ISSN 0378-6986

Official Journal of the European Communities

C 332

Volume 35

16 December 1992

English edition

Information and Notices

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Price: 14 ECU

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(Preparatory Acts)

ECONOMIC AND SOCIAL COMMITTEE

Opinion on the proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons, and to members of their families moving within the Community and Regulation (EEC) No 574/72 laying down the procedure for implementing Regulation (EEC) No 1408/71 [1]

(92/C 332/01)

On 19 August 1992 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 Section for Social, Family, Educational and Cultural Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 6 October 1992. The Rapporteur was Mr Pearson.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee adopted the following Opinion unanimously.

Comment

1. The Committee welcomes the Proposal in that it represents a further necessary updating and amending of Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving with the Community, and Regulation (EEC) No 574/72 laying down the procedure for implementing Regulation (EEC) No 1408/71.

1.1. This Proposal aims to update and amend the current Community Regulations in the light of a number of changes to form, substance, and administration made by national legislations and other changes, as follows:

(a) to make provision as to the share of family benefits to be borne by the two Member States of the relevant employment concerned in relation to cases not covered by the Dammer judgment where both parents are working but in different Member States neither of which is the children's State of residence;

(b) to remove discrimination and misunderstanding in interpretation;

(c) to bring about greater approximation of the social security systems in the Member States concerned;

(d) to change titles of competent authorities or liaison bodies, and new addresses;

(e) to implement provisions of bilateral agreements already in place and remaining, between (i) Belgium and Italy, (ii) France and Italy, (iii) France and the United Kingdom.

1.2. Since the entry into force of Regulation (EEC) No 2001/83 which is a consolidated update codified in a single official text of Regulations (EEC) Nos 1408/71 and 574/72 following the extension of their scope to self-employed persons, many and complex changes have been made which are not included in the 'Compendium of Community Provisions on Social Security (1988)'. The Economic and Social Committee feels very strongly that a new updated publication is necessary at the earliest date. The existing Compendium is so out of date as to be virtually unusable and therefore liable to lead to wrong decisions being made.

1.3. The Committee is concerned about the acceptability between Member States in the use of social security forms, particularly as regards medical reimbursement (E forms).

[1] OJ No C 251, 28. 9. 1992, p. 51.

ARTICLE 1

2. *Amendments to Regulation (EEC) No 1408/71*

2.1. There should be no problem with the proposed amendment to Annex I Part I G IRELAND.

2.1.1. Persons whose only income is unearned income from investments, dividends, and rents from property are to be included in the above Regulation (EEC) 1408/71 as self-employed persons. Under certain circumstances they are regarded as self employed and contributing to social insurance (PRSI class S) compulsory or voluntary, and therefore currently covered by Irish old age and widows pensions scheme specific for the self-employed.

2.2. Amendment to Annex VI G. Ireland (a)(i) point 5.

2.2.1. The word 'maternity' is to be deleted, since Pay Related Benefit is no longer paid with maternity benefit.

2.3. Amendments to heading J. NETHERLANDS.

2.3.1. The proposed changes to be adopted aim to encompass certain residents, including 'family members' in the Netherlands who could not be insured under the Netherlands statutory insurance scheme for medical expenses. The new rules remove the necessity for these people to enter private insurance contracts which require high premiums, and bring about greater approximation of the social security schemes between the Member States. Also persons drawing an early retirement pension and benefiting, under certain conditions, from Netherlands rules on social insurance for sickness costs, may continue to benefit in the territory of other Member States.

Done at Brussels, 22 October 1992.

2.3.2. Other changes have removed discrimination and misunderstanding in interpretation of rules applying to insurance for old age benefit purposes.

ARTICLE 2

3. Amendments to Regulation (EEC) No 574/72 laying down the procedure for implementing updated Regulation (EEC) No 1408/71, and other changes previously mentioned at 1.1., are straightforward, and require no further explanation.

ARTICLE 3

4. The Committee notes and approves the following:

4.1. This Regulation shall enter into force on the first day of the month following that of its publication in the Official Journal of the European Communities.

4.2. Article 1, points 2(b)v, 2(b)vi and 2(b)vii shall apply from 1 April 1985.

4.3. Article 1, points 2(b)viii and 2(b)ix shall apply from 2 August 1989.

4.4. Article 2, point 5(a) shall apply from 10 February 1992.

4.5. Article 2 point 5(b) shall apply from 14 March 1991.

4.6. Article 2, point 5(c) shall apply from 1 July 1992.

4.7. This Regulation shall be binding in its entirety and directly applicable in all Member States.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

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 [1]

(92/C 332/02)

On 11 May 1992 the Council decided to consult the Economic and Social Committee, under Article 100 A 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 29 September 1992. The Rapporteur was Mr Gardner.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. This amendment deals with several changes which have variously become desirable owing to judgements of the Luxembourg Court, to different national interpretations of the existing Directive and the failure of the Council to enact full informative labelling for wines and other alcoholic drinks.

2. General comments

2.1. The Committee welcomes the proposals subject to the detailed comments below. However, there is one further change which the Committee wants to add :

2.2. Products sold loose

2.2.1. Article 12 of the original Directive [2] allows exemptions for non-prepacked foods. The Committee recognises the great practical difficulties of giving information on non-prepacked foods. In the interests both of consumer information and of fair competition, the Committee recommends this anomaly be abolished. One method would be to have full ingredient lists of these foods available for consultation by the consumer at the point of sale.

3. Detailed comments

3.1. *Article 1.4*

3.1.1. Including alcoholic drinks in the Directive is a welcome, if very belated development. However, the proposal discriminates against certain groups of drink. In the interests both of consumer information and of fair competition, Article 1.4.3 (a) should be deleted and the Article should therefore be changed to read:

> 'The rules for labelling the ingredients of drinks containing more than 1,2% alcohol shall be determined in accordance with the procedure provided in Article 17.
>
> For all these products the list of ingredients shall be preceded by the following : « prepared from ».'

3.1.2. The words 'prepared from' are more correct than the present words 'prepared with' as some ingredients change during fermentation.

3.2. *Article 1.5*

3.2.1. The existing Directive has resulted in confusion. The intention was to give quantitative declarations only where there was special emphasis. This is explicitly stated in the German text of the Directive and all other countries except one have interpreted the existing Directive in this way. The one Member State has never moved from its pre-Community legislation requiring percentages where an ingredient appears in the name of the product.

3.2.2. This proposal effectively accepts that practice. The proposal also provides for the possibility of distinguishing between products which have the same name in several Community languages but where there is differing national recipe law. An example is mayonnaise where different fat levels are required in some but not all national laws.

[1] OJ No C 122, 14. 5. 1992, p. 12.
[2] OJ No L 33, 8. 2. 1979.

3.2.3. Given the need for good consumer information in the Single Market of 1993, the general thrust of Article 1.5 is accepted. However:

3.3. *Article 1.5.1*

3.3.1. This leaves open how the quantity shall be declared. To avoid differing national interpretations this should be defined. Given the natural variability of raw materials and the variability inherent in manufacturing processes, 'typical values' are probably the best ones, rather than average, median or mean ones. The start of this Article, therefore, should be changed to:

'The typical quantity of an ingredient...'

3.4. *Article 1.5.2(a)*

3.4.1. What is 'derived implicitly' varies between countries. For instance Genoise biscuits implies eggs have been used in France and the same applies to Löffelbiskuits in Germany. There is no such implication for the equivalent Jaffa cakes or Boudoir biscuits in the English speaking countries.

3.4.2. The rules for this should therefore also be decided in accordance with the procedure under Article 17 so as to prevent barriers to trade.

3.5. *Article 1.5.5*

3.5.1. There is an important difference between the English and French versions. The English one requires declaration of a percentage while the French one requires declaration of a 'determined quantity'. Both have their uses :

3.5.2. With a straight mixture such as a muesli mix, percentages are best. However, for products which loose a great deal of water during processing such as baked goods or potato crisps, the defined quantity is best. For example, 300 grammes of potatoes are used to give 100 grammes of crisps, which would lead to a percentage of 300 %.

The article should, therefore, be changed to read :

'The quantity indicated is the amount used in the manufacture of a given quantity of finished product. Where appropriate this may be expressed as a percentage.'

3.6. *Article 1.5.6*

3.6.1. This introduces the term 'constituents' which are nowhere defined. This word appears to cover both ingredients and foods which form part of the product such as 'cheese topping'. The term 'constituents' must therefore either be deleted or defined.

3.7. *Article 2*

3.7.1. The words 'no later than 30 June 1994' in the second indent should be changed to read :

'prohibit trade in products not conforming to this Directive two years after its publication. However, products already in the trade may be sold until expiry of the « best before » date.'

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive on the subject of additional measures concerning the official control of foodstuffs [1]

(92/C 332/03)

On 20 February 1992, the Council decided to consult the Economic and Social Committee, under Article 100a 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 29 September 1992. The Rapporteur was Mr Hilkens.

At its 300th Plenary Session (meeting of 22 October) the Committee adopted the following Opinion unanimously.

1. Gist of the Commission proposal

1.1. The proposal supplements the Council's Framework Directive 89/397/EEC [2] on the official control of foodstuffs. An effective control system is essential for the establishment of an internal market in the foodstuffs sector.

1.2. The additional measures derive from Article 13 of the Framework Directive which, with a view to ensuring the uniform application of the control requirements, calls for the formulation of Community rules on the training of food inspectors, Community quality standards for laboratories involved in control and sampling work and the creation of a Community inspection service.

1.3. The Commission proposals are designed to add to the rules governing the control of foodstuffs in the following areas:

a) the training level of food inspectors;

b) quality standards for laboratories entrusted by the Member States with the official control of foodstuffs, with particular regard to analysis methods;

c) cooperation between Commission officials and the competent national authorities in carrying out food controls;

d) a system of mutual support between Member States' authorities in the application of controls;

e) annual reports on the implementation of a coordinated food control programme.

1.4. Following a thorough investigation of food controls in Member States, which it initiated pursuant to Article 13 of Directive 89/397/EEC, the Commission has concluded that additional measures are an indispensable precondition for free Community trade in foodstuffs.

1.5. Given the great variety of food control methods in force in the Member States, the Commission has opted for a general approach with clearly stated objectives in formulating requirements relating to food inspectors' training, the selection of laboratories and the methods of analysis to be used.

2. General comments

2.1. The Committee has taken note of the proposed additional measures in the field of food control. It is satisfied to note that further progress can thus be made towards effective control in this sector. This is an essential precondition for free Community trade in foodstuffs and is also very important for protecting public health and guaranteeing food quality. The Committee endorses the proposed measures, but at the same time wishes to make a number of further suggestions.

2.2. The Committee recalls how, in its Opinion on the Framework Directive on food control (89/397/EEC), it pointed out that several crucial aspects had to be spelt out further if the Directive was to achieve its stated objective. In this connection, it made particular reference to organizational aspects such as inspectors' training and professional competence, the number of people to be employed in food control and laboratory standards (including equipment standards).

[1] OJ No C 51, 26. 2. 1992, p. 10.
[2] OJ No L 186, 30. 6. 1989.

2.3. The Commission identified great differences in national food control procedures during its investigation. This caused it to limit its proposal to a statement of intentions and a definition of the approach to be taken with regard to the training of inspectors. The Committee feels that as a result there is no satisfactory guarantee that a comparable level of food control will be achieved throughout the Community in the foreseeable future. It would call for a comparable, high level of training for inspectors throughout the Community, with sufficient attention being paid to their competence in this area, so that a comparable level of food controls can be achieved in the Member States. To give the Commission a better chance to eventually establish a comparable level of controls, the Committee suggests that Member States should be obliged to inform the Commission periodically about the situation with regard to the required job qualifications and training levels. The same applies to the number of persons to be employed in food control. The Commission should play an active role in coordinating Member States' control bodies so that the abovementioned comparable level of food controls is achieved in the Member States in the foreseeable future. In particular, the Commission should urge the Member States to provide sufficient funds for food control, an activity which is crucial for public health.

2.3.1. When the Internal Market is established on 1 January 1993, it is likely that not all Member States will have sufficient inspectors to guarantee a comparable level of controls. When the Community's internal borders disappear, customs personnel will become redundant and the extent to which this personnel could be used to control foodstuffs could be given careful consideration.

2.4. The Commission proposal provides for the mutual recognition of laboratory results. This will necessitate the definition and application of stringent quality standards which must be observed by the laboratories concerned. Whilst the Committee has faith in the Commission's proposals to this end, it would prefer a more rigorous formulation of the Member States' obligation to take account of the stipulated quality requirements in selecting laboratories.

2.5. The Committee would point out that the provisions relating to analysis methods allow too much scope for differing methods and results and differing interpretations of these results. There must be no differences in the way the parties concerned are treated by the law. The Committee therefore proposes that the Commission compile a register of reference methods based on the best available scientific methods and that exceptions be allowed only where this is essential on public health grounds (e.g. in the case of a rapid initial examination).

2.6. The Committee assumes that the proposed European foodstuffs inspectorate — partly because of its limited size — is to be responsible for coordinating the activities of the national inspectorates. The Committee hopes that this body will help to develop a more uniform Community-wide food control system. It therefore proposes a review after 5 years to examine whether and, if so, how the inspection service could be developed further.

2.7. Whilst the Committee accepts that the information provided pursuant to this Directive must be confidential, it would point out that victims of food poisoning have to wait too long for the settlement of their claims because the confidential evidence cannot be used.

2.8. In addition to the regulation of inspectors' training and laboratory standards, effective food control in a large European market will also depend on the ability to trace the product's journey from manufacturer to consumer as far as possible. In this connection, the Committee recalls the proposal made in its Opinion on the Framework Directive [1] for a watertight system of code numbers covering every enterprise, area and laboratory. Under such a system, the national control authorities could be notified without delay and the producer concerned rapidly identified. This is particularly important in cases where there is a public health risk and quick action is necessary.

2.9. In its Opinion on the Framework Directive, the Committee called for the inclusion of a provision requiring the Member States to prescribe suitable penalties for infringements of the health and labelling rules. At the moment it is possible that Member States operating an extremely strict monitoring system might come down heavily on any infringement, but that others will be less severe. In order to prevent such legal inequalities, there should be comparable penalties for comparable infringements throughout the Community. The Committee would point out that the people employed in food control also have an advisory role to play at all events.

[1] OJ No C 347, 22. 12. 1987.

2.10. The Opinion on the Framework Directive stressed the importance of effective metrological checks in connection with correct labelling. The Committee would again draw the attention of the Commission and the Council to the need for effective cooperation between food control authorities and the competent metrological bodies. Compulsory mutual notification of discrepancies could be helpful in this connection.

3. **Specific comments**

3.1. *Article 1(2)*

The Committee suggests that it be made clear that the provisions of the Directive represent minimum requirements for all foodstuffs and that these provisions also apply to products for which additional specific rules have been drawn up.

3.2. *Article 2*

The Committee assumes that this Article is to be regarded as no more than a general statement of content for which detailed specifications are given in other Articles.

3.3. *Article 3*

Such expression as 'a sufficient number' and 'suitably qualified' do not possess the necessary legal force to ensure the desired harmonization of controls.

3.4. *Article 5*

The term 'methods of analysis' must be defined more precisely. See point 2.5.

3.5. *Article 7*

See point 2.9.

3.6. *Article 9*

See point 2.9.

3.7. *Article 10*

The report to the Council and Parliament should also be sent to the Economic and Social Committee. The Committee would also recommend that the Consumers Consultative Committee be notified. It must also be stipulated that, in accordance with Article 14(2) of Directive 89/397/EEC, the report must indicate 'the number and type' of analyses conducted, the results thereof and action taken in response to infringements.

3.8. *Article 11*

The date on which the Directive is to enter into force must be fixed. The Committee thinks that this should coincide with the completion of the Single Market. The 31 December 1992 target date for the latter should therefore also be specified in the Directive.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive amending for the thirteenth time Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations [1]

(92/C 332/04)

On 18 June 1992 the Council decided to consult the Economic and Social Committee, under Article 100a 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 29 September 1992. The Rapporteur was Mr Beltrami.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. The proposal amends for the thirteenth time Directive 76/769/EEC laying down the legal framework for bans and restrictions on the marketing and use of certain dangerous substances and preparations.

1.1.1. The proposal is intended to afford a high level of protection for both human health and the environment by harmonizing restrictions on the marketing and use of three groups of substance and preparation in all Member States:

— substances and preparations classified as carcinogenic, mutagenic and/or teratogenic (categories 1 and 2) under the terms of Directives 67/548/EEC and 88/379/EEC;

— creosote;

— certain chlorinated solvents.

1.2. The purpose of the Directive is to :

A) ban the use in concentrations equal to or greater than:

— those laid down in Annex I of Directive 67/548/EEC;

— those laid down in Point 6, Table VI of Annex I of Directive 88/379/EEC where no limit appears in Directive 67/548/EEC

of category 1 and 2 substances classified in Annex I of Directive 67/548/EEC as:

— carcinogenic

— mutagenic

— teratogenic

and labelled for toxicity with the risk phrases

R45 'may cause cancer' or

R49 'may cause cancer by inhalation' or

R46 'may cause heritable genetic damage' or

R47 'may cause birth defects'

when they are contained in substances and preparations placed on the market for sale to the general public.

Without prejudice to the implementation of other Community provisions relating to the classification, packaging and labelling of dangerous substances and preparations, the packaging of such substances and preparations must be marked legibly and indelibly as follows :

'RESTRICTED TO PROFESSIONAL USERS'.

B) Ban the use for wood treatment of substances and preparations containing creosote (a by-product of the manufacture of coke from coal), either alone or in one of the mixtures listed in point 32 of the Annex if it contains:

— Benzo-a-Pyrene at a concentration of greater than 0,005% by mass, and/or

— water extractable phenols at a concentration of greater than 3% by mass.

Furthermore wood so treated may not be placed on the market.

[1] OJ No C 157, 24. 6. 1992, p. 6.

However, by way of derogation, these substances may be used for wood treatment in industrial installations if they contain:

— Benzo-a-Pyrene at a concentration of less than 0,05% by mass, and

— water extractable phenols at a concentration of less than 3% by mass.

These substances and preparations may be placed on the market only in packaging of a capacity equal to or greater than 200 litres and may not be sold to the general public.

Without prejudice to the application of other Community provisions on the classification, packaging and labelling of dangerous substances and preparations, the packaging of such substances and preparations must be legibly and indelibly marked as follows :

'FOR USE IN INDUSTRIAL INSTALLATIONS ONLY'.

Wood treated according to B) which is placed on the market for the first time :

a) may only be used for professional and industrial purposes;

b) may not be used inside buildings or for purposes in which it comes into direct contact with human beings.

Old treated wood may be sold as a second hand product but may not be used for the purposes mentioned in b).

C) Ban the use in concentrations equal to or greater than 0,1% by weight in substances and preparations placed on the market for sale to the general public of:

— chloroform

— carbon tetrachloride

— 1,1,2 trichloroethane

— 1,1,2,2 tetrachloroethane

— 1,1,1,2 tetrachloroethane

— pentachloroethane

— 1,1 dichloroethylene

— 1,1,1 trichloroethane.

Furthermore, without prejudice to the application of other Community provisions on the classification, packaging and labelling of dangerous substances and preparations, the packaging of these substances must be marked legibly and indelibly as follows:

'RESTRICTED TO PROFESSIONAL USERS'.

1.3. For all the products covered by the Directive, the Member States are to adopt and publish the laws, regulations and administrative provisions necessary to comply with the Directive no later than one year after its formal adoption by the Council. An exception is made for 1,1,1 trichloroethane, for which a five-year period is stipulated.

2. General comments

2.1. The Committee notes the Commission proposal and fully endorses its aims and implementing arrangements, subject to the comments which follow.

2.2. It particularly appreciates the aim of giving concrete form to some of the specific measures contained in the 'Europe against cancer' programme, while at the same time improving protection of the public in general and non-professional users in particular, and improving the operation of the internal market.

2.3. Lastly, the Committee asks the Commission to align the terminology and risk phrases used for teratogenic substances with those used in the seventh amendment of Directive 92/32/EEC, which introduces the broader definition of substances which are 'toxic for reproduction' [1].

3. Specific comments

3.1. In the light of the work in progress on the classification and labelling of complex substances derived from petroleum distillation, the Committee points out that the derogations laid down in Points 29, 30 and 31 of the Annex for motor fuels covered by Directive 85/210/EEC only apply to petrol; they would not solve the problem of other widely used fuels such as diesel, LPG and gasoil. The Committee therefore proposes that the derogation apply to all motor fuels and to heating fuels whose carcinogenic components cease to be carcinogenic on burning, thereby precluding potential danger.

3.2. The Committee points out that a comprehensive ban on a category could in some instances prevent or restrict the use of products without any assessment of the actual risk they pose. It therefore proposes that bans and/or restrictions be preceded by an assessment of risk.

[1] OJ No L 154, 5. 6. 1992, Article 2(2)(n).

3.3. To this end, the Committee suggests allowing a longer period than currently proposed between the classification of a substance as carcinogenic, mutagenic or teratogenic and the entry into force of a ban.

Done at Brussels, 22 October 1992.

The Chairman
of the Economic and Social Committee
Susanne TIEMANN

Opinion on the proposal for a Council Directive on sweeteners for use in foodstuffs

(92/C 332/05)

On 3 July 1992 the Council decided to consult the Economic and Social Committee, under Article 100A 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 29 September 1992. The Rapporteur was Mr Gardner.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. At the common position stage of the previous sweeteners proposal, a footnote was inserted to protect 'traditional beers'. This happened to have the side effect of protecting brewing industries of some countries from outside competition. As a result, a majority in the European Parliament rejected the proposal in toto.

1.2. The present proposal incorporates all the changes made up to the time of withdrawal but without the 'traditional beer' [1]. That means it is the result of one Opinion by the Economic and Social Committee, two by the European Parliament and a common position by the Council. It contains several of the points made in the Opinion of the Committee on the first proposal.

[1] OJ No C 120, 6. 5. 1991.

2. Comments

In this Opinion the Committee will therefore concentrate on those points which are new since the first proposal and which therefore were not already considered by the Committee.

These include:

2.1. *Article 1.3, second indent*

This recognizes the special position of diabetic products in line with our previous Opinion. However, the second indent does not carry over the prohibition of 'other sweetening food' to products for diabetics. It should, therefore, be changed, using the words underlined below.

'« with no added sugar »: without any added mono- or disaccharides or any other foodstuff used for its sweetening properties. However in foods presented for diabetics, fructose may be added.'

2.2. *Article 6, first indent*

There are several cases of labelling rules in specific legislation (such as the Wine Regulation) conflicting with the Labelling Directive. This needs to be avoided. Any labelling provisions, therefore, must be within the framework of the Labelling Directive (79/112/EEC).

2.3. *Article 9.1*

The indent which begins 'allow, by 15 June 1993...' needs reviewing in the light of progress with this Proposal. The subsequent indent should be changed to:

'— prohibit trade in products not conforming to this Directive two years after its publication. However, products already in the trade may be sold until expiry of the « best before » date.'

2.4. *The Annex*

2.4.1. Some small corrections are desirable under E 954, Saccharin.

— 'Eβoblaten' is given in German in all the language versions. In line with other new parts of this Annex, this should be either in capitals or should be translated into the other languages;

— 'Gaseosa' is a new inclusion. Here it would seem desirable to have a formula of words analogous to that now used for 'oud bruin' beers, i.e.

'non-alcoholic water-based drinks of the 'gaseosa' type with added carbon dioxide, sweeteners and flavourings.'

2.4.2. Aside from this, both in the original proposal and in this one, a German speciality has been omitted from the Annex and that is a type of prepared salad called 'Feinkostsalat'. By using sweeteners in these, microbiological spoilage is reduced. Also the salads stay crisper and better in flavour because there is less osmotic pressure from the sauce to extract water from them.

2.4.3. This proposal introduces the new system of keeping names in one language only when they are given in capital letters. This allows such national specialities to be accommodated. The following, therefore, should be added :

FEINKOSTSALAT	Saccharin	100 mg/kg
	Aspartame	300 mg/kg
	Acesulfam K	350 mg/kg

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive on the approximation of the laws of the Member States relating to the burning behaviour of materials used in interior construction of certain categories of motor vehicle [1]

(92/C 332/06)

On 9 June 1992 the Council decided to consult the Economic and Social Committee, under Article 100a 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 30 September 1992. The Rapporteur was Mr Masucci.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. The Committee has followed the various Commission proposals for common measures on the free movement of people and goods. These proposals have sought to improve safety, reduce road accidents, and mitigate the consequences thereof, inter alia on the environment. The Committee has now been asked by the Council to issue an Opinion on the burning behaviour of materials used in the interiors of category M3 motor vehicles as defined in Annex 1 of Directive 70/156/EEC.

1.1.1. The Committee therefore welcomes the Commission's proposal to supplement the framework Directive 70/156/EEC, subject to the reservations expressed in Point 2 below.

1.2. With the free movement of people and goods now imminent, it is vitally important to harmonize technical standards governing the burning behaviour of materials used in the interiors of public transport vehicles.

1.3. The Committee fully endorses the proposal. When laying down criteria for technical tests, attention should be drawn to Treaty Article 100a(3) which stipulates a high level of protection.

2. Comments

2.1. The Committee considers that it would be useful to include all motor vehicles in the present Directive, in order to give everyone the same guarantee of a high level of safety.

2.1.1. It views the present proposal as a step in this direction which should be followed by further Directives.

2.2. As regards the category of vehicles covered by the proposal, the Committee has misgivings about the exclusion of vehicles designed for standing passengers. The Commission's justification for this — that passengers can be evacuated more quickly and that the statistical risk is lower — is not satisfactory.

2.3. The proposal should be redrafted to embrace the need for type approval of materials and components as such.

2.4. Article 6 of the proposal provides for the setting-up of an advisory committee, in line with the increased responsibilities conferred on the Commission under the Single Act.

2.4.1. However, all the ESC's earlier Opinions on the application of Directive 70/156/EEC have supported the preference for the continuance of the Committee for Technical Progress, for reasons of greater efficiency and input of proposals.

2.4.2. In particular, before taking any decisions, the Committee should consult all organizations (consumers, users) which can help to guarantee high safety criteria.

2.5. The Committee asks the Commission to make Article 3 clearer and more explicit, so that the existing national options are more immediately comprehensible. It would also like to see clarification of the dates of entry into force of the Directive for newly type-approved vehicles and for vehicles which have already received type-approval.

2.6. The dates laid down in Articles 3 and 7 are clearly impractical and will have to be altered.

2.7. Extension of the type-approval procedure to cover materials and components as well as the vehicle

[1] OJ No C 154, 19. 6. 1992, p. 4.

will necessitate amendment of the body of the Directive and Annex I, in particular points 7 and 8, and of the impact statement on competitiveness and jobs (position of small firms).

2.8. Point 1 of Annex I should be reworded to read:

'The specifications appended to this Directive apply to the burning behaviour ...'

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive on the Co-ordination of Laws, Regulations and Administrative Provisions relating to Deposit-Guarantee Schemes [1]

(92/C 332/07)

On 23 June 1992, the Council decided to consult the Economic and Social Committee, under Article 100a 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 30 September 1992. The Rapporteur was Mr Meyer-Horn.

At its 300th Plenary Session (meeting of 22 October) the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. In a market economy, company failures are far from uncommon. But in the credit industry they pose particular problems, since credit institutions work largely with their clients' money and are therefore more dependent on their creditors' confidence than other enterprises. A social market economy cannot accept that there should be no measures to offset the consequent risks for the majority of savers and investors. If a credit sector is to be healthy, the customers of credit institutions, or at least private individuals, must be protected from damages to an extent which is socially just and economically reasonable.

1.2. Moreover, credit institutions themselves are interested in depositors having meaningful protection and in providing corresponding client information. For if creditors, and particularly savers, suffer damages when a bank becomes insolvent, this can have a public effect. It can undermine the reputation of an entire national banking sector.

1.3. Under these circumstances, it is understandable that the supervisory authorities and the credit institutions themselves are concerned about taking precautions to provide depositors with a certain protection. The Commission, too, has proposed a directive on the matter. It takes into account the fact that a credit institution can be the victim of a financial crisis even when it is subject to very strict rules and careful supervision, particularly as competition will increase further in the Single Market as a result of Community-wide banking and the freedom to fix interest rates and conditions.

1.4. The Economic and Social Committee praises the quality of the work and the extensive preparation which the Commission has undertaken in this area. The ESC attaches great importance to the Commission's considerations and would like, with its Opinion, to make a constructive contribution which reflects the suggestions and concerns of the economic and social organizations.

[1] OJ No C 163, 30. 6. 1992, p. 6.

2. Content of the proposed directive

2.1. *Aim of the proposed directive*

2.1.1. With a view to the creation of a European single market for credit institutions, several directives which are due to come into force throughout the EC on 1 January 1993, have already been adopted; these are the so-called Second Banking Directive, the Own Funds Directive, the Solvency Ratio Directive and the Consolidation Directive [1]. The draft directive on deposit-guarantee schemes, which is to be transposed into national law by 1 January 1994, supplements these instruments. It will replace Commission Recommendation 87/63/EEC of 22 December 1986 on the same subject [2].

2.1.2. The proposal has two objectives:

— to protect, through deposit-guarantee schemes based on the joint participation of credit institutions, depositors in the event of a financial crisis in a credit institution, particularly those depositors who have insufficient financial knowledge to discriminate between sound and unsound credit institutions; and

— to maintain public confidence in the credit industry and protect it from the risk of depositors withdrawing their funds, not only from an institution in difficulty, but also from credit institutions which become the subject of unfounded rumours.

2.1.3. In future, all credit institutions must join a deposit-guarantee scheme. Guarantee funds under private law are recognized for this purpose. The setting-up and organization of the different schemes are not standardized. Certain guarantee funds are financed by annual contributions from the member institutions, and contributions generally lie between 0,03 and 0,05% of the corresponding institutional liabilities. Other guarantee funds impose an admission levy on credit institutions and, if necessary when facing particularly heavy claims, an ad hoc charge on all their members. Lastly, some guarantee funds confine themselves to ad hoc contributions in the event of claims.

2.2. *The standards proposed*

2.2.1. If access to a credit institution's deposits is no longer possible (see point 4.1.4), the guarantee schemes must ensure that depositors receive up to ECU 15 000 of their total deposits.

2.2.2. The figure of ECU 15 000 is roughly equivalent to the average coverage available in Member States which operate deposit-guarantee schemes, with the exception of Germany and Italy which provide a particularly high level of cover. The upper coverage limit is: [3] Spain ECU 11 700, Belgium and Luxembourg ECU 11 900, Ireland ECU 13 200, the Netherlands ECU 17 400, UK ECU 21 400, Denmark ECU 31 500, France ECU 57 500 and Italy above ECU 500 000. In Germany, depositors enjoy virtually complete cover. This can be up to 30% of a bank's own funds for individual depositors; savings banks and credit cooperatives provide institutional coverage.

2.2.3. Throughout the Community, the minimum guarantee of ECU 15 000 represents the absolute lower limit of cover for the total deposits of the same depositor in a single credit institution subject to the possibility of limiting the guarantee provided for to a specified percentage of the deposits on the understanding that the percentage guaranteed must equal 90% of the aggregate deposits until the amount to be paid under the guarantee reaches ECU 15 000. Guarantee schemes which provide greater or complete damage compensation may be retained.

2.2.4. The proposed directive is based on two principles:

— all authorized credit institutions must be members of a deposit-guarantee scheme; and

— branch depositors will be covered by the guarantee scheme of a credit institution's home country.

2.2.5. Legally dependent branches of credit institutions from other Member States may voluntarily join a deposit-guarantee scheme in the host Member State. In this way, they can, where appropriate, increase the level of coverage available in their home Member State to that provided in the host country.

2.2.6. Member States can exclude certain depositors or deposits mentioned in the Annex to the directive, namely deposits of insurance companies, pension and investment funds and provincial, regional, local or municipal authorities.

[1] OJ No L 386, 30. 12. 1989, p. 1, 14; OJ No L 75, 21. 3. 1992, p. 48; OJ No L 317, 16. 11. 1990, p. 60.

[2] OJ No L 33, 4. 2. 1987.

[3] As of 1 September 1992; since then the exchange rates of certain currencies have changed with the result that the amounts expressed in ECU have fallen in some cases (e.g. UK, Italy and Spain) and increased in others (e.g. to ECU 12 400 in Belgium and Luxembourg).

2.2.7. Compensation is to be paid within three months except in certain exceptional cases [listed in the Annex referred to in Article 4(2)].

3. General comments

Bearing in mind the proposed directive's goals, the ESC considers the following points important:

3.1. *Minimum harmonization*

3.1.1. The ESC is pleased that the proposed directive limits itself to minimum harmonization.

3.1.2. As it merely sets minimum standards and no upper limit, the existing guarantee level, on which depositors have based their investment decisions for decades in certain Member States, can be retained. This is in line with Article 100a(3) of the EEC Treaty, which requires the Commission to take as a base a high level of protection in its consumer protection proposals.

3.1.3. It cannot be the function of the proposed directive to compel a reduction in the existing guarantee level in certain Member States. Nor, in the interest of bank customers, must any harmonization of EC deposit-guarantee schemes be allowed to jeopardize existing schemes in the Member States which are geared to protecting the institution.

3.1.4. According to the principle which has governed all harmonization projects to date, i.e. that the EC should set only uniform minimum standards, the Member States cannot be prevented from keeping or introducing higher standards. This can particularly be seen in Article 4(3), where Member States are allowed to retain provisions which offer a higher guarantee ceiling. However, minimum harmonization means that schemes with a somewhat different guarantee objective which also fulfil the directive's deposit-guarantee requirements, especially schemes designed to protect the institution as in the case of members of a banking group, must also be deemed to conform to the directive. To increase investor confidence, the directive should expressly state that deposit-guarantee schemes ensuring more than the minimum level of protection it requires can be retained insofar as they provide full minimum protection in accordance with the directive.

3.1.5. The proposed directive does not cover financing arrangements for the different deposit-guarantee schemes, some of which have been established on a group basis by the credit institutions' professional bodies, whilst others are provided for and regulated by law. On competitive grounds, all deposit-guarantee schemes should be financed through charges or contributions paid by the credit institutions concerned and not by the public authorities.

3.2. *Home country principle*

The ESC recognizes the correctness of the Commission's logic in deciding to use the 'home country principle', whereby branch depositors will be covered by the supervisory and guarantee scheme of an institution's head office, and not, as the 1986 Recommendation still prescribed, by that of the host country.

3.2.1. The home country principle now provides the basis for the harmonization of Community legislation on credit institutions. It is particularly evident in the Second Banking Directive on the Community-wide authorization of credit institutions and supervision of branches in the institutions' home country.

3.2.2. There is no reason to depart from this home country principle in the case of deposit guarantees. Supervisory and guarantee schemes must operate in the same Member State.

3.2.3. Nevertheless, it seems difficult to reconcile the home-country principle with the principle of unrestricted competition between the banks of different Member States in the context of the Single Market. The following solution should therefore be considered. All the Member States should be free to decide whether to provide for a guarantee level above the minimum requirement laid down in the directive; this guarantee would, however, apply exclusively to deposits held in the territory of the Member State concerned; the level of guarantee available to branch depositors in the territory of another Member State under the home-country principle should not exceed the level available in that Member State (see Specific comments, point 4.2 with regard to the problems which arise when the guarantee level is higher or lower in the host than in the home country).

3.3. *ECU 15 000 coverage*

The minimum deposit guarantee of ECU 15 000 is roughly equivalent (see point 2.2) to the average maximum deposit guarantee of eight Member States.

3.3.1. The figure is thus somewhat arbitrary. But it does offer the advantage of relative compatibility with existing requirements. Only four Member States will have to raise their minimum deposit guarantees as a result of the new directive, whilst six others can retain their existing, more comprehensive coverage. (There is still no deposit-guarantee scheme covering all credit institutions in two Member States.)

3.3.2. However, the comparison with average deposits made in point 4 (fifth to eighth paragraphs) of the Explanatory Memorandum to the draft directive is not particularly convincing. Not only are the average amounts quoted (ECU 30 000 for time deposits, ECU 2 600 for current accounts and ECU 2 150 for savings accounts) subject to constant change as a result of transfers between the different types of account (end 1990: ECU 26 500, ECU 3 000 and ECU 2 200 respectively), they are also average figures supplied by the European Savings Bank Association for twelve countries and thus inevitably conceal major national differences in the 201,4 million savings accounts, 55,5 million current accounts and 2,9 million time accounts to which they relate. The average savings deposit in Portugal, for example, is approximately ECU 1 130 as against ECU 4 300 in Luxembourg. Nevertheless, a minimum guarantee of ECU 15 000 will cover the great majority of investors.

3.3.3. It would seem advisable not to retain this minimum amount indefinitely, but to adjust it in line with subsequent income growth and generally higher credit balances at fixed intervals.

4. Specific comments

The ESC would like to draw the Commission's attention to a number of points which need to be clarified or amended:

4.1. *Definitions (Articles 1 and 4)*

4.1.1. 'Deposit' and 'depositor'

This definition is very wide-ranging and includes claims for which negotiable certificates have been issued by a credit institution. But it should not include securities such as mortgage bonds and municipal bonds which already benefit from special guarantees and for which no additional cover is needed. In particular, the definition should automatically exclude debt securities which satisfy the conditions of Article 22(4) of Council Directive 88/220/EEC of 22 March 1988 amending, as regards the investment policies of certain UCITS, Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS) [1].

4.1.2. Article 1(2) excludes obligations towards other credit institutions and subordinated loans (covered by binding agreements precluding repayment until after liquidation). The exclusion of inter-bank deposits is rightly justified on the grounds that credit institutions are better placed than other depositors to evaluate the position of a crisis bank. This argument would also seem to apply to other finance companies and insurance companies which maintain similarly close business relations with credit institutions. Companies created to provide such special banking services as leasing and factoring should also be expressly excluded, together with their parent companies.

4.1.3. National deposit-guarantee schemes should first and foremost protect private individuals, i.e. consumers. 'Depositor' is not defined more precisely in the directive, with the result that legal persons and, consequently, enterprises — especially SMEs — are also covered by the term. The exceptions listed in the Annex to the directive and referred to in Article 4(2) mention neither the professions nor SMEs. The definition of this group of depositors and decisions concerning their admission to the schemes should be left to the Member States.

4.1.4. 'Unavailable deposit'

The Committee welcomes the fact that the definition given in Article 1(1) has not been linked to the uncertainties of the procedures for reorganizing and liquidating a credit institution or to the decisions of courts and administrative authorities. For a deposit to be unavailable within the meaning of the directive, it is merely necessary to establish objectively that for ten consecutive days a depositor has been deprived of the funds which should have been repaid by the credit institution. So such a pay-out can also result if, as a reorganization measure, the responsible authorities suspend all payments of an institution for a given period. It may also be asked whether deposits are not already unavailable if, at the time of clearing, a credit institution cannot meet its obligations arising from transfer and cheque transactions.

[1] OJ No L 100, 19. 4. 1988, p. 31.

4.2. *Additional cover for branch depositors in the host country [Article 2(2)]*

Article 2(2) allows branches of credit institutions from other Member States to join deposit-guaranteed schemes in the host country. The provision means that branches can bring their existing cover up to the higher level available in the host country.

4.2.1. It is, however, not without problems. The host country authorities would first have to determine the difference between the home- and host-country guarantee limits. Then there is the problem of calculating contributions. The Commission appears to be assuming that 'special conditions' will apply to this calculation if branches voluntarily join their host country's deposit-guarantee scheme. These conditions would take account of the special risk cover provided by the home-country scheme. As a result, different contributions would have to be calculated for branches from different Member States. However, the Committee approves the provision contained in Article 2(2) allowing branches of credit institutions with their head office in another Member State to join the scheme of the host country.

4.2.2. Such a provision could also oblige deposit-guarantee schemes providing a high level of cover to pay most of the compensation due from branches of foreign institutions that are merely subject to the minimum guarantee laid down in the directive. Thus, credit institutions registered in the host country would have to indemnify the depositors of branches which would, in future, be supervised only by the home-country authorities. However, the proposed systematic introduction of the home country principle into banking supervisory law will reduce the opportunities for the host-country authorities to look into and examine a branch's activities. As a result, the membership of such branches would create a virtually incalculable risk for host-country guarantee schemes.

4.2.3. The home-country concept could also systematically be made the underlying principle with regard to additional coverage for branches in other Member States. Insofar as competitive conditions render supplementary coverage indispensable in the host country, home-country schemes could be required to offer branches in another Member State a deposit guarantee at the level and against the contribution applicable in the latter.

4.2.4. At all events, a branch of a credit institution registered in another Member State should be allowed to joint a host-country guarantee scheme only under the general conditions governing admission to that scheme. Otherwise, such branches would enjoy an advantage over credit institutions wishing to join a scheme in their home country.

4.2.5. There is another side to the adjustment of cover by branches registered in Member States with lower deposit guarantees to the higher levels of a host country since, conversely, the branches of credit institutions registered in Member States with higher deposit guarantees enjoy an advantage in countries where guarantees are lower. This advantage is the result of the mutual recognition, to the greatest possible extent, of supervisory responsibilities. Similar advantages can be expected to accrue from the application by foreign branches of financing techniques developed in their home country, the inclusion of certain balance-sheet items under own capital or the calculation of minimum reserves. In the case of deposit guarantees, no distortion of competition arises when credit institutions of their own accord forgo the use of higher home-country deposit guarantees. The directive should allow Member States to oblige branches of credit institutions from another Member State to forgo the use of higher home-country guarantees in the host country. At all events, the directive should expressly forbid them to advertise in the host country advantages of their higher home-country guarantee levels applying to their branches (see point 4.7). The directive could also lay down that the deposit-guarantee schemes in the credit institutions' home country only guarantee branch deposits in other countries up to the level of deposit guarantee pertaining in the host country.

4.3. *Exclusion from a guarantee scheme [Article 2(3)]*

Under certain conditions a credit institution may be excluded from a guarantee scheme. But in such cases the guarantee has to be maintained for a period of twelve months from the date of exclusion. In the ESC's view, it should be self-evident that only claims outstanding at the date of exclusion will be covered. This should be made clear in the directive.

4.4. *Branches of credit institutions from non-EC countries [Article 3(1)]*

The home country concept should also apply, in principle, to the legally dependent branches of credit institutions from non-EC countries. The admission of branches from non-EC countries would entail considerable risks for Community deposit-guarantee schemes. In this context, it should be sufficient for depositors to be informed of the existence or non-existence of a guarantee scheme and the associated conditions.

4.4.1. A rule which leaves it up to the Member States to decide whether or not branches of non-EC credit institutions should have to join a guarantee scheme has advantages and disadvantages.

4.4.1.1. It would be an advantage if membership were waived and the non-EC country responded in kind, as this would avoid cost duplication. Moreover, the scheme would not have to pay out if, for reasons over which the host country had no control, the non-EC credit institution decided to withdraw all funds from its EC branch.

4.4.1.2. However, experience has shown that in such cases it may be essential to compensate depositors in order to avoid a scandal which could damage the reputation of the whole credit industry. This would suggest a need for compulsory membership, or at least the provision of proof that the home country had an adequate system for guaranteeing deposits.

4.4.1.3. When the advantages and disadvantages are weighed up, there is good reason not to include branches of credit institutions from third countries in the scope of the directive, particularly as the Second Banking Directive [1] also lays down no rules for branches of third-country credit institutions.

4.5. *ECU repayment*

Article 7(5) provides for payment under the guarantee to be effected either in the national currency of the Member State in which the guaranteed deposit is located or in ecus. In the French version of the Explanatory Memorandum to the draft directive, this abbreviation is written in capitals (ECU) whereas in the text of the directive — tenth recital, Articles 4(1) and (4) and 7(5) — it appears in lower case. This formal difference draws attention — however unconsciously — to the distinction between the unit of account or basket of currencies and the future common European currency. At all events, direct payment from the guarantee funds in ecus seems inconceivable before the third stage of monetary union.

4.6. *Beneficial owner [Article 5(3)]*

In practice, the account holder is not always the beneficial owner of a deposit. It is not, however, apparent to the credit institution whether the beneficial owner concealed behind the account holder is one individual or several. The guarantee should not, therefore, cover the beneficial owner but the person whose name appears at the head of the account and, where appropriate, notaries in connection with client accounts designated by them. The coverage of up to ECU 15 000 should accordingly apply not to the aggregate deposit but to each individual account, insofar as the credit institution was already aware of the justified claims of the owners of the individual accounts.

4.7. *Advertising ban*

Earlier drafts of the present proposal included a provision prohibiting the use of advertising information on guarantee schemes for the purpose of attracting deposits. The Committee regrets that the Commission has deleted this provision from the draft. The directive should impose a binding prohibition on the advertising of deposit guarantees. Such an advertising ban should not, however, restrict the provision of information to the customers of credit institutions on deposit guarantees (coverage, conditions, repayment procedure).

4.8. *Exceptions (Annex)*

4.8.1. No 9 should preferably read: 'Non-nominative deposits of anonymous depositors, i.e. depositors which the credit institution cannot identify'.

4.8.2. In the annexed list of optional exceptions provided for by Article 4(2), express reference should be

[1] OJ No L 386, 30. 12. 1989, p. 1.

made to receivables in the form of transferable certificates from credit institutions, such as bank acceptances, deposit certificates, banker's drafts, standby letters of credit and promissory notes.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the report on Monitoring Implementation of the Common Fisheries Policy

(92/C 332/08)

On 2 April 1992 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Communities on the report on Monitoring Implementation of the Common Fisheries Policy.

The Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 1 October 1992. The Rapporteur was Mr Strauss.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee unanimously adopted the following Opinion.

1. General

1.1. The Committee supports the general thrust of the Commission's report. Efficacious monitoring of the Common Fisheries Policy (CFP) is in the interest of individual fishermen, the industry as a whole and consumers, who rightly expect continuity of supply. At present, overall compliance with control of the CFP leaves much to be desired.

1.2. The importance of preservation, and the need for clear and practicable rules governing the CFP, was raised by the Committee as recently as last year.

1.3. Monitoring the CFP is fundamental for the preservation of fish stocks. But monitoring will only be actively supported by fishermen, processors and distributors if they view the application of the rules as fair and sensible. In practice, this requires the Community to be more involved and to be given greater powers to determine the way in which the CFP is enforced so that enforcement methods become broadly similar. As long as these methods differ significantly, fishermen in the separate Member States will inevitably believe that they alone are dealt with severely. Greater efforts are also necessary to explain the reasons for restrictive rules so that fishermen cooperate more willingly with the authorities.

1.4. Once the necessary adjustments have been secured, the Committee can accept the principle of relative stability by which TACs and quotas are related to catches in earlier years. However, for the reasons outlined in the previous paragraph it believes that it may be difficult to reconcile the precept of subsidiarity, under which each Member State manages its own share as it sees fit, with the need to convince fishermen of the even-handedness of the CFP.

1.5. As regards the rules of the CFP — as opposed to their application — they should apply identically to all Community vessels catching fish in EC waters. So far, the degree of urgency to ensure that the rules are observed differs amongst Member States, as do the monitoring means at the disposal of their inspection departments. Greater Community involvement is

required to promote closer coordination between these departments and also to ensure that more uniform and effective sanctions are applied to detect law-breakers. The Community should consider introducing joint training courses for the inspectorates of Member States with a view to harmonizing surveillance techniques and ensuring a more uniform application of rules. It would also be helpful if members of national inspectorate services were seconded for a period to the services of other Member States.

2. **Responsibilities of Commission and national authorities**

2.1. The Commission should be responsible for general policy formation and the overall management and enforcement of the CFP. For the foreseeable future, however, national and regional authorities will have to continue to be responsible for the administration of the CFP. The Community should ensure that the authorities cooperate more closely so that all EC fishermen and their catches are dealt with similarly. At present, these authorities tend to cherish their independence to the detriment of effectively enforcing CFP rules.

2.1.1. The Commission should receive a constant flow of accurate up-to-date information on catches, what boats are at sea at any time and their exact position. This requires the adoption by the EC and the national authorities of compatible electronic information networks. The EC and each of the national authorities could therefore have the same up-to-date information on activities in EC waters. They would also know about the enforcement activities of all the services involved. This should contribute significantly to closer cooperation between the inspectorate services.

2.2. National and regional authorities should undertake their right of pursuit in EC waters.

2.3. Since, for the foreseeable future, it will be impossible to control all landings at ports, the Commission should be given power to control consignments beyond points of landing. Lorries carrying under-sized fish and processors handling such ware should no longer enjoy immunity. At the same time, efforts to make consumers aware of the consequences of purchasing under-sized fish should be stepped up.

2.4. Enforcement should be applied equally to all fishing vessels irrespective of size. This will require enhanced shore-based enforcement to cater for the smaller-class vessels. For the larger class, enforcement would be enhanced through monitoring by satellite surveillance systems.

3. **Inspection services**

3.1. Community and national inspection services are woefully inadequate in relation to their monitoring role. Appendix II to the Commission's Report shows that the size of the national inspection services varies greatly and bears no relation to the size of fleets. The Commission should determine the operational ratio of inspectors to vessels and, where necessary, financially assist Member States to achieve this ratio. Some of the displaced custom officials might, after re-training, be transferred to fishery inspection duties.

3.2. At the same time, it will be necessary to strengthen the Commission's inspection services so that they can ensure that the CFP rules are properly applied and monitored.

3.3. As regards EC inspections, they should be undertaken without first advising the national authorities of intended visits. These inspections should be complemented by a system of audit checks by the Commission.

4. **Licences and surveillance control**

4.1. The efficiency of physical at-sea inspections could be enhanced if a system of EC licences, coupled with electronic surveillance control, were introduced.

4.2. Many Member States already operate fishing licences. There is a system of EC licences for Spanish and Portuguese vessels currently fishing in the waters of other Member States. A general system of licensing could promote greater even-handedness in the application of Community rules. It might also help in enforcing the CFP more effectively, since the threat of the temporary or permanent revocation of the licence would act as a powerful deterrent to law-breakers. The rules governing the issue and recall of licences should be determined by the Community, but the administration should fall to the Member States. The Committee can give only qualified support to the licence proposal until the details of any scheme become known.

4.3. To facilitate the monitoring of vessel movements, all ships above a certain size and operational range fishing in Community waters, including vessels operating from third countries, should carry equipment subjecting them to satellite surveillance.

4.3.1. The requirement to carry satellite equipment would enable the authorities to control pirate vessels. Since laws could be introduced which would make it illegal for larger vessels to fish without this equipment,

any such ships could be impounded when caught by fishery protection vessels.

4.4. Although the installation of electronic monitoring equipment would be of navigational aid to some, many vessels already carry adequate aids. Electronic monitoring equipment should be viewed merely as a means by which the authorities can check on the movement of ships. The cost of installing and operating the equipment should fall in full on the Community and on national authorities. A precedent is the CAP, where producers are not subject to control costs.

5. **Control of net sizes and draught horsepower**

5.1. There must be a greater degree of control over suppliers of engines, nets and other technical equipment to enhance the EC conservation regulations. Engine power cannot be monitored while at sea and the definitions of engine power in the regulations are not sufficiently clear for it to be easily controlled while vessels are in port. There is an urgent need for an EC definition which would enable the authorities to implement and enforce maximum draught horsepower regulations.

5.2. Technical measures such as mesh sizes and torque will have to be enforced both at point of sale and through examining vessels.

6. **Sanctions**

6.1. The Committee agrees with the Commission that there are considerable gaps in the legal instruments and believes that all the improvements proposed by the Commission should be considered sympathetically. Currently, penalties are often too light in proportion to the commercial gains from infringement of the law. Penalties should act as deterrents and should be broadly similar for comparable offences throughout the EC.

7. **Coordinating committee**

7.1. The proposed committee for the monitoring of the CFP seems a useful step towards achieving greater coordination between Member States. It will, however, continue to be important to consult all parts of the industry under the management-committee structure.

8. **Cost of control**

8.1. The Committee is aware that the cost of monitoring the CFP is, and will continue to be, relatively high in relation to the value of the landed fish. It considers, however, that this is inevitable given the nature of the industry and the importance to fishermen and consumers that fish stocks are preserved.

8.2. The Community should contribute to enforcement budgets in proportion to the areas of responsibility of individual Member States and the activities of fishing vessels in the jurisdictional areas. It would be wrong for countries to have to continue paying a disproportionate amount of the total enforcement costs without improving the budgetary contributions from the Commission.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive concerning the protection of animals kept for farming purposes

(92/C 332/09)

On 3 June 1992, 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 Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 1 October 1992. The Rapporteur was Mr Wick.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion unanimously.

1. The Committee approves the proposal subject to the following comments.

2. General Comments

2.1. Since 1988 the Community has been a party to the European Convention of 10 March 1976 for the Protection of Animals kept for Farming Purposes. As such it must ensure that

— the Convention is implemented and applied uniformly by the Member States and

— recommendations based on the Convention are translated into Community law if they are binding.

The Committee notes that the proposal is likely in principle to fulfil the Community's obligations.

2.2. The Committee would draw attention to its Opinion on the proposal for a Council Decision concluding this Convention [1].

2.3. The Community has already adopted vertical legislation — in the form of Directives — on the protection of laying hens, pigs and calves. In principle it would have been more advisable and fitting to begin by adopting horizontal legislation — such as the present proposal — and then take this as the basis for the enactment of vertical legislation. In this way discrepancies could have been avoided between horizontal and vertical legislation.

However, the Committee notes with approval that once this proposal has been adopted the Commission intends to verify the existing vertical legislation. It assumes that it will be consulted on any new provisions.

2.4. According to the Committee, problems are most likely to occur in intensive stock farming. It notes, however, that in keeping with the Convention the provisions governing the keeping, care and housing of animals are to apply across-the-board regardless of how the animals are kept for the purposes indicated in Article 2(1).

2.5. The Committee agrees with the Commission that the Community is empowered to adopt rules which go further than the Convention. It also supports the plan to do so whenever this seems necessary. Since the proposal — like the Convention — contains broader and more general provisions, the vertical legislation to be adopted subsequently may have to contain more detailed explanatory provisions.

2.6. The Convention must be adopted in full by the contracting parties without any substantive changes being made. The Committee would point out that the Commission proposal does not satisfy this requirement in full. It would recommend that the proposal's wording be reviewed — including the translations in the individual language versions.

3. Specific comments

3.1. *Article 1(1)*

The Committee welcomes the fact that because minimum standards are to be laid down uniform minimum rules will be established which will have to be observed equally by all Member States. This does not rule out the adoption of more far-reaching provisions by Member States.

3.2. *Article 1(2)*

This point should perhaps be reworded in order to set the farm animal sector apart from the protection afforded to animal species.

[1] OJ No C 204, 30. 8. 1976, p. 26.

3.3. *Article 2(3)*

To fit in with the definition given in the Convention, the text should read:

> 'intensive farming system: husbandry methods in which animals are kept in such numbers, or density, or in such conditions, or at such production levels that their health and welfare depend upon frequent human attention.'

This example shows that the Commission has also made substantive changes in its text. Quite apart from the requisite implementation of the European Convention's provisions, the section trusts that stricter and more detailed provisions, which also pay due regard to the environment, will be adopted for intensive farming systems. The different types of indoor and outdoor intensive farming systems should be taken into consideration in these provisions.

3.4. *Article 8*

The German text should read 'Lärmintensität am Unterbringungsort' instead of 'Lärmintensität im Stall'.

3.5. *Article 11*

When animals are slaughtered, neither these nor any other animals are to be caused unnecessary pain or distress. In the case of 'other animals' this is only possible if they do not have to witness or endure the slaughtering. This should be spelt out clearly in the implementing provisions.

3.6. *Article 13 in conjunction with Articles 16 and 17*

The Committee notes that the proposed committee procedure is fundamentally different from the procedure used so far for veterinary matters. There is no provision whatsoever for exerting political influence on the adoption of individual measures.

The standing committee set up to implement the Convention is to draft and adopt recommendations. As has been shown in the past, these recommendations mostly contain detailed requirements which have an adverse effect on the competitiveness of affected parties in the Member States. Therefore a thorough investigation must be carried out to see whether the Community should accept the recommendations and, if so, in what way. When decisions are as important as these, the Member States should also be given a say. However, the proposed procedure provides only for the consultation of the Member States. The Committee therefore considers that the decisions must be taken by the Council or at least by the Standing Veterinary Committee.

The Committee supposes that in the case of imports from third countries there must be evidence that the provisions governing the protection of farm animals have been observed.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Decision on the conclusion of the Protocol of Amendment to the European Convention for the protection of animals kept for farming purposes

(92/C 332/10)

On 24 June 1992, 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 Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 1 October 1992. The Rapporteur was Mr Wick.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee adopted the following Opinion unanimously.

The Committtee approves the proposal subject to the following comments.

1. Comments

1.1. The Community is a contracting party to the European Convention of 10 March 1976 and must therefore take over the Protocol amending this Convention which was approved by the Council of Europe's Committee of Ministers on 15 November 1991.

1.2. The Committee welcomes the changes made on the basis of experiences gathered in the meantime, and especially

— the allowance to be made for stock farming measures that have been made possible by biotechnology,

— the avoidance of suffering in animals as a result of altering the phenotype or genotype in a breeding programme,

— the ban on the administering of substances not permitted in animal feed,

— the need to ensure the proper slaughter of animals on farms.

1.3. The Committee notes that the Protocol's content has already been incorporated in the Commission proposal for a Council Directive concerning the protection of animals kept for farming purposes [COM(92) 192 final]. It would therefore refer to its Opinion on that proposal.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Regulation (EEC) amending Regulation (EEC) No 3687/91 on the common organization of the market in fishery products and amending Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff [1]

(92/C 332/11)

On 24 June 1992 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 Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 1 October 1992. The Rapporteur was Mr Silva.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee adopted the following Opinion unanimously.

1. Introduction

1.1. The aim of the proposal is to amend the provisions governing the common organization of the market in fishery products and the Common Customs Tariff so that 'surimi' and 'preparations of surimi' are identified separately therein.

1.2. According to the scant data available the Community is a net importer of these products, with its annual imports of between 15 000 and 20 000 tonnes coming mainly from the USA, Japan and Korea. The Community's processing industry has not yet succeeded in producing quality surimi for the production of surimi-based preparations and uses raw material imports instead.

1.3. Bearing in mind the increase in consumption and production, both in the Commmunity and worldwide, of these fish-based products, the proposal seeks to establish a basis for improving the assessment and monitoring of trade and trends in market prices.

2. General comments

2.1. The Committee approves the proposal.

[1] OJ No C 158, 25. 6. 1992, p. 21.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Regulation (EEC) on the unit of account and the conversion rates to be applied for the purposes of the common agricultural policy [1]

(92/C 332/12)

On 27 July 1992 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 Section for Agriculture and Fisheries, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 1 October 1992. The Rapporteur was Mr Schnieders.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee unanimously adopted the following Opinion.

Introduction

— The aim of the Commission proposal is to abolish the switch-over and monetary compensation arrangements.

— Agricultural conversion rates will be retained and quickly aligned on new central rates.

— As a result, further price changes can be expected in the Member States, i.e. reductions in the event of revaluation and increases in the event of devaluation.

— Compensation is provided for only where prices and incomes fall by more than 2%. There will be an annual reduction of 2 percentage points.

— In addition, the ECU will be used more extensively in the agricultural sector.

General comments

The Committe endorses the draft Regulation subject to the reservations set out below. The Committee regrets that the Commission should be so late in submitting a proposal due to enter into force on 1 January 1993.

1. In principle, completion of the internal market should ensure greater stability among Community exchange rates.

Recent developments on the currency markets have shown that internal and external influences (dramatic fall in the dollar rate) affect the EMS and its member currencies in different ways. Completion of the internal market will not necessarily mean the end of currency changes.

2. The Commission confirms this view, since it thinks that a compensation system will still be necessary after the establishment of the internal market.

Abolition of the existing monetary compensation and so-called switch-over arrangements will lead to further reductions in prices and aid as a result of revaluation.

In its present form, the Commission proposal could penalize producers in countries which revalue, unless provision is made for suitable compensation.

3. The Committee therefore calls on the Commission to reduce the 2% compensation threshold and to extend the payment period to a full year.

4. In future, decisions that up to now were taken by the Council should be dealt with by the Commission in Management Committee Procedure. The Committee wishes that decisions of political importance remain with the Council.

5. The Committee calls on the Commission to submit proposals which will ensure that compensation and aid provided in national currencies does not have to be reduced by an unjustified amount.

6. The Committee therefore requests the Commission to reconsider the adjustment deadlines fixed for future realignments.

[1] OJ No C 188, 25. 7. 1992, p. 23.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on SMEs and Craft Industries

(92/C 332/13)

On 26 March 1992 the Economic and Social Committee, acting under the fourth paragraph of Article 20 of its Rules of Procedure, decided to draw up an Opinion on: SMEs and Craft Industries.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 30 September 1992. The Rapporteur was Mr Schleyer.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion unanimously.

1. Introduction

1.1. On 27 May 1991, the Council adopted a Resolution on the action programme for small and medium-sized enterprises (SMEs), including craft industry enterprises [1].

1.1.1. Referring to its Decision 89/490/EEC of 28 July 1989 [2], the Council reaffirmed the common will to make substantial and effective progress in the area of SME policy and emphasized the need to take into account the final recommendations of the Community conference on the craft industry and small enterprises, held in Avignon on 12 and 13 October 1990. (Cf. Euro-Info 46/92/EN Jan./Feb. 1992, p. 5. The conference documents were published as a collection which was sent to all national and European craft organizations participating in the European Craft Industries Conference held in Avignon on 12/13 October 1990.) The Committee would, however, point out that, unfortunately, not all the groups represented within the ESC had the opportunity of participating in the conference and that the Commission has not yet published the conference documents.

1.2. The present Own-initiative Opinion suggests ways in which the Commission can implement the Council Resolution. At the same time, since the SME action programme [3] runs out in 1993 and is due to be reviewed in the second half of 1992, guidelines are proposed for the future shaping of EC enterprise policy for SMEs and especially for the economic and social development of craft industries.

1.3. The Committee has emphasized the importance of SMEs for the Community economy and Community society in a number of Opinions. These Opinions stress how important it is for the social partners to be involved in developing an EC enterprise policy for SMEs, and urge the EC Commission to pay attention not only to the size of firms but also to the specific problems of individual sectors. The present Own-initiative Opinion takes up these recommendations and adds proposals for the craft sector.

1.3.1. The present Own-initiative Opinion takes into consideration the second EC Commission report (covering 1991) [4] on implementation of the Council Decision of 28 June 1989, the first EC Commission report (covering the period from July 1989 to December 1990) on the various Community programmes not covered by that Decision, insofar as these concern SMEs and craft industries [5], and the Council Resolution of 17 June 1992 on Community action to support enterprises, in particular SMEs, including craft industry enterprises [6].

2. Historical survey of EC enterprise policy for SMEs and craft industries

2.1. The Treaties of Rome did not provide for an EC enterprise strategy. It was first developed in the 1980s, when the White Paper on the Single Market programme was implemented and common policies were drawn up for the purpose of creating a favourable business environment for Community firms and ensuring equal opportunities for SMEs, subject to the subsidiarity principle.

2.2. In 1986, this strategy was given a legal and financial foundation (110 MECU between 1990 and 1993) by the first action programme for SMEs [7]. In 1989, the action programme became the EC enterprise policy by virtue of a Council Decision [8]. The milestones were:

— the European year of the small, medium-sized and craft enterprise (1983);

(1) OJ No C 146, 5. 6. 1991, p. 3.
(2) OJ No L 239, 16. 8. 1989, p. 33.
(3) OJ No C 287, 14. 11. 1986, p. 1.
(4) SEC(92) 764 final, 11. 6. 1992.
(5) SEC(92) 704, 26. 5. 1992.
(6) OJ No C 178, 15. 7. 1992.
(7) OJ No C 287, 14. 11. 1986, p. 1.
(8) OJ No L 239, 16. 8. 1989, p. 33.

— the establishment by the European Parliament of an all-party working group on small firms (1984);

— the appointment of a Commissioner with responsibility for SME policy (1986);

— the creation of an SME task force at the Commission (1986);

— the action programme in favour of small and medium-sized enterprises (Council Decision of 3 November 1986) and

— the establishment of Directorate-General XXIII (Enterprise policy, distributive trades, tourism and cooperatives) (1989).

2.3. In June 1991, the Council adopted new guidelines for EC enterprise policy under the heading 'A new dimension for SMEs' [1] and provided an additional 25 MECU, thereby bringing total funding to 135 MECU.

2.4. EC enterprise policy for SMEs and craft industries will continue to be primarily the responsibility of Member States, even after the Treaty of Maastricht on European Union. However, under Article 130 of the Treaty on European Union, the Community wishes to achieve open and competitive markets and, in particular, to encourage an environment favourable to SMEs. The Community is also specifically required to further this main objective in its research and technology policy (Article 130f of the European Union Treaty) in its moves to bring Member States' policies closer together and also as part of EC cohesion policy (Article 130a). In social policy, EC directives must avoid imposing administrative, financial and legal constraints which hamper the creation and development of small and medium-sized enterprises (Article 118a of the European Union Treaty and Article 2(2) of the Maastricht Protocol on social policy signed by eleven Member States). The declaration on Article 2(2) by the signatories to the Protocol also states that the definition of minimum requirements for the protection of the safety and health of employees must not lead to discrimination in a manner unjustified by circumstances against employees in small and medium-sized undertakings [2]. For the present, the Committee can only note the legal basis in the Treaty on European Union cited here, reserving the right to comment in detail later.

2.5. The definition, productive capacity, structure and environment of craft industries differ greatly from one Member State to another. This was why it was decided at the first Community conference on craft industries in Avignon to develop Community measures in favour of craft industries covering: right of establishment and freedom to provide services, basic and further vocational training, access to new technologies and their application, access to new markets, and the gathering of information on the European business environment for craft industries.

2.6. The Resolution on the action programme for small and medium-sized enterprises, including craft industry enterprises [3], which was presented by the Luxembourg Presidency and adopted unanimously by the Council on 27 May 1991, together with conclusions and recommendations of the Avignon Conference, supplies the framework for the first specific EC action programme to improve the business environment for craft industries and small firms [4].

2.6.1. The action programme covers eight subject areas and aims to allow small firms and craft industries better access to all EC measures. Contacts between trade associations are to be promoted, so that they can exchange information, cooperate and build up networks. Cooperation between craft industries and small firms, particularly in frontier areas, is also to be supported, as are measures to improve management. The action programme is currently in the evaluation phase. Initial results are expected at the end of the year.

2.7. This programme will complete the range of facilities already available to SMEs and craft industries in the following areas: information (Euro-Info-Centres), cooperation (BCC, BC-Net, Europartenariat, Interprise), basic and further training (Force, Euroform, Lingua, Sesam) and technological development (Brite/Euram, Value, Sprint, Craft). Furthermore, at its meeting in Lisbon, the European Council asked the EC Council to encourage increased SME participation in Community research and innovation programmes [5].

3. SMEs and craft industry enterprises in the overall economy

a) *SMEs*

3.1. The central economic and social role of SMEs in the EC can be seen not only from their high share of production and employment but also from their disproportionate achievement in creating jobs, applying innovations and adapting flexibly to changing markets.

[1] OJ No L 175, 4. 7. 1991, p. 32.
[2] EC Council/EC Commission, *Treaty on European Union*, Luxembourg 1992.
[3] OJ No C 146, 5. 6. 1991, p. 3.
[4] OJ No C 334 and S 245, 28. 12. 1991.
[5] EC Commission Office in the Federal Republic of Germany, *EC-Nachrichten* No 7 of 1 July 1992, European Council, Lisbon 26-27 June 1992. Conclusions of the Presidency. Point C 3.4.

3.2. In the light of the forthcoming completion of the Internal Market and the deepening of European integration, the creation of a business environment which strengthens the competitiveness of SMEs is one of the Community's priority objectives [1].

3.3. In 1988, there were 11,6 million enterprises in the Community (excluding primary agricultural production), employing 80,7 million people. 92% of these firms were very small (0-9 employees) and 7,9% were small (10-99 employees) or medium-sized (100-499 employees). The share of employment of the very small and small/medium-sized firms was 29% and 41% respectively and their share of turnover 22% and 48,5%. The average EC firm had 7 employees. The northern Member States had a relatively high number of small and medium-sized enterprises whilst the southern Member States had a high number in the very small category [2].

b) *Crafts*

3.4. There are no generally accepted definitions of 'very small', 'small' and 'medium-sized' enterprises; the Committee also agrees with the Commission that there is no need for any. [See the Commission report to the Council on SME definitions, SEC(92) 351 final of 29 April 1992, p. 2: 'There can be no absolute definition of SMEs. The question of the appropriate definition of SMEs is meaningful only in the context of a specific measure for which it is considered necessary to separate one category of enterprises from others for reasons of their «size». The criteria adopted for making this distinction necessarily depend on the aim pursued.'] Different definitions are given depending on the country and body concerned; the range of definitions is also apparent in the various Community support measures on behalf of SMEs [3].

3.5. Although craft industries do not form a separate category in the 'Enterprises in Europe' statistics, a considerable proportion of firms in the very small category and a large number of SMEs can be classified as craft enterprises. The number of Community craft enterprises is probably between 3,9 million and 5 million.

3.6. Firm size, staff numbers and turnover are of limited value for distinguishing between craft industries and commercial firms in the very small, small and medium-sized categories. (In the Federal Republic of Germany, for example, there are craft industries with 350 employees and more, but there are also industrial firms with fewer than 10 employees. Here, the legal situation in Germany is different from that in France and Italy, for example, where the law limits the size of craft firms; should they exceed the stipulated number of employees they are automatically labelled as industrial firms. In Luxembourg, on the other hand, there are no employee limits affecting craft industry size.) The hallmark of the craft sector is the provision of individual services to private consumers, and to trade, industry and the public sector, often using the most modern production and sales methods in both technical and business management terms (NC/CNC, CAD/CAM technologies, EDP, marketing, etc.). Other typical features of craft industries include:

— ownership and management in the same hands;

— close links between family and firm;

— legal and financial independence vis-à-vis large firms;

— usually personal involvement by the firm's owner;

— relatively high proportion of the staff trained and qualified in crafts;

— labour-intensive production, although many firms also use advanced technology;

— shortage of capital, with funds coming in many cases from the owners since risk capital and capital from external sources is difficult to obtain;

— predominance of customized production/working-to-order.

3.7. Attempts to lay down a standard definition of the term 'craft sector' at Community level and to collate statistics on the sector have been unsuccessful, or only partially successful, because of the many different types of firm active in this branch of the economy (manufacturing, services, arts and crafts, industrial subcontracting, commercial) and the large number and variety of craft trades.

3.8. Certain inherent features are common to craft work throughout Europe, despite the extensive differences between the craft sector definitions and job profiles of the Member States, the demands placed on self-employed craftsmen in their work, the training systems and the trade organizations. These features include: the importance of crafts for the European economy; their role in support of European culture; the importance of occupational skills and particularly dual vocational training (i.e. both on the job and in a vocational training school) for maintaining the productivity, competitiveness and continued development of the sector; and

(1) COM(92) 2000, 11. 2. 1992.
(2) *Enterprises in Europe* (Preliminary Version), Eurostat/DG XXIII, May 1992, p. 2 et seq. Covers very small, small and medium-sized enterprises in areas 1-8 of the NACE classification.
(3) See SEC(92) 351 final, 29. 4. 1992.

the diverse tasks incumbent on the craft industries, especially in environmental and consumer protection, health care, energy supply, the application of new technologies and standards at work and the shaping of a decent living environment.

3.9. Craft industries are of great importance for the balance of the local, regional and national economy, as they can adapt their production to demand, which often depends to a great extent on cultural factors; they can also respond to specific needs on local, regional or supra-regional markets. Craft industries are an indispensable source of sub-contracting, manufacturing, assembly, maintenance and development services to mainstream industry and its products and plants. Craft industries make a fundamental contribution to ensuring a wide range of supply of goods and services. They are also an important employer and source of new jobs. The craft sector is as important in the field of basic and further training as it is for the development of decent modern forms and conditions of employment and cooperative management systems. Craft industries make an important contribution to social stability and give skilled workers and managers an opportunity to set up in business.

3.10. SMEs and craft enterprises are also affected by the opening up of markets and the deepening of European integration — although the extent to which this is so depends on the region and sector/craft activity concerned. Greater opportunities for sales and purchasing, openings in sub-contracting as a result of reduced in-house manufacturing in industry and the freedom to recruit new and specialized staff in other Member States will provide a counterweight to the challenges and risks inherent in tougher competition and structural adaptation. Hitherto, only a minority of craft enterprises have operated internationally, but more and more firms may be expected to become enthusiastic exporters of goods and services and take advantage of the Internal Market. This is the conclusion reached, inter alia, in studies carried out by German chambers of crafts in border regions. The ESC regrets that the transitional VAT arrangements applicable from 1 January 1993 will impose a heavy additional administrative burden on exporting SMEs and thus form a further obstacle to these firms' cross-border activities.

3.11. A genuinely open market, which is a vital requirement for effective competition, must provide a level playing-field for all firms irrespective of their size. An EC enterprise policy which takes account of the special needs of the craft industries without neglecting the social dimension of the Single Market can make a major contribution here.

4. Requirements for an EC enterprise policy for SMEs with special reference to craft enterprises

a) *General requirements*

4.1. The Committee notes that the foundations of a future Community enterprise policy for SMEs, with special reference to craft enterprises, are already in place. The detailed formulation of this policy must be speeded up and given a solid political basis, with due regard to the principles of subsidiarity and proportionality.

4.1.1. The Committee thinks that, when the Commission proposes Community provisions, it should explain why these have to be enacted at Community, and not at national or regional level or by industry. This could be a suitable way of applying the subsidiarity principle.

4.1.2. In this context, measures taken by the Community to assist SMEs must be coordinated more intensively with the relevant national authorities. The Committee therefore welcomes the UK Presidency's plan to hold a conference in Birmingham in October on how to make national and Community SME policies more consistent with each other.

4.1.3. If the Community's enterprise policy is to be based on practical needs, European associations representing SMEs and the craft sector and workers' organizations should participate in all EC bodies of relevance to SMEs. The Committee would stress that employers' and workers' organizations must be fully consulted at the earliest possible stage on proposed Community measures. The Commission should make greater use of the 'Green Paper' procedure so that all interested parties have the chance to comment before draft legislation is put forward. The Committee also thinks that European associations which represent SMEs must be involved in the selection of impact assessment proposals.

4.1.4. In view of the Commission's greater powers in regulating social policy matters and the closer involvement of the European social partners, it is important for the European craft sector to participate in the Social Dialogue and social consultations as an equal partner.

4.2. The Committee would reiterate that Community enterprise policy for SMEs must become an

integral part of Community policymaking. It thinks that the Commission's Directorate-General XXIII, as the guardian of SMEs' interests, must be consulted as a matter of course on all Community policies which affect small and medium-sized businesses and must be assigned the personnel needed to carry out this task.

4.2.1. Within the framework of DG XXIII's coordination of legislation, the following areas in particular — some of which have already been referred to by the Committee in its Opinions on industrial policy [1] — will have to be addressed in the post-Maastricht period: creation of a transparent body of commercial, tax and competition law to assist SMEs; systematic consideration of the interests of SMEs and craft enterprises in social-policy measures, vocational training, consumer and health protection and environmental and R&TD policy and in the establishment of trans-European infrastructure networks; systematic action against all distortions of competition and cases of over-regulation. The Committee would stress that, when the impact assessment is carried out, a careful balance should be struck between administrative burdens on the one hand and justified environmental and social policy concerns on the other. The flexibility which firms require should not compromise the level of social protection enjoyed by workers.

4.2.1.1. One question facing SMEs, including craft enterprises, is that of their competitiveness in the European Economic Area. In particular, new and established SMEs must be able to keep their administrative burdens and their capital and personnel costs at acceptable levels. The Committee trusts that the Sutherland Report on the post-1992 Internal Market, which is due out in the autumn, will make suggestions on this matter.

4.3. In order that small and medium-sized enterprises can master the challenges which the deepening of European integration will bring, the SME action programme will have to be upgraded to cater for the needs of craft enterprises and other specific sectors and their labour forces.

4.3.1. The Committee calls on the Commission to make an early start on its preparatory work so as to be in a position to submit proposals to the Council by the end of 1992. It also appeals to the European Parliament and the Council to provide adequate funds for the action programme's update. The Committee trusts that the new action programme will be drafted in agreement with the relevant employers' and workers' organizations.

4.3.2. The specific needs of craft industries were taken into account for the first time within the framework of SME enterprise policy when the action programme for small firms and craft industries was adopted. The Committee would point out, however, that considerable work still has to be done to translate the Avignon Conference's conclusions into Community measures.

4.3.3. The Committee thinks that the Commission's DG XXIII, which already has special departments for the trade, tourism and cooperative sectors, should set up an appropriately funded and staffed department for the crafts sector which would also liaise with craft industry workers' organizations. This is in line with the demands of the Avignon Conference and the Council Resolution of June 1991. Only by doing this will it be possible to act swiftly in implementing and developing the first action programme for craft industries and hold a second conference on craft industries before the end of 1993 [2]. The Committee calls on the budget authority to make funds available in the 1993 budget.

4.3.3.1. The Committee also calls on the Commission to ensure that all the social groups represented at the ESC participate in the Avignon follow-up conference. The Committee has repeatedly stressed — in particular in connection with the representation of workers' interests in firms — that worker participation in certain business and social decisions is an important precondition for the development of a democratic society.

4.4. The Committee supports the Commission's initiative — as part of its horizontal industrial policy strategy — to facilitate, underpin and accelerate the structural adaptation of the economy [3]. The Committee feels that all Community policies should be framed with small firms, including craft enterprises, in mind, thus creating stable conditions for their competitiveness in the Internal Market. In this way, a balance can be maintained between very small, small, medium-sized and large firms in the European Community, creating greater variety in the size profile of firms.

4.4.1. In this context, the Committee welcomes the Commission's plan to target more specific groups of firms, and to give special encouragement to small firms or let them be the first to benefit from Community measures [4]. The Committee also supports the Com-

[1] OJ No C 40, 17. 2. 1992, p. 46, p. 101.

[2] Statement by the Commission at the Council meeting of 29 April 1992 — *Enterprise policy: a new dimension for small and medium-sized enterprises — guidelines for small enterprises and craft industries* DG XXIII/353/91 — EN, p. 4.

[3] COM(90) 556 final, 16. 11. 1990.

[4] SEC 92/351 final, 28. 4. 1992.

mission's intention to define SMEs on the basis of a combination of criteria: number of persons employed, turnover, balance-sheet totals and independence.

4.4.2. Size-related disadvantages suffered by SMEs must be neutralized in all policy areas as far as possible. This will be especially urgent in the Internal Market as distortions of competition will be particularly important when frontiers are opened. The Committee calls on the Commission to make full use of the instruments available for keeping a strict check on national support measures and for monitoring these measures continuously and making them more transparent.

4.4.2.1. The publication of guidelines on state aid for SMEs is regarded as a positive move by the Committee. For the first time, these guidelines contain rules defining SMEs for the purposes of public aid and the types and levels of aid which Member States may grant them. The rules on investment aid are based on the principle that aid in the central, structurally stronger parts of the Community should not counteract that offered in the structurally weaker peripheral areas. The Committee points out that, in this way, a balance can be established between SME policy and economic and social cohesion [1].

4.5. Suitable and sound EC framework legislation is needed to improve the competitive chances of SMEs, including craft enterprises in the Internal Market. If craft enterprises are to operate throughout the Community, the legal environments in the different Member States must be comparable. Whilst the EC has made tangible progress in the approximation of laws, a whole series of further measures are still needed — not least in the fields of company law and the protection of intellectual and commercial property.

4.5.1. It would, for example, be worth adopting Community-level rules on the sale and transfer of ownership of firms (parts of firms) and measures providing for the retention of ownership rights in goods supplied across borders. The Commission is asked to ensure that the Committee can attend the conference planned for the second half of 1992 on the sale and transfer of firms' ownership. Furthermore, the Committee thinks that legislation on petty patents ought to be adopted at Community level. This form of legal protection already exists in some Member States and it provides SMEs in particular with a relatively cheap and easy way of protecting new inventions for a limited period. The Committee calls on the Commission to submit proposals in this area.

4.5.2. The Commission's annual report on the simplification of administrative procedures [2] must address the unresolved problems of the removal of bureaucratic obstacles to cross-border business activities.

4.6. The Committee considers that a European academy for the craft sector and small and medium-sized enterprises is urgently needed to handle information and act as a further training body. Its aim would be (a) to improve the decision-making bases for a successful Community policy on SMEs and craft enterprises and, in so doing, to provide an institutional framework for European cooperation in the field of research and know-how transfer and (b) to increase the skill levels of entrepreneurs, managers and workforces. It should serve primarily as a clearing house for information and for coordinating the work of existing national SME and craft sector institutes at Community level. Such an academy would also take some pressure off the EC's SME observatory [3], whose work it would complement. In this connection the Committee would point to the need to take appropriate account of the relevant employers' and workers' organizations on the administrative boards of the European academy.

4.6.1. The Committee urges the Commission to continue its work on improving the transparency of the craft sector. The following action is recommended:

— establishment of an inventory of craft enterprises in the individual Member States. Information on craft industry organizational structures and contacts in the Member States will be made available in mid-1993 in the form of a Who's Who. The ESC feels that one of the tasks of the EC's SME observatory will be to publish an annual report on the situation and prospects of craft industries in the Community with the help of the statistical information service currently being developed;

— improvement of statistics on craft industries. In collaboration with Eurostat and the statistics offices of the Member States, a start should be made on pilot studies of craft industries along the lines of the statistical work done for the distributive trades, tourism, the 'économie sociale' and services. To avoid creating administrative work for firms, secondary statistics should be used. Data kept by the Member States and craft industry associations

[1] OJ No C 213, 19. 8. 1992 — Community guidelines on state aid for SMEs.

[2] OJ No L 141, 2. 6. 1990, p. 55.

[3] OJ No C 208, 9. 8. 1991, p. 22.

could, for example, be further analyzed. Furthermore, a special nomenclature for the craft sector could improve the scope for statistical evaluations;

— creation of a regularly updated data bank covering national legislation relating to the exercise of the right of establishment and freedom to provide services (registration requirements, rules on access to a profession and similar admission regulations). Existing data could be used for this purpose [1].

b) **Special requirements**

4.7. *Access to new markets*

4.7.1. The establishment of the European Economic Area and the opening-up of the markets in Eastern Europe provide new opportunities for SMEs and craft enterprises which operate beyond the confines of their region. The Committee trusts that more will be done to help such firms gain a foothold in these markets by promoting structural studies of markets and sectors, brochures on non-Community markets (Doing Business in ...), management seminars on the Internal Market (for heads of firms, managers and workforces) and attendance at trade fairs inside and outside the Community.

4.7.2. The establishment and development of Euro-Info-Centres is seen as a positive step in this context. The same applies to the computerized network for cross-border cooperation (BC-Net) and the Europartenariat programme, which aims to promote contacts between firms in structurally weak areas of the EC and firms based in other regions. The Committee thinks that ways and means must be found of involving craft enterprises more closely in Europartenariat and BC-Net.

4.7.2.1. The Committee considers that the simplified form of Europartenariat known as Interprise (promotion of cooperation and partnerships between industrial and service enterprises) can provide craft enterprises in particular with plenty of scope for cooperation.

4.7.3. The Committee also supports the establishment of pilot centres to help SMEs and craft enterprises to deal with legal, tax and administrative formalities in other countries.

4.8. *Access to financial markets*

4.8.1. Despite numerous initiatives in the Member States and at Community level, SMEs and craft enterprises still do not enjoy easy access to the financial markets. Even if they can provide the guarantees demanded by the banks, these enterprises often have to pay considerably higher interest rates than larger firms. The Committee therefore welcomes the Commission's initiative on the establishment and promotion of mutual guarantee systems [2], as well as the Commission's efforts to dismantle barriers to cross-border payments [3].

4.8.2. As part of the process of adapting to the new economic environment created by the opening-up of markets, SMEs and craft enterprises will have to make internal adjustments in the areas of technology, management, trading policy and marketing in particular. Because of their high proportion of specialized staff and their concentration on services, the average productivity of non-farm SMEs can be lower than that of mainstream industry. This limits their capital accumulation, especially in view of the taxes on corporate profits. The need for finance for technological innovation (e.g. lasers, CAD, CIM, quality-assurance systems) is rising sharply. The Committee calls on the Commission to consider what specific tax and financial instruments could be developed to enable SMEs and craft enterprises to overcome these problems.

4.9. *Access to public contracts*

4.9.1. Access to new markets will be improved by the EC-wide award of construction and supply contracts. This procedure will be supported by directives providing legal remedies for non-compliance with Community law. EC rules on public service contracts are also planned.

4.9.2. The Committee notes with concern, however, that current tendering and contract award arrangements work very much to the disadvantage of SMEs and craft enterprises. These enterprises' cross-border access to public procurement contracts could be improved, inter alia, by breaking down the TED data bank by sector (the purpose of the German pilot project Point (Public Orders Information Network) currently

[1] *Guide to the establishment of enterprises and craft businesses in the European Community.* ISBN 92-826-0185-4. Klinge, Gabriele: *Niederlassungs- und Dienstleistungsrecht für Handwerker und andere Gewerbetreibende in der EG,* Nomos, Baden-Baden 1990; Schwappach Jürgen; *EG-Rechtshandbuch für die Wirtschaft,* Beck, Munich 1991.

[2] OJ No C 169, 6. 7. 1992.

[3] SEC(92) 621 final, 27. 3. 1992.

in progress). Above all, Euro-Info-Centres in border regions will play an important part in the selection of small local tenders [1].

4.9.3. The establishment of more cross-border SME or craft cooperatives and consortia aimed at securing large public contracts would also help open up markets and should be promoted by means of pilot measures in the framework of BC-Net. The Committee points to the need to use Community initiatives like Prisma to help firms based in the peripheral regions of the Community to obtain public contracts.

4.10. *Cross-border cooperation between firms*

4.10.1. Inter-firm cooperation is another important instrument in helping SMEs and craft enterprises to thrive in the Internal Market. The main criteria here are cost levels, closeness to the market and customers and, not least, receipt of know-how. Cooperation also has synergistic effects which help increase R&D capacity.

4.10.2. Although the EC already has certain instruments to facilitate cross-border cooperation, e.g. the European Economic Interest Group (EEIG), these are rarely used by craft enterprises.

4.10.2.1. The Committee therefore welcomes the study of the EEIG instituted by the Commission, but feels that, above all, pilot projects on cross-border Europartnerships in craft activities (European craft regions, inter-regional trading agreements, networks of European craft centres, etc.) will help to improve sales on new markets. Support measures should, for example, include aid for the marketing of craft products and the development of infrastructure for quality marks and environmental protection certificates.

4.11. *Vocational training*

4.11.1. Entrepreneurs, managers and workforces must be highly skilled. Customers' demands for customized and better-quality products and services require this, but the acquisition of qualifications is also a key factor for competition on the markets. Cooperation between the social partners is essential in this important area of vocational training and skills.

4.11.2. In future, the quality of the workforce will play an even bigger role in entrepreneurial success than it does today. Investments in 'human resources' are just as important as capital expenditure on physical resources. Technological and social progress — and the concomitant progress in work organization — also calls for changes in employer-worker relations. The far-reaching changes in management methods, markets and technology heighten the need for intensive further training which takes in the European dimension.

4.11.3. The promotion of vocational training is now given priority by the Commission. In its end-of-1991 memorandum on vocational training policy in the 1990s [2], the Commission mapped out its objectives against the backcloth of the agreements reached at Maastricht (and the powers laid down in Article 127 of the Treaty on European Union). These objectives are: more investment in training; improvements in the quality of training; transparency; and special allowance for the needs of small businesses.

4.11.4. The Committee thinks that the Community's vocational training policy should give greater consideration to the special features of SMEs and the craft sector. Firstly, these enterprises should be given better access to Community research and further training programmes, which have so far focused too much on large firms and universities. Secondly, vocational training programmes should be tailored to the special needs to SMEs and craft industries with regard to new technologies, materials, environmental protection, production and marketing, etc.

4.11.5. The Committee supports the Commission's plan to step up the exchange of ideas and information on vocational training. The dialogue between Member States' bodies, the Commission, CEDEFOP, trade associations and workers' organizations should be intensified, coordinated more effectively and organized with greater urgency.

4.11.6. The Community's vocational training policy has so far not made sufficient allowance for the special benefits which the dual training system offers for SMEs and craft industries. The Committee welcomes the Commission's intention to rethink its policy here, and proposes the exchange of experience and launching of pilot projects on dual training courses. In this context, the Committee endorses pilot projects such as the one under which apprentice craftsmen from the Community's peripheral regions attend dual training courses

[1] SEC(92) 722 final, 1. 6. 1992.

[2] COM(91) 307 final, 12. 12. 1991.

in Germany. The dual system in SMEs and craft enterprises must be complemented by inter-firm cooperation on training to ensure that training is comprehensive and of high quality.

4.11.7. The Committee would also point out that more weight should be attached to the teaching of foreign languages for vocational purposes. The Community's foreign languages programmes (e.g. Lingua) are mainly intended for university students or are concerned with the teaching of foreign languages in general. However, the teaching of foreign languages must also be a part of basic and continuing vocational training.

4.11.8. The Committee thinks that the liberalization of the Community's labour market can be improved by laying down rules on the comparability of vocational training qualifications [1]. Because of the craft sector's poor response to the comparability procedure, the Committee proposes that CEDEFOP's comparability of vocational training qualifications for craft activities be made more transparent. In addition, experts from the craft sector should participate more in the extensive work on the comparability procedure.

4.11.9. The Committee also proposes that CEDEFOP, working in liaison with the EC Commission, should play a more active role in training managers. For example, the project on regional cross-frontier cooperation for the training of SME and craft industry managers should be extended, evaluated and implemented throughout the Community craft sector. In order to improve the performance and competitiveness of craft enterprises, the owners and workforces concerned should be taught extra skills. In addition, wives and other female workers in craft enterprises should be included in the Community programmes. Careers in SMEs and craft enterprises should be attractively structured. This would include opportunities for further individual training and work experience abroad.

4.11.10. The EC Commission has made an important contribution to the acquisition of skills by supporting Community-sponsored pilot projects which enable German, French and Irish workers to qualify as master craftsmen; these and similar pilot projects should be extended to workers in SMEs and craft enterprises.

4.11.11. The mobility of skilled workers and journeymen within the Community should be furthered by introducing a vocational-training pass in which details of the basic and further training received by the passholder are entered by the relevant authorities.

4.11.12. Master craftsman examinations and the examinations which are equivalent to the German 'grosser Befähigungsnachweis' (which entitles master craftsmen to train apprentices) bear witness to a high skills level. This high level must be maintained and safeguarded by ongoing further training. These examinations have to be passed by craftsmen wishing to become self-employed and entitled to train others, and thus guarantee the quality of the work performed by craftsmen and the training they receive. Other Member States' efforts to introduce comparable examinations would facilitate the mutual recognition of national qualifications and deserve the full support of the EC Commission.

4.12. *Access to new technologies and Community R&TD programmes*

4.12.1. SMEs and craft enterprises play an important role in R&D and the exploitation of innovative technologies by interfacing between industry and the market (consumers), by acting as an innovator and by developing the skills needed for the rapid exploitation of innovation within the framework of industrial vocational training.

4.12.2. SMEs and craft enterprises will only retain their economic and social importance if they are able to use new technologies in a way suited to them. This confronts them with a large number of organizational and technological challenges, such as:

— further development of computer-assisted technologies, planning and production methods adapted to the special needs and working conditions of SMEs and craft enterprises;

— development of new production and marketing structures in connection with SMEs' and craft enterprises' role as sub-contractors for industry;

— use and further development of recycling technologies, e.g. for vehicles and construction;

— design of new heating systems and new environmentally friendly supply and disposal systems;

— advice on the appropriate and environmentally sound use of various (alternative) materials in many sectors.

4.12.3. It is clear from the above that a variety of R&D projects and many of the pilot and demonstration projects supported by the Commission are likely to be

[1] OJ No L 141, 2. 6. 1990, p. 55.

of interest to craft industries in the short and medium term. To cite but a few examples, programmes such as Joule, Thermie, Sprint, Brite/Euram, Craft, Esprit, Delta, Force, LIFE, Stride and Flair could be of particular interest.

4.12.4. The need to involve SMEs and craft enterprises more in EC research programmes and to simplify support procedures is as strong as ever. Information on Community initiatives relevant to SMEs and craft enterprises should be improved; the exchange of experience of innovation transfer projects between enterprises should also be improved and encouraged by awarding premiums for technology transfer and feasibility studies.

4.12.5. The application procedure is time-consuming and costly. The general introduction of a two-stage application procedure, which is already being tried out in the pilot phase of Craft, would be a help.

4.12.6. The Committee feels that it would be worth considering setting up an advice centre for SMEs, including craft enterprises, in order to facilitate participation in R&TD programmes. A special body could also be set up to speed up the distribution and analysis of research results. The Comett programme can also play an important role here.

4.12.7. The Committee would point out in this connection that SMEs and craft industries and also workers and their unions must be actively involved in the Community's R&TD policy. There must also be a stop to the duplication of aid (i.e. aid from both national and EC sources), in order to avoid distortions of competition.

4.13. *Sub-contracting, standards and inspection and certification procedures*

4.13.1. Sub-contracting will expand further as industry increasingly cuts back on in-house manufacturing. Craft enterprises should be made aware of this market opening. The following are essential: more complete information on sub-contracting services for industrial buyers, the availability of as complete as possible a range of components, and greater creativity in the sense of diversification of the services offered by the craft sector, coupled with cast-iron delivery and quality guarantees. Industrial firms now purchase worldwide. As the Internal Market will be open to the world, craft sector sub-contractors must expect competitors from non-Community countries to gear their production programme to Euro-standards and compete in the Internal Market.

4.13.2. The Committee welcomes the Commission's proposed activities in the field of sub-contracting set out in its Communication on the subject [1]. It welcomes, in particular, the study which the Commission has ordered to be carried out on the costs of multiple certification. The establishment of data banks, the interconnection of existing data banks to form a 'sub-contracting catalogue' and the maintenance and further development of multi-lingual sub-contracting terminologies are also regarded as necessary.

4.13.3. It is vital for SMEs and craft industries that they be involved in the establishment of standards, technical rules and inspection and certification procedures [2]. The issue here is not just the acceptability of EC-wide harmonized technical regulations, but also information on rules which are mutually recognized in the individual Member States, and greater awareness on the part of the European standards bodies of the interests of the craft sector.

4.13.4. The Committee calls on the Commission to encourage participation by experts from small firms and craft enterprises in the technical committees of the European standards organizations, via financial incentives and measures to alleviate the language problem. The Committee welcomes the steps taken by the Commission to air problems of standardization and certification in separate discussions with the construction and food industries.

4.13.5. Quality guarantee systems tailored to the craft sector also need to be developed. Here there is a need for applications-centred research, since the standardized worldwide systems of quality guarantees, such as the standards in the ISO 9000 et seq. series which have been translated into the European standards EN 29.000 et seq., cannot be applied unchanged to craft industries.

5. Conclusions

5.1. The central economic and social role of SMEs in the EC is evident not only in their high share of production and employment, but also in their disproportionate contribution to job creation, applying innovation and flexible adaptation to changing markets. SMEs are also vitally important for regional development. They are the sine qua non of a thriving economy.

[1] SEC(91) 1286 final, 17. 1. 1992.
[2] Cf. COM(90) 456 final, 8. 10. 1990, OJ No C 96, 15. 4. 1992, p. 2 and OJ No C 173, 9. 7. 1992, p. 1.

The 11,6m. firms in the EC include between 3,9 and 5 million craft enterprises.

5.1.1. In the light of the forthcoming completion of the Internal Market and the deepening of European integration, the creation of a favourable business environment which strengthens the competitiveness of SMEs must be one of the Community's priority objectives.

5.2. In order to meet the challenges which will face SMEs and craft enterprises in the Internal Market, the SME action programme will have to be upgraded in good time to cater for the needs of craft enterprises and of other specific sectors and their labour forces.

5.3. The Committee reiterates its view that future EC enterprise policy must form an integral part of the Community's policies and calls for the following structural adjustments with a view to attaining this objective.

a) DG XXIII, as the guardian of SME's interests within the Commission, should be consulted as a matter of course on all Community policies which affect SMEs and must be given the personnel needed to carry out this task;

b) the coordination of EC enterprise policy with the relevant national authorities must be intensified;

c) European associations representing SMEs and craft enterprises and workers' organisations must be represented on all EC advisory bodies dealing with small businesses;

d) in view of the Commission's greater powers in regulating social policy matters and the greater right of participation enjoyed by the European social partners, it is important for the European craft sector to participate in the Social Dialogue and social consultations as an equal partner;

e) a craft sector unit must be set up within DG XXIII and appropriately staffed and funded. This is in line with the demands of the Avignon Conference and the Council Resolution of June 1991 and necessary for extending and upgrading the action programme for SMEs and craft enterprises and launching the Avignon follow-up conference in 1993.

5.4. The Committee calls on the Commission, the European Parliament and the Council to transpose the above proposals into Community-wide provisions and support mechanisms appropriate to the needs of small firms. This must be done with due regard for the principles of subsidiarity and proportionality and in agreement with the relevant employers' and workers' organizations.

5.4.1. In the Committee's view, action is needed, in particular, to:

a) improve the competitiveness of SMEs and craft enterprises by creating a generally favourable EC environment for small businesses. Priority should be given to pressing ahead with measures for reducing red tape and increasing flexibility, making it easier for businesses to operate across frontiers and abolishing the remaining bureaucratic obstacles facing businesses operating in other Member States. However, the level of social protection enjoyed by workers should not be compromised by the reduction in bureaucracy.

b) pave the way for a differentiated and specially targeted support policy for SMEs and craft enterprises through the combined use of the various Community information, cooperation and financing instruments. The aim of this policy will be to:

— improve information about SMEs and craft industries;

— ease access to information and new markets through: the establishment and development of Euro-Info-Centres in the crafts sector, also; the promotion of management seminars on the Internal Market; encouragement for firms to attend special trade fairs; the establishment of pilot centres for assisting cross-frontier business activity; greater transparency and better access to public contracts;

— improve access to the financial markets through: the establishment and promotion of mutual guarantee systems; the dismantling of barriers to cross-frontier payments; study of the development of suitable financial instruments for SMEs and craft enterprises;

— promote cross-frontier business cooperation through: greater participation by the craft sector in BC-Net, Europartenariat and Interprise; the establishment of cross-frontier Europartnerships in craft activities (quality marks, quality assurance systems, petty patents); action to ensure that competition law does not impede cooperation;

— improve access to and the transparency of standards, technical regulations and inspection and

certification procedures; provide financial support for participation by experts representing employers and workers in the technical committees of the European standardization bodies;

— develop a dialogue concerning market openings for sub-contractors; extend and interconnect existing data banks; maintain and develop multilingual sub-contracting terminologies;

— continue efforts to facilitate participation in Community R&DT programmes and to make tender procedures simple and transparent, plan pilot projects; extend the Brite/Euram programme's feasibility premiums to other large R&TD programmes, establish an advice centre for R&TD programmes and a special agency to distribute and analyze research results.

c) reduce educational and language barriers and prejudices by promoting basic and advanced vocational training throughout the Community. The main priorities here are:

— continuation of Community vocational training programmes with greater emphasis on the needs of SMEs and craft enterprises, e.g. in the fields of new technologies, materials and environmental protection;

— more efficient coordination of training policy between the relevant bodies in the Member States, the Commission, CEDEFOP and the relevant employers' and workers' organizations;

— development of transnational, dual pilot projects catering particularly for young people from the Community's peripheral regions to be determined by the social partners and the EC;

- improvement of SMEs' and craft enterprises' access to Community basic and advanced training programmes;
- support for basic training by the organization of exchange programmes, ensuring that instructors are qualified and making qualifications more transparent;
- greater promotion of youth training schemes and trainee discussions;
- more vocational teaching of foreign languages under Lingua; support for study trips abroad and management placements;
- continuation, evaluation and implementation of the regional cross-border cooperation project for training the managers of SMEs and craft enterprises; inclusion of working wives and female workers in EC support programmes;
- support for the training of (master) craftsmen, through Community-wide projects such as the 'journeymen project'.

d) improve the decision-making bases for a successful EC enterprises policy (thus providing an institutional framework for European cooperation on the transfer of research findings and know-how), and enhance the skills of entrepreneurs, managers and workforces by creating a European academy for the craft sector and SMEs. Such an academy — which was called for at the Avignon Conference — would take some pressure off the EC's SME observatory, whose work it would complement. Appropriate account should be taken of employers' and workers' organizations in the membership of the academy's administrative boards.

5.5. The Committee calls on the Commission, Parliament and the Council to provide sufficient financial resources as evidence of their firm intention to bring about effective and substantial progress in EC enterprise policy as it affects SMEs and craft enterprises.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Decision on an Action Plan for the introduction of advanced television services in Europe [1]

(92/C 332/14)

On 20 May 1992, 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 Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 30 September 1992. The Rapporteur was Dame Jocelyn Barrow.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion by 100 votes to 29, with 11 abstentions.

1. Introduction

The Committee endorses the Action Plan subject to the following comments:

1.1. On 11 May 1992, the Council adopted a Directive on the adoption of standards for satellite broadcasting of television signals.

1.2. The Community intends, with this decision, to profit from Europe's technological edge in high-definition television (HDTV) in order to secure its economic and cultural independence and improve its international competitiveness.

1.3. The Action Plan proposal referred to the Committee is made in the context of the implementation of the Directive, specifying the accompanying measures required in view of the interdependent nature of the factors contributing to the development of HDTV.

1.4. The Action Plan reflects a shift of emphasis in the technological approach towards the introduction of wide-screen television services in the 16:9 format. This is not only a necessary, but also a positive development. The concept of 'service' offers the advantage of applying a single term to all the necessary stages in the achievement of HDTV, from programme production to reception, taking account of the multiple technological, economic and cultural factors involved.

1.5. HDTV can only be successfully launched if all those contributing to it — political and regulatory authorities, companies, producers, broadcasters and viewers — work together to that end.

2. General comments

2.1. The Action Plan must be adopted as a matter or urgency, to secure immediate release of the ECU 33 million earmarked for 1992.

2.2. The Commission has submitted a framework extending from 1992 to 1996, based on the principle of double degressivity in the allocation of HDTV funding:

— those projects starting earliest will receive the greatest levels of funding;

— the funding allocated to projects will be progressively reduced each year.

2.3. It would also be desirable, so as not to penalize those countries unable to commit themselves to HDTV at the outset (Spain, Greece and Ireland), to set up an assistance mechanism for operators in linguistically and geographically smaller countries and to grant derogations to the principle of double degressivity established by the Action Plan.

2.4. Paragraph 5 of the Action Plan proposal provides for the adoption of a funding method for projects based on a 'full service'. Projects must cover the entire chain from satellite transmission to reception.

2.5. Funding only projects offering a full service favours the larger operators at the expense of independent operators. The Commission's attention is directed to the need to support this latter category of operators in particular.

2.6. In any case, it would be advisable to re-adjust the levels of Community funding to the production sector. The Commission gives the following indicative

[1] OJ No C 139, 2. 6. 1992, p. 4.

percentage breakdown: 65% for broadcasters, 25% for producers, 10% for cable operators.

3. Specific comments

In view of international competition, the close links between programme production and the introduction of European HDTV should be kept in sight. The 27 Eureka broadcasting member countries accordingly expressed the view, in 12 June in Helsinki, that the production part of the Action Plan should be stepped up. A 35% funding level would make it possible to give a significant boost to programme production with broadcasting's share falling to 55% and cable distribution's remaining unchanged at 10%.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

APPENDIX I

to the Opinion of the Economic and Social Committee

The following amendments, which received at least a quarter of the votes cast or constituted a Counter-Opinion, were rejected in the course of the debate:

Counter-Opinion

Replace the text of the Opinion of the Section for Industry, Commerce, Crafts and Services by the following:

'1. Introduction

1.1. On 20 May 1992 the Council decided to consult the Economic and Social Committee on a Proposal for a Council Decision on an Action Plan for the introduction of advanced television services in Europe (COM(92) 154 final) ('the Action Plan proposal') [1].

1.2. The Action Plan Proposal is made in the context of the Council Directive 92/38/EEC of 11 May 1992 on the adoption of standards for satellite broadcasting of television signals ('the HDTV Directive') [2]. The Explanatory Memorandum to the Action Plan refers to the Council of Telecommunications' Ministers Meeting which gave consent to the common position in the Directive within the Council and which:

'expressed its conviction that only a global strategy including accompanying measures together with appropriate financial means, will assure the success of European advanced television'.

1.3. The Council noted the Commission's intention to submit to it and to the European Parliament:

'a set of measures, financial or otherwise, on the basis of an appropriate Article of the Treaty in order to obtain the objectives announced in Articles 2 and 8 of the (HDTV) Directive'.

1.4. The Committee continues to support the Commission's overall policy with regard to the development of HDTV services in Europe subject to agreement with the major economic actors over certain fundamental points referred to below.

[1] OJ No C 139, 2. 6. 1992, p. 1.
[2] OJ No L 137, 20. 5. 1992, p. 17.

2. The Action Plan Proposal

2.1. The Action Plan Proposal aims:

'to ensure the accelerated development of the market for advanced television services by satellite and cable based on the D2-MAC standard, particularly in its 16:9 format, and the HD-MAC standard, is adopted for a period commencing on the date of adoption of this decision and concluding on 31 December 1996.'

2.2. To achieve this, the Action Plan targets increases in satellite services, cable TV networks and programming using the above standards. Community Funds will be devoted towards achieving these targets by means of 'incentives' covering parts of the additional costs incurred by broadcasters, programme makers and cable TV network operators in the provision of these advanced television services.

2.3. The implementation of the Action Plan will be undertaken by the Commission and in this connection Article 2 states that:

'the Commission will establish close collaboration with the mechanisms resulting from the implementation of Article 8 of the HDTV Directive'.

2.4. In this regard the Commission has agreed to take into account the concerns of the major economic actors. In the text of the Memorandum of Understanding ('the MOU') the Commission has said that it will attach great importance in its implementation measures and concise funding criteria to the agreement of the signatories of the MOU.

2.5. The Commission needs to establish a framework business case to justify the expenditure of public funds, which would necessarily take into account other funding criteria.

2.6. The Action Plan Proposal should be revised in order to clarify the duration of funding under the Action Plan and as to the phasing and means of assessment of allocation of funds under the Action Plan. (Attention is also drawn to Article 2.2 of the HDTV Directive which provided that for any not completely digital transmission of a 625 line satellite television service using domestic satellite receivers in respect of any service starting after 1 January 1995 the D2-MAC standard may be used depending on there being community funding available.) The Action Plan Proposal should also show the specific targets in relation to the provision of services, programming and other important matters. It should state the level of incentives, of the identity of the beneficiaries of such incentives necessary to achieve these specific targets and explain why those incentives are necessary.

2.7. The Action Plan presents a policy of 'double degressivity'. The Committee is concerned that this will put some possible participants in HDTV at a disadvantage particularly those who will not be in a position to start their projects immediately and give a double bonus to those already transmitting in D2-MAC who may in fact need less economic incentive than those whom the Commission hope to persuade to enter the HDTV market place.

2.8. The Committee is also concerned that a conflict of interest could arise in the consortium created by the MOU and that there should therefore be a separation of functions between those who make the decisions as to the allocation of funds under the Action Plan and those to whom funds are to be awarded.

3. Funding

3.1. Funding should not be short term and piecemeal. The risk of such action is that the market will be still-born. This could mean that, rather than 850 MECU being used to establish the market, considerably more funds may need to be expended by the Commission to keep subsidizing a market which has not been a success.

3.1.1. Concern is even greater in regard to the possible expenditure in 1992 of 33 MECU given that there is no indication from the Commission as to what object this is to achieve and how it is to achieve it in the context of the HDTV Directive.

3.2. It is to be noted that the Action Plan Proposal does not address the social ramifications of the strategy to be adopted by the Commission, such as the effects on employment, training and minority language programme needs and the effect on the consumer. Obviously each such area will impose competing claims on the allocation of the Commission funding; some of whom are not major economic actors.

3.2.1. Some programmers have asked for 220 MECU and some producers have asked for funding for minority language programming: languages such as Basque, Catalan, Corsican and Welsh are often spoken in mountainous districts where satellite television is particularly important.

4. The Action Plan and its relationship to the HDTV Directive and the MOU

4.1. The Action Plan Proposal and the related MOU depend for their legality on compliance with Article 8 of the HDTV Directive. (HDTV Directive, Article 8 provides that: 'The rules laid down in the Directive shall be accompanied by commercial measures based on the signing by the parties concerned of an MOU coordinating the actions of the various signatories and, where appropriate, by simultaneous measures designed to support the creation of the European market for the D2-MAC, 16:9 and HD-MAC standards.')

4.2. In the preamble to the HDTV Directive the Council recites the need to have an appropriate regulatory environment and 'complete agreement' between broadcasters, satellite operators, manufacturers and cable operators is 'essential'. (The HDTV Directive also recites: '...such agreement might be reached by means of a Memorandum of Understanding: ... (which) will set out the obligations of the respective parties for the development and promotion of 16:9 D2-MAC services in Europe in accordance with the terms and provisions of (the HDTV Directive) and will constitute an integral part of the overall strategy for the introduction of HDTV: ...')

4.3. There has also been a change in emphasis in the MOU from the technological approach referred to in the Action Plan. For example, the current draft of the MOU no longer refers to the development of HD-MAC. This significant shift in Commission policy requires the amendment of the Action Plan to be consistent with the current Commission position.

4.4. If the actual funding proposals were to be scrutinized on a case-by-case basis in the formulation of the bilateral agreements without general agreement the proposals now stated by the Commission could, as they stand, result in the adoption of a piecemeal approach in funding. This could well have a negative effect on the market and the Action Plan Proposal should be revised to provide for specific targets and subsidies based on a business case which needs to be put together on the basis of agreed commitments by all the relevant economic actors and in full consultation with those entities.

5. Concluding Remarks

The major economic actors must be fully consulted as envisaged by the HDTV Directive in order to agree the text of the final Action Plan and the criteria for its implementation. Without the agreement of the major economic actors there can be no agreement on the Action Plan and any funding under it.'

Voting

For: 31, against: 106, abstentions: 7.

New Point 2.3.1

Add new point 2.3.1 as follows:

'The same applies to the particular problem in this proposal for minority languages such as Basque, Catalan, Corsican, Sard and Welsh, many of which are spoken in mountainous areas and where satellite reception is therefore particularly important.

For these and for other purposes, funding should also be made available for programming, particularly on 35mm film. Film has the advantage of being useable both on 4:3 and 16:9 transmissions and will thus enable minority languages to build up slowly a library of programmes.'

Reasons

Television is a particularly potent medium for preserving and furthering minority languages. Their interests are not adequately covered by this proposal or by the SCALE organization which looks after the interests of small countries and not minority languages in bigger countries.

Voting

For: 34, against: 74, abstentions:13.

APPENDIX 2

to the Opinion of the Economic and Social Committee

The following Members, present or represented, voted for the Opinion:

Mr/Mrs/Miss: ABEJON RESA, AMATO, ARENA, ASPINALL, BAGLIANO, BELTRAMI, BENTO GONÇALVES, BOTTAZZI, BREDIMA-SAVOPOULOU, BRIESCH, CASSINA, CEBALLO HERRERO, CEYRAC, CHEVALIER, CHRISTIE, COLOMBO, CUNHA, VAN DAM, DECAILLON, VON DER DECKEN, D'ELIA, DELOROZOY, DIAPOULIS, VAN DIJK, DONCK, DRAIJER, DRILLEAUD, ENGELEN-KEFER, ETTY, EULEN, FLUM, FORGAS I CABRERA, FRERICHS, GAFFRON, GAFO FERNÁNDEZ, GERMOZZI, GEUENICH, GHIGONIS, JANSSEN, JENKINS, KAZAZIS, DE KNEGT, KORFIATIS, LACA MARTIN, LAPPAS, LAUR, LIVERANI, LUSTENHOUWER, McGARRY, MADDOCKS, MARGALEF MASIA, MASUCCI, MAYAYO BELLO, MERCE JUSTE, MERCIER, MEYER-HORN, MOLINA VALLEJO, MORALES, MORIZE, MOURGUES, MÜLLER R., MUÑIZ GUARDADO, NIERHAUS, NOORDWAL, OVIDE ETIENNE, PANERO FLOREZ, PARDON, PE, PELLARINI, PELLETIER R., PERRIN-PELLETIER, PRICOLO, PROUMENS, QUEVEDO ROJO, REBUFFEL, RODRIGUEZ DE AZERO Y DEL HOYO, RODRIGUEZ GARCÍA-CARO, SÁ BORGES, SALA, SALMON, SANTILLAN CABEZA, SANTOS, SAUWENS, SCHMIDT, SCHMITZ, SCHNIEDERS, VON SCHWERIN, SILVA, SMITH, SOLARI, STECHER NAVARRA, TESORO OLIVER, THEONAS, THYS, TIXIER, TUKKER, WAGENMANS, WICK, ZUFIAUR NARVAIZA.

The following Members, present or represented, voted against the Opinion:

Mr/Mrs: BARROW, BERNS, BLESER, BOISSEREE, CARROLL, CONNELLAN, ELSTNER, GARDNER, GIACOMELLI, GREDAL, GREEN, GROBEN, GUILLAUME, HAGEN, HILKENS, HOVGAARD JAKOBSEN, KAARIS, KAFKA, LITTLE, MOBBS, MORELAND, MULLER E., PASQUALI, PEARSON, RAMAEKERS, RANGONI MACHIAVELLI, SCHADE-POULSEN, STRAUSS, WHITWORTH.

The following Members, present or represented, abstained:

Mr: BEALE, BELL, DUNKEL, FREEMAN, GIATRAS, GIESECKE, LÖW, NIELSEN B., NIELSEN P., PETERSEN, VANDERMEEREN.

Opinion on the proposal for a Council Regulation (EEC) allowing voluntary participation by companies in the industrial sector in a Community eco-audit scheme [1]

(92/C 332/15)

On 26 March 1992, the Council decided to consult the Economic and Social Committee, under Article 130s 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 29 September 1992. The Rapporteur was Mr Boisserée.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion by a large majority with 8 abstentions.

1. Content of the Draft Regulation

1.1. The proposal, based on Article 130s of the EC Treaty and announced in the European action programme on environmental protection [2], seeks to improve environmental behaviour in industry. The proposal to set up such arrangements was instigated by major industrial firms and associations, initially in Anglo-Saxon countries; they had proposed an eco-audit procedure following on from the widespread arrangements for ensuring product quality, as part of a code of practice for industry. The systematic approach of the draft Regulation's explanatory memorandum is based on a proposal by the International Chamber of Commerce (ICC); the draft Regulation does, however, go beyond the ICC proposal, particularly as regards information for the general public and the involvement of bodies appointed by Member States.

1.2. Basically the draft regulation enables all industrial firms to participate voluntarily in the eco-audit system (which includes the actual audit, i.e. the assessment). Companies doing so undertake (a) to set up an 'environmental protection system' (= in-company environment monitoring arrangements) for a given production site and (b) to carry out regular, systematic assessments of the company's environmental performance. The environmental protection system includes (a) submission of a written internal environment policy (strategy), supplemented by a programme of measures covering all activities on the production site (b) an environmental management system covering organizational measures and working procedures and structures needed for implementing the company environment policy and environment programmes. In-company environmental protection systems are to be assessed periodically (every one to three years) by an audit initiated by the company. The audit will cover the conclusions of the previous environmental assessment, the level of compliance with statutory environmental rules and requirements, and more. The Appendix contains framework conditions for the audit, to be fleshed out by standards set by European standards bodies.

1.3. These companies' credibility vis-à-vis the environmental protection system and the audit is to be ensured by an environmental statement drawn up on the basis of the audit and sent to bodies appointed by Member States. A shorter version will be issued to the general public. The environmental statement will describe a firm's performance and intentions in environmental policies; it is to be formally corroborated by an officially-appointed independent 'environmental verifier'. In return for meeting the requirements of the eco-audit system, firms are to be allowed to use an eco-audit logo to enhance their public image. The audit logo will not be used on, or in relation to, products so as to avoid confusion with the product eco-label [3].

2. General Comments

2.1. *Remarks on the aim of the planned Community framework for the eco-audit system*

2.1.1. The aim of the draft Regulation is two-fold:

— to improve company environmental protection, and

— to enhance transparency as regards industrial firms' performance and intentions vis-à-vis the public.

These two objectives do not in any way constitute a contradiction in terms; on the contrary, as the Commission proposal shows, they tie in together very well.

2.1.2. The Committee agrees that the environmental audit system should not be viewed as a parallel administrative system for Community and national environ-

[1] OJ No C 76, 27. 3. 1992, p. 2.
[2] COM(92) 23.
[3] OJ No L 99, 11. 4. 1992, p. 1.

mental protection legislation. It should not be a substitute for:

— an extended environmental impact assessment (as the Commission suggests in its action programme) (cf. footnote 2, p. 44);

— issuing technical rules on environmental protection integrated into the production process (also proposed in the European action programme);

— rules on company emission registers.

2.1.3. The Committee also agrees that under the environmental audit system, statutory environmental protection standards should be minimum requirements; the real point of the system is however (a) to assess in-company measures for implementing official environmental protection requirements and the efforts and results (environmental protection performance) which go beyond that, and (b) to make this understandable to the general public.

2.1.4. The Committee welcomes the proposed 'system' for improving environmental protection, particularly since the environmental policy objectives are to be achieved with company resources, incentives for careful handling and improved information. This makes the eco-audit system an economic environment policy tool.

2.2. In spite of its generally positive assessment, the Committee would point out a number of ambiguities in the draft Regulation.

2.2.1. The eco-audit is designed to assess environmental protection programmes of firms and in-company environmental systems in particular. Where there are no environmental protection legislation or standards, or where programmes and management systems go beyond existing rules, the draft Regulation does not provide guidelines for assessment. The Eurostandards (ISO standards) referred to in the draft Regulation are geared to product-quality guarantees (and indirectly to the assessment of production and management issues) and are not necessarily applicable to environmental policy objectives. The Regulation provides for the commissioning of additional specific standards (Article 4). The Committee would point out that in order to standardize the eco-audit within the Community and to develop yardsticks for the environmental statement vis-à-vis the public, the corresponding standards must be drawn up by the time the Regulation enters into force (1 July 1994).

2.2.2. The Committee understands from the Draft Regulation that the eco-audit system, as contained in the Commission proposal, is separate from official environmental protection enforcement at Community level and particularly Member State level. Consequently, the Committee considers that:

— The eco-audit is not synonymous with the statutory environmental impact assessment; it involves more than just meeting statutory requirements.

— The Committee assumes that the 'competent bodies' in Member States which, according to the draft Regulation, are to receive the 'environmental statement' and appoint environmental protection inspectors, are not to be the same as State supervisory authorities; the audit system would otherwise be an administrative procedure parallel to official environmental policy and this would constitute pointless duplication.

— As a supplementary, voluntary environmental protection tool, the audit system should neither fully nor partially replace state environmental monitoring (cf. also point 3.8.2).

2.3. The Committee agrees that the matter should be dealt with in Regulation format under Article 130s of the EC Treaty.

2.3.1. The Committee has considered whether, in view of the audit system's voluntary nature, its objectives could not be achieved just as well by incorporating it in an industrial code of practice or in a future Eurostandard (ISO standard), rather than by statutory legislation.

2.3.2. Apart from the fact that no Eurostandard (ISO standard) has yet been adopted on this matter, the Committee has concluded, in line with the Commission, that statutory arrangements are logical and necessary — cf. the recent Regulation on the eco-label [1] — so as to achieve the following aims:

— use of the environmental audit in an 'environmental statement', to be checked by independent experts and used to inform the competent bodies and the general public;

— use of an 'environmental logo' by firms having successfully completed the above-mentioned procedure;

— participation of workers and their organizations in in-company audit systems and involvement of these organizations and environmental groups in appointing environmental verifiers (experts to corroborate the environmental statement) in accordance with the procedure laid down in Article 7;

— alignment of procedures for assessing in-company environmental protection in the Community.

2.4. Although this issue is being dealt with in a Regulation, the Commission proposes that firms be allowed to participate in the eco-audit system on a voluntary basis. The Committee endorses this approach.

[1] OJ No L 99, 11. 4. 1992, p. 1.

2.4.1. The Regulation format is not incompatible with the voluntary nature of the arrangements; this was also the case with the eco-label Regulation.

2.4.2. The Committee welcomes the voluntary nature of the arrangements because of:

— their independence from official, (statutory) environmental protection procedures;

— the motivation associated with the audit system for achieving good environmental performance going beyond minimum legal requirements;

— the publicity for the audit system which encourages competition between firms;

— the practical experience to be gained in using the new instrument, on the basis of which the case for the introduction of a mandatory 'blanket' system, within the context of the review provided for under Article 13, can be considered.

2.4.3. In any case, the Committee feels that consideration should be given to deciding whether a mandatory audit system should be incorporated in the specific provisions applicable to firms whose production involves particularly high environmental risks, especially since the Commission is working on corresponding proposals in connection with the amendment to the 'Seveso Directive' [1].

3. Comments on Individual Provisions of the Draft Regulation

3.1. *Article 1 in conjunction with Article 2j of the Draft (scope)*

3.1.1. The industrial statistics quoted here cover almost the entire range of industrial production, plus waste management technologies. In order to identify Community criteria and norms for establishing the audit and environmental statement, the Regulation's scope should be fairly extensive. There is a case for introducing the Regulation gradually in individual areas, depending on the availability of generally acknowledged criteria for assessing a company's environmental performance.

3.1.2. The draft Regulation includes a call for the adoption of norms for environmental management systems (Article 4) for the whole area covered by the Regulation; we must assume that these standards will not be operative for quite some time, and that the audit system will initially have to operate on a provisional basis. It is doubtful whether this is in keeping with the hoped-for confidence-building effect. Thus, one possibility would be to introduce the regulation in individual areas on a staggered basis, so that the audit can be introduced forthwith in those areas where standards exist.

3.2. *Article 3*

3.2.1. The Commission proposal stipulates that an 'initial environmental review' should precede the establishment of an environmental protection system; the Committee would ask what criteria this review would have to follow.

3.2.2. The Committee views participation by workers and their organizations as a particularly important component of the eco-audit system. The Committee therefore has misgivings about restricting this participation ('appropriate cases').

3.2.3. The Committee calls for a more precise definition of the aim of the environmental statement to be sent to competent bodies appointed by Member States; the Committee assumes that there is no intention to link the audit system to official environmental protection monitoring.

3.3. *Article 4*

Here the Commission instructs the European standards bodies to establish criteria for progressive environmental management. The comment made in 3.1.2 also applies here.

3.4. *Article 5*

The environmental statement is to be made available for public information 'in a concise, non-technical form'. The Committee fears that the level of public information will fall below the standards stipulated in the directive on freedom of access to information on the environment [2]. The Committee feels that the eco-audit must be published on the same basis as is stipulated for reports on the economic situation of certain firms. In any case the findings of the eco-audit should be forwarded to shareholders.

3.5. *Article 6*

3.5.1. The draft Regulation leaves it open as to whether the eco-audit is to be carried out by in-company (internal) or external auditors. In general the Committee prefers an external audit.

3.5.2. In any case, steps must be taken to ensure that the auditors are not the same people as the

[1] Council Directive of 24 June 1982 on the major-accident hazards of certain industrial activities (82/501/EEC), OJ No L 230, p. 1.

[2] OJ No L 158, 23. 6. 1990, p. 56.

environmental verifiers who validate (corroborate) the audit.

3.5.3. The comments on Article 4 above also apply to Article 6(3).

3.6. *Article 7*

The draft Regulation contains no provisions on environmental verifiers' specialist qualifications. The Committee suggests that it be stipulated that appointees should be confined to people whose knowledge and professional experience guarantee that the findings of their work will be recognized not only by the competent bodies but also by the public. The Committee assumes that the verifiers must be proficient in the subject areas (industries) they are inspecting. Moreover, arrangements for accrediting environmental verifiers involve considerable red tape, particularly Article 7(2). It is debatable whether the arrangements are compatible with the principle of subsidiarity: they would entail a 'hybrid' EC-Member State administration.

3.7. *Article 11*

It is not clear whether the legitimate use of the eco-audit logo is to be monitored by national authorities. This question does arise because permission to use the logo can be withdrawn in the event of national environmental provisions being infringed. One possibility would be to leave the monitoring of proper or improper use of the logo to Member States' competition law, without involving the authorities.

3.8. *Article 12*

Article 12 raises a whole series of questions:

3.8.1. The promotion or advertising of the eco-audit system vis-à-vis small and medium-sized firms might be a matter for trade organizations rather than national bodies in the first instance, especially since it is a voluntary scheme. On the other hand, it could be the task of national bodies to ensure that the appropriate sectors set up organizations and establishments capable of assisting small and medium-sized companies with the preparation and implementation of the audit. Efforts should also be made to ensure that the special circumstances of small- and medium-sized firms are properly taken into consideration in preparing and carrying out the audit.

3.8.2. Problems could arise if Member States were empowered to exempt individual audit scheme users from State monitoring of the environmental rules or to relax such monitoring [Article 12(1b)]. This would entail dovetailing the audit system and national environment law and environment administration; this is not provided for in the draft Regulation and would be incompatible with the spirit of the instrument.

3.8.3. Finally the Commission intends to submit proposals for extending the audit system and compiling information thereon, after consulting the 'two sides of industry'. No mention is made here of environmental conservation bodies. The ESC's role here is also to be clarified.

3.9. *Article 13*

Of course after the trial period is completed it must be possible to amend the Regulation, even to the extent of introducing a comprehensive or partial mandatory audit, as the Commission itself points out in the explanatory memorandum. The Committee categorically endorses the Commission's proposal to invoke Article 130s(2) of the EEC Treaty (qualified majority voting in Council of Ministers).

3.10. *Annex 1A*

The Eurostandard 29000 referred to here deals only with quality safeguard procedures and thus makes no specific statement on the environmental protection system. Standards for this machinery should take account of the different sizes of firms, with particular concern for the circumstances of small and medium-sized enterprises (SMEs) (cf. point 3.8.1.).

3.11. *Annex 1B*

'Materials balance sheet': should be added to the third indent.

3.12. *Annex 1C*

3.12.1. The Committee welcomes the reference to the best available technologies. Not only Community, but also Member States' environmental legislation should be taken into account in the environmental protection system and the eco-audit.

3.12.2. The Committee also has reservations about C 11. The point of providing the general public with information is not merely 'to understand' potential environmental impact. To meet public concern, information should focus on precautionary measures which companies are taking to prevent any potential impact on the environment.

3.12.3. C 13 requires management to ensure that contractors working on the company's behalf 'apply environmental standards equivalent to the company's own'. The Committee assumes that the environmental

standards referred to are not just 'catch all' provisions but are enshrined in specific rules on conduct and procedure. If this is the case, the code of standards applying to given production plant specifications cannot possibly be applied to suppliers or product users. The provision could therefore be formulated so as to require the contractors working for the company to meet all the environmental protection requirements applying to them.

3.13. *Annex IE*

3.13.1. The Committee doubts whether the ISO standard 10011, which covers quality guarantees, is sufficient for implementing the Regulation.

3.13.2. The Committee makes the following comments regarding the content of the audit:

— whenever possible, it should suggest alternative production methods/procedures and should compare these to the procedures chosen;

— should also include a review of in-company information systems, particularly of how workers involved in the production process are briefed.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

APPENDIX

to the opinion of the Economic and Social Committee

Amendments rejected

The following amendments were discussed and rejected during the debate, but received more than 25% of the votes cast.

Point 2.3.2

Replace the third indent by the following:

'— appropriate involvement of workers' representatives in in-company decisions on environmental protection;'

Reasons

Self-explanatory.

Voting

For: 19, against: 42, abstentions: 4.

Point 2.4.3

Omit this paragraph.

Reason

The Committee welcomes the voluntary nature of the ECO-Audit scheme, and gives several good reasons for this in paragraph 2.4.2. Among the reasons given is that a voluntary system generates motivation for firms to achieve good environmental performance exceeding minimum legal requirements. It would, therefore, be counterproductive to make the scheme mandatory for firms whose production involves particularly high environmental risks, especially these firms which benefit from the motivation generated by a voluntary system. In any case, it would be extremely difficult to define and identify those firms whose production involves particularly high environmental risks (there is no connection with the 'Seveso Directive').

Voting

For: 30, against: 53, abstentions: 1.

Point 3.5.1

Replace the last sentence by:

'The Committee recognizes the advantages of in-company audit teams (knowledge of processes being audited, motivation to accept improvements, the learning process) if the company possesses the necessary resources; at least one member of the audit team, however, should be independent of the particular unit being audited. If the necessary resources are not available (as may be the case with some SMEs) then external auditors should be used the Committee recognizes that, in any case, external verification would ensure the adequacy and credibility of the audit.'

Reasons

Experience teaches that in-company auditing has many advantages leading to better protection of the environment, as mentioned above. To avoid 'blindness due to familiarity' at least one member of the in-company audit team should be independent of the unit being audited.

Of course, whenever the resources of the company concerned are not adequate to carry out a proper audit, then external auditors (consultants) must be used. Finally, should there be a feeling of distrust in the concept of companies conducting a self-audit, then the external verification which has been introduced into the Regulation will ensure that this distrust is not justified.

Voting

For: 32, against: 55, abstentions: 8.

Opinion on the proposal for a Council Directive on the incineration of hazardous waste [1]

(92/C 332/16)

On 7 April 1992 the Council decided to consult the Economic and Social Committee, under Article 100a 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 29 September 1992. The Rapporteur was Mr Colombo.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion by a large majority with five abstentions.

1. General comments

1.1. Given that hazardous waste incinerators must minimize the risks of pollution from such substances, the Committee endorses the purpose of the proposal, which is mainly designed to prevent and thus reduce pollution of air, soil, surface and groundwater caused by the incineration of hazardous waste. It hopes that the rigorous environmental protection measures being proposed will help to increase the public acceptability of incineration in suitable locations.

[1] OJ No C 130, 21. 5. 1992, p. 1.

1.2. The Committee notes the proposed legal basis and recalls the comments made in earlier Opinions regarding the choice between Article 100a and 130s as the basis for legislation on waste.

1.3. The Committee notes that the proposal also comes in the wake of the Council Resolution of 7 May 1990 on waste policy [1], which sets out guidelines for an overall Community strategy for waste management, placing the emphasis on prevention at source.

1.4. Committee Opinions on waste [2] have all highlighted the need for an overall preventive approach. It is worth reiterating this point, since the present proposal does not seem to take it into sufficient account, being designed to regulate the ultimate effect on the environment of hazardous waste incineration.

1.5. The Committee obviously supports the objective of reducing pollutant emissions from incineration plants. However, it takes the opportunity to reiterate the wider need for action at every stage of the process of production, distribution and consumption — 'from cradle to grave' — particularly in the case of hazardous waste.

1.6. The Committee is concerned about the scant attention which Community policy continues to devote to practical back-up (technical, information, financial) for reducing hazardous waste at source (cleaner technologies). There is a danger that attention will focus on technologies for the final disposal of waste, when in fact the emphasis should be on technologies to prevent waste during the production process, encouraging producer initiatives, and providing better information and training for staff.

1.7. This is the approach adopted by the new Community programme on the environment and sustainable development [3], which will provide a reference framework for individual environment protection measures.

1.8. The Committee is aware that the general requirements of waste management planning — particularly in the case of hazardous waste — cannot be met by the present Directive alone. However, it stresses that the Directive must be implemented in close conjunction with Article 6 of Directive 91/689/EEC, which obliges the competent authorities to draw up waste management plans and to make these plans public. The Article also requires the Commission to compare the plans, in particular the methods of disposal and recovery.

1.9. A better preventive approach to incineration may also result from adoption of the proposal on an Eco-audit [4], which should encourage firms to improve their 'environmental output', the proposal on civil liability for damage caused by waste [5], and other forthcoming proposals on waste management.

1.10. The Committee stresses the urgent need to harmonize the terminology of the waste sector and to set up a reliable information system concerning the quantities and types of waste produced. It is a cause for concern that present inconsistencies in this area are such that Member States report hazardous waste as accounting for between 2 % and 20 % of their total waste (see the Commission's Explanatory Memorandum). Such a wide span makes any attempt at planning very difficult. Moreover, it is widely held that hazardous waste generally accounts for a significant percentage of industrial waste.

1.10.1. Article 1(4) of Directive 91/689/EEC [6] on hazardous waste states that a list of such waste is to be drawn up, taking account of the origin and composition of the waste and the limit values for its concentration. The Committee urges the Commission to draw up the list as soon as possible.

1.10.2. On the basis of this list, criteria should be established for the optimum disposal of the various types of waste. Incineration would be one possible option, where compatible with protection of the environment.

1.11. Technological developments at international level are giving rise to specialized treatment processes geared to the particular characteristics of hazardous waste.

1.11.1. Hazardous wastes are made up of a huge number of compounds, often in extraordinarily complex combinations. Under different treatment conditions, these can generate reactions that are difficult to predict. The combination of certain waste products can be expected to generate unwanted reactions, just as other combinations may have beneficial effects such as neutralization.

1.11.2. A waste management policy should therefore see that action is taken at company level, covering selective collection of the main waste flows, differen-

[1] OJ No C 122, 18. 5. 1990, p. 2.
[2] OJ No C 56, 6. 3. 1989; OJ No C 318, 12. 12. 1988; OJ No C 112, 7. 5. 1990 and OJ No C 40, 17. 2. 1992.
[3] COM(92) 23 final.
[4] OJ No C 76, 27. 3. 1992.
[5] OJ No C 251, 4. 10. 1989 and OJ No C 192, 23. 7. 1991; ESC Opinion in OJ No C 112, 7. 5. 1990.
[6] OJ No L 377, 31. 12. 1991.

tiated storage, and delivery at treatment plants in properly labelled special containers. Appropriate forms of pretreatment should be used so as to reduce the volume of waste (and thus transport costs) and if possible partially detoxify it (thus reducing both the hazardousness and the cost of final treatment).

1.12. The Committee notes that the proposal allows thermal disposal of hazardous waste at non-specialist plants provided that they respect the relevant environmental protection criteria. Some of these criteria will not apply to small plants in which hazardous waste accounts for between 10 and 40% of the total heat released at the plant.

1.12.1. Thermal disposal of hazardous waste at non-specialist plants is a measure which may help to curb the present uncontrolled dispersion of huge quantities of hazardous waste.

1.12.2. Although concern about dangerous mixtures of waste may be allayed by Article 2 of Directive 91/689/EEC, it would seem advisable at least to mention the industrial processes containing facilities which may be used for waste disposal (e.g. rotary kilns in cement works or furnaces in steel works which offer technical guarantees and the possibility of energy recovery). This would help to define the scope of this option more clearly, bearing in mind the present lack of monitoring and the intrinsic difficulty of monitoring compliance with the limits specified in Annex II.

1.13. The Committee is pleased that the concept of BATNEEC (Best Available Technology Not Entailing Excessive Costs) is deemed inappropriate for the incineration of hazardous waste, and is to be replaced by BAT (Best Available Technology). This means technologies which are industrially feasible in technical and economic terms and reasonably accessible to the operator.

1.14. The concept is in keeping with the integrated approach to pollution prevention pursued by the abovementioned programme on the environment and sustainable development.

1.15. The Committee stresses the importance of fully applying the public information measures laid down in the Directives on environmental impact assessment (85/337/EEC) and major-accident hazards (88/610/EEC). Full information is the only way to meet public concern about the incineration of hazardous waste and make this option acceptable when it offers the most appropriate solution.

1.16. This should also be of assistance when deciding the best locations for incineration plants, in terms both of their distance from production, collection and sorting centres (minimizing the movements of dangerous waste) and of their impact on the environment.

1.17. Lastly, the Committee asks the Commission to check whether the provisions contained in Directives 80/1107/EEC and 89/391/EEC [1] are adequate, in the light of advances in know-how and technology, to protect the health and safety of workers at incineration plants. The Commission could consider the case for a specific Directive to protect workers at waste-treatment plants.

2. Specific comments

2.1. *Article 1(1)*

2.1.1. In the fifth line, after the words 'hazardous waste', add 'that cannot be avoided and cannot be recycled'.

2.2. *Article 3(3)*

2.2.1. The permit should also mention the quantity of each type of waste authorized for treatment (Article 7 of Directive 91/156), in the light of the technical features and total capacity of the incinerator, with due respect for the provisions of Article 6 of Directive 91/689/EEC concerning plans for the disposal of hazardous waste.

2.3. *Article 3(5)*

2.3.1. Allowing the permit to remain operative for six months after emissions have proved unsatisfactory could mean that thousands of tonnes of hazardous waste are disposed of in an environmentally unacceptable manner. It might be better to have a three-month period which could be increased to six months when authorized by the competent authorities in the light of specific technical requirements.

2.4. *Article 5(3)*

2.4.1. The phrase 'where appropriate and as far as possible' could be interpreted in the broad sense, and not as referring solely to cases where it is impossible to take samples 'before unloading'. Samples should always be required unless specifically prohibited on safety grounds, as in the case of clinical waste. The sample should be kept for 30 days, given the complexity of some of the methods of analysis to be used in checks by the competent authorities.

[1] OJ No L 327, 3. 12. 1980 and OJ No L 183, 29. 6. 1989.

2.5. *Article 6*

2.5.1. The Committee stresses the need to respect the indications provided in Annex II, as storage is a critical stage in the waste cycle.

2.6. *Article 7(2)*

2.6.1. 'Use of appropriate techniques of waste pretreatment' should not be presented as a possibility ('this may require...'). It should be positively encouraged as part of waste management policy, with particular regard to (a) pretreatment to detoxify hazardous waste and (b) pretreatment procedures designed to optimize the combustion process.

2.7. *Article 7(3)*

2.7.1. While appreciating the reference to use of auxiliary burners, the Committee points out that this means providing a suitable after-burner section for secondary combustion of the gas effluents from combustion in the primary chamber.

2.8. *Article 7(8)*

2.8.1. The height of the stack could usefully be specified (at least 40 metres), in accordance with meteorological conditions at the site.

2.9. *Article 8*

2.9.1. The Committee points out that the complexity of the calculations proposed by the Commission will make the task of the monitoring authority and the operators rather difficult.

2.10. *Article 9(3)*

2.10.1. The Committee endorses the content of Article 9(3), but asks for an explicit reference linking it to Article 14.

2.11. *Article 10(1) and (2)*

2.11.1. It would be helpful if a manual were drawn up covering maintenance of filters and fume-reduction devices in the broad sense.

2.12. *Article 13(1)*

2.12.1. The phrase 'as soon as possible' is vague. The Committee suggests 'without delay'.

2.13. *Article 14(2)*

2.13.1. The maximum period of five years is too long.

2.14. *Article 17*

2.14.1. The new committee should supplement the information on technical progress (to be provided under Article 15) with effective guidelines which should be updated annually.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive on the harmonization of the laws of the Member States relating to turnover taxes — Abolition of certain derogations provided for in Article 28(3) of Directive 77/388/EEC and in the second subparagraph of Article 1(1) of Directive 89/465/EEC [1]

(92/C 332/17)

On 10 August 1992 the Council decided to consult the Economic and Social Committee, under Article 198 of the EEC Treaty, on the abovementioned proposal.

The Committee instructed the Section for Economic, Financial and Monetary Questions to prepare its work on the subject. In the course of this work it appointed Mr Giacomelli to act as Rapporteur-General.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee adopted, by a majority with 2 abstentions, the following Opinion.

1. Introductory remarks

1.1. As pointed out in its Opinion of 31 January 1974 (OJ No C 119, p. 15) on the proposal for the Sixth VAT Directive, the Committee recognizes the need to harmonize the basis for VAT assessment.

1.2. This new proposal for a directive is intended to form part and parcel of this harmonization drive since the Sixth Directive, no doubt for fully valid reasons, has not proved sufficient. Whilst the general principle of harmonization is not contested, some doubts can be felt as to the expediency and justification of the proposed measures. Distortion of competition, the argument most frequently invoked, is often not evident, or at any rate not of great significance.

2. Explanations and General Comments

2.1. The proposed directive follows on the report of 2 July 1992 from the Commission to the Council on the transitional provisions resulting from Article 28(3) of the Sixth VAT Directive 77/388/EEC and Article 1(1) of the Eighteenth VAT Directive 89/465/EEC. The last recital of the Eighteenth Directive had stipulated that this report should have been presented by the Commission and examined by the Council by 1 January 1991. The Council was to review the situation regarding the remaining derogations from Article 28(3) of the Sixth Directive as a result of the Eighteenth Directive, including the derogation provided for in the second subparagraph of Article 1(1) of that Directive, and decide, on the Commission's proposal, on the abolition of these derogations 'having regard to any distortions of competition which have resulted from their having been applied or which might arise from measures to complete the internal market'. It is assumed that all proposed deletions or amendments of derogations from the Sixth and Eighteenth Directives will take effect on 1 January 1993, when the Community-wide internal market comes into being.

2.2. The report of 2 July 1992 also recalls that the derogations were introduced to give the beneficiary Member States and sectors time to make the requisite adjustments, with implicit reference to the 17th and 19th recitals of the Sixth Directive.

2.3. Lastly, it observes that the abolition of some, not to say all, the remaining derogations is desirable with a view to:

— improving the functioning of the VAT system,

— achieving 'complete' VAT harmonization at Community level,

— avoiding distortion of competition among the Member States,

— alleviating the derogations' significant impact on the method of calculating own resources and facilitating control,

— ensuring equal tax treatment among the Member States in accordance with the EEC Treaty.

2.4. Generally, all the various measures encompassed by the present proposal are intended to supplement, where this has not already been done by the deletion of certain derogations arising out of the 18th Directive, the uniform basis of assessment which in principle is to underpin the common system of VAT at Community level.

2.5. In its analysis, the Commission report of 2 July 1992 pinpoints the remaining derogations which require specific proposals for directives [Art. 28(3)(a) and (b); Sixth Directive]:

— travel agents' services; travel outside the EEC [Art. 28(3)(g)],

— transactions of hospitals (private clinics),

[1] OJ No C 205, 13. 8. 1992, p. 6.

— passenger transport and transfer of goods accompanying passenger transport,

— transactions concerning gold other than for industrial use (Annex F 26; Sixth Directive),

— travel agents' services (travel within the EC), or the derogation under Art. 28(3)(g) of the Sixth Directive, with the possibility of exempting services provided by travel agents without the right to deduct input taxes.

2.6. Again with reference to the Commission's report of 2 July 1992, the present proposal provides for

— abolition of most of the derogations under Art. 28(3) of the Sixth Directive, apart from those referred to in point 2.5 above,

— abolition of the derogation contained in the second subparagraph of Art. 1(1) of the Eighteenth Directive,

— the possibility, under a clause to be added at the end of Article 13C of the Sixth Directive, to opt for exemption of

  * admission fees to all or some sporting events,

  * services provided by undertakers and cremation services, together with the goods related thereto,

  * transactions carried out by blind persons or workshops for the blind provided these exemptions do not give rise to significant distortion of competition,

  * the supply of goods and services to official bodies responsible for the construction, setting out and maintenance of cemeteries, graves and monuments commemorating war dead,

— abolition of the exemption of activities of public radio and television services other than of a commercial nature; however, an additional clause in Article 28 allows Member States which at present exempt the non-commercial transactions of public radio and television bodies to maintain this exemption.

2.7. It would be out of place here to go into the motives and implications of the measures envisaged.

2.7.1. The Commission report of 2 July 1992 mentions that the effect of the Eighteenth Directive has been to reduce the number of derogations from 13 to 4 in the case of Annex E to the Sixth VAT Directive [Art. 28(3)] and from 27 to 14 in the case of Annex F thereto.

2.7.2. As regards the remaining derogations [Art. 28(3) to the Sixth Directive and the second subparagraph of Art. 1(1) of the Eighteenth Directive], some maintain taxation of transactions to be exempted under the definitive system [Art. 28(3)(a) and Annex E of the Sixth Directive] while the others maintain exemption of normally taxable transactions [Art. 28(3)(b) and Annex F of the Sixth Directive]. The deletion of the remaining derogations, in principle regarded as transitional, can be expected to result in loss of revenue in the first case and, in the second case, an increase in tax revenue benefiting all Member States concerned by their abolition.

2.8. In view of their transitional nature, derogations must in principle be removed to facilitate harmonization of the laws of the Member States relating to turnover taxes. However, as the Council advocated and in accordance with Article 28(4) of the Sixth Directive, the Commission claims that it seeks to abolish only those derogations whose retention would distort equal tax treatment among the Member States.

2.9. Lastly, the Commission proposes that, as a rule of thumb and to alleviate potential budgetary repercussions or probable inflationary effects, the Member States could be granted a right of option in replacement for some of the derogations whose abolition is still recommended even though no real distortion of competition results from their application. The main advantage of such a provision would be to allow all Member States, in particular those which do not at present benefit from any derogations, to adapt their laws provided that this does not compromise the fundamental principles of the Sixth Directive or create fresh distortions of competition.

2.9.1. Here it is stressed that the abolition of a derogation, whether or not offset by a right of option available to all Member States, should take effect at the latest by 1 January 1993, when the transitional VAT arrangement provided for in Directive 91/690/EEC of 16 December 1991 enters into force.

2.10. Attention is drawn to the Commission report's comments that 'in some cases, distortions of competition due exclusively to the maintenance of one derogation or another are necessarily limited. This is because some derogations are applied by a very small number of Member States. In addition, various factors, such as distance, convenience, service, etc., directly influence a purchaser's choice and therefore sometimes make the distortion purely theoretical.'

2.11. It was pointed out in 1.2 above that the proposed directive, which is one of the measures designed to harmonize the Member States' laws relating to turnover taxes, aims to complete the uniform basis of assessment for the common VAT system. This harmonization

drive cannot, however, be realized without a gradual alignment aiming at uniform rates throughout the Community. Differences in national rates are the source of most distortions, in any event once the 'transitional' system of taxation in the country of destination is replaced by the 'definitive' system of taxation in the country of origin, at a date still to be formally determined. The distortion of competition argument advanced in favour of abolishing most derogations and establishing a uniform basis of assessment for the common VAT system will therefore be conditioned by future developments as regards rates and regulations.

2.12. Though harmonization of the common basis of assessment should logically precede harmonization of the rates — a task which was recognized to be far from easy as early as 1974 — the proposed directive, relating to the basis of VAT assessment, provides for measures which are not of immediate urgency since the derogations concerned are essentailly of secondary importance (at Community level, though not to certain Member States) and their retention is hardly likely to impede the operation of the internal market after 1 January 1993.

3. Specific Comments

3.1. *Third recital*

3.1.1. The proposed directive justifies its provisions on the grounds that 'many' of the derogations provided for in Article 28(3) of the Sixth Directive — derogations which have been maintained despite the large number abolished by the 18th Directive — give rise, under the Community's own resources system to difficulties in calculating the compensation provided for in Council Regulation (EEC, Euratom) No 1553/89 of 29 May 1989 on the definitive uniform arrangements for the collection of own-resources accruing from VAT; in order to ensure that the system operates more efficiently, these remaining derogations should be abolished.

3.1.2. This argument is somewhat specious since the number of remaining derogations has been substantially reduced by heavy cuts in Annexes E and F listing the derogations affected by Article 28(3) of the Sixth Directive. It should be asked whether those that remain have as significant an impact on the above system as is claimed. In addition, in view of its technical nature, this argument should take second place when economic and social considerations militate for the retention of derogations.

3.2. *4th recital*

3.2.1. Though the derogations — some of which are nonetheless retained — may not be totally consistent with the aim of establishing a common basis of assessment, it would seem over-hasty, at the current stage in the action to approximate rates, to conclude that they are a potential source of substantial distortion of competition. Risks of distortion are due less to the non-adjustment of certain components of the tax base than to the existence of differing rates, though the impact of the latter seems largely to be neutralized by maintaining the arrangement of taxation in the country of destination under the transitional VAT system.

3.2.2. As regards services, which already in certain cases [Article 9(1) of the Sixth Directive] are taxed in the country where the supplier of the services is stablished, the particular services affected by the proposed directive do not seem likely to have a significant influence on competition within the Single Market.

3.3. *Article 1 (1)*

3.3.1. The abolition of derogations to the exemptions provided for certain activities in the public interest specified in Article 13 of the Sixth Directive [points 2 and 11 of Annex E to the Sixth Directive in respect of Article 28(3)(A)] can be approved, though distortion of competition does not seem to have resulted from derogations E2 and E11.

3.3.2. The abolition of derogation E7 (exemption of the activities of public radio and television bodies other than those of a commercial nature) goes hand in hand with the deletion of the corresponding provision in Article 13A(q) — list of exceptions within a country for certain activities in the public interest. This deletion follows from Article 4 of the proposal. Concurrently, Article 5 amends point 13 of annex D to the Sixth Directive to read 'the activities of radio and television bodies' without making any distinction. Consequently, all public and private radio and television bodies are treated equally for tax purposes and all their transactions become liable to tax.

3.3.3. While the removal of tax discrimination against private bodies is to be welcomed, the Committee cannot approve the retention of exemption for non-commercial transactions by public radio and television bodies by those Member States which currently exempt such transactions. The Committee therefore recommends the deletion of Article 6 which seeks to amplify Article 28 of the Sixth Directive to this effect since similar transactions (non-profit making social and cul-

tural programmes) by private bodies, which have to contend with market forces without any public subsidy are unable to benefit from this exemption.

3.4. *Article 1(2)*

3.4.1. In contrast to Article 1(1), Article 1(2) abolishes the exemptions which the Member States were still allowed to apply under Article 28(3)(b) of the Sixth Directive relating to transactions covered by points 1, 5, 6, 7, 8, 12, 23 and 25 of Annex F thereto.

3.4.2. On points F 1, 6, 7 and 8 (sporting events, undertakers and cremation services, transactions carried out by blind persons or workshops for the blind, bodies responsible for the construction, setting out and maintenance of cemeteries, graves and monuments commemorating war dead) — all cases where full and definitive taxability would have aroused astonishment not to say outrage, the Committee is pleased to note that Article 3 grants Member States the right to opt for exemption of the above transactions by adding a clause in Article 13 (C) of the Sixth Directive.

3.4.3. The abolition of entitlement to exemption for transactions covered by F 23 (relating to aircraft used by State institutions) and F 25 (various transactions relating to warships) would not, in principle, seem to give grounds for any objections.

3.4.4. The abolition of the derogation regarding exemption of services supplied by lawyers and other members of the liberal professions, with the exception of the medical and paramedical professions, which are listed under point F 2 of the Annex to the Sixth Directive, should also be offset by granting the right of option to all Member States. In this sphere there would seem to be no great risk of significant distortion of competition, and six Member States apply this derogation anyway.

3.4.5. Lastly, points F 5 (telecommunications services and supplies of goods incidental thereto) and F 12 (supply of water by public authorities), where taxability remains neutral in the case of bodies able to deduct input taxes, could easily have been retained in Annex F or at any rate have been covered by an option arrangement since they are highly unlikely to distort competition. These key services, also for private consumers, place a heavy strain on the budget of low income households and to push prices up via taxation will inevitably raise the question of compensation through indexed wage increases or in connection with collective pay negotiations. In both cases, the economy would ultimately bear the brunt.

3.5. *Article 1 (3)*

3.5.1. This provision abolishes the derogations provided for in Article 28 (3) (c), (e) and (f) of the Sixth Directive.

3.5.2. Article 28 (3) (c) enables taxable persons, during a transition period (initially set at five years from 1 January 1978), to opt for taxation, with the right to deduct input taxes, of transactions exempt under the conditions set out in Annex G to the Sixth Directive. The derogations concerned relate to Annex E and Annex F (services supplied by travel agents covered by Article 26 (List E), services supplied by authors, artists, performers, medical and paramedical professions — see point 3.4.4 above as regards abolition of the derogation for lawyers and other liberal professions — transactions of hospitals outside the scope of Article 13 A(1)(b), supplies of land and buildings referred to in Article 4(3), passenger transport and services related thereto, transactions relating to gold other than industrial gold and travel agents' services (List F).

3.5.2.1. The specific proposals announced by the Commission on page 4 of the explanatory memorandum relate to travel agents, transactions of hospitals, passenger transport and transactions concerning gold, i.e. transactions listed in Annexes E and F and covered by Article 28(3)(c). The implications of these specific proposals should therefore be weighed up before recommending in advance the outright deletion of the derogations provided for in the above provision. Consequently deletion seems premature at this stage.

3.5.3. Article 28(3)(e) deals with the right of Member States to continue to apply provisions derogating from Articles 5(4) (c) and 6(4) of the Sixth Directive whereby an intermediary acting in his own name shall be treated as merely a supplier of services and not as a taxable person who himself carries out purchases/resale transactions where he is acting under the terms of a contract under which commission is payable.

3.5.3.1. The proposed directive advocates the deletion of this provision on the grounds that its maintenance could cause distortion of competition under the definitive VAT system. In view of the transitional system to be introduced from 1 January 1993 under Directive 91/680/EEC, which will in principle expire on 31 December 1996 but will be automatically extended until the Council decides on the introduction of the definitive system, and since the difficulties of securing a unanimous Council vote in tax matters are well-known, the proposed abolition should preferably be postponed

until such time as the date of entry into force of the definitive system is formally decided.

3.5.4. Article 28 (3)(e) of the Sixth Directive also provides for a derogation from Article 11 A(3)(c). In the light of the explanations given in the explanatory memorandum, the abolition of this derogation, whereby the expenses incurred by a taxable person in the name and for the account of his purchaser or customer may be included in the taxable amount for VAT repayments, can be approved.

3.5.5. The derogation under Article 28(3)(f) provides, in the case of certain supplies of buildings and building land purchased with a view to resale by a taxable person who was not entitled to deduction at the date of purchase, that the taxable amount shall consist of the difference between the selling price and the purchase price.

3.5.5.1. As the explanatory memorandum points out, most Member States do not apply this derogation. In so far as the purchase of the goods in question is a component of the cost price for the enterprises buying them, enterprises in Member States which do not apply the derogation therefore bear a heavier burden than their competitors in other Member States.

3.5.5.2. Consequently abolition of the derogation would lead to general application of this higher charge. In order to keep the cost price down, it is preferable to retain this derogation and incorporate it in the definitive system as a derogation applicable in all Member States, hence taking a positive step towards eliminating the source of distortion of competition which is quoted as justification for abolition.

3.6. *Article 2*

Article 2 of the proposed directive, relating to the second sub-paragraph of Article 1(1) of the Eighteenth VAT Directive, ends the derogation allowing the United Kingdom to continue to tax certain transactions normally exempted as activities in the public interest. The services concerned are closely linked to sport or physical education and supplied by non-profit making organizations to persons practising these activities, as well as certain cultural services and goods closely linked thereto which are supplied by bodies governed by public law or by other cultural bodies recognized by the Member State concerned.

In view of the nature of the transactions concerned, abolition of this provision in principle raises no objection.

3.7. *Article 3*

See point 3.4.2 above in fine.

3.8. *Articles 4 and 5*

See point 3.3.2 above.

3.9. *Article 6*

Article to be deleted. See point 3.3.3 above.

3.10. *Article 7 (1)*

3.10.1. The Member States are given until 31 December 1992 to comply from 1 January 1993 with the provisions of the directive, which still has not even reached the proposal stage. During the short time left it will therefore be necessary for (a) the European Parliament and the Economic and Social Committee to deliver their respective Opinions, (b) the Council to reach a unanimous decision regarding adoption, (c) the final text, supposing that no amendment is made, to be speedily published in the Official Journal and (d) the Member States to manage to conclude the procedure of translating these provisions into national law. Since a directive is involved, national legislative machinery will have to be set in motion.

3.10.2. It therefore seems reasonable to question whether the deadline set for the Member States is not far too soon. Would it not be advisable to delay the date of entry into force since the aim of completing the common basis of assessment is not of absolute urgency and especially as derogations and options continue to exist. As the key provisions (transitional system, approximation of VAT and excise rates, application of the Intrastat system) are to become operational by 1 January 1993, the operation of the Single Market is hardly likely to be compromised by delaying the date of application of the proposed directive.

4. Conclusion

4.1. The Committee reiterates its support for the principle of a uniform basis of VAT assessment, to be applicable in due time at Community level.

4.2. However, it would refer back to the general comments set out at the end of Chapter 2 of this Opinion. Harmonization of the basis of VAT assessment will continue to make only a limited impact while the transitional arrangement and differing rates continue to apply.

4.3. Lastly, in the interests of businesses, workers and consumers, the Committee calls for a review of the

proposal to ascertain the relevance of the distortion of competition argument invoked in favour of abolishing various derogations. This review is particularly important in cases where the result would be to push up the cost of a product, item of goods or service by introducing taxes which previously did not exist, thereby undermining the consumer's purchasing power and the general competitiveness of the economy. In this case, it would be better to give a general exemption or at any rate grant the Member States a right of option so that they can retain or abolish derogations in the light of their social or specific budgetary circumstances, in some cases taxing exempted transactions and in others, exempting taxable transactions.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the Economic Situation in the Community in mid-1992

(92/C 332/18)

On 28 April 1992 the Economic and Social Committee, acting under the third paragraph of Article 20 of the Rules of Procedure, decided to draw up an Opinion on the Economic Situation in the Community in mid-1992.

The Section for Economic, Financial and Monetary Questions, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 8 October 1992. The Rapporteur was Mr Abejón Resa.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion unanimously.

0. Objectives of the Opinion

0.1. This Own-initiative Opinion is being drawn up at a time of crucial importance for the future development of the Community. The Committee therefore thinks that it should pursue three types of objective:

0.2. Firstly, it must briefly analyze the economic situation both within and outside the Community; this will serve as a basis for a discussion of the present state of the economy and its prospects.

0.3. Secondly, it is clear that this Opinion will be strongly influenced by the results of the Maastricht Summit and more specifically by the EMU criteria. With this in mind, a further objective of the Opinion is to evaluate the present situation in the light of nominal convergence and of other economic convergence indicators.

0.4. Thirdly, the Committee considered it advisable to analyze a specific topic this year, of particular concern to everyone, namely the employment situation in the Community.

1. Economic situation and prospects

1.0.1. The international economy is going through a very uncertain phase. According to the Commission's forecasts, 1992 was going to be a slight improvement on 1991. This has not happened, however, and the latest trends indicate that it will probably not happen in 1993 either.

1.0.2. Consequently, the data and arguments advanced in this Opinion are based on Commission forecasts which, even if they have not yet been officially amended, will have to be revised downwards according to most experts and the Commission itself. Hence the situation which is taking shape is worse than that reflected in the official data used to draw up the Opinion.

1.0.3. The Committee feels that it cannot avoid commenting briefly, and as a matter of urgency, on the serious monetary problems besetting the Community at the present time. These upheavals and distortions have temporarily dismembered the European Monetary System.

1.0.4. It is the Committee's wish that those currencies which have had to leave the EMS rejoin it as soon as possible, though it realizes that the problems which led to such a situation will have to be resolved.

1.0.5. Nevertheless, the Committee notes that the present discrepancies between the monetary policies of the main European countries and the monetary policy pursued in the United States may continue to provoke strains in the European Monetary System. In addition to this, the persistence of a high degree of nominal and real divergence between the economies of the EMS members could destabilize the System.

1.0.6. The Committee considers that this subject should be tackled as soon as possible; an analysis should be carried out of the ultimate causes of the breakdown and a study made of the measures needed to strengthen the normal operation of the EMS and move on to Economic and Monetary Union, as part of the project of re-establishing a cohesive, harmonious European Community.

1.1. *External economic situation*

1.1.1. World output is expected to remain sluggish in 1992, growing by about 1%, which would be an improvement on the 0,3% in 1991. Such growth is, however, very far from the levels of 1988 and 1989, namely 4,5% and 3,3% respectively. It is also a long way from the earlier Commission forecast of a 2% growth in world output in 1992.

1.1.2. World trade (excluding the EC), as measured by import volumes, was forecast to grow by 4,7% and 5,8% in 1992 and 1993 respectively, which is considerably better than the 2,2% of 1991. In short, the Commission expected the international economic climate to improve gradually in 1992 and facilitate economic recovery in the Community. These expectations now seem highly doubtful.

1.1.3. For the United States the Commission forecasts real GDP growth of less than 2% in 1992 and slightly above this figure for 1993, following the fall of 0,7% in 1991. This possible improvement is based largely on a pick-up in investment, which could jump from −6,5% in 1991 back to positive growth in 1992, and on a stronger export performance.

1.1.4. Nevertheless, not all the signs are positive for the health of the US economy. The combination of high unemployment and low consumer confidence mean that this recovery could be the weakest since the Second World War. It is worth noting that the feeble growth rate for 1992 is way below the average of 5,5% recorded during the first year of previous recoveries, thereby raising serious doubts as to whether the recovery can be sustained in the long term. Furthermore, with the economy dragging its feet, a new wave of redundancies could drive the US back into recession.

1.1.5. There are, however, a few signs pointing to recovery, such as lower interest rates and inflation under control with a private consumption deflator of around 3% in 1992.

1.1.6. In short, only time will tell whether the hesitant symptoms of recovery in the US will be consolidated.

1.1.7. For Japan the Commission considers that the slowdown which began in the second half of 1991 will continue. More specifically, the growth forecasts for 1992 and 1993 have been revised downwards to 1,7% and 2,6% respectively, far below the 4,4% of 1991.

1.1.8. Nevertheless, there are several positive factors in the Japanese economy. The growth in employment is expected to continue in 1992, thus maintaining the low Japanese jobless rate of around 2%. In addition, Japan could expect inflation of 1,8% in 1992 and a balance-of-trade surplus of 3,5% of GDP in 1992 and 1993.

1.1.9. Despite the low unemployment rate and general good health of its economy, Japan is so concerned over the slowdown in economic growth that the government is considering a major programme of public expenditure with the explicit support of Japanese industry.

1.1.10. This initiative should be welcomed not only because it could herald an upturn in the Japanese economy, but because the growth in internal demand in Japan could partially offset the slowdown in economic growth in other areas currently suffering from varying degrees of recession induced by adjustment programmes.

1.1.11. The Commission predicts that in the Central and Eastern European countries production will continue to fall — and substantially so — in 1992. Nevertheless, the Commission considers that the reforms

undertaken may begin to show results and bring about a gradual stabilization of production.

1.1.12. On the other hand, the continuing delays in reaching an agreement on GATT in the Uruguay Round negotiations act as a brake on any growth in world trade, maintaining the aura of uncertainty which surrounds their ultimate outcome.

1.2. *The Community economy*

1.2.1. Clearly the economic situation of the Community is affected by this uncertainty hanging over the international economy.

1.2.2. The Commission estimates that in 1992 the Community will experience a second successive year of weak economic activity, with a real growth in GDP of just over 1%. It should be pointed out that this new Commission forecast is lower than that of a few months ago when 2,25% growth in 1992 was predicted for the Community as a whole.

1.2.3. The Commission based its expectations of recovery on a moderate increase in private consumption and investment, especially in the construction industry.

1.2.4. One important point which needs highlighting is that the differences in growth rates between the Member States are tending to narrow; furthermore, we are seeing a degree of synchronization in the economic cycle, due in particular to the reduced influence of exceptional factors such as German reunification and the bottoming out of the recession in the United Kingdom; this synchronization is occurring, however, at very low levels of growth.

1.2.5. At all events the Committee considers that the anticipated growth rate for the Community is totally inadequate to meet its employment needs. In fact a fall in employment is predicted for this year and a small increase for 1993. Since the present forecasts are based on an increase in the labour force of 0,5% in 1992 and 0,9% in 1993, unemployment will rise in the Community from 8,9% of the labour force in 1991 to 9,5% in 1992 and about 10% in 1993. It should also be noted that the Commission expects employment in manufacturing industries to fall by somewhat more than 1% in 1992.

1.2.6. The Commission predicts that inflation (measured by the private consumption deflator) will fall from 5,2% last year to 4,6% in 1992 and 4% in 1993.

1.2.7. The Commission forecasts increases in productivity in 1992 and 1993 above the 1,2% of 1991. The Commission also forecasts a substantial deceleration in the rate of increase in remuneration of employees per head, from 7,1% in 1991 to 5,6% in 1992 and 5,2% in 1993, due undoubtedly to firmer expectations of a reduction in inflation. The combined effect of these two factors is expected to lead to a drop of more than two percentage points in the rise in unit labour costs for the whole economy, from 5,8% in 1991 to 3,7% in 1992 and 3,2% in 1993.

1.2.8. These estimates, together with the inflation forecasts, point to a fall in real unit labour costs in 1992 and 1993.

1.2.9. The Commission forecast is for the public deficit to increase from 4,3% of GDP in 1991 to 4.8% this year and to 4,7% next year. The current account is expected to remain in deficit of 0,75% of GDP in 1992/1993.

2. The process of convergence in the Community

2.0.1. The convergence of the Member State economies is, in the Committee's opinion, a process which must be seen in the general economic context in which the Community finds itself.

2.0.2. This is because this process will be either easier or more difficult according to whether the general economic climate within and outside the Community is favourable or continuing to gradually weaken.

2.0.3. Furthermore, the process of convergence clearly depends on the different points of departure of each of the Member States — and the Community as a whole — in relation to both the convergence parameters set and other unquestionably important macro-economic factors, given that they determine the room for manoeuvre of national economic policy.

2.0.4. In short, it is at present doubly important to study the economic situation in the Community because it will show not only what kind of economic results can be achieved, but also how difficult the convergence process will be.

2.0.5. In addition, the high degree of similarity in convergence-policy objectives is changing somewhat as a result of the situation created by the recent monetary events in September, the temporary abandonment of the EMS by some currencies and the changes in the short-term objectives of UK economic policy.

2.1. *Present economic situation and prospects for nominal convergence: the Maastricht indicators*

2.1.1. The parameters used as convergence indicators seem to have deteriorated slightly during 1991

and the first few months of 1992 taking the Community as a whole; nonetheless, the Member States have drawn closer together on most of these indicators, i.e. there is a greater degree of convergence but with slightly higher imbalances.

2.1.2. According to the Commission data, the budget deficit rose by about half a point in 1991, although the number of countries within the 3,0% of GDP limit rose from five to six.

2.1.3. The Commission's forecasts for 1992 point to a new increase in public debt of the same order as last year, along with a fall in the number of countries meeting the criterion. Those countries with the largest public debts are, however, expected to achieve some reductions.

2.1.4. It should be stressed that the high level of public debt in some countries is still a major problem as it increasingly limits the room for manoeuvre with regard to public spending; a growing proportion of public expenditure is taken up with financing this debt to the detriment of spending on social priorities.

2.1.5. In this connection it is essential that the measures taken to control budget deficits and reduce debt are based on an adequate social consensus, as arrived at by the social partners in the social dialogue agreement of last July.

2.1.6. Inflation seems to be drifting downwards in the Community as a whole; at the mid-point of the year it was around 4,5% for the Twelve and nearly 2,5% for the three most stable countries. The number of countries meeting the criterion established in Maastricht is still seven, although there is a prospect of this increasing to nine, possibly in less than a year. At the same time the countries with the highest inflation rates have notched up drastic improvements in recent months. The devaluations of the last few weeks, however, may presage a damaging increase in inflation in those countries obliged to take such measures.

2.1.7. The prospects for inflation are good, moreover, bearing in mind the rapid deceleration in the growth of nominal wages which is taking place in virtually all countries. This moderation, logically greater in terms of unit labour costs, looks as if it will be one of the main factors in reducing inflation in 1992.

2.1.8. In general terms, therefore, the process of convergence seems to be improving as regards inflation rates, in that they are moderating and the differences between the Member States are narrowing. As regards budget deficits, the trend is less favourable, although there has been greater improvement in most of those countries with the highest imbalances.

2.1.9. Interest rates remain high for the moment, although there have been slight falls in most countries over the last twelve months. Nonetheless, it is clear that a more substantial reduction is conditional upon a relaxation of German monetary policy.

2.1.10. Despite the improvement in inflation and the closing of the gap between the Member States in respect of budget deficits, the Committee views with considerable concern certain aspects of the economic situation in the Community. Growth continues to languish to the point of near stagnation. Investment, especially in capital goods, is very sluggish and the prospects for revival are not improving.

2.1.11. Consequently it is rapidly becoming ever more probable that employment will fall in the Community as a whole in 1992 and, conversely, that the jobless total will rise by more than half a point.

2.2. *Other economic convergence indicators*

2.2.1. Besides the convergence indicators established in Maastricht, there is another group of variables which shed considerable light on the economic situation in the Community and the prospects for convergence. Without claiming to be exhaustive, the incorporation of some parameters on the external trade situation, the Community's technology input and level, and the provision of capital and infrastructure, could help to shed more light on the general picture.

2.2.2. The external trade situation is a good retrospective indicator of the economy's real level of competitiveness and must be taken into account in determining the difficulties entailed in convergence against the background of a single market.

2.2.3. Broadly speaking, the situation would seem to vary in the Community as far as external trade in industrial goods is concerned. There are some countries with structural or recurrent external deficits. Other countries seem to have resolved or are clearly in the process of resolving the problem. Finally, there is a small group of countries with good external competitiveness and with long-term stable or positive trade balances.

2.2.4. For the Community as a whole, the situation seems to be gradually deteriorating even though the external deficit is still not so high (as a percentage of Community GDP) as to constitute a short-term impediment to economic growth, at least not while it remains around the levels currently forecast.

2.2.5. There is no movement, however, towards a narrowing of the differences between countries. Rather the contrary: national external deficits are moving over time in different directions and in some cases this could constitute a major obstacle to relaunching and maintaining economic growth. At the same time these defi-

cits demonstrate the difficulties involved in achieving real convergence of the economies of the Twelve and boosting competitiveness.

2.2.6. Another important aspect is the technology level of the Member States and its undoubted influence on competitiveness and the prospects for economic development. As the Commission points out, spending on R&D is higher where the industrial sector is more developed, there is greater competition between companies, a more pressing need for innovation, improved product quality, etc.

2.2.7. The differences between the countries in this respect are enormous and reflect a gulf between levels of competitiveness, especially in industry, in the Community.

2.2.8. To the above-mentioned aspects should be added the differences in relative levels of productive capitalization and infrastructure provision between the Member States.

2.3. *Policies for nominal convergence*

2.3.1. The achievement of a high degree of nominal convergence of the economies of the Twelve is the agreed sine qua non for EMU. Nevertheless, as the Commission itself acknowledges and the Committee would stress, the present parlous economic situation and the rise in unemployment make it very difficult to achieve nominal convergence, with the result that adjustment policies are becoming economically and socially more costly.

2.3.2. For all these reasons, a revival in economic growth, with increased production, investment and employment, is of crucial importance to turn round the economies of the Member States and rectify nominal imbalances.

2.3.3. The experience of the last two decades, as clearly pointed out by the Commission, shows that the two main factors determining investment are the level of demand and the return on capital. The latter recovered during the 1980s, virtually regaining its pre-first oil crisis level. The slight fall of the last two years could soon be a thing of the past, bearing in mind the favourable trend in real unit labour costs forecast by the Commission for 1992 and 1993.

2.3.4. The level of return on capital may be sufficient to sustain positive investment rates which could go as high, if the downward trend is reversed, as in the 1986-1989 period, especially if accompanied by the aforementioned moderation of unit labour costs.

2.3.5. However, the other factor determining investment, the level of demand, has been very inadequate since 1991. The experience of the last twenty years would seem to indicate that a growth in demand of less than 2,3% is not able to sustain a positive investment rate, and at below 2% investment starts to decline in the Community.

2.3.6. Maintaining demand throughout the Community at a level sufficient to sustain investment becomes difficult since a considerable number of countries are still having to contend with major imbalances; as a result these countries are obliged to pursue adjustment policies which do not promote growth and arouse expectations of an economic downturn, and this affects investment.

2.3.7. In fact the very existence of the imbalances referred to in the preceding paragraphs (excessive public debt or high budget deficit, high inflation rates or balance of trade deficits) obliges a large number of Member States to implement adjustment policies requiring greater economic stringency. Accordingly, the official macroeconomic scenarios anticipate less growth and employment, and, in some cases, a rise in unemployment. The short-term influence of such scenarios on the prospects for production, integration plans and job-creation decisions are inevitably negative.

2.3.8. Consequently most Member States are pursuing expenditure-curbing policies, either with the intention of reducing the imbalances and attaining a higher degree of nominal convergence, or so that they can continue to keep such variables under control. This means in fact that restrictive policies are being pursued to a greater or lesser degree simultaneously throughout the Community, which obviously brings in its wake a further slowdown in economic activity.

2.3.9. The practical upshot of this is that economic policies are coordinated with the express objective of achieving a high degree of convergence of the nominal imbalances of the Member State economies. Such an approach to controlling inflation and reducing budget deficits is aimed at creating a stable environment in which economic activity and productive investment have a better chance to develop.

2.3.10. A climate of confidence in the stabilization of the European economies may be the sine qua non for promoting sustained economic growth, but there is no guarantee that it is a sufficient condition. Such uncertainty may in itself retard economic recovery. Even if the economic operators and markets become convinced that the will exists to rectify the monetary imbalances, there may still be no answer to the fre-

quently raised question as to who will take the lead in the economic recovery and what methods and mechanisms will they use.

2.3.11. In this connection the social partners, the employers and trade unions, at Community level, arrived last July at a common position on 'the crucial problem of weak growth in 1992 and 1993'. They stressed that 'whatever the limits of purely national action, Community-level cooperation would give everyone more room for manoeuvre'. This macroeconomic strategy for economic recovery should comprise the following elements: a rapid reduction in interest rates through sound economic policies; responsible wage negotiations based on credible and socially acceptable economic policies; this macroeconomic policy to offset any temporary adverse effects on demand so as to reestablish consumer and business confidence.

2.3.12. In the Committee's opinion, the Commission and the Council should include the above-mentioned conclusions of the social partners, as expressed in the document of 3 July 1992, in their economic discussions as soon as possible, with a view to rapidly devising a cooperative macroeconomic strategy at Community level which will provide a reference framework to guarantee growth and employment.

2.4. *Nominal and real convergence*

2.4.1. Nominal convergence is a necessary condition for progress on EMU, but it is not sufficient if account is taken of the need to maintain balanced, convergent, levels of competitiveness in the context of the internal market. This must all be set against the background of the general objective of improving the Community's competitiveness at world level.

2.4.2. Monetary convergence policies must not clash with real convergence. In theory, lower levels of inflation will improve competitiveness, but the latter depends less and less on prices; therefore it is still the technology employed and the productive capitalization (which determines the levels of labour productivity and real wages in particular) which are of greater importance for the long-term trend in costs.

2.4.3. On the other hand, there is an excessive tendency to see labour costs as the determinant factor in improving competitiveness, when in reality they have only a relative, short-term influence, via prices, on the trend in competitiveness. A long-term strategy to improve competitiveness cannot be based solely on trends in labour costs.

2.4.4. In reality, since the beginning of the 1980s and up to the present time, the trend in EC real unit labour costs has, overall, been very similar to that of the Japanese economy and much more favourable than that of the American economy. Apart from inflation rates — higher for the Twelve than their two main competitors — the rise in EC real wages has been similar to or less than the increase in labour productivity. This should have made for lower inflation and has, at all events, boosted profit margins. Hence there is no doubt that there has been real wage moderation over the last ten years; competitiveness, however, has not progressed as positively.

2.4.5. Productivity per employee is actually much lower in the Community than in the US and the technology level is significantly lower than that of Japan. This lower productivity is attributable to the lesser degree of capitalization of the Community economy as a whole, and certainly not to the Community workforce, while the EC's level of technology is lower because year after year it spends less on R & D than the US and Japan.

2.4.6. For all these reasons it is vitally important that monetary convergence policies are not only consistent with real convergence but incorporate policies to enhance it. This is possible only if a stable and strong growth in investment can be ensured and if R & TD spending in the Community as a whole can be stimulated by suitable policies. Obviously this is all incompatible with economies in recession and purely restrictive policies.

2.4.7. Investment is the key to guaranteeing higher productivity, employment and real wages. Technological progress is the factor which prevents a decline in the return on capital, and hence a drop in investment, at the same time as the capitalization of the economy is increasing.

2.4.8. In this way both factors guarantee sustained growth, an increase in productivity, real wages and employment; in short, they are the precondition for real convergence.

3. Convergence and employment

3.0.1. Economic and social cohesion is a key Community objective which has to be maintained and

reinforced. It is therefore important that the process of integration should not only improve overall performance but also help to reduce the differences in production capacity and, therefore, in real income and employment opportunities between the various parts of the Community and between the different social groups.

3.1. *Employment situation in the Community*

3.1.1. Between 1985 and 1990 employment in the Community increased at an average annual rate of 1,5%, resulting in a net increase of more than nine million in the working population. However, only 30% of the jobs created were taken by persons previously classed as unemployed, the rest going to school-leavers or new entrants in the labour force.

3.1.2. Another important facet of the 1985-1990 period was the high rate of job creation compared with the rate of economic growth, in parallel with an apparent reduction in productivity growth.

3.1.3. This has, perhaps, something to do with the type of jobs created. Practically all the additional jobs created between 1985 and 1990 were in the services sector. Employment in agriculture continued to drop; it increased very little in industry and then only in construction.

3.1.4. Furthermore, a substantial proportion of the jobs created were temporary or part-time. This trend towards temporary or part-time working is not, however, common to all the Member States and the general level of temporary and part-time work varies significantly; part-time work is more normal in the North of the Community and temporary work has increased considerably in the South. In fact, in some countries temporary contracts make up the whole new jobs total, with the effect that permanent work has been replaced by temporary work.

3.1.5. The type of jobs created (in services and construction, temporary and part-time) has turned employment into a variable which is highly sensitive to swings in the economic cycle. Employment will suffer severely if the present economic weakness persists and higher levels of economic growth are not achieved.

3.1.6. Since the beginning of 1990 economic growth has slowed down considerably in the Community, putting an end to the period of rapid job creation. In 1991 employment grew by only 0,2%. The prospects are no better; the forecast is for a reduction or scant increase in employment and mounting unemployment. The Commission itself considers that, even if the economic situation brightens and its growth forecasts are achieved, unemployment will not begin to come down until 1994. However, there is still the risk that the present economic situation, instead of being a temporary obstacle to an acceptable rate of growth, will turn into another prolonged period of slow growth or stagnation, possibly with a fall in employment in the Community.

3.2. *The participation rate in the Community*

3.2.1. The participation rate in the Community, ie the ratio of active population to population of working age (15 to 64), reached 60% in 1990. This ratio, despite increasing continuously in the Community since 1984, is still well below the level of many Western countries and Japan where the active population represents 72-75% of the working age population.

3.2.2. This undoubtedly constitutes a considerable structural imbalance for the Community, since the volume of employment which its economy has been able to provide for its citizens is relative small.

3.2.3. The relatively high economic inactivity ratio in the Community may explain why unemployment has remained high despite the high rates of job creation. The expansion of job opportunities only partially brings down the unemployment figures, since a large proportion of the new jobs are taken by new entrants on the labour market. This should not, however, be looked upon as a negative factor as it is the consequence of normal demographic and social trends whereby the economic structures of the less developed regions and countries, especially the South, modernize and more women join the labour force.

3.3. *The problem of rising unemployment*

3.3.1. After five years of almost continuous decline, unemployment began to rise in the Community towards the end of 1990 as a delayed reaction to the slowdown in economic growth. The Commission predicts that in the Community as a whole unemployment could rise from 8,3% in 1990 to 9,7% in 1993. If present levels of activity are maintained, this means roughly fourteen million jobless next year and an extra two million jobless in three years.

3.3.2. The Community faces a grave problem therefore. But any attempt to get to the heart of the unemployment problem must do more than simply follow the fluctuations in the figures. As already mentioned previously, the Community not only has a high rate of

unemployment but also a low participation rate. The differences between the unemployment rates account for less than half of this lower employment; the discrepancies between the levels of female activity are the more telling reason for this difference.

3.3.3. There is no doubt as to the influence of this labour market inactivity: a marked proportion of the increase in net employment is not taken up by the unemployed, but by persons who were previously regarded as inactive. This means that it is not enough for the Community to create enough jobs to reduce the unemployment rate — even more jobs are needed.

3.4. *Disparities between employment and unemployment*

3.4.1. Levels of unemployment and employment vary considerably from one Member State to another. An analysis of the 1991 figures shows that the unemployment rates in Ireland and Spain are practically twice the Community average. Another three countries (France, Italy, UK) have rates slightly above the average. Belgium, Denmark and Greece have about the Community average. The Netherlands is slightly below, while Germany, Portugal and Luxembourg have relatively low unemployment rates compared with the Community average.

3.4.2. The disparities between countries mask another equally important phenomenon, namely the disparities between regions within each country. In fact there are substantial differences in the regional unemployment rates in some countries with relatively low unemployment. In Germany the highest unemployment rate is almost four times higher than the region with the least unemployment. In the United Kingdom the ratio is 3,5 times. On the other hand, in a country such as Spain, with very high unemployment, the regional unemployment differential is 2,5.

3.4.3. Consequently the Committee considers that a reduction in the differences between and within the Member States should be a priority objective for the Community. EC and national policies to achieve this objective, and improved coordination between the two, should be encouraged with a view to greater cohesion between all countries and all regions of the Community.

3.4.4. On the employment front, the percentage of the working age population actually in work is usually higher in the more prosperous and developed regions of the North than in the less developed South. The participation rate is 75% in Denmark and South-East England and 70% in South Germany, while it is less than 50% throughout Spain and Ireland and most of Southern Italy. This is not a hard-and-fast rule, however: the rate is less than 55% throughout much of the Netherlands, Belgium and the central regions of Germany, while it is over 60% in Northern Portugal and over 55% in Greece.

3.4.5. At all events, if the forecasts for the working age population are combined with the Commission's estimates for the concealed labour supply and with the unemployment figures, it is clear that the future need for jobs in the less developed areas of the Community is huge. As an indication of this, the Commission estimates that to bring down the differences in employment rates between the less developed regions and the rest of the Community, employment in those regions will have to grow by at least 1% more annually than in the rest of the Community for the next 25 years.

3.4.6. Hence the challenge confronting the Community is clear: job-creating policies are needed, even more so for those regions with low participation rates and high unemployment.

3.4.7. Nevertheless, in the Committee's opinion this challenge calls for a more detailed study of the question with a view to the formulation of policies for the whole Community dovetailed with national policies which should in turn place the emphasis on those regions with higher unemployment and less employment.

3.5. *Nominal convergence and increased employment*

3.5.1. For the Committee, the search for nominal convergence should be compatible with economic growth and increased employment. The present state of economic weakness is holding up adjustment and greater convergence, thus adding to the economic and social cost.

3.5.2. In too many cases the process of convergence, of which adjustment policies are a part, involves a further bout of economic stringency and has the general tendency to depress growth. Against a background of weakness and widespread international uncertainty, this can have a highly damaging effect on employment.

3.5.3. Consequently, for the Committee, a revival of economic growth is essential if national nominal

imbalances are to be reduced in conjunction with economic recovery and increased employment.

3.5.4. Furthermore, the Committee believes that it would be difficult to perceive of a process of convergence in which the Twelve achieved similar rates of inflation and budget deficits, but unemployment continued to range from 3 to 17%.

3.6. *Policies for employment and competitiveness*

3.6.1. The Committee considers that an adequate level of economic growth is the sine qua non for stimulating job creation. It is difficult to see how jobs can be created without an increase in economic activity, unless existing employment is shared out.

3.6.2. A stable monetary policy framework is also important for generating confidence and promoting job-creating investment.

3.6.3. Moreover, industry and employment in industry are a pillar of all modern economies. The competitiveness of the industrial sector is vital, not only to safeguard the strength of the economy, but also on account of the activity and employment which investment and production generate in the rest of the economy, especially the services sector. Therefore another basic objective must be to promote an industrial policy which enhances the efficiency of industry in the Community and creates an environment which reinforces the ability of EC firms to compete with other world producers, the US and Japan in particular.

3.6.4. Improving the global competitiveness of the Community is, without any doubt, another key factor in boosting employment. In this connection, the trend in labour costs is undoubtedly influential in the ability to compete in terms of prices; for this reason the two sides of industry should adopt a responsible approach to wage negotiations. It should, nevertheless, be pointed out that there are many other factors, besides wages, which affect competitiveness.

3.6.5. The level of employment is a long-term problem, and throughout the 1980s wages in the Community rose, while real unit labour costs fell by more than 7% in the Community between 1981 and 1991. This trend was similar to that in Japan and much better than in the US where such costs actually rose slightly during this period.

3.6.6. Competitiveness is most lacking in the Community economy (compared to its major competitors) in the area of capitalization and technology. Boosting investment, increasing the capital stock and raising the level of technology will pave the way for an increase in labour productivity; in this way a sustained improvement in competitiveness will be compatible with an increase in employment and wages.

3.6.7. A key element in boosting productivity and competitiveness is a continuous improvement in education and vocational training. The qualifications of workers will be even more crucial than hitherto for the success of firms. For this reason it is essential to reinforce training/retraining measures in such a way as to improve adaptability and foster job creation.

3.6.8. To this end, it will also be necessary to improve the Community's infrastructure, especially in the most underdeveloped and trouble-ridden regions.

3.6.9. Furthermore, although prices are still the principal weapon in competition, other factors are increasingly important, such as product quality, consumer satisfaction, design, innovative capacity, after-sales service, distribution, marketing and product standardization. Therefore a strategy based on improving these factors is essential for increasing competitiveness.

3.6.10. It is also important to go on improving production techniques; this has a bearing on the competitiveness, technology and production methods of firms and their ability to manage resources efficiently.

3.6.11. In short, policies are needed which also seek to improve living and working conditions. Any policy which led to a worsening of these conditions would make it difficult to maintain a competitive edge in the medium term and is clearly not desirable.

3.6.12. In the Committee's view the above-mentioned factors call for measures which produce visible results in the medium and long term. For this reason the necessary policies should be set in motion as soon as possible.

Done at Brussels, 22 October 1992.

The Chairman
of the Economic and Social Committee
Susanne TIEMANN

Opinion on the Communication from the Commission: New prospects for Community cultural action

(92/C 332/19)

On 7 May 1992 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the Communication from the Commission: New prospects for Community cultural action.

The Section for Social, Family, Educational and Cultural Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 6 October 1992. The Rapporteur was Mr Burnel.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion by a large majority with 3 abstentions.

1. General Comments

1.1. The Economic and Social Committee endorses the thinking underlying the Commission Communication on 'New prospects for Community cultural action'.

1.1.1. This thinking is neatly summarized in the three aims the Commission sets for cultural action:

— to preserve awareness of European history;

— to generate an environment conducive to the development of culture in Europe;

— to help spread European cultural influence throughout the world.

1.2. The Committee notes that the Parliament has been active in this area since 1974. It congratulates the Parliament on this and encourages it to continue.

1.2.1. The Committee itself has issued several Opinions stressing the Community Institutions' responsibility for cultural issues and putting forward proposals in this connection.

1.3. The Committee would reiterate its request — even more forcefully today in view of the ambitions enshrined in the Treaty of European Union — that the aspirations set out in the Communication be backed up by firm political will, translated in practical terms by the robust level of resources needed to match the challenges involved. The tangible nature of the 'ventures' to be encouraged and fostered, is necessarily rooted in a philosophy and policy for promoting humanity, which is bound up with the democratic and humanistic values in which the Member States, the Community and our society are rooted.

1.3.1. For this reason the current Commission draft will have to be gradually expanded and backed by financial resources commensurate with the ambitions the Community has set itself and with actions which will have to be covered by other programmes.

1.4. In its previous Opinions, the Committee described culture as a component of personal life and universal values. Thus, there is no need to repeat these ideas on which there is already a consensus.

1.4.1. At a time when 'European citizenship' is becoming a key factor in the European Union, the Committee reiterates that the cultural dimension is crucial to understanding and harmony between people, and to ensuring cohesion between nations and the various levels and groups in society. This is an historic opportunity which we cannot afford to miss.

1.4.2. In fact over and above its many different forms of expression and appearance, culture reflects people's manner and behaviour in relationships with others and with the environment. Hence, as already underlined by the Committee, 'civilization, culture and society' are inextricably linked.

1.5. The political approach to culture has to be an all-embracing one.

1.6. It is consequently recommended that, in political terms, cultural action be part and parcel of all political, economic and social thinking and decisions. The cultural dimension of issues should be well to the forefront of all political debates, over and above debates on specifically cultural issues. For example, on audio-visual issues, there is a need for an overall policy embracing cultural aims, economic aspects and constraints, social obligations and technology.

1.6.1. If a theoretical and purely intellectual approach is adopted, a satisfactory conclusion can only be a chimera and — for all concerned including the person reaching that conclusion — there would be no concrete political impact.

1.6.2. Culture is embodied in our lives by a whole series of 'symbols'. This applies to monuments and literary, musical and plastic art — examples which come to mind spontaneously. In reality, the cultural dimension is vast. It can be diversified 'ad infinitum' since it covers everything which personifies mankind, allowing people to express their personality, forging civic and moral links with a group, territory, religion, philosophy and an era in which they feel at home and are recognized as being such, and also binding them to individual, social and family patterns of living and behaving vis-à-vis others.

1.7. Access for all men, women and children to culture is inseparable from their dignity as human beings. As such, culture is a basic human right enshrined in the Universal Declaration of Human Rights (Article 27). If the universal right to culture is to make any headway it must be underpinned by a (ethical and aesthetic) philosophy and the political will to provide adequate means to implement these philosophical choices.

1.7.1. Culture has for too long been the prerogative of an intellectual and social elite, although it is a fundamental right and must be effectively opened to all. This legal obligation entails inter alia access to education and training, freedom, self-expression as well as fair, shared access to joint material and non-material resources and heritage.

1.8. Since it is an expression of life, both past and present, culture is affected by changes over time (history, fashions, etc.), by inter-personal and collective relationships (meetings, spontaneous or organized exchanges of knowledge and opinions, migration, etc.), by technology (new materials and resources), conservation procedures, communication systems, etc. Culture is a litmus test for philosophy and religion and sometimes for dominant political trends. Social structures, living conditions (work, home, resources, timetable and pace of life) exert an impact and constraint on capacity to access certain cultural resources. All sectors of society must therefore have full access to culture including, for instance, the economically and socially most vulnerable, not forgetting the sick, disabled and aged.

1.8.1. There are many examples of the reciprocal nature of inter-cultural influences and the complementary nature of different cultures. Cultures described as 'dead' survive in undreamt of or poorly understood forms, when they are not deliberately ignored.

1.8.2. There are no minor cultures or cultural expressions compared with others, which are supposedly more noble just because today they are more widespread or identified with a specific sociological category or class or race.

1.8.3. All cultures reflect and express the ups and downs in the history of mankind with their differences, contradictions and complementary aspects.

1.9. The wealth of European heritage is a legitimate source of pride which must not be arrogant or chauvinistic. We must recognize the conviction and talent of those who created this heritage and must prove our

own worth by being faithful to their memory, by preserving it and enriching it.

1.9.1. Some components of cultural heritage reflect the universal dimension of human genius. These must be recognized, respected and dealt with as such in law and in practice.

1.10. Culture necessarily includes the concept of communication, dialogue and sharing, because it is the antithesis of introversion and of selfish appropriation of knowledge and talents. Culture is the soul of every community.

2. Comments on the Commission Communication

2.1. The Committee has always stressed the need to respect specific national, regional and local characteristics. Thus it fully endorses the Commission recommendation. To reject or ignore cultural realities can only lead to cultural degeneration, while adding new, different values enriches a community. Cultural alignment on an imposed, dominant uniform model would go against the grain of culture, since it would ignore or reject freedom and would not respect the diversity of identities and the right to be different. While different cultures in the Community generally have common bases, this is not an argument for merging them or ignoring the diversity of cultures within Europe.

2.2. The Committee broadly endorses the Commission proposals on THE FLOWERING OF CULTURE IN THE EUROPE WITHOUT FRONTIERS. However, some of these proposals need to be fleshed out.

2.2.1. The Committee views with interest the Commission's wish to move towards global policies incorporating the cultural dimension. This stance is fundamental and should be encouraged.

2.2.1.1. To be effective, this realistic approach entails on the one hand instilling a cultural, political reflex in all decision-makers, and on the other, moves to facilitate constructive relations between everyone involved in cultural issues, despite the individualism, ignorance and discouraging climate of competition which prevail in some quarters.

2.2.2. For a long time eduction was dominated by the classics, Latin and Greek. Curricula were largely geared to the literary disciplines. Gradually, it was realized that scientific disciplines, both in terms of a) the logic on which they were based and b) their content and their objectives, had a role to play in cultural initiation and development. The same applies to technical and vocational eduction.

For this reason the Economic and Social Committee urges the Council of Education Ministers to reflect on ways and means of developing the cultural aspects of all levels of education from primary school onwards. Language teaching is also an overriding necessity; if it is to be successful a concerted study of means and methods is required to ensure maximum effectiveness.

Schools should also teach children to respect others in all their differences, particularly cultural ones and to give due consideration to cultural heritage and its environment.

Recognizing the importance of exchanges for young people and teachers, the Committee urges that these be developed.

2.3. THE COMMISSION REFERS TO THE NEED TO BRING THE COMMON CULTURAL HERITAGE TO THE FORE BY PROVIDING SUPPORT FOR SPECIFIC AREAS: it acknowledges that the financial resources earmarked for this are modest in relation to a) the dimension of the problems to be dealt with and b) the urgency of certain measures.

Cultural heritage is affected by time and this often works to its detriment. Man's excesses and sometimes his stupidity compound the ravages of the years and the damage caused by all forms of pollution; hence the importance of education and information.

2.3.1. The choice of action programmes and the stringency with which they are implemented are all the more important since financial resources are limited, and there is often considerable urgency.

2.3.1.1. The Commission states that Community aid will be channelled so as to provide incentives for Member States to participate. The Committee recommends that cultural treasures located where local financial resources are scarce should receive special attention.

2.3.1.2. In addition to well-known works of art, less prestigious forms of culture should not be neglected for they also bear witness to mankind's civilization and talent.

2.3.2. Like the Commission, the Committee has often stressed the importance of translation; it therefore endorses the relevant proposals in the Communication. It would add the need to urge Member States to encourage the study of languages and the history of nations,

peoples and traditions. Without constant progress in these areas, relations between peoples will come up against many difficulties along the way, along with a lack of understanding and other obstacles.

2.3.2.1. Lesser-used languages should not be neglected.

2.3.3. The Committee has carried out significant work on audiovisual matters, particularly television; one point to stress is the need for audiovisual professions to pool their skills and resources, especially since costs are heavy and international competition is stiff.

2.3.3.1. Is there not a risk — in both production and some technological areas of broadcasting and reception — that competitors will squeeze out home-grown productions, to the detriment of our domestic cultures? In view of its impact on the public, in particular children and young people, and because of its simplifying and promotional functions, television can considerably influence our behaviour and judgement by progressively dulling our powers of judgement. Reading requires an effort; television in the home is absorbed without any reciprocal effort. This does not mean that television should be rejected — that would be absurd — our comments are intended to encourage both audiovisual professionals and the public since television is a very powerful channel for information, discovery and entertainment and, as such, a powerful cultural agent in general.

2.3.3.2. The role of radio should not be forgotten. It reaches a wide audience, is able to react quickly to events and is highly diversified.

2.4. THE COMMITTEE ENDORSES THE PROPOSAL TO INCREASE COOPERATION WITH NON-MEMBER COUNTRIES AND INTERNATIONAL ORGANIZATIONS, IN PARTICULAR, THE COUNCIL OF EUROPE.

2.4.1. Because cultural identities are often powerful and extremely valuable, inter-cultural cooperation should be fostered actively. All cultures, above and beyond their own roots, are the culmination of a myriad of confrontations and exchanges.

2.4.2. The contribution made by the Council of Europe is clearly important. The Committee shares the Commission's view on the complementary, non-competitive role of the Community institutions, other international organizations and UNESCO. The essential objective is to share effort out in line with responsibility.

To supplement the above comments, the Committee would add the following:

1. It recommends strongly that, in keeping with its overall assessment of cultural problems and how they are handled, the Commission should take stock of those actions which have been carried out and those currently under way, indicating the outlay involved. Community cultural action goes beyond specific individual actions. European policy makers should be aware of actual circumstances.

This assessment will make it easier to evaluate previous measures and assess what remains to be done and what policies are to be followed.

2. In addition to protection for monuments and buildings per se, attention should also be drawn to their immediate environment. Some structures, urban buildings and billboards may be unsightly and can cause serious aesthetic damage. Hence the importance of ensuring that both the competent authorities and the public are educated and informed properly in order to avoid the imposition of restrictive rules and regulations.

3. In television, steps should be taken forthwith to encourage the establishment of one or several European cultural channels. These must be cultural vectors and powerful instruments dedicated to education purposes and the promotion of knowledge and understanding of other peoples. To achieve this, programmes must be carefully studied and eschew any false elitist intellectualism.

4. European cultural patronage ought to be encouraged. An effort should be made, for instance, to align taxation with regard to sponsorship.

5. ESC members, personify the wishes and interests of citizens in their capacity as representatives of socio-economic interest groups, consumers, users and parents' associations. In their own Member States, they will urge governments and all those involved in cultural activity to incorporate the European cultural dimension into everyday thinking and practices.

6. Education plays a major role in developing cultural creativity, over and above the production of major works of art. Everyone has a part to play in preserving our cultural heritage, since culture is part of life.

The ESC urges that action be carried out in schools to encourage cultural discovery amongst children, to boost respect for and sensible use of cultural heritage, and encourage sensible attitudes towards using resources. For example, the uses and abuses of television should

be part of school curricula, on the same footing as reading and writing.

7. Many minority ethnic groups and their families are citizens of our Member States. We will be able to understand them better if we learn about their history and culture, and appreciate the elements they have in common with ours and so encourage dialogue, exchange and mutual enrichment.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive amending Directive 71/305/EEC concerning the co-ordination of procedures for the award of public works contracts [1]

(92/C 332/20)

On 19 August 1992, the Council decided to consult the Economic and Social Committee, under Article 100a of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services was responsible for preparing the Committee's work on the subject. The Economic and Social Committee decided to appoint Mr Kaaris to act as Rapporteur-General.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion unanimously.

1. Introduction

1.1. A Common Position was adopted by the Council on 18 June 1992 on a consolidated text of the Council Directive concerning the co-ordination of procedures for the award of public works contracts.

1.2. The Common Position, which has not yet resulted in the final adoption of a consolidated text, reflects the wish expressed by the Committee in its Opinion CES 357/92 [2] that the list of bodies governed by public law and subject to the Directive should be subject to constant revision to ensure that it permanently reflects the situation in Member States.

1.3. Article 35 of the Common Position specifies that amendments to this list — Annex I —, shall be made by the Commission after consulting the Advisory Committee for Public Contracts, and can thus be undertaken without recourse to formal Council decision.

2. General Comments

With the present Proposal the Commission seeks to extend the same procedure to amendments of Annex II to incorporate further changes in the nomenclature used to classify works covered by the Directive.

[1] OJ No C 225, 1. 9. 1992, p. 11.
[2] OJ No C 106, 27. 4. 1992, p. 11.

3. **Specific Comments**

3.1. The Committee endorses this objective and shares the Commission wish to see it included in the finally adopted text of a consolidated public works Directive.

3.2. The Committee is confident of the objectivity of the Advisory Committee concerning the concrete decisions based on uniform application of criteria for public works — Article 30 b.1. of Directive 71/305/EEC.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive co-ordinating procedures for the award of public supply contracts

(92/C 332/21)

On 29 September 1992, the Council decided to consult the Economic and Social Committee, under Article 100a of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services was responsible for preparing the Committee's work on the subject. The Economic and Social Committee decided to appoint Mr Kaaris to act as Rapporteur-General.

At its 300th Plenary Session (meeting of 22 October 1992), the Economic and Social Committee adopted the following Opinion unanimously.

1. **Introduction**

1.1. The rules governing procedures for the award of public supply contracts have been amended on several occasions. The first objective of this proposed Directive is to consolidate them in a simple text.

1.2. The main body of these rules result from a very early attempt to embody the White Paper on the Internal Market in legal texts, whereas the Directives on public works, on services and on public utilities have been refined somewhat as a consequence of the experience gained both in the formulation and application of Community law.

1.3. A harmonization of the rules that are common to directives in these areas therefore involves a certain amount of change in the content of the early rules concerning supply contracts.

2. **General Comments**

2.1. The Committee regards the consolidation of rules for supply contracts in a simple text as indispensable if buyers and sellers shall ever be able to use them as guidelines for their transactions.

2.2. The Committee therefore welcomes this codification but underlines the necessity of a fundamental change in the attitudes of Public Administrations sustained by efforts of information and training of Companies and Administrations alike.

2.3. The Committee notes that three Member States (Greece, Spain and Luxembourg) have not yet taken steps to apply the Supplies Directive and three other (Greece, Germany and Luxembourg) the Remedies Directive. It underlines the necessity of simultaneous and parallel application of the Procurement Directives in all Member States.

3. **Specific Comments**

3.1. The Committee does not contest any of the material changes involved in the consolidation in view of the fact that all the changes involved have been endorsed in one way or another in connection with the adoption of different parts of the legislative programme for public procurement in the Community, which is now near completion.

3.2. The Committee especially considers Articles 7, 17 and 25 of the consolidated text as welcome improvements.

3.2.1. Article 7 provides for a considerable increase in the transparency and objectivity surrounding public purchase decisions by making it mandatory to explain upon request why an application for tender has been turned down or why an award procedure has been abandoned. This is already required under the services and works Directives.

3.2.2. Article 17 follows the services and works Directives in authorizing the contracting authority to ask the tenderer to indicate his plans for subcontracting. Potentially it is very important to obtain information on the size and nature of the market for subcontracting of supplies to the public sector, which might be essential for the function of the internal market.

3.2.3. Article 25 limits the scope for excluding foreign companies from lists of recognized suppliers which are widely used by some governments and tend to restrict purchasing to traditional sources of supply. The Committee is reassured that the same rules apply to lists of suppliers of services, of contractors, and to the public utilities.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Directive providing for appropriate measures to be taken in the event of difficulties in the supply of crude oil and petroleum products to the Community [1]

(92/C 332/22)

On 14 May 1992 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 Section for Energy, Nuclear Questions and Research, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 14 October 1992, in the light of the Report by Mr Beale.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee adopted unanimously the following Opinion.

1. Introduction

1.1. When the Committee was originally consulted on this topic by the Council in May 1991, it had to consider two draft Directives. The first of these concerned — as does the present one — the Commission's proposals to avoid or at least alleviate oil supply difficulties. In effect the Directive was intended to update the earlier Council Directive 73/238 and Council Decision 77/706, as well as Commission Decision 79/639.

1.2. The second draft Directive, which is not at present under consideration by the Committee, would have required all Member States to establish oil stockholding agencies. (Only four Member States have such agencies, the rest finding it more convenient to rely on the storage facilities of the oil refiners and/or importers in order to fulfil their international obligation to hold 90 days' stocks.)

1.3. Following Council meetings in May and October 1991, the Commission was required to present revised proposals. No new draft of the oil stockholding proposal has yet appeared. Accordingly, the Committee is only asked for its Opinion upon the draft Directive concerning emergency measures in COM(92) 145.

1.4. The Committee notes that both the previous draft Directives, presented by the Commission after the Iraqi invasion of Kuwait in August 1990 but before 'Desert Storm' in the first months of 1991, would — if accepted by the Council — have significantly increased the Commission's power to act independently of the Council in the spheres of activity concerned.

2. General observations

2.1. What needs to be taken into account is the position of the Community within the International Energy Agency (IEA) — see Appendices I and II. Since what is usually called the first 'oil shock' in 1973, the IEA has been the forum in which now twenty-three industrialized countries agree to cooperate in the event of another serious interruption in oil supplies.

2.2. The fact that, inter alia, major oil-importing countries such as the USA and Japan are members of the IEA — as are all twelve Community states now that French accession is completed, plus five EFTA States which are members of the European Economic Area — is an important guarantee of adequate international cooperation in any future crisis of that kind. The aim of the IEA is, of course, to enable its members to avoid serious harm to their normal economic life in that eventuality.

2.3. The Internal Market programme takes effect on 1 January 1993. It is therefore evident that, once the free movement of goods is a reality, emergency measures taken in different States should be mutually compatible and should not interfere with trade. (Such considerations will also apply within the EEA, where measures such as quantitative restrictions on imports are prohibited under the terms of the Treaty in question. Since EEA Member States are also members of the IEA, this should cause no problem.)

2.4. Although market forces would probably operate to counter the effects of any such differences, coordination of emergency measures could assist in maintaining social cohesion. Measures, e.g. to restrict oil consumption, which differed between Member States would also be at obvious risk of evasion. A possible example would be the closure of service stations on different days.

[1] OJ No C 127, 19. 5. 1992, p. 8.

2.5. Until recently, France was not a member of the IEA although the Commission was present as an observer at Agency meetings. Whether the Community as such will now enter the IEA and on what terms (representation, voting rights, etc.) is an intergovernmental matter on which — as the Commission has made clear — the Committee is not consulted. However, the Committee notes the Council's decision that, during IEA meetings, Member States will speak in support of the Community position.

2.6. What must concern the Committee, however, is the practical effect of the Commission's proposals.

2.7. That is not a particularly easy matter to determine, as there has not since 1974 been an oil supply crisis of sufficient gravity or duration to require that comprehensive measures be 'triggered', either within the Community or in the wider IEA.

2.8. Given the importance of oil to the Community's economy, it is obviously essential that preparations be in place well ahead of time to counter the effects and alleviate the extent of any shortfall in supplies. Contingency planning in times of normal supply should permit the prior identification of those measures which Member States could take while respecting Community Law and the essentials of the Internal Market. Forward planning of this kind is, in fact, already an integral part of the IEA's activity (see Appendix II).

2.9. It must be recognized that there is a relatively small number of civil servants and oil industry personnel with the necessary seniority and experience available for discussions at national level and to attend the relevant meetings of both the IEA and the Community in the event of an oil supply crisis. It will therefore be essential that the procedures to be established should minimize the burden on the individuals involved and should not affect the efficiency of existing decision-making practices. Fortunately, the Commission recognizes that concern and has structured the Draft Directive appropriately. The Commission advises that it is intended that the members of the advisory Oil Supply Committee (see paragraph 3.4.2 below) should be the same individuals as the Member States' representatives on the IEA Governing Board.

2.10. The data upon which the necessary decisions will continue to be based must in some cases come from the senior employees of various oil companies who attend the IEA's Industry Advisory Board (see Appendix II) — a case in point being the location of tankers on the high seas, their normal destinations and the volumes of oil being carried.

2.11. Following the Council's guidelines, the Commission now recognizes that the individual Member States are best placed to identify the measures most likely to be effective under local circumstances: the principle of subsidiarity is important here. As the Council has decided, the Commission will coordinate these measures with a view to increased efficiency and with regard to compatibility with the Treaty, according to appropriate procedures.

2.12. In the Committee's examination of two other Draft Directives, it has been noticed that there are references to energy emergencies. These are in Article 25 of the Draft Directive concerning common rules for the internal market in electricity [1] and in Article 23 of the Draft Directive concerning common rules for the internal market in natural gas [2]. Since such an emergency could derive from a shortfall in oil supplies, the Committee recommends that those provisions be reviewed in light of the present proposals.

2.13. Moreover, Article 3 of another Draft Directive — that on the conditions for granting and using authorizations for the prospection, exploration and extraction of hydrocarbons [2] — permits Member States to retain the option to prohibit inter alia the extraction of hydrocarbons on grounds of, e.g. 'public security'. That provision could also give rise to conflicting interpretations of Member States' obligations under that Directive and the present one, unless the Commission also reviews them both.

3. Specific comments

3.1. *The Preamble*

3.1.1. The Committee supports the wording of the Preamble in principle, since it recognizes the need for the measures taken in the event of an oil supply crisis to be decided initially within the IEA framework. It is not, however, entirely clear what would be the 'exceptionally serious supply difficulties' which would, according to one paragraph, justify the Community taking 'independent action unilaterally', unless one or more EC Member States were affected while the rest of the IEA were not. (Even then, however, the IEA would be bound to act in accordance with its treaty obligations.)

3.2. *Article 1*

3.2.1. The requirement that Member States inform the Commission of the arrangements and plans for crisis measures being taken locally is obviously essential.

[1] OJ No C 71, 20. 3. 1992.
[2] OJ No C 139, 2. 6. 1992.

3.3. *Article 2*

3.3.1. The shape of the crisis measures will have been determined by decisions taken within the IEA and the Community's Member States. It therefore appears that the Community's position would not differ from that of the IEA as a whole, unless a majority of the twelve Community governments were at odds with their IEA partners.

3.3.2. The various procedures described in this Article would be applicable to the contingency planning in normal times which the Committee believes is essential. In a crisis, it would be necessary to avoid serious delay and confusion while Member governments, oil refiners and oil importers were engaged — as in previous crises — in intense activity aimed at alleviating supply difficulties.

3.4. *Article 3*

3.4.1. The Committee supports the proposal for a body such as the Oil Supply Committee to advise the Commission. However, it is understood that recourse to the Council and deferral of the measures would occur only in exceptional circumstances.

3.4.2. The Oil Supply Committee would be composed of national government representatives and Commission officials. There is no mention of any machinery by which the social partners — or indeed the oil refiners and oil product importers in particular — would be consulted.

3.5. *Articles 4, 5, 6 and Annex*

No comment.

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

Opinion on the proposal for a Council Decision establishing a multiannual programme for the development of Community statistics on Research, Development and Innovation [1]

(92/C 332/23)

On 11 May 1992 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 Section for Energy, Nuclear Questions and Research, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 14 October 1992. The Rapporteur was Mr Roseingrave.

At its 300th Plenary Session (meeting of 22 October 1992) the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. The aim of the Commission's proposal is to set up a Community reference framework for public and private statistics on research, technological development and innovation. It is envisaged that the programme would promote the convergence of national statistical systems and lead to the creation of a Community system of statistical information. It would also give special attention to the regional dimension. The programme would meet the needs of international organizations, national, regional and local authorities, the scientific community and other interested parties.

1.2. The Committee welcomes the Commission's proposal for a five year programme to promote and support the harmonization of statistics on research, development and innovation by Member States and facilitate the dissemination of comparable information.

1.3. In 1989 the Scientific and Technological Research Committee (CREST) drew the Commission's attention to certain weaknesses in Community research and development statistics. While some action was subsequently taken, further developments are needed to create an integrated system of information on research, technological development and innovation for policy purposes.

1.4. The Committee recognizes that providing up to date, comparable and high-quality statistics to facilitate long term planning is a complex process. It is dependent on developing and implementing an effective framework and on the collection and processing of data by Member States in a manner which would lead to a convergence of statistical actions.

2. General Comments on Programme for Development of Community Statistics

2.1. The Committee takes the view that to be effective, a reference framework for statistics on research, development and innovation demands visibility, stability and coherence. It is also dependent on the cooperation of national governments and of the private sector in the production of comparable national and regionalized data. The type of data needed for current statistical systems are not always made available by Member States in the form or at the time at which they are required. In implementing an effective Community statistical system it may also be necessary to consider the introduction of a regulation which would ensure that data is available in respect of all the Member States.

2.2. In preparing for the collection of statistical information it is essential that the Commission clearly identify the users of each statistical series so that the statistics collected are relevant to their needs. The subsequent presentation of the statistical information to the different audiences should be given equally careful consideration as that which is given to the collection of the statistics. It should be presented in a manner which is both meaningful to and understandable by the smaller enterprises.

2.3. There are a number of different statistical systems and programmes already in operation in the Community. While these may not be adequate to meet long-term planning goals, the proposed programme should build on them and learn from them. Liaison with programmes such as Stride [2], Sprint [3] and the Eureka initiative as well as collaboration with OECD and Eurostat partners is essential. Attention is particularly drawn to the existing programme for the research and

[1] OJ No C 122, 14. 5. 1992, p. 14.

[2] Stride: Science and Technology for Regional Innovation and Development in Europe; OJ No C 196, 4. 8. 1990.

[3] Sprint: Strategic Programme for Innovation and Technology Transfer; Council Decision of 17. 4. 1989, OJ No L 112, 25. 4. 1989, p. 12.

development of statistical expert systems (Doses) [1] adopted by Council in June 1989 to improve the flow of statistical information by encouraging the development of advanced information processing technology.

2.4. The role of the newly established European advisory committee on statistical information in the economic and social fields (CEIES) should be clearly established in relation to the proposed programme. This committee was set up by the Commission in March 1992. CEIES will endeavour to match the post Maastricht statistical requirements in connection with the main Community policies with the requirements and possibilities of the Member States. CEIES will also indicate to Community authorities how best to coordinate the various Community and national statistical programmes so as to minimize costs and increase their effectiveness. While clearly related, it is difficult at this early stage in CEIES development to establish its role in relation to the proposed programme.

2.5. In supporting the proposal by the Commission to establish an effective Community reference framework, the Committee recognizes that any such programme must be integrated with existing statistical systems and programmes. In the effort to achieve a Community reference framework, the collection of data should not, as far as possible involve additional costs to the companies and institutions concerned, especially the SMEs.

2.6. The principle of subsidiarity is recognized in the proposal for the development of Community statistics. The statistical information is collected by a highly decentralized system in which the national systems have responsibility at individual Member State level. Although based primarily on existing data at national level, it will also be necessary to collect additional data at Community level and to set up a Community system for standardizing the data collected. This can only be undertaken effectively at Community level.

2.7. The Committee notes that on occasions the principles of cohesion, competitiveness and subsidiarity may compete as regards priority. In the context of this proposal due regard should be given to the principle of cohesion by ensuring that all regions benefit from access to harmonized and integrated statistical information. The data collected through the Community statistics programme should also facilitate identifying and highlighting imbalances between the core and the peripheral regions of the Community.

[1] Doses: Specific Programme for the Research and Development of Statistical Expert Systems; Council Directive of 20. 6. 1989, OJ No L 200, 13. 7. 1989, p. 46.

3. The Operation of the Programme for the Development of Community Statistics

3.1. The proposed programme focuses on a number of different actions, each of which the Committee regards as important in the achievement of the programme's objectives:

— Analysis and evaluation of user demand;

— Improvement of existing methodological framework;

— Identification of existing information;

— Setting up organizational and technical components;

— Carrying out pilot surveys;

— Developing basic statistical tools.

3.2. The analysis and evaluation of user demand is particularly important in ensuring that the systems are oriented to user requirements and made attractive to the target populations. The Committee emphasized in its Opinion on Doses [2] that information systems need to be 'producer friendly' as well as 'user friendly'.

3.3. It is recommended that the pilot surveys, which will prepare the way for regular data collection, based on the methodology adopted, be undertaken in areas where existing data collection systems are weak.

3.4. Small and medium sized enterprises (SMEs) are major suppliers of statistical information and are central to this programme. In this context the failure of the Commission's proposal to highlight SMEs as potential beneficiaries of the programme is surprising. The problems of such suppliers of statistical information should also be borne in mind. The production of statistics can be demanding, cumbersome and costly particularly in small companies where data is requested repeatedly.

3.4.1. It is essential that there is discussion with SMEs as to how the burden may be reduced and what is required to allow them to participate and to innovate. Such strategies as identifying the type of information required by the company, linking with networks which are currently used and implementing a personalized return flow of information to the company, should be examined. The Committee is concerned that the collection and presentation of statistical information be open to the needs of private sector suppliers and users to a greater extent.

[2] OJ No C 56, 6. 3. 1989, p. 8.

3.4.2. The potential and the achievements of SMEs in the creation of employment opportunities and in their innovative capacity have been clearly demonstrated both in the Community and elsewhere. Every appropriate means should be utilized in the Community statistics programme to enable them to benefit from successful innovation and research carried out in the more highly financed areas of the private and public sectors.

3.5. It is recognized that there may be a tension between the implementation of systems which allow for access to information on products developed and the need to protect a company. There is little work done at the level of the Community on the effectiveness of patents in protecting results and the manner in which these are used in different Member States.

4. Financial Provisions for the Programme

4.1. The proposal to establish a programme for the development of Community statistics is limited by the budgetary provisions. The financial envelope for the multiannual programme amounts to ECU 2,9 million. The Commission contribution, however, represents only a small part of the actual costs which are largely borne by national systems.

4.2. The Committee recommends that the forthcoming Fourth Framework Programme carry a provision for financial support for the development of Community statistics on research, technological development and innovation.

4.3. The Committee notes that in its previous Opinion on Doses it highlighted that the proposed budget for that programme was insufficient in relation to the dimensions of the problem of securing accurate and up to date statistical information. This was one of the consequences of the reduced allocation of funds which left the 1987-1991 framework programme inadequately funded.

4.4. It will be necessary to establish how the European Free Trade Association (EFTA) countries will contribute towards the financing of the programme, particularly in the light of the development of the European Economic Area (EEA).

Done at Brussels, 22 October 1992.

The Chairman

of the Economic and Social Committee

Susanne TIEMANN

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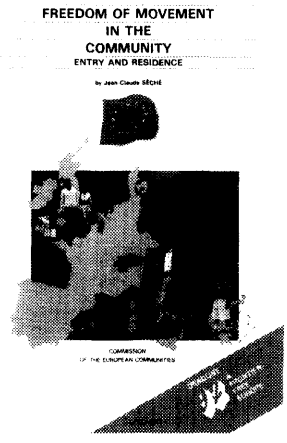

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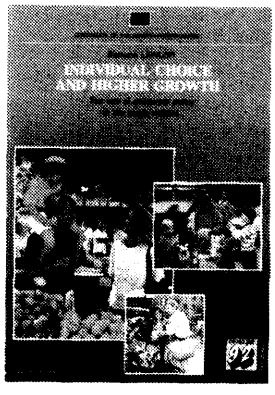

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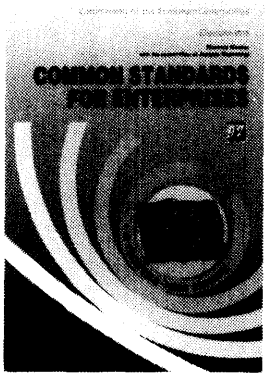

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