



**The Commission's programme  
for 1998**

**The state of the Union  
Address by President Jacques Santer  
to the European Parliament**

Strasbourg, 22 October 1997

**Resolution of the European Parliament  
on the programme for 1998**





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Cataloguing data can be found at the end of this publication.

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# The Commission's work programme for 1998

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# The political priorities

The Agenda 2000 package recently unveiled by the European Commission marked a turning point in this legislature. Coming midway through the Commission's term of office and hard on the heels of the Intergovernmental Conference which led to the Amsterdam Treaty, Agenda 2000 lays the foundations for an enlarged Community and sketches the way forward beyond the end of the present decade, up to the year 2006. It is an unprecedented programme of measures and reforms designed to strengthen the Union and give it the wherewithal to face the future with confidence.

The Commission's work programme for 1998 follows on directly from this blueprint, taking up the broad lines of Agenda 2000 and putting them into practice. Nonetheless, the programme is also a continuation of the Commission's work since 1995, in line with the priorities it set itself for its entire term of office. Continuity and renewal are thus the two basic strands running through the Commission's plans to build tomorrow's Europe.

The Commission intends to concentrate its activities in 1998 on **five political priorities**:

**Employment**: follow up promises with real action and bold measures. The Commission will go on pressing for an integrated, coherent approach directed at the medium term. It will not let up in its appeals to all concerned, at whatever level, to assume their responsibilities. In accordance with the conclusions of the European Council, the employment title in the Amsterdam Treaty will be actively implemented ahead of the Treaty's ratification; this should at last make for closer coordination of national employment policies. The Commission also intends to give practical effect to the objective of taking a high level of employment into consideration when formulating and implementing Community policies and initiatives. The special European Council on employment will generate a new dynamic in which the Commission intends to play an active part.

**The euro**: complete the preparations for the introduction of the single currency by the agreed date, in accordance with the Treaty. In 1998 a decision will be taken on which

countries will participate in the initial transition to the euro and parities will be fixed between the currencies of those which are to take part. The Commission will lay the groundwork for this decision and for the introduction of Stage III of economic and monetary union.

Make a start on the reforms proposed in **Agenda 2000**. The Union must be ready in good time to meet the challenges that lie ahead. Major initiatives will have to be launched in a number of fields, which the Commission has clearly identified in the three sections of Agenda 2000, on the Union's policies, the enlargement process and the future financial framework.

Encourage collective and coherent **Union action in the world at large**. The presence of a strong Europe on the international scene is a factor for peace, stability and prosperity and an objective that must be pursued, not least because of the scale of the Union's outside interests.

Finally, continue efforts to make the management of European affairs more efficient and to place it **at the service of the citizens**, with special emphasis on public health and quality of life.

## 1. Employment: acting together

The special European Council on employment on 21 November 1997 should strengthen the framework for action at both national and Community level.

The Commission, working within its prescribed powers, intends to make full use of the possibilities opened up by the new title on employment in the Amsterdam Treaty.

As the Commission has repeatedly pointed out, particularly in its **Confidence Pact** and again in its recent proposed guidelines for employment, the key to improving the situation is to look at the problem in its entirety and to pool the efforts of the 15 Member States and the Union. The Commission is therefore calling for a general mobilisation of resources.

In this context, special attention will be paid to the following points:

□ Sound **macroeconomic policy** is essential if growth is to be translated into jobs. The Commission will ensure that efforts are maintained to achieve convergence and coordination of the Member States' economic policies. The change-over to the euro will have a positive impact on growth, investment and the efficiency of markets and hence on the creation of new jobs.

□ Maximum benefit must be derived from the advantages Europe can offer with a **fully operational single market** and the **general development of Union policies**. For example, employment considerations must be taken into account in fields relating to small and medium-sized businesses, tax regimes and administrative rules applied to businesses, key sectors such as the information society, research and policies aimed at fostering skills and knowledge. Commission initiatives such as the territorial pacts for employment will be continued and evaluated with a view to possible expansion.

□ Acting on the basis of **guidelines** for national employment policies drawn up in advance in accordance with the conclusions of the Amsterdam European Council, the Commission will play its part in enhancing the coordination of national policies and strengthening the linkage between employment policy and economic policy. It is essential that these guidelines be properly followed up. This is why the Commission underlines the importance of the preparation of national action plans and the presentation of reports by Member States as stipulated in the Treaty. Wherever necessary, the Commission will put forward specific recommendations to Member States.

□ A very close look will have to be taken at ways of making substantial improvements in the operation of **labour markets**, so that we can reap the expected benefits in terms of lower unemployment. In this respect, we must continue to encourage mobility, including cross-border mobility, establish new methods of organising work and modernise and adapt our social security systems. Special attention will have to be paid to the reduction of non-wage costs and to recruitment incentives, by means of a lightening of the tax burden on labour. The **social dialogue** must play a crucial role here, following on from initiatives launched in 1997.

□ The Commission will use Community instruments and all appropriate forms of cooperation with the Member States to encourage the emergence of a **more inclusive Europe**, particularly in relation to the various forms of social exclusion, which are aggravated by high unemployment. In this context the Commission will also be alive to the need to promote equality of opportunity.

□ The Commission will strive to establish a firmer basis for the **social dimension of Europe**. It will keep a close watch on respect for the existing rights of workers to be consulted and kept informed on issues relating to their employment situation. It will promote the initiative it has put to the two sides of industry concerning information and consultation at national level and will support any idea they come up with for agreements on the organisation of working time as a way of improving the employment situation and the competitiveness of industry. It will propose a new social action programme for 1998-2000.

## 2. The euro: entering the home straight

In accordance with the Treaty, the transition to Stage III of economic and monetary union (EMU) will take place on 1 January 1999, when the euro will be introduced in those Member States which are ready to join in the first wave. The decision on membership will be taken very soon — in the spring of 1998.

The Commission has done its utmost to stay on course and keep up the pace and will continue to do so right up to the finish. It has played its part in presenting the basic proposals for Council decisions. The Council, in turn, has advanced stage by stage along the road towards the single currency, signalling at each turn its political resolve to press ahead.

The enormous convergence efforts made by the Member States and the actual transition to the euro will guarantee greater stability and effectiveness in the single market, one of the world's biggest integrated markets. Economic and monetary union and the process leading up to it should, in time, have a decisive impact on the Union's economic expansion and consolidate its role and position in international relations in both monetary and commercial terms. The completion of economic and monetary

union will undoubtedly be one of the greatest advances in the history of European integration.

In 1998 the Commission will complete the final technical preparations for the introduction of the euro, during which the exchange rates between participating currencies will be irrevocably fixed. It will also hold further discussions with the Member States on the final practical details of the changeover to the euro and continue to support their efforts to make its introduction a success, in particular with information for the general public.

Completion of economic and monetary union will have major external implications. The euro can be expected to play an essential role as an international currency. The euro will have a positive impact on the development of the world economy and will reinforce the stability of the international monetary system.

### 3. Agenda 2000: embarking on reform

Agenda 2000 contains proposals of immense importance in both qualitative and quantitative terms. It is the response to one of the greatest challenges the Union has ever faced: how to prepare for enlargement on an unprecedented scale — the accession of a large number of countries at stages of development that differ both amongst themselves and in comparison with the present Member States — while preserving the Union's achievements and methods, not to mention its spirit, which have been the keys to successful integration so far. In other words, how to enlarge without jeopardising the Union.

Agenda 2000 clarifies this situation and maps out the path to a stronger and larger Union with a series of practical proposals based on three strands: strengthening and adapting existing policies, gradually integrating the new members and reorganising the Union's financial framework within the previously set limits. The Commission proposes implementing the detailed proposals in Agenda 2000 as soon as possible and embarking on the necessary reforms, in line with this three-pronged strategy.

### 3.1. Strengthening and adapting the Union's policies

#### *Making the single market operate more smoothly*

□ The establishment of the **single market** is one of the Community's great achievements. However, its potential is still limited by many barriers to trade. A determined effort to implement the Commission's action plan for the single market should boost growth, competitiveness and employment. The Commission will therefore launch the initiatives and measures it announced, according to the proposed timetable. The aim is to tighten up the rules, smooth out the last distortions affecting the market, remove the obstacles that still persist in certain sectors and place the single market at the service of all European citizens. The efforts to modernise and simplify Community rules will be continued.

□ **Taxation** will receive special attention. As well as hampering the smooth operation of the single market, existing tax arrangements have a negative effect on employment. Acting on its communication on taxation in Europe and the work of the Tax Policy Group, the Commission will propose a series of initiatives aimed at gradually correcting these shortcomings.

□ The Commission will also continue to be strict in its application of the rules on **competition**, which are vital for the market to operate properly. The rules on State aid will also receive close attention. In the absence of a rigorous regulatory framework, public funds are too often squandered on sterile and costly attempts to outbid competitors, thus diverting funds from other, more promising sectors. At the same time, the Commission will strive to simplify these rules and modernise the machinery for scrutiny.

#### *A competitive economy as the foundation for growth*

□ Steps will be taken to boost the **competitiveness** of firms, in particular **small and medium-sized businesses**, which have great potential for job creation and play a vital role in innovation and creativity. Unfortunately, small businesses are held back by all kinds of constraints. The Commission will draw

conclusions from the second phase of the pilot scheme for the simplification of legislation for the internal market (SLIM) and the work of the Business Environment Simplification Task Force (BEST) with a view to simplifying administrative formalities and easing regulatory constraints. It will propose measures designed to improve the competitiveness of small firms, including the setting-up of poles of research and new forms of access to credit and capital, in particular venture capital, which is a vital ingredient for innovation. The Commission will also present initiatives to promote the spirit of enterprise, training, modernised structures and new forms of cooperation.

□ The major **trans-European infrastructure networks** must contribute to the effectiveness of the single market. Their development will be a key factor in improving the competitiveness of our firms and the cohesion of Europe, and hence in boosting employment. The Commission will strive to complete the major transport, telecommunications and energy projects which have been held up for too long, chiefly for lack of proper funding. To achieve this goal it will support partnership schemes between the private and public sectors.

### *Promising sectors for the future*

□ Intangible investments are now one of the main driving forces behind our economic development. Europe has excellent potential in this field. It must put it to good use by implementing genuine **policies aimed at fostering knowledge and skills**.

Education and training will play a vital part. The Commission will highlight best practice in a number of fields — the validation of skills, language teaching, the development of learning (including lifelong learning) and closer links between schools and the workplace. It will present a new generation of existing programmes (Socrates, Leonardo and Youth for Europe) aimed at developing mobility, training for innovation and the acquisition of skills, and at fully integrating the new teaching tools and material offered by information technology.

□ The goal is to put ourselves in the best possible position for entering the **information society**. The Commission will be particularly attentive to the implementation and operation

of the new regulatory framework for the liberalised telecommunications market. Electronic trading and multimedia content will also play a central part in this sea change. Steps will be taken to complete the regulatory framework required for these new services to develop harmoniously.

□ **Research and innovation** have a key role to play in enhancing the competitiveness of industry in the Union. Research efforts must also produce answers on matters which are of concern to the public: employment, quality of life, health. In 1998 the Commission will give effect to the priorities set in its proposal for a fifth framework programme (1998-2002) through specific programmes reflecting the new 'research by objective' approach. This will involve close consultation with the worlds of science and industry. The Commission will begin the reforms required to achieve greater effectiveness in the implementation of research operations. It will also continue implementing the action plan on innovation.

□ Taking a broader view, the main source of new jobs will be in services. Apart from the **new services** associated with the emergence of the information society, there is a demand in our societies for services in the social field, audiovisual media and the arts. Governments should encourage attempts to meet this demand, acting not only with determination, but also with imagination.

### *Adapting in order to advance*

In a world undergoing rapid change, the ability to adapt is essential. In Agenda 2000 the Commission outlined the way ahead to a successful future. Major reforms must be undertaken, particularly in two important areas of Community activity: cohesion policy and the common agricultural policy. The Commission will present detailed proposals during the first half of 1998, based on the following guidelines:

□ The prospect of enlargement makes the task of increasing the degree of **economic and social cohesion** in the Union even more important. One political priority is to reduce regional development disparities within the Union. This will go a long way towards encouraging lasting growth and job creation. The

solidarity that will be required for this is a decisive factor in the integration process. The amounts involved are considerable (ECU 275 billion over seven years) but are within the financial framework laid down by the inter-institutional agreement.

The Commission will start work on the details of decisions concerning the management of the Structural Funds, to be taken at the end of the 1994-99 programming period. Its objective will be to respond to the need for greater targeting of funding on particular geographical areas and particular objectives. Current programming must be studied with a view to making the Funds more effective, particularly where job creation is concerned, while making it easier to accommodate new Member States within the confines of the financial perspective. The Commission has already announced that it will propose a reduction in the number of objectives from seven to three. High priority will also be given to simplifying the way the Funds are managed, making them more flexible and decentralising implementation. Monitoring, assessment and control systems will be strengthened.

□ The **common agricultural policy** (CAP) must be adapted so that it is better able to withstand globalisation and the next enlargement, at the same time as providing farmers with a fair standard of living. The Commission wants to carry on from where the 1992 reforms left off, as the new changes are simply an extension of the old ones. The World Trade Organisation's (WTO) rules, and the prospect of international WTO negotiations in 1999, mean that the Union must be in a position to defend its interests from a position of strength. Accordingly, the Commission will propose in 1998 that the guidelines spelled out in Agenda 2000 be put into effect. They will be needed even if there is no enlargement. On this basis, the Commission will propose draft legislation on cereals, oilseed and protein crops, beef and veal, milk products, tobacco, olive oil and wine. A pricing policy aimed at bringing prices closer to those on the world market will also be proposed. Direct aid will replace the old price-support mechanisms. Care will be taken not to overcompensate. The reforms must be accompanied by a reorganisation of the instruments currently in place for rural policy and should lead to an agricultural industry that cares about quality and respects the environment.

### 3.2. Preparing for the arrival of new Member States

In July 1997 the Commission gave its opinion on the applications for membership from 10 countries in central and eastern Europe. It recommended that accession negotiations be opened with five of them: the Czech Republic, Estonia, Hungary, Poland and Slovenia. On the basis of the earlier Commission opinion, accession negotiations with Cyprus are due to start six months after the date of the Intergovernmental Conference.

The Commission proposes an approach which is at once **inclusive** and evolutive, allowing the countries not concerned initially by the opening of negotiations to take part in the process so that they can join when the time is right, provided they meet the criteria. An ongoing European conference, open to all the associated countries seeking to join the Union, would be a useful addition to the proposed approach, providing a forum for a constructive discussion on matters of common interest.

In order to support the efforts being made by the countries concerned to prepare for accession, and in particular to take over the full body of Community legislation, the Commission plans to **strengthen the present pre-accession strategy**. Its proposals cover:

- the establishment of an individualised 'partnership for accession' with each of the applicant countries from central and eastern Europe, addressing the specific difficulties identified in the opinions;
- the doubling of pre-accession aid in the year 2000, within the confines of the financial perspective;
- the participation of the applicant countries in Community programmes.

The Commission also envisages preparing an annual report — the first at the end of 1998 — assessing the progress made by each applicant country, in particular the ability to apply the whole range of Union law. On this basis, the Commission should be in a position to recommend to the Council that negotiations be opened as soon as the conditions of accession are satisfied.

### 3.3. Designing a suitable financial framework

A new financial framework will be needed when the current one expires in 1999, in order to cope with all the changes that are likely to be made in the medium and long term to the way the Union is run. The new framework should:

- run for a sufficiently long period (until 2006);
- cover all essential financial requirements in the lead-up to the next enlargement;
- ensure sound management of public finances.

As the Commission explained in Agenda 2000, it believes that, with tight budgetary discipline, it is possible to strengthen and adapt the Union's policies as well as taking in new members, **without exceeding the current own resources ceiling** of 1.27% of gross national product (GNP). Analysis has shown that some room for manoeuvre can be found within this limit.

In 1998 the Commission will propose the new financial perspective for 2000-6. In the course of the year it will prepare a report on the operation of the own resources system. It is in the Union's interests to sort these matters out as soon as possible, not only so that it can take in the new members when the time comes, but also to give it the resources for coping effectively with any internal changes that prove necessary.

## 4. The Union in the world: a position and a role to assert

The problem is well known: despite its position as the leading trade power and the biggest donor of international aid, Europe needs to enhance its capacity for collective action in the field of external relations and meet the growing demand from the public for greater unity, coherence and effectiveness in its efforts to **bring peace**, stability and prosperity to the continent of Europe and the world at large. The European Union must continue to promote values such as democracy and **human rights**, give assistance to the least developed areas of

the world, respond to humanitarian crises, and make its presence felt on the international scene and the world markets.

The next enlargement of the European Union will be an unprecedented challenge. It will give Europe greater weight in the world and enable the continent to become a **united and stable whole**. The task now is to bring the prospective new members into the basic integration framework.

The Commission will also be seeking to deepen relations between the European Union and **Turkey**.

It is also important for the Union to develop deeper relations with **Russia, Ukraine** and the other new independent States (NIS).

The Commission will continue its action and support to bring peace to the **Balkans**, in particular through the reconstruction efforts in Bosnia and the regional approach advocated by the Union.

The Union must also continue actively to strengthen its relations with its Mediterranean partners. The full potential of the **Barcelona process** must be exploited to that end. The Union must step up its presence in the **Middle East**, pushing for economic integration and cementing its role as one of the principal promoters of peace in the region.

The Union will have to boost relations with the United States through implementation of the **New Transatlantic Agenda**.

**Development cooperation** is another of the Union's main priorities for external relations. This will be demonstrated by the new partnership to be set up between the EU and the ACP States, which should not blind the Union to the fact that political and economic situations differ from country to country.

**Asia and Latin America** are two more regions that call for special attention; in Asia's case through the ASEM process and relations with ASEAN, and in the case of Latin America through the development of association instruments.

The European Union has a global role to play. It must bolster its ability to take political decisions and ensure that all its various activities form a cohesive whole. For this, an **integrated approach to external relations** is essential and there needs to be greater

coordination between what the Union does and the national actions by the Member States.

The Union will continue to be a prime player in **multilateral trade negotiations**, particularly in the WTO. It will continue to support the accession of Russia and China to the WTO. Europe must take full advantage of the multi-lateral trade system to obtain better access for its products and services to foreign markets and to settle the economic and commercial differences that can sometimes arise with its partners, while giving due attention to other considerations including the environment and public health. The Union must also combine internal and external policies to produce the greatest effect, maximising the external potential of the single market and EMU.

The Union has to find ways of dealing more effectively with cross-border problems such as drug trafficking, organised crime and environmental threats.

Lastly, the Union is the world's biggest donor of development aid and the leading donor of humanitarian aid. As such, the Union needs to raise the profile of its international activities, to explain more clearly and demonstrate the value of what it does.

## 5. Serving the public for a better quality of life

Improving the quality of life for the European public continues to be one of the Commission's priorities. The implications of this objective for the formulation and implementation of the Union's policies must be given even more attention than at present. Both at national and Union level, European affairs must be handled with maximum effectiveness, openness and competence. The Commission intends to take a number of measures with this goal in mind:

In view of the growing concern about improving **public health**, the Commission will ensure that all its initiatives incorporate high standards of protection.

In recent years, Europeans have quite rightly been demanding better standards of **consumer health**. Higher standards of protection will be demanded when products for human consumption are placed on the market. Rules on labelling, testing for potential health risks and pre-sales checks on production

procedures will all be strictly applied by the Commission, in the interests of strict consumer protection. To this end, the Commission will propose amendments to a number of existing directives relating to the environment and agriculture.

Respect for basic values and human dignity is also a priority. Technological progress, particularly in the field of genetic engineering, raises certain **ethical** questions. The Commission intends to address these concerns, relying for guidance on the opinions of the group of advisers on the ethical implications of biotechnology, an independent group of experts set up to consider these matters.

The development of the Union should not jeopardise high **environmental standards**. The European public rightly attaches great importance to ecological issues. The Commission will be at pains to respond to public concern. The environment policy should be a help rather than a hindrance: a healthy environment is not incompatible with the imperative of economic growth. Environmental standards must be enforced in such a way as to make Europe more competitive and reduce unemployment, as the Commission communication on the environment and employment made clear. The Commission's activities in 1998 will be geared towards achieving this objective. In particular, the environmental implications will be taken into consideration in the implementation of other Union policies (especially agriculture and the single market) and through the achievement of the priorities set out in the mid-term review of the fifth environmental action programme. Particular attention will be paid to environmental issues in relation to enlargement, especially on the matter of nuclear safety.

One of the ways for European citizens to find better living conditions lies in the unrestricted right to move freely inside the Union and settle in the country of their choice. On the basis of the recommendations contained in the Veil report, the Commission will work towards making the principle of **free movement of people** a reality. Achievement of this will go hand in hand with that of an area of security and justice.

The new possibilities opened up by the Amsterdam Treaty in the area of **justice and home affairs** will make it possible to provide an appropriate response to the challenges we face:

organised crime, fraud, corruption, trafficking in human beings and drugs.

□ The changes in the Union's policies will call for parallel changes in the methods of **administration**. Consequently, there is a need for the Community institutions to adapt and modernise their administrative structures and decision-making machinery.

The Commission is currently in the process of implementing a major internal reform programme, consisting of two projects known as **SEM 2000** and **MAP 2000**. The Commission is looking at ways of going beyond these two projects, its ultimate goal being to transform the way it works to create a modern administration.



# New legislative proposals

The measures set out below for the Commission's 1998 work programme correspond to the new legislative proposals which it plans to present. These are all new measures: adaptations or technical amendments of existing legislation are not included. Proposals already programmed in previous years are not reproduced here.

The number of legislative proposals planned for 1998 reflects the Commission's intention to implement Agenda 2000.

## *Agriculture and rural policy*

- Amendment of the basic regulation on arable crops' support regime (Agenda 2000)
- ⊗ Amendment of the basic regulation on the common organisation of the market in beef (Agenda 2000)
- ⊗ Amendment of the basic regulation on the common organisation of the market in milk (Agenda 2000)  
Amendment of the basic regulation on the common organisation of the market in olive oil (Agenda 2000)
- ⊗ Amendment of the basic regulation on the common organisation of the market in tobacco (Agenda 2000)
- ⊗ Amendment of the basic regulation on the common organisation of the market in wine (Agenda 2000)
- ⊗ Regulation introducing an individual ceiling covering all direct income payments granted under the common market organisations (Agenda 2000)
- ⊗ Regulation integrating the rural initiatives and amending the different regulations concerning rural policies and their respective financial basis, including the EAGGF Guarantee and Guidance Sections (Agenda 2000) <sup>(2)</sup>

## *Structural policies*

- ⊗ Proposal for a regulation on the tasks, priority objectives and organisation of the Structural Funds and coordination between the Funds themselves and with other financial instruments (Agenda 2000) <sup>(2)</sup>
- ⊗ Proposal for a regulation on the European Regional Development Fund (Agenda 2000) <sup>(2)</sup>  
Proposal for a regulation on the Cohesion Fund (Agenda 2000) <sup>(2)</sup>  
Proposal for a regulation on the Financial Instrument for Fisheries Guidance (FIFG) (Agenda 2000)
- Proposal for a regulation on the European Social Fund (Agenda 2000)
- ⊗ Proposal for a regulation on a pre-accession structural instrument (Agenda 2000) <sup>(2)</sup>

## *Internal market*

- ⊗ Proposal concerning financial services: distance contracts between suppliers and customers
- ⊗ Proposal for a directive on the freedom of financial asset management and on collective investment undertakings not subject to Directive 85/611/EEC

<sup>(1)</sup> Proposals likely to give rise to an assessment of impact on enterprises, particularly small and medium-sized enterprises.

<sup>(2)</sup> Proposals likely to give rise to an environmental impact assessment.

## *Information society*

- Proposals for laying down a regulatory framework for electronic commerce and other electronic services <sup>(1)</sup>
- Proposal for a decision on the universal mobile telecommunications system (UMTS) <sup>(1)</sup> <sup>(2)</sup>

## *Taxation*

- Proposal for a directive concerning the level of VAT rates other than the standard rate and defining their scope <sup>(1)</sup>
- Proposal for a directive on direct taxation on savings

## *Enterprise policy*

- Proposal for a directive on late payments in commercial transactions <sup>(1)</sup>

## *Social policy*

- Proposal for a directive on the organisation of working time in sectors excluded from Directive 93/104/EC

## *Transport*

- Proposals on working and rest time in road, inland waterway, air and maritime transport <sup>(1)</sup>
- Proposals aimed at developing the rail sector (infrastructure) <sup>(1)</sup> <sup>(2)</sup>
- Proposal on public service obligations in overland transport (rail and road) <sup>(1)</sup>

## *Environment*

- Proposal on national emission ceilings (SO<sub>2</sub>, NO<sub>x</sub>, NH<sub>3</sub>, VOCs)  
Proposal on air quality <sup>(2)</sup>
- Proposal on electronic waste <sup>(1)</sup>

## *Training, education and youth*

- Proposals for decisions on the implementation of programmes in the field of education, training and youth for the period 2000-6

## *Culture*

- Proposal for a decision on a single cultural programme 2000-5

## *Institutional matters*

- Proposal laying down detailed rules for exercising the implementing powers conferred on the Commission (committee procedures — follow-up to the Amsterdam Treaty)

<sup>(1)</sup> Proposals likely to give rise to an assessment of impact on enterprises, particularly small and medium-sized enterprises.

<sup>(2)</sup> Proposals likely to give rise to an environmental impact assessment.

The state of the Union

Address by President Jacques Santer  
to the European Parliament



*Mr President,  
Mr President of the European Council,  
ladies and gentlemen,*

For the third time since I took office, you have invited me to speak about the state of the Union. This is the beginning of a tradition which I welcome. Our debate today has a special connotation, however. It occurs halfway through the terms of office of the Commission and of the European Parliament. Our two institutions have worked extensively together, and should continue to do so, within the role conferred upon them by the Treaty.

To draw up the balance sheet of what has been accomplished, to trace out the prospects for the future, that is the meaning of a debate such as today's. As regards that balance sheet, Mr President, let us be demanding, let us reject all hint of complacency, but let us also recognise the progress made. What do we see when we raise our heads above the daily round and take a step back? We see that against a background of crises — often imaginary and sometimes real — Europe is making progress. And what a long way we have come since the 1980s: two successful enlargements, three major revisions of the Treaty, German unification, the single market and soon the euro!

Since 1995, the work on the Intergovernmental Conference has begun and has been completed, we have completed the last preparations for economic and monetary union, and we have made a start on the vast amount of work of Agenda 2000. We have also patiently laid the foundations of a real European strategy for employment.

Europe is entering this phase of its future development with major strengths, and is doing so also as a result of its return to growth. Beware, however! Success is not a foregone conclusion; European construction requires effort at all times. It remains fragile, when faced with the resurgence of the myopic egotism of nations and of corporatist thinking.

Mr President, the Amsterdam Treaty has been signed. Now it must be ratified. I am somewhat surprised to hear some Europeans, convinced Europeans, proposing rejection of this Treaty because it has not solved everything. It appears to me that a wiser course would be to take stock of the many real areas of progress in this Treaty, and to set aside a meeting to work out in a real way what we have to do prior to

enlargement. Above all, we should do this by concentrating on the essential — qualified majority voting, for example — and not on those things which, from a European point of view, are relatively accessory, such as a new weighting of votes in the Council.

As regards economic and monetary union, we have had every kind of position and counter-position. However, I think I can claim to have always said the same thing, and when I came to Brussels in 1995, preparations were in the doldrums. Nobody seemed to think that the enterprise would be successful. That is the reason why I, with Yves-Thibault de Silguy, took the initiative of a Green Paper on the practical modalities for the introduction of the euro. You certainly will not have forgotten the agitation that caused. Great policies are sometimes accomplished more through practical modalities than through visionary declarations.

Today, the technical preparations are now complete, as a result of a tremendous effort, and the Member States have, on this matter at least, given ample proof of tenacity, rigorousness and steadfastness in their decisions. I well remember the pitying looks when I predicted the introduction of the euro on 1 January 1999, and the participation in that introduction of a significant number of Member States. However, the latest figures from our economic forecasts confirm truly astonishing progress towards convergence in Europe. I have only one piece of advice to give to economic operators everywhere in the Union: make preparations quickly, do not miss the boat. The euro does more than open up promising prospects; there will be a terrible awakening after its introduction for all those who have not made the appropriate preparations. As regards the Member States who have chosen not to be on the starting line, they will have to answer the harder question of the future costs or benefits of staying out of a winning team.

Mr President, if healthy growth is here again today, it is also thanks to economic and monetary union. I have always believed that EMU could and should be an instrument for a flourishing economy and for employment. The same also goes for the single market, whence the focus by the Commission on the implementation of its action plan.

One of the reasons which prompted me to propose a pact of confidence and trust for

employment, more than a year ago, was precisely to show that combating unemployment requires a coherent strategy. Without growth, there is no job creation, but growth alone is not enough to solve the problem of unemployment. Since then, much water has passed under the bridge. I believe, as I said yesterday in the debate on employment, that 1997 can and should mark a new departure, thanks to the early introduction of the employment chapter of the Amsterdam Treaty, and on the basis of the special Luxembourg Summit.

Nevertheless, although the economic conditions and the general environment are more favourable than ever, nothing can be taken for granted. We have all too frequently in the past seen that economic revival can be a pretext not to undertake the necessary structural reforms. We have too often experienced a mismatch between the great declarations of intent of the European Council and the disappointing application of those decisions in the field.

Already some criticisms have reached my ears, here and there, of Brussels' control over what should supposedly remain within the national domain. Some people ask if we really need a directive at European Union level. I reply yes, we clearly do. Firstly because the Heads of State or Government have so decided, and secondly, and above all, because this is the right approach, based on the approach which has been successfully followed in the field of economic policy.

Some have shown themselves to be critical about our estimate of the effect of the measures proposed, which we see as reinforced by economic recovery, namely the creation of 12 million jobs in five years. Let us avoid any misunderstanding over this. This figure, as you well know, is not an objective, it is a result. Why should we be less ambitious than our predecessors, who in the Europe of the Twelve, created 10 million jobs between 1985 and 1990, and in the same period reduced unemployment by around 3%, a movement which was only interrupted by the Gulf War and by monetary turbulence?

Let us therefore concentrate on what is really said in our proposals. We are far from building castles in Spain; what we are talking about here is bricks, mortar and the willingness to get our hands dirty in building the edifice of the future. You should know, at all events, that the Commission will continue to fight for its proposals,

which are, as the saying goes, both ambitious and realistic.

Mr President, the second half of our term of office will be dominated by Agenda 2000, which is moreover reflected in our work schedule for 1998. Nearly half of the proposals for new laws are part of the Agenda 2000 framework. Agenda 2000, in my view, is a coherent vision for the Europe of the 21st century. It offers efficient policies serving citizens, a process of successful enlargement reinforcing the European Union, and rigorous management of taxpayers' money.

The orientations of Agenda 2000 lay down the path to be followed. These orientations are based on an in-depth analysis of reality, as I prefer visions that can be achieved, rather than great philosophical declarations. The initial reactions from Member States are encouraging. All have accepted Agenda 2000 as the framework for negotiations, and all of them recognise the importance of a coherent and integrated approach. At the same time, they are positioning themselves for long and difficult negotiations. I would remind you that our detailed proposals have yet to come. All this is normal and legitimate.

However, I dare hope that the behaviour adopted, when all face up to the historic challenge of Agenda 2000, will match the importance of what is at stake. We must resist the temptations to see the benefits of belonging to the European Union as simply a matter of the amounts transferred into the Community budget, or moneys received by Brussels! I do not claim that these aspects are without importance, or that it is not right to raise certain problems, but we must at all costs avoid being sidetracked by purely national and accounting approaches.

I would also like to raise another problem which concerns me. Some people seem to have forgotten that negotiation for membership is a complex and difficult operation, also and above all for the candidate countries themselves. For this reason, the Treaty provides for the Commission's opinion on individual applications, and the European Council at Copenhagen has defined criteria which should guide the Commission in this. This exhaustive work has been undertaken by the Commission which, as I said, has shouldered its responsibilities in the light of the results of this work.

We should not today act as if this advice did not exist. We should still less accuse the Commission of wishing to divide Europe. That is absurd, when we know the extent to which we have taken care to emphasise the inclusive nature of the process and to propose concrete means to achieve that end. I prefer to work concretely for narrowing the gaps in Europe, rather than papering them over in a purely political approach, which risks creating many frustrations in the future. Beginning to negotiate with countries which are not ready would do no one any good.

With regard to the policies of the European Union, I will just make a few rapid comments. The common agricultural policy must be reformed. It will be. Those who claim the contrary know that it will be, anyway. As for myself, I prefer to declare my hand, and generate real debate. The same comment applies to the structural policy. The economic and social cohesion policy is and will remain one of the pillars of the European Union. How could it be otherwise, when we are preparing to welcome in new members, all of whom will require structural assistance, and all the while, furthermore, in spite of its successes, there still exist in the Union, in its present constitution, regions which are relatively undeveloped. But it must be clear that structural assistance cannot become permanent assistance, for that would be contrary to its objective.

Mr President, there is one sphere where the Member States seem reluctant to build Europe. This is the sphere of foreign policy. Of course, the Union is gradually gaining greater stature on the international stage. Its network of relationships is extending. Its intervention is in demand. The European Union is the largest donor organisation in the world, and its weight as a trading partner makes it one of the two or three players that really count in Geneva. But we are going about our foreign policy like Mr

Jourdain in *Bourgeois gentilhomme*, who spoke prose without knowing it. We make foreign policy without knowing it. One day we will need a real understanding of our strengths and weaknesses in this field, and of the need to put our various instruments at the service of a coherent and well-thought-out vision.

Too often, indeed, we attach much more importance to outward signs than to the inner substance. Summits here, political dialogues there, great media events without much content, and daily declarations that nobody takes the trouble to read. And above all, this difficulty that we have of conceiving a foreign policy as a consistent whole, which takes into account all dimensions of Union action. I express the hope that the European Union will be willing to go beyond the failings of its youth, and exploit the hidden potential in the new Treaty and elsewhere.

For its part, the Commission wishes to contribute to foreign policy as far as it can. But let us be frank. Without political will on the part of the Member States to develop a common foreign policy, the Commission's scope will be limited.

Mr President, I have deliberately restricted my speech to a few major themes. You have before you our detailed proposals for the programme of work for 1998, which will be debated in December.

I have the feeling that Europe, confronted yet again with its historic challenges, has the resources to win through. The period opening up before us is rich in possibilities. Let us not waste this opportunity by being overcautious or small-minded. Europe will win through with political determination, and provided its institutions are strong and democratic, and these institutions understand that, over and above their respective roles, they serve the same overall purpose — Europe itself.





Resolution of the European Parliament:  
extracts concerning the Commission's work  
programme for 1998



[...]

## II — The work programme for 1998

11. Defines its political priorities as follows and calls for the legislative programme for 1998 to be applied and supplemented by the measures outlined below;

12. Hopes that, following the statement made on 19 November 1997 by Mr Oreja, Member of the Commission, the report setting out proposals for a comprehensive reform of the Treaties will be submitted in good time, i.e. before the European Council meeting in December 1998;

13. Regrets that the Commission's stated commitment to the principle of mainstreaming is not explicitly reiterated in the context of its general political priorities for 1998;

### *Employment, growth, the strengthening of cohesion and EMU*

14. Reaffirms that the fight against unemployment remains a priority political objective; calls for the procedures laid down in the Treaty of Amsterdam concerning the establishment of economic and employment guidelines to be conducted in parallel, in order to ensure better coordination between macroeconomic and structural measures; endorses the guidelines for employment approved by the extraordinary meeting of the European Council held in Luxembourg on 20 and 21 November 1997;

15. Calls on the Commission and Council to reach agreement with the European Parliament on the issue of the legal basis involved in the budgetary procedure, with particular regard to all the elements of European action in the field of employment;

16. Calls on the Commission to submit revised proposals for combating social exclusion in the light of the new legal bases provided by the Treaty of Amsterdam; encourages the Commission to find a legal solution to including the elderly and the disabled by means of this new legal basis;

17. Regrets that no reference is made in the 1998 work programme to the long-awaited proposal for legislation concerning the entitlement of a divorced or separated woman to share her former husband's pension rights;

18. Regrets that no reference is made in the 1998 work programme to the long-awaited proposal for an amendment to Council Directive 86/613/EEC on the application of the principle of equal treatment of self-employed men and women;

19. Calls on the Commission to submit a proposal for a directive on sexual harassment at work, should the social partners fail to reach agreement within the framework of the social protocol;

20. Calls on the Commission to develop legal instruments to ensure that the existing discrimination affecting atypical forms of employment is progressively abolished;

21. Calls on the Council and the Commission to implement all the recommendations set out in the report of the Veil Group on the free movement of workers;

22. Calls for the Annual Economic Report and the broad economic guidelines to be restructured and reformulated so that they become effective instruments for coordinating the economic policies of the Member States; calls on the Commission to draw up proposals for secondary legislation based on Article 103(5) of the Treaty so as to strengthen the role of the European Parliament in the policy coordination process;

23. Reminds the Commission of its undertaking to involve Parliament to the greatest possible extent when dealing with the proposals for the reform of the Structural Funds, announced for March 1998 in connection with Agenda 2000, including pre-accession instruments;

24. Supports the Commission's plans for a proposal for a directive on direct taxation on savings; stresses that the code of conduct should be regarded as no more than an initial step towards harmonisation in the area of company taxation; supports more employment-friendly taxation, in particular through a shift from labour to other sources of taxation; in this context calls for the introduction of a special form of VAT on labour-intensive services which are not subject to cross-border competition;

25. Calls on the Commission to use all the means available to it — including new legislative proposals, where appropriate — to ensure that consumers are protected during the transition to the single currency;

26. Regrets the absence of any proposal for a new system of own resources;
27. Asks for proposals to promote better judicial cooperation concerning protection of the financial interests of the Community;
28. Asks the Commission to present a proposal to establish the full independence of UCLAF on the basis of an interinstitutional agreement;

*Agriculture, fisheries, environment, transport, research and energy*

29. Calls upon the Commission to present all the reforms of the different common market organisations as outlined in Agenda 2000 and to ensure a coherent approach to all sectors including Mediterranean products; recalls that the objectives of cohesion, the quality and safety of agricultural products as well as better integration of environmental elements into production methods are still the foundations of future agricultural policy;
30. Calls on the Commission to propose, by way of legislation, the fixing of fundamental principles and criteria for upper limits for and modulation of aids for farmers;
31. Calls on the Commission to submit proposals in the area of rural development based on the conclusions of the Cork conference, taking into account the diversity and special nature of the rural regions in the Union and the multi-purpose role of agriculture;
32. Calls on the Commission to take into consideration, in the context of the reform of the Structural Funds, the need to safeguard the horizontal nature of the Funds for fisheries in order to avoid imbalances between regions dependent upon fishing; calls on the Commission to submit innovative legislative proposals for the fisheries sector, taking account of regional characteristics and the need to safeguard employment as well as maintain the ecological balance;
33. Calls on the Commission to review the fisheries agreements concluded with developing countries in order to provide them with genuine cooperation instruments;
34. Reiterates the need for environmental policy, public health policy and consumer protection policy to be further integrated with other policy areas; stresses in particular

the connection between environmental protection and job creation, a connection which the Commission should exploit to the full;

35. Asks the Commission to submit all outstanding proposals in the context of the process for the review of environment policy agreed within the framework of the accession to the EU of Austria, Sweden and Finland with a view to achieving higher environmental standards;

36. Calls on the Commission to submit proposals for a reduction in the use of pesticides and biocides, as promised in the fifth environmental action programme of 1992, to ban the most dangerous ones and to speed up the assessment of existing chemicals on the EU market;

37. Calls for a communication to be drawn up on a review of the EU's chemicals policy;

38. Calls for more precise proposals, following its communication on environmental taxes, levies and charges in the single market and its White Paper on the implementation of the 'polluter pays' principle, so that national and regional initiatives in the field of environmental levies may be made compatible with the rules of the single market and European environmental policy;

39. Calls on the Commission and the Council to pursue their work on the proposed directive on rational planning in the gas and electricity distribution sectors;

40. Calls on the Commission to submit legislative proposals in the wake of its communication on noise;

41. Calls on the Commission to submit a directive on food hygiene and legislation on food claims; notes with satisfaction the measures taken to improve food safety which are in line with the recommendations made by the European Parliament's Committee of Inquiry into BSE;

42. Reminds the Commission that it should always use the leeway it has available as regards the application of the appropriate legal bases in the field of public health in such a way that the European Parliament is involved to the greatest possible extent;

43. Calls on the Commission to submit a proposal for a directive on the protection of soils against contamination and on sustainable soil use;

44. Calls on the Commission to submit legislative proposals in the wake of its action plan on access to justice and on simplified methods of settling consumer disputes;

45. Welcomes the commitment to submit proposals on working and rest time in the excluded transport sectors and hopes that definite results can be achieved as quickly as possible, in consultation with the social partners, in the interest of the health and safety of workers and in the general interest, and calls on the Commission to submit a series of measures designed to complete the single market in the field of transport;

46. Calls for the proposal concerning public service obligations in rail and road transport (point 25 of the new legislative proposals) not to lead to the disintegration of public service in the local passenger transport sector;

47. Calls for follow-up proposals to be drawn up on the internalisation of external costs (fair and efficient pricing) and, in connection with this request, for progress to be achieved on the issue of Alpine transit;

48. Calls on the Commission to implement a European tourism policy, to adopt specific measures and to break the deadlock affecting the Philoxenia programme;

#### *A people's Europe*

49. Calls on the Commission to proceed with its proposals for three draft directives on the free movement of persons on which Parliament adopted opinions as long ago as 23 October 1996 (1);

50. Calls on the Commission to anticipate the implementation of Article 13 of the Treaty of Amsterdam (action to combat discrimination) and to submit legislative proposals designed to prevent and to combat racist acts and revisionist arguments;

51. Urges the Commission to submit specific proposals on the practical implementation of the new title on an area of freedom, security and justice, particularly in fields which may overlap (e.g. visa: Council regulation, Schengen regime and Treaty provisions), and to establish clear priorities concerning the fight against all forms of organised crime, the drugs trade, illegal immigration, the trade in human

beings, in particular children, and money-laundering;

52. Calls for a proposal for a directive on the insolvency of undertakings operating in several Member States;

53. Calls again on the Commission to submit draft legislative instruments on the legal structure and on the funding of political parties at European level;

#### *The Union's presence in the world — asserting a position and a role*

54. Reiterates its call on the Commission to make active use of its right to propose legislation and to submit to the Council proposals for joint actions as provided for in Article J.8(3) (new Article 22(1)) of the Treaty on European Union; calls on the Commission to ensure greater consistency between measures taken in the commercial, economic and development fields;

55. To this end, calls upon the Commission to ensure in particular that:

instruments to achieve genuine partnership and sustainable development are introduced into the new agreements with the ACP States in accordance with the guidelines laid down by the Parliament;

a legal basis covering action to promote human rights in third countries with which the Union has concluded international agreements is defined so as to give more body to the means by which human rights clauses in those agreements are upheld;

56. Calls on the Commission, when submitting its forthcoming legislative proposals in the fields of culture, education and youth, to take account of the achievements of the existing programmes in these fields;

57. Calls on the Commission to submit at an early date proposals concerning the creation of the Policy Planning and Early Warning Unit advocated in the Treaty of Amsterdam and to put in place the Humanitarian Crisis Analysis Monitoring Centre;

58. Asks the Commission, in the context of its activities in the Middle East, to contribute more to projects such as 'People to people' and

(1) OJ C 347, 18.11.1996, pp. 58, 60 and 62.

'2020 — Peace industry' as instruments for the promotion of peace in the region;

59. Asks the Commission to contribute actively and financially to the establishment of a permanent international criminal court and to support regional initiatives in this regard;

60. Welcomes the impetus given by the Commission to relations with Latin America and Asia and praises the preparatory work carried

out with a view to the organisation of a European Union-Latin America Summit;

\* \* \*

61. Instructs its President to forward this resolution to the Commission, the European Council, the Council, the parliaments of the Member States, the Economic and Social Committee and the Committee of the Regions.







European Commission

**The Commission's programme for 1998**

**The state of the Union — Address by President Jacques Santer to the European Parliament**

**Resolution of the European Parliament on the programme for 1998**

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