
(four proposals for regulations and a draft decision)  
(Rapporteur: Mr Francisco Fresi) (ESC 432/89)

The position of the GATT negotiations after the Montreal mid-term review  
(Information Report)  
(Rapporteur: Mr Aldo Romoli) (ESC 99/89 fin)

Poverty  
(Information Report)  
(Rapporteur: Mr Roger Burnel) (ESC 421/89 fin)

## 265th PLENARY SESSION OF 26 AND 27 APRIL 1989

High definition television  
(Rapporteur: Mr William G. Poeton) (ESC 557/89)

Banning smoking in public places  
(draft recommendation)  
(Rapporteur: Mr Augusto Gil da Silva) (ESC 561/89)

Maximum permitted blood alcohol concentration of vehicle drivers  
(Rapporteur: Mr Pietro Morselli) (ESC 567/89)

Protection of fresh, coastal and marine waters against pollution caused by nitrates from diffuse sources  
(Rapporteur: Mr Michel Saïu) (ESC 546/89)

Drinking water; bathing water; surface water and methods of measurement and frequencies of analysis of surface water  
(amending Directives 80/778/EEC, 76/160/EEC, 75/440/EEC and 79/869/EEC)  
(Rapporteur: Mr Michel Saïu) (ESC 568/89)

Units of measurement  
(amending Directive 80/181/EEC)  
(Rapporteur working alone: Mr Georges Proumens) (ESC 547/89)

Guarantees issued by credit institutions or insurance undertakings  
(Rapporteur: Mr Klaus Meyer-Horn) (ESC 548/89)

Insurance against civil liability in respect of the use of motor vehicles (third Directive)  
(Rapporteur: Mr Graham Speirs) (ESC 549/89)

Legal protection of biotechnological inventions  
(Rapporteur: Mr Michel Saïu) (ESC 550/89)

Introduction of compulsory nutrition labelling of foodstuffs and nutritional labelling rules for foodstuffs intended for sale to the ultimate consumer (two proposals for a directive)  
(Rapporteur: Mr Kenneth J. Gardner) (ESC 560/89)

Active implantable electromedical equipment  
(Rapporteur-General: Mr Georges Proumens) (ESC 562/89)

Statistics relating to the trading of goods between Member States  
(Rapporteur: Mr Camille Giacomelli) (ESC 552/89)

Action programme to foster the economic and social integration of the least-privileged groups  
(Rapporteur: Mr Roger Burnel) (ESC 551/89)

Programme of options specific to the remote and insular nature of the French overseas departments (Poseidom) and the dock dues arrangements in the French overseas departments  
(one draft decision and one proposal for a decision)  
(Rapporteur: Mr Luigi della Croce) (ESC 569/89)

Mutual recognition of driving licences  
(Rapporteur: Mr Ulbo Tukker) (ESC 553/89)

Speed limits for certain categories of motor vehicles in the Community  
(Rapporteur: Mr Gian Battista Cavazutti) (ESC 554/89)

Establishment of the internal market for telecommunications services through the implementation of an open-network provision (ONP)  
(Rapporteur: Mr Jean Rouzier) (ESC 558/89)

Multiannual research and training programme in the field of radiation protection (1990-91)  
(Rapporteur: Mr Michel Saiu) (ESC 570/89)

Specific research and technological development programme in the field of biotechnology (1990-94) Bridge — Biotechnology research for innovation, development and growth in Europe  
(Rapporteur: Mr André de Tavernier) (ESC 555/89)

Specific research and technological development programme in the fields of raw materials and recycling (1990-92)  
(Rapporteur: Mr Johannes M. Jaschick) (ESC 556/89)

Improvement of the business environment and the promotion of the development of enterprises, in particular of small and medium-sized enterprises, in the Community  
(Rapporteur-General: Mr G. W. M. Lustenhouwer) (ESC 559/89)

Common organization of the market in cereals (amending Regulation (EEC) No 2727/75); production aid for high-quality flint maize; fixing the production aid for sowings in the 1988/89 marketing year of certain varieties of high-quality flint maize  
(three proposals for a regulation)  
(Rapporteur-General: Mr Michael Strauss) (ESC 563/89)

Freedom of movement for workers within the Community (amending Regulation (EEC) No 1612/68); restrictions on movement and residence within the Community for workers of Member States and their families (amending Directive 68/360/EEC)  
(Rapporteur: Mr Gordon Pearson) (ESC 571/89)

Common organization of the market in rice  
(amending Regulation (EEC) No 1418/76)  
(Rapporteur-General: Mr Luigi Della Croce) (ESC 564/89)

Prohibition of certain substances having a hormonal action and of substances having a thyrostatic action  
(amending Directives 81/602/EEC and 88/146/EEC)  
(Rapporteur-General: Mr Peter Storie-Pugh) (ESC 565/89)

Pursuit of broadcasting activities  
(Rapporteur-General: Mr Roger Ramaekers) (ESC 572/89)

Compulsory use of safety belts in vehicles of less than 3.5 tonnes  
(Rapporteur: Mr Ulbo Tukker) (ESC 566/89)

## 266th PLENARY SESSION OF 31 MAY AND 1 JUNE 1989

Motor vehicle liability insurance (amending the first Council Directive 73/239/EEC); direct insurance other than life assurance and provisions to facilitate the effective exercise of freedom to provide services (amending the second Council Directive 88/357/EEC and the first Directive 73/239/EEC)  
(Rapporteur: Mr Graham Speirs) (ESC 674/89)

Consultation and coordination between Member States in the field of air-traffic services and air-traffic flow management; extending Decision 78/174/EEC to the field of air-transport infrastructure; flexible and efficient use of airspace  
(two proposals for a decision and one proposal for a recommendation)  
(Rapporteur: Mr René Bleser) (ESC 675/89)

Elimination of controls performed at the frontiers of Member States in the field of road and inland waterway transport  
(Rapporteur: Mr Bartholomeus Pronk) (ESC 682/89)

Weights, dimensions and certain other technical characteristics of certain road vehicles  
(amending Directive 85/3/EEC)  
(Rapporteur: Mr Gian Gattista Cavazutti) (ESC 683/89)

Food ingredients treated with ionizing radiation  
(Rapporteur: Mr Kenneth J. Gardner) (ESC 678/89)

Certificate for dogs and cats on visits of less than one year in the Member States and introducing Community measures to set up pilot projects for the control and eradication of rabies  
(Rapporteur: Mr Peter Storie-Pugh) (ESC 680/89)

Animal health conditions governing intra-Community trade in ovine and caprine animals; veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries in order to include ovine and caprine animals  
(amending Directive 72/462/EEC)  
(one proposal for a regulation and one proposal for a directive)  
(Rapporteur: Mr Peter Storie-Pugh) (ESC 676/89)

Health conditions governing intra-Community trade in and imports from third countries of poultry and hatching eggs  
(Rapporteur: Mr Rui Herlander Rolão Gonçalves) (ESC 677/89)

Batteries and accumulators containing dangerous substances  
(Rapporteur-General: Mr Georges Proumens) (ESC 681/89)

Gas appliances  
(Rapporteur: Mr Giuseppe Frandi) (ESC 679/89)

Non-automatic weighing instruments  
(Rapporteur: Mr Gordon Pearson) (ESC 673/89)

## 267th PLENARY SESSION OF 21 AND 22 JUNE 1989

The economic situation in the Community—mid-1989  
(Own-initiative Opinion)  
(Rapporteur: Mr Michael Geunich) (ESC 752/89)

Social developments in the Community in 1988  
(Own-initiative Opinion)  
(Rapporteur: Mr Poul Schade-Poulsen) (ESC 753/89)

Directive supplementing the common system of value-added tax and amending Articles 32 and 28 of Directive 77/388/EEC (special arrangements for second-hand goods, works of art, antiques and collectors' items)  
(Rapporteur: Mr Luigi della Croce) (ESC 751/89)

Mutual recognition of stock-exchange listing particulars  
(amending Directive 80/390/EEC)  
(Rapporteur: Mr Jean Pardon) (ESC 750/89)

Community procedure for the establishment of tolerances for residues of veterinary medicinal products; veterinary medicinal products (amending Directive 81/851/EEC); veterinary medicinal products and laying down additional provisions for immunological veterinary medicinal products (extending the scope of Directive 81/851/EEC) (one proposal for a regulation and two proposals for a directive)

(Rapporteur: Mr Roger Ramaekers) (ESC 749/89)

## 268th PLENARY SESSION OF 12 AND 13 JULY 1989

Poverty

(Own-initiative Opinion)

(Rapporteur: Mr Roger Burnel) (ESC 834/89)

1992 and the Community's external trade: The impact of a single Community internal market on the Community's trade with its major trading partners

(Own-initiative Opinion)

(Rapporteur: Mr Enzo Beltrami) (ESC 837/89)

Common system of withholding tax on interest income; mutual assistance by the competent authorities of the Member States in the field of direct taxation and value-added tax (amending Directive 77/799/EEC)

(two proposals for directives)

(Rapporteur: Mr Paul Broicher) (ESC 836/89)

Thirteenth Annual Report (1987) from the Commission on the European Regional Development Fund (ERDF)

(Rapporteur: Mr Andrea Amato) (ESC 832/89)

Limitation of noise emission from civil subsonic jet aeroplanes

(Rapporteur: Mr Javier Velasco Mancebo) (ESC 831/89)

Promotion of energy technology in Europe — Thermie programme

(Rapporteur: Mr Klaus Benedict von der Decken) (ESC 833/89)

Community Mediterranean policy

(Own-initiative Opinion)

(Rapporteur: Mr Andrea Amato) (ESC 835/89)

## 269th PLENARY SESSION OF 27 AND 28 SEPTEMBER 1989

Company law concerning takeover and other general bids (OPA/OPE)  
(Rapporteur: Mr Francesco Drago) (ESC 1031/89)

Concluding the Convention on cooperation on the management of water resources in the Danube basin  
(Rapporteur working alone: Mr Klaus Boisseree) (ESC 1017/89)

Direct life assurance  
(second Council Directive laying down provisions to facilitate the effective exercise of freedom to provide services and amending Directive 79/267/EEC)  
(Rapporteur: Mr Robert Pelletier) (ESC 1018/89)

Investment services in the securities field  
(Rapporteur: Mr Jean Pardon) (ESC 1019/89)

Procedure for the provision of information in the field of technical standards and regulations (1984-87)  
(Report on the operation of Directive 83/189/EEC)  
(Rapporteur: Mr John A. de Normann) (ESC 1020/89)

Determining the persons liable for payment of a customs debt  
(amending Regulation (EEC) No 1031/88)  
(Rapporteur working alone: Mr Paul Broicher) (ESC 1021/89)

Implementation of a policy of administrative simplification in favour of small and medium-sized enterprises  
(Council recommendation)  
(Rapporteur: Mr Colin A. Hancock) (ESC 1030/89)

Roadworthiness tests for motor vehicles and their trailers  
(amending Directive 77/143/EEC)  
(Rapporteur: Mr Francisco Corell Ayora) (ESC 1024/89)

Coordinated introduction of pan-European land-based public radio-paging in the Community and the frequency bands to be reserved  
(proposal for a recommendation and proposal for a directive)  
(Rapporteur: Mr Jean Rouzier) (ESC 1023/89)

Community financial measure for the eradication of African swine fever in Portugal  
(amending Decision 86/649/EEC)  
(Rapporteur: Mr Peter Storie-Pugh) (ESC 1022/89)



Conclusion of cooperation agreements between the European Economic Community and the Republic of Austria, the Kingdom of Norway, the Swiss Confederation, the Republic of Finland and the Kingdom of Sweden on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (Science) (five proposals for a decision)

(Rapporteur: Mr Robert J. Moreland) (ESC 1025/89)

Applying the Community's generalized tariff preferences for 1990 (three proposals for a regulation and a draft decision)

(Rapporteur: Mr Gian Battista Cavazzuti) (ESC 1028/89)

The future of rural society

(Own-initiative Opinion)

(Rapporteur: Mr Rudolf Schnieders) (ESC 1026/89)

Environment and agriculture

(Own-initiative Opinion)

(Rapporteur: Mr Roger Burnel) (ESC 1027/89)

Consumer information and advice in the context of the completion of the internal market

(Own-initiative Opinion)

(Rapporteur: Mr G. H. E. Hilken) (ESC 1029/89)

Contribution of the cooperative sector to regional development

(Own-initiative Opinion)

(Rapporteur: Mr José Bento Gonçalves) (ESC 1032/89)

## 270th PLENARY SESSION OF 18 AND 19 OCTOBER 1989

Report on economic and monetary union in the Community (Delors Report)

(Own-initiative Opinion)

(Rapporteur: Mr Klaus Meyer-Horn) (ESC 1135/89)

Social consequences of cross-frontier concentrations between undertakings

(Own-initiative Opinion)

(Rapporteur: Mr Klaus Schmitz) (ESC 1133/89)

Right of residence for students, pensioners, employees and other persons who have ceased their occupational activity

(three proposals for a directive)

(Rapporteur: Mr Gordon Pearson) (ESC 1129/89)

Action plan 1990-94 in the framework of the Europe against cancer programme  
(draft resolution)  
(Rapporteur: Mr Wilfred Aspinall) (ESC 1139/89)

Fixing of maximum levels for pesticide residues in and on certain products of plant origin including fruit and vegetables  
(amending Directive 76/895/EEC)  
(Rapporteur: Mr Augusto Silva) (ESC 1123/89)

Community action programme in the field of vocational training and technological change — Eurotecnet II  
(Rapporteur: Mr Herbert Nierhaus) (ESC 1130/89)

Legal protection of computer programs  
(Rapporteur: Mr Robert J. Moreland) (ESC 1121/89)

Telecommunications terminal equipment, including the mutual recognition of their conformity  
(Rapporteur: Mr Herbert Nierhaus) (ESC 1120/89)

Specific research and technical development programme in the field of management and storage of radioactive waste (1990-94)  
(Rapporteur: Mr Paul Flum) (ESC 1128/89)

Regional action programme concerning the economic conversion of coal-mining areas (Rechar)  
(Rapporteur: Mr Klaus Schmitz) (ESC 1136/89)

Abolition of lodgement of the transit advice note on crossing an internal frontier of the Community  
(amending Regulation (EEC) No 222/77)  
(Rapporteur: Mr Bernard Mourgues) (ESC 1137/89)

Amendment of Directive 69/169/EEC to increase in real terms the tax-paid allowances in intra-Community travel  
(Rapporteur: Mr Bernard Mourgues) (ESC 1138/89)

Fixing of rates for the carriage of goods by road between Member States  
(Rapporteur: Mr Gian Battista Cavazutti) (ESC 1132/89)

Minimum requirements for vessels entering or leaving Community ports carrying packages of dangerous or polluting goods  
(Rapporteur: Mrs Anne Bredima-Savopoulou) (ESC 1127/89)

Improvement of the conditions under which fishery and aquaculture products are processed and marketed  
(Rapporteur: Mr Colin A. Hancock) (ESC 1126/89)

Common organization of the market in milk and milk products (amendment to Regulation (EEC) No 804/68; amendment to Regulation (EEC) No 775/87 temporarily withdrawing a proportion of the reference quantities mentioned in Article 5(c)(1) of Regulation (EEC) No 804/68; amendment to Regulation (EEC) No 766/89 establishing, for the period running from 1 April 1989 to 31 March 1990, the Community reserve for the application of the levy referred to in Article 5(c) of Regulation (EEC) No 804/68; amendment to Regulation (EEC) No 857/84 adopting general rules for the application of the levy referred to in Article 5(c) of Regulation (EEC) No 804/68 (four proposals)  
(Rapporteur: Mr Rudolf Schnieders) (ESC 1125/89)

Rates of reimbursement for the set-aside of arable land  
(amendment to Regulation (EEC) No 797/85)  
(Rapporteur working alone: Mr Walter Luchetti) (ESC 1134/89)

Special support for the development of agricultural statistics in Ireland  
(amendment of Decision 88/390/EEC)  
(Rapporteur working alone: Mr Sean Kelly) (ESC 1124/89)

Protection of vertebrate animals used for experimental and other scientific purposes  
(Rapporteur: Mr Peter Storie-Pugh) (ESC 1122/89)

Community action scheme for the mobility of university students (Erasmus) (amendment of Decision 87/327/EEC)  
(Rapporteur: Mr Herbert Nierhaus) (ESC 1131/89)

## 271st PLENARY SESSION OF 15 AND 16 NOVEMBER 1989

Environment policy, a fundamental aspect of economic and social development (Own-initiative Opinion)  
(Rapporteur: Mr Danilo Beretta) (ESC 1245/89)

Establishment of the European Environment Agency and European environment monitoring and information network  
(Rapporteur: Mr Enrico Vercellino) (ESC 1246/89)

Experimental project for gathering, coordinating and ensuring the consistency of information on the state of the environment and natural resources in the Community  
(amending Council Decision 85/338/EEC in order to provide for the continuation of the Commission work programme)  
(Rapporteur: Mr Enrico Vercellino) (ESC 1244/89)

Progressive convergence of economic performance during stage one of economic and monetary union (proposal for a decision); cooperation between the central banks of the Member States of the European Economic Community (recommendation for a Council decision amending Decision 64/300/EEC)  
(Rapporteur: Mr Klaus Meyer-Horn) (ESC 1251/89)

Commission's *Annual Economic Report* 1989-90  
(Rapporteur: Mr Michael Geuenich) (ESC 1253/89)

Improvement of the business environment and the promotion of the development of enterprises, in particular of small and medium-sized enterprises in the Community  
(additional Opinion)  
(Rapporteur: Mr Colin W.M. Lustenhouwer) (ESC 1256/89)

Operational protection of outside workers exposed to ionizing radiation during their activities in installations in which such radiation is used  
(draft proposal for a directive)  
(Rapporteur: Mr Klaus von der Decken) (ESC 1240/89)

Conclusion of cooperation agreements between the European Economic Community and the Republic of Finland, the Swiss Confederation, the Kingdom of Norway, the Republic of Austria and the Kingdom of Sweden in the field of medical and health research  
(five proposals for a decision)  
(Rapporteur: Mrs Susanne Tiemann) (ESC 1242/89)

Placing of EEC-accepted plant protection products on the market  
(amended proposal for a directive)  
(Rapporteur: Mr Rui Herländer Rolão Gonçalves) (ESC 1241/89)

Application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community

(amendment of Regulation (EEC) No 1408/71 and of Regulation (EEC) No 574/72 laying down the procedure for implementing Regulation (EEC) No 1408/71)

(Rapporteur: Mr Danilo Beretta) (ESC 1255/89)

Framework programme of Community activities in the field of research and technological development (1990-94)

(Rapporteur: Mr John A. de Normann) (ESC 1250/89)

Establishment of the Handynet system (European Community computerized information system on disability questions) (Commission report to the Council); further development of the Handynet system in the context of the Helios programme (proposal for a decision)

(Rapporteur: Mrs Alma Williams) (ESC 1254/89)

Conclusion, implementation and particular provisions for the application of Articles 36 and 37a of the Agreement between the Swiss Confederation and the European Economic Community concerning direct insurance other than life assurance (one proposal for a decision, one proposal for a directive and one proposal for a regulation)

(Rapporteur: Mr Roger Ramaekers) (ESC 1248/89)

Establishing a Community ship register and providing for the flying of the Community flag by sea-going vessels; common definition of a Community shipowner; applying the principle of freedom to provide services to maritime transport within Member States

(three proposals for a regulation)

(Rapporteur: Mr Francis J. Whitworth) (ESC 1257/89)

Speeding up the adjustment of agricultural production structures (amending Regulation (EEC) No 797/85, No 1096/88, No 1360/78, No 389/82 and No 1696/71; improving the processing and marketing of agricultural and forestry products

(two proposals for a regulation)

(Rapporteur: Mr Walter Luchetti) (ESC 1252/89)

Protection of animals during transport

(Rapporteur: Mr Peter Storie-Pugh) (ESC 1249/89)

Common organization of the market in raw tobacco

(amending Regulation (EEC) No 727/70)

(Rapporteur working alone: Mr Sylianos Bazianas) (ESC 1243/89)

Administration of bovine somatotrophin (BST)  
(Rapporteur working alone: Mr Augusto Silva) (ESC 1247/89)

## 272nd PLENARY SESSION HELD ON 19 AND 20 DECEMBER 1989

A fresh boost for culture in the European Community  
(additional Opinion)  
(Rapporteur: Mrs Beatrice Rangoni-Machiavelli; Co-Rapporteur: Mr P.H. Noordwal) (ESC 1372/89)

Completion of the internal market and approximation of indirect taxes  
(communication from the Commission to the Council and to the European Parliament)  
(Rapporteur: Mr Luigi Della Croce) (ESC 1368/89)

Community system of information on accidents involving consumer products  
(amendment of Decision 86/138/EEC)  
(Rapporteur: Mrs Alma Williams) (ESC 1369/89)

Advertising of tobacco products  
(Rapporteur: Mr Wilfred Aspinall) (ESC 1370/89)

18th Competition Policy Report  
(Rapporteur: Mr Bernard Mourgues) (ESC 1367/89)

Spray-suppression devices of certain categories of motor vehicle and their trailers  
(Rapporteur: Mr François Perrin-Pelletier) (ESC 1362/89)

Harmonization of procedures for the release of goods for free circulation  
(amendment of Directive 79/695/EEC)  
(Rapporteur: Mr Bernard Mourgues) (ESC 1363/89)

Agreement between the European Economic Community and the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on trade electronic data interchange using the communications networks (Tedis)  
(Rapporteur: Mr Herbert Nierhaus) (ESC 1364/89)

Illustrative nuclear programme for the Community (PINC)  
(Rapporteur: Mr Ian M. Campbell) (ESC 1365/89)

Introduction of a standard Europe-wide emergency call number  
(Rapporteur : Mr Bo Green, Co-Rapporteur : Mr Giovanni Mantovani)  
(ESC 1361/89)

Common organization of the market in cereals  
(amendment of EEC Regulation No 2727/75)  
(Rapporteur : Mr Michael Strauss) (ESC 1366/89)

Production and placing on the market of melted animal fat, greaves and  
by-products of rendering for human consumption  
(Rapporteur-General : Mr Kenneth J. Gardner) (ESC 1371/89)

Protection of calves kept in intensive farming systems  
(Rapporteur : Mr Peter Storie-Pugh) (ESC 1373/89)

Protection of pigs kept in intensive farming systems  
(Rapporteur : Mr Peter Storie-Pugh) (ESC 1374/89)

Financial aid for the eradication of African swine fever in Sardinia  
(Rapporteur-General : Mr Peter Storie-Pugh) (ESC 1375/89)

Control of foot and mouth disease  
(amendment of Directive 85/511/EEC)  
(Rapporteur-General : Mr Peter Storie-Pugh) (ESC 1376/89)

Intra-Community trade in and imports of deep-frozen semen of domestic  
animals of the bovine species  
(amendment of Directive 86/407/EEC)  
(Rapporteur-General : Mr Peter Storie-Pugh) (ESC 1377/89)

Animal health conditions governing intra-Community trade in and import  
from third countries of live equidae; zootechnical and genealogical  
conditions governing intra-Community trade in equidae; intra-Community  
trade in equidae intended for participation in competitions  
(three draft regulations)  
(Rapporteur-General : Mr Peter Storie-Pugh) (ESC 1378/89)

Animal health conditions governing the placing of rodents on the market in  
the Community  
(Rapporteur-General : Mr Colin A. Hancock) (ESC 1379/89)

Financial measure for the eradication of brucellosis in sheep and goats  
(Rapporteur-General : Mr Colin A. Hancock) (ESC 1380/89)





*ANNEX D*

**List of Opinions  
drawn up by the Committee  
on its own initiative  
during 1989**

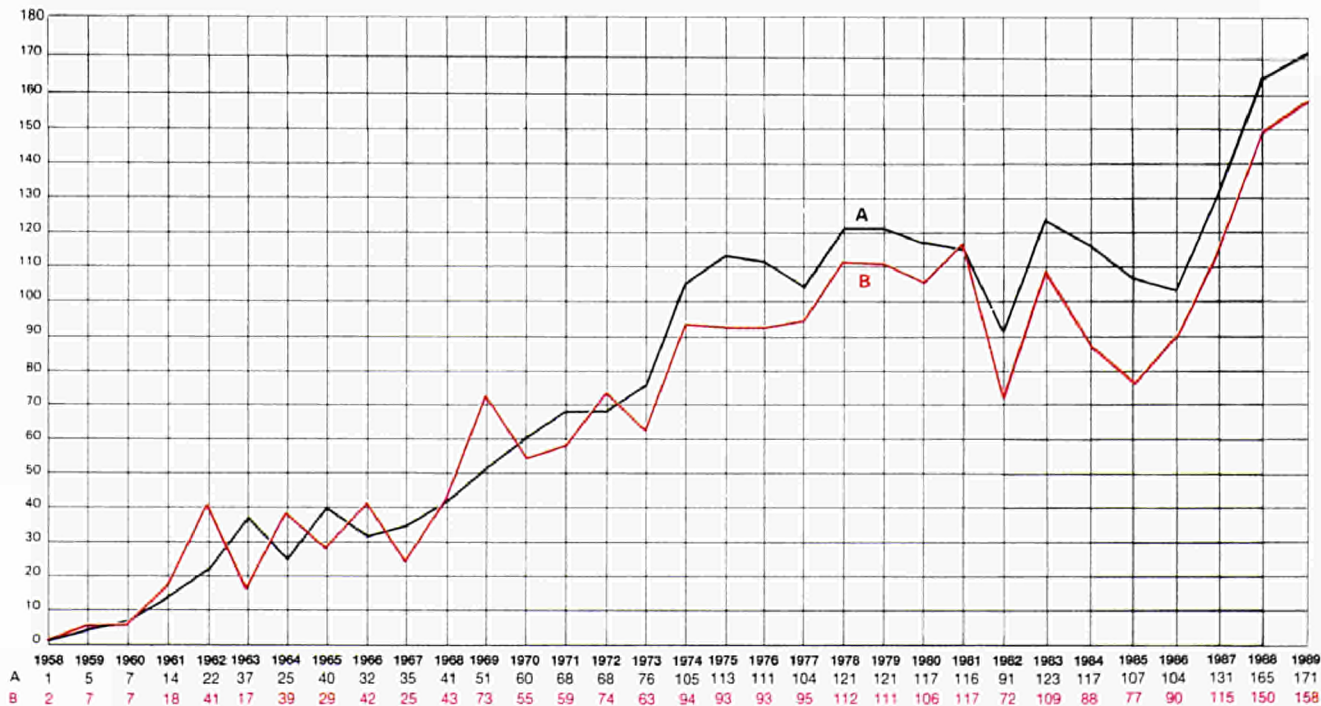
- Relations between the European Community and the newly industrializing countries (NICs) of South-East Asia  
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- Economic situation in the Community — mid-1989  
(Rapporteur: Mr Michael Geuenich) June 1989
- Social developments in the Community in 1988  
(Rapporteur: Mr Poul Schade-Poulsen) June 1989
- Poverty  
(Rapporteur: Mr Roger Burnel) July 1989
- 1992 and the Community's external trade: The impact of a single Community internal market on the Community's trade with its major trading partners  
(Rapporteur: Mr Enzo Beltrami) July 1989
- The Mediterranean policy of the European Community  
(Rapporteur: Mr Andrea Amato) July 1989
- The future of rural society  
(Rapporteur: Mr Rudolf Schnieders) September 1989
- Environment and agriculture  
(Rapporteur: Mr Roger Burnel) September 1989
- Consumer information and advice in the context of the completion of the internal market  
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- Contribution of the cooperative sector to regional development  
(Rapporteur: Mr José Bento Gonçalves) September 1989
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(Rapporteur: Mr Klaus Schmitz) October 1989
- Environmental policy, a fundamental aspect of economic and social development  
(Rapporteur: Mr Danilo Beretta) November 1989

*ANNEX E*

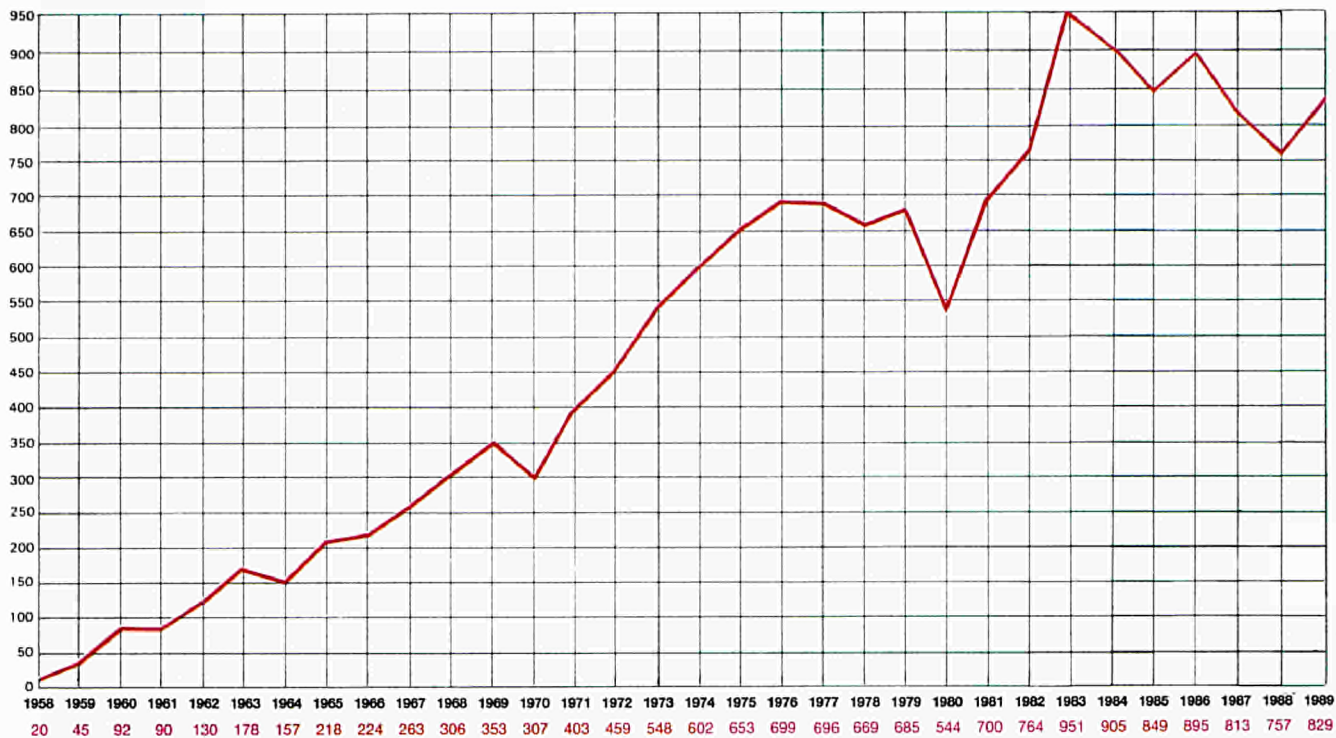
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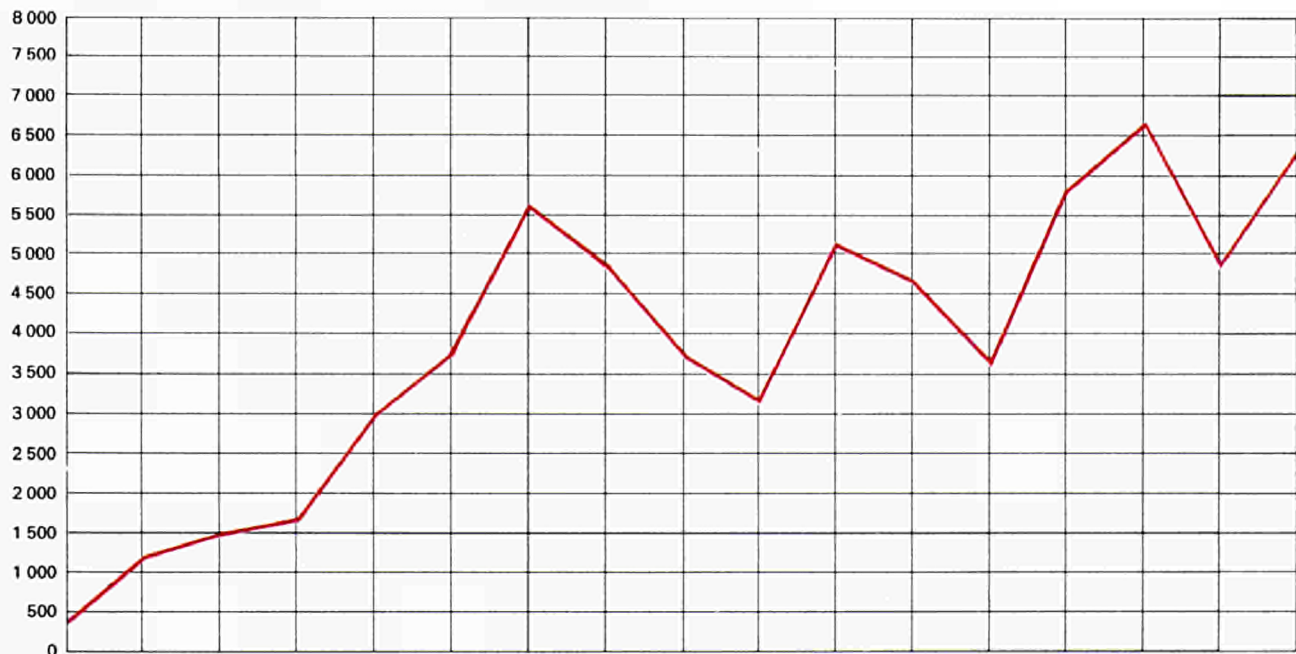
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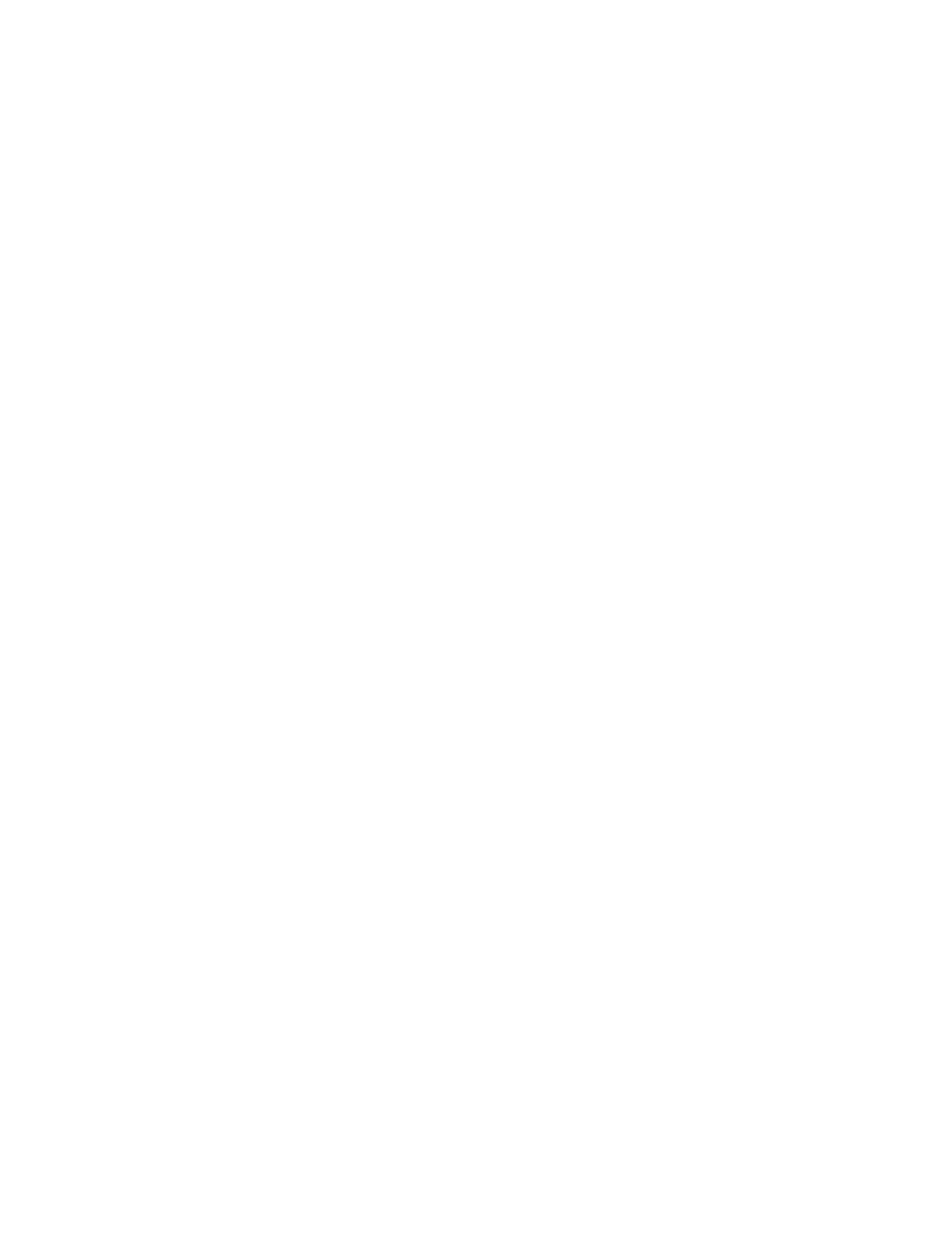
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