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II

(Preparatory Acts)

ECONOMIC AND SOCIAL COMMITTEE

Opinion on the Community action in the field of tourism (Commission communication to the Council) ⁽¹⁾

(86/C 328/01)

On 19 February 1986 the Council decided to consult the Economic and Social Committee under Article 198 of the Treaty establishing the European Economic Community on the abovementioned communication.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 and 2 September 1986 in the light of the report by Mr Brassier.

At its 239th plenary session (meeting of 17 September 1986) the Economic and Social Committee adopted the following opinion unanimously:

1. General comments

1.1. The Committee welcomes the Commission communication entitled 'Community action in the field of tourism', in so far as this represents a follow-up to the original 'Guidelines for a Community policy on tourism' on which it issued a detailed opinion and report in 1983.

1.2. The Committee therefore approves the Communication and the three proposals attached thereto on

- (a) better seasonal and geographical distribution of tourism;
 - (b) standardized information on existing hotels;
- and,
- (c) a consultation and coordination procedure between the Member States and the Commission on matters relating to tourism,

but has a number of criticisms and observations to make, as follows:

1.3. The Section for Protection of the Environment, Public Health and Consumer Affairs has prepared a check-list indicating what action has been taken or is now proposed in respect of the Committee's recommendations in its opinion on the original guidelines. This should be read in conjunction with this present opinion.

1.3.1. This check-list shows that while quite a number of the Committee's suggestions have been taken up, there are many which were not taken up or were taken up only in a modified and weaker form.

1.4. The Committee consequently feels that the Commission's new document is more a restatement of the problems rather than an action programme. In addition, the conclusions set out at the end of the document only partly reflect the arguments put forward in the text; and there is too much emphasis on the need for further research and not enough on specific actions.

1.4.1. The Committee would have liked to see a precise programme with deadline dates for action on the lines of that recently proposed by the Commission on 'Completing the internal market' or on the 'Consumer impetus'.

1.5. The Committee considers that such an approach would help to establish tourism more firmly as a separate Community policy. After all, as pointed out by the Committee in its 1983 report, it is estimated that by the year 2000, if not before, tourism will become the principal economic activity in the European Communities.

⁽¹⁾ OJ No C 114, 14. 5. 1986, p. 11.

1.5.1. Tourism in an economic activity, linked to a wide range of other service and policies: for example social, regional and transport policy. It should be stressed here that any assistance for regional and local tourism programmes must be preceded by environmental compatibility checks aimed at socially and environmentally compatible tourism.

1.5.2. The Committee would also point out that since tourism is part of the tertiary sector, all references to the tourist industry should be deleted so as to avoid misunderstandings; it also urges that more moves should be made to have tourism included in the forthcoming General Agreement on Tariffs and Trade (GATT) negotiations.

1.6. The Committee recommends that the Commission recognize the importance of protection for individual tourists and consult consumer and business organizations more actively before drawing up new proposals.

1.7. The Committee draws attention to the Commission's recent effort to improve consumer safety, and points out that this should also be applicable to the tourist as consumer.

1.7.1. The Committee underlines the responsibilities of tourists in the field of environmental protection.

1.7.2. The Committee is particularly concerned with the effect of terrorism on tourists and calls for more positive and better coordinated action on the part of all authorities concerned to combat this problem. It also points out that the persistence of terrorism and the reaction to it have averse economic effects on the development of tourist enterprises.

1.8. The Committee urges that there be no further delay in summoning a Council of Ministers responsible for tourism.

1.8.1. The Committee also proposes the establishment of a Committee on Tourism, comprising people working in this sector, which would provide a link between the EEC bodies and the tourist sector.

1.9. The Committee notes that the Commission has started to turn seriously its attention to the question of tourism: to this end it commissioned an initial study to be made of how people spend their holidays in the 12 EEC Member States.

2. Specific comments

2.1. *Paragraph 1*

The Committee notes the definition of tourism as accepted by the World Tourism Organization and the

Organization for Economic Cooperation and Development (OECD) but reiterates the view expressed in its 1983 opinion that for the purposes of Community policy a very broad definition of tourism should be adopted. The Committee still feels that there is scope for a re-examination of the definition of tourism.

2.1.1. In carrying out his re-examination the Commission should take account not only of the traditional forms of tourism but also the new forms which may be exploited, such as business tourism, the organizing of conferences, etc.

2.2. *Paragraph 5*

The Committee notes that the Commission document says that special attention must be given to tourism in the context of regional development, but considers that this is not expressed strongly enough, particularly when in fact tourism may well be the most significant economic activity in certain regions of the Community.

The Committee urges that attention be paid to those regions which, although not able to offer exceptional climatic conditions or cultural attractions, may nonetheless, for a variety of reasons, have a stake in the tourist sector.

2.3. *Paragraphs 6 to 7 and 48 to 52*

The Committee argues that tourism is a labour-intensive economic activity which contributes substantially to providing employment. However, given the nature of the work in this sector (seasonal employment, long hours, pressure, stress, etc.), tourism policy should not be exclusively concerned with the tourists who use the service, but also with the problems facing workers and businesses in the sector.

Accordingly, the Committee would like to see the Commission pay more attention to these aspects of the industry and, in particular, to vocational training.

2.4. *Paragraph 15*

The Committee draws particular attention to the need for the harmonization of VAT and excise duty schemes and rates within the Community, both in general terms, and with particular reference to tourist enterprises in order to avoid distortions in respect of the competition rules.

2.5. *Paragraph 16*

2.5.1. With reference to road safety, the phrase 'improving traffic within the Community' hardly expresses what is behind the road safety campaign, and accordingly the concept needs to be restated bearing in mind the primordial importance of the health and safety of the tourist.

2.5.2. The Committee also draws the Commission's attention to various health risks, which may be spread by Community citizens returning from outside the Community as well as by non-EC visitors. Community action in the field of tourism will henceforth also have to take this factor into consideration.

2.6. Paragraph 20

The Committee welcomes the Commission's initiatives in respect of the legal rights of tourists and for the protection of tourists on package tours, but would ask the Commission to consider what further steps could be taken to facilitate repatriation and compensation of tourists whether on package tours or not, who are marooned abroad through no fault of their own.

2.7: Paragraph 21

As far as exchange controls are concerned, the Committee feels strongly that at this stage of the integration of the European Community there is no justification for such restrictions between Member States. These restrictions act against the interests of tourism, are in direct contradiction with the concept of the 'completion of the internal market' and should be abolished as soon as possible. The Committee is also convinced that practical use of the European passport and abolition of systematic checks on individuals at borders are further elements which will help to develop tourism.

2.8. Paragraph 22

The Committee is in favour of the extension of the use of the ECU, as this is in conformity with the letter and the spirit of the 'Single Act'. Even though the ECU does not yet exist as a currency in its own right, it could be used as the basic comparative unit for economic activities in the field of tourism, much as the US dollar is used at present in many fields.

2.9. Paragraphs 24 et seq.

Regarding the problem of seasonality and the staggering of holidays, the Committee feels that the Commission should by now be beyond the phase of merely searching for solutions and should engage in positive action, drawing on the research work which has already been done, including that undertaken by outside specialists at the Commission's own request (see also observations on Paragraph 53).

2.9.1. Bodies which promote and/or organize social tourism should not have recourse to measures regarded as 'unfair competition'.

2.9.2. In the Committee's view, the encouragement of tourism in areas with a low level saturation, proposed in point 27 of the Commission document as a means of bringing relief to tourist areas suffering from satu-

ration, is permissible only if appropriate environmental compatibility checks are carried out beforehand.

2.10. Paragraph 35

The Committee, while in favour of rural tourism, thinks that one cannot expect this to develop to any degree or to materialize simply on the strength of providing information. The Commission should therefore see that an organizational and management structure is set up to deal with this matter.

The Committee would ask the Commission to define rural and agri-tourism more precisely so as to bring these terms into line with Member States' laws and regulations.

2.11. Paragraphs 37 to 39

On the question of the use of the Community's financial instruments to develop tourism, the Committee considers that this paragraph expresses hopes and exhortations rather than concrete proposals, and reiterates what it said in its 1983 opinion and report, that the Commission should have a budget for promoting a European Communities policy on tourism.

The Committee notes that the EIB (the most important financial instrument in the Community) is not listed as one of the instruments which may assist tourism, and therefore calls for its inclusion.

Furthermore, most of the money invested in the tourist trade is spent on infrastructure and only a very small proportion is spent on tourist businesses.

The Community's financial instruments must be strengthened so as to enable them to back up the European Communities policy on tourism and promote growth in the tourist trade. The Committee would point out, however, that in order to prevent these instruments from distorting competition or squandering resources, procedures must exist for consultations with the main trade organizations in this sector before any funds are distributed.

2.11.1. Paragraph 38

The Commission has stipulated that not only investments but also other activities which are designed to boost tourism (such as publicity, promotional work and vocational training) may be financed under the Integrated Mediterranean Programmes. The Committee thinks that tourist enterprises should normally be entrusted with this work either directly or through their main organizations.

2.11.2. *Paragraph 39*

The Committee thinks that better results could be obtained from the EAGGF aid to farmers to develop tourist activities alongside their main work if the Commission held consultations with tourist and agricultural organizations.

2.12. *Paragraph 40*

- (a) The Committee considers that it will never be possible to guarantee that there will be 'no hitches' in the course of a tourist's journey; all that can be done is to minimize them.
- (b) The Committee thinks that the production of a tourist guide by the Commission should be given support even though it is notoriously difficult to compile an accurate summary of general information of this kind and even more difficult to keep it up to date. Because these problems are difficult to solve, the Commission could confine itself to setting out a uniform framework for an information document which each Member State or region can then produce in the light of detailed national, regional or local knowledge.

2.13. *Paragraph 42*

The Committee, while agreeing to the proposal on the standardization of information on hotels, does not agree that a Community-wide hotel classification system of the 'stars' type is very difficult to envisage.

The travelling public is already tending to use the US 'stars' system as a point of reference, and in the absence of EEC norms, this US system is likely to become the *de facto* unofficial standard.

2.14. *Paragraph 45*

The Committee considers it regrettable that the proposal for a recommendation on fire safety in existing hotels, which is in itself a rather weak legal instrument, has not yet been adopted by the Council, and calls for its immediate adoption.

However, a clear distinction must be made between the standards in respect of new establishments and those in respect of existing establishments, otherwise the recommendations will be inapplicable to a large degree. The same guarantees must, however, be provided in both cases.

2.14.1. *Paragraph 47*

The Committee is in favour of a directive harmonizing legislation with regard to package holidays; however,

this directive should take into account the fact that some Member States have already signed the International Convention on Travel Contracts.

2.14.2. *Paragraph 49*

The Committee is pleased that the Commission underlines the need to take a closer look at employment in the tourist sector, especially with regard to the introduction of new information technologies, and the need for better vocational training.

These employment studies must be careful to include all sub-sectors, and should be drawn up in close liaison with the relevant socio-economic organizations.

2.14.3. *Paragraph 52*

As regards the professions of tourist guide and courier, the Committee feels that there should be no room for doubt as to the difference between the two.

Tourism-related professions should be recognized both by the Community and the Member States. It should be possible for travel agencies to provide services without being obliged to use outside professional staff.

2.15. *Paragraph 53*

The Committee is not convinced that the lack of reliable information on tourism in the Community is an impediment to effecting a 'serious assessment of its present situation or development'.

The Committee warns against conducting research for its own sake and points out that the amount of research already carried out by international bodies such as the European Travel Commission, the OECD, and the World Tourism Organization, as well as work subcontracted to outside specialists by the Commission itself, should be sufficient for the Commission to be able to formulate more proposals than those now put forward.

2.15.1. *Paragraph 63*

The Committee thinks that explicit provision should be made for studies on the laws and institutional regulations governing tourism in the Member States.

2.15.2. The Committee would once again stress the need for the EEC Statistical Office to carry out more effective surveys and analyses of the tourist sector and the enterprises operating in this field so as to provide a uniform basis of fundamental information on which to elaborate a reliable policy.

2.16. *Annex III*

The Committee as stated at the outset approves the three Commission proposals, subject to the qualifications set out above.

Done at Brussels, 17 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on the proposal for a Council Directive on the approximation of the laws of the Member States concerning food additives authorized for use in foodstuffs intended for human consumption⁽¹⁾

(86/C 328/02)

On 29 April 1986 the Council decided to consult the Economic and Social Committee, under Article 100 of the Treaty establishing the European Economic Community, on the above-mentioned proposal.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 and 2 September 1986 in the light of the report by Mr De Grave.

At its 239th plenary session (meeting of 17 September 1986), the Economic and Social Committee adopted the following opinion unanimously:

1. General comments

1.1. Up until now it has been possible to harmonize only four lists of additives at Community level. For more than 12 years, i.e. since the adoption of Directive 74/329/EEC⁽²⁾, the Council has not issued any Directives on additives, except for amendments to the four existing Directives, and no progress has been made on these four Directives as regards conditions of use.

1.2. This shows the need for a more flexible approach. On several occasions the Economic and Social Committee has advocated the adoption of directives by a majority rather than a unanimous vote.

1.3. During this time the Commission itself has been able to put forward only a few new proposals on account of the complexity of the subject and insufficient staff. The Committee fears that the Commission will not be in a position to speed up its work and hence to

implement the programme it has set itself. At all events such accelerated progress must not prejudice the due attention required by this difficult subject.

1.4. Thus the proposed new procedure could give rise to considerable difficulties in an area as sensitive as additives.

1.5. The general criteria for the use of food additives, as summarized in Annex II, should be reduced to the following two points:

- possible effect on public health (toxicity, nutritional aspects, hypersensitivity, etc.),
- technological need,

to which should be added the fairness of commercial transactions.

To ensure that each of these aspects is adequately examined, the directive should provide for the mandatory consultation of:

- the Scientific Committee for Food and, subsequently,
- the Advisory Committee on Foodstuffs.

⁽¹⁾ OJ No C 116, 16. 5. 1986, p. 2.

⁽²⁾ OJ No L 189, 12. 7. 1974.

1.6. It must be possible to publish the opinions of these two committees.

1.7. In a difficult area where there is frequently controversy, not only between consumers and manufacturers, but also between manufacturers themselves, and even between scientists, it is necessary to ensure that the parties concerned are consulted and kept informed to the fullest possible extent.

The Committee therefore suggests that the Commission make public its proposed directive by requesting the opinion of the Economic and Social Committee before it is voted on in the Standing Committee. In this way the Economic and Social Committee would retain the possibility of putting across the views of the parties concerned in an area which has always been of great concern to manufacturers and consumers.

1.8. In addition, the Committee suggests that observers representing the parties concerned be admitted to the preparatory work of the Standing Committee for Foodstuffs, as is the case for cosmetics.

2. Specific comments

2.1. The Committee considers it essential that where powers are delegated to the Commission the matter in question be defined more precisely so as to avoid any legal uncertainty.

Thus, some substances are on the borderline between:

- additives and foodstuffs,
- additives and pesticides,
- additives which do or do not fall under this Directive,
- additives and processing aids.

This is the case with, for instance, ethylene oxide, saffron, sorbitol, enzymes, modified starch, foodstuff extracts (soya protein concentrate, casein, gelatine, fibres, albumin, etc.). Products for treating foodstuffs after harvesting are regarded sometimes as additives, sometimes as pesticides, ripening agents, sprout inhibitors, fungicides, etc. Some fungicides when used on citrus fruits are classified as additives (e.g. diphenyl), but become pesticides when used on other foodstuffs. Moreover, some fungicides used instead of diphenyl are listed as pesticides (e.g. benomyl).

All products used for treating crops after harvesting should be regrouped in a single list of additives.

2.2. Article 2 (2)

2.2.1. Multi-purpose additives should continue to appear in multiple lists of additives.

2.3. Article 3 (2)

2.3.1. In the Committee's view, the existing specific directives can only be amended in respect of the additives included in one of the four Community lists; those categories of additives still covered by national law and not evaluated at Community level would thus be excluded.

2.4. Article 3 (3)

2.4.1. A subparagraph (g) should be added covering instructions for use (Article 5 (1) (d)).

2.4.2. In addition, the final sentence should be amended so as to provide for mandatory consultation of the Advisory Committee on Foodstuffs and the Scientific Committee.

2.5. Article 4

2.5.1. The same consultation procedure should be followed as for Article 3.

2.6. Article 5 (1) (c)

2.6.1. This should read as follows: 'any special storage conditions and/or conditions of use'.

2.7. Article 5 (1) (d)

2.7.1. This should read as follows: 'instructions for use'.

2.7.2. Additives may be used by numerous firms, including small and medium-sized enterprises, which are not always familiar with the conditions of use.

2.8. Article 9

2.8.1. The Committee would refer (a) to the general comments above and (b) to the ESC's opinion on the completion of the internal market: Community legislation on foodstuffs.

2.9. Annex I

2.9.1. This list should be entitled 'Categories of technological functions of food additives'. This title is more in line with the requirements of Article 2 which refers to 'any technological function described and defined' in Annex I.

2.9.2. The Committee considers that the inclusion in this list of categories of additives which are not authorized in the majority of Member States should not have any influence on their subsequent authorization (e.g. firming agents, flouring treatment agents). If necessary these additives should be excluded from the delegation of powers to the Commission.

2.9.3. It would also draw attention to substances the handling of which is particularly dangerous, especially for the health of children and adolescents. This is the case with sequestrants which can mitigate shortcomings in the manufacturing process. The definition should specify whether the Commission takes 'sequestrants' to be the same as 'chelating' additives.

2.9.4. The term 'sweetener' should be split into two categories: 'artificial sweeteners' and 'natural sweeteners'.

2.9.5. The term 'agent de traitement de la farine' (flour treatment agent) should be replaced by the mention of one or more technological functions so as not to be all-embracing (e.g. bleaching).

2.9.6. 'Enzyme', which is not a technological function, should also be deleted from Annex I; enzymes used as additives should be included in the category to which they belong (antioxidant, stabilizer, etc.).

2.9.7. The Committee is surprised at the omission of 'emulsifying salts', a category covered by the labelling Directive.

2.9.8. The terms 'antimoussant' (antifoaming agent) and 'agent moussant' (foam stabilizer) do not correspond in the different language versions. In fact the different versions of the Annex do not correspond in general.

2.9.9. The Committee wonders whether all the terms in this Annex should not be defined so as to avoid any misunderstanding.

2.10. Annex II

2.10.1. The Committee notes that this Annex summarizes other texts. As this is a legal text, it would prefer to see the full text included in this Annex rather than a summary.

2.10.2. The Committee notes that point 1 covers both the toxicological evaluation (to be carried out by the Scientific Committee) and the evaluation of technological need (to be carried out by the Advisory Committee on Foodstuffs in particular). It considers that, which very specific exceptions, it is not the Scientific Committee which is competent to decide individually on the need for an additive in a foodstuff. Hence point 1 should not mix these two aspects.

2.10.3. On the other hand, the various health aspects (toxicity, hypersensitivity, nutritional quality) are dealt with in different places (points 1, 5 (a), etc.) of Annex II.

2.10.4. The drafting should therefore be revised and the comments on health separated from those on technological need.

2.10.5. Greater emphasis should be given to a third criteria on which producers and consumers have long been agreed: the fairness of commercial transactions.

2.10.6. The beginning of point 2 should be amended as follows: 'Only those food additives may be authorized which'. The present wording is ambiguous and does not take account of the criterion of technological need. If necessary this point 2 could be deleted as it duplicates point 1. If it is retained, the wording will require further amending to provide that an additive may not be authorized if 'the toxicological evidence presently available' is inadequate.

2.10.7. The Committee urges that point 5 (a), which also seems to be inconsistent with point 5 (c), be amended to provide that the additive may not reduce the nutritional value of the food unless it is necessary for the production of foods for groups of consumers having special dietary needs.

2.10.8. The words 'as far as possible' in the first line of point 6 (c) should be deleted. The concept of an 'acceptable daily intake' loses all meaning if qualified in this way.

Done at Brussels, 17 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on the proposal for a Council Directive on the approximation of the laws of the Member States relating to materials and articles intended to come into contact with foodstuffs⁽¹⁾

(86/C 328/03)

On 29 April 1986 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The preparatory work was referred to the Section for Protection of the Environment, Public Health and Consumer Affairs. This appointed Mr Poul Antonsen as rapporteur.

The Section adopted its opinion on 1 and 2 September 1986.

At its 239th plenary session (meeting of 17 September 1986) the Economic and Social Committee adopted the following opinion unanimously:

1. General comments

1.1. The Committee approves the Commission's proposal subject to the following comments.

1.2. The Committee has reservations regarding the proposed 'Advisory Committee Procedure', but this subject is dealt with in its opinion on 'Completion of the Internal Market: Community Legislation on Foodstuffs'.

2. Specific Comments

2.1. Article 2

The Committee welcomes the emphasis put by the Commission on public health, and stresses the need to treat public health as a matter of the utmost importance.

2.2. Article 2

There seems to be a discrepancy between the English (bring about an unacceptable change in the composition of the foodstuffs or a deterioration in the organoleptic characteristics thereof) and German versions of the second indent. The discrepancy is also found in the present Directive 76/893/EEC.

2.3. Article 2

The word 'unacceptable' is imprecise, its meaning should be specified.

2.4. Article 3

The Committee feels it should be made clear that rules on composition can be applied, as well as rules on migration. Care should be taken to ensure that Article 3 is not administered in such a way as to constitute a trade barrier.

2.5. Article 5

The Committee draws attention to the need for labelling to take account of the requirements of the blind and weak-sighted.

2.6. Article 9

The Committee feels that this article should specify a time limit, consistent with those set in Article 10, for repeal of Directive 76/893/EEC.

2.7. Annex I

The Committee proposes that the Commission add 'covering materials made of paraffin or microcrystalline wax' as these are not considered to be plastics for the purposes of Article 1 of Directive 82/711/EEC.

2.8. Annex II.2

The Committee finds that the expression 'suitable' is not clear and does not give any indication of what toxicological testing would be needed in a given case. (The Commission has, however, at the Section meeting referred to reports of the Scientific Committee for Food, Third series, 1977: Toxicological evaluation of a substance for materials and articles intended to come into contact with foodstuffs.)

⁽¹⁾ OJ No C 124, 23. 5. 1986, p. 10.

Done at Brussels, 17 September 1986.

The Chairman
of the Economic and Social Committee
Gerd MUHR

Opinion on the proposal for a Council Directive on the approximation of the laws of the Member States relating to foodstuffs intended for particular nutritional uses⁽¹⁾

(86/C 328/04)

On 29 April 1986 the Council decided to consult the Economic and Social Committee under Article 100 of the Treaty establishing the European Economic Community on the above-mentioned proposal.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 and 2 September 1986 in the light of the report by Mrs Williams.

At its 239th plenary session (meeting of 17 September 1986) the Economic and Social Committee adopted the following opinion unanimously:

1. General comments

1.1. The Committee approves the Commission's proposal subject to the following comments.

1.2. The Committee has reservations regarding the proposed 'Advisory Committee Procedure', but this subject is dealt with in its opinion on 'Completion of the Internal market: Community Legislation on Foodstuffs'.

1.3. The Committee feels that in an overall sense a clearer distinction should be made in the proposal between foodstuffs for particular nutritional uses which have a medical application and those which are for 'ordinary' consumption.

2. Specific comments

2.1. Article 1 (2) (b)

2.1.1. In defining the categories of persons to whom this directive applies, it is inappropriate to classify categories of people who are unwell (i.e. with disturbed metabolism or in special physiological condition) together with a category in apparent good health (i.e. infants or young children).

2.1.2. The fact that the text of this Article is the same as that in the original Directive 77/94/EEC is not sufficient justification for continuing the practice in the present proposal.

2.1.3. The Committee therefore asks that the distinction be more clearly made and expressed.

2.2. Article 2 (1)

2.2.1. The Committee highlights the problem of deciding what is a 'food' and what is a 'diet' product.

2.2.2. The words 'dietetic' or 'dietary' are not clearly defined in the proposal, either in the absolute sense, or in relation to each other. It appears also that there may be some confusion when these words are translated into the different Community languages. Furthermore, these words apply only to foodstuffs for unwell persons, and therefore are not applicable to food for infants or young children in good health.

2.2.3. This reinforces the argument for a clearer distinction to be made between the 'healthy' and the 'unwell' as requested above.

2.2.4. The Committee asks that this article be re-examined in the light of the foregoing comments.

2.3. Article 4 (2)

The Committee considers the phrase 'Specific directives may include' as too loose, and suggests that, if a more rigid approach were adopted, the drafting of the Specific Directives would be facilitated.

2.4. Article 4 (2) (f)

The expression 'list of additives' should be replaced by 'positive list of permitted additives'.

2.5. Article 5

2.5.1. The Committee is concerned by the problem of fraudulent claims, particularly in relation to health foods, and draws the attention of governments in Member States to the need for effective enforcement of existing national laws and to relevant Community legislation.

2.5.2. On the matter of labelling and advertising generally, the Committee draws attention to the need to supplement legislation by education and information particularly where questions of consumer health and safety are involved.

2.6. Article 9

This has been dealt with under the 'General comments'.

⁽¹⁾ OJ No C 124, 23. 5. 1986, p. 7.

2.7. *Annex*

2.7.1. The Committee notes that Annex I lists four groups of foods for which specific provisions shall be laid down, but that two of these groups — infant formulae and follow-up milk — are already the subject of a proposal for a single Directive covering both. The

information in the Annex is therefore confusing and should be corrected perhaps by a footnote thereto.

2.7.2. Furthermore, the terms used in the different Community languages on follow-up milks present some anomalies and need to be re-examined and standardized.

Done at Brussels, 17 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on the proposal for a Council recommendation on the coordinated introduction of the integrated services digital network (ISDN) in the European Community⁽¹⁾

(86/C 328/05)

On 9 June 1986 the Council decided to consult the Economic and Social Committee, under Article 100 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 September 1986 in the light of the report by Mr Nierhaus.

At its 239th plenary session (meeting of 17 September 1986) the Committee adopted the following opinion unanimously:

1. Introduction

1.1. The further development of telematics in the Community will have considerable economic and social repercussions which are difficult to gauge at the moment: the creation of a standardized Community-wide integrated services digital network (ISDN) for the transmission of information will play a key role here. This is the only way in which it will be possible in the medium and long-term to attain the main goals of the Community's policy towards telecommunications which were approved by the Council on 17 December 1984. These goals include, above all,

- creating a Community-wide market for telecommunication terminals and equipment, and
- improving the development of advanced telecommunication services and networks.

1.2. In consequence, the need to establish a Community-wide ISDN is set out in more or less explicit terms in all important Commission documents on the subject of telematics.

1.3. The Economic and Social Committee has pointed out, especially in its opinions on the Commission communication to the Council on telecommunications and the report and proposal for a Council Decision on a preparatory action for RACE, that the development of a Community-wide integrated services digital network is of primordial importance for telecommunications.

1.4. This plan represents one of the major challenges in the field of technology: using existing telephone networks as its basis, it is likely to be phased in by the end of the century and will require considerable investment.

1.5. One reason why the Commission's plan acquires a special significance is that comparable developments

⁽¹⁾ OJ No C 157, 24. 6. 1986, p. 3.

in, say, the European Free Trade Association (EFTA), could give EFTA countries the chance to cooperate more closely with the Community.

2. General comments

2.1. The Committee gives its express support to the proposal because:

- users will be provided with vast new possibilities for satisfying their growing demand for information,
- the large markets created will give the telematics industry the chance to increase production, reduce prices and thus improve sales in the face of USA and Japanese competition,
- the considerable investment required may also give employment a boost.

2.2. However, the Committee thinks that the Commission's plan to create a cross-border integrated services digital network could be implemented more readily if the proposal were to take the form of a directive instead of a recommendation.

2.3. Since funds will mainly have to be provided by national PTTs, the Member States will have to put considerable effort into coordinating the timing of the changeover and launch of the new services.

2.4. Irrespective of this, the Committee calls on Member State Governments to use the recommendation to reach agreement on standardized bearer services, teleservices and supplementary services and on the requisite specifications for transmission protocols, interfaces and equipment standards. If possible, this should be an international agreement.

3. Specific comments

3.1. The Committee considers that a good basis has been created for the future because all Member States already agree that the basic aim should be to create an ISDN with three-channel basic access (2 x 64 Kbit/s + 16 Kbit/s) or a primary rate access for PABXs with 2 Mbit/s. It will thus be possible to convert the present telephone network gradually in such a way that the new services will be available, via the present network, to both private and business subscribers.

3.2. Because of the considerable investment required to change over from analogue to digital transmission and switching, there is a danger that the gaps between the more and less developed regions of the Community

will widen. Therefore, the possibility of Community funds being used to even out the advances made in the Community should be considered.

The Committee points out in this connection that the funds earmarked for the STAR programme should not be reduced but that their deployment should be carefully linked to the introduction of the ISDN.

3.3. The Committee would stress in particular the openings which reasonably-priced ISDN basic accesses may create for small and medium-sized enterprises. The high speed transmission and utilization of data and the numerous technical possibilities afforded will put SMEs in a better position to compete with large enterprises and will thus go some way towards putting them on an equal footing.

3.4. The introduction of the ISDN will also require workers to learn new job skills. This should be taken into consideration by the Commission in good time. Suitable openings for basic and further training should be created in the countries of the Community with the support of Community projects.

3.5. The development and launching of a narrow-band ISDN based on the present analogue network is the subject of the present proposal. Although this goal represents a considerable technological challenge and will necessitate enormous expenditure, it is likely to be only one step on the road to a Community-wide broadband ISDN. Apart from offering further private services (e.g. TV, phone and video conferencing) the broadband ISDN will also make it possible to integrate public radio and TV broadcasting in full. Since this will have considerable technical, economic and social consequences, the Committee suggests that a discussion be held in the Community here and now on the relevant goals and their effects. At all events the goals must be defined at an early stage, because they will have a considerable impact on the strategy for extending the network. Thus, regardless of any move to expand the ISDN further, it is debatable whether broadband tree networks should be constructed on a large scale for TV transmissions.

3.6. The development of the ISDN and the fully integrated broadband network will benefit the economy but may also pose considerable social problems and threaten privacy (e.g. rationalizing effects of home-banking, aggregation of personal data from various

data banks, recording of telephone data, automatic speech recognition, monitoring of TV viewing). On the other hand, these networks will also make it technically possible to improve the protection of personal data.

3.6.1. The Committee advocates more information from the relevant bodies and more public discussion on this subject so that the public's fears and mistrust can be dispelled and the requisite legal basis for the protection of privacy and personal data can be improved. The political feasibility of the new openings created by the ISDN will also depend on these matters being settled. The more intensive marketing campaign called for in the recommendation should cover this aspect more fully at a very early stage, on the basis of sound legal and social provisions.

Done at Brussels, 17 September 1986.

3.6.2. On the other hand, the Committee considers that advanced integrated services networks will, for example, help to improve crime-detection methods and protect natural resources (e.g. saving of paper due to the use of electronic catalogues and records, long-term conservation of energy due to the replacement of TV transmitters, replacement of copper by silicon). These aspects should also be borne in mind in the marketing plans.

3.7. The Committee, like the Commission, sees a close link between the acceptance of the new services and the fixing of charges. During the switchover from the analogue to the digital network, the present level of charges should be maintained in principle despite the need for more investment. An unjustifiable increase in charges is likely to stifle demand considerably and make it difficult to reduce unit costs by producing terminals in large quantities.

The Chairman
of the Economic and Social Committee
Gerd MUHR

Opinion on the proposal for a Council Directive amending Directive 85/611/EEC as regards jurisdiction in disputes arising from the marketing of units of undertakings for collective investment in transferable securities (UCITS)⁽¹⁾

(86/C 328/06)

The Council decided on 7 May 1986 to ask the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, for an opinion on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for the preparatory work, adopted its opinion on 9 July 1986 (rapporteur: Mr De Bruyn).

At its 239th plenary session (meeting of 17 September 1986), the Economic and Social Committee adopted unanimously the following opinion:

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

1. Under Section VIII of the Council Directive of 20 December 1985 coordinating the laws, regulations and administrative provisions concerning certain under-

takings for collective investment in transferable securities (UCITS), such organisations had certain obligations to carry out in Member States other than that in which they were situated when marketing their units in those states. A purchaser of UCITS units may bring disputes relating to compliance with the provisions contained in Section VIII before the relevant court in the country where the UCITS' head office is located under Article 2 of the Brussels Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil

⁽¹⁾ OJ No C 129, 28. 5. 1986, p. 5.

and commercial matters between the Member States of the European Economic Community.

2. A purchaser of UCITS units may also bring the matter before the courts of his or her own domicile under Article 5 (1) of the same Convention, which provides for this possibility before the courts of the place where a contractual obligation in dispute has been, or is to be, performed. As Section VIII of the Directive of 20 December 1985 lays down that UCITS must carry out certain obligations in any Member State where their units are marketed, it is clear that this clause in the Brussels Convention may be invoked.

3. The Committee is pleased that the proposal also allows disputes to be brought before the courts in a Member State where units have been acquired, which may be a state other than that in which the UCITS has its headquarters or the purchaser his or her domicile.

4. But it should be pointed out that the first paragraph of Article 48a only applies if the UCITS has marketed its units, within the meaning of Section VIII of the Directive of 20 December 1985, in the Member State where the units were acquired.

5. The Committee considers that the proposal does not apply if the units were acquired on a stock exchange. Of course, while the stockbroker is an agent within the meaning of commercial law, when a purchase is made on a stock exchange the purchaser does not know who the other party is.

Done at Brussels, 17 September 1986.

The Chairman
of the Economic and Social Committee
Gerd MUHR

Opinion on:

— the proposal for a Council Directive amending Directive 83/181/EEC determining the scope of Article 14 (1) (d) of Directive 77/388/EEC as regards exemption from value added tax on the final importation of certain goods⁽¹⁾

and

— the proposal for a Council Directive amending Directive 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles⁽¹⁾

(86/C328/07)

On 18 July 1986 the Council decided to consult the Economic and Social Committee, under Articles 75 and 100 of the Treaty establishing the European Economic Community, on the abovementioned proposals.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 September 1986 in the light of the report by Mr Binnenbruck.

At its 239th plenary session (meeting of 17 September 1986), the Economic and Social Committee adopted the following opinion unanimously:

1. The Committee welcomes the Commission's proposals. It is of the view that goods will move more efficiently and freely within the Community if the num-

ber of technical and administrative checks at frontiers is reduced and crossings made easier for carriers.

2. In the Committee's opinion the proposals will help to reduce waiting times considerably for hauliers and their vehicles at the Community's internal frontiers and to alleviate customs formalities at most internal

⁽¹⁾OJ No C 183, 22. 7. 1986, p. 8.

frontiers. In particular this should be seen in the wider context of the efforts to establish uniform conditions for the common internal market, which is to be achieved by 1992 — including the intra-Community road haulage sector — and in which internal frontiers are to be abolished as far as possible. For this it is essential that frontier checks on the fuel tanks of commercial vehicles be abolished because the fuel contained in normal tanks is exempt from VAT and mineral oil tax.

3. In 1983⁽¹⁾ and 1985⁽²⁾ the Council decided to raise the tax exemption for fuel contained in the standard fuel tanks of motor vehicles — originally limited to 50 litres⁽³⁾ — to 200 litres for goods vehicles and 600 litres for passenger vehicles. These measures have had a positive effect on trade and transport and led to an appreciable reduction in frontier checks. The Committee is of the view that the present proposal to extend the minimum tax and duty-free amount of 600 litres to goods vehicles from the Member States is the right step at the right time towards the removal of the remaining frontier checks for road hauliers.

⁽¹⁾ OJ No L 105, 23. 4. 1983, p. 38, Directive 83/181/EEC of 28 March 1983; OJ No L 91, 9. 4. 1983, p. 28, Directive 83/127/EEC of 28 March 1983.

⁽²⁾ OJ No L 183, 16. 7. 1985, p. 21, Directives 83/346/EEC and 85/347/EEC of 8 July 1985.

⁽³⁾ OJ No L 175, 23. 7. 1968, p. 15, Directive 68/297/EEC of 19 July 1968.

4. The Committee has, however, some misgivings regarding the limitation of the minimum fuel exemption to 200 litres for vehicles arriving from a third country. Checking such vehicles at the frontier would raise practical problems for the customs authorities and for the traffic flow at crossing points, at least at those points linking a Member State with a third country (Austria, Switzerland, Yugoslavia). Prompt consideration should be given to what practical measures need to be taken to prevent new difficulties from arising at frontiers with third countries.

5. The Committee has already commented on other aspects of the proposed measures in its opinion of 4 July 1984⁽⁴⁾ on the Commission's proposal regarding the tax and duty-free admission of the total amount of fuel contained in tanks. Among other things it referred to the need to harmonize the conditions of competition in EEC road haulage and in particular to reduce the differences in the taxation of fuel in the individual Member States.

6. Finally, the Committee would refer to its basic policy guidelines for the facilitation of frontier formalities in goods transport in the opinion of 24 February 1983⁽⁵⁾.

⁽⁴⁾ OJ No C 248, 17. 9. 1984, p. 13.

⁽⁵⁾ OJ No C 90, 5. 4. 1983, p. 22.

Done at Brussels, 17 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on social developments in the Community in 1985

(86/C 328/08)

On 23 June 1986 the Commission decided to consult the Economic and Social Committee on social developments in the Community in 1985.

The Economic and Social Committee decided to appoint Mr De Bruyn as rapporteur-general with the task of preparing its work on the subject.

At its 239th plenary session (meeting of 17 September 1986), the Economic and Social Committee adopted the following opinion by a majority vote in favour and two votes against, with 15 abstentions:

1. General background

1.1. The Committee notes that in 1985 the Community's economic indicators were positive: the growth rate was 1% up on the previous year's figure; Gross Domestic Product (GDP) was 2,2% higher than in 1984; the average rate of inflation was 5,2%, one percentage point less than in 1984. Productivity and profit margins improved somewhat. The Committee also notes that investments were 2,2% up in the two-year period 1983 to 1985, thus recouping the drop registered in the previous two years and bringing them virtually up to the level of 1980, i.e. 15% below that of 1974⁽¹⁾.

1.2. On the social front, in the Community as a whole, wages rose less than average inflation. But unemployment continued to rise. In 1985 more than 13 million people (i.e. 11,1% of the working population) were unemployed in the Community of Ten. Following enlargement this figure rose to 16 million (12%). The progress represented by 200 000 new jobs created, contributing to an increase of 0,4% in the overall figure for people in work, is clearly inadequate.

1.3. As regards social expenditure, the Committee would refer back to its comments in the 1983 opinion; the updated figures published by the Commission for 1986 corroborate the fact that social-spending rates are not keeping pace with the growth of GDP. Moreover, according to the Commission's forecasts, it is conceivable that social spending will actually be cut in real terms. There is an unfortunate tendency for most Member States to reduce social welfare measures or increase employers' and workers' contributions in order to ease the financial strain on their social security systems.

1.3.1. Under these circumstances, divergent trends and social policies in the individual Member States are

exacerbating inequalities in income. Poverty and social conflict are on the increase. Destructive flare-ups and attempts to destabilize society by means of violence and delinquency are making a reappearance, along with racism and xenophobia.

2. The impact of unemployment

2.1. *The uneven distribution of unemployment*

2.1.1. Wherever it occurs, the costs of unemployment are high, in personal as well as social and economic terms⁽²⁾. The Committee notes, however, that global figures on the level of unemployment can all too easily mask its disproportionate and aberrant impact on particular areas and particular groups such as migrant workers⁽³⁾. The Committee believes that policies to tackle unemployment must take proper account of the varying needs of different regions and groups.

2.2. *Regional distribution of unemployment*

2.2.1. The uneven geographical spread of unemployment is well documented and need not be repeated here. But it should not be forgotten that the level of unemployment can vary greatly within regions. The problem of unemployment is particularly acute in some large cities where the decay of the industrial and social fabric has led to a process of social decline and the creation of economically moribund zones living increasingly on the margin of society. This has brought in its wake a rise in civil disorder, often with alarming racial overtones. Nor must the high rate of unemployment in some of the rural areas of the Community be forgotten.

⁽¹⁾ Source: EEC Commission and OECD; see also opinion ESC on the economic situation in the European Community.

⁽²⁾ OJ No C 286, 24. 10. 1983, see ESC opinion on social developments in the Community in 1982.

⁽³⁾ OJ No C 343, 25. 12. 1984, see ESC opinion on migrant workers.

2.3. *Youth unemployment*

2.3.1. The official rate of unemployment (established on the basis of figures supplied by the Member States according to different criteria) for the under-25s in the Community as a whole is still worrying (37,1% compared with 38,3% in 1984). This situation must spur all the Member States and the Community as a whole into promoting further measures to tackle the problem⁽¹⁾, given that 4,8 million young people in the pre-1986 Community were without a job. The challenge is all the greater with the accession of Spain and Portugal which adds more than 1,5 million to this figure.

2.3.2. The Committee notes with concern that in addition to the young people with qualifications and training who are finding it hard to get a job, there are a great many youngsters who possess neither the qualifications nor the vocational training required to compete on the labour market.

2.3.3. The Committee welcomes the Decision of the Council of Ministers of 17 October 1983 whereby, with effect from 1984, 75% of available European Social Fund resources are to be allocated to promoting employment opportunities for those aged under 25. One of the effects of this is that in a number of Member States additional measures are being taken to provide young people with opportunities for gaining work experience, thereby enhancing their future employment prospects. The Committee therefore welcomes the review of such measures undertaken by the Commission; this will help build up a valuable data base and encourage the exchange of information and experience and the adoption throughout the Community of those schemes which are considered to be effective. It urges the Commission to follow up this review with a resolution adapting the 1984 resolution⁽²⁾ with a view to concerted action.

2.3.4. In this context the Committee notes that a number of Community initiatives in the social sector might produce more substantial results if they were based on an up-to-date analysis of trends in the individual Member States, drawn up in conjunction with the social partners. Accordingly the Committee feels that a system of collecting such information could usefully be established.

2.4. *Women and unemployment*

2.4.1. The Committee notes that the unemployment rate among women had risen to 12,1% in December 1985, compared with 11,7% in December 1984. This is due in particular to the increasing number of women registering for work in many of the Member States. Women, however, account for only 37% of the total number of people employed throughout the EEC, com-

pared with 43% in the USA for instance. As the Committee recently stated:

'This is why positive action for women is needed at Community level. Such positive action, in the context of worsening female unemployment, needs to be activated in an integral rather than unilateral way. An overall data-based assessment of women's position on the labour market, linked to a carefully indiscriminate jobs creation policy which would objectively incite better female activity rates, ought to be seriously attempted'⁽³⁾.

2.5. *Unemployment and the disabled*

2.5.1. The handicapped constitute approximately 10% of the population of the Community and therefore represent a potentially significant pool of productive talent. In some Member States the disabled have experienced the effects of the world recession more severely than other disadvantaged groups. Further measures aimed at the social and economic integration of the physically and mentally handicapped need to be taken⁽⁴⁾.

2.6. *Unemployment and older people*

2.6.1. The Committee notes the difficulties experienced by older workers in re-entering the labour market after they have lost their jobs and the impact this has not only on the overall level of unemployment, but also on their family and social life. The Committee believes that consideration should be given to the ways in which the skills and knowledge of such workers can be used more effectively and geared to current needs, thus enhancing their employment prospects.

2.7. *Social security*

2.7.1. The Committee notes that proposals for tailoring social security to changed economic, sociological and demographic needs are under active consideration in a number of Member States, taking into account the current budgetary constraints resulting largely from unemployment.

2.7.2. In this connection the Committee would point out that the underlying basis of social security is solidarity. This is reflected in the system of contributions and may also be reflected in the tax system. Accordingly, some Member States have a system whereby

⁽¹⁾ OJ No C 211, 8. 8. 1983, see ESC opinion on youth employment.

⁽²⁾ OJ No C 29, 4. 2. 1984, Council resolution of 23 January 1984 on the promotion of employment for young people.

⁽³⁾ OJ No C 189, 28. 7. 1986, ESC opinion on equal opportunities for women — Medium-Term Community Programme — 1986 to 1990.

⁽⁴⁾ OJ No C 189, 28. 7. 1986, ESC opinion on the employment of disabled people.

social security contributions are earnings-related, while benefits are calculated on the basis of an earnings ceiling. Persons wishing to secure additional benefits may do so, either by joining a mutual benefit society or an insurance scheme. Nevertheless, the Committee believes that it is essential to maintain collective responsibility for the more vulnerable groups in our society as this is a fundamental aspect of solidarity.

2.7.3. At all events, as the Committee has already noted, social protection should not automatically be considered solely as a burden on the economy. It may also be a precondition for maintaining a high level of skills, efficiency and motivation in the economic life of Europe. Furthermore, the amounts levied do not drop out of the economic circuit; they are reintroduced in the form of benefits which play an important role in maintaining economic activity and thus preventing an even greater decline⁽¹⁾.

3. Unemployment: the most urgent problem

3.1. Faced with the need for the Community to accord genuine priority to unemployment, the necessary guidelines and conditions must be established for the drawing up and implementation of an overall strategy based on the interdependence of economic and social policy.

3.1.1. With over 13 million people out of work in the Community in 1985, the problem of unemployment clearly has priority. The solution resides *inter alia* in creating opportunities for economic growth and improving firms' competitiveness. It is patent, however, that market forces alone cannot generate enough growth to significantly influence the job situation.

3.2. The task in hand is to get the right quality of growth, making the necessary policy decisions and regulating the pace of economic growth to ensure that the labour market will benefit to the maximum.

3.2.1. It is, after all, political decisions which determine the balance struck between monetary policy and investment credit policy; between public spending (including spending on social security) and public investment on the one hand and tax policy on the other; between taxation and the need to safeguard firms' competitiveness and workers' purchasing power; between the quality of supply and demand on the labour

market; between productivity and the reorganization of working hours; between the different types of R & D and the impact on production and services.

3.2.2. Looking ahead to the completion of the internal market, which will cover both supply and demand, the Committee would reiterate that, if we are to ensure a fair distribution between income from capital and income from labour, we must adopt policies which give due weight to social considerations and have a Community dimension.

4. Social policy and a Community strategy to combat unemployment

4.1. *The role of EEC social policy*

4.1.1. With reference to its three opinions of recent years⁽²⁾, the Committee would once more stress the interdependence of economic and social policy, and in particular the need to preserve social cohesion and solidarity as essential elements in the kind of sustained economic growth which can create jobs and constructively reduce the inequalities in living conditions.

4.1.2. Technological change, improving firms' competitiveness and performance, completing the internal market, budgetary problems, tax and wage questions, the use of profits for job-creating investments, the adaptability of the labour market, the reorganization of work, training and retaining — all these questions are involved in a strategy for employment and all must be set in a social framework and ethic so as to ensure a flexible approach, based on a consensus, and hence effective. In line with this overall approach, two years ago the Council expressed itself in favour of 'gradually promoting a European social area' and stated that:

'The Community will not be able to strengthen its economic cohesion in the face of international competition if it does not strengthen its social cohesion at the same time. Social policy must therefore be developed at Community level on the same basis as economic, monetary and industrial policy (...). The Community must help to strengthen the links between economic and social policies so as to boost its competitiveness and its solidarity *vis-à-vis* the outside world. The success of a proper economic policy is an essential requirement for the implementation of an adequate social policy. An effective

⁽¹⁾ OJ No C 343, 23. 12. 1984, p. 29, ESC opinion on current social security problems in the countries of the EEC.

⁽²⁾ OJ No C 286, 24. 10. 1983, OJ No 307, 9. 11. 1984 and OJ No C 218, 29. 8. 1985, the opinions on social developments in the Community in 1982, 1983 and 1984.

social policy is a necessary support for economic policy. The changes necessitated by technological change should be backed up by a policy of education and vocational training, a labour-market policy and a social policy, with a view to allowing and encouraging rapid and successful adjustment' ⁽¹⁾.

The Committee fully endorses this statement and urges that it be rapidly reflected in Community policy.

4.2. *Community instruments*

The principal means whereby the Community can promote such a social policy are:

- legislation and action programmes,
- the structural funds,
- social dialogue.

4.2.1. *Community legislation* in the social field made no significant advances in 1985: the proposed directive on the consultation of employees is still blocked at the Council, as are other Directives on part-time work, parental leave, etc. So too is the 'recommendation' on the reorganization and reduction of working hours which, through collective bargaining procedures at various levels, can stimulate employment without necessarily increasing unit costs.

4.2.1.1. Similarly, the important ideas expressed at the meeting of the Standing Committee for Employment in May 1985 have not been implemented, while the Commission's 1986 Programme shows no sign of an overall strategy based on such guidelines.

4.2.1.2. Although the Commission Programme postulates that the creation of a European economic and social area goes hand in glove with the harmonization of living and working conditions, with health and safety standards at work and with vocational training opportunities, it fails to suggest ways of aligning social security measures and instruments which, in the individual Member States, are an integral part of the economic system in general.

4.2.1.3. The Committee would also point out that in its Programme, after restating the basic principles, the Commission proceeds to formulate its employment proposals along traditional lines. The proposed measures to rationalize use of the structural funds are

totally vague, whereas, if only because of the Community's enlargement, urgent re-adjustments and increased resources are called for.

4.2.1.4. The Committee is fully aware of the practical difficulties facing the Commission — whilst there is often a broad consensus amongst the Member States as to general principles, they are at odds when it comes to their specific application.

4.2.2. The Committee has issued opinions on the revision of the main structural Funds, stressing that Community aid cannot be made more effective simply by reallocating present, inadequate resources ⁽²⁾.

4.2.2.1. The Social Fund can be seen to be a key element of the strategy to secure institutional change whereby the educational and training systems can respond more positively to the needs of business for a more highly skilled and flexible workforce capable of adapting to technological change. The Committee notes the improvement in training opportunities for young people, in many cases leading to more secure employment, as a result of Social Fund policy. It approves the new guidelines for the Fund to give priority to training programmes linked with the introduction of new technology. In this connection it has also approved Community programmes such as COMETT, which is aimed at promoting cooperation between universities and industry on advanced training in the new technologies. The Committee would reiterate its request for a more substantial allocation to be made to the European Social Fund from the Community budget.

4.2.2.2. The Committee thinks that, in addition to restructuring existing Community Funds, and without reducing the resources of these Funds, consideration should be given to setting up a new Community Employment Fund for cooperation in the field of growth and employment. Its brief would be to help control and humanize the implications of the modernization of firms and to promote major infrastructure projects.

4.2.2.3. The Committee calls on the Commission, together with the European Investment Bank, to consider the feasibility of setting up such an EEC-wide Employment Fund, based on new facilities for job-creating investment credit, for SMEs in particular.

4.2.3. As far as the dialogue between the two sides of industry in the Community is concerned, the Committee

⁽¹⁾ OJ No C 175, 4. 7. 1984, p. 1, conclusions of the Council of 22 June 1984 concerning a medium-term Community social action programme.

⁽²⁾ OJ No C 124, 9. 5. 1983, ESC opinions on social developments, *op. cit.*; and on the revision of the European Social Fund.

notes that the Council considers that carrying out a Community social policy and Community industrial strategies implies the continuation and development of the dialogue between the two sides of industry at Community level⁽¹⁾.

4.2.3.1. The Committee attaches great importance to the dialogue between the two sides of industry, but feels that satisfactory progress cannot be made without the appropriate commitment and legal instruments.

4.2.3.2. The Community initiatives in the social sector as described in the Commission Programme (extension of the second programme on poverty, action programme to promote the social integration of the disabled, local employment initiatives, health and safety, policy on migrant workers) could be better developed and produce more substantial results if they were based on a up-to-date analysis of trends in the individual Member States, produced in conjunction with the social partners.

(1) OJ No C 175, 4. 7. 1984, *op. cit.*, p. 3.

Done at Brussels, 17 September 1986.

4.2.3.3. Therefore, the Committee feels that there is an urgent need to set up a system for collecting information for the 'communications' (provided for in the Commission Programme) on living and working conditions, labour-market surveys and medium-term cost-benefit forecasts in the social sector. The Committee would also reiterate its call for the harmonization of social statistics particularly those on unemployment.

5. Conclusions

5.1. Community measures in the social field and the dialogue between the social partners are unlikely to have any real impact unless they form part of an overall, phased strategy for achieving the Community's main objectives.

5.2. The Community was established to bring the people of Europe together so that they could join forces in working for a common future. This basic aim was confirmed and given new vigour in the recent Single European Act. This revitalization must be encouraged so that a genuine European political, social and economic union can be created with a better chance of resolving the major international problems currently disrupting the social and economic life of the whole Community.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on the proposal for a Council Directive on the harmonization of the laws of the Member States relating to simple pressure vessels⁽¹⁾

(86/C/328/09)

On 20 March 1986, the Council decided to consult the Economic and Social Committee, under Article 100 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 September 1986 in the light of the report by Mr Flum.

At its 239th plenary session (meeting of 17 September 1986) the Economic and Social Committee adopted the following opinion by 100 votes in favour, with seven abstentions:

The Committee welcomes the proposal for a Directive, subject to the following observations:

1. Introduction

1.1. On 25 April 1985⁽²⁾ the Committee approved in general terms the new approach to technical harmonization of standardization in the hope that this would facilitate further progress towards the removal of barriers to trade arising from national laws and technical standards. One priority objective is to make a useful contribution to the creation of a genuine internal market by reducing the number of individual national rules and regulations applying to given groups of products. The slow progress so far towards this goal must be criticized.

1.2. The simple pressure vessels proposal is the first to be based on the Council resolution of 7 May 1985, which laid down the basic principles of the new approach. The proposal, therefore, deserves particular attention.

1.2.1. This attempt to harmonize the laws of the Member States relating to simple pressure vessels is, therefore, a model for future legislation. A specific aim of the Council resolution of 7 May 1985 was to establish a clear procedure for the harmonization of safety objectives. Legal certainty and verifiability are extremely desirable.

1.3. This first proposal to harmonize standardization in a specific field is not only a significant attempt to achieve free movement within the EEC internal market, it also has relevance for proposals in other technical fields. Particular attention should be paid to the safety of users and consumers and the avoidance of barriers to technological development.

1.3.1. Technology is a dynamic component of social policy. Rules governing safety technology have an important role to play in balancing economic and social interests (including health protection). Participation of the social groups is therefore called for.

1.3.2. If the interests of suppliers and users of products are to be balanced, technical rules will need to be adapted and harmonized within the Community. In this way it will be possible to eliminate technical barriers and guarantee the requisite level of safety.

1.3.3. A prerequisite for the establishment of the new method at EEC level is a distinction between functional 'safety requirements' and 'specifications for the manufacture of products'.

The Committee assumes that this distinction will enable the detailed discussion by experts which was a feature of the 'old method' to take place in a forum other than the Council, i.e. at CEN or CENELEC. This will leave the Council free to concern itself with the far more important question of creating a free market whilst guaranteeing the safety of all citizens.

1.3.4. It is not always easy to draw a clear dividing line between safety requirements and product specifications. The checks required thus take on considerable importance. Effective participation by manufacturers, authorities, consumers and workers is, therefore, essential.

1.3.5. Experience over several decades has shown that it is extremely difficult to harmonize physical dimensions and weights in Europe. The problems associated with applying such multi-disciplinary concepts as product safety to standardization are even greater, necessitating a very careful approach in working procedures.

1.3.6. The Committee feels that it is particularly important that the scope of the directive be defined with sufficient precision. What must be avoided is a

⁽¹⁾ OJ No C 89, 15. 6. 1986, p. 2.

⁽²⁾ OJ No C 169, 8. 7. 1985, p. 15.

situation where individual products are regulated by a mass of directives. This would defeat the whole purpose of the new approach.

Notwithstanding these difficulties, efforts must be made to achieve uniform Community rules as soon as possible, as this is one of the preconditions for free competition in a single European market.

2. General comments

2.1. *The title of the directive*

The stated aim of the directive is to harmonize the provisions laid down by law, regulation or administrative action applicable to simple pressure vessels. It is extremely doubtful whether there are sufficiently detailed rules with force of law in certain Community countries. Standards drawn up by organizations established under private law generally go no further than stipulating the technical conditions for the manufacture of products. There is no responsibility for the establishment of safety and health objectives. This is a matter for government action in consultation with manufacturers, workers and consumers.

2.2. *Article 1*

The field of application specified is unsatisfactory.

There is no comprehensive definition of 'essential safety requirements'. A distinction needs to be made between simple and complex (or more hazardous) pressure vessels; the extent to which the consumer is affected in the event of damage occurring also needs to be defined. And finally, a clear distinction must be made between the establishment of safety objectives and the various technical options for achieving them.

The Section feels that the principle of laying down safety requirements, the non-observance of which would give rise to sanctions, requires that the directive's scope be clearly defined. In this way the Commission will also prevent the procedure for simple pressure vessels from being slowed down as a result of the more stringent checks applicable to complex pressure vessels.

The list of pressure vessel materials should be dispensed with, bringing the following advantages:

- (a) Certain problems with adaptation to technological progress will be avoided. As it would hardly be reasonable to submit a decision to the Council every time the scope of the directive has to be extended to cover newly developed materials, the Committee suggests that the possibility be studied of authorizing the Commission to lay down the materials to be used in pressure vessels without consulting the Council.

- (b) Certain distortions of competition as between 'harmonized' and 'non-harmonized' pressure vessels will be avoided. In order to preclude such distortions of competition on the market the Committee urges that new proposals on complex pressure vessels with different risk categories be submitted at an early date in order to ensure that the whole field of pressure vessels is covered with maximum clarity.

2.3. If, as stated in the proposal for a directive, mandatory rules do not lead to levels of safety differing from one Member State to another, but do, because of their diversity, impede intra-Community trade, then the Committee wonders whether transitional measures are in fact necessary.

2.3.1. The Committee believes there is a risk that discrimination based on standards will in fact continue to be possible during the transitional period, for example in the area regulated by the low-voltage Directive. At the same time there would be no incentive for countries with existing standards to develop European standards. In the specific case of pressure vessels some Member States have voluntary standards and others legally binding technical regulations. Difficulties can be foreseen for certain Member States unless there is a clear legal classification of the rules. Otherwise, when the directive entered into force, these Member States would find themselves in a 'vacuum' until the European standards were adopted. In such a situation the Commission would have to introduce new transitional arrangements for those Member States, to prevent discrimination between countries with and without standards.

2.3.2. The Committee therefore proposes that the transitional period be dispensed with and every effort be made to promote the early establishment of European standards. The Committee calls on the Commission to submit a timetable drawn up in consultation with CEN/CENELEC as provided for in the Council resolution of 7 May 1985 so that the parties concerned will know when the European standards will be entering into force.

2.4. In its opinion on the new approach, adopted on 25 April 1985, the Committee pointed out that the new approach made it necessary for the Council to adopt the Directive on product liability (Directive 85/374/EEC). The Committee calls on the Commission to study the consequences of the present draft directive for consumers and manufacturers particularly in conjunction with Article 7 (d) of the product-liability Directive, which gives no clear ruling on liability in the event of rules laid down by public authorities being unsound.

2.5. The directive should cover both essential safety requirements and the inspection of vessels. But the

essential safety requirements contained in the draft directive so far take account only of the manufacture of pressure vessels; the safety aspects of the placing in service of pressure vessels, their installation, use and maintenance are not adequately dealt with (point 4, Annex I) and should, the Committee feels, be more precisely defined. The Committee fears that the effect might otherwise be to limit the roles of the inspectorates and the safety committees. The Committee also considers that it would not be a good idea to deal with this problem in a separate directive. This would not set a good example for future Directives.

3. Specific comments

3.1. Articles 1 and 3

In Articles 1 and 3 limits are set for pressure potential (20 and 10 000 bar/litres) and for operating temperatures.

- The energy limits of 10 000 bar/litres and 20 bar/litres seem too high; they do not form part of an overall safety system. There are different attitudes to pressure potential in the various Member States and different inspection requirements.
- The Committee recommends that the Commission draw up a practical list of operating data and spheres of use for simple pressure vessels. The safety concept should be developed from this.

Account should be taken of, *inter alia*, the following points:

- maximum and minimum operating temperatures,
- pressure limits,
- protection against fragments,
- quality assurance throughout a vessel's operating life, with particular reference to corrosion.

Done at Brussels, 17 September 1986.

3.2. Article 6

This Article lays down that both the Member States and the Commission may refer questions of interpretation to the Standing Committee (set up pursuant to Directive 83/189/EEC). The Committee has to deliver its opinion without delay.

The Committee feels that the Standing Committee should not be consulted on questions of standardization until it has the basic guidelines for safety requirements applicable to simple pressure vessels that are to be drawn up by the Commission and the Council. It must also be ensured that these safety requirements cannot be laid down by bodies established under private law.

3.3. Articles 8, 10 and 11

With regard to EEC type examination, it is not clear how the inspection body should be equipped and organized; the inspection criteria are also unclear. There must be overall coordination of the certification system, the safety limits for pressure and the type of tests.

3.4. Articles 12 to 16

Articles 12 to 16 deal with safety aspects and the EEC mark. In this connection the Committee points out that operating safety with pressure vessels is achieved by means of a balanced quality system in planning, manufacture, operation and inspection. The EEC mark provides a guarantee of safety only if such a quality system is mandatory and is closely monitored. The Committee asks the Commission to consider these points carefully.

3.5. The Annex

The Committee feels that the Commission must have the power to adapt the Annex to technical progress (e.g. as regards pressure vessel materials) without the Council having to initiate a formal amendment procedure.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

**Opinion on the Commission communication to the Council and to the European Parliament
entitled 'Completion of the Internal Market: Community Legislation on Foodstuffs'**

(86/C 328/10)

On 20 November 1985 the Commission decided to consult the Economic and Social Committee on the abovementioned Commission communication.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 and 2 September 1986 in the light of the report by Mr Hilkens.

At its 239th plenary session (meeting of 17 September 1986) the Economic and Social Committee adopted the following opinion by a majority vote, two votes against and nine abstentions:

1. General comments

1.1. The Committee welcomes the Commission's intention of speeding up the establishment of the internal market in foodstuffs. The Committee is thus in accord with its previous opinion on the completion of the internal market⁽¹⁾. The Committee regrets that it has taken so long to develop a coherent Community policy on foodstuffs.

1.2. The Committee shares the Commission's view that the creation of the common market in foodstuffs poses particular problems which call for specific solutions.

1.2.1. Particular care thus needs to be taken to ensure that there are no negative consequences for human health or existing food quality expectations.

1.2.2. To this end a high level of protection will have to be ensured in the harmonization of food laws, which will have to be based on the most advanced standard.

1.2.3. The Committee has commented in several opinions on the link between diet and health, e.g. the opinion on the Programme of Action on Cancer Prevention (OJ No C 101, 28. 6. 1986, p. 22 *et seq.*).

1.2.4. The Commission's communication is based on the assumption that as far as health and food quality are concerned, the Member States' food laws already operate satisfactorily.

1.2.4.1. In view of the major differences in foodstuffs legislation between the Member States, the Committee considers that it is impossible to make any statement as to whether levels of protection are equivalent. Very considerable differences in the enforcement of legislation have for example already been noted and these differences naturally have a considerable effect on the actual level of protection. The Committee, therefore, considers it essential that the Commission submit a comparative study making clear the disparities between Member States' food laws.

2. Health

2.1. The Committee has noted with satisfaction the Commission's intention of introducing Community legislation on health protection and safety.

The Committee considers that a directive should be issued defining the requirements for health protection and safety. This would also make it possible to eliminate any barriers to trade. Without sufficient clarity in the area of health and safety there can be no internal market in foodstuffs.

2.2. Additives

The Commission's plan to complete the positive list of approved additives is in principle welcomed. The Committee points out that it must also be possible to adapt these lists in the future. The use of additives on the positive list should be permitted only if these additives do not pose any risk to human health and are technically necessary.

2.3. Plant protection products and veterinary preparations

The Committee would draw attention to the fact that residues of plant protection products (e.g. DDT) and veterinary preparations (such as hormones or antibiotics) in food pose a threat to health. Strict rules should apply here; the Committee therefore regrets that the Commission has not gone into this point.

2.4. Hygiene rules

The Committee regrets that the Commission does not envisage any further proposals on the harmonization of the rules on hygiene in respect of foodstuffs, one of the most important problems in the field of public health.

⁽¹⁾ OJ No C 344, 31. 12. 1985.

3. Consumer protection and labelling

3.1. The Committee welcomes the Commission's intention to supplement the existing Directive on labelling, presentation and advertising. The Committee would like to stress here that an effective system of informative labelling in combination with systematic consumer education is absolutely necessary if the proposed internal market in foodstuffs is not to be established at the consumer's expense.

3.2. A labelling directive should lay down a clear and comprehensible labelling system mandatory throughout the Community, to protect the consumer from misleading information on labels.

4. Competition and foodstuff quality

4.1. Assuming that consumption in the Community remains constant, the increased competition resulting from the creation of the internal market in foodstuffs may alter the sales pattern of the various suppliers. Such a change in the structure of supply carries with it the danger of distortion of competition and reduced quality.

4.2. The Committee points out that existing national legislation will come under pressure if local industry has to comply with (national) standards which are more stringent than those applicable to imports.

4.3. The establishment of minimum standards is probably unavoidable, if the quality of foodstuffs is to be guaranteed and distortion of competition prevented. One could envisage directives on the composition of groups of products and well established specialities, as well as quality seals and other quality marks and the clear marking of imitation products. Consideration should also be given to codes of conduct drawn up jointly by industry and consumers' organizations.

4.4. The Committee feels that the issue of further vertical framework directives on foodstuffs will be unavoidable in a limited number of cases. The Committee welcomes the Commission's statement that the existing vertical directives will remain in force.

4.5. Better supervision of competition is needed if local and regional quality products are to be preserved. Consideration should be given to compositional rules and binding minimum standards which would make it easier to supervise and curb distortions of competition.

4.6. In this regard the Commission's generally dismissive attitude towards compositional rules is difficult to understand, particularly in the light of the judgments of the European Court of Justice to which the Com-

mission refers. In case 120/78 and subsequent judgments concerning the interpretation of Article 30 *et seq.* of the EEC Treaty, the European Court of Justice has expressly and increasingly recognized that the Member States may retain national measures that restrict the free movement of goods in the Community, if these measures are necessary in order to meet essential requirements, including fair trading and consumer protection.

5. Official inspection

5.1. The Committee agrees with the Commission that official inspection for the protection of health is by its very nature a matter for legislation. The Committee stresses the need for the harmonization of national inspection provisions.

5.2. The Committee recommends that the Commission's planned new draft directive should provide for the possibility of checks at all relevant points (particularly at the places of production or cultivation, in processing plants, and in the wholesale and retail trade).

5.3. To enable the inspection authorities to deal directly with the actual producer, the origin of the goods should be indicated on the package at least by a code number; this information should be given on the bulk container in the case of goods sold loose. In addition to the producer, processing firms should be subject to inspection and liability.

5.4. Arrangements should be made for a direct exchange of information between the supervisory bodies of the Member States by means of modern information technology (the Commission's IRIS Programme). This should enable the relevant local bodies to inform each other without administrative delay whether a 'foreign' product complies with national requirements. In addition steps should be taken to make possible the exchange of test data concerning constituents of foods that have already been analyzed.

5.5. The Committee would also suggest that consideration be given to a division of labour and cooperation amongst the national authorities of the Member States whereby:

- decisions taken by an approved laboratory in one Member State would be valid in the other Member States — this would reduce the risk of duplication of checks at borders,

- specialization by the various authorities would be encouraged.

5.6. The Committee would also recommend that a Community inspectorate be set up with responsibility for spot checks on foodstuffs at points of sale of the ultimate consumer.

6. Division of legislative powers between the Council and the Commission; New procedure

6.1. The Committee approves the Commission's proposal in so far as it envisages a speedier and simpler procedure for the adoption of foodstuff directives within the framework of the establishment of the internal market by 1992, subject to the following comments.

6.2. The Committee notes that the original proposal of the Commission (COM(85) 603 final), on which it has been asked to give an opinion, has been modified as a result of the 'Single Act'.

6.3. While the framework foodstuff directives will still be submitted to the Council, under the new consultative procedure the Commission would be empowered to adopt specific implementing Directives after consultation of the Scientific Committee for Food on health questions and the Standing Committee for Foodstuffs in all cases, without the necessity for voting in the Standing Committee for Foodstuffs which has been required hitherto. The Commission can also consult the Advisory Committee on Foodstuffs as it has done so far.

6.4. The Committee does not agree with the introduction of the aforementioned new procedure as it would give too much power to the Commission without

guaranteeing adequate and appropriate consultation. Such a procedure is insufficiently transparent.

6.5. The Committee would take this opportunity to express its regret that the Commission has not adequately defined the spheres of competence and methods of working of the various foodstuffs committees in its proposals.

6.6.1. The Committee insists that it be consulted by the Commission in the future. In this connection it calls for Commission proposals to be made public. The views of the Advisory Committee on Foodstuffs (mandatory in all cases) and of the Scientific Committee for Food (in health matters) should be appended to the dossier referred to the Economic and Social Committee for an opinion.

6.6.2. In the Committee's view the principle of voting within the Standing Committee for Foodstuffs must be retained. In the interests of rapid establishment of the internal market, the Committee proposes that the Standing Committee for Foodstuffs vote by a qualified majority.

6.7. Finally, the Committee feels that the Commission ought to draw up an annual report on implementing directives for the European Parliament.

Done at Brussels, 17 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

APPENDIX

The following amendments were rejected by the Committee in the course of the discussions:

Page 1

Insert a new point 1.1 (a) to read as follows:

The Commission proposal gives a review of the current situation regarding the harmonization of legislation on foodstuffs.

This review is incomplete, omitting for example the following Directives/Regulations:

- rapeseed oil
- preserved milk (Directive 76/118/EEC)
- pesticide residues (vegetables)
- meat: residues which are undesirable for consumption (hormones, antibiotics, etc.)
- water content of poultry
- ban on ionizing treatment (meat)
- labelling of wine
- labelling of fruit and vegetables (quality standards)
- labelling of eggs (freshness, size, packing date)
- fat content of butter
- fresh milk (fat content, etc.).

Given these omissions, one may reasonably ask what is the real scope of the powers sought by the Commission and of its proposal on labelling.

Is it a question of harmonization of legislation on all foodstuffs or only some; of labelling of all foodstuffs or only some, and if so, which?

A delegation of power to the Commission cannot be discussed when its scope is so unclear and will produce legal uncertainty.

Reasons

The amendment, which was accepted by the rapporteur at both section and study group level, is self-explanatory.

Result of the vote

For: 26, Against: 34, Abstentions: 39.

Opinion on the proposal for a Council Directive amending Directive 79/112/EEC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer⁽¹⁾

(86/C 328/11)

On 29 April 1986 the Council decided to consult the Economic and Social Committee, under Article 100 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 and 2 September 1986 in the light of the report by Mrs Dore.

At its 239th plenary session (meeting of 17 September 1986), the Economic and Social Committee adopted the following opinion by a majority, with four abstentions:

1. General comments

1.1. By eliminating national derogations concerning labelling, allowed under Directive 79/112/EEC, and by introducing new horizontal labelling rules made necessary by technological, economic and social developments, this proposal for a directive aims to contribute to the completion of the internal market and to help ensure better and identical consumer information throughout the Community.

1.2. If an internal Community market is to be established, a high level of information is required to ensure fair competition between manufacturers and to enable consumers to make informed choices.

1.3. The proposal for a directive also extends the number of cases where labelling measures can be adopted under a simplified procedure. Paragraphs 3, 6, 8, 9, 11, 15 and 17 of Article 1 of the current proposal for a directive specify new cases in addition to those already provided for in Directive 79/112/EEC (Articles 6 (4) (d), 6 (5) (b) second indent, 7 (1) (3), 8 (4) final paragraph, 9 (4) final paragraph, 16 (2) final paragraph and 19).

1.4. The Committee feels that the increase in the number of labelling measures which can be adopted under a simplified procedure is justified by the technical nature of the measures in question and by the need to speed up the process of harmonization. The Committee is not, however, in favour of the new simplified procedure introduced by Article 1 (20) of the proposal for a directive, and in this connection would refer to the comments set out in point 3.6 of the Preliminary Draft Report of the Section for the Protection of the Environ-

ment, Public Health and Consumer Affairs on the Commission communication to the Council and to the European Parliament entitled Completion of the Internal Market: Community Legislation on Foodstuffs (rapporteur: Mr Hilkens).

2. Specific comments

2.1. *Article 1, paragraph 1 (extension of the scope of the directive to cover restaurants, hospitals, canteens and other similar mass caterers)*

2.1.1. The Committee endorses this provision, which extends the field of application of Community labelling and presentation rules to cover foodstuffs used by mass caterers. This will help to ensure clear information on foodstuffs in a fast-growing sector.

2.1.2. In view of the increasing number of people taking meals outside the home the Committee would like to see common principles and rules governing consumer information on meals provided by mass caterers laid down in the near future.

2.2. *Article 1, paragraphs 4 and 5 (mandatory indication of direct treatment with ionizing radiation)*

2.2.1. The Committee appreciates the value of the Commission proposal, which will enable consumers to identify foodstuffs treated with ionizing radiation (X or gamma rays, or beams of accelerated electrons).

2.2.2. Given the present lack of Community legislation authorizing this type of treatment, and also in order to take account of differences in national legislation, the Committee feels that the seventh recital in the preamble concerning the mandatory indication of this type of treatment should be amended to read as follows:

⁽¹⁾ OJ No C 194, 23. 5. 1986, p. 5.

'Whereas authorization to treat certain types of foodstuffs with ionizing radiation has been granted in several Member States and whereas consumers should be informed of such treatment'.

2.2.2.1. Contrary to the Commission proposal (Article 1 (5)), Article 6 (5) (b) of the basic Directive should not therefore be amended.

2.2.3. In the interests of consumers and the food industry the Committee would like to see a common wording or means of identification for this kind of treatment throughout the Community.

2.3. *Article 1, paragraphs 7 and 23 (abolition of the provision enabling flavourings to be indicated in accordance with national legislation, and addition of a 'flavouring(s)' category to Annex I)*

2.3.1. The Committee is in favour of a single Community rule governing the indication of flavourings.

2.3.2. The Committee would like Article 1, paragraph 23 to be worded more precisely. The present wording to the effect that the designation 'flavouring' may be supplemented by an indication of the animal or vegetable origin of the aromatizers used would not seem to be entirely satisfactory. Work currently being carried out on the definition of categories of flavourings should be taken into account in determining what additional indications may be given to make the designation 'flavouring' more explicit.

2.4. *Article 1, paragraph 10 (abolition of the obligation to specify net quantities of spices and herbs of less than five grams)*

2.4.1. The Committee notes that this measure is justified by practical problems of application.

2.4.2. The Committee would like to see the possibility of a threshold higher than five grams examined at the earliest opportunity.

2.5. *Article 1, paragraph 12 (abolition of the right to permit 'use before...' dates for microbiologically highly perishable foodstuffs)*

2.5.1. 'Use before' dates have been adopted by a large majority of Member States to indicate the minimum durability of microbiologically highly perishable foodstuffs.

2.5.2. The 'use before' formula would seem to have a number of advantages for consumers, the food industry and the inspection authorities. From the consumer's point of view it has the merit of greater force than the

'best before' formula and it highlights the perishability of certain foodstuffs. It has not posed any particular application problems for the industry and it has facilitated close monitoring of products that are sensitive from the health angle. The advantage for the inspection authorities is that the imperative nature of this method of indicating minimum durability makes it possible to prohibit the sale of a product once the date has been reached.

2.5.3. If, as stated in the Explanatory Memorandum, 'use before' and 'best before' dates mean the same thing to the consumer, one solution would be to employ only the 'use before' formula. This might, however, have one or two unwanted consequences, e.g.:

— there would be a tendency to extend the minimum durability period of some products,

— it would be more difficult to sell products which have passed the date of minimum durability but which are still quite fit for consumption, thus leading to a high level of waste.

2.5.4. The Commission proposal, whilst having the merit of laying down a common Community rule for expressing the date of minimum durability, is not therefore entirely satisfactory on this point.

2.5.5. The Committee therefore proposes that the possibility of employing 'use before' dates be retained in the case of microbiologically highly perishable foodstuffs. Parallel with this, Community provisions should be quickly adopted laying down standard conditions for the use of this indication (list of foodstuffs concerned — fixing of the period) with the threefold objective of improving consumer information as regards a label indication which could have health implications, of offering greater legal certainty to the food industry and of facilitating trade.

2.6. *Article 1, paragraph 13 (abolition of the right to permit the expression of the minimum durability of a foodstuff otherwise than in terms of the date of minimum durability)*

2.6.1. This Commission proposal appears justified in the light of the above proposal that 'use before' dates be retained for microbiologically highly perishable foodstuffs.

2.7. *Article 1, paragraphs 14 and 22 (drawing-up of a single list of foodstuffs which do not require indication of the date of minimum durability)*

2.7.1. The Committee welcomes the Commission proposal that there be a single list of foodstuffs which do not require indication of the date of minimum durability. The Committee feels that this solution, which would abolish the possibility of derogations by individual governments, is the most favourable one from the point of view of consumers, who are particularly attentive to date markings, and also for the industry, which would then have a single legal system, thus facilitating trade.

2.7.2. There might, however, be application problems for manufacturers in those Member States which had national derogations from the requirement to indicate minimum durability dates for ice creams in general, for foodstuffs whose minimum durability exceeds 18 months and for deep-frozen foodstuffs. Under the new Commission proposal these foodstuffs, with the exception of ice cream in single portions for immediate consumption, will no longer be exempt from the requirement to indicate the date of minimum durability.

2.7.3. The Committee feels that special deadlines could be fixed for the application of the provision to ice creams, foodstuffs whose minimum durability exceeds 18 months and deep-frozen foodstuffs. These adaptation periods could be established in the light of specific studies, taking particular account of the practical experience of Member States which have made date indication compulsory for these three types of product.

2.8. *Article 1, paragraph 16 (right to give label particulars on the commercial documents only in the case of foodstuffs pre-packaged and marketed at a stage prior to their sale to the ultimate consumer)*

2.8.1. The Committee wonders about the practical implications of the Commission proposal contained in Article 1, paragraph 16, which permits label particulars to be given only on the commercial documents relating to the foodstuff in question. This new possibility could, for example, make it easier for the labelling operations to be transferred from the manufacturing stage to the distribution stage.

2.8.2. It would seem that this provision is to apply to pre-packaged foodstuffs intended for the ultimate consumer but which are at a stage prior to their sale to the ultimate consumer. This poses two problems:

- the concept of ultimate consumer has not been defined,
- what labelling rules will be applied to pre-packaged foodstuffs intended for restaurants, hospitals, canteens and other similar mass caterers?

2.8.3. In theory this provision might allow pre-packaged foodstuffs such as canned goods and packets of frozen food to enter into circulation in the Community without carrying on their packaging any of the label particulars specified in Directive 79/112/EEC. This could give rise to certain risks. The absence of labels might prevent identification by the inspection authorities in cases where a specific foodstuff recognizable by its label was known to pose a health risk. Also, the commercial documents with the label particulars might get lost, and above all it would be difficult to link the label particulars (the date for instance) on the commercial documents with a given batch of non-labelled foodstuffs.

2.8.4. The Committee feels therefore that the Commission proposal contained in Article 1, paragraph 16, does not go far enough and needs supplementing on three points:

- detailed rules applicable to restaurants, hospitals, canteens and similar mass caterers,
- a requirement that the commercial documents with all the label particulars should *accompany* the foodstuffs to which they relate;
- introduction of specific arrangements making it easy for the documents with the label particulars to be linked definitely with the pre-packaged foodstuffs so as to enable these foodstuffs to be checked before sale to the ultimate consumer and ensure certainty in commercial transactions.

Done at Brussels, 17 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on relations between the European Community, Japan and the United States of America

(86/C 328/12)

The Economic and Social Committee decided on 18 December 1985, under the fourth paragraph of Article 20 of its Rules of Procedure, to draw up an opinion on relations between the European Community, Japan and the United States.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 9 September 1986 in the light of the report by Mr Curlis and Mr Staratzke.

At its 239th plenary session (meeting of 18 September 1986) the Economic and Social Committee adopted the following opinion unanimously:

EEC - Japan - USA relations

1. The European Community, the USA and Japan are the world's most important trading partners. As such they have a very great responsibility for the world economy as a whole — a responsibility that is made even greater by the close economic and political interdependence that exists between them and the countries of Europe, Africa, Asia and America which are very important in terms of population, resources and economic development potential. The present opinion deals in particular with the economic problems arising in this sphere.

2. Together accounting for some 55% of world trade, the three partners have a common interest in (a) creating the right conditions for the expansion of world trade, and (b) helping to ensure a more balanced development of the world economy.

3. As far as trade in industrial products and services is concerned, the EEC, the USA and Japan must of course continue to play their part in pursuing the goal of trade liberalization within the multilateral framework of GATT. In this context the Committee would refer to its opinion of 22 May 1986 on future GATT negotiations and the renewal of the Multifibre Arrangement⁽¹⁾. Japan's increasing trade surpluses with the USA and the European Community over recent years are seriously threatening to upset the balance of world trade.

4. As far as the agricultural sector is concerned, the three partners need to show greater solidarity to resolve the difficulties arising from the supply of farm produce outstripping effective demand. Surplus production in the USA and the EEC has not only led to trading difficulties between them but has contributed materially to lower world prices for an important range of commodities. This in turn has reduced the purchasing power of primary producing countries. Japan is far from self-sufficient in its food and feed requirements but is

planning significant increases in domestic production which, given the country's importance as an importer, will further weaken world prices. The Committee feels that the three partners ought to do everything in their power to make better use of the complementarity in their production and to strive for common solutions through coordination of their different agricultural policies. With greater medium and long-term coordination between themselves as well as with third countries the way should be open for more rational organization of production, which should lead to a progressive reduction in the cost of implementing agricultural support policies. The USA, the European Community and Japan should coordinate their farm policies through consultation within the framework of a new agricultural system under GATT. During the forthcoming round, production targets, subsidies and other aid measures should be dealt with, account being taken of the need for an international division of labour.

5. In the monetary field, the Committee notes with satisfaction the more realistic trends in the exchange rates between the yen and the dollar, and between the Community currencies and the dollar. Even so, the liberalization of capital movements in Japan would result in exchange rates reflecting real differences in purchasing power more accurately, with the yen rising accordingly. There is a similar more realistic trend in interest rates, which is making it possible for the European economy to pick up again as a result of the lower cost of money. These trends are also easing developing countries' debt burdens (debt servicing) and reducing the cost of their energy imports (lower value of the dollar).

6. The consultation machinery agreed recently in Tokyo to prevent excessive fluctuations in exchange rates will be able to play all the more positive a role in this context if major domestic economic measures are coordinated as far as possible. It is becoming more and more necessary to hold regular consultations before decisions are taken on major economic issues so that

⁽¹⁾ OJ No C 207, 18. 8. 1986.

national measures can take account of any repercussions on external relations and on partners. This is all the more important as imports from newly industrializing countries are playing an increasing role in the US and European Community economies.

EEC-Japan relations

7. The Committee notes that after centuries of isolation Japan has over the last 40 years or so made great efforts to open up to the outside world. For some years now a certain internationalization of Japanese society has been in progress and there has been a more pronounced interest in the western way of life, thereby creating challenges and opportunities for the Community's economic operators.

8. Certain specific features of Japanese culture as reflected, for example, in the capacity of the Japanese for extremely hard work, their perfectionism and their constant striving to improve the quality of their products, play an important part in the Japanese economy. In addition, Japan has for decades been organizing its productive apparatus on the basis of a strategic evaluation and penetration of the international market, and combining this with a concentration of its export effort on specific products and technologies. Japan also traditionally has a very low level of consumption and a very high savings ratio.

9. This interest in the international market has not, however, fundamentally changed the behaviour of Japanese consumers, who continue to prefer Japanese products. Moreover, the extremely high degree of vertical integration in Japanese production and distribution and the very close links between large companies, banks and government make the Japanese market almost impenetrable for foreign manufactures. The still inadequate presence of European entrepreneurs on the Japanese market—which is only partly due to linguistic problems—is another reason for the excessive Japanese trade surplus—a disquieting phenomenon. There are of course other factors which play a role here, not least of which is the undervalued yen.

10. In short, the cultural and economic factors described above, together with the fact that Japanese exports are centrally 'managed' through a complex, rather opaque but well-organized administrative system (industrial targetting, laser beaming) give rise to the justifiable conviction in the European Community that GATT rules do not operate as far as Japan is concerned.

11. In the policy Japan pursues in procuring supplies there are numerous examples of trading practices (two-tier price systems for non-ferrous metals, restrictions on imports of food products, discriminatory taxes on wine and spirits) which, while seeming to comply with

the letter of GATT, actually go against its spirit by severely affecting the economies of Japan's trading partners.

12. The Committee urges that these questions be tackled in the next GATT round.

13. In the meantime, to restore balance to the present situation and to prevent the Community having to take protective measures, the Committee considers that Japan should back up its undertakings to open up its markets—admittedly well-intentioned and undoubtedly effective in the long term—with quantitative import commitments so as to reduce the disproportion between imports and exports. If Japan does not increase its imports from the European Community, the latter will be obliged to take the necessary measures to curb Japanese exports, including the introduction of a special tariff or other appropriate trade sanctions.

14. Furthermore, Japan has now reached a stage of technological, economic and financial development where it must assume more responsibilities in the international monetary system and *vis-à-vis* developing countries.

15. The Committee considers that Japan must take all necessary steps to bring about a more extensive opening-up of its markets to manufactures, services and investments, within the shortest possible time; to do this it must eliminate all existing obstacles, notably in the fields of public procurement and the establishment of firms (European investments in Japan). The Committee also calls for further progress towards more stable, realistic exchange rates between the yen and European currencies and urges a systematic liberalization of Japan's financial system (banks, insurance). Japan should also immediately remove the restrictions on imports of certain sensitive consumer products. For its part the Community should tighten its procedures regarding the application of safeguard clauses and should ensure that Japanese investments in EEC Member States are subject to conditions comparable with those imposed by the Japanese on Community investments in Japan. In short, the Committee endorses the recommendations made by the European Parliament.

EEC-USA relations

16. The European Community and the USA must always be aware of their mutual responsibilities when taking domestic or foreign policy decisions. As far as the USA is concerned, it is only in recent years that this country has become more integrated into the world economy. Although foreign trade exerts an increasingly powerful influence on the US economy as a whole, the USA has not yet fully recognized the need to take into account the effects of its own domestic economic

measures on the economies of other countries. As far as relations between the EEC and the USA are concerned, many tensions stem from the fact that the USA disregards the international context when framing its domestic economic policy. The cause and effect chain of 'budget deficit-capital imports-dollar exchange rate-reduction in US competitiveness' has been ignored for a long time.

17. The USA is currently trying to solve its trade problems by pursuing a policy of dollar depreciation. Growing competition on the US market from both industrialized and newly industrializing countries has led to a wave of protectionism in the United States. The US Administration has so far largely managed to resist the protectionist pressures emanating from the hundreds of bills submitted in Congress and from the large number of applications for protection against imports submitted by firms and trade organizations under existing trade laws. The US Administration has thus stood by its trade policy principle of opposing import restrictions, encouraging the opening-up of foreign markets to American exports, and taking retaliatory action only when the governments of trading partners show bad faith.

18. In accordance with this principle, the USA submitted at the end of 1985 a list of trade restrictions which it felt significantly hampered American exports. The list covers 33 individual countries (with Japan the most important), whilst the Community is treated as a single entity. The EEC has in turn submitted its own list of complaints about unfair US trade practices. The Committee feels that the problems are now easier to identify and that there is a basis for finding solutions for each individual case.

19. In view of the shrinking world market in agricultural products, the growing production surpluses in the EEC and the USA, coming on top of higher production in developing countries, are becoming an increasingly disruptive factor in international trade, and the danger of a trade war between the USA and the EEC over domestic and third-country markets is looming larger.

20. Closely connected with this problem is the dispute that has arisen as a result of the entry of Spain and Portugal into the European Community. The Americans must have known that the accession of Spain and Portugal was going to affect agricultural import regimes in the countries concerned. At the same time, the reduction of Spanish duties to the levels of the Community's Common Customs Tariff (CCT) facilitates US exports of industrial goods. The recent provisional agreement between the Commission and the US Administration should pave the way for a mutually acceptable, definitive solution to this problem. The Committee considers, however, that the basic problem,

namely the need to deal with the repercussions of the enlargement of a customs union within the framework of GATT, has still not been tackled.

21. Restrictions on the transfer of technology are another basic problem area in EEC-USA relations. An increasing proportion of new technologies in areas such as micro-electronics, data-processing, automation, biotechnology, aerospace and telecommunications can be put to both civil and military uses. Because of this, the USA believes that control over military technology can only be secured by extending control over civil technologies. In practice European Community exports to Eastern-bloc countries are particularly hard hit by American efforts to impose an embargo. The US rules in question represent an unjustified claim to extraterritorial application of US laws. And since all components and technologies originating in the USA fall under these laws, Europeans can very easily lose lucrative business deals with the Eastern bloc. The Committee therefore believes that the USA must revise the provisions in question.

22. With regard to imports of certain industrial products (machine tools being a recent example), the US Administration justifies its call for voluntary restraint by claiming that national security would be threatened should the USA become dependent on such imports. The Committee expressly warns against using the argument of a 'threat to national security' as a pretext for trade restrictions.

23. The 'Omnibus Trade Bill' adopted by the House of Representatives in May 1986 could be a very dangerous development from the point of view of world trade. If it came into force, the Bill would give US industry an instrument affording protection against virtually all imports. The Reagan Administration has come out strongly against the Bill, but should it get through the Senate, even in a diluted form, then the Committee believes the European Community should condemn it with the utmost vigour and take steps to protect its own trade interests.

24. Many members of the US Congress have reservations about GATT. They regard it as an ineffective instrument from the point of view of defending the 'legitimate claims' of the USA and take the view that the new multilateral trade negotiations must make a concrete contribution to helping the USA solve its trade-deficit problem. The Committee would point out, however, that as far as the opening-up of markets is concerned, world trade is based on the principle of reciprocity. Greater liberalization must not be aimed at solving the trade problems of just one partner.

25. There is a danger that relations between the European Community and the USA will deteriorate

because of an accumulation of sectoral problems. Agriculture is a particular problem area, as are iron and steel, high-technology products, machine tools, etc. The US Congress often interprets international trade rules in the light of short-term national interests, although it would be to the USA's advantage to solve problems jointly with the EEC. If this is not possible through direct dialogue, then the problems should be referred to a neutral body. GATT has the appropriate machinery for this. Both partners should nevertheless make efforts to improve the efficiency of the dispute settlement procedure.

26. Given the unstable world economic climate, their interdependent economies and their common interests, the USA and the European Community have no alternative but to engage—on a basis of trust—in dialogue and cooperation on trade and on economic and monetary policy.

Conclusions

27. Given the growing trade imbalance which is a feature of EEC-Japan and US-Japan relations, Japan should (a) assume greater responsibility for the world economy and world trade in general, and (b) take the domestic economic and monetary measures needed to correct this imbalance, thereby obviating retaliatory measures by Japan's trading partners. The Japanese economy should be integrated more fully into the world economy as regards not only imports of manufactures, services (the inclusion of services in the GATT negotiations should put Japan under increasing pressure to open up its markets in, for example, the banking and insurance sector) and certain raw materials, but also transfers of technology and capital movements.

28. Each country must take into account the effects its domestic economic policy decisions have on its external economic relations. This applies particularly to agricultural policy but it also holds good for budget, regional, credit and industrial policy. The USA, Japan and the European Community must together face up

to the fact that because of their economic strength they have a responsibility for the operation of the international monetary and trading system, for employment, and for the growth of the world economy. The Committee considers that results in these areas have so far been rather disappointing.

29. All members of the world's trading community have an interest in maintaining and strengthening the legal framework of GATT, in preventing the creation of new trade barriers and in avoiding recourse to unilateral or bilateral solutions. In this context the agreements concluded between the USA and Japan on trade liberalization or restraint in specific areas (semi-conductors, telecommunications, medical equipment, pharmaceuticals and electronic products) must not be allowed to work to the disadvantage of the Community. Bilateral trade agreements of any kind have a tendency to distort trade flows to the detriment of third countries not party to the agreement in question.

30. Bilateralism and the sectoral approach to world trade undermine multilateralism and the most-favoured-nation principle, the twin pillars of a world trade system designed to promote prosperity. Although bilateralism and the sectoral approach have not so far been regulated by international agreements (grey areas), they are at variance with an efficient international division of labour on the basis of the most favourable locations for production.

31. The Committee considers that the Community must implement the common trade policy provided for in the EEC Treaty as rapidly as possible.

32. Together with its partners, the Community should take initiatives aimed at bringing about a more functional, more effective international monetary system.

33. The Committee would reiterate its conviction that consultation procedures should be set up between the European Community, the USA and Japan at all levels, including the socio-economic organizations. The Committee should itself take the necessary initiatives in this connection. Such consultations should of course take into account not just the true interests of the European Community, the USA and Japan but also the interests of other trading partners and the developing countries, particularly the Mediterranean and ACP countries, for which the Community has a special responsibility.

Done at Brussels, 18 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on the proposal for a Council Regulation laying down the conditions under which non-resident carriers may transport goods or passengers by inland waterway within a Member State

(86/C 328/13)

On 18 December 1985 the Council decided to consult the Economic and Social Committee, under Article 75 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, adopted its opinion at its 170th meeting on 16 July 1986, in the light of the report by Mr Fortuyn, the rapporteur.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 16 July 1986.

At its 239th plenary session (meeting of 18 September 1986) the Economic and Social Committee adopted the following opinion by 91 votes to 10, with three abstentions:

1. General comments

1.1. As the Commission's explanatory memorandum points out, this proposal must be seen against the background of the Judgement of the European Court of Justice of 22 May 1985 in case 13/83, European Parliament versus the Council of Ministers, and in the light of the Commission's White Paper on completing the internal market which was submitted to the Council in June 1985 and met with its approval.

1.2. The Court of Justice's Judgement — the 'failure to act' decision — clearly states that, pursuant to the principles, objectives and mandatory provisions of the Treaty, the freedom to provide transport services, hence also inland shipping services, is a part of the common transport policy and must be introduced. This means that carriers must be allowed to offer and perform inland transport services in Member States in which they are not established. The White Paper (paragraphs 108 to 112, 'Transport') states that the necessary measures should come into effect by 1989.

1.3. The proposed Regulation is particularly important for inland shipping in five Member States: Germany, France and the three Benelux countries. Thanks to the extensive network of rivers and canals in this region, a substantial proportion of both domestic and international transport is carried out by water. Because the waterways in this region link up with each other, vessels can sail directly from one Member State to another and therefore offer their services in countries where their owners are not established.

1.4. The freedom to provide inland shipping services has been a reality for some considerable time already

in part of this region, on the Rhine and its tributaries in particular, under the Mannheim Convention. In some cases, however, national provisions still limit free access to the market.

1.5. The Committee acknowledges that the freedom to provide inland shipping services is a part of the common transport policy and that, with a view to the completion of the internal market, the remaining restrictions must be lifted. Hence the Committee approves the main points of the Commission draft Regulation which lays down the conditions under which carriers may transport goods and passengers by inland waterway in Member States in which they are not established, but is of the view that the proposal is unsatisfactory in a number of respects and would therefore draw the attention of the Commission and Council to the following comments.

1.6. The Committee notes that in the explanatory memorandum to its proposal the Commission does not consider vital for inland shipping the question of structural overcapacity in shipping tonnage. The resolution of this question could contribute towards healthy market conditions with a minimum of government intervention. The Committee therefore urges the Commission and Member States to work vigorously together to remove this excess capacity by means of properly coordinated schemes for scrapping vessels and social back-up measures.

1.7. Article 3 of the draft Regulation states that the carrying out by a non-resident carrier of national transport operations is subject to the laws, regulations and administrative provisions in force in the Member State in which the transport operations are carried out. This gives the impression that the continued co-existence of separate markets governed by varying national provisions is acceptable.

1.8. The Committee regrets that the Commission provides only a brief explanatory note to this Article and does not analyse and compare the different national provisions, thereby broaching the question of how

(1) OJ No C 331, 20. 12. 1985, p. 2.

desirable it would be to promote harmonization of these provisions as part of the common transport policy. Here a distinction must be made between different types of provisions.

1.9. With reference to Article 1 of the proposed Regulation, the Committee is of the opinion that the carrier is subject solely to the laws, regulations and administrative provisions of the country in which he is established as regards establishment, access to the occupation, profits tax, technical regulations and registration dues for the firm's vessels, social provisions covering the firm's employees, and the master's qualifications. Therefore the Committee recommends that the harmonization of national provisions be studied. Here it should be noted that the relevant national provisions governing Rhine shipping have already been aligned through the cooperation of the Member States concerned on the Central Commission for the Navigation of the Rhine. Mention may also be made of the Directive submitted in 1983 but not yet adopted on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation (OJ No C 351, 24. 12. 1983). The Committee urges that this proposal be dealt with speedily.

1.10. A second category of provisions comprises those which regulate various aspects of national or regional markets, e.g. those concerning tariffs, access to a particular market sector (not to be confused with the general provisions on access to the occupation), freight offices and rotation systems, and indirect taxation such as VAT. For this category of provisions carriers, irrespective of their nationality, are subject to the provisions in force in the Member State in which the transport services are offered and performed. For this type of provision too, the Committee considers it important to study the harmonization of divergent regulations so that carriers can offer their services on comparable terms on the national markets of Member States in which they are not established; in the Federal Republic of Germany, for instance, carriers can, subject to the provisions on freight rates, conclude transport contracts directly with the charterer, while in Belgium, France and the Netherlands freight is generally distributed proportionally (rotation system) by freight offices.

1.11. Without aiming for completeness, a third category of provisions may be mentioned, namely traffic regulations to promote safe navigation and the proper

maintenance of waterways (e.g. draught and speed restrictions), the levying of canal, lock, bridge and mooring tolls. Such provisions are determined by local circumstances and should of course be observed by all waterway users, irrespective of their nationality.

1.12. Although there is no indication that the abolition of the remaining restrictions on the freedom to provide services will bring about major changes on the inland shipping market, developments on this market should be followed closely so that social back-up measures can be taken.

2. Specific comments on the Articles

2.1. Article 1

2.1.1. With reference to the general comments in point 2.3, the Committee would point out that at the moment there are no general provisions governing access to the occupation of carrier by inland waterway and therefore no distinction is made between authorization for national and international transport operations. Consequently, until the Directive proposed in 1983 is introduced, authorization to carry out international operations will have to be based on the authorization granted by the Member States, preferably along similar lines to the Rhine shipping arrangements.

2.1.2. In the Committee's view the provision that a carrier may pursue his activities only temporarily in a Member State in which he is not established is not clear enough and is open to different interpretations.

On those transport markets where cabotage is now permitted there are no time limits.

2.2. Article 2

2.2.1. The aim of this Article is to provide protection against possible 'unfair' competition from non-Community firms which, although formally established in a Member State, do not have a 'genuine link' with a Member State.

2.2.2. In the Committee's opinion the inclusion of such a provision in this Regulation will go only a very small way towards achieving this aim, viz. only where such firms avail themselves of the right to carry out cabotage operations; they can still participate without restrictions in transport operations in the Member States where they are established and in international operations.

2.2.3. Hence the Committee recommends not only that such a provision be included in the proposed cabotage Regulation, but also that a general regulation be drawn up to protect the whole Community inland shipping sector against 'unfair' competition. Such a general regulation would, however, have to be applied with the necessary restraint so as not to hinder unnecessarily the free movement of capital with countries which have a similar economic system to the Community.

2.2.4. A similar regulation has already been introduced for Rhine shipping (see OJ No L 280, 22. 10. 1985, p. 4: Protocol of Signature of Additional Protocol 2 to the Revised Convention for Rhine Navigation and the Implementing Regulation thereto).

2.2.5. The Committee is pleased to note that the provision now proposed by the Commission is modelled on similar lines so that the two regulations tie in well with each other.

2.3. Article 3

2.3.1. With reference to the general comments contained in points 1.7 to 1.12, the Committee notes that it would be useful for all those involved in inland shipping if a summary but clear list were provided of those national provisions which have to be complied

with if use is made of the right to carry out cabotage operations; the aim being (a) to prevent—without prejudice to the carrier's own liability—misunderstandings and errors caused by ignorance and (b) to make it possible to assess to what extent national provisions should be harmonized, thereby bringing a European market regime for inland shipping that much closer.

2.3.2. Date of entry into force

In the light of the above comments, and since the Member States have to adopt the measures necessary to implement the Regulation (*cf.* Article 4), the Committee considers that the deadline of 1 January 1988 mentioned in Article 1 for its entry into force is too short. The Commission's White Paper on completing the internal market gives 1989 as the date for the introduction of the freedom to provide services, while the general completion of the internal market is scheduled for 1992. Consequently, the Committee recommends that more time be allowed for the entry into force of the Regulation.

Done at Brussels, 18 September 1986.

The Chairman
of the Economic and Social Committee
Gerd MUHR

APPENDIX

The following amendment was defeated by the Committee in the debate:

Paragraph 2.2.

'The Committee wishes to draw attention to ongoing discussions in the Council with regard to freedom to provide services in maritime transport, aimed at considering 'vessels flying the flag of an EEC Member State' as an alternative criterion for application of the above freedom. The Committee would refer here to its opinion on a common maritime transport policy, unanimously adopted on 27 November 1985⁽¹⁾.

Reasons

The above amendment was tabled for two reasons:

1. First, as a logical follow-on from the ESC opinion on a common maritime transport policy, which added the alternative criterion of ships flying the flag of a Member State to Appendices II-1, II-2 and II-6.
2. Secondly, in addition to the nationality of physical persons, the nationality of ships is an established principle in international law, i.e. ships have the nationality of the country whose flag they fly. This is explicitly mentioned in the following international conventions (amongst others):
 - (a) UN Convention on High Seas, 1958 (Article 6);
 - (b) UN Convention on Law of the Sea, 1984 (Article 92);
 - (c) UN Convention on Conditions for Registration of ships, 1986 [Article 4 (2)].

Result of the voting

For: 29, Against: 29, Abstentions: 48.

⁽¹⁾ OJ No C 344, 31. 12. 1985, p. 31.

Opinion on the proposal for a Council Regulation (EEC) amending Regulations (EEC) No 797/85, (EEC) No 270/79, (EEC) No 1360/78 and (EEC) No 355/77 as regards agriculture structures, the adjustment of agriculture to the new market situation and the preservation of the countryside

(86/C 328/14)

On 7 May 1986 the Council decided to consult the Economic and Social Committee, under Articles 43 and 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Agriculture, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 July 1986, in the light of the oral report by Mr Zinkin.

At its 239th plenary session (meeting of 18 September 1986) the Economic and Social Committee unanimously adopted the following opinion:

1. Introduction

1.1. The Committee has given several opinions in which comments have been made on various aspects of

socio-structural policy (opinion on the proposal for a Regulation on improving the efficiency of agricultural structures; opinion on the perspectives for the common agricultural policy (CAP); opinion on the fixing of

prices for agricultural products and related measures (1986/87); own-initiative opinion on the effect of the CAP on the social situation of farm workers in the European Community.

1.2. Those views of the Committee which are relevant to the present proposals can be summarized shortly.

1.3. First, the Committee attaches great importance to socio-structural policy, and believes that 'greater importance should be attached to the structural policy compared with the market and price policies.

1.4. Secondly, the Committee has expressed doubts about previous proposals of the Commission on early retirement.

1.5. Thirdly, the Committee recognizes the need to assist mountainous and less-favoured areas.

1.6. Fourthly, the Committee favours constructive voluntary measures to improve the environment.

1.7. Fifthly, the Committee would like to see a larger effort in research and extension.

1.8. Sixthly, the Committee has always been in favour of training both for work in agriculture and for work outside agriculture, and for agricultural and first stage processing workers as well as for farmers.

1.9. Seventhly, the Committee sees the advantage of set-aside, afforestation, and less intensive farming as means of reducing surpluses.

The comments which follow on the Commission's present proposals respect these principles.

2. General comments

2.1. The present proposals are a heavily modified form of those originally put forward in the Commission's Green Book, on which the Committee commented in its opinion CES 930/85. The Committee regrets that these proposals were not presented at the same time as the Commission's price proposals. As it is, it is very difficult for the Committee to see where they fit into the common agricultural policy as a whole and, more especially, how they relate to price and market policy. The Committee needs to see the Commission's ideas for bringing supply and demand all together if it is to make a valid judgment of their likely effectiveness. For example, there is no estimate of the impact the Commission believes the proposed measures will have on production.

2.2. The present proposals are extremely limited and cannot be expected to make more than a marginal contribution either to the supply-demand balance or to the Community's socio-structural problems. In the Committee's view, they are an instalment of a policy; they are not a policy. However, the Committee recognizes that the Commission has been handicapped by the limits which the Council has imposed on structural expenditure. The Committee believes that for the development of an effective policy it is necessary to increase gradually the proportion of expenditure on the CAP which is directed to socio-structural ends, as was the original intention (*cf.* for instance, Regulation EEC 25/1962). The Committee considers that structural policy would be more effective if it were backed up by measures to promote alternative crops in deficit and new industrial uses for agricultural products.

2.3. The Committee believes, moreover, that the proposals do not distinguish sufficiently clearly between the different ends of socio-structural policy. Any particular proposal may have as its primary objective the relief of regional or individual disadvantage, the improvement of agricultural efficiency, the adjustment of marketing structures, the protection of the countryside and the rural way of life, the encouragement of younger farmers or the reduction of surpluses, although, of course, the policy as a whole must cover all of these purposes. If the efficacy of a policy proposal is to be properly judged, and if a satisfactory decision is to be reached on how much money is worth spending on it, the purpose (or, in cases of overlap the purposes) of each measure must be made clear.

2.4. The Committee notes that the expenditure on the present proposals is supposed to come within the amounts already allotted for structural measure. The Committee fears that the sums allotted for financing all the — fairly modest — measures proposed will turn out to be insufficient. The Committee, however, also notes that the figures given in the financial statements are purely indicative and that the obligations under the proposed amended Regulations will be open-ended. The Committee believes that there must be respect both for the fact that there are many competing demands on the budgetary resources available and for the need to ensure that there is money to meet all commitments. The Committee observes that in the recent report of the Commission on structural interventions, the comment is made that 1 169 million ECU is lacking to meet the payments contracted. The Committee believes that any failure to provide the credits to meet any obligations incurred under the programmes now proposed would increase the already quite considerable risk of an at least partial renationalization of the CAP.

2.5. The Committee observes that the expenditure proposed is somewhat biased towards the proposed

early retirement pensions as indicated by the following figures:

1987 to 1991	MILLION ECU	
Pre-pension and consequences	414,4	(of which 41,8 for young farmers and 87,5 for afforestation as a consequence of pre-pension)
Young farmers	13,0	(extensification only)
Compensatory allowances	388,0	
Environmental protection	40,6	
Support measures	24,0	
Accompanying measures	8,0	
Total	896,0	

2.6. The Committee urges that the new Community structural policy must not jeopardize the process of farm modernization in the European Community. The Committee considers that it is necessary to improve the competitiveness of European Community farms in the face of constraints of the international market.

2.7. The partial and inadequate nature of the Commission's proposals make it impossible to welcome them without reservations. Nevertheless, subject to the remarks below, it would approve them as being — in general — a step in the right direction.

2.8. The Committee notes with satisfaction that the Commission considers that the policy on structures should, among other things, help farmers to cushion the effects of the markets and prices policy, particularly as regards farm incomes, and help to achieve the objectives of Article 39 of the Treaty.

There are problems in areas of natural grassland or where fallow land is likely to erode and in certain regions there may be problems of employment. The Committee, moreover, considers that the Commission's proposals are too narrowly limited. It believes that it might be worth making a more general offer of the annual rental value of the land, adjusted for any social security payments that might be available, some extra amount to enable the farmer to keep the land in good heart and an appropriate cut in social security contributions that the farmer may have to pay. The Committee believes that such an offer might, for instance, be tempting to part-time farmers and to heirs under 55 who already have jobs outside farming, both of which categories are excluded by the present proposal. The Committee further believes that it might be necessary to offer a pension in addition only to the smallest farmers. The Committee agrees with the Commission, however, that any such scheme of set-aside should be confined to whole farms, for administrative reasons.

3. Proposals for Early Retirement

3.1. These proposals would appear to have two main purposes:

- a reduction of surpluses without reducing the rural population, and
- the rejuvenation of farming.

3.2. The Committee would like to see a programme for reducing production in surplus by, amongst the methods, encouraging voluntary temporary set-asides and switches to extensive farming.

3.2.1. Meanwhile the Committee welcomes the Commission's present proposals for leaving land fallow and for afforestation in combination with early retirement.

3.2.2. The Committee would, however, point out that leaving land fallow is not universally appropriate.

Land accepted as suitable for compensation payment to reduce production of crops currently in excess, should be, where both suitable and appropriate, made available for recreational, educational and leisure activities to the general public who collectively will be contributing to the maintenance of the land.

3.3. The Committee recognizes that there are certain regions where the rejuvenation of the farming population is desirable. It, however, does not believe that this is universally true. It also has doubts whether it is the best use of scarce funds to use them to replace men of 55 by men of 35. The replacement of farmers over 55 by people of under 40 certainly helps towards the double objective of rejuvenating the farming population and changing methods of production. But whilst the Committee would support these objectives it would call on the Commission to exercise prudence and discernment in their pursuit. If the aim is rejuvenation, the Committee fails to see why the scheme is confined to

immediate heirs. The Commission itself points out that almost half the farmers between 55 and 65 are believed to have no successor.

3.4. The Committee is concerned that the Commission's proposals do not respect the Family Law of certain Member States, e.g. the rights of the wife in Italy.

3.5. The Committee welcomes the Commission's proposals for agricultural workers who lose their jobs as a result of the withdrawal of land from production; it does not, however, see why the number of agricultural workers on a holding thus to benefit should be limited to two if those losing their jobs are, in fact, more than two.

The Committee would also remind the Commission of its concern that rules be introduced on early retirement for farm workers.

4. Premiums for young farmers who modify their production

4.1. The Committee also has doubts about the practicability of these proposals. It believes that it will often be difficult to define the improvement in quality or the shift in production desired or to fix a base from which the 20% would be deducted, and it would be both difficult and harassing to provide the machinery of inspection to ensure that the requirements are fulfilled.

5. Compensatory allowances

5.1. The Committee recognizes that compensatory allowances serve a number of purposes whose relative importance varies in different regions. They make up for the natural handicap of certain regions. They provide a supplement for certain low incomes. They encourage certain types of animal production. They help to compensate for certain structural disadvantages. They help to protect the environment by keeping a minimum level of population in many of the Community's most beautiful areas. The Committee therefore approves the Commission's proposals with the following comments:

5.2. It would like to see a more uniform application of the Regulation by the Member States and some relaxation of the minimum requirements.

5.3. Once more the Committee sees difficulties in defining and administering the re-orientation of production required for an increase in the compensatory allowances. It also has grave doubts whether the limit of 3 000 ECU per labour unit will be adequate in the more extensively farmed regions where for environmen-

tal factors alone it is necessary to keep a minimum of agriculture. In certain regions of the Community this limitation could lead to a cutback in animal numbers and, with it, a rapid deterioration of the environment.

5.4. The Committee feels that, in addition to the above limit, an entrance threshold (or 'prosperity threshold') should be established to ensure that compensatory allowances fulfil their purpose of offsetting income differentials between those areas to which they apply and other areas. This threshold should be defined in terms of income per unit of labour by comparison with agricultural incomes in neighbouring areas which are not eligible for the allowances.

5.5. The Committee believes that the term 'intensive crops' should be defined. It believes that it is necessary to delimit the areas to which this provision will apply.

5.6. The Committee believes that the time has come to review the system of compensatory allowances in order to make them more effective and to give them a more specific function.

6. Protection of the environment

6.1. The Committee approves the Commission's proposals. It recognizes that conditions differ so much from region to region that it would be undesirable to define at Community level at this stage the contracts, methods of management, rules of production and sensitive zones. But it believes that, as experience is gained, it should be possible to lay down some Community guidelines and criteria for aid.

7. Aid for adaptation

7.1. The Committee approves these proposals.

7.2. The Committee considers that the amount of aid should be adjusted to the length of the course.

7.3. The Committee believes that an adequate programme of training for all extension workers on Community principles is necessary.

8. Research

8.1. The Committee approves the Commission's proposals (which are in line with the Committee's wishes as expressed in ESC 930/85).

9. Accompanying measures

Afforestation

9.1. The Committee has given its general views on forestry policy in its opinion on Community Action

(ESC 635/86) and it attaches importance to the provisions now proposed being fitted into the total policy on forestry contained in that opinion.

9.2. More specifically on the present proposals the Committee would reiterate that it is in principle in favour of afforestation, because of the Community's deficit in wood, in order to reduce surpluses, and, sometimes, in order to improve the environment. It especially supports the measures which are necessary to tackle forest fires and problems of erosion.

It believes, however, that the cost of any measures undertaken must be weighed against the benefits expected. Thus, the number of years for which the subsidy is given must depend on the species planted; the size of the subsidy must be related to the quality of the land, the type of trees planted and the savings obtained from any consequent reduction in surpluses; the aids given must be integrated with any aids already given by the Member States; no aid should be given in certain regions where afforestation will damage the environment and do nothing to reduce surpluses.

9.3. The Committee approves of the Commission's intention to make sure that the types of afforestation conform to the requirements of the market, though it recognizes that these are difficult to predict over the many years most trees require to grow to maturity.

9.4. The Committee believes that on marginal land which is suitable for trees, aid for afforestation should replace such aids which are still given for the increase of agricultural production.

10. Aids to investment

The Committee approves these proposals.

Done at Brussels, 18 September 1986.

11. Marketing of agricultural produce

11.1 All measures to reduce production introduced by the Community have an impact on all the activities ancillary to agriculture and the employment they provide. The Committee calls on the Commission for proposals to limit this impact, especially the impact on the workers, through joint measures and the provision of financial aid.

11.2. The Committee endorses the proposal that the marketing of certain alternative products should be included in the aid package. However, it has its doubts about non-programme aid on improved terms, for this will hardly take any pressure off the markets and may possibly just cause new distortions of competition. Non-programme aid would be conceivable at best for pilot projects or experimental schemes.

12. Putting into practice of the measures and procedures

12.1 The Committee accepts that it is right to put the primary responsibility on the Member States, but it would emphasize the importance of laying down clear Community criteria and of a vigilant system of Community control.

13. Financial participation of the Community

The Committee approves these proposals.

14. Final comments

14.1. The Committee believes that account should be taken of the special circumstances of some regions where the prevailing climatic permit of no alternative to existing forms of agricultural production.

14.2. The Committee would warn that if some Member States do not play their full part in implementing these proposed measures, existing disparities will be widened and competition distorted.

The Chairman
of the Economic and Social Committee
Gerd MUHR

Opinion on

- the Commission communication to the Council on the medium-term transport infrastructure programme
- and
- the proposal for a Council Regulation (EEC) on financial support in the framework of a medium-term programme for transport infrastructure

(86/C 328/15)

On 15 July 1986, the Council decided to consult the Economic and Social Committee under Articles 75 and 198 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Transport and Communications, which was responsible for preparing the Committee's work on the subject, decided at its 16 July 1986 meeting to set up a drafting group comprising Mr Rouzier (rapporteur), Mr Costa and Mr Masprone (co-rapporteurs). The drafting group concluded its work on 11 September 1986, just before expiry of the 1982 to 1986 Committee mandate. Consequently, the Section was unable to discuss the findings of the report or the opinion drawn up by the drafting group.

In the light of the report drawn up by Mr Rouzier (rapporteur-general, Article 18 of RP), at its 239th plenary session held on 17 and 18 September 1986 (meeting of 18 September 1986) the Economic and Social Committee unanimously adopted the following opinion:

1. General comments

1.1. The proposal under consideration makes provision for the granting of financial support for a medium-term transport infrastructure programme, and replaces two previous Commission proposals which are still before the Council, namely the proposal for a Council Regulation on support for projects of Community interest in transport infrastructure of 5 July 1976⁽¹⁾ and the proposal for a Council Regulation on financial support for a multiannual transport infrastructure programme, of 9 August 1983⁽²⁾.

1.2. Since 1982, funds for Community action related to transport infrastructure of Community interest have been available under budget heading 581 (260 million ECU in total. 1982: 10 million ECU; 1983: 15 million ECU; 1984: 80 million ECU; 1985: 90 million ECU and 1986: 65 million ECU). For the period 1987 to 1990, the Commission provides for 390 million ECU from budget item 581 (financial support for transport infrastructure projects within the Community).

1.3. In 1984, the Council also granted 471 million ECU under budget item 583 (special transport infra-

structure projets), following adoption of Regulation (EEC) No 1889/84⁽³⁾.

1.4. In the past the Council has confined itself to 'limited action' and 'specific measures'. These do not constitute the coherent Community infrastructure policy called for by the Economic and Social Committee over a number of years. The outcome of the meeting of Transport Ministers held on 18 and 19 June 1986 shows that the Council has decided to adopt a gradualist approach. The Council asked the Commission to submit the proposal to it so that it could release sums set aside in the 1985 and 1986 budgets.

1.5. The Committee approves this proposal, which comes out in favour of a coherent Community policy based on clearly defined aims and criteria, even though this policy relates to shorter periods of time than those envisaged in the 1976 and 1983 proposals. The Committee has in fact always been in favour of this kind of global approach and a longer-term financial instrument, or even a special fund.

1.6. The Committee regrets, however, that the Council lacks the political will to adopt a longer-term coherent Community policy which would cut out the yearly round of haggling over each individual project and piecemeal spending. In the meanwhile, the Committee hopes that the Council will at least adopt this proposal early enough to allow the procedure laid down in Article 5 to be completed before the end of 1986.

⁽¹⁾ OJ No C 207, 2. 9. 1976, p. 9, OJ No C 249, 18. 10. 1977, pp. 4 and 5 (amended), OJ No C 89, 10. 4. 1980, p. 4 (amended).

⁽²⁾ OJ No C 36, 19. 2. 1984, p. 3.

⁽³⁾ OJ No L 177, 4. 7. 1984, p. 4.

1.7. The Commission, for its part, is asked to draw up the medium-term programme without delay and to forward it to the Economic and Social Committee.

2. Specific Comments

2.1. The Committee notes that the proposal mentions the communication concerning guidelines for a medium-term policy in transport infrastructure dated 14 December 1984. The Commission referred this to the Committee on 20 February 1985, and an opinion was issued on 25 September 1985⁽¹⁾. The aims and criteria listed in Articles 1 and 2 of the proposal seem to match those of the communication. The Committee

⁽¹⁾ OJ No C 303, 25. 11. 1985, p. 6.

feels, however, that Article 2 of the proposal (criteria for eligibility for financial support) should cover the main criteria listed by the Committee in its 28 September 1983 opinion on the subject of the experimental programme in transport infrastructure⁽²⁾.

2.2. The Committee fears that the 390 million ECU proposed for the years 1987 to 1990 represents far too small an amount, particularly bearing in mind the contribution rates laid down in Article 3 and the financial record.

⁽²⁾ OJ No C 341, 19. 12. 1981, pp. 8 and 9.

Done at Brussels, 18 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

Opinion on the proposal for a Council Directive amending Directive 78/660/EEC on annual accounts and Directive 83/349/EEC on consolidated accounts as regards the scope of those Directives⁽¹⁾

(86/C 328/16)

On 20 May 1986 the Council decided to consult the Economic and Social Committee, under Article 54 of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 3 September 1986, in the light of the report by Mr d'Elia.

At its 239th plenary session (meeting of 18 September 1986), the Economic and Social Committee adopted the following opinion by 81 votes to 18, with three abstentions:

1. The Committee approves the proposal, which supplements the Fourth Directive of 25 July 1978 on annual accounts⁽²⁾ and the Seventh Directive of 13 June 1983 on consolidated accounts⁽³⁾. The proposal extends the field of application of these Directives to partnerships, limited partnerships and unlimited companies

in which all the members with unlimited liability are themselves public or private limited companies.

2. The Committee agrees with the Commission that the aim of the proposal is fully justified by the existence within the Community of a large and steadily growing number of partnerships, limited partnerships and unlimited companies. Failure to subject these companies to the same accounting requirements as public or private limited companies would be contrary to the spirit of the Fourth and Seventh Directives.

⁽¹⁾ OJ No C 144, 11. 6. 1986, p. 10.

⁽²⁾ OJ No L 222, 1978.

⁽³⁾ OJ No L 193, 1983.

3. Finally, the Committee notes that the large number of small firms which would be affected by the proposal will still qualify for the exemptions for

small firms laid down in Articles 11 and 27 of the Fourth Directive and Article 6 (1) of the Seventh Directive.

Done at Brussels, 18 September 1986.

*The Chairman
of the Economic and Social Committee*

Gerd MUHR

APPENDIX

The following amendment, drawn up on the basis of the Section opinion, was defeated by the Committee during the discussion:

Text of the opinion to be replaced by the following:

1. The Section disagrees with the proposal, which supplements the Fourth Directive of 25 July 1978 on annual accounts (OJ No L 222, 1978) and the Seventh Directive of 13 June 1983 on consolidated accounts (OJ No L 193, 1983). The proposal extends the field of application of these Directives to partnerships, limited partnerships and unlimited companies in which all the members with unlimited liability are themselves public or private limited companies.

2. The Section notes that the present proposal, unlike all the other directives on company law which have been adopted or are pending, concerns not only limited companies but also, for the first time, partnerships. This represents a dangerous precedent for extending the scope of other directives which do not apply to partnerships.

3. The Section also notes that in one Member State the proposal would make the annual accounts of around 60 000 partnerships subject to disclosure, and in some cases auditing requirements. As such firms are almost exclusively small and medium-sized, the small firms sector in particular will have to shoulder an unreasonable burden. The proposal contradicts the declared intention of the European Council of 2 and 3 December 1985 to free small firms from unnecessary constraints and handicaps.

4. Finally, the Section notes that the problem of partnerships made up solely of members with limited liability was already known when the Fourth and Seventh Company Law Directives were adopted and that it was deliberately left to the Member States to decide whether such enterprises should have to abide by the same disclosure and auditing rules as limited companies. Issuing directives to correct legal decisions taken by the Member States cannot be the purpose of the harmonization based on Article 54 (3) (g) of the EEC Treaty.'

Reasons

The proposed Directive does not fit in with moves in the EEC to do away with red tape and promote the small firms sector. It forces the Member States to amend yet again laws which they have just aligned with each other and places a burden almost exclusively on smaller firms. During the discussions on the Fourth and Seventh EEC Company Law Directives the question of treating a partnership made up solely of limited companies as a partnership of personally liable members was debated thoroughly, and it was unanimously decided that any decision would be left up to national legislators. The present proposal is not even justified by the need to protect creditors and third parties, because a public limited company, for instance, as a personally liable member of a partnership offers better protection for creditors than a natural person.

Voting:

For: 21, Against: 70, Abstentions: 6.

Opinion on the proposal for a Council Decision adopting an action programme for the promotion of youth exchanges in the Community — YES for Europe — 1987 to 1989⁽¹⁾

(86/C 328/17)

On 24 March 1986 the Council decided to consult the Economic and Social Committee on the abovementioned proposal.

The section for Social Questions, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 17 July 1986 in the light of the report by Mr Schwarz.

At its 239th plenary session (meeting of 17 September 1986), the Economic and Social Committee adopted the following opinion unanimously:

1. General comments

1.1. The Committee welcomes the action programme for the promotion of youth exchanges in the Community — Yes for Europe — 1987 to 1989 under consideration in the light of the *ad hoc* Adonino Committee Report on a 'People's Europe' adopted by the Council of Milan, June 1985 and the subsequent Comett and Erasmus proposals. The latter together with on-going young workers' exchange programmes and YES for Europe will complete the spectrum of provision for all young people within the Community.

1.2. The Committee recognizes the proposed aims and objectives of YES for Europe as consistent with existing policies of the Community's 'People's Europe', 'Preparation for adult and working life', 'Declaration of European Union' *et al.* in that they reinforce the twin pillars of the informal learning processes and encourage growing empathy and awareness amongst young people across Member States.

1.3. The Committee supports the following key elements, presented in the YES for Europe proposal:

- an improvement in quality and quantity of youth exchanges within the Community for an initial three-year phase, 1987 to 1989,
- a target group embracing all young people between 16 and 25 years of age,
- a programme involving bilateral, multilateral, reciprocal and/or one-way exchanges from a minimum of 1 to 3 weeks to a maximum of several months,
- and
- structured learning experiences involving planning, preparation and evaluation, in order to gain understanding at first hand of the economic, social and cultural life of other Member States through direct contact with the local community in the host country.

1.4. The Committee urges the Commission to encourage local initiative in developing these cross-frontier exchange programmes through youth clubs, youth associations, youth movements and other relevant organizations.

1.5. In this connection, the establishment of national agencies ought to assure access to all relevant information and opportunities and stimulate local responses; and so, in a sense, the agencies should act as 'honest brokers' within the initiative.

1.6. It is essential, in the light of existing exchange programmes (variable as they are in nature and distribution), that YES for Europe should not be seen as an alternative vehicle or substitute but rather as a new and additional element in the promotion of a 'young Europe'.

1.7. The Committee acknowledges in the proposal a pragmatic approach designed to achieve flexibility of operation coupled with a desire to achieve progression in bringing young Europeans closer together.

1.8. The Committee recognizes important implications emanating from the proposal which are directed at Member States regarding:

- the need to facilitate more language teaching,
- the allocation of appropriate finance,
- the designation of effective agencies,
- and
- the removal of administrative and financial obstacles particularly for the young unemployed, for example the loss of social-security income support.

2. Specific comments

2.1. The Committee approves the implementation of exchange programmes as envisaged by the Commission.

⁽¹⁾ OJ No C 72, 27. 3. 1986, p. 5.

2.2. In order to develop more the specifically Community character of the programme, the Committee thinks that in addition to the national agencies, provision should be made for the machinery needed to ensure, from the very start of the programme, the growth, support and effective coordination of multilateral exchanges, particularly those organized by European non-governmental organizations.

2.3. The Committee recognizes a clear need for firm guidelines to be provided by the Commission to national agencies regarding:

- dissemination of information techniques to enable the widest possible participation by young people and their organizations,
- and
- the selection of programmes based on quality of content and preparation.

In this way will parity of provision and opportunity be achieved across Member States.

2.4. In the absence of any proposed European agency, concern must be voiced regarding the degree of staffing provision as defined in the Annex (Item 7) through which the Commission will administer YES for Europe. The Committee encourages the Commission to consider the seconding of some of its staff to assist in the dissemination of information, monitoring and evaluation of programmes etc. Proper use should also be made of the Commission information offices in the Member States for promoting 'YES for Europe'.

2.5. The Committee would urge, in order to ensure the effective coordination and growth of multilateral youth exchanges which lie at the heart of YES for Europe, that consideration be given at the review stage to the establishment of a European agency.

2.6. The public funds necessary for the YES for Europe programme should not be secured by cut-backs in other youth exchange programmes (such as those sponsored by the EEC Youth Forum, the European Youth Centre and the Europäisches Jugendwerk (European Youth Foundation)).

2.7. The Committee recommends that a European advisory committee be established (as is also the case for the Erasmus proposals) in order to assist in the monitoring of programmes, identification of exemplars and analysis of annual reports.

2.8. In the pursuit of flexibility the Committee recognizes a need for individual negotiations to take place regarding priority factors when claims for weighting are being considered. To this end such criteria as youth population, average distances involved and cost of living appear appropriate.

2.9. The Committee encourages the Commission to reconsider its proposal to require a minimum of six Member States to take part in any multilateral exchanges of a voluntary work camp nature. A minimum of four appears to be a far more realistic and appropriate figure.

2.10. The Committee supports the proposal to provide training programmes at all levels for those who organize youth exchanges, e.g. youth workers. It is essential that professional development operates within the initial phase and beyond as the leaders are the agents for change and progression.

2.11. It is clear that the initial phase of YES for Europe is perceived by the Commission as operating collectively and exclusively for all young people within the Member States. The Committee encourages the Commission at the three-year review stage to consider extending the European and international field of operation.

2.12. The Committee applauds the notion of encouraging young people to be directly involved in the planning, preparation, delivery and evaluation of exchange programmes and to this end the Committee recommends that the process of application for sponsorship be as simple as possible.

2.13. The Decision states that after three years of operation an interim report will be prepared for submission by the Commission to the Council and Parliament. This report should be submitted to the Committee also.

Done at Brussels, 17 Septembre 1986.

The Chairman
of the Economic and Social Committee
Gerd MUHR

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1 January — 31 December 1984

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