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Contents

I *Information*

.....

II *Preparatory Acts*

Economic and Social Committee

- Opinion on the 'Questions connected with the negotiations between the Community and the African, Caribbean and Pacific States' 1
- Opinion on the 'Commission Communication to the Council concerning "Multi-national undertakings and Community Regulations"' 14
- Opinion on the 'Proposal for a Council Directive concerning the approximation of the laws of the Member States relating to the composition of petrol — Problem of the lead content of petrol' 18
- Opinion on the 'Proposal for a Council Regulation (EEC) laying down conditions for granting national aid under the common structural policy for seafishing' 20
- Opinion on the
- 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products'
 - 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to publicity for proprietary medicinal products and to package leaflets'
 - 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to matter which may be added to proprietary medicinal products for colouring purposes' 24
- Opinion on the 'Communication from the Commission to the Council on the implementation of the "Guidelines and priority measures for a Community energy policy" — Promotion of the use of nuclear energy' 26

Contents (continued)

Opinion on the 'Proposal for a Council Directive amending the Council Directive of 15 February 1971 on health problems affecting trade in fresh poultrymeat'	31
Opinion on the 'Proposal for a Council Regulation on pure-bred breeding animals of the bovine species' and on the 'Draft for a Council Decision setting up a Standing Committee on Zootechnics'	33
Opinion on the 'Draft recommendation by the Council to the Member States regarding cost allocations and action by public authorities on environmental matters'	35
Opinion on the 'Draft for a Council resolution on guidelines for the mutual recognition of diplomas, certificates and other evidence of formal qualifications by virtue of Article 57 of the EEC Treaty'	38
Opinion on the 'Development of the social situation in the Community in 1973'	40
Opinion on the 'Proposal for a Council Directive on the control of carnation leaf-rollers'	49
Opinion on the 'Proposed Council Regulation (EEC) laying down special measures for soya beans'	51
Opinion on the 'Provisional measures to be put into effect pending creation of the European Regional Development Fund'	52

II

(Preparatory Acts)

ECONOMIC AND SOCIAL COMMITTEE

Opinion on the 'Questions connected with the negotiations between the Community and the African, Caribbean and Pacific States'

The Opinion of the Committee is not based on any text.

A. LEGAL BASIS FOR THE OPINION

At its 113th plenary session held on 26 and 27 September 1973 the Committee, acting on a proposal from the Bureau, decided to deliver an Opinion on the abovementioned subject on its own initiative.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to Article 20 of its Rules of Procedure;

Having regard to its Decision on 26 September 1973, following a proposal from the Bureau, to deliver on its own initiative an opinion on the questions arising in connection with the negotiations between the Community and the African, Caribbean and Pacific States;

Having regard to the Decision taken by its Bureau on 25 October 1973, instructing the Section for External Relations to prepare a report and an opinion on the matter;

Having regard to the Opinion delivered by the Section for External Relations at its meeting on 11 June 1974;

Having regard to the report submitted by Mr Bodart, rapporteur;

Having regard to discussions at its 121st plenary session on 26 and 27 June 1974, sitting of 26 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

1. GENERAL COMMENTS

1.1. The Economic and Social Committee notes that relations between industrialized and developing countries are now considerably different from those prevailing at the time of the negotiations which yielded the first and second Yaoundé Conventions.

1.2. This change, and the resultant redistribution of power, is bound to strengthen the Community's

resolve to reassess both the foundations of the Association and the whole pattern of its relations with developing countries.

1.3. The Community must not merely extend the geographical scope of its cooperation policy by granting associated status to further countries or through generalized preferences. It must make a fundamental reappraisal of this policy and its key principles.

1.4. In particular, the Committee considers that the quantitative changes made to the association model must be coupled with qualitative changes — that is to say cooperation should be based on genuine complementarity of interests and benefits and on a real equality of rights and obligations. In particular this means that consultation procedures between the Community and its partners should be improved, both as regards association matters proper and as regards matters connected with international monetary, economic and commercial relations. By acting in this way and defining a new strategy for relations between the industrialized and the developing countries, the Community will pave the way for a new type of international relations.

1.5. As regards the negotiations proper, the Committee notes that recent world developments (oil crisis and rise in commodity prices) have strengthened the negotiating position of the ACP (countries in Africa, the Caribbean and the Indian and Pacific Oceans). This helps to give the present discussions a novel character, different from that of those which yielded the first and second Yaoundé Conventions.

1.6. However, while it is true that the overall negotiating position of the ACP has become stronger, *inter alia* because they are more numerous and speak with one voice, several of these countries are experiencing an increasing deterioration in their economic and material situation. Thus, in addition to considerations regarding the evolution of the respective negotiating positions, a new dimension and content should be given to the commitments and increased responsibilities which the EEC is duty bound to assume *vis-à-vis* these countries.

1.7. The Committee points out that if the Community is to adapt itself to this new situation, its policies and cohesion must be commensurate with the problems confronting it and enable it to carry out successfully the steps and policies which it has declared it wishes to take and pursue.

1.8. The Community should also ensure that the commitments which it makes at the present negotiations are both consistent and compatible with the policies which it intends to pursue in other fields (agricultural policy, social policy, regional policy, generalized preferences, Mediterranean policy, food aid, association and preferential agreements).

1.9. In this connection the Committee points to the statement in the Opinion of the Committee on the Commission memorandum for a Community development cooperation policy that 'the development aid policy will have to take account at all times of two key factors: (1) the mutual compatibility of the objectives pursued by the various parties and (2) the consistency of common policies with one another'.

1.10. The Committee strongly urges that policy of the Community on the ACP should be integrated in a coherent manner into the other Community policies, so that the broad policy-making decisions taken with regard to development aid are not rendered inoperative because they conflict with policies followed in other fields of Community activity.

1.11. In the past, the Committee has declared, as regards points where development cooperation policy overlaps with other Community policies, that the most harmonious — if not the easiest — solution would be to incorporate aid to developing countries in the medium-term economic policy programme, and take account of it in all Community policies. Today, as regards future relations with the ACP, the Committee believes that the Community must define its own development model in the light of present and future changes in the pace and nature of its partners' development and the growth of their competitive capacity, since in order to encourage the growth of those countries it is just as necessary to develop the exporting sector of their economy as economic activities catering for the local market and geared to the satisfaction of their own needs.

1.12. This approach to development problems, which entails reorganization of the economic structures of the Community, must be the keystone of the economic cooperation to be established between the Community and its partners. The formulation, application and success of such a policy would certainly be made easier by arranging — in appropriate bodies — a dialogue and contacts between representatives of economic and social interests in the Community and in partner countries. This would aid, *inter alia* through mutual exchange

of information, the adjustments which will have to be made progressively on each side.

1.13. The Committee also considers that a systematic scale of priorities should be established for the objectives which the Community and its partners agree to pursue under the future association agreement.

1.14. Finally, the Committee would emphasize that the present Opinion is only concerned with the current stage of the negotiations, and that it hopes to be able to continue its work at a later date.

2. TRADE

2.1. Access to the Community of products originating in the Associated and Associable States

2.1.1. The Committee has already stated — and it would reaffirm this view — that access to the Community market of products originating in the Associated States does not depend solely on measures to be taken with regard to tariffs and quotas, but also on improving the partners' marketing apparatus and commercial networks in the Community.

2.1.2. As regards this aspect, the Committee is in favour of establishing and developing relations between business circles in the Community and in the partner countries (for instance importers in the Community and exporters in the Associated States) in order, among other things, to promote a better circulation of commercial information.

2.1.3. At the general level, the Committee understands the desire of the Community's partners to increase the volume of their exports to the Community and obtain sufficiently remunerative prices for them.

2.1.4. The Committee therefore considers that the general rule must be free access for these countries' products to the Community market; well-balanced solutions should however be found for the problems listed below.

2.2. Rules of origin

2.2.1. The current system is based on the rule of change in tariff heading, that is to say if a

manufactured product is classified in the customs nomenclature under a heading other than that for the materials which it contains, it is treated as an 'originating product' on the grounds that it has undergone substantial processing or is considered to have done so.

2.2.2. After examining the various aspects of this question, the Committee has come to the conclusion that the present rule, namely change in tariff heading, should continue to be the basic principle.

2.2.3. However, the Committee has also noted that in certain cases it may be essential to relax the basic rules in the way requested by the partner countries, in order to satisfy their essential requirements.

2.2.4. The Committee has noted with interest the statements by the representatives of the Commission that the retention of the present 'change in tariff heading' rule does not preclude the rules being relaxed in any cases where the partners' interests are gravely jeopardized by existing provisions, or where more liberal rules of cumulative origin are needed to further regional cooperation between the Community and its partners.

2.2.5. In particular, exemptions should, as an exception, be authorized in specific cases, and during a limited period, for products with a low added value — which can constitute the first step in industrialization.

2.2.6. Such a possibility is necessary because when a developing country embarks on industrialization it generally begins by making products with a low added value (e.g. assembling industries, textile products). Industrialization would be hampered if such products could not qualify 'ACP origin' treatment. They would then come under the ordinary tax system, and the fact that they have a low added value would increase the impact of the customs duty.

2.2.7. If these countries are to be helped to resolve their industrialization problems, they must, initially, be allowed to export low-added-value products under favourable conditions. Otherwise the industrialization which it is planned to encourage may be stillborn.

2.2.8. Safeguard clauses should ensure that objectives are attained or, if they are not, that the appropriate steps can be taken. In particular, such clauses should limit the duration of exemptions from the general rules of origin, in order to stimulate the manufacture of goods with a progressively higher added value and consequently industrial development in general.

2.2.9. The Committee therefore considers that the rule of change in tariff heading should be kept as the basic principle and considers that the various types of difficulties mentioned above could be met by making it possible to waive and ease the current rules. This would safeguard and further the economic development potential of the Associated and Associable States, notably by allowing them to export products with a low added value under favourable conditions, and would offer sufficient protection against the threat posed to both the Community and the partner countries by the existence in the latter of 'flag of convenience industries', that is to say, enterprises financed by capital from industrialized countries and set up solely to perform limited operations in order to gain maximum benefit from preferences.

2.3. Non-tariff barriers

2.3.1. In this connection, the Committee is in favour of abolishing the consumer taxes which are still levied on tropical products in several countries of the Community. Even if consumption is inelastic, such taxes can encourage the establishment of substitute industries which limit the possibilities of gaining access to the Community's markets. The Committee considers that irrespective of the stage reached in fiscal harmonization within the Community, steps should be taken to abolish such taxes which are incompatible with the efforts made by the Community to favour the access to its market of products originating in its partners.

2.3.2. The Committee regrets that plant health rules still differ widely from one Member State to another, and emphasizes that the partner countries of the Community are faced with a problem regarding the availability and utilization of the technical resources which are vital in this field. This matter should be taken into consideration in the context of financial and technical cooperation.

2.3.3. The Committee states its interest in the introduction of a consultation and dialogue procedure enabling the Community's partners to be informed about that state of Community work on the harmonization of laws. This should enable a clear identification to be made of the non-tariff-barrier areas in which the Community can negotiate and subsequently give undertakings.

2.4. Agricultural products

2.4.1. At the general level, the Committee has noted the frequent difficulties of reconciling on the one hand the present machinery and principles of the common agricultural policy and, on the other, the requests made by the ACP regarding the system to be laid down for agricultural products from the Associated States which are similar to and in competition with European agricultural products.

2.4.2. The Committee has noted the position of the Community's partners, which consider that agricultural products must be treated in the same way as other products. The negotiating brief given to the Commission specifies that the rules to be applied to agricultural products which are similar to and in competition with those covered by the common agricultural policy must, in general, be less stringent than those for agricultural products from third countries. These rules will be determined on a product-by-product basis during the negotiations, proper care being taken to ensure that the principles and machinery of the common agricultural policy are safeguarded.

2.4.3. The Committee has come to the conclusion that if — for reasons of policy or development cooperation — trade or other measures to aid the Community's non-industrialized partners have to be envisaged then steps should be taken by the Community to implement a policy of compensation or reconversion for the benefit of any sectors in the EEC which are hit by such measures.

2.4.4. In this context, the Committee points out that ACP agricultural products must be given priority over those from third countries and especially from those third countries which are highly industrialized.

2.4.5. In this connection, the Committee has recognized the need for a special drive within the Community to make it easier for certain agricultural products from the partners to gain access to Community markets. However, this should be done according to procedures — e.g., establishment of a timetable based on production periods, safeguard clauses etc. — which protect the essential interests of Community farmers and of certain regions in the Community.

2.4.6. Special attention will also have to be paid to certain horticultural products and vegetables and certain varieties of tobacco which are in direct competition with their Community-grown counterparts and which are tending to be grown on an increasingly large scale in inter-tropical Africa.

2.4.7. The Committee asks that in order to avoid a recurrence of the difficulties which were encountered recently in connection with agricultural imports from the Associated States, and which were so serious that a mediator had to be appointed, the consultation procedure between the Community and its partners should include a permanent mutual exchange of information on the state of the market and ensure that the latter are no longer faced with Council Decisions which they cannot change and with whose preparation they have been insufficiently associated.

2.4.8. Nor, in the Committee's view, should it be forgotten that in the agricultural sphere solutions must above all be found at world level.

2.4.9. In its Opinion on the Memorandum of the Commission to the Council on the 'Development of an overall approach to trade in view of the coming multilateral negotiations in GATT', the Committee said:

'It is desirable that international arrangements should be sought within the framework of a good conduct agreement, concluded on the basis of mutual and balanced advantages, so as to allow an expansion of trade in agricultural products between the developed and developing countries, bearing in mind the legitimate interests of producers and consumers in all the regions of the Community'.

2.4.10. It was stated in the Opinion on the agricultural aspects of the multilateral negotiations in GATT that:

'The objective is the expansion of trade in relatively stable world markets in accordance with the basic principles and machinery of existing agricultural policies. The Committee stresses the need to arrive at an internationally agreed definition of production guidelines and objectives so as to ensure a supply, at fair prices, which is adapted to ever-increasing world demand'.

2.4.11. The solution adopted for the concrete problems arising in the agricultural sphere — whether arising under the association policy, the Mediterranean policy, the food aid policy or other policies — must therefore be based on a logical and overall consideration of all available regional and international data.

2.4.12. In this search for global solutions, it will be necessary to make choices and establish priorities — from which the appropriate conclusions must be drawn — in order to ensure consistency and continuity of Community measures in the various fields which they cover; this will apply in particular to the advantages to be granted to the countries and groups of countries with which the Community is negotiating or proposes to negotiate.

2.5. The effects on the economies of the Associated and Associable States of the reducing of the Common Customs Tariff and the application of the system of generalized preferences

2.5.1. The Committee shares the Commission's view on this matter and agrees that there should be machinery to offset the loss of advantage which would result for the Community's partners from erosion of the Common Customs Tariff and application of the system of generalized preferences.

2.5.2. The Committee agrees that machinery should be set up to stabilize export earnings, but considers that account should be taken of the following comments on the way in which the Commission considers this machinery should operate in practice.

2.5.3. In view of the dangers which in certain cases could arise from an automatic application of the proposed machinery for stabilizing export earnings, the Committee considers that automatic triggering of the intervention procedure must be subject to:

- allowance being made — to an extent and according to procedures to be determined over all export earnings per country so as to preclude the granting of unjustified aid by the EEC;
- provisions enabling an assessment to be made of the reasons for falls in prices or production, and enabling appropriate measures to be taken in cases of voluntary cutbacks in production.

2.5.4. The Committee also declares its interest in the conclusion of supply contracts, for the products in question, committing the EEC and the Associated States for minimum periods of five years. These contracts should specify the quotas allocated to each of the Associated States and the purchase commitments of the nine Member States of the European Community.

2.5.5. The Committee also asks whether it is possible to envisage a mechanism which would not only stabilize export earnings but also make it possible to stabilize and, better still, *increase* primary producers' real *revenue* by taking into consideration the ratios between costs and selling prices, while fostering adaptation of production to market requirements.

2.5.6. The Committee also considers that particular attention must be given to the compatibility of the machinery proposed by the Commission with world agreements, where these exist for the same products, and that such machinery must not hamper the conclusion of new world agreements. Moreover, the measures envisaged by the Commission should be framed in such a way that they can be extended later as part of cooperation at world level.

2.5.7. However, the Committee recognizes the merits of a pragmatic approach and of a cooperation policy which initially concentrates efforts on a smaller geographical area.

2.5.8. In choosing the products eligible for application of the machinery envisaged, account should be taken of the need to ensure: firstly, that the Community's partners — whose production structures differ considerably — acquire equivalent advantages; secondly, that their industrialization and the diversification of their economic activity is not held back.

2.5.9. The Committee also wishes to point out that it is possible to consider other machinery for achieving the objectives of the Commission.

2.5.10. For instance, this could take the form of agreements entailing:

- (a) establishment of a price bracket which takes into account not only average world prices but also the real conditions of production;
- (b) an organization of stocks for all the products for which this is possible;
- (c) the creation of a diversification fund which would help any necessary conversion.

2.6. Safeguard clauses

2.6.1. The Committee considers that it is in the interest of the Community and its partners to retain safeguard clauses similar to those in Chapter III of Section I of the Second Yaoundé Convention.

2.7. Access to the Associated and Associable States of products originating in the Community

2.7.1. The Committee has taken note of the recent declaration in which the Community's partners reiterate their position on non-reciprocity. This declaration is as follows:

'Given the present stage of development of our economies and our desire to accelerate the rate of growth with a view to narrowing the existing and ever-widening gap between the developed and developing countries, the ACP countries have again discussed at great length the question of non-reciprocity and are satisfied with the position they took on this matter that 'the tariff concessions the Community would offer would demand no reciprocity on our part.

Notwithstanding, it is important to mention that while we do not want reciprocity in our future trade relations, we are not contemplating to discriminate amongst the Member States of the EEC, but the ACP countries maintain that our future relations with the EEC should incorporate a provision which would allow us to have special trade relationships with Third Countries'.

2.7.2. This aspect of the negotiations has not yet been discussed in depth, and the Committee reserves the right to return to this matter later.

2.7.3. The Committee wishes to emphasize here as it does in the section on financial and technical cooperation, that it wants regional cooperation links to be established between the Associated States, as in many cases such links constitute an important factor in the development of these States. Moreover, the Committee agrees that there should be non-reciprocity on the condition that the benefit of the most-favoured-nation clause is granted to the Community. The Committee, however, points out that some ACP States consider that reciprocal advantages enable them to protect the preferences given by the EEC against the accusation of discrimination.

3. FINANCIAL AND TECHNICAL COOPERATION

3.1. General

3.1.1. The Committee approves the general objectives assigned to financial and technical cooperation, namely, promoting the economic and social development and the economic independence of the partner countries.

3.1.2. As regards the possibility of a progressive untying of financial cooperation the Committee recalls that in its Opinion on the 'Memorandum from the Commission on a Community development cooperation policy', it said:

'The Committee supports the view of the Commission that public loans should be progressively untied — in anticipation of the untying of all aid — while pointing out that buyers can obtain better prices if they take advantage of international competition. It therefore suggests, like the Commission, that the Member States of the Community should progressively untie bilateral loans — which they are granting to the developing countries on a wider scale — with respect to each other and in favour of the beneficiary countries. Experience however has shown that when an industrialized country experiences budgetary and balance of payments difficulties, the pressure of public opinion and parliament is strongly directed in the first place to public credits which are liable to aggravate the financial difficulties of that country and which also favour better-placed foreign competitors.

Moreover, the establishment of a system of invitations for tenders and management of contracts which effectively ensures equal treatment for industrialists in all countries likely to tender has proved to be a very delicate matter. And in all cases it complicates procedures to such an extent as to eliminate a considerable proportion of the special advantages of bilateral loans, especially as regards the swiftness and flexibility of this machinery. It is therefore advisable to proceed very cautiously and gradually in this matter, and not to make commitments which cannot be reserved if untying does not have the results anticipated by the parties involved'.

3.2. Size of the future EDF

3.2.1. The Committee is of the same opinion as the Commission which wishes to adhere to the two principles listed in Protocol No 22 to the Act of Accession. These are, on the one hand, the continuation of the advantages granted to the present Associated States, and, on the other, the adoption of similar treatment in comparable situations, in other words the treatment of future Associated States on an equal footing.

3.2.2. The Committee considers that one way of increasing the volume of aid would be to use part of the EDF funds to help cover the interest on loans obtained directly by the ACP, thereby affording them access to the international capital market under financially tolerable conditions.

3.2.3. The advantage of this is that Community aid would have a multiplying effect and its value would be enhanced.

3.2.4. While being aware that objectives may be raised to such a proposal — particularly about the origin of the capital borrowed, the nature of the credit institutions to which resort would be had and the use of the capital — the Committee nevertheless considers that a solution should be found along the lines suggested above.

3.2.5. As regards countries experiencing difficulties because they are heavily in debt, the loans made by the EIB and special loans decided by the Commission must constitute the smallest possible percentage of the Fund, while subsidies and grants must constitute the largest possible proportion.

3.2.6. Moreover, in view of experiences in recent years it is necessary to preserve and strengthen, either outside the framework of the EDF or under a special chapter, a fund that can be brought into play very rapidly in the event of a disaster. It has been found that the mobilization of resources, the purchase of goods and their transport takes a fairly long time, during which people may starve to death. Consideration should be given to a measure of this kind, in view of the duration of the consequences of drought (10 years).

3.2.7. In order to meet the wishes of some people, it should be declared that the disaster fund in question will work hand-in-hand with the fund which should be set up at world level, and that it may possibly merge with that world fund. Another factor which must be taken into account in operating the disaster fund is the need to coordinate it with aid from other countries and groups of countries.

3.3. The planning of aid

3.3.1. The Committee believes that the planning of aid must be sufficiently flexible to allow gradual adaptation in the light of changes in respective situations.

3.3.2. Such planning is particularly needed in order to establish a scale of priorities for the implementation of the proposed measures.

3.3.3. Measures should not only be planned from the timing angle but also adjusted quantitatively and qualitatively in the light of differences in the situations in the partner countries, which — partly as a result of recent developments — are growing considerably more marked.

3.3.4. The Committee agrees that aid must be planned with each beneficiary State at the beginning of the period covered by the Convention, so that each partner of the Community may have as clear an idea as possible as to the aid which it can expect during that period.

3.3.5. The Committee hopes, however, that sufficiently precise criteria will be established for the utilization of the future EDF. In particular these criteria should take into account the special needs of the most underprivileged countries, the importance of action to promote literacy, the extension of relations between economically complementary countries and the development of employment.

3.3.6. As regards this last point, which is of particular social importance, the Committee considers that a distinction should be made between exporting firms, whose products face the competition of world markets, and firms which cater mainly or exclusively for the home market and are geared to satisfying certain specific needs.

3.3.7. In the case of the latter, it should be possible to give priority where necessary to the creation of jobs, even if in certain cases this may conflict with economic profitability in the strict sense (e.g., using men rather than machines for certain public works).

3.3.8. This priority action to create new jobs should take the form of specific agreements benefiting firms which create jobs. Such firms should be chosen in the light of the relevant situation and local needs, and bearing in mind the specific features of employment problems in the developing countries.

3.4. Participation of the Associated States in the management and administration of aid

3.4.1. The Committee is satisfied with the new pattern which is emerging with regard to this matter, and calls for a genuine dialogue in the Association Council and Committee. This dialogue must deal not only with the definition of the policy and broad lines of financial and technical cooperation, but also with the outcome of action taken, so that an assessment can be made of whether aid objectives are attained in practice.

3.4.2. The Committee agrees that applications for financial aid should be assessed jointly, on the basis of general criteria worked out with the partner countries.

3.4.3. The Committee has noted the divergences between the views of the Community and its partners about the question of possible participation by the latter in decisions on financing and about the membership of the EDF Committee.

3.4.4. The Committee welcomes the fact that ways are being sought to make this participation possible. Such participation ought not only to meet the wishes of the ACP but also make for greater clarity with respect to cooperation.

3.4.5. The Committee agrees that national or regional bodies in the beneficiary States should be responsible for the implementation of schemes, especially as regards the negotiation and conclusion of public works and supply contracts and contracts for technical assistance.

3.4.6. The Committee has also examined the question of transferring the duties of the delegated agent, i.e., the bank which makes payments. In this connection the Committee has noted the explanations given regarding the difficulty of acceding to the Associated States' request to transfer the duties of the delegated agent, which are at present performed by European public or private banks, to their own central banks or to other national financial institutions. The Committee considers that at the present time such a transfer would pose serious technical difficulties and would have financial implications to the detriment of the Community.

3.4.7. Moreover, it is generally recognized that the question of training is of prime importance within the Association framework, certainly, adequate training conditions, the intensification of trade relations and the rational use of financial and technical cooperation. In other words, it is an essential prerequisite for development.

3.4.8. In this field, as in all others, the Community's partners are the Associated States represented by their governments. However, nobody can deny the important role and activities of the private organizations operating in the ACP States. Among these are trade unions and employers' associations, agricultural organizations, cooperatives, cultural organizations etc.

3.4.9. These organizations do not always work directly with the governments concerned but they make a crucial contribution to the implementation of national development plans and to the economic, social and cultural promotion of the Associated States. It is vital that, while respecting the prerogatives of the governments who represent the States as partners of the Association, these organizations should be able to take part in the training (including in-service training) and scholarship programmes within the framework of the Association. Their direct knowledge of the problems which concern them and the Fund of experience which they have acquired would be a very great asset to these programmes, to the greater good of the Associated States.

3.4.10. What is more, the Association can serve as a very apt framework for an exchange of information and experiences and even for collaboration between the Associated States, the Community and these organizations.

3.4.11. The Committee therefore proposes that a Training Committee be set up at Association Council level. This would be responsible for instance for organizing in-service training courses in the most appropriate places, awarding grants and welcoming grantees, and would be made up of representatives of the Community and its Member States, the Associated ACP States, delegates from employers', workers', industrial and agricultural organizations and possibly from other appropriate bodies in the ACP States and the Member States of the Community.

3.4.12. Without prejudice to any guidelines which might be laid down for the abovementioned training by the Commission, the Committee would point out that pragmatism and flexibility should be shown with regard to the practical organization of action in the field of training, and in particular in the choice of the most suitable places to implement such action.

3.4.13. The Committee considers that in this matter there is no ready-made solution and that each case must be examined on its merits, bearing in mind in particular the type of training provided, the people for whom it caters, the objectives, the material and human resources to be used and the desirable spin-off.

3.4.14. Having said this, the Committee is of the opinion that wherever possible, and taking into account the factors mentioned above, the provision of training in the beneficiary countries should be promoted.

3.4.15. Finally, the training grants and in-service training which the EEC gives and arranges ought to be shared out equitably between applicant ACP States.

3.5. Regional cooperation between developing countries and aid to the least developed States

3.5.1. In line with the remarks made previously on the need to draw up a scale of priorities for the objectives of the future agreement, the Committee

supports the suggestion made by the Community to set up specific instruments for regional cooperation aids. In this field special attention must be given to the regional aspect of schemes and to efforts towards opening up markets and extending outlets.

3.5.2. One of the incentives which could be envisaged in this sphere might be to earmark part of the EDF for regional cooperation.

3.5.3. The Committee considers that special aid must be given to the least developed States, which tend to be the land-locked and island countries. Specific measures — such as non-reimbursement in the case of guarantees of resources, compensation for costs incurred in promoting products, interest-free loans — must be taken to help these countries, particularly as regards the financial conditions of aids which should be geared to the degree of development of the recipient. The application of priority measures to stimulate regional growth in these countries should also be considered.

3.5.4. Care should also be taken to retain the possibilities of granting aid independently of certain projects for the benefit of the least-developed countries, and of granting aids for the financing of expenses incurred in maintaining and managing projects undertaken.

3.5.5. Given that in the provisions which were initially in force the initiative for submitting projects was left to the Associated States themselves, it is desirable to retain and develop established practice, whereby the European Commission may itself — though of course in collaboration with the State concerned — have an examination made of the possibilities of drawing up plans and of furnishing, where necessary, the technical and financial assistance required for making up the dossiers on these plans.

3.6. Economic cooperation

3.6.1. The considerable changes which have taken place recently in relations between the industrialized and the developing countries, and which have been mentioned in the general comments, have prompted the ACP to point out that in practice the quality of the aid granted to them by the developed countries has often enhanced rather than decreased their dependence on developed countries or regions.

3.6.2. The Community's partners ask therefore that, as part of the overall review of the objectives and instruments of development cooperation, consideration should be given to the possibility of establishing a genuine economic cooperation designed to promote a real partnership between the two sides.

3.6.3. The purpose of economic cooperation is to ensure that the developing countries can achieve economic growth and independence, and that the fruits of economic growth can be distributed more fairly in the world, in particular by an orderly re-patterning of the international division of labour.

3.6.4. One of the objectives of this economic cooperation will have to be industrial cooperation, this being defined as covering all measures to promote the industrial development of the Associated States.

3.6.5. In practice such cooperation entails an evolution of the international division of labour and a progressive promotion of a certain number of industrial activities in the developing countries. A number of major economic and social issues therefore arise.

3.6.6. At all events, this cooperation policy must be framed and applied in such a way that it can be dovetailed smoothly into the Community's action in other fields, notably the agricultural and social spheres. In addition, when the transfer of industrial activities proves desirable, this must be properly planned and must be accompanied by reconversion measures, regional policy action, etc., enabling the level and quality of employment to be safeguarded. In this connection, very special attention will have to be paid to the activities of the multinationals.

3.6.7. It has been pointed out that because of their technical and commercial capacities, international scale and certain other features these companies can, on certain conditions designed to preclude negative aspects, make a useful contribution to the development of the Associated States.

3.6.8. In fact it is much more appropriate for the Community and the Associated States as a group — rather than individual States — to hold a dialogue

with such companies, notably in a setting where the economic and social groups of the Community and its partners are represented, and see that the multinationals operate within a framework of real economic cooperation and in line with objectives laid down jointly with the Community and its partners.

3.6.9. The Committee considers that if industrial transfers are carried out under good conditions, they can — as witness certain recent cases particularly in Germany — make for the maintenance and even the development of industrial activity, and therefore employment, in the Community.

3.6.10. It seems appropriate to point out that in its Opinion on the Memorandum from the Commission for a Community Development Cooperation Policy, the Committee, after saying that the industrialization of the developing countries could only be achieved in the long term, came out in favour of accelerating this process and made various remarks, the following in particular:

'The Committee supports the progressive establishment in the developing countries of certain types of industrial activity which up to now have been carried out exclusively in the advanced nations. A wider distribution of labour will certainly be as much in the interests of the advanced nations as in those of the developing countries, if not more so.

If the development of industrial activity is left to the free play of market forces, the workers employed in the industries transferred may be faced with very grave difficulties, whatever general advantages the nation may gain. For this reason, the Committee believes that it is necessary to adopt industrial policies which make provision for industrial changes long before they occur.

In view of this, it can be pointed out that the changes which would result from greater trade with the developing countries, although considerable in certain industries, would be minimal in comparison with the changes caused by other factors, such as technological developments. The Committee points out that it is essential to be able to base policy on forecasts of technological development'.

3.6.11. At the practical level, and if it embarks on such industrial cooperation, the Community will have to avoid any tendency to impose or encourage the choice of industrial models with which it is

familiar. Such choices should be made solely by its partners.

3.6.12. Among the matters which could be the subject of cooperation in the industrial field the Committee has singled out private investment, measures to help small and medium-sized businesses, industrial promotion, studies and information, the use of new forms of financing (leasing-monitoring), and the transfer and adaptation of technology.

3.6.13. Rules on conditions offered to private investors and on the commitments into which they enter should be laid down jointly by the EEC and its partners.

3.6.14. Without wishing to prejudge any procedures and accompanying measures which may prove necessary, the Committee has found that, if one wishes to provide an answer in keeping with the industrialization needs of the developing countries, then industrial cooperation will have to be an integral part of the new cooperation model which must be established.

3.6.15. The Committee also considers that, regardless of what precautions and conservatory measures have to be taken, industrial cooperation will in the long run be in the interests of both the Community and its partners and will be able to make a decisive contribution to an ordered, progressive and balanced repatterning of the international division of labour.

3.6.16. The need to embark on this course is all the more pressing because some partners, who already have considerable financial resources or will have them in the future, feel that economic cooperation is the main aspect capable of justifying their participation in the future agreement.

3.6.17. The Committee therefore expresses its interest in the new guidelines and agrees that there should be close economic cooperation between the Community and the Associated States. With this in mind it points out that the overall cooperation model constituted by the planned association agreement is a particularly suitable vehicle for the implementation of this new policy.

4. RULES ON THE RIGHT OF ESTABLISHMENT, THE PROVISION OF SERVICES, EXTERNAL PAYMENTS AND MOVEMENTS OF CAPITAL

4.1. The Committee has taken note of statements that application of the rules contained in the Second

Yaoundé Convention has not posed any major problems.

4.2. The Committee agrees with the rules — based on the two essential principles of most-favoured-nation treatment and non-discrimination between nationals and companies from Member States — which the Community proposes should be incorporated in agreement.

4.3. The Committee also agrees that it should be possible to waive the most-favoured-nation clause to meet the requirements of regional cooperation agreements between partners of the Community and other developing countries in the same region.

5. INSTITUTIONS

5.1. In previous chapters (training, trade promotion, role of the multinationals) the Committee has on several occasions urged the case for establishing bodies which could serve as a vehicle for joint consultations between representatives of economic and social groups from the Community and its partners.

5.2. The Committee considers that such sectorial consultation or management bodies made up of representatives of the relevant economic and social interests should be supplemented by the creation of a general economic and social coordination institution with a similar membership at the level of the agreement between the EEC and the ACP.

5.3. In this connection the Committee is aware of the possible differences between the way the 'social partners' are organized and consulted in the ACP States and in the Community. It recognizes the value of informal contacts and consultation bodies which are specific to certain sectors.

5.4. Nevertheless, the Committee considers that, in the specific case of relations with the future associated States, as in the other areas of Community policy, the disadvantages of an excessive dilution of consultation should be avoided.

5.5. This is why the Committee, which represents the various categories of economic and social activity in the Community, considers that the future agreement should include provision for the introduction of a procedure which enables official,

overall consultation on questions of mutual interest to take place between the economic operators and social groups of the EEC and their counterparts in the ACP States.

5.6. The Committee is convinced that this collaboration in certain specific sectors and on an overall basis between economic operators and social groups in the Community and the partner countries will make an important contribution to the efficient operation of the future association agreement.

5.7. The Committee also stresses the importance of such cooperation for bringing the peoples concerned closer together to ensure that public opinion on both sides is kept up-to-date with essential information.

5.8. The Committee reserves the right to revert to this question once the Community and its partners have stated their points of view.

5.9. However, the Committee considers that at all events a special effort should be made to promote contacts between economic and social groups in the Associated States and those in the Community, in ways which are still to be determined.

5.10. In its Opinion on the Memorandum from the Commission for a Community Development Cooperation Policy, the Committee had the following to say on this topic:

'The Economic and Social Committee considers that it would be desirable to promote contact between the representatives of economic and social activities in the Community and their counterparts in the developing countries. Such contacts could be established initially between the members of the Economic and Social Committee and those of any similar institutions in the AASM'.

5.11. In this connection, mention should be made of the recent trip made by the enlarged Bureau of the Section for External Relations to Senegal and the Ivory Coast, during which fruitful and promising contacts were established with the representatives of economic and social interests in these countries.

6. ALLIED PROBLEMS

6.1. The status of Community technical cooperation assistants

6.1.1. Without wishing to discuss the practical details of the measures to be taken in this matter, the

Committee would draw attention to the urgent need to settle the problems arising in this connection — such as the recruitment, specific training and subsequent employment of technical cooperation assistants.

6.1.2. Technical cooperation is an act of solidarity whose aim is to assure the dissemination of knowledge and the training sought by the responsible authorities in the ACP States.

6.1.3. Its success depends, to a large extent, on the work done by the technical cooperation assistants who are sent to the ACP countries by the EEC.

6.1.4. Success thus depends on:

- (a) A choice of cooperation assistants based on criteria which cover technical proficiency, experience, psychological ability to adjust to local conditions and aptitude to give introductory training to successors;
- (b) Special training prior to assignments;
- (c) Providing any training and refresher courses which may be required in the course of cooperation schemes;
- (d) The establishment of service regulations for cooperation assistants to cover their appointment, remuneration, leave, accommodation, medical care and repatriation;
- (e) The assurance that each assistant will be reintegrated in the European country of his choice in a post corresponding to that held upon his departure, with due regard being given to experience acquired.

6.2. The position of migrant workers from Associated and Associable States in the Community

6.2.1. In general, the Committee believes that efforts must be made to improve the position of these workers, especially within the framework of Community and national measures in the social sphere.

6.2.2. In fact numerous workers from the ACP States are employed in EEC firms.

6.2.3. The role they play is important for the European economy within which they constitute a labour force whose general education has not cost the EEC a penny.

6.2.4. In addition, they often perform difficult and unpleasant tasks.

6.2.5. The existing or planned EEC Regulations for migrant workers from the Member States of the EEC must be applied to them during their stay. The Regulations in question cover working conditions (wages, jobs, occupational accidents, labour legislation, trade union rights, elections to bodies representing workers) and living conditions (accommodation, health, schooling, social guarantees).

6.2.6. In addition, the host countries must provide these migrant workers with special schooling and vocational training which will equip them to make a contribution to the development of their own countries when they return home.

6.2.7. Such measures, as part of the coordination of Member States' immigration policies, must aim in particular to put an end to the illegal immigration of workers from the ACP States, which is increasing in an intolerable manner in certain Member States.

Done at Brussels, 26 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Commission Communication to the Council concerning "Multinational undertakings and Community Regulations"'

The text referred to the Committee has not been published in the *Official Journal of the European Communities*.

A. LEGAL BASIS FOR THE OPINION

On 23 November 1973, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request, dated 29 November 1973, from the Council of the European Communities for an opinion on the 'Commission Communication to the Council concerning "Multinational undertakings and Community Regulations"';

Having regard to Article 198 of the Treaty establishing the European Economic Community;

Having regard to the Decision taken by its Bureau on 28 November 1973 instructing the Section for Industry, Commerce, Crafts and Services, in the first instance to prepare an opinion and a report on the matter;

Having regard to the Opinion delivered by the Section for Industry, Commerce, Crafts and Services at its meeting on 5 June 1974;

Having regard to the supplementary Opinion delivered by the Section for Social Questions on 16 May 1974;

Having regard to the report submitted by Mr Margot;

Having regard to the discussions at its 121st plenary session held on 26 and 27 June 1974, sitting of 26 June 1974;

Whereas the Commission Communication to the Council calls attention to the problems posed by the development of multinational undertakings and proposes a set of measures to be taken in the context of Community Regulations;

Whereas these measures are not intended to impede the development of a phenomenon whose economic and social advantages the Commission recognizes, but to guard the Community against harmful effects thereof;

Whereas the Commission lists in its Communication a number of measures for which it has already submitted formal proposals and which have subsequently been dealt with in Committee Opinions, as well as other measures which are in preparation;

Whereas in order that these measures may be carried out as part of a coherent whole, the Commission requests the Council to adopt a draft resolution on the steps the Community must take to resolve the problems raised by the development of multi-national undertakings,

HAS ADOPTED THE FOLLOWING OPINION

by 61 votes to 28 and 4 abstentions:

Subject to the general and specific comments set out below, the Economic and Social Committee approves

the Communication and the annexed draft resolution. No position is taken on the analysis attached to the Communication for information purposes, since this analysis is incomplete and gives rise to numerous observations and objections.

1. GENERAL COMMENTS

1.1. It is noted, first of all, that in the Communication the Commission does not dispute the economic and social advantages of the growth of multinationals and even refers to the views expressed in its memorandum on industrial policy, where it regretted the fact that too many industrial undertakings in Europe were still national in the scale of their activities and were slow to adapt themselves in both size and the location of new plant to the new European economic area.

1.2. The Committee agrees with the statement that multinationals can play a part in improving living conditions throughout the world and overcoming selfish national attitudes.

1.3. On the other hand, the Committee recognizes that, largely because of the disparities between the Member States as regards economic and monetary situation and laws and regulations in the economic and social fields and on taxation, the growth of multinational undertakings does give rise to certain problems.

1.4. Moreover at world level there are no international rules and no international authority for enforcing such rules.

1.5. The Committee is appreciative of the efforts the Commission has made to point the way with its suggestions and proposals to a solution of these problems.

1.6. The Committee approves in principle of the Commission's efforts to look at the problems as a whole and incorporate the measures being prepared in an overall, coherent policy.

1.7. The Committee has noticed, however, that this overall approach runs up against a great number of difficulties which stem partly from the complexity of the phenomenon, which has a worldwide dimension, and partly from the existence of differing and often contradictory viewpoints about which policy should be followed in the sphere of economic development. Even the concept 'multinational undertaking', which the Communication fails to define clearly, is open to discussion.

1.8. Undertakings of European origin which operate solely on Community territory, though in

several individual Member States, are multinational solely because economic, monetary and political union has not yet been achieved and the abovementioned disparities between the Member States still exist.

1.9. It is important, in the Committee's view, to ensure that Community regulations do not tend in practice to discriminate against European undertakings by comparison with multinational undertakings based outside the Community.

1.10. To remove all danger of discrimination, the Committee considers that the action taken by the Community must not be aimed explicitly and exclusively at multinationals, but rather at questionable or reprehensible behaviour on the part of any company or individual that involves bypassing regulations or evading tax obligations or that, by abusing a position of economic power, sacrifices the public interest or that of workers or consumers to private interests.

1.11. The Committee is thus generally in favour of the measures proposed in the Communication; it accepts, on the other hand, that owing to the Community's limited scope for action these measures are insufficient to solve the world-wide scale of the problems.

1.12. Action taken by the Community, like that at national level, has only a relative value. This action must be given a broader basis through negotiations with non-member countries and the involvement of appropriate international organizations, including the OECD and the specialized UN agencies.

2. SPECIFIC COMMENTS ON THE COMMUNICATION

2.1. Regarding the general trend of the Commission proposals, the Committee does not think that the idea of a code of conduct should be rejected out of hand as the Communication seems to imply. Such a code could doubtless have a useful effect, even if only used as an experiment. The descriptions of the individual measures envisaged call for the following comments.

2.2. Protection of the public interest

2.2.1. Harmonization of tax systems could certainly help to solve the tax problems referred to in the Communication at Community level. Given that harmonization of taxation systems will not be possible in the short term, however, the Committee

agrees with the objectives set by the Commission with respect to these problems though it has reservations about some of the terms the Commission uses and the concrete measures proposed.

2.2.2. The Committee considers that the problems of security of supply, which the energy crisis has brought to a head and which are not incidentally solely attributable to the multinationals, must be seen in a broader general policy framework.

2.2.3. As far as monetary problems are concerned, the Committee agrees that there is a need for more information and is in favour of studying statistical data to find out more about the factors that influence the balance of payments. The problem of disturbing capital movements must be solved, as far as the Community is concerned, in the context of economic and monetary union.

2.2.4. The problem of competition in state aids, which the Commission also brings up in the Communication because of the important role played by international investment in regional development policy, must be judged in the light of the facts. At all events, the Committee is in favour of the Commission expanding its efforts towards the coordination of harmonization of state aids, especially aids for regional development, and accepts the need to promote the efficiency of European undertakings in the advanced technology sectors which have hitherto been dominated by certain multinational groups.

2.2.5. The aspect of protection of shareholders and others will be dealt with in due course in the Committee's opinion on the proposal on the law on groups of companies announced by the Commission.

2.3. Protection of workers' interests

2.3.1. As regards security of employment and income:

- when a subsidiary or new establishment is set up in a Member State, it should comply with the rules in force in that country for ensuring stability of employment, those for recruitment procedures, and those laying down pay and other working conditions. These same rules should also apply in respect of the vocational training and retraining of workers after transfers, dismissals and closures of establishments;

- it is also expedient to foster as much as possible the research and study facilities already existing locally rather than have research and studies carried out in the country where the multinational is based;

- in cases where production is temporarily discontinued or cut back there should be compliance with the 'income guarantee' rules applicable to workers who are dismissed or affected by a temporary reduction in working hours, or by a temporary cut-back in production.

2.3.2. As regards the regulation of labour relations:

- the activity of a multinational in a country other than that of its headquarters should not give rise to discrimination between its own workers and those employed by the national firms. It is essential that the subsidiaries of multinationals should be integrated in the social structure of the host country;
- multinationals, like other undertakings, are bound by local labour laws and by current or future collective agreements regulating the matters which the law leaves to the discretion of the two sides of industry (e.g. level of remuneration and other working conditions);
- it would be desirable if labour and employment offices were in a position to supply information about working conditions in host countries.

2.3.3. As regards the transparency of multinationals' activities, the following steps are called for:

- establishment — or improvement where they already exist — of arrangements for providing extensive, comprehensive information at certain regular intervals, so that workers know not only about the structure of the multinational's decision-making bodies and its internal organization, but also about its production programmes, the economic and social reasons which determine them, and their effects on employment;
- introduction and operation of bodies at undertaking and inter-undertaking level, so as to establish, maintain and develop normal, fruitful labour relations;
- workers' participation in the activities of the undertaking by means of a system of representation which would allow them to

express their views and take a stand on matters of most concern to them, such as employment, working conditions, pay, the protection of health, prevention of accidents at work and policy on accommodation for workers and managerial staff, etc.;

- contacts and cooperation, on the basis of a system of reporting and regular meetings, between representatives of workers employed in the various establishments belonging to the same multinational and located in Member States;

2.3.4. As regards recognition of the role of trade unions and employers' associations, the Committee considers that:

- the right to associate and take part in trade union activities and the right to negotiate collective agreements should be recognized and applied in practice with respect to multinationals;
- the recognition of the role of trade unions and employers' associations by the multinationals and good relations between these parties are the basic requirement for the attainment of the economic and social objectives of the Treaty of Rome.

2.4. The maintenance of competition

2.4.1. Concerning the incompatibility with the common market of certain concentrations between undertakings and the measures proposed for tackling this problem, the Committee refers to its Opinion of 28 February 1974 on the 'Proposal for a Regulation on the Control of Concentrations between Undertakings'.

2.4.2. The Committee accepts that the special character of multinationals might warrant 'particular attention' as regards the oligopoly situations listed in Articles 85 and 86 of the Treaty; on the other hand, it thinks that one must not be any less vigilant in ensuring that the rules of competition are observed by national undertakings, since they too can abuse dominant positions.

2.5. Purchasing of undertakings

2.5.1. The Committee is in favour of drawing up and applying a code of practice to buying up undertakings.

2.5.2. It accepts that it would be useful to introduce regulations for public takeover bids and to

work out a number of rules of conduct for stock exchange operations.

2.5.3. On the other hand, the Commission's suggestion that 'objective rules' should be drafted and imposed by common agreement of the Member States, seems too ambitious an aim and not one that would be feasible in the short term.

2.6. Equality of reception conditions

2.6.1. The Committee approves in principle the Commission's objectives which are intended to secure the same conditions for investments by foreign firms in non-member countries as are available in Community countries.

2.6.2. It is rather sceptical, however, about the feasibility of these aims, though in favour of continuing the efforts which are already being made in this direction particularly through the OECD and the specialized UN bodies.

2.7. Conditions of establishment of multinational companies in developing countries

2.7.1. The Committee refers to the discussion of this aspect in its Opinion of 28 February 1974 on the 'Proposal for a Council Regulation establishing a Community guarantee system for private investments in third countries'.

2.8. Better provision of information

2.8.1. The Committee supports the principle of trying to build up a better information system but feels that the Commission is being over-optimistic in thinking it can 'assuage the fears felt in many quarters' by 'simple means'.

2.8.2. It is a pity that the Commission does not give more details about how it intends to bring this improvement in information about.

3. DRAFT RESOLUTION OF THE COUNCIL ON THE MEASURES TO BE TAKEN BY THE COMMUNITY IN ORDER TO RESOLVE THE PROBLEMS RAISED BY THE DEVELOPMENT OF MULTINATIONAL UNDERTAKINGS

3.1. The draft resolution annexed to the Communication forms the latter's conclusion.

3.2. The draft resolution confirms the Council's intention to act, within the time limits laid down in the various programmes, on the proposals on mass dismissals, the protection of the existing rights of workers in the case of mergers, concentrations or rationalization, guarantees for investments in third countries, internal company mergers, the Statute for the European Company, the structure of sociétés anonymes and the control of concentrations.

3.3. It also lists a number of decisions which should be taken and notes the Commission's intention to submit as soon as possible proposals on the protection of workers in the event of takeovers, the introduction of Community rules concerning in particular, stock exchange operations and the origin of funds for investment, a scheme for cooperation between the national bodies responsible for the supervision of stock exchange operations, arrangements for international assistance and cooperation in the field of tax information, monitoring and recovery, including in particular development of a common system of transfer prices

and licence fees, and finally the law on groups of companies and the collection of adequate information on the international activity of undertakings.

3.4. Subject to its comments on the Communication, the Committee approves in principle the broad outlines of the draft resolution.

3.5. Although the recitals of the draft resolution meet with the Committee's approval, there are divergences of opinion about many of the practical measures envisaged.

3.6. Not wishing to bring up again certain problems which have already been discussed in its Opinions on drafts submitted by the Commission, the Committee would merely refer to and confirm these earlier opinions.

3.7. As to the new proposals which are now announced, the Committee will give its opinion on these proposals when it is consulted.

Done at Brussels, 26 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Proposal for a Council Directive concerning the approximation of the laws of the Member States relating to the composition of petrol — Problem of the lead content of petrol'

The text referred to the Committee has been published in the *Official Journal of the European Communities* No C 8 of 31 January 1974 page 28.

A. LEGAL BASIS FOR THE OPINION

On 18 December 1973, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 100 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request, dated 19 December 1973, by the President of the Council of the European Communities for an opinion on the 'Proposal for a Council Directive concerning the approximation of the laws of the Member States relating to the composition of petrol — Problem of the lead content of petrol';

Having regard to Article 100 of the Treaty establishing a European Economic Community;

Having regard to the Decision taken by the Bureau on 29 January 1974 entrusting the Section for Industry, Commerce, Crafts, and Services with the preparation of a report and an opinion on the matter;

Having regard to the Opinion delivered on 5 June 1974 by the Section for Industry, Commerce, Crafts and Services;

Having regard to the supplementary Opinion of the Section for the Protection of the Environment, Public Health and Consumer Affairs delivered on 21 March 1974;

Having regard to the report presented by the rapporteur, Miss Roberts;

Having regard to the discussions at its plenary session of 26 and 27 June 1974, sitting of 27 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

by 62 votes to 2 with 8 abstentions:

The Economic and Social Committee approves the proposal for a Directive subject to the following comments:

1. The Committee notes that the Commission's proposal, which is concerned with the removal of barriers to trade within the Community as regards both motor fuel and motor vehicles, represents an important and realistic step forward in reducing air pollution from lead and, in consequence, in protecting the environment.

2. The difficulties

2.1. When the Directive was drafted it was already realized that car manufacturers would have, to some extent, to re-design their engines if they are to run on

petrol with a lower lead content than before. Oil refineries will also have to adjust their processes if they are to produce petrol with a lower amount of lead but with the necessary anti-knock qualities. This will be more costly and will use more crude oil. As regards the problems created by the recent energy crisis, the Committee is aware of the balance of payments difficulties which Member States may face because of additional imports of crude oil due to application of the proposal for a Directive.

2.2. However, the Commission was satisfied that the oil and automobile industries considered that the snags mentioned above were not technically insuperable at the levels which are currently proposed.

2.3. The Committee recognizes that — although new cars could be designed to use the new type of petrol with a lower lead content — some existing car types might have problems.

2.4. The Committee considers that, although the danger from lead in the atmosphere is not proven, the suspicion that it is harmful is so strong that all possible precautions should be taken to lower the concentration of lead in the atmosphere.

2.5. It was suggested that lead traps would make the reduction of lead in the petrol itself unnecessary. This may be so, in the future. The Committee hopes that research on the subject will continue vigorously. No doubt the dates set for lead reduction will stimulate this research. But lead traps are not yet sufficiently developed to substitute for reduction of the lead content to the levels proposed by the Commission.

2.6. In any case, the Committee believes that the Commission's proposal for a Directive is justified on the grounds of the removal of technical barriers to trade. In fact, as appears from the document of the Commission itself, certain Member States have decided to take measures to reduce the level of lead allowed in petrol. This would cause serious barriers to trade if the proposal for a Directive were not adopted.

The Committee further notes that if adopted, the Directive would make it possible to guarantee the free movement and the release for free circulation of products which conform with it and that any countries which fixed stricter standards for their own production would not be able to oppose the free movement and the use of products in accordance with the Directive.

3. Other pollutants

3.1. The first problem is that of the substances which would have to be added to petrol in the place of lead, to achieve the same anti-knock qualities.

There is surely the possibility that these substances might be more polluting than the lead itself?

3.2. It was, however, agreed that Article 3 of the Directive appeared to deal satisfactorily with this problem. Lead is not to be removed at the cost of adding other, possibly more polluting, substances.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Proposal for a Council Regulation (EEC) laying down conditions for granting national aid under the common structural policy for seafishing'

The text referred to the Committee has been published in the *Official Journal of the European Communities* No C 110 of 13 December 1973, page 64.

A. LEGAL BASIS FOR THE OPINION

At its 117th plenary session held on 30 and 31 January 1974 the Committee, acting on a proposal from the Bureau, decided to deliver an Opinion on the abovementioned subject on its own initiative.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to Articles 43 and 198 of the Treaty establishing the European Economic Community;

Having regard to the Decision taken on 30 January 1974, in accordance with the fourth paragraph of Article 20 of the Rules of Procedure, to draw up on its own initiative an Opinion on the 'Proposal for a Council Regulation (EEC) laying down conditions

for granting national aid under the common structural policy for seafishing';

Having regard to the various Opinions delivered by the Economic and Social Committee on the fisheries sector, and in particular its Opinion, dated 27 March 1969, on the 'Proposal for a Council Regulation establishing a common structural policy for seafishing' ⁽¹⁾;

⁽¹⁾ OJ No C 76, 17. 6. 1969.

Having regard to the Decision taken by its Bureau on 29 January 1974, instructing the Section for Agriculture to prepare the Committee's work on the matter;

Having regard to the oral report made by the rapporteur, Miss Mackie;

Having regard to the Opinion delivered by the Section for Agriculture at its meeting on 3 May 1974;

Having regard to the discussions at its plenary session on 26 and 27 June 1974, sitting of 27 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

with no votes against and 16 abstentions:

The Economic and Social Committee approves the draft Regulation, submitted by the Commission to the Council, subject to the following general and specific comments.

1. General comments

1.1. The proposal stems from Article 9 of Regulation (EEC) No 2141/70 on which the Committee delivered an Opinion on 27 March 1969. The Committee is pleased that it can now deliver an opinion on a proposal to laying down conditions for granting national aids to the seafishing sector, but it deplors the particularly substantial delay with which this proposal has been presented by the Commission, Regulation (EEC) No 2141/70 having laid down 1 June 1971 as the deadline.

1.2. As it has pointed out on several occasions in previous Opinions, the Committee stresses that rational development of the seafishing sector requires *inter alia* that, as far as possible, conditions in the Community for financing and utilizing vessels should not depend on regional or national intervention which distorts competition. Consequently, the Committee holds that the seafishing industry should continue to receive aid, but in such a manner that the bulk of this aid becomes as soon as possible Community aid. This, however, should not entail a decrease in aids for those receiving them.

1.3. In addition, the Committee considers it necessary to ensure that the various aids granted by the Member States are published in full and objective form so as to enable each Member State, persons involved in a professional capacity in seafishing, and the Community bodies to have a clear picture of the actual position of seafishing and of any disparities which currently exist in the Community.

1.4. The Committee considers that the Commission could achieve this not only within the terms of reference of the draft Regulation under review, but also in virtue of Articles 92 and 94 of the Treaty.

1.5. In the light of the conditions prevailing within the Community, the Commission has restricted itself to defining certain objectives for the Member States, and, in order to lessen the distortion of competition which exists between countries granting high levels of national aid and those granting low levels of national aid, has defined the maximum amount of national aid which can be granted.

1.6. The Committee shares the Commission's view that rational development of the seafishing industry in the Community could be hindered if determination of the maximum level of aids were left to the discretion of the Member States. Despite this, the Committee considers that the ceiling proposed by the Commission should be increased. In some Member States, the levels of aid proposed would be insufficient to offset the high capital cost of purchasing and fitting out new fishing vessels.

1.7. The Commission cannot compel the Member States to grant a minimum level of aid, and the Committee therefore considers that, as far as possible, total harmonization by way of Community aid should be the long-term objective.

1.8. Lastly, the Committee draws the Commission's attention to the need to make sure that the translations of the proposal in all the Community languages coincide exactly, particularly in the case of Articles 2, 3 and 5.

2. Comments on Articles

2.1. Article 2 A — second line

2.1.1. The Committee wonders — for both economic and legal reasons — whether the phrase 'registered in the territory of one of the Member

States' would not have been preferable. It urges the Commission to consider this point.

2.2. Article 2 A (a)

2.2.1. *The purchase of used fishing vessels* should be included, since, due to rising costs, numerous fishermen no longer have the funds to purchase new vessels whilst frequently second-hand vessels can very well improve, or even provide, the means of existence of other fishermen, particularly young fishermen.

2.2.2. The Committee considers that the term 'hydraulic winches' is too restrictive, and requests that the adjective 'hydraulic' be deleted.

2.2.3. In addition, in order to obviate the risk of impeding improvement to equipment which has been made necessary by technical advance, the following should be added after the word 'winches': 'and such equipment as is necessary to improve catching methods and the quality of the catch'.

2.3. Article 2 A (c)

2.3.1. The rapid progress in fishing technology, possible changes in yields from certain grounds, and the effect of decisions taken at the Conference on the Law of the Sea could make fishing vessels uneconomic before 15 years elapses; therefore, the Committee considers that the period in question should be reduced.

2.4. Article 3 (a) and (c)

2.4.1. The Committee requests that the words 'chilling and freezing' be deleted and replaced by 'preserving' since new methods of preserving, which are likely to be introduced in the near future, should be taken into account.

2.5. Article 4 (b)

2.5.1. The first line should read as follows:

'Measures relating to the obtaining of qualifications or to the qualifications of *fishermen* and persons employed ...'.

2.6. Article 5

2.6.1. As it has already indicated in its general comments, the Committee considers that the levels of

aid proposed by the Commission are lower than those currently required to maintain and expand productive fishing, particularly inshore fishing. In general terms, the Committee considers that the level of aid should be increased to take account of the high capital requirements of the seafishing industry.

2.6.2. In addition, the Committee points out that the idea of 'actual costs', which is mentioned on several occasions by the Commissions, is open to different interpretations. It requests that this expression be clarified.

2.6.3. The Committee further considers that a clear statement of the methods of evaluating such costs in properly comparable terms should be made by the Commission.

2.7. Article 5 (1)

2.7.1. The Committee notes that the Commission differentiates between specialized and multi-purpose vessels. The Committee considers that encouragement can be given to multi-purpose vessels in the case of inshore or off-shore fishing, but that the building of multi-purpose fishing vessels for high sea or deep sea fishing should not be stimulated. For the latter type of fishing, efficiency goes hand in hand with greater specialization.

2.8. Article 5 (2) — *second indent*

2.8.1. The proposed aid should be fixed at 200 units of account per registered ton and not 100 units of account as the Commission proposes.

2.9. Article 5 (3)

2.9.1. The Committee considers that the level of aid proposed should be increased to 15 % in line with the Commission's proposals in Article 6. The Committee requests that Article 5 (3) be deleted and Article 6 re-worded in order to make the proposal clearer.

2.10. Article 6

2.10.1. In view of the preceding comment, the Committee asks that the first line be amended to read:

'... operations specified in Article 2 A (d) and Article 3 (a), (b) and (c) may not exceed ...'.

2.11. Article 7

2.11.1. The Committee notes that members of recognized producer organizations can obtain a 5 percentage point increase in aid.

2.11.2. The Committee points out that all Community policy in the fishing sector is based on recognized producers' organizations and that it has always been anxious to strengthen the role and power of these organizations and unions of such organizations in the agricultural sphere. In this light, the Committee is pleased to note the Commission's intention shortly to publish a report on the situation of producers' organizations in the fisheries sector in the enlarged Community.

2.11.3. In the Committee's view, national aid for 'recognized activities' should be restricted to members of producers' organizations recognized by the Commission. However, as there are no recognized producers' organizations in some Member States, this stipulation cannot be applied at the present time. Nevertheless, the Committee notes that according to the Commission Member States could — if they so desire — grant aids solely to producers' organizations.

2.11.4. Pending publication of the abovementioned report — which should allow the present situation in respect of producers' organizations to be better assessed — the Committee considers that the draft Regulation must form an extra incentive — in addition to existing Community rules — to the establishment of producers' organizations in places where such organizations do not exist, and stimulate interested parties to join such organizations where they already exist. Nevertheless, as regards the operations set out in Article 3 (c) and Article 2 A (d), the Committee stresses that the aids which may be granted to producers' organizations must not be liable to engender distortions of competition to the detriment of the fish-processing industry and other agricultural and food industries in the Community.

2.12. Article 8

2.12.1. The Committee considers that the 10-year period laid down in paragraph (a) is too long for various reasons. Obliging an investor to keep his vessel for 10 years before disposing of it is to run the risk of obliging him to forego the technological changes which could take place or may make his vessel unsuited to the role it is to accomplish. The arguments put forward under Article 2 (c) apply equally to Article 8 and therefore the Committee requests that a five-year period as stipulated in paragraph (b) be adopted in respect of paragraph (a), or that at the least, derogations be expressly provided for in certain cases.

2.12.2. In addition, the Committee considers that, under certain circumstances, the transfer of fishing vessels without repayment of aid should be allowed, for example, from father to son or in the event of the death of the owner.

2.12.3. Finally, the Committee requests the Commission to review this Article in the light of Community policy on the cessation of agricultural activity.

2.13. Article 10

2.13.1. Although in agreement with the goals pursued in this Article, the Committee considers that there should be a clear statement of the effect of this draft Regulation on the availability of other forms of aid. In particular, it should be ensured that this draft Regulation results in keeping aids at a level comparable to that afforded to other occupations in the region concerned.

2.14. Article 11

2.14.1. Following on from the comments made under the heading General Comments, the Committee requests the Commission to amend this Article so that the Member States are obliged to notify the Commission of all aids which have been granted, whatever be their type and regardless of which public or semi-public authority has granted them.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

ANNEX

to the Opinion of the Economic and Social Committee

The following amendment, tabled in accordance with the procedure laid down in the Rules of Procedure, was rejected in discussion.

Point 1.6.

Amend the second sentence to read:

' . . . Despite this, the Committee considers that the ceiling proposed by the Commission should be examined in more detail. In some Member States the levels of aid proposed . . . '

Result of the vote:

For: 26.

Against: 29.

Abstentions: 15.

Opinion on the

- 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products'
- 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to publicity for proprietary medicinal products and to package leaflets'
- 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to matter which may be added to proprietary medicinal products for colouring purposes'

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 35 of 28 March 1974, pages 68 and 69.

A. LEGAL BASIS FOR THE OPINION

On 18 February 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request, dated 19 February 1974, by the President of the Council of the European Communities for an opinion on the 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products', the 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to the publicity for proprietary medicinal products and to package leaflets' and the 'Amendment to the proposal for a Council Directive on the approximation of the laws of the Member States relating to matter which may be added to proprietary medicinal products for colouring purposes';

Having regard to Article 198 of the Treaty establishing the European Economic Community;

Having regard to the Decision taken by the Bureau of the Economic and Social Committee on 26 February 1974 entrusting the Section for Industry, Commerce, Crafts and Services with the preparation of an opinion and a report on the matter;

Having regard to the Opinion delivered by the Section for Industry, Commerce, Crafts and Services at its meeting on 5 June 1974 (rapporteur Mr Chabrol);

Having regard to the supplementary Opinion of the Section for the Protection of the Environment, Public Health and Consumer Affairs delivered on 13 May 1974;

Having regard to the discussions at its 121st plenary session held on 26 and 27 June 1974, sitting of 27 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

The Economic and Social Committee approves the amendments subject to the comments listed below.

1. The Economic and Social Committee approves the Commission's proposals for facilitating the adaptation of certain provisions to take account of technical progress by means of a flexible and

simplified procedure. It has repeatedly advocated such a procedure, especially in connection with Directives for eliminating technical barriers to trade.

2. The Committee notes that in the amendments to the Directives relating to the publicity for proprietary medicinal products and to package leaflets and to matter which may be added to proprietary medicinal products for colouring purposes, the powers of the Standing Committee for Medicinal Products are precisely defined and delimited. In the case of the proposal on analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products, however, Article 3 (3) and (4) expressly states that the Standing Committee for Medicinal Products 'may examine any question concerning the operation of this Directive raised by its Chairman either on his own initiative or at the request of a representative of a Member State' and that 'any amendments needed to adapt the Annex to this Directive to technical progress shall be adopted in accordance with the procedure laid down in paragraph 5'.

3. The Committee would draw attention to the danger of giving too wide a definition to the notion of 'technical progress', — namely that this would not only enable direct amendments to be made to the Directive on standards and protocols, but would also enable indirect amendments to be made to the provisions of other Directives harmonizing the very conditions for the issue of marketing authorization. The procedure of Article 100 of the EEC Treaty is laid down for such indirect amendments.

4. The Committee realizes how difficult it is to define the meaning of 'technical progress'; this will, however, be able to be defined by the Standing Committee for Medicinal Products itself in the course of its activity. Nevertheless, the Committee considers that technical progress should in particular be assessed in the light of its direct and indirect benefits for public health.

5. As for the working of the Standing Committee for Medicinal Products, the Committee considers that the scientific nature of the questions it will have to discuss and their effect on the implementation of the process of authorizing proprietary medicinal products and on their manufacture, require that the appropriate professional bodies concerned be closely consulted.

6. The Committee is surprised that — with the exception of Directive No 65/65/EEC of 26 January 1965 — the Council has not yet taken decisions on

all the draft Directives concerning authorization to market and manufacture medicinal products. It draws attention to its Opinions on the draft Directives in question, and requests that these draft

Directives be swiftly adopted in order to enable a start to be made on achieving a genuine common market for medicinal products.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Communication from the Commission to the Council on the implementation of the "Guidelines and priority measures for a Community energy policy" — Promotion of the use of nuclear energy'

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 44 of 19 April 1974, pages 12 and 13.

A. LEGAL BASIS FOR THE OPINION

On 25 February 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 170 of the Treaty establishing the European Atomic Energy Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the letter dated 25 February 1974, in which the Council of the European Communities requested the Committee to deliver an opinion on the 'Communication from the Commission to the Council on the implementation of the "Guidelines and priority measures for a Community energy policy" — Promotion of the use of nuclear energy';

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular the second sentence of the first paragraph of Article 170 thereof;

Having regard to the Decision taken by its Bureau on 26 March 1974 instructing the Section for Energy and Nuclear Questions to prepare a report and an opinion on the matter;

Having regard to its Opinion of 24 May 1973 on the 'Proposal for a Directive (Euratom) amending the Directives laying down the basic safety standards for the protection of the health of workers and the general public against the dangers of ionizing radiation';

Having regard to its Opinion of 27 June 1973 on the 'Second Illustrative Nuclear Programme';

Having regard to the Opinion adopted by the Section for Energy and Nuclear Questions at its meeting on 7 June 1974;

Having regard to the report submitted by Mr Schlitt, the rapporteur, during the Section's meeting on 7 June 1974;

Having regard to the discussions at its 121st plenary session on 26 and 27 June 1974, sitting of 26 June 1974;

Whereas the primary objective of Community energy policy must be to reduce the Community's dependence on external sources;

Whereas the accelerated development of nuclear energy is an important instrument for achieving this objective;

Whereas the Commission can play an important role in ensuring appropriate development of nuclear energy,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

1. GENERAL COMMENTS

1.1. The Committee welcomes the Commission's proposals to the Council for a plan of action to speed up the application of nuclear energy within the framework of the Community energy policy. The Committee agrees with the Commission that the Council should approve the plan of action in its entirety, although some of the measures have already been submitted to the Council as proposals or have already received its approval.

1.2. The Committee considers it necessary, in view of the new situation in the energy sector, to combine all Community measures in the field of nuclear energy in one plan of action so as to obtain an overall picture of the steps which have already been taken and those which have still to be taken.

1.3. In its discussion of the Communication from the Commission, the Committee noted with satisfaction that the majority of the measures proposed are in conformity with its Opinion of 27 June 1973 on the Second Illustrative Programme. The Committee would, however, have preferred the Commission to have indicated the main points of effort in the action to be initiated or continued, so as to give greater prominence to the particularly urgent

measures. The Committee also considers that, particularly because of the world-wide developments in the energy sector, the majority of Member States have recognized the need to promote the use of nuclear energy on a comprehensive scale and to speed up action to this end. They have therefore greater willingness to cooperate more closely in future within the Community to attain the objectives set. The Committee regrets, however, that despite these preconditions there has still been no significant improvement here in cooperation between the Member States, although it is appreciated that certain progress has been achieved in cooperation between individual Community undertakings active in the nuclear energy sector.

1.4. The Committee would also have expected the Commission to have ascertained whether the industries in the Member States have at all sufficient capacity to guarantee greater development of nuclear energy in the Community and to have indicated what measures the Community should take, if necessary. In this connection the Committee believes that in the framework of the planned action, the Commission should take steps to improve the 'transparency' of the medium and long-term investment plans of the electricity generating undertakings. The Committee feels that this is necessary because wider use of nuclear energy is contingent on timely action and investments by the reactor construction firms and the suppliers. The Committee regrets that the measures proposed by the Commission contain no reference to the use of nuclear energy for the purposes other than electricity generation. The Committee considers that initiatives and promotive measures are necessary in this respect also even if the commercial use of nuclear energy in other sectors is not yet possible in the short term. At all events the Committee greatly welcomes the fact that after many years of frustration the Commission is endeavouring, through new initiatives and promotive measures to more effectively carry out the duties and exercise the powers assigned to it under the Euratom Treaty.

1.5. The Committee considers that prime importance must be given to protection of the public in any steps to speed up and expand existing programmes for nuclear installations. Experience to date indicates that the regulations and measures adopted in this field in the past within the Community, particularly the Euratom basic safety standards, have been effective. The increasing use of nuclear energy should be accompanied by a gradual further development of safety precautions and greater attention should be paid to the expediency and practicability of measures in this area.

1.6. In this connection, the Committee, however, emphasizes that the more vigorous promotion of the

use of nuclear energy should be accompanied by more intensive action to provide the general public with objective and comprehensible information on the problems associated with nuclear energy and the measures taken to solve them. The Committee believes that opposition to nuclear energy and hence delays in the execution of programmes for building nuclear power stations could be reduced by actively providing the public with objective information on the operational safety of reactors and on the amount of radiation released during production, in the transport of radioactive material and in the treatment and storage of radioactive waste. The public should also be informed of the compulsory safety rules and the possible advantages of nuclear power stations compared with conventional thermal power stations.

1.7. The Committee is of the opinion that it is in the first instance up to the Member States themselves to ensure that objective information is provided by independent experts in the health and environment field, so that there is less opposition to the establishment of nuclear power stations and the maximum possible degree of public assent is obtained.

1.8. The Committee recognizes the difficulties of explaining to the public highly complex physico-technical processes and equipment. In this connection the Committee is convinced that the Commission can make a considerable contribution to eliminating opposition, either by supporting the Member States or by suitable cooperation in international organizations. The Committee considers that as a neutral and impartial organization the Commission could take particularly effective action in this area. The Committee does not conceal its anxiety that inadequate information could lead to increased opposition to nuclear energy and thus to delays in the nuclear construction programme.

2. SPECIFIC COMMENTS

2.1. General

2.1.1. The Commission envisages extensive measures, particularly with regard to the protection of public health and the environment, the industrial, scientific and technological base and fuel supply. The Committee believes that a fourth priority should be added to the list, or given special prominence, namely the financing of investments.

2.1.2. All nuclear energy projects are extremely capital-intensive and this applies to both nuclear power-stations and fuel-cycle installations (pro-

duction of natural uranium, uranium enrichment, reprocessing and treatment and final storage of nuclear waste). The large additional capital requirements of current nuclear energy programmes are, at least under present conditions, beyond the capabilities of the Community's capital markets, which are already strained as it is. In the present capital market situation, in which the credit available is mainly short or medium-term, the long lead-time before a nuclear installation is commissioned also causes considerable financing problems. The Committee feels that a Commission initiative is necessary, over and above existing credit facilities, to mobilize other sources, particularly long-term funds.

2.2. A. Protection of public health and of the environment

(Aa)

2.2.1. The Committee welcomes the fact that it is intended to investigate the potential radiological implications of the nuclear programmes over a long period. Up till now there has been far too little reliable information available in this field which would show the effects of the planned use of nuclear energy on a wide scale. Such information is also required in time to provide those responsible for long-term construction plans with a precise knowledge of future maximum permissible levels of radiation. In this context the timely determination of suitable sites for nuclear installations is particularly important. This would, however, require close cooperation with the individual Member States.

(Ab)

2.2.2. The planned research by the Commission into the effects of thermal pollution in rivers, the sea and the atmosphere — a problem that applies not only to nuclear power-stations — could draw on the measures and investigations already carried out in individual Member States. The Commission should, however, already be promoting developments which are less harmful to the environment. The Committee does not believe that the problem of thermal pollution associated with the rapid growth of electricity-generating capacity can be solved simply by the introduction of wet cooling towers instead of discharging waste heat into rivers and the sea. In addition to intensifying the development of dry cooling towers, ideas should be worked out to permit the appropriate utilization of waste heat. The closer nuclear power stations in particular can be located to large conurbations, the easier it will be to use waste heat appropriately. The Committee feels that the Commission could contribute to clarifying this matter also.

(Ac)

2.2.3. As regards the new draft Directives laying down basic standards for the protection of the health of workers and the general public against the dangers arising from ionizing radiations, the Committee would refer to its Opinion of 24 May 1973.

(Ad)

2.2.4. The Commission has rightly included in its plan of action harmonization of the legal provisions governing the transport of radioactive materials. With the expansion of nuclear power station capacity, there will be a corresponding increase in the transport of irradiated and reprocessed nuclear fuels, especially plutonium. Accordingly there will be a particularly high volume of these transport operations between the individual Member States, so that an initiative by the Commission in this sector, based on the recommendations of the International Atomic Energy Agency, is useful and necessary.

(Ae)

2.2.5. The Committee believes that action on treatment and storage of radioactive waste should be a main point of effort in the whole plan of action. The Committee not only welcomes the measures proposed but believes that an initiative from the Commission on this subject would be particularly opportune. This initiative should include the development of a common approach to the creation of facilities for the final storage of radioactive waste.

(Af)

2.2.6. The Committee firmly believes that the question of the closure and removal of nuclear installations should be examined at an early date. It does not, however, consider that this subject is one of the absolute priorities of the plan of action.

(Ag)

2.2.7. With regard to the harmonization of safety regulations, the Committee would like to see greater emphasis on gradual approximation, following the listing of methods, criteria and standards in the Commission's proposals scheduled for presentation in June.

(Ah)

2.2.8. The Committee reiterates the view put forward in its Opinion on the Second Illustrative

Programme, namely that it considers a comparative synopsis of the laws and administrative provisions governing the approval, siting, construction and operation of nuclear installations to be both useful and necessary. In addition to this comparison of the laws and administrative provisions, which is to be welcomed, there is, however, a need for action for facilitating approval, directed towards rationalization of the approval procedures and standardization of the approval requirements within the Community.

2.3. B. The industrial, scientific and technological base

(Ba)

2.3.1. The Committee is aware that nuclear power stations have achieved a high level of availability⁽¹⁾ which is comparable to that of conventional power stations. It nevertheless considers that an improvement in the availability of nuclear power stations and their components would represent an important contribution to the future energy supplies of the Community. The exchange of experience between operators of nuclear power stations, which was initiated some time ago by the Commission, was undoubtedly useful to all concerned. The Committee thinks, however, that this exchange of experience can be considerably intensified, in view of the common interest in safeguarding energy supplies.

(Bb)

2.3.2. The Committee recognizes that continuity of industrial development is of great importance for the involvement of manufacturers in the nuclear industry. The Committee believes, however, that there are favourable prospects for all enterprises active in this sector, as a result of the exceptional expansion of nuclear programmes in the Community and the very clear objectives set. What aims will be pursued in the planned proposals from the Commission is not however, evident from the Commission document. The Committee considers it desirable for these proposals to be submitted soon.

(Bc)

2.3.3. The Committee has repeatedly drawn attention to the need to create a common market in

⁽¹⁾ 'Availability' is a measure of the capability of a power station to fulfil its operational functions. Specifically it is the ratio of operational and standby time to nominal (calendar) time.

all nuclear plant and components, its most recent statements on the subject being contained in its Opinion on the Second Illustrative Programme. In the Committee's view, this common market has still not been achieved. The Committee believes, however, that in view of the rapid growth of investment in the nuclear sector, it is quite likely that nuclear power stations and components will be increasingly ordered across the national frontiers of the Member States rather than from national suppliers. This is particularly likely if a more rational division of labour is achieved in the Community industry or if the supply capacities of a country are insufficient to keep pace with its national nuclear construction programme. The Committee believes that such a development will encourage rapid integration of the nuclear plant market. Therefore the Committee is of the opinion that the planned Commission Directive based on Article 90 of the EEC Treaty should be issued as soon as possible and at all events by the end of 1974, the time limit set.

(Bd)

2.3.4. As regards harmonization of the export guarantee and credit procedures, the Committee calls for an early decision from the Council on the relevant proposals from the Commission.

(Be)

2.3.5. With regard to the development of the nuclear industry in the countries signatory to the Paris Agreement and the Brussels supplementary Agreement, the Committee considers that it would be advantageous in this area, to establish uniform nuclear liability provisions in the Community. This would also offer all the signatory States a basis for adequate cover of risks. The Commission's recommendation that the Paris and Brussels Agreements be ratified is welcomed for the above reasons.

Done at Brussels, 26 June 1974.

2.4. C. Supplies of nuclear fuels

2.4.1. The Committee regards the Commission's planned half-yearly summary report on supplies of nuclear fuels as useful, but not, however, sufficient in itself to solve the growing problems concerning supplies of nuclear fuels. The Committee considers it possible that the present bottlenecks in supplies of natural uranium are not just of a transitory nature. It is true that natural uranium deposits are widely spread over a number of countries in the West. There are, however, already indications that these countries will restrict natural uranium exports or impose quite definite conditions on such exports. Therefore it is necessary to frame a Community policy without delay to meet the, in part, quite legitimate wishes of the natural uranium producers. The Committee has noted that the Commission is discussing various possible solutions with the Community undertakings concerned. The Committee is, however, of the opinion that an early decision must be taken on the matters involved. With regard to supplies of enriched uranium, the Committee regrets that the Commission's proposal to the Council on the creation of European uranium enrichment facilities has not been submitted to it for its opinion. The Committee is therefore unable to judge whether the proposals made by the Commission are suitable and adequate. It notes with satisfaction, however, that the uranium enrichment facilities under construction in the Community will be able to make a significant contribution to fuel supplies to nuclear power stations and that the anxieties expressed on occasion about the possibility of excess capacity have no longer any justification owing to the considerable expansion which has meanwhile taken place in nuclear programmes.

2.4.2. In addition to the supply of nuclear fuels to nuclear power stations, increasing importance is being attached to adequate facilities for the removal of irradiated fuel at the appropriate time from the nuclear power stations, its reprocessing and the treatment of the resulting radioactive waste. In this context the Committee refers to its remarks above on the treatment and final storage of radioactive waste.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Proposal for a Council Directive amending the Council Directive of 15 February 1971 on health problems affecting trade in fresh poultrymeat'

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 35 of 28 March 1974, page 70.

A. LEGAL BASIS FOR THE OPINION

On 26 February 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Articles 43 and 100 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request, dated 26 February 1974, from the Council of the European Communities for an opinion on the 'Proposal for a Council Directive amending the Council Directive of 15 February 1971 on health problems affecting trade in fresh poultrymeat';

Having regard to the Decision taken by its Bureau on 26 February 1974 entrusting the Section for Protection of the Environment, Public Health and Consumer Affairs with the preparation of a report and an opinion on the matter, in accordance with Article 22 of the Rules of Procedure';

Having regard to Articles 43 and 100 of the Treaty establishing the European Economic Community;

Having regard to the Opinion delivered by the Section for Protection of the Environment, Public Health and Consumer Affairs on 18 June 1974 at its 10th meeting;

Having regard to the oral report presented by Mrs Evans, the rapporteur;

Having regard to the discussions at its 121st plenary session, held on 26 and 27 June 1974, sitting of 27 June 1974;

Whereas the proposed measures are clearly a significant contribution to the protection of human health;

Whereas storage and defreezing instructions should be marked on poultry packaging,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

The Economic and Social Committee approves the proposal for a Directive, subject to the following comments:

1. General comments

1.1. The Committee has taken note of the fact that the proposal put before it is not a final version, since amendments have subsequently been made to Article 5, and elsewhere. The Committee regrets this and trusts that it will be consulted on the final version.

1.2. The Committee welcomes the new approach to veterinary checks, which will be carried out on behalf of the Commission.

1.3. The Committee also agrees that it is necessary to prescribe the abolition of certain national practices with regard to 'New York dressed' and 'effilée'

poultry. However, this abolition — which was provided for in 1971 (Council Directive of 15 February 1971) — should, subject to an exception being made for the United Kingdom and Ireland, be carried out much earlier than the present deadline.

1.4. As it is essential to enable poultry to be handled correctly in the distribution chain and by the consumer, the Committee recommends that storage and defreezing instructions be marked on poultry packaging.

2. Specific comments

2.1. Article 2.2.

In order to clarify this Article, the Committee proposes that it be worded as follows:

‘Where necessary, a decision may be taken by the procedure laid down in Article 12 (a) to amend the provisions of that Chapter to take account, in particular, of various forms of packing used in the trade, provided such forms comply with the rules of hygiene *in accordance with this Directive*.’

2.2. Article 10

2.2.1. The Committee is of the view that if a sprinkler system is used in case of fire, the water must come from a drinking water source. The Committee consequently proposes that the second sentence be amended to read:

‘However, non-drinking water may be used in exceptional cases for steam production and fire-fighting purposes — *though not for sprinkler systems* — provided that the pipes installed for this purpose do not allow this water to be used for other purposes.’

2.2.2. For similar reasons the Committee proposes that the last sentence of this Article be amplified so that it reads:

‘The pipes for non-drinking water must be clearly distinguished from those for drinking water and must not pass through, *or terminate in*, rooms in which there is meat.’

2.3. Article 11 (4 b)

The Committee considers that, given the way work is organized in this sector, and especially the various stages in the processing of poultry, Article 11 (4 b) should be amplified to read:

‘a room for *evisceration* operations, cutting up and boning, and for packaging operations covered by paragraph 35’.

2.4. Article 11 (4 m)

The comments made on Article 10 are relevant here.

2.5. Article 12 (10)

The Committee proposes that the medical supervision provided for in this Article should be as effective as possible; a blood test should be carried out in every case. It therefore proposes that this part of the proposal be amended to read:

‘A medical certificate shall be required from every person working on poultrymeat. It shall attest that there is no impediment to such employment, *for example impediments listed under point 9*); *it shall state that a blood test has been carried out*; the certificate must be renewed annually and whenever the official veterinarian requests; it shall always be available to the latter.’

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Proposal for a Council Regulation on pure-bred breeding animals of the bovine species' and on the 'Draft for a Council Decision setting up a Standing Committee on Zootechnics'

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 44 of 19 April 1974, pages 20 to 26.

A. LEGAL BASIS FOR THE OPINION

On 12 March 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Articles 43 and 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request from the Council, dated 12 March 1974, for an opinion on the 'Proposal for a Council Regulation on pure-bred breeding animals of the bovine species' and the 'Draft for a Council Decision setting up a Standing Committee on Zootechnics';

Having regard to Articles 43 and 198 of the Treaty establishing the European Economic Community;

Having regard to the Decision taken by its Bureau on 21 March 1974, entrusting the Section for Agriculture with the preparation of an opinion on these proposals;

Having regard to the report submitted by the rapporteur, Mr Wick;

Having regard to the Opinion delivered by the Section for Agriculture at its meeting on 6 June 1974;

Having regard to the discussions at its 121st plenary session on 26 and 27 June 1974, sitting of 27 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

The Economic and Social Committee approves the Commission's proposals, subject to the following comments:

1. GENERAL COMMENTS

1.1. Before holding a detailed discussion on the Commission proposals the Committee examined the nature of the obstacles to the free movement of pure-bred breeding animals.

1.2. It was established that, in general, it is possible to trade freely in pure-bred breeding animals within the Community, provided they conform to the veterinary regulations of the individual Member States, which, however, still vary considerably in specific cases. The same applies to other cattle.

1.3. There do not appear to be any specific obstacles of a zootechnical or biological nature affecting the free movement of pure-bred breeding animals. It is, however, noted that the majority of Member States are making an effort to avoid

unnecessary increases in the number of breeds, in order to concentrate costly breeding work on a few breeds and thereby obtain more effective progress in this field. Nevertheless, in most Member States it is possible to import breeds not hitherto represented in the country in question, providing there are a sufficient number of people interested who are prepared to form and maintain a breeders' association conforming to the country's requirements.

1.4. Mutual recognition of herd-books and a common system of registration of breeding animals in herd-books would therefore seem desirable, in order that the progress made in the individual Member States with regard to breeding may be utilized to maximum effect. Freedom of trade is a basis for the measures to be taken to this end.

1.5. The Committee emphasizes that the breeding of pure-bred animals in agriculture is not an end in itself, but is pursued in an economic context with the object of providing the producer with a suitable means of production ensuring a commodity which is good value for money, and thus ultimately benefits the consumer too.

1.6. In view of the differences in ecological and economic conditions and in breeding methods and the diversity of consumer preferences, care should be taken to prevent harmonization in this field from leading to uniformity in breeding methods and criteria for entry in herd-books.

1.7. Harmonization must be limited to fundamental rules and leave sufficient scope for appropriate differentiation. Above all, it is important to ensure that those countries which have achieved most progress in the field of zootechnics are not compelled, for reasons of harmonization, to align downwards to less exacting standards of other Member States. Care should also be taken, however, to prevent discrimination between producers in the various Member States as a result of stricter enforcement of regulations in one Member State than in another.

1.8. The Committee would draw the attention of the Commission to the fact that the breeders' associations for pure-bred animals in the individual Member States have already harmonized milk recording, on their own initiative. The Committee requests the Commission to make use of this harmonization where possible. The Commission should also promote harmonization in respect of meat performance and estimates of breeding value.

2. SPECIFIC COMMENTS

2.1. Proposal for a Regulation

2.1.1. The Committee proposes the following wording for the *second recital*:

'... whereas the breeds and standards in question vary from one Member State to another as a result of the differences in ecological and economic conditions and in the requirements of the breeders and the markets; whereas there is mutual recognition of the majority of individual herd-books, and in most cases they are linked in European federations, such as the Fleckvieh Breeders' Association and the Brown Cattle Breeders' Association or even the world-wide bodies, such as the World Association of Friesian Breeders; whereas, nevertheless, the individual associations have different conditions of registration and different performance-measurement procedures'.

2.1.2. The Committee proposes the following wording for the *third recital*:

'Whereas, for the complete liberalization of intra-community trade in pure-bred breeding animals it is necessary to harmonize certain regulations concerning the registration of animals in herd-books and, above all, the veterinary regulations, which still vary considerably'.

2.1.3. Article 1

2.1.3.1. In the Committee's opinion, the requirement for animals' grandparents to be entered in the herd-book is a controversial issue and should be examined by experts. From the angle of future conclusions as to the assessment of breeding value the definition of the term 'pure-bred breeding animal of the bovine species' must be laid down by an appropriate body. The decisive factor as far as this Regulation is concerned should, however, be registered as a pedigree animal in a recognized herd-book.

2.1.4. Article 2

2.1.4.1. The Committee considers that it should be a general principle that the activities referred to in Article 2 should not be prohibited, restricted or impeded. It therefore urges that harmonization of the veterinary regulations of the individual Member States be proposed by the Commission, and put into effect without delay. The differences between these regulations, as regards both pure-bred breeding animals and ordinary stock, still represent very serious trade barriers.

2.1.4.2. The Committee is working on the premise that apart from the differences in veterinary regulations and the zootechnical factors mentioned in the proposal for a Regulation, there can be no other justification for trade barriers in this field.

2.1.5. Article 3

2.1.5.1. The fear was expressed that Articles 2 and 3, taken together in that order, would permit every pure-bred breeding animal which met the requirements of the exporting country to be registered in the herd-book of the importing country.

2.1.5.2. The Committee considers that it must be made clear that the obligation to register imported pure-bred breeding animals can only apply to animals which satisfy the requirements of the importing country.

2.1.6. Article 4

2.1.6.1. The Committee calls for a better translation of the French term 'race laitière ou mixte' into German, Dutch and English.

2.1.7. Article 6

2.1.7.1. Provision should be made for representatives of the professional organizations to be consulted on decisions to be made by the Standing Committee on Zootechnics. The Committee can only approve this proposal for a Regulation and any future proposals on the subject if this condition is met.

2.1.8. Annexes

2.1.8.1. The Committee will not comment on the various technical details of the annexes. However, it requests the Commission to check them thoroughly, in collaboration with the breeders' associations, as it has the impression that these particulars do not correspond to the current state of scientific knowledge in this field.

2.2. Draft Decision

2.2.1. The Economic and Social Committee considers that the list of tasks of the Standing Committee on Zootechnics in point III of the explanatory memorandum is to be looked upon only as a series of examples and not as a complete list.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Draft recommendation by the Council to the Member States regarding cost allocations and action by public authorities on environmental matters'

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 68 of 12 June 1974, pages 1 to 5.

A. LEGAL BASIS FOR THE OPINION

On 18 March 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request from the Council of the European Communities, dated 19 March 1974, for an opinion on the 'Draft recommendation by the Council to the Member States regarding cost allocations and action by public authorities on environmental matters';

Having regard to the Decision of its Bureau, dated 26 March 1974, entrusting the Section for Protection of the Environment, Public Health and Consumer Affairs with the preparation of an opinion on this matter;

Having regard to Article 198 of the Treaty establishing the European Economic Community;

Having regard to the Opinion delivered by the said Section at its meeting on 18 June 1974;

Having regard to the report presented by Mr Ventejol, rapporteur;

Having regard to the discussions at its 121st plenary session held on 26 and 27 June 1974, sitting of 26 June 1974;

Whereas the application of the 'polluter pays' principle is a top-priority objective for the implementation of the Community environmental policy;

Whereas such a policy should enable the members of the European Community to have a complete feeling of solidarity and responsibility not only in the drive against the various forms of pollution and nuisance but also in nature conservation;

Whereas the success of this action depends to a large extent on the efforts which will be made at all levels with regard to educating and informing the public,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

The Committee approves the draft recommendation, subject to the following comments:

1. The Committee feels that this instrument should have been a Directive rather than a recommendation, and that the Community should have stated firmly the need to implement a Community environmental policy which would furthermore be closely linked to the regional policy and the social policy.

2. With regard to the measures which are necessary to avoid or to reduce pollution to the qualitative level desired by the public authorities, the Committee can only agree that prevention is necessary. As it is always more expensive to repair material damage, all procedures which seek to transfer the financial burdens and the responsibilities from the polluter to the budgets of public bodies and authorities should be rejected.

3. Furthermore, while the Committee agrees that natural and legal persons should bear the responsibility, it emphasizes the difficulty that arises, where an individual is involved, in detecting all the nuisance and pollution which he has caused.

4. The Committee wonders whether the user of a product, who is often the final consumer, can be held responsible even in principle. The application of this principle would make it necessary to ensure that the products made available to users were not, in themselves, sources of pollution or nuisance. The user must therefore be suitably informed of the composition and characteristics of the product.

5. The Committee believes that, if one wishes to prevent pollution, clear and precise information must be given and taken into account in training and educational programmes. These requirements will make it easier to assess the real responsibilities of the consumer. It is self-evident that he is to be held fully responsible if he dumps waste and rubbish indiscriminately.

6. With regard to the compensation to be paid to victims of pollution and nuisances, the Committee wonders how it will be possible in every case to judge what constitutes a victim of pollution or of nuisance; specific recent examples of disasters which have often hit whole communities demonstrate that communities can be 'victims'. The Committee notes

that it will be necessary to take special care when implementing texts are drafted in the Member States and in the Community, that the relevant laws and regulations do not give rise to conflicts or legal proceedings, and that the compensation due to the victim or victims is paid very quickly.

7. The Committee also notes that it will be difficult to establish an optimum level of purity for all cases and this may give rise to a considerable disparity in the laws or regulations of the Member States. This will hamper harmonization and the Community policy, especially the latter. Whilst the optimum level of purity may vary from one region to another, the practical implementation of this principle must not involve accepting a distinction between industrial regions condemned to pollution and tourist regions which benefit from this optimum level of purity.

8. With regard to the exceptions to the application of the 'polluter pays' principle, the Committee points out that a fairly long period for adaptation to this principle should make it possible to spread out over a period of time the efforts required for the counter-pollution drive, rather than waiting for the expiry of the deadline for adaptation before making a start. Furthermore, the aid which is provided for in the Commission document should be of a temporary nature and supervision of its application by public authorities should make it possible to gauge the effectiveness of the fight against pollution in relation to the amount of aid given, and to avoid distortions in competition at Community level.

9. The Committee asks the Commission, in connection with the more specific proposals which it is to draw up later, to examine whether or not it is necessary, by way of exception, to have recourse to tax measures in the case of essential commodities so as to reduce the burdens on the less well-off consumers.

10. In the fight against pollution, prevention, the establishment of standards, the allocation of levies, the informing of any polluters, educating public opinion and making it aware of the problem, the transparency and efficiency of aids, will all call for public administration by the Member States and the Community. This does not involve the creation of a new structure or structures, for these duties and tasks can be carried out by existing machinery, provided that they are properly coordinated.

11. In conclusion, the Committee believes that the initiation of a European environmental policy, even if it is only covered by partial and therefore inadequate recommendations, must not be jeopardized and that the requirements in respect of the Community's competitive capacity should at the same time be reconciled with the urgent drive against pollution and nuisances. The action taken must be conducive to persuading non-member countries, if necessary by the implementation of Community protective measures, to set up parallel environmental policies, and all the various environmental policies should include the necessary sums in the costs. It would be short-sighted only to consider certain material costs if the most precious assets of all, which are often the common heritage of humanity, are being squandered.

Done at Brussels, 26 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Draft for a Council resolution on guidelines for the mutual recognition of diplomas, certificates and other evidence of formal qualifications by virtue of Article 57 of the EEC Treaty'

The text referred to the Committee has been published in *Official Journal of the European Communities* No C 58 of 18 May 1974, page 22.

A. LEGAL BASIS FOR THE OPINION

On 20 March 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the Decision of the Council of the European Communities, dated 22 March 1974, to consult the Economic and Social Committee on the 'Draft for a Council resolution on guidelines for the mutual recognition of diplomas, certificates and other evidence of formal qualifications by virtue of Article 57 of the EEC Treaty';

Having regard to Article 198 of the Treaty establishing the European Economic Community;

Having regard to the Decision taken by its Bureau on 26 March 1974, entrusting the Section for Social Questions with the preparation of the main opinion on this subject;

Having regard to the supplementary Opinion delivered by the Section for Industry, Commerce, Crafts and Services on 8 May 1974;

Having regard to the Opinion delivered by the Section for Social Questions at its meeting on 13 June 1974;

Having regard to the oral report presented by Dr. A. E. Sloman, the rapporteur;

Having regard to the discussions at its 121st plenary session, held on 26 and 27 June 1974, sitting of 27 June 1974;

Whereas action to speed up the full implementation of Article 57 of the Treaty is now long overdue;

Whereas it should be an objective of measures taken in the field of mutual recognition to ensure not only that standards are not impaired but that also, where possible, they are improved,

HAS ADOPTED THE FOLLOWING OPINION

unanimously, less one abstention:

The Economic and Social Committee approves the draft resolution and guidelines subject to the following comments:

1. GENERAL COMMENTS

1.1. It stresses the urgent need to bring about freedom of establishment in accordance with Article 57 of the EEC Treaty and for this purpose to achieve the mutual recognition of diplomas, certificates and other evidence of formal qualifications.

1.2. It deplores the fact that the Council has not adopted a single Directive concerning freedom of establishment for the professions, mainly because of difficulties over the mutual recognition of

qualifications. It is a matter of great importance, on economic, scientific, technical and professional grounds, that progress be made here, and the Committee therefore calls upon the Community authorities to do everything possible to ensure rapid progress.

1.3. The delay is all the more regrettable because the basic assumption behind the resolution is that the final qualifications which give access to the same fields of activity are, generally, though not always, comparable.

1.4. It welcomes the Commission's acknowledgement of the urgent need to work for a solution to this problem, by making a proposal for a Council resolution on guidelines for the mutual recognition of qualifications.

1.5. It emphasizes the importance of ensuring:

1.5.1. That any measures adopted to promote greater mobility must contain provision for guaranteeing the competence of those obtaining qualifications which give access to the professions.

1.5.2. That the Directives for the mutual recognition of professional qualifications are sufficiently flexible to allow for variations in practice between institutions as regards the academic and practical training which they provide for access to the professions.

1.6. The Committee also wishes to draw attention to the question of associating practical work with academic training (other than those cases where practical experience forms an integral part of training for a final qualification) in the context of the mutual recognition of professional qualifications. It suggests that the completion of a period of practical work could be an important factor during the transitional period in the case of persons holding qualifications obtained some years previously.

2. SPECIFIC COMMENTS

2.1. On the first guideline of the draft resolution

While, as the Commission states, there is broad comparability with regard to final qualifications giving access to identical fields of activity, despite

differences in the courses of study between different countries and sometimes within different countries, the Committee believes that this is true mainly for the liberal professions. It is not true for other fields of activity. The Committee therefore questions the appropriateness of the two words 'given that' at the beginning of this guideline. The Committee welcomes the emphasis on comparability based on the standard achieved in the final qualification, with the detailed training requirements kept to a minimum.

2.2. On the second guideline

The Committee would wish to see this guideline expanded to make clear that not only should Community solutions not lead to any reduction in the quality of training, but that such solutions should result in an improvement in the quality.

2.3. On the third guideline

The Committee endorses the guideline that Community rules and procedures should take account of changes in training which may come to seem desirable. It calls attention to the fact that society makes demands on education as well as on the practising professions.

2.4. On the fourth guideline

The Committee endorses the guideline, which draws attention to the importance of ensuring continuous and organized consultation with practitioners and teachers in the light of social changes.

2.5. On the fifth guideline

The Committee endorses the concept of an advisory committee with the tasks of assisting and advising the Commission with regard to the promotion of the appropriate standard (rather than a 'high' standard as in the Commission's document) of training, as one of the factors for access to a particular profession. In addition, it believes that judgements as to standards of training should be made by those practising the profession concerned and by those responsible for providing the training. The Committee suggests that an advisory committee should be composed primarily of practitioners and teachers, but that provision could also be made for including other groups as may be considered appropriate. It is noted that, so far

as the draft Directives on doctors are concerned, a plenary session of the Standing Committee of Doctors was held on 17 and 18 May 1974, as a result of which a recommendation for the establishment of an advisory committee for medical education and training is being sent to the Commission.

2.6. On the sixth guideline

The Committee endorses the need to extend the benefit of the provisions of the Directives on the mutual recognition of professional qualifications to all salaried workers in the relevant profession.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Development of the social situation in the Community in 1973'

The text referred to the Committee has not been published in the *Official Journal of the European Communities*.

A. LEGAL BASIS FOR THE OPINION

On 9 April 1974, the Commission of the European Communities referred the above-mentioned document to the Economic and Social Committee.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request from the Commission, dated 9 April 1974, for an opinion on the 'Development of the social situation in the Community in 1973';

Having regard to Article 198 of the Treaty establishing the European Economic Community;

Having regard to the Decision taken by its Bureau on 29 January 1974, entrusting the Section for Social Questions with the preparation of an opinion;

Having regard to the oral report given by the rapporteur, Mr De Bruyn;

Having regard to the discussions at its 88th meeting, on 13 June 1974;

Having regard to the discussions held on 26 and 27 June 1974 at its 121st plenary session, sitting of 27 June 1974;

Whereas the development of the social situation in the Community in 1973 was marked by — often significant — changes in both the economic and the social field;

Whereas the Community bodies still do not appear to be equipped with the most appropriate legal or political machinery for drawing up a genuine Community social policy;

Whereas there is an urgent need to draw up specific social policy measures and to put them into effect in each Member States,

HAS ADOPTED THE FOLLOWING OPINION

unanimously, less seven abstentions:

1. GENERAL COMMENTS

1.1. Western economies, and in particular the economies of the Member States, entered a phase of slower growth in 1973. Even before the recent developments, all the signs pointed to a further marked loss of momentum in 1974.

1.2. However, considerable economic and social changes are now taking place in a number of areas.

1.3. A lower growth rate, coupled with a disconcerting rate of inflation, have set off a process of adjustment which will without doubt have a major impact on industrial structures and consumer habits.

1.4. This adjustment has already brought about serious threats to employment and is creating problems which in certain regions of the Community may become particularly acute and be very different from those which have been features of regional imbalance in the labour market to date.

1.5. Sophisticated and 'growth' industries, such as aviation, electronics and petrochemicals seem likely to be harder hit than more traditional industries.

1.6. The present fear of mounting unemployment is explained by the marked contraction of firms' investment, which, as is well known, is affected by the psychological climate engendered by the economic outlook, as well as an increase in some cases in investment in rationalization measures.

1.7. In 1973 the Council adopted, on a proposal from the Commission, a resolution pledging its support to a social action programme to be carried out over the next three years.

1.8. The Community is at present going through a crisis, one of the main features of which is an accelerating rate of inflation caused by big rises in the

cost of raw materials, energy supply problems and increased prices of energy. The crisis is producing major repercussions in the social sphere, and these the Council and the Commission have examined, without, however, being able to take rapid decisions capable of exerting a tangible influence on events.

1.9. The Commission has already submitted seven proposals on priority measures to the Council, on which the latter is to take decisions in the coming months, and other proposals are in the process of being drawn up or have already been sent to the Council. It now seems necessary, however, that the order of these priorities, which was set over a year ago, should be reviewed in the light of the latest economic and social developments.

1.10. The Economic and Social Committee welcomes the Commission's social report in its new form and appreciates its conciseness and clarity, especially where the analysis and assessment of the situation in the Community are concerned.

1.11. The Committee proposes examining in particular the following aspects of this situation which it believes are of special importance:

- *employment*, and more precisely the employment of women, the self-employed, migrant workers, the handicapped, temporary work;
- *social services*, especially from the point of view of the need to accelerate the process of harmonization and adaptation to needs and housing problems;
- *the European Social Fund today*.

2. SPECIFIC COMMENTS

A. Problems of employment

2.1. The problems of employment are among those giving most cause for concern in the Community today. It is not only that they have become particularly acute, because of the present *economic* situation (especially the energy supply difficulties and the increasing rate of inflation caused by the rises in raw material prices), but they also have fundamental *structural* aspects which must be looked at from the point of view of regional problems. Article 2 of the Treaty of Rome sets the

Community the objective of 'continuous and balanced expansion', but the fact is that this expansion has so far been continuous but not free from imbalances, and for many categories of workers employment presents features which today are increasingly felt to be inequitable and inconsistent with the very objectives of the EEC.

2.2. The Committee has recently delivered an Opinion on the employment situation (Doc. ESC 571/74). The Committee will not go over the general considerations of the employment situation again here, but will give special attention to the sectors of society mentioned above — working women, the self-employed, migrant workers and the handicapped. The Committee points out that on several occasions already it has drawn the attention of the Community authorities to the importance of the problems facing young and old workers.

Women's employment

2.3. Nowadays everyone agrees on the necessity for a radical improvement in the position of women in society, and particularly in that of women at work. Since this complex question lies at the very heart of the structure of contemporary society, an objective study covering all its aspects is called for.

2.4. In the Social Action Programme it submitted to the Council, the European Commission proposed action on women's employment problems (Action II 4), recommending, quite rightly, that 'immediate priority could be given to the problem of providing facilities to enable women to reconcile family responsibilities with job aspirations'.

2.5. In view of the traditional ideas of the respective roles of men and women, job prospects for women are at present less favourable than those for men. This affects the arrangement of working hours, the number of days absent and the amount of time that can be set aside for basic and further training and promotion.

2.6. Women must be able to choose, in accordance with their own particular wishes and aspirations, how much they want to devote themselves to a job

and/or to their families. It would be a first step in this direction if the Member States were to expand the public facilities for the children of working mothers. The Committee would underline the wishes voiced in its Opinion on the 'Development of the social situation in the Community in 1972'.

2.7. Besides the public investment called for above, a second improvement would be to make flexible arrangements, either in social legislation or under collective agreements, for part-time work, flexible working hours, etc. Such arrangements would clearly make it easier for women to reconcile their various legitimate aspirations and would ultimately lead to an improvement in their employment situation, in both their own and their employers' interests. There is no reason at all why such arrangements, which are already in force in some Member States, should not be generally applied without delay. In addition, ways should be sought to make it easier for women to return to suitable work in later life after a period spent at home.

2.8. In order that women can attain equivalent levels of education giving them the same opportunities as men when they come on the labour market, an all-out effort will have to be made to improve general education, vocational training and vocational guidance for girls.

2.9. The achievement of these goals would not, however, mean that women workers were no longer subject to the normal interruptions to their work due to their biological function and family responsibilities.

This consideration cannot be ignored, but neither should it be a cause of discrimination in the recruitment of workers. One might ask whether ways should not be sought to discourage such discrimination.

2.10. The above remarks must in no way make us overlook or underrate women's work in the home. Here too the Commission should think about ways of arriving at a just assessment of woman's service to the family and of avoiding discrimination.

These are some of the important aspects of problems which the working groups to be set up by the Commission will have to bear in mind if their approach is to be a balanced one.

Self-employed persons

2.11. The social situations of the various socio-professional groups do not develop on parallel lines. Social policy in the Community in 1973 was in fact more concerned with wage-earners than with the self-employed.

2.12. Though the Commission and the Council are quite right to concern themselves with the living and working conditions of wage-earners, neither of them has yet devoted sufficient attention to the situation of the self-employed, who after all make up a substantial part of the workforce in the Community. The Committee has already drawn the attention of the Community bodies to the social problems of self-employed workers, in particular in its Opinion on the 'Development of the social situation in the Community in 1972'.

2.13. In particular, the Committee has examined the situation in the agricultural sector. The position of the self-employed here, living and working as they do in areas that are underprivileged and without essential infrastructures, is sometimes dramatic.

2.14. An active employment policy for the self-employed must be able to ensure that the fullest possible information is available about the labour market in both its quantitative and qualitative aspects. To this end, regional employment offices should extend the scope of their activities to deal with the employment problems of self-employed workers.

2.15. The social situation of people living in agricultural and rural areas requires urgent attention if massive depopulation of such areas is to be avoided. In most agricultural and rural areas the development of sanitation, cultural facilities and roads is proving essential.

2.16. The following measures are necessary, in particular for self-employed workers:

- improvement of the system of social security for self-employed persons and moves towards granting them social benefits equivalent to those for other socio-professional groups;

- establishment of mutual aid services to ensure continued operation of their businesses during sickness and to give the self-employed person the chance of a holiday;

- allocation of aid by the Community for retraining self-employed persons to take up new self-employed occupations.

Finally, in attempting to improve the living and working conditions of the self-employed, particular importance must be attached to their vocational training.

Migrant workers

2.17. As long as the Community has a declining birth rate and there is a real contraction in its labour force, the recruitment of migrant workers, an increasing number of whom come from third countries, will probably continue to be a fact of life.

Because of the generally low level of training qualifications among these workers, the problem of working and living conditions is likely to become more and more acute.

2.18. Improvements must be made firstly to the living and working conditions of migrant workers doing the most unpleasant jobs — which also happen to be jobs which fewer and fewer workers from the Community are willing to do.

2.19. Chapter III of the Committee's Opinion of 26 June 1973, already referred to above, was devoted to the situation of migrant workers, and numerous recommendations were made regarding their living and working conditions, the preparation and briefing of migrant workers in their countries of origin, reception, information and assistance for migrant workers and their families in host countries, reintegration in their countries of origin, accommodation, the education of their children, social security, industrial accidents, etc.

2.20. The European Commission should include the measures advocated in that Opinion in the 'Action programme for migrant workers' which it is in the course of preparing and which it intends to submit to the Council of Ministers before 31 December 1974.

2.21. The draft programme, which includes an analysis of the situation and shows a determination to act, has a sound approach to the problem. A coordination of policies on migration would be

particularly welcome. But in view of the urgency of the problems, a start should be made on implementing the Commission's proposals very soon. The Committee therefore urges that the submission of the relevant reports and the consultations announced by the Commission be speeded up and that the proposals duly submitted by the Commission be favourably decided on by the Council.

Handicapped workers

2.22. The situation in the employment of handicapped persons also calls for urgent and effective action. On 28 March 1974 the Committee delivered an Opinion on:

- the Community action programme on the employment of handicapped persons in an open-market economy;
- the proposal for a Decision by the Council concerning action by the European Social Fund to assist the social and occupational integration of handicapped persons;

in this connection the Committee welcomes the Council Decision of 10 June 1974.

2.23. The need for these measures, is universally accepted, primarily for obvious humanitarian and social reasons. An additional factor is the growing need of Western economies for skilled labour.

2.24. These factors should make for an improvement in the employment situation of handicapped persons. But the problem still has to be properly diagnosed and to this end account should be taken of the following considerations:

- the prevention of industrial accidents is clearly crucial for the aim of reducing the number of handicapped persons. The Committee is to deliver a specific opinion on this matter;
- the training and rehabilitation of handicapped persons is the duty of society as a whole. On the other hand, it is for undertakings to provide suitable jobs, and legislators must create conditions which encourage employers to employ handicapped persons to the best advantage of the handicapped persons themselves, the undertakings concerned and the economy in general;
- such reintegration into the working world must take maximum account of the characteristics and capacities of handicapped persons. In other words, handicapped people must be guided

towards occupations in which their handicap is of little or no consequence;

- if it is to have a firm basis, vocational training for the handicapped must be directly geared to the actual and foreseeable requirements of industry. Such training must aim to inculcate in handicapped people a personal willingness to accept continuous adaptation;
- vocational training of the handicapped worker should preferably aim — whenever possible, and bearing in mind the point made in the third indent above — to re-establish him in his former occupation (if any);
- the need to find ways of encouraging firms to adapt their jobs (workplaces and working conditions) to the various needs of handicapped workers (for example, by making slight changes to production processes, altering the way in which machines are operated, provision of transport facilities for handicapped persons).

Temporary work

2.25. In addition to the groups of workers which have been briefly dealt with in the foregoing there is another type of employment which attracts special attention *viz.* temporary work. Employment of this type is steadily expanding. Although it has positive aspects, it can give rise to irregularities which require legislative action at Community level.

2.26. Temporary work satisfies a social and economic need. Because of its special features, it meets the requirements of large numbers of workers who are unwilling to accept the constraints of a contract of indefinite duration. It also satisfies an economic need by making replacement staff available at a time when undertakings are being affected by the shortening of working hours and mounting absenteeism, and it will continue to fill this gap until arrangements for making working hours more flexible, as referred to above, become general.

2.27. However, since temporary work is inherently short-term, it may not always afford the temporary worker an adequate protection equivalent to that enjoyed by other workers. There would seem to be a need, then, to provide such protection.

2.28. With this problem in mind, the European Commission earlier drew up a draft Directive on social protection for temporary workers in connection with the free movement of labour within

the Community. Work on this draft is now in abeyance.

2.29. The Committee urges that the issue of temporary employment be taken up again in the near future, this time on an overall basis with consideration being given to all its aspects.

2.30. The Committee will deliver an opinion on this important type of employment when the proposals are before it.

B. Social security benefits

2.31. An analysis of the position in the Member States of the Community reveals that:

- social security risks are covered in different ways as regards both the field of application and the size of the benefits and the way in which they are financed;
- the organization of social protection systems is based on arrangements which differ from country to country;
- some of the measures taken by Member States are specific to the current inflationary situation;
- reforms are being prepared or carried out in some of the Member States.

The Report on the Development of the Social Situation shows the similarity of the problems which are being encountered and dealt with in the Member States, but reveals at the same time the lack of an overall approach to policy on social protection. The Social Action Programme adopted by the Council is a first step in the search for such an approach.

Hence it is reasonable to ask whether there has been any consultation and concertation in the European institutions with respect to the reforms planned in some of the Member States and whether it would not be a step forward if in the future common top-priority objectives, as regards harmonization, were identified by those responsible for social policy.

The Committee studied this problem in 1971. Two points of view emerged: some members were in favour of retaining separate policies but open to the

idea of aligning the overall framework for covering social security risks; other members noted the similarity of situations existing in the Community and advocated the step-by-step alignment of social protection systems.

Social security

2.32. Several Member States of the Community have undertaken major reforms of their social security systems. Other countries have laid down the general guidelines for the social security policy they intend to pursue in the future.

Though the schemes still differ from country to country, the report is able to point to the development of a number of common trends towards:

- the extension of social security to sections of the population which were hitherto less well covered (old people, the handicapped, self-employed persons, workers from non-member countries, university students);
- a rise in the level of protection through adaptation of the amounts of benefits and the search for ways of ensuring that the level of benefits keeps pace with that of wages. These measures meet the points raised by the Committee in its Opinion on the Preliminary Guidelines for the Definition of a Community Social Programme. It is a pity, however, that the maintenance of the purchasing power of benefits is not guaranteed in all Member States;
- the achievement of an equivalent level of protection for all sectors of society. At Community level the problems of the equivalence of protection between occupational categories arises specifically in connection with the coordination of the various national systems. In its Opinion on the Social Situation in 1972 the Committee expressed its broad support for the trend which was emerging, though it pointed out the special problems posed by the financing of this equivalent protection;
- the search for more effective solidarity among the various groups in society. Some Member States are asking themselves how social security should be financed, how certain income can be redistributed and what the limits of social security are. In 1971 the Committee delivered an Opinion which went into certain of these problems; the recommendations made should be put into effect

by the Commission and the Council within the framework of cooperation with the representatives of economic and social activity.

As regards supranational measures for the achievement of solidarity; the Committee will be able to make a more detailed assessment of the Commission proposals when it examines the relevant proposals in the social programme.

Family affairs

2.33. Family policy, which hitherto concentrated on offsetting the cost of family responsibilities, though it has done so to an insufficient degree, is progressively being expanded to take in the following areas:

- the development of public social facilities;
- home help;
- the involvement of parents in the education of their children and provision of a better educational and emotional environment for the development of children;
- family planning education.

Some Member States have pursued more advanced policies in one or other of these areas, but everywhere the amount of financial resources which should be given over to such policies presents a problem.

The best solutions should be sought to the problem of how, given adjustments to working hours, parents can be helped to participate in the education of their children. The search for solutions should go further than just child-minding at certain times of the day.

More and more emphasis must be placed on family policy in the Community. There are population policy reasons connected with the development of the labour force and related problems of economic growth that argue in favour. However, the decisive reasons for taking greater account of family policy lie in the Community's declared aim of improving the living conditions of everybody in Europe. Would it not therefore be wise to embark upon a far-reaching coordination of all aspects of family policy at Community level?

Social Services

2.34. Certain Member States have begun to decentralize social welfare and to allow local representatives a say in determining the human environment of the population at large. The positive results of this development, to which the report draws attention, are such that serious consideration should be given to extending it throughout the Community and relevant studies should be undertaken for this purpose. These studies should deal, in particular, with the need to use the services of group leaders and supervisors in the social service sphere whose initial and permanent training is specific and at a high level.

A more integrated approach to social welfare is favouring the development of a preventive policy and integrating social services better into the actual environment of the people they must reach.

Close integration of housing and social services policies would probably help to achieve a better organization of communal life.

The emphasis the report places on the preventive aspect ought to be heeded and lead in the medical field to the introduction of measures by the Community and the Member States to develop the practice of compulsory medical examinations and of keeping a medical file on each individual.

Housing

2.35. No one would dispute the desirability of modernizing the building industry so as to reduce construction costs. It is regrettable, however, that no Community policy as yet tackles the question of land policy (the control of land speculation, reservation of land for building low-cost housing, etc.).

2.36. Town and country planning problems will probably assume greater importance on account both of the urban renewal policies being pursued by the Member States and the cost of new building.

2.37. The well-known problem of the concentration of economic development in large cities and their suburbs will make it necessary to carry out an increasingly searching examination of the organization of life in the cities (roads, green areas, public facilities, zoning).

2.38. The decentralization experiments being carried out by some Member States in specific areas of social policy should be encouraged if the population is to be more closely involved in, and stimulated to reflect more about, its human environment.

C. European Social Fund

2.39. In 1973, the first complete operating year of the reformed European Social Fund, the Community bodies drew up a Social Action Programme in pursuance of the suggestions made by the Conference of Heads of State and Government which took place in October 1972; the Conference had *inter alia* stressed the importance of the role of the Social Fund in formulating concrete measures on which the action programme would have to be based.

2.40. One of the basic objectives of the Social Action Programme is full and better employment in the Community. In its proposals of 24 October 1973 the Commission started from the fundamental fact that social policy on its own cannot achieve the goals set by the Paris Summit Conference; implementation of the programme, the Commission stressed, presupposes a firm political commitment and a strengthening of the legal instruments and greater financial resources — especially with respect to the new Social Fund.

2.41. In the 1969 Opinion on the reform of the European Social Fund the Committee has already stressed the need to integrate the Fund's tasks with Community structural policies. However, the Council's Resolution of 21 January 1974 on the Social Action Programme gives no concrete indication as to the role of the Social Fund, and in the documents annexed to the Resolution the Council simply states that this must not prejudice the execution of measures arising out of Regulations already in force.

2.42. The Committee would like an early end to the impression that the political will of the government delegations with regard to the action of the new Social Fund is less intense than that shown by member governments at the Paris Summit; the Council will have an opportunity to dispel these doubts when it deals with the report on the operations of the Fund which the Commission has promised to submit to it before 1 July 1974.

2.43. The teething troubles experienced in the operation of the new Social Fund are difficulties inherent in the initial application of any new scheme, especially when, as in the current case, active management is required which takes account of constantly changing needs. It has been found that the resources at the disposal of the Fund either do not match actual requirements, or that they are insufficient, which is the case with the obligations under Article 5.

2.44. The insufficiency of the Fund for the application of Article 5 has forced the Commission to choose priorities. The Committee is not unaware of the conditions under which the Commission has had to administer available resources, and considers it methodologically sound to lay down a flexible codification of guidelines for the choice of priorities.

2.45. The Committee considers that it would be useful to disclose these guidelines and the successive revisions, to the circles concerned, so that such a disclosure could be followed by prior checks to be made by the Fund's staff and the promoters of the various actions.

The Committee feels, however, that there is a danger that this method may fail to come to grips with the problem of striking a general balance between the financial resources available and the actual needs.

2.46. Though it realizes that it is difficult to provide full financial cover for the operations encouraged under the Fund's regulations, the Committee considers that every attempt should be made to achieve this goal, so as to avoid the Fund's resources being dissipated by subsidizing a number of applications based on a situation that has little to do with such an objective. This would give rise to conditions in the operation of the Fund which would encourage attitudes to creep in based on the undesirable principle of 'getting out what you put in'.

2.47. The Committee considers that the present situation is largely attributable to factors outside the Fund itself; by its nature the Fund is essentially an instrument and is inevitably affected by the inadequacies and delays in Community policies and action; it is particularly dependent on the regional policy, since the execution and organic development of regional policy is a basic condition for the Fund's effective operation.

2.48. The Committee also notes that in integrating the Fund's activities in the framework of clearly defined policies it is necessary to intensify efforts aimed at providing full information on employment, as regards both the situation existing at any given moment and forecasts of future trends. The Section for Social Questions and the Committee made this point in 1969 in the Opinion on the reform of the Social Fund.

2.49. The Committee considers that the Standing Committee on Employment is an important instrument for the achievement of this basic aim; this

body has been inactive for too long and the Council should consider convening it as a matter of urgency.

2.50. As regards Fund assistance for migrant workers, the Committee considers that the integrated programmes referred to in the relevant Commission proposal provide a suitable opportunity to develop cooperation between States at Community level; in this connection the Committee requests the Commission to take all necessary action for promoting and assisting the organization and execution of these programmes.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

ANNEX

to the Opinion of the Economic and Social Committee

The following proposal for an amendment introduced in accordance with the Rules of Procedure, was rejected by the Committee during its discussions.

Point 2.16, 4th paragraph:

To the second indent, after 'new self-employed occupations', add: 'or occupations as wage- or salary-earners'.

Reasons

In certain cases self-employed persons wish to take up occupations as wage- or salary-earners because establishment in a new self-employed occupation often requires a capital input which cannot be provided by the person concerned.

Self-employed persons who transfer to an occupation as a wage- or salary-earner are often very able workers.

Result of the vote:

For: 7.

Against: 60.

Abstentions: 8.

Opinion on the 'Proposal for a Council Directive on the control of carnation leaf-rollers'

The text referred to the Committee has been published in the *Official Journal of the European Communities* No C 52 of 7 May 1974, page 16.

A. LEGAL BASIS FOR THE OPINION

On 14 May 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Article 100 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request dated 14 May 1974 from the Council of the European Communities for an opinion on the 'Proposal for a Council Directive on the control of carnation leaf-rollers';

Having regard to Article 100 of the Treaty establishing the European Economic Community;

Having regard to the Decision of its Bureau on 17 May 1974 entrusting the Section for Agriculture with the preparation of an opinion on the matter;

Having regard to the oral report presented by the rapporteur, Mr Caprio;

Having regard to the Opinion delivered by the Section for Agriculture at its meeting on 6 June 1974;

Having regard to the discussions at its plenary session of 26 and 27 June 1974, sitting of 26 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

unanimously, less four abstentions:

1. The Economic and Social Committee agrees with the Commission on the need to provide for systematic measures to control the Mediterranean and South African leaf-rollers.

2. Carnation growing must be subject to effective phytosanitary safeguards if production is to be maintained and expanded. This is a necessary precondition for normal trade between the Member States, which must be protected against the spread of pests.

3. This being so and in view of the possibility that *Epichorestodes acerbella* in particular will increase in numbers and spread, the Committee considers that the Commission draft Directive should have an annex setting out the minimum physical and chemical measures, together with the relevant timetables, which should be taken at the carnation-growing stage in order to control leaf-rollers and prevent them from spreading.

4. The Committee also considers that the derogations made in Articles 3 (2) and 5 (1) (b) of the draft Directive should state the precise percentage-contamination of cut carnations which may be put into circulation. The main purpose of this is to ensure that trade between Member States is carried out in a normal manner.

5. In this connection, the Committee stresses that provisions of this sort should be brought into the wider context of mutual recognition of the validity of phytosanitary certificates which are issued by the competent authorities of individual Member States.

6. Lastly, the Committee considers that, with a view to obtaining complete protection against carnation leaf-rollers, the draft Directive should prescribe specific measures for cut flowers imported from non-member countries.

Done at Brussels, 26 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

ANNEX

to the Opinion of the Economic and Social Committee

The following amendment, which was introduced in accordance with the provisions of the Rules of Procedure, was rejected in the course of the proceedings.

Section 4, amend to read:

The Section also considers that the derogation made in Article 3 (2) of the draft Directive should state the precise percentage-contamination of cut carnations which may be put into circulation. The main purpose of this is to ensure that trade between Member States is carried out in a normal manner.

The period proposed by the Commission in Article 3 (1) should be reduced to 1 December to 31 March. This reduction is necessary because, if it were permitted to put contaminated carnations into circulation also in October, November and April, the higher temperatures in these months could lead to the pest multiplying faster and thus spreading more.'

New Section 5

'There is no justification for allowing Member States to authorize derogations from the period stipulated in Article 3 for the putting into circulation of contaminated carnations. This would entail the risk of carnation leaf-rollers spreading across national frontiers during the warm summer months.'

Result of the vote:

Amendment rejected by a large majority.

Opinion on the 'Proposed Council Regulation (EEC) laying down special measures for soya beans'

The text referred to the Committee has been published in the *Official Journal of the European Communities* No C 72 of 27 June 1974, pages 24 and 25.

A. LEGAL BASIS FOR THE OPINION

On 14 May 1974, the Council referred the abovementioned proposal to the Economic and Social Committee in accordance with Articles 43 and 198 of the Treaty establishing the European Economic Community.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the request, dated 15 May 1974, from the Council of the European Communities for an opinion on the 'Proposed Council Regulation (EEC) laying down special measures for soya beans';

Having regard to Articles 43 and 198 of the Treaty establishing the European Economic Community;

Having regard to the various Opinions which the Economic and Social Committee has delivered on oils and fats and on the Community's protein supplies;

Having regard to the Decision taken by its Bureau on 17 May 1974 in accordance with Articles 46 and 47 of the Rules of Procedure (urgency procedure), instructing the Section for Agriculture to prepare the Committee's work on the matter;

Having regard to the oral report made by the rapporteur, Mr Emo;

Having regard to the Opinion delivered by the Section for Agriculture at its meeting on 6 June 1974;

Having regard to the discussions at its 121st plenary session on 26 and 27 June 1974, sitting of 27 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

1. The Economic and Social Committee has repeatedly called the attention of the Community authorities to the problem of Community protein supplies. It follows that the Committee approves the Commission proposal, which is intended to encourage soya-bean growing within the Community.

2. The Committee asks whether the proposal will provide sufficient incentive to Community farmers. It feels that the aims could be achieved more swiftly and surely if the Commission also made provision for informing farmers and having more agricultural research carried out into high-protein crops so as to obtain strains and cultivation methods which are completely compatible with the European climate.

Done at Brussels, 27 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS

Opinion on the 'Provisional measures to be put into effect pending creation of the European Regional Development Fund'

The Opinion of the Committee is not based on any text.

A. LEGAL BASIS FOR THE OPINION

The Decision taken by the Bureau of the Committee on 17 May 1974, under Article 20 paragraph 3 of the Rules of Procedure, to prepare an additional Opinion on the abovementioned subject.

B. OPINION OF THE ECONOMIC AND SOCIAL COMMITTEE

The Economic and Social Committee prepared its Opinion on the above matter at its 121st plenary session, held in Brussels on 26 and 27 June 1974.

The full text of the Opinion is as follows:

THE ECONOMIC AND SOCIAL COMMITTEE:

Having regard to the various Opinions delivered by the Economic and Social Committee on the subject of regional policy, in particular its Opinion on the

- 'Draft Decision by the Council on the creation of a Committee for Regional Policy',
- 'Proposed Financial Regulation on special provisions to be applied to the European Regional Development Fund',
- 'Proposal for a Council Regulation establishing a European Regional Development Fund';⁽¹⁾

Having regard to the third paragraph of Article 20 of the Rules of Procedure;

Having regard to the Decision taken by its Bureau on 17 May 1974, entrusting the Section for Regional Development with the preparation of an additional Opinion on 'Provisional measures to be put into effect pending creation of the European Regional Development Fund';

Having regard to the progress made by the Community so far in its work on regional policy;

Having regard to the oral additional report presented by the rapporteur, Mr Ventejöl;

Having regard to the Opinion delivered by the Section for Regional Development at its meeting held in Crotone on 17 June 1974;

Having regard to the discussions at its 121st plenary session on 26 and 27 June 1974, session on 26 June 1974,

HAS ADOPTED THE FOLLOWING OPINION

unanimously:

1.1. The Summit Conference of the Heads of State or of Government, meeting in Paris on 19 to 21 October 1972, recognized that high priority had to be assigned to Community regional policy. But nothing concrete has ensued.

1.2. At its Session in May 1974 the European Parliament strongly criticised the slowness of progress towards European union. In a resolution it used the following terms:

'It is deplorable that the 1972 and 1973 Summits were not successful in sparking off real progress in the European venture... One cannot but note the gradual breakdown of the Community's decision-making machinery, characterized by the failing power of the Commission to take the initiative and the increasing paralysis of the Council of Ministers'.

The Economic and Social Committee shares this view.

1.3. The creation of the Regional Development Fund — promised for 1 January 1974 — has been continually postponed, which demonstrates the

⁽¹⁾ OJ No C 8, 31. 1. 1974.

existence of an increasingly wide and dangerous gulf between formal declarations of intent and actual Decisions.

1.4. Negotiations did, it is true, take place at Council level on the total appropriation, the degree of concentration of aids and the criteria to be adopted. But lack of political will has led to successive deferments of the crucial questions.

2.1. This is definitely a matter of political will. The Community institutions should not use the decision by the United Kingdom Government to renegotiate the terms of its membership of the EEC as an excuse for calling a halt to the drafting and implementation of Community policies.

2.2. Failure to change this attitude would be all the more unacceptable because a promptly implemented and purposeful regional policy could show the public in the United Kingdom, and also in Ireland and Italy — that is to say in the countries chiefly concerned — that the European Economic Community is determined to get to grips with the underdevelopment problems of the most seriously affected European regions. This state of affairs is all the more serious because in some instances it is preventing extension of national regional development policies and beginning to generate tension in regions of underemployment.

2.3. But the disease is in reality deeper rooted. National egoism and short-term analyses are taking over again in European negotiations.

2.4. In the absence of an overall view, each Member State, and hence the Community as such, seems to be primarily concerned with defending its immediate interests. Thus, a conservatism is being shown in many areas which is irreconcilable with the process of mutual adjustment and the will to advance, without which there can be no economic, monetary or social unity, let alone political unity.

2.5. A warning was given to the Community authorities by the Economic and Social Committee in the Information Report it adopted on 6 April 1970 on the applications for accession of the United Kingdom, Ireland, Denmark and Norway: 'As in 1958, when the Treaties came into force, it would be a great error to consider the enlargement of the Community purely in terms of short-term calculations, an approach which would inevitably

bring out certain grounds for concern, but which would not provide a basis for full assessment of the overall value of such a massive integration exercise. Assessment of an exercise of this kind — whether it be the establishment of the Community or its enlargement — is more a matter of political intuition than detailed calculations'.

2.6. This statement still holds true, and is applicable to the whole set of Community policies.

2.7. In the field of regional policy, this attitude is both a serious economic error, and socially unjust because it maintains intolerable income disparities or even aggravates them.

2.8. It is nowadays obvious that a regional policy, which in its first stage would be an act of solidarity between regions of the Community, would — by increasing incomes, trade and consumption, and hence production — make a vital contribution towards the growth and equilibrium of the entire Community and towards full utilization of currently neglected assets in manpower and raw materials.

2.9. The Community must no longer be diverted from making every necessary effort by a wrong assessment of the relevant factors. The economic and monetary difficulties facing most Member States of the EEC must not cause the problems raised by implementing the common regional policy to be evaded. On the contrary, these problems must be considered to be one of the intrinsic objects of the reforms which the very structures of our system must undergo if there is a genuine will to overcome the current crisis.

2.10. It is better to boost the development of backward regions by deploying sufficient funds rather than to spend equivalent — or even larger — sums on unemployment benefits or the artificial attenuation of income disparities, thereby increasing the strain on the Social Fund which is short of resources anyway.

2.11. In other words, social policy has quite another aim than that of remedying policy deficiencies with respect to qualitative growth and full and better employment based on a proper balance between the various regions of the Community.

2.12. Whilst it is quite right that the Community should fulfil its obligations of solidarity with developing countries, it would be inconceivable for the Community not to show with greatest urgency at least the same determination to eradicate underdevelopment in its own regions.

2.13. For all these reasons, the Economic and Social Committee fully and firmly adheres to the proposals it made in the following studies and Opinions:

- Study of the Economic and Social Committee on the implementation of a common regional policy;
- Opinion of the Economic and Social Committee on the:
 - Draft Decision by the Council on the creation of a Committee for regional policy,
 - Proposed financial Regulation on special provisions to be applied to the European Regional Development Fund,
 - Proposal for a Council Regulation establishing a Regional Development Fund ⁽¹⁾;
- Opinion of the Economic and Social Committee on the:
 - Proposal for a Council Regulation on the list of priority agricultural regions and areas referred to in the Regulation (EEC) on the finance from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for projects falling within development programmes in priority agricultural regions,
 - Proposal for a Council Regulation on the list of regions and areas referred to in Regulation (EEC) establishing a European Regional Development Fund ⁽²⁾.

3.1. The Committee therefore urges that the Regional Development Fund be set up without further delay.

3.2. It was proposed more than a year ago that the effectiveness of the Fund should be increased by supplementing its own resources with the capacity of the Community to float European loans.

3.3. The merits of such a proposal are immediately apparent:

- Loans for the purposes of Community regional development swell the financial resources available, especially when interest rebates are given. They would constitute acts of political will and be concrete expressions of the solidarity of prosperous regions with their underdeveloped counterparts.

3.4. At all events, swift action is called for and recourse to loans could only be a complementary measure and should only temporarily fill the vacuum caused by the non-creation of the Regional Development Fund. Loans for Community regional development must not be used by the Member States as an alibi to escape their imperative obligation to contribute sufficient resources to the budgets and, in particular to the Regional Development Fund.

4.1. Without reducing in any way its demand for immediate creation of the Regional Development Fund, the Committee urges that to meet the need for effective action a decision be taken in 1974 to float a European loan of at least 1 000 million units of account for use in regional development.

4.2. The proceeds of the loan, together with the Community's own resources set aside by the Member States in readiness for the creation of the Regional Development Fund, should be used, in line with the criteria of seriousness and acuteness already established by the Economic and Social Committee, to grant, depending on the circumstances:

- loans with interest rebates at variable rates, or
- subsidies, when the acuteness of the underdevelopment problems in particular regions or zones would not allow total or partial capital repayment of loans.

4.3. In addition, the European Investment Bank should be instructed in accordance with Council and Commission Directives provisionally to administer the sums made available to it pending creation of the Regional Development Fund. This would enable the Bank to step up its activities in this field. The other Funds, in particular the Guidance Section of the EAGGF and the Social Fund, should be able to continue and step up their respective activities, taking more account of the needs of the least developed regions.

⁽¹⁾ OJ No C 8, 31. 1. 1974.

⁽²⁾ OJ No C 37, 1. 4. 1974.

4.4. Priority must be given to measures in the Community's underdeveloped regions in Ireland, Italy and the United Kingdom, with aid being concentrated according to the acuteness of the underdevelopment problems, in line with the criteria which have already been unanimously proposed by the Economic and Social Committee.

4.5. Complete projects should be drawn up by the Member States concerned without delay, submitted to the Commission and passed on for execution to the European Investment Bank, which is responsible for the additional financing beyond that provided by the Member States.

4.6. Projects financed in this way should be widely publicized so as to bring home to public opinion the solidarity of the Member States; this is the only way of restoring the confidence of communities who are today wondering if they are not doomed to irremediable impoverishment, worsened by Community selfishness.

4.7. The Committee is aware that since all the loans involved will have to be amortized, repayment and interest costs will obviously have to be met by the future Regional Fund.

5. On 4 June, the Council once again manifested its intention to grant priority to the implementation of a common regional policy. As far as the Economic and Social Committee is concerned, formally undertaken commitments must be adhered to. Pending this, the Committee considers that the provisional procedure it proposes should enable the top-priority measures to be initiated immediately.

6. The Economic and Social Committee has been accorded the right to draw up opinions on its own initiative. It would like this right to be extended to include the possibility of direct oral communication of its views to the Council of Ministers; this would be a more vivid, and above all more effective, method than dispatch of opinions, reports and studies.

Done at Brussels, 26 June 1974.

The Chairman
of the Economic and Social Committee
Alfons LAPPAS
