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(Preparatory Acts)

ECONOMIC AND SOCIAL COMMITTEE

Opinion on the draft Recommendation by the Council on common criteria concerning sufficient resources and social assistance in the social protection systems [1]

(92/C 14/01)

On 31 May 1991 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned draft Recommendation.

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 11 October 1991. The Rapporteur was Miss Maddocks.

At its 290th plenary session (meeting of 30 October 1991) the Economic and Social Committee adopted the following Opinion by a majority vote with one abstention.

1. General comments

1.1. Eight EC States have 'safety net' systems embodying a right to a minimum of benefits and resources. Four Member States do not guarantee such a right at national level, directly through benefits, though some regions and municipalities do. The draft Recommendation seeks to introduce such a right where it does not exist, and to define general common principles and criteria where it does, with the view to guaranteeing it to all persons residing in the Community as a whole.

1.2. The Committee welcomes the draft Recommendation. The right to a guaranteed adequate level of benefits and resources sufficient to live in a state of human dignity should indeed be part of a comprehensive and systematic drive throughout the EC to combat poverty and eliminate all forms of social exclusion, notably in education, employment, training, health and housing. The Committee agrees with the Commission that, at present, the most appropriate path is to establish basic common principles and criteria for all Member States, but that no rigid standard of amount or set procedure for implementing the proposed guarantee of resources be envisaged.

1.3. Since the mid 70's the Commission has been monitoring the situation and putting programmes into place. This particular proposal is a response and follow-up both to a recent Social Council mandate and to specific provisions in the Social Charter. The proposal also responds to previous Committee recommendations in favour of the individual basic right to a sufficient guaranteed income taking the form of a social reintegration allowance, decided by individual Member States, and pitched at a level as to guarantee a sufficient standard of living rather than just bare subsistence [2]. On this point the Committee has indeed argued that:

> 'Guaranteeing poor people a minimum income will certainly not set them on the road to independence and social reintegration. Without it, however, there would be a fall to levels of destination unworthy of developed societies. A minimum guaranteed income is a major weapon in halting the slide from precarious living standards to severe poverty. A sharp

[1] OJ No C 163, 22. 6. 1991, p. 3.

[2] ESC Opinion on 'Least privileged groups', OJ No C 221, 28. 8. 1989. Also see ESC Brochure on 'Poverty', ESC-89-013, 1989.

fall in income or the loss of entitlement to social protection is the turning point which plunges those concerned into the irrevocable spiral of multiple deprivation: loss of income, collapse of personal, social and even family relationships, and loss of social identity culminating in marginalization and exclusion.

Being secure in the knowledge that basic physical, psychological, social and moral needs are going to be met whatever the circumstances undoubtedly stops many people from falling into the despair which sometimes destroys for a long time (or even for ever) the willpower needed and opportunities available to overcome even the everyday difficulties of personal and family life (...)

(...) the introduction of a minimum income (...) would be both a mark of social justice and a weapon in the fight against marginalization and social exclusion' ([1]).

A Council Recommendation would constitute an important first step in this direction and towards achieving a 'social Europe'.

1.4. The individual basic right to sufficient resources and assistance proposed should be based on needs fixed and qualified by each Member State taking into account prevailing living standards and average disposable income. It should be subject, where appropriate to recipients being actively available for work, where age, health and family situation permit professional activity, and on condition that no individual should be forced into a job or training which pays less than the normal rate, or to which he or she is evidently not suited. The accompanying social and economic integration measures, to be effectively implemented in terms of housing, health protection and training, should likewise be subject to quality control. Training, in particular, must be a worthwhile inducement, offering a real perspective of getting back into proper, not precarious, employment.

1.5. In supporting the proposal the Committee would stress that the problem is first and foremost one of funding. It is also about measures and assistance to combat, and preferably prevent, social exclusion; and the Commission rightly identifies the fundamental moral and societal challenges involved in this. It could highlight a little more that social integration and self-help must at first be anchored in both supportive and preventive measures. The proposal might in turn be clearer in presenting the 'package' as a 'social integration contract'.

2. Specific comments

2.1. *Legal basis*

2.1.1. The Committee would question whether Article 235 of the Treaty should be the sole appropriate legal base for the proposal. Should there not also be some reference made to Articles 2 and 117 (living standards) ? In particular, Article 117 declares that Member States 'believe' that 'an improved standard of living for workers' will 'ensue' from the 'functioning of the common market'. The current Commission proposal nonetheless presents its case for guaranteed sufficient resources arguing that 'forms of social exclusion' from the labour market will become 'more marked' in 'the context of the internal market' (at least in the early stages) ([2]). The Committee would therefore consider it reasonable to invoke Article 8b, which is supposed to 'ensure balanced progress in all the sectors concerned'.

2.2. *EC instrument*

The Committee notes that, at present, a Recommendation is the proposed instrument. The Recommendation should be regarded as a first step; as European integration develops and social security schemes converge, the Committee would urge the Commission to consider a more binding EC instrument in the light of the monitoring process and progress report envisaged.

2.3. *Application*

2.3.1. The Committee agrees that the right recognized by the Recommendation should last for as long as the recipient fulfils the conditions for eligibility.

2.3.2. The Committee considers that the right recognized by the Recommendation should be extended to all persons resident in the Member State, in accordance with national and Community provisions ([3]).

2.3.3. The resources to be guaranteed as proposed by the Recommendation should be regarded as a springboard for full reintegration into society. They should be provided in the context of policies and strategies designed to achieve this full reintegration. Measures adopted in the context of such strategies would include: assistance in job searching, advice centres, education

([1]) Brochure, *op. cit.*

([2]) Point 3 of the Explanatory Memorandum.

([3]) OJ No C 329, 30. 12. 1989.

and training, access to housing and health care, etc. There should be minimum standards for such measures:

— they should be voluntary, respectful of the recipient's dignity and obligation actively to be available for work and appropriate training, if age, health and family situation permit,

— any training measures should lead to recognized qualifications,

— any activities should meet the responsible Member State's and the European Community's health and safety standards for the working environment,

— recipients of the minimum benefit guaranteed as proposed by the Recommendation who undertake training or work experience as part of their strategy for achieving social and economic reintegration should have full employment rights, including the right to trade union representation.

2.3.4. Financial support should be matched by society's 'moral effort' to improve social cohesion. Furthermore, it is apparent to the Committee that preventive policies are also required, to ensure that social exclusion does not occur in the first place. Such policies might include debt counselling, policies against drug and other addictions, appropriate measures to stop people dropping out of the labour market.

2.3.5. The Committee agrees that the right to a sufficient level of income and resources is an individual one, based on needs, but taking into account family circumstances. This does not, however, mean that the minimum benefit level granted to an individual in the Recommendation should be reduced because of the receipt of other benefits for her or his child(ren). It is unfair that the poorest families should be deprived of such an elementary right, with the result that the poorest parents are condemned to live off their children's income.

2.3.6. The Committee considers that claimants of the minimum benefits and resources to be guaranteed will be obliged to provide to the best of their abilities, accurately and truthfully, any information needed to assess their eligibility, and to administer provision.

2.3.7. The Committee considers that the minimum level of benefit guaranteed as proposed by the Recommendation is a measure of social assistance which is not a form of contributory social security.

2.3.8. The Committee agrees that it is not practicable to require all Member States to guarantee a minimum level of benefit at the same proportion of average income per capita in each State throughout the Community. However, the Committee also considers that Member States should use accepted objective criteria when fixing the amount of resources considered sufficient.

2.3.9. The Committee believes that there must be a right to clear information on the implementary provisions of this Recommendation, and the appeals procedure.

2.3.10. The Committee considers that, at least at the initial stage, assistance might be offered to those Member States which would have difficulty complying with the instrument and that these Member States be encouraged to make full use of funds which can be brought to bear on this problem.

2.3.11. The Committee agrees that the required measures be introduced progressively, according to the greatest need, and within five years of the adoption of this Recommendation.

2.3.12. The Committee also posivitely acknowledges the monitoring procedure proposed, and would urge Member States to contribute fully to the periodic report.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the draft Commission Recommendation on the protection of the dignity of women and men at work

(92/C 14/02)

On 4 October 1991 the Commission decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned draft Commission Recommendation.

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 11 october 1991. The Rapporteur was Miss Maddocks.

At its 290th plenary session (meeting of 30 October 1991) the Economic and Social Committee adopted the following Opinion by a majority with 1 vote against.

1. General comments

1.1. The Committee welcomes the Commission's draft and the accompanying Code of Practice, which is broadly in line with the mandate provided by the Council Resolution of 29 May 1990 on the 'protection of the dignity of women and men at work' [1]. The proposal also rightly argues that unwanted conduct affecting the dignity of women and men at work is both 'unacceptable' and 'in certain circumstances' contrary to the principle of equal treatment within the meanings of Articles 3, 4 and 5 of Council Directive 76/207/EEC.

1.2. The Commission is to be complemented on having the courage publicly to assert that sexual harassment at work 'is not an isolated phenomenon' and that it can have 'devastating effects upon the health' confidence, morale and performance of those affected by it'. Indeed a first step in promoting awareness, and in turn prevention of the problem, is surely to demonstrate how it has been grossly underestimated both in terms of the extent of persons adversely affected and the actual type of behaviour in question.

1.3. This in turn is why the Committee is disappointed that the 'code of practice' proposed is only limited to a Commission Recommendation. Given the seriousness and widespread occurrence of sexual harassment or of unwanted behaviour demeaning the dignity of women and men at work, and considering that Ministers have already pronounced themselves on this problem, the Committee considers that at least a Council Recommendation is required, possibly leading at a future stage, after EC-wide monitoring, to a more binding EC instrument registering an appropriate degree of political commitment and scrutiny.

1.4. In the above context, the proposal and 'code of practice' should not only encourage measures to protect the dignity of women and men at work, but should also call upon Member States seriously to quantify and monitor the estimated numbers of cases involved in order to carry out adequate counter measures, and to establish the effectiveness of policies being implemented over a three-year period.

1.5. The definition of sexual harassment or offensive conduct at work, presented in Article 1 of the Recommendation and in point 2 of the 'code of practice', corresponds to that already registered in the Council Resolution of 29 May 1990. It is wholeheartedly endorsed by the Committee, the emphasis clearly being on the 'unwanted' nature of the conduct, as distinct from 'friendly behaviour which is welcome and mutual'. The Committee would argue that, along with this definition, the Commission ought to reconsider at least appending to the code practical examples of behaviour which it considers are covered by the definition. This would be helpful both for interpreting the code and in making management and workers more aware of what actually constitutes offensive conduct or sexual harassment at the work place. The Committee would further argue that this more expansive, if not exhaustive, explanation would be helpful to prevention and basic training policy in this area, as well as for drawing appropriate clauses in collective agreements.

1.6. It is crucial to the whole exercise that a fair and even-handed approach be instituted when complaints procedures are opened, so that the onus of proof is not exclusively borne by either the complainant or by the alleged harasser. This is why the Committee would once again urge the Council to consider approving the long-standing Commission proposal on modifying the burden of proof in sexual discrimination cases.

1.7. Finally, the Committee is only too aware that the code and package of suggested responsibilities, training

[1] OJ No C 157, 27. 6. 1990, p. 3.

policies, informal measures, counselling, official complaints procedures, investigations and disciplinary measures, whilst all clearly necessary, appropriate to the size and structure of undertakings, will still only touch the tip of the iceberg. This is a general societal problem which cannot be solved by codes or legislation alone, but by basic education and sustained campaigns of public awareness. This is why it is vital for Member States to treat the initiative seriously both at its launch stage and in monitoring its results and findings. It is hoped that clear guidance be given to Member States as to how this should be done. It would be helpful to include good practice throughout the Community.

1.8. The Committee would also urge the Commission to consider the ways in which the code of practice can be included in its on-going work on health and safety at the work place.

2. **Specific comments**

2.1. The Committee would propose that the Commission delete the last sentence of the second paragraph in the Introduction to the proposed Code of Practice (taking account of 'national and local practices').

2.2. Under point 3 of the Code, third paragraph, the Committee would point out that 'gender' is not always the determining factor in who is harassed. Sexual orientation can also be a factor, as argued in point 1 of the same Code. The Commission may wish to make separate provision for this in view of the fact that people harassed by persons of the same sex might not have redress under the equal treatment directive or Member States' sex discrimination legislation.

2.3. Under B 'Procedures', the last sentence of the first paragraph should be amended to read:

> 'Such guidance should, of course, draw attention to possible sanctions against employees behaving in a sexually discriminatory manner, as well as to an employee's legal rights and to any time limits within which they must be exercised, under existing legislation designed to combat sexual discrimination.'

2.4. Point B IV) of the Code, second paragraph should be slightly modified to allow for the complainant or alleged harasser to have the right to be 'accompanied and/or represented.'

2.5. Point 6 of the Code should clearly state that Trade Unions have a vital role to play in launching, applying and monitoring the Code of Practice at the work place, together with management.

2.6. The Committee would recommend that at the end of Article 4 of the Recommendation, should be added 'and to measure their effectiveness'.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Directive on assistance to the Commission and co-operation by the Member States in the scientific examination of questions relating to food [1]

(92/C 14/03)

On 26 April 1991 the Council decided to consult the Economic and Social Committee, under Article 100 A of the Treaty establishing the European Economic Community, on the above-mentioned proposal.

The Section for Protection of the Environment, Public Health and Consumer Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 7 October 1991. The Rapporteur was Mr Gardner.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. In the Community, there is an increasing number of tasks requiring objective scientific evaluation, especially as a result of new Community legislation and because of the impending removal of internal borders. In addition, there are international agreements such as the General Agreement on Tariffs and Trade (GATT). These tasks include:

— safety-in-use evaluation of additives,

— contaminant surveys, including their impact on public health,

— nutritional surveys and Community-wide agreed recommended intakes,

— microbiology,

— novel foods,

— support in overcoming secondary barriers against the export of Community food and agricultural products.

1.2. Rather than having a large increase of Community staff, the Commission proposes a back-up for the Scientific Committee for Food (SCF), consisting of

a) a small Commission staff;

b) a mechanism for having the preparatory work done by the existing institutions of the Member States.

2. General comments

2.1. The proposal would harness the considerable expertise and specialisation that exists in Member States. Indeed, the Committee called for such 'division of labour and co-operation amongst Member States' as early as 1986 [2]. Several of the detailed tasks included in the proposal were also called for by the Committee [3] [4].

The Committee therefore very much approves this cost effective proposal, subject to the comments below.

2.2. *Basic principles*

As part of this reform, the Committee wants to emphasize the following basic principles and accordingly wants the Commission to implement them:

a) The SCF must continue to be composed of eminent scientists including medical people, who must be totally independent.

b) The range of competence of SCF members must be expanded to cover all the new areas of activity.

c) The work of the SCF must be open and transparent.

d) The SCF must continue to take into account the work of other relevant EC Committees.

2.3. *Transparency and involvement of the public*

Both these need improving. The Committee suggests that there should be provision for:

[1] OJ No C 108, 23. 4. 1991, p. 7.

[2] Opinion on 'Completion of the Internal Market: Community Legislation in Foodstuffs', OJ No C 328, 22. 12. 1986, point 5.5.

[3] Opinion on Nutritional Labelling, OJ No C 159, 26. 6. 1989, points 5.2 and 6.8.

[4] Opinion on Sweeteners, OJ No C 120, 6. 5. 1991, point 2.4.

— a public announcement of the commencement of a review of a particular subject. This would initiate informed debate and discussion,

— the opportunity for interested parties to make appropriate input,

— publication of the SCF's conclusions as soon as possible.

Such a procedure should not constrain the need for rapid action on matters of immediate concern where the Commission may require urgent advice on a matter concerning the public or trade barriers (see point 3.3 for urgency procedures).

In addition, some of the new resources should be used to finance the publication of information on the Committee's work and of the recommendations made to the Commission. This has to be done in terms that both the public and the media can understand.

2.4. *Operation of the system*

The proposed method of putting into practice the co-operation is given nowhere in the actual proposal. It features only in the introductory memorandum which covers some very essential points, such as the need for peer review from another country. The Committee therefore proposes that the operating procedure should be part of the actual proposal as an Annex II (see point 3.5).

2.5. *Expertise within the SCF*

The SCF has 18 core members from all Member States. Detailed work on any subject normally starts in specialised panel which may contain co-opted members who are specialists in the point under investigation.

Up to the present, the SCF has been dealing mainly with toxicological matters and most of its members have particular experience in this field. Now that nutrition, microbiology, novel foods etc. are going to be a more active part of its remit, the membership needs to be adjusted appropriately.

The Committee therefore recommends that at the next tri-annual renewal of the SCF, members should be recruited who have special expertise in all the main fields of activity. There may even be merit in having permanent sub-committees of the SCF to deal with the various activities which this body will increasingly have to cover.

Where a given problem has been or is being discussed by other relevant Committees [such as the Committee for Proprietary Medicinal Products or the Committee for Veterinary Medicinal Products [1]], the SCF must be fully informed of their evaluation.

2.6. *Possible problems*

a) National scientific departments are often fully loaded with national work. Though Member States will be paid for Commission work, the Committee can envisage that there may be problems in giving sufficient priority to EC-work.

b) On the other hand, some of the smaller and poorer Member States often have limited scientific facilities. The Committee therefore would want the Commission to examine how financial help can be organised to make up these deficiencies.

3. Detailed comments

3.1. *Article 1*

Given 2.6 a), there would be some merit in keeping in reserve the power to require Member States to give all documentary help to the Commission analogous to Regulation (EEC) No 608/89 on veterinary regulations.

3.2. *Article 4*

According to the introductory memorandum, the Commission sees this in terms of helping countries that have less scientific expertise. However, this Article should also be applied to get help from countries with advanced expertise like Switzerland, the USA, Canada.

Finally, although the EC already collaborates with the World Health Organization (WHO) and the Joint Expert Committee on Food Additives (JECFA) (the WHO equivalent of the SCF) it would be useful to formalise this.

The Article therefore should be made mandatory and should include collaboration with WHO.

3.3. *Article 5*

In most directives the Standing Committee for Food works under a regulatory procedure. It would probably be preferable to do so in this case as well.

[1] OJ No L 15, 17. 1. 1987.

Also the Article should include a provision that action has to be carried out in line with Annex II.

In point 2.3 the Committee noted the need to involve the public, except in overriding cases of urgency. Such derogation for reasons of urgency should be agreed under this Article.

3.4. *Annex I*

3.4.1. Third indent: Food intake surveys of course have to be done at Member State level. However, the Commission and the SCF should agree protocols with the Member States so as to ensure that the national and regional results can be compared.

3.4.2. Microbiology and novel foods should be mentioned explicitly instead of being covered only implicitly.

3.4.3. (There is an error in the German text and this also includes an indent not found in the original.)

3.5. *Annex II (to be added to the Directive)*

Operation of the co-operation procedure

These shall comprise at least the following:

— the detailed work of evaluation will be carried out by national bodies,

— the Scientific Committee for Food rapporteur dealing with a particular topic and the evaluating body must be from different Member States,

— the Commission's SCF secretariat will manage the day-to-day distribution of evaluation files and all questions of general documentation,

— the operation of the collaborative scheme will be overseen by the Standing Committee for Food, paying particular attention to priorities, the balance of work and resources,

— Member States will provide the resources for the detailed evaluation and the Commission will finance the co-operative element,

— specialist staff will be seconded to the SCF secretariat from national institutions or other appropriate bodies,

— a public announcement of commencement of a review except in cases of urgency,

— opportunity for interested parties to make appropriate input, except in cases of urgency,

— publication of the conclusions as soon as possible.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Decision concerning the conclusion of bilateral Co-operation Agreements on Science and Technology for Environmental Protection (STEP) between the European Economic Community and the Republic of Austria, the Republic of Finland and the Kingdom of Norway [1]

(92/C 14/04)

On 17 June 1991 the Council decided to consult the Economic and Social Committee, under Article 130Q 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 7 october 1991. The Rapporteur was Mr von der Decken.

At its 290th plenary session (meeting of 30 October 1991) the Economic and Social Committee unanimously adopted the following Opinion.

1. The Committee approves the Commission's proposal, but makes a number of observations which are set out below.

2. The Committee has already issued two detailed Opinions on the STEP and Epoch programmes 1989-1992 [2] and 1990-1994 [3].

2.1. The Committee is pleased to note that two points made in its first Opinion and endorsed by implication in its second Opinion have been taken into account in the current proposal:

— The Committee favoured the broadest possible international co-operation which should be extended to include non-EEC European countries.

  The conclusion of bilateral co-operation agreements with the Republic of Austria, the Republic of Finland and the Kingdom of Norway is thus obviously in line with the Committee's stated views.

— The Committee suggested the establishment of a joint co-ordination committee for the STEP and Epoch programmes which should also be responsible for relations with other non-Commission programmes.

  The establishment of a co-operation committee under Article 3 of the co-operation agreements with Austria, Finland and Norway is also in line with the spirit of the Committee's views.

3. The Committee notes that, despite the presumed similarity in climatological conditions, Austria, Finland and Norway are adhering to the STEP (Science and Technology) Programme only, where in a parallel agreement Iceland and Sweden adhere not only to STEP but also to Epoch (Climatology and Natural Hazards).

[1] OJ No C 179, 10. 7. 1991, p. 10.
[2] OJ No C 139, 5. 6. 1989.
[3] OJ No C 332, 31. 12. 1990.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Decision concerning the conclusion of bilateral Co-operation Agreements between the European Economic Community and the Republic of Iceland and the Kingdom of Sweden on research and development in the field of the environment: Science and Technology for Environmental Protection (STEP) and European Programme on Climatology and Natural Hazards (Epoch) [1]

(92/C 14/05)

On 14 June 1991 the Council decided to consult the Economic and Social Committee, under Article 130 Q 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 7 October 1991. The Rapporteur was Mr von der Decken.

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The establishment of a co-operation committee under Article 3 of the co-operation agreements with Iceland and Sweden is also in line with the spirit of the Committee's views.

[1] OJ No C 163, 22. 6. 1991, p. 6.
[2] OJ No C 139, 5. 6. 1989.
[3] OJ No C 332, 31. 12. 1990.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Third Council Directive on the Co-ordination of Laws, Regulations and Administrative Provisions relating to Direct Life Assurance and amending Directives 79/267/EEC and 90/619/EEC [1]

(92/C 14/06)

The Council decided on 15 April 1991, in accordance with Article 57(2) of the EEC Treaty, to ask the Economic and Social Committee for an Opinion on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for the preparatory work, adopted its Opinion on 9 October 1991. Rapporteur was Mr Ramaekers.

At its 290th plenary session (meeting of 30 October 1991) the Economic and Social Committee adopted unanimously the following Opinion.

1. Introduction

1.1. The proposal for a third directive on life assurance is the culmination of the numerous efforts made by the Commission over the last ten years.

1.1.1. It is based on the satisfactory results achieved by national supervisory regulations and its aim is to create a common framework for the insurance market and to lay down rules on competition which ensure that the sector is soundly managed in the future.

1.2. The proposal is based on the following principles:

— a single authorization granted by the authorities in the home Member State (country where the insurer or its subsidiary has its registered office). The authorization is valid in all Member States, irrespective of whether the activity is exercised under the freedom of establishment or the freedom to provide services,

— introduction of subsequent supervision,

— limitation of intervention by the authorities of the host Member State to the monitoring of abuses contrary to the general good,

— limitation of supervision to financial control, and

— acceptance of the principle of composites.

1.3. The present proposal is therefore consistent with the policy followed by the Commission in recent years and extends the harmonisation achieved in the banking and financial sector.

1.3.1. The Committee approves the present proposal, subject to the following reservations.

2. General comments

2.1. The options adopted by the Commission proposal are based on absolute priority being given to the 'free movement of goods and services'.

2.1.1. The Commission considers that consumers' interests are best served, among other things, by setting up a market free of all constraints, where maximum competition provides the best guarantee for customers.

2.2. However, the Committee feels that the proposed third directive should provide greater protection for holders of personal insurance policies, which are different from other types of operations such as simple savings schemes.

2.2.1. As life assurance policies may run for very long periods and provide protection against calamities of a social nature (death, invalidity, incapacity), they must be given proper treatment enabling them to provide effective protection for policy holders.

2.2.2. It is for this reason that the Committee also urges that special attention should be given to the need for such contracts to be clear.

2.3. The single insurance market which will shortly exist will be very different from the present walled-off markets.

2.3.1. These changes are being foreshadowed by trends towards concentration, the emergence of new forms of co-operation between banks and insurance firms and the growing interest of non-EC firms in the European market.

2.3.2. In such a context it is not obvious that users' interests will best be served merely by increasing competition, especially if such increased competition leads to the weakening of firms whose solvency is the policy holder's best guarantee.

[1] OJ No C 99, 16. 4. 1991, p. 2.

2.4. What is more, in such a market structural distortions of competition which are incompatible with the very aims of the Community may be introduced because of differences in the way that directives are interpreted and applied by the supervisory authorities.

2.4.1. The Committee feels that the problems of insurance, and especially life assurance, are constantly changing.

2.4.2. It therefore calls upon the Commission to keep a very close eye on market trends.

2.4.3. These should be the subject of a report drawn up, at the latest, three years after the implementation of the relevant directives.

2.4.4. The Committee recommends that the Commission use the intervening period to:

— encourage European insurers to draw up a code of good conduct concerning both the policy holder and competition, and

— study the possibility of setting up a European supervisory body designed either to replace existing national supervisory bodies or to put right their differences in interpreting and applying directives.

2.4.5. At any event, the Committee believes that, at the very least, action should be taken to organise sufficient, consistent and harmonious co-ordination between national supervisory authorities.

2.5. The Committee also considers that the progressive implementation of the single insurance market will doubtless involve some inconveniences for employees in the sector.

2.5.1. This too should be taken into account by the European authorities.

3. Specific comments

3.1. *Article 2*

3.1.1. The proposal does not envisage any major change to the scope of the First Directive.

3.1.2. But the Committee feels that the scope must be extended to cover other operators on the life assurance market, for instance, following a request made by mutual provident societies, and that it is vital that the same prudential rules be applied to all.

3.1.3. Moreover, policy holders are often classified in categories which do not fit in with the distinction between life and non-life business as set out in the First Directive of 5 March 1979.

3.1.4. The Committee therefore thinks that the scope should be changed by creating a common area of operations for personal welfare cover against illness, invalidity or death.

3.2. *Article 5*

3.2.1. Insurance firms may take the form of a European Company (SE), as allowed under the relevant regulation and directive.

3.2.1.1. The Committee thinks that insurance business should be open not only to firms which adopt the new legal form of a SE, but also to those which opt for the form of a European Co-operative Society or a European Mutual Society, which is currently being drawn up by the Commission.

3.2.1.2. The last paragraph but one of Article 5(1)(a) should therefore read:

> 'Assurance undertakings may also adopt one of the forms of a European company: a European Public Limited Company (SE), as provided for in Council Regulation (EEC) No .../... and Council Directive (EEC) No .../..., a European Mutual Society or a European Co-operative Society, as provided for in Council Regulation (EEC) No .../... and Council Directive (EEC) No .../...'

3.2.2. The proposal introduces the principle of subsequent supervision and, in Article 5(3), removes the possibility of the Member States laying down 'provisions requiring the prior approval or systematic notification of general and special policy conditions, the technical bases used ...'.

3.2.2.1. But if one wishes to take account of the particular nature of the risks insured against (i.e. death, invalidity, incapacity), one should maintain the principle of systematic notification of documents to the home country's supervisory authorities.

3.2.2.2. Such notification in no way means that the insurer must await the approval of the supervisory authorities, since supervision is carried out 'subsequently'. The insurer may therefore begin operations.

3.2.2.3. Systematic notification may allow authorities in the home country to react more rapidly if the policies proposed do not contain all the necessary guarantees.

3.3. *Article 11*

3.3.1. This article describes the conditions under which insurance firms may transfer all or part of their

portfolios of contracts to an accepting office established in the Community.

3.3.2. In Article 11 (6) it is stated that 'Member States may provide policy holders with the option of cancelling the contract'.

3.3.3. The Committee considers it is essential, to this end, that the policy holder should be able to express an opinion on the planned transfer, and that the Member States should therefore be obliged to provide this possibility.

3.4. *Article 14a*

3.4.1. The proposal offers new possibilities to composite undertakings.

3.4.2. The Explanatory Memorandum even stresses that Article 14a 'allows those Member States who so wish to authorise new composite undertakings'.

3.4.3. So, the proposal embodies the favourable conclusions of the Commission's report and confirms that the obligation imposed on composites of practicing separate management has had some good results.

3.4.4. However, the Committee feels that the rules on separate management should be applied strictly and that supervision in this area must be stepped up.

3.4.5. The technique of separate management could be the subject of a new assessment in the report that the Commission is said to be preparing on the insurance market.

3.5. *Article 15*

3.5.1. The prudential rules contained in the proposal are defined in Articles 15, 16 and 17.

3.5.1.1. To overcome the peculiarities of national rules they have been drafted in general terms, which may lead to various interpretations.

3.5.1.2. For instance:

— in Article 15(1): The home Member State shall require every assurance undertaking to establish sufficient technical provisions...

— in Article 15(1)(A): The amount of the mathematical provisions shall be calculated by a sufficiently prudent actuarial valuation of all future liabilities...

— in Article 16: Premiums for new business shall be sufficient.

3.5.1.3. The Committee wonders whether the supervisory authorities of the twelve Member States will be able to give the same meaning to the concepts of prudence and sufficient provisions.

3.5.2. When choosing the rate of interest of provisions, account must be taken of the yield on existing assets [Art. 15(1)(B)].

3.5.2.1. 'Assets representing the technical provisions shall be invested having regard to... including possible future variations in their yield and value' (Art. 17).

3.5.2.2. When an insurer guarantees a high rate for the future, the Committee believes that caution must be shown when taking account of shares whose yield is very low in the short and medium term.

3.5.2.3. The commitment to offer a high rate (in the medium or long term) can therefore only in fact be envisaged if, as in Article 15(1)(B), such commitments are covered:

— either by taking account of assets whose yield is fixed in advance (government bonds, ...),

— or by using a reasonable prudential margin when referring to assets with uncertain yields.

3.5.3. Article 15(1)(B) stipulates that 'the rate of interest used shall be chosen prudently, taking into account the currency in which the policy is denominated and having regard to the yield on the corresponding existing assets'.

3.5.3.1. The Consultative Group of Actuaries deals with this matter in its report.

3.5.3.2. Even if the insurer takes account, when setting rates, of a high, realistic rate it is recommended that the calculation and formation of technical reserves be based on an interest rate which is sufficiently distant from the 'limit of danger'.

3.5.3.3. The Committee therefore considers that:

— it is logical that the maximum rate of interest used in calculating technical provisions may not be higher than that used in calculating the premium, and

— it is no doubt desirable that the Member State of the commitment should be able to lay down, for each currency and after consultation of the other Member States, a maximum interest rate for the investment of future premiums in respect of long-term contracts; this would reinforce the solidity of operations.

3.6. *Article 17*

3.6.1. The Committee considers that the wording of this article is too difficult for it to be applied in practice.

3.6.2. It therefore proposes the following wording instead:

'Assets representing the technical provisions must be invested having regard to the kind of business transacted and the structure of the undertaking concerned, so as to ensure the security and yield of the investment and the liquidity of the undertaking, which will see that its investments are adequately spread and diversified.'

3.7. *Article 22*

3.7.1. In this article, which concerns the solvency margin, subordinated loans are expressly included in the items making up the assets of an assurance undertaking, up to a limit of 25 % of the margin.

3.7.2. The Committee thinks this limit ought to be raised to 50 %, bearing in mind the growing importance of subordinated loans in the financing of mutual insurance societies and the fact that the guarantees are good. The same figure has been adopted for the banking market.

3.7.3. As regards the non-voting securities (such as participation certificates) issued by cooperative and mutual insurance societies, the Committee thinks it is reasonable to raise the limit to 75 % of the margin, for an issue of unlimited duration, and to 50 % for an issue of limited duration.

3.8. *Article 24*

3.8.1. The Member State of the commitment can only prevent the conclusion of a contract if it conflicts with provisions protecting the general good in the Member State of the commitment.

3.8.2. This concept should be made clearer so as to minimise clashes of interpretation between Member States.

3.9. *Article 27*

3.9.1. Contract transparency is essential if policy holders are to be able to pass proper judgment.

3.9.2. The provisions laid down for this purpose refer to minimum information that the insurance company must provide to the policy holder when a contract is concluded and throughout the term of the contract.

3.9.3. If some of this information is basic and obvious, some of it, on the contrary, goes well beyond current laws and practices.

3.9.4. It is therefore essential that these procedures which contribute to market transparency be harmonised.

3.9.5. The Committee considers that the provisions laid down in Article 27 should refer to this more.

3.10. *Article 35*

3.10.1. This article sets out the procedures laid down in the Member State of the branch and/or of the Member State of provision of services.

3.10.2. The interpretation of Article 35(5), particularly when the Member State of the commitment considers that the measures taken by the home Member State are inadequate or are lacking, may be a source of conflicts which will require adequate and immediate co-ordination on the part of the supervisory authorities of the Member States.

3.11. *Article 38*

3.11.1. Every assurance undertaking is supposed to inform the supervisory authorities of its home Member State of the amount of premiums receivable by Member State and class. This information is then forwarded to the authorities of each Member State of commitment.

3.11.2. The Committee thinks it would be useful to insert a clause requiring firms to draw up a trading account and a finanical account for each Member State of commitment.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Regulation (EEC) concerning the affixing and use of the CE mark of conformity on industrial products [1]

(92/C 14/07)

On 28 June 1991 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 Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 9 October 1991. The Rapporteur was Mr Proumens.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee unanimously adopted the following Opinion.

The Committee approves the proposal but feels that a certain number of comments are necessary.

1. Introduction

1.1. The CE mark was conceived in 1985 as part of the 'new approach'. However, at that time, some problems relating to conformity were still unresolved.

1.2. Work continued at sectoral level, and this explains the discrepancies between the nine Directives covered by the present proposal.

1.3. The conditions for granting a CE mark have therefore varied.

1.4. Accordingly, the purpose of the present proposal is to harmonize these conditions and to lay down future rules for granting of the mark, more especially in Article 2.

1.5. The problem is not that there was a lack of co-ordination or examination when the nine Directives were drawn up, but rather that the points taken into account varied according to experience and the type of industrial products.

2. Implementing discrepancies

2.1. Examination of the nine Directives' provisions has revealed discrepancies as regards the affixing of the CE mark.

2.2. The meaning of the CE mark differs from one Directive to another, even though the CE mark always means conformity with the basic requirements and evaluation procedures etc. which underpin the overall provisions of the Directives; however, the provisions themselves vary.

2.3. Responsibility also varies from one Directive to another, resting either with the manufacturer and/or his authorized agent, the person responsible for marketing, or the notified body.

2.4. Thirdly, the CE mark is not always reproduced identically. Its graphic design varies, and identification numbers or numbers giving the year may be affixed.

2.5. These discrepancies naturally cause great confusion and need to be rectified.

3. General comments

3.1. The sole purpose of the CE mark is to show that a product conforms with Community standards and provisions. One of the main aims of these is to ensure a high safety level.

3.2. However, consumers and professional users (particularly, small businesses) may view the CE mark as a quality symbol—which it is not.

3.3. Consumer organizations should be alerted to this fact, so that they can circulate the information among their members. Of course, such information in no way replaces the information which must be provided by producers and distributors.

3.4. However, as the Directives stand at present, there are few industrial products which are likely to generate confusion: the CE mark is generally affixed in a place where the consumer is unlikely to notice it, since it is mainly designed for Member States' inspectors.

3.5. With the exception of Directive 88/378/CEE on toys, the Directives have not yet been translated into

[1] OJ No C 160, 20. 6. 1991, p. 14.

national legislation. Of the remaining eight, only Directive 89/106/EEC on construction products has to be implemented, but not until after 30 June 1991.

3.6. The Committee urges the Commission to consider extending the implementation of the present Regulation to products regulated before the introduction of the 'new approach' in 1985.

This would seem to be the Commission's implicit wish.

4. Specific comments

4.1. *Article 2*

4.1.1. The wording of Article 2(2) should be clarified, at least in a recital. Its present wording is ambiguous, even if it does provide a means of respecting certain Community legal provisions.

4.1.2. Article 2(3) seems inconsistent with Point 18 of the Explanatory Memorandum. Of the Directives under consideration, only 87/404/EEC (simple pressure vessels) and 89/106/EEC (construction products) provide for exceptions, and it appears that these exceptions are not to be modified.

4.2. *Article 3*

4.2.1. Article 3(3) should be amended to read 'to the packaging, where it exists, and/or to the accompanying documents ...'.

4.3. *Article 4*

4.3.1. The Committee considers that Article 4 will generate confusion and distort competition.

4.3.2. Indication of the year may make the consumer or user think that the product is old or even obsolete.

4.3.3. Moreover, the identification number will not appear if the manufacturer has taken responsibility for affixing the CE mark. The omission might lead the consumer to believe that the product is less safe or unsafe.

4.3.4. The administrative needs at the root of this Article could be met by a requirement that the year and identification number be mentioned on all documents (bills, dispatch notes, etc.) accompanying the product.

4.4. *Article 6*

4.4.1. Although Article 6 does not seem likely to apply very widely, the Committee considers that the Commission should specify (perhaps in a recital) that if use of a registered mark that could be confused with the CE mark is prohibited, the holder will still be entitled to compensation.

4.4.2. It goes without saying—but the Commission should nevertheless spell it out—that this provision is to apply equally to products from third countries.

4.4.3. However, problems could arise with regard to legal proof of a mark's registration. The mark should in any case have been registered and/or protected at international if not world level.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Directive relating to the sulphur content of gasoil [1]

(92/C 14/08)

On 28 June 1991 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 Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 9 October 1991. The Rapporteur was Mr Gafo Fernández.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee unanimously adopted the following Opinion.

1. Introduction

1.1. The current Directive is part of the process of approximating the laws on the sulphur content of gasoils which began with Directive 75/716/EEC, as amended by Directive 87/219/EEC.

1.2. The latter Directive reduced the maximum permitted sulphur content from 0,5 % by weight to 0,3 %, whilst providing for the use of fuels with a maximum sulphur content of 0,2 % in areas where the environment or public health required it.

1.3. The Directive has a three-fold objective: protection of the environment, completion of the internal market and the establishment of a long-term reference standard for producers and consumers.

1.4. The environmental protection objective is two-fold. First, to reduce SO_2 emissions, which, whilst responsible only to a limited extent for acid rain, can, however, have a determining influence on where it occurs. Secondly, and perhaps more importantly, to permit the development and manufacture of new diesel engines, capable of complying with the strict particulate emission limits which the Council has approved for 1996 and which cannot be achieved with fuel of current quality.

1.5. With regard to the internal market, the harmonization of specifications is intended to end the dual sulphur content standards for this product; as from 1 October 1994 there will be a single quality standard for the whole of the EEC and future advances will be made in a uniform way throughout the Community.

1.6. Finally, a detailed long-term timetable is to be established enabling oil refineries to undertake the necessary changes to their plant and giving consumers, both industrial and domestic, a precise reference framework to guide them in making the right fuel quality decisions.

1.7. The market for this product can be divided into three distinct segments:

— Automotive gasoil: this accounts for some 50 % of the total. Used in diesel engines of cars, lorries, farm and public transport vehicles. It is estimated that 30 to 40 % is used in urban centres and the remaining 60 to 70 % outside. A large proportion of consumption is therefore directly linked with manufacturing.

— Heating and industrial gasoil: approximately 43 to 45 % of total consumption, which is concentrated on urban areas.

— Marine diesel: approximately 5 to 7 % of total consumption. It is used mainly by the fishing fleet, but also by inland waterway vessels and in the auxiliary engines of large merchant vessels. A large proportion is thus used on the high seas. Diesel currently used on the high seas has a sulphur content of between 0,6 and 1 % weight (the international standard).

1.8. The structure of the Community market is not homogeneous. For instance, the proportion of automotive gasoil to total gasoil consumption is 40 % in the centre and north of the Community, but 60-65 % in countries like the United Kingdom, Italy, Spain and Portugal. The efforts required to reduce sulphur content will thus not be the same throughout the Community.

1.9. Reductions in SO_2 emissions will be relatively modest, possibly around 400 000 tonnes in 1996 and

[1] OJ No C 174, 5. 7. 1991, p. 18.

550 000 tonnes in the year 2000. These figures represent only 3,3 % and 5,5 % respectively of the 12 and 10,3 million tonnes of SO_2 estimated for the Community as a whole in the study entitled Energy 2010.

1.10. However, the reduction in the sulphur content of automotive gasoil will not only cut SO_2 emission by some 300 000 tonnes per year, but, as pointed out above, will also drastically reduce particulate emissions from diesel vehicles (this being the main objective).

1.11. The harmonized Community maximum level of 0,2 % sulphur by weight to apply to heating gasoil from 1994 will cut SO_2 emissions by some 75 000 tonnes per year from 1996, rising to 130 000-150 000 tonnes per year from 1999, when the sulphur content will be further reduced to 0,1 %. However, despite these modest figures, it has to borne in mind that consumption of these products occurs mainly in urban centres with SO_2 emission levels, these being regulated by Directive 80/779/EEC on air quality and sulphur anhydride.

1.12. Finally, lack of precise data makes a similar quantitive estimate for marine diesel impossible, although SO_2 emissions from this source are in any case clearly insignificant.

1.13. Forecasts of the cost of cutting sulphur content show a remarkable spread. The Commission proposal estimates additional costs at between 4,5 and 14 dollars per tonne of gasoil with 0,05 % sulphur, although recent estimates suggest that this lower limit could be twice as high. A preliminary estimate of the additional cost of reducing the sulphur content of heating and marine diesel to 0,1 % is to 4 to 6 dollars per tonne.

1.14. Thus, the total cost of the proposal can be estimated as follows:

— new diesel quality: ECU 600-700 million per year,

— new quality of heating and marine gasoil: ECU 330 to 380 million per year.

1.15. Although the time available for modifying refinery plant to produce the new quality of gasoil is limited, meeting the deadlines (1 October 1994 for the reduction to 0,2 % and 1 October 1996 for the reduction in automotive gasoil to 0,05 %) would seem to pose no problem, provided always that the Council adopts the draft Directive without delay and that Member States enact the necessary legislation forthwith thereafter.

2. General comments

2.1. The Committee welcomes this new Directive which can contribute to protection of the environment and to greater harmonization within the internal Community market.

2.2. The Committee also wishes to stress the usefulness of the long-term reference framework laid down by the Directive. Such a framework is essential given the long periods often required for technological development. The Committee urges the Commission to develop initiatives of this kind wherever possible, to help dispel the uncertainties of manufacturers and consumers.

2.3. The Committee does however regret the late appearance of the Directive. The year's delay beyond the original planned publication date has meant considerable uncertainty for the Community car industry with regard to the development of new engines to be used in conjunction with new fuel qualities.

2.4. The Committee supports the introduction of the new low-sulphur automotive gasoil. The Committee also believes that reduced particulate emissions from diesel vehicles, which are regarded as harmful to health, fully justify the higher cost of the new quality of gasoil.

2.5.1. With regard to, the reduction in the sulphur content of heating, and especially marine, gasoil, the Committee calls on the Commission to carry out as soon as possible in-depth studies into the costs and benefits of reducing the sulphur content of heating gasoils from 0,2 % to 0,1 % by 1999 and to address the question of whether marine gasoil should be included in the scope of the Directive.

2.5.2. The Committee considers such a cost/benefit analysis for heating gasoils to be appropriate in the light of the proportionately modest reduction in SO_2 emissions, which would be achieved — notwithstanding the fact that such gasoils are used mainly in urban centres and the need to reduce the level of SO_2 in such areas. It therefore needs to be considered whether alternative measures, such as more rational fuel use via information, improved boiler [1] efficiency, the thermal insulation of homes or greater use of renewable energy sources could bring about a sharper reduction in emissions at a considerably lower cost.

2.5.3. A similar point could be made in relation to marine gasoil. The reduction in SO_2 emissions achieved

[1] OJ No C 102, 18. 4. 1991, p. 46.

will be insignificant as a proportion of the Community total. Furthermore, ships are generally free to fuel outside the Community, which makes it impossible to check the quality of gasoil in their fuel tanks when they enter the Community; the quality of these fuels is, in any case, regulated by an international standard of the Internationla Organization for Standardization (ISO) which stipulates, *inter alia*, the maximum sulphur content. With regard to the reduction in the level of sulphur in marine gasoil, the Committee urges the Commission to undertake initiatives with a view to securing an international agreement extending beyond the Community and, if necessary, amending the ISO specification.

2.6. Nor can the indirect negative impact of these measures on the environment be neglected. Recent estimates suggest that reducing SO_2 emissions means increasing CO_2 emissions. In the light of the Community's objective of stabilizing emissions of CO_2, these factors must also be taken into consideration. The Committee therefore feels that the Commission should carry out a detailed 'cradle to grave' analysis of the direct costs and external effects of any change in the production structure or quality/composition of products.

2.7. Finally, the Committee feels that, given the relative inelasticity of demand in the short run, tax incentives to accelerate the introduction of the new qualities of automotive gasoil would be inappropriate. However, the Committee feels that from 1 October 1996 the higher costs of manufacturing and distributing these more environment-friendly fuels should be compensated for, at least in part, by adjusting the excise duties levied on these products (ECU 245 per cubic metre minimum for automotive gasoil and ECU 3 per cubic metre minimum for heating oil). This would help spread the benefits of lower SO_2 emissions to the whole of society; a large proportion of these fuels is consumed by the road-haulage and public transport sectors, thus affecting the competitiveness of Community industry as a whole.

3. Specific comments

3.1. *Article 1.1*

The definition of gasoils in this Article is not sufficiently precise; a lower distillation limit needs to be established.

3.2. *Article 2.2*

Given the existing differences between the Member States and the time needed to construct hydrodesulphurization plants, the requirement that 0,05 % gasoil should account for at least 25 % of distribution would seem difficult to meet. It would be better to ensure effectively the availability and balanced distribution of this fuel in all the Mmember States, while leaving the decision as to the quantities consumed to the final consumer.

3.3. *Article 2.3*

3.3.1. The reference to gasoils for ships should be dropped.

3.3.2. Replace the words '0,1 % by weight as from 1 October 1999' with the following:

'The Commission intends to carry out studies to establish whether the maximum sulphur content of heating and industrial gasoils should be reduced to 0,1 % by weight from 1 October 1999. Similar studies will be carried out to establish a harmonized limit for the sulphur content of bunker gasoils.'

3.4. Incorporate a new Article 4a:

'Before the end of 1996 the Commission shall prepare a follow-up report on the application of the Directive which will establish future policy for the maximum sulphur content of gasoil for heating, industrial purposes and shipping.'

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the Report on the Operation of Directive 83/189/EEC in 1988 and 1989 (Prevention of Technical Barriers to Trade)

(92/C 14/09)

On 6 June 1991 the Commission decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the Report on the Operation of Directive 83/189/EEC in 1988 and 1989 (Prevention of Technical Barriers to Trade).

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 9 October 1991, in the light of the Report by Mr Pearson.

At its 290th plenary session (meeting of 30 October 1991) the Economic and Social Committee adopted the following Opinion unanimously.

1. Introduction

1.1. This is the second Report on the operation of Directive 83/189/EEC (and as amended in 88/182/EEC) and concerns the procedure for the provision of information in the field of technical standards and regulations in 1988 and 1989. The Committee gave on 27 September 1989 its Opinion on the first Report which dealt with the years 1984-1987 [1]. Whilst it is realised that the Report is in two Sections—(a) standards (b) technical regulations—this Opinion embraces both subjects.

1.2. The Committee recalls that the procedure set out in the Information Procedure Directive (83/189/EEC) has the prime aim of preventing the creation of new technical barriers to trade within the Community through the provision of a mechanism for the collective scrutiny of draft technical legislation at national level whilst at the same time providing an institutional and procedural framework to facilitate and accelerate standardisation at European level.

1.3. The Committee welcomes the Report but would draw attention to the following comments.

2. General comments

2.1. The Committee understands that in many areas covered by the 'New Approach Directives' (particularly in Construction products) progress in the issue of mandates to the European Standards Organizations—the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (Cenelec)—is behind schedule. This has delayed the completion of the Harmonized European Standards required in the regulatory sector.

2.2. The Committee, from the Report, gets the impression that CEN and Cenelec do not always get the full co-operation or enthusiasm which might be expected from the national bodies within the Member States, although the Committee is equally aware of the Commission document 'Green Paper on the Development of European Standardisation' [2] in which it called for the greater commitment from the members of the CEN and Cenelec. It is important that the stage at which new work should be notified by national bodies should be laid down and made common to all.

There appears to be a lethargy from within the Member States' institutional bodies in response and notification towards both responsible bodies and the Commission. The sense of urgency needs to be emphasized.

2.3. The Report's comments on the operation of the information procedure in 1988 and in 1989 are forthright. The more detailed analyses carried out by the Commission show confusion exists within the parameters in which the statistics are prepared in the Member States and thus these statistics should be approached with caution. Nevertheless it can clearly be seen that a distinct movement has commenced towards work in the international context, whilst at national level the number of new projects started has dropped sharply. The extent to which the standstill arrangements are complied with is however not detailed in the Report.

2.4. The Committee notes that the most frequent objection given in the Commission analysis of its detailed opinions on notified draft technical regulations arises from lack of understanding of the principles of recognition of equivalent technical specifications. Education to remove this misunderstanding needs urgent attention.

2.5. The increase in movement toward international level of new projects makes the quality of notification from National Standardisation Institutions of considerable importance. The Report is highly critical in this area and it would appear that all the items enumerated could easily be made much more efficient by concerned application—for example there seems little excuse for

[1] OJ No C 298, 27. 11. 1989.

[2] OJ No C 20, 28. 1. 1991.

the translations into the CEN/Cenelec working languages 'being incomplete or of poor quality'.

2.6. The Committee would support the Commission very strongly in its proposal that a European Standard Data Bank should be set up as a bibliographical data bank for standardisation activities. This Data Bank should be accessible and available to the national bodies and to all other parties concerned. There is a lack of transparency at all levels of setting or adopting a standard or regulation and this is an aspect that should be attended to.

2.7. The Committee notes that the Report is for 1988/1989 and regrets that it was not possible to include 1990. 1989 was seen as a transitional year: 1990 figures would thus have shown if the improvement in the trend toward acceptance of European Standards was maintained. It is to be expected that future annual reports should be available with little delay at the year end and CEN and Cenelec are urged to co-operate so that this can be achieved.

2.8. Whilst notifications doubled in 1988 and in 1989, more than half came from only two Member States and the great majority of these concerned the foodstuffs industries. This suggests either a lack of co-operation by the large majority of Member States standards Institutions or a lack of knowledge of the requirements of Directives 83/189/EEC and 88/182/EEC. There is uncertainty as to whether standards or regulations considered to be in the environment field are within the scope of Directive 83/189/EEC and are legally notifiable.

2.9. The Committee endorses the Commission request to CEN that it should adopt a procedure similar to that operating within Cenelec as 'Vilamoura'.

3. Specific comments

3.1. The Committee notes that under Article 5 of the Directive 83/189/EEC the Standing Committee has the right to hold at least two meetings each year whereby it is entitled to meet with representatives of the National Standards Institutions. As this Standing Committee does not have any representation from the social partners, the Economic and Social Committee reiterates its previous requests that 'the Social Partners and Consumers are given the opportunity to submit their concerns to these meetings' [1]. This would at least be a step toward the transparency deemed necessary at 2.2 and 2.6 above.

3.2. The Committee again draws attention to the shortcoming in the basic Directive—83/189/EEC—, in that it does not address itself to the barriers to trade which can be created by the loophole in respect of Process and Production Methods (PPMs) for industrial products.

3.3. The Committee shares the concern of the Commission that Member States are very slow to translate the principle of mutual recognition into statutory and regulatory terms and practical application.

4. Conclusions

4.1. Whilst the statistics confirm a sustained increase in the number of notifications recorded since 1984, there were obviously difficulties in the 1989 transitional year when mutual recognition was not operating as had been intended in the absence of published and transposed European standards.

4.2. The Report does not bring out the difficulties of the safeguard clauses which can circumvent or qualify clauses in individual Directives when they are adopted.

4.3. The problem of confidentiality and legal guarantees as included in the Member State security regulations is a matter of concern and the Committee recommends that the Commission set out regulations in a clear manner to enable clearer understanding for commercial operators.

4.4. The Committee emphasises how vital the proper functioning of this Directive is in the context of the Single Market and stresses the need for sufficient human and financial resources to be available to the Commission to achieve that.

4.5. There appears to be considerable scope for closer operating cohesion between the Commission, CEN/Cenelec and the Member States [and the European Free Trade Association (EFTA)] Standards Institutions: with only one and a half years before the deadline for the completion of the internal market this is a cause of grave concern.

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[1] OJ No C 298, 27. 11. 1989, p. 20.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Regulation (EEC) introducing specific measures in respect of certain agricultural products for the benefit of the French overseas departments [1]

(92/C 14/10)

On 28 June 1991 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 10 October 1991. The Rapporteur was Mr Ovide Etienne.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee adopted the following Opinion nem. con. with one abstention.

1. Introduction

1.1. The Commission proposal marks the first implementation of the Poseidom programme which was approved by the Council in December 1989 and welcomed by the Committee [2]. Its purpose is to provide a framework Regulation for agricultural measures under this programme to be financed by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF).

1.2. The proposed measures form a coherent whole, are significant in financial terms and, backed by regional and national measures, appropriate to the structural difficulties besetting agriculture in the French overseas departments (OD).

1.3. Virtually all the measures have been urged for several years by farmers' and political representatives of the OD.

1.3.1. There is every reason to believe that the various provisions contained in the draft Regulation will be applied widely and effectively.

1.4. Specifically the measures concern supplies of cereals, the development of livestock farming, the improvement of animal and plant health, encouragement for the production and marketing of fruit and vegetables, plants and floricultural products and support for the cane/sugar/rum sector.

2. General comments

2.1. Several of the proposed measures need defining more precisely in the light of the specific character of agriculture in each of the OD.

2.2. Three criticisms may be levelled:

a) The criteria for aid eligibility should be listed in the framework Regulation so that the potential impact of each measure can be assessed, including in financial terms.

b) The duration of the aid. The effect of the measures will only be felt over the medium or long term. It should, however, be possible to amend the implementing arrangements for two reasons:

   — to ensure that the aid remains fair,

   — to adjust the Community measures to the actual situation of agriculture in the OD.

c) The need for results. Implementation of the measures provided for in the framework Regulation must stimulate production and market performance and not allow farming to become aid-dependent.

   As performance is measurable, Community financing must be linked to an obligation to achieve results and to lay down procedures for checking them.

3. Specific comments

3.1. A close watch must be kept on the timetable for the implementation of the measures.

3.2. Any delay in implementing the Regulation will penalize the already severely handicapped farmers of the OD.

3.2.1. This applies to the organization of production and the local markets, as well as to the acquisition of new export outlets.

[1] OJ No C 149, 8. 6. 1991, p. 6.
[2] OJ No C 159, 26. 6. 1989, p. 56.

3.2.2. Furthermore, the provisions laid down in Article 19 should establish a dynamic link between the creation of a graphic symbol and product quality.

3.3. Without delaying approval of the Regulation, some drafting amendments are called for in respect of Articles 2 and 5 and some comments on Articles 4, 6, 12 and 14 and Title IV.

3.3.1. *Article 2*

The Committee proposes that the second paragraph read as follows:

'In the absence of supplies from, in the first instance, the overseas countries and territories or from the African, Caribbean and Pacific States (ACP), the levy exemption for cereals may be extended to supplies from other third countries.'

3.3.2. *Article 5*

The Committee proposes that this Article be drafted as follows:

'Aid shall be granted to encourage the fattening of cattle, within the limit of the consumption needs of the OD assessed on the basis of data provided by the French authorities.

Such fattening aid represents a supplement of ECU 40 per head to the special premium provided for in Article 4a of Regulation (EEC) No 805/68; the supplement may be granted in respect of an animal of a minimum weight to be determined in accordance with the procedure laid down in Article 8.

Acting on proposals from the appropriate trade organizations, the French authorities shall fix a minimum threshold for the number of animals per farm qualifying for the premiums.

This threshold may be updated in the light of the results obtained in the implementation of this measure.'

3.3.3. *Article 4*

It must be possible to adjust the terms of the aid for the supply of breeding animals over the course of time so as to have some control once the major needs have been satisfied.

3.3.4. *Article 6*

It should be clearly stated that this concerns fresh dairy products for human consumption; a list of such products should be drawn up in a Commission Regulation.

3.3.5. *Article 12*

Bearing in mind the structure of land ownership in the West Indies and Réunion, it should be clearly stated that the minimum area of 0,5 ha must be all in one block.

3.3.6. *Article 14*

Vigilance is needed as to the type of economic operator and as to when the volume transactions by product and destination were carried out.

3.3.7. *Title IV*

For this measure to be effective and not lose its way, implementation of the agro-industrial modernization and farm mechanization programmes must be speeded up.

3.4. The set of measures provided for in the framework Regulation must be backed up by:

a) training [European Social Fund (ESF)];

b) investment (EAGGF — Guidance) so as to ensure the smooth development and integration into the EC of OD agriculture.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the Commission Communication on: 'Towards Trans-European networks—For a Community action programme'

(92/C 14/11)

On 27 March 1991, the Commission decided to consult the Economic and Social Committee under Article 198 of the Treaty establishing the European Economic Community on the Communication entitled: Towards Trans-European Networks—For a Community Action Programme.

The Sub-Committee on Trans-European Networks, which was set up under Article 17 of the Rules of Procedure in order to prepare the Committee's work on the subject, adopted a draft Committee Opinion on 9 September 1991. The Rapporteur was Mr Vasco Cal.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee adopted the following Opinion by a large majority with 9 abstentions.

1. Introduction

1.1. The need to establish and develop trans-European networks is becoming more and more evident as measures to complete the Single Market progress, intra-Community trade increases, economic factors become more mobile, and as economic operators take steps in anticipation of the effects of the free movement of people, goods and services scheduled for 1993.

1.2. The European Council launched the global appraoch to the matter in December 1989 and it was the subject of a Council Resolution issued on 22 January 1990 which invited the Commission 'to submit... a work programme and proposals for appropriate measures'.

1.2.1. The Commission published a Progress Report in August 1990 and a Communication on an Action Programme in December of the same year, following extensive consultations with business and Member State representatives.

1.2.2. The draft Resolution currently being discussed by the 'Internal Market' Council of Ministers, and the proposed new chapter on trans-European networks being debated at the Inter-Governmental Conference on Political Union, both acknowledge the fact that such networks are necessary for achieving an area without internal frontiers, particularly in the transport, telecommunications, energy and vocational training sectors.

1.3. The shortcomings of existing networks stem from the fact that in the past networks were set up at national level and linked up afterwards.

1.3.1. In many cases the consequences of the policies then being pursued could not be anticipated (traffic saturation, environmental problems, decline in infrastructure investment).

1.3.2. Different technical standards, regulatory frameworks and tariff procedures, together with missing links, bottlenecks and stretches of network not yet constructed, all currently make it difficult to operate genuinely trans-European networks.

1.4. The role of the European Community is crucial to a global, integrated approach to trans-European networks, so that we can frame a strategy tailored to the new geographical, economic and environmental dimensions. We must advance beyond the present stage, where some sectors lie outside Community jurisdiction or are left to co-operation between Member States.

1.4.1. The completion of the internal market, the establishment of the EC-European Free Trade Association (EFTA) European Economic Area, and relations with the countries of Eastern Europe, all bring a need to rethink the operation of existing networks and to devise new approaches to investment. The aim must be to modernize European infrastructure, use it more efficiently, renew plant, and improve working conditions and vocational training provision.

2. General comments

2.1. The areas covered by trans-European networks should be determined on the basis of objective information, in as comprehensive a manner as possible,

without excluding any sectors necessary to completion of the internal market, and bearing in mind the need to link up the outlying regions of the Community with the more central regions.

2.1.1. In the transport sector the following should be included:

— a Community motorway network, currently being studied by the Committee on infrastructure (this means taking account of road networks of Community interest),

— high-speed rail links: key link-ups for study have already been identified (not forgetting the transport of goods by rail),

— the European combined transport network, by rail, road, sea and inland waterway,

— the sea and coastal shipping network, including ports and port infrastructures (taking account of their importance for the Community's islands and outlying regions),

— the European network of air-links, including air traffic control, airport infrastructures and the link-up to rail and road networks,

— the system of pipelines.

2.1.1.1. Still in the transport sector there is also a need to develop pan-European standards with specifications for containers, pallets, lorry weights, road quality and capacity, rail loading gauges, safety, environmental impact, and the effect of transport architecture on the landscape. New information technologies should also be used to improve traffic management.

2.1.1.2. Analysis of the transport sector should take account of all modes of transport on the basis of a multi-modal, integrated approach, so that advantage can be taken of the resulting synergies.

2.1.2. In the electricity sector, more secure supplies, optimum use of production capacity and more rationalized investment in production structures are all objectives requiring a) development of Europe-wide electricity grids and b) measures to overcome problems caused by incompatible standards and techniques; this should encourage more flexible network load management.

2.1.2.1. In the natural gas sector, help is needed to set up national grids in Member States and regions which do not yet have these, so as to ensure that all Member States are linked to the rest of the European network, to improve the safety and reliability of the network, and to diversify outside supply sources (USSR, Norway, the Maghreb nations).

2.1.2.2. The Commission should also consider the case for contributing to the creation, interconnection and development of national and trans-European water networks (rivers, canals, aqueducts) for use in industry, agriculture and population centres.

2.1.3. In the telecommunications sector, trans-European electronic data transmission systems need to be set up to secure a) interconnection between existing national systems and b) technical, administrative and commercial interoperability between these systems, with the drafting of standards and conditions for the future broadband telecommunications network and the integrated services digital network.

2.1.3.1. Priority must be given to the establishment of telematic networks, linking national administrations and the Commission, in all areas affected by the elimination of internal border checks. Steps must also be taken to ensure that the necessary statistics are compatible.

2.1.4. For vocational training, networks must be set up to interconnect Member States' training institutions to allow the exchange of training programmes, worker mobility, the creation of data banks concerning training courses to facilitate recognition of professional qualifications and enable training companies to communicate partnership requests, and lastly, complementarity of training measures. Less experienced institutes can thus benefit from the know-how built up at Community level.

2.1.4.1. Linkage of vocational training networks, the setting-up of an audio/video library of the material produced by training staff concerning the impact of the internal market in the different regions, and interlinkage with the BC-Net [1] and Euro Information Centres, will all improve vocational training prospects and help tailor them more closely to requirements.

2.1.4.2. Vocational training is a vital part of trans-European networks.

[1] BC-Net: Business Cooperation Network.

2.2. In the past few years, Community funding has focused on support for infrastructure investment and programmes of Community interest; this has had a direct impact on some networks but the effects have been limited because measures have had to cover a large number of projects and have had relatively modest funding.

2.2.1. A global, integrated and multi-modal approach is required, with proper terms of reference. Investment risks will thus be reduced; Community, national and regional measures will be more effective; and due account can be taken of long-term needs.

2.2.2. The Commission's proposal to draw up blueprints for trans-European networks in conjunction with interested parties is a first step towards avoiding the costs incurred because of the failure to consider compatibility and interconnection problems right from the design stage.

2.2.2.1. Community funding of feasibility and environmental impact studies for clearly defined projects could be decisive in helping less-developed regions to overcome budgetary constraints and in identifying projects of European interest.

2.2.3. The possibility of declaring projects to be of European interest (as already done for transport infrastructures) will help reduce uncertainty as to their completion, facilitate access to funding and improve administrative coordination of their implementation.

2.2.4. To ensure that trans-European networks are properly thought out, using experience built up at national level, a trans-European system/network should be set up comprising research institutes and centres involved in forecasting, analysis and multidisciplinary studies, which could coordinate their work if provided with adequate resources and well-defined terms of reference.

2.2.5. The Commission should consult the interested parties (employers' and employees' representatives and local and regional authorities) when drafting the blueprints and the declarations of European interest, i.e. before any decisions are taken.

2.2.5.1. These procedures will significantly alter the current decision-making and consultation process within each Member State; they will only be successful and relevant to actual circumstances if the Community-wide consultation process is more open and transparent and if there is more widespread involvement at all levels (local, regional, national and EC). Steps must also be taken to ensure that completion schedules are respected, so that the overall coherence of the networks is not jeopardized by delays in certain parts of them.

2.2.5.2. Socio-economic groupings are the first to recognize that coordination and compatibility at 'higher' levels mean greater efficiency; this does not detract from the fact that responsibility for implementation of measures should remain at the level which offers the best balance between costs and benefits, and which can best ensure that account is taken of the interests of each region.

2.3. All operators and users of trans-European networks are conscious of the need to accelerate technical harmonization and standardization processes.

2.3.1. Advancement of the programmes is impeded by a combination of budgetary constraints, drafting procedures for standards which, although voluntary, require a constant search for consensus, and the permanent antagonism between innovation and standardization (particularly in the technologically most advanced sectors).

2.3.2. There is a need to secure network inter-operability and to ensure that compatibility problems are addressed at the design stage of new projects, taking account of trends and standards applying in other regions of the world. These factors warrant more Community intervention in this sphere, without detracting from the direct responsibilities of the operators.

2.3.3. One point to highlight is that in some cases, network compatibility problems have been, or are being, solved; however, compatibility problems in networks where the public sector is dominant have proved more intractable. This means that if there is a political will, it is possible to speed up moves to achieve compatibility and overcome any problems created by the prevalence of particular interests.

2.4. In the debate as to whether the networks should come under Community jurisdiction, the question of funding has become a key issue.

2.4.1. Most networks operate as a public service, and this is reflected in the way they have been managed. Budget restrictions over the past few years have led to sharp cuts in investment while use of the infrastructures has increased, widening the gap between requirements and capacities.

2.4.1.1. On some networks, income derived from a 'technical monopoly' situation has secured self-financing for some projects, including some required under the public service obligation.

2.4.1.2. Good management is vital for the smooth operation of networks; it also provides a guarantee for profitability of new projects, without losing sight of the fact that in some cases it is easier, faster and cheaper to improve the management of current networks (by adding to them and interconnecting them) than to build new networks parallel to existing ones (except in cases of significant technological improvement).

2.4.2. In this connection, the fact that the Commission document refers solely to the financial viability of projects is a source of concern.

2.4.2.1. In fact, feasibility studies should be carried out in an integrated fashion—taking account of a project's contribution to the coherence and completeness of the whole network, its respect for the environment and for user safety, its long-term prospects and contribution to the completion of the internal market, and considering the overall structural impact of the networks on the sectors involved and on the balanced development of the less-advantaged regions.

2.4.3. Although public authorities have certain responsibilities for establishing and developing trans-European networks, private funding must also make a major contribution.

2.4.3.1. For private finance sources, the use of blueprints, feasibility studies, consultation of socio-economic groups, declaration of European interest and, possibly, joint funding schemes in conjunction with national and Community budgets, can all help reduce investment risk.

2.4.4. Financial engineering should be used to cover financing needs which cannot be adequately met by the market [1].

2.4.4.1. To encourage the participation of private capital in the large-scale projects, the Community must be able to (a) show that a project is viable, (b) demonstrate that it supports it politically, and (c) facilitate the contribution needed from own resources.

2.4.4.2. The EC's contribution to the initial financing could take the form of a budgetary contribution, a loan of the European Investment Bank (EIB) granted from own resources, or loans secured from the Community's financial capability.

2.4.4.3. The distribution of risks among the parties involved in the setting-up of the funding operations must not be such as to jeopardize the Community objectives of the projects being funded.

2.5. The sums involved in the overall funding of trans-European networks are so large that the Community's contribution will always be subsidiary; it will, however, have an important role to play as catalyst and its contribution will be relatively higher in those Member States with fewer budgetary resources.

2.5.1. Funding requirements vary from network to network and even from project to project within the same network. Links between more developed regions where there is already a demand are normally more profitable in the short term and pose fewer funding problems. In the less developed regions, however, potential short-term profitability and access to funding are more problematic.

2.5.1.1. A distinction must be drawn between projects which can be self-financing and those which will need a greater or lesser public contribution. Among this second group, it must be decided which Member States genuinely need EC financial support.

2.5.1.2. Although they are an integral part of moves to complete the internal market, networks must also contribute to the development of peripheral regions by improving access to central regions and boosting economic and social cohesion.

2.5.2. As part of the review of the post-1992 financial perspective, the Community should ensure that it has the financial means necessary to provide significant momentum to the establishment and development of trans-European networks. It is vital that adequate funding be made available at EC level, and that close links are established with the European Investment Bank and private finance institutions. The establishment of a fund specifically for trans-European networks is therefore of

[1] See the Commission paper on Financial Engineering [Doc. COM(86) 723 final of 15 December 1986].

crucial importance for implementing projects warranting Community support.

2.5.2.1. The Community's contribution should be commensurate with its ambitions for the networks and for economic and social cohesion.

3. **Specific comments**

3.1. The Commission Communication contains a set of priority projects; however, these are only examples of what needs to be done and the list is not exhaustive. The Commission only mentions a few of the projects for which there is sufficient technical information. (The list gives a distorted picture of the situation in Europe as a whole.)

3.1.1. The examples put forward are useful but do not constitute a sufficiently comprehensive basis for taking decisions.

3.1.2. Such decisions should be based on the procedure provided for this: draft blueprints to be extensively discussed with interested parties, economic, financial and feasibility studies, and decisions on the declaration of European interest.

3.1.3. Moreover, the role of the Economic and Social Committee should be clearly established in the consultation process at Community Institution level.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Regulation (EEC) establishing a support system for soya beans, rapeseed and sunflowerseed [1]

(92/C 14/12)

On 12 September 1991 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 10 October 1991. The Rapporteur was Mr Mantovani.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee adopted the following Opinion with no votes against and 4 abstentions.

1. In framing this Opinion, the Committee has borne in mind:

a) the conclusions reached in December 1989 by the panel of the General Agreement on Tariffs and Trade (GATT) which, in the case of oilseeds, advocate:

   — the principle that 'imported products shall be given treatment no less favourable than that accorded to like domestic products in respect of all regulations affecting their internal purchase' [2],

   — consideration by the Community of 'ways and means to eliminate the impairment of its tariff concessions for oilseeds' [2],

   — modification, to this end, of Community regulations on oilseeds in the light of Article III.4 of the GATT [2];

b) the Commission's two Communications to the Council, on 1 February and 11 July 1991, concerning the development and future of the common agricultural policy (CAP) [3]. These advocate:

   — a narrowing of the gap between EC and world prices in the cereals, oilseeds and protein crops sectors,

   — compensation for loss of income, by means of aid per hectare paid directly to the producer;

c) the proposal now under consideration, which advocates:

   — a projected reference price of ECU 163 per ton, based on the world market price,

   — aid per hectare of ECU 384 for all oilseeds (soya, rape and sunflower), designed to compensate the income lost as a result of the drop in price. This aid would vary on the basis of a regionalization plan, and would be bigger in high-yield regions. It would be paid directly to the producer, rather than (as hitherto) to the processor,

   — a balance between support for oilseeds and cereals based on a price ratio of 2,1: 1, to avoid encouraging procedures to opt for one crop rather than the other,

   — a system of maximum guaranteed areas: if the area planted to oilseeds exceeds the maximum guaranteed area, the premium per hectare would be reduced by 1 % for each 1 % overshoot.

1.1. Hence, rather than opting for a proposal which, while respecting the GATT panel's conclusions, introduces temporary regulations pending a decision on the reform of the sector as proposed by the Commission's paper COM(91) 258 final, the Commission has preferred a definitive regulation giving concrete form to measures which are still the subject of evaluation and debate.

2. The Committee is mindful that the Commission had to

a) respect the conclusions of the GATT panel;

b) seize the opportunity to encourage extensification of production, on account of its economic and environmental aims;

c) encourage growing on contract (boosting the role of producers' associations).

However, the Committee considers that the proposal has too many negative aspects; notably the following.

(1) OJ No C 255, 1. 10. 1991, p. 8.
(2) Points 155, 156 and 157 of the GATT panel's conclusions (reproduced on page 9 of the Commission proposal).
(3) Commission documents COM(91) 100 final and COM(91) 258 final.

2.1. If, as proposed, the regulation is to take effect from the 1992/1993 marketing year, the market balance between oilseeds and cereals could shift in favour of the latter; cereals will become more attractive, as the guaranteed price system will remain in force.

2.2. The obligation to sow seed by 30 April [Art. 2(2)] has agronomic implications for a number of crops: some seed varieties can be planted after this date.

2.2.1. A second harvest of soya would no longer be economically attractive, and total earnings would fall significantly.

2.3. The Committee recommends diversification by seed variety for the purposes of per hectare aid calculations. The exceptional procedure under Article 4(5) should therefore be deleted.

2.4. The reference to the average cereal yield which forms the basis for calculating regionalized aid [Art. 4(3)] would lead to different levels of aid, since regional productivity varies. In the less advantaged regions where average productivity is lower, aid per hectare would also be lower. In the more productive areas, the reverse will be the case. Aid per hectare will therefore not help to iron out regional imbalances in income.

2.4.1. The Committee is of the view that provision should be made by proposals to deal with a situation where prices in one region of the Community fall significantly below the average Community price.

2.4.1.1. It is of the view that some form of regional price safeguard is vital.

2.4.1.2. The Committee therefore favours regional price monitoring which would mean that if the average price paid in a region during a season is lower than a given percentage of the world market price as calculated by the Commission, an additional compensatory payment could be made.

2.4.2. It is also possible that the fixing of reference prices at the same level as world prices will lead to a further drop in the latter, with an ensuing drop in earnings.

2.5. It is too costly to producers to ignore possible price variations of less than 8 % of the Projected Reference Price [Art. 4(4)], when making the final calculation. In the Committee's view, the limit could be 2 or 3 %.

2.6. Fixing the maximum guaranteed area for soya beans at 509 000 hectares [Art. 7(1)] penalizes this crop, as the average area under soya over the last few years has been over 600 000 hectares.

2.7. The reduction of the aid per hectare by a corresponding number of percentage points when the maximum guarenteed area is exceeded [Art. 7(2)] is too burdensome. The Committee considers that the reduction should be significantly less.

2.7.1. The Committee believes that care must be taken to ensure that the proposals to pay aid only in respect of land which was in arable production or in set-aside in the base years 1989/1990-1990/1991 does not disqualify producers from receiving area payments on crops planted this autumn.

3. Conclusion

3.1. While acknowledging the autonomy of the draft Regulation, *inter alia* having regard to the GATT decisions, the Committee notes that it establishes a support system for oilseeds based on criteria laid down in the Commission Communication of 11 July 1991 [Doc. COM(91) 258 final], and considers that no decision can be adopted until the reform policy outlined in the Communication has been implemented.

3.2. At all events, the Committee feels that the negative aspects of the proposal are significant enough to oblige the Commission to radically revise and improve it.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Regulation (EEC) on the type-approval of two or three-wheel motor vehicles

(92/C 14/13)

On 26 April 1991 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 Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 10 July 1991. The Rapporteur was Mr Bagliano.

At its 290th plenary session (meeting of 31 October 1991) the Economic and Social Committee adopted the following Opinion by 57 votes to 30, with 3 abstentions.

1. Introduction

1.1. The Committee agrees with the purpose of the proposal, which is to harmonize the type-approval rules governing the manufacture of mopeds, motorcycles and motorized tricycles.

1.2. Harmonization will meet the needs and expectations of the industry and be of undeniable benefit to consumers and users.

1.3. In the run-up to 1992 the harmonization of the technical regulations in force in the Member States will put the industry in a better position to compete with Japanese industry, which enjoys all the benefits of a single standardized market with few manufacturers and a high level of product and component standardization.

Even though Japanese industry leads the world in the 250 cc plus class, one should also not underestimate the danger of Japanese competition in the Community in the 50 cc and above class, where it already supplies 70 % of the market.

1.4. The Community's industry (manufacturers and assembly plants) consists of about 50 units employing a workforce of just under 200 000 (either directly or indirectly).

1.5. Mopeds with an engine capacity of less than 50 cc account for 70 % of the Community market.

Production, which totals some 1,5 million vehicles, is mainly concentrated in the south of the Community (40 % in Italy).

2. Content of the proposal

2.1. The proposal concerns the administrative formalities for the type approval of both vehicles and components, together with the technical specifications needed to meet safety and environmental standards.

2.2. This proposal for a framework Regulation will be followed by 24 specific Regulations concerning safety (brakes, lighting, rear-view mirrors, etc.) and environmental standards (noise, emissions).

2.3. The Regulation expressly excludes vehicles already in circulation on the date of its entry into force [Art. 1(1)].

3. Comments

3.1. The Commitee agrees that Member States should be able to introduce a second category of mopeds. It also thinks that the 'motor-assisted bicycle' category to be found in a number of Member States must be able to be maintained since this category does not differ appreciably from bicycles and caters for a growing need, especially amongst older consumers.

3.2. The link between low speeds and safety, which the Commission seems to be hinting at in making provision for a review after three years (which is to be submitted to the Council and the European Parliament but also—it is to be hoped—to the Economic and Social Committee), cannot be regarded as significant. Statistics do not indicate any appreciable differences in the numbers of deaths and injuries between countries with only one category and those where there are two (or even three as in the case of Germany).

3.3. In addition, since it takes a long time to collect and disseminate such statistics, it is unclear on what basis the Commission will be able to conduct its review after three years.

3.3.1. Furthermore, so that Communtiy harmonization (welcome though it is) does not have a devastating effect on some Member States' industries, the Committee considers that automatic transmissions and

weight limits must be added to the derogations for mopeds during the transitional period included in Article 14(4)(a).

3.3.2. The derogations in Article 14 should also cater properly for small production runs, for specialist builders and for the 'personalizing' of machines by enthusiasts.

3.4. On the question of the planned 24 Regulations, the Committee recommends that the rules and implementing provisions be reduced to an absolute minimum, bearing in mind that the majority of Member States apply less stringent provisions.

3.5. With regard to the environmental aspects (pollution and noise), the Committee, while being convinced that progress must be made, recommends a step-by-step approach. This should take account of the time needed by the industry to adjust, for the industry is already committed to cutting costs and improving efficiency in order to withstand Japanese competition.

4. Conclusions

The Committee endorses the proposal's purpose and regulatory provisions though the checks and specifications, which are to be more numerous and more complicated than hitherto, will require the industry making a special effort to adapt, in the interest of both individual users and the public in general.

This effort will be offset, to a greater or lesser extent, by the simplification of the type-approval procedures, and it is with this in mind that the Committee gives its encouragement to the Commission.

Done at Brussels, 31 October 1991.

The Chairman
of the Economic and Social Committee
François STAEDELIN

APPENDIX

to the Opinion of the Economic and Social Committee

The following amendments, which received at least one quarter of the votes cast, were rejected in the course of the discussion.

Page 3, point 3

Replace Corrigendum (3.1) by the following (3.1 to 3.8):

'3. Comments

3.1. The Commission acknowledges that 'the greatest problem to be solved is that of defining mopeds'.

The reference criteria are cylinder capacity and maximum design speed.

Article 1(2) of the proposal lays down a cylinder capacity not exceeding 50cm^3 and a maximum design speed of not more than 45 km/h for mopeds.

Since most of the Member States have adopted a maximum design speed of between 40 and 50 km/h, this definition is entirely acceptable.

3.2. A problem arises with Article 14(3) which 'allows' Member States to maintain or introduce a second moped category for a transitional period subject to review.

3.3. The Committee realizes that this provision was introduced to take account of the existing situation in certain Member States.

This category accounts for 7% of the Community market.

3.4. It is generally considered contradictory to permit exceptions in harmonization legislation, unless the derogations and exemptions in question are temporary and therefore subject to clear-cut deadlines.

In principle, harmonization involves adjustment costs for all, or nearly all, the Member States and the burden which these impose (on the most disadvantaged country) shall be taken into account in a broader, i.e. 'Community', context.

3.5. The retention or introduction of a second, lower category (sub-category) has implications for taxation (exemption or reduction), insurance, administrative requirements (licence not obligatory), registration (age limits), and safety (crash-helmet compulsory/optional).

Thus, a 'sub-category' enjoying certain privileges or advantages with regard to use, can artificially distort the market to the detriment of the higher category which is subject to strict rules designed to protect the consumer, the community and, even, the general interest.

3.6. The consequences for supply are therefore no less important than the effects on demand.

The industry is opposed to the introduction of a sub-category which would affect the design and manufacturing process because of the differences between the finished products and their components (e.g. carburettors, exhausts, cylinders).

Competitiveness is highly dependent on the degree of standardization and uniformity, the resultant economies of scale and the technological synergy of the production process.

By contrast, product and model differentiation increases both production and after-sales (spare-parts) management costs.

3.7. Thus, the splitting of the market would entail a division of production, which is already highly sub-divided by comparison with the Japanese industry with its single category and large, homogeneous internal market.

3.8. Moreover, whilst provision for a second, temporary category to take account of the existing situation in three Member States may be understandable, the proposed harmonization objectives make the introduction of such a category (where none already exists) illogical, inconsistent and unacceptable.

A lower category would always lack adequate infrastructural back-up (cycle-tracks) and would therefore mean that vehicles with very different maximum design speeds would use the same roads.'

Reasons

This amendment reinstates the original Opinion; the 8 points—all cancelled by the amendment adopted by the Section—represent a realistic statement of the problem based on incontrovertible production and employment data.

The difficulty with the definition of 'mopeds' is the number of categories. At the moment there are:

— a single category (cylinder capacity not exceeding 50cm^3 and a maximum design speed of not more than 45 km/h) in nine Member States, including France, Italy and Spain (Commission's preference, though it will accept a second, temporary category),

— two categories (the lower covering mopeds with a maximum design speed of 25 km/h) in Belgium and Holland),

— three categories in Germany.

A single category is preferred on industrial (economies of scale, design costs, standardization of spare parts and components) and commercial grounds, i.e. for competitivity reasons.

In Germany, where there are three categories, moped sales declined from 390 000 in 1980 to 53 000 in 1989.

The total current (1990) sales figure of 1 350 000 includes only 95 000 low-performance models (20-25-30 km/h) and two-thirds of these were produced 'reluctantly' by the 'Mediterranean' industry (as the Commission itself calls it). This means that mopeds having a maximum design speed of between 40 and 50 km/h account for 93% of the market.

The reasons for the introduction of sub-categories are no less important. For example, the market shrank by between 30% and 60% in the year immediately following the compulsory introduction of crash-helmets.

The less stringent requirements in matters of safety (crash-helmet optional) registration and insurance (licence and insurance optional) and other advantages (taxation) are the only reasons for the (limited) demand for low-speed mopeds (7% of the total) which exists in certain areas.

The consumer's true interests do not lie in this direction.

Nevertheless, the original Opinion—and this amendment which reinstates it—take account (3.8) of the existing situation in certain Member States and do not therefore oppose the Commission's proposed temporary solution.

(The Commission could provide for certain exceptions and/or exemptions in respect of particular mopeds in one of the forthcoming 24 specific Regulations. Whilst it proved impossible to reach a fair compromise along these lines in the Section, it is to be hoped that this will eventually be achieved, as most of the Study Group wished and continue to wish.)

On the other hand, it seems entirely logical to rule out the introduction of a sub-category (Art. 14) where none exists at present. The coming years will be characterized by increasing internal and international competition and, from the cost standpoint, competitivity can be achieved only by ensuring adequate production runs and a homogeneous market. These conditions are already amply satisfied in Japan.

Fragmentation of the European market would weaken the Community industry which currently employs some 190 000 in 50 production and assembly plants.

The Commission's perfectly proper attempts to achieve harmonization must not run counter to the general economic and social interests of the Community.

Voting

For: 37, against: 61, abstentions: 5.

The following members, who were present or represented, supported the amendment.

Mr/Mrs: Abejon, Andrade, Arena, Bagliano, Beltrami, Bento Gonçalves, Bernabei, Vasco Cal, Cassina, Cavaleiro Brandão, Colombo, Decaillon, D'Elia, Forgas i Cabrera, Frandi, Freeman, Frerichs, Gaffron, Giatras, Giesecke, Gomez Martinez, Gottero, Liverani, Löw, Machado von Tschusi, Margalef Masia, Pellarini, Petersen, Robinson, Romoli, Sala, Santillan Cabeza, Silva, Solari, Velasco Mancebo, Vidal, Zufiaur Narvaiza.

The following members, who were present or represented, opposed the amendment:

Mr/Mrs/Miss: Barrow, Beale, Berns, Bleser, Boisserée, Bredima-Savopoulou, Chevalier, Christie, Connellan, van Dam, Delorozoy, De Tavernier, van Dijk, Donck, Douvis, Draijer, Dunkel, Elstner, Etty, Eulen, Gardner, Ghigonis, Giacomelli, Groben, Hagen, Hilkens, Hovgaard Jakobsen, Jaschick, de Knegt, Lappas, Larsen, Little, Lustenhouwer, Maddocks, Mayayo Bello, Mc Garry, Meyer-Horn, Mobbs, Moreland, Morris, Muñiz Guardado, Nielsen, B., Nielsen, P., Nierhaus, Noordwal, Ovide Etienne, Pardon, Pavlopoulos, Petropolous, Pricolo, Quevedo Rojo, Sauwens, Schmidt, Schnieders, von Schwerin, Smith, Stokkers, Tukker, Wagenmans, Whitworth, Wick.

The following members, who were present or represented, abstained:

Messrs: Black, Kazazis, Laur, Pearson, Tixier.

Page 3, point 3

Add the following to point 3:

'Moreover, in the case of low-performance mopeds—including those consisting of a normal bicycle and an auxiliary motor—the Committee recommends that, subject to ensuring a minimum level of safety, the stringency of the provisions be adapted and tempered to take account of the technical characteristics of this type of vehicle.'

Reasons

Should the original Opinion be readopted—as the Study Group has proposed to the Industry Section—then this amendment is intended to take account of the comments made by some members, albeit without depriving the Opinion of its well-planned and reasoned structure.

The Opinion would thus become more complete, while retaining a reasonable balance and the Committee's traditional objectivity.

Voting

For: 31, against: 36, abstentions: 17.

Opinion on Lone Parent Families

(92/C 14/14)

On 25 April 1991 the Economic and Social Committee, acting under the fourth paragraph of Article 20 of the Rules of Procedure, decided to draw up an Opinion on Lone Parent Families.

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 11 October 1991. (The Rapporteur was Ms Slipman.)

At its 290th plenary session (meeting of 31 October 1991), the Economic and Social Committee adopted the following Opinion by a majority vote with 2 abstentions.

1. Introduction

There has been a growth in the numbers of lone parent families in most countries within the European Community, with the most marked increase being in the northern countries. No country has a coherent strategy or policy framework towards lone parent families. At best a series of ad hoc measures have been adopted in response to their growth, combined with an underlying reluctance to take any measures that could be seen as contributing to a further growth in numbers, and a hope that the trends will be reversed. The ESC believes that lone parent families as a group now face considerable disadvantage and exclusion and that action should be taken within the European Community to address the problems of such families, within the general context of already developed equal opportunities and family policies and programmes, to ensure that lone parents and their children have full and equal access to such programmes. The principle upon which the EC should formulate policy is that all families should have equal access to social participation, analyzing the public investment requirement upon families' private economic and other resources.

A Report produced for the Commission in January 1989 found that it is generally difficult to compare the measurement of lone parent families between Member States, as each Member State employs slightly different criteria which diverge from the norm outlined below [1], nevertheless as a rough measurement it concluded that the percentages of lone parent families amongst families with children are as follows:

14 %	Denmark, UK
12-13 %	Germany [2], France
10-12 %	Belgium, Luxembourg, Netherlands
5-10 %	Spain, Ireland, Portugal
5 %	Greece

[1] The standard definition of a lone parent family is of a parent living without a partner, with unmarried children and either living alone or with others.

[2] Statistics relate to FRG.

The Report tentatively concluded that at least 10 % of families with children within the EC are lone parent families. This figure is now out of date and we would have expected it to have grown over the past five years.

2. Trends

The major growth in lone parenthood has resulted from separation and divorce, rather than from births outside marriage. Whilst births outside marriage have increased over the past 20 years there is evidence that many of the children are born to cohabitating couples. These statistics should therefore be treated with some caution. There is no direct correlation between the number of births outside marriage and the number of lone parent families, as a large number of the families concerned are two parent families in which the parents have decided not to marry.

Births Outside Marriage (*)

Country	1960	1970	1980	1989
Belgium	2,1	2,8	4,1	11,0
Denmark	7,8	11,0	33,2	45,0
France	6,1	6,8	11,4	28,4
Germany	6,3	5,5	7,6	10,3
Greece	1,2	1,1	1,5	2,1
Ireland	1,6	2,7	5,0	12,6
Italy	2,4	2,2	4,3	6,1
Luxembourg	0,2	4,0	6,0	11,8
Holland	1,4	2,1	4,1	10,7
Portugal	9,5	7,3	9,2	14,5
UK	5,2	8,0	11,5	26,6
Spain	2,3	1,4	3,9	10,0

(*) Births outside marriage as a percentage of all live births.
(*Source*: EUROSTAT, *Statistiques Démographiques 1989*).

Despite the variation in detail between Member countries' statistics the EC Report concluded that

some generalizations about lone parent families are possible:

— The overwhelming majority are women.

— The unmarried category is the smallest. The largest consists of divorced/separated people.

— Very few are aged under 25.

— They have fewer children than couples do. Most have only one child.

— Their children are on average older than those in two parent families.

— Most live on their own.

— Over half leave the 'lone parent state' within 5 years [1].

3. Issues

3.1. *Family income*

The persistent characteristic of lone parent family income is that it is substantially lower than two parent family income. The 1987 European Omnibus Survey found that 45 % of lone parents were in the lowest quartile of income distribution with many living below the poverty line. Evidence from the Luxembourg Income Data Study show that lone parent families suffer a much higher risk of poverty than couples with children.

Maintenance paid by absent parents for their children is the major source of income for only 10 % of lone parent families. In most Member States where maintenance is awarded it is low to meet the actual costs of children and in most cases is not a reliable source of income. Where Court based systems are used for awarding maintenance orders delays are frequent. Many EC member countries are concerned about the low contribution that child maintenance makes to lone parent income and are taking steps to raise this. The impetus for such policy development is the growing costs that one parent families represent to public expenditure, and a growing sense that the private parental contribution towards the family income should be improved.

The major sources of income are state provided welfare benefits and/or wages from employment. Most countries have some form of welfare benefit but the importance of benefits as a percentage of family income is very varied. In some states they play a minor role, in others they are secondary to employment but still important, and in others they are the major source of income. Some countries also have linked benefits that cover other costs such as housing in whole or in part. Where welfare benefits are means tested they often trap lone parents into unemployment at subsistence levels. This occurs because benefit is withdrawn as earned income increases with the consequent loss of other linked benefits for housing and other costs which the earned income cannot match. Female wages are much lower than male wages and lone parent households have to meet the costs of childcare as a major work expense and consequently lone parents can often be worse off in work than they would be on benefits.

Pro-natalist family allowances do not assist the lone parent who has fewer children than couples.

The only country with a benefit specifically designed for lone parents is France with the API *(Allocation de Parent Isolé)* paid to parents with children under three or for one year on becoming a lone parent. Other countries have limited benefits available to lone parents. Some countries have special tax facilities for lone parents which assist those who benefit by earning wages over the tax threshold.

Some Member States' benefit systems assume that lone parents will remain outside the labour market whilst they have dependent children; while others allow a limited space of time outside the workforce.

3.2. *Employment*

The rates of employment vary enormously from country to country; from under a quarter to over three quarters of lone mothers. In six countries lone mothers are more likely to be employed than mothers in couples and in three countries less likely to be so. The reasons for such wide variation within employment patterns depend upon the interaction of the welfare benefit system with training and employment opportunities and access to childcare. Some countries take a 'coercive' approach to labour market entry by providing time limited welfare benefits, for example, but they may not take any further positive action towards the other elements within a positive employment strategy. In general, however, the employment rate of lone mothers is lower than that for lone fathers. Lone mothers who are employed work longer hours than other mothers who are employed, but both married and lone mothers

[1] Leaving the lone parent state is normally through marriage or re-marriage, but given that the trend is for larger numbers of second marriages to end in divorce where the parties' first marriage ended in divorce, a sizeable proportion must re-enter the lone parent state within the period of their children's dependence.

are less likely to work if they have a very young child. Average earnings for lone parents in employment are lower not only than the average earnings of two earner couples with children but also of one earner couples with children. In general lone parents are working in low paid employment, although their numbers include many women who have some formal of professional qualification. In addition large numbers of lone parents are forced into homeworking to overcome the lack of childcare for minimal pay and in conditions where employment protection is lacking. The objective of opening up employment to lone parents requires well paid work opportunities to become available through a combination of decent vocational taining, and equal opportunities' strategies to give women entry into traditional male sectors of employment.

3.3. *Childcare*

The level of childcare support available to lone parents is essential in opening up opportunities to escape the isolation of one parent family life, to support parenting skills, to train for better paid employment and to enter the labour market. The variation in childcare support throughout EC countries has been well documented, but it is clear that any support for lone parent family life requires a major improvement in the availability and affordability of childcare that is flexible enough to meet the needs of working parents as well as the child's need for social and intellectual development.

3.4. *Housing*

One parent families are less likely to own their own homes than two parent families. In Belgium 32 % compared with 66 % of two parent families; in Denmark 1 in 3 compared with 4 in 5; in Germany 22 % compared with 53 %, in France 17 % compared with 24 %; in the Netherlands 15 % compared with 59 %; and in the UK 29 % compared with 67 %. In several countries one parent families were likely to be living in the least desirable public or social sector accommodation, and in subsidized housing in the least desirable parts of towns. Many lone parent families face homelessness when relationships with partners break down. A programme of building reasonable family social sector accommodation is essential to address these problems.

3.5. *Ethnic origin or migrant status*

Six percent of one parent families in the UK are from ethnic minority groups with Afro-Caribbean lone parents making up 5 % of the total and Asian lone parents contributing 1 %. There is, however, a different cultural pattern amongst Afro-Caribbean communities within which 42,6 % of all families with children are one parent families. The numbers of ethnic minority one parent families involved may not be large, but the problems they face are to some extent different or additional. For example, Afro-Caribbean lone mothers often have more supportive wider family groups even if they have the added problem of racial discrimination to overcome. In some instances this wider family structure can lead to discrimination in access to publicly provided support. There is some evidence that this different family structure is unjustifiably used as a reason to deny the parent access to scarce childcare resources. The problems for a non-English speaking Asian mother may be very intense, particularly where that mother has offended against her community's code and is rejected by her own family. Elsewhere in Europe the problems are not so much those of Member countries' citizens, but of migrant groups who may not enjoy the rights of citizenship.

3.6. *Problems of young mothers*

Whilst young never married mothers form the smallest grouping of lone parent head of households, they face special problems. This is particularly the case where the mother has not finished formal education, or has not acquired any work skills. Indeed there is worry that the trend for professionally qualified young women is becoming the firm establishment of a career before embarking on childbearing, whilst their less academic or professional counterparts are more likely to have children young as a passport into adulthood and with few alternatives on offer within the field of employment given the lack of opportunities in general for young women.

4. Possible strategies

As a move towards a more integrated EC policy approach the incoherence of policy developments around the one parent family should be resolved. The ESC recognizes that lone parent families are a disadvantaged group of families, and as such have special needs. But equally the ESC considers that the objective of any action must be to give them access to the mainstream life within the European Community. The ESC believes this could best be done by considering the special needs of lone parents in giving access to existing equal opportunities and family programmes, and to providing any additional support lone parent families require in order to participate. The ESC recognizes that in many large cities the regeneration of economic growth and development requires the economic activity of the heads of one parent family households.

Any strategies for action of lone parent families should recognize the principle of choice in whether or not the

lone parent seeks work, but with an expectation that increasingly lone parents will choose to work. The ESC does not believe it appropriate to compel lone parents into the labour market at the point at which they become lone parents as they must adjust to the role of residential parenting alone, before taking on the role of breadwinner. Many lone parents and their children undergo a period of trauma during their initial experience of lone parent family life. The ESC does not believe that it is in the interests of the children to force the parent out to work in circumstances where this could threaten the remaining security of family life.

In order to achieve equal access to participation for one parent families the following strategies should be followed:

— a general social policy allowing lone parents who have chosen to remain at home for certain periods to reintegrate into professional life through priority acces to training leading to qualifications,

— change the rules of welfare benefit systems that include disincentives to participation in the labour market,

— state intervention to enforce the regular payment of reasonable levels of child maintenance to ensure that the private parental contribution towards child maintenance is met,

— the European Community should ensure that legislation providing for reciprocal enforcement of maintenance orders made within Member States is streamlined and made more effective,

— a housing strategy which takes into account the added pressure for good quality social housing created by relationships and marriage breakdown,

— access to childcare resources that cater for the needs of both parent and child, according to family means and needs,

— equal access to vocational education and training taking into account the need of the single breadwinner to maximize earnings potential,

— introduction of appropriate tax facilities to assist the lone parent at work, and removal of existing facilities that discriminate against lone parents,

— equal access to a minimum income for families made up of earnings, services supporting family life and children and a benefit system that alleviates in-work poverty,

— suppporting and improving services that offer information, guidance and training to lone parents across the range of legal, vocational and social welfare systems.

Done at Brussels, 31 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the Commission Communication entitled: 'Towards a Single Market in Distribution—Internal Trade in the Community, the Commercial Sector, and the Completion of the Internal Market'

(92/C 14/15)

On 16 April 1991 the Commission decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned Communication.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 9 October 1991. The Rapporteur was Mr Paulo Andrade.

At its 290th plenary session (meeting of 31 October 1991), the Economic and Social Committee adopted the following Opinion unanimously.

1. Summary of the main ideas

1.1. The aim of the Communication is to present the broad lines of the work programme to be launched by the Community. However, conscious of the fact that very little work has been done to analyze the state of the European distribution sector, the Commission has devoted the introductory part of the Communication to a brief overview of this sector.

1.2. Four points made therein should be highlighted:

— circumstances vary considerably within the Community, as the commercial structures of Member States differ widely,

— in the past few decades there have been far-reaching changes in this sector—a veritable structural revolution,

— commerce's basic role in the economy has altered, shifting to the core of the very changes taking place; commerce is no longer a'passive' element, but is becoming a vital component of the economic process and a key element in providing momentum for the European internal market,

— the level of internationalization in the distribution sector is low; the majority of firms, even the large European commercial companies, conduct most of their business within a single Member State. Trading firms launching international initiatives have met with a high rate of failure.

1.3. The Commission then sets out an analysis of the work programme, not only listing specific legal steps to be taken and the Community policies designed to remove obstacles to the single market in distribution, but also giving particular emphasis to studies designed to raise awareness of the role distribution plays in the European economy, in particular the internationalization process associated with completion of the internal market.

1.4. The Commission works on the basis that the Community's direct intervention role will always have to be subsidiary; providing firms with information should be a priority matter and coercive measures should be limited to safeguards against the internationalization process being inhibited by the regulatory environment.

1.5. More specifically, the Commission document refers to the following aspects of the work programme.

1.6. *Working methods*

1.6.1. Here, the principle that the work programme should be drawn up on the basis of consultation and dialogue has been adopted. The Commission recommends that economic operators be consulted and permanent dialogue established with trade federations, trade unions and consumer groups.

1.7. *Understanding commercial activity*

1.7.1. Statistical information

1.7.1.1. The Commission recognizes that it is extremely difficult to obtain an accurate picture of the sector because statistics are scarce and not necessarily reliable (as demonstrated by the disparate and out-of-date information in the Appendix to the Communication).

1.7.1.2. Particular reference is made to the fact that different countries have in many cases adopted different concepts and classifications which mean that comparative studies are not workable. One major limitation is that statistics are compiled on the basis of separate product sectors; this means it is neither possible to identify the different distribution networks through which goods pass, nor to discover the role distribution plays in the industrial sector.

1.7.1.3. The Commission document states that a programme of measures for compiling statistics on the service is already underway.

1.7.2. The legal and regulatory framework

1.7.2.1. A consultancy firm was contracted to prepare a database to cover this area. The results were due to be published in the first half of 1991.

1.7.3. Structural development of distribution

1.7.3.1. The Commission Communication proposes a study programme to cover the following topics:

— the changing role of the wholesale trade, with particular emphasis on the distribution of inter-industry goods,

— the impact of new technology on commerce, particularly management practices and methods, relations between distributors and producers and the development of a new international market in distance-selling,

— the nature and role of 'associated trade' (franchising, buying groups and voluntary chains).

1.7.4. Raising awareness amongst commercial firms

1.7.4.1. It is important for the Commission to take steps to ensure that firms are aware of a) the new environment in which they will be conducting business and b) the sector's international dimension. The Commission highlights the role to be played here by the Euro-Info-Centres.

1.8. *The legal framework for distribution at Community level*

1.8.1. In keeping with the decision to avoid excessive regulation, the Commission stresses that any legislation adopted should be solely for the purposes of improving conditions governing access to the European market.

1.8.2. An approach based on dialogue and consultation should include preference for a system of self-regulation (codes of good conduct and practice).

1.8.3. Two aspects, however, deserve particular mention:

— the regulatory framework for co-operation between firms,

— rules applying to new forms of distribution without frontiers (distance-selling).

1.9. *Community policies for economic cohesion and development*

1.9.1. The Communication focuses on three areas:

— vocational training,

— structural funds,

— technological innovation programmes.

1.9.2. References are made to new Community programmes and actions which could be of benefit to the commercial sector. The idea is to take full advantage of existing programmes and measures and not to introduce new ones at this level.

2. General comments

2.1. The Committee would like to begin by congratulating the Commission on the quality of the Communication produced in response to the Council's fully warranted decision, recognizing that the report would fill a major gap in view of the role that the distribution sector is to play in completion of the internal market. Unfortunately, studies carried out to date are few and far between, unco-ordinated, and offer no definitive conclusions.

2.2. The Committee is also pleased that, when drafting the report, the Commission took care to listen to the views of the parties concerned, *inter alia* the Committee for Commerce and Distribution (CCD).

2.3. The Committee hopes that the Communication will not turn out to be a mere theoretical exercise. On the contrary, it hopes that, in the future, DG XXIII will be provided with the human and financial resources needed to carry out the measures proposed therein.

2.4. Over and above the programme itself, the Communication maps out a sector-oriented approach. We should like to highlight five of the ideas contained therein:

— More involvement is to be recommended for economic operators, trade federations, trade unions and consumer bodies in defining policies.

— The commercial sector has been reinforcing its matrix position vis-à-vis the increasingly important regulatory role the market plays in the economy; this has led to more interdependency between sectors and points to a need for predominantly horizontal perspectives and policies. To the same end, there should be more links between the sector and current Community policies.

— Commerce and distribution clearly lag behind other economic sectors in moves towards Community integration; structural differences within the sector imply that more commitment is needed to programmes and measures geared to commercial small and medium-sized enterprises (SME).

— Special efforts should be made to provide better information and improve understanding of the sector, particularly by improving statistical compilation techniques.

— There is a need to encourage co-operation between firms and thus to clarify their legal position.

2.5. Assessing the document as a whole, the Committee should nevertheless like to draw attention to some weaknesses which it recommends should be amended accordingly. They concern the following points:

— The wholesale and retail sub-sectors should be accorded equal importance; this is unfortunately not the case in the Communication. In the retail

business where SME predominate, the role of the wholesaler, generally speaking, continues to be indispensable, and the wholesaler's privileged links with international commerce make him a major dynamic force for internationalizing the commercial sector.

— The way in which the specific circumstances of SME are dealt with—all the more so in a sector made up of a large number of veritable micro-units with a family-based structure, on average employing a very small number of people—appears plainly inadequate. No reference is made to the vital role of SME in Europe's single market, neither from an economic, social or cultural point of view, nor is any mention made of policies geared to their needs.

— A set of programmes has been proposed, dealing, in particular, with new technologies, but no clear idea has been given as to how these programmes will apply to commerce. This is all the more important in view of the significant discrepancy between commercial firms' capacity to assimilate new technologies (particularly smaller firms) and the scale of potential innovation.

— Little attention has been paid to the Community's commitment to promote economic and social cohesion.

— The social consequences which will inevitably follow the introduction of new technologies have been forgotten.

— Coverage of issues relating to vocational training is incomplete.

— Although competition policy and social policy are horizontally orientated policies, they are both of importance for the distribution sector, and the Communication does not go into them in any depth.

— Finally, one matter which goes beyond the bounds of the present document but which should be included in the equation, is the serious imbalance between DG XXIII's financial capability to carry out a programme of this type in the light of the diagnosis of the situation, and the measures proposed in response to it.

2.6. Some of the weaknesses highlighted call for considerable financial commitment; without this, the Commission's objectives will not be achieved. The commercial sector must be integrated into overall policy on business and no longer treated as a marginal sub-sector.

2.7. The Committee expresses its concern that the funds available under the 1992 budget will probably not be sufficient to cover this level of activities. The Commission Communication estimates the cost of the various activities in 1992 at approximately ECU 1,25 million. The Committee calls on the Commission to consider making more money available for commercial and distribution sector policy from the budget for general SME policy, particularly as an overwhelming majority of firms in this sector are SME.

3. Specific comments

Set out below are a number of ideas on essential aspects which the Committee believes will clarify and improve the proposed programme.

3.1. *Social consequences of changes in the sector*

3.1.1. The fact that no forecast has been made of the social repercussions of changes to be effected in the commercial sector on workers and small businessmen is an omission that should be rectified by analyzing the impact of new types of commerce on a) employment and b) requirements relating to professional qualifications.

3.1.2. Commission measures must take account of trade federation and trade union views on these matters; study programmes should be carried out to assess the social acceptability of new working methods.

3.2. *The link between commerce and consumers*

3.2.1. In the past, commerce was geared mainly to manufacturers, on whom commerce depended to a large extent, since it sold the goods manufacturers passed on, at prices and under conditions decided by the manufacturers themselves.

3.2.2. Today, commerce must above all be tuned in to consumers' requirements. It has to buy what the client wants and has to follow developments in clients' tastes and quality expectations.

3.2.3. Consumers (be they individuals or firms) are no longer passive subjects of a 'consumer society influenced by mass communication'. The new socio-cultural patterns accompanying the move towards a more 'comfort-orientated society' have given consumers a significant economic role. Modern commerce has thus also become an effective ally of the consumer; in this environment there is no place for commercial operators who want to maximize their profits, to the client's cost, by reducing their quality of service.

3.2.4. What is sold depends to large extent on how it is sold; in other words, the way in which a product—both the item itself and the accompanying service—is presented to the consumer.

3.2.5. Commerce is therefore first and foremost about providing a service: this means the attention

given to a customer, the degree of accessibility and mobility, product presentation, pre- and after-sales service, the possiblity of an extensive choice and the product delivery system (in the wake of an increase in distance selling, to-the-door delivery has made a reappearance). The function of commerce is therefore measured in terms of the overall service provided and not merely the actual selling of goods.

3.2.6. The best form of consumer protection will develop in parallel with a) improved quality in the commercial sector and b) greater intervention capacity for commerce in the economy.

3.2.7. If the Community is, as it should be, concerned with quality of life and consumer protection, it should take account of these aspects in the measures it puts forward.

3.2.8. The Committee recommends that the Commission encourage meetings between the Consumers' Consultative Committee (CCC) and the Committee for Commerce and Distribution (CCD).

3.2.9. The distribution sector should also instigate dialogue between consumers and producers, an issue dealt with in a Committee Opinion some years ago.

3.2.10. Such dialogue should also facilitate self-regulatory agreements between consumers and distributors. The Commission is urged to create the right conditions for such dialogue.

3.3. *Commerce in Europe as a significant cultural element*

3.3.1. Unlike other regions of the world, there is a whole culture surrounding commerce in Europe, founded on centuries-old merchant business and vigorous links with other peoples and civilizations. Commerce has always played an active and integral part in Europe's history and achievements.

3.3.2. For Europeans, commerce has always been something more than the circulation and sale of material goods; it involves a certain know-how and a characteristic style. Urban areas gravitate around commerce, and this in turn stimulates cultural activity. All this has taken on considerable importance now that the market and consumers are recognized as playing a more important role in economic development.

3.3.3. The task of commerce is more than simply satisfying economic requirements; the commercial sector is now increasingly trying to relate these requirements to people's social life and leisure, thus providing a new meaning to 'pleasure in purchase'.

3.3.4. In this way, retailers are becoming more dependent on the surroundings in which they operate. Thus, a link has been forged, above all of a cultural nature, between prospective clients and the premises in which businesses are established. The location of premises will itself have to be attractive to customers before they will buy products there.

3.3.5. At the same time, the retail sector has an information and educational function which makes it different from other types of commerce: giving the customer personalized attention means providing information and advice, and an informed customer who knows his or her requirements will help to stimulate better quality in the sector as a whole.

3.3.6. Two major implications emerge from the above:

— commerce (particularly small retailers) nowadays constitutes a key element in the revival of urban areas,

— the main obstacles to the internationalization of commercial business stem from an insufficient awareness of cultural differences between Member States and their various regions; internationalization will only succeed if the commercial sector can adjust to these differences.

3.4. *Obstacles to competition*

3.4.1. The proposal to replace Community directives and standards, as far as possible, with self-regulatory commercial practices within Community boundaries is welcomed. It should be noted, however, that the commercial sector is marked by a variety of different frameworks which prevent businesses from operating on an equal footing: in other words, the terms of competition are unequel. These institutional, administrative, fiscal and financial differences do not all flow from national laws and practices, but are often to be found at local or regional authority level.

3.4.2. Consequently, the Committee feels that the Programme should address these situations more specifically, and take account of them in future action. These is sometimes a tendency to view restrictions on competition mainly in terms of inter-company relations (concentration trends, etc.), and to underestimate the relevance of the context they operate in; this is in fact a decisive factor, particularly for commercial companies.

3.4.3. Stiffer competition between firms could cause them to resort to questionable methods in order to maintain or boost their share of the market; this is only possible because there are gaps in competition legislation, which must be plugged.

3.4.4. More co-operation between firms appears to be a natural and vital development to commerce. Small and medium-sized commercial businesses will find their future in jeopardy if no opportunities exist for co-operation to boost turnover capacity. The Committee believes that the Commission should urgently adopt a clear stance on this matter.

3.5. *New commercial technologies*

3.5.1. The Committee supports the Commission's call for tenders for pilot projects to promote modern

commercial methods by means of the implementation of new commercial technology (91/C 209/11).

3.5.2. Such programmes are a good way of supporting the emergence of a 'new' commercial sector. It is hoped that DG XXIII will be granted the appropriations needed to carry them through.

3.6. *Information*

3.6.1. Information is unquestionably one of the major problems facing distribution companies in the Community. The Committee attaches great importance to improving the quality of statistics produced, but, once produced, it is also important to make all such data accessible to companies which need them. For information to be of real practical use, it must be channelled through to companies and it must, to a large extent, be specific: databases, computer accounting and management programmes, market studies and studies into new marketing techniques, staff qualifications and labour costs, together with the publication of business and/or co-operation opportunities can serve as basic working tools if they are put together keeping sector realities in mind.

3.6.2. The Committee highlights the prominent role that Euro-Info-Centres could play here, as soon as they are provided with the right conditions for carrying out the tasks for which they were set up.

3.6.3. The Committee would also suggest that the Commission programme include publications on the sector and, in particular, a brochure explaining the relevant Community programmes, setting out eligibility and application procedures for companies (this refers in particular to all the programmes mentioned in the Communication, of which most companies are unaware).

3.6.4. The Committee would further suggest that the Programme consider the need to support experience-swapping between trade federations from different countries, and that attention be given to the important role which existing associations in the Member States should play in disseminating information.

3.7. *Funding commercial SME investment*

3.7.1. SME are encountering ever more difficulties in gaining access to funding; discrimination between companies in securing European Investment Bank (EIB) funding is therefore considered to be totally unjustified, and quite contrary to the reasoning and spirit behind the Commission document. It is specially recommended that the Commission look into this matter.

3.7.2. With the end of discrimination between sectors as regards access to the Structural Funds, the approach to operating the funds has undergone a major change. Despite this, commerce has drawn little benefit from the European Regional Development Fund (ERDF). The only reference to the Fund in the document describes the incentives system set up to modernize Portuguese commerce with ERDF support. Given the objectives of (a) economic and social cohesion and (b) modernization of commerce in the less-developed regions, thus reducing the imbalances which make moves towards internationalization unworkable, the Committee recommends that programmes such as the one mentioned above be backed as an important policy instrument for promoting the distribution sector.

3.7.3. Many prospective young entrepeneurs' attempts to set up a business founder because they cannot obtain access to the necessary funding if they do not have enough assets to be acceptable to the backers as a loan guarantee. In some countries, *inter alia* Germany, special appropriation funds have been set up, with public money, to be run by mutual benefit commercial guarantee organizations for the purpose of providing prospective young entrepreneurs with the cover they need. The Commission would do well to provide similar facilities under the New Community Instrument (NCI) programme.

3.7.3.1. The ESCS reserves the right to give its views on this subject in a later Opinion on the Commission Communication on 'The role of mutual guarantee systems in the financing of SME in the European Community [ESC(91) 1550 final of 5 September 1991]'.

3.8. *Vocational training*

3.8.1. Improved training for employers and workers in this sector is without any doubt an essential target in such a labour-intensive sector, where the quality of human resources underpins the quality of the service provided and is vital if the latest commercial methods are to be put to good use.

3.8.2. The Committee views close collaboration between trade federations and trade unions to be extremely important in this sphere. The example referred to by the Commission—the communication on vocational training drawn up by the European Confederation for Retail Trade (CECD) and the European Regional Organization of the International Federation of Commercial, Clerical, Professional and Technical Employees (EURO-FIET)—must be viewed as a positive step. Other, similar initiatives must be taken without delay. This includes contacts between the Federation of European Wholesale and International Trade Associations (FEWITA) and EURO-FIET on work qualifications in the wholesale trade.

3.8.3. Community policy in this area should, in our view, focus on six aspects:

— the need to simplify the complicated forms which firms are required to fill in (without, however, losing control over aid given or reducing the effectiveness of measures),

— creation of the right conditions to ensure there is enough training personnel to match needs,

— training for business managers and senior staff, particularly in the SME,

— support for in-service training measures,

— establishing support programmes for commercial vocational training, especially initiatives launched by regional, local or business associations: in many of the less-developed areas of the Community, commerce represents one of only few economic activities and provides the main impetus for development,

— support for the Force Programme, and its extension to all commercial firms.

3.9. *A better understanding of the sector*

3.9.1. Promoting research into Community trade is a further essential objective which should be encouraged.

3.9.2. Given the current level of understanding of the sector, the Committee considers that, parallel to a more general approach covering the entire Community, a regional, national and subsectoral approach in conjunction with Member States is required to provide a clearer picture of the state of Community commerce.

3.9.3. The Committee endorses the studies the Commission is carrying out and suggests that the following issues also be dealt with:

— relations between different types of commerce and, in particular, between the large economic groups and the SME operating in this sector, within the single internal market,

— cross-border trade: its special features and possible contribution to greater integration/internationalization of commercial business,

— business applications of new technologies for commercial SME,

— forms of Community-level cooperation between firms (e.g. case studies),

— the new face of commerce, given consumers' buying habits.

3.10. *More involvement of associations*

3.10.1. Recent far-reaching political changes have meant an ever-stronger role for economic operators, trade federations and trade unions and consumer bodies. The Commission Communication itself recognizes this, clearly accepting the trend towards self-regulation.

3.10.2. The Committee therefore advocates a) more active and sustained links between the Commission and these associations, and b) involvement of these in the Programme. This is necessary if action is to be more effective and less entangled in red tape.

3.10.3. In the specific case of trade and distribution, this means recognition of the sector's European associations—CECD/FEWITA—as permanent parties to a Community-level dialogue, in the same way that the Union of Industries of the European Community (UNICE) represents the industrial sector.

3.10.4. Chambers of commerce and distributive cooperatives should also be granted the support they need to allow them to continue to carry out their important role.

3.11. *Economic and social cohesion*

3.11.1. The Treaty of Rome declares the aim of 'economic and social progress' of EEC Member States, 'to eliminate the barriers which divide Europe'. It goes on to state that 'the removal of existing obstacles calls for concerted action in order to guarantee steady expansion, balanced trade and fair competition'.

3.11.2. Strengthening 'the unity of their economies' and 'reducing the differences existing between the regions' are also among the Treaty's fundamental objectives.

3.11.3. 'A common commercial policy' contributing 'to the progressive abolition of restrictions on international trade' is seen as one of the instruments for implementing this policy.

3.11.4. Article 3 of the Treaty amplifies these aims and sets out the Community's function in:

— instituting a system to ensure that competition is not distorted, and

— applying procedures by which the economic policies of the Member States can be coordinated and disequilibria in their balances of payments remedied.

3.11.5. Progress and economic expansion, balanced trade, fair competition, unity of economies and reduced regional differences together constitute the foundations of the single internal market. The common commercial policy and the progressive abolition of restrictions on intra-Community trade both set out to achieve this objective through the free movement of goods, abolition of customs tariffs between Member States, development

of a common customs policy and the abolition of quantitative restrictions on trade between Member States.

3.11.6. The Communication glosses over these general but essential Community objectives, which are the practical expression of the concept of economic and social cohesion.

3.11.7. The Communication provides an accurate picture of the current situation, stating that 'European commerce is still strongly partitioned on national lines' and that 'very few commercial firms hold significant market shares outside their country of origin'.

3.11.8. The lack of effective legislative structures in some Member States has led to the disappearance of many SME, generating an irreversible decline in both urban and rural areas: some benefits do accrue to consumers, but the social impact is significant. The evidence can be seen in Member States where out-of-town hypermarkets have mushroomed in anarchic fashion.

3.11.9. The problem of such hypermarkets cannot only be considered as a short-term issue; it must be studied in the broader, long-term context of the need for a balanced commercial sector in the different Member States.

3.11.10. So as not to strip economic and social cohesion of its substance, the Committee urges the Commission to include the following in its work programme:

— a recommendation to Member States to foster and protect traditional commercial areas in towns, which act as focal points of social contact and activity,

— support programmes for a) local projects devised by traders' associations, or b) cooperative initiatives launched by companies located in the traditional commercial districts of urban areas, which can contribute to their recovery and prevent businesses moving out,

— support for 'commercial town-planning' schemes, *inter alia* halting the current migration of business away from residential districts, irrespective of whether these are located in outlying areas of cities,

— national measures to safeguard urban centres, the objective of which must be to maintain working capacity and not to protect specific types of commerce from competition.

3.11.11. Finally, the Committee would alert the Commission to the fact that the Community commercial sector is particularly sensitive to changes in its business environment. Thus, particular account should be taken of any adverse repercussions which changes in tax and financial legislation, together with legislation on the environment, health and safety at work and standardization, might have on commercial businesses.

Done at Brussels, 31 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on the proposal for a Council Regulation (EEC) amending Council Regulation (EEC) No 3835/90 in respect of the system of generalized tariff preferences applied to certain products originating in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

(92/C 14/16)

On 19 August 1991 the Council decided tot consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for External Relations, Trade and Development Policy, which was responsible for preparing the Committee's work on this subject, adopted its Opinion on 22 October 1991. The Rappoteur was Mr Liverani.

At its 290th plenary session (meeting of 30 October 1991) the Economic and Social Committee unanimously adopted the following Opinion.

1. The Economic and Social Committee welcomes and fully endorses the proposal to grant extraordinary temporary assistance to the signatories to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) as well as to Panama. The tariff preferences granted to these countries under the generalized system of preferences (GSP) would be similar to those already granted to Bolivia, Columbia, Ecuador and Peru.

2. The Committee believes in fact that it is urgently necessary to also help the countries of Central America diversify, and secure qualitative and quantitative improvements in, their trade. Given that these countries are currently going through the delicate process of consolidating peace and democracy, every opportunity should be taken to help them achieve economic and social stability.

3. The proposal to extend the application of customs preferences to Central American countries makes an undoubted contribution to the improvement of the economic situation in that area. However, if we look at the scale of the assistance to be provided and the appropriateness of the instruments to be used, then it becomes clear that further measures are needed to improve the difficult situation in which these countries find themselves. Such measures should be part of a consistent development co-operation policy. The Committee would accordingly refer to a number of critical comments on this subject made in its Opinion on the extension to Bolivia, Columbia and Peru of the generalized tariff preferences applied to certain products originating in the less developed countries (LDC) [1].

4. Despite fundamental reservations regarding the effectiveness of the proposed measures, the Committee considers that the generalized tariff preferences treatment already applied to Andean countries can justifiably be extended to important agricultural products from the six Central American countries for the sake of equal competition. Since Andean and Central American countries export a similar range of products, preferential customs treatment for the Andean countries has led indirectly (if not intentionally) to discrimination against the Central American countries. This is unacceptable given that the latter find themselves in an equally difficult economic and social situation.

5. The Committee would nevertheless point out that although the regional extension of preferences is necessary to reestablish equal competition, such action further weakens the effectiveness of the instruments selected. The Committee is also unhappy that the Community frequently resorts to GSP in seeking tot solve widely differing sets of problems.

6. The problems of drugs (growing, production, processing and trafficking) may not yet have reached the same proportions in the countries of Central America as in some Andean countries, but the situation has deteriorated so much of late that urgent action is needed.

7. It is clear that the use of GSP can only make a very minor contribution to solving the problem of growing drugs. This is because as long as there are markets with the means of paying for drugs, producers will take production risks because of the profit margins and will be largely immune to incentives to grow alternative crops. If an anti-drug policy is to be systematic, it must therefore concentrate primarily on the consumption, trade and distribution of drugs.

8. The Committee would take this opportunity to refer to its Opinion on the Generalized System of Preferences: Guidelines for the 1990 [2], which states that 'the more the GSP is concentrated, the more it will have to

[1] OJ No C 332, 31. 12. 1990, p. 21.

[2] OJ No C 69, 18. 3. 1991, p. 9.

be accompanied by other policies to provide active support for the developing countries'.

9. The Committee therefore unreservedly supports regular political dialogue with the countries of Central America and regards it as an experiment in a new form of international co-operation in which political and economic commitments are closely interwoven. The Committee is prepared to pursue such dialogue with economic and social groups in order to develop aspects of decentralized cooperation with the developing countries of Central America.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN

Opinion on:

— the proposal for a Council Regulation (EEC) extending into 1992 the application of Council Regulations (EEC) No 3831/90, 3832/90, 3833/90 and 3835/90 of 20 December 1990 applying generalized tariff preferences for 1991 in respect of certain products originating in developing countries, and

— the proposal for a Council Regulation (EEC) extending into 1992 the application of Council Regulation (EEC) No 3834/90 of 20 December 1990 reducing for 1991 the levies on certain agricultural products originating in developing countries [1]

(92/C 14/17)

On 30 August 1991 the Council decided to consult the Economic and Social Committee, under Article 198 of the Treaty establishing the European Economic Community, on the abovementioned proposals.

The Section for External Relations, Trade and Development Policy, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 22 October 1991. The Rapporteur was Mr Liverani.

At its 290th plenary session (meeting of 30 October 1991), the Economic and Social Committee adopted the following Opinion unanimously.

1. The Economic and Social Committee approves the provisional extension of the 1991 scheme beyond 1 January 1992 in the firm hope that the negotiations on the General Agreement on Tariffs and Trade (GATT)/ Uruguay Round can be brought to a speedy conclusion, thus enabling the revised scheme for the nineties to be finalized.

2. The Committee calls on the Commission to submit, as soon as possible after the GATT negotiations are concluded, a comprehensive proposal for a revised scheme of the generalized system of preferences (GSP) in the light of the outcome of the Uruguay Round.

[1] OJ No C 228, 3. 9. 1991, p. 3-6.

3. The Committee assumes that the comments it made in its Opinion 'Generalized System of Preferences: Guidelines for the 1990'[1] will be taken into account when a new GSP scheme is drawn up. This includes its proposal that all countries with a per capita Gross Domestic Product (GDP) higher than that of an EC country should in principle be excluded from the GSP. In addition, the reform should not neglect to simplify and improve the rules of origin for the beneficiary countries.

4. As the 1991 scheme is to continue virtually unchanged, the Committee would refer to its Opinion on the proposal from the Commission to the Council fixing the Community's Generalized Tariff Preferences Scheme for 1991 [2].

[1] OJ No C 69, 18. 3. 1991, p. 9.

[2] OJ No C 41, 18. 2. 1991, p. 14.

Done at Brussels, 30 October 1991.

The Chairman

of the Economic and Social Committee

François STAEDELIN